PROSPECTUS SUPPLEMENT DATED MARCH 28, 2024
TO PROSPECTUS DATED AUGUST 31, 2023

CAPITAL IMPACT PARTNERS

Capital Impact Investment Notes

Up to $200,000,000

Interest rates set with each offering

This Prospectus Supplement is being filed to update (i) the "Summary Financial Information" beginning on page 14 of the Prospectus to reflect financial data as of and for the years ended December 31, 2019 to 2023, and (ii) Annex A to include the audited financial statements of Capital Impact and its subsidiaries for the years ended December 31, 2022 to 2023.

SUMMARY FINANCIAL INFORMATION

The tables below set forth select financial information as of and for the years ended December 31, 2019 through 2023. This information is based on historical audited financial statements for Capital Impact and its consolidated subsidiaries, and should be read in conjunction with the financial statements attached to this Prospectus as Appendix I. For the avoidance of doubt, this financial information does not include any financial information of CDC.

Capital Impact Partners and Subsidiaries
Consolidated Statements of Financial Position
As of December 31, 2019 through December 31, 2023

	2019	2020	2021	2022	2023
Assets					
Cash and cash equivalents - unrestricted	$ 48,413,099	$ 59,662,347	$ 73,212,984	$ 67,806,764	$ 44,233,703
Cash and cash equivalents - restricted	24,627,037	27,638,893	25,053,259	20,560,201	26,424,133
Accounts and interest receivable	2,796,591	2,314,277	2,831,834	4,262,594	7,455,892
Contributions receivable	1,925,000	-	250,000	2,600,000	-
Investments	38,705,826	36,279,999	33,922,261	42,359,730	41,473,089
Mortgage Backed and US Treasury Securities	69,466,573	66,386,667	59,429,070	29,230,723	33,822,580
Loans receivable (1)	371,351,435	371,116,831	364,076,525	382,419,078	499,585,126
Less: allowance for credit losses	(13,154,705)	(13,482,640)	(13,355,265)	(13,622,171)	(12,573,430)
Loans receivable, net	358,196,730	357,634,191	350,721,260	368,796,907	487,011,696
Loans receivable - subsidiaries (2)	33,833,895	30,730,771	27,105,392	20,227,669	19,868,695
Loans receivable - intercompany	-	-	-	-	2,500,000
Other real estate owned	-	-	-	-	658,498
Other assets	2,959,813	3,118,407	2,928,134	2,831,666	3,643,329
Right of use assets (6)	10,794,995	9,496,017	8,637,426	7,898,991	9,428,191
Total assets	$591,719,559	$593,261,569	$584,091,620	$ 566,575,245	$ 676,519,806
Liabilities and Net Assets					
Liabilities:					
Accounts payable and accrued expenses	$ 3,043,820	$ 3,847,742	$ 5,033,519	$ 7,002,491	$ 10,847,230
Refundable advance liability	7,245,759	8,853,592	6,694,569	6,172,250	9,735,754
Revolving lines of credit	54,000,000	29,500,000	-	46,000,000	69,500,000
Notes payable	70,655,976	61,924,794	52,230,970	54,242,446	68,786,736
Investor Notes, net	134,570,907	159,538,327	183,197,579	201,306,219	262,805,148
Subordinated debt	2,500,000	2,500,000	2,500,000	2,500,000	14,500,000
Federal Home Loan Bank borrowing	47,271,304	47,271,304	47,271,304	24,000,000	24,000,000
Bond loan payable	58,908,325	61,077,161	58,849,113	5,000,000	5,000,000
Notes payable - subsidiaries	35,906,016	30,696,140	27,384,895	24,193,922	24,193,922
Liability for CECL - loan commitments (7)	-	-	-	-	2,917,764
Lease liabilities (6)	13,208,278	12,442,193	11,463,612	10,588,824	11,991,765
Total liabilities	427,310,385	417,651,253	394,625,561	381,006,152	504,278,319
Net assets:					
Without donor restrictions (4)	106,859,410	121,469,936	120,919,519	115,654,148	106,347,815
Noncontrolling interest in consolidated subsidiaries (3)	30,104,079	20,572,345	20,572,345	20,572,345	20,572,345
Total without donor restrictions	136,963,489	142,042,281	141,491,864	136,226,493	126,920,160
With donor restrictions (5)	27,445,685	33,568,035	47,974,195	49,342,600	45,321,327
Total net assets	164,409,174	175,610,316	189,466,059	185,569,093	172,241,487
Total liabilities and net assets	$591,719,559	$593,261,569	$584,091,620	$ 566,575,245	$ 676,519,806

(1) As of December 31, 2023, Capital Impact had $8,290,895 of outstanding receivables from unsecured loans, or 1.7% of all outstanding loans receivable.

(2) Capital Impact's subsidiaries had no outstanding receivables from unsecured loans at December 31, 2023.

(3) As of December 31, 2018 and 2019, this represents the non-managing member's 80% equity interest in Community Investment Impact Fund, LLC and Community Investment Impact Fund II, LLC, which is exclusive of Capital Impact's equity interest. On January 1, 2020, Community Investment Impact Fund II, LLC merged with Community Investment Impact Fund, LLC, which decreased the non-managing member's equity interest to 70%. As such, as of December 31, 2020 - 2023, this represents the non-managing member's 70% equity interest in Community Investment Impact Fund, LLC.

Per ASU 2016-14, Capital Impact now classifies net assets into two categories: Without donor restrictions and With donor restrictions.

(4) Net assets without donor restrictions means that contributions are available for unrestricted use.

(5) Net Assets with donor restrictions are contributions with donor-imposed time or purpose restrictions.

(6) Per ASU 2016-02, Capital Impact now recognizes lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. The new standard is effective for the fiscal year beginning January 1, 2019.

(7) Per ASU 2016-13, Capital Impact now recognizes a liability for Current Expected Credit Losses (CECL) on the statement of financial position. The new standard is effective for the fiscal year beginning after December, 31, 2022. Capital Impact adopted the standard on January 1, 2023.

Capital Impact Partners and Subsidiaries
Consolidated Statements of Activities
For Years ended December 31, 2019 through December 31, 2023

	2019	2020	2021	2022	2023
Changes in net assets without donor restrictions:					
Financial activity:					
Financial income:					
Interest income on loans	$ 23,118,073	$ 23,426,997	$ 21,999,678	$ 22,838,542	$ 26,888,711
Loan fees	989,576	879,695	751,999	723,032	389,267
Investment income, net	4,321,328	2,802,042	(399,959)	(4,394,506)	3,554,364
Gain / (loss) on equity method investments	(181,184)	1,502,237	110,112	(466,532)	770,537
Gain / (loss) on NMTC unwind	(11,844)	(420)	23,600	(21,845)	-
Total financial income	28,235,949	28,610,551	22,485,430	18,678,691	31,602,879
Financial expense:					
Interest expense	10,975,588	11,368,935	10,312,851	10,753,248	16,489,064
Provision (credit) for loan losses	1,631,866	713,095	13,875	266,906	(308,991)
Total financial expense	12,607,454	12,082,030	10,326,726	11,020,154	16,180,073
Net financial income	15,628,495	16,528,521	12,158,704	7,658,537	15,422,806
Revenue and support:					
Loan servicing fees	1,419,708	1,228,083	1,103,502	1,383,433	1,580,738
Fees	1,270,797	623,448	1,023,369	1,345,051	1,459,523
Asset management fees from investments	-	-		125,097	1,568,719
Contract revenue	-	-	57,648	719,570	1,244,007
Contributions	-	15,000,000	2,000,000	9,065,225	94,000
Gain on debt extinguishment	-	-	-	6,452,689	352,238
Inter-company fee income	-	-	-	1,553,228	3,395,383
Other income	108,310	348,175	122,469	118,602	527,332
Net assets released from restrictions	6,958,858	8,190,657	14,110,281	15,310,283	32,177,179
Total revenue and support	9,757,673	25,390,363	18,417,269	36,073,178	42,399,119
Expenses:					
Innovative community lending program	11,238,214	12,074,387	16,564,633	14,907,624	18,072,528
Technical assistance	-	-	-	16,374,510	22,144,126
Total program expenses	11,238,214	12,074,387	16,564,633	31,282,134	40,216,654
Support expenses:					
Management and general	10,229,848	12,719,502	11,977,331	14,883,845	21,290,552
Fundraising	899,203	1,295,402	1,604,226	1,848,796	2,320,344
Total expenses	22,367,265	26,089,291	30,146,190	48,014,775	63,827,550
Change in net assets without donor restrictions before noncontrolling Interest activities	3,018,903	15,829,593	429,783	(4,283,060)	(6,005,625)
Noncontrolling interest - capital contribution	5,100,000	-	-	-	-
Noncontrolling interest - distribution	(1,339,804)	(4,983,306)	(980,200)	(982,311)	(1,012,132)
Noncontrolling interest – return of investment	-	(5,767,495)	-	-	-
Change in net assets without donor restrictions	6,779,099	5,078,792	(550,417)	(5,265,371)	(7,017,757)
Change in net assets with donor restrictions					
Investment Income , net	249,945	62,924	30,639	77,325	304,422
Grant revenue	4,437,574	14,250,083	28,485,802	16,601,363	27,851,484
Net assets released from restrictions	(6,958,858)	(8,190,657)	(14,110,281)	(15,310,283)	(32,177,179)
Change in net assets with donor restrictions	(2,271,339)	6,122,350	14,406,160	1,368,405	(4,021,273)
Change in net assets	4,507,760	11,201,142	13,855,743	(3,896,966)	(11,039,030)
Net assets, beginning	159,901,414	164,409,174	175,610,316	189,466,059	185,569,093
Cumulative change in accounting policy [(1)]	-	-	-	-	(2,288,576)
Net assets, ending	$ 164,409,174	$ 175,610,316	$ 189,466,059	$ 185,569,093	$ 172,241,487

(1) Per ASU 2016-13, Capital Impact recognized a cumulative-effect adjustment for the changes in the allowances for credit losses. The new standard is effective for the fiscal year beginning after December, 31, 2022. Capital Impact adopted the standard on January 1, 2023.

Additional Summary Financial Information

Selected Financial Data	2019	2020	2021	2022	2023
Cash and cash equivalents, (Unrestricted and Restricted)	$73,040,136	$87,301,240	$98,266,243	$88,366,965	$70,657,836
Amount of unsecured loans receivable	$11,287,287	$10,172,217	$10,773,690	$9,571,877	$8,290,895
Loan delinquencies as a percent of loans receivable (1)	0.3%	0.1%	2.0%	0.2%	1.0%
Notes payable and revolving lines of credit	$124,655,976	$91,424,794	$52,230,970	$100,242,446	$138,286,736
Notes payable subsidiaries	$35,906,016	$30,696,140	$27,384,895	$24,193,922	$24,193,922
Amount of notes redeemed during the fiscal year	$10,368,000	$17,126,000	$10,302,000	$46,795,000	$41,370,000
Amount of Capital Impact Investment Notes sold	$46,904,000	$42,537,000	$33,866,000	$64,955,000	$103,039,000
Other long-term debt	$108,679,629	$110,848,465	$108,620,417	$31,500,000	$43,500,000
Net assets without donor restrictions before noncontrolling interest	$106,859,410	$121,469,936	$120,919,519	$115,654,148	$106,347,815
Change in Net Assets (2)	$4,507,760	$11,201,142	$13,855,743	$(3,896,966)	$(13,327,606)
Non-managing member's net equity interest activities in Community Investment Impact Fund, LLC and Community Investment Impact Fund II, LLC included in change in net assets	$3,760,196	$(10,750,801)	$ (980,200)	$(982,311)	$(1,012,132)
Net assets as a percentage of total assets	27.8%	29.6%	32.4%	32.8%	25.5%
Net Assets without donor restrictions before noncontrolling interest as a percentage of total assets (2)	18.1%	20.5%	20.7%	20.4%	15.7%
Net Assets without donor restrictions before noncontrolling interest as a percentage of total assets less subsidiaries debt (2)	19.2%	21.6%	21.7%	21.3%	16.3%
Net Assets without donor restrictions before noncontrolling interest plus subordinated debt as a percentage of total assets less subsidiaries debt (2)	19.7%	22.0%	22.2%	21.8%	18.5%
Total liabilities, net less subsidiaries debt as a percentage of net assets	238.1%	220.3%	193.8%	192.3%	278.7%

(1) Includes loan balances on which payments of principal or interest are delinquent ninety (90) days or more and non-accruing balances.

(2) Net assets without donor restrictions means that contributions are available for unrestricted use.

APPENDIX I

AUDITED FINANCIAL STATEMENTS

CohnReznick LLP
cohnreznick.com

CohnReznick
ADVISORY • ASSURANCE • TAX

Independent Auditor's Inclusion Letter

We agree to the inclusion in Appendix I to the Capital Impact Partners Prospectus Supplement dated March 28, 2024 of our report, dated March 27, 2024, on our audits of the consolidated financial statements of Capital Impact Partners and Subsidiaries as of December 31, 2023 and 2022 and for the years then ended.

CohnReznick LLP

Bethesda, Maryland
March 28, 2024

Capital Impact Partners and Subsidiaries

Consolidated Financial Statements with Independent Auditor's Report

December 31, 2023 and 2022

Contents

Independent auditor's report	3-4
Financial statements	
Consolidated statements of financial position	5
Consolidated statements of activities and changes in net assets	6
Consolidated statements of functional expenses	7
Consolidated statements of cash flows	8-9
Notes to consolidated financial statements	10-44
Supplementary information:	
Consolidating statement of financial position – 2023	45
Consolidating statement of activities – 2023	46
Consolidating statement of financial position – 2022	47
Consolidating statement of activities – 2022	48

Independent Auditor's Report

Board of Directors
Capital Impact Partners and Subsidiaries

Opinion

We have audited the consolidated financial statements of Capital Impact Partners and Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Capital Impact Partners and Subsidiaries as of December 31, 2023 and2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Capital Impact Partners and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Capital Impact Partners and Subsidiaries' 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Capital Impact Partners and Subsidiaries' 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 supplementary consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CohnReznick LLP

Bethesda, Maryland
March 27, 2024

Capital Impact Partners and Subsidiaries

Consolidated Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents – unrestricted	**$ 44,233,703**	$ 67,806,764
Cash and cash equivalents – restricted	**26,424,133**	20,560,201
Accounts and interest receivable	**7,455,892**	4,262,594
Contributions receivable	**-**	2,600,000
Investments	**41,473,089**	42,359,730
Mortgage backed securities	**33,822,580**	29,230,723
Loans receivable	**499,585,126**	382,419,078
Less: allowance for credit losses	**(12,573,430)**	(13,622,171)
Loans receivable, net	**487,011,696**	368,796,907
Loans receivable – subsidiaries	**19,868,695**	20,227,669
Loans receivable - intercompany	**2,500,000**	-
Other real estate owned	**658,498**	-
Other assets	**3,643,329**	2,831,666
Right of use assets	**9,428,191**	7,898,991
Total assets	**$ 676,519,806**	$ 566,575,245
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	**$ 10,847,230**	$ 7,002,491
Refundable advance liability	**9,735,754**	6,172,250
Revolving lines of credit	**69,500,000**	46,000,000
Notes payable	**68,786,736**	54,242,446
Investor notes, net	**262,805,148**	201,306,219
Subordinated debt	**14,500,000**	2,500,000
Federal Home Loan Bank borrowing	**24,000,000**	24,000,000
Bond loan payable	**5,000,000**	5,000,000
Notes payable – subsidiaries	**24,193,922**	24,193,922
Liability for CECL - loan commitments	**2,917,764**	-
Lease liabilities	**11,991,765**	10,588,824
Total liabilities	**504,278,319**	381,006,152
Net assets:		
Without donor restrictions	**106,347,815**	115,654,148
Noncontrolling interest in a consolidated subsidiary	**20,572,345**	20,572,345
Total without donor restrictions	**126,920,160**	136,226,493
With donor restrictions	**45,321,327**	49,342,600
Total net assets	**172,241,487**	185,569,093
Total liabilities and net assets	**$ 676,519,806**	$ 566,575,245

See notes to consolidated financial statements.

Capital Impact Partners and Subsidiaries

Consolidated Statements of Activities and Changes in Net Assets
Years Ended December 31, 2023 and 2022

	2023	2022
Changes in net assets without donor restrictions:		
Financial activity:		
Financial income:		
Interest income on loans	**$ 26,888,711**	$ 22,838,542
Loan fees	**389,267**	723,032
Investment income (loss), net	**3,554,364**	(4,394,506)
Gain (loss) on equity method investments	**770,537**	(466,532)
Loss on NMTC unwinds	**-**	(21,845)
Total financial income	**31,602,879**	18,678,691
Financial expense:		
Interest expense	**16,489,064**	10,753,248
Provision for credit losses	**(308,991)**	266,906
Total financial expense	**16,180,073**	11,020,154
Net financial income	**15,422,806**	7,658,537
Revenue and support:		
Loan servicing fees	**1,580,738**	1,383,433
Fees	**1,459,523**	1,345,051
Asset management fees from investments	**1,568,719**	125,097
Contract revenue	**1,244,007**	719,570
Contributions	**94,000**	9,065,225
Gain on debt extinguishment	**352,238**	6,452,689
Inter-company fee income	**3,395,383**	1,553,228
Other income	**527,332**	118,602
Net assets released from donor restrictions	**32,177,179**	15,310,283
Total revenue and support	**42,399,119**	36,073,178
Non-financial expenses:		
Innovative community lending program	**18,072,528**	14,907,624
Technical assistance	**22,144,126**	16,374,510
Total non-financial program expenses	**40,216,654**	31,282,134
Support expenses:		
Management and general	**21,290,552**	14,883,845
Fundraising	**2,320,344**	1,848,796
Total non-financial expenses	**63,827,550**	48,014,775
Change in net assets without donor restrictions before noncontrolling interest activities	**(6,005,625)**	(4,283,060)
Noncontrolling interest – distributions	**(1,012,132)**	(982,311)
Change in net assets without donor restrictions	**(7,017,757)**	(5,265,371)
Changes in net assets with donor restrictions:		
Investment income, net	**304,422**	77,325
Grant revenue	**27,851,484**	16,601,363
Net assets released from donor restrictions	**(32,177,179)**	(15,310,283)
Change in net assets with donor restrictions	**(4,021,273)**	1,368,405
Change in net assets	**(11,039,030)**	(3,896,966)
Net assets, beginning	**185,569,093**	189,466,059
Cumulative change in accounting policy	**(2,288,576)**	-
Net assets, ending	**$ 172,241,487**	$ 185,569,093

See notes to consolidated financial statements.

Capital Impact Partners and Subsidiaries

Consolidated Statements of Functional Expenses
Years Ended December 31, 2023 and 2022

	Program Expenses		Support Expenses		
2023	**Innovative Community Lending Program**	**Technical Assistance**	**Management and General**	**Fundraising**	**Total**
Interest expense	$ 16,489,064	$ -	$ -	$ -	16,489,064
Provision for credit losses	(308,991)	-	-	-	(308,991)
Salaries and benefits	15,632,551	2,363,701	12,643,421	1,447,823	32,087,496
Inter-company management fee	-	-	275,821	30,647	306,468
Professional fees	142,578	-	1,461,118	99,333	1,703,029
Contractual services	834,200	1,243,593	2,061,621	301,862	4,441,276
Corporate development	103,414	-	819,512	90,627	1,013,553
Lease expense	487,943	-	802,426	77,765	1,368,134
Insurance	-	-	392,445	34,474	426,919
Travel and entertainment	409,167	-	515,397	43,097	967,661
Training and tuition	73,835	-	214,609	22,174	310,618
Grant expense	-	18,536,832	-	-	18,536,832
Depreciation	60,287	-	136,147	-	196,434
Technology	50,189	-	1,116,420	107,838	1,274,447
Other	278,364	-	851,615	64,704	1,194,683
	$ 34,252,601	$ 22,144,126	$ 21,290,552	$ 2,320,344	$ 80,007,623

	Program Expenses		Support Expenses		
2022	Innovative Community Lending Program	Technical Assistance	Management and General	Fundraising	Total
Interest expense	$ 10,753,248	$ -	$ -	$ -	$ 10,753,248
Provision for credit losses	266,906	-	-	-	266,906
Salaries and benefits	12,447,015	1,903,958	8,562,780	1,063,596	23,977,349
Inter-company management fee	4,814	-	294,299	32,700	331,813
Professional fees	130,735	-	1,360,689	114,758	1,606,182
Contractual services	913,891	1,582,854	1,065,967	271,382	3,834,094
Corporate development	112,823	-	857,533	95,066	1,065,422
Lease expense	479,941	-	631,768	69,662	1,181,371
Insurance	-	-	305,480	33,850	339,330
Travel and entertainment	259,050	-	266,188	22,842	548,080
Training and tuition	32,978	-	139,373	15,486	187,837
Grant expense	-	12,887,698	-	-	12,887,698
Depreciation	71,110	-	148,433	-	219,543
Technology	40,090	-	872,225	96,914	1,009,229
Other	415,177	-	379,110	32,540	826,827
	$ 25,927,778	$ 16,374,510	$ 14,883,845	$ 1,848,796	$ 59,034,929

See notes to consolidated financial statements.

Capital Impact Partners and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	**$ (11,039,030)**	$ (3,896,966)
Noncontrolling interest activities	**(1,012,132)**	(982,311)
Change in net assets before noncontrolling interest activities	**(10,026,898)**	(2,914,655)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Provision (used in) for credit losses	**(308,991)**	266,906
Depreciation	**196,434**	219,543
Amortization of notes issuance costs	**265,832**	312,006
Straight-line rent expense	**1,151,280**	1,053,126
(Gain) loss on investments	**(605,095)**	4,965,762
(Gain) loss on equity method investments	**(770,537)**	466,532
Loss on NMTC unwind	**-**	21,845
Distribution on earnings from equity method investments	**211**	2,871
Loss on disposal of assets	**-**	7,156
Accretion of interest on loans	**19,396**	36,370
Decrease (increase) in:		
Accounts and interest receivable	**(3,193,298)**	(1,430,760)
Contributions receivable	**2,600,000**	(2,350,000)
Other real estate owned	**(658,498)**	-
Other assets	**(611,746)**	(119,661)
(Decrease) increase in:		
Accounts payable and accrued expenses	**3,866,416**	1,941,219
Refundable advance liability	**3,563,504**	(522,319)
Lease liabilities	**(1,277,539)**	(1,189,479)
Net cash provided by operating activities	**(5,789,529)**	766,462
Cash flows from investing activities:		
Loan originations and advances	**(160,458,810)**	(99,721,684)
Loan purchases	**(3,453,165)**	(2,347,209)
Loan repayments	**38,746,233**	68,281,701
Loan sales	**7,889,133**	15,444,639
Loan repayments - subsidiaries	**358,974**	6,877,723
Loan originations and advances - intercompany	**(2,500,000)**	-
Proceeds from return on investment from equity investment	**2,302,239**	1,508,937
Proceeds from sale and distributions of investments	**25,609,738**	7,514,135
Purchase of investments, net	**(26,172,640)**	(17,539,320)
Proceeds from mortgage backed securities	**6,894,225**	36,877,063
Purchase of mortgage backed securities	**(10,963,359)**	(12,056,947)
Purchase of furnishings and equipment	**(396,351)**	-
Acquisition of a subsidiary, net of cash acquired	**-**	(10,570)
Net cash provided by investing activities	**(122,143,783)**	4,828,468
Cash flows from financing activities:		
Proceeds from notes payable	**22,024,894**	20,475,106
Repayment of notes payable	**(7,500,000)**	(18,500,000)
Proceeds from bond payable	**-**	5,000,000
Repayment of bond loan payable	**-**	(58,849,113)
Proceeds from subordinated debt payable	**14,500,000**	-
Repayment of subordinate notes payable	**(2,500,000)**	-
Proceeds from Federal Home Loan Bank borrowing	**-**	3,000,000
Repayment of Federal Home Loan Bank borrowing	**-**	(26,271,304)
Proceeds from issuance of Investor Notes, net	**102,788,192**	64,896,270
Repayment of investor Notes	**(41,370,000)**	(46,795,000)
Payment of issuance cost of investor Notes	**(185,094)**	(304,636)
Capital distribution paid - noncontrolling interest	**(1,033,809)**	(954,558)
Repayment of notes payable - subsidiaries	**-**	(3,190,973)
Proceeds from lines of credit	**68,000,000**	86,000,000
Repayment of lines of credit	**(44,500,000)**	(40,000,000)
Net cash used in financing activities	**110,224,183**	(15,494,208)
Net (decrease) increase in cash and cash equivalents	**(17,709,129)**	(9,899,278)
Cash and cash equivalents - beginning	**88,366,965**	98,266,243
Cash and cash equivalents - ending	**$ 70,657,836**	$ 88,366,965

Capital Impact Partners and Subsidiaries

Consolidated Statements of Cash Flows (Continued)
Years Ended December 31, 2023 and 2022

		2023		2022
Cash and cash equivalents consist of:				
Cash and cash equivalents – unrestricted	**$**	**44,233,703**	$	67,806,764
Cash and cash equivalents – restricted		**26,424,133**		20,560,201
	$	**70,657,836**	$	88,366,965
Supplemental disclosure of cash flow information:				
Cash paid during the year for interest	**$**	**15,819,378**	$	10,610,021
Additions to right of use assets and liabilities obtained from operating leases	**$**	**2,341,792**	$	-
Supplemental schedule of noncash operating activities:				
Loan forgiveness	**$**	**137,480**	$	-
Supplemental schedules of noncash investing and financing activities:				
Distributions payable to noncontrolling interest included in accounts payable	**$**	**245,512**	$	267,189
Non-cash transfer included in loans receivable	**$**	**-**	$	300,000
Non-cash transfer from loans receivable to other real estate owned	**$**	**658,498**	$	-
Supplemental disclosure of cumulative effect of adoption of new accounting standard				
Cumulative effect of current expected credit losses (CECL)	**$**	**2,288,576**	$	-

See notes to consolidated financial statements.

Note 1. Description of Activities and Significant Accounting Policies

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

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

CDC Small Business Finance Corp. ("CDC") is a California not-profit organization committed to serving the capital needs of small businesses in California, Nevada, and Arizona. CDC is a Certified Development Company certified by the U.S. Small Business Administration. Its mission is to champion the growth of diverse small companies in its communities through advocacy and lending services. CDC arranges industrial and commercial real estate, and business development loans for small business companies located throughout the states of California, Nevada, and Arizona.

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

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

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

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

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

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

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

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

EPF, formed on June 10, 2022, is a growth stage impact investment fund designed to fill the capital gap needed to propel community-centric enterprises to scale and create measurable impact. Capital Impact Partners' capital contributions currently account for 31.92% of the aggregate capital contributions to EPF.

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

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

Subsidiary Name	Ownership %	Purpose of Subsidiary	Included in Consolidated Financials
Community Solutions Group, LLC	100%	Subsidiary of Capital Impact Partners formed to foster development and provide technical assistance to cooperative organizations and similar non-profit organizations and provide capital in support of development projects by making strategic grants and business planning advances. This entity had no activity in 2023 and 2022.	Yes
NCBCI Education Conduit, LLC	100%	Subsidiary of Capital Impact Partners formed to facilitate, encourage and assist in financing charter schools. This entity holds Capital Impact Partner's interest in the Charter School Financing Partnership (CSFP), LLC. This entity had no activity in 2023 and 2022.	Yes
Impact NMTC Holdings II, LLC	100%	Subsidiary of Capital Impact Partners formed to act as a non-managing member for NMTC Community Development Entities (CDEs) with Capital Impact Partners acting as managing member. This entity had no activity in 2023 and 2022.	Yes
Detroit Neighborhoods Fund, LLC (DNF, LLC)	100%	Subsidiary of Capital Impact Partners formed to provide financing for mixed-use and multi-family rental housing and healthy foods retail in underserved areas in Detroit, Michigan.	Yes
FPIF, LLC	100%	Subsidiary of Capital Impact Partners formed to channel funds to a predominately low income population aged 50+.	Yes
Community Investment Impact Fund, LLC	30%	The purpose of this fund is to engage solely in the business of, directly or indirectly, owning, holding for investment, exchanging, selling and disposing of investments in loans and other related activities. Capital Impact Partners is the managing member of this entity. Community Investment Impact Fund II, LLC merged with and into this entity, on January 1, 2020. Effective January 1, 2020, Capital Impact Partners increased its managing member ownership from 20% to 30%.	Yes
Alliance Securities Manager LLC	100%	This LLC is a holding company created to house the interests in investment business lines. This company is the parent company of Momentus Securities LLC and Equitable Prosperity Manager LLC which provides investment advisory services to multiple funds and is currently an Exempt Reporting Adviser.	Yes
Equitable Prosperity Fund I GP LLC	100%	This LLC is a single purpose entity that holds the General Partner interest in Equitable Prosperity Fund I LP.	Yes

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

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

Significant accounting policies:

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

Principles of consolidation: The financial statements include the accounts of Capital Impact Partners and its consolidated subsidiaries, which include Community Solutions Group, LLC, NCBCI Education Conduit, LLC, Detroit Neighborhoods Fund, LLC, FPIF, LLC, Community Investment Impact Fund, LLC, Impact NMTC Holdings II, LLC, Alliance Securities Manager LLC, Momentus Securities LLC, Equitable Prosperity Manager LLC and Equitable Prosperity Fund I GP LLC. All intercompany balances and transactions are eliminated in consolidation.

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

Reclassifications: Certain amounts for the prior year have been reclassified to conform to the current year presentation; specifically, technical assistance reclassifications to align with current business activity.

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

Restricted cash and cash equivalents: Capital Impact Partners has certain restricted cash and cash equivalents that are held per terms of grant and loan agreements.

Investments: Investments in equity securities, money market funds, Mortgage Backed Securities with readily determinable fair values are stated at fair value measured, as more fully described in Note 21. Capital Impact Partners' investment in Real Estate Investment Trust ("REIT"), and other investments are stated at estimated fair value, as more fully described in Note 21. Interest and dividend income are recognized when earned. Any unrealized or realized gains or losses are reported in the Consolidated Statements of Activities and Changes in Net Assets as a change in assets without donor restrictions, unless explicit donor intent or law restricts their use, in which case unrealized or realized gains or losses are reported in the Consolidated Statements of Activities and Changes in Net Assets as a change in assets with donor restrictions. Investment return is reported net of investment expenses. Capital Impact Partners recognizes an average prepayment term of 10 years for the accretion of premium/discount on Mortgage Backed Securities. This accelerated term relates to the increase in mortgage payoffs due to refinancing of homes. The accretion is reported with investment income, net assets without donor restrictions.

Investments in other entities are accounted for under the equity or the cost method depending on Capital Impact Partners' voting interest and the degree of control or influence Capital Impact Partners may have over the operations of these entities, as noted below:

Investments in New Markets Tax Credit entities: Investments in New Markets Tax Credit ("NMTC") entities are accounted for under the equity method of accounting under which Capital Impact Partners' share of net income or loss is recognized in the Consolidated Statements of Activities and Changes in Net Assets and added or subtracted from the investment account, and distributions received are treated as a reduction of the investment account.

Investment in ROC USA, LLC: Capital Impact Partners has a 23.81% voting interest in ROC USA, LLC and 33% equity investment in ROC USA, LLC and is accounting for its investments in ROC USA, LLC under the equity method of accounting. Accordingly, Capital Impact Partners' share of the change in net assets without donor

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

restrictions of the affiliate is recognized as income or loss in Capital Impact Partners' Consolidated Statements of Activities and Changes in Net Assets and added to or subtracted from the investment account. Dividends received from the affiliate are treated as a reduction of the investment account. Capital Impact Partners appoints two of the eleven directors of the Board of Directors. The purpose of ROC USA, LLC is to aid people living in manufactured home communities, through technical assistance, loans, training and assistance in the purchase of their communities and the operation of those communities as resident-owned and/or controlled entities.

Investment in Charter School Financing Partnership, LLC: Capital Impact Partners has a 20% voting interest in Charter School Financing Partnership, LLC ("CSFP") and is accounting for its investment in CSFP under the equity method of accounting. Accordingly, Capital Impact Partners' share of net income of the affiliate is recognized as income or loss in Capital Impact Partners' Consolidated Statements of Activities and Changes in Net Assets and added to or subtracted from the investment account. Dividends received from the affiliate are treated as a reduction of the investment account. Capital Impact Partners appoints one of the five managers of the Board of Managers. CSFP was established to encourage, facilitate and assist charter schools with financing and educational related activities.

Investment in FHLB Stock: In January 2015, Capital Impact Partners became a member of the Federal Home Loan Bank of Atlanta ("FHLBank Atlanta") and is required to maintain an investment in capital stock in FHLBank Atlanta. The FHLBank Atlanta stock does not have a readily determinable value as ownership is restricted and there is no ready market for this stock. As a result, the stock is carried at cost and management evaluates periodically for impairment based on the ultimate recovery of the cost basis of the stock. No impairment was noted as of December 31, 2023 or 2022.

Investment in Workforce Affordable Housing Fund I, LLC: In July 2019, Capital Impact Partners became a 96% non-controlling member in the Investment in Workforce Affordable Housing Fund I, LLC ("WAHF") and is accounting for its Investment under the equity method of accounting. Capital Impact Partners does not consolidate WAHF since it is not the managing member and the managing member controls the entity. The purpose is to invest in multifamily affordable housing properties located in specified areas in the U.S. Housing properties are to be acquired, held for investment then sold. Members record their proportionate share of income or loss from the properties and gain/loss upon sale of the property.

Investment in Equitable Prosperity Fund and Equitable Prosperity General Partner LLC: Capital Impact Partners' capital contributions currently account for 31.92% of the aggregate capital contributions to EPF. EPF is a growth stage impact investment fund designed to fill the capital gap needed to propel community-centric enterprises to scale and create measurable impact. Capital Impact Partners is accounting for its investment in EPF GP under the equity method of accounting. Accordingly, Capital Impact Partners' share of net income/loss of EPF, through EPF GP, is recognized as income/loss in Capital Impact Partners' Consolidated Statements of Activities and Changes in Net Assets and added to or subtracted from the investment account.

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

The operating agreements outline the "waterfall" of funds for CIIF to distribute to its investors. Distributions include: 1) operating cash to Annaly until such time it achieves a preferred return, and 2) remaining operating cash allocated to Annaly and Capital Impact Partners. In addition, commencing in 2024, distributions also include principal payments to Annaly until its capital contributions have returned, and then principal payments to Capital Impact

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

Partners until its capital contributions have been returned. Any remaining distributable principal shall be allocated to Annaly and Capital Impact Partners.

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

Loans receivable:

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

Impaired loans*:* Through the year ended December 31, 2022, until the adoption of ASC 326, a loan is considered impaired when, based on current information and events, it is probable that Capital Impact Partners will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value and the probability of collecting scheduled principal and interest payments when due. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is generally measured on a loan-by-loan basis using the fair value of collateral, since Capital Impact Partners' loans are largely collateral dependent.

Impaired loans also include troubled debt restructurings ("TDRs"), if any, where management has modified loan terms and made concessions to borrowers in financial difficulty. These concessions could include a reduction of interest rate on the loan, payment extensions, forbearance or other actions intended to maximize collection. Consequently, the allowance for loan losses related to TDRs is based on discounted cash flows using the loan's initial effective interest rate or the fair value of the collateral for certain collateral-dependent loans.

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

Allowance for loan losses: Through the year ended December 31, 2022, until the adoption of ASC 326, the allowance for losses is a valuation reserve that management believes will be adequate to absorb possible losses on existing loans that may become uncollectible. It is established through a provision for loan losses charged to expense. Loans deemed to be uncollectible, such as debt discharged in bankruptcy or collateral deterioration, are charged against the allowance. Subsequent recoveries, if any, are credited to the allowance. The allowance is maintained at a level believed adequate by management to absorb estimated potential losses after considering

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

changes, past loss experience, the nature of the portfolio and current economic conditions. However, the allowance is an estimate that could change if there are significant changes in the portfolio and/or economic conditions.

The allowance consists of allocated and general components. The allocated component relates to loans that are classified as impaired. For those loans that are classified as impaired, an allowance is established when the discounted cash flows (or collateral value for collateral dependent loans or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers non-classified loans and is based on historical charge-off experience and expected losses given Capital Impact Partners' internal risk rating process. Other adjustments are made to the allowance for pools of loans after an assessment of internal or external influences on credit quality that are not reflected in the historical loss or risk rating data.

Upon adoption of ASC 326-13, Capital Impact Partners' routinely evaluates the credit worthiness of the Borrower, at least annually, and establishes an allowance for loan losses. Capital Impact Partners' estimates its CECL Reserve using datapoints that may include the likelihood of default and expected loss given default and other inputs which may include the risk rating of the loan, financial performance of the borrower compared to financial projections, and how recently the loan was originated compared to the measurement date. Estimating the CECL Reserve requires significant judgment with respect to various factors, including (i) the appropriate historical loan loss reference data, (ii) the expected timing of loan repayments, (iii) calibration of the likelihood of default to reflect the risk characteristics of Capital Impact Partners' loans and (iv) Capital Impact Partners current and future view of the macroeconomic environment. Capital Impact Partners may consider qualitative factors to estimate its CECL Reserve. Additionally, Capital Impact Partners' considers whether Borrowers are experiencing financial difficulty and whether the delays in payment are insignificant.

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

Contributions receivable: Capital Impact Partners accounts for contributions received as without donor restriction or with donor restrictions depending on the existence or nature of any donor restrictions. All donor restricted support is reported as an increase in net assets with donor restrictions as to time or purpose depending on the nature of the restriction. When the donor restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), donor restricted net assets are reclassified to net assets without donor restrictions and reported in the Consolidated Statements of Activities and Changes in Net Assets as net assets released from restrictions. Contributions receivable, which represents unconditional promises to give, are recognized as revenue in the period received and as assets, decreases of liabilities or expenses depending on the form of the benefits received. Conditional promises to give, which depend on the existence of both performance barriers and right of return language are recorded as deferred revenue.

Other assets: Other assets include deposits, a recoverable grant, prepaid expenses, and furniture, equipment and leasehold improvements (see Note 10).

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

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

of Activities and Changes in Net Assets. Lease expense is recognized on a straight-line basis over the term of the lease. The options to extend the lease term are not included in the right of use assets and liabilities recorded, when applicable. Capital Impact Partners has elected the practical expedient of not separating lease components from non-lease components.

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

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

Net assets: Capital Impact Partners classifies net asset into two categories: Without Donor Restrictions and With Donor Restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Donor restricted net assets are contributions with temporary, donor-imposed time or purpose restrictions. Donor restricted net assets can be released from restriction when the time restrictions expire or the contributions are used for their intended purpose at which time they are reported in the Consolidated Statements of Activities and Changes in Net Assets as net assets released from restrictions. Donor restricted funds also include donor contributions to be utilized in perpetuity as a revolving loan fund totaling $12,532,653 and $11,155,000, respectively, at December 31, 2023 and 2022.

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

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

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

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

Portfolio amendment/modification fees are paid to Capital Impact Partners from borrowers. Borrowers request amendments to their existing loan agreement. The Portfolio team members determine the amount of work

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

necessary to incorporate the requested amendments. Fees can range from $500 - $2,500 based on the complexity of the update.

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

As an investor member of WAHF, Capital Impact Partners earned an annual fund management fee. The equity investment fund management fee is a flat annual amount that ranges from $30,000 to $50,000 and recognized upon receipt.

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

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

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

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

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

Gain on extinguishment of debt: Capital Impact Partners realized a gain on the extinguishment of FHLB Atlanta debt and CDFI Bond debt and is included in the Consolidated Statements of Activities and Changes in Net Assets. The gain from extinguishment of debt include the write-off of unamortized debt issuance costs, debt discount, and/or premium. See Note 13 for details.

Innovative community lending program: Capital Impact Partners provides loans and other kinds of financial services and support (i.e., financial analysis, real estate development tools and training) to cooperative and cooperative-like organizations serving low income people and communities.

Technical assistance: Working with federal, state and local agencies, long-term care providers, small businesses, housing developers and community development corporations, Capital Impact Partners' team of experts enable affordable homeownership, small business development, and safe, humane community-based long-term care.

Functional expense allocation: The costs of providing various programs, technical assistance and other activities have been summarized on a functional basis in the Consolidated Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include the departments of President's Office, National Programs, Information Technology, Human Resources, Finance, Legal, Communications and Investments. These departments also

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

benefit various programs. Any direct program related invoices such as Professional Fees and Contractual Services, specific to the teams noted above, are reported as program or technical assistance expenses. Salaries and benefits, travel and entertainment, depreciation and certain other expenses are allocated as a percentage of time worked on program specific duties.

Income taxes: Capital Impact Partners is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, Capital Impact Partners qualifies for charitable contribution deductions and has been classified as an organization that is not a private foundation. Income which is not related to exempt purposes, less applicable deductions, is subject to federal corporate income taxes. Management evaluated Capital Impact Partners' tax positions and concluded that Capital Impact Partners had

taken no uncertain tax positions that require adjustment to the financial statements. Consequently, no accrual for federal or state tax liability for interest and penalties was deemed necessary for the years ended December 31, 2023 and 2022. Capital Impact Partners files tax returns in the U.S. federal jurisdiction and California. Generally, Capital Impact Partners is no longer subject to income tax examination by the U.S. federal or state tax authorities for years before 2019.

CIIF is a consolidated subsidiary of Capital Impact Partners and is a Delaware limited liability company. The entity files an annual tax return to report the income, deductions, gains, losses, etc., from its operations. The entity does not pay federal income tax but pays non-resident withholding taxes to California. All profits or losses pass through to its members, Capital Impact Partners and Annaly. Each member includes its share of the entity's income/loss on its tax return, whereas Annaly pays applicable non-resident withholding tax.

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

Recent accounting pronouncements

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

Upcoming accounting pronouncements not yet adopted:

There are no upcoming accounting pronouncements.

Note 2. Cash and Cash Equivalents

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

	2023	2022
Cash in bank	$ 49,559,537	$ 72,603,715
Overnight investments	1,367,497	1,519,196
Other short-term investments	15,713,101	12,048,894
U.S. Treasury Bills	4,017,701	2,195,160
	$ 70,657,836	$ 88,366,965
Unrestricted	$ 44,233,703	$ 67,806,764
Restricted	26,424,133	20,560,201
	$ 70,657,836	$ 88,366,965

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

Note 3. Liquidity

Capital Impact Partners regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to maximize the return on investment of its funds not required for annual operations.

Note 3. Liquidity (Continued)

As of December 31, 2023, and 2022, the following financial assets are available to meet annual operating needs of the 2023 and 2022 fiscal year, respectively:

Liquidity

	2023	2022
Total assets at year-end:		
Cash and cash equivalents – unrestricted	$ 44,233,703	$ 67,806,764
Cash and cash equivalents – restricted	26,424,133	20,560,201
Accounts and interest receivable	7,455,892	4,262,594
Contributions receivable	-	2,600,000
Loans receivable, net	487,011,696	368,796,907
Loans receivable – subsidiaries	19,868,695	20,227,669
Loans receivable – intercompany	2,500,000	-
Other real estate owned	658,498	-
Other assets	3,643,329	2,831,666
Investments	41,473,089	42,359,730
Mortgage backed securities	33,822,580	29,230,723
Right of use assets	9,428,191	7,898,991
Total assets	676,519,806	566,575,245
Less amounts not available to be used within one year:		
Cash and cash equivalents – unrestricted – subsidiaries	(21,821,117)	(21,844,285)
Cash and cash equivalents – restricted	(26,424,133)	(20,560,201)
Contributions receivable	-	(2,600,000)
Loans receivable, due after one year, net	(364,711,919)	(314,134,282)
Loans receivable – subsidiaries	(19,868,695)	(20,227,669)
Other assets	(3,643,329)	(2,831,666)
Investments	(41,473,089)	(42,359,730)
Investments in pledged mortgage backed securities	(29,581,714)	(26,084,534)
Unfunded loan commitments	(97,258,796)	(76,285,864)
Right of use assets	(9,428,191)	(7,898,991)
Assets not available to be used within one year	(614,210,983)	(534,827,222)
Financial assets available to meet general expenditures within one year	$ 62,308,823	$ 31,748,023

Note 4. Concentration of Credit Risk and Concentration of Contributions

Capital Impact Partners maintains cash in various financial institutions. Cash balances at each financial institution are insured by the Federal Deposit Insurance Corporation up to $250,000.

At December 31, 2023 and 2022, Capital Impact Partners had uninsured balances of $50,324,613 and $71,765,808, respectively, that are included in cash and cash equivalents. Capital Impact Partners has not experienced any losses in such accounts. Capital Impact Partners' management believes it limits any significant credit risk by placing its deposits with high quality financial institutions. Uninsured amounts of $6,953,826 and $3,626,210 are held in short-term investments, in sweep accounts and non-bank money market accounts at December 31, 2023 and 2022, respectively.

Note 4. Concentration of Credit Risk and Concentration of Contributions (Continued)

As indicated in Note 8, a substantial portion of the loan portfolio is represented by loans to affordable housing projects. Most affordable housing loans have reserves established to mitigate risk of borrower payment issues. In addition, a substantial portion of the loan portfolio is represented by loans to charter schools. The viability of the borrowers and their ability to honor their contracts is dependent upon their ability to retain their charters. Approximately 19% and 21% of the portfolio represents loans made to entities associated with the NMTC program at December 31, 2023 and 2022, respectively. Approximately 22% and 24% of the portfolio represents loans made in the state of California and approximately 19% and 24% in the state of Michigan at December 31, 2023 and 2022.

During the years ended December 31, 2023 and December 31 2022, approximately $16,190,000, or 59% of total restricted grants and contributions, were from two donors and $11,200,000, or approximately 43% of total restricted grants and contributions, were from two donors, respectively.

Note 5. Investments

Investments consist of the following as of December 31:

	2023	2022
Marketable equity securities	$ 495,215	$ 401,556
Real estate investment trust	2,113,113	2,068,750
Other investments	286,671	286,674
Total investments at fair value (Note 21)	2,894,999	2,756,980
Equity method investments:		
ROC USA, LLC	4,069,129	3,608,302
Charter School Financing Partnership, LLC	343,752	343,752
Workforce Affordable Housing Fund I, LLC	20,926,261	22,812,857
Equitable Prosperity Fund and Equitable Prosperity Fund I GP LLC	10,709,439	10,523,957
Alliance Securities Manager LLC	107,710	107,710
Other equity method investment	363,094	375,435
Equity method investments in New Markets Tax Credit entities (Note 18)	22,005	18,537
Total equity method investments	36,541,390	37,790,550
Investments at cost	1,536,700	1,312,200
Debt investment	500,000	500,000
	$ 41,473,089	$ 42,359,730

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

Investment gain (loss), net:	2023	2022
Interest income, net	$ 2,861,047	$ 500,514
Dividend income	88,222	70,742
Unrealized gain (loss) on marketable securities and investments	856,202	(3,214,486)
Net realized loss on sale of mortgage backed securities	(251,107)	(1,751,276)
	$ 3,554,364	$ (4,394,506)

Note 5. Investments (Continued)

Investment in Alliance Securities Manager LLC: On December 10, 2021, ASM entered into the Purchase Agreement to purchase all the rights, title and interest in RPS Securities, a member broker-dealer of FINRA. On February 11, 2022, RPS' continuing membership application was approved by FINRA and shortly after, on February 17, 2022, ASM acquired all of the interests in RPS pursuant to the Purchase Agreement and renamed RPS as Alliance Securities LLC Soon after Alliance Securities LLC was renamed Momentus Securities. During the year ended December 31, 2023 and 2022, Capital Impact Partners recorded contributions of $3,334,333 and $17,837,710 respectively, which is eliminated upon consolidation, and investment loss of $4,693,309and $2,810,588, respectively.

