



Financial Report

March 31, 2026 and 2025

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Nonprofit Accounting & Consulting Specialists

Independent Auditors' Report

Board of Directors
The Genesis Fund
Brunswick, Maine

Opinion

We have audited the accompanying financial statements of The Genesis Fund (a nonprofit Organization), which comprise the statements of financial position as of March 31, 2026 and 2025, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Genesis Fund as of March 31, 2026 and 2025, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the financial highlights in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information, and we do not express an

opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of The Genesis Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Genesis Fund's 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.

As stated in the opinion section of this report, the financial statements of The Genesis Fund present fairly, in all material respects, the financial position of The Genesis Fund as of March 31, 2026 and 2025, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2026 on our consideration of The Genesis Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Genesis Fund's internal control over financial reporting and compliance.

PGM, LLC
Biddeford, Maine
July 24, 2026

Statements of Financial Position

March 31,

	<u>2026</u>	<u>2025</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 17,823,630	\$ 17,877,367
Accounts receivable	70,144	25,419
Grants receivable	10,185	90,762
Notes receivable, current portion	6,923,340	6,694,507
Accrued interest receivable	210,867	214,779
Prepaid expenses	17,594	28,243
Total Current Assets	<u>25,055,760</u>	<u>24,931,077</u>
Property and Equipment		
Buildings	585,090	575,871
Equipment and vehicles	60,450	60,450
	<u>645,540</u>	<u>636,321</u>
Accumulated depreciation	<u>(270,515)</u>	<u>(249,116)</u>
	375,025	387,205
Land	94,213	94,213
Total Property and Equipment	<u>469,238</u>	<u>481,418</u>
Other Assets		
Notes receivable, net of current portion	44,597,724	43,057,391
Allowance for credit/loan losses	(1,795,640)	(1,872,196)
Investment long-term	500	500
Total Other Assets	<u>42,802,584</u>	<u>41,185,695</u>
Total Assets	<u>\$ 68,327,582</u>	<u>\$ 66,598,190</u>

Statements of Financial Position (Continued)

March 31,

	2026	2025
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 34,669	\$ 89,248
Accrued interest payable	535,702	541,036
Accrued payroll and payroll taxes	90,568	93,812
Notes payable, current portion	10,479,099	11,671,936
Subordinated debt, current portion	2,500,000	
Deferred revenue	47,748	43,714
Total Current Liabilities	13,687,786	12,439,746
Other Liabilities		
Subordinated debt, net of current portion	6,350,000	8,850,000
Notes payable, net of current portion	28,989,179	27,407,794
Total other liabilities	35,339,179	36,257,794
Total Liabilities	49,026,965	48,697,540
Net Assets		
Without donor restrictions		
Undesignated	3,622,989	2,680,402
Board designated for lending	14,370,659	13,995,015
Total without donor restrictions	17,993,648	16,675,417
With donor restrictions	1,306,969	1,225,233
Total Net Assets	19,300,617	17,900,650
Total Liabilities and Net Assets	\$ 68,327,582	\$ 66,598,190

Statement of Activities

Year Ended March 31, 2026

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue			
Interest income - lending	\$ 2,648,801	\$ 31,333	\$ 2,680,134
Loan fee income	150,532		150,532
Reversal of loan loss provision	76,556		76,556
Grants	1,224,248		1,224,248
Contracts	150,000		150,000
Contributions	269,044		269,044
Technical Assistance fees	7,525		7,525
Investment interest and dividends	697,319		697,319
Gain on sale of asset	242		242
Other income	10,802		10,802
Net asset released from operations	107,712	(107,712)	
Total Revenues and Releases	5,342,781	(76,379)	5,266,402
Expenses			
Program Services	3,772,030		3,772,030
Supporting services			
Management and general	192,531		192,531
Fundraising	64,374		64,374
Total Expenses	4,028,935		4,028,935
Change in Net Assets from Operations	1,313,846	(76,379)	1,237,467
Non-Operating Revenue and Expenses			
Grants for revolving loan funds		162,500	162,500
Net assets released from revolving loan funds	4,385	(4,385)	
Total Non-Operating Revenue and Expenses	4,385	158,115	162,500
Change in Net Assets	1,318,231	81,736	1,399,967
Net Assets, Beginning of Year	16,675,417	1,225,233	17,900,650
Net Assets, End of Year	\$ 17,993,648	\$ 1,306,969	\$ 19,300,617

