



ASCENDUS, INC.

Ascendus

**Financial Statements
(Together with Independent Auditors' Report)**

Years Ended December 31, 2025 and 2024

ASCENDUS, INC.
FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)
YEARS ENDED DECEMBER 31, 2025 AND 2024

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Ascendus, Inc.
New York, NY

Opinion

We have audited the financial statements of Ascendus, Inc. ("Ascendus"), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Ascendus, Inc. as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Ascendus 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 Ascendus' 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 Ascendus' 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.

CBIZ CPAs P.C.

Purchase, New York
June 26, 2026

ASCENDUS, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2025 AND 2024

ASSETS	<u>2025</u>	<u>2024</u>
Cash and cash equivalents (Notes 2C and 10A)	\$ 5,278,172	\$ 5,909,319
Restricted cash (Note 2C)	13,540,371	20,073,784
Contributions, grants and other receivables (Notes 2D and 2L)	2,519,396	1,888,185
Interest on loans receivable (Note 2E)	269,619	646,345
Loans receivable, net (Notes 2E, 2F and 4)	30,825,908	32,437,454
Prepaid expenses and other assets	381,064	316,441
Operating right-of-use lease asset (Note 7)	30,429	135,626
Finance right-of-use lease asset (Note 7)	33,395	65,319
Property and equipment, net (Notes 2G and 5)	<u>479,974</u>	<u>70,544</u>
 TOTAL ASSETS	 <u>\$ 53,358,328</u>	 <u>\$ 61,543,017</u>
 LIABILITIES		
Accounts payable and accrued expenses	\$ 512,229	\$ 656,303
Deferred revenue (Note 2B)	435,030	272,290
Other liabilities	746,492	1,936,021
Notes payable (Note 6)	35,642,790	44,100,424
Operating lease liability (Note 7)	31,168	136,365
Finance lease liability (Note 7)	<u>36,759</u>	<u>69,852</u>
 TOTAL LIABILITIES	 <u>37,404,468</u>	 <u>47,171,255</u>
 COMMITMENTS AND CONTINGENCIES (Note 8)		
 NET ASSETS (Note 2B)		
Without donor restrictions	11,188,526	10,421,966
With donor restrictions (Note 9)	<u>4,765,334</u>	<u>3,949,796</u>
 TOTAL NET ASSETS	 <u>15,953,860</u>	 <u>14,371,762</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 53,358,328</u>	 <u>\$ 61,543,017</u>

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

ASCENDUS, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	Year Ended December 31, 2025			Year Ended December 31, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
CONTRIBUTIONS AND REVENUE:						
Contributions:						
Contributions (Notes 2B, 2D and 10B)	\$ 2,948,184	\$ 5,616,000	\$ 8,564,184	\$ 2,649,010	\$ 2,683,477	\$ 5,332,487
Noncash contributions (Note 2H)	168,947	-	168,947	150,822	-	150,822
Total Contributions	<u>3,117,131</u>	<u>5,616,000</u>	<u>8,733,131</u>	<u>2,799,832</u>	<u>2,683,477</u>	<u>5,483,309</u>
Revenue:						
Interest on loans (Note 2E)	4,059,996	-	4,059,996	3,103,559	-	3,103,559
Program fees (Notes 2K and 4)	1,517,659	-	1,517,659	3,258,920	-	3,258,920
Interest income	684,539	-	684,539	518,004	-	518,004
Total Revenue	<u>6,262,194</u>	<u>-</u>	<u>6,262,194</u>	<u>6,880,483</u>	<u>-</u>	<u>6,880,483</u>
Net assets released from restrictions (Note 9)	<u>4,800,462</u>	<u>(4,800,462)</u>	<u>-</u>	<u>1,647,172</u>	<u>(1,647,172)</u>	<u>-</u>
TOTAL CONTRIBUTIONS AND REVENUE	<u>14,179,787</u>	<u>815,538</u>	<u>14,995,325</u>	<u>11,327,487</u>	<u>1,036,305</u>	<u>12,363,792</u>
EXPENSES:						
Program services:						
Lending/education services	10,538,930	-	10,538,930	12,717,778	-	12,717,778
Supporting services:						
Management and general	1,871,090	-	1,871,090	2,291,401	-	2,291,401
Fundraising	834,260	-	834,260	809,887	-	809,887
Total supporting services	<u>2,705,350</u>	<u>-</u>	<u>2,705,350</u>	<u>3,101,288</u>	<u>-</u>	<u>3,101,288</u>
Expenses Before In-kind:	13,244,280	-	13,244,280	15,819,066	-	15,819,066
In-Kind Legal Expense (Note 2I)	168,947	-	168,947	150,822	-	150,822
TOTAL EXPENSES	<u>13,413,227</u>	<u>-</u>	<u>13,413,227</u>	<u>15,969,888</u>	<u>-</u>	<u>15,969,888</u>
TOTAL CHANGE IN NET ASSETS	<u>766,560</u>	<u>815,538</u>	<u>1,582,098</u>	<u>(4,642,401)</u>	<u>1,036,305</u>	<u>(3,606,096)</u>
Net assets - beginning of year	<u>10,421,966</u>	<u>3,949,796</u>	<u>14,371,762</u>	<u>15,064,367</u>	<u>2,913,491</u>	<u>17,977,858</u>
NET ASSETS - END OF YEAR	<u>\$ 11,188,526</u>	<u>\$ 4,765,334</u>	<u>\$ 15,953,860</u>	<u>\$ 10,421,966</u>	<u>\$ 3,949,796</u>	<u>\$ 14,371,762</u>

