Local Initiatives Support Corporation

28 Liberty Street, 34th Floor, New York, NY 10005 • (212) 455-9800 • www.lisc.org

LISC Impact Notes

Total Aggregate Offering	$250,000,000 in aggregate principal amount of issued and outstanding LISC Impact Notes at any time.
Term/Maturity	Various terms of between 1 and 20 years, as set forth in the relevant pricing supplement.
Interest Rates	Interest rates will be fixed and will be set at the time of issuance, as set forth in the relevant pricing supplement.
Minimum Investment Requirement	$1,000
Status	Unsecured debt obligations
Offering Expenses	Total expenses of the offering for the annual offering period commencing on the date of this prospectus, excluding sales compensation, will be approximately $240,000. LISC estimates that, based on the $192,948,000 aggregate principal amount of Notes issued and outstanding as of August 31, 2024, it will receive net proceeds ranging from approximately $55,100,440 to $56,640,844 if the $57,052,000 total aggregate principal amount of Notes remaining available for purchase are sold.

Lead Agent

InspereX

Agent

Morgan Stanley & Co. LLC

Prospectus dated October 15, 2024

This prospectus, as it may be amended or supplemented from time to time, may be used until the expiration of the periods of time authorized by registration or exemption in the various states where LISC offers the LISC Impact Notes, which typically is 12 months from the date of effectiveness of the registration or exemption in the applicable state.

PRELIMINARY STATEMENTS

This prospectus includes information related to the offer by Local Initiatives Support Corporation ("LISC") for prospective investors to purchase the LISC Impact Notes (the "Notes"). Prospective investors are advised to read this prospectus and all ancillary documents, including any relevant pricing supplement, carefully prior to making any decisions to invest in the Notes. The Notes are issued by LISC, a 501(c)(3) tax-exempt organization and New York not-for-profit corporation certified as a Community Development Financial Institution ("CDFI") by the U.S. Department of the Treasury. LISC's principal executive office is located at 28 Liberty Street, 34th Floor, New York, NY 10005. LISC's telephone number is (212) 455-9800. Specific terms of the Notes will be described in a separate pricing supplement, which you should read carefully before making an investment decision. 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").

Investors are cautioned not to rely on any information not expressly set forth in this prospectus. 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 representations must not be relied upon as having been made by LISC or InspereX. Other than this prospectus itself, information contained in, or that can be accessed through, the LISC website is not a part of this prospectus.

An investment in the Notes involves various material risks and investors may lose all or part of their investment. Prior to any investment in the Notes, and in consultation with their financial, tax, and legal advisors, investors should carefully consider, among other matters, the risk factors disclosed in the **"Risk Factors" section of this prospectus beginning on page 13**. There can be no assurance that the list of the risks pertaining to an investment in the Notes is comprehensive. Additional risks not presently known to LISC or that are currently deemed immaterial could also materially and adversely affect LISC's financial condition, results of operations, and/or activities and prospects.

THIS PROSPECTUS SETS FORTH INFORMATION ABOUT THE NOTES THAT INVESTORS SHOULD CONSIDER BEFORE INVESTING, AND SHOULD BE RETAINED FOR FUTURE REFERENCE. INVESTORS SHOULD READ THIS PROSPECTUS CAREFULLY BEFORE INVESTING.

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 ("SECURITIES ACT"), AND SECTION 3(c)(10) OF THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED. THE SECURITIES AND EXCHANGE COMMISSION ("SEC") HAS NOT MADE AN INDEPENDENT DETERMINATION THAT THESE SECURITIES ARE EXEMPT FROM REGISTRATION. LISC'S OFFICERS AND EMPLOYEES ARE NOT REGISTERED AS INVESTMENT ADVISORS UNDER THE INVESTMENT ADVISORS ACT OF 1940, AS AMENDED, OR AS BROKER-DEALERS UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED ("EXCHANGE ACT").

THE NOTES MAY EITHER BE REGISTERED OR EXEMPT FROM REGISTRATION IN THE VARIOUS STATES IN WHICH THEY ARE OFFERED OR SOLD. THIS PROSPECTUS HAS BEEN FILED WITH THE SECURITIES ADMINISTRATORS IN SUCH STATES AS REQUIRED FOR REGISTRATION OR EXEMPTION.

THE NOTES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT DETERMINED THE ACCURACY, ADEQUACY, TRUTHFULNESS, OR COMPLETENESS OF THIS PROSPECTUS AND HAVE NOT PASSED UPON THE MERIT OR VALUE OF THE NOTES, OR APPROVED, DISAPPROVED, OR ENDORSED THE OFFERING. ANY

REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THE FOREGOING AUTHORITIES ALSO HAVE NOT PASSED UPON WHETHER THE NOTES CAN BE SOLD TO ANY OR ALL PURCHASERS IN COMPLIANCE WITH EXISTING OR FUTURE SUITABILITY OR CONDUCT STANDARDS APPLICABLE TO BROKER-DEALERS, INCLUDING THE 'REGULATION BEST INTEREST' STANDARD.

THIS PROSPECTUS IS INTENDED TO PROVIDE PROSPECTIVE INVESTORS WITH THE INFORMATION NECESSARY FOR AN INFORMED INVESTMENT DECISION. HOWEVER, NOTHING CONTAINED IN THIS PROSPECTUS IS INTENDED AS LEGAL, ACCOUNTING, TAX, OR INVESTMENT ADVICE, AND IT SHOULD NOT BE TAKEN AS SUCH. A PROSPECTIVE INVESTOR SHOULD CONSULT THE INVESTOR'S OWN LEGAL COUNSEL AND/OR FINANCIAL ADVISOR WITH RESPECT TO THE INVESTOR'S INVESTMENT IN THE NOTES. AN INVESTOR MUST RELY ON THE INVESTOR'S OWN EXAMINATIONS OF LISC, THE NOTES, AND THE TERMS OF THIS OFFERING, INCLUDING THE DISCLOSURE, MERITS, AND RISKS INVOLVED. AN INVESTOR SHOULD BE WILLING AND HAVE THE FINANCIAL CAPACITY TO PURCHASE A HIGH-RISK INVESTMENT THAT CANNOT EASILY BE LIQUIDATED.

THE NOTES MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT, THE EXCHANGE ACT, AND APPLICABLE STATE SECURITIES LAWS, OR PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY ARE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT, INCLUDING THE RISK OF LOSS OF THE ENTIRE AMOUNT INVESTED.

THE RETURN OF THE FUNDS TO ANY INVESTOR IS DEPENDENT UPON LISC'S FINANCIAL CONDITION. FROM A FINANCIAL POINT OF VIEW, THE NOTES SHOULD NOT BE A PRIMARY INVESTMENT IN RELATION TO THE OVERALL SIZE OF AN INVESTOR'S PORTFOLIO. AN INVESTOR IN THE NOTES SHOULD BE ABLE TO LOSE THE INVESTOR'S ENTIRE INVESTMENT WITHOUT SUFFERING FINANCIAL HARDSHIP. 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.

THE NOTES ARE NOT SAVINGS OR DEPOSIT ACCOUNTS OR OTHER OBLIGATIONS OF A BANK AND ARE NOT AND WILL NOT BE INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION ("FDIC"), THE SECURITIES INVESTMENT PROTECTION CORPORATION ("SIPC"), ANY STATE BANK INSURANCE FUND, OR ANY OTHER GOVERNMENTAL AGENCY. THE PAYMENT OF PRINCIPAL AND INTEREST TO AN INVESTOR IN THE NOTES IS DEPENDENT UPON LISC'S FINANCIAL CONDITION AND OPERATIONS AS ISSUER. ANY PROSPECTIVE INVESTOR IS ENTITLED TO REVIEW LISC'S FINANCIAL STATEMENTS, WHICH SHALL BE FURNISHED UPON REQUEST OR VIEWED ON LISC'S WEBSITE, WWW.LISC.ORG.

LISC HAS NOT SET A DATE FOR THE TERMINATION OF ITS OFFERING, THOUGH THE AVAILABILITY OF THE NOTES IN EACH STATE IS DEPENDENT UPON THE EFFECTIVENESS OF ITS SECURITIES REGISTRATION OR EXEMPTION IN THAT STATE FROM TIME TO TIME.

LISC RESERVES THE RIGHT TO SUSPEND THE SALE OF THE NOTES FOR A PERIOD OF TIME OR TO REJECT ANY SPECIFIC INVESTMENT REQUEST, WITH OR WITHOUT A REASON. LISC MAY ALSO, IN ITS DISCRETION, ELECT TO ACCEPT A SPECIFIC INVESTMENT REQUEST AS A PORTION, BUT NOT ALL, OF THE AMOUNT PROPOSED FOR INVESTMENT. INSPEREX HAS ADVISED LISC 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.

THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY FROM ANY PERSON IN ANY STATE OR ANY OTHER JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION MAY NOT LAWFULLY BE MADE. FEDERAL AND STATE SECURITIES LAWS MAY AFFECT LISC'S ABILITY TO CONTINUE TO SELL THE NOTES IN CERTAIN STATES. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER BY A BROKER-DEALER IN ANY STATE IN WHICH SUCH BROKER-DEALER IS NOT QUALIFIED TO ACT AS A BROKER-DEALER.

STATEMENT REGARDING "PARENT-ONLY" FINANCIAL INFORMATION

Certain financial information provided in this prospectus with respect to LISC is provided on a parent-only basis. "Parent-only" financial information is presented on a nonconsolidated basis. It includes only the assets, liabilities, revenues, expenses, and other financial information of LISC, as the parent corporation, and does not consolidate the financial information of its consolidated affiliates. A not-for-profit entity is permitted to include its interest in net assets of its controlled affiliates in its parent-only financial statements, but it is not required to do so. LISC includes its interest in net assets of controlled affiliates as LISC believes it better reflects the operations and financial position of LISC. As of December 31, 2023 and June 30, 2024, LISC's controlled affiliates consisted of National Equity Fund, Inc.; Broadstreet Impact Services, LLC; Neighborhood Properties, LLC; Resilience and Recovery Network, LLC; LISC Fund Management, LLC; LISC Green LLC; Detroit AHLF-CDFI Fund LLC; Community Housing Fund LLC; Southern Opportunity and Resilience Fund LLC; Entrepreneurs of Color Loan Fund LLC; Charlotte Housing Opportunity Fund II LLC; Dallas Housing Opportunity Fund LLC; and Detroit Housing For the Future Fund II LLC. Also included in the parent-only financial statements as of December 31, 2023 and as of June 30, 2024 is LISC's 5% interest in the Charlotte Housing Opportunity Investment Fund, LLC, .001% interest in BFF Preservation Fund Side Car LLC,14.59% interest in The Bay's Future Fund LLC, and 25% interest in Charlotte Housing Opportunity Fund II LLC. The parent-only financial information should be read in conjunction with the consolidated financial statements included at Appendix I to this prospectus. For more information on LISC's controlled affiliates, please see "Description of the Issuer – History" and Note 1 to LISC's audited financial statements as of and for the year ended December 31, 2023, attached to this prospectus at Appendix I.

STATE-SPECIFIC DISCLOSURES

ALABAMA.

THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION UNDER SECTION 37(H) OF THE ALABAMA SECURITIES ACT [see Section 8-6-10, Code of Alabama, 1975].

FLORIDA.

THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION AND HAVE NOT BEEN REGISTERED IN THE STATE OF FLORIDA.

KENTUCKY.

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

LOUISIANA.

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.

MICHIGAN.

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.

MISSOURI

THE MISSOURI SECURITIES DIVISION HAS NOT IN ANY WAY PASSED UPON THE MERITS OR QUALIFICATIONS OF THE SECURITIES HEREBY OFFERED, OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE MISSOURI SECURITIES ACT UNDER THE EXEMPTION PROVIDED BY SECTION 409.2-201(7)(B) OF THE REVISED STATUTES OF MISSOURI. NO APPROVAL HAS BEEN GIVEN TO THE ISSUER, THESE SECURITIES, OR THE OFFER OR SALE THEREOF TO ANY MISSOURI INVESTORS.

PENNSYLVANIA.

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 DEPARTMENT DURING REGULAR BUSINESS HOURS. THE HARRISBURG OFFICE IS LOCATED IN MARKET SQUARE PLAZA, 17 N SECOND STREET, SUITE 1300, HARRISBURG, PENNSYLVANIA, 17101. TELEPHONE NO. 717-787-8059. REGULAR BUSINESS HOURS ARE MONDAY THROUGH FRIDAY, 8:30 AM TO 5:00 PM.

UNDER SECTION 207(M) OF THE PENNSYLVANIA SECURITIES ACT OF 1972, PENNSYLVANIA INVESTORS MAY ELECT, WITHIN TWO BUSINESS DAYS AFTER RECEIPT OF THIS PROSPECTUS, TO WITHDRAW YOUR PURCHASE OF THESE SECURITIES AND RECEIVE A FULL REFUND OF ALL MONIES PAID. ANY SUCH WITHDRAWAL WILL BE WITHOUT ANY FURTHER LIABILITY TO ANY PERSON. TO ACCOMPLISH THIS WITHDRAWAL, YOU NEED ONLY SEND A WRITTEN NOTICE (INCLUDING ELECTRONIC MAIL) TO THE ISSUER OR UNDERWRITER 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.

SOUTH CAROLINA.

IF YOU WERE A RESIDENT OF THE STATE OF SOUTH CAROLINA WHEN YOU PURCHASED A NOTE IN THIS OFFERING PURSUANT TO THIS PROSPECTUS (A “SOUTH CAROLINA PURCHASER”), YOU MAY DECLARE AN “EVENT OF DEFAULT” ON SUCH NOTE IF ONE OF THE FOLLOWING OCCURS:

- LISC DOES NOT PAY OVERDUE PRINCIPAL AND INTEREST ON YOUR NOTE WITHIN SIXTY DAYS AFTER LISC RECEIVES WRITTEN NOTICE FROM YOU THAT LISC FAILED TO MAKE THE PAYMENT WHEN DUE; OR

- A SOUTH CAROLINA PURCHASER WHO OWNS A NOTE OF THE SAME TYPE, TERM, AND ISSUANCE DATE AS YOUR NOTE (THE “SAME ISSUE”) HAS RIGHTFULLY DECLARED AN EVENT OF DEFAULT AS TO HIS OR HER NOTE.

TO DECLARE AN EVENT OF DEFAULT, YOU MUST SUBMIT A WRITTEN DECLARATION TO LISC, INCLUDING IDENTIFYING YOUR NOTE AND SUBMITTING PROOF THAT YOU ARE A SOUTH CAROLINA PURCHASER OF SUCH NOTE. UPON A RIGHTFUL DECLARATION OF AN EVENT OF DEFAULT ON YOUR NOTE:

- YOU HAVE THE RIGHT UPON WRITTEN REQUEST TO RECEIVE THE NAME AND ADDRESS OF THE RECORD HOLDER OF EACH NOTE OF THE SAME ISSUE AS YOUR NOTE; AND

- IF YOU INDIVIDUALLY OR TOGETHER WITH OTHER SOUTH CAROLINA PURCHASERS OWN 25% OR MORE OF THE TOTAL PRINCIPAL AMOUNT OF SUCH ISSUE OUTSTANDING, THEN YOU AND SUCH SOUTH CAROLINA PURCHASERS HAVE THE RIGHT TO DECLARE SUCH ENTIRE ISSUE IN SOUTH CAROLINA DUE AND PAYABLE.

THE FOREGOING IS A BINDING OBLIGATION OF LISC ENFORCEABLE BY EACH SOUTH CAROLINA PURCHASER.

SOUTH DAKOTA

THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION UNDER SDCL 47-31B-201(7)(B) OF THE SOUTH DAKOTA SECURITIES ACT. NEITHER THE SOUTH DAKOTA DIVISION OF INSURANCE NOR THE SEC HAS PASSED UPON THE VALUE OF THESE SECURITIES, MADE ANY RECOMMENDATIONS AS TO THEIR PURCHASE, APPROVED OR DISAPPROVED THE OFFERING, OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

VIRGINIA

THESE SECURITIES ARE ISSUED PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION UNDER SECTION 13.1-514.1.B OF THE VIRGINIA SECURITIES ACT.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. When LISC uses any of the words "anticipate," "assume," "believe," "estimate," "expect," "intend," or similar words or expressions, it is making forward-looking statements. These forward-looking statements are not guaranteed and are based on LISC's present intentions and on LISC's present expectations and assumptions. These statements, intentions, expectations, and assumptions involve risks and uncertainties, some of which are beyond LISC's control that could cause actual results or events to differ materially from those anticipated or projected. Purchasers of the 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, LISC undertakes no obligation to update or revise any forward-looking statements as a result of new information, future events, or otherwise.

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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 58. Final terms of any particular Note, including the applicable interest rate, will be determined at the time of sale and will be contained in the relevant 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 and consider all of the information appearing elsewhere in this prospectus, including the relevant pricing supplement.

Key Investment Terms	
Issuer	LISC, a New York not-for-profit corporation and certified CDFI.
Securities Offered	Up to $250,000,000 in aggregate principal amount of Notes issued and outstanding at any time. As of August 31, 2024, the aggregate principal amount of Notes issued and outstanding was $192,948,000, meaning that an aggregate principal amount of $57,052,000 of Notes remained available for purchase. The amount of Notes available for purchase will vary from time to time depending on the amount of Notes sold and the amount of Notes that mature and are repaid during the offering period.
Authorized Denominations	Minimum investment of $1,000.
Term of Investments	Notes may be purchased for terms of between 1 and 20 years, as will be set forth in the relevant pricing supplement.
Interest Rates and Payment Options	Interest rates will be fixed rate and will be determined by LISC at the time of issuance based on market conditions, the then-current interest rate environment, and other relevant factors. Interest rates for the Notes will be set forth in the relevant pricing supplement. Interest on each Note will be payable quarterly.
Offering Period	No termination date has been set for this offering. This prospectus is dated October 15, 2024 and, as it may be amended or supplemented from time to time, may be used until the expiration of the periods of time authorized by registration or exemption in the various states in which LISC offers the Notes, which typically is 12 months from the date of effectiveness of the registration or exemption in the applicable state.
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 the DTC.

Use of Proceeds	LISC will use the proceeds of the offering for general corporate purposes in support of LISC's overall mission to encourage the growth of, and provide support to, neighborhood and community development organizations and businesses that foster improvement of economic conditions; develop housing and other physical facilities; provide amenities and services; and other activities that help to revitalize disinvested communities and/or benefit low-wealth individuals and families. Additionally, LISC anticipates dedicating $10,000,000 of the proceeds from the sale of Notes during the 2024-2025 offering period to support Climate Justice projects that ensure disinvested communities benefit from LISC's decarbonization and other green investments. For additional information, please see "Use of Proceeds" on page 24.
Distribution of Notes	LISC will offer the Notes through registered broker-dealers. The Notes may be offered by or through InspereX as Lead Agent. Institutional investors may purchase Notes directly from InspereX. InspereX, or any other agent appointed by LISC, is not required to purchase or sell any specific amount of Notes but will sell the Notes on a reasonable best-efforts basis.
Interest Accrual and Interest Periods	Notes begin to accrue interest on the issuance date and mature on the maturity date stated in each Note. Interest accrues on a 360-day year based on twelve 30-day months. Interest on each Note will be paid quarterly and cannot be reinvested in the Notes. The interest accrual period does not include each interest payment date. The interest payment dates for Notes will be the 15^{th} day of every third month, commencing in the third succeeding calendar month following the month in which the Note is issued, unless such 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 issuance date and ending on the day preceding the first interest payment date that follows the issuance date (the "First Interest Period"). Subsequent payments of interest under the Note shall be made on each interest payment date in an amount equal to interest accruing during each period of three calendar months that follows the First Interest Period. The final payment of interest under a Note shall be made on the maturity date in an amount equal to interest accruing during the period commencing on the prior interest payment date and ending on the date preceding the maturity date.
Ranking	The Notes constitute unsecured debt obligations of LISC and will not be secured by particular loans to specific borrowing entities or any other assets of LISC. LISC has secured obligations that rank senior to the Notes and has other unsecured debt obligations, including previously issued and outstanding notes, which will rank equally with the Notes. Additionally, LISC's consolidated affiliates are separate and distinct legal entities with

	no obligation to pay any amounts due on the Notes or to make funds available to LISC to do so, and the claims of creditors of those consolidated affiliates will have priority as to the assets and cash flows of those consolidated affiliates. For additional information, please see “Financing and Operational Activities – Schedule of Liabilities” on page 33.
Right of Redemption	If provided in the relevant pricing supplement, LISC will have the right to redeem a Note, in whole or in part, at LISC’s option prior to the Note’s stated maturity date. If the relevant pricing supplement does not provide for early redemption by LISC, LISC will not have the right to redeem a Note, in whole or in part, at LISC’s option prior to the Note’s stated maturity date. For more information, see “Description of the Notes – Right of Redemption” on page 60.
Survivor’s Option	In the limited circumstances set forth below, the authorized representative of a beneficial owner of Notes may request repurchase of such Notes from LISC prior to the maturity date. This repurchase 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, so long as the Notes were owned by the beneficial owner or his or her estate at least six months prior to the repurchase 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 60.
Options at Maturity/Reinvestments	Principal is required to be repaid at maturity. Investors may re-invest their repaid principal by purchasing new Notes at then-current interest rates and terms as may be offered by LISC from time to time.
Risk Factors	Please refer to “Risk Factors” beginning on page 13.
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 62.

FINANCIAL INFORMATION

The following pages set forth certain financial information regarding LISC as of and for the six-month period ended June 30, 2024 on a parent-only basis, and as of and for the years ended December 31, 2019 through 2023 on a consolidated and parent-only basis. The parent-only financial information as of and for the six-month period ended June 30, 2024 is derived from LISC's unaudited interim financial statements as of and for such period. The consolidated and parent-only financial information as of and for the years ended December 31, 2019 through 2023 is derived from LISC's audited financial statements for such years. The financial information on the following pages should be read in conjunction with the audited annual consolidated financial statements attached to this prospectus as Appendix I and the unaudited interim financial statements attached to this prospectus as Appendix II. Consistent with LISC's audited financial statements, the term "Organization" as used in these financial tables refers to LISC and its consolidated affiliates.

STATEMENT OF FINANCIAL POSITION

As of June 30, 2024

	Parent-Only
Assets	
Cash and cash equivalents	$ 319,814,267
Restricted cash	-
Investments	111,195,886
Investments in affiliates	114,080,702
Accrued interest receivable	6,189,893
Contributions receivable, net	27,152,299
Government grants and contracts receivable	63,020,327
Consulting receivable	12,017,815
Notes and other receivables, net	-
Due from affiliates	12,578,051
Due from funds	130,058
Loan receivable	739,387,227
Allowance for uncollectible loans	(29,600,801)
Total loans, net	709,786,426
Recoverable grants to CDPs, net	24,019,680
Prepaid expenses and other assets	1,786,896
Temporary investment in Project Partnerships	-
Investment in Funds	(13,384,614)
Investment in Project Partnerships	-
Property and equipment, net	5,622,701
Right of Use Asset	40,345,506
Intangible asset	-
Total assets	$ 1,434,355,893
Liabilities and Net Assets (Deficits)	
Liabilities:	
Accounts payable and accrued expenses	$ 16,498,664
Right of Use Liability	43,320,346
Government contracts and loan-related advances	97,719,642
Grants payable	89,629,523
Due to affiliates	-
Capital contributions due to temporary investment in Project Partnerships	-
Deferred liabilities	-
Liability for unfunded loan commitments and loan guarantees	4,033,758
Loans and bond payable, net	674,968,893
Total liabilities	926,170,826
Commitments and contingencies	-
Net assets:	
Net assets attributable to the Organization	
Without donor restrictions	234,178,451
With donor restrictions	274,006,616
Total net assets attributable to the Organization	508,185,067
Net assets attributable to the noncontrolling interest in Project Partnerships (without donor restrictions)	-
Total net assets	508,185,067
Total liabilities and net assets	$ 1,434,355,893

STATEMENT OF FINANCIAL POSITION

As of December 31,

	2023		2022		2021		2020		2019	
	Consolidated	**Parent Only**	**Consolidated**	**Parent Only**	**Consolidated**	**Parent Only**	**Consolidated**	**Parent Only**	**Consolidated**	**Parent Only**
Assets										
Cash and cash equivalents	$ 439,206,058	$ 315,897,022	$ 470,647,275	$ 349,134,022	$ 460,590,034	$ 304,046,839	$ 255,110,700	$ 190,349,075	$ 166,082,281	$ 117,255,836
Restricted cash	19,207,870	-	22,489,543	-	26,061,325	-	19,380,758	-	15,743,445	-
Investments	125,819,457	108,482,388	114,943,098	102,909,756	135,999,323	123,991,482	173,704,822	173,704,822	140,219,892	140,219,892
Investments in affiliates	-	103,181,559	-	106,215,182	-	122,047,677	-	107,185,019	-	92,154,880
Accrued interest receivable	8,738,782	4,821,168	6,366,318	5,316,863	5,479,716	5,021,526	4,575,841	4,520,757	3,212,876	3,188,545
Contributions receivable, net	49,483,847	48,883,847	43,348,781	42,748,781	51,417,231	51,417,231	47,924,958	47,924,958	51,186,808	51,186,808
Government grants and contracts receivable	50,908,611	50,908,611	30,747,198	30,747,198	21,422,121	21,422,121	32,338,057	32,338,057	29,646,515	29,646,515
Consulting receivable	18,207,218	18,207,218	18,813,688	18,813,688	13,598,270	13,598,270	-	-	-	
Notes and other receivables, net	1,075,580	-	483,908	-	244,342	-	359,877	-	-	-
Due from affiliates	-	12,096,852	-	11,159,357	270,000	4,420,749	-	-	-	-
Due from funds	11,547,133	44,204	17,163,832	228,797	9,499,197	-	7,900,995	4,930,937	8,556,412	4,372,275
Loan receivable	1,120,843,597	688,554,002	897,510,485	563,310,682	678,436,006	518,655,251	583,902,018	499,024,128	506,308,707	485,384,186
Allowance for uncollectible loans	(67,717,220)	(27,199,127)	(48,367,717)	(32,551,758)	(34,411,161)	(29,539,311)	(31,420,785)	(29,867,689)	(29,772,958)	(29,608,715)
Total loans, net	1,053,126,377	661,354,875	849,142,768	530,758,924	644,024,845	489,115,940	552,481,233	469,156,439	476,535,749	455,775,471
Recoverable grants to CDPs, net	19,761,483	22,761,483	17,939,403	20,939,403	17,612,349	17,612,349	13,983,125	13,983,125	9,749,180	9,749,180
Prepaid expenses and other assets	24,012,080	7,373,052	22,398,659	9,303,842	20,234,440	7,717,589	15,595,784	3,129,520	17,770,190	3,988,667
Temporary investment in Project Partnerships	175,429,932	-	113,625,948	-	44,822,951	-	224,975,183	-	136,689,662	-
Investment in Funds	6,354,476	(6,155,098)	6,249,995	15,785,211	23,534	-	498,271	-	1,166,849	-
Investment in Project Partnerships	11,649,967	-	11,445,886	-	7,136,779	-	1,642,317	-	39,389	-
Property and equipment, net	6,850,663	5,530,079	30,246,245	5,291,162	41,009,582	4,677,940	48,415,738	5,116,101	64,916,881	5,408,964
Right of use asset	44,436,243	42,236,335	47,548,771	44,576,317	50,129,732	47,858,224	54,234,304	51,574,476	58,491,235	55,310,940
Intangible asset	-	-	2,400,000	-	2,400,000	-	2,400,000	-	2,670,671	-
Total assets	$ 2,065,815,777	1,395,623,595	1,826,001,316	1,293,928,503	$ 1,551,975,771	$ 1,212,947,936	$ 1,455,521,963	$ 1,103,913,286	$ 1,182,678,035	$ 968,257,973
Liabilities and Net Assets (Deficits)										
Liabilities:										
Accounts payable and accrued expenses	$ 67,577,865	$ 31,963,777	$ 58,301,569	$ 31,409,428	$ 61,628,364	$ 22,796,652	$ 44,921,556	$ 20,518,750	$ 48,722,071	$ 16,128,294
Right of Use Liability	47,667,027	44,916,448	50,812,236	47,087,238	53,500,794	50,233,030	57,488,471	53,605,706	61,420,131	56,803,121
Government contracts and loan-related advances	39,039,108	39,039,108	48,110,882	48,110,882	21,425,865	21,425,865	18,324,053	18,324,053	3,069,562	3,069,562
Grants payable	76,689,196	76,689,196	60,455,056	60,455,056	47,697,227	47,697,227	43,295,401	43,295,401	31,199,415	31,199,415
Due to affiliates	199,727	-	956,945	-	-	-	431,784	-	-	-
Capital contributions due to temporary investment in Project Partnerships	148,850,014	-	95,121,714	-	38,458,262	-	191,874,683	-	112,087,051	-
Deferred liabilities	12,259,504	-	12,190,430	-	9,229,879	-	6,191,814	-	5,736,962	-
CDA Partnerships – Long-Term Debt, net	-	-	22,644,654	-	35,215,138	-	38,135,416	-	49,602,839	-
CDA Partnerships –Notes Payable to Funds	-	-	800,000	-	2,261,721	-	3,131,121	-	4,244,720	-
Liability for unfunded commitments and loan guarantees	8,320,080	4,269,035	616,060	616,060	-	-	-	-	-	-
Loans and bond payable, net	936,318,828	664,129,587	769,933,996	557,709,439	645,658,430	524,742,226	551,149,527	501,625,088	486,860,370	486,860,370
Total liabilities	1,336,921,349	861,007,151	1,119,943,542	745,388,103	915,075,680	666,894,999	954,943,826	637,368,998	802,943,121	594,060,762

	2023		2022		2021		2020		2019	
	Consolidated	**Parent Only**	**Consolidated**	**Parent Only**	**Consolidated**	**Parent Only**	**Consolidated**	**Parent Only**	**Consolidated**	**Parent Only**
Commitments and contingencies	-	-	-	-	-	-	-	-	-	-
Net assets:										
Net assets attributable to the Organization										
Without donor restrictions	232,911,797	233,967,985	243,873,466	245,377,453	233,361,855	233,361,855	211,978,535	211,978,535	157,253,712	157,253,713
With donor restrictions	301,704,647	300,648,459	304,666,934	303,162,947	312,691,082	312,691,082	254,565,753	254,565,753	216,943,498	216,943,498
Total net assets attributable to the Organization	534,616,444	534,616,444	548,540,400	548,540,400	546,052,937	546,052,937	466,544,288	466,544,288	374,197,210	374,197,211
Net assets attributable to the noncontrolling interest in Project Partnerships (without donor restrictions)	194,277,984	-	157,517,374	-	90,847,154	-	34,033,849	-	5,537,704	-
Total net assets	728,894,428	534,616,444	706,057,774	548,540,400	636,900,091	546,052,937	500,578,137	466,544,288	379,734,914	374,197,211
Total liabilities and net assets	$ 2,065,815,777	$ 1,395,623,595	$ 1,826,001,316	$ 1,293,928,503	$ 1,551,975,771	$ 1,212,947,936	$ 1,455,521,963	$ 1,103,913,286	$ 1,182,678,035	$ 968,257,973

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Six-month period ended June 30, 2024

	Parent-Only
Support and Revenues	
Contributions	$ 45,608,245
Government grants and contracts	38,363,744
Interest income on investments	5,515,354
Interest income on loans to CDPs	19,429,441
Fee income	-
Consulting income	11,080,782
Other income	2,156,276
Equity in earnings of affiliates	15,780,127
Equity in earnings of Funds	(10,362,867)
Net assets released from restrictions	-
Total support and revenues	127,571,102
Expenses	
Program Services:	
Project development and other program activities	51,538,677
Project grants	66,132,437
Project loans:	
Interest on loans and bonds payable	10,305,550
Provision for uncollectible loans to CDPs	4,232,092
Recovery for unfunded loan commitments and loan guarantees	(235,277)
Provision for uncollectible recoverable grants to CDPs	2,012,606
Total program services	133,986,085
Supporting Services:	
Management and general	14,813,997
Fund raising	5,001,722
Total supporting services	19,815,719
Total expenses	$ 153,801,804
Change in net assets before gains and losses on investments and derivatives	$ (26,230,702)
Net realized & unrealized loss on investments and derivatives	(200,675)
Change in net assets	(26,431,377)
Net assets beginning of year	534,616,444
Net asset, end of year	$ 508,185,067

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31,

	2023		2022		2021		2020		2019	
	Consolidated	**Parent Only**	**Consolidated**	**Parent Only**	**Consolidated**	**Parent Only**	**Consolidated**	**Parent Only**	**Consolidated**	**Parent Only**
Support and Revenues										
Contributions	$ 109,314,522	108,351,615	$ 120,270,451	$118,766,464	$195,774,494	$195,774,494	$249,682,202	$249,682,202	$ 95,007,400	$ 95,007,400
Government grants & contracts	142,788,409	142,788,409	47,912,769	47,912,769	49,481,669	49,481,669	146,006,721	146,006,721	43,994,603	43,994,603
Interest income on investments	9,266,215	7,154,316	4,911,748	3,609,708	2,342,368	1,745,114	2,272,773	2,082,908	3,414,413	3,411,283
Interest income on loans to CDPs	52,025,953	33,628,436	41,979,962	32,552,545	31,552,589	28,341,272	30,030,459	28,458,026	29,074,867	26,972,043
Fee income	123,082,413	-	128,827,395	-	112,979,939	-	55,424,153	-	61,835,808	-
Consulting income	-	29,029,458	-	38,608,164	-	27,650,786	-	-	-	-
Other income	8,247,681	6,005,743	6,307,509	7,338,355	13,094,785	5,301,488	29,820,664	8,191,116	20,168,769	7,959,025
Equity in earnings of affiliates	-	29,927,544	-	30,708,951	-	22,844,585	-	16,087,907	-	15,714,445
Equity in earnings of Funds	-	(24,824,616)	-	(9,580,109)	-	-	-	-	-	-
Equity in earnings of joint ventures	(443,727)	-	-	-	-	-	-	-	-	-
Net assets released from restrictions	-	-	-	-	-	-	1,347,273	-	-	-
Total support and revenues	444,281,466	332,060,905	350,209,834	269,916,847	405,225,844	331,139,408	514,584,245	450,508,880	253,495,860	193,058,799
Expenses										
Program Services:										
Project development and other program activities	184,829,649	109,757,417	169,771,226	98,162,331	147,117,393	74,037,122	114,272,845	59,370,931	104,487,466	51,388,105
Project grants	170,485,852	170,080,829	105,952,038	105,942,326	116,383,854	116,254,504	233,233,794	232,781,294	48,693,909	48,405,409
Project loans:										
Interest	23,475,479	18,225,176	17,563,732	13,921,845	15,846,790	13,678,556	16,603,603	15,138,678	14,250,123	12,618,819
Provision for loss on receivable	4,215,864	-	78,521	-	120,323	-	2,066,314	-	175,735	-
Provision for uncollectible loans to CDPs	23,100,600	10,214,377	15,967,626	4,735,228	5,256,806	1,618,818	5,386,938	4,619,869	7,444,124	5,101,581
Provision for unfunded loan commitments and loan guarantees	300,573	(924,363)	(39,704)	(39,704)						
Provision for uncollectible recoverable grants to CDPs	6,264,874	6,264,874	3,103,307	3,103,307	1,350,033	1,350,033	8,923,975	8,923,975	1,678,897	1,678,897
Total program services	412,672,891	313,618,310	312,396,746	225,825,333	286,075,199	206,939,033	380,487,469	320,834,747	176,730,254	119,192,811
Supporting Services:										
Management and general	30,644,797	30,474,212	30,606,431	28,876,258	39,847,192	35,290,642	42,371,730	30,753,081	36,730,847	27,283,965
Fund raising	10,143,118	10,143,118	9,346,351	9,346,351	9,186,569	9,186,569	8,024,751	8,024,751	7,075,956	7,075,956
Total supporting services	40,787,915	40,617,330	39,952,782	38,222,609	49,033,761	44,477,211	50,396,481	38,777,832	43,806,803	34,359,921
Total expenses	$ 453,460,806	354,235,640	$ 352,349,528	$264,047,942	$335,108,960	$251,416,244	$430,883,950	$359,612,579	$220,537,057	$153,552,732

	2023		2022		2021		2020		2019	
	Consolidated	**Parent Only**	**Consolidated**	**Parent Only**	**Consolidated**	**Parent Only**	**Consolidated**	**Parent Only**	**Consolidated**	**Parent Only**
Change in net assets before gains and losses on investments, derivatives, equity in losses of partnership projects and other non-controlling interest activities	$ (9,179,340)	$ (22,174,735)	$ (2,139,694)	$ 5,868,905	$ 70,116,884	$ 79,723,164	$ 83,700,295	$ 90,896,301	$ 32,958,803	$ 39,506,067
Transfers: Board designated net assets for loan fund activities	-	-	-	-	-	-	-	-	-	-
Realized & unrealized loss on investments and derivatives	1,056,416	1,056,416	(3,381,442)	(3,381,442)	(214,515)	(214,515)	1,450,777	1,450,777	2,671,794	(2,671,794)
Realization of unrealized gain on investment securities available for sale by the operating partnerships	-	-	-	-	-	-	16,581	-	9,228	-
CDA Partnerships – Gain on Forgiveness of Debt	-	-	3,091,065	-	1,228,998	-	993,708	-	-	-
Gain on transfer of temporary investments in project partnerships	-	-	-	-	-	-	-	-	-	-
Equity in losses of project partnerships	-	-	-	-	-	-	-	-	-	-
Equity in income of temporary investment in project partnerships	(4,494,413)	-	-	-	-	-	(504,052)	-	504,052	-
Gain on transfer of interest in CDA Partnerships	1,520,614	-	3,167,529		(1,351,553)	-	2,728,932	-	-	-
Change in net assets before noncontrolling interest activities	(11,096,723)	-	737,458	-	69,779,814	79,508,649	88,386,241	92,347,078	36,143,877	42,177,861
Other noncontrolling interest activities: Noncontrolling capital contributions	46,071,787		68,420,225	-	66,542,140	-	32,456,982	-	10,899,208	-
Change in net assets before other activities	34,975,064	(21,118,319)	69,157,683	2,487,463						
Gain on sale of affiliate	2,208,045	2,208,045								
Change in net assets	37,183,109	(18,910,274)	69,157,683	2,487,463	136,321,954	79,508,649	120,843,223	92,347,078	47,043,085	42,177,861
Net assets (deficit),beginning of year	706,057,774	548,540,400	636,900,091	546,052,937	500,578,137	466,544,288	379,734,914	374,197,210	332,691,829	332,019,350
Change in accounting policy	(14,346,455)	4,986,318								
Net asset (deficit), end of year	$728,894,428	$ 534,616,444	$706,057,774	$ 548,540,400	$ 636,900,091	$546,052,937	$ 500,578,137	$466,544,288	$ 379,734,914	$374,197,211

SUPPLEMENTAL FINANCIAL INFORMATION

As of June 30, 2024

	Parent-Only
Unsecured Loans Receivable	$ 24,370,367
Unsecured Loans Receivable as a Percentage of Total Loans[(1)]	3%
Loans Delinquent 90 Days or More	$ 25,755,201
Loans Delinquent 90 Days or More as a Percentage of Total Loans[(1)]	3%
Notes Payable	$ 179,368,000
Notes Redeemed	$ 3,334,000
Long-Term Debt	$ 587,229,774
Net Assets without Donor Restrictions	$ 234,178,451
Net Assets without Donor Restrictions as a Percentage of Net Assets	46%
Net Assets	$ 508,185,067
Total Loans Receivable	$ 739,387,227

(1) Total Loans reflects gross loans receivable. LISC's allowance for uncollectible loans as of June 30, 2024 was $29,600,801.

SUPPLEMENTAL FINANCIAL INFORMATION

As of December 31,

	2023		2022		2021		2020		2019	
	Consolidated	**Parent Only**	**Consolidated**	**Parent Only**	**Consolidated**	**Parent Only**	**Consolidated**	**Parent Only**	**Consolidated**	**Parent Only**
Unsecured Loans Receivable	$ 101,103,086	$ 24,084,050	$ 62,165,649	$ 28,928,256	$ 32,226,617	$ 23,219,969	$ 63,590,155	$ 18,327,875	$ 14,927,076	$ 12,519,619
Unsecured Loans Receivable as a Percentage of Total Loans[1]	9%	3%	7%	5%	5%	4%	11%	4%	3%	3%
Loans Delinquent 90 Days or More	19,599,012	19,599,012	5,913,899	5,913,899	444,274	444,274	2,395,448	2,395,448	1,666,465	1,666,465
Loans Delinquent 90 Days or More as a Percentage of Total Loans[2]	2%	3%	1%	1%	0%	0%	0%	0%	0%	0%
Notes Payable	173,117,000	173,117,000	101,912,000	101,912,000	98,971,000	98,971,000	31,870,000	31,870,000	0	0
Notes Redeemed	253,000	253,000	20,000	20,000	0	0	0	0	0	0
Long-Term Debt	833,607,139	561,417,898	734,069,922	498,523,882	605,792,326	447,585,681	529,234,669	438,133,479	501,881,706	447,994,882
Net Assets without Donor Restrictions	427,189,781	233,967,985	401,390,840	245,377,453	324,209,009	233,361,855	246,012,384	211,978,535	162,791,416	157,253,712
Net Assets without Donor Restrictions as a Percentage of Net Assets	59%	44%	57%	45%	51%	43%	49%	45%	43%	42%
Net Assets	728,894,428	534,616,444	706,057,774	548,540,400	636,900,091	546,052,937	500,578,137	466,544,288	379,734,914	374,197,211
Total Loans Receivable	1,120,843,597	688,554,002	897,510,485	563,310,682	678,436,006	518,655,251	583,902,018	499,024,128	506,308,707	485,384,186

(1) Total Loans reflects gross loans receivable. LISC's allowance for uncollectible loans as of December 31, 2023 was $67,717,220 on a consolidated basis and $27,199,127 on a parent-only basis.

RISK FACTORS

An investment in the Notes involves various material risks, including the loss of all of an investor's principal. Prior to any investment, and in consultation with their financial, tax, and legal advisors, investors should carefully consider, among other matters, the following risk factors and the other information contained in this prospectus, including the relevant pricing supplement, 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 LISC or that are currently deemed immaterial could also materially and adversely affect LISC's financial condition, results of operations, nonprofit activities, and prospects.

Risks associated with the Notes and the Offering

The Notes are not secured by any assets of LISC and will be subordinated to any existing or future secured indebtedness of LISC, and investors will be dependent solely upon the financial condition and operations of LISC for payment of principal and accrued interest on the Notes.

The Notes will be paid from net assets without donor restrictions and cash then available, which may be insufficient to pay the Notes at maturity. Net assets with donor restrictions will not be legally available for payment of the Notes if use of the assets for that purpose would be inconsistent with the restrictions imposed by donors. While it is anticipated that LISC's financial obligation to pay interest on and the principal of the Notes will be funded by LISC's cash flows, including cash flows generated from the loans LISC makes with the proceeds from the sale of the Notes, there can be no assurance that is the case. Investors in the Notes will be subordinate to LISC's secured creditors and will generally not have any priority over any other of LISC's unsecured creditors. In the event of a bankruptcy, liquidation, dissolution, reorganization, or similar proceeding, LISC's secured creditors 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, LISC's assets may be insufficient to fully satisfy LISC's obligations to pay the Notes. Therefore, the relative risk level is higher for the Notes than for LISC's secured indebtedness. For additional information, please see "Financing and Operational Activities – Schedule of Liabilities" on page 33.

LISC's consolidated affiliates have no obligation, contingent or otherwise, to pay any amounts due on the Notes or to make funds available to LISC to do so.

LISC's consolidated affiliates are separate and distinct legal entities with assets and liabilities of their own. As of December 31, 2023, of LISC's consolidated total assets of $2.1 billion, $670 million were held by LISC's consolidated affiliates. As of December 31, 2023, of LISC's consolidated total liabilities of $1.3 billion, $475.9 million were held by LISC's consolidated affiliates. The claims of creditors of those consolidated affiliates will have priority as to the assets and cash flows of those consolidated affiliates before such assets and cash flows may be made available to LISC. LISC's consolidated affiliates have no obligation, contingent or otherwise, to pay any amount due on the Notes or to make funds available to LISC to do so. Conversely, LISC is not responsible for contributing capital to the fund affiliates beyond its stated capital commitment in the operating agreements, regardless of the level of the fund affiliates losses. In the event of a bankruptcy, liquidation, dissolution, reorganization, or similar proceeding with respect to LISC's consolidated affiliates, their creditors will be entitled to payment on their claims from assets of those consolidated affiliates. For additional information, please see "Financing and Operational Activities – Schedule of Liabilities" on page 33.

No sinking fund or other specific allocation of assets or cash flow has been made or will be made to secure payment of the principal of the Notes or to secure payment of accrued interest.

The Notes may be riskier than other notes or debt instruments for which a sinking fund is established, and LISC's ability to pay the principal and interest on the Notes will depend on the cash then available as part of LISC's net assets without donor restrictions.

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 and are not 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 total loss of principal invested.

LISC is offering the Notes on a reasonable best-efforts sales basis, and there is no minimum sales requirement.

The offering of the Notes is on a reasonable best-efforts basis. Therefore, there is no minimum sales requirement or minimum amount of proceeds that LISC must receive from the sale of the Notes before LISC will close with investors and have the right to utilize proceeds. Investors' funds will be immediately available for use by LISC as lending capital in its nonprofit activities and operations, or for other general corporate purposes, regardless of whether any threshold of sales is met. Low sales of the Notes will not result in cancellation of the offering or cause LISC to refund any amounts to investors.

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

Interest rates offered for the Notes may change at LISC's discretion and will be determined by LISC at the time of issuance based on market conditions, the then-current interest rate environment, and other relevant factors. Should interest rates rise, LISC is not legally obligated to pay a higher rate or to redeem the principal of a Note prior to its maturity. Moreover, the 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.

LISC may have the right to redeem a Note, in whole or in part, at LISC's option prior to the Note's stated maturity date.

If provided in the relevant pricing supplement, LISC will have the right to redeem a Note, in whole or in part, at LISC's option prior to the Note's stated maturity date. There can be no assurance that the proceeds from the redemption of a Note can be reinvested in other securities having terms, interest rates, and investment risks similar to the Notes that LISC redeems. For more information on LISC's redemption right, see "Description of the Notes – Right of Redemption" on page 59.

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

A credit rating reflects only the view of the rating agency giving such rating. Any explanation of the significance of such rating may only be obtained from the applicable rating agency. Generally, rating agencies base their ratings on information and materials furnished and on investigation, studies, and assumptions by the rating agencies. There is no assurance that a rating will apply for any given period of time or that a rating will not be revised or withdrawn. A revision or withdrawal of a rating may have an adverse effect on the value of and ability to resell the Notes. LISC and InspereX have not undertaken any responsibility to bring to the attention of noteholders any proposed revision or withdrawal of any rating or to oppose any such proposed revision or withdrawal of any rating.

LISC has made only limited covenants in the Notes, which do not include covenants or restrictions with regard to LISC's financial condition and operations.

The Notes contain covenants to pay principal and interest when due but do not contain certain other covenants that are contained in certain of LISC's other debt obligations. For example, the Notes do not contain any "affirmative" covenants relating to LISC's financial performance or condition, such as a threshold net income, debt-to-assets ratio, or income-to-debt ratio or other financial covenants that may appear in debt instruments issued by other financial institutions, companies, or nonprofit entities. In addition, the Notes do not contain any "negative" covenants that restrict LISC's nonprofit operations or capital structure, such as restrictions or prohibitions on the amount or type of loans that LISC may extend, or the amount or type of debt that LISC may incur, or any other types of negative covenants that may appear in notes or indebtedness issued by other financial institutions, companies, or nonprofit entities. As a result, a default may occur in LISC's other debt instruments without triggering a default under the Notes. As such, there are limited contractual protections for investors contained in the Notes.

No trust indenture has been or will be established, and no trustee has been or will be appointed. The Notes are being issued pursuant to an exemption from the Trust Indenture Act, and the provisions of that Act designed to protect debt owners are not applicable to investors in the Notes.