Statement of Activities

Year Ended March 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue			
Interest income - lending	\$ 2,433,703	\$ 29,942	\$ 2,463,645
Loan fee income	166,767		166,767
Grants	4,014,472	125,000	4,139,472
Contracts	140,000		140,000
Contributions	333,804		333,804
Technical Assistance fees	19,058		19,058
Investment interest and dividends	609,191		609,191
Loss on sale of asset	(1,093)		(1,093)
Other income	22,635		22,635
Net assets released from operations	111,238	(111,238)	
Total Revenues and Releases	<u>7,849,775</u>	<u>43,704</u>	<u>7,893,479</u>
Expenses			
Program Services	4,555,873		4,555,873
Supporting services			
Management and general	160,774		160,774
Fundraising	76,062		76,062
Total Expenses	<u>4,792,709</u>		<u>4,792,709</u>
Change in Net Assets from Operations	<u>3,057,066</u>	<u>43,704</u>	<u>3,100,770</u>
Non-Operating Revenue and Expenses			
Net assets released from revolving loan funds	1,106,717	(1,106,717)	
Total Non-Operating Revenue and Expenses	<u>1,106,717</u>	<u>(1,106,717)</u>	
Change in Net Assets	<u>4,163,783</u>	<u>(1,063,013)</u>	<u>3,100,770</u>
Net Assets, Beginning of Year	<u>12,511,634</u>	<u>2,288,246</u>	<u>14,799,880</u>
Net Assets, End of Year	<u>\$ 16,675,417</u>	<u>\$ 1,225,233</u>	<u>\$ 17,900,650</u>

Statement of Functional Expenses

Year Ended March 31, 2026

	Program Services	Management and General	Fundraising	Total
Expenses:				
Salaries	\$ 1,167,267	\$ 140,198	\$ 31,417	\$ 1,338,882
Payroll taxes	84,176	12,396	2,250	98,822
Benefits	167,497	17,212	4,525	189,234
Interest expense	1,175,969			1,175,969
Grant expenses	666,671			666,671
Professional fees	278,383	8,137	2,105	288,625
Equipment	19,448	1,875	751	22,074
Utilities	9,055	1,057	244	10,356
Occupancy	26,070	3,852	712	30,634
Insurance and taxes	28,281	2,152	557	30,990
Travel	32,209	12	926	33,147
Conferences and training	8,358	84	19	8,461
Meetings	4,186	40	151	4,377
Supplies	6,687	376	140	7,203
Loan servicing expense	2,121			2,121
Postage and shipping	3,226	113	34	3,373
Telephone and internet	6,949	768	189	7,906
Dues and publications	8,982	133	308	9,423
Fees and licenses	9,767	1,147	545	11,459
Marketing and outreach	47,972	845	18,992	67,809
Depreciation	18,756	2,134	509	21,399
Total Expenses	\$ 3,772,030	\$ 192,531	\$ 64,374	\$ 4,028,935

Statement of Functional Expenses

Year Ended March 31, 2025

	Program Services	Management and General	Fundraising	Total
Expenses:				
Salaries	\$ 1,130,153	\$ 110,413	\$ 26,993	\$ 1,267,559
Payroll taxes	78,237	11,542	1,861	91,640
Benefits	176,364	18,082	4,211	198,657
Interest expense	1,026,175			1,026,175
Grant expenses	1,256,887			1,256,887
Professional fees	267,330	7,267	1,716	276,313
Equipment	13,488	1,214	1,205	15,907
Utilities	8,345	801	199	9,345
Occupancy	18,909	1,929	498	21,336
Insurance and taxes	29,758	3,298	968	34,024
Travel	22,842	105	182	23,129
Conferences and training	11,316	78	327	11,721
Meetings	5,029	279	158	5,466
Supplies	6,807	963	147	7,917
Loan servicing expense	3,519			3,519
Postage and shipping	2,612	35	886	3,533
Telephone and internet	6,483	639	158	7,280
Dues and publications	7,796	67	290	8,153
Fees and licenses	10,552	815	617	11,984
Marketing and outreach	33,659	1,027	35,151	69,837
Depreciation	20,119	2,220	495	22,834
Loan loss provision	419,315			419,315
Miscellaneous expense	178			178
Total Expenses	\$4,555,873	\$ 160,774	\$ 76,062	\$ 4,792,709

Statements of Cash Flows

Years Ended March 31,

	2026	2025
Cash flows from operating activities:		
Change in net assets	\$ 1,399,967	\$ 3,100,770
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:		
Depreciation	21,399	22,834
Provision for loan losses	(76,556)	419,315
(Increase) decrease in operating assets:		
Accounts receivable	(44,725)	43,659
Grants receivable	80,577	(65,135)
Interest receivable	3,912	43,674
Prepaid expenses	10,649	22,034
Increase (decrease) in operating liabilities:		
Accounts payable	(54,579)	38,474
Accrued payroll and payroll taxes	(3,244)	16,435
Accrued interest	(5,334)	57,936
Deferred grants	4,034	10,034
Total adjustments	(63,867)	609,260
Net cash flows provided by operating activities	1,336,100	3,710,030
Cash flows from investing activities:		
Purchase of property and equipment	(9,219)	
Advances on loans receivable	(9,144,911)	(11,858,618)
Payments received on loans receivable	7,375,745	6,369,776
Net cash flows from investing activities	(1,778,385)	(5,488,842)
Cash flows from financing activities:		
Principal payments on long-term debt	(3,708,781)	(1,103,743)
Proceeds from issuance of long-term debt	4,097,329	10,923,272
Net cash flows from financing activities	388,548	9,819,529
Net change in cash and cash equivalents	(53,737)	8,040,717
Cash and cash equivalents at beginning of year	17,877,367	9,836,650
Cash and cash equivalents at end of year	\$ 17,823,630	\$ 17,877,367
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 1,181,303	\$ 968,239

Notes to Financial Statements

March 31, 2026 and 2025

NOTE 1 – NATURE OF THE ORGANIZATION

The Genesis Fund (Genesis) is a critical link in the development of affordable housing and community facilities in Maine, New Hampshire, and Vermont. Its mission is to bring together resources to create housing and other economic and social opportunities for underserved people and communities. The Genesis Fund, a certified Community Development Financial Institution (CDFI), is a statewide nonprofit organization that began operations in 1992.