The following is a summary of financial information for the years ended December 31, 2023 and 2022 for ASM:

	2023	2022
Total assets	$ 16,833,523	$ 16,676,802
Total liabilities	3,165,377	1,649,681
Total members' capital	13,668,146	15,027,121
Total revenue	1,979,896	125,097
Total expenses	6,673,205	2,935,685
Net loss	(4,693,309)	(2,810,588)

Investment in Equitable Prosperity Fund I and Equitable Prosperity Fund I GP LLC: Capital Impact Partners' capital contributions currently accounts for 31.92% of the aggregate capital contributions to Equitable Prosperity Fund I, a growth stage impact investment fund designed to fill the capital gap needed to propel community-centric enterprises to scale and create measurable impact. During the year ended December 31, 2023, Capital Impact Partners sold $24,200,000 of investments to EPF, of which $16,107,050 was acquired by Capital Impact Partners in 2023. Capital Impact Partners, as an investor in EPF, contributed capital of $8,830,572 and recorded an investment loss of $141,238. During the year ended December 31, 2022, Capital Impact Partners originated $17,292,950 of equity investments and sold $6,500,000 investments to EPF. Capital Impact Partners, as an investor in EPF, recorded an investment loss of $182,897.

The following is a summary of unaudited financial information for the years ended December 31, 2023 and 2022 for Equitable Prosperity Fund I:

	2023	2022
Total assets	$ 34,467,477	$ 6,869,335
Total liabilities	7,264,977	558,896
Total members' capital	27,202,500	6,310,439
Total revenue	2,301,130	183,641
Total expenses	2,847,233	886,278
Net loss	(546,103)	(702,637)

ROC USA, LLC: In February 2019, Capital Impact Partners contributed an additional $750,000 into ROC USA, LLC and amended the existing operating agreement (reflecting Capital Impact Partners' prior $500,000 investment) to incorporate this new equity investment. The revised operating agreement allows for the investor members to receive distributions equal to 5% of their capital contribution. Capital Impact Partners received a distribution during each of the years ended December 31, 2023 and 2022 totaling $46,875 and $62,500, respectively. The allocation of the change in net assets without donor restriction and voting rights remained consistent with the original agreement at 33.33% and 33.33%, respectively. As provided for in the operating agreement of ROC USA, LLC, there are certain limitations affecting

Note 5. Investments (Continued)

member capital withdrawals. For the years ending December 31, 2023 and 2022, Capital Impact Partners recognized a gain of $507,702 and loss of $26,430, respectively.

The following is a summary of financial information for the years ended December 31, 2023 and 2022, for ROC USA, LLC:

	2023	2022
Total assets	$ 150,583,834	$ 134,867,839
Total liabilities	123,679,661	115,976,998
Net assets	26,904,173	18,890,841
Total revenue	13,773,343	5,835,403
Total expenses	7,115,665	5,914,694
Change in net assets without donor restrictions	6,657,678	(79,291)

Workforce Affordable Housing Fund I, LLC: In December 2019, Capital Impact Partners invested in WAHF. The purpose of this transaction is to invest in multifamily affordable housing properties located in specific areas throughout the United States. During the years ended December 31, 2023 and 2022, Capital Impact Partners recorded distributions of $2,302,239 and $1,508,937, respectively. Capital Impact Partners' allocated gain was $415,643 and loss was $289,732 for the years ended December 31, 2023 and 2022, respectively.

The following is a summary of financial information for WAHF for the years ended December 31, 2023 and 2022:

	2023	2022
Total assets	$ 22,704,583	$ 24,728,482
Total liabilities	68,572	73,663
Total members' capital	22,636,011	24,654,819
Total revenue	503,507	(227,217)
Total expenses	70,545	74,587
Net income (loss)	432,962	(301,804)

Charter School Financing Partnership, LLC: As of December 31, 2023, and 2022, Capital Impact Partners had an investment in CSFP of $343,752 and $343,752, respectively. The net income of CSFP is allocated 18% to Capital Impact Partners and amounted to $49,488, for the year ended December 31, 2022. CSFP's 2023 net income allocation is not available as of the audit date and will be recorded when received.

Other equity method investments: In 2018, Capital Impact Partners entered into an agreement to invest $500,000 in Develop Detroit, a nonprofit developer in Detroit, Michigan. The balance recorded as of December 31, 2023 and 2022, was $363,094 and $375,435, respectively. Net gain (loss) recorded as of December 31, 2023 and 2022 was ($12,341) and $17,083, respectively.

Debt investment: In 2018, Capital Impact Partners entered into a debt investment with a CDFI in the cooperative sector. The balance recorded as of December 31, 2023 and 2022 was $500,000.

Note 5. Investments (Continued)

Investments at cost: Capital Impact Partners is a member of FHLBank Atlanta, whose mission is to support member's residential-mortgage and economic-development lending activities. FHLBank Atlanta is a cooperative bank that offers, among other services, competitively priced financing. As a requirement of membership, Capital Impact Partners was required to purchase Class A Membership Stock of $250,000, which carries voting rights and is also an earning asset with dividends. Capital Impact Partners is required to purchase additional stock of 4.5% of each advance and pledge cash or securities as collateral for advances. At December 31, 2023 and 2022, the amount of stock held was $1,536,700 and $1,312,200, respectively. As of December 31, 2023, and 2022, Capital Impact Partners has outstanding advances from FHLBank Atlanta totaling $24,000,000.

Note 6. Mortgage Backed Securities

Capital Impact Partners purchases Mortgage Backed and U.S. Treasury Securities in order to serve as collateral/pledge base for FHLBank Atlanta borrowings and also earns a return on these investments. Of the total purchased Mortgage Backed and U.S. Treasury Securities, $29,581,714 and $26,084,534 was pledged as of December 31, 2023 and 2022, respectively. The remaining unpledged balance, net of discount, which is available to secure future advances are $4,240,866 and $5,341,349 as of December 31, 2023 and 2022, respectively. Capital Impact Partners recognized a net loss of ($251,107) and ($1,751,276) on the sale of mortgage backed securities during 2023 and 2022, respectively.

The Mortgage Backed Securities by category as of December 31, 2023 and 2022 are as follows:

	2023	2022
Mortgage Backed Securities:		
Federal Home Loan Mortgage Company (FHLMC)	$ 1,069,272	$ 1,242,816
Government National Mortgage Association (GNMA)	2,963,024	2,119,828
Uniform Mortgage Backed Securities (UMBS)	29,790,284	25,868,079
Total Mortgage Backed Securities	33,822,580	29,230,723
U.S. Treasury Securities		
U.S. Treasury Bills (less than 3 months) - cash equivalent (Note 2)	-	2,195,160
Total Mortgage Backed and U.S. Treasury Securities	$ 33,822,580	$ 31,425,883

Note 7. Contributions Receivable

As of December 31, 2023, and 2022, contributions receivable is $0 and $2,600,000, respectively, all due in one year.

As of December 31, 2023, and 2022, total conditional contributions receivable not recorded is $9,231,833 and $18,028,333, respectively. The conditional unrecorded receivables include a right of release dependent on available funding or satisfactory progress.

Note 8. Loans Receivable

Capital Impact Partners is a development finance organization and, in that capacity, originates higher risk development loans in the following primary market sectors: affordable housing, education, health care and community development. The loans originated by Capital Impact Partners are secured and unsecured and many times go to borrowers who may otherwise be unable to obtain conventional credit.

Note 8. Loans Receivable (Continued)

Capital Impact Partners' loan portfolio is diversified in terms of sector. The following is the distribution of loans outstanding at December 31:

	2023	%	2022	%
By Sector:				
Education	$ 95,262,663	24	$ 90,915,114	24
Health care	110,570,136	23	88,440,162	23
Affordable housing	224,498,051	43	163,119,458	43
Community development	69,254,276	10	39,944,344	10
Total – Capital Impact Partners	499,585,126	100	382,419,078	100
Detroit Neighborhoods Fund, LLC	15,368,695		15,727,669	
FPIF, LLC	4,500,000		4,500,000	
	$ 519,453,821		$ 402,646,747	

Real estate loans are used to finance the development of affordable housing projects and to provide term financing to the operation of affordable housing projects once they have been completed. Loans that are made to finance development are usually short-term and are repaid from either a construction or permanent loan. Term loans take the form of mortgages and are repaid from the operations of the real estate cooperative. Interest rates range from 3.00% to 9.64% and maturities from May 31, 2023 to July 1, 2053. Loans with 2023 maturity dates are under internal review to extend their maturity.

The commercial lending portfolio is diverse. Loans range from lines of credit to term loans. Loans are typically secured by general business assets (e.g., real estate, inventory, receivables, fixed assets and leasehold interests). Loan underwriting decisions are made on the basis of the analysis of markets, management, and cash flow potential; and not primarily on the basis of collateral coverage. These loans are expected to be repaid from cash flows generated by the borrower's operating activities. Interest rates range from 0.00% to 10.00% and maturities from November 1, 2023 to December 1, 2045. Loans with 2023 maturity dates are under internal review to extend their maturity.

Subsidiaries:

Detroit Neighborhoods Fund, LLC ("DNF, LLC"): DNF, LLC was formed during 2014 under the laws of the state of Delaware. Capital Impact Partners is the sole member and manager of DNF, LLC. DNF, LLC was formed specifically for the purpose of providing financing for mixed-use and multi-family rental housing and healthy foods retail in underserved areas in Detroit, Michigan. As manager, Capital Impact Partners identifies, originates, closes and services the loans. For this role, Capital Impact Partners receives an annual loan servicing fee of 200 basis points of the average daily outstanding principal balance of each end borrower loan. The lenders have committed to lend an aggregate of $30 million to the fund. The lenders in the fund are Capital Impact Partners, with a $10 million commitment and J.P. Morgan Chase Community Development Corporation, with a $20 million commitment. All loans from each investor are evidenced by individual promissory notes from each lender to DNF, LLC. The loans are with sole recourse to the DNF, LLC and include no obligation for repayment on the part of Capital Impact Partners. Interest rates range from 5.0% to 5.25% and maturities from March 1, 2025 to June 27, 2029.

FPIF, LLC: FPIF, LLC was formed during 2014 under the laws of the state of Delaware. Capital Impact Partners is the sole member and manager of FPIF, LLC. FPIF, LLC is organized as a special purpose entity to channel funds to a predominately low-income population aged 50+. The lenders had committed to lend an aggregate of $72,666,667 to FPIF, LLC. FPIF, LLC is capitalized with $7,266,667 or 10% subordinated debt from Capital Impact Partners, funded partly by a program related investment from AARP Foundation. The commitment expired on December 31, 2018. AARP Foundation's program related investment is included in the notes payable section of

Note 8. Loans Receivable (Continued)

the accompanying Consolidated Statements of Financial Position. The senior debt constitutes $65,400,000 or 90% of the borrowings from a special purpose entity between Calvert Foundation and AARP Foundation. The remaining loan is with sole recourse to the FPIF, LLC and includes no obligation for repayment on the part of Capital Impact Partners. The loan's interest rate is 5.70% and matures on December 20, 2024.

Refer to Note 14. Notes Payable - Subsidiaries, for further details on subsidiary loans receivables.

Note 9. Credit Quality

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

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

- Education
- Health care
- Affordable housing
- Community development

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

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

Note 9. Credit Quality (Continued)

Age analysis of past due loans: The following tables represent an aging of loans by sector as of December 31, 2023 and 2022. The tables present the principal amount outstanding on the loans that may be past due for principal and/or interest payments contractually due:

December 31, 2023	30 - 59 Days Past Due	60 - 89 Days Past Due	90 days and Still Accruing	Non-accrual	Total Past Due	Current	Total Loans
Education	$ -	$ -	$ -	$ 13,434	$ 13,434	$ 95,249,229	$ 95,262,663
Health care	-	-	-	-	-	110,570,136	110,570,136
Affordable housing	13,250,857	1,813,546	950,000	534,686	16,549,089	207,948,962	224,498,051
Community development and other	3,645,600	-	-	3,677,100	7,322,700	61,931,576	69,254,276
	$ 16,896,457	$ 1,813,546	$ 950,000	$ 4,225,220	$ 23,885,223	$ 475,699,903	$ 499,585,126

December 31, 2022	30 - 59 Days Past Due	60 - 89 Days Past Due	90 days and Still Accruing	Non-accrual	Total Past Due	Current	Total Loans
Education	$ -	$ -	$ -	$ 98,653	$ 98,653	$ 90,816,461	$ 90,915,114
Health care	-	-	-	-	-	88,440,162	88,440,162
Affordable housing	1,517,992	-	-	-	1,517,992	161,601,466	163,119,458
Community development and other	-	-	-	834,402	834,402	39,109,942	39,944,344
	$ 1,517,992	$ -	$ -	$ 933,055	$ 2,451,047	$ 379,968,031	$ 382,419,078

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

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

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

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

Special Mention: These loans are currently protected but are potentially weak. These loans constitute an undue and unwarranted credit risk but not to the point of justifying a classification of substandard. The credit risk may be relatively minor yet constitute an unwarranted risk in light of the circumstances surrounding a specific loan. These loans may be characterized by a downward trend in sales profit levels and margins, cash flow strained in order to

Note 9. Credit Quality (Continued)

meet debt repayment schedule, non-compliance with covenants, high leverage and weak liquidity, weak industry conditions or collateral impairment.

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

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

The following tables summarize the loan portfolio by sector and the internally assigned credit quality ratings for those categories at December 31, 2023 and 2022:

December 31, 2023	Above Average	Pass	Watch	Special Mention	Substandard	Doubtful	Total
Education	$ 3,579,601	$ 38,308,445	$ 48,970,329	$ 4,029,921	$ 278,798	$ 95,569	$ 95,262,663
Health Care	-	39,869,596	64,936,549	2,598,162	3,165,829	-	110,570,136
Affordable Housing	624,066	12,476,856	146,606,755	27,460,700	37,329,674	-	224,498,051
Community Development & Other	-	20,946,542	31,495,685	13,731,898	-	3,080,151	69,254,276
	$ 4,203,667	$ 111,601,439	$ 292,009,318	$ 47,820,681	$ 40,774,301	$ 3,175,720	$ 499,585,126

December 31, 2022	Above Average	Pass	Watch	Special Mention	Substandard	Doubtful	Total
Education	$ 3,715,626	$ 41,645,868	$ 40,624,619	$ 4,471,315	$ 286,904	$ 170,782	$ 90,915,114
Health Care	-	21,461,700	60,710,234	6,268,228	-	-	88,440,162
Affordable Housing	647,678	12,229,906	119,605,636	20,949,958	9,511,280	175,000	163,119,458
Community Development & Other	-	13,709,378	11,564,324	13,800,231	687,402	183,009	39,944,344
	$ 4,363,304	$ 89,046,852	$ 232,504,813	$ 45,489,732	$ 10,485,586	$ 528,791	$ 382,419,078

Allowance for loan losses: The allowance for loan losses as a percentage of loans outstanding as of December 31, 2023 and 2022, was 3.0% and 3.6%, respectively.

Capital Impact Partners performs a migration analysis of Capital Impact Partners' loan risk ratings and loan loss ratios in determining the allowance for loan loss calculation.

Note 9. Credit Quality (Continued)

The following tables summarize the allowance for loan losses as of and for the years ended December 31, 2023 and 2022, by sector and the amount of loans evaluated individually or collectively for impairment by sector:

December 31, 2023	Education	Health Care	Affordable Housing	Community Development	Total
Allowance for credit losses:					
Beginning balance	$ 2,031,179	$ 2,218,335	$ 7,648,492	$ 1,724,165	$ 13,622,171
Charge-offs	-	-	-	(137,480)	(137,480)
Recoveries	-	-	-	26,918	26,918
Provisions	(883,022)	(809,586)	271,993	482,436	(938,179)
	$ 1,148,157	$ 1,408,749	$ 7,920,485	$ 2,096,039	$ 12,573,430
Ending balance of allowance for credit losses:					
Individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -
Collectively evaluated for impairment	1,148,157	1,408,749	7,920,485	2,096,039	12,573,430
	$ 1,148,157	$ 1,408,749	$ 7,920,485	$ 2,096,039	$ 12,573,430
Loan ending balances:					
Individually evaluated for impairment	$ 13,434	$ -	$ 534,686	$ 3,677,100	$ 4,225,220
Collectively evaluated for impairment	95,249,229	110,570,136	223,963,365	65,577,176	495,359,906
	$ 95,262,663	$ 110,570,136	$ 224,498,051	$ 69,254,276	$ 499,585,126

December 31, 2022	Education	Health Care	Affordable Housing	Community Development	Total
Allowance for loan losses:					
Beginning balance	$ 2,617,524	$ 2,444,706	$ 6,484,492	$ 1,808,543	$ 13,355,265
Charge-offs	-	-	-	-	-
Recoveries	-	-	-	-	-
Provisions	(586,345)	(226,371)	1,164,000	(84,378)	266,906
	$ 2,031,179	$ 2,218,335	$ 7,648,492	$ 1,724,165	$ 13,622,171
Ending balance of allowance for loan losses:					
Individually evaluated for impairment	$ -	$ -	$ -	$ 210,980	$ 210,980
Collectively evaluated for impairment	2,031,179	2,218,335	7,648,492	1,513,185	13,411,191
	$ 2,031,179	$ 2,218,335	$ 7,648,492	$ 1,724,165	$ 13,622,171
Loan ending balances:					
Individually evaluated for impairment	$ 98,653	$ -	$ -	$ 4,474,993	$ 4,573,646
Collectively evaluated for impairment	90,816,461	88,440,162	163,119,458	35,469,351	377,845,432
	$ 90,915,114	$ 88,440,162	$ 163,119,458	$ 39,944,344	$ 382,419,078

Note 9. Credit Quality (Continued)

Impaired loans: The following tables summarize the impaired loans as of December 31, 2022. The tables segregate the loans by sector for impaired loans with specific allowances for losses and impaired loans without specific allowances.

December 31, 2022	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized*
With no related allowance recorded:					
Education	$ 98,653	$ 170,782	$ -	$ 205,713	$ 2,550
Health care	-	-	-	-	-
Affordable housing	-	-	-	-	-
Community development	3,640,591	3,645,600	-	3,645,600	-
Subtotal	3,739,244	3,816,382	-	3,851,313	2,550
With an allowance recorded:					
Education	-	-	-	-	-
Health care	-	-	-	-	-
Affordable housing	-	-	-	-	-
Community development	834,402	834,402	210,980	870,358	-
Subtotal	834,402	834,402	210,980	870,358	-
Total:					
Education	98,653	170,782	-	205,713	2,550
Health care	-	-	-	-	-
Affordable housing	-	-	-	-	-
Community development	4,474,993	4,480,002	210,980	4,515,958	-
Total	$ 4,573,646	$ 4,650,784	$ 210,980	$ 4,721,671	$ 2,550

*Interest income recognized on a cash basis during 2022 was $0.

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

The structured fund documents do not account for the establishment of an allowance in the pricing of the ultimate loans to the borrowers and fees charged. The legal documents address how losses will be absorbed through the "waterfall" language in each fund. Typically, it is the junior lenders that take the first loss if there is no cash reserve or other enhancement that can absorb some portion of non-payment or charge off. The remainder of the loss is absorbed by the senior lender(s). Capital Impact Partners underwrites, services and manages all loans funded from these structured funds and therefore performs initial and ongoing routine evaluations of the performance of each loan's borrower and its ability to repay. Capital Impact Partners will evaluate each of the loans within these funds, individually, to determine allowance for loan loss levels. There was no allowance recorded as of December 31, 2023 and 2022.

Note 10. Other Assets

Included in other assets as of December 31, 2023 and 2022, are the following:

A cash pledge deposit balance of $568,302 and $542,124 as of December 31, 2023 and 2022, respectively, per a pledge and security agreement dated February 1, 2012 between Capital Impact Partners and CSFP. CSFP used funds borrowed from the Walton Family Foundation to fund a loan to Alliance for College-Ready Public Schools, a

Note 10. Other Assets (Continued)

charter school operator. The Walton Family Foundation requires CSFP to pledge a percentage of the unpaid principal of the loan to secure repayment of their loan. Capital Impact Partners used proceeds of a grant from the Department of Energy received in a prior year to satisfy the pledge requirement. In consideration of its obligation, Capital Impact Partners earns a monthly fee.

On September 1, 2015, Capital Impact Partners entered into an agreement with CoMetrics to provide a program related investment loan in the aggregate principal amount of $300,000 to finance its business and operations, consistent with its cooperative purposes. The loan was funded in two separate tranches and pays interest at an initial rate of 1% and increases to 5% if CoMetric’s earnings reach a certain level. Capital Impact Partners advanced $300,000 as of December 31, 2021. In September 2022, the program related investment loan was restructured to a four-year loan, maturing on September 26, 2026 and classified as a loan. The program investment loan before restructure earned interest of $2,773 and $2,000 for the years ended December 31, 2023 and 2022, respectively.

$0 and $134,753 within the Other Assets for the years ended December 31, 2023 and 2022, respectively, represents a cash deposit to Globalization Partners, a payroll service provider implemented for Momentus Securities.

Capital Impact Partners has issued two recoverable grants to cover the grant recipients' remaining funds needed to close property acquisitions. The first grant, in the amount of $250,000, was awarded to the Fresh Food Market/1406 Holding LLC using funds received from an award by the DC Deputy Mayor's Office of Planning and Economic Development. The second grant, in the amount of $50,000, was awarded to Medici Road using funds received from an award from Amazon. Both of these recoverable grants will mature on December 31, 2024, and full repayment is due prior to maturity.

$1,503,284 and $1,073,984 within Other Assets for the years ended December 31, 2023 and 2022, respectively, represents Prepaid Assets and Security Deposits on leased property for Capital Impact Partners offices.

Goodwill was recorded as part of ASM’s acquisition of all of the interests in RPS pursuant to the Purchase Agreement, net of FMV of assets/equity acquired. The goodwill fair value is evaluated for impairment annually. As of December 31, 2023, and 2022, goodwill recorded was $10,570.

Furniture, equipment and leasehold improvements at December 31, 2023 and 2022, were comprised as follows:

	2023	2022
Furniture, equipment and software	$ 1,427,445	$ 1,062,506
Leasehold improvements	1,932,763	1,909,896
	3,360,208	2,972,402
Less accumulated depreciation and amortization	(2,099,035)	(1,902,169)
	$ 1,261,173	$ 1,070,233

Note 11. Leases

Capital Impact Partners has operating leases for five corporate offices. Leases have remaining lease terms of 1 year to 10 years, some of which include options to extend the leases for up to 5 years. The components of lease expense were as follows:

	2023	2022
Operating lease cost - fixed	$ 1,197,485	$ 1,109,360
Operating lease cost - variable	170,649	72,011
	$ 1,368,134	$ 1,181,371
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 1,277,539	$ 1,189,479
Non-cash investing and financing activities:		
Additions to right of use assets obtained from operating lease	$ 2,341,792	$ -
Weighted average remaining lease term		
Operating leases	8 years	9 years
Weighted average discount rate		
Operating leases	3.30%	2.91%
Right of use assets	$ 9,428,191	$ 7,898,991

Because we generally do not have access to the rate implicit in the lease, we utilize our incremental borrowing rate as the discount rate.

Maturities of lease liabilities were as follows:

Years ending December 31:	
2024	$ 1,584,354
2025	1,630,065
2026	1,556,449
2027	1,513,679
2028	1,554,383
Thereafter	6,206,962
Total lease payments	14,045,892
Less imputed interest	(2,054,127)
	$ 11,991,765

Capital Impact Partners signed a 15-year lease agreement for its Arlington, Virginia offices on October 19, 2016. The lease commitment period is from December 1, 2017 through November 30, 2032. The lease agreement provides for annual escalations on base rent and there is a 5-year renewal option after the initial 15-year lease term.

In September 2019, Capital Impact Partners entered into a new $2 million operating lease to secure additional space for the Arlington, Virginia office. The lease is for 13 years and ends November 30, 2032.

In February 2023, Capital Impact Partners secured additional space in the New York office through a lease amendment. The lease extension is 5 years and ends May 31, 2033.

Capital Impact Partners also leases office space in Detroit, Michigan and Oakland, California. There is office space in Austin, Texas, secured with a one-year lease agreement.

Note 11. Leases (Continued)

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

Note 12. Refundable Advance Liability

Capital Impact Partners reports a refundable advance liability for funds received from conditional contributions from various grantors. These contributions remain classified as a refundable advance until the agreed upon conditions or barriers are met. The refundable advance liability balance was $9,735,754 and $6,172,250 as of December 31, 2023 and 2022, respectively.

Note 13. Notes and Bond Payable, Revolving Lines of Credit, Subordinated Debt and Investor Notes

Notes and bond payable, revolving lines of credit, Investor Notes and subordinated debt as of December 31, 2023 and 2022, consist of the following:

	Commitment	Available Undrawn	December 31, 2023	December 31, 2022	Interest Rate Range / Average Rate	Maturity Date Range
Revolving lines of credit	$ 150,000,000	$ 56,940,706	$ 69,500,000	$ 46,000,000	6.27%	September 2024
Unsecured - fixed rate	88,500,000	-	68,786,736	54,242,446	0% - 4.75%	May 2023 - August 2032
Investor Notes	265,412,000	-	265,412,000	203,743,000	1.00% - 5.20%	January 2023 - July 2037
Subordinated debt	14,500,000	-	14,500,000	2,500,000	2.00%	December 2023
Federal Home Loan Bank borrowing	123,375,086	99,375,086	24,000,000	24,000,000	2.83%	December 2029
Bond payable	10,000,000	5,000,000	5,000,000	5,000,000	5.32%	August 2032
	651,787,086	161,315,792	447,198,736	335,485,446		
Investor Notes issuance cost	-	-	(2,606,852)	(2,436,781)	2.13% -4.92%	
	$ 651,787,086	$ 161,315,792	$ 444,591,884	$ 333,048,665		

Capital Impact Partners has certain debt agreements that contain both operational and financial covenants requiring Capital Impact Partners to maintain minimum cash and cash equivalents balances and certain financial ratios.

Investor Notes: In 2023, Capital Impact Partners offered Investor Notes, continuous from its 2020 offering, for up to $200,000,000. The Investor Notes are offered through registered broker-dealers and are available for purchase in book-entry form, which means they may be purchased electronically through the investor's brokerage account and settled through the DTC. The Investor Notes were issued in increments of $1,000 or more and pay interest at a various fixed interest rates. The terms for the Investor Notes were one-year, three-year, five-year, seven-year, ten-year, fifteen-year and twenty-year maturities.

US Bank has been designated as the trustee to the indenture governing the Investor Notes and serves as a paying agent for the Investor Notes. The Investor Notes are senior to the subordinated loans. At December 31, 2023 and 2022, the Investor Note holders held $265,412,000 and $203,743,000, respectively, of the total Investor Notes payable balance. Interest rates range between 1.00% and 5.20%. Aggregate annual maturities of Investor Notes over each of the next five years and thereafter, as of December 31, 2023, are as follows:

Years ending December 31:	
2024	$ 57,282,000
2025	33,191,000
2026	48,734,000
2027	19,495,000
2028	63,254,000
Thereafter	43,456,000
	$ 265,412,000

Note 13. Notes and Bond Payable, Revolving Lines of Credit, Subordinated Debt and Investor Notes (Continued)

FHLB borrowing: As a member bank, Capital Impact Partners may request advances from FHLBank Atlanta. As of December 31, 2023, the outstanding balance was $24,000,000 secured by Mortgage Backed Securities in the amount of $29,581,714. As of December 31, 2022, the outstanding balance was $24,000,000 secured by Mortgage Backed Securities in the amount of $26,084,534. As of December 31, 2023, and 2022, Capital Impact Partners recognized a gain on FHLB debt extinguishment of $352,238 and $2,282,168, respectively, and included in the Consolidated Statements of Activities and Changes in Net Assets.

CDFI Bond Guarantee Program: The CDFI Bond Guarantee Program was enacted through the Small Business Jobs Act of 2010. The bond provides fixed-rate long-term capital, which can be used to finance eligible community and economic development purposes, such as small businesses, charter schools, health care facilities and affordable housing.

On September 25, 2014, Capital Impact Partners was awarded a $55,000,000 allocation in the $200,000,000 issuance of the CDFI Fund Bond Guarantee Program to Community Reinvestment Fund, USA. Capital Impact Partners committed 100% of its allocation and drew down on the bond by September 25, 2019 as required by the program. Under the program, bonds are purchased by the Federal Financing Bank and carry a 100% guarantee from the Secretary of the Treasury.

On July 15, 2016, Capital Impact Partners was awarded an additional $40,000,000 allocation in the $165,000,000 issuance of the CDFI Fund Bond Guarantee Program to Community Reinvestment Fund, USA. As a condition of the program, Capital Impact Partners must pledge eligible secondary borrower loans as collateral to draw on the loan. The loans bear interest at the applicable Federal Financing bank rate plus .375% liquidity premium at the time of each draw down. Capital Impact Partners, per the Bond Guarantee Program's requirements, had fully committed 100% of its allocation and drew down on the bond by July 15, 2021 as required by the program.

As of December 31, 2022, Capital Impact Partners recognized a gain on CDFI Bond Guarantee debt extinguishment of $4,170,521 and is included in the Consolidated Statements of Activities and Changes in Net Assets.

US Bank Bond Payable: During 2022, US Bank purchased a $5,000,000 Racial Equity Bond from Capital Impact Partners. The bond offering is up to $10,000,000. Proceeds are used as capital to make loans in relation to its National Diversity in Development Loan Fund Initiative ("DiD"). The DiD seeks to provide financing to support impact in four key areas: wealth creation for borrowers, ensuring diversity in lending, growth in developers and their projects financed by Capital Impact Partners, and community development where Capital Impact Partners operates. As of December 31, 2023, and 2022, the bonds payable balance was $5,000,000.

Aggregate annual maturities of Capital Impact Partners' borrowings over each of the next five years and thereafter, as of December 31, 2023, are as follows:

Years ending December 31:	
2024	$ 131,279,206
2025	40,980,530
2026	57,234,000
2027	42,245,000
2028	74,504,000
Thereafter	100,956,000
	$ 447,198,736

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

Note 13. Notes and Bond Payable, Revolving Lines of Credit, Subordinated Debt and Investor Notes (Continued)

For the Kellogg Foundation, Capital Impact Partners recognized interest expense of $0 and $649 for the years ended December 31, 2023 and 2022, respectively.

For the Ford Foundation received in 2014, Capital Impact Partners recognized interest expense of $19,396 and $35,721 for the years ended December 31, 2023 and 2022, respectively.

Aggregate interest accretion over the next year for Capital Impact Partners' loan with a below-market interest rate as of December 31, 2023 is $2,794.

Note 14. Notes Payable – Subsidiaries

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

Subsidiary	Lender	Commitment	December 31, 2023	December 31, 2022	Interest Rate	Final Maturity Date	Payment Details
DNF, LLC	JPMorgan Chase	$ -	$ 19,693,922	$ 19,693,922	2.00%	June 2029	Monthly interest, with consecutive quarterly principal payments beginning in June 2024
FPIF, LLC	FPIF Feeder Facility LP	-	4,500,000	4,500,000	3.13%	August 2031	Monthly interest and principal
		$ -	$ 24,193,922	$ 24,193,922			

Aggregate annual maturities of subsidiary borrowings over each of the next five years and thereafter, as of December 31, 2023, are as follows:

Years ending December 31:	
2024	$ 4,642,083
2025	2,116,943
2026	210,860
2027	221,867
2028	232,169
Thereafter	16,770,000
	$ 24,193,922

Note 15. Net Assets with Donor Restrictions

Donor restricted net assets are those net assets whose use by Capital Impact Partners is limited by the donors for a special purpose or restricted to be used in a later period. At December 31, 2023 and 2022, donor restricted net assets consisted of the following:

Purpose	2023	2022
Charter School Program	$ 16,916,626	$ 16,594,196
Revolving loan fund - Affordable Housing Financing	12,532,653	11,155,000
Affordable Housing Financing	4,680,000	4,204,257
Equity and Inclusion	3,481,051	7,243,852
Disability Financing	500,000	-
Healthy Food Financing	3,081,000	-
Financial Assistance	257,028	-
DC Entrepreneurs of Color Fund	315,677	1,170,395
Equitable Developer	1,966,831	6,245,250
Detroit Corridor Initiative	1,083,816	883,912
Aging Initiative	108,789	245,983
Racial and Health Equity	-	5,279
Various	397,856	1,594,476
	$ 45,321,327	$ 49,342,600

Contributions receivable of $0 and $2,600,000, respectively, as of December 31, 2023 and 2022, were both time restricted and purpose restricted and are included in the above amounts.

Note 16. Fees

Material revenue streams are reported separately on the Consolidated Statements of Activities and Changes in Net Assets. Revenue is either recognized at a point in time or over a period of time.

Revenue recognized at a point in time includes NMTC suballocation Fees, fund managment fees, unused fee income and portfolio amendment / modification fees. Revenue recognized over a period of time includes asset management fees and guarantee fees.

Fees – recognized at point in time	2023	2022
NMTC suballocation fees	$ 1,322,874	$ 1,293,750
Unused fee income	-	9,114
Fund management fees	47,992	-
Covenant waiver fees	500	-
Portfolio amendment / modification fees	85,182	38,250
	1,456,548	1,341,114
Fees – recognized over time		
Asset management fees	-	962
Guarantee fees	2,975	2,975
	2,975	3,937
	$ 1,459,523	$ 1,345,051

Note 17. Related Party Transactions

NCB and NCB Financial Savings Bank (NCB, FSB): Capital Impact Partners and its subsidiaries maintain cash accounts with NCB, FSB. Balances totaled $20,817,150 and $28,964,863 as of December 31, 2023 and 2022, respectively.

In the normal course of business, Capital Impact Partners, NCB and NCB, FSB will sell and purchase loan participations from each other. Capital Impact Partners' balance was $14,098,250 and $14,348,250 as of December 31, 2023 and 2022, respectively.

ROC USA, LLC: ROC USA Capital is a wholly-owned subsidiary of ROC USA, LLC (see Note 1). Capital Impact Partners has purchased loan participations from ROC USA Capital in the ordinary course of business. The balance for the purchased loan participation from ROC USA Capital as of December 31, 2023 and 2022, was $6,693,856 and $7,800,923, respectively. Capital Impact Partners services these loans; however, per an agreement between Capital Impact Partners and ROC USA, LLC, Capital Impact Partners does not earn a servicing fee.

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

Develop Detroit: In 2018, Capital Impact Partners entered into an agreement to invest $500,000 in Develop Detroit, a nonprofit developer in Detroit, Michigan. The balance recorded as of December 31, 2023 and 2022, was $363,094 and $375,435, respectively. A member of Capital Impact Partners executive management is a board member of the Housing Partnership Network, in which Develop Detroit is a lending affiliate within the Housing Partner Network.

Workforce Affordable Housing Fund I, LLC: In July 2019, Capital Impact Partners became a 96% non-controlling member in the Investment in WAHF. The NHP Foundation is the 4% controlling member. A member of Capital Impact Partners executive management team is a trustee of The NHP Foundation. The balance recorded as of December 31, 2023 and 2022, was $20,926,261 and $22,812,857, respectively.

CDC: In the normal course of business, Capital Impact Partners and CDC share labor, as outlined in a shared services agreement established in 2022. Capital Impact Partners utilized a portion of CDC labor and is recorded as Inter-company management fee in the Consolidated Statements of Activities and Changes in Net Assets. For the year ended December 31, 2023 and 2022, activity totaled $306,468 and $331,813, respectively. CDC utilized a portion of Capital Impact Partners labor and is recorded as Inter-company fee income in the Consolidated Statements of Activities and Changes in Net Assets. For the year ended December 31, 2023 and 2022, activity totaled $3,395,383 and $1,553,228, respectively.

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

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

ASM: In the normal course of business, Capital Impact Partners and Momentus Securities share labor and rent, as outlined in a shared services agreement established in 2022. Through Momentus Securities, ASM utilized a portion of Capital Impact Partners labor which is recorded as Inter-company management fee in the Consolidated Statements of Activities and Changes in Net Assets. For the year ended December 31, 2023 and 2022, activity totaled $266,145 and $2,247,007, respectively, which is eliminated upon consolidation.

In May 2023, Momentus Capital entered a ten-year, $1.6 million lease with Capital Impact Partners for its New York office space. The lease ends on May 31, 2033. The corresponding right of use asset and lease liability is eliminated upon consolidation

Note 17. Related Party Transactions (Continued)

Other: In the normal course of business, members of the Capital Impact Partners Board of Directors may be related to cooperatives receiving or eligible to receive loans. Capital Impact Partners has conflict of interest policies, which

require, among other things, that a board member be disassociated from decisions that pose a conflict of interest, or the appearance of a conflict of interest.

Loans to applicants who are affiliated with a member of Capital Impact Partners are subject to the same eligibility and credit criteria, as well as the same loan terms and conditions, as all other loan requests. Any new loan made to an organization related to a member of the Board is reported to the Finance and Risk Committee at the next regular meeting. An analysis of the activity during the years ended December 31, 2023 and 2022, for the aggregate amount of these loans is as follows:

Balance, December 31, 2021	$ 14,371,430
Net changes	(142,374)
Balance, December 31, 2022	14,229,056
Net changes	(1,107,067)
Balance, December 31, 2023	$ 13,121,989

Note 18. New Markets Tax Credit Program

During 2005, Capital Impact Partners implemented its NMTC program and has 29 and 24 limited liability companies (“LLCs”) that are CDEs, through December 31, 2023 and 2022, respectively.

The LLCs were formed to obtain qualified equity investments from investors and make qualified investments in Qualified Active Low-Income Community Businesses (“QALICB”) in accordance with the terms of the NMTC program pursuant to Section 45D of the Internal Revenue Code. Investors made capital contributions of approximately $35,276,650 and $34,500,000 to these LLCs during 2023 and 2022, respectively, in anticipation of receiving new markets tax credits of approximately $13,757,894 and $13,455,000 in 2023 and 2022, respectively. Capital Impact Partners serves as the managing member of these LLCs, contributed nominal capital and has financial interests in the NMTC entities noted below.

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

During 2022, five of the NMTC entities reached their seven-year transaction period and were completely dissolved. In connection with the dissolution of these entities, Capital Impact Partners incurred a loss of $21,845, which is reflected in the Consolidated Statements of Activities and Changes in Net Assets for the year ended December 31, 2022.

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

Note 18. New Markets Tax Credit Program ("NMTC") (Continued)

Impact CDE 55 LLC	Impact CDE 70 LLC
Impact CDE 56 LLC	Impact CDE 71 LLC
Impact CDE 57 LLC	Impact CDE 72 LLC
Impact CDE 58 LLC	Impact CDE 73 LLC
Impact CDE 59 LLC	Impact CDE 74 LLC
Impact CDE 60 LLC	Impact CDE 75 LLC
Impact CDE 61 LLC	Impact CDE 76 LLC
Impact CDE 62 LLC	Impact CDE 77 LLC
Impact CDE 63 LLC	Impact CDE 78 LLC
Impact CDE 64 LLC	Impact CDE 79 LLC
Impact CDE 65 LLC	Impact CDE 80 LLC
Impact CDE 66 LLC	Impact CDE 81 LLC
Impact CDE 67 LLC	Impact CDE 82 LLC
Impact CDE 68 LLC	Impact CDE 83 LLC
Impact CDE 69 LLC	

At December 31, 2023 and 2022, Capital Impact Partners had a .01% interest in each of the above entities.

The total amount of the investment is as follows:

	Amount of Investment 2023	Amount of Investment 2022
Capital Impact Partners New Markets Tax Credit Entities	$ 22,005	$ 18,537

The following is a summary of the audited financial information of these companies as of and for the years ended December 31, 2023 and 2022:

	2023	2022
Total assets	$ 219,695,182	$ 184,943,500
Total liabilities	327,183	262,065
Members' capital	219,367,999	184,681,435
Total revenue	3,524,368	3,009,982
Total expenses	2,015,495	1,673,294
Net income	1,508,873	1,336,688

Under the agreements with the LLCs, Capital Impact Partners earns fees for its initial services including investor syndication, LLC organization, loan origination, and NMTC sub-allocation. Capital Impact Partners also earns continuing fees for loan servicing. As explained in Note 16 material revenue streams recognized at a point in time or recognized over time are reported separately on the Consolidated Statements of Activities and Changes in Net Assets. During the years ended December 31, 2023 and 2022, Capital Impact Partners earned $980,099 and $830,198, respectively, of servicing fees from these LLCs. In addition, Capital Impact Partners reflected accounts receivable of $234,757 and $1,030, as of December 31, 2023 and 2022, respectively.

In most of the agreements with the LLCs, Capital Impact Partners could be responsible for reimbursing the LLCs in the event of recapture and/or loss of the tax credits for failure to comply with Section 45D of the Internal Revenue Code as a result of errors made by Capital Impact Partners in its role as Managing Member. In most cases, the

Note 18. New Markets Tax Credit Program ("NMTC") (Continued)

amount of reimbursement is limited to fees received or a multiple thereof. Capital Impact Partners has retained qualified consultants and implemented control systems to minimize the potential of any such recapture. Management believes the likelihood of recapture is remote and no liabilities have been recorded as of December 31, 2023 and 2022.

To date, Capital Impact Partners has been awarded eleven NMTC allocations, totaling $742,000,000.

Note 19. Commitments and Contingencies

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

In the normal course of business, Capital Impact Partners makes commitments to extend term loans and lines of credit, which are not reflected in the accompanying financial statements. The commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being completely drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Capital Impact Partners evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by Capital Impact Partners upon extension of credit, is based on management's credit evaluation of the borrower. At December 31, 2023 and 2022, these outstanding commitments totaled $97,258,796 and $76,285,864, respectively.

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

Capital Impact Partners is committed to initiate the $12.5 million Diversity in Development - Detroit Loan Fund. In May 2020, the Diversity in Development fund was launched to deploy low-cost and flexible construction financing to minority developers who live in and around Detroit, Michigan. The response to the loan fund led to successfully closing $0 in loans through December 31, 2023 and $9.4 million in loans through December 31, 2022. Capital Impact Partners funded more loans than initially committed due to high demand. Total loans closed under the fund was $18.8 million. There are no additional closings for this fund after 2022.

Capital Impact Partners is committed to initiate a $20 million Diversity in Development DMV (Washington, DC, Maryland and Virginia) Loan Fund over three-years, successfully closing $0 in loans in 2023 and $23 million in loans in 2022. The fund provides acquisition and pre-development loans to enable minority developers to acquire and develop affordable housing and other community facilities in the Washington D.C., Maryland and Virginia area. Capital Impact Partners funded more loans than initially committed due to high demand. Total loans closed under the fund was $32.6 million. There are no additional closings for this fund after 2022.

Note 20. Employee Benefits

Capital Impact Partners' employees participate in the non-contributory defined contribution retirement plan and the 401(k) plan. Under the non-contributory defined contribution retirement plan, Capital Impact Partners contributes

Note 20. Employee Benefits (Continued)

6% of a participant's annual salary into the plan. Total expenses for the retirement plan for the years ended December 31, 2023 and 2022, were $869,757 and $682,518, respectively. The employee thrift plan is organized under IRS Code Section 401(k) and Capital Impact Partners contributes up to 6% of each participant's annual salary. Contributions and expenses were $979,945 and $830,320 for 2023 and 2022, respectively.

Note 21. Fair Value

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

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

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

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

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

Note 21. Fair Value (Continued)

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

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

	December 31, 2022	Level 1	Level 2	Level 3
Assets (liabilities):				
Marketable equity securities	$ 401,556	$ 401,556	$ -	$ -
Real estate investment trust	2,068,750	-	-	2,068,750
Other investments	286,674	-	-	286,674
Mortgage backed securities	29,230,723	-	29,230,723	-
U.S. Treasury Securities	2,195,160	-	2,195,160	-
	$ 34,182,863	$ 401,556	$ 31,425,883	$ 2,355,424

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

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

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

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

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

Note 21. Fair Value (Continued)

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

There was no change in the valuation techniques used to measure fair value of investments in the years ended December 31, 2023 and 2022. There were no transfers into or out of Level 3 during the years ended December 31, 2023 and 2022.

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

	2023	2022
Beginning balance at January 1	$ 2,355,424	$ 1,879,384
Total net gains included in change in net assets	44,360	476,040
Ending balance at December 31	$ 2,399,784	$ 2,355,424

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

	December 31, 2023	Level 1	Level 2	Level 3
Assets:				
Impaired loans, net of specific reserves	$ 4,225,220	$ -	$ -	$ 4,225,220

	December 31, 2022	Level 1	Level 2	Level 3
Assets:				
Impaired loans, net of specific reserves	$ 4,362,666	$ -	$ -	$ 4,362,666

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

Note 22. Noncontrolling Interest in Consolidated Subsidiaries

Capital Impact Partners presents the noncontrolling interest in CIIF, its consolidated subsidiary, as a separate line item within net assets in the Consolidated Statements of Financial Position as of December 31, 2023 and 2022.

CIIF began operations on December 13, 2017. CIIF II began operations on December 28, 2018 and merged into CIIF on January 1, 2020. A 10% equity contribution of $3,763,007 by Capital Impact Partners increased its managing member ownership to 30% from 20% and reduced Annaly's non-managing member ownership to 70% from 80%.

Note 22. Noncontrolling Interest in Consolidated Subsidiaries (Continued)

A summary of the 2023 and 2022 activity follows:

	CIIF		
	CIP	Annaly	Total
Balance, December 31, 2021	$ 8,948,522	$ 20,572,345	$ 29,520,867
Net income	350,522	982,311	1,332,833
Distributions	(351,536)	(982,311)	(1,333,847)
Balance, December 31, 2022	8,947,508	20,572,345	29,519,853
Net income	406,431	1,012,132	1,418,563
Distributions	(390,665)	(1,012,132)	(1,402,797)
Balance, December 31, 2023	$ 8,963,274	$ 20,572,345	$ 29,535,619

Distributions of $245,512 and $267,189 were payable from CIIF to Annaly as of December 31, 2023 and 2022, respectively.

Note 23. Subsequent Events

Capital Impact Partners has evaluated its subsequent events (events occurring after December 31, 2023) through March 27, 2024, which represents the date the financial statements were issued.

