



**WESLEYAN
IMPACT
PARTNERS**

WESLEYAN IMPACT PARTNERS, INC.

Financial Statements
With Independent Auditor's Report

December 31, 2025, 2024, and 2023

WESLEYAN IMPACT PARTNERS INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Wesleyan Impact Partners Inc.
Austin, Texas

Opinion

We have audited the accompanying financial statements of Wesleyan Impact Partners Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities 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 Wesleyan Impact Partners Inc. as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Wesleyan Impact Partners Inc. 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.

Prior Period Financial Statements

The financial statements of Wesleyan Impact Partners Inc. as of December 31, 2023, were audited by other auditors whose report dated March 21, 2024, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Wesleyan Impact Partners Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Directors
Wesleyan Impact Partners Inc.
Austin, Texas

Auditor's 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 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 on the effectiveness of Wesleyan Impact Partners Inc.'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 Wesleyan Impact Partners Inc.'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.

Capin Crouse LLC

Irving, Texas
April 14, 2026

WESLEYAN IMPACT PARTNERS INC.

Statements of Financial Position

	December 31,		
	2025	2024	2023
ASSETS:			
Cash and cash equivalents	\$ 774,306	\$ 177,446	\$ 709,171
Investments	7,497,990	11,557,157	19,576,257
Accrued interest receivable	774,781	796,455	689,891
Prepaid expenses and other assets	199,668	148,543	99,941
Loans receivable	111,234,939	100,247,496	92,642,476
Allowance for credit losses	(3,167,935)	(3,098,101)	(3,250,000)
	<u>\$ 117,313,749</u>	<u>\$ 109,828,996</u>	<u>\$ 110,467,736</u>
LIABILITIES AND NET ASSETS:			
Liabilities:			
Accounts payable and accrued expenses	\$ 410,441	\$ 288,589	\$ 315,177
Deferred grant revenue	5,519,110	1,022,177	1,273,455
Investment certificates	72,374,445	70,753,714	72,036,377
Total liabilities	<u>78,303,996</u>	<u>72,064,480</u>	<u>73,625,009</u>
Net assets:			
Without donor restrictions	38,962,420	37,722,552	36,805,732
With donor restrictions	47,333	41,964	36,995
Total net assets	<u>39,009,753</u>	<u>37,764,516</u>	<u>36,842,727</u>
Total Liabilities and Net Assets	<u>\$ 117,313,749</u>	<u>\$ 109,828,996</u>	<u>\$ 110,467,736</u>

See notes to financial statements

WESLEYAN IMPACT PARTNERS INC.

Statements of Activities

	Year Ended December 31,		
	2025	2024	2023
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS:			
Support, revenue, and reclassifications:			
Interest income on loans	\$ 5,990,421	\$ 4,910,805	\$ 4,332,983
Investment income, net	550,648	365,057	640,771
Reduction in allowance for credit losses	-	151,899	-
Contributions	19,908	11,588	9,508
Other income	786,413	338,314	381,957
Satisfaction of purpose restriction	933	473	-
Total support, revenue, and reclassifications	7,348,323	5,778,136	5,365,219
Expenses:			
Interest expense	2,143,738	1,829,937	1,711,452
Grants	-	120,647	328
Operating expenses	3,964,717	2,910,732	2,280,594
Total expenses	6,108,455	4,861,316	3,992,374
Change in Net Assets Without Donor Restrictions	1,239,868	916,820	1,372,845
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:			
Contributions	1,657	1,485	12,772
Investment income, net	4,645	3,957	4,273
Satisfaction of purpose restriction	(933)	(473)	-
Change in Net Assets With Donor Restrictions	5,369	4,969	17,045
Change in Net Assets	1,245,237	921,789	1,389,890
Net Assets, Beginning of Year	37,764,516	36,842,727	35,452,837
Net Assets, End of Year	\$ 39,009,753	\$ 37,764,516	\$ 36,842,727

See notes to financial statements

WESLEYAN IMPACT PARTNERS INC.

Statements of Cash Flows

	Year Ended December 31,		
	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:			
Change in net assets	\$ 1,245,237	\$ 921,789	\$ 1,389,890
Adjustment to reconcile change in net assets to net cash flows provided (used) by operating activities:			
Change in value-interest in pooled funds held by			
Wespath Benefits and Investments	(555,293)	(369,014)	(657,558)
Interest reinvested by certificate holders	2,125,627	1,829,463	1,711,452
Provision (reduction) in allowance for credit losses	69,834	(151,899)	-
Changes in:			
Accrued interest receivable	21,674	(106,564)	(292)
Prepaid expenses and other assets	(51,125)	(48,602)	(63,166)
Accounts payable and accrued expenses	121,852	(26,588)	33,920
Deferred grant revenue	4,496,933	(251,278)	1,267,455
Net Cash Provided by Operating Activities	7,474,739	1,797,307	3,681,701
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of investments	4,616,117	8,399,599	-
Purchases of investments	(1,657)	(11,485)	(6,096,884)
Collections on loans receivable	14,293,336	7,513,974	9,970,551
Issuance of loans receivable	(25,280,779)	(15,118,994)	(4,607,835)
Net Cash Provided (Used) by Investing Activities	(6,372,983)	783,094	(734,168)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of investment certificates	20,325,463	11,073,394	7,482,356
Redemption of investment certificates	(20,830,359)	(14,185,520)	(15,030,673)
Net Cash Used by Financing Activities	(504,896)	(3,112,126)	(7,548,317)
Net Change in Cash and Cash Equivalents	596,860	(531,725)	(4,600,784)
Cash and Cash Equivalents, Beginning of Year	177,446	709,171	5,309,955
Cash and Cash Equivalents, End of Year	\$ 774,306	\$ 177,446	\$ 709,171
SUPPLEMENTAL INFORMATION:			
Cash paid during the year for interest	\$ 1,863,014	\$ 752,495	\$ 1,304,631
Matured investment certificates reinvested	\$ 14,280,725	\$ 10,834,613	\$ 8,900,765