The Genesis Fund provides innovative financing by soliciting low-interest loans from individuals, churches, corporations, and foundations and then re-lending the money to nonprofit organizations developing affordable housing and community facilities in underserved neighborhoods, people and communities throughout Maine and beyond. If requested, The Genesis Fund provides substantial technical assistance to nonprofit organizations that will create housing and community development opportunities.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of The Genesis Fund and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions and can be used for any purpose designated by the board.

Net Assets with Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those will be met by actions of The Genesis Fund or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Accounts Receivable

Accounts receivable represents amounts due to the Organization for service or other similar revenues. The Organization uses the aging schedule methodology to determine uncollectible accounts receivable on a pooled basis where similar risk characteristics exist. The Organization has evaluated past historical loss information along with customers' financial condition and current economic conditions in determining the credit losses. The Organization deemed no allowance was necessary at March 31, 2026 and 2025.

Notes to Financial Statements

March 31, 2026 and 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNT POLICIES – CONTINUED

Fair Value Measurements

Investments are carried at fair value or on the equity method based on the nature of the investment.

Fair value is 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 on the measurement date. In determining fair value, The Genesis Fund uses various methods, including market, income and cost approaches. Based on these approaches, The Genesis Fund often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Genesis Fund utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances.

Generally accepted accounting principles require that fair value of financial assets be measured using a fair value hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. The hierarchy is categorized into three levels using the following guidelines:

Level 1 - Observable inputs that reflect quoted prices for identical assets or liabilities in active markets, such as stock quotes.

Level 2 - Includes inputs other than Level 1 inputs that are directly or indirectly observable in the marketplace, such as yield curves or other market data.

Level 3 - Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk, such as bid/ask spreads and liquidity discounts.

In determining the appropriate levels, The Genesis Fund performs a detailed analysis of the assets and liabilities that are subject to fair value. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

Genesis determined that the investment portfolio consisted of certificates of deposits which are not required to be classified in the fair value hierarchy.

Notes to Financial Statements

March 31, 2026 and 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNT POLICIES – CONTINUED

Property and Equipment

Property and equipment are stated at cost or estimated fair value if donated. The Genesis Fund capitalizes all expenditures in excess of \$5,000 with a life of more than one year. Depreciation of property and equipment is computed on a straight-line basis over their estimated useful lives varying from three to thirty years.

Certificates of Deposit

Certificates of deposit are recorded at cost and are not required to be classified in one of the levels prescribed by the fair value hierarchy.

Cash and Cash Equivalents

The Genesis Fund maintains cash at several financial institutions. The accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. At various times throughout the year and at year end, The Genesis Fund had cash balances in excess of FDIC insurance. The Genesis Fund mitigates this risk using Insured Cash Sweep (ICS) accounts and believes it is not exposed to any significant credit risk on its cash balances. The balance in the ICS accounts on March 31, 2026 was approximately \$17,701,156.

Genesis considers all cash and other highly liquid instruments with initial maturities of three months or less to be cash equivalents.

Loans Receivable and Accrued Interest Receivable

The Genesis Fund issues loans that provide social benefit to the community through financing affordable housing and community facilities. The majority of these loans are held for investment.

The Genesis Fund's lending programs cover a broad range of lending opportunities, all of which are designed to provide housing opportunities or meet other community facility needs for low-income individuals or individuals with disabilities. The loans support a variety of affordable housing programs and other projects.

Loans are presented at amortized cost basis net of allowances for credit losses (see below and Note 4) and third-party loan participations. The loans are collateralized by mortgage liens on the borrower's real estate and other collateral. Outstanding loans currently bear interest, including both fixed and variable rates.

Accrued Interest receivable on loans is reported separately in the statements of financial position and is excluded from the allowance for credit losses measurement. The Organization considers its non-accrual and charge-off policies to be timely for all its loans. The Organization also considers the length of time without payment from the borrower and other triggering events when determining that a loan should be moved to non-accrual status (see below) and no longer recognized interest revenue on the loan.

Notes to Financial Statements

March 31, 2026 and 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNT POLICIES – CONTINUED

Loans Receivable and Accrued Interest Receivable – Continued

The accrual on interest on loans is discontinued at the time the loan is 90 days delinquent unless the credit is well-secured and in the process of collection. Past due status is based on contractual terms of the loan. In all cases, loans are placed on non-accrual status or charged-off when management determines, after considering economic conditions, business conditions, and collection efforts that collection is considered doubtful. All interest accrued on loans that are placed on non-accrual status or charged off is reversed against interest income.

A loan is considered impaired when, based on current information and events, it is probable that the Organization will be unable to collect the principal and interest payments in full in accordance with the contractual terms of the loan. Management considers many factors and their significance in determining whether a loan is impaired. Such review is done on a base-by-case basis taking into consideration all of the circumstances surrounding the loan and the borrower.