Capital Impact Partners and Subsidiaries

Supplementary Information

Capital Impact Partners and Subsidiaries

Consolidating Statement of Financial Position
December 31, 2023

	Capital Impact Partners	Detroit Neighborhoods Fund, LLC	FPIF, LLC	Community Investment Impact Fund , LLC	Alliance Securities Manager LLC	Equitable Prosperity Fund 1 GP LLC	Eliminations	Total
Assets								
Cash and cash equivalents – unrestricted	$ 22,412,586	$ 4,501,577	$ 335,253	$ 3,284,786	$ 13,699,501	$ -	$ -	$ 44,233,703
Cash and cash equivalents – restricted	25,957,624	466,509	-	-	-	-	-	26,424,133
Accounts and interest receivable	6,982,806	136,803	24,541	238,127	1,207,193	-	(1,133,578)	7,455,892
Contributions receivable	-	-	-	-	-	-	-	-
Investments	63,996,180	-	-	-	107,710	(323,515)	(22,307,286)	41,473,089
Mortgage backed securities	33,822,580	-	-	-	-	-	-	33,822,580
Loans receivable	499,585,126	-	-	-	-	-	-	499,585,126
Less: allowance for credit losses	(12,573,430)	-	-	-	-	-	-	(12,573,430)
Loans receivable, net	487,011,696	-	-	-	-	-	-	487,011,696
Loans receivable – subsidiaries	-	25,215,656	5,000,000	26,765,888	-	-	(37,112,849)	19,868,695
Loans receivable - intercompany	2,500,000	-	-	-	-	-	-	2,500,000
Other real estate owned	658,498	-	-	-	-	-	-	658,498
Other assets	3,329,833	-	-	-	313,496	-	-	3,643,329
Right of use assets	9,428,191	-	-	-	1,505,623	-	(1,505,623)	9,428,191
Total assets	$ 656,099,994	$ 30,320,545	$ 5,359,794	$ 30,288,801	$ 16,833,523	$ (323,515)	$ (62,059,336)	$ 676,519,806
Liabilities and Net Assets								
Liabilities:								
Accounts payable and accrued expenses	$ 9,414,166	$ 128,650	$ 24,436	$ 753,182	$ 1,659,754	$ 620	$ (1,133,578)	$ 10,847,230
Refundable advance liability	9,735,754	-	-	-	-	-	-	9,735,754
Due to subsidiaries	26,765,888	-	-	-	-	-	(26,765,888)	-
Revolving lines of credit	69,500,000	-	-	-	-	-	-	69,500,000
Notes payable	68,786,736	-	-	-	-	-	-	68,786,736
Investor Notes, net	262,805,148	-	-	-	-	-	-	262,805,148
Subordinated debt	14,500,000	-	-	-	-	-	-	14,500,000
Federal Home Loan Bank borrowing	24,000,000	-	-	-	-	-	-	24,000,000
Bond loan payable	5,000,000	-	-	-	-	-	-	5,000,000
Notes payable – subsidiaries	-	29,540,883	5,000,000	-	-	-	(10,346,961)	24,193,922
Liability for CECL - loan commitments	2,917,764	-	-	-	-	-	-	2,917,764
Lease liabilities	11,991,765	-	-	-	1,505,623	-	(1,505,623)	11,991,765
Total liabilities	505,417,221	29,669,533	5,024,436	753,182	3,165,377	620	(39,752,050)	504,278,319
Net assets:								
Without donor restrictions	105,361,446	651,012	335,358	-	13,668,146	(324,135)	(13,344,012)	106,347,815
Noncontrolling interest in a consolidated subsidiary	-	-	-	29,535,619	-	-	(8,963,274)	20,572,345
Total without donor restrictions	105,361,446	651,012	335,358	29,535,619	13,668,146	(324,135)	(22,307,286)	126,920,160
With donor restrictions	45,321,327	-	-	-	-	-	-	45,321,327
Total net assets	150,682,773	651,012	335,358	29,535,619	13,668,146	(324,135)	(22,307,286)	172,241,487
Total liabilities and net assets	$ 656,099,994	$ 30,320,545	$ 5,359,794	$ 30,288,801	$ 16,833,523	$ (323,515)	$ (62,059,336)	$ 676,519,806

See Independent Auditor's Report

Capital Impact Partners and Subsidiaries

Consolidating Statement of Activities
Year Ended December 31, 2023

	Capital Impact Partners	Detroit Neighborhoods Fund, LLC	FPIF, LLC	Community Investment Impact Fund , LLC	Alliance Securities Manager LLC	Equitable Prosperity Fund 1 GP LLC	Eliminations	Total
Changes in net assets without donor restrictions:								
Financial activity:								
Financial income:								
Interest income on loans	$ 24,038,821	$ 1,318,054	$ 288,958	$ 1,670,743	$ -	$ -	$ (427,865)	$ 26,888,711
Loan fees	389,267	-	-	-	-	-	-	389,267
Investments income, net	3,650,257	113,198	5,910	50,895	140,535	-	(406,431)	3,554,364
Loss on equity method investments	(3,923,391)	-	-	-	-	(140,618)	4,834,546	770,537
Total financial income	24,154,954	1,431,252	294,868	1,721,638	140,535	(140,618)	4,000,250	31,602,879
Financial expense:								
Interest expense	15,924,325	798,698	193,906	-	-	-	(427,865)	16,489,064
Provision for credit losses	(308,991)	-	-	-	-	-	-	(308,991)
Total financial expense	15,615,334	798,698	193,906	-	-	-	(427,865)	16,180,073
Net financial income	8,539,620	632,554	100,962	1,721,638	140,535	(140,618)	4,428,115	15,422,806
Revenue and support:								
Loan servicing fees	2,125,833	-	-	-	-	-	(545,095)	1,580,738
Fees	1,801,472	-	-	-	-	-	(341,949)	1,459,523
Asset management fees from investments	-	-	-	-	1,568,719	-	-	1,568,719
Contract revenue	1,244,007	-	-	-	-	-	-	1,244,007
Contributions	94,000	-	-	-	-	-	-	94,000
Gain on debt extinguishment	352,238	-	-	-	-	-	-	352,238
Inter-company fee income	3,661,528	-	-	-	-	-	(266,145)	3,395,383
Other income	224,060	-	-	32,630	270,642	-	-	527,332
Net assets released from donor restrictions	32,177,179	-	-	-	-	-	-	32,177,179
Total revenue and support	41,680,317	-	-	32,630	1,839,361	-	(1,153,189)	42,399,119
Expenses:								
Innovative community lending program	18,026,832	526,724	94,232	311,784	-	-	(887,044)	18,072,528
Technical assistance	22,144,126	-	-	-	-	-	-	22,144,126
Total program expenses	40,170,958	526,724	94,232	311,784	-	-	(887,044)	40,216,654
Support expenses:								
Management and general	14,846,376	12,575	-	23,921	6,673,205	620	(266,145)	21,290,552
Fundraising	2,320,344	-	-	-	-	-	-	2,320,344
Total expenses	57,337,678	539,299	94,232	335,705	6,673,205	620	(1,153,189)	63,827,550
Change in net assets without donor restrictions before noncontrolling and controlling interest activities	(7,117,741)	93,255	6,730	1,418,563	(4,693,309)	(141,238)	4,428,115	(6,005,625)
Noncontrolling interest – distributions	-	-	-	(1,402,797)	-	-	390,665	(1,012,132)
Controlling interest - capital contributions	-	-	-	-	3,334,333	-	(3,334,333)	-
Change in net assets without donor restrictions	(7,117,741)	93,255	6,730	15,766	(1,358,976)	(141,238)	1,484,447	(7,017,757)
Change in net assets with donor restrictions:								
Investment income, net	304,422	-	-	-	-	-	-	304,422
Grant revenue	27,851,484	-	-	-	-	-	-	27,851,484
Net assets released from donor restrictions	(32,177,179)	-	-	-	-	-	-	(32,177,179)
Change in net assets with donor restrictions	(4,021,273)	-	-	-	-	-	-	(4,021,273)
Change in net assets	(11,139,014)	93,255	6,730	15,766	(1,358,976)	(141,238)	1,484,447	(11,039,030)
Net assets, beginning	164,110,363	557,757	328,628	29,519,853	15,027,122	(182,897)	(23,791,733)	185,569,093
Cumulative change in accounting policy	(2,288,576)	-	-	-	-	-	-	(2,288,576)
Net assets, ending	$ 150,682,773	$ 651,012	$ 335,358	$ 29,535,619	$ 13,668,146	$ (324,135)	$ (22,307,286)	$ 172,241,487

See Independent Auditor's Report

Capital Impact Partners and Subsidiaries

Consolidating Statement of Financial Position
December 31, 2022

	Capital Impact Partners	Detroit Neighborhoods Fund, LLC	FPIF, LLC	Community Investment Impact Fund , LLC	Alliance Securities Manager LLC	Equitable Prosperity Fund 1 GP LLC	Eliminations	Total
Assets								
Cash and cash equivalents – unrestricted	$ 45,962,479	$ 4,061,709	$ 328,523	$ 906,312	$ 16,547,741	$ -	$ -	$ 67,806,764
Cash and cash equivalents – restricted	20,104,567	455,634	-	-	-	-	-	20,560,201
Accounts and interest receivable	4,577,668	148,174	24,541	256,284	-	-	(744,073)	4,262,594
Contributions receivable	2,600,000	-	-	-	-	-	-	2,600,000
Investments	66,226,649	-	-	-	107,710	(182,897)	(23,791,732)	42,359,730
Mortgage backed securities	29,230,723	-	-	-	-	-	-	29,230,723
Loans receivable	382,419,078	-	-	-	-	-	-	382,419,078
Less: allowance for credit losses	(13,622,171)	-	-	-	-	-	-	(13,622,171)
Loans receivable, net	368,796,907	-	-	-	-	-	-	368,796,907
Loans receivable – subsidiaries	-	25,574,630	5,000,000	29,145,390	-	-	(39,492,351)	20,227,669
Other assets	2,810,314	-	-	-	21,352	-	-	2,831,666
Right of use assets	7,898,991	-	-	-	-	-	-	7,898,991
Total assets	$ 548,208,298	$ 30,240,147	$ 5,353,064	$ 30,307,986	$ 16,676,803	$ (182,897)	$ (64,028,156)	$ 566,575,245
Liabilities and Net Assets								
Liabilities:								
Accounts payable and accrued expenses	$ 5,142,806	$ 141,507	$ 24,436	$ 788,133	$ 1,649,681	$ -	$ (744,072)	$ 7,002,491
Refundable advance liability	6,172,250	-	-	-	-	-	-	6,172,250
Due to subsidiaries	29,145,390	-	-	-	-	-	(29,145,390)	-
Revolving lines of credit	46,000,000	-	-	-	-	-	-	46,000,000
Notes payable	54,242,446	-	-	-	-	-	-	54,242,446
Investor Notes, net	201,306,219	-	-	-	-	-	-	201,306,219
Subordinated debt	2,500,000	-	-	-	-	-	-	2,500,000
Federal Home Loan Bank borrowing	24,000,000	-	-	-	-	-	-	24,000,000
Bond loan payable	5,000,000	-	-	-	-	-	-	5,000,000
Notes payable – subsidiaries	-	29,540,883	5,000,000	-	-	-	(10,346,961)	24,193,922
Lease liabilities	10,588,824	-	-	-	-	-	-	10,588,824
Total liabilities	384,097,935	29,682,390	5,024,436	788,133	1,649,681	-	(40,236,423)	381,006,152
Net assets:								
Without donor restrictions	114,767,763	557,757	328,628	-	15,027,122	(182,897)	(14,844,225)	115,654,148
Noncontrolling interest in a consolidated subsidiary	-	-	-	29,519,853	-	-	(8,947,508)	20,572,345
Total without donor restrictions	114,767,763	557,757	328,628	29,519,853	15,027,122	(182,897)	(23,791,733)	136,226,493
With donor restrictions	49,342,600	-	-	-	-	-	-	49,342,600
Total net assets	164,110,363	557,757	328,628	29,519,853	15,027,122	(182,897)	(23,791,733)	185,569,093
Total liabilities and net assets	$ 548,208,298	$ 30,240,147	$ 5,353,064	$ 30,307,986	$ 16,676,803	$ (182,897)	$ (64,028,156)	$ 566,575,245

See Independent Auditor's Report

Capital Impact Partners and Subsidiaries

Consolidating Statement of Activities
Year Ended December 31, 2022

	Capital Impact Partners	Detroit Neighborhoods Fund, LLC	FPIF, LLC	Community Investment Impact Fund , LLC	Alliance Securities Manager LLC	Equitable Prosperity Fund 1 GP LLC	Eliminations	Total
Changes in net assets without donor restrictions:								
Financial activity:								
Financial income:								
Interest income on loans	$ 19,856,276	$ 1,434,688	$ 382,099	$ 1,601,294	$ -	$ -	$ (435,815)	$ 22,838,542
Loan fees	688,673	34,359	-	-	-	-	-	723,032
Investments income (loss), net	(4,080,013)	23,418	1,797	10,814	-	-	(350,522)	(4,394,506)
Loss on equity method investments	(3,277,120)	-	-	-	-	(182,897)	2,993,485	(466,532)
Loss on NMTC unwind	(21,845)	-	-	-	-	-	-	(21,845)
Total financial income	13,165,971	1,492,465	383,896	1,612,108	-	(182,897)	2,207,148	18,678,691
Financial expense:								
Interest expense	10,144,875	798,698	245,490	-	-	-	(435,815)	10,753,248
Provision for credit losses	266,906	-	-	-	-	-	-	266,906
Total financial expense	10,411,781	798,698	245,490	-	-	-	(435,815)	11,020,154
Net financial income	2,754,190	693,767	138,406	1,612,108	-	(182,897)	2,642,963	7,658,537
Revenue and support:								
Loan servicing fees	1,984,276	-	-	-	-	-	(600,843)	1,383,433
Fees	1,698,261	-	-	-	-	-	(353,210)	1,345,051
Asset management fees from investments	-	-	-	-	125,097	-	-	125,097
Contract revenue	719,570	-	-	-	-	-	-	719,570
Contributions	9,065,225	-	-	-	-	-	-	9,065,225
Gain on debt extinguishment	6,452,689	-	-	-	-	-	-	6,452,689
Inter-company fee income	3,800,235	-	-	-	-	-	(2,247,007)	1,553,228
Other income	84,389	-	-	34,213	-	-	-	118,602
Net assets released from donor restrictions	15,310,283	-	-	-	-	-	-	15,310,283
Total revenue and support	39,114,928	-	-	34,213	125,097	-	(3,201,060)	36,073,178
Expenses:								
Innovative community lending program	14,868,093	564,576	123,071	305,937	-	-	(954,053)	14,907,624
Technical assistance	16,374,510	-	-	-	-	-	-	16,374,510
Total program expenses	31,242,603	564,576	123,071	305,937	-	-	(954,053)	31,282,134
Support expenses:								
Management and general	14,180,116	7,500	-	7,551	2,935,685	-	(2,247,007)	14,883,845
Fundraising	1,848,796	-	-	-	-	-	-	1,848,796
Total expenses	47,271,515	572,076	123,071	313,488	2,935,685	-	(3,201,060)	48,014,775
Change in net assets without donor restrictions before noncontrolling and controlling interest a	(5,402,397)	121,691	15,335	1,332,833	(2,810,588)	(182,897)	2,642,963	(4,283,060)
Noncontrolling interest – distributions	-	-	-	(1,333,847)	-	-	351,536	(982,311)
Controlling interest - capital contributions	-	-	-	-	17,837,710	-	(17,837,710)	-
Change in net assets without donor restrictions	(5,402,397)	121,691	15,335	(1,014)	15,027,122	(182,897)	(14,843,211)	(5,265,371)
Change in net assets with donor restrictions:								
Investment income, net	77,325	-	-	-	-	-	-	77,325
Grant revenue	16,601,363	-	-	-	-	-	-	16,601,363
Net assets released from donor restrictions	(15,310,283)	-	-	-	-	-	-	(15,310,283)
Change in net assets with donor restrictions	1,368,405	-	-	-	-	-	-	1,368,405
Change in net assets	(4,033,992)	121,691	15,335	(1,014)	15,027,122	(182,897)	(14,843,211)	(3,896,966)
Net assets, beginning	168,144,355	436,066	313,293	29,520,867	-	-	(8,948,522)	189,466,059
Net assets, ending	$ 164,110,363	$ 557,757	$ 328,628	$ 29,519,853	$ 15,027,122	$ (182,897)	$ (23,791,733)	$ 185,569,093

See Independent Auditor's Report

CAPITAL IMPACT PARTNERS

Capital Impact Investment Notes

Up to $200,000,000

Interest rates set with each offering

Total Aggregate Offering	$200,000,000
Term/Maturity	Various terms of up to 20 years
Interest Rates	Interest rates will be fixed rate and are set at the time of issuance and are determined by current market conditions. Interest rates will be set forth in the accompanying pricing supplement.
Minimum Investment Requirement	$1,000
Status	Unsecured debt obligations

Lead Agent

InspereX

Investor dollars are not used to pay sales concessions or any other expenses of the offering.

Prospectus dated August 31, 2023

Included in this Prospectus is the essential information related to the Capital Impact Investment Notes (the "Notes"), fixed income securities that raise capital to financially support impact investments targeted towards underserved communities across the United States. Prospective investors are advised to read this Prospectus carefully prior to making any decisions to invest in the Notes. The Notes are issued by Capital Impact Partners ("Capital Impact"), a District of Columbia nonprofit corporation organized at the direction of the United States Congress that is a tax-exempt Internal Revenue Code 501(c)(3) public charity and is a Community Development Financial Institution ("CDFI") certified by the U.S. Department of the Treasury Community Development Financial Institutions Fund (the "CDFI Fund"). Capital Impact's national headquarters are located at 1400 Crystal Drive, Suite 500, Arlington, Virginia 22202. Capital Impact's telephone number is (703) 647-2300. Specific terms of the Notes will be described in a separate pricing supplement. The Notes will be global book-entry Notes, which means that they may be purchased electronically through a prospective investor's brokerage account and settled through the Depository Trust Company ("DTC").

Capital Impact will offer Notes through registered broker-dealers. The Notes may be offered to or through InspereX LLC ("InspereX") as lead agent for resale ("Lead Agent") to other registered broker-dealers. InspereX, or any other agent appointed by Capital Impact, is not required to purchase or sell any specific amount of Notes but will sell the Notes on a best-efforts basis. Through this offering with InspereX, Capital Impact expects to receive net proceeds from sales after sales compensation to InspereX based on the maturity of the Notes sold, ranging from $997 per $1,000 of 1-year Notes to $970 per $1,000 of 20-year Notes. Capital Impact estimates that the total expenses of the offering excluding sales compensation will be approximately $500,000, or 0.33% of the total aggregate, resulting in estimated net proceeds ranging from 193,500,000 to $198,900,000 if the total amount of Notes being offered are sold. Capital Impact may independently add other selling agents to the platform.

The Notes are subject to certain risks, discussed in the section entitled "Risk Factors" beginning on page 18.

Investors are cautioned not to rely on any information not expressly set forth in this Prospectus (or any related pricing supplement). Investors are advised to read this Prospectus and any related pricing supplement carefully prior to making any decision to purchase the Notes. No person has been authorized to give any information or to make any representation in connection with this offering other than those contained in this Prospectus, and if given or made, such information or representation must not be relied upon as having been made by Capital Impact.

This Prospectus and any related pricing supplement are intended to provide potential investors with information necessary to make an informed investment decision. However, nothing contained herein is intended as legal, accounting, tax or investment advice, and it should not be taken as such. A prospective investor should consult his or her own legal, tax, and/or financial advisor concerning potential investments in the Notes. An investor must rely on his or her own evaluations of Capital Impact, the Notes, and the terms of this offering, including the merits and risks involved.

In this Prospectus and in the course of its operations, Capital Impact will make a number of forward-looking statements. The words "believe," "expect," "intend," "anticipate," "estimate," "project," and other similar expressions identify forward-looking statements, which speak only as of the date the statement was made. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. Future events and actual results could differ materially from those set forth in, contemplated by, or underlying these forward-looking statements. Statements in this Prospectus, including those contained in the section entitled "Risk Factors," describe factors, among others, that could contribute to or cause such differences.

Neither the Notes nor the adequacy of this Prospectus have been approved, disapproved, or passed on by the Securities and Exchange Commission (the "SEC"), any state securities commission, or any other regulatory body. Any representation to the contrary is a criminal offense.

None of the SEC, any state securities commission, nor any other regulatory body have passed upon whether the offering can be sold in compliance with existing or future suitability or conduct standard, including the "best interest" standard established pursuant to Regulation Best Interest under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

The Notes are not and will not be insured or guaranteed by the Federal Deposit Insurance Company ("FDIC"), the Securities Investment Protection Corporation ("SIPC"), or any other agency.

This Prospectus does not constitute an offer nor the solicitation of an offer to sell to any person in any state or any other political jurisdiction in which such offer or solicitation may not lawfully be made. This Prospectus does not constitute an offer by a broker-dealer in any state where said broker-dealer is not qualified to act as a broker-dealer. Federal and state securities laws may affect Capital Impact's ability to continue to sell the Notes in certain states. As of the date hereof, the Notes will be offered for sale in the United States, excluding the State of Arkansas and the State of Washington and any territories thereof.

The Notes are being offered under an exemption from federal registration pursuant to Section 3(a)(4) of the Securities Act of 1933, as amended (the "Securities Act"), and Section 3(c)(10) of the Investment Company Act of 1940, as amended (the "Investment Company Act"). The SEC has not made an independent determination that these Notes are exempt from registration.

There is not expected to be any secondary market in the Notes. The Notes may not be transferred or resold except as permitted under the Securities Act, the Exchange Act, and applicable state securities laws. Accordingly, investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

InspereX has advised Capital Impact that at its discretion it may purchase and sell Notes, but that it is not obligated to buy or sell Notes or make a market in the Notes and may suspend or permanently cease that activity at any time.

The Notes will be offered on a continuous basis. Capital Impact has not set a date for termination of this offering in the event it elects to terminate the offering prior to the sale of the total aggregate offering amount.

FOR RESIDENTS OF ALABAMA ONLY:

THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION UNDER SECTION 37(H) OF THE ALABAMA SECURITIES ACT AND SECTION 3(A)(4) OF THE SECURITIES ACT OF 1933. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE ALABAMA SECURITIES COMMISSION OR WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION. NEITHER THE ALABAMA SECURITIES COMMISSION NOR THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION HAS PASSED UPON THE VALUE OF THESE SECURITIES, MADE ANY RECOMMENDATIONS AS TO THEIR PURCHASE, APPROVED OR DISAPPROVED OF THE OFFERING, OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

FOR RESIDENTS OF CALIFORNIA ONLY:

CAPITAL IMPACT HAS REGISTERED TO SELL UP TO $200,000,000 OF NOTES PURSUANT TO THIS PROSPECTUS DURING A 12-MONTH PERIOD.

FOR RESIDENTS OF FLORIDA ONLY:

THESE SECURITIES HAVE NOT BEEN REGISTERED IN THE STATE OF FLORIDA. THE SECURITIES WILL BE SOLD PURSUANT TO THE ELEEMOSYNARY EXEMPTION IN FLORIDA STATUTES SECTION 517.015(9).

FOR RESIDENTS OF GEORGIA ONLY:

THESE SECURITIES ARE EXEMPT FROM REGISTRATION WITH THE SECURITIES COMMISSIONER OF THE STATE OF GEORGIA PURSUANT TO RULE 590-4-2-.07. THE SECURITIES COMMISSIONER, BY ACCEPTING REGISTRATION, DOES NOT IN ANY WAY ENDORSE OR RECOMMEND THE PURCHASE OF ANY OF THESE SECURITIES.

IN ORDER TO REMAIN IN COMPLIANCE WITH THE POLICIES ESTABLISHED BY THE GEORGIA DIVISION OF SECURITIES AND BUSINESS REGULATION, AUTOMATIC REINVESTMENT AT MATURITY (AS DISCUSSED ON PAGE 12) WILL NOT BE OFFERED TO GEORGIA INVESTORS.

CAPITAL IMPACT HAS FILED NOTICE TO SELL UP TO $200,000,000 OF THE NOTES IN THE STATE OF GEORGIA. IF AND WHEN $200,000,000 IN THE NOTES HAVE BEEN SOLD IN THE STATE OF GEORGIA, UNDER THIS EXEMPTION, WHICH INCLUDES NEW SALES AS WELL AS RENEWALS, CAPITAL IMPACT MUST FILE NOTICE OF A NEW ISSUE OF SECURITIES IN THE STATE OF GEORGIA BEFORE IT MAY EFFECT ANY ADDITIONAL NEW SALES OR RENEWALS.

AS REQUIRED BY STATE LAW, ALL RESIDENTS OF GEORGIA HAVE THE OPTION OF RESCINDING THEIR INVESTMENT WITHIN 72 HOURS OF THE EXECUTION OF A WRITTEN AGREEMENT TO PURCHASE OR TO REINVEST A NOTE AT MATURITY. PLEASE NOTE THAT NO INVESTOR IN THE STATE OF GEORGIA HAS EVER EXERCISED THIS OPTION.

FOR RESIDENTS OF INDIANA ONLY:

THE INDIANA SECURITIES DIVISION HAS NOT IN ANY WAY PASSED UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, THE SECURITIES OFFERED, OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

FOR RESIDENTS OF KENTUCKY ONLY:

THESE SECURITIES ARE ISSUED PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION UNDER SECTION KRS 292.400(9) OF THE KENTUCKY SECURITIES ACT.

FOR RESIDENTS OF LOUISIANA ONLY:

THESE SECURITIES HAVE BEEN REGISTERED WITH THE SECURITIES COMMISSIONER OF THE STATE OF LOUISIANA UNDER SECTION 51-705(B) OF THE LOUISIANA REVISED STATUTES. THE SECURITIES COMMISSIONER, BY ACCEPTING REGISTRATION, DOES NOT IN ANY WAY ENDORSE OR RECOMMEND THE PURCHASE OF THESE SECURITIES.

FOR RESIDENTS OF MICHIGAN ONLY:

THESE SECURITIES ARE OFFERED PURSUANT TO A REGISTRATION ORDER ISSUED BY THE STATE OF MICHIGAN. THE STATE OF MICHIGAN DOES NOT RECOMMEND OR ENDORSE THE PURCHASE OF ANY SECURITIES, NOR DOES IT PASS UPON THE TRUTH, MERITS, OR COMPLETENESS OF ANY PROSPECTUS OR ANY OTHER INFORMATION FILED WITH THIS STATE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

FOR RESIDENTS OF OHIO ONLY:

IN ORDER TO REMAIN IN COMPLIANCE WITH POLICIES ESTABLISHED BY THE OHIO DIVISION OF SECURITIES, AUTOMATIC REINVESTMENT AT MATURITY (AS DISCUSSED ON PAGE 12) WILL NOT BE OFFERED TO OHIO INVESTORS. OHIO INVESTORS SHALL NOT INVEST MORE THAN 10% OF THEIR LIQUID NET WORTH IN THE ISSUER, AFFILIATES OF THE ISSUER, AND IN ANY OTHER NON-TRADED DEBT INVESTMENT PROGRAM. “LIQUID NET WORTH” IS DEFINED AS THAT PORTION OF NET WORTH (TOTAL ASSETS EXCLUSIVE OF PRIMARY RESIDENCE, HOME FURNISHINGS, AND AUTOMOBILES, MINUS TOTAL LIABILITIES) COMPRISED OF CASH, CASH EQUIVALENTS, AND READILY MARKETABLE SECURITIES.

FOR RESIDENTS OF OREGON ONLY:

IN ORDER TO REMAIN IN COMPLIANCE WITH POLICIES ESTABLISHED BY THE OREGON DIVISION OF FINANCE AND CORPORATE SECURITIES, AUTOMATIC REINVESTMENT AT MATURITY (AS DISCUSSED ON PAGE 12) WILL NOT BE OFFERED TO OREGON INVESTORS. CAPITAL IMPACT WILL REGISTER TO SELL $200,000,000 OF NOTES IN OREGON PURSUANT TO THIS PROSPECTUS DURING A 12-MONTH PERIOD.

FOR RESIDENTS OF PENNSYLVANIA ONLY:

A REGISTRATION STATEMENT WITH RESPECT TO THE SECURITIES OFFERED BY THIS PROSPECTUS HAS BEEN FILED IN THE OFFICES OF THE PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES IN HARRISBURG, PENNSYLVANIA. SUCH REGISTRATION STATEMENT INCLUDED CERTAIN EXHIBITS ONLY SUMMARIZED OR ALLUDED TO IN THE PROSPECTUS, AND ARE AVAILABLE FOR INSPECTION AT THE HARRISBURG OFFICE OF THE COMMISSION DURING REGULAR BUSINESS HOURS. THE HARRISBURG OFFICE IS LOCATED IN MARKET SQUARE PLAZA, 17 N SECOND STREET, SUITE 1300, HARRISBURG, PENNSYLVANIA, 17101. REGULAR BUSINESS HOURS ARE MONDAY THROUGH FRIDAY, 8:30 AM TO 5:00 PM. THE PHONE NUMBER FOR THE PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES IS (717) 787-8059.

IF YOU HAVE ACCEPTED AN OFFER TO PURCHASE THESE SECURITIES MADE PURSUANT TO A PROSPECTUS WHICH CONTAINS A WRITTEN NOTICE EXPLAINING YOUR RIGHT TO WITHDRAW YOUR ACCEPTANCE PURSUANT TO SECTION 207(M) OF THE PENNSYLVANIA SECURITIES ACT OF 1972, YOU MAY ELECT, WITHIN TWO BUSINESS DAYS AFTER THE FIRST TIME YOU HAVE RECEIVED THIS NOTICE AND A PROSPECTUS (WHICH IS NOT MATERIALLY DIFFERENT FROM THE FINAL PROSPECTUS) TO WITHDRAW FROM YOUR PURCHASE AGREEMENT AND RECEIVE A FULL REFUND OF ALL MONEYS PAID BY YOU. YOUR WITHDRAWAL WILL BE WITHOUT ANY FURTHER LIABILITY TO ANY PERSON. TO ACCOMPLISH THIS WITHDRAWAL, YOU NEED ONLY SEND A WRITTEN NOTICE (INCLUDING A NOTICE BY FACSIMILE OR ELECTRONIC MAIL) TO CAPITAL IMPACT OR INSPEREX INDICATING YOUR INTENTION TO WITHDRAW. IT IS THE POSITION OF THE PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES THAT INDEMNIFICATION IN CONNECTION WITH VIOLATION OF SECURITIES LAWS IS AGAINST PUBLIC POLICY AND VOID.

THE PAYING AGENT IS U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION (“U.S. BANK”), LOCATED AT 100 WALL STREET, SUITE 600, NEW YORK, NY 10005 (“PAYING AGENT”).

THE LEAD AGENT AUTHORIZED TO AFFECT SALES OF THE NOTES THROUGH ITS SELLING GROUP IS INSPEREX, LOCATED AT 200 SOUTH WACKER DRIVE, SUITE 3400, CHICAGO, IL 60606. INSPEREX HAS BEEN AUTHORIZED BY CAPITAL IMPACT TO OFFER THE NOTES FOR SALE AND RESELL THE NOTES TO OTHER REGISTERED BROKER-DEALERS THAT ARE MEMBERS OF INSPEREX’S NETWORK OF SELECTED DEALERS.

INVESTORS ARE ENCOURAGED TO CONSIDER THE CONCEPT OF INVESTMENT DIVERSIFICATION WHEN DETERMINING THE AMOUNT OF NOTES THAT WOULD BE APPROPRIATE FOR THEM IN RELATION TO THEIR OVERALL INVESTMENT PORTFOLIO AND PERSONAL FINANCIAL NEEDS.

FOR RESIDENTS OF TENNESSEE ONLY:

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

THE PAYING AGENT IS U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION ("U.S. BANK"), LOCATED AT 100 WALL STREET, SUITE 600, NEW YORK, NY 10005 ("PAYING AGENT").

THE LEAD AGENT AUTHORIZED TO AFFECT SALES OF THE NOTES THROUGH ITS SELLING GROUP IS INSPEREX LLC, LOCATED AT 200 SOUTH WACKER DRIVE, SUITE 3400, CHICAGO, IL 60606. INSPEREX LLC HAS BEEN AUTHORIZED BY CAPITAL IMPACT TO OFFER THE NOTES FOR SALE AND RESELL THE NOTES TO OTHER REGISTERED BROKER-DEALERS THAT ARE MEMBERS OF INSPEREX LLC'S NETWORK OF SELECTED DEALERS, AND BROKER-DEALERS MAY RE-OFFER THE NOTES TO THEIR RETAIL AND INSTITUTIONAL CUSTOMERS. INSPEREX LLC MAY ALSO RE-OFFER THE NOTES TO ITS INSTITUTIONAL CUSTOMERS. INSPEREX AND OTHER SELLING AGENTS APPOINTED BY CAPITAL IMPACT MAY REOFFER THE NOTES TO THEIR RETAIL AND INSTITUTIONAL CUSTOMERS AS APPLICABLE.

INVESTORS ARE ENCOURAGED TO CONSIDER THE CONCEPT OF INVESTMENT DIVERSIFICATION WHEN DETERMINING THE AMOUNT OF NOTES THAT WOULD BE APPROPRIATE FOR THEM IN RELATION TO THEIR OVERALL INVESTMENT PORTFOLIO AND PERSONAL FINANCIAL NEEDS.

FOR RESIDENTS OF VERMONT ONLY:

IN ORDER TO REMAIN IN COMPLIANCE WITH THE POLICIES ESTABLISHED BY THE VERMONT DEPARTMENT OF FINANCIAL REGULATION, AUTOMATIC REINVESTMENT AT MATURITY (AS DISCUSSED ON PAGE 12) WILL NOT BE OFFERED TO VERMONT INVESTORS.

FORWARD-LOOKING STATEMENTS

Statements contained in this Prospectus that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act, and Section 21E of the Exchange Act. Also, when Capital Impact uses any of the words "anticipate," "assume," "believe," "estimate," "expect," "intend" or similar expressions, it is making forward-looking statements. These forward-looking statements are not guaranteed and are based on Capital Impact's present intentions and on Capital Impact's present expectations and assumptions. These statements, intentions, expectations, and assumptions involve risks and uncertainties, some of which are beyond Capital Impact's control, that could cause actual results or events to differ materially from those anticipated or projected. Purchasers of Notes should not place undue reliance on these forward-looking statements, as events described or implied in such statements may not occur. Except as required by law, Capital Impact undertakes no obligation to update or revise any forward-looking statements as a result of new information, future events or otherwise.

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS 7

OFFERING SUMMARY 9

SUMMARY FINANCIAL INFORMATION 13

RISK FACTORS 18

USE OF PROCEEDS 29

DESCRIPTION OF THE ISSUER 30

LENDING ACTIVITIES 36

INVESTING ACTIVITIES 46

BOARD OF DIRECTORS 47

MANAGEMENT TEAM AND KEY EMPLOYEES 53

EXECUTIVE COMPENSATION 56

LEGAL PROCEEDINGS 56

CAPITALIZATION 57

DESCRIPTION OF THE NOTES 60

CERTAIN KEY INDENTURE PROVISIONS 68

HOW TO INVEST / DISTRIBUTION 69

FINANCIAL REPORTING 70

APPENDIX I AUDITED FINANCIAL STATEMENTS 71

OFFERING SUMMARY

This section summarizes the legal and financial terms of the Notes that are described in more detail in the section entitled "Description of the Notes" beginning on page 60. Final terms of any particular Note, including the public offering price, will be determined at the time of sale and will be contained in the accompanying pricing supplement relating to those Notes. The terms in that pricing supplement may vary from and supersede the terms contained in this Prospectus, including the terms contained in this summary section and in the section entitled "Description of the Notes." Before making a decision to purchase a Note, investors are advised to read the more detailed information appearing elsewhere in this Prospectus and in the accompanying pricing supplement.

Key Investment Terms	
Issuer	Capital Impact Partners, a District of Columbia nonprofit corporation and certified CDFI.
Securities Offered	Up to $200,000,000 of Capital Impact Investment Notes (the "Notes").
Authorized Denominations	Minimum investment of $1,000.
Term of Investments	Notes may be purchased for various terms up to 20 years.
Interest Rates and Payment Options	Interest rates will be fixed rate and are set at the time of issuance and are determined by current market conditions. Interest rates for the Notes will be set forth in the accompanying pricing supplement relating to those Notes. Interest payments will be made quarterly.
Offering Period	No termination date has been set for this offering.
Note Purchases	The Notes are available for purchase in book-entry form, which means they may be purchased electronically through the investor's brokerage account and settled through DTC. As of the date hereof, the Notes will be offered and sold only in the United States, excluding the State of Arkansas and the State of Washington and any territories thereof.
Use of Proceeds	The proceeds of the offering will be used primarily to fund initiatives that meet critical

	needs in low-income communities across the United States, including through Capital Impact's subsidiaries, affiliates, strategic partners, joint ventures and third-party intermediaries, including CDC Small Business Finance Corporation ("CDC"), as further described on page 33. Capital Impact may allow investors who offer to purchase a minimum of $2,000,000 in Notes to request that Capital Impact use the proceeds of the Notes purchased by such investor for a particular purpose (i.e. to benefit vulnerable populations in a particular geography, or to meet a critical need in a particular industry or sector); Capital Impact will weigh a variety of factors when considering such requests, including, in particular, whether or not the use of the proceeds to benefit such population, geography, or sector is aligned with Capital Impact's non-profit, tax-exempt purposes and strategic plan, and will accept or decline such requests in its sole discretion. The proceeds of the offering may also be used to purchase securities or other assets that will be leveraged to support Capital Impact's lending and investment activities and general operations, and to further its general corporate purposes.
Distribution of Notes	Capital Impact will offer the Notes through registered broker-dealers. The Notes may be offered to or through InspereX as Lead Agent for resale. InspereX, or any other agent appointed by Capital Impact, is not required to purchase or sell any specific amount of Notes but sells the Notes on a best-efforts basis.
Interest Accrual and Interest Periods	Notes begin to accrue interest on the issuance date and mature on the relevant anniversary of issuance. Interest accrues on a 360-day year based on twelve 30-day months. Interest is paid out quarterly and cannot be reinvested. The interest payment dates for a Note will be the fifteenth day of every third month, commencing in the third succeeding calendar month

	following the month in which the Note is issued, unless such calendar day is not a business day, in which case the interest payment shall be made on the next succeeding business day. The first payment of interest under a Note shall be an amount equal to interest accruing during the period commencing on the closing date of the Note and ending on the day preceding the fifteenth day of the third full calendar month that follows such closing date (the “First Interest Period”). The interest accrual period does not include each interest payment date. Subsequent payments of interest under the Note shall be in an amount equal to interest accruing during each period of three calendar months that follow the First Interest Period.
Ranking	The Notes constitute unsecured debt obligations of Capital Impact. Capital Impact has secured obligations that rank senior to the Notes and has other unsecured debt obligations, including previously issued and outstanding Capital Impact Investment Notes, that will rank equally with the Notes. The notes will also be structurally subordinated to the indebtedness and other liabilities of our subsidiaries (to the extent of the value of the assets of those subsidiaries). As described more fully on page 33, neither CDC nor any of its subsidiaries are guarantors of the Notes and the assets of CDC and its subsidiaries are not available to satisfy Capital Impact’s obligations under the Notes.
Redemption	Notes may be redeemable by Capital Impact prior to stated maturity at Capital Impact’s option, as provided in the relevant pricing supplement. Notes will not be repayable at the option of the Note holder prior to stated maturity date, except as provided under “Survivor’s Option” below.
Survivor’s Option	In the limited circumstances set forth below, a holder of Notes may sell the Notes back to Capital Impact prior to stated maturity. This sale

	option can only be made by the authorized representative of the beneficial owner of the Notes within one year following the death of the beneficial owner of the Notes, so long as the Notes were owned by the beneficial owner or his or her estate at least six months prior to the request and certain documentation requirements are satisfied. This feature is referred to as a “Survivor’s Option.” The right to exercise the Survivor’s Option is subject to (i) a limit on total exercises by all holders of Notes in any calendar year of the greater of (x) $1,000,000 or (y) 1% of the aggregate principal balance of all Notes outstanding at the end of the most recently completed calendar year, and (ii) a limit on individual exercises by any holder of Notes in any calendar year of $250,000. Additional details on the Survivor’s Option are described in the section entitled “Description of Notes—Survivor’s Option” on page 62.
Options at Maturity/Reinvestments	Principal is automatically repaid at maturity. Investors may reinvest their repaid principal by purchasing new Notes at then-current interest rates and terms offered by Capital Impact.
Covenants	The Notes are subject to the terms of an indenture (the “Indenture”), with U.S. Bank Trust Company, National Association (as successor in interest to U.S. Bank National Association) (“U.S. Bank”) serving as indenture trustee (the “Indenture Trustee”). The Indenture contains certain affirmative and negative covenants.
Risk Factors	Please refer to “Risk Factors” beginning on page 18.
Tax Consequences	Amounts paid by an investor to purchase the Notes are not deductible for federal tax purposes. Any interest paid on the Notes to an investor is taxable. Please refer to “Description of the Notes - Interest Payments and Tax Considerations” on page 64.

SUMMARY FINANCIAL INFORMATION

The tables below set forth select financial information as of and for the years ended December 31, 2018 through 2022. This information is based on historical audited financial statements for Capital Impact and its consolidated subsidiaries, and should be read in conjunction with the financial statements attached to this Prospectus as Appendix I. For the avoidance of doubt, this financial information does not include any financial information of CDC.

Capital Impact Partners and Subsidiaries
Consolidated Statements of Financial Position
As of December 31, 2018 through December 31, 2022

	2018	2019	2020	2021	2022
Assets					
Cash and cash equivalents - unrestricted	$ 54,798,361	$ 48,413,099	$ 59,662,347	$ 73,212,984	$ 67,806,764
Cash and cash equivalents - restricted	31,696,272	24,627,037	27,638,893	25,053,259	20,560,201
Accounts and interest receivable	2,858,058	2,796,591	2,314,277	2,831,834	4,262,594
Contributions receivable	7,900,000	1,925,000	-	250,000	2,600,000
Investments	7,110,149	38,705,826	36,279,999	33,922,261	42,359,730
Mortgage Backed and US Treasury Securities	53,090,027	69,466,573	66,386,667	59,429,070	29,230,723
Loans receivable (1)	347,634,426	371,351,435	371,116,831	364,076,525	382,419,078
Less: allowance for loan losses	(11,833,262)	(13,154,705)	(13,482,640)	(13,355,265)	(13,622,171)
Loans receivable, net	335,801,164	358,196,730	357,634,191	350,721,260	368,796,907
Loans receivable - subsidiaries (2)	32,481,332	33,833,895	30,730,771	27,105,392	20,227,669
Other assets	2,983,074	2,959,813	3,118,407	2,928,134	2,831,666
Right of use assets (6)	-	10,794,995	9,496,017	8,637,426	7,898,991
Total assets	$528,718,437	$591,719,559	$593,261,569	$584,091,620	$ 566,575,245
Liabilities and Net Assets					
Liabilities:					
Accounts payable and accrued expenses	$ 4,391,302	$ 3,043,820	$ 3,847,742	$ 5,033,519	$ 7,002,491
Refundable advance liability	4,650,000	7,245,759	8,853,592	6,694,569	6,172,250
Deferred rent and tenant allowance (6)	2,036,402	-	-	-	-
Revolving lines of credit	75,000,000	54,000,000	29,500,000	-	46,000,000
Notes payable	76,752,847	70,655,976	61,924,794	52,230,970	54,242,446
Investor Notes, net	98,237,284	134,570,907	159,538,327	183,197,579	201,306,219
Subordinated debt	10,718,000	2,500,000	2,500,000	2,500,000	2,500,000
Federal Home Loan Bank borrowing	11,000,000	47,271,304	47,271,304	47,271,304	24,000,000
Bond loan payable	48,044,247	58,908,325	61,077,161	58,849,113	5,000,000
Notes payable - subsidiaries	37,986,941	35,906,016	30,696,140	27,384,895	24,193,922
Lease liabilities (6)	-	13,208,278	12,442,193	11,463,612	10,588,824
Total liabilities	368,817,023	427,310,385	417,651,253	394,625,561	381,006,152
Net assets:					
Without donor restrictions (4)	105,180,311	106,859,410	121,469,936	120,919,519	115,654,148
Noncontrolling interest in consolidated subsidiaries (3)	25,004,079	30,104,079	20,572,345	20,572,345	20,572,345
Total without donor restrictions	130,184,390	136,963,489	142,042,281	141,491,864	136,226,493
With donor restrictions (5)	29,717,024	27,445,685	33,568,035	47,974,195	49,342,600
Total net assets	159,901,414	164,409,174	175,610,316	189,466,059	185,569,093
Total liabilities and net assets	$528,718,437	$591,719,559	$593,261,569	$584,091,620	$ 566,575,245

(1) As of December 31, 2022, Capital Impact had $9,571,877 of outstanding receivables from unsecured loans, or 2.5% of all outstanding loans receivable.

(2) Capital Impact's subsidiaries had no outstanding receivables from unsecured loans at December 31, 2022.

(3) As of December 31, 2018 and 2019, this represents the non-managing member's 80% equity interest in Community Investment Impact Fund, LLC and Community Investment Impact Fund II, LLC, which is exclusive of Capital Impact's equity interest. On January 1, 2020, Community Investment Impact Fund II, LLC merged with Community Investment Impact Fund, LLC, which decreased the non-managing member's equity interest to 70%. As such, as of December 31, 2020, 2021, and 2022, this represents the non-managing member's 70% equity interest in Community Investment Impact Fund, LLC.

Per ASU 2016-14, Capital Impact Partners now classifies net assets into two categories: Without donor restrictions and With donor restrictions.

(4) Net assets without donor restrictions means that contributions are available for unrestricted use.

(5) Net Assets with donor restrictions are contributions with donor-imposed time or purpose restrictions.

(6) Per ASU 2016-02, Capital Impact Partners now recognizes lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. The new standard is effective for the fiscal year beginning January 1, 2019.