Debt, such as the obligations represented by the Notes, is often issued pursuant to a trust indenture, such as the type required for certain debt offerings by the Trust Indenture Act of 1939. These indentures provide covenants and procedures to protect debt owners and appoint a trustee to act for the benefit of all debt holders, to exercise their remedies collectively, and to protect their interests. However, the Notes are not governed by any indenture, and there is no trustee. No trustee monitors LISC's affairs on investors' behalf, no agreement provides for joint action by investors in the event LISC defaults on the Notes, and investors do not have the other protections a trust indenture would provide. Accordingly, the Notes may be riskier than notes for which a trust indenture is established. In the event of a default under the Notes, each holder will have to seek available remedies on an individual basis, which is likely to be expensive and may not be economically practicable.

The Notes are being offered in reliance on exemptions from registration under the federal and state securities laws in the states in which LISC is offering the Notes. If it is determined that the Notes are not exempt from federal and/or state securities laws, LISC may be required to make rescission offers and may be subject to other penalties for which LISC may not have the funds available.

The offering described in this prospectus is being made in reliance upon exemptions from registration under federal and state securities laws, including exemptions under Section 3(a)(4) of the Securities Act and the exemptions from registration of the securities of nonprofit charitable organizations provided by the laws of certain states in which the Notes are offered. Reliance on these exemptions does not, however, constitute a representation or guarantee that such exemptions are indeed available. LISC may seek to qualify, register, or otherwise obtain authorization for the offering in certain other states where LISC believes such qualification, registration, or other authorization is required. If, for any reason, the offering is deemed not to qualify for exemption from registration under the nonprofit securities exemptions referred to above (and if no other exemption from registration is available), and the offering is not registered with the applicable federal or state authorities, the sale of the Notes will be deemed to have been made in violation of the applicable laws requiring registration. In the event of such a violation, penalties and fines may be assessed against LISC, and investors will typically have the right to rescind their purchase and to have their purchase price returned, together with interest at statutorily prescribed rates. If investors request the return of their investment, funds may not be available to LISC for that purpose, and LISC may be unable to pay all investors in any affected states. Any refunds made would also reduce funds available for LISC's operations. A significant number of requests for rescission could leave LISC without funds sufficient to respond to rescission requests or to successfully proceed with LISC's nonprofit activities.

The Survivor's Option may be limited in amount.

LISC 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. LISC 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 can only act indirectly through DTC.

Note transactions are settled through DTC. As is standard to facilitate such electronic transactions, DTC represents such Notes with one or more global certificates registered in the nominee name of "Cede & Co.," rather than in the name of the investor or the investor's nominee.

Any changes in the federal and state securities laws relating to securities offered and sold by nonprofit charitable organizations could adversely affect LISC's ability to sell the Notes or LISC's ability to pay the principal and interest on the Notes.

Pursuant to current federal and state exemptions related to certain securities offerings, the Notes will not be registered with the SEC and may not be registered with certain state securities regulatory bodies. However, these laws are subject to change and frequently do change. Any such change may make it costlier and more difficult for LISC to offer and sell the Notes and could result in a decrease in the amount of Notes ultimately sold, which could affect LISC's ability to pay the principal and interest on the Notes.

SEC Regulation Best Interest imposes obligations related to investment suitability that may limit some potential investments in this offering.

The SEC's Regulation Best Interest establishes a "best interest" standard of conduct for broker-dealers and associated persons when they make a recommendation to a retail customer of any securities transaction or investment strategy involving securities. Depending on individual investor circumstances, this "best interest" standard may limit some potential investments in this offering. For more information, see "How to Invest/Plan of Distribution – Investment Recommendations under Regulation Best Interest" on page 66.

No public market exists for the Notes, and therefore the transfer of the Notes is limited and restricted.

LISC has no obligation, and does not intend, to register the Notes for resale by noteholders. The Notes will not be listed for sale on any securities exchange. Dealers may be liquidity providers, and there may be a secondary market in the Notes; however, there is no assurance that dealers will be liquidity providers or that a secondary market in the Notes will develop. In addition, limitations on the transfer of the Notes may be imposed under applicable federal and state securities laws. As a result, there is no trading market for the Notes at present. Investors should therefore consider the Notes as an investment to be held until maturity.

Holders of Notes should be aware of certain tax consequences.

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. LISC will cause each investor to be provided with a Form 1099-INT or the comparable form by January 31 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 LISC

LISC may not be able to pay its obligations under the Notes if there is a material adverse effect in LISC's financial condition or results of operations.

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

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

- *General lending risks.* Although LISC has established due diligence and payment monitoring procedures, there can be no guarantee that borrowers will repay LISC promptly or at all. While LISC intends to pay holders of the Notes on schedule, defaults or untimely repayments of loans by borrowers may result in LISC having insufficient funds to make timely payments under the Notes. Specific lending risks include:

    - *Changes in interest rates.* LISC's earnings and cash flows depend substantially upon its net interest income. Net interest income is the difference between (x) interest income earned on its loans and other interest-bearing assets and (y) interest expense paid on interest-bearing liabilities, such as the Notes or other borrowed funds. Interest rates are sensitive to many factors that are beyond LISC's 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 affect: (1) LISC's ability to originate loans; (2) the fair value of LISC's financial assets and liabilities, including its investment portfolio; and (3) the average duration of LISC's interest-earning assets. Any substantial, unexpected, prolonged change in market interest rates could have a material adverse effect on LISC's financial condition and results of operations.

    - *Prepayment and refinancing risk.* Prepayment and refinancing rates may adversely affect the value of LISC's loan portfolio. Prepayment and refinancing rates on loans may be affected by a number of factors including, but not limited to, interest rate levels, the availability of 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, legal, and other factors beyond LISC's control. Consequently, prepayment and refinancing rates cannot be predicted with certainty, and no strategy can completely insulate LISC from prepayment or other such risks. In periods of declining interest rates, prepayment and refinancing rates on loans generally increase, and the proceeds of such prepayments and refinancings received during such periods are likely to be utilized by LISC to make loans yielding less than the yields on the loans that were prepaid or refinanced.

  - *Sector concentration risk.* LISC finances commercial and mixed-use real estate; affordable housing; health care facilities; child care and education; community and recreational facilities; commercial and industrial projects; small businesses; and other community development projects. While LISC has concentration limits for certain sectors, if one or more of these sectors experiences a financial downturn, LISC's borrowers may have difficulty making loan payments.

  - *Geographic concentration risk.* LISC finances nonprofit organizations, mission-aligned for-profit entities, and small businesses throughout the United States. As of December 31, 2023, LISC's revenue-generating portfolio was concentrated in California (23%), New York (14%) and Washington, D.C. (13%). While LISC has geographic concentration limits, if one or more of these geographic areas or any other geographic area where LISC may in the future have a material concentration of loans experiences a financial downturn, LISC's borrowers may have difficulty making loan payments.

  - *Illiquidity risk.* Loans made by LISC 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 LISC will be able to liquidate its position in any particular loan, that borrowers will repay LISC promptly, or that losses will not occur.

- *Charitable purpose.* In furtherance of LISC's charitable purpose, LISC lends money to borrowers that are often unable 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 less robust track records of the borrowers 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 LISC's loans may not be repaid.

- *Lack of control.* LISC may not have control over certain of its loans. Examples of loans over which LISC may or may not have control include loans where LISC is a subordinate lender or participated loans where LISC is not the lead lender. LISC's ability to manage its portfolio of loans may be limited by the form in which loans are made. LISC'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 the interests of LISC.

- *Limits on access to capital.* A significant portion of LISC's revenue is derived from contributions and grants obtained through federal programs, private foundations, and other institutions. In addition, LISC relies heavily on allocations of funds from various programs offered by the U.S. Department of Treasury's Community Development Financial Institutions Fund ("CDFI Fund"). Receipt of grants and access to CDFI Fund programs are not guaranteed or 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 LISC'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 LISC's ability to pay its obligations as they come due. LISC also depends on bank financing and other sources of financing. LISC's inability to access such funding at acceptable interest rates or at all could have a material adverse effect on its results of operations, financial condition, and business.

- *LISC's investment portfolio may decline in value and may incur investment losses*. LISC's investment portfolio is subject to investment risks, including the risks associated with investment in corporate bonds and fixed-income funds, U.S. government agency securities, certificates of deposit, and alternative investments. These risks may result in investment losses for LISC if the value of the investment portfolio declines. For information regarding LISC's investments, including investment returns, investment liquidity, and a discussion of applicable investment policies, see "Investing Activities" at page 43. Past performance does not indicate how LISC's investments will perform in the future.

- *New business activities.* LISC 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, LISC 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. Although LISC'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 impact LISC's financial condition or present a risk of litigation or regulatory oversight not currently present in its existing business model.

***Elevated levels of inflation could adversely affect LISC's results of operations and financial condition*.**

The United States has recently experienced elevated levels of inflation. Continued inflation could have complex effects on LISC's results of operations and financial condition, some of which could be materially adverse. Continued elevated levels of inflation could also cause increased volatility and uncertainty, which could adversely affect loan demand and the ability of LISC's borrowers to repay indebtedness. The duration and severity of the current inflationary period cannot be estimated with precision.

Net assets with donor restrictions may not be legally available for payment of investors.

LISC has received a significant quantity of funds with donor-imposed restrictions that limit their use. As of December 31, 2023, $300,648,459, or 56%, of LISC's net assets on a parent-only basis were subject to donor restrictions and $301,704,647, or 41%, of LISC's net assets on a consolidated basis were subject to donor restrictions. Donor-imposed restrictions limit the use of funding to a specified purpose, geography, and/or time period. These funds may not legally be available for payment on the Notes if use of the funds for that purpose would be inconsistent with the restrictions imposed by donors.

LISC's ability to pay the principal and interest on the Notes is dependent on the economic success of its lending activities and other sources of funds without donor restrictions.

As interest rates rise, there can be no assurance that LISC will be able to pass on those increased rates in the loans LISC makes, which could result in compression of its net interest margin and could lead to a decline in net income from lending activity. Further, LISC's borrowers derive their income from a wide variety of sources, which can include public agency contracts and grants and private donations as well as private payments for rent and services. Partial reliance on public subsidies and grants and donations or private payment sources for rent and services may affect the ability of borrowers to repay LISC, especially in challenging economic environments when federal, state, and local sources may decline, the volume of grants and donations may decrease, and private payments for rents and services may decline. While LISC uses a number of underwriting processes and imposes a variety of standards in making loans, there can be no assurance that all of LISC's borrowers will repay LISC on a timely basis or at all, which could impact LISC's liquidity and therefore its ability to pay all outstanding Notes when due.

LISC's ability to pay the principal and interest on the Notes depends on contributions, grants, and other uncertain sources of income.

In addition to loan repayments and interest income, LISC is dependent upon contributions and grants for a substantial portion of its revenue and financial support. On a parent-only basis, for the fiscal year ended December 31, 2023, contributions (32%) and government grants (43%) made up 75% of total operating support and revenue, with the remainder coming from lending income (10%), distributions from affiliates (less distributions from funds) (2%), interest income on investments (2%), and income earned on consulting and other activities (11%). On a consolidated basis, for the fiscal year ended December 31, 2023, contributions (24%) and government grants (32%) made up 56% of total operating support and revenue, with the remainder coming from lending income (12%), fee income (28%), interest income on investments (2%), and income earned on other activities (2%). These contributions and grants are not guaranteed, and, therefore, it is possible that sufficient funds will not be available to continue LISC's operations, and LISC could become unable to pay the interest or principal of the Notes when due.

LISC's lending criteria used in determining whether a loan should be made to a borrower may be more lenient than the criteria used by commercial lenders, and enforcement of these criteria may not be as rigorous.

As a charitable organization, LISC is willing and able to underwrite certain complex cash flows, often based on federal, state, and local funding and subsidy programs, with which commercial lenders may have limited experience and which may not meet conventional lending standards. LISC's underwriting is based on knowledge and experience in certain areas. In certain instances, LISC may be willing to modify and extend the terms of its loans to an extent greater than a commercial lender may be willing to do. Thus, repayment of LISC's loans may take longer than the original loan amortization or other repayment schedules, and its portfolio of loans may include loan extensions and other terms and modifications that would not be typical for a commercial lender.

LISC may incur additional debt, which may hinder its ability to pay the principal and interest on the Notes.

LISC may issue additional notes or incur other secured and unsecured debt without the consent of holders of the Notes. The incurrence by LISC of additional indebtedness may adversely affect its ability to pay the principal and interest on the Notes. Further, if LISC incurs additional indebtedness, the perception of LISC's ability to pay debt service on the Notes, regardless of LISC's actual ability to make such payments, may result in a decrease in the value or price of the Notes. In addition, if LISC incurs significant additional indebtedness, it may negatively impact LISC's ability to increase net assets.

Changes in governmental priorities and regulations may adversely affect LISC.

Some of LISC's operations are subject to regulation by federal, state, and local governmental authorities. Although LISC believes that its activities are in compliance in all material respects with applicable local, state, and federal laws, rules, and regulations, there can be no assurance that this is the case or that more restrictive laws, rules, and regulations governing its activities will not be adopted in the future, which could make compliance much more difficult or expensive, restrict its ability to originate loans, further limit or restrict the amount of interest and other charges earned under loans LISC originates, or otherwise adversely affect LISC's operations or prospects, which could adversely affect its ability to operate and to make payments under the Notes. Changes in funding priorities by federal, state, or local governments could have an adverse effect on the sectors where LISC provides financing. This could hinder LISC's ability to make loans or affect the ability of its 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 LISC to offer the Notes. Such an occurrence could result in a decrease in the amount of the Notes sold by LISC, which could potentially affect LISC's operations and its ability to pay the principal and interest on the Notes.

Failure to meet LISC's existing debt obligations on any debt agreement could result in a cross-default under other debt agreements.

LISC'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 LISC must maintain in order to avoid an event of default. If LISC 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 cross-default provisions. Similarly, LISC's failure to pay interest or principal under the Notes may also trigger defaults under those debt obligations. If LISC defaults on its debt agreements, it would negatively impact LISC's financial position and ability to pay principal and interest on the Notes when due.

Any change to LISC's nonprofit, tax-exempt, or CDFI status could negatively impact its ability to pay principal and interest on the Notes.

Federal authorities have determined that LISC is a CDFI certified by the CDFI Fund, and LISC is exempt from federal and state taxation on the basis of its nonprofit, charitable purpose. These determinations are based on a number of conditions and assumptions that must continue to be met in order for such determinations to be maintained. If LISC fails to satisfy any of those conditions or assumptions, LISC could lose its status as a CDFI, nonprofit, or tax-exempt entity, which could subject LISC to federal and/or state taxation, which would have a negative impact on its cash resources and financial viability and could ultimately negatively impact its ability to pay the principal and interest on the Notes. If LISC loses its CDFI status, it will no longer be able to participate in the various programs that are only available to CDFIs. LISC's inability to participate in such programs could pose a significant challenge to its ability to operate. The loss of its status as a nonprofit, tax-exempt entity, or CDFI may result in a default under existing arrangements, which would negatively impact LISC's financial condition and ability to pay principal and interest under the Notes when due.

If LISC does not accurately match asset-liability loan maturities with the Notes, LISC may not have sufficient capital available to pay the Notes when due.

While LISC seeks to coordinate the maturities of the loans LISC makes with the maturities of the debt LISC incurs to fund those loans, there can be no assurance that LISC will be successful in doing so with the Notes, which could impact its liquidity and therefore its ability to have sufficient cash resources available to pay the principal and interest on the Notes when due.

LISC's allowance for uncollectible loans may not be sufficient to cover potential loan losses.

LISC maintains an allowance for uncollectible loans ("Allowance") for its loan portfolio, which is determined by, among other factors, loan portfolio risk analysis, current economic conditions, loss history, and generally accepted accounting principles. While LISC performs an analysis of the adequacy of the Allowance, as do its external auditors, there can be no assurance that the Allowance is or will be sufficient to address all potential losses on the loan portfolio.

Holders of Notes are subject to risk associated with bankruptcy or insolvency of LISC or LISC's affiliates.

If LISC, a consolidated affiliate of LISC or another affiliated organization of LISC 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.

If LISC's consolidated affiliates become subject to claims or litigation, LISC could be liable.

LISC is a separate legal entity apart from its consolidated affiliates and believes it will not be liable for claims made against its consolidated affiliates. It is possible, however, that in the event of claims against LISC's consolidated affiliates, the claimants might contend that LISC is also liable. There can be no assurance that LISC's efforts to preclude corporate veil-piercing, alter ego, control person, or other similar claims by creditors of any one particular entity within its corporate structure from reaching the assets of the other entities within its corporate structure to satisfy claims will be successful. Such claims, if upheld by the courts, could negatively affect LISC's financial condition and ability to pay the principal and interest on the Notes.

LISC depends on the efforts of its senior management and staff, and loss of key personnel could adversely affect its operating performance and ability to pay principal and interest under the Notes when due.

Like most entities, LISC's successful operations are dependent on the efforts of its senior management and staff who are expected to continue to devote substantially all of their time and efforts to LISC's nonprofit activities. Discontinuation of such devotion of time and efforts, coupled with any inability to attract and retain other skilled personnel, could negatively impact LISC's nonprofit activities or its financial condition, which could impair its ability to pay the principal and interest on the Notes. There can be no assurance that LISC will be successful in retaining its current personnel or replacing any loss of key personnel with equally competent individuals.

LISC and its vendors rely on technology and technology-related services.

The majority of LISC's records are stored and processed electronically, including records of its notes receivable and notes payable. LISC relies, to a certain extent, upon third-party vendors for providing hardware, software, and services for processing, storing, and delivering information. LISC's electronic records include confidential customer information and proprietary information of its organization. Electronic processing, storage, and delivery have inherent risks, such as the potential for hardware failure; virus or malware infection; input or programming errors; inability to access data or systems when needed;

permanent loss of data; unauthorized access to data; or theft of data. While LISC and its vendors take measures to protect against these risks, it is possible that these measures will not be completely effective and that there may be other risks that have not been identified because they are different or unknown or that may emerge in the future. If LISC were to experience large-scale system unavailability, data inaccuracy, inability to access data for an extended time period, permanent loss of data, data breach or corruption, failure of its vendors to perform as contracted, or other significant issues regarding data, it could adversely affect all aspects of its operations. In addition, if investors elect to use LISC's website and related online or mobile services, LISC can offer no assurances and make no warranty as to their accuracy and availability, and such use is subject to the terms, conditions, and limitations set forth in applicable usage agreements.

Cybersecurity incidents could disrupt operations, result in the loss of critical and confidential information, and adversely impact LISC's reputation and results of operations.

Cybersecurity threats and incidents can range from uncoordinated individual attempts to gain unauthorized access to information technology (IT) systems to sophisticated and targeted measures known as advanced persistent threats, directed at LISC, its affiliates, and/or its third party service providers. Although LISC employs measures to prevent, detect, address and mitigate these threats (including access controls, employee training, data encryption, vulnerability assessments, monitoring of LISC's IT networks and systems and maintenance of backup and protective systems), cybersecurity incidents, depending on their nature and scope, could potentially result in the misappropriation, destruction, corruption or unavailability of critical data and confidential or proprietary information (LISC's, its affiliates, or that of third parties) and the disruption of operations. The potential consequences of a material cybersecurity incident include reputational damage, notification costs, fines or penalties imposed by government entities, litigation with third parties, payment of ransom and increased cybersecurity protection and remediation costs, which in turn could materially adversely affect LISC's operations.

LISC may change its policies and procedures.

This prospectus includes descriptions of policies and procedures of LISC, such as LISC's loan policies and investment policy. The descriptions of these policies and procedures are intended to help investors understand LISC's current operations. LISC's prior policies and procedures differed from the current policies and procedures described in this prospectus. Further, LISC reserves the right to change its policies and procedures in the future at any time. If LISC changes its policies and procedures, there may be an adverse impact on LISC's ability to pay the principal and interest on the Notes.

USE OF PROCEEDS

LISC is offering up to $250,000,000 in aggregate principal amount of Notes issued and outstanding at any time. As of August 31, 2024, the aggregate principal amount of Notes issued and outstanding was $192,948,000, meaning that an aggregate principal amount of $57,052,000 of Notes remained available for purchase as of that date. The amount of Notes available for purchase will vary from time to time depending on the amount of Notes sold and the amount of Notes that mature and are repaid during the offering period.

LISC will use the proceeds of the offering for general corporate purposes in support of LISC's overall mission to encourage the growth of, and provide support to, neighborhood and community development organizations and businesses that foster improvement of economic conditions; develop housing and other physical facilities; provide amenities and services; and other activities that help to revitalize disinvested communities and/or benefit low-wealth individuals and families ("Loan Purpose").

As part of its Loan Purpose, LISC offers a variety of loan products to nonprofit organizations, mission-aligned for-profit businesses, and small businesses operating in or supporting affordable housing, health, education, community and recreational facilities, commercial facilities, the creative economy, employment and other projects that seek to forge resilient and inclusive communities across the United States and/or benefit low-wealth individuals and families.

Additionally, LISC anticipates using proceeds from the sale of Notes to support Climate Justice projects, reflecting LISC's expanding focus on responding to the climate crisis in a way that addresses racial health, wealth and opportunity gaps. LISC recognizes that climate change poses an existential threat to the affordability, health and safety of our communities, and Climate Justice projects help ensure historically disinvested communities, including Black, Indigenous, and people of color, immigrant, and low-income communities, can fully participate in and enjoy the benefits of green investment and decarbonizing the U.S. economy.

LISC anticipates dedicating up to $10,000,000 of the proceeds from the sale of Notes during the 2024-2025 offering period (the approximate 12-month period starting on the date of this prospectus) to support Climate Justice projects. These projects may include investments across LISC's asset classes to finance, among other things, green affordable housing and community facilities, renewable energy infrastructure, and equitable transit-oriented development. The projects may support reduced carbon footprints, increased energy and cost savings, quality green jobs, and improved disaster response and recovery. LISC expects to use these proceeds, along with grants, partner contributions, loans and other capital raised, to support climate justice initiatives in the communities where we work.

Expected Proceeds(1)	**Proceeds Used for Each Purpose (%)**		**Proceeds Used for Each Purpose ($)**	
	Loan	**Climate Justice**	**Loan**	**Climate Justice**
Minimum:	82%	18%	$45,100,440	$10,000,000
Maximum:	82%	18%	$46,640,844	$10,000,000

(1) Figures are estimated based on the assumption that all Notes available for purchase as of August 31, 2024, in the aggregate principal amount of $57,052,000, are sold. LISC expects to receive net proceeds 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. LISC estimates that the total expenses of the offering for the 2024-2025 offering period, excluding sales compensation, will be approximately $240,000.

DESCRIPTION OF THE ISSUER

Overview

LISC is a New York not-for-profit corporation and is certified as a CDFI by the U.S. Department of the Treasury's CDFI Fund. LISC 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 under Section 509(a)(1) and Section 170(b)(1)(A)(vi) of the Code. LISC's principal executive office is located at 28 Liberty Street, 34th Floor, New York, NY 10005. As of the date of this prospectus, LISC and its consolidated affiliates operate through 38 local offices, including a national rural program in more than 2,400 counties across 49 states and Puerto Rico.

Mission

Together with residents and partners, LISC helps forge resilient and inclusive communities of opportunity across America—great places to live, work, visit, do business, and raise families.

LISC carries out its mission by encouraging growth of, and providing support to, neighborhood and community development organizations that foster improvement of economic conditions; development of housing and other physical facilities; provision of amenities and services; and other activities that help to revitalize distressed communities.

History

LISC was founded in 1979 by a group of Ford Foundation officials. LISC initially concentrated its efforts in the South Bronx, Boston, and Chicago, seeking to revitalize deeply distressed housing in historically underserved areas. In 1996, LISC was among the first community development entities to be certified as a CDFI by the CDFI Fund to provide financial products and services for underserved communities and populations. LISC has received $77.1 million in grant awards for lending activities since receiving CDFI certification.

Since its inception, and supported by its CDFI status, LISC has served as an intermediary and convener of public- and private-sector resources within its communities by providing grant funding and technical assistance to its vast network of community partners. As the field of community development matured, and local community groups adopted a more holistic approach to the revitalization of their communities beyond housing, retail and commercial development, and community facilities, LISC's areas of focus and support have also expanded and evolved to address the needs of local community groups and other entities, stakeholders, and partners that support LISC's charitable purpose.

LISC has provided training, education, and financial support to organizations leading revitalization efforts in their communities. Over time, LISC has developed partnerships with government and private-sector agencies to provide resources to community organizations. Examples of these partnerships include: providing funding to 1,384 community development corporations through the U.S. Department of Housing and Urban Development's Section 4 program; partnering with the U.S. Department of Justice to provide funding and technical assistance to more than 100 community-law enforcement partnerships nationwide; helping build or renovate more than 600 recreational facilities and provide youth programming through partnerships with, among others, the National Football League Foundation, the Dick's Sporting Goods Foundation, the Foot Locker Foundation, and the Atlanta United Community Fund; partnering with Historically Black Colleges and Universities (HBCU) to place 74 HBCU students from 33 educational institutions in paid internships since 2022; and leading a network of over 130 Financial Opportunity Centers to assist 22,600 people to improve their credit, 22,300 people to improve their net worth, and over 38,000 people to find employment in the most recent ten-year period.

As new public policies and funding and tax programs have emerged, LISC has built new tools to expand capital access to support its charitable activities. For example, in 2024, LISC joined with four other housing, climate, and community investment groups as part of the Power Forward Communities coalition to deploy a $2 billion grant award from the Environmental Protection Agency. Part of the Greenhouse Gas Reduction Fund, the grant will support affordable household decarbonization, building on LISC's existing activities financing green infrastructure and supporting green jobs. Over time, LISC has strategically formed consolidated affiliates to capture these types of opportunities and to support investment activities that fall outside of its core lending and grant making. More detail on LISC's consolidated affiliates is included under the heading "Legal Structure of LISC and its Consolidated Affiliates" starting on page 27.

Strategy

LISC mobilizes corporate, philanthropic, public, and private capital from local and national sources to fund a diverse toolkit of support—including loans, equity (through consolidated affiliates), grants, training, technical assistance, and public policy support—focused on improving the quality of life for historically underserved people and places. LISC takes a double-bottom-line view of its work, promoting social impact while also requiring strong financial performance of its investments. LISC's community investment model aims to improve conditions across America. By focusing on the needs of community residents, LISC also seeks to minimize displacement in places where gentrification has taken hold.

LISC believes that racial opportunity gaps—reflected in disparities in health and well-being, employment, wealth and financial security, and overall quality of life—are increasingly dividing America. This opportunity gap does not stem from any single root cause. Instead, LISC believes that it arises from discrimination and exclusion that systems and policies like redlining have perpetuated, leading to enduring imbalances and unequal access to basic needs like safety, housing, and healthcare, as well as inequality of educational and economic opportunities. Addressing such complex problems requires a set of equally multidimensional tools and strategies. LISC's strategic framework embraces a full range of activities that support comprehensive community development, health and safety, education, climate justice, and family financial planning. It builds on LISC's place-based development model to ensure LISC's contributions maximize equity and impact by building a more broadly shared American prosperity.

LISC concentrates efforts on raising capital for community investments and providing grants and making loans to nonprofit organizations, mission-aligned for-profit businesses, and small businesses that may not otherwise have access to traditional debt financing or financing at the rates LISC is able to offer.

Impact

In 2023, LISC and its consolidated affiliates provided a combined $2.4 billion in grants, loans, and equity investments to community development efforts across the country.

Since its inception, LISC and its consolidated affiliates have invested an aggregate of $32 billion in affordable housing, health, education, community and recreational facilities, public safety, employment, and other projects that seek to revitalize and stabilize low-wealth neighborhoods and benefit individuals and families living on low incomes. LISC's and its consolidated affiliates' investments have leveraged an aggregate investment of $87 billion in development activity. LISC and its consolidated affiliates have helped finance 506,302 affordable homes and apartments and 82.5 million square feet of commercial retail and community space. They have supported 291 early childhood centers serving approximately 28,858 children; 238 schools serving approximately 96,946 youth; 481 athletic fields and recreational spaces; 99

health projects, including healthcare centers; 113 healthy food projects, including grocery stores and farmers markets; and 33 theaters and other performance spaces.

Areas of Operation

As of the date of this prospectus, LISC and its consolidated affiliates operate in 38 markets, with offices in: Atlanta, GA; Boston, MA; Buffalo, NY; Charlotte, NC; Chicago, IL; Cincinnati, OH; Cleveland, OH; Detroit, MI; Duluth, MN; Flint, MI; Greenville, SC; Hartford, CT; Honolulu, HI; Houston, TX; Indianapolis, IN; Jacksonville, FL; Kalamazoo, MI; Kansas City, MO; Los Angeles, CA; Louisville, KY; Memphis, TN; Milwaukee, WI; Minneapolis/St. Paul, MN; New York, NY; Newark, NJ; Oakland, CA; Peoria, IL; Philadelphia, PA; Phoenix, AZ; Portsmouth, VA; Providence, RI; Richmond, VA; San Antonio, TX; San Diego, CA; Seattle, WA; Toledo, OH; and Washington, D.C. In addition, through its national rural program, LISC works in more than 2,400 counties in 49 states and in Puerto Rico. LISC and its affiliates have made investments in all 50 states and in Puerto Rico and the U.S. Virgin Islands.

Legal Structure of LISC and its Consolidated Affiliates

In addition to local program offices, as of the date of this prospectus LISC had 17 consolidated affiliates, as described below:

- National Equity Fund, Inc. ("NEF"), an Illinois not-for-profit corporation formed in 1987 to raise equity-like capital for projects under the federal Low Income Housing Tax Credit ("LIHTC") program, which supports affordable rental housing development. As of December 31, 2023, NEF has syndicated and placed $24.5 billion in investments into LIHTC developments, resulting in the creation or preservation of 242,500 units of affordable housing. Based on 2023 activity, NEF upstreamed $17.5 million in income to LISC. NEF had net assets of $96.5 million as of December 31, 2023. NEF's affiliates are also consolidated for financial statement reporting purposes in LISC's audited annual financial statements.

- Broadstreet Impact Services, LLC ("Broadstreet"), formerly New Markets Support Company, a Delaware limited liability company formed in 2003 to manage LISC's activities under the New Markets Tax Credit ("NMTC") program, which supports economic development projects in under-resourced areas. Broadstreet, on behalf of LISC, has successfully applied for and received federal NMTC allocations totaling $1.2 billion and state allocations totaling $22.76 million, making it one of the country's largest recipients of NMTC awards. Through managing LISC's NMTC Community Development Entity ("CDE"), Broadstreet has facilitated investments in 193 projects in 37 states and Washington D.C., which has leveraged more than $4.13 billion in financing; created or retained an estimated 29,659 construction and permanent jobs; and built 14.2 million square feet of commercial and community space. In addition to managing LISC's CDE, Broadstreet offers fund management, administration, and impact advisory services to the community investment sector. Broadstreet had member's equity of $4.52 million as of December 31, 2023. Broadstreet's affiliates are also consolidated for financial statement reporting purposes in LISC's audited annual financial statements.

- LISC Fund Management, LLC ("LFM"), a Delaware limited liability company formed in 2019 to manage funds in which LISC participates, including: The Bay's Future Fund, LLC ("BFF"), Charlotte Housing Opportunity Investment Fund LLC ("CHOIF"), Detroit AHLF-CDFI Fund LLC ("AHLF"), Black Economic Development Fund LLC ("BEDF"), Community Housing Fund LLC ("CHF"), BFF Preservation Fund Side Car LLC ("BFF Side Car"), Southern Opportunity and Resilience Fund LLC ("SOAR"), Entrepreneurs of Color Loan Fund LLC ("EOCLF"), Charlotte Housing Opportunity Investment Fund II LLC ("CHOIF II"), Detroit

Housing for the Future Fund II LLC (“DHFF II”), and Dallas Housing Opportunity Fund LLC (“DHOF”) (collectively, the “Fund Affiliates”). LFM had equity of $2.01 million as of December 31, 2023. The Fund Affiliates are also consolidated for financial statement reporting purposes in LISC’s audited annual financial statements. For more information on the Fund Affiliates, see Note 1 to LISC’s audited financial statements as of and for the year ended December 31, 2023, attached to this prospectus at Appendix I. The Fund Affiliates may change from time to time as LISC forms new funds and winds down the operations of others.

- LISC Green LLC (“LISC Green”), a Delaware limited liability company formed in 2023 to serve as a sub-awardee of funds from the U.S. Environmental Protection Agency’s National Clean Investment Fund, will provide financing to support affordable residential decarbonization throughout the country, with a focus on low-income and disadvantaged communities. As of the date of this Prospectus, LISC Green is still in the formation phase and has not yet had any material financial activity. LISC Green’s activity is expected to materially increase in 2025.

- Neighborhood Properties, LLC (“NP”), a Delaware limited liability company formed in 2008 to manage LISC’s troubled assets. NP has limited operations and is not a significant source of revenue.

- Resilience and Recovery Network, LLC (“RRN”), a Texas limited liability company formed in 2018 to develop and operate a program to repair homes occupied by low- and moderate-income people affected by Hurricane Harvey. RRN has limited operations and is not a significant source of revenue.

LISC is the sole owner of each consolidated affiliate described above, with the exception of BFF, BFF Side Car, BEDF, CHOIF, CHOIF II, and DHOF (the “Mixed Ownership Consolidated Affiliates”).

The LISC Board of Directors (the “Board”) elects members of the board of directors of NEF and the board of managers of each of Broadstreet, LISC Green, LFM, NP, and RRN. LFM serves as the manager of AHLF, CHF, SOAR, EOCLF, and the Mixed Ownership Consolidated Affiliates, which do not have separate boards of managers. Oversight of each consolidated affiliate rests with its respective board of directors, board of managers, or manager (in the case of the Mixed Ownership Consolidated Affiliates). Representatives of LISC management serve on the NEF board of directors and the Broadstreet, LISC Green, LFM, NP, and RRN boards of managers. The NEF board of directors and the Broadstreet board of managers also include external (non-LISC or affiliate staff) members with relevant expertise. LISC management reports to the LISC Board or Board committees on the activities and finances of the consolidated affiliates.

LISC’s consolidated affiliates previously included select project partnerships in which one or more wholly owned or consolidated affiliates of NEF serves as general partner (the “CDA Partnerships”). The CDA Partnerships acted as general partners in certain affordable housing project partnerships to facilitate the production or rehabilitation of low-income housing. As of December 31, 2023, there were zero CDA Partnerships.

The foregoing consolidated affiliates were consolidated for financial statement reporting purposes in LISC’s audited annual financial statements as of and for the year ended December 31, 2023, included in Appendix I herein, or with respect to LISC Green and DHFF II, are expected to be consolidated for financial statement reporting purposes in LISC’s audited annual financial statements as of and for the year ended December 31, 2024.

FINANCING AND OPERATIONAL ACTIVITIES

Some of the following information with respect to financing and operational activities is presented on a parent-only basis. See "Statement Regarding Parent-Only Financial Information" on page iii.

Capitalization – *Parent-Only*

LISC's parent-only capitalization as of June 30, 2024

Debt		
Financial institutions and insurance companies	$	263,595,424
Sustainability Bonds and Impact Notes		254,368,000
Foundations		82,720,912
Public agencies/entities and retirement funds		46,493,171
Nonprofit and other institutions		30,049,615
Less amortized discount and deferred costs		(2,258,229)
Total Debt	$	674,968,893
Net Assets		
Without donor restrictions[(1)]	$	234,178,451
With donor restrictions[(2)]		274,006,616
Total Net Assets		508,185,067
Total Capitalization	$	1,183,153,960

[(1)] Net assets without donor restrictions have no external restrictions regarding their use or function.

[(2)] Net assets with donor restrictions have donor-imposed restrictions, such as fulfilling a specified purpose. For additional information on donor-imposed restrictions, please see Notes 1 and 2 to LISC's unaudited interim financial statements as of and for the period ended June 30, 2024, attached to this prospectus as Appendix II.

Additional information on LISC's parent-only Net Assets as of June 30, 2024, is shown below:

Purpose	Portion of Net Assets	Restriction(s) and Possible Uses
Without donor restrictions	46%	Unrestricted
With donor restrictions		
Charter School Financing	12%	Credit Enhancement
Special project funds	18%	General Operating/Financing Activities
General operating and programmatic support	24%	General Operating
Total	100%	

LISC's parent-only capitalization as of December 31, 2023

Debt		
Financial institutions and insurance companies	$	267,892,946
Sustainability Bonds and Impact Notes		248,117,000
Foundations		74,845,912
Public agencies/entities and retirement funds		46,281,817
Nonprofit and other institutions		29,535,545
Less unamortized discount and deferred costs		(2,543,633)
Total Debt	$	664,129,587
Net Assets		
Without donor restrictions[1]	$	233,967,985
With donor restrictions[2]		300,648,459
Total Net Assets	$	534,616,444
Total Capitalization	$	1,198,746,031

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

[2] Net assets with donor restrictions have donor-imposed restrictions, such as fulfilling a specified purpose. For additional information on donor-imposed restrictions, please see Notes 1 and 2 to LISC's audited financial statements as of and for the year ended December 31, 2023, attached to this prospectus as Appendix I.

Additional information on LISC's parent-only Net Assets as of December 31, 2023, is shown below:

Purpose	Portion of Net Assets	Restriction(s) and Possible Uses
Without donor restrictions	44%	Unrestricted
With donor restrictions		
Charter School Financing	11%	Credit Enhancement
Special project funds	13%	General Operating/Financing Activities
General operating and programmatic support	32%	General Operating
Total	100%	

Capitalization – *Consolidated*

Consolidated capitalization as of December 31, 2023

Debt		
Financial institutions and insurance companies	$	307,938,195
Sustainability Bonds and Impact Notes		248,117,000
Foundations		102,669,265
Public agencies/entities and retirement funds		52,281,817
Nonprofit and other institutions		227,856,184
Less unamortized discount and deferred costs		(2,543,633)
Total Debt	$	936,318,828
Net Assets		
Without donor restrictions[1]	$	427,189,781
With donor restrictions[2]		301,704,647
Total Net Assets	$	728,894,428
Total Capitalization	$	1,665,213,256

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

[2] Net assets with donor restrictions have donor-imposed restrictions, such as fulfilling a specified purpose. For additional information on donor-imposed restrictions, please see Notes 1 and 2 to LISC's audited financial statements as of and for the year ended December 31, 2023, attached to this prospectus as Appendix I.

Additional information on LISC's Consolidated Net Assets as of December 31, 2023 is shown below:

Purpose	Portion of Net Assets	Restriction(s) and Possible Uses
Without donor restrictions	59%	Unrestricted
With donor restrictions		
Charter School Financing	8%	Credit Enhancement
Special project funds	9%	General Operating/Financing Activities
General operating and programmatic support	24%	General Operating
Total	100%	

Debt Composition and Sources

Sources of Parent-Only Debt as of June 30, 2024

	Maturities	Interest rates	Amount	% of Total
Financial institutions and insurance companies[(1)]	2024-2035	0.00%-6.95%	263,595,424	39%
Sustainability Bonds and Impact Notes	2024-2037	0.95%-5.85%	254,368,000	38%
Foundations	2025-2034	0.00%-4.00%	82,720,912	12%
Public agencies/entities and retirement funds	2025-2043	0.00%-3.61%	46,493,171	7%
Nonprofit and other institutions	2025-2037	0.00%-4.50%	30,049,615	4%
Less amortized discount and deferred costs			(2,258,229)	
Total			$ 674,968,893	100%

[(1)] Includes $5 million of outstanding floating rate debt held at an interest rate of Daily SOFR + 1.50%, with a 0.50% Index Floor.

Sources of Parent-Only Debt as of December 31, 2023

	Maturities	Interest rates	Amount	% of Total
Financial institutions and insurance companies[(1)]	2024-2035	0.00%-6.00%	267,892,946	40%
Sustainability Bonds and Impact Notes	2024-2037	0.50%-5.85%	248,117,000	37%
Foundations	2025-2033	0.00%-4.00%	74,845,912	11%
Public agencies/entities and retirement funds	2025-2043	0.00%-3.61%	46,281,817	7%
Nonprofit and other institutions	2025-2037	0.00%-4.50%	29,535,545	5%
Less unamortized discount and deferred costs			(2,543,633)	
Total			$ 664,129,587	100%

[(1)] Includes $5 million of outstanding floating rate debt held at an interest rate of Daily SOFR + 1.40%, not to exceed an all-in interest rate of 6.00%.

Sources of Consolidated Debt as of December 31, 2023

	Maturities	Interest rates	Amount	% of Total
Financial institutions and insurance companies[1]	2024-2035	0.00%-6.00%	307,938,195	33%
Sustainability Bonds and Impact Notes	2024-2037	0.50%-5.85%	248,117,000	26%
Foundations	2025-2033	0.00%-4.00%	102,669,265	11%
Public agencies/entities and retirement funds	2025-2043	0.00%-3.61%	52,281,817	6%
Nonprofit and other institutions	2025-2037	0.00%-4.50%	227,856,184	24%
Less unamortized discount and deferred costs			(2,543,633)	
Total			$ 936,318,828	100%

[1] Includes $5 million of outstanding floating rate debt held at an interest rate of Daily SOFR + 1.40%, not to exceed an all-in interest rate of 6.00%.

The majority of LISC's debt carries a fixed rate.

Although many of LISC's lenders are financial institutions motivated by the Community Reinvestment Act, other lending sources include foundations, nonprofit organizations, insurance companies, retirement funds, and public agencies. LISC has repaid all of its debt obligations on time and in full. The majority of LISC's debt is full recourse, unsecured obligations. As of December 31, 2023, however, LISC's debt obligation under the CDFI Fund's Bond Guarantee Program ("BGP") was full recourse and fully secured. LISC has a $50 million bond allocation under the BGP with $39,578,572 outstanding as of December 31, 2023.

Remaining Term on Parent-Only Debt as of June 30, 2024

Year of Debt Maturity	Total Debt Maturing	% of Total Debt
2024	$ 89,997,348	13%
2025	116,502,884	17%
2026	93,692,795	14%
2027	121,895,198	18%
Thereafter	255,138,897	38%
	$ 677,227,122[1]	100%

[1] Excludes unamortized discount and deferred costs of $442,095 related to LISC's $75,000,000 in taxable bonds, Series 2017A and unamortized discount and deferred costs of $1,604,468 related to LISC's Impact Notes.

Remaining Term on Parent-Only Debt as of December 31, 2023

Year of Debt Maturity	Total Debt Maturing	% of Total Debt
2024	$ 105,255,322	16%
2025	112,318,008	17%
2026	97,983,795	15%
2027	107,310,198	16%
Thereafter	243,805,897	36%
	$ 666,673,220[1]	100%

[1] Excludes unamortized discount and deferred costs of $465,774 related to LISC's $75,000,000 in taxable bonds, Series 2017A, and unamortized discount and deferred costs of $1,842,860 related to LISC's Impact Notes.

Remaining Term on Consolidated Debt as of December 31, 2023

Year of Debt Maturity	Total Debt Maturing	% of Total Debt
2024	$ 105,255,322	11%
2025	122,518,008	13%
2026	108,808,795	12%
2027	107,310,198	12%
2028	49,811,408	5%
Thereafter	445,158,730	47%
	$ 938,862,461[1]	100%

[1] Excludes unamortized discount and deferred costs of $465,774 related to LISC's $75,000,000 in taxable bonds, Series 2017A, and unamortized discount and deferred costs of $1,842,860 related to LISC's Impact Notes.

Largest Debt Investors and Lenders as of December 31, 2023

Five Largest Investors	Amount Outstanding	% of Total Debt	Maturity	Characteristics	Secured or Unsecured
LISC Impact Notes	$173,117,000	26%	August 2031	Institutional Investors	Unsecured
LISC Taxable Bond Series 2017A	$75,000,000	11%	March 2037	Institutional Investors	Unsecured
CDFI Bond Guarantee Program	$39,578,572	6%	December 2043	Public Agency	Secured
HSBC Bank USA, NA	$30,000,000	4%	December 2027	Bank	Unsecured
Metropolitan Life Insurance	$25,000,000	4%	March 2027 & December 2035	Insurance Company	Unsecured
	$342,695,572	51%			

Schedule of Liabilities

Below is a schedule of LISC's secured liabilities, total liabilities of LISC's consolidated affiliates, and LISC's unsecured liabilities as of December 31, 2023:

Type of Liability	Amount
Secured Liabilities of LISC	$ 39,578,572
Total Liabilities of Consolidated Affiliates	$ 475,914,198
Unsecured Liabilities of LISC	$ 823,737,213

LENDING ACTIVITIES

Some of the following information with respect to lending activities is presented on a parent-only basis. See "Statement Regarding Parent-Only Financial Information" on page iii of this prospectus.

LISC earns a margin on lending activity based on the spread between the interest rate charged to borrowers and the interest rate paid to capital providers. By exercising fiscally responsible underwriting practices and closely monitoring its loan portfolio, LISC seeks to earn a yield on its loan portfolio. During each of the five fiscal years ended December 31, 2019, through December 31, 2023, LISC's lending operations have been self-sustaining in that interest income earned from the loan portfolio has exceeded interest expense of related borrowing and bad debt expense.

Loan Products

LISC offers the following loan products to nonprofit organizations, mission-aligned for-profit developers, and small businesses operating in or supporting affordable housing, health, education, community and recreational facilities, commercial facilities, the creative economy, economic development, and other projects that seek to forge resilient and inclusive communities across America and/or benefit underserved individuals and families:

- Predevelopment loans
- Acquisition loans
- Construction loans
- Bridge financing
- Mini-permanent and permanent financing
- Revolving lines of credit and working capital financing
- Equipment and leasehold improvement for small businesses

Lending and Impact Criteria

LISC's loan underwriting and management policies reflect the needs of communities, LISC's charitable mission and purpose, and LISC's responsibilities to lenders and investors. LISC has broad experience with loans made to nonprofit organizations, mission-aligned for-profit developers, and small businesses engaged in community and economic development projects, and has fostered an underwriting approach tailored to a wide diversity of loan requests.

Staff in LISC's local offices and national programs originate loan requests. At the beginning of due diligence, a national underwriter from LISC's Lending team and an intake committee also staffed by the Lending team review potential loan requests and provide guidance on risks and risk mitigants, loan structure, and conformance to LISC's underwriting policy. After satisfactory review, the national underwriter notifies program staff to move to underwriting.

After underwriting, loan requests come to LISC's Chief Credit Officer, an internal Credit Committee, or the Program and Portfolio Review Committee of the Board, depending on loan size, for formal approval to ensure the loan meets LISC's underwriting criteria. The Credit Committee is made up of voting members from LISC's national Lending, Finance, and Legal departments. Loans are evaluated on criteria that include, but are not limited to, the financial strength and organizational capacity of the borrower, the ability of the borrower to repay the loan, the potential project risks and mitigating factors, and the strength of underlying collateral. LISC also reviews project and product risks based on experience with the borrower and market and analysis of historical and projected performance.

LISC local offices maintain advisory boards, comprised of private and public leaders rooted in the relevant market, to ensure that loans meet the needs of local communities. When evaluating mission alignment, LISC considers how financing businesses, housing, and other community facilities will catalyze economic, health, safety, and educational mobility for individuals and communities. Factors include whether the project will be located in a low- to moderate-income community, provide goods and services that benefit an underserved community, provide quality job opportunities to underserved populations, develop partnerships with other community-based organizations, or develop needed infrastructure. LISC's mission-driven focus in loan transactions differentiates its approach from that of commercial banks and may result in the extension of credit to higher-risk borrowers in alignment with this mission.

In 2021, LISC implemented the LISC Impact Matrix, a rating tool that assigns a numeric score to loans based on the Impact Management Project's Five Dimensions of Impact (What, Who, How Much, Contribution and Risk). The tool leverages existing quantitative and qualitative data collected during the underwriting process to be able to compare the impact of LISC's lending across asset classes and loan products.

Affiliate Lending

LISC's consolidated affiliates will, from time to time, engage in lending activity. NEF's lending activity includes predevelopment, construction, preservation, and other types of loans. NEF funds developers with predevelopment or pre-credit loans as bridge financing to help LIHTC projects with paying for the costs of meeting the 10% carryover requirements of the LIHTC program, acquiring land, or other predevelopment costs. Additionally, NEF provides construction financing to workforce housing and LIHTC projects. Loans made by NEF are secured and reserved for based upon an analysis of the borrower's creditworthiness. These investments are made from NEF's cash.