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

ASCENDUS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(With Comparative Totals for 2024)

	Year Ended December 31, 2025					
	Supporting Services					
	Program Services	Management and General	Fundraising	Total Supporting Services	Total 2025	Total 2024
Personnel costs (Note 11)	\$ 3,643,614	\$ 1,448,950	\$ 712,946	\$ 2,161,896	\$ 5,805,510	\$ 7,223,835
Contractual services	431,585	244,920	51,835	296,755	728,340	848,629
Legal services	64,807	-	-	-	64,807	48,266
Technology	599,066	52,573	9,163	61,736	660,802	747,032
Occupancy (Note 7)	117,785	31,977	8,111	40,088	157,873	162,644
Travel and conferences	48,336	29,706	35,910	65,616	113,952	105,040
Interest expense (Note 6)	1,414,325	-	-	-	1,414,325	963,721
Credit loss provision (Notes 2E and 4)	3,655,619	-	-	-	3,655,619	4,915,841
Collection expense	264,507	-	-	-	264,507	135,892
Depreciation and amortization (Notes 5 and 7)	40,221	6,246	1,078	7,324	47,545	51,382
Other expenses	259,065	56,718	15,217	71,935	331,000	616,784
Expenses before In-Kind:	10,538,930	1,871,090	834,260	2,705,350	13,244,280	15,819,066
In-Kind Legal Expenses (Note 2H)	168,947	-	-	-	168,947	150,822
TOTAL EXPENSES	\$ 10,707,877	\$ 1,871,090	\$ 834,260	\$ 2,705,350	\$ 13,413,227	\$ 15,969,888

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

ASCENDUS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Year Ended December 31, 2024				
	Supporting Services			Total	Total
	Program Services	Management and General	Fundraising	Supporting Services	2024
Personnel costs (Note 11)	\$ 4,877,649	\$ 1,592,747	\$ 753,439	\$ 2,346,186	\$ 7,223,835
Contractual services	394,729	418,184	35,716	453,900	848,629
Legal services	48,266	-	-	-	48,266
Technology	664,877	70,017	12,138	82,155	747,032
Occupancy (Note 7)	116,101	44,722	1,821	46,543	162,644
Travel and conference	43,348	57,358	4,334	61,692	105,040
Interest expense (Note 6)	963,721	-	-	-	963,721
Credit loss provision (Notes 2E and 4)	4,915,841	-	-	-	4,915,841
Collection expense	135,892	-	-	-	135,892
Depreciation and amortization (Notes 5 and 7)	-	51,382	-	51,382	51,382
Other expenses	557,354	56,991	2,439	59,430	616,784
Expenses before In-Kind:	12,717,778	2,291,401	809,887	3,101,288	15,819,066
In-Kind Legal Expenses (Note 2H)	-	150,822	-	150,822	150,822
TOTAL EXPENSES	\$ 12,717,778	\$ 2,442,223	\$ 809,887	\$ 3,252,110	\$ 15,969,888