Capital Impact Partners and Subsidiaries
Consolidated Statements of Activities
For Years ended December 31, 2018 through December 31, 2022

	2018	2019	2020	2021	2022
Changes in net assets without donor restrictions:					
Financial activity:					
Financial income:					
Interest income on loans	$ 21,569,459	$ 23,118,073	$ 23,426,997	$ 21,999,678	$ 22,838,542
Loan fees	686,432	989,576	879,695	751,999	723,032
Investment income, net	920,722	4,321,328	2,802,042	(399,959)	(4,394,506)
Gain / (loss) on equity method investments	(92,493)	(181,184)	1,502,237	110,112	(466,532)
Gain / (loss) on NMTC unwind	94,891	(11,844)	(420)	23,600	(21,845)
Total financial income	23,179,011	28,235,949	28,610,551	22,485,430	18,678,691
Financial expense:					
Interest expense	9,899,399	10,975,588	11,368,935	10,312,851	10,753,248
Provision (credit) for loan losses	850,353	1,631,866	713,095	13,875	266,906
Bad debt expense	146,893	-	-	-	-
Total financial expense	10,896,645	12,607,454	12,082,030	10,326,726	11,020,154
Net financial income	12,282,366	15,628,495	16,528,521	12,158,704	7,658,537
Revenue and support:					
Loan servicing fees	1,653,562	1,419,708	1,228,083	1,103,502	1,383,433
Fees	3,228,661	1,270,797	623,448	1,023,369	1,345,051
Asset management fees from investments					125,097
Contract revenue	1,143	-	-	57,648	719,570
Contributions	-	-	15,000,000	2,000,000	9,065,225
Gain on debt extinguishment	-	-	-	-	6,452,689
Inter-company fee income	-	-	-	-	1,553,228
Other income	7,277	108,310	348,175	122,469	118,602
Net assets released from restrictions	5,304,316	6,958,858	8,190,657	14,110,281	15,310,283
Total revenue and support	10,194,959	9,757,673	25,390,363	18,417,269	36,073,178
Expenses:					
Innovative community lending program	11,177,033	11,238,214	12,074,387	16,564,633	29,699,280
Total program expenses	11,177,033	11,238,214	12,074,387	16,564,633	29,699,280
Support expenses:					
Management and general	9,077,413	10,229,848	12,719,502	11,977,331	16,466,699
Fundraising	690,416	899,203	1,295,402	1,604,226	1,848,796
Total expenses	20,944,862	22,367,265	26,089,291	30,146,190	48,014,775
Change in net assets without donor restrictions before non-operating items and noncontrolling activities	1,532,463	3,018,903	15,829,593	429,783	(4,283,060)
Gain on extinguishment of office vacating agreement	1,937,432	-	-	-	-
Change in net assets without donor restrictions before noncontrolling Interest activities	3,469,895	3,018,903	15,829,593	429,783	(4,283,060)
Noncontrolling interest - capital contribution	4,900,000	5,100,000	-	-	-
Noncontrolling interest - distribution	(982,783)	(1,339,804)	(4,983,306)	(980,200)	(982,311)
Noncontrolling interest – return of investment	-	-	(5,767,495)	-	-
Change in net assets without donor restrictions	7,387,112	6,779,099	5,078,792	(550,417)	(5,265,371)
Change in net assets with donor restrictions					
Investment Income , net	152,650	249,945	62,924	30,639	77,325
Grant revenue	16,576,231	4,437,574	14,250,083	28,485,802	16,601,363
Net assets released from restrictions	(5,304,316)	(6,958,858)	(8,190,657)	(14,110,281)	(15,310,283)
Change in net assets with donor restrictions	11,424,565	(2,271,339)	6,122,350	14,406,160	1,368,405
Change in net assets	18,811,677	4,507,760	11,201,142	13,855,743	(3,896,966)
Net assets, beginning	141,089,737	159,901,414	164,409,174	175,610,316	189,466,059
Net assets, ending	$ 159,901,414	$ 164,409,174	$ 175,610,316	$ 189,466,059	$ 185,569,093

Additional Summary Financial Information

Selected Financial Data	2018	2019	2020	2021	2022
Cash and cash equivalents, (Unrestricted and Restricted)	$86,494,633	$73,040,136	$87,301,240	$98,266,243	$88,366,965
Amount of unsecured loans receivable	$10,179,152	$11,287,287	$10,172,217	$10,773,690	$9,571,877
Loan delinquencies as a percent of loans receivable (1)	0.5%	0.3%	0.1%	2.0%	0.2%
Notes payable and revolving lines of credit	$151,752,847	$124,655,976	$91,424,794	$52,230,970	$100,242,446
Notes payable subsidiaries	$37,986,941	$35,906,016	$30,696,140	$27,384,895	$24,193,922
Amount of notes redeemed during the fiscal year	$130,000	$10,368,000	$17,126,000	$10,302,000	$46,795,000
Amount of Capital Impact Investment Notes sold	$58,425,000	$46,904,000	$42,537,000	$33,866,000	$64,955,000
Other long-term debt	$69,762,247	$108,679,629	$110,848,465	$108,620,417	$31,500,000
Net assets without donor restrictions before noncontrolling interest	$105,180,311	$106,859,410	$121,469,936	$120,919,519	$115,654,148
Change in Net Assets (2)	$18,811,677	$4,507,760	$11,201,142	$13,855,743	$(3,896,966)
Non-managing member's net equity interest activities in Community Investment Impact Fund, LLC and Community Investment Impact Fund II, LLC included in change in net assets	$3,917,217	$3,760,196	$(10,750,801)	$ (980,200)	$(982,311)
Net assets as a percentage of total assets	30.2%	27.8%	29.6%	32.4%	32.8%
Net Assets without donor restrictions before noncontrolling interest as a percentage of total assets (2)	19.9%	18.1%	20.5%	20.7%	20.4%
Net Assets without donor restrictions before noncontrolling interest as a percentage of total assets less	21.4%	19.2%	21.6%	21.7%	21.3%

subsidiaries debt [(2)]					
Net Assets without donor restrictions before noncontrolling interest plus subordinated debt as a percentage of total assets less subsidiaries debt [(2)]	23.6%	19.7%	22.0%	22.2%	21.8%
Total liabilities, net less subsidiaries debt as a percentage of net assets	206.9%	238.1%	220.3%	193.8%	192.3%

(1) Includes loan balances on which payments of principal or interest are delinquent ninety (90) days or more and non-accruing balances.

(2) Net assets without donor restrictions means that contributions are available for unrestricted use.

RISK FACTORS

An investment in the Notes involves various material risks, including the loss of principal. Prior to any investment, and in consultation with their financial and legal advisors, investors should carefully consider, among other matters, the following risk factors and the other information contained in this Prospectus before deciding whether to purchase Notes. There can be no assurance that the following list of risks associated with an investment in the Notes is comprehensive. Additional risks not presently known to Capital Impact or that are currently deemed immaterial could also materially and adversely affect Capital Impact's financial condition, results of operations, business, and prospects.

Risks associated with the Notes and the Offering

The Notes are not secured by any assets of Capital Impact and will be effectively subordinated to any of Capital Impact's existing or future secured indebtedness.

The Notes are general unsecured obligations of Capital Impact and will be effectively subordinated to any of the Capital Impact's existing and future secured indebtedness, to the extent of the value of the collateral securing such indebtedness. As of December 31, 2022, Capital Impact's outstanding secured indebtedness was $24,000,000. The secured indebtedness consists of the $24,000,000 outstanding under Capital Impact's secured credit facility with the Federal Home Loan Bank of Atlanta ("FHLB-A"). The FHLB-A secured credit facility provides Capital Impact with the ability to draw up to 20% of its total assets. As of December 31, 2022, the total available borrowings under the FHLB-A secured credit facility were $85,964,020. Payment of principal and interest will depend solely upon the financial condition of Capital Impact. Further, no sinking fund or other similar deposit has been or will be established by Capital Impact to ensure payment of the Notes except as may be required by law. In the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding, Capital Impact's secured creditors (and the secured creditors of Capital Impact's subsidiaries) have priority over investors in Notes, and will be entitled to recover from the collateral securing such indebtedness prior to any payment being made to holders of Notes. Thus, Capital Impact's assets, including any collateral securing other obligations, may be insufficient to fully satisfy Capital Impact's obligations to repay the Notes. Therefore, the relative risk level is higher for the Notes than for Capital Impact's secured indebtedness.

The Notes will be effectively subordinated to any existing or future indebtedness of Capital Impact's subsidiaries.

Capital Impact's subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due on the Notes or to make funds available to Capital Impact to do so. As a result, the Notes will be effectively subordinated to all existing and future obligations (including trade payables) of Capital Impact's subsidiaries, and the claims of creditors of those subsidiaries, including trade creditors, will have priority as to the assets and cash flows of those subsidiaries. As of December 31, 2022, Capital Impact's subsidiaries' outstanding indebtedness was $24,193,922. In the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding with respect to Capital Impact's subsidiaries, holders of their indebtedness, including their trade creditors, will be entitled to payment on their claims from assets of those subsidiaries.

The Notes are not FDIC or SIPC insured, are not bank instruments, and are subject to investment risks.

The Notes are not FDIC or SIPC insured or otherwise insured or guaranteed by any governmental agency; nor are the Notes certificates of deposit or deposit accounts with a bank, savings and loan association, credit union or other financial institution regulated by federal or state authorities. As a result, investors are at risk of possible loss of principal invested.

Capital Impact is offering the Notes on a best-efforts sales basis and there is no minimum sales requirement.

The sale of the Notes is a best-efforts offering and there is no minimum sales requirement. Thus, a low sales volume may not prompt cancellation of the offering or cause Capital Impact to refund Note purchases to existing investors.

The interest rate applicable to a Note is fixed at the time of issue.

Interest rates offered for the Notes may change at Capital Impact's discretion and will be driven by market conditions and the current interest rate environment. Should interest rates rise, Capital Impact is not legally obligated to pay a higher rate or to redeem the principal of a Note prior to its maturity. Moreover, the marketability and value of the Notes may decline in a rising interest rate environment. Risks of investment in the Notes may be greater than implied by a relatively low interest rate on the Notes.

The market value of the Notes may be adversely affected by a decrease in the credit ratings assigned to the Notes or Capital Impact.

There is no assurance that any ratings assigned to the Notes or to Capital Impact at the time of issuance will not be lowered or withdrawn at any time, which could adversely affect the market price and marketability of the Notes.

Capital Impact may redeem the Notes prior to maturity.

Capital Impact has a discretionary right to redeem all or a portion of the Notes prior to maturity. This enables Capital Impact to manage its leverage relative to its liquidity needs. If Capital Impact elects to exercise this right with respect to your Notes, the redemption of your Notes will prevent you from realizing the full value of your investment through the scheduled maturity date.

The Survivor's Option may be limited in amount.

Capital Impact has a discretionary right to limit the aggregate principal amount of Notes subject to the Survivor's Option that may be exercised in any calendar year to an amount equal to the greater of $1,000,000 or 1% of the outstanding principal amount of all Notes outstanding as of the end of the most recent calendar year. Capital Impact also has the discretionary right to limit to $250,000 in any calendar year the aggregate principal amount of Notes subject to the Survivor's Option that may be exercised in such calendar year on behalf of any individual deceased beneficial owner of Notes. Accordingly, no assurance can be given that exercise of the Survivor's Option for the desired amount will be permitted in any single calendar year.

Holders of Notes will depend in part on the Indenture Trustee enforcing provisions of the Indenture.

Capital Impact has made arrangements with U.S. Bank to serve as Indenture Trustee. The Indenture defines the possible events of default that could cause the Indenture Trustee to accelerate Capital Impact's Note payment obligations (see "Certain Key Indenture Provisions"). The Indenture does not ensure or secure the repayment of the Notes.

Individual holders of Notes may be unable to control actions taken under the Indenture.

The consent or approval of the holders of a specified percentage of the aggregate principal amount of all outstanding series of Notes is required before various actions may be taken under the Indenture. These actions include the appointment of a successor Indenture Trustee following an Indenture Trustee resignation, the amendment of the Indenture under specified circumstances, the waiver of Events of Default, and certain other events. There can be no assurance that an individual investor's interests with respect to actions under the Indenture will coincide with those of other investors.

Holders of Notes can only act indirectly through DTC and the Indenture Trustee.

Note transactions are settled through DTC. As is standard to facilitate such electronic transactions, DTC represents the Notes with one or more global certificates registered in the nominee name of "Cede & Co.," the nominee of DTC, rather than in the name of the investor or investor's nominee. To exercise their rights under the Indenture, beneficial owners can only act indirectly through DTC and its participating organizations under their established rules. The Indenture Trustee does not track the beneficial owners of global book-entry Notes.

There is not expected to be any secondary market in the Notes.

The Notes will not be listed for sale on any securities exchange and the nature of this offering does not afford the opportunity of a public or secondary market in the Notes. Consequently, the purchase of a Note should be viewed as an investment to be held to maturity.

Holders of Notes should be aware of certain tax consequences.

Although Capital Impact is a 501(c)(3) nonprofit corporation, the interest paid or accrued on the Notes will be taxable as ordinary income to the investor in the earlier of the year it is paid or the year it is accrued, depending on the investor's method of accounting. Investors should be provided with an IRS Form 1099 by their broker in January of each year detailing the interest earned on their investments in the prior year. Investors will not receive a receipt for a charitable contribution and will not be entitled to a charitable deduction for the purchase of the Notes. Investors should consult with their tax advisor regarding any tax treatment of the Notes.

Risks associated with Capital Impact

We may not be able to repay our obligations under the Notes if there is a material adverse effect in our financial condition or results of operations.

Payment of the Notes depends on the ability of Capital Impact to generate revenues sufficient to cover debt service on the Notes and all other indebtedness of Capital Impact while meeting its operating expenses and other cash requirements. No representation can be made or assurance given that revenues will be realized by Capital Impact in amounts sufficient to make the payments necessary to meet the obligations of Capital Impact and to make debt service payments on the Notes as they become due. Future revenues and expenses of Capital Impact are subject to, among other things, the capabilities of the management of Capital Impact, future economic conditions and a variety of non-economic and other conditions, many of which are unpredictable or not within Capital Impact's control. Capital Impact's net assets decreased in fiscal year 2022 and no representation can be made or assurance given that Capital Impact's net assets will not decrease in the future. The payment of principal and interest on the Notes, as well as other obligations of Capital Impact, may be adversely impacted by these factors.

Examples of these factors include, but are not limited to, the following:

- *General lending risks*. Although Capital Impact has established due diligence and payment monitoring procedures, there can be no guarantee that borrowers will repay Capital Impact promptly or at all. While Capital Impact intends to pay its investors on schedule, defaults or untimely repayments of investments may result in Capital Impact having insufficient capital to satisfy all outstanding Notes. Specific lending risks include:
    - *General commercial real estate investment risk*. A significant portion of Capital Impact's loan portfolio consists of assets with first lien mortgages on commercial real estate. Our borrowers derive cash flows and value from the performance of the commercial real estate and thus, we are subject to general risks of investments in commercial real estate. These risks include:
        - Declines in the value of real estate;
        - Risks related to general and local economic conditions, including a health epidemic or pandemic described further on page 27;
        - Dependency on management skills of the borrower or third-party property management firm;
        - Risk depending on the timing of cash flows from the underlying mortgage properties;
        - Increases in property taxes and operating expenses, including energy costs;
        - Changes in zoning laws and other governmental rules, regulations and fiscal policies; compliance with existing legal and regulatory requirements, including environmental controls and regulations;
        - Expenses incurred in the cleanup of environmental problems;
        - Risks related to the type and use of a particular commercial property; and
        - Casualty or condemnation losses, including where liability and casualty insurance does not provide full protection.
    - *Changes in interest rates*. Capital Impact's earnings and cash flows depend substantially upon our net interest income. Net interest income is the difference between interest income earned on our loans, and interest expense paid on interest-bearing liabilities, such as borrowed funds. Interest rates are sensitive to many factors that are beyond our control, including general economic conditions, competition and policies of various governmental and regulatory agencies and, in particular, the policies of the Board of Governors of the Federal Reserve System. Interest rate changes could influence not only the interest we receive on loans and investments and the amount of interest we pay on borrowings, but these changes could also affect: (1) our ability to originate loans; (2) the fair value of our financial assets and liabilities, including our investment portfolio; and (3) the average duration of our interest-earning assets. This also includes the risk that interest-earning assets may be more responsive to changes in interest rates than interest-bearing liabilities, or vice

versa (repricing risk), the risk that the individual interest rates or rate indices underlying various interest-earning assets and interest-bearing liabilities may not change in the same degree over a given time period (basis risk), and the risk of changing interest rate relationships across the spectrum of interest-earning asset and interest-bearing liability maturities (yield curve risk), including a prolonged flat or inverted yield curve environment. Any substantial, unexpected, prolonged change in market interest rates could have a material adverse effect on our financial condition and results of operations.

  - *Prepayment and refinancing risk*. Prepayment and refinancing rates may adversely affect the value of our loan portfolio. Prepayment and refinancing rates on loans may be affected by a number of factors including, but not limited to, the availability of mortgage credit, the relative economic vitality of the area in which the related properties are located, the servicing of the loans, possible changes in tax laws, other opportunities for investment, and other economic, social, geographic, demographic and legal factors and other factors beyond our control. Consequently, prepayment and refinancing rates cannot be predicted with certainty and no strategy can completely insulate us from prepayment or other such risks. In periods of declining interest rates, prepayment and refinancing rates on loans generally increase. If general interest rates decline at the same time, the proceeds of such prepayments and refinancings received during such periods are likely to be reinvested by us in loans yielding less than the yields on the loans that were prepaid or refinanced.

  - *Sector concentration risk*. Capital Impact finances commercial real estate, mixed use real estate and other projects in the healthcare, education, affordable housing and community development sectors. If one or more of these sectors experiences a financial downturn, Capital Impact borrowers may have difficulty making loan payments.

  - *Geographic concentration risk*. As of December 31, 2022, 24% of Capital Impact's revenue-generating loan portfolio was concentrated in California and 24% of its loan portfolio was concentrated in Michigan. If one or more of these geographic areas experiences a financial downturn, Capital Impact borrowers may have difficulty making loan payments.

  - *Illiquidity risk*. Loans made by Capital Impact are typically illiquid as there is no secondary market for community development loans. While investment diversification, credit analysis, and limited maturity can reduce the risk of loss, there can be no assurance that Capital Impact will be able to liquidate its position in any particular loan, that borrowers will repay Capital Impact promptly, or that losses will not occur.

  - *Adequacy of loan loss reserve*. Capital Impact maintains a loan loss reserve in accordance with GAAP; it is reviewed quarterly by the Senior Director & Credit Officer and the Board of Directors (see "Lending Activities – Credit Quality and Risk Management – Loss Reserve" on page 43). However, the loan loss reserve may not be adequate to meet all potential losses.

- *Charitable purpose*. In furtherance of Capital Impact's charitable purpose, Capital Impact lends money to borrowers which are not able to obtain financing at competitive market rates from conventional lenders such as regulated retail or commercial banks; the reasons for this vary, but often relate to the creditworthiness of the borrower and the availability or value of the collateral the borrower is able to offer to support the credit risk represented by a loan to the borrower. As a result, there is a higher risk that Capital Impact's loans may not be repaid.

- *Lack of control*. Capital Impact may not have control over certain of its investments. Capital Impact's ability to manage its portfolio of investments may be limited by the form in which they are made. In certain situations, Capital Impact may:
    - acquire only a minority and/or a non-controlling participation in an underlying loan;
    - engage in intermediary lending by making a loan to another financial institution with a distinct mission, underwriting practices and asset management capabilities, which in turn, makes loans to borrowers;
    - engage in intermediary investing by making equity investments in joint ventures with a distinct mission, underwriting practices and asset management capabilities, which in turn, make investments, which may be in the form of equity or debt, in projects that help us accomplish our charitable purpose to support underserved communities; or
    - rely on independent third-party management or servicing with respect to the management of our loans.

  Capital Impact's rights to control the process following a borrower default may be subject to the rights of others whose interests may not be aligned with its own.

- *Limits on access to capital*. A significant portion of Capital Impact's revenue is derived from grants obtained through federal programs, private foundations and other institutions. In addition, Capital Impact relies heavily on allocations of funds from various tax credit programs offered by the CDFI Fund. Receipt of grants and access to tax credit programs are neither guaranteed, nor renewable. They are also often associated with lengthy and stringent application processes, which can make them difficult to obtain. Periods of economic hardship may cause a decrease in the availability of grant funding as grant funding sources adopt more conservative financial practices. Budgetary constraints or shifts in the programmatic priorities of federal and private funding sources may also cause a decrease in the availability of CDFI Fund allocations and grants that are targeted to Capital Impact's mission. Because of the uncertain nature of grant receipts or allocations from the CDFI Fund, there is a risk that a sudden reduction in funding could occur, which may adversely impact Capital Impact's ability to repay its obligations as they come due. We also depend on sales of Notes, bank financing, transaction or asset specific funding arrangements, asset sales and other sources of financing to execute our business plan. Our inability to access such funding at acceptable interest rates or at all could have a material adverse effect on our results of operations, financial condition and business (see "A health epidemic or pandemic, including the coronavirus outbreak, may have an adverse effect on Capital Impact's business" below).

- *Other investments*. In addition to our lending program, we make investments in, and grants to, cooperative organizations, non-profit organizations, CDFIs, investment funds, joint ventures and others involved in supporting programs that are generally related to Capital Impact's mission. The scale, scope, or focus of these investments may change over time, consistent with Board approval and oversight. These investments, which are not subject to our normal underwriting standards, tend to be higher risk investments than those in our loan portfolio. In certain cases, our investments may be in the form of minority equity investments where we do not control the underwriting or asset management of the investments. If these investments are not recoverable, it will result in a reduction of capital available to support our lending activities.

- *Loan servicing and portfolio management*. In addition to providing capital directly to end borrowers, Capital Impact also services loans owned by third parties and engages in lending activities through its wholly owned subsidiaries. Capital Impact's subsidiaries are typically formed specifically for the purpose of lending to borrowers operating within a particular industry or geography, and are typically financed through senior-subordinate debt structures by Capital Impact and third-party investors. Capital Impact manages all aspects of the business of these subsidiaries, including the origination and servicing of loans made by the subsidiaries. Capital Impact bears risk relating to its servicing obligations and the conflicts of interest that may exist in cases where Capital Impact or any of its affiliates are both a servicer and a lender to a subsidiary. Capital Impact may also suffer reductions in servicing income if Capital Impact's origination of new loans is slower than the pace of maturing loans.

- *Technical assistance.* Capital Impact also provides technical assistance (e.g., consulting services) to a wide range of stakeholders, including project borrowers, community development organizations, strategic partners, policy makers and internal business units. When providing these services to unaffiliated third parties, Capital Impact bears the risk of both payment and performance in relation to the underlying technical assistance agreement. Failure to perform services to the satisfaction of the third-party client may result in non-payment and/or legal action against Capital Impact.

- *New business activities*. Capital Impact may enter into new business ventures or alter its existing business model in order to achieve greater social impact consistent with its charitable purpose. For example, Capital Impact may expand the number and type of loan products or programs it offers; adjust its risk tolerance parameters with respect to new or existing business; change the manner or scope of its asset acquisition strategies, including through loan sales, purchases, and participations; change the manner or scope of its investment management strategies by engaging in joint ventures or establishing investment vehicles with, or by selling or contributing assets to, related or unrelated third parties; expand the industries or geographic areas in which it operates; or offer new forms of technical assistance or other innovative products or services. For example, in 2021, Capital Impact entered into a strategic alliance with CDC, as further described on page 33. In addition, in 2022, through a taxable subsidiary, Capital Impact launched broker-dealer and investment advisory businesses. These activities are intended to generate revenue streams in the form of fee income and commissions (whether related to placement of securities, financing, investment management or investment banking). One or more affiliates of Capital Impact may also receive a profit allocation or carried interest in connection with its investment advisory activities. Although Capital Impact's intention in undertaking new business activities or altering its existing business model may be to increase its social impact, losses related to these activities may adversely impair Capital Impact's financial condition or present a risk of litigation or regulatory oversight not currently present in its existing business model.

We may incur or guaranty additional debt which may hinder our ability to pay debt service on the Notes.

As of the date of this Prospectus, Capital Impact has sold approximately $331,120,000 aggregate principal amount of Capital Impact Investment Notes since the launch of the program in 2017, of which approximately $66,893,000 was sold under the Prospectus dated September 30, 2022. In addition, in connection with our strategic alliance with CDC, as further described on page 33, we have guaranteed approximately $20,842,127 aggregate principal amount of CDC's indebtedness as of December 31, 2022. Capital Impact may issue additional Notes under the Indenture pursuant to supplemental indentures or other unsecured indebtedness and may guarantee additional CDC indebtedness without the consent or approval of the owners of any Notes then outstanding. However, through December 31, 2023, management does not expect to guarantee more than $125,000,000 aggregate principal amount of CDC's indebtedness. The outstanding Capital Impact Investment Notes, any additional Notes or any additional unsecured indebtedness will rank equally with the

Notes. The Indenture does not limit the amount of additional Notes or other unsecured indebtedness that may be issued or guaranteed. The incurrence by Capital Impact of additional indebtedness or guarantees of CDC indebtedness may adversely affect its ability to make payments required on the Notes. Further, if Capital Impact incurs additional indebtedness or guarantees additional CDC indebtedness, the market perception of Capital Impact's ability to pay debt service on the Notes, regardless of Capital Impact's actual ability to make such payments, may result in a decrease in the marketability of the Notes.

Changes in federal and state priorities and regulations may adversely affect Capital Impact.

Changes in funding priorities by the federal and state governments, such as support for Federally Qualified Health Centers or charter schools and in affordable housing, could have an adverse effect on the sectors where we provide financing. This could hinder our ability to make loans or affect the ability of our borrowers to make loan payments. In addition, future changes in federal or state laws, rules, or regulations governing the sale of securities by religious, charitable, or other nonprofit organizations may make it more difficult for Capital Impact to offer the Notes. Such an occurrence could result in a decrease in the amount of the Notes sold by Capital Impact, which could potentially affect Capital Impact's operations and its ability to meet its obligations to noteholders.

Failure of Capital Impact or CDC to meet existing debt obligations on any debt agreement could result in a cross-default under other debt agreements, which could adversely affect our business, operations and financial condition.

Capital Impact's and CDC's existing debt is (and any future debt likely will be) structured through debt agreements, many of which contain (or will contain) provisions for financial covenants that Capital Impact and CDC must maintain in order to avoid an event of default. If Capital Impact or CDC were to fail to maintain a financial covenant in any of the debt agreements, it would trigger an event of default in not only that particular debt agreement, but also in all other debt agreements that contain a cross-default mechanism. If Capital Impact defaults on its debt agreements or CDC defaults on its debt agreements, in light of Capital Impact's guarantee of CDC indebtedness, it would negatively impact Capital Impact's financials and ability to pay interest and principal under the Notes when due.

Any change in Capital Impact's non-profit, tax exempt or CDFI status could negatively impact its ability to meet its obligations under the Notes.

Federal authorities have determined that Capital Impact is a CDFI certified by the CDFI Fund and is also exempt from federal and state taxation on the basis of its charitable purpose. These determinations rest upon a number of conditions and assumptions that must continue to be met on an ongoing basis. If Capital Impact fails to comply with any of these conditions or assumptions, Capital Impact could lose its CDFI, non-profit or tax-exempt status. If Capital Impact loses its non-profit or tax-exempt status, it will be subjected to federal and/or state taxation. If Capital Impact became subject to federal or state taxation, this could negatively impact its financial viability and cash flow, and its ability to sell Notes pursuant to exemptions for non-profit charitable securities, all of which could ultimately negatively impact its ability to meet its obligations under the Notes. If Capital Impact loses its CDFI status, it will no longer be able to participate in the various programs that are only available to CDFIs. These programs include the CDFI Fund Financial Assistance Awards; Technical Assistance Awards; and the CDFI Fund BGP. The inability to benefit from CDFI Fund programs would pose a serious challenge to Capital Impact's ability to operate. Finally, a loss of Capital Impact's or CDC's non-profit, tax exempt or CDFI status would result in an event of default under certain of Capital Impact's and CDC's debt agreements and other agreements with third parties, which defaults would negatively impact Capital Impact's financials and ability to pay interest and principal under the Notes when due.

Failure of Capital Impact to comply with the National Consumer Cooperative Bank Act could negatively impact its ability to meet its obligations under the Notes.

Capital Impact was formed in 1982 as a District of Columbia nonprofit corporation that is a tax-exempt 501(c)(3) public charity at the direction of the United States Congress, pursuant to amendments to the National Consumer Cooperative Bank Act ("NCCBA") adopted in 1981. Capital Impact was formed to support the development of cooperatives in underserved communities. While Capital Impact actively engages in activities that are fully consistent with the intent and purpose of the NCCBA, and seeks to engage with cooperatives, Capital Impact has expanded its impact beyond cooperatives to other organizations that embrace two core and foundational principles of cooperation: voluntary and open membership and democratic member control, and which serve members of a low or moderate income, or otherwise underserved, community. The NCCBA does not subject Capital Impact to any Federal regulatory oversight. However, Capital Impact could be examined or audited in the future, if the United States Congress were to take action to authorize Federal oversight, or a Federal agency or department (such as the General Accounting Office) were to successfully assert that it possessed the authority to exercise oversight of Capital Impact. Any Federal oversight resulting in a determination that Capital Impact failed to comply with the NCCBA could ultimately negatively impact its ability to meet its obligations under the Notes.

Investments in readily marketable securities are subject to market risk, which may have a material adverse impact on Capital Impact's financial condition and results of operation.

A portion of Capital Impact's liquid assets (including a portion of the proceeds of this offering) is or may be invested in readily marketable securities, such as mortgage-backed securities ("MBS"), and is therefore subject to market risks. As a result, Capital Impact may incur losses if the market values of those investments decline. Capital Impact may grow its MBS portfolio in order to leverage capital through its FHLB-A secured credit facility. The MBS may be subject to periodic "mark-to-market" valuations, which may have a negative, interim effect on the reported value of the MBS prior to realization of an investment in the MBS.

Holders of Notes are subject to risk associated with bankruptcy or insolvency of Capital Impact.

If Capital Impact, a subsidiary, or another affiliated company seeks relief under bankruptcy or related laws, a bankruptcy court could attempt to consolidate its assets into the bankruptcy estate, possibly resulting in delayed or reduced payments to noteholders. While Capital Impact or the Indenture Trustee are permitted to hold certain segregated funds as Paying Agent under the Indenture, the enforceability in bankruptcy of any pledge of such segregated funds may be limited. Furthermore, there is some risk that a bankruptcy court would deem segregated funds held by Capital Impact or the Indenture Trustee as assets of the bankrupt estate.

Capital Impact's loss of key management personnel could adversely affect its operating performance and ability to pay interest and principal under the Notes when due.

Capital Impact is dependent on the efforts of its key management. Competition for senior management personnel can be intense and Capital Impact may not be able to retain its key management. Although Capital Impact believes qualified replacements could be found for any departures of key management, the loss of their services could adversely affect Capital Impact's operating performance and ability to pay interest and principal under the Notes when due.

A health epidemic or pandemic, including the coronavirus outbreak, may have an adverse effect on Capital Impact's business.

The COVID-19 pandemic and the governmental response thereto caused significant financial market volatility, a deterioration in general economic conditions, record-low interest rates, supply chain issues, global business disruptions affecting companies across various industries, and wide-ranging changes in consumer behavior. Although these adverse effects have eased, the extent to which the COVID-19 pandemic further impacts our operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence. Capital Impact's business could be materially and adversely affected by the continued COVID-19 public health crisis or the outbreak of another widespread health epidemic or pandemic, particularly if located in regions where we derive a significant amount of our loan-portfolio revenue. To the extent the operations of Capital Impact's borrowers are adversely affected, Capital Impact's borrowers' ability to meet their loan obligations may be adversely affected, which, in turn, could lead to loan default, which would adversely affect Capital Impact's results of operations. Finally, the continued COVID-19 public health crisis or the outbreak of another widespread health epidemic or pandemic could lead to further volatility and disruption in global financial markets, which could adversely affect Capital Impact's ability to obtain financing to execute its business plan and increase the volatility of the daily mark-to-market values of the underlying securities in its mortgage-backed securities portfolio.

Shared directors of Capital Impact and CDC could result in conflicts of interests.

Capital Impact and CDC have substantially overlapping Board members and the meetings of the Boards of Directors of both organizations are primarily held jointly. As a result of the sharing of directors, persons associated with CDC will be in a position to exercise significant influence over Capital Impact's affairs, which influence might not be consistent with the interests of some of Capital Impact's noteholders. In addition, directors of both Capital Impact and CDC have fiduciary duties to both entities. As a result, such directors could experience a conflict of interest between their duties to Capital Impact and CDC in the future, which may have an adverse effect on Capital Impact's business and prospects.

Shared executive officers of Capital Impact and CDC result in a split in management time and could result in conflicts of interest.

Capital Impact and CDC each have substantially overlapping executive management teams, including Ellis Carr, Capital Impact's President and Chief Executive Officer, serving as President and Chief Executive Officer of both organizations. Accordingly, Capital Impact's executive management team splits their time between Capital Impact and CDC. Although Capital Impact believes that its management will spend sufficient time to meet their responsibilities, the amount of time devoted to Capital Impact will depend on specific circumstances at any given point in time. As a result, in a given period, management may spend less than a majority of their time on Capital Impact's matters. The diversion of management's time and attention may have an adverse effect on Capital Impact's business and prospects.

As a result of the sharing of executive management, persons associated with CDC will be in a position to exercise significant influence over Capital Impact's affairs, which influence might not be consistent with the interests of some of Capital Impact's noteholders. As a result, such officers could experience a conflict of interest between their duties to Capital Impact and CDC in the future, which may have an adverse effect on Capital Impact's business and prospects.

Capital Impact's broker-dealer and investment advisory activities are subject to a number of risks

As described under “Description of the Issuer - Broker-Dealer and Investment Adviser Activities” beginning on page 33 below, Capital Impact has recently commenced broker-dealer and investment advisory activities. These activities represent new offerings for which Capital Impact has limited prior experience. These activities expose Capital Impact to a number of risks, including:

- *Extensive regulation, which could subject Capital Impact to additional costs and significant penalties*. Broker-dealer and investment advisory activities are subject to extensive regulation under federal and state laws by governmental agencies, supervisory authorities and self-regulatory organizations. The costs and uncertainty related to complying with such regulations is significant. These regulations affect Capital Impact’s business operations and impose capital, client protection, and market conduct requirements on Capital Impact’s regulated subsidiaries as well as restrictions on the activities that Capital Impact’s regulated subsidiaries are allowed to conduct. Capital Impact may also become subject to increasing regulatory scrutiny as its operations grow. Regulators have broad discretion in connection with their supervisory and enforcement activities and examination policies and could prevent Capital Impact from pursuing its business strategy. Despite efforts to comply with applicable legal requirements, there are a number of risks, particularly in areas where applicable laws or regulations may be unclear or where regulators could revise their previous guidance. Any enforcement actions or other proceedings brought by regulators against Capital Impact, its regulated subsidiaries or their respective officers or employees could result in fines, penalties, cease and desist orders, enforcement actions, suspension, disqualification or expulsion, or other disciplinary sanctions, including limitations on business activities, any of which could harm Capital Impact’s reputation and adversely affect its results of operations and financial condition.

- *Failure to meet capital adequacy and liquidity guidelines could affect Capital Impact’s financial condition*. Capital Impact’s regulated broker-dealer subsidiary must meet certain capital and liquidity standards, subject to qualitative judgments by regulators about the adequacy of their capital and internal assessment of their capital needs. Failure by Capital Impact’s regulated broker-dealer subsidiary to meet minimum capital requirements could result in certain mandatory and additional discretionary actions by regulators that, if undertaken, could have a negative impact on Capital Impact.

- *Investment advisory operations may subject Capital Impact to fiduciary or other legal liability for investor losses*. Investment advisory and fund management services are complex activities and include functions such as recordkeeping and accounting, asset valuation, corporate actions, investment selection, compliance with investment restrictions, account reconciliations, and distributions to fund investors. Failure to meet industry and regulatory standards in performing investment and operational functions could subject Capital Impact’s regulated investment advisor subsidiaries to regulatory sanctions, penalties or litigation and result in reputational damage, liability to clients and investors, and the termination of investment advisory and other client agreements and the withdrawal of assets under management.

USE OF PROCEEDS

The proceeds of the offering will be used primarily to fund initiatives that meet critical needs in low-income communities across the United States, including through Capital Impact's subsidiaries, affiliates, strategic partners, joint ventures and third-party intermediaries, including CDC, as further described on page 33. The proceeds of the offering may also be used to purchase securities or other assets that will be leveraged to support Capital Impact's lending activities and general operations, and for general corporate purposes.

Consistent with Capital Impact's existing projects, initiatives that are funded using the proceeds from the offering are expected to be focused in the healthcare, education, affordable housing and community development sectors. Proceeds will also be used to provide technical assistance to borrowers and other market participants as projects are developed in order to increase the likelihood that its borrowers' projects will be successful and have a positive impact on the communities they serve. Capital Impact typically invests in cooperatives, cooperative-like organizations, non-profits and other organizations that are dedicated to supporting these sectors. However, Capital Impact may identify other initiatives, such as making small business loans, that are consistent with its mission of delivering both the capital and commitment that help people build strong, vibrant communities of opportunities, and use the proceeds of the offering for such purposes.

Capital Impact may allow investors who offer to purchase a minimum of $2,000,000 in Notes to request that Capital Impact use the proceeds of the Notes purchased by such investor for a particular purpose (i.e. to benefit vulnerable populations in a particular geography, or to meet a critical need in a particular industry or sector); Capital Impact will weigh a variety of factors when considering such requests, including, in particular, whether or not the use of the proceeds to benefit such population, geography, or sector is aligned with Capital Impact's non-profit, tax-exempt purposes and strategic plan, and will accept or decline such requests in its sole discretion.

DESCRIPTION OF THE ISSUER

Overview

Capital Impact is a District of Columbia nonprofit corporation, formed in 1982 pursuant to Title 2 of the National Consumer Cooperative Bank Act of 1978, as amended, at the direction of the United States Congress. Capital Impact is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, as amended (the "Code"), and a public charity, as described in Section 509(a)(1) and Section 170(b)(1)(A)(vi) of the Code. Capital Impact's principal executive office is located in Arlington, Virginia; it also has offices located in Detroit, Michigan, New York, New York, Austin, Texas, and a new office in Oakland, California which opened in 2023. In 2011, Capital Impact was certified as a CDFI by the CDFI Fund.

Mission

Capital Impact's charitable purpose is to provide financial services and technical assistance to cooperatives and other organizations which support underserved communities. Capital Impact accomplishes its charitable purpose by financing projects in the healthcare, education, affordable housing and community development sectors, and by providing technical assistance to borrowers and other market participants as projects are developed in order to increase the likelihood that its borrowers' projects will be successful and have a positive impact on the communities they serve. Through capital and commitment, Capital Impact helps people build communities of opportunity that break barriers to success.

Strategy

Capital Impact's business strategy is one that supports comprehensive community revitalization and is specifically designed to actualize its vision of a nation of communities built on a foundation of equity, inclusiveness, and cooperation, in which high-quality healthcare, healthy foods, affordable housing, and a quality education are accessible to everyone present in the community. Capital Impact's business strategy may develop over time, consistent with Board approval and oversight, as a result of the strategic alliance with CDC, as further described on page 33.

Cooperatives, cooperative-like organizations, and other organizations that are dedicated to supporting these sectors receive financial support (primarily in the form of loans) and technical assistance (primarily in the form of sector-specific expertise) from Capital Impact in furtherance of its charitable purpose; Capital Impact believes that it is strategically positioned to bring people together in a spirit of cooperation to create businesses, provide services and develop property in their own communities, thus increasing access to goods, developing needed infrastructure to support commerce and essential community services and opening fair and efficient markets to a greater segment of the population.

As discussed in more detail in the section on the "Strategic Alliance with CDC and Momentus Capital" below, Capital Impact's business strategy also includes working alongside CDC to provide a unique suite of lending products and programs that support community efforts to create strong, vibrant, and healthy places of opportunity, and will increase the impact and financial sustainability of both organizations.

Lending

Capital Impact's core business is to lend capital to organizations engaged in community development projects that are aligned with Capital Impact's mission. A typical borrower is an organization involved in developing commercial real estate that creates affordable housing or becomes the backbone for community-based services in one of the company's sectors; examples include charter schools and community health centers. Although Capital Impact offers a variety of debt products to its borrowers at different stages of the borrower's life cycle, as more fully described below, a typical loan is one that is secured by a first lien on commercial real estate. Because borrowers in Capital Impact's sectors are often unable to obtain financing at competitive rates directly from conventional lenders, such as regulated retail or commercial banks, Capital Impact prides itself on sourcing and providing capital to mission-oriented borrowers at competitive rates and/or on terms that are generally more flexible than those that may be available to the borrowers in the traditional capital markets.

Although Capital Impact operates on a nation-wide basis, our lending products provide facilities-related financing targeted to key community pillars located primarily in one of our five core geographies, which are anchored by the locations of our offices and staff. This strategy targets capital and commitment across multiple sectors simultaneously, such as affordable housing, charter schools, healthy food retailers, community health centers and community-based aging projects, to create a set of interconnected resources that work to strengthen each other. At the present time, Capital Impact's investments are concentrated in the California, Michigan and northern Ohio, Washington, D.C. metropolitan area, New York City metropolitan area and central Texas (Austin, San Antonio, Dallas/Fort Worth and Houston). These geographic concentrations may shift in the ordinary course of business as Capital Impact evaluates its business strategy, including new opportunities that arise in new geographies, and its concentration risk, which may result in a re-balancing of its portfolio.

Capital Impact often works with local and national strategic partners, including community development organizations, private foundations, other CDFIs and the community development groups within commercial banks, to establish viable ties to the communities it serves, enhance its market presence and increase the scope of the financial products and technical assistance that it can bring to market. Capital Impact's strategic partners are selected based on a variety of factors, including mission alignment, commitment to a particular sector or geography, community ties and financial strength.

In addition to providing capital directly to project borrowers, Capital Impact engages in lending activities with its strategic partners through its wholly owned subsidiaries, affiliates and third-party intermediaries, including CDC, as further described on page 33, and through the purchase and sale of whole loans and fractional loan participations.

Capital Impact's subsidiaries are typically formed specifically for the purpose of lending to borrowers operating within a particular sector or geography and are typically financed by Capital Impact and its strategic partners through senior-subordinate debt structures. The senior-subordinate debt structures used to capitalize the subsidiaries allow Capital Impact to provide project borrowers with financing on flexible terms and afford its strategic partners an opportunity to more broadly share risk in markets that have historically been difficult for them to finance at market rates. Capital Impact manages all aspects of the business of these subsidiaries, including the origination and servicing of loans made by the subsidiaries. These subsidiaries are actively engaged in sector-specific or geographically focused lending activities.

Capital Impact's intermediary lending relationships allow Capital Impact to finance the lending activity of other lenders to achieve scale in an area in which the intermediary has a particular focus or expertise. Examples of intermediaries financed by Capital Impact include joint ventures, cooperative loan funds, non-profit organizations, including CDC, as further described on page 33, and other CDFIs. In each case, the mission, underwriting practices and asset management capabilities of the intermediary are believed to be aligned with those of Capital Impact.

The purchase and sale of whole loans and fractional loan participations, directly by Capital Impact or through special purpose entities or joint ventures, enable Capital Impact to create liquidity, manage credit risk and diversify its portfolio.

Sources of capital used to finance or otherwise support Capital Impact's programs include: institutional debt, grants, guarantees, credit enhancements and program-related investments, the Notes and special purpose entities or joint ventures. Most of this capital originates from Federal government programs, private foundations, retail investors, or other institutions focused on using Capital Impact's established lending platform to scale community development efforts.

Servicing and Portfolio Management

In addition to servicing a portfolio of loans for itself and, for a customary fee, its wholly owned subsidiaries, Capital Impact also services commercial loans that are owned in whole or in part by strategic partners, affiliated or unaffiliated funds, including special purpose entities and joint ventures, with similar community development goals, or that are a part of tax credit transactions in which Capital Impact is also a leverage lender or allocatee. Servicing clients typically bring capital and sector-specific expertise to transactions in which Capital Impact has an interest, but do not have the necessary servicing platform or personnel to service their own loans or loans of the type originated by Capital Impact for community development purposes. Servicing includes the management of billing and payment applications and responding to the immediate needs of the borrower. Capital Impact generates fee revenue when it performs servicing on behalf of third parties and limits this activity to transactions in which the strategy and mission of the parties, or the underlying community development purpose of the loans being serviced, is aligned; it is not a service that is marketed independently of Capital Impact's core competency in community development. Capital Impact's portfolio management team manages all aspects of each loan over its life, and monitors loan performance and the credit risk relating to each loan.

Technical Assistance

Although Capital Impact does not generate a substantial amount of revenue through its technical assistance activities, it views technical assistance as being core to its mission and critical to the success of its project borrowers and the communities it serves. Capital Impact's technical assistance activities include research, writing, analytics and consulting in areas in which Capital Impact's team of professionals have industry-recognized expertise. Capital Impact's technical assistance benefits a wide range of stakeholders, including existing and potential project borrowers, community development organizations, strategic partners, policy makers and internal business units, all of whom are dedicated to actualizing Capital Impact's vision for a more inclusive and equitable society.

Other Investments

In addition to our lending program, we make investments in, and grants to, cooperative organizations, non-profit organizations, CDFIs, investment funds, joint ventures and others involved in supporting programs that are generally related to Capital Impact's mission. These investments, which are not subject to our normal underwriting standards, tend to be higher risk investments than those in our loan portfolio. In certain cases, our investments may be in the form of minority equity investments where we do not control the underwriting or asset management of the investments. If these investments are not recoverable, it will result in a reduction of capital available to support our lending activities.

Strategic Alliance with CDC and Momentus Capital

On July 15, 2021, Capital Impact consummated a transaction with CDC Small Business Finance Corporation, a California nonprofit corporation, which is a Certified Development Company as certified by the U.S. Small Business Administration, whereby Capital Impact and CDC operate together to focus on economic empowerment and equitable wealth creation but remain as separate legal and tax entities. The strategic alliance provides for Capital Impact and CDC the unique ability to deliver a full suite of lending products and programs that support community efforts to create strong, vibrant, and healthy places of opportunity, designed to increase the impact and financial sustainability of both organizations.

In connection with the strategic alliance, Capital Impact amended its organizational documents to (i) convert from a membership to a non-membership organization and (ii) revise its Board makeup (as described further below). Each of Capital Impact and CDC has reconstituted its Boards of Directors to have substantially overlapping Board membership, and the meetings of the Boards of Directors of both organizations are primarily held jointly to ensure consistency of approach on overall strategy and business planning. In addition, Capital Impact and CDC have substantially overlapping executive management teams with Ellis Carr, Capital Impact's President and Chief Executive Officer, serving as President and Chief Executive Officer of both organizations.

Capital Impact and CDC each continues to have separate audited financial statements but they also have combined audited financial statements. To enable each organization to benefit from the combined financial strength of both organizations, Capital Impact and CDC cross-guarantee most of the other party's debt and are co-borrowers on other obligations. However, neither CDC nor its subsidiaries are obligors or guarantors of the Notes. As a result, the audited financial statements included in this Prospectus reflect financial information of Capital Impact and its consolidated subsidiaries only. Capital Impact and CDC are continuing to evaluate whether CDC will become a guarantor or co-issuer of the Notes in the future.

In July 2022, the strategic alliance of Capital Impact and CDC (along with CDC's subsidiary, Ventures Lending Technologies) was rebranded as Momentus Capital, although each of Capital Impact and CDC will continue operating as a separate entity committed to serving its key market and clients, complementing Capital Impact's and CDC's shared missions of community development and support for small businesses.

Broker-Dealer and Investment Adviser Activities

Stemming from research that uncovered significant demand for investment capital in communities across the country, Capital Impact believes that it can play a deeper role in communities than with their core lending activities. Leveraging Capital Impact's current footprint and market positions, Capital Impact has developed a business plan for an intermediary role in community development finance to help bridge the gap between capital sources and community development projects by offering a range of financial services.

As part of this strategy, in February 2022, through a taxable subsidiary, Capital Impact acquired an SEC-registered broker-dealer and a member of FINRA which has been renamed Momentus Securities, LLC

(“Momentus Securities”). Momentus Securities seeks to become a mission-driven investment bank that connects institutional investors with community organizations through community-centric securities offerings and other services that raise capital for funding Capital Impact’s and CDC’s shared mission – community development and support for small businesses. Its licenses for institutional brokerage focused on mergers and acquisitions advisory and investment banking, among other transactional businesses, have been approved by FINRA effective in March 2023. Momentus Securities is in the process of launching its active operations.

Capital Impact Partners has also recently formed a taxable indirect wholly-owned investment adviser subsidiary, Equitable Prosperity Manager LLC (“Equitable Prosperity”), which currently serves as an investment adviser to one or more private funds (each, an “Equitable Prosperity Fund”) that are exempt from registration as investment companies under the U.S. Investment Company Act of 1940, as amended. Equitable Prosperity may, in the future, manage the assets of additional private investment funds. Private investment funds are typically organized as limited partnerships (or limited liability companies) in which investors are limited partners (or members) who do not take part in the fund’s management or operations. They provide capital and participate in the private fund’s profits and losses while a professional investment adviser or investment manager, such as Equitable Prosperity, manages the fund’s assets and operations for investment management fees and a profit share. Each Equitable Prosperity Fund is expected to engage Equitable Prosperity as its investment adviser and investment manager. Equitable Prosperity is currently exempt from registration as an investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”) and similar state laws. Equitable Prosperity will register with the SEC as an investment adviser under the Advisers Act if required to do so in the future.