Broadstreet provides loans, including short-term bridge loans to projects and seven-year loans to funds in which Broadstreet is the general partner. The funds that Broadstreet manages typically include NMTC equity as credit enhancement and provide financing for small businesses and commercial real estate. Loans made by Broadstreet are approved by the Broadstreet board of managers and follow documented lending policies and procedures.

BFF purchases portions of loans from participating CDFIs, including LISC. As of December 31, 2023, BFF had purchased loans with a principal balance of $27.7 million. In addition, as of December 31, 2023, BFF Side Car had made loans with an aggregate principal balance of $10 million.

CHOIF makes loans in accordance with its charitable purpose to promote the creation of new affordable housing and the preservation and protection of existing affordable housing. As of December 31, 2023, CHOIF had loans with an outstanding balance of $23.9 million.

AHLF makes loans in accordance with its charitable purpose of facilitating the deployment of capital into grants and low-interest loans supporting the preservation and production of affordable housing. As of December 31, 2023, AHLF had loans receivable with an outstanding balance of $22.2 million.

BEDF makes loans in accordance with its charitable purpose to invest in Black-owned and led businesses and institutions in the United States. As of December 31, 2023, BEDF had loans receivable with an outstanding balance of $113.3 million.

CHF makes loans in accordance with its charitable purpose to be part of the initiative started with BFF to provide financing for the creation of new affordable housing and the preservation of existing affordable housing in the Bay Area. As of December 31, 2023, CHF had loans receivable with an outstanding balance of $105.9 million.

SOAR makes loans in accordance with its charitable purpose to address the capital needs of historically disenfranchised communities across the south and southeast United States. As of December 31, 2023, SOAR had loans receivable with an outstanding balance of $50.9 million.

EOCLF makes loans in accordance with its charitable purpose to provide entrepreneurs of color with improved access to capital in order to incentivize economic activity and wealth building opportunities in communities of color in the United States. As of December 31, 2023, EOCLF had loans receivable with an outstanding balance of $23.5 million.

DHOF makes loans in accordance with its charitable purpose to deploy long-term, below-market capital to promote the construction and renovation of affordable housing in Dallas, Texas. As of December 31, 2023, DHOF had loans receivable with an outstanding balance of $11.4 million.

Loan Portfolio

LISC's loan portfolio is diverse in loan product composition and financed asset type. Below is a breakdown by loan product on a parent-only basis as of June 30, 2024:

Product		Total	% of Total
Acquisition	$	227,933,952	31%
Construction		173,722,131	24%
Mini-Permanent		75,164,375	10%
Permanent		89,793,999	12%
Bridge		22,131,778	3%
Predevelopment		61,654,963	8%
Other[1]		88,986,029	12%
Loans and Notes and Other Receivables, Gross	$	739,387,227	100%
Allowance for Uncollectible Loans		(29,600,801)	
Loans and Notes and Other Receivables, Net	$	709,786,426	

(1) "Other" includes refinancing existing debt ($62.1 million), revolving lines of credit and working capital ($14.9 million), Broadstreet's line of credit ($6.9 million), and business/venture capital loans ($5.1 million).

Below is a breakdown by loan product on a parent-only basis as of December 31, 2023:

Product		Total	% of Total
Acquisition	$	224,282,973	33%
Construction		161,800,723	23%
Mini-Permanent		68,524,311	10%
Permanent		79,643,934	12%
Bridge		16,609,117	2%
Predevelopment		55,261,614	8%
Other[(1)]		82,431,330	12%
Loans and Notes and Other Receivables, Gross	$	688,554,002	100%
Allowance for Uncollectible Loans		(27,199,127)	
Loans and Notes and Other Receivables, Net	$	661,354,875	

(1) "Other" includes refinancing existing debt ($56.3 million), revolving lines of credit and working capital ($16.4 million), Broadstreet's line of credit ($5.8 million), and business/venture capital loans ($3.9 million).

Below is a breakdown by loan product on a consolidated basis as of December 31, 2023:

Product		Total	% of Total
Acquisition	$	378,390,836	34%
Construction		241,421,770	21%
Mini-Permanent		78,489,468	7%
Permanent		79,643,934	7%
Bridge		18,075,136	2%
Predevelopment		98,078,090	9%
Other[(1)]		226,744,362	20%
Loans and Notes and Other Receivables, Gross		1,120,843,597	100%
Allowance for Uncollectible Loans		(67,717,220)	
Loans and Notes and Other Receivables, Net	$	1,053,126,377	

(1) "Other" includes refinancing existing debt ($56.3 million), revolving lines of credit and working capital ($16.4 million), Broadstreet's line of credit ($5.8 million), business/venture capital loans ($3.9 million), miscellaneous NEF lending activity ($445,224), Broadstreet lending activity ($22.2 million), and Fund Affiliate lending activity ($29.3 million).

LISC loan-financed asset types include multifamily rental housing, charter schools, mixed-use (housing and commercial/community facilities), commercial/industrial projects, community facilities, single-family housing, economic development, small business, and other asset types. Since 2004, LISC has been awarded a total of $65.4 million in credit enhancement from the CDFI Fund's Financial Assistance, Healthy Food Financing Initiative, and Capital Magnet Fund programs. Over time, these funds have been a source of credit enhancement for a variety of LISC projects, including loans to multifamily rental housing for extremely low- to moderate-income individuals; healthy food retailers and production spaces; investments in creative placemaking spaces; and economic development lending. Additionally, in response to the COVID-19 pandemic, LISC received an additional $6.8 million in Rapid Response Program and Equitable Recovery Program awards. These dollars have also been deployed as credit enhancement to a variety of LISC loans across multiple asset types, though they specifically focus on projects which promote economic and community recovery where the economic impacts of the pandemic were worst felt.

Below is a breakdown of asset types on a parent-only basis as of June 30, 2024:

Asset Class		Total	% of Total
Multifamily Rental	$	301,253,489	41%
Charter School		122,542,558	16%
Mixed-Use		61,068,814	8%
Commercial/Industrial		101,362,719	14%
Community Facility		35,616,710	5%
Single-Family Housing		52,280,338	7%
Economic Development		19,212,837	3%
Small Business		21,728,527	3%
Other(1)		24,321,236	3%
Loans and Notes and Other Receivables, Gross	$	739,387,227	100%
Allowance for Uncollectible Loans		(29,600,801)	
Loans and Notes and Other Receivables, Net	$	709,786,426	

(1) "Other" includes projects that do not fit in LISC's eight primary asset types, such as organizational working capital and bridge loans, and affiliate lines of credit.

Below is a breakdown of asset types on a parent-only basis as of December 31, 2023:

Asset Class		Total	% of Total
Multifamily Rental	$	277,346,890	40%
Charter School		110,073,301	16%
Mixed-Use		57,582,388	8%
Commercial/Industrial		99,718,754	15%
Community Facility		36,801,473	5%
Single-Family Housing		48,987,781	7%
Economic Development		18,085,261	3%
Small Business		21,256,714	3%
Other(1)		18,701,441	3%
Loans and Notes and Other Receivables, Gross	$	688,554,002	100%
Allowance for Uncollectible Loans		(27,199,127)	
Loans and Notes and Other Receivables, Net	$	661,354,875	

(1) "Other" includes projects that do not fit in LISC's eight primary asset types, such as organizational working capital and bridge loans, and affiliate lines of credit.

Below is a breakdown of asset types on a consolidated basis as of December 31, 2023:

Asset Class	Total	% of Total
Multifamily Rental	$ 544,411,737	48%
Charter School	110,073,301	10%
Mixed-Use	76,368,679	7%
Commercial/Industrial	124,353,761	11%
Community Facility	36,801,473	3%
Single-Family Housing	48,987,781	4%
Economic Development	18,085,261	2%
Small Business	109,301,485	10%
Other[1]	52,460,119	5%
Loans and Notes and Other Receivables, Gross	$ 1,120,843,59	100%
Allowance for Uncollectible Loans	(67,717,220)	
Loans and Notes and Other Receivables, Net	$ 1,053,126,37	

(1) "Other" includes projects that do not fit in LISC's eight primary asset types, such as organizational working capital and bridge loans, and affiliate lines of credit.

Below is a summary of the approximate annual maturities of loans receivable in LISC's parent-only loan portfolio as of June 30, 2024:

Maturity Schedule	2024	2025	2026	2027	2028	Thereafter
Loans Receivable	$141,801,472	$195,266,475	$111,972,700	$47,347,879	$46,743,510	$196,255,190

Below is a summary of the approximate annual maturities of loans receivable in LISC's parent-only loan portfolio as of December 31, 2023:

Maturity Schedule	2024	2025	2026	2027	2028	Thereafter
Loans Receivable	$206,986,394	$139,331,669	$97,454,320	$40,833,705	$35,794,070	168,153,843

LISC's portfolio is diversified as to location of borrowers. Additionally, as further described under "Credit Approval Procedures" on page 41, LISC has established exposure and concentration limits.

Portfolio Risk Management

The risks in LISC's lending activity include the possibility that LISC may suffer a loss of principal or fail to receive the expected interest payments, or that principal and interest may not be received in a timely manner. Ultimately, the performance of the LISC loan portfolio depends largely on underwriting and loan monitoring efforts.

LISC strives to mitigate its financial and programmatic risks in a number of ways. LISC maintains a strong net asset position and strives to borrow only as needed. LISC has a successful track record of raising grant funds, low-cost capital, and credit enhancement funds for its lending activities.

LISC employs a rigorous risk rating system to improve the application of underwriting guidelines at origination and to monitor portfolio quality once loans are closed. LISC further mitigates risk through loan monitoring efforts that combine local relationships and market knowledge with centralized oversight of the portfolio by LISC's Lending department and loan monitoring committees. All loans are subject to annual or more frequent review, with late, delinquent, or lower-rated loans subject to closer scrutiny and review at least quarterly.

Delinquencies and Loan Losses

LISC's loan portfolio has demonstrated strong performance over the past three years. On a parent-only basis, the delinquency rate rose from 0.09% as of December 31, 2021, to 2.85% as of December 31, 2023. As of June 30, 2024, LISC's delinquency rate was 3.48%. Net write-offs as a percentage of total loans were 0.38%, 0.31%, and 0.87% in 2021, 2022 and 2023, respectively. Net write-offs were 0.25% in the period ended June 30, 2024.

The activity in the Allowance on a parent-only basis for the period ended June 30, 2024 was as follows:

	June 30, 2024
Allowance for Uncollectible Loans as of the beginning of the year	$ (27,199,127)
Write-offs	2,458,717
Recoveries	(628,299)
Provision	(4,232,092)
Allowance for Uncollectible Loans as of the end of the year	$ (29,600,801)

The activity in the Allowance on a parent-only basis for the years ended December 31, 2021, 2022 and 2023 was as follows:

	2023	2022	2021
Allowance for Uncollectible Loans as of the beginning of the year	$ (32,551,758)	$ (29,539,311)	$ (29,867,689)
Cumulative effect of changes in accounting principle	9,563,656	0	0
Write-offs	6,445,442	4,673,989	2,115,377
Recoveries	(442,090)	(2,951,208)	(168,181)
Provision	(10,214,377)	(4,735,228)	(1,618,818)
Allowance for Uncollectible Loans as of the end of the year	$ (27,199,127)	$ (32,551,758)	$ (29,539,311)

The activity in the Allowance on a consolidated basis for the years ended December 31, 2021, 2022 and 2023 was as follows:

	2023	2022	2021
Allowance for Uncollectible Loans as of the beginning of the year	$ (48,367,717)	$ (34,411,161)	$ (31,420,785)
Cumulative effect of changes in accounting principle	(6,943,008)	0	0
Write-offs	11,136,195	4,960,989	2,133,841
Recoveries	(442,090)	(2,949,919)	(132,589)
Provision	(23,100,600)	(15,967,626)	(5,256,806)
Allowance for Uncollectible Loans as of the end of the year	$ (67,717,220)	$ (48,367,717)	$ (34,411,161)

Credit Approval Procedures

In addition to the approval of the Local Advisory Committee of the LISC local program originating the financing request, loans are subject to additional review by either LISC's Chief Credit Officer or an internal Credit Committee and, in some cases, the Program and Portfolio Review Committee of the Board, depending on loan size. Additionally, LISC assigns a peer underwriter to review all loans subject to approval by the Chief Credit Officer. The Chief Credit Officer has authority to approve non-small business loans of $2 million or less. Non-small business loans above the $2 million approval threshold or with material exceptions to LISC's underwriting guidelines are reviewed by Credit Committee. For small business loans, the Chief Credit Officer has authority to approve loans of $350,000 or less. Small business loans above the $350,000 approval threshold or with material exceptions or less than 33% credit enhancement are reviewed by Credit Committee. All loans above $8 million require the additional approval of the Program and Portfolio Review Committee. Loan risk ratings are determined by the Credit Committee, utilizing the methodology described further below under "Risk Assessment."

LISC has exposure limits applied to individual projects (no more than 5% of adjusted net assets) and sponsors (no more than 10% of adjusted net assets). LISC also has portfolio-level concentration limits for geographic/program area exposure (capped at 20% of the outstanding portfolio, excluding Charter School Financing (CSF); CSF portfolio exposure is capped at two times Department of Education credit enhancement), unsecured lending (6% limit), and the homeownership and small business asset classes (capped at 15% and 10% of the portfolio, respectively).

For unsecured lending, borrower exposure is limited to three loans at $500,000 each or $1,500,000 in total. Unsecured loans above $500,000 may be considered on an exception basis depending on the project's other credit risks. For unsecured loans with no firm take-out commitment, disbursements are capped at $250,000 until take-out commitments are received in an amount that will fully repay the loan. Additionally, LISC requires predevelopment loans above $500,000 to have collateral.

Portfolio Monitoring

Each closed and funded loan undergoes a periodic internal review that includes an update to the risk rating analysis. The Portfolio Monitoring Committee ("PMC"), consisting of staff from LISC's Lending, Finance, and Legal departments, reviews all performing loans of $3 million or more with a risk rating of IV or above semi-annually and all other performing loans annually. Loans designated as "watch list" loans (those whose risk ratings place them in "Close Follow," "Substandard," and "Doubtful" risk categories), are reviewed quarterly by the Loan Watch Committee ("LWC") comprised of staff from the same three departments.

The Loan Monitoring Officer preparing monitoring reports employs the initial risk rating found in the credit approval system, as determined by the Credit Committee, as the basis for subsequent updates. The Director of Asset Management reviews the rating assessment prepared by the loan monitoring officer to ensure all categories have been rated appropriately. Changes to risk ratings are formally approved during PMC and LWC meetings. At each review, depending on loan performance and any changes from underwriting, the rating may be upgraded or downgraded with the approval of the relevant committee. The upgrades or downgrades are documented in committee notes and updated in the loan monitoring system.

In addition, all late and delinquent loans are reviewed monthly by a committee of Lending and Finance staff.

Risk Assessment

The purpose of LISC's risk rating system is to provide an objective format to consistently evaluate the application of LISC's underwriting guidelines at loan origination and to monitor portfolio quality once loans are closed. The ratings allow LISC to capture risk trends, establish appropriate frequency for loan monitoring, and assist in the establishment of appropriate loan loss reserves. LISC employs the following seven risk rating categories: (I) Excellent, (II) Strong, (III) Good, (IV) Acceptable, and (V) Close Follow, and during PMC review, loans can be downgraded to (VI) Substandard and (VII) Doubtful.

The table below shows the breakdown of the LISC portfolio by risk rating. As of December 31, 2023, 90% of the portfolio was rated "Acceptable" or higher. The below ratings are on a parent-only basis, as LISC does not rate the loan portfolios of its consolidated affiliates, and the loan portfolios of consolidated affiliates are classified as Acceptable for purposes of the consolidated audit.

	As of December 31,					
	2023		2022		2021	
Rating	**Total**	**% of Total**	**Total**	**% of Total**	**Total**	**% of Total**
I Excellent	$ 8,990	*	$ 35,167	*	$ 97,552	*
II Strong	35,744,453	5%	39,132,981	7%	33,663,306	7%
III Good	235,024,698	34%	183,958,298	33%	190,345,793	37%
IV Acceptable	353,338,377	51%	300,594,994	53%	276,034,652	53%
V Close Follow	52,342,780	8%	34,522,186	6%	16,747,377	3%
VI Substandard	12,094,703	2%	5,067,056	1%	1,766,572	*
VII Doubtful	0	0%	0	*	0	*
Total	$ 688,554,002	100%	$ 563,310,682	100%	$ 518,655,252	100%

* Less than 1%.

LISC's monthly allowance for uncollectible loans calculation is based on the new Current Expected Credit Losses (CECL) methodology, which LISC adopted effective September 30, 2023. This methodology calculates LISC's allowance for uncollectible loans on the projected losses on loans over their full life cycle. A full life cycle is defined as approval of loan commitments, adjusted for deobligations and amendments, to ultimate repayment or write-off, net of recoveries. CECL implementation lowered LISC's overall provision for loan losses but has had no other material balance sheet effects.

The foundation of the provision is based on loan commitments by approval date. The approval date is used as it captures the credit approval process and underwriting criteria at that point in time. The disbursement date would not account for the risk related to commitments that have not yet been disbursed. Future losses are based on the assumed future disbursements, which are calculated on estimated deobligations/amendments, based on trends from loan approval year cohorts that have completed their life cycle.

To this monthly calculated amount, LISC also includes allowances for individual loans that have been designated as impaired as defined by ASC 310-10-35. For LISC, loans included on the impaired list and, therefore, subject to loan-specific allowances must be expected to lose a minimum of 50% of the existing book value of the loan. This list is updated quarterly in consultation with LISC's asset management team.

INVESTING ACTIVITIES

Some of the following information with respect to investing activities is presented on a parent-only basis. See "Statement Regarding Parent-Only Financial Information" on page iii.

LISC's investment goal is to provide consistent, above-average rates of return, while controlling investment risk. Emphasis is placed on the preservation of capital through an appropriate risk-adjusted allocation among asset classes, based upon LISC's liquidity and return targets.

LISC's investments are managed monthly by its Treasurer. LISC's Chief Financial Officer and Treasurer present a report to the Board on a quarterly basis, and the Finance and Investment Committee generally meets quarterly to review investment performance, approve any investment policy changes, and appoint/replace investment managers as needed. In 2021, the Finance and Investment Committee selected Fund Evaluation Group as a mission-aligned outside investment adviser to assist LISC in updating its investment policy, managing assets and portfolio allocations, selecting asset managers, and providing, on a non-discretionary basis, investment recommendations.

	June 30, 2024	
Investments – *Parent-Only*	**Amount**	**%**
Cash and cash equivalents held for investment	$ 0	0%
Corporate bonds and fixed-income funds	31,125,048	28%
U.S. government agencies	60,092,064	54%
Certificates of deposit	5,261,833	5%
Alternative Investments:		
Real estate investment trust	4,802,905	4%
Hedge funds	0	0%
Private Equity Funds	9,914,036	9%
Total	$ 111,195,886	100%
Realized & Unrealized Gains (Losses) on investments and derivatives	$ (200,675)	

	As of and for the year ended December 31,					
	2023		2022		2021	
Investments – *Parent-Only*	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Cash and cash equivalents held for investment	$ 0	0%	$ 0	0%	$ 0	0%
Corporate bonds and fixed-income funds	30,351,221	28%	28,360,926	28%	40,835,217	33%
U.S. government agencies	60,290,693	56%	57,686,956	56%	58,878,840	47%
Certificates of deposit	4,272,496	4%	3,646,446	4%	4,655,782	4%
Alternative Investments:						
Real estate investment trust	4,733,365	4%	4,481,586	4%	3,588,675	3%
Hedge funds	0	0%	35,316	0%	8,756,843	7%
Private equity funds	8,834,613	8%	8,698,526	8%	7,276,125	6%
Total	$ 108,482,388	100%	$ 102,909,756	100%	$ 123,991,482	100%
Realized & Unrealized Gains (Losses) on investments and derivatives	$ 1,056,416		$ (3,381,442)		$ (214,515)	

Investments – *Consolidated*	2023 Amount	%	2022 Amount	%	2021 Amount	%
Cash and cash equivalents held for investment	$ 0	0%	$ 0	0%	$ 0	0%
Corporate bonds and fixed-income funds	30,351,221	24%	28,360,926	25%	40,835,217	30%
U.S. government agencies	60,290,693	48%	57,686,956	50%	58,878,840	43%
Certificates of deposit	21,609,565	17%	15,679,788	14%	16,663,623	12%
Alternative Investments:						
Real estate investment trust	4,733,365	4%	4,481,586	4%	3,588,675	3%
Hedge funds	0	0%	35,316	0%	8,756,843	7%
Private Equity funds	8,834,613	7%	8,698,526	7%	7,276,125	5%
Total	$ 125,819,457	100%	$ 114,943,098	100%	$ 135,999,323	100%
Realized & Unrealized Gains (Losses) on investments	$ 1,056,416		$ (3,381,442)		$ (214,515)	

As of and for the year ended December 31,

LISC's investment portfolio returned 2.29% during the period January 1, 2023, through December 31, 2023. As of December 31, 2023, LISC had a total of 11 active managers managing the portfolio: GS Enhanced Income Fund, Vanguard Short-Term Federal Fund, BlackRock Floating Rate Income Fund, Cambridge Ventures, HCAP Partners IV, HCAP Partners V, SustainVC Impact Fund II, LaunchNY Seed Fund I, MLK Gateway Partners, Collective WOC Fund and Blueprint Local Investments.

LISC's investable assets are allocated according to the organization's investment policy guidelines. Given that the overwhelming majority of the assets underlying the portfolio are either designated for use in the near-term (12 months or less) or subject to donor-imposed investment restrictions, the portfolio is predominantly comprised of cash and short-duration investments. The remaining investments (e.g., private equity funds) provide diversification for the portfolio at an acceptable level of risk, and the exposure to such potentially higher yielding investments is capped at 30% of LISC's unrestricted portfolio.

NEF and Broadstreet invest cash and cash equivalents in short-term investments and money market funds or marketable securities with original maturities of 90 days or less when purchased.

A schedule of the liquidity of LISC's cash, cash equivalents, and investments on a parent-only basis as of June 30, 2024, is set forth below:

Liquidity	Fair Value	Percentage of Portfolio
< 30 days	$ 414,263,987	96%
Quarterly	2,029,225	1%
> One Year	14,716,941	3%
Total	**$ 431,010,153**	**100%**

A schedule of the liquidity of LISC's cash, cash equivalents, and investments on a parent-only basis as of December 31, 2023, is set forth below:

Liquidity	Fair Value	Percentage of Portfolio
< 30 days	$ 408,790,010	96%
Quarterly	2,021,422	1%
> One Year	13,567,978	3%
Total	**$ 424,379,410**	**100%**

A schedule of the liquidity of LISC's consolidated cash, cash equivalents, restricted cash, and investments as of December 31, 2023, is set forth below:

Liquidity	Fair Value	Percentage of Portfolio
< 30 days	$ 549,436,115	94%
Quarterly	2,021,422	1%
> One Year	13,567,978	2%
Restricted Cash[(1)]	19,207,870	3%
Total	**$ 584,233,385**	**100%**

[(1)] Restricted Cash is held in designated accounts pursuant to agreement. For additional information on Restricted Cash, please see Notes 4 and 13 to LISC's audited financial statements as of and for the year ended December 31, 2023, attached to this prospectus as Appendix I.

BOARD OF DIRECTORS

The Board is responsible for oversight of the day-to-day management of LISC. In accordance with LISC's bylaws, the Board may consist of not less than 18 or more than 30 directors, and the number of directors may fluctuate from time to time. As of the date of this prospectus, LISC had 21 directors made up of representatives from the private and community sectors. Board members represent a variety of business sectors and geographic locations and contribute a wide range of knowledge, skills, and experiences to LISC's operations.

The Board holds regular quarterly meetings. The Board Chairperson, Chief Executive Officer, or any two directors may also call a special meeting of the Board. In order to allow the Board to carry out its oversight of LISC, prior to each meeting, LISC management provides the Board with comprehensive materials regarding LISC's activities and finances, affiliate matters, national and local programs, and other matters for Board approval or consideration.

The Board is divided into three classes, approximately equal in number, with each class of directors serving a staggered three-year term such that the term of one class of directors expires at each annual meeting. The directors of such class are elected by a majority vote of remaining then-current directors at such annual meeting. On January 25, 2024, LISC's Board approved term limits for directors, to be applied prospectively, limiting directors to a maximum of four three-year terms. Directors as of January 25, 2024 who would be subject to term limits based on their current tenure or at the end of their current terms will be eligible, subject to Board approval, to complete their current terms plus one additional three-year term. If a director resigns, retires, or is removed, a replacement director may be elected by a majority vote of remaining then-current directors to serve the remainder of the departing director's term.

Board Committees

The Board has established six standing committees with the authority to review and approve certain corporate matters. A description of each committee's duties and powers follows below. From time to time, the Board also establishes special committees to address certain corporate matters. The committees meet periodically throughout the year as needed to review, address, and approve matters under their authority.

Audit Committee

The Audit Committee monitors the integrity of LISC's financial statements, LISC's compliance with legal and regulatory requirements, and the independence, qualifications, and performance of LISC's independent auditor (the "Auditor"). The Audit Committee also has oversight over LISC's enterprise risk management and internal audit function. Among its duties, the Committee reviews and approves the financial statements for LISC (including parent-only, consolidated, and single audit (federal awards programs) and LISC's IRS Form 990; reviews and discusses, with the Auditor, any material risks and weaknesses in internal controls and other issues identified during the audit process; annually appoints or replaces the Auditor; reviews the scope and planning and budget of the audits; reviews the performance of the Auditor; reviews with the Auditor any management letter issues and management's response to any such letter; annually reviews the travel expenses of the Chief Executive Officer; oversees the adoption and implementation, and compliance with, any conflict of interest policy, code of ethics, and whistleblower policy adopted by the Board; reviews, with the Auditor, the integrity of LISC's financial reporting processes and its systems of internal controls; reviews and monitors, and makes recommendations to the Board and management, as appropriate, regarding LISC's major enterprise risks and oversees management's risk assessment and strategies for managing enterprise risks; and oversees the operation and activities of LISC's internal audit function. The Committee meets several times throughout the year to carry out its duties.

Executive Committee

The Executive Committee exercises the authority of the Board with respect to the affairs of LISC during intervals between Board meetings, except as limited by law, LISC's articles and bylaws, or resolutions adopted by the Board. The Committee meets on an ad hoc basis between Board meetings, as needed, to facilitate swift and efficient decision-making and to advise the Chief Executive Officer on various corporate matters, including strategy. The Executive Committee is also responsible for reviewing the annual performance objectives of LISC's President and CEO and annual compensation for the President and CEO.

Finance & Investment Committee

The Finance and Investment Committee assists LISC management by overseeing and making recommendations with respect to certain finance and investment matters. Among its duties, the Committee reviews LISC's annual budget and LISC's quarterly financial performance; considers questions of financial policy; advises the Chief Financial Officer and management on various financial matters; reviews and approves financing to LISC and other funding arrangements; reviews the financial performance of LISC affiliates and approves financing to LISC affiliates; oversees LISC's investment portfolio and its management; evaluates LISC's investment portfolio results and investment managers and advisors; and assists the Board in overseeing enterprise risks related to financial and investment matters. The Committee meets quarterly and more often at the request of LISC management to assist with financial matters.

Governance & Nominating Committee

The Governance and Nominating Committee ensures that the LISC Board is diverse in its representation of stakeholder groups across the community development sector; functions effectively as a whole and through committees according to best practices of nonprofit board governance; and embodies a thoughtful culture of leadership and inclusion that emanates through the entire organization, nationally and locally. Among its duties, the Committee oversees the development, implementation, and updating of LISC board policies; evaluates and recommends to the Board committee purposes and powers and membership and chairpersons; reviews Board strategies to support LISC's diversity, equity, and inclusion efforts and initiatives; oversees new Board member orientation and development; facilitates periodic Board self-assessments; oversees succession planning for Board officers and the Chief Executive Officer; reviews and updates, as necessary, LISC's governing documents; evaluates Board composition and nominates new directors to the Board; and assists the Board in overseeing enterprise risks related to Board governance. The Committee meets multiple times throughout the year on an ad hoc basis to address matters under its authority.

Program & Portfolio Review Committee

The Program and Portfolio Review Committee oversees and makes recommendations to the Board with respect to certain matters relating to LISC's loan portfolio and programmatic activities. Among its duties, the Committee reviews and approves requests for financing from LISC that exceed Board-approved delegated authority to LISC's credit committee or officers; reviews the performance of LISC's loan portfolio against indicators, loan concentration limits, and other criteria; reviews general strategies and trends within LISC's loan and national programs; reviews new major program initiatives and evaluates LISC's existing major program initiatives; and assists the Board in overseeing enterprise risks related to LISC's lending activities, loan portfolio, and local and national programmatic activities. The Committee meets quarterly to review programmatic activity and portfolio performance and holds ad hoc meetings throughout the year to review and approve requests for loans by LISC.

Talent & Compensation Committee

The Talent and Compensation Committee oversees and advises on compensation and human resources matters. Among its duties, the Committee advises management on LISC's compensation philosophies and policies; engages an outside firm to conduct a market study of compensation for certain members of LISC management; reviews and approves annual compensation for certain other members of LISC management; reviews LISC's compensation and benefits plans; reviews and approves the plan, budget, and allocations for employment incentive payments; oversees succession planning for LISC's senior management (other than the Chief Executive Officer); and assists the Board in overseeing enterprise risks related to human resources, talent, and compensation.

Board Members

The individuals currently serving on LISC's Board of Directors, including committees on which each individual serves, are as follows:

Name	Business Title	Business Affiliation	Original Election Date	Current Term End Date	Committee*
Robert Rubin (Board Chair)	Chairman; Former Secretary; Co-Chairman Emeritus	LISC; U.S. Treasury; Council on Foreign Relations	9/15/1999	3/31/2026	All (ex officio)
Lisa Cashin (Board Vice Chair)	Vice Chair	LISC	9/1/2007	3/31/2025	T&C
Sally Durdan	Former Executive Vice President and Head of Strategy, Consumer and Community Banking	JPMorgan Chase	3/28/2013	3/31/2026	Aud (Chair), Exec
David Hess	Partner	Centerview Partners	1/17/2019	3/31/2027	F&I (Chair), Exec, G&N
Alisahah Jackson	President	Lloyd H. Dean Institute for Humankindness & Health Justice	9/17/2020	3/31/2025	T&C (Chair), Exec, G&N
Kathryn Merchant	Principal	Kathy Merchant LLC	9/20/2012	3/31/2025	G&N (Co-Chair), Exec, T&C
Rey Ramsey	President and CEO	Nathan Cummings Foundation	12/5/2002	3/31/2026	G&N (Co-Chair), Exec
Nilda Ruiz	President and CEO	Asociación Puertorriqueños en Marcha	9/20/2012	3/31/2025	PPR (Chair), Exec, G&N
Roland Anglin	Professor	Cleveland State University	7/1/2024	3/31/2025	N/A**
Nicole Arnaboldi	Partner	Oak Hill Capital	6/18/2020	3/31/2026	F&I
Greg Belinfanti	Senior Managing Director	One Equity Partners	1/14/2010	3/31/2027	F&I

Name	Business Title	Business Affiliation	Original Election Date	Current Term End Date	Committee*
Zack Boyers	Chairman and CEO	U.S. Bancorp Impact Finance	6/18/2020	3/31/2026	PPR
Michelle de la Uz	Executive Director	Fifth Avenue Committee	3/17/2011	3/31/2027	Aud, PPR
Gregory Fairchild	Isidore Horween Research Associate Professor of Business Administration	University of Virginia Darden School of Business	6/21/2018	3/31/2027	G&N
Ellen Gilligan	President and CEO	Greater Milwaukee Foundation	9/12/2013	3/31/2026	PPR, T&C
Lisa Hasegawa	Regional Vice President, Western Region	NeighborWorks America	1/22/2015	3/31/2025	Aud, PPR
Antonio Manning	President and CEO	Affordable Living for the Aging	7/1/2024	3/31/2025	N/A**
Michael Pugh	President and CEO	LISC	10/2/2023	3/31/2025	All (except Aud) (ex officio)
Curtis Reed, Jr.	Managing Director and Region Manager - Chicago	JPMorgan Chase	1/27/2022	3/31/2027	Aud
Jerry Rickett	President and CEO	Kentucky Highlands Investment Corporation	6/16/2016	3/31/2025	PPR
Charles Smith	Chief Risk Officer	Morgan Stanley	3/23/2023	3/31/2026	F&I

*Aud = Audit, Exec = Executive, F&I = Finance & Investment, PPR = Program & Portfolio Review, G&N = Governance & Nominating, T&C = Talent & Compensation

** Director is not currently appointed to a committee.

Following are brief biographies of LISC's Board members:

Robert Rubin (Board Chair; Chair of Executive Committee), *former Secretary, U.S. Treasury; Co-Chairman Emeritus, Council on Foreign Relations*. Mr. Rubin is a former Secretary of the U.S. Treasury and is currently serving as counselor to the independent investment advisory firm Centerview Partners and as Co-Chairman Emeritus of the Council on Foreign Relations. He joined the Clinton administration in 1993, serving as Assistant to the President for Economic Policy and the first Director of the National Economic Council. He was named Treasury Secretary in 1995 and served until 1999. Mr. Rubin joined Goldman, Sachs & Company in 1966 and served as Co-Chairman from 1990 to 1992. From 1999 to 2009, he served on the board at Citigroup and as a senior advisor. In 2010, he joined Centerview Partners as senior counselor of the firm. He is one of the founders of The Hamilton Project, an economic policy project housed at the Brookings Institution, and is author of In an Uncertain World: Tough Choices from Wall Street to Washington, and The Yellow Pad: Making Better Decisions in an Uncertain World. Mr. Rubin graduated with a BA in Economics from Harvard College and received an LLB from Yale Law School. Term ends March 31, 2026.

Lisa Cashin (Board Vice Chair), *former Chief Credit Officer, LISC*. Ms. Cashin is the former Chief Credit Officer at LISC, a position she held for 19 years before retiring in 2007 and joining the Board. Previously, she was a Vice President at Citigroup Investment Bank and a loan officer with the real estate division of Chemical Bank. She has worked at the Boston Redevelopment Authority, Gammon Properties in Hong Kong, and the United Nations Center for Housing, Building and Planning. She also serves as Board Chair for Prep for Prep, a leadership development and gifted education program that places high-achieving minority students from New York City at top independent and boarding schools. Ms. Cashin received a BA in Urban Anthropology from Harvard College and an MCP from the University of California at Berkeley, College of Environmental Design. Term ends March 31, 2025.

Sally Durdan (Chair of Audit Committee), *former Executive Vice President and Head of Strategy, Consumer and Community Banking, JP Morgan Chase.* Ms. Durdan retired from her role as Executive Vice President and Head of Strategy for Chase Consumer and Community Banking in 2020. Prior to joining Chase in 2004, Ms. Durdan spent 10 years at Citigroup and began her career as a strategy consultant for McKinsey & Company. Ms. Durdan serves on the board of Graham Windham and is a trustee of Mount Holyoke College. Ms. Durdan received an undergraduate degree from Mount Holyoke College, an MBA from Harvard Business School, and pursued doctoral studies in Economics at Harvard. Term ends March 31, 2026.

David Hess (Chair of Finance & Investment Committee), *Partner, Centerview Partners.* Mr. Hess is a member of the technology investment banking team at Centerview Partners, one of the largest independent advisory firms. Prior to joining Centerview in 2011, Mr. Hess was a Managing Director at Goldman Sachs. He is a board member of Wharton's McNulty Leadership Program, and a member of the Council on Foreign Relations. He is also a former President of the board of trustees of the Abraham Joshua Heschel School, Mr. Hess received a BS, *magna cum laude*, from the Wharton School of the University of Pennsylvania. Term ends March 31, 2027.

Alisahah Jackson (Chair of Talent & Compensation Committee), *President, Lloyd H. Dean Institute for Humankindness & Health Justice*. Dr. Jackson provides leadership on health equity for the largest Catholic health system, and the second-largest nonprofit hospital chain in the United States. Prior to this role, Dr. Jackson was the System Vice President of Population Health Innovation and Policy for CommonSpirit Health. She also held several senior positions at Atrium Health. Dr. Jackson received an undergraduate degree from Case Western Reserve and an MD from the Boonshoft School of Medicine at Wright State University, and was a Fellow of the University of North Carolina at Chapel Hill School of Medicine. Term ends March 31, 2025.

Kathryn Merchant (Co-Chair of the Governance & Nominating Committee), *Principal, Kathy Merchant LLC.* In May 2015, Ms. Merchant stepped down after 18 years as President/CEO of the Greater Cincinnati Foundation. During 2015-19 she returned to strategic philanthropy consulting and executive coaching. Ms. Merchant was previously director of The Pew Charitable Trusts' Neighborhood Preservation Initiative and a partner at consulting firm Holt, Wexler & Merchant. She is editor of the book "Imagineers • Impresarios • Inventors: Cincinnati's Arts and the POWER OF HER," published in 2020, and author of "Answering the Call of the Wild: The Remarkable Life of Cathryn Hosea Hilker," published in 2021. Ms. Merchant received a BA from Indiana University and an MSW from University of Connecticut. Term ends March 31, 2025.

Rey Ramsey (Co-Chair of the Governance & Nominating Committee), *CEO and President, Nathan Cummings Foundation & Founder and CEO, Centri Capital.* Mr. Ramsey is CEO and President, an Independent Trustee, and member of the Investment Committee at the Nathan Cummings Foundation (NCF). Mr. Ramsey also serves as the Founder and CEO of Centri Capital, an investment firm designing and executing impact investment strategies with a focus on real estate development and affordable housing. Mr. Ramsey has served as Oregon's Director of Housing and Community Services, held successive positions as President and COO of Enterprise Community Partners, Chairman of Habitat for Humanity International, and founding CEO and Chairman of One Economy Corporation, a nonprofit provider of internet services to low-income homes. Additionally, Mr. Ramsey served as President and CEO of TechNet, a bipartisan network of tech executives. He has served as Chairman of the NAACP Futures Commission, and now serves as a director on numerous boards, including Morgan Stanley Institute for Sustainability, MMGL Real Estate, and the Washington Jesuit Academy. He received a BA from Rutgers University and a JD from University of Virginia School of Law. Term ends March 31, 2026.

Nilda Ruiz (Chair of Program & Portfolio Review Committee), *President and CEO, Asociación Puertorriqueños en Marcha*. Since 2005, Ms. Ruiz has served as President and CEO of Asociación Puertorriqueños en Marcha ("APM"). Under Ms. Ruiz's leadership, APM has become one of the most prominent Latino-founded agencies in the nation, receiving numerous awards for its transformative work helping thousands of families lift themselves out of poverty and bringing over a billion dollars of investments into North Philadelphia. Prior to APM, Ms. Ruiz served as Senior Community Development Director for the East Coast for UnidosUS. Ms. Ruiz serves on the boards of the Urban Affairs Coalition and PNC Advisory Committee and is the president of the National Puerto Rican Agenda. Previously, Ms. Ruiz served as a mayoral appointee to the Philadelphia Planning Commission, the Temple University Economic Opportunities Advisory Committee, and Pennsylvania Governor Tom Wolf's Steering Committee. Ms. Ruiz received a BS from Temple University and an MBA from Easter College. Term ends March 31, 2025.

Dr. Roland V. Anglin is a Professor of Public Affairs and was Founding Dean of the Levin College of Public Affairs and Education at Cleveland State University and serves as Chair of the Local Advisory Board for LISC's Cleveland program. He is also a member of the National Academy of Public Administration in Washington D.C. Dr. Anglin previously worked in various capacities as an executive and faculty at Rutgers University as well as in the nonprofit sector for Structured Employment Economic Development Corporation, Community and Resource Development Unit and the Urban Poverty Unit of the Ford Foundation. Dr. Anglin received a B.A. in Political Science from Brooklyn College, an M.A. in Political Science from Northwestern University, and a Ph.D. in Political Science from the University of Chicago. Term ends March 31, 2025.

Nicole Arnaboldi, *Partner, Oak Hill Capital.* Ms. Arnaboldi is a partner at Oak Hill Capital Management. She formerly served as the Vice Chairman of Credit Suisse Asset Management and has had a long career in the private investment field, including overseeing the firm's private equity and related activities. Ms. Arnaboldi serves as a board member for Manulife (parent of John Hancock), Commonfund, Merit Hill

Capital, Prep for Prep, Next Era Energy Inc., and the Dean's Advisory Board at Harvard Law School, and recently served on the Harvard University Task Force on Skills and Employability. Ms. Arnaboldi received a BA from Harvard College, MBA from Harvard Business School, and a JD from Harvard Law School. Term ends March 31, 2026.

Greg Belinfanti, *Senior Managing Director, One Equity Partners.* Mr. Belinfanti is a Senior Managing Director and Investment Committee member at One Equity Partners, focusing on healthcare and business service industries. Prior to joining One Equity Partners in 2006, Mr. Belinfanti served as Vice President in the Investment Banking division of Lehman Brothers. He formerly served on boards for Apollo Health Street, AthroCare, Prodigy, Simplura Health Group, Celltrion Healthcare, PS Logistics, The Results Companies, OneLink, Systagenix and EGS and currently serves on the boards of Ernest Health, Adapt Health, AMT/Restorix, Infucare RX, and Montgomery Transport. Mr. Belinfanti received a BA in Politics from New York University and a JD from Harvard Law School. Term ends March 31, 2027.

Zack Boyers, *Chairman & Chief Executive Officer, U.S. Bancorp Impact Finance.* Mr. Boyers is the Chairman and Chief Executive Officer of US Bancorp Impact Finance, providing leadership and strategic direction to a team of more than 450 people who lead the bank's sustainability finance platform and manage tax credit and lending opportunities in the community development and environmental finance arenas nationwide. Mr. Boyers serves on the boards of Children's Defense Fund, Urban Strategies, St. Louis Regional Chamber, Forward Through Ferguson, and Invest STL, and serves on the National Advisory Council of the Brown School of Social Work at Washington University and on the Regional Advisory Council of IFF. Mr. Boyers received a BA from Harvard University and an MBA from Washington University. Term ends March 31, 2026.

Michelle de la Uz, *Executive Director, Fifth Avenue Committee.* Ms. de la Uz has served as Executive Director of Fifth Avenue Committee ("FAC") since 2004, overseeing the organization's mission and comprehensive programs serving more than 5,500 low- and moderate-income people. Prior to her work at FAC, Ms. de la Uz was a Program Director at the Center for Urban Community Services and served as Congresswoman Nydia Velázquez's first Director of Constituent Services and focused on advancing transportation, environmental justice, and immigration legislation and policy. Ms. de la Uz serves on the boards of the New York Housing Conference, multiple bank advisory boards, and served on the NYC Planning Commission from 2012 to 2021 following appointments by then Public Advocates Bill de Blasio and Leticia James. Ms. de la Uz is an alumna of Connecticut College, Columbia University, and Harvard Kennedy School's Executive Education program. Term ends March 31, 2027.

Gregory Fairchild, *Isidore Horween Research Professor of Business Administration, University of Virginia Darden School of Business.* Mr. Fairchild is the Isidore Horween Research Professor of Business Administration at the University of Virginia's Darden School of Business; the Associate Dean for Washington D.C., Area Initiatives; Academic Director of Public Policy and Entrepreneurship; and Dean and CEO of UVA | Northern Virginia. Mr. Fairchild has also worked in the private sector for Kraft General Foods, Procter & Gamble, and Saks Fifth Avenue. Mr. Fairchild received a BS from Virginia Commonwealth University, an MBA from the University of Virginia Darden School of Business, and a PhD from Columbia University. Term ends March 31, 2027.

Ellen Gilligan, *President and CEO, Greater Milwaukee Foundation.* Ms. Gilligan is the President and CEO of the Greater Milwaukee Foundation, the region's largest community foundation, which has awarded more than $1 billion in grants since its establishment in 1915. Prior to joining the Foundation in 2010, Ms. Gilligan was Vice President of Community Investment at the Greater Cincinnati Foundation and President of HealthPath Foundation. Ms. Gilligan is the immediate past board chair of CFLeads, a board member of the Greater Milwaukee Committee, and a mayoral appointee to the City of Milwaukee's Black Male

Achievement Advisory Council. Ms. Gilligan received a BA from University of Colorado at Boulder. Term ends March 31, 2026.

Lisa Hasegawa, *Regional Vice President, Western Region, NeighborWorks America.* Ms. Hasegawa is the Regional Vice President for the Western Region of NeighborWorks America. Ms. Hasegawa previously served as the Executive Director of the National Coalition for Asian Pacific American Community Development and also has experience in government and academia. Ms. Hasegawa received a BA from University of California Los Angeles and a SM in Public Health from Harvard University. Term ends March 31, 2025.

Antonio Manning, *President and CEO, Affordable Living for the Aging (ALA)*. Before joining ALA as President and CEO, Mr. Manning served as ALA's Board Chair. Mr. Manning has over 20 years of experience spanning corporate philanthropy, community development, and affordable housing and previously held management and program positions in the philanthropic and financial sectors, including Vice President and Senior Relationship Manager at JPMorgan Chase, positions at Washington Mutual, Fannie Mae Foundation and The James Irvine Foundation. Mr. Manning attended the University of Southern California. Term ends March 31, 2025.

Michael Pugh, *President and CEO, LISC.* Please refer to "Management Team and Key Employees" starting on page 55. Term ends March 31, 2025.

Curtis Reed, Jr. *Managing Director and Region Manager - Chicago, JPMorgan Chase.* Mr. Reed has 26 years of experience in the banking industry and 19 of those years have been with JPMorgan Chase and predecessor organizations. Mr. Reed has spent his entire career in commercial banking, holding a variety of different positions during that time. In March 2017, Mr. Reed was named the Region Manager for Chase's Middle Market banking operations for the Chicago Region. Prior to this, he was the Region Manager for Chase's Middle Market banking operations for the states of Arizona and Nevada. In his current role, Mr. Reed is responsible for overseeing and leading the Bank's efforts to serve and develop relationship with companies that have annual revenues between $20 million and $500 million in Chicago, IL. Mr. Reed also serves on JPMorgan Chase's Illinois Market Leadership team, the Chicago Inclusion Action Committee, and is the Executive DEI lead for Chicago. Mr. Reed currently serves on the board of the Civic Consulting Alliance, the advisory board for After School Matters, the board of The Wellness House, is a member of the Steering Committee for the Together We Rise Fund, is a member of the Chicago Community Trust's Bank Trustees Committee, and a 2022 Daniel Burnham Fellow for Leadership Greater Chicago (LGC). He is also a member of the Windy City chapter of the Young President's Organization. Mr. Reed earned a BA in Finance from the University of Iowa. Term ends March 31, 2025.

Jerry Rickett, *President and CEO, Kentucky Highlands Investment Corporation.* Since 1989, Mr. Rickett has served as the President and CEO of Kentucky Highlands Investment Corporation ("KHIC"), a nonprofit community development corporation and rural CDFI serving 22 counties in southeastern Kentucky. He also held the positions of Vice President and Marketing Manager for KHIC. Mr. Rickett is a graduate of Cumberland College and holds two master's degrees from Eastern Kentucky University. Term ends March 31, 2025.

Charles Smith, *Chief Risk Officer, Morgan Stanley.* Mr. Smith is the Chief Risk Officer at Morgan Stanley. Mr. Smith previously served in various other management roles, including Chief Financial Officer of the Institutional Securities Group, President of Morgan Stanley Bank, N.A. and Morgan Stanley Private Bank, N.A., and Head of Firm Strategy and Execution. He formerly served as a Managing Director in the Investment Banking Division in the Mergers and Acquisitions Department. Mr. Smith received his MBA from the Wharton School of the University of Pennsylvania and his BBA from Southern Methodist University. Term ends March 31, 2026.