Allowance for Credit Losses

The allowance for credit losses (ACL) represents an amount which, in management's judgment, reflects the lifetime expected losses that may be incurred on outstanding loans and unfunded commitments, if any, at the statement of financial position date based on the evaluation of the size and current risk characteristics of the loan types, past events, current conditions, reasonable and supportable forecasts of future economic conditions and repayment experience. The allowance is measured and recorded upon the initial recognitions of a financial asset. The allowance is reduced by charge-offs, net of recoveries of previous losses, and is increased or decreased by a provision for or reversal of credit losses, which is recorded as a current period expense (revenue).

Determination of the appropriateness of the ACL is inherently complex and requires the use of significant and highly subjective estimates. The reasonableness of the allowance is reviewed periodically by the Executive Director and the Loan Committee of the Board of Directors and formally approved by the Board of Directors.

The Organization's ACL process involves procedures to appropriately consider the unique risk characteristics of its financial assets, loan types, loan credit quality, loan terms, collateral types, loan-to-value percentages, credit worthiness of borrowers and or project being funded, lending policy and general economic conditions. Management reviewed the Organizations loan losses history since inception and noted only two losses occurring 13 and 16 years ago. Management believes that calculating the ACL on an individual loan by loan basis provides the most accurate estimate for potential credit losses over the lifetime of each loan.

Notes to Financial Statements

March 31, 2026 and 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNT POLICIES – CONTINUED

Allowance for Credit Losses– Continued

With no substantial loan losses, Management started the ACL calculation for each loan at 0%, and added mandated quantitative additions as follows:

- Sector – loans are recognized in two distinct sectors, Affordable Housing and Community Facilities. Add-ons incorporated were Affordable Housing (.30%) and Community Facilities (.50%) based on the most recently available peer comparison data on charge-off rates from the CDFI industry's leading trade association, the Opportunity Finance Network (OFN).
- Loan Type – Add-ons were incorporated as follows: Permanent (.10%), Acquisition (.20%), Construction (.30%), Predevelopment (.40%) and Working Capital (.40%)
- Risk Rating – The Organization has a robust risk rating process where every loan is risk rated at origination and reviewed annually. Categories included management capacity, staff turnover, credit history with the Organization, borrower financial capacity; current ratio trends, repayment and take out certainty, debt ratios, and collateral loan-to-value. Risk ratings range from 1 (Excellent) to 5 (Poor) with a corresponding add-on of 1% to 5%.
- Impaired/non-accrual loans. The calculation included add-ons of 2.00% to loans identified as impaired and 2.5% to loans in non-accrual status.
- External factors – for fiscal year 2026, the calculation included add-on of .50 to .75% based on the anticipated vulnerability of each borrower to economic uncertainty (risk of recession, inflation) and funding source risk.

The qualitative adjustments represent certain criteria identified by management and the Loan Committee that increases the credit risk exposure of the Organization upon originating a loan. Management monitors and assesses the qualitative factors noted above to determine if they continue to be the most predictive indicator of losses with the Organization's loan portfolio and may adjust its assumptions to account for differences between expected and actual losses from period to period. The variability of management's assumptions could alter the ACL on loans materially and impact the future result of operations and financial condition.

For collateral dependent loans where the Organization has determined that foreclosure of the collateral is probable and where the borrower is experiencing financial difficulty, the allowance for credit losses is measured based on the difference between the fair value of the collateral and the amortized cost basis of the asset as of the measurement date. Fair value is generally calculated based on the value of the underlying collateral less an appraisal discount and the estimated cost to sell.

Unfunded lending commitments are reviewed to determine if they are considered unconditionally cancellable. The Organization recognizes unfunded commitments that do not meet that criteria as a liability in the statement of financial positions. Changes to the liability are included in the provision for credit losses in the statement of activities and changes in net assets. The allowance for credit losses for unfunded lending commitments is estimated using the same methodologies as portfolio loans, taking into consideration management's assumption of the likelihood that funding will occur. The calculation for unfunded commitments was not considered to be material for the year ended March 31, 2026.

Notes to Financial Statements

March 31, 2026 and 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNT POLICIES – CONTINUED

Revenue and Revenue Recognition

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using an interest rate determined by the risk.

Donated securities are recorded at fair value on the date received from the donor. In-kind contributions are recorded at fair value at the date of the gift.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Certain governmental and private grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses are not recognized in the accompanying financial statements. Consequently, at March 31, 2026 and 2025, conditional contributions approximating \$1,855,225 and \$1,520,616 for which no amounts had been received in advance, have not been recognized in the accompanying financial statements.

Grants for which amounts have been received but are conditioned upon certain performance requirements or incurrence of allowable qualifying expenses or events are recorded as deferred revenue and recognized as revenue when the conditions have been met. Grant revenue earned but not yet received is recorded as grants receivable and funds received but not yet earned are recorded as unapplied grant funds.

Technical assistance revenue and rental revenue are recognized at the time the services are provided.

Operating and Non-Operating Revenue

The Genesis Fund reports the results of its activities in two categories: operating revenue and non-operating revenue and expenses. Non-operating revenue and expenses include government and other grants to capitalize loan funds and gains and losses.