The Equitable Prosperity Funds, while for-profit business enterprises, currently intend to invest, whether in the form of equity, debt or revenue/profit sharing arrangements, in growth-stage small and medium sized community businesses as part of bolstering Capital Impact’s community development-focused program and mission to support small businesses.

These broker-dealer and investment advisory activities are intended to generate revenue streams in the form of fee income, profit share and commissions (whether related to placement of securities, financing, investment management or investment banking).

Demonstrated Results

Capital Impact's dedication to its mission has led it to become recognized as a leader in community development in communities across the country. Notably, as of December 31, 2022, Capital Impact has:

- disbursed more than $2.9 billion to organizations that provide services to more than 6.6 million people in low-income communities annually;
- become a significant non-profit community health center lender in the country, with more than $953 million deployed to Federally Qualified Health Centers and other community-based health care providers, touching 3.7 million patients nationwide;
- provided close to $1 billion in financing to charter schools serving over 3,000 students annually;
- deployed over $200 million to healthy food retailers and wholesalers that have eliminated food deserts and other low access areas;
- disbursed approximately $200 million to the revitalization of housing and mixed-use facilities in Detroit, Michigan; and
- disbursed over $515 million toward the financing of affordable housing units. Since 2018, CIP has provided financing for nearly 6,000 units of affordable housing every year.

LENDING ACTIVITIES

Loan Products

Capital Impact offers the following loan products to organizations operating in or supporting the community healthcare, education, affordable housing, and community development sectors:

- revolving lines of credit;
- working capital financing;
- bridge financing;
- construction and renovation loans;
- tenant improvement loans;
- real estate acquisition loans;
- predevelopment loans;
- permanent loans; and
- equipment loans.

Although Capital Impact's loans are typically secured by a first lien on the real estate or other business assets of the borrower, Capital Impact sometimes takes a subordinated or unsecured position in a transaction. Capital Impact believes that this flexibility enables it to support borrowers throughout their life cycles, and that this support leads to greater social impact in the communities it serves. Determinations regarding the level of credit risk that is supportable in a particular transaction, including the type and amount of collateral required to secure Capital Impact's position, are made in accordance with its underwriting guidelines and the underwriting and approval process described below.

Lending Criteria

Because Capital Impact is a public charity, it places strong emphasis during the evaluation process on the connection between the borrower's project and Capital Impact's charitable purpose and mission. Capital Impact considers the likelihood that the borrower's project will drive societal change in a community or sector served by Capital Impact and may give greater weight to the potential social impact of the project than it does to other factors that traditionally drive the credit decisions of commercial banks. When considering mission alignment, Capital Impact typically focuses on the degree to which the project will:

- benefit low-income or disadvantaged populations;
- increase access to goods and services in underserved communities;
- develop needed infrastructure to support commerce;
- drive further development and density within a targeted area; and
- support Capital Impact's core cooperative principles of equity and inclusion.

Potential loans are evaluated by Capital Impact's Credit Committee to determine the fit with Capital Impact's overall strategy and mission, and then potential loans move to underwriting to determine if the credit and risk requirements set forth in Capital Impact's underwriting guidelines are met. The factors used to evaluate potential loans include:

- how the proposed loan fits within Capital Impact's strategy for the sector or geography;
- the risk of the loan relative to the risk allocations within Capital Impact's portfolio by sector and geography and the overall credit quality of the portfolio;
- the financial strength of the borrower;

- the financial projections for the project to be financed;
- the ability of the borrower to repay the loan obligation;
- the value of the collateral for the loan (if any);
- the need for and availability of additional credit support if the creditworthiness of the borrower is questionable or the value of the collateral is low;
- the success of other similar projects completed by the borrower (if any);
- the availability of capital to finance the transaction at competitive rates; and
- the interest of third parties, such as community development organizations, CDFIs, community banks and private foundations, to partner on the transaction, including, for example, through co-lending arrangements, or loan sales or participations, directly or through special purpose entities or joint ventures.

Capital Impact's mission focus during the evaluation process differentiates it from its for-profit peers in the financial services and banking industries and may result in the extension of credit to higher risk borrowers consistent with its mission.

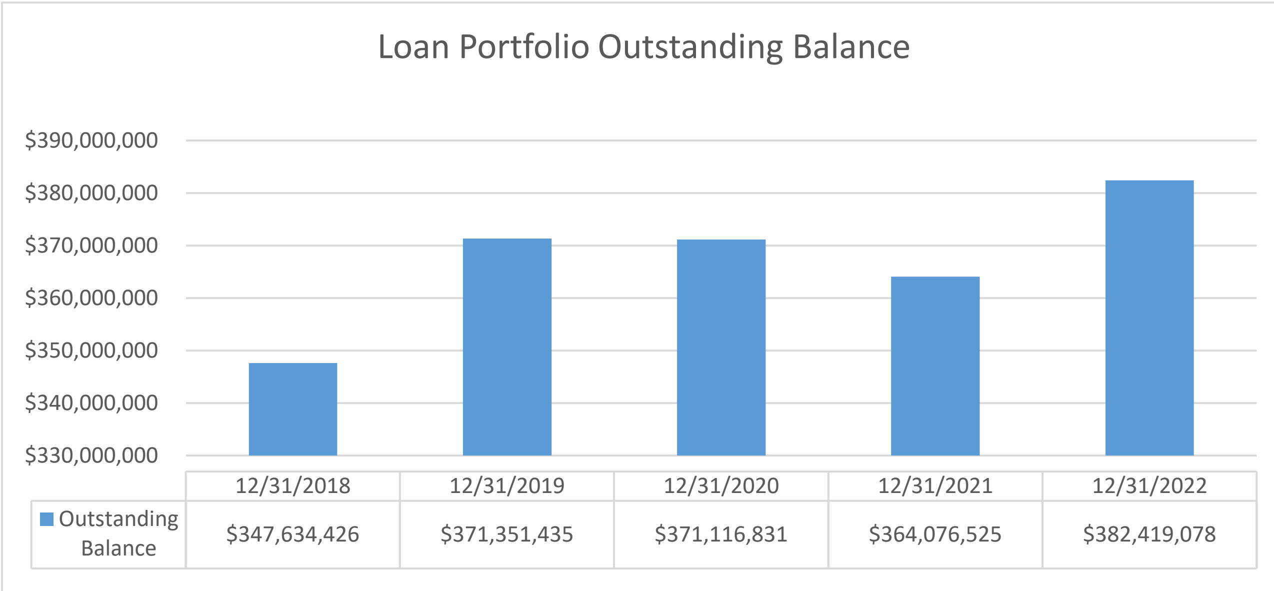
Capital Impact maintains a loan policy that provides a framework for and expectations to management regarding the scope and nature of Capital Impact's lending, in furtherance of Capital Impact's mission and tax-exempt purposes. The loan policy is reviewed and approved by Capital Impact's Board of Directors on an annual basis.

Loan Portfolio

Capital Impact's loan portfolio consists of loans reflected in Capital Impact's loans receivable balance as set forth in its accompanying audited financial statements. The loans receivable balance includes loans disbursed through Capital Impact as well as Capital Impact's portion of loans disbursed through eight consolidated subsidiaries.[1] Capital Impact earns revenue (which may include interest, management fees, servicing fees, and other revenue) related to its subsidiary loans and loans it manages on behalf of unaffiliated third parties; but these loans are not reflected in Capital Impact's loans receivable balances set forth in the accompanying audited financial statements.

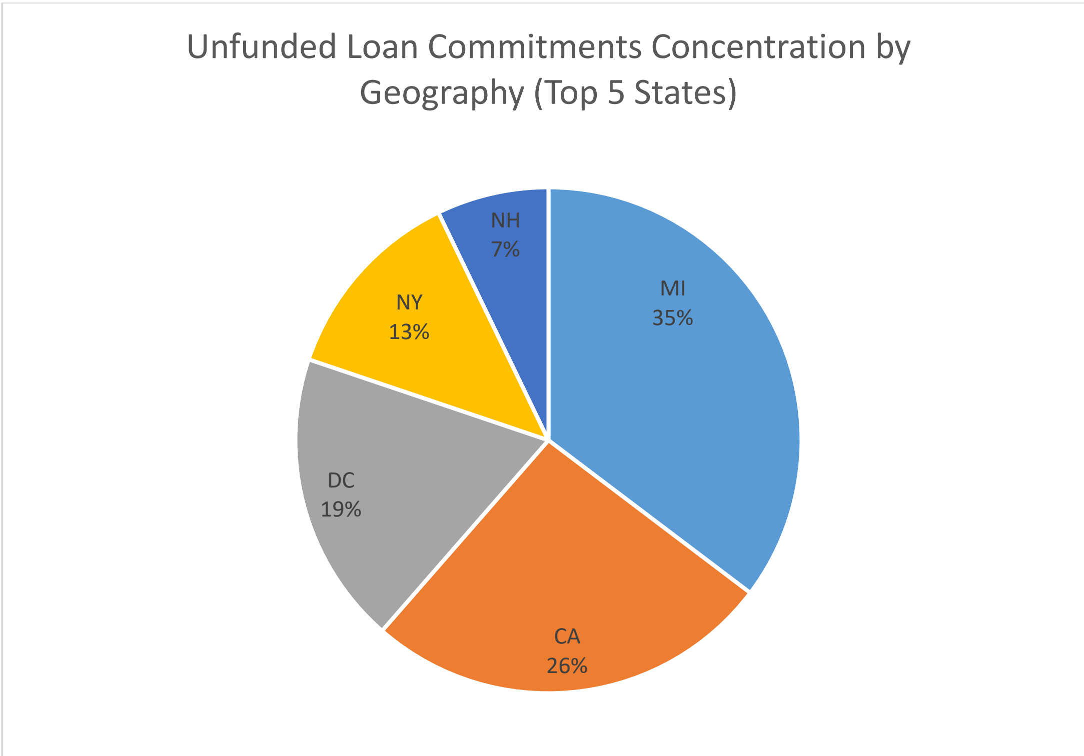
Capital Impact's loan portfolio grew from 2018 through 2022, as illustrated in the below chart.

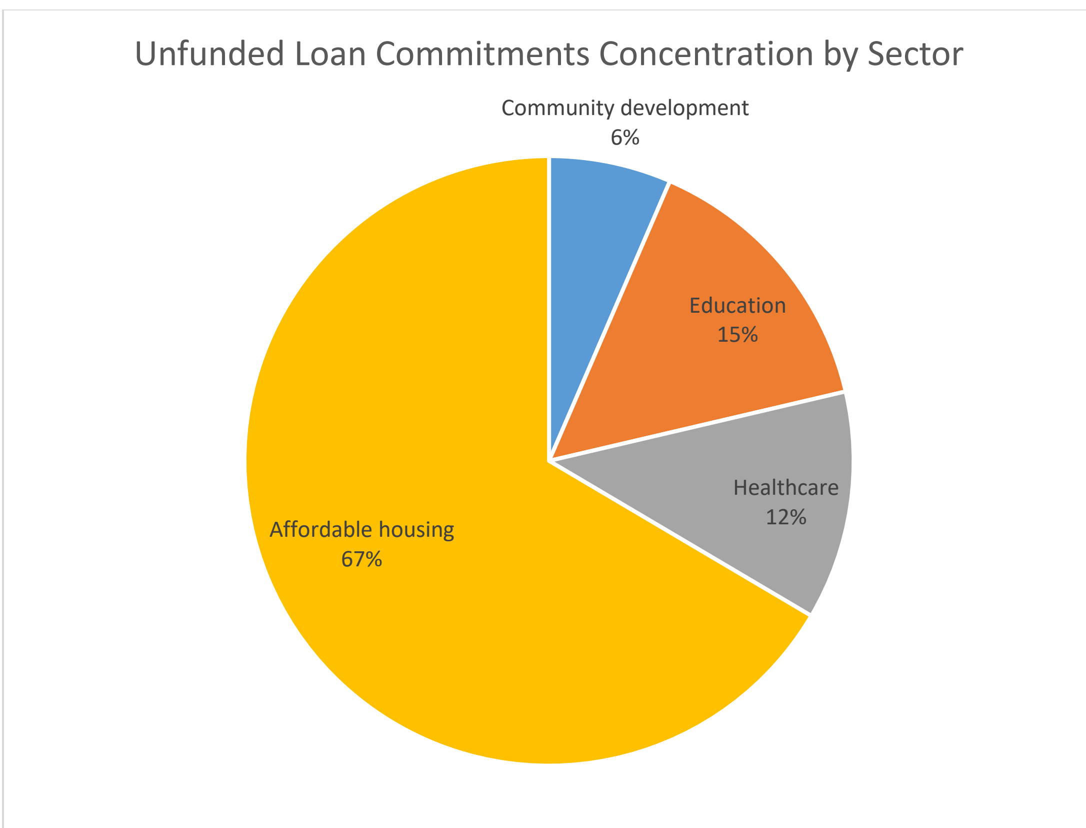
[1] Seven subsidiaries were consolidated on Capital Impact's financial statements during the period of 2018 to 2022: Community Economic Development, LLC ("CED"), Impact V CDE 7, LLC ("CDE 7"), FPIF, LLC, Detroit Neighborhoods Fund, LLC, Community Investment Impact Fund, LLC ("CIIF"), Community Investment Impact Fund II, LLC ("CIIF II") and Alliance Securities Manager, LLC. CED dissolved as of April 8, 2016; CIIF commenced operations as of December 13, 2017; Impact V CDE 7 dissolved as of February 2018; CIIF II commenced operations as of December 28, 2018; and CIIF II merged with and into CIIF as of January 1, 2020 and is no longer in existence. Alliance Securities Manager, LLC commenced operations as of December 10, 2021. Equitable Prosperity Fund I GP LLC ("EFP GP") is a Delaware limited liability company and wholly-owned subsidiary of Capital Impact Partners and is a single purpose entity that holds the general partner interest in Equitable Prosperity Fund I LP, commencing operations on June 10, 2022.



In the normal course of business, Capital Impact makes commitments to extend loans and lines of credit, which are not reflected in its financial statements until they are disbursed. Since many of the commitments are expected to expire without being completely drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Capital Impact's unfunded loan commitment balance as of December 31, 2022 was $76,285,864[2], the detail of which is illustrated in the following charts.

[2] This represents the unfunded commitment based on Capital Impact's consolidated financials. The figure includes unfunded commitments of $184 to Capital Impact's subsidiaries.


Unfunded Loan Commitments Concentration by Geography (Top 5 States)
NH 7%
MI 35%
NY 13%
DC 19%
CA 26%


Unfunded Loan Commitments Concentration by Sector
Community development 6%
Education 15%
Healthcare 12%
Affordable housing 67%

Lending Process: Underwriting and Approval

Each new loan is evaluated in a multi-phase process that is both formal and documented to ensure that the loan is aligned with Capital Impact's mission and strategy, the credit risk represented by the loan falls within acceptable risk parameters and the structure and terms of the loan serve to mitigate identified risks to the extent possible.

Screening Committee. Each new loan is evaluated on a preliminary basis by a Screening Committee, comprised of a Director of Loan Originations, Head of Credit, a portfolio management representative, and the Head of National Programs or a designee. The Screening Committee evaluates the loan to determine its fit with Capital Impact's lending strategy, the requirements of a particular lending initiative (if applicable), and the resources available to fund it. If the Screening Committee approves the memo, the loan officer prepares a term sheet that is reviewed by the responsible Director of Loan Originations. If the term sheet is accepted by the responsible Director of Loan Originations, a loan officer then underwrites the loan and prepares a credit memo that is submitted for credit approval.

Credit Approval. All loans require final credit approval from the following personnel: (i) Senior Director and Credit Officer single approval for loans up to $2 million and (ii) Senior Director and Credit Officer and Senior Vice President for Lending (or the regional Director of Originations in the absence of the Senior Vice President for Lending) for loans above $2 million. For loans above $10 million, the Head of Capital Deployment must approve in addition to the foregoing approves for loans in excess of $2 million.

Underwriting. Once approved by the required parties, a loan moves to underwriting and a non-binding term sheet is typically issued to the prospective borrower. Capital Impact's underwriting group is overseen by the Director of Loan Originations. This group underwrites all loans that have successfully moved through the screening process and had a term sheet accepted by the borrower. During underwriting, due diligence is completed; all exceptions to Capital Impact's underwriting guidelines, pricing guidelines, and any applicable lending initiative requirements (including those identified earlier by the approvers) are noted, together with any potential mitigants, and the structure of the proposed loan is modified, if and to the extent necessary to address residual risk. The underwriting is submitted for review and approval to the required approvers. If the aggregate principal amount of the loan exceeds the credit limit established by Capital Impact's Board of Directors, it must also be approved by the Chief Executive Officer prior to submission to and approval by the Board's Finance & Risk Committee.

Approval Letters. Approval of all loans, with the exception of New Market Tax Credit (NMTC) transactions and California Primary Care Association (CPCA) loans, will be evidenced by issuance of an approval letter issued to the borrower after the loan is approved, or such other documentation acceptable to management. In a NMTC transaction, reservation letters are issued to reserve NMTC allocation, and the underwriting occurs at the same time as the structuring and legal work so an approval letter is unnecessary. The CPCA loan program is a standardized program with minimal underwriting requirements, no negotiated terms, and fast moving from application to closing so approval letters were deemed unnecessary. The approval letters are based on a template that incorporates key loan terms set forth in the credit memo and has been approved by the Legal Department. Should a loan be complex or have unique points, the approval letter will be reviewed by an attorney in Capital Impact's legal department for accuracy and completeness. The Director of Loan Originations is required to review all approval letters prior to signing.

Closing. Licensed attorneys within Capital Impact's legal department work with staff in its Lending and Operations departments to document and close all approved loans. Capital Impact's Legal department has developed and consistently leverages standardized forms and processes to manage risks that vary based on the type and location of transaction. Outside counsel is consulted by Capital Impact's Legal department if subject matter expertise is not resident within the department.

Disbursements and Servicing. The Servicing department adds the details of each loan and other borrower-related information into Capital Impact's loan accounting system to enable proper reporting and management of the asset. Servicers manage billing, payment application and any immediate issues and questions from the borrower. Construction management staff actively manages all aspects of each construction loan, including the general contractor relationship, contract, and other due diligence review, draw requests and disbursements, and construction budget management. These processes are intended to ensure that loans are disbursed to borrowers in accordance with applicable loan documentation when conditions to disbursement have been satisfied; payments from borrowers are collected and deposited into the appropriate corporate account(s); an appropriate portion of the payments are remitted to the investors in the loan (if any); and other ministerial functions related to the loan have been completed.

Portfolio Management. Each loan is assigned a risk rating when the loan is closed; ratings are assigned in accordance with Capital Impact's underwriting guidelines. Risk ratings are re-evaluated and adjusted (if necessary) on a periodic basis.

Capital Impact's portfolio management team, with the support of its Legal department, manages all aspects of each loan over its life, including delinquencies, waivers, amendments, and modifications, and monitors loan performance and the credit risk related to each loan by conducting annual site visits and periodic loan reviews. The frequency and scope of the site visits and loan reviews vary depending on the risk rating assigned to the loan; risk rating adjustments are typically made as a result of information acquired during the portfolio management process.

Credit Quality and Risk Management

Oversight. Capital Impact has quarterly internal Risk Management/System Operations meetings. Credit quality metrics and trends, the allowance for loan loss, and new loan programs are evaluated and discussed at these meetings led by the Head of Credit Operations. Key risk, operations and accounting personnel attend and participate in the meetings. Issues identified during the meetings are assigned to appropriate personnel for resolution.

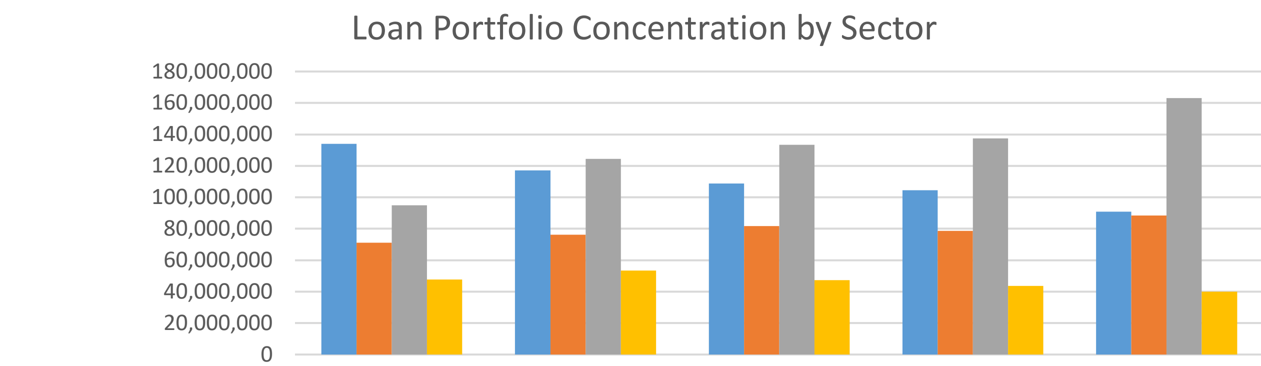
Risk Rating System and Loan Review. Capital Impact maintains a risk rating system that is applied to all loans originated by it or its subsidiaries and to all third-party loans that are serviced by Capital Impact. The risk rating system identifies the risks that exist in the portfolio, supports the development of the allowance for loan loss, and provides guidance regarding the level of resources that should be devoted to monitoring a particular credit.

The risk ratings are evaluated each year in the ordinary course of the audit of Capital Impact's consolidated financial statements. Additionally, a random sampling of the loan portfolio is reviewed at least once per year by an independent consultant. The results of the independent loan reviews, which examine, among other things, the risk ratings assigned to the loans, are presented to the Board of Directors.

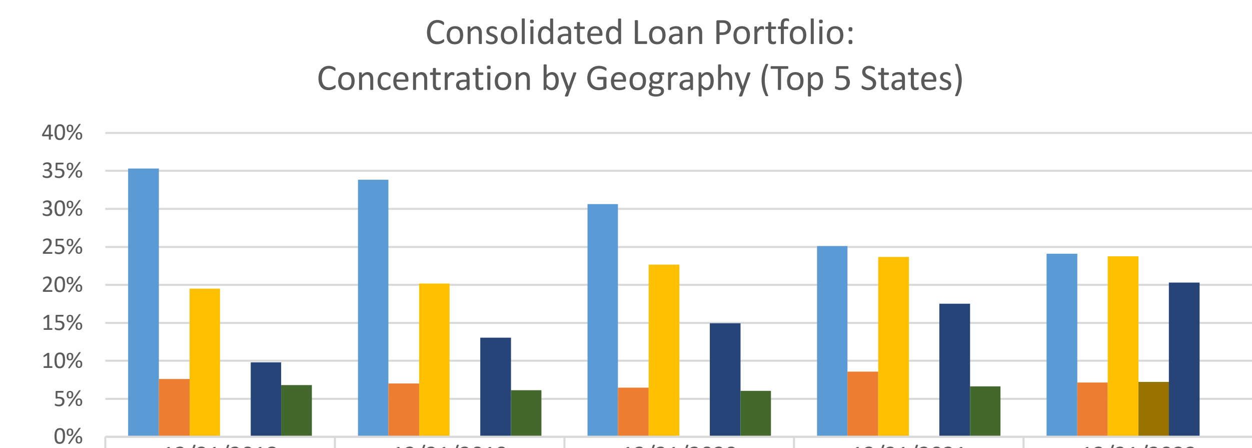
Diversification and Concentration. Capital Impact seeks to diversify its risk by lending in a variety of sectors and geographies. However, consistent with its strategy and mission, Capital Impact is focused in several specific sectors and geographies. Capital Impact's sectors at the present time are: healthcare, education, housing, food systems and a place based initiative in Detroit. Overlaying the sectors is a focus on particular geographies – specifically California, Michigan and northern Ohio, the Washington, D.C. metropolitan area, the New York City metropolitan area and central Texas (Austin, San Antonio, Dallas/Fort Worth and Houston), with growth opportunities in other geographies subject to evaluation. Capital Impact also has concentrations in the areas of loan product and loan size. No single loan or borrower represents 10% or greater of Capital Impact's total loan portfolio as of December 31, 2022.

Capital Impact does not have established quantitative lending concentration or geographic limits, but actively monitors the loan portfolio on a quarterly basis. Concentration and geographic risks, and any related changes in approach, are reported to the Board of Directors on a regular basis.

The following charts illustrate Capital Impact's sector-specific and geographic concentrations. Concentrations will shift over time as new opportunities in new sectors or geographies are integrated into Capital Impact's strategic plan, or as the Senior Director & Credit Officer determines that shifts in approach are advisable to manage risk:



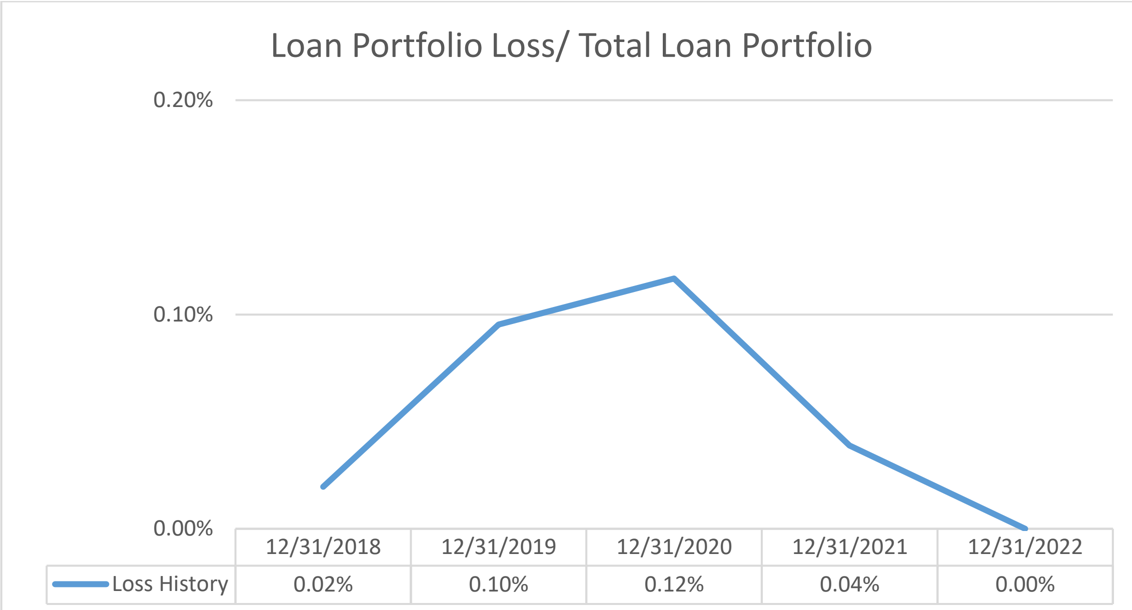
	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
Education	133,910,991	117,154,570	108,847,153	104,492,605	90,915,114
Health care	71,127,516	76,269,674	81,638,716	78,550,676	88,440,162
Affordable housing	94,914,117	124,522,705	133,388,317	137,464,356	163,119,458
Community development	47,681,802	53,404,486	47,242,645	43,568,888	39,944,344



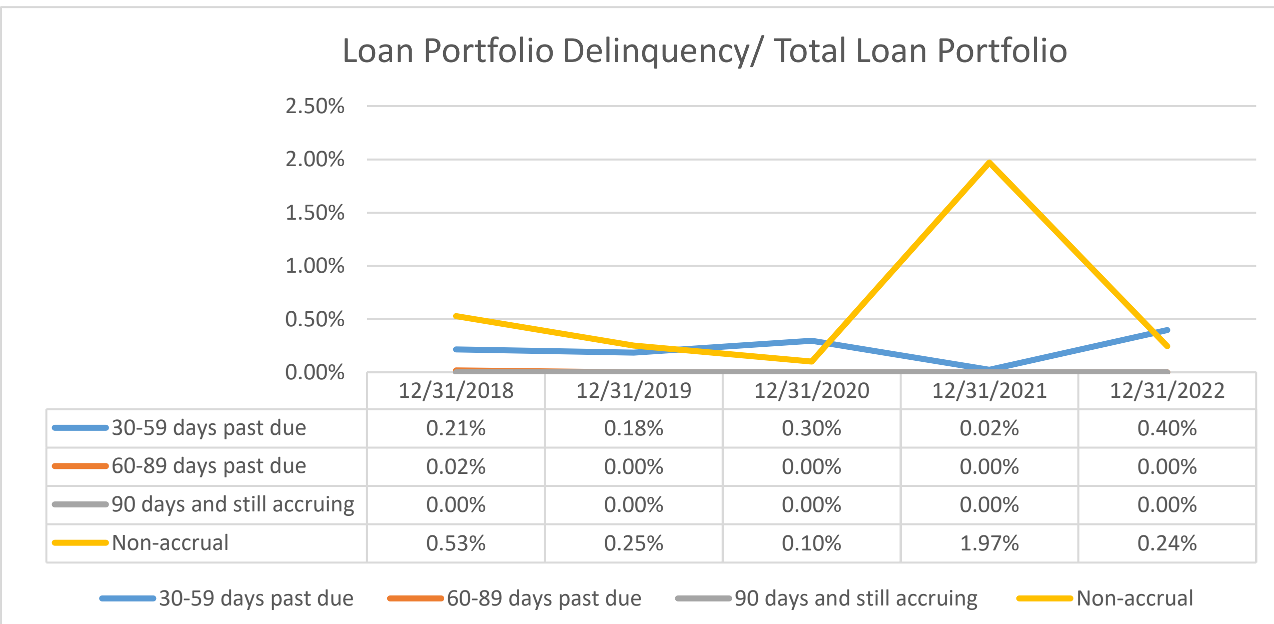
	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
CA	35%	34%	31%	25%	24%
NY	8%	7%	6%	9%	7%
MI	19%	20%	23%	24%	24%
NJ					7%
DC	10%	13%	15%	18%	20%
TX	7%	6%	6%	7%	

Loss Reserve. Capital Impact maintains a general allowance for loan loss that is used to reserve against losses in the loan portfolio funded on its balance sheet. Establishing an appropriate level of allowance for loan loss involves both objective and subjective measures. First, Capital Impact applies a general reserve percentage on all loans in its portfolio based on risk rating assigned. This process provides a numerical calculation to be used as a base figure for the actual allowance. Second, impaired loans are identified as incurred. Each loan is evaluated quarterly to determine the sufficiency of collateral coverage. If appropriate, the value may be discounted further. The outstanding balance (or ultimate commitment) of the loan is compared to the discounted value of the collateral and a specific reserve is identified if the collateral is insufficient. This additional reserve is added to the general reserve calculation. Third, Capital Impact performs a trend analysis on six areas of risk and, if needed, increases the allowance by the calculated amounts. Upon totaling the results of these three steps, a calculation is done to determine the variance from the actual allowance in existence on Capital Impact's financial records. Capital Impact's goal is to have that variance in the range of +/- 5%.

The following charts illustrate Capital Impact's portfolio performance history from 2018 to 2022.



	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
Loss History	0.02%	0.10%	0.12%	0.04%	0.00%



	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
30-59 days past due	0.21%	0.18%	0.30%	0.02%	0.40%
60-89 days past due	0.02%	0.00%	0.00%	0.00%	0.00%
90 days and still accruing	0.00%	0.00%	0.00%	0.00%	0.00%
Non-accrual	0.53%	0.25%	0.10%	1.97%	0.24%

Loans on non-accrual decreased from $7,173,438 at 12/31/2021 to $933,055 at 12/31/2022. Two large loans were placed back on accrual status in 2022 after management changes were implemented and financing gaps were addressed.

INVESTING ACTIVITIES

Capital Impact's investment policy is to invest its liquid assets in securities that are intended to: (i) preserve principal, (ii) ensure adequate liquidity, (iii) manage interest rate exposure, and (iv) achieve desired rates of return, except to the extent that Capital Impact makes potentially higher risk investments, as described under "Risk Factors" above. These potentially higher-risk investments are typically in cooperative organizations, non-profit organizations, CDFIs and others involved in supporting programs that are generally related to Capital Impact's mission. In addition, Capital Impact invests in securities that are used to provide Capital Impact with a base of eligible collateral to enable it to borrow under its FHLB-A credit facility.

Capital Impact's investment and liquidity management policies are reviewed and approved by the Board each year, and only the Board may approve amendments to such policies. It is the responsibility of the Chief Financial Officer to monitor and report compliance with the policies, and the Chief Financial Officer, together with their designees are authorized to make investments that are in compliance with the investment and liquidity policies. The following table depicts Capital Impact's cash, cash equivalents, and investments from 2020 to 2022. In 2022, Capital Impact's investments generated $4,394,506 of net interest loss. The net loss on interest income is the result of unrealized losses incurred from the Mortgage Backed Securities portfolio and net realized loss on sale of Mortgage Backed Securities. The Alternative Investments category within this table represents a mix of Capital Impact's equity method investments, marketable equity securities, and debt investments.

	2020	2021	2022
Cash, cash equivalents - Unrestricted	$59,662,347	$73,212,984	$67,806,764
Cash, cash equivalents - Restricted	$27,638,893	$25,053,259	$20,560,201
Mortgage Backed and US Treasury Securities	$66,386,667	$59,429,070	$29,230,723
Alternative Investments	$36,279,999	$33,922,261	$42,359,730

BOARD OF DIRECTORS

Capital Impact's Board is responsible for setting the mission, vision, and direction of Capital Impact, and for supervising its executive officers. Accordingly, the Board approves Capital Impact's strategic plan; sets annual corporate goals, which are measured against the strategic plan; approves the annual budget; approves Capital Impact's annual audited financial statements; evaluates executive performance and sets executive compensation; resolves potential conflicts of interest; and ensures that appropriate financial controls are in place.

The Board is comprised of a total of eighteen (18) individuals. The Board is divided into three classes as nearly equal in size as is practicable. The current term of office of the initial Class I directors expires on July 15, 2025, the term of office of the initial Class II directors expires on July 15, 2023, and the term of office of the initial Class III directors expires on July 15, 2024. Any directors elected to replace those of the class whose terms expire shall be elected to hold office for three (3) years and until their respective successors shall have been duly elected and qualified. No person shall be eligible to be nominated for election as a non-employee director of Capital Impact after having served as a director for a period of nine (9) years or more since July 15, 2021. Capital Impact strives to fill Board vacancies when they occur with individuals who possess core competencies and backgrounds that are aligned with Capital Impact's mission and strategy, and that are complementary to the qualifications of the directors who are re-elected to serve another term. Board members are reimbursed for out-of-pocket expenses related to Board activities and are eligible to receive a stipend for their service.

The Board may (but is not required to) designate and appoint committees. The Board prescribes the powers and functions of each committee. The Board has constituted the following standing committees: an Executive Committee; a Finance and Risk Committee; and an Audit Committee. The committee structure is re-evaluated on an annual basis and may change at the discretion of the Board.

Regular meetings of the Board are held at least quarterly at places and times fixed by the Board. Regular meetings of each Board committee are held at places and times fixed by the committee.

To the knowledge of Capital Impact, no director has been convicted of any criminal activity, is the subject of any pending criminal proceedings, or has been the subject of any order, judgment, or decree of any court enjoining such person from any activities associated with the offer or sale of securities.

The following individuals presently serve on Capital Impact's Board:

Oswaldo Acosta (Class III). Oswaldo Acosta is the President and CEO of CityFirst Enterprises. He brings his lending, project finance, and entrepreneurial experience to lead the City First Enterprises efforts in advancing the region's economic development agenda. Prior to CFE, Mr. Acosta launched a food distribution company, was head of the Small Business group at the Latino Economic Development Center, part of the commercial lending group at Self-Help, and served as an economic consultant for Stone & Webster in London, UK, before being assigned to lead projects with The World Bank in Washington, D.C. Currently, he is a member of the Impact Investment Committee of the Baltimore Community Foundation and sits on the Board of Directors for Baltimore's Impact Hub. He recently joined Greater Baybrook Alliance's board. Mr. Acosta is also a member of the Board of Directors of CDC. Mr. Acosta holds a B.S. in Economics from Monterrey Institute of Technology, a M.A. in Political Economy from the United Kingdom's University of Essex, and an MSC in Economic Regulation from the London School of Economics and Political Science.

Rick Benito (Class I). Rick Benito is a retired senior vice president and national SBA executive at Bank of America. In that role, he supported the bank's national Small Business Administration (SBA) sales and support teams. Mr. Benito joined Bank of America in 1995 after 7 years at Wells Fargo, having served in a variety of roles at both banks. Mr. Benito's previous career experience includes the Xerox Corporation and serving as a Lieutenant in the United States Navy. Mr. Benito remains active in Bank of America's Community Volunteer Network in San Diego. He has served on a number of boards and other civic organizations with a focus on education, veterans' issues, and economic development. Mr. Benito is also a member of the Board of Directors of CDC. He completed the Consumer Bankers Association Graduate School of Retail Bank Management program at the University of Virginia and is a graduate of LEAD San Diego. He received his Bachelor of Science degree in Business Administration from Valparaiso University in Indiana.

Alaina C. Beverly (Class II). Alaina Beverly has been the Assistant Vice President for Urban Affairs in the Office of Federal Relations at the University of Chicago since 2017, where she is responsible for sharing the University's research, scholarship, and models of urban investment with federal policymakers and national partners. At the University of Chicago, Ms. Beverly successfully launched Urban America Forward, an annual convening of national civil rights leaders, scholars, community-based practitioners, and foundations to examine evidence-based policies to further equity in America's cities. Ms. Beverly was previously a principal at the Raben Group from 2010 to 2013, where she provided strategic planning, communications, government relations, and third-party partnership services to a broad range of non-profit, corporate and philanthropic clients. Ms. Beverly served as Associate Director, Office of Urban Affairs at the White House from 2009-2010. Ms. Beverly earned a B.A. in Political Science and African American Studies from Stanford University, and a J.D. from the University of Michigan Law School.

Erik Caldwell (Class II). Erik Caldwell is the Vice President of Data Strategy for The Atlas for Cities. As Vice President of Data Strategy, Mr. Caldwell leads the development and launch of buyer intent and market intelligence products for The Atlas. The Atlas is a free online community for state and local government officials who join The Atlas to browse case studies, follow trending topics, and post questions to crowdsource ideas and advice. Since it launched in April 2019, The Atlas has engaged more than 25,000 local government leaders from 3,400 cities and has grown an average of 15% month over month. Mr. Caldwell has extensive experience working within local government having served as Chief Sustainability Officer, Deputy Chief Operating Officer, and Economic Development Director at the City of San Diego. In these roles, Mr. Caldwell leveraged data analytics to establish a culture of data driven decision making. Mr. Caldwell is also a member of the Board of Directors of CDC.

Sheryl Cameron (Class II). Sheryl Cameron is the Executive Director for the SBA Solutions Group at Chase. She has over 41 years of banking experience, the last 27 specializing in SBA lending. Ms. Cameron oversees sales and operation teams that provide support for SBA products offered by Chase. She has designed and facilitated access to capital seminars at multiple Chase for Business events to provide valuable insights to small business owners on how to use credit to grow their business and manage cash flow. She has been an instructor for the National Association of Government Guaranteed Lenders (NAGGL) for many years. Ms. Cameron has sat on the NAGGL Technical Issues Committee. Ms. Cameron also sits on the Board of Directors for the National Association of Development Companies and CDC. Ms. Cameron graduated summa cum laude from Western International University with a bachelor's degree in Finance.

Ellis Carr (Class III). Ellis Carr is the President and CEO of Capital Impact and CDC. Mr. Carr has more than 20 years of experience in the for-profit and nonprofit financial sectors. He became President & CEO of CDC Small Business in 2021 and has served as the President & CEO of Capital Impact Partners since 2016, originally joining Capital Impact as CFO in 2012. Prior to joining Capital Impact, he held various positions in the investments, capital markets, strategy, and corporate finance areas within Freddie Mac, and in fixed-income fund management both domestically and abroad at Deutsche Bank. Mr. Carr is an Aspen Institute Finance Leader Fellow and sits on the boards of the Marguerite Casey Foundation, Expanding Black Business Credit and the Housing Partnership Network, as well as Morgan Stanley's Community Development Advisory Board. Mr. Carr is also a member of the Board of Directors of CDC.

Mr. Carr has been recognized among the "Most Creative People in Business" by Fast Company, and has received multiple awards from the Washington Business Journal, including "Nonprofit Leader of the Year" in 2022.

Kurt Chilcott, Vice Chair of Board (Class I). Kurt Chilcott is the retired President and CEO of CDC. For over 35 years, Mr. Chilcott has been dedicated to economic development and creating access to responsible and affordable capital for small businesses. Mr. Chilcott served as the President and CEO of CDC from 1998-2021, helping the organization to become the leading small business lender in the country. While there he helped pioneer a variety of new mission-based lending products and advanced strategic initiatives to raise capital. Mr. Chilcott now serves as the Chair of the Board of Directors of CDC and also serves on the boards of the National Association of Development Companies, the California Endowment, and the International Economic Development Council. Prior to leading CDC, Mr. Chilcott worked for the City of San Diego to help reshape its economic development strategy creating one of the first industry cluster-based regional economic development strategies in the nation and leading the revitalization of numerous underserved communities throughout San Diego. Mr. Chilcott received his bachelor's degree from Harvard University and a Master of Public Policy degree from University of California, Berkeley.

Grace Chionuma (Class III). Grace Chionuma is the Co-Head of the Affordable Housing and Community Development Finance Group within Public Finance Banking at Morgan Stanley and a member of the Municipal Securities Operating Committee. She leads Morgan Stanley's capital markets coverage of CDFIs, NonProfit Affordable Housing Developers, and charter schools. Ms. Chionuma served has led several CDFI debt IPOs including for Local Initiatives Support Corporation, Enterprise Community Loan Fund, Low Income Investment Fund, and BlueHub Loan Fund. She has worked with Freddie Mac on affordable housing securitizations and Freddie Mac's first issuance under its Social Bond Framework which financed affordable housing loans. In addition, she has worked with foundations including the Ford Foundation and the MacArthur Foundation to raise capital from institutional investors to increase grants during the COVID-19 and economic crisis of 2020. Ms. Chionuma is also a member of the Board of Directors of CDC. Ms. Chionuma earned her B.A. at Dartmouth College, completing majors in both Government and Philosophy; and she earned her M.B.A. at Yale University School of Management.

Gary Cunningham, Chair of Board (Class III). Gary Cunningham is the former President and CEO of Prosperity Now. Under Mr. Cunningham's leadership, Prosperity Now is focused on moving from just mitigating the effects of a broken racist system to transforming that system by testing, investing, and scaling what works. Mr. Cunningham is a recognized and respected expert on entrepreneurship, job creation, and racial wealth equity and is a sought-after thought leader on issues related to building a more inclusive economy. Prior to joining Prosperity Now, he served as President and CEO of the Metropolitan Economic Development Association in the Twin Cities, where he was recognized as an innovator in minority business development. Earlier, Mr. Cunningham held senior leadership positions in philanthropic, community development, health care, housing, and transportation organizations. Mr. Cunningham is also a member of the Board of Directors of CDC. Mr. Cunningham earned a Bachelor of Arts degree in Public Policy from Metropolitan State University, and a Master of Public Administration from Harvard University's Kennedy School of Government. He serves on a number of Boards including the Association for Enterprise Opportunity, and Artspace.

Jennifer Smith Dolin (Class I). Jennifer Smith Dolin is the Principal of JenDolin Consulting, Interim COO of Abode Communities based in Los Angeles, and Vice-Chair of the Board of Directors for National Cooperative

Bank, N.A. (NCB). She was previously a senior officer at Mercy Housing Inc. for nine years, where she focused on organization, strategic and policy issues throughout the State of California. Her commitment to community revitalization began in New York City where she worked in the economic development department of Common Ground. She received her Bachelor of Science degree in Business from Santa Clara University.

Casey P. Fannon (Class III). Casey Fannon joined NCB in 1996. He is currently the President and Chief Executive Officer of NCB and is a member of NCB's Executive Committee, Enterprise Risk Management Committee, Asset Liability Committee and Credit Right Risk Management Committee. Prior to becoming CEO, Mr. Fannon served as President and was responsible for corporate lending and relationship management for the bank's cooperative markets and customers. Mr. Fannon also previously served as Vice President for the bank and was responsible for overseeing NCB's business development and loan production for New York and national cooperative housing and traditional commercial real estate lines of business. Mr. Fannon has also held positions in the bank's Real Estate Group, Strategic Initiatives Group, and Capital Markets group. He received a B.S. in Finance from Bentley University and is a Chartered Financial Analyst charter holder.

Pedro I. Goitia (Class II). Mr. Goitia is a retired Partner from KPMG, where he spent his entire career (32 years). After spending 11 years in the audit department serving banking and other financial institutions, he was promoted to Partner in 1995 and moved to the advisory department to specialize in the structured finance and mortgage banking industries. During his 21 years as a Partner, he led/co-led the securitization group, served as account representative for several large local and national securitization and mortgage banking clients and was project manager on multi-year engagements involving risk management process, financial reporting processes/controls and compliance testing of credit agreements. Throughout his career, Mr. Goitia was heavily involved in diversity and inclusion initiatives, serving as Partner Champion of the D.C. Area Hispanic Latino Network and Trustee of the KPMG Foundation. Mr. Goitia is also a member of the Board of Directors of CDC. Mr. Goitia earned a B.S.B.A. from Washington University in St. Louis in 1983 and a Master's Degree in Accountancy from the George Washington University in 1984. He is a Certified Public Accountant.

Gail Markulin (Class II). Gail Markulin is the retired Director of Capital Markets for the Federal Home Loan Bank-Office of Finance (FHLBank); Ms. Markulin worked at FHLBank for more than 27 years, serving in various capital markets positions. Ms. Markulin served on the Board of Directors for Aspire! Afterschool Learning and previously volunteered as a tutor and mentor with AHC, Inc., a nonprofit affordable housing developer of low- and moderate-income housing in Virginia, Maryland and Washington, D.C. Ms. Markulin is also a member of the Board of Directors of CDC. Ms. Markulin earned an M.B.A. in Finance from George Washington University and a B.A. from Pennsylvania State University.

Ray Moncrief (Class II). Ray Moncrief currently serves as Executive Vice President and Chief Operating Officer of Outdoor Venture Corporation and has served on its Board of Directors since 1983. He is also President and Chief Executive Officer and a board member of Southern Appalachian Management Company, LLC and Eclipse Management, LLC, and the General Partner of Meritus Ventures, L.P. President Donald Trump and President George W. Bush appointed Mr. Moncrief to the Community Development Advisory Board. Mr. Moncrief is a founding director and is the former Chairman of the Board of Directors of the Community Development Venture Capital Alliance (CDVCA). He received the NASVF Lifetime Achievement in Seed Investing Award. This award was presented to him by the National Association of Seed and Venture Funds in 2012. Mr. Moncrief is an active Director on several corporate Boards of Directors, including CDC, and has been an advocate for using equity for economic development. Mr. Moncrief earned a B.S. Degree in Accounting from Louisiana Tech University in 1972.

Tyler Orion (Class I). Tyler Orion is Co-Founder and Officer of Precision Healthcare Ecosystem, a nonprofit pioneering a new model of healthcare focused on patient education and empowerment, primarily through its flagship program, Project Apollo. Ms. Orion has decades of experience in enterprise development and business incubation. She served as interim President and COO of CONNECT, having served as President and Chief Executive Officer of the San Diego Regional Technology Alliance (RTA) until its merger with CONNECT in 2005. CONNECT is a technology business accelerator dedicated to the creation and sustained growth of innovative, science-based companies. She has served on numerous boards for companies and non-profit organizations and has been recognized by San Diego Business Journal and others for her leadership in the regional entrepreneurial ecosystem. Ms. Orion is also a member of the Board of Directors of CDC. Ms. Orion earned her M.B.A. in Health Services Management from Webster University, her bachelor's degree from Thomas A. Edison College, and studied Drama/Directing at Carnegie-Mellon University.