MANAGEMENT TEAM AND KEY EMPLOYEES

The following individuals serve as LISC's executive officers, and will continue to serve in such capacities until their resignation or replacement by the Board:

Michael Pugh, *President and CEO, LISC*. Michael Pugh became LISC's Chief Executive Officer on October 2, 2023 and subsequently added the title and position of President on January 1, 2024. Prior to joining LISC, Mr. Pugh served as President and CEO of Carver Bancorp, one of the nation's largest publicly traded African- and Caribbean-American-operated banks, with approximately $720 million in assets. Mr. Pugh joined Carver in 2012. Mr. Pugh's executive leadership expertise includes commercial and retail banking, technology integrations, strategic and capital planning, and regulatory risk management. Prior to joining Carver in 2012, Mr. Pugh was Senior Vice President, Regional Executive and Market President of Eastern Maryland, Delaware, and Washington, D.C., at Capital One, where he oversaw 75 banking centers and $3 billion in deposits. Prior to that, he was Senior Vice President, Retail Banking Executive for Citizens Financial Group, where he led retail banking teams in Michigan and Indiana with up to 67 banking centers. Mr. Pugh earned a Bachelor of Science in Health Administration from Eastern Michigan University and received executive leadership certifications from Babson College and The Wharton School of the University of Pennsylvania. He was conferred a Doctor of Humane Letters by Medgar Evers College. Mr. Pugh serves on the boards of Pursuit Lending (Board Chairman), The Society for Financial Education and Professional Development (Board Chairman), and The Greater Harlem Chamber of Commerce (Chair of the Finance Committee).

Christina Travers, *Executive Vice President and Chief Financial Officer, LISC*. Ms. Travers serves as Executive Vice President and CFO at LISC, where she previously spent more than a decade earlier in her career helping design innovative financial management and investment strategies. Prior to her return, Ms. Travers was the CFO of Working Solutions, a CDFI micro-lender, and Vice President for Finance & Capital Strategies at Low Income Investment Fund, a CDFI loan fund. Prior to joining the CDFI industry, Ms. Travers worked as a Policy Analyst at New York City's Department of Health and Mental Hygiene. She is also a Returned Peace Corps Volunteer, completing her service in Zambia, Africa. Ms. Travers serves on the board of the Opportunity Finance Network and the Brooklyn YWCA. Ms. Travers holds a BS in Biology from Duke University and an MS in Urban Policy and Management, with a concentration in Community Development Finance, from The New School in New York City.

Dr. Ruth Jones Nichols, *Executive Vice President, Programs, LISC*. Dr. Jones Nichols brings more than 25 years of experience designing and implementing programs, strategic initiatives and advocacy efforts within communities. Most recently, Dr. Jones Nichols served as Senior Advisor for Strategic Engagement to the Secretary of the U.S. Department of Housing and Urban Development (HUD) and as the Deputy Assistant Secretary for Public Engagement at HUD. She previously served as Chief Movement Officer at Feeding America and President and CEO of the Foodbank of Southeastern Virginia and the Eastern Shore. She has also served as the Executive Director of the YWCA South Hampton Roads and on boards for several community organizations. Dr. Jones Nichols earned a B.A. in Sociology from the College of William and Mary, a Master of Social Work from the University of Pennsylvania, and a Ph.D. in Social Work from the Catholic University of America.

DIRECTOR AND EXECUTIVE COMPENSATION

LISC's directors do not receive any compensation for their service as directors of LISC. The table below provides the direct and indirect compensation paid by LISC during 2023 (a) to each executive officer receiving in excess of $150,000 during 2023 and (b) to LISC's executive officers in the aggregate.

Name	Position	Salary	Bonus & Other Compensation	Health & Other Insurance	Contributions to Retirement Plan
Michael Pugh[(1)]	President & CEO	$225,000.00	$0.00	$1,051.05	$0.00
Constance Max[(4)]	Former EVP Lending	$357,332.16	$42,528.00	$39,060.84	$32,743.72
Christina Travers	EVP & CFO	$403,800.17	$49,388.00	$35,854.07	$34,649.99
Lisa Glover[(2)]	Former CEO	$682,368.74	$86,250.00	$11,868.12	$33,603.58
Denise Scott[(3)]	Former President	$541,699.84	$63,677.00	$12,499.20	$34,649.89
Aggregate of Executive Officers and Directors		**$2,210,200.91**	**$241,843.00**	**$100,333.28**	**$135,647.18**

(1) Mr. Pugh became CEO on October 2, 2023 and President on January 1, 2024.

(2) Ms. Glover retired on October 2, 2023.

(3) Ms. Scott retired on December 31, 2023.

(4) Ms. Max resigned on June 28, 2024.

RELATED PARTY TRANSACTIONS

LISC has entered into or may enter into various loans, as lender or borrower, with unaffiliated third parties in the ordinary course of business. Certain directors of LISC may serve as either officers or directors of such third parties. All such loans included in such transactions are made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with persons not related to LISC, and did not involve more than a normal risk of collectability or present other unfavorable features. Similar transactions may be expected to take place in the ordinary course of business in the future.

LEGAL PROCEEDINGS

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

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 relevant 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 in the relevant pricing supplement and elsewhere in this document. For additional information, please also see "State-Specific Disclosures" on page iv.

What is a LISC Impact Note?

The Notes are notes issued by LISC that help to encourage growth of and provide support to neighborhood and community development organizations, mission-aligned for-profits, and small businesses that seek to foster improvement of economic conditions, housing and other physical facilities, improvement of amenities and services, and other improvements to revitalize communities. The Notes pay a fixed interest rate that is determined by market conditions at issuance and can be purchased with a term of 1 to 20 years.

Seniority; Security

The Notes are unsecured general obligations of LISC. LISC has other outstanding unsecured general obligations and secured obligations. Moreover, LISC may incur 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, LISC's consolidated affiliates have outstanding obligations, and the Notes will be effectively subordinated to such obligations. For additional information, please see "Financing and Operational Activities – Schedule of Liabilities" on page 33.

Who Can Invest?

The Notes are offered for investment to both individual and institutional investors.

Minimum Investment

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

Distribution

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

How to Invest/Purchase Method

The Notes are available for purchase in book-entry form, which means they may be purchased through the investor's brokerage account and settled through DTC. Interest rates will be fixed rate and will be determined by LISC at the time of issuance based on market conditions, the then-current interest rate environment, and other relevant factors. Interest rates for the Notes will be set forth in the relevant pricing supplement relating to those Notes. The DTC arrangement is described below in the section entitled "Book-Entry Notes and DTC" on page 63. U.S. Bank will serve as the paying agent of the global book-entry Notes. LISC 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 relevant 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. Institutional investors may purchase Notes directly from InspereX.

The purchase price for the Notes is payable in full and in cash upon subscription at 100% of the principal amount of the investment.

CUSIP Numbers

LISC will assign CUSIP numbers at the time the Notes are offered for sale. "CUSIP" is an acronym that refers to Committee on Uniform Security Identification Procedures. Nine-digit, alphanumeric CUSIP numbers 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 relevant pricing supplement or visit LISC's website www.lisc.org/invest.

Interest Accrual and Interest Periods

Notes begin to accrue interest on the issuance date and mature on the maturity date stated in each Note. Interest accrues on a 360-day year based on twelve 30-day months. Interest payments will be made quarterly and cannot be reinvested. Interest rates on the Notes will be fixed.

The interest payment dates for a Note will be the 15th day of every third month, commencing in the third succeeding calendar month following the month in which the Note is issued, unless such 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 issuance date and ending on the day preceding the first interest payment date that follows the issuance date (the "First Interest Period"). Subsequent payments of interest under the Note shall be made on each interest payment date in an amount equal to interest accruing during each period of three calendar months that follows the First Interest Period. The final payment of interest under a Note shall be made on the maturity date in an amount equal to interest accruing during the period commencing on the prior interest payment date and ending on the date preceding the maturity date.

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 unpaid principal balance, and all accrued and unpaid interest under a Note, will be due and payable on the maturity 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. 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 will be repaid at maturity for each Note, but investors have the option to re-invest their repaid principal by purchasing new Notes at then-current interest rates and terms offered by LISC.

Right of Redemption

If provided in the relevant pricing supplement, LISC will have the right to redeem a Note prior to the Note's stated maturity date. If the relevant pricing supplement does not provide for early redemption by LISC, LISC will not have the right to redeem a Note prior to the Note's stated maturity date. If a Note is redeemed, the redemption price will be equal to the principal amount to be redeemed plus accrued and unpaid interest, if any, up to but not including the redemption date.

LISC will provide not less than 30 nor more than 60 days' notice to each registered holder of the Notes to be redeemed. If the redemption notice is given and funds deposited as required pursuant to the terms of the Notes, then interest will cease to accrue on and after the redemption date on the Notes or portions of such Notes called for redemption.

If fewer than all of the Notes are to be redeemed at any time, selection of Notes for redemption will be made on a pro rata basis or such other method as the paying agent deems appropriate and fair; provided, however, that the Notes will be redeemed only in minimum denominations of $1,000 or any integral multiple of $1,000 in excess thereof; and provided further that Notes shall be selected in accordance with the applicable procedures of DTC.

Survivor's Option

Subject to the limitations described below, the "Survivor's Option" is a provision in the Notes pursuant to which LISC agrees, if requested by the authorized representative of the beneficial owner of those Notes, following the death of the beneficial owner of the Notes, to repurchase such Notes so long as the Notes were owned by that beneficial owner or the estate of that beneficial owner at least six 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 repurchase, subject to the limitations described below, LISC will repurchase 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 up to, but not including, the date of repurchase.

In order for a Survivor's Option to be validly exercised with respect to the 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 repurchase of the Notes pursuant to exercise of the Survivor's Option;

- tender of the Notes to be repurchased;

- appropriate evidence satisfactory to the paying agent (a) that the deceased was the beneficial owner of the Notes at the time of death and his, her, or their interest in the Notes was owned by the deceased beneficial owner or his or her estate at least six (6) months prior to the request for repurchase, (b) that the death of the beneficial owner has occurred, (c) of the date of death of the beneficial owner, and (d) that the authorized representative has authority to act on behalf of the deceased 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 paying agent from the nominee attesting to the deceased's beneficial ownership of such Notes;

- a written request for repurchase 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 paying agent or LISC reasonably requires in order to establish the validity of the beneficial ownership of the Notes and the claimant's entitlement to repurchase; and
- any additional information the paying agent or LISC reasonably requires 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 repurchase of the Notes.

In turn, the broker or other entity will deliver each of these items to the paying agent, together with evidence satisfactory to the paying agent 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 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 repurchase by LISC 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 repurchase.

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 paying agent and LISC. 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.

LISC has the discretionary right to limit the aggregate principal amount of Notes as to which exercises of the Survivor's Option shall be accepted 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. LISC 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 LISC from the authorized representative of any individual deceased beneficial owner of Notes in such calendar year. In addition, LISC 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 repurchase of any Note, the principal amount of such Note remaining outstanding after repurchase 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 paying agent, except for any Note the acceptance of which would contravene any of the limitations described in the preceding paragraph. Notes accepted for repurchase through the exercise of the Survivor's Option normally will be repaid on the first interest payment date that occurs 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 paying agent 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 repurchase.

All other questions regarding the eligibility or validity of any exercise of the Survivor's Option will be determined by LISC, in its sole discretion, which determination will be final and binding on all parties.

For assistance with the exercise of the Survivor's Option, please contact the paying agent by email at michelle.lee2@usbank.com or call (646) 971-4954.

Events of Default

Except in certain states under specific circumstances, the following events of nonpayment on any Note will constitute a default by LISC, but only as to that Note: (i) failure to pay the full amount of interest payable on any Note on the interest payment date provided in such Note, which failure continues unremediated for 20 or more calendar days after such payment date; or (ii) failure to pay the principal amount on any Note on its maturity date, which failure continues unremediated for 20 or more calendar days after such maturity date.

Secondary Market

The nature of this program does not presently afford the opportunity of a secondary market. The Lead Agent and any other agents appointed by LISC may make secondary market transactions, but are not obligated to do so. Dealers may be liquidity providers, but there is no assurance of such. Consequently, the purchase of a Note should be viewed as an investment to be held to maturity.

Interest Payments and Tax Considerations

This discussion of federal income tax consequences was written to support the promotion or marketing of the Notes and is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding tax penalties. Investors are advised to consult their own tax counsel or advisors to determine the particular federal, state, local, or foreign income or other tax consequences particular to their investment in the Notes.

By purchasing a Note, investors may be subject to certain income tax provisions of the Code. Some of the significant federal income tax consequences of purchasing a Note include the following:

- Although LISC is a 501(c)(3) organization, investors will not be entitled to a charitable deduction for Notes purchased by such investors. If an investor elects to donate earned interest or principal, LISC will provide an acknowledgement to the investor of the donation in accordance with Code Section 501(c)(3) charitable contribution requirements. However, an investor may not be eligible to utilize a charitable contribution tax deduction depending on their individual tax circumstances.

- Unless an investor holds the investor's Note through an IRA or other tax deferred account, any interest on such investor's Note will be taxed as ordinary income in the year it accrues regardless of whether interest is paid or compounded.

- Notes purchased in an IRA or other tax deferred account will be subject to the tax rules applicable to such an account, and consultation with a competent financial and tax adviser is recommended.

- Unless an investor holds the investor's Note through an IRA or other tax deferred account, LISC will cause the investor to be provided with a Form 1099-INT or the comparable form by the required date of each year, as required by the Code, indicating the interest paid on the investor's Note(s) during the previous year.

- Investors will not be taxed on the return of any principal amount of their Notes or on the payment of interest that was previously taxed, however, if an investor experiences an event that causes the basis in such investor's Note(s) or previously taxed interest to be reduced, the investor may have taxable income upon the return of principal or previously taxed interest.

- Payments of interest may be subject to "backup withholding" of federal income tax (currently at the rate of 24%) if an investor fails to furnish LISC, InspereX, or its agents with a correct social security number or other tax identification number, or if an investor or the IRS have informed LISC, InspereX, or its agents the investor is subject to backup withholding.

In addition, if an investor has (or an investor and the investor's spouse together have) invested or loaned more than $250,000 in the aggregate with or to LISC and other organizations that control, are consolidated by, or under common control with LISC, the investor may be deemed to receive additional taxable interest under Code Section 7872 if the interest paid to the investor is below the applicable federal rate ("AFR"). In that situation, the IRS may impute income up to that AFR. If an investor believes this applies to such investor, the investor should consult the investor's tax advisor.

If the law creating the tax consequences described in this summary changes, this summary could become inaccurate. This summary is based on the Code, the Treasury Regulations promulgated by the U.S. Treasury Department 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. Furthermore, we have no obligation to notify investors of any such changes.

Finally, this summary does not address every aspect of tax law that may be significant to an investor's particular circumstances. For instance, it does not address special rules that may apply if an investor is a financial institution or tax-exempt organization, or if an investor is not a citizen or resident of the United States or a non-U.S. entity. It also does not address any aspect of state or local tax law that may apply to an investor.

Book-Entry Notes and DTC

LISC 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 LISC 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 consolidated affiliates.

- 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.

LISC 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. LISC does not take any responsibility for these operations or procedures, and investors are urged to contact DTC or its participants directly to discuss these matters.

LISC 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 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 Notes for any purpose. 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 global book-entry Notes.

LISC will not have any responsibility or liability for any aspect of the records relating to or payments made on account of the 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. LISC 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. LISC also expects that payments by participants to owners of beneficial interests in the global book-entry Notes 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.

HOW TO INVEST/PLAN OF DISTRIBUTION

General

Investors must consult the relevant pricing supplement, available from participating broker-dealers, in addition to this prospectus for applicable Note terms. The applicable interest rate for the Notes will be set forth in the relevant pricing supplement.

LISC has entered into a Selling Agent Agreement with InspereX, as the Lead Agent, and InspereX may resell the Notes to certain broker-dealers pursuant to a Master Selected Dealer Agreement that such broker-dealers have executed with InspereX (the "selected dealers"). Notes may be purchased by retail investors through any selected dealer. Institutional investors may purchase Notes directly from InspereX or a selected dealer. Selected dealers who effect transactions have agreed to sell Notes in accordance with the terms of this prospectus. Through this program with InspereX, LISC receives net proceeds from sales after sales compensation to InspereX and broker-dealers based on the maturity of the Notes sold, ranging from $997 per $1,000 of 1-year Notes to $975 per $1,000 of 15-year Notes. While LISC 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.

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 relevant 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 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.

Investment Recommendations under Regulation Best Interest

Regulation Best Interest ("Regulation BI") under the Securities Exchange Act of 1934 establishes a "best interest" standard of conduct for broker-dealers and associated persons when they make a recommendation to a retail customer of any securities transaction or investment strategy involving securities. A broker-dealer must act in the best interest of the retail customer at the time the recommendation is made, without placing its own financial or other interest ahead of the retail customer's interest. This general obligation is satisfied only if a broker-dealer complies with four component obligations. (1) The Disclosure Obligation requires a broker-dealer, prior to or at the time of the recommendation, to provide a retail customer, in writing, full and fair disclosure of all material facts relating to the scope and terms of the relationship with the retail customer and all material facts relating to conflicts of interest that are associated with the recommendation. (2) The Care Obligation requires a broker-dealer to exercise reasonable diligence, care, and skill when making a recommendation to a retail customer. (3) The Conflict of Interest Obligation requires a broker-dealer to establish, maintain, and enforce written policies and procedures reasonably designed to address conflicts of interest associated with its recommendations to retail customers. (4) The Compliance Obligation requires a broker-dealer to establish, maintain, and enforce written policies and procedures reasonably designed to achieve compliance with Regulation Best Interest as a whole. Depending on individual investor circumstances, the obligations under Regulation BI may limit some recommendations in regards to this offering.

FINANCIAL REPORTING

Within 180 days of its fiscal year-end, LISC will cause the audited financial statements for the most recent fiscal year to be made available to all current investors in the Notes. The most recent financial statements are also available on the LISC website by clicking the "Financial Statements" link on the "About" page of the LISC website at www.lisc.org/about-us/, or upon written request to LISC.

APPENDIX I

AUDITED FINANCIAL STATEMENTS OF LOCAL INITIATIVES SUPPORT CORPORATION AND CONSOLIDATED AFFILIATES AS OF AND FOR THE FISCAL YEARS ENDED DECEMBER 31, 2023 and DECEMBER 31, 2022

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Financial Statements and Independent Auditor's Report

December 31, 2023 (With Comparative Financial Information as of and for the Year Ended December 31, 2022)

Local Initiatives Support Corporation and Affiliates

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Independent Auditor's Report

The Audit Committee of the Board of Directors and Management
Local Initiatives Support Corporation

Opinion

We have audited the consolidating and consolidated financial statements of Local Initiatives Support Corporation and Affiliates, which comprise the consolidating and consolidated statement of financial position as of December 31, 2023, and the related consolidating and 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 consolidating and consolidated financial statements.

In our opinion, based on our audit and the reports of other auditors, the accompanying consolidating and consolidated financial statements present fairly, in all material respects, the financial position of Local Initiatives Support Corporation and Affiliates as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of certain consolidated partnerships whose statements reflect total assets constituting $33,552,568 at December 31, 2023 and total change in net assets of ($1,710,411) for the year then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for certain consolidated partnerships is based solely on the reports of the other auditors.

Basis for Opinion

We conducted our audit 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 Consolidating and Consolidated Financial Statements section of our report. We are required to be independent of Local Initiatives Support Corporation and Affiliates and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidating and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidating and 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 consolidating and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidating and consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Local Initiatives Support Corporation and Affiliates' ability to continue as a going concern for one year after the date that the consolidating and consolidated financial statements are issued.

Auditor's Responsibilities for the Audit of the Consolidating and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidating and 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 consolidating and 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 consolidating and consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidating and consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Local Initiatives Support Corporation and Affiliates' 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 consolidating and consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Local Initiatives Support Corporation and Affiliates' 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 Summarized Comparative Information

We have previously audited Local Initiatives Support Corporation and Affiliates' 2022 consolidating and consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidating and consolidated financial statements in our report dated June 30, 2023. In our opinion, based on our audit and the reports of other auditors, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited consolidating and consolidated financial statements from which it has been derived.

CohnReznick LLP

Bethesda, Maryland
June 27, 2024

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Financial Position
December 31, 2023
(With Summarized Comparative Financial Information for the Year Ended December 31, 2022)

	LISC Parent Only								LISC Consolidated			
	Operating Funds		Loan Fund									
Assets	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total	LISC Affiliates & Funds	CDA Partnerships	Eliminations	Without Donor Restrictions	With Donor Restrictions	Total	LISC Consolidated 2022 Total
Cash and cash equivalents (Note 4 and 13)	$ 29,867,037	$ 159,736,712	$ 66,360,677	$ 59,932,596	$ 315,897,022	$ 123,309,036	$ -	$ -	$ 219,536,750	$ 219,669,308	$ 439,206,058	$ 470,647,275
Restricted cash (Note 4 and 13)	-	-	-	-	-	19,207,870	-	-	18,751,682	456,188	19,207,870	22,489,543
Investments (Note 4 and 13)	67,695,685	-	-	40,786,703	108,482,388	17,337,069	-	-	85,032,754	40,786,703	125,819,457	114,943,098
Investments in affiliates	103,181,559	-	-	-	103,181,559	-	-	(103,181,559)	-	-	-	-
Investment in Funds	(6,155,098)				(6,155,098)	-	-	6,155,098	-	-	-	-
Accrued interest receivable	4,821,168	-	-	-	4,821,168	3,917,614	-	-	8,738,782	-	8,738,782	6,366,318
Contributions receivable, net (Note 5)	1,580,207	46,703,640	-	600,000	48,883,847	600,000	-	-	1,580,207	47,903,640	49,483,847	43,348,781
Government grants and contracts receivable (Note 6)	773,260	50,135,351	-	-	50,908,611	-	-	-	773,260	50,135,351	50,908,611	30,747,198
Consulting receivable	18,207,218				18,207,218				18,207,218	-	18,207,218	18,813,688
Notes and other receivables	-	-	-	-	-	1,447,774	-	(372,194)	1,075,580	-	1,075,580	483,908
Due from affiliates	12,096,852	-	-	-	12,096,852	-	-	(12,096,852)	-	-	-	-
Due from funds (Note 17)	44,204	-	-	-	44,204	14,198,525	-	(2,695,596)	11,547,133	-	11,547,133	17,163,832
Loan receivable (Note 7)	-	-	662,305,471	26,248,531	688,554,002	438,123,947	-	(5,834,352)	1,094,595,066	26,248,531	1,120,843,597	897,510,485
Allowance for uncollectible loans	-	-	(27,199,127)	-	(27,199,127)	(40,518,093)	-	-	(67,717,220)	-	(67,717,220)	(48,367,717)
Total loans, net	-	-	635,106,344	26,248,531	661,354,875	397,605,854	-	(5,834,352)	1,026,877,846	26,248,531	1,053,126,377	849,142,768
Recoverable grants to CDPs, net (Note 7)	16,436,821	4,011,387	2,213,275	100,000	22,761,483	-	-	(3,000,000)	15,650,096	4,111,387	19,761,483	17,939,403
Prepaid expenses and other assets (Note 18)	2,840,430	488,795	4,043,827	-	7,373,052	16,639,028	-	-	23,523,285	488,795	24,012,080	22,398,659
Right of use asset (Note 16)	42,236,335	-	-	-	42,236,335	2,199,908	-	-	44,436,243	-	44,436,243	47,548,771
Temporary investment in Project Partnerships (Note 9)	-	-	-	-	-	175,429,932	-	-	175,429,932	-	175,429,932	113,625,948
Investment in Funds	-	-	-	-	-	6,354,476	-	-	6,354,476	-	6,354,476	6,249,995
Investment in Project Partnerships (Note 18)	-	-	-	-	-	11,649,967	-	-	11,649,967	-	11,649,967	11,445,886
Property and equipment, net (Note 10)	5,530,079	-	-	-	5,530,079	1,320,584	-	-	6,850,663	-	6,850,663	30,246,245
Intangible asset	-	-	-	-		-	-	-	-	-	-	2,400,000
Total assets	$ 299,155,757	$ 261,075,885	$ 707,724,123	$ 127,667,830	$ 1,395,623,595	$ 791,217,637	$ -	$ (121,025,455)	$ 1,676,015,874	$ 389,799,903	$ 2,065,815,777	$ 1,826,001,316
Liabilities and Net Assets (Deficits)												
Liabilities:												
Accounts payable and accrued expenses (Note 16)	$ 29,236,813	$ 2,446,856	$ 163,226	$ 116,882	$ 31,963,777	$ 36,106,391	$ -	$ (492,303)	$ 65,014,127	2,563,738	$ 67,577,865	$ 58,301,569
Right of use liability (Note 16)	44,916,448	-	-	-	44,916,448	2,750,579	-	-	47,667,027	-	47,667,027	50,812,236
Government contracts and loan-related advances	-	14,533,638	24,505,470	-	39,039,108	-	-	-	24,505,470	14,533,638	39,039,108	48,110,882
Grants payable (Note 8)	5,691,316	70,997,880	-	-	76,689,196	4,500,000	-	(4,500,000)	5,691,316	70,997,880	76,689,196	60,455,056
Due to affiliates	-	-	-	-	-	10,372,067	-	(10,172,340)	199,727	-	199,727	956,945
Capital contributions due to temporary investment in Project Partnerships (Note 9)	-	-	-	-	-	148,850,014	-	-	148,850,014	-	148,850,014	95,121,714
Deferred liabilities	-	-	-	-	-	12,259,504	-	-	12,259,504	-	12,259,504	12,190,430
CDA Partnerships - Long-Term Debt, net (Note 17)	-	-	-	-	-	-	-	-	-	-	-	22,644,654
CDA Partnerships - Notes Payable to Funds (Note 17)	-	-	-	-	-	-	-	-	-	-	-	800,000
Liability for unfunded loan commitments and loan guarantees	-	-	4,269,035	-	4,269,035	4,051,045	-	-	8,320,080	-	8,320,080	616,060
Loans and bond payable, net (Note 12)	6,304,900	-	657,824,687	-	664,129,587	281,023,593	-	(8,834,352)	936,318,828	-	936,318,828	769,933,996
Total liabilities	86,149,477	87,978,374	686,762,418	116,882	861,007,151	499,913,193	-	(23,998,995)	1,248,826,093	88,095,256	1,336,921,349	1,119,943,542
Commitments and contingencies (Note 15)												
Net assets:												
Net assets attributable to the Organization (Note 2)	213,006,280	173,097,511	20,961,705	127,550,948	534,616,444	97,026,460	-	(97,026,460)	232,911,797	301,704,647	534,616,444	548,540,400
Net assets attributable to the noncontrolling in Project Partnerships & Funds	-	-	-	-	-	194,277,984	-	-	194,277,984	-	194,277,984	157,517,374
Total net assets (deficit)	213,006,280	173,097,511	20,961,705	127,550,948	534,616,444	291,304,444	-	(97,026,460)	427,189,781	301,704,647	728,894,428	706,057,774
Total liabilities and net assets	$ 299,155,757	$ 261,075,885	$ 707,724,123	$ 127,667,830	$ 1,395,623,595	$ 791,217,637	$ -	$ (121,025,455)	$ 1,676,015,874	$ 389,799,903	$ 2,065,815,777	$ 1,826,001,316

See Notes to Consolidating and Consolidated Financial Statements.

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Activities and Changes in Net Assets
Year Ended December 31, 2023
(With Summarized Comparative Financial Information for the Year Ended December 31, 2022)

	LISC Parent Only								LISC Consolidated 2023			
	Operating Funds		Loan Fund									
SUPPORT AND REVENUES	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	LISC Parent Only	LISC Affiliates & Funds	CDA Partnerships	Eliminations	Without Donor Restrictions	With Donor Restrictions	Total	LISC Consolidated 2022 Total
Contributions (Note 5)	$ 4,498,302	$ 100,603,313	$ -	$ 3,250,000	$ 108,351,615	$ 1,162,907	$ -	$ (200,000)	$ 4,498,302	$ 104,816,220	$ 109,314,522	$ 120,270,451
Government grants & contracts (Note 6)	6,081,317	119,021,053	-	17,686,039	142,788,409	-	-	-	6,081,317	136,707,092	142,788,409	47,912,769
Interest income on investments	4,609,215	-	-	2,545,101	7,154,316	2,111,899	-	-	6,721,114	2,545,101	9,266,215	4,911,748
Interest income on loans to CDPs (Note 7)	33,628,436	-	-	-	33,628,436	18,355,506	166	41,845	52,025,953	-	52,025,953	41,979,962
Fee income	29,029,458	-	-	-	29,029,458	94,052,955	-	-	123,082,413	-	123,082,413	128,827,395
Other income	6,005,743	-	-	-	6,005,743	13,492,751	223,602	(11,474,415)	8,247,681	-	8,247,681	6,307,509
Equity in earnings of affiliates	29,927,544	-	-	-	29,927,544	-	-	(29,927,544)	-	-	-	-
Equity in earnings of Funds	(24,824,616)				(24,824,616)	-	-	24,824,616	-	-	-	-
Equity in earnings of joint ventures	-	-	-	-	-	(443,727)	-	-	(443,727)	-	(443,727)	-
Net assets released from restrictions	240,392,951	(239,732,947)	5,434,365	(6,094,369)	-	-	-	-	247,238,022	(247,238,022)	-	-
Total support and revenues	329,348,350	(20,108,581)	5,434,365	17,386,771	332,060,905	128,732,291	223,768	(16,735,498)	447,451,075	(3,169,609)	444,281,466	350,209,834
EXPENSES												
Program Services:												
Project development and other program activities	109,757,417	-	-	-	109,757,417	83,768,196	292,263	(8,988,227)	184,829,649	-	184,829,649	169,771,226
Project grants (Note 8)	170,080,829	-	-	-	170,080,829	17,930,023	-	(17,525,000)	170,485,852	-	170,485,852	105,952,038
Project loans:												
Interest	18,225,176	-	-	-	18,225,176	5,209,661	40,642	-	23,475,479	-	23,475,479	17,563,732
Provision for loss on receivable	-	-	-	-	-	4,207,300	8,564	-	4,215,864	-	4,215,864	78,521
Provision for uncollectible loans to CDPs (Note 7)	6,003,352	-	4,211,025	-	10,214,377	12,886,223	-	-	23,100,600	-	23,100,600	15,967,626
Provision for unfunded loan commitments and loan guarantees	-	-	(924,363)	-	(924,363)	1,224,936	-	-	300,573	-	300,573	(39,704)
Provision for uncollectible recoverable grants to CDPs (Note 7)	6,264,874	-	-	-	6,264,874	-	-	-	6,264,874	-	6,264,874	3,103,307
Total program services	310,331,648	-	3,286,662	-	313,618,310	125,226,339	341,469	(26,513,227)	412,672,891	-	412,672,891	312,396,746
Supporting Services:												
Management and general	30,474,212	-	-	-	30,474,212	11,447,165	-	(11,276,580)	30,644,797	-	30,644,797	30,606,431
Fund raising	10,143,118	-	-	-	10,143,118	-	-	-	10,143,118	-	10,143,118	9,346,351
Total supporting services	40,617,330	-	-	-	40,617,330	11,447,165	-	(11,276,580)	40,787,915	-	40,787,915	39,952,782
Total expenses	350,948,978	-	3,286,662	-	354,235,640	136,673,504	341,469	(37,789,807)	453,460,806	-	453,460,806	352,349,528
Change in net assets before gains and losses on investments derivatives, equity in losses of partnership projects and other noncontrolling interest activities	(21,600,628)	(20,108,581)	2,147,703	17,386,771	(22,174,735)	(7,941,213)	(117,701)	21,054,309	(6,009,731)	(3,169,609)	(9,179,340)	(2,139,694)
Realized & unrealized loss on investments	849,094	-	-	207,322	1,056,416	-	-	-	849,094	207,322	1,056,416	(3,381,442)
CDA Partnerships - Gain on Forgiveness of Debt	-	-	-	-	-	-	-	-	-	-	-	3,091,065
Equity in income of temporary investment in project partnerships	-	-	-	-	-	(4,494,413)	-	-	(4,494,413)	-	(4,494,413)	-
Distribution to Partner									-		-	-
Distributions to LISC	-	-	-	-	-	(6,853,572)	-	6,853,572	-	-	-	-
Capital contributions	-	-	-	-	-	2,933,472	-	(2,933,472)	-	-	-	-
Gain on transfer of interest in CDA Partnerships (Note 18)	-	-	-	-	-	-	1,526,544	(5,930)	1,520,614	-	1,520,614	3,167,529
Change in net assets before noncontrolling interest activities	(20,751,534)	(20,108,581)	2,147,703	17,594,093	(21,118,319)	(16,355,726)	1,408,843	24,968,479	(8,134,436)	(2,962,287)	(11,096,723)	737,458
Other noncontrolling interest activities:												
Noncontrolling capital contributions - net of distributions	-	-	-	-	-	46,071,787	-	-	46,071,787	-	46,071,787	68,420,225
Change in net assets before other activities	(20,751,534)	(20,108,581)	2,147,703	17,594,093	(21,118,319)	29,716,061	1,408,843	24,968,479	37,937,351	(2,962,287)	34,975,064	69,157,683
Gain on sale of affiliate	2,208,045	-	-	-	2,208,045	-	-	-	2,208,045	-	2,208,045	-
Change in net assets	(18,543,489)	(20,108,581)	2,147,703	17,594,093	(18,910,274)	29,716,061	1,408,843	24,968,479	40,145,396	(2,962,287)	37,183,109	69,157,683
Net assets (deficit), beginning of year	231,549,769	193,206,092	13,827,684	109,956,855	548,540,400	280,921,156	(1,408,843)	(121,994,939)	401,390,840	304,666,934	706,057,774	636,900,091
Change in accounting policy	-	-	4,986,318	-	4,986,318	(19,332,773)	-	-	(14,346,455)	-	(14,346,455)	-
Net asset (deficit), end of year	$ 213,006,280	$ 173,097,511	$ 20,961,705	$ 127,550,948	$ 534,616,444	$ 291,304,444	$ -	$ (97,026,460)	$ 427,189,781	$ 301,704,647	$ 728,894,428	$ 706,057,774

See Notes to Consolidating and Consolidated Financial Statements.

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Functional Expenses
Year Ended December 31, 2023
(With Summarized Comparative Financial Information for the Year Ended December 31, 2022)

	LISC Parent Only				LISC Affiliates & Funds			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and fringe benefits	$ 62,387,494	$ 23,631,625	$ 8,507,386	$ 94,526,505	$ 48,407,876	$ 7,968,402	$ -	$ 56,376,278
Staff travel and related expenses	1,275,006	482,957	173,865	1,931,828	1,720,310	123,368	-	1,843,678
Professional services, consulting and legal	35,226,216	1,023,243	22,518	36,271,977	4,811,784	584,675	-	5,396,459
Fund Management Fees	-	-	-	-	12,198,643	222,532	-	12,421,175
Office and administrative	-	-	-	-	2,989,777	445,676	-	3,435,453
CDA Partnerships - property expense	-	-	-	-	-	-	-	-
NMSC reimbursable costs	-	-	-	-	242,369	-	-	242,369
Depreciation and amortization	466,743	176,797	63,647	707,187	473,484	85,886	-	559,370
Service fees	-	-	-	-	9,220,379	-	-	9,220,379
Rent and utilities	4,270,647	1,617,673	582,361	6,470,681	1,429,634	360,167	-	1,789,801
Office supplies, postage and messenger	2,716,063	1,028,811	370,373	4,115,247	-	86,558	-	86,558
Bank fees and other financial expenses	-	881,506	-	881,506	137,979	259,322	-	397,301
Accounting and auditing fees	-	440,300	-	440,300	201,013	587,286	-	788,299
Conference and meeting	826,065	312,903	112,647	1,251,615	423,271	151,498	-	574,769
Telephone	517,160	195,894	70,522	783,576	-	-	-	-
Insurance	710,261	269,038	96,854	1,076,153	794,650	121,465	-	916,115
Equipment rental	95,144	36,039	12,974	144,157	-	-	-	-
Board expenses	-	16,397	-	16,397	-	20,000	-	20,000
Printing, annual report and publications	109,999	41,666	15,000	166,665	-	-	-	-
Project grants	170,080,829	-	-	170,080,829	17,930,023	-	-	17,930,023
Interest	18,225,176	-	-	18,225,176	5,157,352	52,309	-	5,209,661
Provision for loss on receivables	-	-	-	-	4,207,300	-	-	4,207,300
Provision for uncollectible recoverable grants to CDCs	6,264,874	-	-	6,264,874	-	-	-	-
Provision for uncollectible loans to CDCs	10,214,377	-	-	10,214,377	12,753,833	132,390	-	12,886,223
Provision for unfunded loan commitments & loan guarantees	(924,363)	-	-	(924,363)	1,224,936	-	-	1,224,936
Miscellaneous	1,156,619	319,363	114,971	1,590,953	901,726	245,631	-	1,147,357
Total	$ 313,618,310	$ 30,474,212	$ 10,143,118	$ 354,235,640	$ 125,226,339	$ 11,447,165	$ -	$ 136,673,504

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Functional Expenses
Year Ended December 31, 2023
(With Summarized Comparative Financial Information for the Year Ended December 31, 2022)

	CDA Partnerships				Eliminations			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and fringe benefits	$ -	$ -	$ -	$ -	$ (60)	$ -	$ -	$ (60)
Staff travel and related expenses	-	-	-	-	-	-	-	-
Professional services, consulting and legal	-	-	-	-	-	-	-	-
Fund Management Fees	-	-	-	-	-	(11,231,577)	-	(11,231,577)
Office and administrative	-	-	-	-	-	-	-	-
CDA Partnerships - property expense	202,106	-	-	202,106	-	-	-	-
NMSC reimbursable costs	-	-	-		-	-	-	-
Depreciation and amortization	89,680	-	-	89,680	-	-	-	-
Service fees	477	-	-	477	(8,581,156)	-	-	(8,581,156)
Rent and utilities	-	-	-	-	(164,233)	(45,003)	-	(209,236)
Office supplies, postage and messenger	-	-	-	-	-	-	-	-
Bank fees and other financial expenses	-	-	-	-	-	-	-	-
Accounting and auditing fees	-	-	-	-	-	-	-	-
Conference and meeting	-	-	-	-	-	-	-	-
Telephone	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-
Equipment rental	-	-	-	-	-	-	-	-
Board expenses	-	-	-	-	-	-	-	-
Printing, annual report and publications	-	-	-	-	-	-	-	-
Project grants	-	-	-	-	(17,525,000)	-	-	(17,525,000)
Interest	40,642	-	-	40,642	-	-	-	-
Provision for loss on receivables	8,564	-	-	8,564	-	-	-	-
Provision for uncollectible recoverable grants to CDCs	-	-	-	-	-	-	-	-
Provision for uncollectible loans to CDCs	-	-	-	-	-	-	-	-
Provision for unfunded loan commitments & loan guarantees	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	(242,778)	-	-	(242,778)
Total	$ 341,469	$ -	$ -	$ 341,469	$ (26,513,227)	$ (11,276,580)	$ -	$ (37,789,807)

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Functional Expenses
Year Ended December 31, 2023
(With Summarized Comparative Financial Information for the Year Ended December 31, 2022)

	LISC Consolidated 2023				LISC Consolidated 2022			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and fringe benefits	$ 110,795,310	$ 31,600,027	$ 8,507,386	$ 150,902,723	$ 95,457,407	$ 30,648,089	$ 7,674,505	$ 133,780,001
Staff travel and related expenses	2,995,316	606,325	173,865	3,775,506	2,120,694	446,236	111,607	2,678,537
Professional services, consulting and legal	40,038,000	1,607,918	22,518	41,668,436	34,611,152	2,731,500	134,841	37,477,493
Fund Management Fees	12,198,643	(11,009,045)	-	1,189,598	10,767,774	(10,709,490)	-	58,284
Office and administrative	2,989,777	445,676	-	3,435,453	2,381,874	908,057	-	3,289,931
CDA Partnerships - property expense	202,106	-	-	202,106	2,662,909	-	-	2,662,909
NMSC reimbursable costs	242,369	-	-	242,369	4,100,028	-	-	4,100,028
Depreciation and amortization	1,029,907	262,683	63,647	1,356,237	2,412,268	315,001	73,175	2,800,444
Service fees	639,700	-	-	639,700	563,615	-	-	563,615
Rent and utilities	5,536,048	1,932,837	582,361	8,051,246	5,698,829	1,568,890	562,723	7,830,442
Office supplies, postage and messenger	2,716,063	1,115,369	370,373	4,201,805	2,257,426	865,099	307,831	3,430,356
Bank fees and other financial expenses	137,979	1,140,828	-	1,278,807	61,671	1,027,063	-	1,088,734
Accounting and auditing fees	201,013	1,027,586	-	1,228,599	37,900	882,160	-	920,060
Conference and meeting	1,249,336	464,401	112,647	1,826,384	1,110,722	307,895	58,366	1,476,983
Telephone	517,160	195,894	70,522	783,576	951,087	360,260	129,694	1,441,041
Insurance	1,504,911	390,503	96,854	1,992,268	1,333,838	541,029	98,893	1,973,760
Equipment rental	95,144	36,039	12,974	144,157	110,573	41,884	15,078	167,535
Board expenses	-	36,397	-	36,397	-	52,992	-	52,992
Printing, annual report and publications	109,999	41,666	15,000	166,665	69,810	26,443	9,520	105,773
Project grants	170,485,852	-	-	170,485,852	105,952,038	-	-	105,952,038
Interest	23,423,170	52,309	-	23,475,479	17,518,440	45,292	-	17,563,732
Provision for loss on receivables	4,215,864	-	-	4,215,864	78,521	-	-	78,521
Provision for uncollectible recoverable grants to CDCs	6,264,874	-	-	6,264,874	3,103,307	-	-	3,103,307
Provision for uncollectible loans to CDCs	22,968,210	132,390	-	23,100,600	15,967,626	-	-	15,967,626
Provision for unfunded loan commitments & loan guarantees	300,573	-	-	300,573	(39,704)	-	-	(39,704)
Miscellaneous	1,815,567	564,994	114,971	2,495,532	3,106,941	548,031	170,118	3,825,090
Total	$ 412,672,891	$ 30,644,797	$ 10,143,118	$ 453,460,806	$ 312,396,746	$ 30,606,431	$ 9,346,351	$ 352,349,528

See Notes to Consolidating and Consolidated Financial Statements.

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Cash Flows
Year Ended December 31, 2023
(With Summarized Comparative Financial Information for the Year Ended December 31, 2022)

	LISC Parent Only	LISC Affiliates & Funds	CDA Partnerships	Eliminations	2023	2022
Cash flows from operating activities:						
Change in net assets	$ (18,910,274)	$ (7,902,005)	$ 1,408,842	$ 14,306,715	$ (11,096,722)	$ 737,458
Adjustments to reconcile change in net assets to net cash provided by operating activities:						
Equity in earnings of affiliates	(29,927,544)	-	-	29,927,544	-	-
Equity in earnings of Funds	24,824,616	-		(24,824,616)	-	-
Distributions from investment in affiliates	30,894,782	-	-	(30,894,782)	-	-
Gain on sale of affiliate	(2,208,045)	-	-	-	(2,208,045)	-
Interaffiliate revenue and expenses from Funds	249,165	-	-	(249,165)	-	
Recovery of loan losses	-	(208,839)	-	-	(208,839)	(99,880)
Amortization of operating leases	-	117,748	-	-	117,748	-
Gain on forgiveness of debt	-	-	-	-	-	(3,091,065)
Gain on sale of limited partnership interest in Fund	-	-	-	-	-	-
Gain (loss) on transfer of interest in CDA Partnerships	-	-	(1,526,544)	5,930	(1,520,614)	(3,167,529)
Amortization of discounts and issuance costs	658,594	(713,208)	342	-	(54,272)	204,370
Depreciation and amortization	707,187	559,372	89,338	-	1,355,897	2,800,444
Realized and unrealized loss (gain) on investments	(1,056,416)	-	-	-	(1,056,416)	3,381,442
Unrealized gain on interest rate swaps held by Project Partnerships	-	-	-	-	-	-
Equity in income	-	406,261	-	-	406,261	244,972
Provisions for uncollectible loans to CDPs	10,214,377	12,886,223	-	-	23,100,600	15,967,626
Accretion of loan receivables, net	-	-	-	-	-	5,178
Provision for loss on receivables	-	4,207,300	8,564	-	4,215,864	64,145
Provision for uncollectible recoverable grants	6,264,874	-	-	-	6,264,874	3,103,307
Provision for unfunded loan commitments & loan guarantees	(924,363)	1,224,936	-	-	300,573	(39,704)
Change in operating assets and liabilities:						
Origination of SBA 7(a) loans	-	-	-	-	-	(5,518,911)
Proceeds from sale of guaranteed loans, net of repayment	-	-	-	-	-	6,999,346
Principal received from SBA 7(a) loans	-	-	-	-	-	1,113,338
Origination of Payroll Protection Program loans, net		-			-	2,007,847
Accrued interest receivable	495,695	(2,868,159)	-	-	(2,372,464)	(886,602)
Contributions receivable	(6,135,066)	-	-	-	(6,135,066)	8,068,450
Government contracts receivable	(20,161,413)	-	-	-	(20,161,413)	(9,325,077)
Consulting receivable	606,470				606,470	(5,215,418)
Notes and other receivables	-	(2,375,196)	-	372,194	(2,003,002)	(106,940)
Prepaid expenses and other assets	1,930,790	(3,523,094)	-	-	(1,592,304)	(4,516,170)
Accounts payable and accrued expenses	554,350	10,611,823	421,332	1,919,504	13,507,009	1,417,025
Government contracts and loan-related advances	(9,071,774)	-	-	-	(9,071,774)	26,685,017
Due from affiliate	(937,495)	(517,557)	-	1,455,052	-	270,000
Due to affiliate	-	2,139,806	-	(1,382,588)	757,218	(956,945)
Right of use asset/liability	169,192	(15,848)	-	-	153,344	115,530
Due from funds	184,593	3,729,044	-	1,685,070	5,598,707	(7,664,635)
Grants payable	16,234,140	(200,000)	-	200,000	16,234,140	12,757,829
Deferred liabilities	-	87,097	-	-	87,097	2,982,281
Net cash provided by operating activities	4,656,435	17,645,704	401,874	(7,479,142)	15,224,871	48,336,729
Cash flows from investing activities:						
Purchase of investments	(126,053,550)	(5,303,727)	-	-	(131,357,277)	(74,266,748)
Proceeds from sale and maturities of investments	121,537,333	-	-	-	121,537,333	91,941,530
Investment in affiliate	(725,570)	-	-	725,570	-	-
Investment in Funds	(3,133,472)	-	-	3,133,472	-	-
Gross receipt on sale of affiliate	5,000,000	-	-	-	5,000,000	-
Recoverable grants to CDPs	(10,609,835)	-	-	-	(10,609,835)	(7,209,335)
Repayments received on recoverable grants to CDPs	2,522,881	-	-	-	2,522,881	3,778,974
Loans to CDPs	(271,623,880)	(147,589,498)	-	5,834,352	(413,379,026)	(381,120,968)
Repayments of loans to CDPs	140,377,208	37,630,537	-	-	178,007,745	170,281,481
(Increase) in note receivable	-	2,862,091	-	-	2,862,091	(12,250,949)
Contributions to temporary investments in Project Partnerships and Funds	-	(87,050,363)	-	-	(87,050,363)	(87,215,522)
Distributions from investments in Funds	-	1,057,283	-	-	1,057,283	977,758
Proceeds from sale of temporary investment in Project Partnerships and Funds	-	78,974,679	-	-	78,974,679	70,375,977
Contributions to investments in Funds	-	(1,498,821)	-	-	(1,498,821)	(7,110,737)
Investment in Project Partnerships	-	(883,313)	-	-	(883,313)	9,476
Transfer of interest in CDA partnerships	-	-	(816,103)	-	(816,103)	(509,611)
Restricted cash escrow	-	-	-	-	-	146,998
Sale of property and equipment	-	-	-	-	-	-
Purchase of property and equipment	(946,104)	(459,610)	-	-	(1,405,714)	(1,957,293)
Net cash used in investing activities	(143,654,989)	(122,260,742)	(816,103)	9,693,394	(257,038,440)	(234,128,969)

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Cash Flows
Year Ended December 31, 2023
(With Summarized Comparative Financial Information for the Year Ended December 31, 2022)

	LISC Parent Only	LISC Affiliates & Funds	CDA Partnerships	Eliminations	2023	2022
Cash flows from financing activities:						
Debt issuance costs paid	(575,893)	-	-	-	(575,893)	(325,957)
Loan origination fees paid	(235,000)	-	-	-	(235,000)	-
Proceeds from loans payable	178,027,338	130,987,977	-	(5,834,352)	303,180,963	236,601,854
Repayment of loans payable	(71,454,891)	(65,000,000)	-	-	(136,454,891)	(112,309,148)
Repayment of long-term debt	-	-	-	-	-	(117,762)
Proceeds from notes payable - NEF Funds	-	-	-	-	-	330,985
Capital contribution	-	45,049,367	-	3,620,100	48,669,467	70,713,319
Increase in charter school grant liability	-	-	-	-	-	(175,500)
Distribution to noncontrolling interests	-	(7,092,093)	-	-	(7,092,093)	(2,293,094)
Net cash provided by financing activities	105,761,554	103,945,251	-	(2,214,252)	207,492,553	192,424,697
Net increase (decrease) in cash and cash equivalents	(33,237,000)	(669,787)	(414,229)	-	(34,321,016)	6,632,457
Cash and cash equivalents, beginning of year	349,134,022	143,186,693	414,229	-	492,734,944	486,102,487
Cash and cash equivalents, end of year	$ 315,897,022	$ 142,516,906	$ -	$ -	$ 458,413,928	$ 492,734,944
Supplemental disclosure of cash flow information						
Change in accounting policy	$ 4,986,318	$ (19,332,773)	$ -	$ -	$ (14,346,455)	$ -
Cash paid during the year for:						
Interest on indebtedness	$ 16,700,495	$ 4,681,439	$ -	$ -	$ 21,381,934	$ 16,447,904
Supplemental disclosures of noncash investing activities:						
Disposal of fully appreciated fixed assets	$ 220,976	$ -	$ -	$ -	$ 220,976	$ 495,338
Write-offs against the allowance for uncollectible loans to CDPs	$ 6,445,442	$ (1,783,097)	$ -	$ -	$ 4,662,345	$ 4,673,989
Write-offs against the allowance for recoverable grants to CDPs	$ 1,365,144	$ -	$ -	$ -	$ 1,365,144	$ 846,345
Increase in temporary investments in Project Partnerships: and capital contributions due to temporary investments in Project Partnerships for the acquisition of Project Partnerships	$ -	$ 667,827,350	$ -	$ -	$ 667,827,350	$ 538,973,136
Decrease in temporary investments in Project Partnerships and capital contributions due to temporary investments in Project Partnerships for the assignment of Project Partnerships to limited partnerships	$ -	$ 527,048,688	$ -	$ -	$ 527,048,688	$ 399,704,162
Supplemental disclosure of cash and noncash investing activities related to deconsolidation of CDA Partnerships:						
Assets transferred	$ -	$ -	$ (23,914,317)	$ -	$ (23,914,317)	$ (10,335,114)
Liabilities transferred	-	-	26,133,810	-	26,133,810	16,510,759
Noncontrolling interest	-	-	(1,403,390)	-	(1,403,390)	(5,666,034)
Cash disposed, net of cash paid	$ -	$ -	$ 816,103	$ -	$ 816,103	$ 509,611
Supplemental disclosures of noncash financing activities:						
Increase in due from affiliate and capital contributions	$ -	$ 5,330,957	$ -	$ -	$ 5,330,957	$ -

See Notes to Consolidating and Consolidated Financial Statements.