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

ASCENDUS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,582,098	\$ (3,606,096)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Provision for credit losses	3,655,619	4,915,841
Depreciation and amortization	47,545	51,382
Loss from sale of participation loans	-	111,991
	5,285,262	1,473,118
Subtotal		
Changes in assets and liabilities:		
Contributions, grants and other receivables	(631,211)	(632,936)
Interest on loans receivable	376,726	(204,770)
Prepaid expenses and other assets	(64,623)	9,674
Accounts payable and accrued expenses	(144,074)	89,709
Deferred revenue	162,740	325,463
Other liabilities	(1,189,529)	41,840
	3,795,291	1,102,098
Net Cash Provided by Operating Activities		
	3,795,291	1,102,098
CASH FLOWS FROM INVESTING ACTIVITIES:		
Disbursements under loan programs	(15,093,564)	(50,037,082)
Collections under loan program	10,151,049	7,850,072
Proceeds from loan participations	2,898,442	32,535,265
Purchases of property and equipment	(425,050)	(59,820)
	(2,469,123)	(9,711,565)
Net Cash Used in Investing Activities		
	(2,469,123)	(9,711,565)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal repayments of finance lease liability	(34,262)	(15,906)
Proceeds from notes payable and subordinated debt	620,000	26,050,000
Repayments of notes payable	(9,076,466)	(5,767,852)
	(8,490,728)	20,266,242
Net Cash Provided by Financing Activities		
	(8,490,728)	20,266,242
NET DECREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(7,164,560)	11,656,775
Cash, cash equivalents and restricted cash - beginning of year	25,983,103	14,326,328
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	\$ 18,818,543	\$ 25,983,103
<u>Supplemental Cash Flow Information:</u>		
Cash paid during the year for interest	\$ 1,414,325	\$ 589,549

ASCENDUS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Ascendus, Inc. (“Ascendus”) is a non-profit organization established according to the laws of New York and exempt from income tax under Internal Revenue Code Section 501(c)(3). Ascendus empowers low-to-moderate-income (“LMI”) business owners with access to capital and financial education.

Since its incorporation on January 30, 1996, Ascendus has served over 57,000 small business owners by providing affordable loans totaling \$420 million. Ascendus is a Community Development Financial Institution (“CDFI”), certified by the U.S. Department of the Treasury, a Small Business Association (“SBA”) Microloan Intermediary, and a Community Advantage Small Business Lending Company with offices in New York and Florida, but lending across forty-nine states.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Ascendus’ financial statements have been prepared on the accrual basis of accounting using accounting principles generally accepted in the United States of America (“U.S. GAAP”).
- B. Ascendus reports grants, gifts of cash and other assets as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Net assets without donor restrictions represent net assets not subject to donor-imposed restrictions. Contributions received with donor restrictions that has the purpose met in the same fiscal year are reported as contributions without donor restrictions.

Conditional contributions and grants are nonexchange transactions and accounted for under Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). Conditional contributions and grants are recognized as revenue when barriers within the contract are overcome, and there is no right of return. As of December 31, 2025 and 2024, Ascendus was awarded conditional grants and contracts from government agencies in the aggregate amounts of \$435,030 and \$272,290, respectively, that have not been recorded in the accompanying financial statements, as they have not been earned. They are instead recorded as deferred revenue in the accompanying financial statements and will be recognized as revenues when contract barriers are overcome. Such barriers include expending these funds in accordance with their agreements. If such services are not provided, the funding entities are not obligated to expend the funds allotted under the grants and contracts and Ascendus may be required to return the funds already remitted.

The following table is the total conditional contributions and grants recognized for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Total Conditional Grants and Contributions	\$ <u>722,662</u>	\$ <u>1,082,083</u>

- C. Cash and cash equivalents consist of highly liquid debt instruments acquired with original maturities of three months or less. Restricted cash consists of amounts for which the use has been restricted by lenders for specific loan programs or future operating expenses.

ASCENDUS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows as of December 31:

	2025	2024
Unrestricted Cash and Cash Equivalents	5,278,172	5,909,319
Restricted Cash:		
Operating Cash	2,316,390	1,150,726
Reserve Cash	903,625	904,398
Lending Cash	9,257,238	17,532,980
Other Purpose Cash	1,063,118	485,680
Total Restricted Cash	13,540,371	20,073,784
	\$ 18,818,543	\$ 25,983,103

D. Contributions and grants receivable are recorded as revenue when the unconditional promise is made and are considered implicitly time restricted. Management evaluates the need for an allowance for doubtful accounts applicable to its contributions and grants receivable based on various factors, including an assessment of the creditworthiness of its donors, aging of the amount due and historical experience. As of December 31, 2025 and 2024, management determined that an allowance for doubtful accounts was not necessary for contributions and grants receivable. Contributions and grants receivable due in more than one year are recorded at the present value of their estimated future cash flows, determined using risk-adjusted interest rates applicable to the years in which the promises are made. Contributions and grants receivable totaled \$2,380,402 and \$1,878,270 as of December 31, 2025 and 2024, respectively.

E. Management considers a loan to be uncollectable when it is probable that Ascendus will be unable to collect all amounts due according to the contractual terms of the loan agreement. Management evaluates loans that are uncollectable based on delinquency information, and an assessment of the borrower’s financial condition. Uncollectable loans are written off when payments are past due 120 days or in some cases earlier.