Frank Robinson (Class III). Frank Robinson has served as the Diverse Markets Executive and Community-Based Programs Manager for MUFG Union Bank, now part of U.S. Bancorp, since 1996. In this capacity, Mr. Robinson strategically advises the bank and partners with Commercial, Business Banking, Small Business Administration, Affluent and High Net Worth lines of business. This enables a diverse client engagement and culture with a focus on Black/African-American, Latinx, Asian, Native Americans, LGBTQ, veterans, and female clients. He is also in charge of the bank's student run branch program, the financial education centers, and Corporate Social Responsibility's special projects. In 2003, he became a vice president and segment manager of Business Diversity Lending for the bank, in this capacity he oversaw the bank's Special Purpose Credit Program. Mr. Robinson is also a member of the Board of Directors of CDC. Mr. Robinson earned a bachelor's degree in business management from California State University, San Bernardino. He is also a graduate of Pacific Coast Banking School at the University of Washington. Mr. Robinson serves on the board of the Educating Young Minds and is the Western Province Chairman of the Kappa 100 for Kappa Alpha Psi Fraternity, Inc.

Tom Topuzes (Class I). Tom Topuzes is President and CEO of Thomas Topuzes & Associates, a consultancy that provides a wide range of services to organizations in the public, private, and non-profit sectors. He and his firm advise clients across the United States and Mexico on strategic planning, trans-border commerce, financial institution regulatory relations, and more. His professional experience includes executive roles at multiple banks, government service as the Region XI SBA Administrator and within the Office of the Governor of California, and private legal practice. Mr. Topuzes has been deeply involved in his community, serving as director, trustee, advisor or founder to over a dozen leading organizations in sectors as diverse as banking, education, health, local, state and national agencies, and economic development. Mr. Topuzes is also a member of the Board of Directors of CDC. He received his bachelor's degree from San Diego State University and his J.D. from the Thomas Jefferson School of Law. He also holds an associate's degree from San Diego Mesa College. He served in the United States Air Force and is an active member of the State Bar of California.

Dan Varner (Class I). Dan Varner has been the Chief Executive Officer of Goodwill Industries of Greater Detroit, a non-profit organization focused on employment training, education, support and job placement programs for residents of Greater Detroit, since 2016. Mr. Varner served as Chief Executive Officer at Excellent Schools Detroit from 2011 to 2016, and worked as a Program Officer at the W.K. Kellogg Foundation on both the Michigan and Education & Learning teams from 2010 to 2011. Mr. Varner was the cofounder of Think Detroit where he served as the Chief Operating/Finance Officer from 2000 to 2006 and the Chief Executive Officer of Think Detroit PAL, which was the result of a merger with the Detroit Police Athletic League, from 2006 to 2010. Mr. Varner is also a member of the Board of Directors of CDC. Mr. Varner earned a B.A. from the University of Michigan and a J.D. from the University of Michigan Law School.

The following sets forth board member compensation during 2022:

Board Member	Compensation (2022)
Alaina Beverly	5,000.00
Jennifer Smith-Dolin	5,000.00
Casey Fannon	3,750.00
Pedro Goitia	5,000.00
Gail Markulin	5,000.00
L. Ray Moncrief	3,750.00
Daniel Varner	5,000.00
Rick Benito	3,750.00
Erik Caldwell	5,000.00
Sheryl Cameron	-
Kurt Chilcott	7,500.00
L. Tyler Orion	5,000.00
Frank Robinson	3,750.00
Tom Topuzes	5,000.00
Oswaldo Acosta	5,000.00
Grace Chionuma	-
Gary Cunningham	2,500.00
Total	70,000.00

MANAGEMENT TEAM AND KEY EMPLOYEES

Capital Impact's principal executive office is located at 1400 Crystal Drive, Suite 500, Arlington, Virginia 22202.

Ellis Carr, President and Chief Executive Officer. Ellis Carr is the President and CEO of Capital Impact and CDC. Mr. Carr has more than 20 years of experience in the for-profit and nonprofit financial sectors. He became President & CEO of CDC Small Business in 2021 and has served as the President & CEO of Capital Impact Partners since 2016, originally joining Capital Impact as CFO in 2012. Prior to joining Capital Impact, he held various positions in the investments, capital markets, strategy, and corporate finance areas within Freddie Mac, and in fixed-income fund management both domestically and abroad at Deutsche Bank. Mr. Carr is an Aspen Institute Finance Leader Fellow and sits on the boards of the Marguerite Casey Foundation, Expanding Black Business Credit and the Housing Partnership Network, as well as Morgan Stanley's Community Development Advisory Board. Mr. Carr is also a member of the Board of Directors of CDC.

Mr. Carr has been recognized among the "Most Creative People in Business" by Fast Company, and has received multiple awards from the Washington Business Journal, including "Nonprofit Leader of the Year" in 2022.

Natalie Gunn, Chief Financial Officer. Natalie Nickens Gunn is responsible for formulating and executing Capital Impact's financial road map, capital base expansion, and investor relations. In her position, she has raised and closed on more than $300 million of capital. She also manages the overall direction for accounting, tax, audit, treasury, and financial planning and analysis. Mrs. Gunn also serves as Chief Financial Officer of CDC. Mrs. Gunn has corporate financing and accounting experience across the public and private sectors, including serving as Capital Impact's Controller before stepping into the Chief Financial Officer position. In 2020, the Washington Business Journal named her to their "Women Who Mean Business" List honoring the region's most influential businesswomen. Prior to joining Capital Impact, she held senior positions at the Government National Mortgage Association (Ginnie Mae), NCB, Capital Automotive REIT, Host Hotels and Resorts and PricewaterhouseCoopers. Mrs. Gunn is a Certified Public Accountant and graduated magna cum laude from Hampton University with a degree in accounting, and serves on the Board and Finance Committee of Pathways for Housing, DC.

Brian McEvoy, General Counsel, Chief Compliance Officer and Corporate Secretary. As General Counsel, Chief Compliance Officer, and Corporate Secretary, Brian McEvoy leads the legal and compliance functions at Capital Impact. Brian has significant experience in the commercial, multifamily/housing, real estate and finance sectors, including broad experience in commercial lending and structured finance, equity, securitization, policy and strategy, product and platform development, risk management, operations, regulatory and compliance. Mr. McEvoy also serves as General Counsel, Chief Compliance Officer and Corporate Secretary of CDC. Most recently he was Vice President and Deputy General Counsel at Fannie Mae. Prior to joining Fannie Mae, Brian was in private practice in large, national law firms. Brian graduated summa cum laude from Towson University, where he received a Bachelor of Science in Business Administration and Management, with dual concentrations in Finance and Marketing. He graduated with honors from the University of Maryland Francis King Carey School of Law, where he received a Juris Doctor.

Kim Dorsett, Chief Human Resources Officer. Kimberly Dorsett is responsible for developing and executing Capital Impact's human resource strategy in support of the overall business plan and strategic direction of the organization. This includes overseeing areas of succession planning, talent acquisition, organizational and performance management, training and development, compensation and benefits administration, and diversity, equity, and inclusion. She has more than 20 years of experience in the financial services and construction industries. Mrs. Dorsett also serves as Chief Human Resources Officer for CDC. Prior to joining Capital Impact in 2016, first as a Director and then as Senior Director in 2018, she was the Human Resources Director for Federal Home Loan Banks – Office of Finance. Mrs. Dorsett graduated from Bethune-Cookman University with a bachelor's degree in Business Administration, and from Marymount University with a master's degree in Management.

Raymond Guthrie, Chief Investment Officer and Head of Capital Deployment. Raymond Guthrie is responsible for overseeing the teams that provide a continuum of solutions that Capital Impact and CDC can offer to communities including financial, intellectual, and social capital. This includes teams focusing on community development real estate lending; SBA 504 real estate lending; SBA small business lending; equitable alternative credit products; equity investments; capacity building programs, and business advising services. Raymond was previously the Managing Director of the American Heart Association's Impact Investment Group focused on investing in social enterprises operating within and supporting communities of color. In addition, he co-created the first of its kind ESG Exchanged Traded Fund (ETF) with New York Life Investment Management that is currently traded on the NYSE, with a portion of the ETF's management fee supporting the AHA's impact funds. His career has also included positions at the Skoll Foundation and Calvert Investments, as well as serving as a U.S. diplomat in emerging economies across Africa and Asia. Raymond earned his B.B.A. in Economics and Business Law at the University of Miami, and his Juris Doctor at Howard University.

Jaret Ings, Senior Director of Finance and Treasurer. Jaret Ings has the responsibility of overseeing the Treasury and Financial Analysis functions, which includes cash and investment management, debt portfolio management, debt capital markets, investor relations, compliance, managing bank relationships, and financial analysis. Mr. Ings also serves as Treasurer of CDC. Prior to joining Capital Impact, Mr. Ings served in a senior treasury leadership capacity at National Railroad Passenger Corporation ("Amtrak"). Prior to joining Amtrak, Mr. Ings worked in Corporate Banking and Financial Services with PNC Bank, N.A., SunTrust Bank, N.A. and Ford Motor Credit Company. Mr. Ings is a graduate of Florida Agricultural & Mechanical University (B.S. Business Administration, Finance Concentration) and Florida Atlantic University (M.B.A., Accounting Concentration).

Matt Wehland, Chief Operations Officer. Matt Wehland is responsible for Capital Impact and CDC's business operations strategy and execution. This includes Lending Operations, Portfolio Management, Credit, Information Technology, Data Operations, Compliance, Facilities Management, and the affiliated Ventures+ SAAS platform. Mr. Wehland joined Capital Impact in 2019 and served as the Senior Director of Lending Operations prior to assuming the role of COO in 2022. He has more than 25 years of experience in the financial services industry. Prior to joining Capital Impact, he served as Senior Vice President at both Capital One and National Cooperative Bank. Mr. Wehland graduated from the University of Maryland, College Park with a degree in Political Science. He currently serves as a board member for his local housing cooperative.

Karla Gill, Chief Technology Officer. Karla Gill is responsible for Capital Impact and CDC's technology infrastructure. In her role overseeing the integration of new technologies that make our work more effective, she manages the Ventures Lending Technologies, IT, and data analytics and development teams. Karla brings 30 years of experience with both for-profit and nonprofit organizations and management consulting spanning the financial services, hospitality, and telecommunications industries. She served as Chief Information & Innovation Officer at MissionSquare Retirement leading digital transformation and previously held IT Vice President roles at Marriott International pioneering emerging technologies. Karla earned her Master of Science in Information Systems and her Bachelor of Science in Computer Science from Virginia Tech. She serves on the Capitol CIO Advisory Board and VT Computer Science and Business Information Technology Advisory Boards.

EXECUTIVE COMPENSATION

The following table lists the total compensation of Capital Impact's executive management team during the year ended December 31, 2022. No staff member receives sales-related commissions.

Name	Title	Compensation (2022)
Ellis Carr	President and Chief Executive Officer	$693,114
Natalie Gunn	Chief Financial Officer	$396,651
Brian McEvoy	General Counsel, Chief Compliance Officer and Corporate Secretary	$315,692
Robert Villarreal	Chief External Affairs Officer	$305,199
Kim Dorsett	Chief Human Resources Officer	$275,730
Raymond Guthrie	Chief Investment Officer & Head of Capital Deployment	$372,095
Matthew Wehland	Chief Operating Officer	$245,678
Karla Gill[1]	Chief Technology Officer	$109,261

[1] Hired in August 2022

LEGAL PROCEEDINGS

There are no material legal proceedings presently pending against Capital Impact or any of its directors, officers, or employees acting in their capacity as representatives of Capital Impact.

CAPITALIZATION

Capital Impact's capitalization as of December 31, 2022 is shown below.

	Amount Outstanding
Debt:	
Revolving Lines of Credit	$46,000,000
Notes Payable	$54,242,446
Investment Notes	$203,743,000
Subordinated debt	$2,500,000
FHLB-A	$24,000,000
Bond Loan Payable	$5,000,000
Subtotal Debt	$ 335,485,446
Less Investment Notes issuance costs	($2,436,781)
Total Debt (4)	$ 333,048,665
Net Assets:	
Without Donor Restrictions (1)	$115,654,148
Noncontrolling Interest (2)	$20,572,345
Total Net Assets without donor restrictions	$136,226,493
With Donor Restrictions (3)	$49,342,600
Total Net Assets	$185,569,093
Total Capitalization	$ 518,617,758

1 Net assets without donor restrictions have no external restrictions regarding their use or function.

2 Represents the non-managing member's 70% equity interest in Community Investment Impact Fund, which is exclusive of Capital Impact's equity interest.

3 Net assets with donor restrictions have donor-imposed restrictions such as (i) fulfilling a specified purpose, and/or (ii) the passage of a specified amount of time regarding use or function.

4 Total Debt does not include subsidiary debt or lease obligations.

Additional information on Capital Impact's net assets as of December 31, 2022 is shown below:

Purpose	Portion of Total Net Assets	Restriction(s) and Possible Uses
Net Assets without Donor Restrictions		
Without Donor Restrictions	**62%**	Unrestricted
Noncontrolling Interest	**11%**	Unrestricted
Net Assets with Donor Restrictions		
Programs	**4%**	General Operating
Credit Enhancement	**14%**	Credit Enhancement
Financing	**9%**	Lending Activity
Total	**100%**	

Debt Composition and Sources

Sources of Debt at December 31, 2022

Type of Investor	Number of Investors	Total Debt Payable	% of Total Debt Payable	Average per Investor
Financial Institutions	4	$83,475,106	25%	20,868,777
Foundations/CDFI	4	$24,267,340	7%	6,066,835
Federal Government/FHLB	1	$24,000,000	7%	24,000,000
Total[1]	9	$131,742,446	39%	$14,638,050

1 Does not include Capital Impact Investment Notes, of which $203,743,000 was outstanding as of December 31, 2022 (representing 61% of total loans payable as of December 31, 2022), as these notes are held by investors in book-entry form through their brokerage account. Thus, the identity of investors in Capital Impact Investment Notes is unknown.

With the exception of its revolving lines of credit, Capital Impact's debt carries a fixed rate.

Although Capital Impact does not have a policy in place which specifically limits the level of senior secured indebtedness that can be incurred by Capital Impact, there are a number of policies and practices in place that address the issue, including (i) a Board-approved policy called the "Delegations of Authority," which requires management to seek the approval of the Board prior to incurring indebtedness, (ii) multiple third party credit agreements, which require Capital Impact to actively monitor and manage financial covenants, including covenants relating to the level and type of indebtedness incurred by Capital Impact, (iii) the supervision and oversight of enterprise risk by the Senior Director & Credit Officer, pursuant to Capital Impact's Enterprise Risk Management Policy, and (iv) the supervision and oversight of the General Counsel and Chief Compliance Officer with respect to risk-related compliance matters.

Remaining Term on Debt at December 31, 2022

Year of Debt Maturity	Total Debt Maturing	% of Total Debt
2023	$55,957,000	17%
2024	$84,115,810	25%
2025	$41,009,530	12%
2026	$19,683,000	6%
2027 and Beyond	$134,720,106	40%
Total	**$335,485,446**	**100%**

[1] This excludes issuance costs.

Largest Debt Investors at December 31, 2022

Five Largest Investors	Dollar Amount Outstanding	% of Total Loans Payable	Final Maturity	Characteristics	Secured or Unsecured
JPMorgan Chase	$61,475,106	18%	December 2029	Financial Institution	Unsecured
FHLB	$24,000,000	7%	December 2029	Federal Government/FHLB	Secured
The California Endowment	$15,000,000	4%	December 2027 & August 2030	Foundation/CDFI	Unsecured
Bank of America	$10,000,000	3%	August 2032	Financial Institution	Unsecured
US Bank	$9,500,000	3%	August 2032	Financial Institution	Unsecured
Total Debt from Five Largest Investors	$119,975,106	36%			

[1] Does not include Capital Impact Investment Notes, of which $203,743,000 was outstanding as of December 31, 2022 (representing 61% of total loans payable as of December 31, 2022), as these notes are held by investors in book-entry form through their brokerage account. Thus, the identity of investors in Capital Impact Investment Notes is unknown.

DESCRIPTION OF THE NOTES

This section provides detail on the legal and financial terms of the Notes. Final terms of any particular Note will be determined at the time of sale and will be set forth in the accompanying pricing supplement relating to those Notes, and may vary from and supersede the terms set forth in this Prospectus. Before deciding to purchase any Notes, investors should read the more detailed information appearing elsewhere in this document.

What is a Capital Impact Investment Note?

The Capital Impact Investment Notes are notes issued by Capital Impact that help channel investment capital to social and economic impact investments in the United States. The Notes pay a fixed interest rate that is determined by market conditions at issuance and can be purchased with a term of 1, 3, 5, 7, 10, 15, or 20 years.

Seniority; Security

The Notes are unsecured general obligations of Capital Impact. Capital Impact has outstanding other unsecured general obligations and secured obligations. Moreover, the Indenture does not restrict Capital Impact from incurring additional indebtedness. Such additional indebtedness, if issued, may be either secured or unsecured and may be entitled to payment prior to payment on the Notes. Finally, Capital Impact's subsidiaries have outstanding obligations and the Notes will be effectively subordinated to such obligations.

Who Can Invest

The Notes are marketed to both individual and institutional investors.

Minimum Investment

The minimum investment for the Notes is $1,000.

Distribution

Capital Impact will offer the Notes through registered broker-dealers. The Notes may be offered to or through InspereX, as Lead Agent for resale to other registered broker-dealers. InspereX, or any other agent appointed by Capital Impact, is not required to purchase or sell any specific amount of Notes but sells the Notes on a best-efforts basis.

How to Invest / Purchase Method

The Notes are available for purchase in book-entry form, which means they may be purchased electronically through the investor's brokerage account and settled through DTC. Interest rates are set at the time of issuance and are determined by current market conditions. Interest rates for the Notes will be set forth in the accompanying pricing supplement relating to those Notes. The DTC arrangement is described below in the section entitled "— Book-Entry Notes and DTC" on page 66. U.S. Bank serves as issuing agent, registrar, and Paying Agent of global book-entry Notes. Capital Impact has appointed InspereX as the Lead Agent, which in turn has established a selling group of registered broker-dealers. Notes may be purchased through any broker-dealer participating in the InspereX selling group. Investors must consult the current pricing supplement, available from participating brokerages, in addition to this Prospectus for applicable Note terms. To purchase Notes, please contact your financial advisor or brokerage firm.

CUSIP Numbers

Capital Impact will assign CUSIP numbers at the time Notes are offered for sale. "CUSIP" is an acronym that refers to Committee on Uniform Security Identification Procedures and the nine-digit, alphanumeric CUSIP numbers that are used to identify securities such as the Notes. A CUSIP number, similar to a serial number, is assigned to each maturity of a security issue. For more information regarding CUSIP numbers, please see the applicable pricing supplement or visit Capital Impact's website www.capitalimpact.org.

Trust Indenture

All Notes are subject to a Trust Indenture, with U.S. Bank serving as Indenture Trustee. Under the Trust Indenture and subject to the terms of the Trust Indenture, the Indenture Trustee will take specified actions on behalf of noteholders in the event of a default on the Notes. Certain issues relating to the Trust Indenture are set forth beginning on page 68. Upon request, Capital Impact provides copies of the Trust Indenture, which defines the rights of noteholders.

Interest Accrual and Interest Periods

Notes begin to accrue interest on the issuance date and mature on the relevant anniversary of issuance. Interest accrues on a 360-day year based on twelve 30-day months. Interest is paid out quarterly and cannot be reinvested. Interest rates on the Notes will be fixed rate.

The interest payment dates for a Note will be the fifteenth day of every third month, commencing in the third succeeding calendar month following the month in which the Note is issued, unless such calendar day is not a business day, in which case the interest payment shall be made on the next succeeding business day. The first payment of interest under a Note shall be an amount equal to interest accruing during the period commencing on the closing date of the Note and ending on the fifteenth day of the third calendar month that follows such closing date (the "First Interest Period"). Subsequent payments of interest under the Note shall be in an amount equal to interest accruing during each period of three calendar months that follow the First Interest Period. Interest will be payable to the person in whose name a Note is registered at the close of business on the regular record date before each interest payment date. The first payment of interest on any Note originally issued between a regular record date and an interest payment date will be made on the interest payment date following the next succeeding regular record date to the registered owner of the Note on such next succeeding regular record date. The principal and interest payable at maturity will be paid to the person in whose name the Note is registered at the time of payment. Unless otherwise specified in the applicable pricing supplement, the regular record date for an interest payment date will be the first calendar day of the month in which the interest payment date falls.

Options at Maturity / Reinvestments

Principal is automatically repaid at maturity, but investors have the option to reinvest their repaid principal by purchasing new Notes at then-current interest rates and terms offered by Capital Impact.

Redemption

Notes may be redeemable by Capital Impact prior to stated maturity at Capital Impact's option, as provided in the relevant pricing supplement. Notes will not be repayable at the option of the Note holder prior to stated maturity date, except as provided under "Survivor's Option" below or in the relevant pricing supplement.

Survivor's Option

Subject to the repayment limitations described below, the "Survivor's Option" is a provision in the Notes pursuant to which Capital Impact agrees to repay the Notes, if requested by the authorized representative of the beneficial owner of those Notes, following the death of the beneficial owner of the Notes, so long as the Notes were owned by that beneficial owner or the estate of that beneficial owner at least six (6) months prior to the request and certain documentation requirements are satisfied.

Upon the valid exercise of the Survivor's Option and the proper tender of the Notes for repayment, subject to the repayment limitations described below, we will repay the Notes, in whole or in part, at a price equal to 100% of the principal amount of the deceased beneficial owner's interest in the Notes plus unpaid interest accrued to the date of repayment.

To obtain repayment pursuant to exercise of the Survivor's Option for Notes, the deceased beneficial owner's authorized representative must provide the following items to the broker or other entity through which the beneficial interest in the Notes is held by the deceased beneficial owner within one year of the date of death of the beneficial owner:

- a written instruction to such broker or other entity to notify DTC of the authorized representative's desire to obtain repayment pursuant to exercise of the Survivor's Option;
- appropriate evidence satisfactory to the Indenture Trustee and Capital Impact (a) that the deceased was the beneficial owner of the Notes at the time of death and his or her interest in the Notes was owned by the deceased beneficial owner or his or her estate at least six months prior to the request for repayment, (b) that the death of the beneficial owner has occurred, (c) of the date of death of the beneficial owner, and (d) that the representative has authority to act on behalf of the beneficial owner;
- if the interest in the Notes is held by a nominee of the deceased beneficial owner, a certificate or letter satisfactory to the Indenture Trustee and Capital Impact from the nominee attesting to the deceased's beneficial ownership of such Notes;
- a written request for repayment signed by the authorized representative of the deceased beneficial owner with the signature guaranteed by a member firm of a registered national securities exchange or of the Financial Industry Regulatory Authority, Inc. or a commercial bank or trust company having an office or correspondent in the United States;
- if applicable, a properly executed assignment or endorsement;
- tax waivers and any other instruments or documents that the Indenture Trustee and Capital Impact reasonably require in order to establish the validity of the beneficial ownership of the Notes and the claimant's entitlement to repayment; and

- any additional information the Indenture Trustee or Capital Impact reasonably require to evidence satisfaction of any conditions to the exercise of the Survivor's Option or to document beneficial ownership or authority to make the election and to cause the repayment of the Notes.

In turn, the broker or other entity will deliver each of these items to the Indenture Trustee, together with evidence satisfactory to the Indenture Trustee from the broker or other entity stating that it represents the deceased beneficial owner.

A beneficial owner of a Note is a person who has the right, immediately prior to such person's death, to receive the proceeds from the disposition of that Note, as well as the right to receive payment of the principal of the Note.

The death of a person holding a beneficial ownership interest in a Note as a joint tenant or tenant by the entirety with another person, or as a tenant in common with the deceased holder's spouse, will be deemed the death of a beneficial owner of that Note, and the entire principal amount of the Note held in this manner will be subject to repayment by Capital Impact upon exercise of the Survivor's Option. However, the death of a person holding a beneficial ownership interest in a Note as tenant in common with a person other than such deceased holder's spouse will be deemed the death of a beneficial owner only with respect to such deceased person's interest in the Note, and only the deceased beneficial owner's percentage interest in the principal amount of the Note will be subject to repayment.

The death of a person who, during his or her lifetime, was entitled to substantially all of the beneficial ownership interests in a Note will be deemed the death of the beneficial owner of that Note for purposes of the Survivor's Option, regardless of whether that beneficial owner was the registered holder of the Note, if the beneficial ownership interest can be established to the satisfaction of the trustee. A beneficial ownership interest will be deemed to exist in typical cases of nominee ownership, ownership under the Uniform Transfers to Minors Act or Uniform Gifts to Minors Act, community property or other joint ownership arrangements between a husband and wife. In addition, the beneficial ownership interest in a Note will be deemed to exist in custodial and trust arrangements where one person has all of the beneficial ownership interest in that Note during his or her lifetime.

Capital Impact has the discretionary right to limit the aggregate principal amount of Notes as to which exercises of the Survivor's Option shall be accepted by us from authorized representatives of all deceased beneficial owners in any calendar year to an amount equal to the greater of $1,000,000 or 1% of the aggregate principal amount of all Notes outstanding as of the end of the most recent calendar year. Capital Impact also has the discretionary right to limit to $250,000 in any calendar year the aggregate principal amount of Notes as to which exercises of the Survivor's Option shall be accepted by Capital Impact from the authorized representative of any individual deceased beneficial owner of Notes in such calendar year. In addition, Capital Impact will not permit the exercise of the Survivor's Option except in principal amounts of $1,000 and multiples of $1,000 and, in the event that the limitations described in this paragraph would result in the partial repayment of any Note, the principal amount of such Note remaining outstanding after repayment must be at least $1,000.

An otherwise valid election to exercise the Survivor's Option may not be withdrawn. Each election to exercise the Survivor's Option will be accepted in the order that elections are received by the Indenture Trustee, except for any Note the acceptance of which would contravene any of the limitations described in the preceding paragraph. Notes accepted for repayment through the exercise of the Survivor's Option normally will be repaid on the first interest payment date that occurs twenty (20) or more calendar days after the date of the acceptance. Each tendered Note that is not accepted in any calendar year due to the application of any of the limitations described in the preceding paragraph will be deemed to be tendered in the following calendar year in the order in which all such Notes were originally tendered. If a Note tendered through a valid exercise of the Survivor's Option is not accepted, the Indenture Trustee will deliver a notice by first-class mail to the authorized representative of the deceased beneficial owner that states the reason that Note has not been accepted for repayment.

All other questions regarding the eligibility or validity of any exercise of the Survivor's Option will be determined by Capital Impact, in its sole discretion, which determination will be final and binding on all parties. For the avoidance of doubt, Capital Impact also retains the right to reject in its sole discretion any exercise of the Survivor's Option where the deceased held no or only a minimal beneficial ownership interest in the Notes and entered into arrangements with third parties in relation to the Notes prior to death for the purpose of permitting or attempting to permit those third parties to directly or indirectly benefit from the exercise of the Survivor's Option.

For assistance with the exercise of the Survivor's Option, please contact U.S. Bank by email at cts.survivor.options@usbank.com or call 800-934-6802.

Events of Default

Notes will become immediately due and payable upon the occurrence of certain insolvency events of Capital Impact, as specified in Section 5.01 of the Indenture. Upon the occurrence of other "Events of Default" with respect to any series of Notes specified in Section 5.01 of the Indenture, the Indenture Trustee may, and shall, if so directed by the holders of not less than twenty-five percent (25%) of the aggregate outstanding amount of such Series of Notes, declare that the Notes are immediately due and payable. Such events include, among other things, non-payment of principal or interest.

Secondary Market

The nature of this offering does not presently afford the opportunity of a secondary market. The Lead Agent and other agents appointed by Capital Impact may make secondary market transactions, but are not obligated to do so. Consequently, the purchase of a Note should be viewed as an investment to be held to maturity.

Interest Payments and Tax Considerations

This summary of U.S. federal income tax considerations is for general information purposes only, is not relevant to all noteholders of the Notes, and is not tax advice. This summary does not purport to deal with all aspects of U.S. federal income taxation that may be relevant to a particular noteholder in light of the prospective noteholder's circumstances. For instance, it does not address special rules that may apply if the noteholder is a financial institution or tax-exempt organization, or if the noteholder is not a "U.S. Person" within the meaning of the Internal Revenue Code or holds its investment in the notes in an Individual Retirement Account (IRA). This summary deals only with Notes that are held as "capital assets" within the meaning of Section 1221 of the Code and are acquired for cash upon original issuance at their initial "issue price".

Stated interest

It is anticipated, and this discussion assumes, that the Notes will be issued at par or at a discount that is less than a "de minimis" amount for United States federal income tax purposes.

Any interest paid or accrued on a Note will be ordinary income to the holder for federal income tax purposes, at the time received or accrued. Although the Issuer is a 501(c)(3) organization, a noteholder is not entitled to a deduction with respect to the Notes it purchases. The purchase of a Note is not deemed a charitable contribution.

In addition, for certain noteholders, if the interest paid to the noteholder is below the applicable federal rate the IRS may impute income up to that applicable federal rate.

Sale, exchange, retirement, redemption or other disposition of the Notes

Upon the sale, exchange, retirement, redemption or other taxable disposition of a Note, a holder will recognize gain or loss equal to the difference, if any, between the amount realized upon the sale, exchange, retirement, redemption or other taxable disposition (less an amount equal to any accrued but unpaid stated interest, which will be taxable as interest income to the extent not previously included in income) and such holder's adjusted tax basis in the Note. A holder's adjusted tax basis in a Note will generally be its U.S. dollar cost for that Note. Any gain or loss recognized will generally be capital gain or loss and will generally be long term capital gain or loss if the holder has held the Note for more than one year. Long term capital gains of non-corporate U.S. holders (including individuals) are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Information reporting and backup withholding

In general, information reporting requirements will apply to payments of stated interest on a Note and the proceeds from a sale, exchange, retirement, redemption or other taxable disposition of a Note paid to non-exempt noteholders. Payments described in the previous sentence may be subject to "back-up withholding" of U.S. federal income tax if a non-exempt noteholder fails to furnish a correct Social Security Number or tax identification number, or if the Internal Revenue Service ("IRS") informs the applicable withholding agent that the noteholder is subject to back-up withholding.

If the laws addressed in this "Interest Payments and Tax Considerations" summary change, this summary could become inaccurate. This summary is based on the Code, the regulations promulgated under the Code and administrative interpretations and court decisions existing as of the date of this Prospectus. These authorities could be changed either prospectively or retroactively by future legislation, regulations, administrative interpretations, or court decisions. Accordingly, this summary may not accurately reflect the tax consequences of an investment in the Notes after the date of this Prospectus.

If you are considering the purchase of Notes, you should consult your tax advisors concerning the particular United States federal income tax consequences to you of the purchase, ownership and disposition of the Notes and accepting a below-market rate of return on your investment, as well as the consequences to you arising under other United States federal tax laws and the laws of any other taxing jurisdiction.

Book-Entry Notes and DTC

Capital Impact will issue the Notes in the form of one or more permanent global book-entry Notes fully registered and deposited with or on behalf of DTC and registered in the name of Cede & Co., as nominee of DTC.

DTC has advised Capital Impact as follows:

- DTC is a limited-purpose trust company under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered under Section 17A of the Securities Exchange Act.
- DTC holds securities that its participants deposit and facilitates the settlement among participants of securities transactions, such as transfers and pledges, in deposited securities, through electronic computerized book-entry changes in participants' accounts, thereby eliminating the need for physical movement of securities certificates.
- Direct participants include securities brokers and dealers, trust companies, clearing corporations and other organizations.
- DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is owned by the users of its regulated subsidiaries.
- Access to the DTC system is also available to others, such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly.
- The rules applicable to DTC and its participants are on file with the SEC.

Capital Impact has provided the following descriptions of the operations and procedures of DTC solely as a matter of convenience. These operations and procedures are solely within the control of DTC and may be subject to change. Neither Capital Impact nor the Indenture Trustee takes any responsibility for these operations or procedures, and you are urged to contact DTC or its participants directly to discuss these matters.

Capital Impact expects that under procedures established by DTC:

- Upon deposit of the global Notes with DTC or its custodian, DTC will credit through its internal system the accounts of its direct participants with portions of the principal amounts of the global book-entry Notes.
- Ownership of the Notes will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by DTC or its nominee, with respect to interests of direct participants, and the records of direct and indirect participants, with respect to interests of persons other than participants.

The laws of some jurisdictions require purchasers of securities to take physical delivery in definitive form. Accordingly, the ability to transfer interests in the book-entry Notes represented by a global book-entry Note to those persons may be limited. In addition, because DTC can act only on behalf of its participants, who in turn act on behalf of persons who hold interests through participants, the ability of a person having an interest in Notes represented by a global book-entry Note to pledge or transfer those interests to persons or entities that do not participate in DTC's system, or otherwise to take actions in respect of such interest, may be affected by the lack of a physical definitive security in respect of such interest.

So long as DTC or its nominee is the registered owner of a global book-entry Note, DTC or that nominee will be considered the sole owner or holder of the Notes represented by that global book-entry Note for all purposes under the Indenture and under the Notes. Except as provided below, owners of beneficial interests in a global book-entry Note will not be entitled to have Notes represented by that global book-entry Note registered in their names, will not receive or be entitled to receive physical delivery of a certificated Note and will not be considered the owners or holders thereof under the Indenture or under the Notes for any purpose, including with respect to the giving of any direction, instruction or approval to the Indenture Trustee. Accordingly, each beneficial holder owning a beneficial interest in a global book-entry Note must rely on the procedures of DTC and, if that beneficial holder is not a direct or indirect participant, on the procedures of the participant through which that beneficial holder owns its interest, to exercise any rights of a holder of Notes under the Indenture or the global book-entry Notes.

Neither Capital Impact nor the Indenture Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of Notes by DTC, or for maintaining, supervising or reviewing any records of DTC relating to the Notes.

Payments on the Notes represented by the global book-entry Notes will be made to DTC or its nominee, as the case may be, as the registered owner thereof. Capital Impact expects that DTC or its nominee, upon receipt of any payment on the Notes represented by a global book-entry Note, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the global book-entry Note as shown in the records of DTC or its nominee. Capital Impact also expects that payments by participants to owners of beneficial interests in the global book-entry Note held through such participants will be governed by standing instructions and customary practice as is now the case with Notes held for the accounts of customers registered in the names of nominees for such customers. The participants will be responsible for those payments.

Payments on the Notes represented by the global book-entry Note will be made in immediately available funds. Transfers between participants in DTC will be effected in accordance with DTC rules and will be settled in immediately available funds.

CERTAIN KEY INDENTURE PROVISIONS

Indenture Covenants

The Indenture contains the following covenants:

***Existence; Tax-Exempt and Non-Profit Status*.** Capital Impact will keep in full effect its existence, rights and franchises as a corporation under the laws of the District of Columbia (unless it becomes, or any successor issuer hereunder is or becomes, organized under the laws of any other state, in which case such successor issuer will keep in full effect its existence, rights and franchises under the laws of such other jurisdiction) and will obtain and preserve its qualification to do business in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Indenture and the Notes. Capital Impact is and at all times until the termination of this Indenture will be organized and operated exclusively for religious, educational, benevolent, charitable, or reformatory purposes exempt from federal income taxes under Section 501(c)(3) of the Code, and not for pecuniary profit, and no part of the net earnings of Capital Impact inures or shall inure to the benefit of any person, private stockholder, or individual. Capital Impact is and shall at all times be excluded from the definition of an investment company under Section 3(c)(10)(B) of the Investment Company Act.

Merger, Consolidation or Sale of Assets. Capital Impact may not consolidate or merge with or into, or transfer all or substantially all of its assets to, any person unless: (i) either Capital Impact shall be the resulting or surviving entity or such person (A) is a corporation organized and existing under the laws of the United States, a State thereof or the District of Columbia, (B) is organized and operated exclusively for religious, educational, benevolent, fraternal, charitable, or reformatory purposes exempt from federal income taxes under Section 501(c)(3) of the Code, and not for pecuniary profit, (C) has no part of its net earnings which inures or shall inure to the benefit of any person, private stockholder, or individual, and (D) is excluded from the definition of an investment company under Section 3(c)(10)(B) of the Investment Company Act; (ii) if Capital Impact is not the resulting or surviving entity, such person assumes by supplemental indenture satisfactory to the Indenture Trustee all of the obligations of Capital Impact under the Notes and the Indenture; and (iii) immediately before and immediately after the transaction no event of default exists.

Indenture Events of Default

"Events of Default," wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

a) Failure to pay on any Payment Date the full amount of accrued interest on any Note, which failure continues unremedied for ten (10) or more calendar days after such Payment Date;
b) Failure to pay the principal of or premium (if any) on, any Note, on its related Maturity Date, which failure continues unremedied for ten (10) or more calendar days after such Maturity Date;
c) Failure on the part of Capital Impact to observe or perform any covenants or agreements set forth in the Indenture (other than a covenant or agreement of Capital Impact a breach of which is elsewhere in this Section specifically dealt with or which has expressly been included in this Indenture solely for the benefit of one or more Series of Notes other than such Series), which failure has a material adverse effect on the Noteholders and which continues unremedied for a period of sixty (60) calendar days after there has been given

written notice to Capital Impact by the Indenture Trustee, or to Capital Impact by the holders of at least a majority in outstanding principal amount of the Notes of such Series, a written notice specifying such Default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" under the Indenture;

d) Any representation or warranty made by Capital Impact in the Indenture proves to have been incorrect in any material respect and continues to be incorrect in any material respect for sixty (60) days after written notice and as a result of which the interests of the Noteholders are materially and adversely affected;
e) The occurrence of an Insolvency Event relating to Capital Impact;
f) Capital Impact becomes an "investment company" within the meaning of the Investment Company Act;
g) This Indenture is required to become qualified under the Trust Indenture Act of 1939, as amended; or
h) Capital Impact fails to provide to the Indenture Trustee the Issuer Payment Confirmation in accordance with section 3.01(b)(ii) of the Indenture, which failure continues unremedied for ten (10) or more days.

Information Concerning the Indenture Trustee

If an Event of Default occurs, the holders of specified percentage amounts of the then outstanding Notes will have the right to direct the Indenture Trustee to exercise remedies in accordance with the terms of the Indenture, subject to certain exceptions. The Indenture Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any Holder of Notes, unless such Holder shall have offered to the Indenture Trustee security and indemnity satisfactory to it against any loss, liability or expense.

HOW TO INVEST / PLAN OF DISTRIBUTION

Investors must consult the relevant pricing supplement, available from participating broker-dealers, in addition to this Prospectus for applicable Note terms.

The public offering price of the Notes will be set forth in the relevant pricing supplement. Please note that proceeds from the sale of the Notes will not be used to pay commissions or any other costs related to the sale of the Notes; all commissions or related costs will be paid from Capital Impact's operating budget and will therefore not be charged to investors.

Capital Impact has entered into a Selling Agent Agreement with InspereX, as the Lead Agent, and InspereX may resell the Notes to certain broker-dealers (the "selected dealers"). Notes may be purchased through any selected dealer that has entered into a Master Selected Dealer Agreement with InspereX. Selected dealers who effect transactions have agreed to sell Notes in accordance with the terms of this Prospectus. Through this offering with InspereX, Capital Impact receives net proceeds from sales after sales compensation to InspereX and broker dealers based on the maturity of the Notes sold, from $997 per $1,000 of 1-year Notes to $970 per $1,000 of 20-year Notes. While Capital Impact receives net proceeds after sales of less than the full par value, it uses operating funds to cover the discount such that each investor receives the full par value of a Note.

InspereX, as the Lead Agent, may purchase the Notes at a selling concession not in excess of 0.300% of the principal amount per the 1-year Notes and not in excess of 3.000% of the principal amount per the 20-year

Notes. In the event InspereX sells the Notes to other selling agents, InspereX may pass all or a portion of such selling concession to other selling agents.

Except for Notes sold to level-fee accounts, Notes offered to the public will be offered at the public offering price set forth in the applicable pricing supplement. Selected dealers purchasing Notes on an agency basis for non-level fee client accounts shall purchase Notes at the public offering price. Notes purchased by the selected dealers for their own account may be purchased at the public offering price less the applicable concession. Notes purchased by the selected dealers on behalf of level-fee fiduciary or retirement accounts may be sold to such accounts at the public offering price less the applicable concession, in which case, such selected dealers will not retain any portion of the sales price as compensation.

As of the date hereof, the Notes will be offered for sale in the United States, excluding the State of Arkansas and the State of Washington and any territories thereof.

FINANCIAL REPORTING

Within 120 days of the fiscal year end, Capital Impact sends or makes available to all current investors in the Notes the audited financial statements for the most recent fiscal year end. The most recent financial statements are also available on Capital Impact's website http://www.capitalimpact.org and upon written request to Capital Impact.

APPENDIX I

AUDITED FINANCIAL STATEMENTS

Capital Impact Partners and Subsidiaries

Consolidated Financial Statements with Independent Auditor's Report

December 31, 2022 and 2021

Contents

Independent auditor's report	1-2
Financial statements	
Consolidated statements of financial position	3
Consolidated statements of activities and changes in net assets	4
Consolidated statements of functional expenses	5
Consolidated statements of cash flows	6-7
Notes to consolidated financial statements	8-43
Supplementary information:	
Consolidating statement of financial position – 2022	44
Consolidating statement of activities – 2022	45
Consolidating statement of financial position – 2021	46
Consolidating statement of activities – 2021	47
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	48-49

Independent Auditor's Report

Board of Directors
Capital Impact Partners and Subsidiaries

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Capital Impact Partners and Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Capital Impact Partners and Subsidiaries as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Capital Impact Partners and Subsidiaries 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. The financial statements of certain subsidiaries were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Capital Impact Partners and Subsidiaries' 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Capital Impact Partners and Subsidiaries' 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 supplementary consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2023, on our consideration of Capital Impact Partners and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Capital Impact Partners and Subsidiaries' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Capital Impact Partners and Subsidiaries' internal control over financial reporting and compliance.

CohnReznick LLP

Bethesda, Maryland
March 29, 2023

Capital Impact Partners and Subsidiaries

Consolidated Statements of Financial Position
December 31, 2022 and 2021

		2022		2021
Assets				
Cash and cash equivalents – unrestricted	**$**	**67,806,764**	$	73,212,984
Cash and cash equivalents – restricted		**20,560,201**		25,053,259
Accounts and interest receivable		**4,262,594**		2,831,834
Contributions receivable		**2,600,000**		250,000
Investments		**42,359,730**		33,922,261
Mortgage backed securities		**29,230,723**		59,429,070
Loans receivable		**382,419,078**		364,076,525
Less: allowance for loan losses		**(13,622,171)**		(13,355,265)
Loans receivable, net		**368,796,907**		350,721,260
Loans receivable – subsidiaries		**20,227,669**		27,105,392
Other assets		**2,831,666**		2,928,134
Right of use assets		**7,898,991**		8,637,426
Total assets	**$**	**566,575,245**	$	584,091,620
Liabilities and Net Assets				
Liabilities:				
Accounts payable and accrued expenses	**$**	**7,002,491**	$	5,033,519
Refundable advance liability		**6,172,250**		6,694,569
Revolving lines of credit		**46,000,000**		-
Notes payable		**54,242,446**		52,230,970
Investor notes		**201,306,219**		183,197,579
Subordinated debt		**2,500,000**		2,500,000
Federal Home Loan Bank borrowing		**24,000,000**		47,271,304
Bond loan payable		**5,000,000**		58,849,113
Notes payable – subsidiaries		**24,193,922**		27,384,895
Lease liabilities		**10,588,824**		11,463,612
Total liabilities		**381,006,152**		394,625,561
Net assets:				
Without donor restrictions		**115,654,148**		120,919,519
Noncontrolling interest in a consolidated subsidiary		**20,572,345**		20,572,345
Total without donor restrictions		**136,226,493**		141,491,864
With donor restrictions		**49,342,600**		47,974,195
Total net assets		**185,569,093**		189,466,059
Total liabilities and net assets	**$**	**566,575,245**	$	584,091,620

See notes to consolidated financial statements.

Capital Impact Partners and Subsidiaries

Consolidated Statements of Activities and Changes in Net Assets
Years Ended December 31, 2022 and 2021

	2022	2021
Changes in net assets without donor restrictions:		
Financial activity:		
Financial income:		
Interest income on loans	**$ 22,838,542**	$ 21,999,678
Loan fees	**723,032**	751,999
Investment loss, net	**(4,394,506)**	(399,959)
(Loss) gain on equity method investments	**(466,532)**	110,112
(Loss) gain on NMTC unwind	**(21,845)**	23,600
Total financial income	**18,678,691**	22,485,430
Financial expense:		
Interest expense	**10,753,248**	10,312,851
Provision for loan losses	**266,906**	13,875
Total financial expense	**11,020,154**	10,326,726
Net financial income	**7,658,537**	12,158,704
Revenue and support:		
Loan servicing fees	**1,383,433**	1,103,502
Fees	**1,345,051**	1,023,369
Asset management fees from investments	**125,097**	-
Contract revenue	**719,570**	57,648
Contributions	**9,065,225**	2,000,000
Gain on debt extinguishment	**6,452,689**	-
Inter-company fee income	**1,553,228**	-
Other income	**118,602**	122,469
Net assets released from donor restrictions	**15,310,283**	14,110,281
Total revenue and support	**36,073,178**	18,417,269
Non-financial expenses:		
Innovative community lending program	**29,699,280**	16,564,633
Total non-financial program expenses	**29,699,280**	16,564,633
Support expenses:		
Management and general	**16,466,699**	11,977,331
Fundraising	**1,848,796**	1,604,226
Total non-financial expenses	**48,014,775**	30,146,190
Change in net assets without donor restrictions before noncontrolling interest activities	**(4,283,060)**	429,783
Noncontrolling interest – distributions	**(982,311)**	(980,200)
Change in net assets without donor restrictions	**(5,265,371)**	(550,417)
Changes in net assets with donor restrictions:		
Investment income, net	**77,325**	30,639
Contributions and grant revenue	**16,601,363**	28,485,802
Net assets released from donor restrictions	**(15,310,283)**	(14,110,281)
Change in net assets with donor restrictions	**1,368,405**	14,406,160
Change in net assets	**(3,896,966)**	13,855,743
Net assets, beginning	**189,466,059**	175,610,316
Net assets, ending	**$ 185,569,093**	$ 189,466,059

See notes to consolidated financial statements.