Note 1 - Description of organization and summary of significant accounting policies

Description of organization

Local Initiatives Support Corporation ("LISC"), a New York not-for-profit corporation, was incorporated in 1979 to assist community development organizations throughout the United States in their efforts to transform distressed neighborhoods into healthy communities by marshaling private and public sector resources, extending financial assistance in the form of loans, lines of credit, grants, and loan guarantees, and providing technical support. LISC pursues its charitable mission directly and through various subsidiaries and investments funds.

National Equity Fund, Inc.

National Equity Fund, Inc. ("NEF"), a wholly-owned subsidiary of LISC, was organized in 1987 as an Illinois not-for-profit corporation to create a national investment pool to aggregate and channel corporate equity investments into affordable housing developments. Since 1987, NEF has sponsored over 265 separate limited partnerships and limited liability companies (the "Funds") in which investments are made in affordable housing projects (the "Project Partnerships"). Generally, NEF's activities include obtaining commitments from investors, identifying and investing in affordable housing properties to be constructed or rehabilitated through partnerships with nonprofit organizations and private developers, and then monitoring the performance of such properties after completion. Benefits to fund investors are derived principally from Low-Income Housing Tax Credits ("LIHTC").

NEF is governed and its investment decisions are made by a board of directors appointed by LISC, the sole voting member of NEF. LISC has rights and duties in accordance with the Illinois General Not-For-Profit Corporation Act, as amended, with voting rights pursuant to NEF's bylaws and the Illinois Act.

NEF Community Investments, Inc. ("NEFCI"), a wholly-owned subsidiary of NEF, is responsible as the general partner, replacement general partner, managing member, or manager, for the operation and management of certain Funds. NEFCI is organized as an Illinois not-for-profit corporation and is tax-exempt. From time to time, NEF forms special-purpose entities to act as the manager of its Funds. NEFCI is also the sole member of these manager entities. The unaudited assets and liabilities of certain special purpose entity managers for the multi-investor Funds are presented below:

	2023		2022	
	Unaudited		Unaudited	
Special-purpose entity manager	**Assets**	**Liabilities**	**Assets**	**Liabilities**
NEF 2009 LLC	$ 4,581,286	$ 3,171,238	$ 4,457,123	$ 3,083,377
National Equity Fund 2011 LLC	10,193,190	5,152,632	9,984,324	4,994,221
NEF 2011 Fund Manager LLC	4,910,956	3,571,674	4,759,547	3,459,421
NEF 2012 Fund Manager LLC	6,201,501	5,198,142	6,019,094	5,061,714
NEF 2013 Fund Manager LLC	5,146,122	4,734,350	5,017,150	4,633,075
NEF 2014 Fund Manager LLC	6,852,779	7,215,560	6,658,819	7,053,312

The special purpose entity managers are separate legal entities whose assets and credit are not available to satisfy the debts of any other entities or persons.

NEFCI also manages and invests in Preservation Funds whose purpose is to provide debt and/or equity financing to develop and preserve investments that meet the community development needs of low-income communities, including (but not limited to), distressed multifamily rental housing for low and moderate-income households, affordable housing projects at or near the end of the low-income housing tax credit compliance period under Section 42 of the federal tax code, and other related community development projects**.** NEFCI also manages and invests in a Workforce Housing Fund whose purpose is to provide debt and/or equity financing to acquire, develop, finance, operate, improve, preserve, sell and dispose of high quality investments in innovative affordable housing projects, workforce housing projects, or community facilities across the United States.

NEF or its affiliates also manages and invests in a Pre-Development Loan Fund whose purpose is to promote affordable housing and community development through the financing of eligible pre-development costs for low and moderate-income housing Project Partnerships qualifying for federal low-income housing tax credits.

Community Development Advocates, Inc. or its sister companies (collectively referred to as "CDA"), subsidiaries of NEF, act as general partners in certain Project Partnerships to facilitate the promotion or rehabilitation of low-income housing. As of December 31, 2023, and 2022, CDA was the general partner of zero and one Project Partnership, respectively. The Project Partnerships where CDA acts as the general partner are collectively referred to as the "CDA Partnerships." Certain Funds are the limited partners of the CDA Partnerships.

Broadstreet Impact Services, LLC

Broadstreet Impact Services, LLC (“Broadstreet”), formerly known as, New Markets Support Company, LLC ("NMSC"), a wholly-owned subsidiary of LISC, is a Delaware limited liability company formed in 2003 to manage the New Markets Tax Credit ("NMTC") activities of LISC. As of December 31, 2023, LISC, the sole member of Broadstreet, has received $1.208 billion of NMTC investment authority from the Community Development Financial Institutions Fund of the U.S. Department of the Treasury ("CDFI Fund").

The NMTC program provides investors with credits against federal income taxes they incur. NMTCs are passed through to an investor for each Qualified Equity Investment ("QEI") made in a Community Development Entity ("CDE") certified as such by the CDFI Fund. The investor receives credits over a seven-year period for each QEI, equal to 39% of the QEI amount. The CDE uses the QEI proceeds to make Qualified Low-Income Community Investments ("QLICIs") to Qualified Active Low-Income Community Businesses ("QALICBs"). QLICIs include loans to or equity investments in QALICBs or other CDEs. CDEs must comply with various federal requirements or investors risk recapture of tax credits plus penalties and interest thereon.

Broadstreet is governed by a Board of Managers, which is elected by LISC. As a not-for-profit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code"), and therefore, without tax liability, LISC itself cannot use NMTCs. In order to utilize the allocation received by LISC from the CDFI Fund, the Board of Managers of Broadstreet suballocates NMTC investment authority to various Limited Liability Companies (LLCs) organized and managed by Broadstreet (generally 0.01% ownership). These CDEs make investments in projects that accomplish goals consistent with the mission of LISC and in accordance with certain terms agreed to in the allocation agreements with the CDFI Fund.

Broadstreet also provides NMTC transaction-related consulting, administration, accounting, reporting, loan servicing, compliance, and software services to unrelated third parties. These services are generally provided to organizations with similar community development missions and investing objectives as LISC. Broadstreet also provided management services to LISC unrelated to the NMTC program. Pursuant to various service agreements, Broadstreet assists LISC with fund consulting, modeling and administrative services, and loan servicing administration services for LISC's loan portfolio.

Good Jobs Loan Fund, LLC ("GJLF"), a Delaware limited liability company and a wholly-owned subsidiary of Broadstreet, was formed on June 16, 2020. GJLF was formed to make loans and engage in other related activities in order to increase access to quality jobs for low-income community residents and to generate financial and social impact returns for lenders to GJLF. Broadstreet is the sole member (100% ownership interest) of GJLF and committed to make capital contributions to GJLF up to $500,000, all of which was contributed as of December 31, 2023. Profits, losses and cash distributions are generally allocated to Broadstreet in accordance with GJLF's operating agreement. The term of GJLF will continue until the occurrence of certain dissolution events, as defined in its operating agreement or by law, whichever is earlier.

As a result of Broadstreet exercising its option under certain redemption agreements, Broadstreet has become the 100% owner of several LLCs and is deemed to control these entities. The entities typically do not have any assets, liabilities, income or expenses. In circumstances where the LLCs have assets, liabilities, income or expenses at year-end, Broadstreet consolidates those balances. Broadstreet intends to dissolve these wholly-owned LLCs when feasible. The consolidated financial statements include the accounts of Broadstreet, GJLF and the wholly-owned LLCs.

immito, LLC

In January 2018, LISC entered into an agreement to purchase a "Small Business Lending Company" ("SBLC") license for $2.4 million. The purchase of the SBLC license was approved by the U.S. Small Business Administration ("SBA"). LISC formed the wholly-owned subsidiary immito, LLC (previously referred to as LISC SBLC) to make SBA-guaranteed small business loans pursuant to section 7(a) of the Small Business Act ("7(a) loan program"). immito was sold in July 2023 for a net gain of $2,208,045. LISC also wrote off a $634,427 loan to immito.

LISC Fund Management, LLC

LISC Fund Management, LLC ("LFM"), a Delaware limited liability company and a wholly-owned subsidiary of LISC, was formed in June 2019 to act as Fund Manager for various loan funds. The loan funds that LFM manages are Charlotte Housing Opportunity Investment Fund LLC, ("CHOIF"), The Bay's Future Fund LLC ("BFF"), BFF Preservation Side Car LLC ("BFF Side Car"), Detroit AHLF-CDFI Fund, LLC ("AHLF"), Community Housing Fund, LLC ("CHF"), Black Economic Development Fund, LLC, ("BEDF"), Southern Opportunity and Resilience Fund LLC ("SOAR"), Entrepreneurs of Color Loan Fund LLC ("EOCLF"), and Dallas Housing Opportunity Fund LLC ("DHOF"), and Charlotte Housing Opportunity Fund II LLC ("CHOIF II"). LFM, as the Manager of these loan funds, has the right to manage, control and conduct the business of each fund. Through a service agreement, LFM provides fund administration, investment management, risk management and advisory services to the Loan Funds.

LFM is governed and its investment decisions are made by a board of managers appointed by LISC, the sole voting member of LFM. LISC has rights and duties in accordance with the Delaware Limited Liability Company Act, as amended, with voting rights pursuant to LFM's operating agreement and the Delaware Act.

LFM is a Registered Investment Advisor ("RIA") with the Securities and Exchange Commission. LFM does not have custody of any investments for the Loan Funds and NYFLF.

LFM-Managed Funds

CHOIF, a Delaware limited liability company, was formed in 2019 to address the affordable housing crisis in the City of Charlotte and in the surrounding area of Mecklenburg County, North Carolina by promoting the creation of affordable housing and the preservation and protection of existing affordable housing and in doing so, help to relieve the poor and distressed, eliminate racial discrimination, combat community deterioration, enhance community engagement and lessen the burdens of government.

CHOIF is not a wholly owned subsidiary of LISC. As of April 29, 2020, the date of the most recent Certificate of Admission, CHOIF is comprised of seven members, including LISC with capital commitments totaling $21,000,000. As of December 31, 2023, and 2022, capital contributions received by CHOIF from its members totaled $21,000,000 and $17,147,061. LISC's capital contribution as of December 31, 2023, and 2022 was $1,000,000 and $816,528.

Pursuant to the LLC Agreement and the Certificates of Admission dated September 20, 2019, November 8, 2019, and April 29, 2020, the following additional members were admitted to CHOIF (collectively, "Members"), and the capital commitment for each Member is as follows:

Member Name	Commitment Amount	Contributed as of 12/31/2023	Contributed as of 12/31/2022
Local Initiatives Support Corporation	$ 1,000,000	$ 1,000,000	$ 816,528
Barings LLC	1,250,000	1,250,000	1,020,657
Branch Banking and Trust Company	4,000,000	4,000,000	3,266,105
Fifth Third Community Development Company, LLC	3,000,000	3,000,000	2,449,578
Foundations For The Carolinas	2,500,000	2,500,000	2,041,316
Foundations For The Carolinas II	8,000,000	8,000,000	6,532,220
Massachusetts Mutual Life Insurance Company	1,250,000	1,250,000	1,020,657
	$ 21,000,000	$ 21,000,000	$ 17,147,061

Income, gain, loss and expense are allocated to each Member in accordance with the LLC Agreement. These allocations are made based on each Members' share of capital commitment as compared to the aggregate capital commitments of all Members.

The term of CHOIF will continue for sixteen (16) years after the completion of the investment period. The investment period is defined as the earliest of the fifth anniversary of the initial closing date or the date of notice given by LFM to the Members following the date upon which at least 90% of the aggregate capital commitments have been invested; used to pay or reserved for company expenses, including management fees; or reserved for investments including follow-on investments, unless extended for up to two years from and after such date pursuant to the LLC Agreement or by law, whichever is earlier.

CHOIF NOAH Investors, LLC ("CNI"), a consolidated subsidiary of CHOIF, was formed as a Delaware limited liability company on October 29, 2020. Pursuant to CNI's Limited Liability Agreement dated October 29, 2020, CNI was formed to address the affordable housing crisis in Mecklenburg County, North Carolina by focusing on naturally occurring affordable housing in Mecklenburg County, North Carolina. As the sole member of CNI, CHOIF has contributed a cumulative $11,275,000 of capital to CNI as of December 31, 2023 and 2022.

BFF, originally known as the Regional Housing Flexible Fund LLC, was formed on March 15, 2019, as a limited liability company under the laws of the State of Delaware. At the time of its original formation, LISC was the founding and sole member. On June 1, 2019, the original operating agreement was amended and restated and the Chan Zuckerberg Foundation ("CZF") was admitted as an additional founding member. On November 27, 2019, a certificate of amendment was certified by the State of Delaware to formally change the name from Regional Housing Flexible Fund LLC to The Bay's Future Fund LLC. On April 28, 2020, the operating agreement was amended and restated a second time to reduce the capital commitment of CZF and restate each member's ownership interest. On October 29, 2020, the operating agreement was amended and restated a third time (the "Operating Agreement") in its entirety.

In accordance with the Operating Agreement, LISC and CZF (collectively, the "Members") have capital commitments totaling $34,281,116. CZF's capital commitment is $29,281,116 (85.41% ownership interest), all of which was contributed to BFF as of December 31, 2020. LISC's capital commitment is $5,000,000 (14.59% ownership interest), all of which was contributed to BFF as of December 31, 2022. Capital contributions are due upon capital calls as defined in the Operating Agreement. Each Member's ownership interest is based on the percentage of its capital commitment and each Member is allocated and distributed its share of profits, losses, and cash flows in accordance with its respective percentage interest of capital contributions paid. No distributions will be paid to either Member while any obligations are outstanding.

The term of BFF will continue until the occurrence of certain dissolution events, as defined in the LLC Agreement or 2037, whichever is earlier.

The purpose of BFF, as described in its Operating Agreement, is to accomplish charitable purposes, including relief of the poor and distressed, elimination of racial discrimination, combatting community deterioration, enhancing community engagement, and lessening the burdens of government in the five-county region located in the State of California consisting of San Francisco, San Mateo, Santa Clara, Alameda and Contra Costa counties (the "Bay Area") by promoting the creation of new affordable housing and the preservation of existing affordable housing. BFF fulfills its purpose primarily through partnering with three CDFIs, Capital Impact Partners ("CIP"), Corporation for Supportive Housing ("CSH") and LISC (collectively, the "CDFI Lenders"). The CDFI Lenders underwrite, originate and service loans ("Project Loans") within the Bay Area in accordance with BFF's purpose. Additionally, in accordance with the Operating Agreement, CIP and CSH provide maximum financing commitments of $50,000,000 and LISC provides a maximum financing commitment up to $75,000,000 to facilitate the origination of Project Loans.

To fulfill BFF's purpose of originating Project Loans, on June 1, 2019, BFF entered into a Master Loan Agreement with the CDFI Lenders. BFF has also entered into separate origination and servicing agreements with each CDFI Lenders whereby the CDFI Lenders originate and service Project Loans that meet certain target borrower criteria with BFF committing to a certain percentage interest in each Project Loan based on the Project Loan-type ranging from 15% to 54.5%. For each individual Project Loan originated, the Project Loan is evidenced with the borrower in the form of both a loan agreement and three separate promissory notes (an "A Note", a "B Note" and a "C Note"). The CDFI Lenders retains an interest in the A Note and the C Note. The value of the interest in the C Note is 2% of each individual Project Loan. The value of the A Note is the Project Loan amount, less the B Note and the C Note. BFF purchases an interest in the Project Loan by purchasing the B Note from the CDFI Lender for an amount equivalent to the Project Loan-type target percentage as defined in the respective origination and servicing agreement.

As part of its work with BFF, LFM also manages a parallel fund, BFF Preservation Fund Side Car, LLC, ("BFF Side Car"), originally known as the RHFF Preservation Side Car, LLC. It was formed on August 22, 2019. At the time of its original formation, LISC was the founding and sole member. On November 27, 2019, a certificate of amendment was certified by the State of Delaware to formally change the name of BFF Side Car from RHFF Preservation Side Car, LLC to BFF Preservation Side Care LLC. On January 10, 2020, the original Limited Liability Company Agreement was amended and restated ("LLC Agreement") to admit CZF and NEF Investment Partner LLC as additional founding members.

In accordance with the operating agreement for BFF Side Car, CZF, NEF Investment Partner LLC, and LISC (collectively the “BFF Side Car Members”) have stated capital commitments totaling $10,100,100. CZF's capital commitment is $10,000,000 (99.0089207% ownership interest), all of which has been contributed to BFF Side Car as of December 31, 2022. NEF's capital commitment is $100,000 (0.9900892% ownership interest), which has not been fulfilled. LISC's capital commitment is $100 (0.0009901% ownership interest), all of which was contributed to BFF Side Car as of December 31, 2022. Capital contributions are due upon capital calls as defined in the LLC Agreement. Each Member's ownership interest is based on the percentage of its capital commitment and each Member is allocated and distributed its share of profits, losses, and cash flows in accordance with its respective percentage interest of capital contributions paid. No distributions will be paid to Members while any obligations are outstanding.

BFF Side Car's purpose is to accomplish charitable purposes, including relief of the poor and distressed, elimination of racial discrimination, combatting community deterioration, enhancing community engagement, and lessening the burdens of government in the five-county region located in the State of California consisting of San Francisco, San Mateo, Santa Clara, Alameda and Contra Costa counties (the "Bay Area") by promoting the creation of new affordable housing and the preservation of existing affordable housing. The term of BFF Side Car will continue until the occurrence of certain dissolution events, as defined in the LLC agreement or 2037, whichever is earlier.

AHLF, a Delaware limited liability company and a wholly-owned subsidiary of LISC, was formed in January 22, 2020. AHLF was formed for the purpose of facilitating the deployment of capital into grants and low-interest loans supporting the preservation and production of affordable housing in Detroit, Michigan and engaging in any and all activities to advance this deployment.

LISC is the sole Member (100% ownership interest) of AHLF and has committed to make capital contributions to AHLF up to $20,000,000. As of December 31, 2023 and 2022, LISC has made capital contributions to AHLF totaling $15,965,002 and $13,215,002, respectively. Profits, losses, and cash distributions are allocated to the Member in accordance with the LLC Agreement. The term of AHLF will continue until January 31, 2058, unless extended for up to two years from and after such date pursuant to the LLC Agreement or by law, whichever is earlier.

DHFF Equity Investor LLC (“DHFF”), a consolidated subsidiary of AHLF, was formed as a Delaware limited liability company on January 13, 2021. Pursuant to DHFF’s Limited Liability Company Agreement dated January 13, 2021, DHFF was formed to address the affordable housing crisis in the Target Area by promoting the creation of new affordable housing and the preservation and protection of existing affordable housing in the Target Area. As the sole member of DHFF, AHLF has contributed a cumulative $888,199 and $0, respectively, of capital to DHFF as of December 31, 2023, and 2022.

CHF, a Delaware limited liability company formed November 2, 2020, and classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) of the Internal Revenue Code of 1986. On December 9, 2020 (commencement of operations), an Amended and Restated Limited Liability Company Agreement (the "LLC Agreement") was entered by and between LISC. LISC is the sole member (100% ownership interest) of CHF and has committed to make capital contributions to CHF up to $4,530,000. As of December 31, 2023, and 2022, LISC has contributed $730,000 of capital to CHF. CHF shall be dissolved and wound-up upon the occurrence of certain events as defined in the LLC Agreement.

Pursuant to the LLC Agreement, Destination: Home SV, a California not-for-profit corporation and supporting organization of Silicon Valley Community Foundation, is the Special Member of CHF and as such, shall provide a conditional contribution to CHF in an amount not to exceed $5,000,000. The Special Member is not a Member of CHF and has no ownership interest or interest in the profits, losses, and capital of CHF, has no rights to receive any distributions of CHF's assets, is not required to make any capital contributions or other contributions to CHF. The Special Member has no right to bind, vote on, approve or otherwise consent to any action by CHF.

Pursuant to the LLC Agreement, CHF was formed for the purpose of furthering the charitable purposes of its Member and Special Member, including relief of vulnerable and extremely low income households, elimination of racial discrimination, combatting community deterioration, enhancing community engagement, and lessening the burdens of government in the five-county region located in the Bay Area, by financing the creation of affordable housing and preservation of existing affordable housing.

BEDF is a Delaware limited liability company formed November 18, 2020, pursuant to an initial Limited Liability Company Operating Agreement (the "Initial Agreement"). At the time of its original formation, LISC was the founding and sole member. The Initial Agreement was amended and restated on December 11, 2020 (commencement of operations) in its entirety (the "LLC Agreement"). Pursuant to the LLC Agreement, BEDF was formed to meet special social needs specifically by providing Black communities with improved access to capital in order to incentivize economic activity and wealth building opportunities in those communities, and in doing so, promote more stable environments for Black businesses and families, contribute to the elimination of racial discrimination, and provide more equal access to economic opportunity.

The term of BEDF will continue in full force and effect until the third anniversary of the expiration of the termination of the Investment Period, as defined in the LLC Agreement. LFM, as the Manager of BEDF, shall have the right to extend the term of BEDF for up to one additional year and thereafter with the consent of BEDF's advisory committee.

Pursuant to the LLC Agreement and various Subscription Agreements, LISC withdrew as the initial member, and the following members were admitted to the Fund (collectively, the "Members"), and the capital commitment for each BEDF Member is as follows:

Member Name	Commitment Amount	Contributed as of 12/31/2023	Contributed as of 12/31/2022
Aflac Incorporated	$ 25,000,000	$ 17,000,000	$ 12,500,000
Costco Wholesale Corporation	25,000,000	17,000,000	12,500,000
Dick’s Sporting Goods, Inc.	12,500,000	8,500,000	6,250,000
Dupont de Nemours, Inc.	20,000,000	13,600,000	10,000,000
HubSpot, Inc.	12,500,000	8,500,000	6,250,000
McKinsey & Company, Inc.	15,000,000	10,200,000	7,500,000
Netflix, Inc.	25,000,000	17,000,000	12,500,000
PayPal, Inc.	50,000,000	34,000,000	25,000,000
Square, Inc.	25,000,000	17,000,000	12,500,000
Thermo Fisher Scientific Inc.	20,000,000	13,600,000	10,000,000
Wayfair Inc.	20,000,000	13,600,000	10,000,000
	$ 250,000,000	$ 170,000,000	$ 125,000,000

As of December 31, 2023, and 2022, capital contributions received by BEDF from the BEDF Members totaled $170,000,000 and $125,000,000, respectively.

SOAR, a Delaware limited liability company, was formed on February 8, 2021, pursuant to an initial Limited Liability Company Agreement, which was amended and restated on April 22, 2021 (commencement of operations) in its entirety (the "LLC Agreement"). Pursuant to the LLC Agreement, SOAR was formed to accomplish charitable purposes, including relief of vulnerable and extremely low-income households, elimination of racial discrimination, combatting community deterioration, enhancing community engagement, and lessening the burdens of government by purchasing eligible loans originated by community development financial institutions (the "CDFI Originators") and pledging the eligible loans as collateral for borrowings from investors. LISC is the sole Member (100% ownership interest) of SOAR. As of December 31, 2023, and 2022, LISC has made capital contributions to SOAR totaling $5,575,000.

The term of SOAR will continue in full force until dissolved and terminated upon the first to occur (but not earlier than the final repayment in full or liquidation of each debt obligation) of the following events:

(a) A qualifying wind down event as defined in the LLC Agreement;

(b) The disposition of all or substantially all of SOAR's assets and obligations;

(c) The entry of a decree of judicial dissolution; or

(d) The dissolution, bankruptcy, or withdrawal of the last remaining Member.

EOCLF, a Delaware limited liability company was formed December 8, 2020, pursuant to an initial Limited Liability Company Agreement, which was amended and restated on January 6, 2022 (commencement of operations) in its entirety (the “LLC Agreement”). Pursuant to the LLC Agreement, EOCLF was formed to accomplish its charitable purpose of providing racial and ethnic minority entrepreneurs with improved access to capital in order to incentivize economic activity and wealth building opportunities in communities of color in the United States. In doing so, EOCLF creates additional paths to wealth creation, promotes more stable environments for minority owned businesses, provides more equal access to economic opportunity, and contributes to the elimination of racial and ethnic discrimination. EOCLF shall seek to contribute to its charitable purpose by purchasing eligible loans originated by community development financial institutions. LISC is the sole Member (100% ownership interest) of EOCLF. As of December 31, 2023, and 2022, LISC has made capital contributions to EOCLF totaling $100.

The term of EOCLF will continue in full force until dissolved and terminated upon the first to occur (but not earlier than the final repayment in full or liquidation of each debt obligation) of the following events:

(a) a qualifying wind down event as defined in the LLC Agreement;

(b) the disposition of all or substantially of EOCLF's assets and obligations;

(c) the entry of a decree of judicial dissolution; or

(d) the dissolution, bankruptcy, or withdrawal of the last remaining Member.

DHOF, a Delaware limited liability company, was formed November 29, 2021 (commencement of Operations) pursuant to an initial Limited Liability Company Agreement (the "Initial Agreement"). At the time of its initial formation, LISC was the founding and sole member. The Initial Agreement was amended and restated on September 22, 2022, in its entirety (the "LLC Agreement"). Pursuant to the LLC Agreement, DHOF was formed to address the affordable housing crisis in the city of Dallas, Texas by promoting the creation of new affordable housing and the preservation and protection of existing affordable housing in the Target Area and in doing so, help relieve the poor and distressed, eliminate racial discrimination, combat community deterioration, enhance community engagement, and lessen the burdens of government. DHOF works with TREC Community Investors ("DHOF Originator"), a Texas nonprofit corporation, to lead the origination of DHOF's investments in housing development.

Pursuant to DHOF's LLC Agreement and the Certificate of Admission dated September 22, 2022, Sunflower Bank, N.A. was admitted as a member to DHOF with a capital commitment of $2,500,000. As of December 31, 2023, and 2022, no capital commitments were received by DHOF.

The term of DHOF will continue in full force until dissolved and terminated upon the first to occur (but not earlier than the final repayment in full or liquidation of each debt obligation) of the following events:

(a) the decision of LFM because it has reasonably determined that changes in any applicable law or regulation would have a material adverse effect on the charitable purpose of DHOF;

(b) the expiration of the term of DHOF and the final sale of all of DHOF's assets for cash;

(c) the entry of a decree of judicial dissolution; or

(d) the dissolution, bankruptcy, or withdrawal of the last remaining Member.

CHOIF II, a Delaware limited liability company, was formed April 5, 2022, pursuant to an initial Limited Liability Company Operating Agreement (the "Initial Agreement"). At the time of its original formation, LISC was the founding and sole member. The Initial Agreement was amended and restated on December 23, 2022, in its entirety (the "LLC Agreement"). Pursuant to the LLC Agreement, CHOIF II was formed to address the affordable housing crisis in the City of Charlotte and in the surrounding area of Mecklenburg County, North Carolina (the "Target Area") by promoting the creation of new affordable housing and the preservation and protection of existing affordable housing in the Target Area. In doing so, to help to relieve the poor and distressed, eliminate racial discrimination, combat community deterioration, enhance community engagement, and lessen the burdens of government.

Pursuant to the LLC Agreement and various Subscription Agreements, the capital commitment for the Member, Fifth Third Community Development Corporation, LLC, is $3,000,000. As of December 31, 2023, no capital commitments were received by CHOIF II. CHOIF received a capital commitment of February 2024 from LISC for $1,000,000.

The term of CHOIF II will continue in full force and effect until the sixteenth anniversary of the expiration or termination of the Investment Period, as defined in the LLC Agreement. LFM shall have the right to extend the term of CHOIF II for up to two additional consecutive two-year periods and thereafter with the consent of CHOIF II's advisory committee.

Additional LISC Entities

Resilience and Recovery Network, LLC, a Texas limited liability company and a wholly-owned subsidiary of LISC, was formed in March 2018 to implement and operate a program to repair homes occupied by low- and moderate-income households that were affected by Hurricane Harvey.

Neighborhood Properties, LLC also has limited activity. It was originally formed to take title on collateral property foreclosed by LISC where LISC is the highest bidder at public auction.

Summary of significant accounting policies

Consolidation

The accompanying consolidating and consolidated financial statements include the assets, liabilities, net assets, and financial activities of LISC, NEF and its affiliates, Broadstreet and its affiliates, RRN, NP, LFM, AHLF, CHF, BFF, BFF Side Car, BEDF, CHOIF, SOAR, EOCLF, DHOF and CHOIF II (collectively, the "Organization"). All significant inter-organization balances and transactions have been eliminated in consolidation.

NEF consolidates limited partnerships or similar entities over which it has a controlling financial interest in accordance with FASB ASC 958-810-20, *Consolidation - Control of Partnerships and Similar Entities* ("FASB ASC 958-810-20"). Generally, FASB ASC 958-810-20 requires consolidation of limited partnerships or similar entities by the general partner of that entity under the presumption that the general partner controls the limited partnership entity. The presumption of control by a general partner can be overcome if the limited partners are able to exercise substantive kick-out or participating rights. NEF does not consolidate limited partnerships or similar entities in which it owns a general partnership interest as the presumption of control by the general partner is able to be overcome. NEF reassesses whether it holds a controlling financial interest in limited partnerships or similar entities on an annual basis.

NEF consolidates the CDA Partnerships as the presumption of control was not overcome under guidance of FASB ASC 958-810-20.

Financial statement presentation
The accompanying consolidating and consolidated financial statements are prepared on the accrual basis of accounting. The Organization reports its financial information in the following categories:

Without donor restrictions
The "Operating Funds - Without Donor Restrictions" is used to record activities supported by resources that are not subject to donor-imposed restrictions and over which management and the board of directors have discretionary control.

The "Loan Funds - Without Donor Restrictions" is used to record loans and bonds payable proceeds mainly provided to the Organization by financial institutions, insurance companies, foundations, government agencies, and other nonprofits with lender-imposed restrictions that may include making loans to Community Development Projects ("CDPs") in certain geographic areas. In some instances, loans payable proceeds are provided to fund recoverable grants to CDPs. These funds, as well as the related recoverable grant activities, are recorded in the "Operating Funds Without Donor Restrictions."

As of December 31, 2023, and 2022, Loan Funds - Without Donor Restrictions consist of $10 million of board-designated net assets.

Principal repayments received on loans provided to CDPs funded from loan funds, as well as the provision for loan losses, are recorded in the "Loan Funds - Without Donor Restrictions." Impairment losses are charged to the "Operating Funds - Without Donor Restrictions."

The net assets of LISC Affiliates & Funds and CDA Partnerships are without donor restrictions.

With donor restrictions
These funds are used to record contributions received with donor-imposed restrictions. Contributions are recorded as restricted support if they are received with donor stipulations that limit their use. When a donor's 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 consolidating and consolidated statement of activities and changes in net assets as net assets released from restrictions.

Specifically, the "Loan Funds with Donor Restrictions" ("donor-restricted loan funds") is used to record contributions received with donor-imposed restrictions for lending and/or credit enhancement activities. "Operating Funds - With Donor Restriction" ("donor-restricted operating funds") is used to record net assets received with donor-imposed restrictions for all other activities, excluding lending and/or credit enhancement activities.

Estimates
The preparation of the consolidating and consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidating and consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. The significant estimates made in the preparation of these consolidating and consolidated financial statements include the fair value of alternative investments, the allowance for uncollectible loans, the allowance for uncollectible recoverable grants, and the allowance for uncollectible receivables. Actual results could differ from those estimates.

Fair value
Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and certain alternative investments that can be redeemed at or near balance sheet date (within 90 days). Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs for the asset or liability and certain alternative investments that are not redeemable at or near balance sheet date (within 90 days).

Revenue recognition
Revenue and support consists primarily of contributions, government grants & contracts, interest income on loans to CPDs and fee income.

Contributions, including unconditional promises to give (pledges), are recorded as revenue at fair value on the date received or pledged. Contributions are recorded as net assets with donor restrictions if they are received with donor stipulations that limit their use as to purpose or time. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at a risk adjusted rate commensurate with the duration of the donor's payment plan. These inputs to the fair value estimate are considered Level 3 in the fair value hierarchy. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor imposed restrictions, if any, on the contributions.

Contributed goods are recognized initially as revenue at their estimated fair value at date of receipt and expensed when used. Contributed services are recognized as revenue if the services create or enhance nonfinancial assets or require a specialized skill, are provided by individuals possessing those skills, and typically need to be purchased if not provided by donation. Contributed services that do not meet the above criteria are not recognized as revenue and are not reported in the accompanying consolidating and consolidated financial statements.

LISC also receives government grants and contracts from a number of sources including federal, state, and local governments. These agreements are evaluated as to whether they qualify as contributions or exchange transactions as defined by U.S. generally accepted accounting principles. Government grants and contracts that are considered contributions are recognized as revenue when it is probable that the conditions surrounding the terms of the grant commitments are met. Government grants and contracts that are considered exchange transactions are recognized as revenue when services have been provided in accordance with the terms of the agreements and are reported in other income in the accompanying consolidating and consolidated statement of activities and changes in net assets.

Fee Income

Fee income consists of syndication fee income, asset management fee income, CDA partnerships-rental income, and disposition income.

Syndication Fee Income, Net: NEF (or its subsidiaries) provides syndication services which include organization, acquisition, and construction monitoring services to the Funds. NEF is compensated for its services through a fee that is recognized as follows:

- 25% is recognized at a point in time as a reimbursement of Fund offering and organization costs incurred by NEF;

- 45% is recognized at a point in time as an acquisition fee upon closings of Funds' Project Partnerships; and

- 30% is recognized over time as a construction management fee during the construction period of those Project Partnerships.

In addition, NEF is reimbursed for legal closing costs associated with the acquisition of the Project Partnerships. Such amounts are presented net in the accompanying consolidating and consolidated statements of activities within fee income.

Asset Management Fee Income - Funds: An annual asset management fee is assessed for each Project Partnership in a particular Fund and is recognized over time as services are provided over the 15-year compliance period, after the project has reached qualified occupancy.

Asset Management Fee Income - Project Partnerships: NEF (or its subsidiaries) receives an asset management fee from certain Project Partnerships. The fee is earned annually over time but only payable from the operational performance of the respective Project Partnership. NEF estimated this variable consideration and recognizes only the amount that is probable such that a significant reversal of cumulative revenue recognized will not occur due to the sub-par operational performance of Project Partnerships. As of December 31, 2023 and 2022, NEF recorded a receivable in the amount of $9,553,438 and $9,517,296, respectively, and is included in prepaid expenses and other assets in the accompanying consolidating and consolidated statement of financial position, that represents NEF's best estimate of the consideration that NEF is entitled to receive under the contracts. This estimate is re-evaluated annually and takes into account general economic conditions, specific project characteristics and trends in historical collectability rates. Because of uncertainties inherent in the estimation process, management's estimate may change in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

Rental Income - CDA Partnerships: The majority of the CDA Partnerships' revenue is derived from leases with tenants generally for terms of one year or less. Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the partnership and the tenants of the property are operating leases.

Disposition Income - NEF (or its subsidiaries) received disposition fees from certain Funds and Project Partnerships. The fee is recognized at a point in time when a sale is consummated and proceeds are sufficient enough to satisfy certain other obligations based on the terms of the contract.

Broadstreet earns revenue by providing organization, underwriting, accounting, asset management, dissolution, and other services to the LLCs, which are governed by the related operating and fee agreements. Broadstreet classifies these services as investment management revenue. Suballocation fees are recognized when earned or QEIs are funded. Asset management and investment fund management fees are recognized as income as Broadstreet provides the service (generally over a seven-year period). From these asset management and investment fund management fees, Broadstreet pays audit, tax, registration and filing fees and other expenses on behalf of certain LLCs. Broadstreet accounts for the expenses it pays on behalf of these LLCs as a reduction to total investment management revenue. Exit fees are recognized as investment management revenue at the end of the NMTC compliance period, generally when the CDE exits the NMTC transaction.

Broadstreet also earns revenue by contracting with unrelated third parties to provide consulting, administration and compliance services on various investment transactions. Fees for such services are recognized as revenue as Broadstreet renders the service. This revenue is classified as fund administration revenue. Additionally, Broadstreet earns revenue from software licensing and related services that includes all fees earned from granting customers the right to use the software. Broadstreet also earns interest income on loans made to various borrowers that is accrued as earned in accordance with the contractual terms of the loan agreements.

Broadstreet also earns revenue by contracting with unrelated third parties to provide impact advisory consulting services which include, but are not limited to, impact strategy development, creating impact measurement and management systems, market scans, and customized research. Fees for such services are recognized as revenue as performance obligation milestones are met. The revenue is classified as advisory revenue.

LFM earns management fees pursuant to the management agreements with the various Loan Funds and NYFLF. The management fee earned is typically a percent of aggregate capital commitments and/or invested capital of the various Loan Funds and NYFLF.

Notional interest income represents compensation from BEDF Members admitted to BEDF subsequent to the initial closing date, paid to the existing Members of BEDF to equalize Members' interest in BEDF. Notional interest income is calculated based on the Member's pro-rata share of aggregate contributed capital multiplied by 2% per annum for the period from the initial closing date to the date of admission of the subsequent Members. During 2023 and 2022, no new members were admitted to BEDF.

Cash and cash equivalents

Cash and cash equivalents include cash in banks and on hand and highly-liquid debt instruments that have maturities of three months or less from the date of purchase by the Organization, except for those amounts held by the Organization's investment managers.

Restricted cash

As of December 31, 2023, and 2022, NEF had total restricted cash of $8,390,118 and $0, respectively, which has been designated for pass through distributions to investors on behalf of Funds in the process of dissolution. In addition, as of December 31, 2023, and 2022, NEF also has restricted cash of $456,892 and $1,347,735, respectively, pursuant to terms of certain agreements.

Broadstreet acts as a fiduciary agent and collects debt service payments from borrowers on behalf of related or third-party lenders. Debt service payments received are deposited into restricted cash accounts and are disbursed monthly to the related or third-party lenders. As the agent, Broadstreet recognizes a liability to the related or third-party lenders concurrent with its receipt of the debt service payments. As of December 31, 2023, and 2022, the balance of these amounts were $2,036 and $44,987, respectively.

Broadstreet acted as the managing member of two LLCs from their inception in 2011 and 2013 through their dissolutions on August 23, 2019, and December 16, 2020. On those dates, Broadstreet became 100% owner of the LLCs as a result of the Exit Agreements executed on the same dates. Pursuant to each entity's operating agreement, a loan loss reserve was held by each entity for the duration of the compliance period as a reserve against losses of principal on loans made by each entity. Upon the collection of all outstanding loans and fee receivable, payment of all expenses, and the making of required distributions per each entity's operating agreement, any cash remaining in the loan loss reserve was available for Broadstreet to grant to qualifying charter schools and as such is recorded as restricted cash and a charter school grant liability on the accompanying consolidated statement of financial position. As of December 31, 2023, and 2022, the balance of these amounts were $1,903,481 and $1,864,632, respectively.

Broadstreet acts as a fiduciary agent and collects debt service payments from borrowers on behalf of related or third-party lenders. Debt service payments are deposited into restricted cash accounts and are disbursed monthly to the related third-party lenders. As the agent, Broadstreet recognizes a liability to the related or third-party lenders concurrent with its receipt of the debt service payments. As of December 31, 2023, and 2022, restricted cash does not include any debt service payments.

immito's restricted cash included cash amounts held in separate accounts and restricted for lending (i.e. non-operational) use, including amounts due on SBA loan-related remittances to third parties. As of December 31, 2022, restricted cash held by immito was $686,814.

As of December 31, 2023, and 2022, BFF's restricted cash of $258,306 and $7,741,010 includes cash amounts restricted for use including fulfilling BFF's purpose and payment of BFF's expenses.

Pursuant to the Intercreditor Agreement between AHLF, Chase New Markets Corporation ("CNMC") and its lenders dated September 25, 2020, a loan loss reserve is to be funded in the amount of 5.0% of the combined amount CNMC and each lender has committed to AHLF. As of December 31, 2023, and 2022, the loan loss reserve was funded in accordance with the Intercreditor Agreement, and there has been no reliance on the restricted loan loss reserve to date. As of December 31, 2023, and 2022, the balance in the loan loss reserve account was $1,939,999 and $1,910,704, respectively.

As of December 31, 2023, and 2022, the balance in CHOIF's reserve account was $16,476 and $17,249 for use including fulfilling CHOIF's purpose and payment of CHOIF's expenses.

Pursuant to the Loan Purchase Agreement between SOAR, LFM and the CDFI Originators dated April 22, 2021, a CDFI loan loss reserve is to be funded in an amount to equal or exceed 5.0% of the aggregate amount of Non-Portfolio Loans outstanding. As of December 31, 2023, and 2022, the CDFI loan loss reserve was funded in accordance with the Loan Purchase Agreement. As of December 31, 2023, and 2022, the balance in the CDFI loan loss reserve account was $26,696 and $161,272, respectively. Deposits into the CDFI loan loss reserve account during 2023 and 2022 were $0 and $150,000, respectively, and the 2023 and 2022 year-end account balances include interest income earned on cash balances.

Pursuant to the Loan and Security Agreement between SOAR, LFM and various lenders dated April 22, 2021, a Fund loan loss reserve is to be funded to equal or exceed 5.0% of the aggregate principal amount of outstanding loans, defined as "Class A Loan and/or a Class B Loan" in the Loan and Security Agreement. As of December 31, 2023, and 2022, SOAR's loan loss reserve was funded in accordance with the Loan and Security Agreement. As of December 31, 2023, and 2022, the balance in SOAR's loan loss reserve account was $772,643 and $3,145,651, respectively. Deposits into SOAR's loan loss reserve account during 2023 and 2022 were $0 and $2,850,000, respectively, and the 2023 and 2022 year-end account balances are net of interest income earned on cash balances and bank fees that management plans to reimburse in 2023.

Pursuant to a loan agreement between EOCLF, LFM and various lenders dated January 13, 2022, an EOCLF loan loss reserve is to be funded in an amount to equal or exceed 5.0% of the aggregate principal amount of outstanding loans, defined as "Class A Loans" in a loan and security agreement. As of December 31, 2023, and 2022, EOCLF's loan loss reserve was funded in accordance with the loan and security agreement, and there has been no reliance on the restricted loan loss reserve to date. As of December 31, 2023, and 2022, the balance in EOCLF's loan loss reserve account was $5,142,068 and $5,022,706, respectively. The original funding amount into EOCLF's loan loss reserve account of $5,000,000, as well as the interest income earned on the cash balance.

DHOF received deposits from borrowers requesting financing. The deposits are held by DHOF in bank accounts until the loans close, at which point the deposits may be used to pay customary costs and fees associated with the underwriting and due diligence on the loan. As of December 31, 2023, and 2022, deposits held by DHOF totaled $80,000 and $60,000, respectively.

DHOF was awarded and received a recoverable grant of $6,000,000 from the City of Dallas. The grant award funds are to be used for the purposes described in the conditional agreement. Accordingly, the undisbursed funds are included in restricted cash. As of December 31, 2023, and 2022, recoverable grant award funds included in restricted cash totaled $219,155 and $486,783, respectively.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value in the consolidating and consolidated statement of financial position. Fair value of equity securities is based on quoted market prices. Fair values of fixed maturity securities, other than those based on quoted market prices, are based on prices provided by the Organization's custodian bank. The custodian bank uses a variety of pricing sources to determine market valuations. Each designates specific pricing services or indexes for each sector of the market upon the provider's expertise. The fair values of alternative investments are based on the net asset value, a practical expedient provided by the investment managers or general partners. Those estimated net asset values may differ significantly from the values that would have been used had a ready market for these securities existed.

Investment in funds and projects

NEF and its subsidiaries account for its partner and member interests in the Funds and Project Partnerships (collectively "Partner and Member Interests") using the equity method of accounting. Under the equity method, these investments are carried at cost, adjusted for NEF's share of net income, loss, and for cash distributions received. Under the equity method of accounting, the Partner and Member Interests will not be carried below zero unless NEF has continuing involvement in the entity. To the extent that the Partner and Member Interests with a carrying value of zero distribute cash to NEF or its subsidiaries, the distribution is recorded as other income in the Organization's consolidating and consolidated statement of activities.

NEF assesses other-than-temporary declines in values of its investments in its Partner and Member Interests. Annually, the carrying value of each investment is compared to its respective fair values. If another-than-temporary decline in carrying value exists, an impairment loss is recorded in the Organization's consolidating and consolidated statement of activities and changes in net assets to reduce the investment to fair value.

Contract-related assets
Contract related assets from Funds and Project Partnerships, net of estimated uncollectible accounts, were $21,073,625 and $26,650,186 as of December 2023 and 2022, respectively and is included in due from funds in the amount of $11,520,187 and $17,132,890 and prepaid expenses and other assets in the amount of $9,553,438 and $9,517,296 as of December 2023 and 2022, respectively. NEF evaluates impairment on contract-related assets annually. For the years ended December 31, 2023, and 2022, no impairment loss was recognized on contract related assets.

Risks and uncertainties
The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidating and consolidated statement of financial position.

Loans receivable and the allowance for uncollectible loans
Loans receivable consist primarily of loans to CDPs originated by LISC, BFF, CHOIF, ALHF, BEDF, and DHOF.

Loan receivable are carried at their unpaid principal balance less unamortized discounts and premiums, retained loan discounts, and an allowance to reflect potentially uncollectible loan balances. The allowance for uncollectible loans is maintained at a level that, in management's judgment, is adequate to provide for potential losses, since debtors experience financial difficulties. The amount of the allowance is based on management's evaluation of the collectability of the loans. Prior to LISC's adoption of ASC 326 on January 1, 2023, the allowance was established based on historical loan loss experience and management's evaluation of the collectability of the loans, taking into consideration project characteristics and trends. The accrual of interest income is discontinued on loans that are delinquent for over 90 days. Loans are written off when repayment is not expected to occur.