Concentration of Credit Risk

The Genesis Fund had 93% and 89% of its loans outstanding in Maine at March 31, 2026 and 2025, respectively.

Income Taxes

The Genesis Fund is a nonprofit organization as described in Section 501(c) (3) of the Internal Revenue Code and, as such, is exempt from federal income taxes on related income pursuant to Section 501(a) of the IRS Code.

Functional Expense Allocation

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Notes to Financial Statements

March 31, 2026 and 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNT POLICIES – CONTINUED

Advertising and Promotion Costs

The Genesis Fund expenses advertising and promotion costs as incurred. Costs incurred for the years ended March 31, 2026 and 2025 were \$15,820 and \$16,580 respectively.

Donated Services

A substantial number of the Board of Directors made significant contributions of time to The Genesis Fund. The value of this time is not reflected in these financial statements since it is not susceptible to objective measurement of valuation.

New Accounting Pronouncement

Financial Instruments – Credit Losses

In November 2025, FASB issued ASU 2025-08, *Financial Instruments – Credit Losses: Purchased Loans*. This update expands the population of acquired financial assets subject to the gross-up approach to now require all purchase seasoned loans also be accounted for using the gross-up approach. Previously, only financial assets acquired which had a more-than-significant deterioration of credit quality since its origination needed to be recorded using the gross-up approach. This change will enhance comparability and consistency in accounting for acquired financial assets. The new standard is effective for fiscal years beginning after December 15, 2026. Management is evaluating the impact of adoption on its financial statements.

NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

	<u>2026</u>	<u>2025</u>
Cash and cash equivalents	\$ 17,497,008	\$ 17,502,681
Accounts receivable	70,144	25,419
Grants receivable	10,185	90,762
Notes receivable - current portion	6,923,340	6,694,507
Accrued interest receivable	210,867	214,779
	<u>\$ 24,711,544</u>	<u>\$ 24,528,148</u>

The Genesis Fund's Board of Directors has established an Investment and Cash Management Policy to promote prudent corporate stewardship of its funds and accountability to investors, funders and borrowers. These funds include unrestricted and restricted funds as well as Board-designated funds. Notwithstanding this policy, all restrictions placed by donors and investors on interest and other earnings from their funds are honored.

Notes to Financial Statements

March 31, 2026 and 2025

NOTE 3 – LIQUIDITY AND AVAILABILITY – CONTINUED

The Investment and Cash Management Policy includes the following:

Capital Liquidity Reserve: The Genesis Fund requires sufficient liquidity in its investment portfolio to meet its ongoing repayment obligations to investors. To that end, it will maintain a capital liquidity reserve of no less than 5% of investor notes payable. These funds are not available for lending; however, they may be deposited in an interest-bearing account or appropriately invested in short-term vehicles. The Genesis Fund will strive to manage liquidity needs to avoid penalties related to removing funds from the vehicles in which they are invested. In addition, The Genesis Fund carefully monitors maturity dates of assets and liabilities to ensure its capacity to repay investors at maturity.

Operating Liquidity Reserve: The Genesis Fund will maintain an operating liquidity reserve greater than or equal to 3 months of operating expenses from the most recently completed fiscal year (calculated as Unrestricted Cash & Cash Equivalents plus Cash and Cash Equivalents Restricted for operations divided by 25% of Expenses less any non-cash expenses, [such as depreciation and loan loss provision] or passthrough expenses [such as subgrants] from the prior fiscal year.

Allocation of Net Assets: The Genesis Fund allocates on its balance sheet net assets that are available for lending, consisting of funds the organization has accumulated over time through contributions (such as donations and grants) and/or operating surpluses so allocated to this fund. These Net Assets Allocated to Lending represent a portion of the total Net Assets without donor restrictions. Net Assets Allocated to Lending without donor restrictions at March 31, 2026 and 2025 were \$14,370,659 and \$13,995,015 respectively. The remaining portion of Net Assets without donor restrictions at March 31, 2026 and 2025, \$3,622,989 and \$2,680,402, respectively were considered allocated to Operating. However, funds allocated to lending are also available for operating as needed because they are without donor restrictions.

The Genesis Fund also has a committed line of credit in the amount of \$3,000,000 to help manage unanticipated liquidity needs.

NOTE 4 – LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES

For the purpose of credit analysis, the Organization categorizes its loans into two loan types:

Affordable Housing – Lending to support the development, rehabilitation, build-out and/or permanent financing of affordable housing, including affordable rental and, supportive rental housing, transitional housing, and group housing for individuals with disabilities.

Community Facilities – Lending to support the development, rehabilitation, build-out and or permanent financing of community facilities. An individual facility may provide space for a childcare or early education center; shelter for the homeless; healthcare or human services entity; and/or community economic development businesses. Community facilities are usually located in low-income communities and are primarily serving individuals, including children, of low-income families.