Capital Impact Partners and Subsidiaries

Consolidated Statements of Functional Expenses
Years Ended December 31, 2022 and 2021

2022	**Program Expenses** **Innovative Community Lending Program**	**Support Expenses** **Management and General**	**Fundraising**	**Total**
Interest expense	**$ 10,753,248**	**$ -**	**$ -**	**$ 10,753,248**
Provision for loan loss	**266,906**	**-**	**-**	**266,906**
Salaries and benefits	**14,350,973**	**8,562,780**	**1,063,596**	**23,977,349**
Inter-company management fee	**4,814**	**294,299**	**32,700**	**331,813**
Professional fees	**130,735**	**1,360,689**	**114,758**	**1,606,182**
Contractual services	**913,891**	**2,648,821**	**271,382**	**3,834,094**
Corporate development	**112,823**	**857,533**	**95,066**	**1,065,422**
Lease expense	**479,941**	**631,768**	**69,662**	**1,181,371**
Insurance	**-**	**305,480**	**33,850**	**339,330**
Travel and entertainment	**259,050**	**266,188**	**22,842**	**548,080**
Training and tuition	**32,978**	**139,373**	**15,486**	**187,837**
Grant expense	**12,887,698**	**-**	**-**	**12,887,698**
Depreciation	**71,110**	**148,433**	**-**	**219,543**
Other	**455,267**	**1,251,335**	**129,454**	**1,836,056**
	$ 40,719,434	**$ 16,466,699**	**$ 1,848,796**	**$ 59,034,929**

2021	Program Expenses Innovative Community Lending Program	Support Expenses Management and General	Fundraising	Total
Interest expense	$ 10,312,851	$ -	$ -	$ 10,312,851
Provision for loan loss	13,875	-	-	13,875
Salaries and benefits	11,150,269	5,864,502	730,667	17,745,438
Professional fees	121,096	1,044,086	154,045	1,319,227
Contractual services	762,409	2,707,321	399,441	3,869,171
Corporate development	56,399	420,029	61,971	538,399
Lease expense	614,933	601,319	88,719	1,304,971
Insurance	-	256,555	37,852	294,407
Travel and entertainment	36,429	35,282	5,206	76,917
Training and tuition	6,728	58,382	8,614	73,724
Grant expense	3,231,401	-	-	3,231,401
Depreciation	85,188	192,033	-	277,221
Other	499,781	797,822	117,711	1,415,314
	$ 26,891,359	$ 11,977,331	$ 1,604,226	$ 40,472,916

See notes to consolidated financial statements.

Capital Impact Partners and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	**$ (3,896,966)**	$ 13,855,743
Noncontrolling interest activities	**(982,311)**	(980,200)
Change in net assets before noncontrolling interest activities	**(2,914,655)**	14,835,943
Adjustments to reconcile change in net assets to		
net cash provided by operating activities:		
Provision for loan losses	**266,906**	13,875
Depreciation	**219,543**	277,221
Amortization of notes issuance costs	**312,006**	282,172
Straight-line rent expense	**1,053,126**	1,203,038
Loss on investments	**4,965,762**	1,492,524
Loss (gain) on equity method investments	**466,532**	(110,112)
Loss (gain) on NMTC unwind	**21,845**	(23,600)
Distribution on earnings from equity method investments	**2,871**	4,930
Loss on disposal of assets	**7,156**	-
Accretion of interest on loans	**36,370**	52,111
Increase in:		
Accounts and interest receivable	**(1,430,760)**	(517,557)
Contributions receivable	**(2,350,000)**	(250,000)
Other assets	**(119,661)**	(82,085)
(Decrease) increase in:		
Accounts payable and accrued expenses	**1,941,219**	1,235,305
Refundable advance liability	**(522,319)**	(2,159,023)
Lease liabilities	**(1,189,479)**	(1,323,028)
Net cash provided by operating activities	**766,462**	14,931,714
Cash flows from investing activities:		
Loan originations and advances	**(99,721,684)**	(74,816,477)
Loan purchases	**(2,347,209)**	(916,103)
Loan repayments	**68,281,701**	73,246,455
Loan sales	**15,444,639**	9,385,182
Loan repayments – subsidiaries	**6,877,723**	3,625,379
Proceeds received from returns of investment from equity investment	**1,508,937**	2,225,446
Proceeds from sale and distributions of investments	**7,514,135**	552,000
Purchase of investments, net	**(17,539,320)**	(37,279)
Proceeds from sale of mortgage backed securities	**36,877,063**	31,801,193
Purchase of mortgage backed securities	**(12,056,947)**	(26,589,768)
Purchase of furnishings and equipment	**-**	(4,863)
Acquisition of a subsidiary, net of cash acquired	**(10,570)**	-
Net cash provided by investing activities	**4,828,468**	18,471,165
Cash flows from financing activities:		
Proceeds from notes payable	**20,475,106**	-
Repayment of notes payable	**(18,500,000)**	(9,745,935)
Proceeds from bond loan payable	**5,000,000**	-
Repayment of bond loan payable	**(58,849,113)**	(2,228,048)
Proceeds from Federal Home Loan Bank borrowing	**3,000,000**	-
Repayment of Federal Home Loan Bank borrowing	**(26,271,304)**	-
Proceeds from issuance of Investor Notes, net	**64,896,270**	33,865,044
Repayment of Investor Notes	**(46,795,000)**	(10,302,000)
Payment of issuance cost of Investor Notes	**(304,636)**	(185,964)
Capital distributions paid – noncontrolling interest	**(954,558)**	(1,029,728)
Repayment of notes payable – subsidiaries	**(3,190,973)**	(3,311,245)
Proceeds from lines of credit	**86,000,000**	5,000,000
Repayment of lines of credit	**(40,000,000)**	(34,500,000)
Net cash used in financing activities	**(15,494,208)**	(22,437,876)
Net (decrease) increase in cash and cash equivalents	**(9,899,278)**	10,965,003
Cash and cash equivalents – beginning	**98,266,243**	87,301,240
Cash and cash equivalents – ending	**$ 88,366,965**	$ 98,266,243

(Continued)

Capital Impact Partners and Subsidiaries

Consolidated Statements of Cash Flows (Continued)
Years Ended December 31, 2022 and 2021

	2022	2021
Cash and cash equivalents consist of:		
Cash and cash equivalents – unrestricted	**$ 67,806,764**	$ 73,212,984
Cash and cash equivalents – restricted	**20,560,201**	25,053,259
	$ 88,366,965	$ 98,266,243
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	**$ 10,610,021**	$ 10,366,482
Supplemental schedule of noncash operating activities:		
Loan forgiveness	**$ -**	$ 141,250
Supplemental schedules of noncash investing and financing activities:		
Distributions payable to noncontrolling interest included in accounts payable	**$ 267,189**	$ 239,436
Non-cash transfer included in loans receivable	**$ 300,000**	$ -

See notes to consolidated financial statements.

Note 1. Description of Activities and Significant Accounting Policies

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

Effective February 8, 2021, Capital Impact Partners ("CIP") amended its organizational documents. The amendments were primarily to convert from a membership to a non-membership organization and to revise the board makeup and size requirements in relation to the membership conversion.

CDC Small Business Finance Corp. ("CDC") is a California not-profit organization committed to serving the capital needs of small businesses in California, Nevada, and Arizona. CDC is a Certified Development Company certified by the U.S. Small Business Administration. Its mission is to champion the growth of diverse small companies in its communities through advocacy and lending services. CDC arranges industrial and commercial real estate, and business development loans for small business companies located throughout the states of California, Nevada, and Arizona.

Effective April 1, 2021, CIP and CDC (collectively, the "Organization") aligned their operations under one chief executive officer and a joint board of directors (the "Alliance"). The Alliance innovates how capital and investments flow into historically disinvested communities to advance economic empowerment and equitable wealth creation. Capital Impact Partners and CDC remain as separate legal and tax entities with no control over the other.

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

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

The transaction closed on July 15, 2021.

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

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

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

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

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

EPF, formed on June 10, 2022, is a growth stage impact investment fund designed to fill the capital gap needed to propel community-centric enterprises to scale and create measurable impact. Capital Impact Partners has a 26% investor interest in EPF.

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

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

Subsidiary Name	Ownership %	Purpose of Subsidiary	Included in Consolidated Financials
Community Solutions Group, LLC	100%	Formed to foster development and provide technical assistance to cooperative organizations and similar non-profit organizations and provide capital in support of development projects by making strategic grants and business planning advances. This entity had no activity in 2022 and 2021.	Yes
NCBCI Education Conduit, LLC	100%	Formed to facilitate, encourage and assist in financing charter schools. This entity holds Capital Impact Partner's interest in the Charter School Financing Partnership ("CSFP"), LLC. This entity had no activity in 2022 and 2021.	Yes
Impact NMTC Holdings II, LLC	100%	Formed to act as a non-managing member for NMTC Community Development Entities ("CDEs") with Capital Impact Partners acting as managing member. This entity had no activity in 2022 and 2021.	Yes
Detroit Neighborhoods Fund, LLC (DNF, LLC)	100%	The purpose of this fund is to provide financing for mixed-use and multi-family rental housing and healthy foods retail in underserved areas in Detroit, Michigan.	Yes
FPIF, LLC	100%	The purpose of this fund is to channel funds to a predominately low-income population aged 50+.	Yes
Community Investment Impact Fund, LLC	30%	The purpose of this fund is to engage solely in the business of, directly or indirectly, owning, holding for investment, exchanging, selling and disposing of investments in loans and other related activities. Capital Impact Partners is the managing member of this entity. Community Investment Impact Fund II, LLC merged with and into this entity, on January 1, 2020. Effective January 1, 2020, Capital Impact Partners increased its managing member ownership from 20% to 30%.	Yes
Alliance Securities Manager LLC	100%	This LLC is a holding company created to house the interests in investment business lines. This company is the parent company of Momentus Securities LLC and Equitable Prosperity Manager LLC. This entity had no activity in 2021.	Yes
Equitable Prosperity Fund I GP LLC	100%	This LLC is a single purpose entity that holds the General Partner interest in Equitable Prosperity Fund I LLC. This entity had no activity in 2021.	Yes

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

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

Significant accounting policies:

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

Principles of consolidation: The financial statements include the accounts of Capital Impact Partners and its consolidated subsidiaries, which include Community Solutions Group, LLC, NCBCI Education Conduit, LLC, Detroit Neighborhoods Fund, LLC, FPIF, LLC, Community Investment Impact Fund, LLC, Impact NMTC Holdings II, LLC, Alliance Securities Manager LLC, Momentus Securities LLC, Equitable Prosperity Manager, LLC and Equitable Prosperity Fund I General Partner, LLC. All intercompany balances and transactions are eliminated in consolidation.

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

Reclassifications: Certain amounts for the prior year have been reclassified to conform to the current year presentation.

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

Restricted cash and cash equivalents: Capital Impact Partners has certain restricted cash and cash equivalents that are held per terms of grant and loan agreements.

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

Investments: Investments in equity securities, money market funds, Mortgage Backed Securities with readily determinable fair values are stated at fair value measured, as more fully described in Note 21. Capital Impact Partners' investment in Real Estate Investment Trust ("REIT"), and other investments are stated at estimated fair value, as more fully described in Note 21. Interest and dividend income are recognized when earned. Any unrealized or realized gains or losses are reported in the statements of activities as a change in assets without donor restrictions, unless explicit donor intent or law restricts their use, in which case unrealized or realized gains or losses are reported in the statements of activities as a change in assets with donor restrictions. Investment return is reported net of investment expenses. Capital Impact Partners recognizes an average prepayment term of 10 years for the accretion of premium/discount on Mortgage Backed Securities. This accelerated term relates to the increase in mortgage payoffs due to refinancing of homes. The accretion is reported with investment income, net assets without donor restrictions.

Investments in other entities are accounted for under the equity or the cost method depending on Capital Impact Partners' voting interest and the degree of control or influence Capital Impact Partners may have over the operations of these entities, as noted below:

Investments in New Markets Tax Credit entities: Investments in New Markets Tax Credit ("NMTC") entities are accounted for under the equity method of accounting under which Capital Impact Partners' share of net income or loss is recognized in the statements of activities and added or subtracted from the investment account, and distributions received are treated as a reduction of the investment account.

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

Investment in ROC USA, LLC: Capital Impact Partners has a 23.81% voting interest in ROC USA, LLC and 33% equity investment in ROC USA, LLC and is accounting for its investments in ROC USA, LLC under the equity method of accounting. Accordingly, Capital Impact Partners' share of the change in net assets without donor restrictions of the affiliate is recognized as income or loss in Capital Impact Partners' statements of activities and added to or subtracted from the investment account. Dividends received from the affiliate are treated as a reduction of the investment account. Capital Impact Partners appoints two of the eleven directors of the Board of Directors. The purpose of ROC USA, LLC is to aid people living in manufactured home communities, through technical assistance, loans, training and assistance in the purchase of their communities and the operation of those communities as resident-owned and/or controlled entities.

Investment in Charter School Financing Partnership, LLC: Capital Impact Partners has a 20% voting interest in Charter School Financing Partnership, LLC ("CSFP") and is accounting for its investment in CSFP under the equity method of accounting. Accordingly, Capital Impact Partners' share of net income of the affiliate is recognized as income or loss in Capital Impact Partners' statements of activities and added to or subtracted from the investment account. Dividends received from the affiliate are treated as a reduction of the investment account. Capital Impact Partners appoints one of the five managers of the Board of Managers. CSFP was established to encourage, facilitate and assist charter schools with financing and educational related activities.

Investment in FHLB Stock: In January 2015, Capital Impact Partners became a member of the Federal Home Loan Bank of Atlanta ("FHLBank Atlanta") and is required to maintain an investment in capital stock in FHLBank Atlanta. The FHLBank Atlanta stock does not have a readily determinable value as ownership is restricted and there is no ready market for this stock. As a result, the stock is carried at cost and management evaluates periodically for impairment based on the ultimate recovery of the cost basis of the stock. No impairment was noted as of December 31, 2022 or 2021.

Investment in Workforce Affordable Housing Fund I, LLC: In July 2019, Capital Impact Partners became a 96% non-controlling member in the Investment in Workforce Affordable Housing Fund I, LLC and is accounting for its Investment under the equity method of accounting. Capital Impact Partners does not consolidate Workforce Affordable Housing Fund I, LLC since it is not the managing member and the managing member controls the entity. The purpose is to invest in multifamily affordable housing properties located in specified areas in the U.S. Housing properties are to be acquired, held for investment then sold. Members record their proportionate share of income or loss from the properties and gain/loss upon sale of the property.

Investment in Equitable Prosperity Fund and Equitable Prosperity General Partner LLC: Capital Impact Partners is a 26% investor in the EPF. EPF is a growth stage impact investment fund designed to fill the capital gap needed to propel community-centric enterprises to scale and create measurable impact. Capital Impact Partners is accounting for its investment in EPF GP under the equity method of accounting. Accordingly, Capital Impact Partners' share of net income/loss of EPF, through EPF GP, is recognized as income/loss in Capital Impact Partners' statement of activities and added to or subtracted from the investment account.

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

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

The operating agreements outline the "waterfall" of funds for CIIF to distribute to its investors. Distributions include: 1) preferred return of funds to Annaly, and 2) remaining portion of interest payments allocated to Annaly and Capital Impact Partners. Finally, in year 2024, principal payments to Annaly and Capital Impact Partners will commence as the loans in the Fund pay off.

Loans receivable:

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

Impaired loans: A loan is considered impaired when, based on current information and events, it is probable that Capital Impact Partners will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value and the probability of collecting scheduled principal and interest payments when due. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is generally measured on a loan-by-loan basis using the fair value of collateral, since Capital Impact Partners' loans are largely collateral dependent.

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

Under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), financial institutions generally do not need to categorize COVID-19-related modifications as TDRs. As a result, loans that have been restructured for short term COVID-19 related hardships are not categorized as TDRs.

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

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

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

The allowance consists of allocated and general components. The allocated component relates to loans that are classified as impaired. For those loans that are classified as impaired, an allowance is established when the discounted cash flows (or collateral value for collateral dependent loans or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers non-classified loans and is based on historical charge-off experience and expected losses given Capital Impact Partners' internal risk rating process. Other adjustments are made to the allowance for pools of loans after an assessment of internal or external influences on credit quality that are not reflected in the historical loss or risk rating data.

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

Contributions receivable: Capital Impact Partners accounts for contributions received as without donor restriction or with donor restrictions depending on the existence or nature of any donor restrictions. All donor restricted support is reported as an increase in net assets with donor restrictions as to time or purpose depending on the nature of the restriction. When the donor restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), donor restricted net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions receivable, which represents unconditional promises to give, are recognized as revenue in the period received and as assets, decreases of liabilities or expenses depending on the form of the benefits received. Conditional promises to give, which depend on the existence of both performance barriers and right of return language are recorded as deferred revenue.

Other assets: Other assets include deposits, a program advance, prepaid expenses, and furniture, equipment and leasehold improvements (see Note 10).

Right of use assets / lease liabilities: Capital Impact Partners recognizes right of use assets and lease liabilities on the statements of financial position for all leases with terms longer than 12 months. Right of use assets and lease liabilities are recognized at the lease commencement date based on the present value of the remaining lease payments over the lease term, using the incremental borrowing rate. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities. Lease expense is recognized on a straight-line basis over the term of the lease. The options to extend the lease term are not included in the right of use assets and liabilities recorded, when applicable. Capital Impact Partners has elected the practical expedient of not separating lease components from non-lease components.

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

Investor Notes: Capital Impact Partners launched an Investor Notes ("Notes") program in 2017. The proceeds of the offerings are used primarily to fund initiatives that meet critical needs in low income communities across the United States, including through Capital Impact Partners' subsidiaries and third party intermediaries. The proceeds of the offerings may also be used to purchase securities or other assets that will be leveraged to support Capital Impact Partners' lending activities and general operations. The Notes are sold through the Depository Trust Company ("DTC"). The Lead Selling Agent agrees to sell these notes to other agents on Capital Impact Partners behalf. Capital Impact Partners incurs agent and other fees to issue the Notes program. The fees include legal, accounting, and underwriting fees which are capitalized in accordance with U.S. GAAP and amortized using the effective-yield method over the term of the Notes and are presented net of the Investor Notes on the statements of financial position.

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

Net assets: Capital Impact Partners classifies net asset into two categories: Without Donor Restrictions and With Donor Restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Donor restricted net assets are contributions with temporary, donor-imposed time or purpose restrictions. Donor restricted net assets can be released from restriction when the time restrictions expire or the contributions are used for their intended purpose at which time they are reported in the statements of activities as net assets released from restrictions. Donor restricted funds also include donor contributions to be held in perpetuity totaling $11,155,000 and $8,124,438, respectively, at December 31, 2022 and 2021.

Revenue recognition*:* Capital Impact Partners generally measures revenue based on the amount of consideration Capital Impact Partners expects to receive for the transfer of services to a customer, then recognizes this revenue when or as Capital Impact Partners satisfies its performance obligations under the contract, except in transactions where U.S. GAAP provides other applicable guidance. Material revenue streams are reported separately on the statements of activities.

Revenue recognized at a point in time includes NMTC suballocation fees, fund underwriting fees, unused fee and portfolio amendment/modification fee income:

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

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

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

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

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

Revenue recognized over a period of time includes Asset Management Fees, Fund Management Fees and Credit Enhancement Fees:

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

Fund management fees are earned by Capital Impact Partners for management of investment funds that it manages for the NMTC program. The performance obligations are estimated to be satisfied evenly over the year and as such are recognized over time in one calendar year. The fund management fees are a flat annual amount that ranges from $10,000 to $25,000. They are accrued monthly and paid either monthly or quarterly. Fund management fees earned from subsidiaries are eliminated upon consolidation.

Credit enhancement fees are collected from investment funds or from borrowers by Capital Impact Partners for the credit enhancement facility arrangement with the California Charter Schools Association. The performance obligation is to provide credit enhancement, which is estimated to occur evenly over the life of the facilities. The fee is 0.10% of the average daily outstanding principal balance of the credit enhancement facilities and is paid annually to the California Charter Schools Association.

Asset management fees from investments: Capital Impact Partners recognizes investment management fees from ASM, LLC. ASM's wholly-owned subsidiary, EPM, recognizes investment management fee as part its third party investment management advising to one or more private funds.

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

Gain on extinguishment of debt: Capital Impact Partners realized a gain on the extinguishment of FHLB debt and CDFI Bond debt and is included in the Statement of Activities. The gain from extinguishment of debt include the write-off of unamortized debt issuance costs, debt discount, and/or premium. See Note 13 for details.

Functional expense allocation: The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include the departments of President's Office, Equity and Impact, Information Technology, Human Resources, Finance, Legal and Investments. These departments also benefit various programs. Any direct program related invoices such as Professional Fees and Contractual Services, specific to the teams noted above, are reported as program expenses. Salaries and Benefits, Travel and Entertainment, Depreciation and certain and other expenses are allocated as a percentage of time worked on program specific duties.

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

Income taxes: Capital Impact Partners is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, Capital Impact Partners qualifies for charitable contribution deductions and has been classified as an organization that is not a private foundation. Income which is not related to exempt purposes, less applicable deductions, is subject to federal corporate income taxes. Management evaluated Capital Impact Partners' tax positions and concluded that Capital Impact Partners had taken no uncertain tax positions that require adjustment to the financial statements. Consequently, no accrual for federal or state tax liability for interest and penalties was deemed necessary for the years ended December 31, 2022 and 2021. Capital Impact Partners files tax returns in the U.S. federal jurisdiction and California. Generally, Capital Impact Partners is no longer subject to income tax examination by the U.S. federal or state tax authorities for years before 2019.

Community Investment Impact Fund, LLC ("CIIF") is a consolidated subsidiary of Capital Impact Partners and is a Delaware limited liability company. The entity files an annual tax return to report the income, deductions, gains, losses, etc., from its operations. The entity does not pay federal income tax but pays non-resident withhold taxes to California. All profits or losses pass through to its members, Capital Impact Partners and Annaly. Each member includes its share of the entity's income/loss on its tax return, whereas Annaly pays applicable non-resident withholding tax.

Alliance Securities Manager, LLC ("ASM") is a consolidated subsidiary of Capital Impact Partners and is a Delaware limited liability company and is taxable as a C corp. This company is the parent company of Momentus Securities LLC and Equitable Prosperity Manager LLC. ASM income is subject to income taxes and ASM files a separate tax return from CIP and accounts for income taxes in accordance with FASB's guidance on Accounting for Income Taxes. As 2022 is the first year a tax return is required, ASM has no material deferred tax asset or liability and has concluded that it has no material uncertain tax positions to be recognized at this time. ASM's wholly-owned subsidiaries are disregarded entities for income tax purposes and, as such, are not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by ASM on its income tax return. Accordingly, the wholly-owned subsidiaries are not required to file income tax returns with the Internal Revenue Service or other taxing authorities.

Upcoming accounting pronouncements not yet adopted:

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments - Credit Losses (Subtopic 326); in November 2018, the FASB issued ASU 2018-19, Codification Improvements to Topic 326, Financial Instruments – Credit Losses; in May 2019, the FASB issued ASU 2019-05, *Credit Losses (Topic 326): Targeted Transition Relief*.; and in November 2019, the FASB issued ASU 2019-10, Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842) Effective Dates. The existing incurred loss model will be replaced with a current expected credit loss ("CECL") model for both originated and acquired financial instruments carried at amortized cost and off-balance sheet credit exposures, including loans, loan commitments, held-to-maturity debt securities, financial guarantees, net investment in leases, and most receivables. Recognized amortized cost financial assets will be presented at the net amount expected to be collected through an allowance for credit losses. Expected credit losses on off-balance sheet credit exposures will be recognized through a liability. Unlike current guidance, which requires certain favorable changes in expected cash flows to be accreted into interest income, both favorable and unfavorable changes in expected credit losses (and therefore the allowance) will be recognized through credit loss expense as they occur. With the exception of purchased financial assets with a more than insignificant amount of credit deterioration since origination, for which the initial allowance will be added to the purchase price of the assets, the initial allowance on financial assets subject to the scope (whether originated or acquired) will be recognized through credit loss expense. Expanded disclosures will also be required. The ASU is effective for fiscal years beginning after December 15, 2022. Capital Impact Partners is currently evaluating the impact of adopting this new guidance on its financial statements.

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

In March 2020, the FASB issued ASU 2020-03, *Codification Improvements to Financial Instruments.* This ASU addresses various financial instruments topics. The amendments related to Issues 1, 2, 3, 4 and 5 within the ASU are conforming amendments and effective for annual reporting periods beginning after December 15, 2019 for Capital Impact Partners and have no significant impact to the Capital Impact Partners' financial statements. For entities that have not yet adopted ASU 2016-13, the effective dates for the amendments related to Issues 6 and 7 within ASU 2020-03 are the same as the effective dates in ASU 2016-13. As such, the amendments related to Issues 6 and 7 are effective for annual reporting periods beginning after December 15, 2022 for Capital Impact Partners. Capital Impact Partners is currently evaluating the impact of adopting this new guidance on its financial statements.

Note 2. Cash and Cash Equivalents

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

	2022	2021
Cash in bank	$ 72,603,715	$ 79,940,681
Overnight investments	1,519,196	3,231,483
Other short-term investments	12,048,894	15,094,079
U.S. Treasury Bills	2,195,160	-
	$ 88,366,965	$ 98,266,243
Unrestricted	$ 67,806,764	$ 73,212,984
Restricted	20,560,201	25,053,259
	$ 88,366,965	$ 98,266,243

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

Note 3. Liquidity

Capital Impact Partners regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to maximize the return on investment of its funds not required for annual operations.

Note 3. Liquidity (Continued)

As of December 31, 2022 and 2021, the following financial assets are available to meet annual operating needs of the 2022 and 2021 fiscal year, respectively:

	2022	2021
Total assets at year-end:		
Cash and cash equivalents – unrestricted	$ 67,806,764	$ 73,212,984
Cash and cash equivalents – restricted	20,560,201	25,053,259
Accounts and interest receivable	4,262,594	2,831,834
Contributions receivable	2,600,000	250,000
Loans receivable, net	368,796,907	350,721,260
Loans receivable – subsidiaries	20,227,669	27,105,392
Other assets	2,831,666	2,928,134
Investments	42,359,730	33,922,261
Mortgage backed securities	29,230,723	59,429,070
Right of use assets	7,898,991	8,637,426
Total assets	566,575,245	584,091,620
Less amounts not available to be used within one year:		
Cash and cash equivalents – unrestricted – subsidiaries	(21,844,285)	(3,971,928)
Cash and cash equivalents – restricted	(20,560,201)	(25,053,259)
Contributions receivable	(2,600,000)	(250,000)
Loans receivable, due after one year, net	(314,134,282)	(313,252,891)
Loans receivable – subsidiaries	(20,227,669)	(27,105,392)
Other assets	(2,831,666)	(2,928,134)
Investments	(42,359,730)	(33,922,261)
Investments in pledged mortgage backed securities	(26,084,534)	(52,066,945)
Unfunded loan commitments	(76,285,864)	(59,197,655)
Right of use assets	(7,898,991)	(8,637,426)
Diversity in Development Detroit Loan Fund	-	(7,500,000)
Diversity in Development DMV Loan Fund	-	(7,875,500)
Assets not available to be used within one year	(534,827,222)	(541,761,391)
Financial assets available to meet general expenditures within one year	$ 31,748,023	$ 42,330,229

Note 4. Concentration of Credit Risk and Concentration of Contributions

Capital Impact Partners maintains cash in various financial institutions. Cash balances at each financial institution are insured by the Federal Deposit Insurance Corporation up to $250,000.

At December 31, 2022 and 2021, Capital Impact Partners had uninsured balances of $71,765,808 and $77,455,852, respectively, that are included in cash and cash equivalents. Capital Impact Partners has not experienced any losses in such accounts. Capital Impact Partners' management believes it limits any significant credit risk by placing its deposits with high quality financial institutions. Uninsured amounts of $3,626,210 and $8,394,808 are held in short-term investments, in sweep accounts and non-bank money market accounts at December 31, 2022 and 2021, respectively.

Note 4. Concentration of Credit Risk and Concentration of Contributions (Continued)

As indicated in Note 8, a substantial portion of the loan portfolio is represented by loans to affordable housing projects. Most affordable housing loans have reserves established to mitigate risk of borrower payment issues. In addition, a substantial portion of the loan portfolio is represented by loans to charter schools. The viability of the borrowers and their ability to honor their contracts is dependent upon their ability to retain their charters. Approximately 21% and 20% of the portfolio represents loans made to entities associated with the NMTC program at December 31, 2022 and 2021, respectively. Approximately 24% and 25% of the portfolio represents loans made in the state of California and approximately 24% in the state of Michigan at December 31, 2022 and 2021.

During the years ended December 31, 2022 and December 31 2021, $11,200,000 or approximately 43% of total restricted grants and contributions were from two donors and $11,250,000 or approximately 37% of total restricted grants and contributions were from one donor, respectively.

Note 5. Investments

Investments consist of the following as of December 31:

	2022	2021
Marketable equity securities	$ 401,556	$ 428,882
Real estate investment trust	2,068,750	1,602,086
Other investments	286,674	286,673
Total investments at fair value (Note 21)	2,756,980	2,317,641
Equity method investments:		
ROC USA, LLC	3,608,302	3,697,232
Charter School Financing Partnership, LLC	343,752	294,264
Workforce Affordable Housing Fund I, LLC	22,812,857	24,611,526
Equitable Prosperity Fund and Equitable Prosperity Fund I GP LLC	10,523,957	-
Alliance Securities Manager LLC	107,710	-
Other equity method investment	375,435	392,518
Equity method investments in New Markets Tax Credit entities (Note 18)	18,537	39,680
Total equity method investments	37,790,550	29,035,220
Investments at cost	1,312,200	2,069,400
Debt investment	500,000	500,000
	$ 42,359,730	$ 33,922,261

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

Investment loss, net:	2022	2021
Interest income, net	$ 500,514	$ 1,007,978
Dividend income	70,742	84,587
Unrealized loss on marketable securities and investments	(3,214,486)	(2,067,466)
Net realized gain and (loss) on sale of mortgage backed securities	(1,751,276)	574,942
	$ (4,394,506)	$ (399,959)

Note 5. Investments (Continued)

Investment in Alliance Securities Manager LLC: On December 10, 2021, Alliance Securities Manager LLC, a Delaware limited liability company and wholly-owned subsidiary of Capital Impact Partners ("ASM"), entered into a Membership Interest Purchase Agreement ("Purchase Agreement") to purchase all the rights, title and interest in RPS Securities. A member broker-dealer of the Financial Industry Regulatory Authority ("FINRA"). On February 11, 2022, RPS' continuing membership application was approved by FINRA and shortly after, on February 17, 2022, ASM acquired all of the interests in RPS pursuant to the Purchase Agreement and renamed RPS as Alliance Securities LLC effective February 17, 2022. Soon after Alliance Securities, LLC was renamed Momentus Securities, LLC ("Momentus Securities"). During the year ended December 31, 2022, Capital Impact Partners recorded contributions of $17,837,710, which is eliminated upon consolidation, and investment loss of $2,810,588.

The following is a summary of financial information for the years ended December 31, 2022, for Alliance Securities Manager:

Total assets	$	16,676,802
Total liabilities		1,649,681
Total members' capital		15,027,121
Total revenue		125,097
Total expenses		2,935,685
Net loss		(2,810,588)

Investment in Equitable Prosperity Fund I and Equitable Fund General Partner LLC: In December 2022, Capital Impact Partners contributed and holds a 26% equity investment in the Equitable Prosperity Fund I, a growth stage impact investment fund designed to fill the capital gap needed to propel community-centric enterprises to scale and create measurable impact. During the year ended December 31, 2022, Capital Impact Partners recorded contributions of $17,292,950, sold two investments to the Fund totaling $6,500,000 and recorded an investment loss of $182,897.

The following is a summary of financial information for the years ended December 31, 2022, for Equitable Prosperity Fund I:

Total assets	$	6,869,335
Total liabilities		558,896
Total members' capital		6,310,439
Total revenue		183,641
Total expenses		886,278
Net loss		(702,637)

ROC USA, LLC: In February 2019, Capital Impact Partners contributed an additional $750,000 into ROC USA, LLC and amended the existing operating agreement (for $500,000) to incorporate this new equity investment. The revised operating agreement allows for the investor members to receive distributions equal to 5% of their capital contribution. Capital Impact Partners received a distribution of $62,500 during each of the years ended December 31, 2022 and 2021. The allocation of the change in net assets without donor restriction and voting rights remained consistent with the original agreement at 33.33% and 23.81%, respectively. As provided for in the operating agreement of ROC USA, LLC, there are certain limitations affecting member capital withdrawals. For the years ending December 31, 2022 and 2021, Capital Impact Partners recognized a loss of $26,430 and gain of $398,431, respectively.

Note 5. Investments (Continued)

The following is a summary of financial information for the years ended December 31, 2022 and 2021, for ROC USA, LLC:

	2022	2021
Total assets	$ 134,867,839	$ 163,263,242
Total liabilities	115,976,998	146,850,317
Net assets	18,890,841	16,412,925
Total revenue	5,835,403	5,316,553
Total expenses	5,914,694	5,387,289
Change in net assets without donor restrictions	(79,291)	(70,736)

Workforce Affordable Housing Fund I, LLC: In December 2019, Capital Impact Partners invested in the Workforce Affordable Housing Fund I, LLC. The purpose of this transaction is to invest in multifamily affordable housing properties located in specific areas throughout the United States. During the years ended December 31, 2022 and 2021, Capital Impact Partners recorded distributions of $1,508,937 and $2,225,446, respectively. Capital Impact Partners' allocated loss was $289,732 and $105,871 for the years ended December 31, 2022 and 2021, respectively.

The following is a summary of financial information for Workforce Affordable Housing Fund I, LLC for the years ended December 31, 2022 and 2021:

	2022	2021
Total assets	$ 24,728,482	$ 29,470,896
Total liabilities	73,663	61,118
Total members' capital	24,654,819	29,409,778
Total revenue	(227,217)	183,060
Total expenses	74,587	90,999
Net (loss) income	(301,804)	92,061

Charter School Financing Partnership, LLC ("CSFP"): As of December 31, 2022 and 2021, Capital Impact Partners had an investment in CSFP of $343,752 and $294,264, respectively. The net income of CSFP is allocated 18% to Capital Impact Partners and amounted to $49,488 and $0, for the years ended December 31, 2022 and 2021, respectively.

Other equity method investments: In 2018, Capital Impact Partners entered into an agreement to invest $500,000 in Develop Detroit, a nonprofit developer in Detroit, Michigan. The balance recorded as of December 31, 2022 and 2021, was $375,435 and $392,518, respectively. Net gain (loss) recorded as of December 31, 2022 and 2021 was $17,083 and ($83,480), respectively. The balance of the other equity method investment as of December 31, 2022 and 2021, was $0. Net gain recorded as of December 31, 2022 and 2021, was $0 and $99,100, respectively.

Debt investment: In 2018, Capital Impact Partners entered into a debt investment with a CDFI in the cooperative sector. The balance recorded as of December 31, 2022 and 2021 was $500,000.

Note 5. Investments (Continued)

Investments at cost: Capital Impact Partners is a member of FHLBank Atlanta, whose mission is to support member's residential-mortgage and economic-development lending activities. FHLBank Atlanta is a cooperative bank that offers, among other services, competitively priced financing. As a requirement of membership, Capital Impact Partners was required to purchase Class A Membership Stock of $250,000, which carries voting rights and is also an earning asset with dividends. Capital Impact Partners is required to purchase additional stock of 4.5% of each advance and pledge cash or securities as collateral for advances. At December 31, 2022 and 2021, the amount of stock held was $1,312,200 and $2,069,400, respectively. As of December 31, 2022 and 2021, Capital Impact Partners has outstanding advances from FHLBank Atlanta totaling $24,000,000 and $47,271,304, respectively.

Note 6. Mortgage Backed Securities

Capital Impact Partners purchases Mortgage Backed and U.S. Treasury Securities in order to serve as collateral/pledge base for FHLBank Atlanta borrowings and also earns a return on these investments. Of the total purchased Mortgage Backed and U.S. Treasury Securities, $26,084,534 and $52,066,945 was pledged as of December 31, 2022 and 2021, respectively. The remaining unpledged balance, net of discount, which is available to secure future advances are $5,341,349 and $7,362,125 as of December 31, 2022 and 2021, respectively. Capital Impact Partners recognized a net loss of $1,751,276 on the sale of mortgage backed securities during 2022.

The Mortgage Backed Securities by category as of December 31, 2022 and 2021 are as follows:

	2022	2021
Mortgage Backed Securities:		
Federal Home Loan Mortgage Company (FHLMC)	$ 1,242,816	$ 4,891,690
Federal National Mortgage Association (FNMA)	-	556,807
Government National Mortgage Association (GNMA)	2,119,828	5,761,981
Uniform Mortgage Backed Securities (UMBS)	25,868,079	48,218,592
Total Mortgage Backed Securities	29,230,723	59,429,070
U.S. Treasury Securities		
U.S. Treasury Bills (less than 3 months) - cash equivalent (Note 2)	2,195,160	-
Total Mortgage Backed and U.S. Treasury Securities	$ 31,425,883	$ 59,429,070

Note 7. Contributions Receivable

As of December 31, 2022 and 2021, contributions receivable are $2,600,000 and $250,000, respectively, all due in one year.

As of December 31, 2022 and 2021, total conditional contributions receivable not recorded is $18,028,333 and $20,725,000, respectively. The conditional unrecorded receivables include a right of release dependent on available funding or satisfactory progress.

Note 8. Loans Receivable

Capital Impact Partners is a development finance organization and in that capacity originates higher risk development loans in the following primary market sectors: affordable housing, education, health care and community development. The loans originated by Capital Impact Partners are secured and unsecured and many times go to borrowers who may otherwise be unable to obtain conventional credit.

Note 8. Loans Receivable (Continued)

Capital Impact Partners' loan portfolio is diversified in terms of sector. The following is the distribution of loans outstanding at December 31:

	2022	%	2021	%
By Sector:				
Education	$ 90,915,114	24	$ 104,492,605	29
Health care	88,440,162	23	78,550,676	21
Affordable housing	163,119,458	43	137,464,356	38
Community development	39,944,344	10	43,568,888	12
Total – Capital Impact Partners	382,419,078	100	364,076,525	100
Detroit Neighborhoods Fund, LLC	15,727,669		19,414,419	
FPIF, LLC	4,500,000		7,690,973	
	$ 402,646,747		$ 391,181,917	

Real estate loans are used to finance the development of affordable housing projects and to provide term financing to the operation of affordable housing projects once they have been completed. Loans that are made to finance development are usually short-term and are repaid from either a construction or permanent loan. Term loans take the form of mortgages and are repaid from the operations of the real estate cooperative. Interest rates range from 3.00% to 7.57% and maturities from November 3, 2022 to July 1, 2053. Loans with 2022 maturity dates are under internal review to extend their maturity.

The commercial lending portfolio is diverse. Loans range from lines of credit to term loans. Loans are typically secured by general business assets (e.g., real estate, inventory, receivables, fixed assets and leasehold interests). Loan underwriting decisions are made on the basis of the analysis of markets, management, and cash flow potential; and not primarily on the basis of collateral coverage. These loans are expected to be repaid from cash flows generated by the borrower's operating activities. Interest rates range from 0.00% to 9.38% and maturities from April 1, 2022 to December 1, 2045. Loans with 2022 maturity dates are under internal review to extend their maturity.

Subsidiaries:

Detroit Neighborhoods Fund, LLC ("DNF, LLC"): DNF, LLC was formed during 2014 under the laws of the state of Delaware. Capital Impact Partners is the sole member and manager of this LLC. DNF, LLC was formed specifically for the purpose of providing financing for mixed-use and multi-family rental housing and healthy foods retail in underserved areas in Detroit, Michigan. Capital Impact Partners' role is managing the DNF, LLC and identifying, originating, closing and servicing the loans. For this role, Capital Impact Partners receives an annual loan servicing fee of 200 basis points of the average daily outstanding principal balance of each end borrower loan. The lenders have committed to lend an aggregate of $30 million to the fund. The lenders in the fund are Capital Impact Partners, with a $10 million commitment and J.P. Morgan Chase Community Development Corporation, with a $20 million commitment. All loans from each investor are evidenced by individual promissory notes from each lender to DNF, LLC. The loans are with sole recourse to the DNF, LLC and include no obligation for repayment on the part of Capital Impact Partners. Interest rates range from 5.0% to 5.25% and maturities from March 1, 2025 to June 27, 2029.

Note 8. Loans Receivable (Continued)

FPIF, LLC: FPIF, LLC was formed during 2014 under the laws of the state of Delaware. Capital Impact Partners is the sole member and manager of this LLC. FPIF, LLC is organized as a special purpose entity to channel funds to a predominately low income population aged 50+. The lenders had committed to lend an aggregate of $72,666,667 to FPIF, LLC. FPIF, LLC is capitalized with $7,266,667 or 10% subordinated debt from Capital Impact Partners, funded partly by a program related investment from AARP Foundation. The commitment expired on December 31, 2018. AARP Foundation's Program Related Investment is included in the notes payable section of the accompanying statements of financial position. The senior debt constitutes $65,400,000 or 90% of the borrowings from a special purpose entity between Calvert Foundation and AARP Foundation. The remaining loan is with sole recourse to the FPIF, LLC and includes no obligation for repayment on the part of Capital Impact Partners. The loan's interest rate is 5.70% and matures on December 20, 2024.

Refer to Note 14, Notes Payable - Subsidiaries, for further details on subsidiary loans receivables.

Note 9. Credit Quality

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

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

- Education
- Health care
- Affordable housing
- Community development

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

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

Note 9. Credit Quality (Continued)

Age analysis of past due loans: The following tables represent an aging of loans by sector as of December 31, 2022 and 2021. The tables present the principal amount outstanding on the loans that may be past due for principal and/or interest payments contractually due:

December 31, 2022	30 - 59 Days Past Due	60 - 89 Days Past Due	90 days and Still Accruing	Non-accrual	Total Past Due	Current	Total Loans
Education	$ -	$ -	$ -	$ 98,653	$ 98,653	$ 90,816,461	$ 90,915,114
Health care	-	-	-	-	-	88,440,162	88,440,162
Affordable housing	1,517,992	-	-	-	1,517,992	161,601,466	163,119,458
Community development and other	-	-	-	834,402	834,402	39,109,942	39,944,344
	$ 1,517,992	$ -	$ -	$ 933,055	$ 2,451,047	$ 379,968,031	$ 382,419,078

December 31, 2021	30 - 59 Days Past Due	60 - 89 Days Past Due	90 days and Still Accruing	Non-accrual	Total Past Due	Current	Total Loans
Education	$ -	$ -	$ -	$ 190,904	$ 190,904	$ 104,301,701	$ 104,492,605
Health care	-	-	-	-	-	78,550,676	78,550,676
Affordable housing	87,450	-	-	6,755,034	6,842,484	130,621,872	137,464,356
Community development and other	-	-	-	227,500	227,500	43,341,388	43,568,888
	$ 87,450	$ -	$ -	$ 7,173,438	$ 7,260,888	$ 356,815,637	$ 364,076,525

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

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

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

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

Note 9. Credit Quality (Continued)

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

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

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

The following tables summarize the loan portfolio by sector and the internally assigned credit quality ratings for those categories at December 31, 2022 and 2021:

December 31, 2022	Above Average	Pass	Watch	Special Mention	Substandard	Doubtful	Total
Education	$ 3,715,626	$ 41,645,868	$ 40,624,619	$ 4,471,315	$ 286,904	$ 170,782	$ 90,915,114
Health Care	-	21,461,700	60,710,234	6,268,228	-	-	88,440,162
Affordable Housing	647,678	12,229,906	119,605,636	20,949,958	9,511,280	175,000	163,119,458
Community Development & Other	-	13,709,378	11,564,324	13,800,231	687,402	183,009	39,944,344
	$ 4,363,304	$ 89,046,852	$ 232,504,813	$ 45,489,732	$ 10,485,586	$ 528,791	$ 382,419,078

December 31, 2021	Above Average	Pass	Watch	Special Mention	Substandard	Doubtful	Total
Education	$ 2,207,104	$ 49,233,882	$ 52,119,166	$ 391,990	$ 294,354	$ 246,109	$ 104,492,605
Health Care	-	8,072,636	60,020,655	10,457,385	-	-	78,550,676
Affordable Housing	670,092	13,188,941	101,396,559	12,923,854	8,640,560	644,350	137,464,356
Community Development & Other	-	14,261,344	18,295,750	10,666,314	-	345,480	43,568,888
Total	$ 2,877,196	$ 84,756,803	$ 231,832,130	$ 34,439,543	$ 8,934,914	$ 1,235,939	$ 364,076,525

Allowance for loan losses: The allowance for loan losses as a percentage of loans outstanding as of December 31, 2022 and 2021, was 3.6% and 3.7%, respectively.

Capital Impact Partners performs a migration analysis of Capital Impact Partners' loan risk ratings and loan loss ratios in determining the allowance for loan loss calculation.

Note 9. Credit Quality (Continued)

The following tables summarize the allowance for loan losses as of and for the years ended December 31, 2022 and 2021, by sector and the amount of loans evaluated individually or collectively for impairment by sector:

December 31, 2022	Education	Health Care	Affordable Housing	Community Development	Total
Allowance for loan losses:					
Beginning balance	$ 2,617,524	$ 2,444,706	$ 6,484,492	$ 1,808,543	$ 13,355,265
Charge-offs	-	-	-	-	-
Recoveries	-	-	-	-	-
Provisions	(586,345)	(226,371)	1,164,000	(84,378)	266,906
	$ 2,031,179	$ 2,218,335	$ 7,648,492	$ 1,724,165	$ 13,622,171
Ending balance of allowance for loan losses:					
Individually evaluated for impairment	$ -	$ -	$ -	$ 210,980	$ 210,980
Collectively evaluated for impairment	2,031,179	2,218,335	7,648,492	1,513,185	13,411,191
	$ 2,031,179	$ 2,218,335	$ 7,648,492	$ 1,724,165	$ 13,622,171
Loan ending balances:					
Individually evaluated for impairment	$ 98,653	$ -	$ -	$ 4,474,993	$ 4,573,646
Collectively evaluated for impairment	90,816,461	88,440,162	163,119,458	35,469,351	377,845,432
	$ 90,915,114	$ 88,440,162	$ 163,119,458	$ 39,944,344	$ 382,419,078

December 31, 2021	Education	Health Care	Affordable Housing	Community Development	Total
Allowance for loan losses:					
Beginning balance	$ 3,109,513	$ 2,689,136	$ 5,955,366	$ 1,728,625	$ 13,482,640
Charge-offs	-	-	-	(141,250)	(141,250)
Recoveries	-	-	-	-	-
Provisions	(491,989)	(244,430)	529,126	221,168	13,875
	$ 2,617,524	$ 2,444,706	$ 6,484,492	$ 1,808,543	$ 13,355,265
Ending balance of allowance for loan losses:					
Individually evaluated for impairment	$ 73,904	$ -	$ 201,199	$ 105,000	$ 380,103
Collectively evaluated for impairment	2,543,620	2,444,706	6,283,293	1,703,543	12,975,162
	$ 2,617,524	$ 2,444,706	$ 6,484,492	$ 1,808,543	$ 13,355,265
Loan ending balances:					
Individually evaluated for impairment	$ 190,904	$ -	$ 4,691,199	$ 227,500	$ 5,109,603
Collectively evaluated for impairment	104,301,701	78,550,676	132,773,157	43,341,388	358,966,922
	$ 104,492,605	$ 78,550,676	$ 137,464,356	$ 43,568,888	$ 364,076,525

Note 9. Credit Quality (Continued)

Impaired loans: The following tables summarize the impaired loans as of December 31, 2022 and 2021. The tables segregate the loans by sector for impaired loans with specific allowances for losses and impaired loans without specific allowances.