Subsequent to LISC's adoption of ASC 326 on January 1, 2023, LISC’s allowance for loan loss is based on a net loss-rate method which incorporates an assessment of historical losses on settled loans between 2000 and 2012, and loans settled since 2013 to date. Settled loans include all approved core loans that are no longer subject to future losses. Loans to LISC affiliates are excluded from the calculation. A historical net loss rate (HNLR) is calculated based on the historical assessment of settled loans during these two time periods. The two time periods represent fundamental differences in how the loans were underwritten. In response to the global financial crisis, LISC further refined its underwriting practices in 2008. Most loans underwritten prior to that were settled by 2012. The result of the stricter underwriting guidelines resulted in lower write-offs and net loss rates by more than 50% compared to loans settled between 2000 and 2012. In addition, most of the loans (>99.5%) currently in LISC’s portfolio were approved after 2012.

Expected net loss rates (ENLR) for each portfolio segment is developed based on HNLR along with other factors such as: recent changes in underwriting guidelines, introduction of new products, changes to overall portfolio risk profile, assessments of the current and projected macroeconomic environment (rising inflation and interest rates, 2023 banking crisis), changes to average loan terms, etc., at the discretion of LISC management. ELNR are then applied to the estimated assets subject to credit losses to arrive at the required reserve level for the loan portfolio.

LISC disaggregates loan receivables by loan type when assessing and monitoring risk and performance of the entire population. The major loan types are:

(1) Acquisition loans - to pay purchase and closing costs of a property.

(2) Predevelopment loans and pre-credit loans - to pay project predevelopment expenses.

(3) Construction loans - to pay hard and soft costs of new or rehabilitation projects.

(4) Other - includes mainly semi-permanent and permanent financing for projects, SBA 7(a) loans, bridge loans (financing the remaining gap between projects or program costs and cash from committed or anticipated sources not yet available) and working capital lines of credit to provide flexible capital to meet organizational cash flow needs.

To monitor the likelihood of losses to its loan portfolio, LISC, BFF, CHF, CHOIF, ALHF, BEDF, and DHOF employ the following internal risk rating categories:

I. Excellent - The loan is a very strong credit, and sound in every respect. The prospect for repayment is excellent.

II. Strong - The loan is a strong credit and sound in most respects. The prospect for repayment is strong.

III. Good - The loan is a sound credit with reasonable risk for the Organization and with good repayment prospects.

IV. Acceptable - The loan is credit-worthy but contains heightened risks from the outset. A number of developments that would reduce LISC's repayment risk have yet to occur, but no material problems have developed.

V. Close Follow - The loan has more significant risks that an "Acceptable" loan, but it is still credit-worthy.

VI. Substandard - Conditions seriously jeopardizing loan repayment have developed, and it is likely some loss of loan principal will occur.

VII. Doubtful - The loan has been partially written down but in work-out in the hopes of receiving partial payment.

In furtherance of its charitable purposes, EOCLF promotes the success of small business owners serving communities of color. EOCLF is designed to get much-needed capital directly into the hands of small business owners serving communities of color, as well as provide business coaching and technical support. This program deploys small business loans, from microloans up to $50,000, to non-small business administration loans from $50,000 to $500,000, to larger commercial real estate acquisition loans from $500,000 and above.

EOCLF disaggregates loan receivables by loan type when assessing and monitoring risk and performance of the entire population. The major loan types are:

1. Commercial real estate loans (“CRE”)
2. Microloans
3. Non-Small Business Administration (“Non-SBA”)

SOAR targets small businesses and nonprofits with 50 employees and fewer, with an explicit focus on historically under-resourced communities, including organizations in low-income areas and businesses owned by women and people of color.

SOAR disaggregates loan receivables by loan type when assessing and monitoring risk and performance of the entire population. The major loan types for this fund are:

1. Microloans: Financing for-profit businesses with a maximum loan/ investment amount of $50,000. This financing is for the purpose of working capital or equipment.
2. Non-SBA: Financing for-profit businesses in an amount of greater than $50,000 for the purpose of expansion, working capital, equipment purchase/rental or leasehold improvement.

BFF Side Car purchases 100% of the junior promissory note from the NEF Preservation Fund II, LP, the originator of the note's receivable. NEF Preservation Fund II, LP is a related party to NEF, a founding member and loan servicer of BFF Side Car. BFF Side Car relies on NEF for credit analysis of the end borrower and monitors the likelihood of losses on BFF Side Car's notes receivable.

Lending Facility Fees
BFF has entered into an origination and servicing agreement with CIP and BFF incurs an annual fee of $200,000 due to CIP. BFF also entered into an origination and servicing agreement with CSH and BFF incurs an annual fee of $100,000 due to CSH. Per the origination and servicing agreement, payment of any originator fee shall be conditioned upon approval by CZF. Origination fees were fully paid in 2021.The fee is recognized ratably over each annual period to which it relates. For the years ended December 31, 2023, and 2022, originator fees of $0 and $174,242, respectively, were expensed.

CHF operates under an Origination and Servicing Agreement with CSH date March 17, 2021, for financial services provided, including loan payment collection and related management and customer services. CHF incurs a servicing and asset management fee due to CSH in the amount of 0.25% for the servicing fee and 0.50% for the asset management fee (collectively, the "CSH Lending Facility Fees") of the outstanding principal balance of each Project Loan that CSH originates.

CHF operates under an additional Origination and Servicing Agreement with Capital Impact Partners ("CIP") dated August 2, 2021, for financial services provided, including loan payment collection and related management and customer services. CHF incurs a servicing and asset management fee due to CIP in the amount of 0.25% for the servicing fee and 0.50% for the asset management fee (collectively, the "CIP Lending Facility Fees") of the outstanding principal balance of each Project Loan that CIP originates. Together CHF and CIP are the Originators and the CSH Lending Facility Fees and the CIP Lending Facility Fees are the Lending Facility Fees.

For the years ended December 31, 2023, and 2022, CHF incurred $139,667 and $110,257, respectively, of servicing fees and $279,353 and $220,414, respectively, of asset management fees due to the Originators. As of December 31, 2023, and 2022, Lending Facility Fees of $211,936 and $146,824, respectively, were due and payable to the Originators and are included in accounts payables and accrued expenses on the accompanying consolidating and consolidated statement of financial position.

SOAR entered into a servicing agreement with CDFI originators dated April 22, 2021, whereby SOAR incurs an annual servicing fee equal to the greater of 1.00% of the aggregate outstanding principal amount of each portfolio loan, or $360. For the years ended December 31, 2023, and 2022, SOAR incurred $547,653 and $401,133, respectively, of servicing fees due to CDFI Originators. As of December 31, 2023, and 2022, servicing fees payable total $162,701 and $76,885, respectively, and are included in accounts payable and expenses on the accompanying consolidating and consolidated statement of financial position.

EOCLF entered into a servicing agreement with the CDFI originators dated December 22, 2021, whereby EOCLF incurs an annual servicing fee equal to the greater of 1.00% of the aggregate outstanding amount of each portfolio loan, or $120. For the year ended December 31, 2023, and the period January 6, 2022 (commencement of operations) to December 31, 2022, EOCLF incurred $59,695 and $1,260, respectively, of servicing fees due to the CDFI originators. As of December 31, 2023, and 2022, servicing fees payable total $5,753 and $513, respectively, and are included in accounts payable and accrued expenses on the accompanying consolidating and consolidated statement of financial position.

Recoverable grants

Recoverable grants are early project investments provided to CDPs that contractually require repayment generally without interest. Recoverable grants receivable are recorded when these amounts are disbursed and an allowance has been established based on historical recoverability experience that, in management's judgment, is adequate to cover potential losses.

Government contracts and loan-related advances

Government contracts and loan-related advances consists of amounts received in advance from government agencies and other organizations for the purpose of providing loans, recoverable grants and project grants to CDPs in accordance with the terms of respective contractual agreements.

Discounts and debt issuance costs

Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the long-term debt to which such costs relate. Amortization of debt discount issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation or amortization, computed using the straight-line method. Furniture, equipment, and software are depreciated over their estimated useful lives of three to seven years. Computer software development costs for internal use are capitalized and amortized on the straight-line basis over an estimated useful life of three years.

Leasehold improvements are amortized over the lesser of the estimated useful lives of the assets or the remainder of the lease term, whichever is shorter. Buildings and improvements are depreciated over 27.5 to 40 years. Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized.

Accounting for the impairment of real estate assets
The Organization records an impairment loss on its real estate assets (land, building, and improvements) whenever their carrying value cannot be fully recovered through estimated undiscounted future cash flows from their operations, sale, and low-income housing tax credits. The amount of the impairment loss to be recognized would be the difference between the Organization's carrying value and the estimated fair value. Adjustments for impairment loss for such real estate assets are made in each period as necessary to report these investments at the lower of carrying value or fair market value less cost to sell. However, there can be no assurance that any estimated fair value of these real estate assets would ultimately be realized by the Organization in any future sale or disposition transaction. Impairment losses have no impact on the cash flow of the Organization. No impairment loss on real estate assets was recorded in 2023 or 2022.

Functional expenses
The costs of providing program services and other activities have been summarized on a functional basis in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among program services, management and general and fundraising expenses.

The expenses that are allocated and the method of allocation include the following:

Expenses	Method of allocation
Salaries and fringe benefits	Time and effort
Professional services, consulting and legal	Direct allocation based on services/time and effort
Office and administrative	Direct allocation based on invoices/time and effort
Rent and utilities	Time and effort
CDA Partnerships - property expense	Direct allocation
Project grants	Direct allocation
Service fees	Direct allocation based on services
Interest	Direct allocation
Provision for uncollectible recoverable grants to CDCs	Direct allocation
Provision for uncollectible loans to CDCs	Direct allocation
Bank fees and other financial expenses	Direct allocation
Accounting and auditing fees	Direct allocation
Board expenses	Direct allocation
All other expenses	Time and effort

Income taxes
The Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Income generated from activities unrelated to the Organization's exempt purpose is subject to tax under the Code, Section 511. The Organization did not recognize any unrelated business income tax liabilities for the years ended December 31, 2023, and 2022. Unrelated business income tax liabilities for the years ended December 31, 2023, and 2022 was immaterial.

Income tax returns filed by the Organization are subject to examination by the Internal Revenue Service for a period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2020 remain open.

LISC is exempt from federal income taxes under Section 501(c)(3) of the Code. It has been classified as an organization that is not a private foundation and has been designated a "publicly supported" organization of the type described in Sections 170(b)(1)(A)(vi) and 509(a)(1) of the Code.

NEF is exempt from federal income taxes under Section 501(c)(4) of the Code. As a 501(c)(4) corporation, contributions to NEF are not tax deductible.

Broadstreet, NP, RRN, LFM, AHLF, SOAR, EOCLF and GJLF are single-member LLCs and are considered disregarded entities for income tax purposes.

Income or losses of the NEF Funds, and the NMTC CDEs are required to be reported by the respective members/partners on their individual tax returns. Therefore, no provision has been made for federal or state income taxes. Additionally, the low-income housing tax credits generated by the Project Partnerships are passed through the NEF Funds to their members. NMTCs are passed through to an investor for each new QEI made by an investor in a CDE.

BFF and BFF Side Car have elected to be treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by its founding members on their respective income tax returns. The federal tax status for BFF and BFF Side Car, as a pass-through entity, is based on their legal status as a limited liability company. Accordingly, BFF and BFF Side Car are not required to take any tax provisions in order to qualify as a pass-through entity. BFF and BFF Side Car are required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and BFF and BFF Side Car have no other tax positions which must be considered for disclosure. Income tax returns filed by BFF and BFF Side Car are subject to examination by the Internal Revenue Service for a period of three years.

CHOIF and CHOIF II are treated as a partnership for income tax purpose. All income and expenses of CHOIF are attributed to the taxable income of the individual members. CNI is treated as a disregarded entity for income tax purposes. All tax attributes of CNI pass through to CHOIF and income taxes, if any, are payable by CHOIF.

CHF is exempt from federal income taxes under the Code Section 501(c)(3) and from California income and franchise taxes under Revenue and Taxation Code Section 23701(d). CHF has complied with its filing requirements with federal and state taxing authorities as of its year of formation in 2020. Those filings are subject to examination for a period of three years.

BEDF and DHOF are treated as partnerships for income tax purposes. All income and expenses of BEDF and DHOF are attributable to the taxable income of the individual members. Consequently, no provision for income taxes has been made in the accompanying consolidating and consolidated financial statements.

Reclassifications

Reclassifications have been made to the prior year balances to conform to the current year presentations. Such reclassifications were made for comparative purposes only, and do not restate the prior year consolidating and consolidated financial statements.

Recent accounting pronouncements

In June 2016, the FASB issued 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which creates a new credit impairment standard for financial instruments. The new standard will require management to make a current estimate of expected credit losses as opposed to current U.S. generally accepted accounting principles which delayed recognition until the loss was probable. As a result of the ASU, management will be required to perform an assessment of expected credit losses on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount.

ASU 2016-13 is applicable to all loans, debt securities, trade receivables, net investment in leases, off-balance-sheet credit exposures, reinsurance receivables and any other financial assets not excluded from the scope that have a contractual right to receive cash.

In the period of adoption, the Organization will record a cumulative-effect adjustment to changes in net assets and in subsequent years, changes in the current expected credit loss for the reporting period will be reported on the statement of activities. Expanded disclosures will also be required.

The ASU, along with certain related ASUs clarifying the scope of the ASU 2016-13 and providing transition relief, was effective for fiscal years beginning after December 15, 2022.

As of January 1, 2023, the Organization adopted ASU No. 2016-13 and recorded a cumulative net adjustment in relation to the change in accounting principle of $14,346,455, consisting of a increase on loan loss reserve for loan receivable of $6,943,008 and decrease of for the reserve for loan guarantees of $393,560 and an increase for a reserve for unfunded loan commitments of $7,797,007.

Note 2 - Net assets with donor restrictions

Net assets with donor restrictions are restricted for the Organization's 38 local/regional offices, rural programs, and several other national programs, are to be used in future years for program services, such as project grants, recoverable grants, lending-related activity, technical support, and operating support to community development organizations.

As of December 31, 2023, net assets with donor restrictions were $301,704,647 ($174,153,699 donor-restricted operating funds and $127,550,948 donor-restricted loan funds) and included the following components: (1) Charter School Financing - approximately $60.9 million of donor-restricted funds are available to support quality public charter and alternative schools in low income neighborhoods, included in this amount is $650,000 designated for operating and programmatic support and $60.3 million is related to grants awarded by the U.S. Department of Education ("DOE") to LISC to provide credit enhancement on loans made by financial institutions to stimulate the financing of charter schools, (2) Lending Activities (excluding "DOE" funds) in local and regional offices - approximately $67.3 million, (3) Operating and Programmatic Support - approximately $172.4 million of donor-restricted funds available to support operating and a multitude of specifically defined projects in the local/regional offices and national programs, and (4) NEF Housing Charities, an affiliate of NEF, reported net assets with donor restrictions of $1,056,188 to fund the Pay It Forward program which supports the next generation of emerging Black, Indigenous, and People of Color (BIPOC) Developers in the affordable housing industry.)

Note 3 - Availability and liquidity

The table below represents financial assets available for operating funds expenditures within one year at December 31, 2023, and 2022. Financial assets in the "Loan Funds - Without Donor Restrictions" and "Loan Funds - With Donor Restrictions" are not included in the table below. As explained further in Note 1, these loan funds are for lending and/or credit enhancement activities and are not available for operating expenditures. LISC also has undrawn lines of credit as further described in Note 12. As of December 31, 2023, and 2022, $25,000,000 and $30,000,000, respectively, of the undrawn line of credit can be used for operating funds expenditures:

	2023	2022
Financial assets at period end		
Cash and cash equivalents	$ 312,912,785	$ 337,283,921
Restricted cash	19,207,870	39,685,873
Investments	85,032,754	87,637,171
Accrued interest receivable	8,738,782	6,385,597
Contributions receivable, gross	48,883,847	42,678,121
Government grants and contracts receivable	50,908,611	30,747,198
Due from funds	11,547,133	11,419,096
Recoverable grants to CDPs, gross	47,356,191	40,634,382
Prepaid expenses and other assets	11,994,844	14,380,694
Temporary investment in Project Partnerships, net of capital contributions due to temporary investments in project partnerships	26,579,918	18,504,234
Total financial assets	$ 623,162,735	$ 629,356,287
Less amounts not available to be used within one year		
Cash and cash equivalents	(25,014,368)	(41,212,780)
Investments	(13,567,978)	(13,215,428)
Contributions receivable, gross	(13,756,466)	(15,473,739)
Government grants and contracts receivable	(46,308,638)	(28,234,347)
Recoverable grants to CDPs, gross	(47,356,191)	(40,634,382)
Prepaid expenses and other assets	(5,315,942)	(7,333,060)
Financial assets not available to be used within one year	(151,319,583)	(146,103,736)
Financial assets available to meet operating fund expenditures over the next 12 months	$ 471,843,152	$ 483,252,551

Also, LISC has financial covenants with certain LISC lenders, some of which address adequate liquidity to cover operating costs and debt service requirements. Specifically, at the end of each quarter, unrestricted operating cash, cash equivalents, and investments must be able to cover at least six months of unrestricted operating expense as defined in the terms of the loan agreements with certain LISC lenders. With regard to debt service, liquid assets must exceed six months of interest and notes payable (as defined in the terms of the loan agreements with certain LISC lenders). At December 31, 2023, and 2022, LISC was in compliance with its financial covenants.

Note 4 - Cash, cash equivalents, restricted cash, and investments

At December 31, 2023, and 2022, the Organization's total portfolio of cash, cash equivalents, restricted cash, and investments consisted of the following:

	Fair value 2023	Fair value 2022
Cash, cash equivalents, and restricted cash	$ 458,413,928	$ 493,136,818
Investments:		
Cash held for investment		
Corporate bonds and fixed income funds	30,351,221	28,360,926
U.S. government agencies	60,290,693	57,686,956
Certificates of deposit	21,609,565	15,679,788
Alternative investments:		
Real estate investment trust	4,733,365	4,481,586
Hedge funds	-	35,316
Private equity funds	8,834,613	8,698,526
	125,819,457	114,943,098
Total cash, cash equivalents, restricted cash, and investments	$ 584,233,385	$ 608,079,916

The following table is a reconciliation of cash, restricted cash and cash equivalents within the consolidated statements of financial position to the total presented on the consolidating and consolidated statements of cash flows for the years ended December 31, 2023, and 2022:

	2023	2022
Cash and cash equivalents	$ 439,206,058	$ 470,647,275
Restricted Cash:		
Broadstreet Loan servicing accounts	2,036	44,987
Broadstreet Funds reserved for Charter School grants	1,903,481	1,864,632
immito lending funds	-	686,814
BFF funds	258,306	7,741,010
CDA Partnerships - reserves/deposits/escrows	-	440,248
NEF Project level agreements	704	3,500
NEF pass through distributions to investors	8,390,118	-
NEF Grant Agreements	456,188	903,987
CHOIF reserve	16,476	17,249
AHLF loan loss reserve	1,939,999	1,910,704
SOAR loan loss reserve	799,339	3,306,923
DHOF deposits	80,000	60,000
DHOF grant agreement	219,155	486,783
EOCLF loan loss reserve	5,142,068	5,022,706
Total cash, cash equivalents, and restricted cash		
Consolidating and consolidated statements of financial position	458,413,928	493,136,818
Less: CDA Partnerships - reserves/deposits/escrow	-	(401,874)
Total cash, cash equivalents, and restricted cash		
Consolidating and consolidated statements of cash flows	$ 458,413,928	$ 492,734,944

The Organization invests in certain alternative investments, through "funds of funds" investments, which employ multiple investment strategies via a variety of investment managers to provide diversification and control risk. These investments create indirect exposure to the Organization through short sales of securities, trading in future and forward contracts, and other derivative products. Derivatives are tools used to maintain asset mix or manage portfolio risk exposure. While these financial instruments may contain varying degrees of risk, the Organization's risk with respect to such transactions is limited to its capital balance in each investment.

At December 31, 2023, and 2022, cash and cash equivalents include approximately $14.3 million and $31.6 million, respectively, held in escrow-like arrangements with loan participants and $8.8 million and $7.7 million, respectively, in loss reserves required by specific programs.

The limitations and restrictions on the Organization's ability to redeem or sell its alternative investments vary by investment. As of December 31, 2023, and 2022, the following table summarizes the composition of such investments by the various redemption provisions:

	Fair value		Redemption	Redemption
Alternative investments	**2023**	**2022**	**frequency**	**notice period**
Real estate investment trust (A)	$ 4,733,365	$ 4,481,586	Lock-up	Not applicable
Credit-focused hedge fund (B)	-	35,316	Lock-up	Not applicable
Private equity funds (C)	8,834,613	8,698,526	Lock-up	Not applicable
	$ 13,567,978	$ 13,215,428		

As of December 31, 2023, and 2022, the Organization had $4,676,233 and $5,907,127 unfunded commitments on its alternative investments.

Information with respect to the strategies of those investment funds that is reported at estimated fair value based upon net asset value per share (or its equivalent) is as follows:

1. *Real estate investment trust* - of which the Organization is a minority shareholder, principal business activities are to invest in affordable multifamily residential mortgage loans, which are subsequently syndicated to institutional investors, and to acquire equity interests in affordable multifamily residential real estate assets.

2. *Credit-focused hedge fund* - comprised of an investment in a hedge fund that seeks to achieve attractive total returns through both capital appreciation and current income. The fund seeks to achieve its investment objective through a portfolio of investments in publicly traded and privately held securities, loans, derivatives and other instruments, primarily in the corporate credit sector of the fixed income and related markets.

3. *Private equity funds* - includes investment in funds licensed by the United States Small Business Administration as small business investment companies. The primary purpose of the fund is to operate as a venture fund and invest in equities, debt securities with the equity participation, secured short-term and long-term loans, and as participants with other funds.

Note 5 - Contributions receivable

At December 31, 2023, and 2022, the Organization had contributions receivable with expected receipts as follows:

	2023	2022
Due within one year	$ 39,005,939	$ 30,841,539
Due in one to five years	13,756,466	15,473,739
	52,762,405	46,315,278
Less discount (0.10%–5.00%)	(2,454,558)	(2,194,497)
Less allowance for uncollectible contributions receivable	(824,000)	(772,000)
Total contributions receivable, net	$ 49,483,847	$ 43,348,781

At December 31, 2023, and 2022, approximately 21.57% and 38.06%, respectively, of the Organization's contributions receivable were from one donor.

At December 31, 2023, and 2022, approximately 33.45% and 35.66%, respectively, of the Organization's contributions revenue were from five donors.

Note 6 - Government grants and contracts

At December 31, 2023, and 2022, the Organization had grant commitments from various government agencies of approximately $114.2 million and $132.4 million, respectively, with expiring term dates ranging from 2024 to 2029. These grant commitments will be recognized in the accompanying consolidating and consolidated financial statements when it is probable that the conditions surrounding the terms of the grants will be met.

At December 31, 2023, and 2022, government grants and contracts receivable were $50.9 million and $30.8 million, respectively. Approximately $10.4 million and $7.0 million of government grants receivable at December 31, 2023, and 2022, and approximately $64.3 million and $11.4 million of government grants and contracts revenue for the years ended December 31, 2023 and 2022, respectively, were from one government agency.

Note 7 - Program loans, recoverable grants to community development projects, notes and other receivables

Program loans

In furtherance of its charitable purposes, LISC makes loans directly to CDPs and also to its affiliates, to benefit affiliate projects. In general, interest rates on loans to CDPs range from 0% to 8.35% and repayment terms range from 1 year to 36 years. Delinquent loans, measured as those loans whose payment is greater than 90 days past due, totaled $19,599,012 and $5,913,899, respectively, at December 31, 2023, and 2022. The portion of the allowance dedicated to the delinquent loans totaled $5,691,594 and $443,542 at December 31, 2023, and 2022, respectively. At December 31, 2023, loan principal of $206,986,394 is due to LISC within one year, of which $125,807,992 is due to LISC within the next six months.

Loans receivable, by class and credit quality category, as of December 31, 2023, and 2022, are as follows:

	2023							
	Excellent	Strong	Good	Acceptable	Close Follow	Substandard	Doubtful	Total
Acquisition	$ -	$ 7,014,988	$ 193,326,701	$ 141,878,092	$ 29,638,366	$ 6,532,688	$ -	$ 378,390,835
Predevelopment and pre-credit loans	-	-	23,385,364	68,257,115	1,735,101	4,700,510	-	98,078,090
Construction	-	23,175,254	75,373,638	111,284,728	15,980,536	-	6,300,759	232,114,915
Other	8,990	41,031,538	189,263,866	139,963,555	15,081,677	6,983,866	19,926,265	412,259,757
Total	$ 8,990	$ 71,221,780	$ 481,349,569	$ 461,383,490	$ 62,435,680	$ 18,217,064	$ 26,227,024	$ 1,120,843,597

	2022							
	Excellent	Strong	Good	Acceptable	Close Follow	Substandard	Doubtful	Total
Acquisition	$ -	$ 4,109,976	$ 48,273,741	$ 265,135,722	$ 9,158,515	$ 3,008,398	$ -	$ 329,686,352
Predevelopment and pre-credit loans	-	-	10,069,295	57,190,478	535,990	-	-	67,795,763
Construction	-	-	42,084,862	110,382,808	11,567,246	2,058,657	-	166,093,573
Other	35,167	35,023,004	83,530,401	202,085,790	13,260,435	-	-	333,934,797
Total	$ 35,167	$ 39,132,980	$ 183,958,299	$ 634,794,798	$ 34,522,186	$ 5,067,055	$ -	$ 897,510,485

The activity in the allowance for uncollectible loans for the years ended December 31, 2023, and 2022 is as follows:

2023	Acquisition	Predevelopment	Construction	Other	Total
Allowance for uncollectible loans, beginning of the year	$ (27,361,602)	$ (5,795,406)	$ (6,924,141)	$ (8,286,568)	$ (48,367,717)
Cumulative effect of changes in accounting principle	16,006,012	3,229,838	(903,860)	(25,274,998)	$ (6,943,008)
Write-offs	3,597,391	2,340,850	1,945,603	3,252,351	11,136,195
Recoveries	(7,126)	(188,000)	(246,964)	-	(442,090)
Provision	(12,161,644)	(4,729,027)	(5,415,990)	(793,939)	(23,100,600)
Allowance for uncollectible loans, end of the year	$ (19,926,969)	$ (5,141,745)	$ (11,545,352)	$ (31,103,154)	$ (67,717,220)

2022	Acquisition	Predevelopment	Construction	Other	Total
Allowance for uncollectible loans, beginning of the year	$ (21,114,451)	$ (4,809,293)	$ (4,689,124)	$ (3,798,293)	$ (34,411,161)
Write-offs	2,100,000	287,000	1,599,191	974,798	4,960,989
Recoveries	(129,550)	(1,784,382)	(194,544)	(841,443)	(2,949,919)
Provision	(8,217,601)	511,269	(3,639,664)	(4,621,630)	(15,967,626)
Allowance for uncollectible loans, end of the year	$ (27,361,602)	$ (5,795,406)	$ (6,924,141)	$ (8,286,568)	$ (48,367,717)

The following tables provide an analysis of the aging of loan receivables as of December 31, 2023, and 2022:

	2023					
	31–60 days past due	61–90 days past due	Greater than 90 days past due	Total past due	Current	Total gross loans receivable
Acquistion	$ 3,978,173	$ -	$ 13,963,669	17,941,842	$ 360,448,993	$ 378,390,835
Predevelopment and pre-credit loans	-	-	3,200,510	3,200,510	94,877,580	98,078,090
Construction	-	-	73,328	73,328	232,041,587	232,114,915
Other	3,929,077	3,064,459	24,373,893	31,367,429	380,892,328	412,259,757
Total	$ 7,907,250	$ 3,064,459	$ 41,611,400	$ 52,583,109	$ 1,068,260,488	$ 1,120,843,597

	2022					
	31–60 days past due	61–90 days past due	Greater than 90 days past due	Total past due	Current	Total gross loans receivable
Acquistion	$ 1,350,000	$ -	$ 5,913,899	$ 7,263,899	$ 322,422,453	$ 329,686,352
Predevelopment and pre-credit loans	729,084	-	-	729,084	67,066,679	67,795,763
Construction	-	-	-	-	166,093,573	166,093,573
Other	8,892,020	-	-	8,892,020	325,042,777	333,934,797
Total	$ 10,971,104	$ -	$ 5,913,899	$ 16,885,003	$ 880,625,482	$ 897,510,485

Recoverable grants to CDPs-sponsored projects
In furtherance of its charitable purposes, the Organization makes recoverable grants directly to CDPs. Recoverable grant activity for 2023 and 2022 is summarized as follows:

	2023	2022
Gross recoverable grants beginning of year	$ 40,634,381	$ 35,050,365
New recoverable grants made	7,609,835	7,209,335
Write-offs	(1,365,144)	(846,345)
Repayments	(2,522,881)	(3,778,974)
Gross recoverable grants end of year	44,356,191	37,634,381
Allowance for uncollectible recoverable grants, end of year	(24,594,708)	(19,694,978)
Recoverable grants receivable, net, end of year	$ 19,761,483	$ 17,939,403

Note 8 - Grants payable

In furtherance of its charitable purposes, the Organization makes grants to CDPs. The Organization's grant activity for the years ended December 31, 2023, and 2022 is summarized below:

	2023	2022
Grants payable, beginning of year	$ 60,455,056	$ 47,697,227
New project grants made	170,113,302	105,965,176
Disbursements on commitments	(153,879,162)	(93,207,347)
Grants payable, end of year	$ 76,689,196	$ 60,455,056

Note 9 - Temporary Investments in Project Partnerships

NEF Support Corporation, a subsidiary of NEF, may temporarily hold and currently is holding legal interests of Project Partnerships investment in the interim until the interests are assigned to a Fund. Upon assignment of the Project Partnership to a Fund, NEF's investment is typically repaid in full by the Fund.

As of December 31, 2023, and 2022, NEF was holding temporary investments in Project Partnerships of $175,429,932 and $113,625,948, respectively, in which NEF contributed $25,375,826 and $17,637,679, respectively, to the Project Partnerships and entered into promissory notes for future contributions of $148,850,014 and $95,121,714, respectively. As of December 31, 2023, and 2022, NEF also includes preacquisition costs of $1,204,092 and $866,555, respectively, in temporary investments in Project Partnerships.

Note 10 - Property and equipment

Property and equipment consist of the following at December 31, 2023, and 2022:

	2023	2022
Furniture, equipment, computer software, and leasehold improvements	$ 18,103,205	$ 18,332,178
Land, buildings, and improvements	-	38,996,181
Gross property and equipment	18,103,205	57,328,359
Less accumulated depreciation and amortization	(11,252,542)	(27,082,114)
Total property and equipment, net	$ 6,850,663	$ 30,246,245

Related to the CDA entities, as of December 31, 2022, the consolidating and consolidated financial statements include $38,996,181 in land, buildings and improvements and $1,437,842 in furniture, equipment, and leasehold improvements. Accumulated depreciation was $16,896,228 as of December 31, 2022.

Note 11 – Acquisition of Mountain Plains Equity Group, Inc.

On October 24, 2023, NEF acquired the general partner interest in six Funds from Mountain Plains Equity Group, Inc. (“MPEG”), a housing tax credit syndicator based in Billings, Montana. The acquisition of MPEG Funds was accounted for in accordance with FASB ASC Topic 805, *Business Combinations*. Upon acquisition, NEF allocated the purchase price based on the fair value of the acquired assets, including other identifiable intangible assets such as acquired in-place contracts and customer relationship value, and assumed liabilities. NEF estimated fair value based on discounted cash flow analysis. As a result, determining the fair value involved assumptions and estimates, including discount rates and collectability.

NEF allocated purchase price to the following identifiable intangible assets, which are included in prepaid expenses and other assets, in the accompanying consolidated statements of financial position and assumed liabilities, which are included in accounts payable and other accrued expenses in the accompanying consolidated statements of financial position. The identifiable intangible assets acquired will be amortized over a period of 15 years. Amortization expense recorded for the next five years will be $997,950.

	2023
In-Place Contracts	$ 352,544
Customer Relationship	2,693,059
Identifiable Intangible Assets Required	3,045,603
Contingent Consideration	(1,000,000)
Acquisition-related costs	(203,185)
Cash paid	$ 1,842,418

Note 12 - Loans and bond payable

At December 31, 2023, and 2022, loans and bond payable consisted of the following:

	Maturities	Interest rates	2023	2022
Financial institutions and insurance companies	2024-2035	0.00%-6.00%	$ 307,938,195	$ 265,557,424
Sustainability Bonds and Impact Notes	2024-2037	0.50%-5.85%	248,117,000	176,912,000
Foundations	2025-2033	0.00%-4.00%	102,669,265	90,290,971
Public agencies/entities and retirement funds	2025-2043	0.00%-3.61%	52,281,817	54,392,372
Nonprofit and other institutions	2025-2037	0.00%-4.50%	227,856,184	185,172,563
Total			938,862,461	772,325,330
Less: Unamortized Discount and deferred costs (*)			(2,543,633)	(2,391,334)
Loans and Bonds Payable, net			$ 936,318,828	$ 769,933,996

Loans and bonds payable maturities

Loans payable are scheduled to be repaid as of December 31, 2023, as follows:

	Principal
2024	$ 105,255,322
2025	122,518,008
2026	108,808,795
2027	107,310,198
2028	49,811,408
Thereafter	445,158,730
Total	$ 938,862,461

In November 2020, LISC launched an Impact Notes (Notes) program for up to $150,000,000. In October 2023, the program has increased to $250,000,000. The proceeds of the offering will be used for general corporate purposes, including to refinance certain of LISC's existing indebtedness and as capital for loans made by LISC and its affiliates, each in support of LISC's overall mission to encourage the growth of, and provide support to, neighborhood and community development organizations and businesses that foster improvement of economic conditions; develop housing and other physical facilities; provide amenities and services; and other activities that help to revitalize disinvested communities. The Notes are sold through the Depository Trust Company (DTC). The Lead Selling Agent, InspereX, agrees to sell these notes to other agents on LISC's behalf. The Notes are issued in increments of $1,000 or more and pay interest at various fixed interest rates. The terms of the Notes offer one-year to 15-year maturities.

As of December 31, 2023, LISC issued $173,117,000 in Notes as follows:

Maturities	Interest rates	2023
February 15, 2024	0.50%	$ 5,000,000
October 15, 2024	5.85%	4,975,000
November 15, 2024	5.50%	11,945,000
December 15, 2024	5.65%	6,859,000
January 15, 2025	5.60%	2,591,000
March 15, 2025	2.60%	2,153,000
March 15, 2025	5.75%	1,862,000
April 15, 2025	3.10%	2,308,000
May 15, 2025	5.30%	7,443,000
July 15, 2025	5.60%	13,022,000
November 15, 2025	5.85%	5,342,000
November 15, 2025	1.00%	19,880,000
December 15, 2025	0.95%	9,111,000
January 15, 2026	0.95%	8,250,000
February 15, 2026	4.00%	6,193,000
March 15, 2026	1.25%	7,002,000
April 15, 2026	5.15%	3,241,000
May 15, 2026	1.30%	7,550,000
August 15, 2026	1.25%	7,945,000
August 15, 2026	5.70%	3,645,000
December 15, 2026	4.90%	4,340,000
March 15, 2027	2.50%	2,023,000
March 15, 2027	2.90%	3,420,000
April 15, 2027	3.35%	1,341,000
October 15, 2027	1.80%	303,000
November 15, 2027	1.40%	294,000
December 15, 2027	1.30%	757,000
April 15, 2028	1.90%	3,880,000
July 15, 2028	1.75%	6,881,000
July 15, 2028	1.60%	122,000
September 15, 2028	1.65%	607,000
December 15, 2028	2.00%	953,000
January 15, 2029	2.15%	212,000
December 15, 2030	1.70%	1,788,000
January 15, 2031	1.80%	40,000
February 15, 2031	1.80%	5,703,000
May 15, 2031	2.30%	144,000
August 15, 2031	2.25%	3,992,000
		$ 173,117,000

The Notes were issued at a discount of $1,751,144 and LISC incurred debt issuance costs of $1,487,367. As of December 31, 2023, and 2022, the unamortized discount and debt issuance costs were $1,842,860 and $1,878,203, respectively.

In April 2017, LISC issued $100,000,000 in Taxable Bonds, Series 2017A ("Sustainability Bonds") ($25,000,000, 3.005% term bonds due March 1, 2022; $25,000,000, 3.782% term bonds due March 1, 2027; and $50,000,000, 4.649% term bonds due March 1, 2037). The proceeds of the Sustainability Bonds were used to finance then existing loans payable and pay a portion of the debt issuance costs. As of December 31, 2023, the outstanding balance of the Sustainability Bonds was $75,000,000. The Sustainability Bonds were issued at a discount of $731,478, and LISC incurred debt issuance costs of $126,811. As of December 31, 2023, and 2022, the unauthorized discount and debt issuance costs were $465,774 and $513,131, respectively.

At December 31, 2023, LISC had $175,880,000 of available undrawn sources of funding with maturities ranging from 2024 to 2033. Interest rates range from 0.00% to 4.50% fixed rate ($123,880,000) and floating rate range from Daily SOFR to SOFR + 2.30% ($49,000,000), and PRIME - 1.00% ($3,000,000).

AHLF entered into loan agreements with various lenders dated as listed below (collectively, the "Lenders"), for credit facilities in the aggregate principal amounts as follows:

Loan Date	Lender	Maximum Amount of Credit Facility	Balance as of 12/31/2023	Balance as of 12/31/2022
September 25, 2020	Chase New Markets Corporation	$ 12,500,000	$ 5,000,000	$ 5,000,000
September 25, 2020	Citizens Bank, N.A.	3,000,000	1,200,000	1,200,000
September 25, 2020	First Independence Bank	2,500,000	1,000,000	1,000,000
September 25, 2020	Flagstar Bank, FSB	2,500,000	1,000,000	1,000,000
December 16, 2020	PNC Community Development Company, LLC	5,000,000	2,000,000	2,000,000
May 14, 2021	CIBC Bank USA	2,500,000	1,000,000	1,000,000
December 6, 2021	Keybank National Association	10,000,000	4,000,000	4,000,000
		$ 38,000,000	$ 15,200,000	$ 15,200,000

Each loan has a non-revolving advance period expiring five years after the respective Closing Date, followed by a ten-year non-revolving term. The loans mature 10 years after the respective Closing Date and bear interest on outstanding principal amounts at a fixed rate per annum of 2% commencing on the first day of the third month following the first full month after the respective Closing Date. Accrued interest is due and payable quarterly through maturity, beginning with the first calendar quarter-end date following the first full quarter interest is accrued. Principal payments are due quarterly beginning five years after the respective Closing Date in an amount equal to 1/120th of all loans outstanding as of such date.

All remaining outstanding principal and any unpaid interest on the loans are due and payable in full at maturity. The Lenders have the right to accelerate the maturity date of their loan upon the occurrence of an Event of Default, as further defined in its respective loan agreement. AHLF may prepay the loans on a pro rata basis, in whole or in part, at any time. The loans are secured by a Guarantee Agreement. For the years ended December 31, 2023, and 2022, interest expense incurred and paid on the loans was $308,250 and $151,494, respectively.

BFF entered into loan agreements with various lenders dated as listed below (collectively, the "Lenders"), for credit facilities in the aggregate principal amounts as follows:

Loan Date	Lender	Maximum Amount of Credit Facility	Balance as of 12/31/2023	Balance as of 12/31/2022
August 3, 2020	First Republic Bank ("FRB")	$ 5,000,000	$ 1,500,000	$ 1,500,000
August 13, 2020	The San Francisco Foundation ("SFF")	5,000,000	1,500,000	1,500,000
August 19, 2020	Silicon Valley Community Foundation ("SVCF")	1,000,000	300,000	300,000
October 29, 2020	Chase New Markets Corporation ("CNMC")	15,000,000	4,500,000	4,500,000
January 21, 2021	The Ford Foundation ("FF")	10,000,000	3,000,000	3,000,000
October 22, 2021	The David and Lucile Packard Foundation ("DLPF")	3,000,000	900,000	900,000
		$ 39,000,000	$ 11,700,000	$ 11,700,000

Each loan has a non-revolving advance period expiring five years after the respective Loan Date, followed by a five-year non-revolving term. The loans mature ten years after the respective Loan Date (nine years for DLPF loan) and bear interest on outstanding principal amounts at a fixed rate per annum of 2% for the CNMC, FRB, FF, and SVCF loans, 2.5% for the SFF loan, and 1% for the DLPF loan. Accrued interest is due and payable on the last day of each calendar quarter for each loan beginning September 30, 2020, for the FRB, SFF, and SVCF loans, December 31, 2020, for the CNMC loan, March 31, 2021, for the FF loan, and December 31, 2021, for the DLPF loan through maturity. The entire principal and any unpaid interest on the loans are due and payable in full at maturity. The Lenders have the right to accelerate the maturity date of their loan upon the occurrence of an Event of Default, as further defined in its respective loan agreement. As of December 31, 2023, and 2022, there has not been an Event of Default and BFF is in compliance with all covenants. BFF may prepay the loans on a pro rata basis, in whole or in part, at any time. The loans are unsecured and full recourse obligation of BFF. For the years ended December 31, 2023, and 2022 interest expense incurred on the loans was $235,729 and $123,117, respectively, and accrued interest as of December 31, 2023, and 2022 was $0.

CHOIF entered into loan agreements with various lenders dated as listed below, for the credit facilities in the aggregate principal amounts as follows:

Loan Date	Lender	Maximum Amount of Credit Facility	Balance as of 12/31/2023	Balance as of 12/31/2022
September 3, 2019	Banc of America Community Development Corp	$ 2,500,000	$ 2,500,000	$ 2,167,526
September 20, 2019	Foundation For The Carolinas	2,500,000	2,500,000	2,168,262
December 20, 2019	Duke Energy Corporation	2,000,000	2,000,000	1,733,293
December 20, 2019	The Presbyterian Hospital	6,000,000	6,000,000	5,201,954
December 24, 2019	Ally Bank	5,000,000	5,000,000	4,335,703
March 2, 2020	Truist Bank	4,000,000	4,000,000	3,468,545
		$ 22,000,000	$ 22,000,000	$ 19,075,283

Each loan has a non-revolving advance period expiring five years after the respective Loan Date, followed by a ten-year non-revolving term. The loans mature September 3, 2039, and bear interest on outstanding principal amounts at a fixed rate per annum of 1%, with interest capitalizing on the loans until October 1, 2024. All remaining outstanding principal and any unpaid interest payments on the loans are due and payable in full at maturity. The Lenders have the right to accelerate the maturity date of their loan upon the occurrence of an Event of Default, as further defined in its respective loan agreement. CHOIF may prepay the loans on a pro rate basis, in whole or in part, at any time. As of December 31, 2023, and 2022, the outstanding balance of the loans was $22,000,000 and $19,075,283, respectively, and accrued interest was $387,916 and $188,941, respectively. For the years ended December 31, 2023, and 2022, respectively, interest expense on the loans was $198,975 and $131,770.

CHF entered into a Loan Agreement with Facebook Community Housing Fund, LLC dated December 9, 2020, and amended on September 14, 2021. Pursuant to the Loan Agreement, Facebook Community Housing Fund, LLC shall make advances to CHF through December 9, 2025, up to an aggregate principal amount of $150,000,000. Pursuant to the Loan Agreement, interest accrues on the outstanding principal balance on the loan at a rate of 1.00% per annum. Interest is due quarterly commencing on March 31, 2021, and continuing on the last day of each calendar quarter thereafter through maturity. Commencing December 9, 2025, and continuing on the last day of each calendar quarter thereafter, CHF shall pay to Facebook Community Housing Fund, LLC an amount equal to the repayments of the Project Loans received by CHF, if any, as payment of outstanding principal on the loan. On December 31, 2038, the remaining unpaid principal together with accrued but unpaid interest is due. CHF may prepay the loans without penalty. As of December 31, 2023, and 2022, the outstanding balance was $106,895,160 and $91,445,160, respectively, and accrued interest was $0. For the years ended December 31, 2023, and 2022, interest expense on the loan was $1,062,759 and $912,708, respectively.

SOAR entered into a Loan and Security Agreement with the Lenders dated April 22, 2021, to make loans to SOAR in the aggregate principal amounts as follows:

Class	Lender	Loan Commitment	Balance as of 12/31/2023	Balance as of 12/31/2022
Class A	Mercy Investment Services, Inc.	$ 1,500,000	$ 1,100,835	$ 1,340,704
Class A	Microsoft Corporation	20,000,000	14,677,947	17,876,107
Class A	The Grove Foundation	500,000	366,943	446,915
Class A	Isenberg Family Charitable Foundation, Inc.	1,250,000	917,373	1,117,247
Class A	Heifer International Foundation	2,500,000	1,834,759	2,234,532
Class A	Chase New Markets Corporation	10,000,000	7,338,973	8,938,041
Class A	The David and Lucile Packard Foundation	5,000,000	3,669,479	4,469,026
Class A	Winrock International Foundation LLC	500,000	366,942	446,914
Class A	Woodforest National Bank	1,000,000	733,885	893,790
Class A	Gary Chartrand GRAT II Exempt Trust	1,000,000	733,885	893,790
Class A	Gary R. Chartrand Revocable Trust	1,000,000	733,885	893,790
Class A	Millennium Trust Company, LLC cust. FBO Amy Brakeman IRA	1,000,000	733,885	893,790
Class A	WoodNext Foundation	2,000,000	1,467,857	1,873,075
Class B	Arbitblit Suttie 2010 Trust	250,000	250,000	250,000
Class B	The Grove Foundation	500,000	500,000	500,000
Class B	Isenberg Family Charitable Foundation, Inc.	750,000	750,000	750,000
Class B	Mercy Investment Services, Inc.	500,000	500,000	500,000
Class B	Mighty Arrow Family Foundation	250,000	250,000	250,000
Class B	The Roger I. & Ruth B. MacFarlane Foundation	250,000	250,000	250,000
Class B	Ms. Foundation for Women, Inc.	250,000	250,000	250,000
Class B	Kristin Leimkuhler Trust UAD 12/11/2017	250,000	250,000	250,000
Class B	ImpactAssets Inc., FBO Excelsior Impact Fund	250,000	250,000	250,000
Class B	Visa Foundation	5,000,000	5,000,000	5,000,000
Class B	Compton Foundation, Inc.	500,000	500,000	500,000
Class B	W.K. Kellogg Foundation	3,000,000	3,000,000	3,000,000
Class B	Jewish Community Federation of San Francisco, The Peninsula, Marin and Sonoma Counties	1,000,000	1,000,000	1,000,000
Class B	Kermit G. Phillips II Charitable Trust	250,000	250,000	250,000
Class B	The Community Foundation for Greater Atlanta,	500,000	500,000	500,000
		$ 60,750,000	$ 48,176,648	$ 55,817,721

Pursuant to the Loan and Security Agreement, interest accrues on the outstanding principal balance of the loans payable at a rate of 2.00% per annum for Class A loans and 2.50% per annum for Class

B loans. Interest is due on the 21st of each month for each loan beginning 180 days after the disbursement date through maturity. Each loan is due and payable seven years after the original disbursement date. As of December 31, 2023, and 2022, the outstanding balance of loans payable was $48,176,648 and $55,817,721, respectively, and accrued interest payable was $77,177 and $90,072, respectively. For the year ended December 31, 2023, and 2022, interest expense on the loans was $1,126,429 and $714,186, respectively.