Ascendus maintains an allowance for credit losses to estimate lifetime expected credit losses inherent in its loan portfolio in accordance with ASC Topic 326, Financial Instruments – Credit Losses. The allowance is a valuation account that is deducted from loans receivable to present the net amount expected to be collected.

The allowance is estimated using a quantitative model that incorporates historical loss experience, current portfolio characteristics, and reasonable and supportable forecasts. During the year ended December 31, 2025, Ascendus refined its methodology by implementing a Gompertz-based model to estimate lifetime expected credit losses. This model applies a loss curve over the expected life of loans using historical performance data, adjusted for current conditions and forecasted economic factors.

In addition to the quantitative model, management applies qualitative adjustments to reflect factors not fully captured in the historical data, including changes in economic conditions, borrower credit quality, underwriting standards, and portfolio concentrations.

The change in methodology implemented in 2025 is considered a change in estimate and has been applied prospectively. Management believes the updated methodology results in a more precise estimation of expected credit losses. The impact of this change did not have a material effect on the financial statements for the year ended December 31, 2025.

ASCENDUS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In addition to an allowance for losses evaluation, Ascendus maintains certain cash loan loss reserve funds in compliance with SBA regulations for both Microloan and Community Advantage programs. The table below shows, on December 31, 2025 and 2024, Ascendus' loan loss cash reserve position.

	<u>2025</u>	<u>2024</u>
Credit Loss Reserve for Community Advantage	\$ 105,327	\$ 106,167
Secured Credit Loss Reserve for the Microloan Program	\$ 794,018	\$ 795,331
SSBCI Capital Access Program	\$ 4,280	\$ 2,900

Interest income on loans is recognized based on the principal amount outstanding and the related interest rate and is earned as accrued according to the terms of the issued notes. Due to the short nature of Ascendus' write-off policy, the accrual of interest on impaired loans continues to be calculated until the final decision of write-off or modification is determined.

Under certain circumstances, Ascendus will provide borrowers relief through loan restructuring or modification. A restructuring of debt constitutes an insignificant delay in payment resulting from a temporary deferral of terms and is not deemed to be a new loan. Ascendus, for economic or legal reasons related to the borrower's financial difficulties, may grant a modification of the borrower's loan which can include a reduction of interest rates, the extension of maturity dates, the forgiveness of principal and/or interest due, or acceptance of other assets in full or partial satisfaction of the debt. These modifications carefully consider all aspects of the terms and what would constitute a new loan based on FASB ASU 2022-02, *Financial Instruments – Credit Losses (Topic 326), Troubled Debt Restructurings and Vintage Disclosures*. When criteria is met for new loans, these are then tracked in the loan portfolio and are adequately included in the loss allowance provided for the loan portfolio.

Ascendus collected previously written off loan receivables of \$399,783 and \$342,056 for the years ended December 31, 2025 and 2024, respectively, which were recognized as an increase to the allowance for credit losses in the statement of net position for the year ended.

An analysis of the allowance for credit losses for the years ended December 31 follows:

	<u>2025</u>	<u>2024</u>
Beginning of year	\$ 5,057,522	\$ 3,633,470
Provision for credit losses	3,655,619	4,915,841
Charge-offs	(4,848,072)	(3,833,845)
Recoveries	<u>399,783</u>	<u>342,056</u>
End of year	<u>\$ 4,264,852</u>	<u>\$ 5,057,522</u>

Loan disbursements and collections are classified as investing activities in the statements of cash flows.

- F. U.S. GAAP requires that when a not-for-profit organization receives or makes loans of cash that carry interest rates below the prevailing market rate, the imputed interest be recorded as contributions received or paid, respectively. Ascendus both receives and makes loans with stated rates of interest that vary from the prevailing market rates for commercial loans. However, Ascendus considers its market to be the CDFI industry as opposed to the financial institutions industry in general. Consequently, Ascendus believes there is no material difference between community development finance market rates and the stated rates of loans in their portfolios. Ascendus accounts for these loans at the stated rates.

ASCENDUS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Property and equipment is stated at cost less accumulated depreciation and amortization. These amounts do not purport to represent replacement or realizable values. Ascendus capitalizes all property and equipment having a useful life of greater than one year and a cost of at least \$1,500 for tangible assets and \$25,000 or more for intangible assets. Expenses for maintenance and repairs are charged to operations as incurred. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation or amortization is removed from the accounts, with any net gain or loss reflected in the statement of activities for the period. Leasehold improvements are amortized over the lesser of their estimated useful lives or the term of the lease. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Ascendus capitalizes intangible assets, based on the internal and external costs incurred to develop in-house computer software during the application development stage. This includes the cost to develop or obtain software that allows for access or conversion of old data by new systems. Capitalized software is amortized over its estimated useful life.