December 31, 2022	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized*
With no related allowance recorded:					
Education	$ 98,653	$ 170,782	$ -	$ 205,713	$ 2,550
Health care	-	-	-	-	-
Affordable housing	-	-	-	-	-
Community development	3,640,591	3,645,600	-	3,645,600	-
Subtotal	3,739,244	3,816,382	-	3,851,313	2,550
With an allowance recorded:					
Education	-	-	-	-	-
Health care	-	-	-	-	-
Affordable housing	-	-	-	-	-
Community development	834,402	834,402	210,980	870,358	-
Subtotal	834,402	834,402	210,980	870,358	-
Total:					
Education	98,653	170,782	-	205,713	2,550
Health care	-	-	-	-	-
Affordable housing	-	-	-	-	-
Community development	4,474,993	4,480,002	210,980	4,515,958	-
Total	$ 4,573,646	$ 4,650,784	$ 210,980	$ 4,721,671	$ 2,550

* Interest income recognized on a cash basis during 2022 was $0.

December 31, 2021	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized*
With no related allowance recorded:					
Education	$ -	$ -	$ -	$ -	$ -
Health care	-	-	-	-	-
Affordable housing	-	-	-	-	-
Community development	-	-	-	-	-
Subtotal	-	-	-	-	-
With an allowance recorded:					
Education	190,904	246,109	73,904	278,063	3,704
Health care	-	-	-	-	-
Affordable housing	4,691,199	4,712,630	201,199	4,712,630	204,245
Community development	227,500	227,500	105,000	287,144	-
Subtotal	5,109,603	5,186,239	380,103	5,277,837	207,949
Total:					
Education	190,904	246,109	73,904	278,063	3,704
Health care	-	-	-	-	-
Affordable housing	4,691,199	4,712,630	201,199	4,712,630	204,245
Community development	227,500	227,500	105,000	287,144	-
Total	$ 5,109,603	$ 5,186,239	$ 380,103	$ 5,277,837	$ 207,949

*Interest income recognized on a cash basis during 2021 was $0.

Note 9. Credit Quality (Continued)

Impaired loans include loans modified in TDRs where concessions have been granted to borrowers experiencing financial difficulties. These concessions could include a reduction of interest rate on the loan, payment extensions, forbearance or other actions intended to maximize collection.

As of December 31, 2022, Capital Impact Partners modified one loan with an unpaid principal balance of $3,645,600 that is classified as a TDR and included in impaired loans. As of December 31, 2021, Capital Impact Partners modified one loan with an unpaid principal balance of $280,000 that is classified as a TDR and included in impaired loans.

There were no loans previously identified as TDRs that re-defaulted in 2022 or 2021.

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

The structured fund documents do not account for the establishment of an allowance in the pricing of the ultimate loans to the borrowers and fees charged. The legal documents address how losses will be absorbed through the "waterfall" language in each fund. Typically, it is the junior lenders that take the first loss if there is no cash reserve or other enhancement that can absorb some portion of non-payment or charge off. The remainder of the loss is absorbed by the senior lender(s). Capital Impact Partners underwrites, services and manages all loans funded from these structured funds and therefore performs initial and ongoing routine evaluations of the performance of each loan's borrower and its ability to repay. Capital Impact Partners will evaluate each of the loans within these funds, individually, to determine allowance for loan loss levels. There was no allowance recorded as of December 31, 2022 and 2021.

Note 10. Other Assets

Included in other assets as of December 31, 2022 and 2021, are the following:

A balance of $200,000, for a cash deposit with Wells Fargo Bank on behalf of Phoenix Collegiate Academy, Inc., a charter school operator. The cash deposit, per the agreement dated November 29, 2012, provided credit enhancement that enabled Phoenix Collegiate Academy, Inc. to finance the cost of acquiring, constructing, improving and equipping the land and building for a middle and high school campus. Capital Impact Partners used proceeds of a grant from the U.S. Department of Education ("DOE") received in a prior year to fund its participation. In return for its investment and providing credit enhancement, Capital Impact Partners earns an annual debt service fee. The Phoenix Collegiate Academy credit enhancement was returned in September 2022 and transferred to restricted cash for future DOE credit enhancement purposes. As of December 2022, the cash deposit balance was $0.

A cash pledge deposit balance of $542,124 and $536,257 as of December 31, 2022 and 2021, respectively, per a pledge and security agreement dated February 1, 2012 between Capital Impact Partners and CSFP. CSFP used funds borrowed from the Walton Family Foundation to fund a loan to Alliance for College-Ready Public Schools, a charter school operator. The Walton Family Foundation requires CSFP to pledge a percentage of the unpaid principal of the loan to secure repayment of their loan. Capital Impact Partners used proceeds of a grant from the DOE received in a prior year to satisfy the pledge requirement. In consideration of its obligation, Capital Impact Partners earns a monthly fee.

Note 10. Other Assets (Continued)

On September 1, 2015, Capital Impact Partners entered into an agreement with CoMetrics to provide a program related investment loan in the aggregate principal amount of $300,000 to finance its business and operations, consistent with its cooperative purposes. The loan was funded in two separate tranches and pays interest at an initial rate of 1% and increases to 5% if CoMetric's earnings reach a certain level. Capital Impact Partners advanced $300,000 as of December 31, 2021. In September 2022, the program related investment loan was restructured to a four-year loan, maturing on September 26, 2026 and classified as a loan. The program investment loan before restructure earned interest of $2,000 and $3,000 for the years ended December 31, 2022 and 2021, respectively.

$134,753 within the Other Assets represents a cash deposit to Globalization Partners, a payroll service provider implemented for the year ended December 31, 2022 for Momentus Securities, a wholly-owned subsidiary of ASM, LLC.

$1,073,984 and $599,717 within Other Assets for the years ended December 31, 2022 and 2021, respectively, represents Prepaid Assets and Security Deposits on leased property for Capital Impact Partners offices.

Goodwill was recorded as part of ASM's acquisition of all of the interests in RPS pursuant to the Purchase Agreement, net of FMV of assets/equity acquired. Capital Impact Partners is currently recorded at Fair Value and will be evaluated for impairment going forward. As of December 31, 2022, goodwill recorded was $10,570.

Furniture, equipment and leasehold improvements at December 31, 2022 and 2021, were comprised as follows:

	2022	2021
Furniture, equipment and software	$ 1,062,506	$ 1,062,506
Leasehold improvements	1,909,896	1,917,052
	2,972,402	2,979,558
Less accumulated depreciation and amortization	(1,902,169)	(1,687,398)
	$ 1,070,233	$ 1,292,160

Note 11. Leases

Capital Impact Partners has operating leases for five corporate offices. Leases have remaining lease terms of 1 year to 10 years, some of which include options to extend the leases for up to 5 years. The components of lease expense were as follows:

	2022	2021
Operating lease cost - fixed	$ 1,109,360	$ 1,228,388
Operating lease cost - variable	72,011	76,583
	$ 1,181,371	$ 1,304,971
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 1,189,479	$ 1,323,028
Weighted average remaining lease term		
Operating leases	9 years	10 years
Weighted average discount rate		
Operating leases	2.91%	2.91%
Right of use assets	$ 7,898,991	$ 8,637,426

Because we generally do not have access to the rate implicit in the lease, we utilize our incremental borrowing rate as the discount rate.

Note 11. Leases (Continued)

Maturities of lease liabilities were as follows:

Years ending December 31:	
2023	$ 1,239,077
2024	1,220,844
2025	1,248,504
2026	1,278,167
2027	1,305,835
Thereafter	6,204,563
Total lease payments	12,496,990
Less imputed interest	(1,908,166)
	$ 10,588,824

Capital Impact Partners signed a 15-year lease agreement for its Arlington, Virginia offices on October 19, 2016. The lease commitment period is from December 1, 2017 through November 30, 2032. The lease agreement provides for annual escalations on base rent and there is a 5-year renewal option after the initial 15-year lease term.

In September 2019, Capital Impact Partners entered into a new $2 million operating lease to secure additional space for the Arlington, Virginia office. The lease is for 13 years and ends November 30, 2032.

Capital Impact Partners also leases office space in Detroit, Michigan and in New York, New York. There is office space in Oakland, California, with a lease agreement that expired in January 2022, then transferred to a temporary work space. There is office space in Austin, Texas, secured with a one-year lease agreement.

Lease incentives are amortized using the straight-line method over the respective lease term and are presented in statements of activities as part of lease expense.

Note 12. Refundable Advance Liability

Capital Impact Partners reports a refundable advance liability for funds received from conditional contributions from various grantors. These contributions remain classified as a refundable advance until the agreed upon conditions or barriers are met. The refundable advance liability balance was $6,172,250 and $6,694,569 as of December 31, 2022 and 2021, respectively.

Note 13. Notes and Bond Payable, Revolving Lines of Credit, Subordinated Debt and Investor Notes

Notes and bond payable, revolving lines of credit, Investor Notes and subordinated debt as of December 31, 2022 and 2021, consist of the following:

	Commitment	Available Undrawn	December 31, 2022	December 31, 2021	Interest Rate Range / Average Rate	Maturity Date Range
Revolving lines of credit	$ 100,000,000	$ 54,000,000	$ 46,000,000	$ -	6.27%	September 2024
Unsecured - fixed rate	78,500,000	12,024,894	54,242,446	52,230,970	0% - 4.75%	May 2023 - August 2032
Investor Notes	203,743,000	-	203,743,000	185,583,000	1.00% - 5.20%	January 2023 - July 2037
Subordinated debt	2,500,000	-	2,500,000	2,500,000	2.00%	December 2023
Federal Home Loan Bank borrowing	109,964,020	85,964,020	24,000,000	47,271,304	2.83%	December 2029
Bond payable	10,000,000	5,000,000	5,000,000	58,849,113	5.32%	August 2032
	504,707,020	156,988,914	335,485,446	346,434,387		
Investor Notes issuance cost	-	-	(2,436,781)	(2,385,421)	2.13% -4.92%	
	$ 504,707,020	$ 156,988,914	$ 333,048,665	$ 344,048,966		

Note 13. Notes and Bond Payable, Revolving Lines of Credit, Subordinated Debt and Investor Notes (Continued)

Capital Impact Partners has certain debt agreements that contain both operational and financial covenants requiring Capital Impact Partners to maintain minimum cash and cash equivalents balances and certain financial ratios.

Investor Notes: Capital Impact Partners issued Investor Notes in 2022, continuous from its 2020 offering, for up to $150,000,000. The Notes are sold through the Depository Trust Company ("DTC"). The Lead Selling Agent agrees to sell these notes to other agents on Capital Impact Partners' behalf. The Notes were issued in increments of $1,000 or more and pay interest at a various fixed interest rates. The terms for the Notes were one-year, three-year, five-year, seven-year, ten-year and twenty-year maturities.

US Bank has been designated as the indenture trustee to the indenture agreement and serves as paying agent for the Notes. The Notes are senior to the subordinated loans. At December 31, 2022 and 2021, the Note holders held $203,743,000 and $185,583,000, respectively, of the total Notes payable balance. Interest rates range between 1.00% and 5.20%. Aggregate annual maturities of Capital Impact Partners' Investor Notes over each of the next five years and thereafter, as of December 31, 2022, are as follows:

Years ending December 31:		
2023	$	40,957,000
2024		17,638,000
2025		33,220,000
2026		13,183,000
2027		19,545,000
Thereafter		79,200,000
	$	203,743,000

FHLB borrowing: As a member bank, Capital Impact Partners may request advances from FHLBank Atlanta. As of December 31, 2022, the outstanding balance was $24,000,000 secured by Mortgage Backed Securities in the amount of $26,084,534. As of December 31, 2021, the outstanding balance was $47,271,304 secured by Mortgage Backed Securities in the amount of $52,066,945. As of December 31, 2022, Capital Impact Partners recognized a gain on FHLB debt extinguishment of $2,282,168 and is included in the Consolidated Statements of Activities and Changes in Net Assets.

CDFI Bond Guarantee Program: The CDFI Bond Guarantee Program was enacted through the Small Business Jobs Act of 2010. The bond provides fixed-rate long-term capital, which can be used to finance eligible community and economic development purposes, such as small businesses, charter schools, health care facilities and affordable housing.

On September 25, 2014, Capital Impact Partners was awarded a $55,000,000 allocation in the $200,000,000 issuance of the CDFI Fund Bond Guarantee Program to Community Reinvestment Fund, USA. Capital Impact Partners committed 100% of its allocation and drew down on the bond by September 25, 2019 as required by the program. Under the program, bonds are purchased by the Federal Financing Bank and carry a 100% guarantee from the Secretary of the Treasury.

On July 15, 2016, Capital Impact Partners was awarded an additional $40,000,000 allocation in the $165,000,000 issuance of the CDFI Fund Bond Guarantee Program to Community Reinvestment Fund, USA. As a condition of the program, Capital Impact Partners must pledge eligible secondary borrower loans as collateral to draw on the loan. The loans bear interest at the applicable Federal Financing bank rate plus .375% liquidity premium at the time of each draw down. Capital Impact Partners, per the Bond Guarantee Program's requirements, had fully committed 100% of its allocation and drew down on the bond by July 15, 2021 as required by the program.

Capital Impact Partners has drawn on the 2014 bond and advanced bond proceeds to end borrowers. As of December 31, 2022 and 2021, the bonds payable balance was $0 and $46,411,726, respectively, secured by pledged loans receivable of $0 and $50,017,941, respectively.

Note 13. Notes and Bond Payable, Revolving Lines of Credit, Subordinated Debt and Investor Notes (Continued)

Capital Impact Partners has drawn on the 2016 bond and advanced bond proceeds to end borrowers. As of December 31, 2022 and 2021, the bonds payable balance was $0 and $12,437,387, respectively, secured by pledged loans receivable of $0 and $12,975,361, respectively.

As of December 31, 2022**,** Capital Impact Partners recognized a gain on CDFI Bond Guarantee debt extinguishment of $4,170,521 and is included in the Consolidated Statements of Activities and Changes in Net Assets.

US Bank Bond Payable: During 2022**,** US Bank purchased a $5,000,000 Racial Equity Bond from Capital Impact Partners. The Bond Offering is up to $10,000,000. Proceeds are used as capital to make loans in relation to its National Diversity in Development Loan Fund Initiative ("DiD"). The DiD seeks to provide financing to support impact in four key areas: wealth creation for borrowers, ensuring diversity in lending, growth in developers and their projects financed by Capital Impact Partners, and community development where Capital Impact Partners operates. As of December 31, 2022, the bonds payable balance was $5,000,000.

Aggregate annual maturities of Capital Impact Partners' borrowings over each of the next five years and thereafter, as of December 31, 2022, are as follows:

Years ending December 31:	
2023	$ 55,957,000
2024	84,115,810
2025	41,009,530
2026	19,683,000
2027	26,295,000
Thereafter	108,425,106
	$ 335,485,446

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

For the Kellogg Foundation, Capital Impact Partners recognized interest expense of $649 and $3,131 for the years ended December 31, 2022 and 2021, respectively.

For the Ford Foundation received in 2014, Capital Impact Partners recognized interest expense of $35,721 and $48,980 for the years ended December 31, 2022 and 2021, respectively.

Aggregate interest accretion over the next four years for Capital Impact Partners' loans with below-market interest rates as of December 31, 2022, is as follows:

	Ford Foundation
Years ending December 31:	
2023	$ 19,396
2024	2,794
	$ 22,190

One investor waived interest payments as part of their COVID-19 relief efforts. Interest payments waived as of December 31, 2022 and 2021 total $0 and $17,260, respectively, and is reflected as other income in the Consolidated Statements of Activities and Changes in Net Assets.

Note 14. Notes Payable – Subsidiaries

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

Subsidiary	Lender	Commitment	December 31, 2022	December 31, 2021	Interest Rate	Final Maturity Date	Payment Details
DNF, LLC	JPMorgan Chase	$ -	$ 19,693,922	$ 19,693,922	2.00%	June 2029	Monthly interest, with consecutive quarterly principal payments beginning in June 2024
FPIF, LLC	FPIF Feeder Facility LP	-	4,500,000	7,690,973	3.63%	August 2031	Monthly interest and principal
		$ -	$ 24,193,922	$ 27,384,895			

Aggregate annual maturities of subsidiary borrowings over each of the next five years and thereafter, as of December 31, 2022, are as follows:

Years ending December 31:	
2023	$ -
2024	4,642,083
2025	200,399
2026	210,860
2027	221,867
Thereafter	18,918,713
	$ 24,193,922

Note 15. Net Assets with Donor Restrictions

Donor restricted net assets are those net assets whose use by Capital Impact Partners is limited by the donors for a special purpose or restricted to be used in a later period. At December 31, 2022 and 2021, donor restricted net assets consisted of the following:

Purpose	2022	2021
Charter School Program	$ 16,594,196	$ 16,543,554
Revolving loan fund - Affordable Housing Financing	11,155,000	8,124,438
Affordable Housing Financing	4,204,257	4,206,007
Equity and Inclusion	7,243,852	5,842,463
DC Entrepreneurs of Color Fund	1,170,395	1,437,561
Equitable Developer	6,245,250	10,578,451
Detroit Corridor Initiative	883,912	517,775
Aging Initiative	245,983	156,273
Racial and Health Equity	5,279	9,045
Various	1,594,476	558,628
	$ 49,342,600	$ 47,974,195

Contributions receivable of $2,600,000 and $250,000, respectively, as of December 31, 2022 and 2021, were both time restricted and purpose restricted and are included in the above amounts.

Note 16. Fees

Material revenue streams are reported separately on the Consolidated Statements of Activities and Changes in Net Assets. Revenue is either recognized at a point in time or over a period of time.

Revenue recognized at a point in time includes NMTC Suballocation Fees, Fund underwriting fees, Unused fee income and portfolio amendment / modification fees. Revenue recognized over a period of time includes Fund Management Fees, Asset Management Fees, Guarantee Fees, and Credit Enhancement Fees.

Fees – recognized at point in time	2022	2021
NMTC suballocation fees	$ 1,293,750	$ 618,750
Fund underwriting fees	-	53,125
Unused fee income	9,114	3,496
Portfolio amendment / modification fees	38,250	-
	1,341,114	675,371
Fees – recognized over time		
Asset management fees	962	288,870
Fund management fees	-	53,366
Credit enhancement fees	-	3,568
Guarantee fees	2,975	2,194
	3,937	347,998
	$ 1,345,051	$ 1,023,369

Note 17. Related Party Transactions

NCB and NCB Financial Savings Bank (NCB, FSB): Capital Impact Partners and its subsidiaries maintain cash accounts with NCB, FSB. Balances totaled $28,964,863 and $38,929,649 as of December 31, 2022 and 2021, respectively.

In the normal course of business, Capital Impact Partners, NCB and NCB, FSB will sell and purchase loan participations from each other. Capital Impact Partners' balance was $14,348,250 and $7,799,402 as of December 31, 2022 and 2021, respectively.

ROC USA, LLC: ROC USA Capital is a wholly-owned subsidiary of ROC USA, LLC (see Note 1). Capital Impact Partners has purchased loan participations from ROC USA Capital in the ordinary course of business. The balance for the purchased loan participation from ROC USA Capital as of December 31, 2022 and 2021, was $7,800,923 and $7,943,297, respectively. Capital Impact Partners services these loans; however, per an agreement between Capital Impact Partners and ROC USA, LLC, Capital Impact Partners does not earn a servicing fee.

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

Develop Detroit: In 2018, Capital Impact Partners entered into an agreement to invest $500,000 in Develop Detroit, a nonprofit developer in Detroit, Michigan. The balance recorded as of December 31, 2022 and 2021, was $375,435 and $392,518, respectively. A member of Capital Impact Partners executive management is a board member of the Housing Partnership Network, in which Develop Detroit is a lending affiliate within the Housing Partner Network.

Note 17. Related Party Transactions (Continued)

Workforce Affordable Housing Fund I, LLC: In July 2019, Capital Impact Partners became a 96% non-controlling member in the Investment in Workforce Affordable Housing Fund I, LLC. The NHP Foundation is the 4% controlling member. A member of Capital Impact Partners executive management team is a trustee of The NHP Foundation. The balance recorded as of December 31, 2022 and 2021, was $22,812,857 and $24,611,526, respectively.

CDC: In the normal course of business, Capital Impact Partners and CDC share labor, as outlined in a shared services agreement established in 2022. Capital Impact Partners utilized a portion of CDC labor and is recorded as Inter-company Management Fee in the Consolidated Statements of Functional Expenses. For the year ended December 31, 2022, activity totaled $331,813. CDC utilized a portion of Capital Impact Partners labor and is recorded as Inter- company fee income in the Consolidated Statements of Activities and Changes in Net Assets. For the year ended December 31, 2022, activity totaled $1,553,228.

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

ASM: In the normal course of business, Capital Impact Partners and Momentus Securities share labor and rent, as outlined in a shared services agreement established in 2022. Through Momentus Securities, ASM utilized a portion of Capital Impact Partners labor which is recorded as Inter-company Management Fee in the Statement of Activities. For the year ended December 31, 2022, activity totaled $2,247,007 which is eliminated upon consolidation.

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

Loans to applicants who are affiliated with a member of Capital Impact Partners are subject to the same eligibility and credit criteria, as well as the same loan terms and conditions, as all other loan requests. Any new loan made to an organization related to a member of the Board is reported to the Finance and Risk Committee at the next regular meeting. An analysis of the activity during the years ended December 31, 2022 and 2021, for the aggregate amount of these loans is as follows:

Balance, December 31, 2020	$18,252,693
Net changes	(3,881,263)
Balance, December 31, 2021	14,371,430
Net changes	(142,374)
Balance, December 31, 2022	$14,229,056

Note 18. New Markets Tax Credit Program ("NMTC")

During 2005, Capital Impact Partners implemented its NMTC program and has 24 and 25 limited liability Companies ("LLCs") that are CDEs, through December 31, 2022 and 2021, respectively.

The LLCs were formed to obtain qualified equity investments from investors and make qualified investments in Qualified Active Low-Income Community Businesses ("QALICB") in accordance with the terms of the NMTC program pursuant to Section 45D of the Internal Revenue Code. Investors made capital contributions of approximately $34,500,000 and $16,500,000 to these LLCs during 2022 and 2021, respectively, in anticipation of receiving new markets tax credits of approximately $13,455,000 and $6,435,000 in 2022 and 2021, respectively. Capital Impact Partners serves as the managing member of these LLCs, contributed nominal capital and has financial interests in the NMTC entities noted below.

Note 18. New Markets Tax Credit Program (“NMTC”) (Continued)

During 2022, five of the NMTC entities reached their seven-year transaction period and were completely dissolved. In connection with the dissolution of these entities, Capital Impact Partners incurred a loss of $21,845, which is reflected in the Consolidated Statements of Activities and Changes in Net Assets for the year ended December 31, 2022.

During 2021, five of the NMTC entities reached their seven-year transaction period and were completely dissolved. In connection with the dissolution of these entities, Capital Impact Partners incurred a gain of $23,600, which is reflected in the Consolidated Statements of Activities and Changes in Net Assets for the year ended December 31, 2021.

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

Impact CDE 55 LLC	Impact CDE 67 LLC
Impact CDE 56 LLC	Impact CDE 68 LLC
Impact CDE 57 LLC	Impact CDE 69 LLC
Impact CDE 58 LLC	Impact CDE 70 LLC
Impact CDE 59 LLC	Impact CDE 71 LLC
Impact CDE 60 LLC	Impact CDE 72 LLC
Impact CDE 61 LLC	Impact CDE 73 LLC
Impact CDE 62 LLC	Impact CDE 74 LLC
Impact CDE 63 LLC	Impact CDE 75 LLC
Impact CDE 64 LLC	Impact CDE 76 LLC
Impact CDE 65 LLC	Impact CDE 78 LLC
Impact CDE 66 LLC	Impact CDE 79 LLC

At December 31, 2022 and 2021, Capital Impact Partners had a .01% interest in each of the above entities.

The total amount of the investment is as follows:

	Amount of Investment 2022	Amount of Investment 2021
Capital Impact Partners New Markets Tax Credit Entities	$ 18,537	$ 39,680

The following is a summary of the audited financial information of these companies as of and for the years ended December 31, 2022 and 2021:

	2022	2021
Total assets	$ 184,943,500	$ 175,226,055
Total liabilities	262,065	186,361
Members' capital	184,681,435	175,039,694
Total revenue	3,009,982	3,328,507
Total expenses	1,673,294	2,791,013
Net income	1,336,688	537,494

Note 18. New Markets Tax Credit Program ("NMTC") (Continued)

Under the agreements with the LLCs, Capital Impact Partners earns fees for its initial services including investor syndication, LLC organization, loan origination, and NMTC sub-allocation. Capital Impact Partners also earns continuing fees for loan servicing. As explained in Note 16 material revenue streams recognized at a point in time or recognized over time are reported separately on the Consolidated Statements of Activities and Changes in Net Assets. During the years ended December 31, 2022 and 2021, Capital Impact Partners earned $830,198 and $889,453, respectively, of servicing fees from these LLCs. In addition, Capital Impact Partners reflected accounts receivable of $1,030 and $0, as of December 31, 2022 and 2021, respectively.

In most of the agreements with the LLCs, Capital Impact Partners could be responsible for reimbursing the LLCs in the event of recapture and/or loss of the tax credits for failure to comply with Section 45D of the Internal Revenue Code as a result of errors made by Capital Impact Partners in its role as Managing Member. In most cases, the amount of reimbursement is limited to fees received or a multiple thereof. Capital Impact Partners has retained qualified consultants and implemented control systems to minimize the potential of any such recapture. Management believes the likelihood of recapture is remote and no liabilities have been recorded as of December 31, 2022 and 2021.

To date, Capital Impact Partners has been awarded eleven NMTC allocations, totaling $742,000,000.

Note 19. Commitments and Contingencies

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

In the normal course of business, Capital Impact Partners makes commitments to extend term loans, BPAs and lines of credit, which are not reflected in the accompanying financial statements. The commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being completely drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Capital Impact Partners evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by Capital Impact Partners upon extension of credit, is based on management's credit evaluation of the borrower. At December 31, 2022 and 2021, these outstanding commitments totaled $76,285,864 and $59,197,655, respectively.

The California Primary Care Association established the CPCA COVID Response Loan Fund (the "Fund") to assist California community healthcare centers in December 2020. The $25 million loan fund is comprised of numerous lenders who will make secured loans to the Fund. This debt capital is utilized to finance loans to be made by the Fund to California community health centers. Capital Impact Partners serves as both the Program Administrator and Servicer of loans originated by this fund and earns a monthly servicing fee of 50 basis points and a 1% underwriting fee per loan. In addition, Capital Impact Partners has committed to guarantee payments on defaulted loans for up to 5% of the total amount disbursed, not to exceed $1.5 million. The Fund documents outline the specific triggers for accessing the guarantee. The total amount of borrower loans disbursed by the Fund as of December 31, 2021 was $11,900,000. As loans are originated, the underwriting fee is allocated between the contingent liability and underwriting fee income. As of December 31, 2022 and 2021, Capital Impact Partners recorded $0 and $9,375, respectively, of contingent liability, which represents the fair value of the guarantee. For the years ended December 31, 2022 and 2021, Capital Impact Partners recorded $0 and $53,125, respectively, in net underwriting fee income. This amount is included with fee revenue in the Statements of Activities.

Note 19. Commitments and Contingencies (Continued)

Capital Impact Partners is committed to initiate the $12.5 million Diversity in Development - Detroit Loan Fund. In May 2020, the Diversity in Development fund was launched to deploy low-cost and flexible construction financing to minority developers who live in and around Detroit, Michigan. The response to the loan fund led to successfully closing $9.4 million in loans through December 31, 2022 and $4.3 million in loans through December 31, 2021. Capital Impact Partners funded more loans than initially committed due to high demand. Total loans closed under the fund was $18.8 million. There are no additional closings for this fund after 2022.

Capital Impact Partners is committed to initiate a $20 million Diversity in Development DMV (Washington, DC, Maryland and Virginia) Loan Fund over three-years, successfully closing $23 million in loans in 2022 and $9.6 million in loans in 2021. The fund provides acquisition and pre-development loans to enable minority developers to acquire and develop affordable housing and other community facilities in the Washington D.C., Maryland and Virginia area. Capital Impact Partners funded more loans than initially committed due to high demand. Total loans closed under the fund was $32.6 million. There are no additional closings for this fund after 2022.

Note 20. Employee Benefits

Capital Impact Partners' employees participate in the non-contributory defined contribution retirement plan and the 401(k) plan. Under the non-contributory defined contribution retirement plan, Capital Impact Partners contributes 6% of a participant's annual salary into the plan. Total expenses for the retirement plans for the years ended December 31, 2022 and 2021, were $682,518 and $656,387, respectively. The employee thrift plan is organized under IRS Code Section 401(k) and Capital Impact Partners contributes up to 6% of each participant's annual salary. Contributions and expenses were $830,320 and $707,079 for 2022 and 2021, respectively. Total retirement plans forfeited for the years ended December 31, 2022 and 2021, were $152,600 and $251,662, respectively.

Note 21. Fair Value

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

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

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

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

Note 21. Fair Value (Continued)

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

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

	December 31, 2022	Level 1	Level 2	Level 3
Assets (liabilities):				
Marketable equity securities	$ 401,556	$ 401,556	$ -	$ -
Real estate investment trust	2,068,750	-	-	2,068,750
Other investments	286,674	-	-	286,674
Mortgage backed securities	29,230,723	-	29,230,723	-
U.S. Treasury Securities	2,195,160	-	2,195,160	-
	$ 34,182,863	$ 401,556	$ 31,425,883	$ 2,355,424

	December 31, 2021	Level 1	Level 2	Level 3
Assets (liabilities):				
Marketable equity securities	$ 428,882	$ 428,882	$ -	$ -
Real estate investment trust	1,602,086	-	-	1,602,086
Other investments	286,673	-	-	286,673
Mortgage backed securities	59,429,070	-	59,429,070	-
Guarantee liability	(9,375)	-	-	(9,375)
	$ 61,737,336	$ 428,882	$ 59,429,070	$ 1,879,384

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

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

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

("NAV") under the rational that, the REIT is, at a minimum, worth the liquidation value of its assets. Therefore, these assets are classified as Level 3 and use Level 3 inputs to fair value.

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

Note 21. Fair Value (continued)

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

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

There was no change in the valuation techniques used to measure fair value of investments in the years ended December 31, 2022 and 2021. There were no transfers into or out of Level 3 during the years ended December 31, 2022 and 2021.

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

	2022	2021
Beginning balance at January 1	$ 1,879,384	$ 1,717,042
Total net gains included in change in net assets	476,040	171,717
Purchases	-	(9,375)
Sales	-	-
Ending balance at December 31	$ 2,355,424	$ 1,879,384

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

	December 31, 2022	Level 1	Level 2	Level 3
Assets:				
Impaired loans, net of specific reserves	$ 4,381,013	$ -	$ -	$ 4,381,013

	December 31, 2021	Level 1	Level 2	Level 3
Assets:				
Impaired loans, net of specific reserves	$ 4,729,500	$ -	$ -	$ 4,729,500

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

Note 22. Noncontrolling Interest in Consolidated Subsidiaries

Capital Impact Partners presents the noncontrolling interest in CIIF, its consolidated subsidiary, as a separate line item within net assets in the statement of financial position as of December 31, 2022 and 2021.

CIIF began operations on December 13, 2017. CIIF II began operations on December 28, 2018 and merged into CIIF on January 1, 2020. A 10% equity contribution of $3,763,007 by Capital Impact Partners increased its managing member ownership to 30% from 20% and reduced Annaly's non-managing member ownership to 70% from 80%.

A summary of the 2022 and 2021 activity follows:

	CIIF		
	CIP	Annaly	Total
Balance, December 31, 2020	$ 8,933,582	$ 20,572,345	$ 29,505,927
Net income	462,218	980,200	1,442,418
Distributions	(447,278)	(980,200)	(1,427,478)
Balance, December 31, 2021	8,948,522	20,572,345	29,520,867
Net income	350,522	982,311	1,332,833
Distributions	(351,536)	(982,311)	(1,333,847)
Balance, December 31, 2022	$ 8,947,508	$ 20,572,345	$ 29,519,853

Distributions of $267,189 and $239,436 were payable from CIIF to Annaly as of December 31, 2022 and 2021, respectively.

Note 23. Subsequent Events

Capital Impact Partners has evaluated its subsequent events (events occurring after December 31, 2022) through March 29, 2023, which represents the date the financial statements were issued.

On March 15, 2023, FINRA approved the application of Momentus Securities, LLC to expand its business, contingent upon execution of this Membership Agreement and its submission to the FINRA Membership Application Program Group by no later than March 31, 2023.

Capital Impact Partners and Subsidiaries

Supplementary Information

Capital Impact Partners and Subsidiaries

Consolidating Statement of Financial Position
December 31, 2022

	Capital Impact Partners	Detroit Neighborhoods Fund, LLC	FPIF, LLC	Community Investment Impact Fund , LLC	Alliance Securities Manager LLC	Equitable Prosperity Fund 1 GP LLC	Eliminations	Total
Assets								
Cash and cash equivalents – unrestricted	$ 45,962,479	$ 4,061,709	$ 328,523	$ 906,312	$ 16,547,741	$ -	$ -	$ 67,806,764
Cash and cash equivalents – restricted	20,104,567	455,634	-	-	-	-	-	20,560,201
Accounts and interest receivable	4,577,668	148,174	24,541	256,284	-	-	(744,073)	4,262,594
Contributions receivable	2,600,000	-	-	-	-	-	-	2,600,000
Investments	66,226,649	-	-	-	107,710	(182,897)	(23,791,732)	42,359,730
Mortgage backed securities	29,230,723	-	-	-	-	-	-	29,230,723
Loans receivable	382,419,078	-	-	-	-	-	-	382,419,078
Less: allowance for loan losses	(13,622,171)	-	-	-	-	-	-	(13,622,171)
Loans receivable, net	368,796,907	-	-	-	-	-	-	368,796,907
Loans receivable – subsidiaries	-	25,574,630	5,000,000	29,145,390	-	-	(39,492,351)	20,227,669
Other assets	2,810,314	-	-	-	21,352	-	-	2,831,666
Right of use assets	7,898,991	-	-	-	-	-	-	7,898,991
Total assets	$ 548,208,298	$ 30,240,147	$ 5,353,064	$ 30,307,986	$ 16,676,803	$ (182,897)	$ (64,028,156)	$ 566,575,245
Liabilities and Net Assets								
Liabilities:								
Accounts payable and accrued expenses	$ 5,142,806	$ 141,507	$ 24,436	$ 788,133	$ 1,649,681	$ -	$ (744,072)	$ 7,002,491
Refundable advance liability	6,172,250	-	-	-	-	-	-	6,172,250
Due to subsidiaries	29,145,390	-	-	-	-	-	(29,145,390)	-
Revolving lines of credit	46,000,000	-	-	-	-	-	-	46,000,000
Notes payable	54,242,446	-	-	-	-	-	-	54,242,446
Investor Notes, net	201,306,219	-	-	-	-	-	-	201,306,219
Subordinated debt	2,500,000	-	-	-	-	-	-	2,500,000
Federal Home Loan Bank borrowing	24,000,000	-	-	-	-	-	-	24,000,000
Bond loan payable	5,000,000	-	-	-	-	-	-	5,000,000
Notes payable – subsidiaries	-	29,540,883	5,000,000	-	-	-	(10,346,961)	24,193,922
Lease liabilities	10,588,824	-	-	-	-	-	-	10,588,824
Total liabilities	384,097,935	29,682,390	5,024,436	788,133	1,649,681	-	(40,236,423)	381,006,152
Net assets:								
Without donor restrictions	114,767,763	557,757	328,628	-	15,027,122	(182,897)	(14,844,225)	115,654,148
Noncontrolling interest in a consolidated subsidiary	-	-	-	29,519,853	-	-	(8,947,508)	20,572,345
Total without donor restrictions	114,767,763	557,757	328,628	29,519,853	15,027,122	(182,897)	(23,791,733)	136,226,493
With donor restrictions	49,342,600	-	-	-	-	-	-	49,342,600
Total net assets	164,110,363	557,757	328,628	29,519,853	15,027,122	(182,897)	(23,791,733)	185,569,093
Total liabilities and net assets	$ 548,208,298	$ 30,240,147	$ 5,353,064	$ 30,307,986	$ 16,676,803	$ (182,897)	$ (64,028,156)	$ 566,575,245

Capital Impact Partners and Subsidiaries

Consolidating Statement of Activities
Year Ended December 31, 2022

	Capital Impact Partners	Detroit Neighborhoods Fund, LLC	FPIF, LLC	Community Investment Impact Fund , LLC	Alliance Securities Manager LLC	Equitable Prosperity Fund 1 GP LLC	Eliminations	Total
Changes in net assets without donor restrictions:								
Financial activity:								
Financial income:								
Interest income on loans	$ 19,856,276	$ 1,434,688	$ 382,099	$ 1,601,294	$ -	$ -	$ (435,815)	$ 22,838,542
Loan fees	688,673	34,359	-	-	-	-	-	723,032
Investments income (loss), net	(4,080,013)	23,418	1,797	10,814	-	-	(350,522)	(4,394,506)
Loss on equity method investments	(3,277,120)	-	-	-	-	(182,897)	2,993,485	(466,532)
Loss on NMTC unwind	(21,845)	-	-	-	-	-	-	(21,845)
Total financial income	13,165,971	1,492,465	383,896	1,612,108	-	(182,897)	2,207,148	18,678,691
Financial expense:								
Interest expense	10,144,875	798,698	245,490	-	-	-	(435,815)	10,753,248
Provision for loan losses	266,906	-	-	-	-	-	-	266,906
Total financial expense	10,411,781	798,698	245,490	-	-	-	(435,815)	11,020,154
Net financial income	2,754,190	693,767	138,406	1,612,108	-	(182,897)	2,642,963	7,658,537
Revenue and support:								
Loan servicing fees	1,984,276	-	-	-	-	-	(600,843)	1,383,433
Fees	1,698,261	-	-	-	-	-	(353,210)	1,345,051
Asset management fees from investments	-	-	-	-	125,097	-	-	125,097
Contract revenue	719,570	-	-	-	-	-	-	719,570
Contributions	9,065,225	-	-	-	-	-	-	9,065,225
Gain on debt extinguishment	6,452,689	-	-	-	-	-	-	6,452,689
Inter-company fee income	3,800,235	-	-	-	-	-	(2,247,007)	1,553,228
Other income	84,389	-	-	34,213	-	-	-	118,602
Net assets released from donor restrictions	15,310,283	-	-	-	-	-	-	15,310,283
Total revenue and support	39,114,928	-	-	34,213	125,097	-	(3,201,060)	36,073,178
Expenses:								
Innovative community lending program	29,659,749	564,576	123,071	305,937	-	-	(954,053)	29,699,280
Total program expenses	29,659,749	564,576	123,071	305,937	-	-	(954,053)	29,699,280
Support expenses:								
Management and general	15,762,970	7,500	-	7,551	2,935,685	-	(2,247,007)	16,466,699
Fundraising	1,848,796	-	-	-	-	-	-	1,848,796
Total expenses	47,271,515	572,076	123,071	313,488	2,935,685	-	(3,201,060)	48,014,775
Change in net assets without donor restrictions before noncontrolling and controlling interest a	(5,402,397)	121,691	15,335	1,332,833	(2,810,588)	(182,897)	2,642,963	(4,283,060)
Noncontrolling interest – distributions	-	-	-	(1,333,847)	-	-	351,536	(982,311)
Controlling interest - capital contributions	-	-	-	-	17,837,710	-	(17,837,710)	-
Change in net assets without donor restrictions	(5,402,397)	121,691	15,335	(1,014)	15,027,122	(182,897)	(14,843,211)	(5,265,371)
Change in net assets with donor restrictions:								
Investment income, net	77,325	-	-	-	-	-	-	77,325
Contributions and grant revenue	16,601,363	-	-	-	-	-	-	16,601,363
Net assets released from donor restrictions	(15,310,283)	-	-	-	-	-	-	(15,310,283)
Change in net assets with donor restrictions	1,368,405	-	-	-	-	-	-	1,368,405
Change in net assets	(4,033,992)	121,691	15,335	(1,014)	15,027,122	(182,897)	(14,843,211)	(3,896,966)
Net assets, beginning	168,144,355	436,066	313,293	29,520,867	-	-	(8,948,522)	189,466,059
Net assets, ending	$ 164,110,363	$ 557,757	$ 328,628	$ 29,519,853	$ 15,027,122	$ (182,897)	$ (23,791,733)	$ 185,569,093

The following consolidated entities did not have 2022 activity:

1) Community Solutions Group, LLC 2) NCBCI Education Conduit, LLC 3) Impact NMTC Holdings II, LLC

Supplementary Information

Consolidating Statement of Financial Position
December 31, 2021

	Capital Impact Partners	Detroit Neighborhoods Fund, LLC	FPIF, LLC	Investment Impact Fund , LLC	Eliminations	Total
Assets						
Cash and cash equivalents – unrestricted	$ 69,241,056	$ 314,683	$ 310,603	$ 3,346,642	$ -	$ 73,212,984
Cash and cash equivalents – restricted	24,660,328	392,931	-	-	-	25,053,259
Accounts and interest receivable	2,738,910	128,683	42,775	169,005	(247,539)	2,831,834
Contributions receivable	250,000	-	-	-	-	250,000
Investments	42,870,783	-	-	-	(8,948,522)	33,922,261
Mortgage backed securities	59,429,070	-	-	-	-	59,429,070
Loans receivable	364,076,525	-	-	-	-	364,076,525
Less: allow ance for loan losses	(13,355,265)	-	-	-	-	(13,355,265)
Loans receivable, net	350,721,260	-	-	-		350,721,260
Loans receivable – subsidiaries	-	29,261,380	8,545,526	26,730,728	(37,432,242)	27,105,392
Other assets	8,637,426	-	-	-	-	2,928,134
Right of use assets	9,496,017	-	-	-	-	8,637,426
					-	
Total assets	$ 561,476,967	$ 30,097,677	$ 8,898,904	$ 30,246,375	$ (46,628,303)	$ 584,091,620
Liabilities and Net Assets						
Liabilities:						
Accounts payable and accrued expenses	$ 4,394,737	$ 120,728	$ 40,085	$ 725,508	$ (247,539)	$ 5,033,519
Refundable advance liability	6,694,569	-	-	-	-	6,694,569
Due to subsidiaries	26,730,728	-	-	-	(26,730,728)	-
Notes payable	52,230,970	-	-	-	-	52,230,970
Investor Notes, net	183,197,579	-	-	-	-	183,197,579
Subordinated debt	2,500,000	-	-	-	-	2,500,000
Federal Home Loan Bank borrow ing	47,271,304	-	-	-	-	47,271,304
Bond loan payable	58,849,113	-	-	-	-	58,849,113
Notes payable – subsidiaries	-	29,540,883	8,545,526	-	(10,701,514)	27,384,895
Lease liabilities	11,463,612	-	-	-	-	11,463,612
Total liabilities	393,332,612	29,661,611	8,585,611	725,508	(37,679,781)	394,625,561
Net assets:						
Without donor restrictions	120,170,160	436,066	313,293	-	-	120,919,519
Noncontrolling interest in consolidated subsidiaries	-	-	-	29,520,867	(8,948,522)	20,572,345
Total without donor restrictions	120,170,160	436,066	313,293	29,520,867	(8,948,522)	141,491,864
With donor restrictions	47,974,195	-	-	-	-	47,974,195
Total net assets	168,144,355	436,066	313,293	29,520,867	(8,948,522)	189,466,059
Total liabilities and net assets	$ 561,476,967	$ 30,097,677	$ 8,898,904	$ 30,246,375	$ (46,628,303)	$ 584,091,620

Capital Impact Partners and Subsidiaries

Consolidating Statement of Activities
Year Ended December 31, 2021

	Capital Impact Partners	Detroit Neighborhoods Fund, LLC	FPIF, LLC	Community Investment Impact Fund , LLC	Community Investment Impact Fund II, LLC	Eliminations	Total
Changes in net assets without donor restrictions:							
Financial activity:							
Financial income:							
Interest income on loans	$ 18,736,144	$ 1,522,506	$ 584,570	$ 1,610,174	$ -	$ (453,716)	$ 21,999,678
Loan fees	641,941	-	9,500	100,558	-	-	751,999
Investments income, net	56,476	803	698	4,282	-	(462,218)	(399,959)
Gain on equity method investments	110,112	-	-	-	-	-	110,112
Loss on NMTC unwind	23,600	-	-	-	-	-	23,600
Total financial income	19,568,273	1,523,309	594,768	1,715,014		(915,934)	22,485,430
Financial expense:							
Interest expense	9,606,245	798,698	361,624	-	-	(453,716)	10,312,851
Provision for loan losses	13,875	-	-	-	-	-	13,875
Total financial expense	9,620,120	798,698	361,624	-	-	(453,716)	10,326,726
Net financial income	9,948,153	724,611	233,144	1,715,014	-	(462,218)	12,158,704
Revenue and support:							
Loan servicing fees	2,030,136	-	-	-	-	(926,634)	1,103,502
Fees	1,159,289	-	-	-	-	(135,920)	1,023,369
Contract revenue	57,648	-	-	-	-	-	57,648
Contributions	2,000,000	-	-	-	-	-	2,000,000
Other income	121,826	-	-	643	-	-	122,469
Net assets released from donor restrictions	14,110,281	-	-	-	-	-	14,110,281
Total revenue and support	19,479,180	-	-	643	-	(1,062,554)	18,417,269
Expenses:							
Innovative community lending program	16,562,263	597,254	197,432	270,238	-	(1,062,554)	16,564,633
Total program expenses	16,562,263	597,254	197,432	270,238	-	(1,062,554)	16,564,633
Support expenses:							
Management and general	11,950,305	24,025	-	3,001	-	-	11,977,331
Fundraising	1,604,226	-	-	-	-	-	1,604,226
Total expenses	30,116,794	621,279	197,432	273,239	-	(1,062,554)	30,146,190
Change in net assets without donor restrictions before noncontrolling interest activities	(689,461)	103,332	35,712	1,442,418	-	(462,218)	429,783
Noncontrolling interest – distributions	-	-	-	(1,427,478)	-	447,278	(980,200)
Change in net assets without donor restrictions	(689,461)	103,332	35,712	14,940	-	(14,940)	(550,417)
Change in net assets with donor restrictions:							
Investment income, net	30,639	-	-	-	-	-	30,639
Contributions and grant revenue	28,485,802	-	-	-	-	-	28,485,802
Net assets released from donor restrictions	(14,110,281)	-	-	-	-	-	(14,110,281)
Change in net assets with donor restrictions	14,406,160	-	-	-	-	-	14,406,160
Change in net assets	13,716,699	103,332	35,712	14,940	-	(14,940)	13,855,743
Net assets, beginning	154,427,656	332,734	277,581	29,505,927	-	(8,933,582)	175,610,316
Net assets, ending	$ 168,144,355	$ 436,066	$ 313,293	$ 29,520,867	$ -	$ (8,948,522)	$ 189,466,059

The following consolidated entities did not have 2021 activity:

1) Community Solutions Group, LLC
2) NCBCI Education Conduit, LLC
3) Impact NMTC Holdings II, LLC
4) Alliance Securities Manager LLC
5) Equitable Prosperity Fund I GP LLC

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Capital Impact Partners and Subsidiaries

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Capital Impact Partners and Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2022, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements and have issued our report thereon dated March 29, 2023. The financial statements of certain subsidiaries were not audited in accordance with Government Auditing Standards and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with these subsidiaries.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Capital Impact Partners and Subsidiaries' internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Capital Impact Partners and Subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of Capital Impact Partners and Subsidiaries' internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

CohnReznick LLP

Bethesda, Maryland
March 29, 2023