Notes to Financial Statements

March 31, 2026 and 2025

NOTE 4 – LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES – CONTINUED

Loans receivable consisted of the following at March 31:

	2026		2025	
	Number	Principal	Number	Principal
Types:				
Affordable Housing	120	\$ 46,341,491	116	\$ 44,406,163
Community Facilities	18	5,179,573	17	5,345,735
Total	138	\$ 51,521,064	133	\$ 49,751,898

At March 31, 2026 and 2025, approximately 99% and 99% of loans receivable had fixed interest rates ranging from 0% to 7%, respectively. The remaining loans had variable interest rates indexed to the 10-year Treasury bill. Loans receivables have various maturities through 2055. Approximately 86% of the loans receivables mature in 10 years or less.

The ability of borrowers to repay the loans could be adversely affected by extensive job losses, dramatic increases in rental vacancies within the borrower' geographic areas, or other adverse economic conditions.

Principal payments of the loans schedule for receipt are as follows at March 31:

	2026	2025
Amounts due in:		
Within one year	\$ 6,923,340	\$ 6,694,507
More than one and up to five years	20,647,699	20,242,027
More than five years	23,950,025	22,815,364
	51,521,064	49,751,898
Less allowance	(1,795,640)	(1,872,196)
Total loans receivable, net of allowance	\$ 49,725,424	\$ 47,879,702

Loans receivables are presented net of third-party loan participations of \$765,840 and \$770,132 as of March 31, 2026 and 2025, respectively. All loan participations qualify as loan sales in accordance with ASC Topic 860: Transfers and Servicing.

Notes receivable aging consisted of the following:

March 31, 2026

	Accruing		Non-accrual loans (current) and past due	Total past due and non-accrual loans	Current loans	Total Loans
	Loans 31-89 days past due	Loans 90 days and greater past due				
	0	0	\$ 448,407	\$ 448,407	\$ 51,072,657	\$ 51,521,064
Loans	0	0	1	1	137	138

Notes to Financial Statements

March 31, 2026 and 2025

NOTE 4 – LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES – CONTINUED

Notes receivable aging continued

March 31, 2025

	Accruing		Non-accrual loans (current) and past due	Total past due and non- accrual loans	Current loans	Total Loans
	Loans 31-89 days past due	Loans 90 days and greater past due				
	0	0	0	0	\$ 49,751,898	\$ 49,751,898
Loans	0	0	0	0	133	133

There were no charge-off of loans receivable during the years ended March 31, 2026 and 2025. The Organization reports recoveries of loans previously written-off in prior years as income when the amount is collected or collection is assured. There were no recoveries of loans previously written-off during 2026 and 2025.

As disclosed in Note 2, the Organization follows ASC Topic 326 to estimate the ACL effective March 1, 2023. Loans, even those of the same loan types, are evaluated on an individual basis instead of a collective pool basis given the unique nature of each loan. Management believes that calculating the allowance for credit losses on an individual loan by loan basis provides the most estimate for potential credit losses over the lifetime of the loans.

The allowance for credit/loan losses for the years ended March 31, 2026 and 2025 amounted to the following:

Allowance for loan losses	Affordable Housing	Community Facilities	Total
March 31, 2026			
Allowance at March 31, 2025	\$ 1,664,593	\$ 207,603	\$ 1,872,196
Provision (Recovery)	(37,284)	(39,272)	(76,556)
Allowance at March 31, 2026	<u>\$ 1,627,309</u>	<u>\$ 168,331</u>	<u>\$ 1,795,640</u>
March 31, 2025			
Allowance at March 31, 2024	\$ 1,303,522	\$ 149,359	\$ 1,452,881
Provision	361,071	58,244	419,315
Allowance at March 31, 2025	<u>\$ 1,664,593</u>	<u>\$ 207,603</u>	<u>\$ 1,872,196</u>

Notes to Financial Statements

March 31, 2026 and 2025

NOTE 4 – LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES – CONTINUED

Based on the most recent analysis performed, the risk category of loans by class at March 31 are as follows:

Year ended March 31, 2026

<u>Rate</u>	<u>Affordable Housing</u>	<u>Community Facilities</u>	<u>Total</u>
1	\$ 16,407,135	\$ 2,584,663	\$ 18,991,798
2	20,708,597	2,072,203	22,780,800
3	8,777,352	522,707	9,300,059
4	448,407		448,407
Total	\$ 46,341,491	\$ 5,179,573	\$ 51,521,064

Year ended March 31, 2025

<u>Rate</u>	<u>Affordable Housing</u>	<u>Community Facilities</u>	<u>Total</u>
1	\$ 15,565,489	\$ 1,545,334	\$ 17,110,823
2	20,396,190	2,657,049	23,053,239
3	7,996,077	1,143,352	9,139,429
4	448,407		448,407
Total	\$ 44,406,163	\$ 5,345,735	\$ 49,751,898

Notes to Financial Statements

March 31, 2026 and 2025

NOTE 4 – LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES – CONTINUED

The Genesis Fund categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt, evaluating factors such as current financial information, historical payment experience, management's experience and other factors. The Genesis Fund analyzes loans individually by assigning a weighted rate based on the following risk rating criteria:

Rate	Management Capacity	Financial Capacity	Cash Flow: Debt Service Coverage Ratio	Collateral
1	Excellent management as evidenced by 10+years of relevant experience and low turnover in key positions; Excellent credit history with TGF; Scope of project is familiar to borrower	Excellent fiscal condition as evidenced by positive net operating income in most recent three fiscal years and a current ratio that exceeds 1.0	Excellent repayment capacity evidenced by debt coverage ratio >1.25; Solid reserves and contingency allowance; guaranteed takeout	Excellent collateral quality (defined as cash equivalents, real estate or guarantees); LTV <50%
2	Strong management as evidenced by 5+years of relevant experience and low turnover in key positions; good credit history with TGF; Scope of project is familiar to borrower	Strong fiscal condition as evidenced by positive net operating income in most recent two fiscal years and a current ratio that exceeds 1.0	Strong ability to repay evidenced by debt coverage >1.15; solid reserves and contingency allowance; committed takeout	Strong collateral quality (defined as cash equivalents, real estate or guarantees); LTV <80%
3	Adequate management as evidenced by 2+years of relevant experience and some turnover in key positions; good credit history with TGF; Scope of project is manageable by borrower and/or outside consultants	Adequate fiscal condition with improving trends as evidenced by positive net operating income in two of the last three fiscal years and a current ratio that exceeds 1.0 or, if not >1.0 for which there is a reasonable explanation	Adequate ability to repay evidenced by debt coverage >1.0; adequate reserves and contingency allowance; committed takeout	Adequate collateral quality (defined as cash equivalents, real estate or guarantees); 80% - 100% LTV
4	Management as evidenced ; High turnover in key positions; Project represents new venture; or staff relying on outside help	Weak fiscal condition or poor trends	Ability to repay is questionable evidenced by debt coverage <1.0; light reserves and contingency allowance; uncertain or no takeout	100% + LTV; the loan is under-collateralized
5	Critical management problems; inexperience and high turnover in key positions	Fiscal condition poses a risk to loan repayment	Borrower is out of compliance with other lenders; ability to repay is threatened for any reason	Significant loss of collateral value for any reason

Notes to Financial Statements

March 31, 2026 and 2025

NOTE 5 – PURCHASED LOANS

Included in loans receivable were two loan portfolios purchased at a discount in 2013 and 2014. These portfolios consist of multiple zero-interest, low-income real estate loans. These loans continued to be serviced by the seller, and The Genesis Fund holds the rights to the underlying promissory notes and liens on the properties. Interest income is recognized monthly with the amortization of the purchase discount. As of March 31, 2026 and 2025, there is one remaining portfolio. The discounted value for this portfolio at March 31, 2026 and 2025 was \$230,475 and \$251,126, respectively.

NOTE 6 – GRANTS RECEIVABLE

Grants receivable represents expenses incurred or other unconditional promises to give funds for which no cash has yet been received. Grants receivable was \$10,185 and \$90,762 at March 31, 2026 and 2025, respectively.

NOTE 7 – OTHER INVESTMENTS

During the 2000 fiscal year the organization received, as a contribution, seventy-five shares of Community Development Trust, Inc. (CDT). The share had an estimated value of \$500 but are not publicly traded and therefore are not liquid and do not have a readily determinable fair market value.

NOTE 8 – DISAGGREGATION OF REVENUE

The following table shows the Organization's contract revenue disaggregated according to product type/revenue stream and the timing of transfer of goods or services at March 31:

	<u>2026</u>	<u>2025</u>
<i>Revenue Recognized at a Point in Time:</i>		
Mainehousing	\$ 150,000	\$ 140,000
Total Contract Revenue Recognized at a Point in Time	<u>150,000</u>	<u>140,000</u>
Total Revenue from Contracts with Customers	<u>\$ 150,000</u>	<u>\$ 140,000</u>

NOTE 9 – CONTRACTS WITH CUSTOMERS

Contracts assets and liabilities related to contracts with customers are as follows:

	<u>2026</u>	<u>2025</u>
Contract assets	\$ 25,000	\$ 25,000
Contract liabilities	\$ -	\$ -

Notes to Financial Statements

March 31, 2026 and 2025

NOTE 10 – DEFERRED REVENUE

	<u>2026</u>	<u>2025</u>
Deferred revenue, beginning of year	\$ 43,714	\$ 33,680
Revenue recognized from prior year	(43,714)	(33,680)
Increase due to receiving conditional grant funds and unearned income	47,748	43,714
Deferred revenue, end of year	<u>\$ 47,748</u>	<u>\$ 43,714</u>

NOTE 11– NOTES PAYABLE

The Genesis Fund offers investment opportunities to a range of individuals and institutions. The Notes are available in variable amounts for terms of between 1 to 30 years, at interest rates ranging from 0% up to 3.5% fixed for the term of each Note, as determined by Genesis's sole discretion.

The Genesis Fund investor notes payable outstanding at March 31, is summarized as follows:

Number	Source	<u>2026</u>	Number	<u>2025</u>
48	Financial institutions	\$ 22,775,000	45	\$ 20,900,000
166	Individuals and trusts	7,179,844	169	7,396,429
11	Foundations	2,935,000	10	2,435,000
17	Faith	1,977,105	20	2,429,131
1	Government agency	611,046	1	647,949
10	Other	3,990,283	9	5,271,221
<u>253</u>		<u>\$ 39,468,278</u>	<u>254</u>	<u>\$ 39,079,730</u>

Expected maturities are as follows for the years ending March 31:

2027	\$ 10,479,099
2028	11,415,385
2029	1,697,932
2030	7,933,690
2031	5,016,083
Thereafter	2,926,089
	<u>\$ 39,468,278</u>

The Genesis Fund is subject to and in compliance with various debt covenants under these agreements.