Ascendus leases real property under operating leases expiring at various dates in the future. Since the rent payments increase over time, Ascendus follows FASB ASU 2016-02, *Leases* (Topic 842) to report how leases are recognized and disclosed.

H. For the years ended December 31, 2025 and 2024, Ascendus recorded the fair value of noncash contributions amounting to \$168,947 and \$150,822, respectively. Such amounts are included as noncash contributions and in-kind expenses in the accompanying statements of activities.

Contributed nonfinancial assets consisted of the following for the year ended December 31, 2025:

Nonfinancial Asset	Amount	Usage in Programs/Activities	Donor-imposed Restrictions	Fair Value Techniques
Legal services	\$ 168,947	Program services	No associated donor restriction	Based on current rates of services provided by law firm

Contributed nonfinancial assets consisted of the following for the year ended December 31, 2024:

Nonfinancial Asset	Amount	Usage in Programs/Activities	Donor-imposed Restrictions	Fair Value Techniques
Legal services	\$ 150,822	Management and general	No associated donor restriction	Based on current rates of services provided by law firm

I. The costs of providing Ascendus' program and supporting services have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Accordingly, certain costs have been allocated on a reasonable and consistent basis between program and supporting services principally based on an analysis of estimated time and effort. The expenses that are allocated include salaries, payroll taxes and employee benefits, professional fees, occupancy, communications, insurance, supplies, equipment, and other miscellaneous office expenses. Other costs are directly applied based on their explicit nature, including interest expense, provision for loan losses, outreach and similar as direct programmatic costs, and professional fees for audit, accounting, and development as costs for supporting services.

ASCENDUS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- J. Ascendus on occasion conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. All proceeds received are recorded as special event revenue in the accompanying statements of activities. No special events were held during the years ended December 31, 2025 and 2024.
- K. Ascendus earns program fees from loan origination, servicing and closing services. Performance obligations and price are defined within the contracts and obligations are determined to have been met by Ascendus upon completion of contracted deliverables or alternatively, according to a service schedule stipulated in the contract. Fees are earned over time as Ascendus meets these performance obligations.

Accounts receivable from contracts with customers are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>January 1, 2024</u>
Other receivables	\$ <u>138,994</u>	\$ <u>9,915</u>	\$ <u>15,124</u>

- L. 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 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.
- M. Certain line items in the December 31, 2024 financial statements have been reclassified to conform to the December 31, 2025 presentation.

NOTE 3 – LIQUIDITY AND AVAILABILITY

Cash account balances, net of outstanding checks, for the operations and lending accounts are reviewed daily by accounting and finance staff, and weekly with management. Every week, management reviews its cash flow trends and forecasts upcoming cash needs to determine when and if Ascendus' lines of credit will be drawn upon or repaid, or vendor payments must be constricted.

For purposes of analyzing resources available to meet general expenditures over 12 months, Ascendus considers all expenditures related to its ongoing activities of programs including lending activities conducting services undertaken to support those activities, and general expenditures. Donor-restricted funds for various programs are considered available for the general expenditures to conduct those programs.

	<u>2025</u>	<u>2024</u>
Current Assets	\$ 32,194,053	\$ 39,099,108
Current Liabilities	4,351,743	6,336,116
Current Ratio	7.4	6.17

ASCENDUS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 3 – LIQUIDITY AND AVAILABILITY (continued)

The following table shows the total financial assets held and the amounts of those financial assets that could readily be made available within one year of the statements of financial position date to meet general expenditures as of December 31:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 5,278,172	\$ 5,909,319
Restricted cash – operating	2,316,390	1,150,726
Contributions, grants and other receivables	2,519,396	1,888,185
Interest on loans receivable	269,619	646,345
Loans receivable, net	<u>30,825,908</u>	<u>32,437,454</u>
 Total financial assets at year-end	 41,209,485	 42,032,029
 Less: Net loans receivable due in over one year	 <u>(19,541,685)</u>	 <u>(26,313,952)</u>
 Total financial assets at year-end available for general expenditures	 <u>\$ 21,667,800</u>	 <u>\$ 15,718,077</u>

NOTE 4 – LOANS RECEIVABLE, NET

Loans receivables consist of two primary types of lending: Core Loans and Participation Loans.

Core loans are made up of term loans (up to \$100,000), and line of credit loans (up to \$50,000).