EOCLF entered into a loan and a joinder agreement with lenders listed below dated January 13, 2022, and April 29, 2022, respectively, to make loans to EOCLF in the aggregate principal amounts as follows:

Class	Lender	Loan Commitment	Balance as of 12/31/2023	Balance as of 12/31/2022
Class A	JPMorgan Chase Bank, N.A.	$ 20,000,000	$ 6,105,267	$ -
Class A	Block, Inc.	10,000,000	3,052,631	-
Class A	Costco Wholesale Corporation	10,000,000	3,052,631	-
Class A	Amalgamated Bank	10,000,000	3,052,631	-
Class A	Forbright Bank	10,000,000	3,052,631	-
Class A	Rippleworks, Inc.	5,000,000	1,526,315	-
Class B	Chase New Markets Corporation	30,000,000	15,482,894	1,325,000
		$ 95,000,000	$ 35,325,000	$ 1,325,000

Pursuant to the loan agreement, interest accrues on the outstanding principal balance of the loans payable at a rate of 4.00% per annum for Class A loans and 2.00% per annum for Class B loans. Interest is due on the 15th of each month for each loan beginning 180 days after the disbursement date through maturity. The Class A loans are due and payable on January 13, 2032, unless LFM exercises the one-year maturity date extension option pursuant to the loan agreement. The Class B loans are due and payable on the earlier of January 13, 2033, or the date of any acceleration of the loans pursuant to the loan agreement. As of December 31, 2023, and 2022, the outstanding balance of loans payable was $35,325,000 and $1,325,000, respectively, and accrued interest payable was $220,134 and $11,483, respectively. For the year ended December 31, 2023, and for the period January 6, 2022 (commencement of operations) to December 31, 2022, interest expense on the loans was $342,448 and $11,483, respectively.

DHOF entered into a Loan Agreement with Sunflower Bank, N.A. dated September 22, 2022. Pursuant to the Loan Agreement, Sunflower Bank, N.A. shall make advances to DHOF up to an aggregate principal amount of $5,000,000. Interest accrues on the outstanding principal balance of the loan payable at a rate of 1.00% per annum. Interest is due quarterly through the maturity date. Each advance is due and payable five years following the initial disbursement. As of December 31, 2023, and 2022, the outstanding balance of the loan payable was $3,600,000 and $1,600,000, respectively, and accrued interest payable was $26,333 and $578, respectively. For the year ended December 31, 2023, and for the period November 29, 2021 (commencement of operations) to December 31, 2022, interest expense on the loan was $25,755 and $578, respectively.

DHOF entered into a loan agreement with Truist Bank dated March 14, 2023. Pursuant to the loan agreement, Truist Bank shall make advances to DHOF up to an aggregate principal amount of $10,000,000. Interest accrues on the outstanding principal balance of the loan payable at a rate of 1.00% per annum. Interest is due quarterly through the maturity date. Each advance is due and payable five years following the initial disbursement. As of December 31, 2023, and 2022, the outstanding balance of the loan payable was $7,200,000 and $0, respectively, and accrued interest payable was $42,578 and $0. For the year ended December 31, 2023, and the period November 29, 2021 (commencement of operations) to December 31, 2022, interest expense on the loan was $42,578 and $0, respectively.

DHOF was awarded a recoverable grant payable of up to $6,000,000 by the City of Dallas. The recoverable grant funds are available to DHOF to grow and administer an Affordable Housing Fund established to produce at least 1,500 units of housing on or before December 31, 2031, in compliance with the Affordable Housing Program Guidelines. No principal or interest payments on the recoverable grant shall be due and payable unless there is an event of default. The principal amount of the recoverable grant will be forgiven in 1/15 increments as each 100 affordable housing units is produced. As of December 31, 2023, and 2022, the recoverable grant payable balance was $6,000,000.

Pledged assets
LISC has pledged certain assets as collateral to lenders to secure (1) nonrecourse indebtedness to LISC totaling $0 as of December 31, 2023, and 2022, and (2) $41,615,219 and $43,151,871 of collateral assets for the recourse indebtedness under the Community Development Financial Institution Bond Guarantee Program ("CDFI BGP Loan") totaling $39,578,572 and $41,137,061, as of December 31, 2023 and 2022, respectively.

Subordinated debt
At December 31, 2023, LISC has subordinated debt in loans and bonds payable totaling $53.1 million in the form of twelve equity equivalent investments from eight financial institutions and one patient capital loan from one financial institution. At December 31, 2022, LISC had subordinated debt included in loans and bonds payable totaling $40.1 million in the form of twelve equity equivalent investments from seven financial institutions.

Lines of credit
At December 31, 2023, and 2022, LISC had available bank lines of credit of $60,000,000, which expire between March 18, 2024 and May 28, 2027, with interest rates ranging from SOFR + 1.50% to SOFR + 1.90%. At December 31, 2023, and 2022, the outstanding balance included in loans and bonds payable was $0, respectively.

As of December 31, 2023, and 2022, NEF had revolving credit lines totaling $80,000,000 and $60,000,000, respectively, available to meet cash flow needs.

NEF has a $20,000,000 revolving credit facility with a bank to provide a portion of the equity needed to temporarily invest in Project Partnerships, provide bridge financing to the Funds and to fund general corporate and working capital purposes that support NEF's core business activities. During 2023, the revolving credit facility amount was increased to $30,000,000. The current maturity date is November 30, 2024. Interest on any outstanding amounts is due monthly calculated at the greater of Prime plus 25 basis points or 2.5%. The interest rates ranged from 8% to 8.75% in 2023 and was 3.5% to 7.75% in 2022. NEF borrowed $30,000,000 and repaid $30,000,000 in 2023 and borrowed $12,500,000 and repaid $12,500,000 in 2022. The outstanding balance as of December 31, 2023, and 2022 was $0.

During 2022, NEF had a $20,000,000 revolving credit facility with another bank to provide a portion of the equity needed to temporarily invest in Project Partnerships, provide bridge financing to the Funds and to fund general corporate and working capital purposes that support NEF's core business activities. During 2023, the revolving credit facility amount was increased to $30,000,000. The current maturity date is January 31, 2025. Interest on any outstanding amounts is due quarterly calculated at Prime less 90 basis points. The interest rate ranged from 6.85% to 7.6% in 2023 and was 2.60% to

6.60% in 2022. NEF borrowed $35,000,000 and repaid $35,000,000 in 2023 and borrowed $12,500,000 and repaid $12,500,000 in 2022. The outstanding balance at December 31, 2023, and 2022 was $0. NEF is also required to pay a revolving commitment fee of 0.25% based on the daily amount of the undrawn portion of the revolving credit facility.

Covenants

In accordance with the terms of loan agreements with certain lenders, LISC and Affiliates are required to meet several financial covenants. LISC and Affiliates are in compliance with their financial covenants at December 31, 2023.

Note 13 - Pension and thrift plans

LISC has a Code Section 403(b) defined-contribution pension plan covering all eligible employees. Plan contributions are computed based on formulas defined in the plan. Total pension expense for the years ended December 31, 2023, and 2022, was $4,339,456 and $3,835,921, respectively.

LISC, NEF, and Broadstreet maintain thrift plans under Section 401(k) of the Code covering all eligible employees. Under the plans, employee contributions are partially matched by LISC, NEF, and Broadstreet, respectively. Beginning in 2023, NEF established a 457(f) plan for key executives. Total thrift plan expense for the years ended December 31, 2023, and 2022 was $3,726,115 and $2,957,544, respectively.

Note 14 - Financial instruments with off-balance-sheet risk and fair values

Off-balance-sheet risk

The Organization is a party to certain financial instruments with off-balance-sheet risk to meet the financing needs of community development organizations across the United States. These financial instruments and arrangements include financial guarantees and loan commitments. These transactions and arrangements involve elements of credit risk. The Organization uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments. Financial exposure related to these commitments is reported as liability for unfunded commitments and loan guarantees on the consolidated statement of financial position and provision for unfunded commitments and loan guarantees on the consolidated statement of activities, respectively. The liability for unfunded commitments and loan guarantees is reclassified as a component of loans receivables, net of allowance for loan loss as the commitments convert to performing loans receivable on the statement of financial position.

The Organization's exposure to credit loss in the event of nonperformance of the Organization's loans have been guaranteed or sold with recourse is equal to the contractual amounts of the instruments.

Loan commitments are agreements to lend as long as there is no violation of any condition established in the contract. The following represents the composition of financial instruments with off-balance-sheet risk:

	2023 Contract amount	2022 Contract amount
Financial instruments whose contract amounts represent credit risk:		
Financial guarantees	$ 5,900,000	$ 5,900,000
Loan commitments outstanding	277,565,941	297,392,926
Total	$ 283,465,941	$ 303,292,926

With the adoption of CECL, requiring a reserve for off-balance sheet credit exposure, the organization has recorded a reserve of $8,320,080 as of December 31, 2023.

LISC generally makes loans over $500,000 on a secured basis. The collateral for such loans generally consists of mortgages, security agreements, assignment of contract receivables, and guarantees.

At December 31, 2023, and 2022, LISC has interest rate swap agreements with notional amounts in the aggregate of $10,000,000, respectively. At December 31, 2023, and 2022, the fair value of the interest rate swaps was $297,690 and $548,937, respectively.

Fair values

The following methods and assumptions were used by the Organization in estimating its fair value disclosure for financial instruments: for cash, cash equivalents, restricted cash escrow, accrued interest receivable, contributions receivable, government grants receivable, notes and other receivables, recoverable grants, real estate held for sale, accounts payable and accrued expenses, grants payable, capital contributions due to temporary investment in Project Partnerships, and capital contributions due to investment in Project Partnerships, the respective amounts reported in the consolidating and consolidated statement of financial position, approximate fair values due to the short-term nature of these financial instruments. The carrying value of loans receivable approximates fair value, which is based on a discounted cash flow analysis using current rates the Organization would charge to similar borrowers with similar maturities and is considered market rate for loans made by similar community development financial institutions. The inputs used for the fair value estimates of these financial instruments are unobservable and are considered Level 3 in the fair value hierarchy. The carrying value of long-term debt and loans and bond payable approximates fair value, which is based on a discounted cash flow analysis using current borrowing rates, which are significant observable inputs and are considered Level 2 in the fair value hierarchy. The Organization utilized Level 3 inputs in its evaluation of impairment of investments in Project Partnerships, the provision for loss on temporary investments in Project Partnerships, the provision for loss on receivables, and the value of the bond receivable. For a discussion of valuations of investments, see Note 1.

The following tables present the Organization's fair value hierarchy for those assets and liabilities measured at fair value on an annual basis as of December 31, 2023, and 2022:

	December 31, 2023		
	Total	Level 1	Level 2
Cash and cash equivalents, and restricted cash escrow	$ 458,413,928	$ 458,413,928	$ -
Investments:			
Corporate bonds and fixed income funds	$ 30,351,221	$ 30,351,221	$ -
U.S. government agencies	60,290,693	59,620,958	669,735
Certificates of deposit	21,609,565	-	21,609,565
	$ 112,251,479	$ 89,972,179	$ 22,279,300
Alternative investments:			
Real estate investment trust	$ 4,733,365		
Hedge funds	-		
Private equity funds	8,834,613		
	13,567,978		
Total investments	$ 125,819,457		
Interest rate swap held by LISC	$ 297,690	$ -	$ 297,690
Total interest rate swaps	$ 297,690	$ -	$ 297,690
Loan guarantee - LISC	$ (225,000)	$ -	$ (225,000)

	December 31, 2022		
	Total	Level 1	Level 2
Cash and cash equivalents, and restricted cash escrow	$ 493,136,818	$ 493,136,818	$ -
Investments:			
Corporate bonds and fixed income funds	$ 28,360,926	$ 28,246,037	$ 114,889
U.S. government agencies	57,686,956	56,764,892	922,064
Certificates of deposit	15,679,788	-	15,679,788
	$ 101,727,670	$ 85,010,929	$ 16,716,741
Alternative investments:			
Real estate investment trust	$ 4,481,586		
Hedge funds	35,316		
Private equity funds	8,698,526		
	13,215,428		
Total investments	$ 114,943,098		
Interest rate swap held by LISC	$ 548,937	$ -	$ 548,937
Total interest rate swaps	$ 548,937	$ -	$ 548,937
Loan guarantee - LISC	$ (616,060)	$ -	$ (616,060)

Note 15 - Concentration of credit risk

LISC makes loans throughout the United States primarily to local community organizations and non-profit developers that are primarily engaged in residential, commercial, and community facility real estate development. Although LISC's portfolio is diversified as to location of borrower, the ability of LISC borrowers to repay their obligations on a timely basis may be affected by a downturn in the economy, a cutback in government subsidies, or the availability of other permanent financing sources, which may limit capital available to complete projects. The Organization places its cash and cash equivalents with high credit quality financial institutions that are federally insured. At times, invested cash may exceed federally insured amounts.

BFF's, BFF Side Car's and CHF's major assets are loans receivable from borrowers with operations in the Bay Area affordable housing market. BFF's, BFF Side Car's and CHF's primary source of revenue is derived from these assets. Future operations could be affected by changes in the economic conditions of the geographical area or by changes in the economic condition of the borrowers or their parent companies.

AHLF's major assets are loans receivable from borrowers with operations concentrated in the Detroit, Michigan residential real estate market. The fund's primary source of revenue is derived from these assets. Future operations could be affected by changes in the economic conditions of that geographical area or by changes in the economic condition of the borrowers or their parent companies.

CHOIF and CHOIF II’s major assets are loans to and an investment in borrowers with operations concentrated in the affordable housing market in the City of Charlotte and in the surrounding area of

Mecklenburg County, North Carolina. CHOIF and CHOIF II's primary source of revenue is derived from these assets. Future operations could be affected by changes in the economic conditions of that geographical area or by changes in the economic condition of the borrowers or their parent companies.

SOAR's major assets are loan receivables from borrowers with operations concentrated in the south and southeastern United States. SOAR's primary source of revenue is derived from these assets. Future operations could be affected by changes in the economic conditions of that geographical area or by changes in the economic condition of the borrowers.

BEDF's and EOCLF's major assets are loan receivables from borrowers with operations throughout the United States. BEDF's and EOCLF's primary source of revenue is derived from these assets. Future operations could be affected by changes in the economic conditions of the borrowers or their parent companies.

DHOF's major assets are loans receivable from borrowers with operations concentrated in Dallas, Texas. The Fund's primary source of revenue is derived from these assets. Future operations could be affected by changes in the economic conditions of that geographical area or by changes in the economic condition of the borrowers or their parent companies.

Note 16 - Commitments and contingencies

Project Partnership guarantees and financial commitments

In connection with the placement of a Project Partnership into a Fund in 2014, a subsidiary of NEF entered into a put agreement with the investor of the Fund. Under the agreement, the Fund investor could put, assign and transfer the Project Partnership to the subsidiary or its designee at any time after expiration of the credit period and before expiration of the credit compliance period of the Project Partnership, which is anticipated to be 2025 and 2030, respectively ("Put Period"). If the option is exercised, the subsidiary would be responsible for paying the tax credit recapture to the Fund investor if a catastrophic event occurs during the Put Period and the Project Partnership was unable to rebuild the lost units due to zoning reconstruction restrictions. NEF has not accrued any contingent liability as a loss is neither probable nor estimable as of December 31, 2023.

NEF entered into a subscription agreement with a LISC managed fund whose purpose is to provide debt financing to preserve investments in affordable housing projects. NEF has agreed to provide up to $100,000 in capital contributions to this fund in accordance with the subscription agreement. No amounts have been funded as of December 31, 2023.

In connection with NEF Predevelopment Loan Fund I LP, NEF entered into a guaranty agreement with the limited partners of the Fund. NEF has agreed to provide up to $4,000,000 in capital contributions upon the occurrence of a Realized Loss Event as defined in the NEF Predevelopment Loan Fund I LP limited partnership agreement. NEF has not accrued any contingent liability as a loss is neither probable nor estimable as of December 31, 2023.

In connection with NEF Emerging Minority Developers Fund LP, the NEF entered into a loan agreement with the state investor member of one Project Partnership. NEF has agreed to provide a loan in the amount of $1,292,748 to finance the state investor member's equity investment in the Project Partnership. NEF is expected to advance the funds in 2025 in conjunction with payment of the third equity installment for the Project Partnership. This loan is secured by the assignment of all membership or partnership interests in the state tax credits and a guarantee from an affiliate of the borrower. NEF has not accrued any provision for loss on receivables as NEF does not expect a credit loss over the lifetime of this loan as of December 31, 2023.

During 2023, the city of Los Angeles placed Skid Row Housing Trust's portfolio into a Health and Safety Receivership due to financial difficulties. The Funds have investments in nine Project Partnerships in this portfolio, six of which had achieved stabilized operations and three of which were pre-stabilized. To effectuate the transfer of the stabilized Project Partnerships to a new general partner, NEF entered into commitment letters to make one or more unsecured workout loans to the Funds. The total commitment was $2,848,678 of which $1,371,774 was funded in 2023. The remaining $1,476,904 was accrued in 2023. $1,289,837 was funded in 2024 related to this commitment.

NEF Support Corporation, a subsidiary of NEF, entered into seven California state tax credit purchase and transfer agreements with unrelated third parties. NEF Support Corporation agreed to purchase the state tax credits associated with seven project partnerships when they become available and immediately assign the state tax credits to Funds or investors. The cumulative estimated purchase price is $36,219,212. As of December 31, 2023, a $1,099,022 payment was made in relation to one of the Project Partnerships. Per the agreements, upon assignment, the Funds or investors will assume the responsibility for paying the purchase price or reimbursing NEF for any amounts advanced. It is expected that the majority of the purchase price will be payable after the assignment has been made to the Funds or investors.

NEF periodically enters into guaranty agreements related to Project Partnerships in the ordinary course of business. NEF provides backstop operating deficit guarantees, construction completion guarantees, and development completion guarantees to construction lenders, investors, and Funds. NEF's maximum exposure is $7,441,977 and $5,723,998 as of December 31, 2023, and 2022, respectively. NEF has not accrued any contingent liability as a loss is neither probable nor estimable as of December 31, 2023.

The CDA Partnerships' low-income housing credits are contingent on its ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent, or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital by the limited partner(s).

Pursuant to the Guarantee Agreement dated September 25, 2020, AHLF incurs a guaranty fee due to the Kresge Foundation ("Kresge") in consideration for Kresge's guarantee, which is limited to the lesser of $10,000,000 or 15% of the aggregate principal amount of loans committed to AHLF by December 31, 2021, to enable AHLF to raise capital from lenders. The guaranty fee of $7,500 is due annually beginning September 25, 2020, through the Termination Date of the agreement, which is the earlier of the fifteenth anniversary of the closing date of the last Qualified Project Financing (as defined in the Guarantee Agreement), or December 31, 2040. Beginning on September 25, 2025, and annually thereafter until the Termination Date, the guaranty fee incurred will be equal to the amount that is 0.40% of the undrawn Guarantee Amount (as defined in the Guarantee Agreement). The guaranty fee incurred and paid for each of the years ended December 31, 2023, and 2022 was $7,500.

Pursuant to the Guaranty Agreement dated September 1, 2020, BFF Side Car is acting as a guarantor in favor of BFF. BFF Side Car irrevocably, absolutely, and unconditionally guarantees the payments due by BFF to its Qualified Lenders under the Qualified Loans (as defined in a Guaranty Agreement), including principal, interest, fees, premiums, expense reimbursements, etc. and BFF Side Car agrees to pay any and all reasonable costs and expenses incurred by BFF or a Qualified Lender in enforcing any rights under the Guaranty Agreement. As of December 31, 2023, and 2022, no claims or payments have been made relative to the Guaranty Agreement.

Litigation
In the ordinary course of its activities, the Organization is a party to legal proceedings. In the opinion of management and legal counsel, the resolution of such matters will not have a material adverse impact on the Organization's operations or financial position.

Operating lease, right of use asset and liability
The Organization's leased assets include office leases with remaining terms from less than one year up to 15 years. Any renewal options are excluded from the calculation of lease liabilities unless exercising the renewal option is reasonably assured. The lease agreements do not contain residual value guarantees or material restrictive covenants. Operating leases are reflected on the consolidating statement of financial position as a right of use asset and a related right of use liability. Right of use assets represent the right to use an underlying asset for the lease term and were $44,436,243 and $47,548,771 as of December 31, 2023 and 2022, respectively, and right of use liability represents the obligation to make lease payments arising from the lease agreement which are discounted using the Organization's incremental borrowing rate, rates ranging from 1.54% to 5.27%, as of December 31, 2023 and rates ranging from 1.54% to 4.77% as of December 31, 2022. Operating lease right of use assets and liabilities are recognized at the commencement date, or the date on which the lessor makes the underlying asset available for use, based upon present value of the lease payments over the respective lease term. Lease expense is recognized on a straight-line basis over the lease term. Variable lease costs such as common area maintenance and property taxes are expenses as incurred.

Minimum rental commitments under noncancelable operating real estate leases in effect at December 31, 2023, and expiring at various dates through February 2035 totaled $62,996,625. These amounts exclude future escalation for real estate taxes and building operating expenses. Minimum future rental commitments as of December 31, 2023, are as follows:

2024	$ 5,090,916
2025	5,771,825
2026	5,221,398
2027	4,799,234
2028	4,820,560
Thereafter	29,207,163
Subtotal	54,911,096
Less: Effects of discounting	(7,244,069)
Total	$ 47,667,027

Rental expense, inclusive of real estate taxes and operating costs, for the years ended December 31, 2023, and 2022, totaled $8,051,246 and $7,830,442, respectively.

Government contracting
Grant and contract revenue recognized from government agencies are based on actual costs incurred and reimbursable expenses from the respective government agencies. These costs are subject to audit by the Office of the Inspector General or the respective granting agencies and the ultimate

revenue recognized is contingent upon the outcome of any such audits. Accordingly, the accompanying consolidating and consolidated financial statements are subject to reflecting provisions for adjustments, if any, which may result from an audit. For the year ended December 31, 2023 and 2022, no such provisions were necessary.

Note 17 - CDA partnerships - long-term debt, net and notes payable to funds

As of December 31, 2023, and 2022 the CDA Partnerships had an outstanding long-term debt balance of $0 and $22,758,710, respectively, which consists of mortgage notes held by banks and other lenders. Maturity dates range from 2046 to 2057 and interest rates range from 0% to 3.66% in 2022. Debt issuance costs were $0 and $114,056 as of December 31, 2023, and 2022, respectively, and are presented net in long-term debt on the consolidating and consolidated statement of financial position.

As of December 31, 2023, and 2022, the CDA Partnerships had outstanding unsecured notes payable to the Funds in the amount of $0 and $800,000, respectively. Interest rates range from 1.68% to 2.86% in 2022. The notes were payable out of surplus cash flow as defined in the promissory note.

Note 18 - Due from funds

Due from Funds, includes the syndication and asset management fees from Funds billed but not received as of December 31, 2023, and 2022. At December 31, 2023, and 2022, $11,547,133 and $17,163,832 in fees, respectively. All fees are due within one year.

Note 19 - Project partnerships

Investment in project partnerships

NEF (or its subsidiaries) has nominal (generally 1% or less) general partner or managing member interests in the Funds and other ventures and partnerships. At December 31, 2023, and 2022, NEF's investment balance in the Funds and other ventures and partnerships was $32,430 and is included in prepaid expenses and other assets, in the accompanying consolidating and consolidated statement of financial position. NEF accounts for its investments in Funds and other ventures and partnerships using the equity method of accounting, to the extent of its investment plus unrecovered advances. At December 31, 2023, and 2022, deficit balances related to certain of its investments in Funds and other ventures and partnerships were $960,575 and $947,191, respectively, and are included in accounts payable and accrued expenses in the accompanying consolidating and consolidated statement of financial position. NEF recorded $13,384 and $56,161 of equity in losses as of December 31, 2023, and 2022, respectively.

NEF holds limited partner interests in certain Funds and Project Partnerships. The investment balances of these interests are $701,259 and $66,694 as of December 31, 2023, and 2022, respectively, and are included in prepaid expense and other assets, in the accompanying consolidating and consolidated statement of financial position. NEF recorded $50,850 and $2,832 of equity in income as of December 31, 2023, and 2022, respectively.

During 2022, an affiliate of NEF entered into a purchase agreement with The Community Preservation Corporation, a New York not-for-profit corporation, to purchase a 15% interest in CPC Mortgage Company, LLC, a national mortgage lending company specializing in multifamily Agency finance products with the intent to expand and preserve affordable housing. The purchase price was $6,000,000. NEF accounts for this investment at cost as NEF does not have the ability to exercise significant influence over the operating and financial policies of the investee. NEF evaluates impairment annually. For the year ended December 31, 2023, no impairment loss was recognized.

The CDA entities discussed in Note 1 hold generally a 1% or 0.01% general partnership interest in the CDA Partnerships. Pursuant to U.S. GAAP, CDA is deemed to control the limited partnerships and has, therefore, consolidated all entities in which it served as a general partner or managing member if the limited partners do not overcome the presumption of partnership control. CDA did not assume any general partner interests in 2023 or 2022. CDA transferred its general partner interests in one and two CDA Partnerships to an unrelated third party in 2023 and 2022, resulting in a $1,520,614 gain and $3,167,529 gain on disposition in 2023 and 2022, respectively. There are no more CDA Partnerships remaining in the portfolio as of December 31, 2023.

Assignment of project partnership interests
The assignment of Project Partnership interests to a Fund is recognized when the parties are bound by the terms of a contract, all consideration has been exchanged, any permanent financing for which NEF is responsible has been arranged and all conditions precedent to closing have been performed.

Investments in joint venture
CNI owns joint venture interests in the below investees, which are North Carolina limited liability companies that own certain real properties in Charlotte, NC (collectively, the “Investees”) as follows:

Investees	Date	Equity Investment		Membership Interest
Archdale NOAH, LLC (“Lake Mist”)	12/10/2020	$	1,600,000	29.71%
Wendover NOAH, LLC (“Wendover”)	9/27/2021	$	725,000	22.58%
McAlway NOAH, LLC (“McAlway”)	11/3/2021	$	900,000	26.47%
Shamrock NOAH, LLC (“Noah”)	12/14/2021	$	3,800,000	29.80%
Central NOAH, LLC ("Peppertree")	11/2/2022	$	4,700,000	26.49%

FASB Accounting Standards Codification Topic 810 addresses how a reporting company should evaluate whether it has a controlling interest in a variable interest entity ("VIE") through means other than voting rights and under what circumstances the reporting company should consolidate the entity. CNI has determined that the Investees are variable entities and CNI is not the primary beneficiary. Consequently, CNI is not required to consolidate its investment in the Investees. This conclusion was based on the determination that CNI does not have the power to direct the activities that most significantly impact the Investees’ economic performance. CNI's maximum exposure to loss as a result of its involvement with the investment remains limited to the current investment balance. During the years ended December 31, 2023 and 2022, CNI provided no explicit or implicit financial or other support to the Investees that was not previously contractually required or intended.

CNI accounts for its investment in the Investees using the equity method of accounting. Under the equity method of accounting, the investment is recorded at cost and adjusted for CNI's share of income or loss of the Investees, additional investments, and cash distributions from the Investees. Since CNI has no obligation to fund liabilities of the Investees beyond its investment, its investment in the Investees may not be reduced below zero. To the extent that equity losses are incurred when CNI's carrying value of its investment in the Investees has reached zero balance, any losses will be suspended to be used against future income.

CNI has adopted the nature of distributions approach for the classification of distributions received from equity method investees in the consolidating and consolidated statements of cash flows. In accordance with this approach, distributions received from the Investees are classified as either operating or investing cash inflows based on the nature of the activities of the Investees that generated the distributions. Returns on investments are classified as operating activities in the consolidating and consolidated statements of cash flows, while returns of investment are classified as investing activities.

CNI has implemented policies and practices for assessing impairment for its investment. Periodically, the carrying value is evaluated and CNI records a write down if it is determined that any impairment in value exists. If impairment exists, the carrying value is reduced to its fair value. Fair value is determined based on future cash flows. There were no impairment losses recognized for the years ended December 31, 2023, and 2022.

In 2023 and 2022, CNI made a total of $0 and $4,700,000, respectively, of equity investments to acquire membership interest in the Investees. The Investees were formed to purchase, own, hold, maintain, finance, refinance, lease, renovate, repair market, and sell apartment buildings and other improvements in Charlotte, NC. For the years ended December 31, 2023, and 2022, loss and equity in income from the Investees was $460,157 and $191,643, respectively.

DHFF owns joint venture interests in the below investees, which are Michigan limited liability companies that own certain real properties in Detroit, MI (collectively, the “Investees”) as follows:

Investees	Date	Equity Investment	Membership Interest
Ribbon Leverage Lender, LLC	3/29/2023	$ 338,199	5.00%
The Beauton LLC	5/12/2023	$ 550,000	23.67%

In 2023, DHHF made a total of $888,199 of equity investments to acquire membership interest in the investees. The investees were formed to purchase, own, hold, maintain, finance, refinance, lease, renovate, repair market, and sell apartment buildings and other improvements in Detroit, MI. For the year ended December 31, 2023, equity in income from the investees was $16,430.

DHFF has determined that the Investees are variable interest entities and DHFF is not the primary beneficiary. Consequently, DHFF is not required to consolidate its investment in the Investees. This conclusion was based on the determination that DHFF does not have the power to direct the activities that most significantly impact the Investees’ economic performance.

DHFF’s maximum exposure to loss as a result of its involvement with the investments remains limited to the current investment balance. During the years ended December 31, 2023, and 2022, DHFF provided no explicit or implicit financial or other support to the Investees that was not previously contractually required or intended.

DHFF accounts for its investments in the Investees using the equity method of accounting. Under the equity method of accounting, the investments are recorded at cost and adjusted for DHFF’s share of income or loss of the Investees, additional investments, and cash distributions from the Investees. Since DHFF has no obligation to fund liabilities of the Investees beyond its investments, its investments in the Investees may not be reduced below zero. To the extent that equity losses are incurred when the DHFF’s carrying value of its investments in the Investees has reached a zero balance, any losses will be suspended to be used against future income.

DHFF has adopted the nature of distributions approach for the classification of distributions received from equity method investees in the consolidating and consolidated statements of cash flows. In accordance with this approach, distributions received from the Investees are classified as either operating or investing cash inflows based on the nature of the activities of the investees that generated the distributions. Returns on investments are classified as operating activities in the consolidating and consolidated statements of cash flows, while returns of investment are classified as investing activities.

DHFF has implemented policies and practices for assessing impairment for its investments. Periodically, the carrying value is evaluated and DHFF records a write down if it is determined that any impairment in value exists. If impairment exists, the carrying value is reduced to its fair value. Fair value is determined based on future cash flows. There were no impairment losses recognized for the years ended December 31, 2023, and 2022.

Note 20 - NMTC award administered

As of December 31, 2023, and 2022, approximately $1.195 billion and $1.155 billion, respectively, of the $1.208 billion of total NMTC authority awarded to LISC had been closed. The following tables show the total allocation received, total QEIs closed, and total allocation remaining by round for the years ended December 31, 2023, and 2022:

	Projects	Allocation received	QEIs closed before 2023	QEIs closed during 2023	Total QEIs closed through December 31, 2023	Allocation remaining as of December 31, 2023
Round 1-9, 11-13, and 15	156	$ 1,053,000,000	$ 1,053,000,000	$ -	$ 1,053,000,000	$ -
Round 16	10	50,000,000	49,000,000	1,000,000	50,000,000	-
Round 17	12	65,000,000	53,000,000	8,500,000	61,500,000	3,500,000
Round 18	5	40,000,000	-	30,800,000	30,800,000	9,200,000
Total	183	$ 1,208,000,000	$ 1,155,000,000	$ 40,300,000	$ 1,195,300,000	$ 12,700,000

	Projects	Allocation received	QEIs closed before 2022	QEIs closed during 2022	Total QEIs closed through December 31, 2022	Allocation remaining as of December 31, 2022
Round 1-9 and 11-13	138	$ 993,000,000	$ 993,000,000	$ -	$ 993,000,000	$ -
Round 15	18	60,000,000	58,862,662	1,137,338	60,000,000	-
Round 16	9	50,000,000	40,000,000	9,000,000	49,000,000	1,000,000
Round 17	10	65,000,000	13,000,000	40,000,000	53,000,000	12,000,000
Round 18	-	40,000,000	-	-	-	40,000,000
Total	175	$ 1,208,000,000	$ 1,104,862,662	$ 50,137,338	$ 1,155,000,000	$ 53,000,000

Note 21 - Subsequent events

In connection with the preparation of the consolidating and consolidated financial statements, the Organization evaluated subsequent events after the balance sheet date of December 31, 2023 through June 30, 2024 which was the date the consolidating and consolidated financial statements were available to be issued, and concluded that no additional matters have occurred that would require recognition or disclosure in the consolidating and consolidated financial statements.

APPENDIX II

UNAUDITED INTERIM FINANCIAL STATEMENTS OF LOCAL INITIATIVES SUPPORT CORPORATION AS OF AND FOR THE SIX MONTHS ENDED JUNE 30, 2024

Local Initiatives Support Corporation
(Parent Only)

Interim Unaudited Financial Statements

June 30, 2024
(With Comparative Financial Information as of and For the Period Ended June 30, 2023)

Local Initiatives Support Corporation
(Parent Only)

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LOCAL INITIATIVES SUPPORT CORPORATION
(Parent-Only)
Interim Unaudited Statement of Financial Position
June 30, 2024
(With summarized comparative financial information as of June 30, 2023)

	Operating funds		Loan funds			
Assets	Without donor restrictions	With donor restrictions	Without donor restrictions	With donor restrictions	2024 Total	2023 Total
Cash and cash equivalents (Note 4 and 12)	$ 19,075,178	$ 154,322,423	$ 93,052,994	$ 53,363,672	$ 319,814,267	$ 297,927,695
Investments (Note 4 and 12)	70,161,818	-	-	41,034,068	111,195,886	105,162,643
Accrued interest receivable	6,189,893	-	-	-	6,189,893	5,598,538
Contributions receivable, net (Note 5)	38,933	26,717,822	-	395,544	27,152,299	32,313,083
Government grants and contracts receivable (Note 6)	141,026	62,879,301	-	-	63,020,327	88,678,434
Consulting receivable	12,017,815	-	-	-	12,017,815	8,915,517
Other assets	321,172	21,729	64,723	-	407,624	7,724,676
Due (to)/from affiliates (Note 17)	12,578,051	-	-	-	12,578,051	5,727,324
Due (to)/from Funds (Note 17)	130,058	-	-	-	130,058	109,536
Loans to Community Development Projects (CDPs) and affiliates projects (Notes 7 and 17)	-	-	714,317,440	25,069,787	739,387,227	660,621,236
Allowance for uncollectible loans (Note 7)	-	-	(29,600,801)	-	(29,600,801)	(31,707,229)
Total loans, net	-	-	684,716,639	25,069,787	709,786,426	628,914,007
Recoverable grants to CDPs, net (Note 7)	11,095,362	10,784,974	2,039,344	100,000	24,019,680	21,171,934
Prepaid expenses and deposits	1,073,953	305,319	-	-	1,379,272	1,167,365
Right of use asset	40,345,506	-	-	-	40,345,506	42,731,994
Investment in affiliates (Notes 1, 15, and 17)	114,080,702	-	-	-	114,080,702	118,091,173
Investment in Funds (Notes 1, 16, and 17)	(13,384,614)	-	-	-	(13,384,614)	10,686,750
Fixed assets, net	5,622,701	-	-	-	5,622,701	5,317,245
Total assets	$ 279,487,554	$ 255,031,568	$ 779,873,700	$ 119,963,071	$ 1,434,355,893	$ 1,380,237,914
Liabilities and Net Assets						
Accounts payable and accrued expenses (Note 14)	$ 16,243,038	$ 16,593	$ 99,845	$ 139,188	$ 16,498,664	$ 19,885,560
Right of use liability	43,320,346	-	-	-	43,320,346	44,895,186
Government contracts and loan-related advances (Note 1)	-	14,607,641	83,112,001	-	97,719,642	49,046,867
Grants payable (Note 8)	3,404,922	86,224,601	-	-	89,629,523	114,807,470
Liability for unfunded loan commitments and loan guarantees	-	-	4,033,758	-	4,033,758	557,585
Loans and bonds payable (Note 10)	8,080,900	-	666,887,993	-	674,968,893	629,871,935
Total liabilities	71,049,206	100,848,835	754,133,597	139,188	926,170,826	859,064,603
Board designated net assets for loan fund activity	-	-	10,000,000	-	10,000,000	10,000,000
Net assets not board designated	208,438,348	154,182,733	15,740,103	119,823,883	498,185,067	511,173,311
Total net assets	208,438,348	154,182,733	25,740,103	119,823,883	508,185,067	521,173,311
Total liabilities and net assets	$ 279,487,554	$ 255,031,568	$ 779,873,700	$ 119,963,071	$ 1,434,355,893	$ 1,380,237,914

See Notes to Interim Unaudited Financial Statements

LOCAL INITIATIVES SUPPORT CORPORATION
(Parent Only)
Interim Unaudited Statement of Activities and Changes in Net Assets
For the Period Ended June 30, 2024
(With summarized comparative financial information for the period ended June 30, 2023)

	Operating funds		Loan funds			
	Without donor restrictions	With donor restrictions	Without donor restrictions	With donor restrictions	2024 Total	2023 Total
Support and revenues						
Contributions	$ 682,889	$ 44,925,356	$ -	$ -	$ 45,608,245	$ 40,768,471
Government grants and contracts (Note 6)	1,495,630	36,868,114	-	-	38,363,744	88,562,661
Interest income on investments	3,786,214	19,076	-	1,710,064	5,515,354	3,463,393
Interest income on loans to CDPs (Note 7)	19,429,441	-	-	-	19,429,441	16,205,663
Consulting income	11,080,782	-	-	-	11,080,782	6,842,641
Other income	2,150,651	5,625	-	-	2,156,276	3,241,275
Equity in earnings of affiliates (Note 1, 15 and 17)	15,780,127	-	-	-	15,780,127	15,669,863
Equity in earnings of Funds (Note 1, 16 and 17)	(10,362,867)	-	-	-	(10,362,867)	(7,945,533)
Net assets released from restrictions	101,306,430	(100,732,949)	8,775,213	(9,348,694)	-	-
Total support and revenues	145,349,297	(18,914,778)	8,775,213	(7,638,630)	127,571,102	166,808,434
Expenses						
Program services						
Project development and other program activities	51,538,677	-	-	-	51,538,677	45,732,938
Project grants (Note 8)	66,132,437	-	-	-	66,132,437	116,495,042
Project loans						
Interest on loans and bonds payable	10,305,550	-	-	-	10,305,550	8,405,980
Provision for uncollectible loans to CDPs (Note 7)	-	-	4,232,092	-	4,232,092	2,384,494
Recovery for unfunded loan commitments and loan guarantee	-	-	(235,277)	-	(235,277)	(58,475)
Provision for uncollectible recoverable grants to CDPs	2,012,606	-	-	-	2,012,606	2,428,680
Total program services	129,989,270	-	3,996,815	-	133,986,085	175,388,659
Supporting services						
Management and general	14,813,997	-	-	-	14,813,997	14,172,357
Fund-raising	5,001,722	-	-	-	5,001,722	4,854,374
Total supporting services	19,815,719	-	-	-	19,815,719	19,026,731
Total expenses	149,804,989	-	3,996,815	-	153,801,804	194,415,390
Changes in net assets before transfers, and realized and unrealized gain(loss) on investments	(4,455,692)	(18,914,778)	4,778,398	(7,638,630)	(26,230,702)	(27,606,957)
Realized (loss) gain on investments and derivatives	62,969	-	-	-	62,969	5,233
Unrealized gain(loss) on investments and derivatives	(175,209)	-	-	(88,435)	(263,644)	234,635
Net realized and unrealized (loss) on investments and derivatives	(112,240)	-	-	(88,435)	(200,675)	239,868
Change in net assets	(4,567,932)	(18,914,778)	4,778,398	(7,727,065)	(26,431,377)	(27,367,089)
Net assets (deficit), beginning of year	213,006,280	173,097,511	20,961,705	127,550,948	534,616,444	548,540,400
Net assets (deficit), end of period	$ 208,438,348	$ 154,182,733	$ 25,740,103	$ 119,823,883	$ 508,185,067	$ 521,173,311

See Notes to Interim Unaudited Financial Statements

LOCAL INITIATIVES SUPPORT CORPORATION
(Parent Only)
Interim Unaudited Statement of Functional Expenses
Period ended June 30, 2024
(With comparative financial information for the period ended June 30, 2023)

	2024				2023			
	Program services	Management and general	Fundraising	Total	Program services	Management and general	Fundraising	Total
Salaries and fringe benefits	$ 31,092,952	$ 11,777,633	$ 4,239,948	$ 47,110,533	$ 30,176,472	$ 11,430,482	$ 4,114,972	$ 45,721,926
Staff travel and related expenses	510,021	193,190	69,548	772,759	417,297	158,067	56,904	632,268
Consulting and legal	14,952,523	366,168	36,864	15,355,555	9,963,919	239,062	6,177	10,209,158
Depreciation and amortization	224,524	85,047	30,617	340,188	236,153	89,452	32,203	357,808
Rent and utilities	2,067,331	783,080	281,909	3,132,320	2,121,182	803,478	289,252	3,213,912
Office supplies, postage and messenger	1,206,542	457,023	164,528	1,828,093	1,208,968	457,942	164,858	1,831,768
Bank fees and other financial expenses	-	288,245	-	288,245	-	210,132	-	210,132
Accounting and auditing fees	-	361,363	-	361,363	-	252,275	-	252,275
Conference and meeting	257,814	97,657	35,157	390,628	200,634	75,998	27,359	303,991
Telephone	151,620	57,432	20,675	229,727	237,931	90,126	32,445	360,502
Insurance	333,152	126,194	45,430	504,776	361,620	136,977	49,312	547,909
Equipment rental	34,031	12,891	4,641	51,563	47,213	17,884	6,438	71,535
Board expenses	-	6,952	-	6,952	-	3,663	-	3,663
Printing, annual report and publications	72,712	27,542	9,915	110,169	46,562	17,637	6,350	70,549
Project grants	66,132,437	-	-	66,132,437	116,495,042	-	-	116,495,042
Interest	10,305,550	-	-	10,305,550	8,405,980	-	-	8,405,980
Provision for uncollectible recoverable grants to CDPs	2,012,606	-	-	2,012,606	2,428,680	-	-	2,428,680
Provision for uncollectible loans to CDPs	4,232,092	-	-	4,232,092	2,384,494	-	-	2,384,494
Recovery for unfunded loan commitments & loan guarantees	(235,277)	-	-	(235,277)	(58,475)	-	-	(58,475)
Miscellaneous	635,456	173,580	62,490	871,526	714,987	189,182	68,104	972,273
	$ 133,986,086	$ 14,813,997	$ 5,001,722	$ 153,801,805	$ 175,388,659	$ 14,172,357	$ 4,854,374	$ 194,415,390

See Notes to Interim Unaudited Financial Statements

LOCAL INITIATIVES SUPPORT CORPORATION

(Parent Only)

Interim Unaudited Statement of Cash Flows

June 30, 2024

(With summarized comparative financial information for the period ended June 30, 2023)

	2024	2023
Cash flows from operating activities		
Change in net assets	$ (26,431,377)	$ (27,367,089)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Equity in (earnings) of affiliates	(15,780,127)	(15,669,863)
Equity in loss of Funds	10,362,867	7,945,533
Interaffiliate revenue and expenses from affiliates	4,880,984	3,793,870
Interaffiliate revenue and expenses from Funds	366,649	143,475
Realized and unrealized (gain) loss on investments and derivatives	200,675	(239,868)
Depreciation and amortization	340,188	357,808
Amortization of discounts and issuance costs	429,408	287,064
Provision for uncollectible loans to CDPs	2,401,674	2,384,494
Provision for uncollectible recoverable grants to CDPs	2,012,606	2,428,680
Recovery for unfunded loan commitments & loan guarantees	(235,277)	(58,475)
Change in operating assets and liabilities:		
Accrued interest receivable	(1,368,725)	(281,675)
Contributions receivable	21,731,548	10,435,698
Government grants receivable	(12,111,716)	(57,931,236)
Consulting receivable	6,189,403	9,898,171
Other assets	4,490,392	(585,680)
Due to/from affiliates	(481,199)	5,432,034
Due to/from Funds	(85,854)	119,260
Right of use asset/liability	294,727	(347,729)
Prepaid expenses and deposits	1,095,764	997,481
Accounts payable and accrued expenses	(15,465,113)	(11,523,866)
Government contracts and loan-related advances	58,680,534	935,985
Grants payable	12,940,327	54,352,414
Net cash provided by (used in) operating activities	54,458,358	(14,493,514)
Cash flows from investing activities		
Purchases of investments	(65,689,361)	(58,171,132)
Proceeds from sale and maturities of investments	62,775,188	63,916,892
Investment in Funds	(3,500,000)	(2,990,547)
Purchases of fixed assets	(432,810)	(383,891)
Recoverable grants made to CDPs	(4,969,748)	(3,895,605)
Repayments received on recoverable grants to CDPs	1,698,945	1,234,396
Loans to CDPs and affiliated projects	(92,008,233)	(172,376,727)
Repayments received on loans to CDPs and affiliated projects	41,175,008	71,837,150
Net cash (used in) investing activities	(60,951,011)	(100,829,464)

	2024	2023
Cash flows from financing activities		
Debt issuance costs paid	(144,004)	-
Loan origination fees paid	-	(208,530)
Proceeds from loans and bonds payable	36,011,000	101,350,338
Repayments of loans and bonds payable	(25,457,098)	(29,266,377)
Net cash provided by financing activities	10,409,898	71,875,431
Net increase (decrease) in cash and cash equivalents	3,917,245	(43,447,547)
Cash and cash equivalents, beginning of year	315,897,022	341,375,242
Cash and cash equivalents, end of period	$ 319,814,267	$ 297,927,695
Supplemental disclosure of cash flow information		
Cash paid during the period for		
Interest on indebtedness	$ 9,217,691	$ 7,728,389

See Notes to Interim Unaudited Financial Statements

Note 1 - Organization and summary of significant accounting policies

Corporate purposes

Local Initiatives Support Corporation ("LISC" or the "Organization"), a New York not-for-profit corporation, was incorporated in 1979 to assist local community organizations throughout the United States in their efforts to transform distressed neighborhoods into healthy communities by marshaling private and public sector resources, extending financial assistance in the form of loans, lines of credit, grants, and loan guarantees, and providing technical support.

Basis of accounting

In accordance with LISC's Loan or Report Agreements between the Organization and certain lenders (the "Agreements"), these financial statements include the assets, liabilities, revenues, and expenses of LISC parent-only. A not-for-profit entity is permitted to include its interest in net assets of its controlled affiliates in its parent-only financial statements, but it is not required. LISC includes its interest in net assets of controlled affiliates, as LISC believes it better reflects the operations and financial position of LISC. LISC's controlled affiliates and Funds consist of National Equity Fund, Inc. ("NEF"), Broadstreet Impact Services, LLC (“Broadstreet”), formerly known as New Markets Support Company, LLC (“NMSC”), Neighborhood Properties, LLC ("NP"), Resilience and Recovery Network, LLC ("RRN"), LISC Fund Management, LLC ("LFM"), Detroit AHLF-CDFI Fund, LLC ("AHLF"), Community Housing Fund LLC ("CHF"), Southern Opportunity and Resilience ("SOAR") Fund, and Entrepreneurs of Color Loan Fund (EOCLF).. Also included in the parent-only financial statements is LISC's 5% interest in the Charlotte Housing Opportunity Investment Fund, LLC ("CHOIF"), .001% interest in BFF Preservation Fund Side Car LLC (“BFF Side Car”), 14.59% interest in The Bay’s Future Fund LLC (“BFF”), and 25% interest in Charlotte Housing Opportunity Investment Fund II (“CHOIF II”).

NEF, Broadstreet and LFM are the controlled affiliates who have significant activity. NEF was organized as an Illinois not-for-profit corporation to create a national investment pool to aggregate and channel Low Income Housing Tax Credit equity investments into affordable housing developments. Broadstreet, a Delaware limited liability company, was formed in 2003 to manage the New Markets Tax Credit ("NMTC") activities of LISC.

In January 2018, LISC entered into an agreement to purchase a "Small Business Lending Company" ("SBLC") license for $2.4 million. The purchase of the SBLC license was approved by the U.S. Small Business Administration ("SBA"). LISC formed the wholly-owned subsidiary immito, LLC (previously referred to as LISC SBLC) to make SBA-guaranteed small business loans pursuant to section 7(a) of the Small Business Act ("7(a) loan program"). immito was sold in July 2023.

RRN, a Texas limited liability company, was formed in March 2018 to implement and operate a program to repair homes occupied by low- and moderate-income households that were affected by Hurricane Harvey.