Notes to Financial Statements

March 31, 2026 and 2025

NOTE 12 – SUBORDINATED DEBT

The Genesis Fund has subordinated note agreements included in other liabilities. These notes may be extended at the option of the investor. The notes consisted of the following at March 31:

			<u>2026</u>	<u>2025</u>
<u>Lender</u>	<u>Maturity date</u>	<u>Interest rate</u>	<u>Balance</u>	<u>Balance</u>
Deutsche Bank	04/30/31	2.00%	\$ 750,000	\$ 750,000
Bangor Savings Bank	06/18/26	2.25%	500,000	500,000
Bangor Savings Bank	08/01/26	2.50%	1,000,000	1,000,000
Bangor Savings Bank	08/01/26	2.50%	1,000,000	1,000,000
Norway Savings Bank	09/01/27	2.00%	1,000,000	1,000,000
OFN-CDFI	09/09/32	3.00%	750,000	750,000
Norway Savings Bank	09/22/28	3.00%	500,000	500,000
Citizens Bank	08/29/28	3.00%	2,000,000	2,000,000
M&T Bank	06/01/35	2.00%	300,000	300,000
M&T Bank	06/01/35	2.00%	500,000	500,000
M&T Bank	06/01/35	3.00%	550,000	550,000
			<u>\$ 8,850,000</u>	<u>\$ 8,850,000</u>

Expected maturities are as follows for the year ending March 31:

2027	\$ 2,500,000
2028	1,000,000
2029	2,500,000
Thereafter	<u>2,850,000</u>
	<u>\$ 8,850,000</u>

The Genesis Fund is subject to and in compliance with various debt covenants under these agreements.

NOTE 13 – RELATED PARTIES

The Genesis Fund had investment loans payable to and notes receivable from various past and current directors. The investment loans payable balance was \$20,000 and \$21,126 at March 31, 2026 and 2025, respectively, and the notes receivable balance was \$1,370,872 and \$1,639,095 at March 31, 2026 and 2025, respectively.

NOTE 14 – LINE OF CREDIT

The Genesis Fund has a \$3,000,000 line of credit with a bank which matures November 28, 2027. Borrowings under the line bear variable interest at 1% point under the Wall Street Journal Prime Rate of 6.75% at March 31, 2026. The agreement requires compliance with certain financial and non-financial covenants. There was no balance on the line of credit at March 31, 2026 and 2025.

Notes to Financial Statements

March 31, 2026 and 2025

NOTE 15 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2026</u>	<u>2025</u>
Subject to expenditure for specified purpose:		
Federal Home Loan Bank of Boston AHP Revolving Loan Program	\$ 1,306,969	\$ 1,117,521
Key Bank Award		97,350
MCF Mobile Home Grant		10,362
	<u>\$ 1,306,969</u>	<u>\$ 1,225,233</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended March 31:

	<u>2026</u>	<u>2025</u>
Satisfaction of purpose restrictions		
Releases from revolving loan funds	\$ 4,385	\$ 1,106,717
Releases from operations	107,712	111,238
	<u>\$ 112,097</u>	<u>\$ 1,217,955</u>

NOTE 16 – FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses are allocated on time and effort and include: depreciation, personnel costs, occupancy related expenses, insurance, supplies, postage, printing, meetings, licensing and recording fees, office equipment, dues and subscriptions, professional services and telephone/internet.

NOTE 17 – RETIREMENT PLAN

The Genesis Fund has a 401(k) profit sharing plan. The 401(k) profit sharing plan covers all employees who have met age and service requirements. Elective deferrals are matched by the organization up to five percent of compensation. All contributions are 100% vested. The Plan also provides for discretionary employer profit sharing contributions. No discretionary contributions have been authorized or made. Retirement plan contributions for the years ended March 31, 2026 and 2025 were \$59,208 and \$55,274 respectively.

NOTE 18 – CONTINGENCIES

Under contracts and agreements with the United States Government, the State of Maine, and certain private grantors (collectively, the "Funders"), the Funders reserve the right to examine The Genesis Fund's financial statements and its compliance with laws, regulations, and agreements. The Funders also reserve the right to adjust The Genesis Fund's contracts and agreement amounts based on subsequent audits. Any adjustment proposed by the Funders not previously recorded on the financial statements will be accounted for in the period of adjustment.

Notes to Financial Statements

March 31, 2026 and 2025

NOTE 19 – COMMITMENTS

The Genesis Fund had 11 closed loans that had not been fully disbursed as of March 31, 2026. The amount of undisbursed funds totaled \$3,634,210 at March 31, 2026.

The Genesis Fund also had 4 loan commitments that had not yet closed as of March 31, 2026. Possible future cash obligations for committed loans totaled \$3,362,000 at March 31, 2026.

NOTE 20 – SUBSEQUENT EVENTS

The Genesis Fund has evaluated subsequent events through July 24, 2026 which represents the date on which the financial statements were available to be issued and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of these financial statements.