Participation loans (up to \$250,000), consist of the various programs Ascendus works with to originate the loan and sell off or participate a designated portion, while retaining the rights to the full loan relationship. This includes loans related to our Community Advantage Small Business Lending Company program and other special-purpose programs. The SBA allows the sale of the guaranteed portion of the CA loan on the secondary market. These sold portions continue to be serviced by Ascendus to manage the credit concentration(s) and performance of the portfolio. Ascendus participates in these programs to raise additional capital for growth and mitigate risk on loans that otherwise might not be done. Servicing activities are compensated over the life of the loan following each program's associated contract. Any losses on these loans are likewise shared according to the associated participation agreement.

Participations sold represent the balance outstanding of loan participations owned by third parties. In 2025, Ascendus sold participation in 94 loans for a total of \$2.7 million. In 2024, Ascendus sold participations in 567 loans for a total of \$32.5 million. Ascendus recorded the participating interests as an offset to loans receivable under the provisions of FASB ASC Topic 860, *Transfers and Servicing*.

During 2025 and 2024, Ascendus realized a loss on the sale of the participated interest of \$0 and \$111,991, respectively, which is included in program fees in the accompanying statements of activities.

The liquidity of the loan portfolio for the years ended December 31 is as follows:

	<u>2025</u>	<u>2024</u>
Due in less than one year	\$ 11,284,223	\$ 11,181,024
Due in over one year	<u>23,806,537</u>	<u>26,313,952</u>
	<u>\$ 35,090,760</u>	<u>\$ 37,494,976</u>

ASCENDUS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 4 – LOANS RECEIVABLE, NET (continued)

Loans receivable as of December 31, 2025 and 2024, include the following:

December 31, 2025

	<u>Term Loans</u>	<u>Line of Credit</u>	<u>Participations</u>	<u>Total</u>
Total portfolio managed	\$ 23,691,391	\$ 7,886,862	\$ 48,907,717	\$ 80,485,970
Less: Lines of credit (undrawn)	-	(3,155,570)	-	(3,155,570)
Less: Participation loans sold	-	-	(42,239,640)	(42,239,640)
Total loans receivable	<u>\$ 23,691,391</u>	<u>\$ 4,731,292</u>	<u>\$ 6,668,077</u>	35,090,760
Less: Allowance for credit losses				<u>(4,264,852)</u>
Loans receivable, net				<u>\$ 30,825,908</u>

December 31, 2024

	<u>Term Loans</u>	<u>Line of Credit</u>	<u>Participations</u>	<u>Total</u>
Total portfolio managed	\$ 24,559,275	\$ 5,169,721	\$ 77,354,082	\$ 107,083,078
Less: Line of credit (undrawn)	-	(1,988,533)	-	(1,988,533)
Less: Participation loans sold	-	-	(67,599,569)	(67,599,569)
Total loans receivable	<u>\$ 24,559,275</u>	<u>\$ 3,181,188</u>	<u>\$ 9,754,513</u>	37,494,976
Less: Allowance for credit losses				<u>(5,057,522)</u>
Loans receivable, net				<u>\$ 32,437,454</u>

An aged analysis of loans segregated by loan program as of December 31, 2025 follows:

	<u>30 – 90 Days</u>	<u>Over 90 Days</u>	<u>Total Past Due</u>	<u>Current</u>	<u>Total</u>
Term Loans	\$ 801,349	\$ 239,502	\$ 1,040,851	\$ 22,650,540	\$ 23,691,391
Line of Credit	134,630	63,267	197,897	4,533,395	4,731,292
Participation Loans (Net)	<u>292,017</u>	<u>181,912</u>	<u>473,929</u>	<u>6,194,148</u>	<u>6,668,077</u>
Loans Receivable	<u>\$ 1,227,996</u>	<u>\$ 484,681</u>	<u>\$ 1,712,677</u>	<u>\$ 33,378,083</u>	<u>\$ 35,090,760</u>

An aged analysis of loans segregated by loan program as of December 31, 2024 follows:

	<u>30 – 90 Days</u>	<u>Over 90 Days</u>	<u>Total Past Due</u>	<u>Current</u>	<u>Total</u>
Term Loans	\$ 728,337	\$ 211,603	\$ 939,940	\$ 23,619,335	\$ 24,559,275
Line of Credit	96,305	61,200	157,505	3,023,683	3,181,188
Participation Loans (Net)	<u>324,941</u>	<u>458,609</u>	<u>783,550</u>	<u>8,970,963</u>	<u>9,754,513</u>
Loans Receivable	<u>\$ 1,149,583</u>	<u>\$ 731,412</u>	<u>\$ 1,880,995</u>	<u>\$ 35,613,981</u>	<u>\$ 37,494,976</u>