LFM, a Delaware limited liability company, was formed in June 2019 to act as Fund Manager to various loan funds.

AHLF, a Delaware limited liability company, was formed in January 2020 to pursue affordable housing preservation and production in the City of Detroit.

CHF, a Delaware limited liability company, was formed in December 2020 and is organized exclusively for charitable purposes under section 501(c)(3) of the Code. CHF will provide financing for the creation of new affordable housing and the preservation of existing affordable housing in the five-county region located in the State of California consisting of San Francisco, San Mateo, Santa Clara, Alameda, and Contra Costa counties (the Bay Area).

The SOAR Fund, a Delaware limited liability company, was formed in April 2021 to address the capital needs of historically disenfranchised communities across the South and Southeast United States. The Fund targets small businesses and nonprofits with 50 employees and fewer, with an explicit focus on historically under-resourced communities, including organizations in low-income areas and businesses owned by women and people of color.

CHOIF, a Delaware limited liability company, was formed in 2019 to address the affordable housing crisis in the City of Charlotte and in the surrounding area of Mecklenburg County, North Carolina by promoting the creation of affordable housing and the preservation and protection of existing affordable housing and in doing so, help to relieve the poor and distressed, eliminate racial discrimination, combat community deterioration, enhance community engagement and lessen the burdens of government.

CHOIF II, a Delaware limited liability company was formed in 2023. CHOIF II is the second CHOIF fund in response to the success and oversubscription of CHOIF. The geographic focus for CHOIF II will be high opportunity neighborhoods such as South Charlotte.

EOCLF, a Delaware limited liability company, was formed in 2020 to provide racial and ethnic minority entrepreneurs with improved access to capital in order to incentivize economic activity and wealth building opportunities in communities of color in the United States.

BFF, originally known as the Regional Housing Flexible Fund LLC, was formed on March 15, 2019, as a limited liability company under the laws of the State of Delaware. On November 27, 2019, a certificate of amendment was certified by the State of Delaware to formally change the name from Regional Housing Flexible Fund LLC to The Bay's Future Fund LLC. The purpose of BFF is to accomplish charitable purposes, including relief of the poor and distressed, elimination of racial discrimination, combatting community deterioration, enhancing community engagement, and lessening the burdens of government in the five-county region located in the State of California consisting of San Francisco, San Mateo, Santa Clara, Alameda and Contra Costa counties (the "Bay Area") by promoting the creation of new affordable housing and the preservation of existing affordable housing.

BFF Side Car, originally known as the RHFF Preservation Side Car, LLC. It was formed on August 22, 2019. On November 27, 2019, a certificate of amendment was certified by the State of Delaware to formally change the name of BFF Side Car from RHFF Preservation Side Car, LLC to BFF Preservation Side Car LLC. BFF Side Car's purpose is to accomplish charitable purposes, including relief of the poor and distressed, elimination of racial discrimination, combatting community deterioration, enhancing community engagement, and lessening the burdens of government in the Bay Area by promoting the creation of new affordable housing and the preservation of existing affordable housing.

These interim unaudited financial statements are not intended to present the financial position and change in net assets of LISC in conformity with U.S. generally accepted accounting principles, as the accounts of the controlled affiliates have not been consolidated, and such consolidated financial statements have not yet been issued.

Tax status

LISC is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (the "Code"). LISC has been classified as an organization that is not a private foundation and has been designated a "publicly supported" organization of the type described in Sections 170(b)(1)(A)(VI) and 509(a)(1) of the Code.

The Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Income generated from activities unrelated to the Organization's exempt purpose is subject to tax under the Code Section 511. The Organization did not recognize any unrelated business income tax liabilities for the periods ended June 30, 2024, and 2023. Income tax returns filed by the Organization are subject to examination by the Internal Revenue Service (the "IRS") for a period of three years. While no income tax returns are currently being examined by the IRS, tax years since 2020 remain open.

Financial statement presentation

The accompanying interim unaudited financial statements are prepared on the accrual basis of accounting. The Organization reports its financial information in the following categories:

Without Donor Restrictions

The "Operating Funds - Without Donor Restrictions" is used to record activities supported by resources that are not subject to donor-imposed restrictions and over which management and the board of directors have discretionary control.

The "Loan Funds - Without Donor Restrictions" is used to record loans and bonds payable proceeds mainly provided to the Organization by financial institutions, insurance companies, foundations, government agencies, and other nonprofits with lender-imposed restrictions that may include making loans to Community Development Projects ("CDPs") in certain geographic areas. In some instances, loans payable proceeds are provided to fund recoverable grants to CDPs. These funds as well as the related recoverable grant activities are recorded in the "Operating Funds Without Donor Restrictions."

As of June 30, 2024, and 2023, Loan Funds - net assets without donor restrictions consist of $10 million of board-designated net assets.

Principal repayments received on loans provided to CDPs funded from loan funds, as well as the provision for loan losses, are recorded in the "Loan Funds - Without Donor Restrictions." Impairment losses are charged to the "Operating Funds Without Donor Restrictions."

With Donor Restrictions

These funds are used to record contributions received with donor-imposed restrictions. Contributions are recorded as restricted support if they are received with donor stipulations that limit their use. When a donor's 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 interim unaudited statement of activities as net assets released from restrictions.

Specifically, the "Loan Funds With Donor Restrictions" ("donor-restricted loan funds") is used to record contributions received with donor-imposed restrictions for lending and/or credit enhancement activities. "Operating Funds - With Donor Restriction" (donor-restricted operating funds") is used to record assets received with donor-imposed restrictions for all other activities, excluding lending and/or credit enhancement activities.

Fixed assets

Fixed assets consist of software, equipment, and leasehold improvements and are stated at cost less accumulated depreciation or amortization, computed using the straight-line method. Furniture, software, and equipment are depreciated over their estimated useful lives of three to five years. Leasehold improvements are amortized over the lease term or the life of the asset, whichever is shorter.

Cash and cash equivalents

Cash and cash equivalents include cash in banks and on hand and highly-liquid debt instruments that have maturities of three months or less from the date of purchase by the Organization, except for those amounts held by the Organization's investment managers, which are classified as investments.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value in the interim unaudited statement of financial position. Fair value of such equity securities is based on quoted market prices. Fair values of fixed maturity securities, other than those based on quoted market prices, are based on prices provided by the Organization's custodian banks. The custodian banks use a variety of pricing sources to determine market valuations. Each designates specific pricing services or indexes for each sector of the market upon the provider's expertise. The fair values of alternative investments are based on the net asset values, a practical expedient provided by the investment managers or general partners. Those estimated net asset values may differ significantly from the values that would have been used had a ready market for these securities existed.

Contributions and government grants and contracts

Contributions, including unconditional promises to give (pledges), are recorded as revenue on the date received or pledged. Contributions are recorded as net assets with donor restrictions if they are received with donor stipulations that limit their use as to purpose or time. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions receivable due to be collected greater than one year from the date of the interim unaudited statement of financial position are discounted using a risk-adjusted rate commensurate with the duration of the donor's payment plan. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions.

Contributed goods are recognized as revenue at their estimated fair value at date of receipt and expensed when used. Contributed services are recognized as revenue if the services create or enhance nonfinancial assets or require a specialized skill, are provided by individuals possessing those skills, and typically need to be purchased if not provided by donation. Contributed services that do not meet the above criteria are not recognized as revenues and are not reported in the accompanying interim unaudited financial statements.

LISC also receives government grants and contracts from a number of sources including federal, state, and local governments. These agreements are evaluated as to whether they qualify as contributions or exchange transactions as defined by U.S. generally accepted accounting principles. Government grants and contracts that are considered unconditional contributions are recognized immediately. Government grants and contracts that are considered conditional contributions are not recognized as revenue until the barriers to entitlement are overcome. Government grants and contracts that are considered exchange transactions are recognized as revenue when services have been provided in accordance with the terms of the Agreements and are reported in other income in the interim unaudited statement of activities.

Risks and uncertainties
The Organization invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the interim unaudited statement of financial position.

Fair value
Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date.

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

- Level 3 inputs are unobservable inputs for the asset or liability.

Estimates
The preparation of the interim unaudited financial statements in conformity with the Agreements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim unaudited financial statements and the reported amounts of revenues and expenses during the reporting period. The significant estimates made in the preparation of these interim unaudited financial statements include the fair value of alternative investments, the allowance for uncollectible loans, the allowance for uncollectible recoverable grants, and the allowance for uncollectible contributions receivable. Actual results could differ from those estimates.

Loans receivable and the allowance for uncollectible loans
Loans receivable are carried at their unpaid principal balance less an allowance to reflect potentially uncollectible loan balances. The allowance for uncollectible loans is maintained at a level that, in management's judgment, is adequate to provide for potential losses, since debtors experience financial difficulties. The amount of the allowance is based on management's evaluation of the collectability of the loans. Prior to LISC's adoption of ASC 326 on January 1, 2023, the allowance was established based on historical loan loss experience and management's evaluation of the collectability of the loans, taking into consideration project characteristics and trends. The accrual of interest income is discontinued on loans that are delinquent for over 90 days. Loans are written off when repayment is not expected to occur.

Subsequent to LISC's adoption of ASC 326 on January 1, 2023, LISC’s allowance for loan loss is based on a net loss-rate method which incorporates an assessment of historical losses on settled loans between 2000 and 2012, and loans settled since 2013 to date. Settled loans include all approved core loans that are no longer subject to future losses. Loans to LISC affiliates are excluded from the calculation. A historical net loss rate (HNLR) is calculated based on the historical assessment of settled loans during these two time periods. The two time periods represent fundamental differences in how the loans were underwritten. In response to the global financial crisis, LISC further refined its underwriting practices in 2008. Most loans underwritten prior to that were settled by 2012. The result of the stricter underwriting guidelines resulted in lower write-offs and net loss rates by more than 50% compared to loans settled between 2000 and 2012. In addition, most of the loans (>99.5%) currently in LISC's portfolio were approved after 2012.

Expected net loss rates (ENLR) for each portfolio segment is developed based on HNLR along with other factors such as: recent changes in underwriting guidelines, introduction of new products, changes to overall portfolio risk profile, assessments of the current and projected macroeconomic environment (rising inflation and interest rates, 2023 banking crisis), changes to average loan terms, etc., at the discretion of LISC management. ELNR are then applied to the estimated assets subject to credit losses to arrive at the required reserve level for the loan portfolio.

LISC disaggregates loan receivables by loan type when assessing and monitoring risk and performance of the entire population. The major loan types are:

1. Acquisition loans - to pay purchase and closing costs of a property;

2. Predevelopment loans - to pay project predevelopment expenses;

3. Construction loans - to pay hard and soft costs of new or rehabilitation projects;

4. Other - includes mainly semi-permanent and permanent financing for projects, bridge loans (financing the remaining gap between projects or program costs and cash from committed or anticipated sources not yet available) and working capital line of credits to provide flexible capital to meet organizational cash flow needs.

To monitor the likelihood of losses to its loan portfolio, LISC employs the following internal risk rating categories:

I. Excellent - The loan is a very strong credit, and sound in every respect. The prospect for repayment is excellent.

II. Strong - The loan is a strong credit and sound in most respects. The prospect for repayment is strong.

III. Good - The loan is a sound credit with reasonable risk for the Organization and with good repayment prospects.

IV. Acceptable - The loan is credit worthy but contains heightened risks from the outset. A number of developments that would reduce LISC's repayment risk have yet to occur, but no material problems have developed.

V. Close Follow - The loan has more significant risks than an "Acceptable" loan, but it is still credit worthy.

VI. Substandard - Conditions seriously jeopardizing loan repayment have developed, and it is likely some loss of loan principal will occur.

VII. Doubtful - The loan has been partially written down but in work out in the hopes of receiving partial payment.

Recoverable grants
Recoverable grants are early project investments provided to CDPs that contractually require repayment without interest. Recoverable grants receivable are recorded when these amounts are disbursed and an allowance has been established based on historical recoverability experience that, in management's judgment, is adequate to cover potential losses.

Government contracts and loan-related advances
Government contracts and loan-related advances consist of amounts received in advance from government agencies and other organizations for the purpose of providing loans, recoverable grants, and project grants in accordance with the terms of respective contractual agreements.

Discounts and issuance costs on debt issuance
Discounts and issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the loans and bonds payable to which such costs relate. Amortization of debt discount and issuance costs are reported as a component of interest expense and are computed using an imputed interest rate on the related loans and bonds payable.

Functional expenses
The costs of providing program services and other activities have been summarized on a functional basis in the interim unaudited statement of functional expenses. Accordingly, certain costs have been allocated among program services, management and general and fundraising expenses. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expenses	Method of allocation
Salaries and fringe benefits	Time and effort
Consultant and legal	Direct allocation based on services/time and effort
Rent and utilities	Time and effort
Project grants	Direct allocation
Interest	Direct allocation
Provision for uncollectible recoverable grants to CDCs	Direct allocation
Provision for uncollectible loans to CDCs	Direct allocation
Bank fees and other financial expenses; accounting and auditing fees; board expenses	Direct allocation
All other expenses	Time and effort

Comparative financial information
The accompanying interim unaudited statement of activities is presented with prior year summarized financial information in total, but not by net asset class. Such information does not include sufficient detail to constitute a complete presentation; accordingly, such information should be read in conjunction with the Organization's June 30, 2023, interim unaudited financial statements, from which the summarized information was derived.

Reclassifications
Reclassifications have been made to the prior year balances to conform to the current year presentations. Such reclassifications were made for comparative purposes only, and do not restate the prior year interim unaudited financial statements.

Recent accounting pronouncements
In June 2016, the FASB issued 2016-12, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial instruments. The new standard will require management to make a current estimate of expected credit losses as opposed to current U.S. generally accepted accounting principles which delayed recognition until the loss was probable. As a result of the ASU, management will be required to perform an assessment of expected credit losses on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount.

ASU 2016-12 is applicable to all loans, debt securities, trade receivables, net investment in leases, off-balance-sheet credit exposures, reinsurance receivables and any other financial assets not excluded from the scope that have a contractual right to receive cash.

The Organization recorded a cumulative-effect adjustment to changes in net assets and in subsequent years, changes in the current expected credit loss for the reporting period are reported on the statement of activities. Expanded disclosures are required.

The ASU along with certain related ASUs clarifying the scope of the ASU 2016-12 and providing transition relief will be effective for fiscal years beginning after December 15, 2022.

Note 2 - Net assets with donor restrictions

Net assets with donor restrictions are restricted for the Organization's 38 local/regional offices, rural programs, and several other national programs, or are to be used in future years for program services, such as project grants, recoverable grants, lending-related activity, technical support, and operating support to community development organizations.

As of June 30, 2024, net assets with donor restrictions were $274,006,616 ($154,182,733 donor-restricted operating funds and $119,823,883 donor-restricted loan funds) and included the following components: (1) Charter School Financing - approximately $61.8 million of donor-restricted funds are available to support quality public charter and alternative schools in low-income neighborhoods. Included in this amount is $61.2 million related to grants awarded by the U.S. Department of Education ("DOE") to LISC to provide credit enhancement on loans made by financial institutions to stimulate the financing of charter schools, (2) Lending Activities (excluding "DOE" funds) in local and regional offices - approximately $93.0 million and (3) Operating and Programmatic Support - approximately $119.2 million of donor-restricted funds available to support operating and a multitude of specifically defined projects in the local/regional offices and national programs.

Note 3 - Availability and liquidity

The table below represents financial assets available for operating funds expenditures within one year at June 30, 2024, and 2023. Financial assets in the "Loan Funds - Without Donor Restrictions" and "Loan Funds - With Donor Restrictions" are not included in the table below. As explained further in Note 1, these loan funds are for lending and/or credit enhancement activities and are not available for operating funds expenditures. LISC also has undrawn lines of credit as further described in Note 10. As of June 30, 2024, and 2023, $25,000,000 and $15,000,000, respectively, of the undrawn line of credit can be used for operating funds expenditures:

	2024	2023
Financial assets at period end		
Cash and cash equivalents	$ 173,397,601	$196,578,502
Investments	70,161,818	65,400,908
Accrued interest receivable	6,189,893	5,598,538
Contributions receivables, net	26,756,755	32,313,083
Government grants and contracts receivable	63,020,327	88,678,434
Due (to)/from affiliates	12,578,051	5,836,860
Recoverable grants to CDPs, gross	47,641,215	42,901,941
Total financial assets	$ 399,745,660	$ 437,308,266
Less amounts not available to be used within one year		
Cash and cash equivalents	(8,060,251)	(30,423,407)
Investments	(14,716,941)	(13,388,526)
Contributions receivables, net	(4,731,266)	(8,587,500)
Government grants and contracts receivable	(60,880,506)	(86,710,204)
Recoverable grants to CDPs, gross	(47,641,215)	(42,901,941)
Financial assets not available to be used within one year	$ (136,030,179)	$ (182,011,578)
Financial assets available to meet operating fund expenditures over the next 12 months	$ 263,715,481	$ 255,296,688

Also, LISC has financial covenants with certain LISC lenders, some of which address adequate liquidity to cover operating costs and debt service requirements. Specifically, at the end of each quarter, unrestricted operating cash, cash equivalents, and investments must be able to cover at least six months of unrestricted operating expense as defined in the terms of the loan agreements with certain LISC lenders. With regard to debt service, liquid assets must exceed six months of interest and notes payable (as defined in the terms of the loan agreements with certain LISC lenders). At June 30, 2024, and 2023, LISC was in compliance with its financial covenants.

Note 4 - Cash, cash equivalents, and investments

At June 30, 2024, and 2023, the Organization's total portfolio of cash, cash equivalents, and investments consisted of the following:

	Fair value	
	2024	2023
Cash and cash equivalents	$ 319,814,267	$ 297,927,695
Investments		
Corporate bonds and fixed-income funds	31,125,048	21,323,285
U.S. government agencies	60,092,064	66,493,304
Certificates of deposit	5,261,833	3,957,528
Alternative investments		
Real estate investment trust	4,802,905	4,733,365
Hedge funds	-	35,316
Private equity funds	9,914,036	8,619,845
	111,195,886	105,162,643
Total cash, cash equivalents and investments	$ 431,010,153	$ 403,090,338

The Organization invests in certain alternative investments, through "funds of funds" investments, which employ multiple investment strategies via a variety of investment managers to provide diversification and control risk. These investments create indirect exposure to the Organization through short sales of securities, trading in future and forward contracts, and other derivative products. Derivatives are tools used to maintain asset mix or manage portfolio risk exposure. While these financial instruments may contain varying degrees of risk, the Organization's risk with respect to such transactions is limited to its capital balance in each investment.

At June 30, 2024, and 2023, cash and cash equivalents include approximately $84 million and $23 million, respectively, held in escrow-like arrangements with loan participants and $21 million and $12.3 million, respectively, in loss reserves required by specific programs.

The limitations and restrictions on the Organization's ability to redeem or sell its alternative investments vary by investment. As of June 30, 2024, and 2023, the following table summarizes the composition of such investments by the various redemption provisions:

	Fair value 2024	Fair value 2023	Redemption frequency	Redemption notice period
Alternative investments				
Real estate investment trust (A)	$ 4,802,905	$ 4,733,365	Lock-up	Not applicable
Credit-focused hedge funds (B)	-	35,316	Lock-up	Not applicable
Private equity funds (C)	9,914,036	8,619,845	Lock-up	Not applicable
	$ 14,716,941	$ 13,388,526		

As of June 30, 2024, and 2023, the Organization had $3,806,887 and $5,763,643 unfunded commitments on its alternative investments.

Information with respect to the strategies of those investment funds, which are reported at estimated fair value based upon net asset value per share (or its equivalent), is as follows:

(A) *Real estate investment trusts* - of which the Organization is a minority shareholder; principal business activities are to invest in affordable multifamily residential mortgage loans, which are subsequently syndicated to institutional investors, and to acquire equity interests in affordable multifamily residential real estate assets.

(B) *Credit-focused hedge funds* - comprised of an investment in a hedge fund that seeks to achieve attractive total returns through both capital appreciation and current income. The fund seeks to achieve its investment objective through a portfolio of investments in publicly traded and privately held securities, loans, derivatives, and other instruments, primarily in the corporate credit sector of the fixed income and related markets.

(C) *Private equity funds* - includes investments in funds licensed by the United States Small Business Administration as small business investment companies. The primary purpose of each fund is to operate as a venture fund and invest in equities, debt securities with equity participation, secured short-term and long-term loans, and as participants with other funds.

Note 5 - Contributions receivable

At June 30, 2024, and 2023, the Organization had contributions receivable with expected receipts as follows:

	2024	2023
Due within one year	$ 25,699,591	$ 26,692,080
Due in one to five years	4,731,266	8,587,500
	30,430,857	35,279,580
Less discount (0.10%-5.00%)	(2,454,558)	(2,194,497)
Less allowance for uncollectible contributions receivable	(824,000)	(772,000)
Total contributions receivable, net	$ 27,152,299	$ 32,313,083

At June 30, 2024, and 2023, approximately 15.60% and 32.53%, respectively, of the Organization's contributions receivable were from one donor.

At June 30, 2024, and 2023, approximately 40.65% and 33.20%, respectively, of the Organization's contributions revenue were from five donors.

Note 6 - Government grants and contracts

At June 30, 2024, and 2023, the Organization had grant commitments from various government agencies of approximately $95.6 million and $123.1 million, respectively, with expiring term dates ranging from 2024 to 2030. These grant commitments will be recognized in the accompanying interim unaudited financial statements when it is probable that the conditions surrounding the terms of the grants will be met.

At June 30, 2024, and 2023, government grants and contracts receivable were $63.0 million and $89.1 million, respectively. Approximately $8.0 million and $9.1 million of government grants receivable at June 30, 2024, and 2023, and approximately $6.2 million and $7.0 million of government grants and contracts revenue for the period ended June 30, 2024 and June 30, 2023, respectively, were from one government agency.

Note 7 - Program loans and recoverable grants to community development projects

Program loans

In furtherance of its charitable purposes, LISC makes loans directly to CDPs and also to its affiliates, to benefit affiliate projects. In general, interest rates on loans to CDPs range from 0% to 9.00% and repayment terms range from 1 year to 36 years. Delinquent loans, measured as those loans whose payment is greater than 90 days past due, totaled $25,755,201 and $3,410,188, respectively, at June 30, 2024, and 2023. The portion of the allowance dedicated to the delinquent loans totaled $4,969,043 and $852,547 at June 30, 2024, and 2023, respectively. At June 30, 2024, loan principal of $250,965,083 is due to LISC within one year, of which $141,801,472 is due to LISC within the next six months.

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June 30, 2024

Loans receivable, by class and credit quality category, as of June 30, 2024, and 2023, are as follows:

2024	Excellent	Strong	Good	Acceptable	Close Follow	Substandard	Total
Acquisition	$ -	$ 3,463,920	$ 65,782,629	$ 121,879,744	$ 25,329,425	$ 11,478,234	$ 227,933,952
Predevelopment	-	-	2,788,469	49,924,927	4,543,000	4,398,567	61,654,963
Construction	-	-	49,276,874	96,560,563	24,321,462	3,563,232	173,722,131
Other	-	32,658,884	126,185,822	99,480,816	13,835,461	3,915,198	276,076,181
Total	$ -	$ 36,122,804	$ 244,033,794	$ 367,846,050	$ 68,029,348	$ 23,355,231	$ 739,387,227

2023	Excellent	Strong	Good	Acceptable	Close Follow	Substandard	Total
Acquisition	$ -	$ 3,687,186	$ 58,497,622	$ 133,476,706	$ 14,328,363	$ 6,773,838	$ 216,763,715
Predevelopment	-	-	49,125,015	85,450,134	10,773,686	347,557	145,696,392
Construction	-	-	8,319,608	46,123,795	5,634,253	3,114,311	63,191,967
Other	22,226	34,874,998	103,185,202	80,029,135	16,561,724	295,877	234,969,162
Total	$ 22,226	$ 38,562,184	$ 219,127,447	$ 345,079,770	$ 47,298,026	$ 10,531,583	$ 660,621,236

The activity in the allowance for uncollectible loans for the periods ended June 30, 2024, and 2023 is as follows:

2024	Acquisition	Pre-development	Construction	Other	Total
Allowance for uncollectible loans, beginning of year	$ (13,441,264)	$ (1,818,272)	$ (5,858,850)	$ (6,080,741)	$ (27,199,127)
Write-offs	2,162,174	-	-	296,543	2,458,717
Recoveries	(3,123)	-	(625,175)	-	(628,299)
Provision	1,867,078	(734,936)	(5,075,192)	(289,043)	(4,232,092)
Allowance for uncollectible loans, end of period	$ (9,415,135)	$ (2,553,208)	$ (11,559,217)	$ (6,073,241)	$ (29,600,801)

2023	Acquisition	Pre-development	Construction	Other	Total
Allowance for uncollectible loans, beginning of year	$ (20,998,745)	$ (4,675,267)	$ (4,236,409)	$ (2,641,337)	$ (32,551,758)
Write-offs	2,050,000	-	1,599,191	-	3,649,191
Recoveries	(2,905)	(188,000)	(229,263)	-	(420,168)
Provision	(852,619)	(118,487)	(1,029,764)	(383,624)	(2,384,494)
Allowance for uncollectible loans, end of period	$ (19,804,269)	$ (4,981,754)	$ (3,896,245)	$ (3,024,961)	$ (31,707,229)

The following tables provide an analysis of the aging of loan receivables as of June 30, 2024, and 2023:

	2024					
	31–60 days past due	61–90 days past due	Greater than 90 days past due	Total past due	Current	Total gross loans receivable
Acquisition	$ 3,410,000	$ 2,627,513	$ 16,862,597	$ 22,900,110	$ 205,033,842	$ 227,933,952
Predevelopment	1,105,177	1,403,056	3,200,510	5,708,743	55,946,220	61,654,963
Construction	2,592,924	6,067,504	5,315,647	13,976,075	159,746,056	173,722,131
Other	3,650,000	1,523,150	376,448	5,549,598	270,526,583	276,076,181
Total	$ 10,758,101	$ 11,621,223	$ 25,755,202	$ 48,134,526	$ 691,252,701	$ 739,387,227

	2023					
	31–60 days past due	61–90 days past due	Greater than 90 days past due	Total past due	Current	Total gross loans receivable
Acquisition	$ 682,376	$ 958,398	$ -	$ 1,640,774	$ 215,122,941	$ 216,763,715
Predevelopment	-	-	-	-	145,696,392	145,696,392
Construction	1,090,416	-	3,114,311	4,204,727	58,987,240	63,191,967
Other	1,838,678	-	295,877	2,134,555	232,834,607	234,969,162
Total	$ 3,611,470	$ 958,398	$ 3,410,188	$ 7,980,056	$ 652,641,180	$ 660,621,236

Recoverable grants

In furtherance of its charitable purposes, LISC makes recoverable grants directly to CDPs. Recoverable grant activity for 2024 and 2023 is summarized as follows:

	2024	2023
Gross recoverable grants receivable, beginning of year	$ 47,356,192	$ 40,634,382
New recoverable grants made	4,969,748	3,895,605
Write-offs	(846,436)	(393,650)
Repayments	(1,698,944)	(1,234,396)
Gross recoverable grants receivable, end of period	49,780,560	42,901,941
Allowance for uncollectible recoverable grants, end of period	(25,760,880)	(21,730,007)
Recoverable grants receivable, net, end of period	24,019,680	$ 21,171,934

Note 8 - Grants payable

In furtherance of its charitable purposes, LISC makes grants to CDPs. Grant expense is recorded as an expense when the grant is approved by the Organization. Grants are generally awarded for a six-month to three-year period. The Organization's grant activity for the periods ended June 30, 2024, and 2023 is summarized below:

	2024	2023
Grants payable, beginning of year	$ 47,697,227	$ 60,455,056
New project grants made	66,132,437	116,495,042
Disbursements on commitments	(24,200,141)	(62,142,628)
Grants payable, end of period	$ 89,629,523	$ 114,807,470

Note 9 - Fixed assets

Fixed assets consist of the following at June 30, 2024, and 2023:

	2024	2023
Software	$ 3,251,597	$ 2,435,339
Furniture & Fixtures	2,327,041	2,290,583
Leasehold improvements	3,143,756	3,143,756
Gross fixed assets	8,722,394	7,869,678
Less accumulated depreciation and amortization	(3,099,693)	(2,552,433)
Fixed assets, net	$ 5,622,701	$ 5,317,245

Note 10 - Loans and bonds payable

At June 30, 2024, and 2023, loans and bonds payable consisted of the following:

	Maturities	Interest rates	2024	2023
Financial institutions and insurance companies	2024-2035	0.00%-6.95%	263,595,424	$ 279,647,254
Sustainability bonds and impact notes	2024-2037	0.95%-5.85%	254,368,000	212,380,000
Foundations	2025-2034	0.00%-4.00%	82,720,912	64,695,912
Public agencies/entities and retirement funds	2025-2043	0.00%-3.61%	46,493,171	47,117,187
Nonprofit and other institutions	2025-2037	0.00%-4.50%	30,049,615	28,344,381
Total			677,227,122	632,184,734
Less unamortized discount and deferred costs (**)			(2,258,229)	(2,312,799)
Loans and bonds payable, net			$ 674,968,893	$ 629,871,935

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As of June 30, 2024, and 2023, accrued interest was $3,399,187 and $2,843,723, respectively, and is included as a component of accounts payable and accrued expenses on the accompanying interim unaudited statement of financial position.

Loans and bonds principal and future interest payments as of June 30, 2024, are scheduled to be repaid as follows:

	Principal	Interest	Total
2024	$ 89,997,348	$ 9,762,054	$ 99,759,402
2025	116,502,884	15,366,469	131,869,353
2026	93,692,795	12,140,833	105,833,628
2027	121,895,198	9,469,346	131,364,544
Thereafter	255,138,897	32,811,388	287,950,285
Total	$ 677,227,122	$ 79,550,090	$ 756,777,212

* As of June 30, 2024, loans outstanding of $89,997,348 and scheduled interest payments of $9,762,054 are due in the next six months.

** In November 2020, LISC launched an Impact Notes (Notes) program for up to $150,000,000. In October 2023, the program has increased to $250,000,000. The proceeds of the offering will be used for general corporate purposes, including to refinance certain of LISC's existing indebtedness and as capital for loans made by LISC and its affiliates, each in support of LISC's overall mission to encourage the growth of, and provide support to, neighborhood and community development organizations and businesses that foster improvement of economic conditions; develop housing and other physical facilities; provide amenities and services; and other activities that help to revitalize disinvested communities. The Notes are sold through the Depository Trust Company (DTC). The Lead Selling Agent, InspereX, agrees to sell these notes to other agents on LISC's behalf. The Notes are issued in increments of $1,000 or more and pay interest at various fixed interest rates. The terms of the Notes offer one-year to 15-year maturities.

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As of June 30, 2024, LISC issued $179,368,000 in Notes as follows:

Maturities	Interest rates	2024
October 15, 2024	5.85%	4,975,000
November 15, 2024	5.50%	11,945,000
December 15, 2024	5.65%	6,859,000
January 15, 2025	5.60%	2,591,000
March 15, 2025	2.60%	2,153,000
March 15, 2025	5.75%	1,862,000
April 15, 2025	3.10%	2,308,000
May 15, 2025	5.30%	7,443,000
July 15, 2025	5.60%	13,022,000
November 15, 2025	5.85%	5,342,000
November 17, 2025	1.00%	19,880,000
December 15, 2025	0.95%	9,111,000
January 15, 2026	0.95%	8,250,000
February 15, 2026	4.00%	6,193,000
March 16, 2026	1.25%	7,002,000
May 15, 2026	1.30%	7,550,000
August 15, 2026	1.25%	7,945,000
August 15, 2026	5.70%	3,645,000
December 15, 2026	4.90%	4,340,000
March 15, 2027	2.50%	2,023,000
March 15, 2027	2.90%	3,420,000
April 15, 2027	3.35%	1,341,000
June 15, 2027	5.35%	14,585,000
October 15, 2027	1.80%	303,000
November 15, 2027	1.40%	294,000
December 15, 2027	1.30%	757,000
April 15, 2028	1.90%	3,880,000
July 15, 2028	1.60%	122,000
July 15, 2028	1.75%	6,881,000
September 18, 2028	1.65%	607,000
December 15, 2028	2.00%	953,000
January 15, 2029	2.15%	212,000
December 15, 2030	1.70%	1,788,000
January 15, 2031	1.80%	40,000
February 15, 2031	1.80%	5,703,000
May 15, 2031	2.30%	124,000
August 15, 2031	2.25%	3,919,000
		$ 179,368,000

The Notes were issued at a discount of $1,871,470 and LISC incurred debt issuance costs of $1,511,045. As of June 30, 2024, and 2023, the unamortized discount and debt issuance costs were $1,604,468 and $1,823,347, respectively.

In April 2017, LISC issued $100,000,000 in Taxable Bonds, Series 2017A (Sustainability Bonds) ($25,000,000, 3.005% term bonds due March 1, 2022; $25,000,000, 3.782% term bonds due March 1, 2027; $50,000,000, 4.649% term bonds due March 1, 2037). The proceeds of the Sustainability Bonds were used to finance then existing loans payable and pay a portion of the debt issuance costs. As of June 30, 2024, the outstanding balance of the Sustainability Bonds was $75,000,000. The Sustainability Bonds were issued at a discount of $731,478, and LISC incurred debt issuance costs of $126,811. As of June 30, 2024, and 2023, the unamortized discount and debt issuance costs were $442,095 and $489,453, respectively.

At June 30, 2024, LISC had $157,454,000 of available undrawn sources of funding with maturities ranging from 2024 to 2033. Interest rates range from 0.00% to 4.93% fixed rate ($108,454,000), floating rate range from Daily SOFR to SOFR +2.30% ($49,000,000).

Pledged assets
LISC has pledged certain assets as collateral to lenders to secure (1) nonrecourse indebtedness to LISC totaling $0 as of June 30, 2024, and 2023 and (2) $$41,176,964 and $42,304,476 of collateral assets for the recourse indebtedness under the Community Development Financial Institution Bond Guarantee Program (CDFI BGP Loan) totaling $38,789,925 and $40,361,876 as of June 30, 2024, and 2023, respectively.

Subordinated debt
At June 30, 2024, LISC has subordinated debt included in loans and bonds payable totaling $53.1 million in the form of twelve equity equivalent investments from eight financial institutions and one patient capital loan from one financial institution. At June 30, 2023, LISC had subordinated debt included in loans and bonds payable totaling $37.1 million in the form of eleven equity equivalent investments from seven financial institutions.

Lines of credit
At June 30, 2024, and 2023, LISC had available bank lines of credit of $60,000,000 and $60,000,000, respectively, which expire between December 22, 2024, and May 28, 2027, with interest rates ranging from SOFR + 1.50% to SOFR + 1.90%. At June 30, 2024, and 2023, the outstanding balance included in loans and bond payable was $5,000,000 and $22,000,000, respectively.

Covenants
In accordance with the terms of loan agreements with certain LISC lenders, LISC is required to meet several financial covenants. LISC was in compliance with its financial covenants at June 30, 2024.

Note 11 - Pension and thrift plans

LISC has a Code Section 403(b) defined contribution pension plan covering all eligible employees. Plan contributions are computed based on formulas defined in the plan. Total pension expense for the periods ended June 30, 2024, and 2023 was $2,319,650 and $2,130,271, respectively.

LISC also maintains a thrift plan under Section 401(k) of the Code covering all eligible employees. Under the plan, employee contributions are partially matched by LISC. Total thrift plan expense for the periods ended June 30, 2024, and 2023 was $381,928 and $362,059, respectively.

Note 12 - Financial instruments with off-balance-sheet risk and fair values

Off-balance-sheet risk

LISC is a party to certain financial instruments with off-balance-sheet risk to meet the financing needs of community development organizations across the United States. These financial instruments and arrangements include financial guarantees and loan commitments. These transactions and arrangements involve elements of credit risk. LISC uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments. Financial exposure related to these commitments is reported as liability for unfunded commitments and loan guarantees on the statement of financial position and provision (recovery) for unfunded commitments and loan guarantees on the statement of activities, respectively. The liability for unfunded commitments and loan guarantees is reclassified as a component of loans receivables, net of allowance for loan loss as the commitments convert to performing loans receivable on the statement of financial position.

Loan commitments are agreements to lend as long as there is no violation of any condition established in the contract.

The following represents the composition of financial instruments whose contract amounts represent off-balance-sheet credit risk:

	2024 Contract amount	2023 Contract amount
Financial instruments whose contract amounts represent off-balance-sheet credit risk		
Financial guarantees	$ 5,900,000	$ 5,900,000
Loan commitments outstanding	130,474,493	249,078,214
Total	$ 136,374,493	$ 254,978,214

LISC generally makes loans over $500,000 on a secured basis. The collateral for such loans generally consists of mortgages, security agreements, assignment of contract receivables, and guarantees.

At June 30, 2024, and 2023, LISC has interest rate swap agreements with notional amounts in the aggregate of $10,000,000, respectively. At June 30, 2024, and 2023, the fair value of the interest rate swaps was $165,084 and $488,148, respectively, and is included as a component of Other Assets on the accompanying interim unaudited statement of financial position.

Fair values

The following tables present the Organization's fair value hierarchy for those assets and liabilities measured at fair value on an annual basis as of June 30, 2024, and 2023:

	March 31, 2024		
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
Cash and cash equivalents	$ 319,814,267	$ 318,077,391	$ 1,736,876
Investments			
Corporate bonds and fixed-income funds	$ 31,125,048	31,125,048	-
U.S. government agencies	60,092,064	60,092,064	-
Certificates of deposit	5,261,833	-	5,261,833
	$ 96,478,945	$ 91,217,112	$ 5,261,833
Investments reported at net asset value or its equivalent			
Real estate investment trust	4,802,905		
Private equity funds	9,914,036		
	14,716,941		
Total investments	$ 111,195,886		
Interest rate swaps	$ 165,084	$ -	$ 165,084
Loan guarantee	$ (222,500)	$ -	$ (222,500)

	June 30, 2023		
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
Cash and cash equivalents	$ 297,927,695	$ 296,190,819	$ 1,736,876
Investments			
Corporate bonds and fixed-income funds	$ 21,323,285	21,214,240	109,045
U.S. government agencies	66,493,304	57,915,964	8,577,340
Certificates of deposit	3,957,528	-	3,957,528
	$ 91,774,117	$ 79,130,204	$ 12,643,913
Investments reported at net asset value or its equivalent			
Real estate investment trust	4,733,365		
Hedge funds	35,316		
Private equity funds	8,619,845		
	13,388,526		
Total investments	$ 105,162,643		
Interest rate swaps	$ 488,148	$ -	$ 488,148
Loan guarantee	$ (557,585)	$ -	$ (557,585)

Note 13 - Concentration of credit risk

LISC makes loans throughout the United States primarily to local community organizations and nonprofit developers that are primarily engaged in residential, commercial, and community facility real estate development. Although LISC's portfolio is diversified as to location of borrower, the ability of LISC borrowers to repay their obligations on a timely basis may be affected by a downturn in the economy, a cutback in government subsidies, or the availability of other permanent financing sources, which may limit the capital available to complete projects. The Organization places its cash and cash equivalents with high credit quality financial institutions that are federally insured. At times, invested cash and cash equivalents may exceed federally insured amounts.

Note 14 - Commitments and contingencies

Litigation

In the ordinary course of its activities, LISC is occasionally a party to legal proceedings. In the opinion of management and legal counsel, the resolution of such matters will not have a material impact on LISC's operations or financial condition.

Operating lease, right of use asset and liability

The Organization's leased assets include office leases with remaining terms from less than one year up to 15 years. Any renewal options are excluded from the calculation of lease liabilities unless exercising the renewal option is reasonably assured. The lease agreements do not contain residual value guarantees or material restrictive covenants. Operating leases are reflected on the interim unaudited statement of financial position as a right of use asset and a related right of use liability. Right of use assets represent the right to use an underlying asset for the lease term and were $40,345,506 and $42,731,994 as of June 30, 2024, and 2023, respectively, and right of use liability represents the obligation to make lease payments arising from the lease agreement which are discounted using the Organization's incremental borrowing rate, rates ranging from 1.54% to 5.27%, as of June 30, 2024, and 2023, respectively. Operating lease right of use assets and liabilities are recognized at the commencement date, or the date on which the lessor makes the underlying asset available for use, based upon the present value of the lease payments over the respective lease term. Lease expense is recognized on a straight-line basis over the lease term. Variable lease costs such as common area maintenance and property taxes are expensed as incurred.

Minimum rental commitments under noncancelable operating real estate leases in effect at June 30, 2024, and expiring at various dates through February 2035 totaled $49,629,343. These amounts exclude future escalation for real estate taxes and building operating expenses. Commitments as of June 30, 2024, are as follows:

2024	$ 1,676,181
2025	5,402,470
2026	5,110,749
2027	4,620,606
2028	4,631,387
Thereafter	28,187,951
Subtotal	49,629,344
Less: Effect of Discounting	(6,308,998)
	$ 43,320,346

Rental expenses, inclusive of real estate taxes and operating costs, for the periods ended June 30, 2024, and 2023 totaled $3,132,320 and $3,213,912, respectively.

Government contracting

Grant and contract revenue recognized from government agencies are based on actual costs incurred and reimbursable expenses from the respective government agencies. These costs are subject to audit by the Office of Inspector General or the respective granting agencies, and the ultimate revenue recognized is contingent upon the outcome of any such audits. Accordingly, the accompanying interim unaudited financial statements are subject to reflecting provisions for adjustments, if any, which may result from an audit. For the periods ended June 30, 2024, and 2023, no such provisions were necessary.

Note 15 - Investments in Affiliates

Investments in affiliates as of June 30, 2024, and 2023 consist of the following:

Affiliates	2024	2023
NEF	$ 107,936,482	$ 104,334,877
Broadstreet	3,412,121	8,598,196
NP	100,000	100,000
immito, LLC	-	1,536,914
LFM	2,632,099	3,521,186
	$ 114,080,702	$ 118,091,173

At June 30, 2024, and 2023, NP did not hold any real estate assets.

The following table presents the summary of net income/change in net assets of affiliates and Funds, interaffiliate eliminations, and other adjustments, and equity in earnings of affiliates:

	2024			2023		
Affiliates	Change in net assets of/members' equity in affiliates	Interaffiliate elimination and other adjustments (Note 16)	LISC's equity in earnings of affiliates	Change in net assets of/members' equity in affiliates	Interaffiliate elimination and other adjustments (Note 16)	LISC's equity in earnings of affiliates
NEF	$ 11,388,145	$ 147,837	$ 11,535,982	$ 11,008,762	$ 223,076	$ 11,231,838
Broadstreet	(1,110,665)	95,494	(1,015,171)	(159,807)	25,316	(134,491)
immito, LLC	-	-	-	(529,470)	38,133	(491,337)
LFM	621,663	4,637,653	5,259,316	1,556,506	3,507,347	5,063,853
	$ 10,899,143	$ 4,880,984	$ 15,780,127	$ 11,875,991	$ 3,793,872	$ 15,669,863

Note 16 - Investments in Funds

Investments in funds as of June 30, 2024, and 2023 consist of the following:

Funds	2024	2023
AHLF	14,919,558	13,860,392
CHF	(8,460,088)	(2,538,430)
CHOIF	804,285	717,489
SOAR	(21,420,410)	(7,114,053)
EOCLF	(2,172,360)	1,995,212
BFF	3,141,825	3,766,037
BFF Side Car	89	103
CHOIF II	(197,513)	-
	$ (13,384,614)	$ 10,686,750

The following table presents the summary of net income/change in net assets of Funds, interaffiliate eliminations, and other adjustments, and equity in earnings of Funds:

	2024			2023		
Funds	Change in net assets of/members' equity in Funds	Interaffiliate elimination and other adjustments (Note 16)	LISC's equity in earnings of Funds	Change in net assets of/members' equity in Funds	Interaffiliate elimination and other adjustments (Note 16)	LISC's equity in earnings of Funds
AHLF	1,787,019	(3,500,000)	(1,712,981)	2,436,866	(2,750,000)	(313,134)
CHF	(4,793,066)	109,249	(4,683,817)	434,822	(56,526)	378,296
CHOIF	(8,383)	-	(8,383)	19,094	(40,547)	(21,453)
SOAR	(2,007,725)	-	(2,007,725)	(6,858,095)	-	(6,858,095)
EOCLF	(1,908,374)	250,000	(1,658,374)	(990,041)	-	(990,041)
BFF	(267,851)	7,400	(260,451)	(141,114)	-	(141,114)
BFF Side Car	(425,007)	-	(425,007)	8	-	8
CHOIF II	393,871	-	393,871	-	-	-
	$ (7,229,516)	$ (3,133,351)	$ (10,362,867)	$ (5,098,460)	$ (2,847,073)	$ (7,945,533)

Inter-affiliate elimination and other adjustments includes a $3,500,000 pass-thru grant to AHLF for the period ending June 30, 2024.

LISC, as sole member of CHF has an irrecoverable commitment of $4,530,000 of which $730,000 has been made. LISC commitment can only be reduced if CHF obtains additional equity funding. The balance of the commitment can only be called if certain criteria are met under CHF's loan agreement with Facebook.

Note 17 - Related party transactions

LISC provides various services to its affiliates and Funds. LISC earns a service fee from NEF for providing project related services, which include project selection assistance, assistance to project partnerships, and closing and monitoring of project investments. LISC also provides office space to NEF. NEF is charged a pro rata share of the monthly lease costs, inclusive of operation costs and real estate tax escalations. Furthermore, certain shared expenses are reimbursed to LISC pursuant to an allocation agreement between parties.

Interaffiliate revenue and expenses

The following table represents revenues and expenses from affiliates, net at June 30, 2024, and 2023:

	2024	2023
NEF service fee	$ 71,386	$ 67,197
NEF grant from LISC	-	25,000
NEF rental income	71,451	130,878
NEF grant	5,000	-
Broadstreet interest income	95,494	25,316
immito interest income	-	38,133
LFM management fee	4,637,653	3,507,346
	$ 4,880,984	$ 3,793,870

The following table represents revenues and expenses from Funds, net at June 30, 2024, and 2023:

	2024	2023
CHF service fee	109,249	143,475
BFF community engagement income	7,400	-
EOCLF - Lending	250,000	-
	$ 366,649	$ 143,475

Due from affiliates

Due from (to) affiliates consisted of the following at June 30, 2024, and 2023:

	2024	2023
NEF	$ 4,657,316	$ 181,167
Broadstreet	2,500,000	7,822
NP	44,060	44,060
LFM	5,376,675	5,494,275
Total	$ 12,578,051	$ 5,727,324

As of June 30, 2024, and 2023, due from NEF included $57,316 and $31,167 in shared expenses, $100,000 and $150,000 in service fees receivables, and $4,500,000 and $0 in grant receivables, respectively. As of June 30, 2024, and 2023, due from LFM included $5,358,656 and $5,358,148 in shared expenses, $18,019 and $136,125 in legal expenses incurred on behalf of LFM, respectively.

Due from (to) Funds consisted of the following at June 30, 2024, and 2023:

	2024	2023
CHF	130,058	109,536
Total	$ 130,058	$ 109,536

Other related party activities
LISC provided NEF and NEF related entities a $15,000,000 revolving line of credit to borrow monies to provide short term secured loans to facilitate the acquisitions of project partnership investments. The maturity date is December 31, 2024. There was no outstanding balance as of June 30, 2024, and 2023. For the periods ended June 30, 2024, and 2023, LISC earned $0 in interest income on the revolving line of credit, respectively. The loans are secured by assignments of investor notes and/or interests in project investments. LISC also provided a $5 million working capital line of credit with a maturity date of December 31, 2024. There was no outstanding balance as of June 30, 2024, and 2023.

On November 15, 2017, LISC provided Broadstreet a $10,000,000 revolving line of credit. The line of credit may be prepaid and is secured by the underlying project loans. The maturity date is December 31, 2030. As of June 30, 2024, and 2023, $6,919,364 and $525,091 was outstanding, respectively.

Note 18 - Subsequent events
In connection with the preparation of the interim unaudited financial statements, the Organization evaluated subsequent events after the balance sheet date of June 30, 2024, through August 30, 2024, which was the date the interim unaudited financial statements were available to be issued and concluded that no additional matters have occurred that would require recognition or disclosure in the interim unaudited financial statements.