ASCENDUS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 5 – PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following as of December 31:

	<u>2025</u>	<u>2024</u>	<u>Estimated Useful Lives</u>
Intangible assets:			
Software under development	\$ -	\$ 59,820	
Software Development	<u>484,870</u>	<u>-</u>	3 - 5 years
Cost – intangible assets	484,870	59,820	
Less: accumulated amortization	<u>(8,081)</u>	<u>-</u>	
Net book value – intangible assets	<u>476,789</u>	<u>59,820</u>	
Tangible assets:			
Computer hardware	170,426	170,426	3 - 5 years
Furniture, fixtures and equipment	<u>2,041</u>	<u>2,041</u>	3 - 5 years
Cost – tangible assets	172,467	172,467	
Less: accumulated depreciation	<u>(169,282)</u>	<u>(161,743)</u>	
Net book value – tangible assets	<u>3,185</u>	<u>10,724</u>	
Total Net book value	<u>\$ 479,974</u>	<u>\$ 70,544</u>	

Depreciation and amortization expense amounted to \$15,620 and \$31,481 for the years ended December 31, 2025 and 2024, respectively.

Ascendus wrote-off fully depreciated software development projects with an original cost of \$868,783 during the year ended December 31, 2024. A new software project was placed into service during the year ended December 31, 2025 with a cost of \$484,870.

NOTE 6 – TERM LOANS AND SUBORDINATED DEBT

The following is a summary of Ascendus' credit agreements with various banks and other lenders to fund its microlending activities at December 31:

	<u>2025</u>	<u>2024</u>
<u>Term loans – secured</u>		
Secured borrowing with SBA and Federal Reserve Bank, secured by cash proceeds and program-funded loans, bearing fixed annual interest rates ranging from 0% to 1.63% and ten-year maturities	\$ 6,320,129	\$ 4,612,763
Undrawn Commitments	<u>(2,500,000)</u>	<u>-</u>
Term loans – secured, net outstanding at year-end	<u>3,820,129</u>	<u>4,612,763</u>
<u>Term loans – unsecured</u>		
Maturity terms range from two to seven years, bearing fixed annual interest rates from 1% to 5%	17,447,661	20,487,661
Undrawn Commitments	<u>(1,250,000)</u>	<u>-</u>
Term loans – unsecured, net outstanding at year-end	<u>16,197,661</u>	<u>20,487,661</u>
Total Secured and Unsecured Notes Payable	<u>\$ 20,017,790</u>	<u>\$ 25,100,424</u>
<u>Lines of Credit – senior unsecured</u>		
Senior Unsecured revolving lines of credit for the purpose of lending. Maturity dates range from one to five years, bearing both variable and fixed interest rates. Fixed interest rates average 3.28% and variable interest rates are SOFR+ 150bp. Total borrowing on the lines of credit were \$4,000,000 on June 26, 2026.		
Total Commitment Amount	11,025,000	14,400,000
Less: Undrawn Lines of Credit	<u>(4,400,000)</u>	<u>(4,400,000)</u>
Total Amount Outstanding	<u>6,625,000</u>	<u>10,000,000</u>

ASCENDUS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 6 – TERM LOANS AND SUBORDINATED DEBT (continued)

Subtotal Prior Page:	<u>\$ 26,642,790</u>	<u>\$ 35,100,424</u>
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Subordinated debt – EQ2 Loans – unsecured

The equity equivalent investment, commonly referred to in the community development financing industry as an “EQ2 Loan”, is designed by lenders to increase available funding and investments to economically disadvantaged communities. EQ2 loans are subordinated to Ascendus’ other lenders, and have ten-year maturities with fixed annual interest rates of 2.0% to 3.5%

	<u>9,000,000</u>	<u>9,000,000</u>
Total Notes payable and subordinated debt	<u>\$ 35,642,790</u>	<u>\$ 44,100,424</u>

Future annual principal payments due are as follows:

<u>Years ended December 31:</u>	<u>Amount</u>
2026	\$ 2,759,843
2027	5,815,233
2028	4,723,559
2029	12,584,316
2030	4,020,827
Thereafter	<u>5,739,012</u>
Total	<u>\$ 35,642,790</u>

Interest expense was \$1,414,325 and \$963,721 for the years ended December 31, 2025 and 2024, respectively.

Pursuant to credit agreements, Ascendus is required to maintain certain financial covenants. As of December 31, 2025, Ascendus was not in compliance with all applicable covenants. Ascendus obtained waivers from all applicable lenders except for J.P Morgan Chase (“Chase”).

As part of a deleveraging strategy, Ascendus reported to Chase that they would pay the loan off in early 2026 and the covenant violation was considered a non-event by Chase. Ascendus paid off the Chase loan’s outstanding balance of \$2,628,688 on March 3, 2026.

NOTE 7 – LEASES

Ascendus leases space in New York and Orlando expiring on March 30, 2026 and June 1, 2026, respectively. Under FASB ASU 2016-02, *Leases* (Topic 842) (“Topic 842”) these are recorded as operating right-of-use (“ROU”) assets and operating lease liabilities. As of December 31, 2025 and 2024, operating ROU assets totaled \$30,429 and \$136,365 and operating lease liabilities totaled \$31,168 and \$136,365, respectively, as shown in the statements of financial position. The operating ROU asset and lease liability were calculated utilizing the risk free discount rate for lease space in Orlando of 1.37% and New York of 3.81%.

Ascendus leased two computer hardwares during the years ended December 31, 2025 and 2024. Under Topic 842, this is recorded as a finance ROU asset and lease liability. As of December 31, 2025 and 2024, finance ROU assets totaled \$33,395 and \$65,319, respectively, and finance lease liability totaled \$36,759 and \$69,852, respectively. The leases are 36-months expiring through August 2027 lease with an interest rate of 4.49%, implicit in the lease agreement and 4.27%, based on Ascendus’ incremental borrowing rate. For the years ended December 31, 2025 and 2024, interest expense was \$934 and \$2,353, respectively, and amortization expense amounted to \$31,925 and \$19,901, respectively.

ASCENDUS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 7 – LEASES (continued)

The table below shows other information related to operating and finance leases as of and for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Cash Paid in determination of operating lease liability	\$ 108,024	\$ 108,024
Principal repayments of finance lease liability	34,262	15,906
Weighted Average of the Remaining Lease - operating	3.8 months	15.5 months
Weighted Average Discount Rate - operating	3.19%	3.43%
Weighted Average Discount Rate - finance	4.34%	4.37%
Weighted Average of the Remaining Lease - finance	15.67 months	19.9 months

Future minimum lease payments are due as follows for the years ending after December 31, 2025:

Years ending December 31:	Operating Lease	Finance Lease
2026	\$ 31,344	\$ 32,603
2027	-	5,163
Total Future Minimum Lease Payments	<u>31,344</u>	<u>37,766</u>
Less: Present value discount	<u>(176)</u>	<u>(1,007)</u>
Present value of lease liability	<u>\$ 31,168</u>	<u>\$ 36,759</u>

Operating lease costs of \$108,824 and \$109,749 were included in occupancy expenses in the accompanying statements of functional expenses for the years ended December 31, 2025 and 2024, respectively.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Ascendus believes it has no uncertain tax positions as of December 31, 2025 and 2024 in accordance with FASB ASC Topic 740, *Income Taxes*, which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31 are available for the following purposes:

	<u>2025</u>	<u>2024</u>
Net Assets with Donor Restrictions		
Restricted for Operating Purpose	\$ 2,961,114	\$ 1,283,057
Lending	<u>1,804,200</u>	<u>2,666,739</u>
Total Net Assets with Donor Restrictions	<u>\$ 4,765,334</u>	<u>\$ 3,949,796</u>

Net assets with donor restrictions of \$4,800,462 and \$1,647,172 for the years ended December 31, 2025 and 2024, respectively, were released from donor restrictions by incurring expenditures satisfying the restricted purposes specified by the donors or the passage of time.

ASCENDUS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 10 – CONCENTRATIONS

- A. Cash and cash equivalents that potentially subject Ascendus to a concentration of credit risk include cash accounts with three and two banks as of December 31, 2025 and 2024, respectively, that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. As of December 31, 2025 and 2024, there were approximately \$17,975,670 and \$24,882,240, respectively, of cash and cash equivalents held by banks that exceeded FDIC limits. Management manages the risk by communicating with depository banks, monitoring ratios/call reports and press communications. In addition, levels of exposure above the FDIC levels are monitored and due diligence applied when the level is exceeded.
- B. For the years ended December 31, 2025 and 2024, contributions from two donors represented 39% and 42%, respectively, of total contribution revenue.

NOTE 11 – RETIREMENT PLAN

Ascendus participates in a retirement savings plan covering all employees who meet the minimum service requirements. Ascendus has the option to match employee contributions and/or make discretionary contributions to employees’ retirement plans. Ascendus made contributions of \$124,181 and of \$101,553 into the retirement savings for years ended December 31, 2025 and 2024, respectively.

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through June 26, 2026, the date the financial statements were available to be issued.