See notes to financial statements

WESLEYAN IMPACT PARTNERS INC.

Notes to Financial Statements

December 31, 2025, 2024 and 2023

1. NATURE OF ORGANIZATION:

Wesleyan Impact Partners Inc. (formerly Wesleyan Investive) (WI) is incorporated as a nonprofit organization which, until December 31, 2018, was under the control of the General Board of Global Ministry (GBGM), an agency of the United Methodist Church. Commencing on January 1, 2017, GBGM transferred day to day management of all WI activities to Texas Methodist Foundation (TMF), a non-profit organization. On January 1, 2019, the parties entered into two agreements, and WI reorganized their entity under the laws of the State of Texas. A minority of directors on the WI's board of directors also serve on the TMF's board of directors, to aid in aligning the two ministries. TMF's officers and staff continue to manage WI's activities under the governance of the WI board of directors (the board).

WI provides first mortgage loans to Wesleyan-related churches and other Wesleyan-related organizations for the purchase, construction, expansion, or major improvement of churches, parsonages, or mission buildings. WI's primary activities include the sale of its investment certificates to Wesleyan-related individuals and organizations and the lending of those funds to local churches and other Wesleyan-related organizations.

WI is exempt from federal income taxes under the provisions of the Internal Revenue Code (IRC) Section 501(c)(3) and applicable state statutes and is not a private foundation under IRC Section 509(a)(1).

2. SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF ACCOUNTING

The financial statements of WI have been prepared using the accrual basis of accounting, which gives recognition to income and related assets when earned and expenses and related liabilities when incurred. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates. Estimates that are particularly susceptible to significant change in the near term are related to allowance for credit losses on loans receivable and fair value of investments. The significant accounting policies followed are described below.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include interest-bearing time deposits and demand notes with original maturities of three months or less, except for short-term investments held by WI's investment managers as part of its long-term strategy. At December 31, 2025, 2024, and 2023, WI's cash balances exceeded federally insured limits by approximately \$772,000, \$25,000, and \$376,000, respectively.

INVESTMENTS

Investments with readily determinable fair values are reported at fair value. Investment in some interest bearing deposits are recorded at cost plus accrued interest. Some of WI's portfolio is held and managed by Wespath Benefits and Investments (WBI). WI's investments are held in investment pools at WBI. Pro-rata ownership in the pools is determined under a system in which units of ownership are recorded to represent each member's share of the total market value of assets so WI reports its interest in the pooled funds at fair value.

WESLEYAN IMPACT PARTNERS INC.

Notes to Financial Statements

December 31, 2025, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

INVESTMENTS, continued

The change in value of WI's interest in pooled funds held by WBI is included within investment income, net on the statements of activities. Investment interest, dividends, appreciation, or depreciation in market value are allocated based on each pool member's percentage of ownership represented by these units. Funds can generally be withdrawn same business day, with the exception of transaction requests of more than \$2 million, which may require up to 15 business days to process.

SUPPORT AND REVENUE

Contributions are reported as income when made, which may be when cash is received, unconditional promises to give are made, or when ownership of donated assets is transferred. Support funded by certain grants are considered conditional contributions, and revenue is recognized as eligible costs are incurred and services are performed. Funding received in advance of incurring allowable costs are recorded as deferred grant revenue. All contributions are considered available for use without donor restrictions unless specifically restricted by the donor or subject to legal restrictions. Gifts of cash and other assets are classified as support with donor restrictions if they are received with donor-imposed restrictions that limit the use of donated assets.

Management has determined that the significant portion of WI's revenues are not subject to the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), including interest income on loans, investment income, and contributions. Management has determined several smaller revenue streams fall under the scope of Topic 606; however, further disclosures surrounding Topic 606 have been excluded due to immateriality.

EXPENSES

All expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing the various program services and supporting activities have been allocated on a functional basis, determined by level of support effort. No joint costs were incurred for the years ended December 31, 2025, 2024, and 2023.

INVESTMENT CERTIFICATES

Investment certificates consist of interest-bearing accounts with various term durations and are not insured by the FDIC or any other federal or state agency or private organization. In addition, flexible demand certificates are payable upon 15 days written notice subject to availability of funds. IRA certificates are payable upon 30 days written notice subject to availability of funds. A substantial portion of the investment certificates issued by WI are demand instruments or will be maturing within the next two years. WI would not have sufficient liquid assets to satisfy repayment of this amount if all of these investors were to request an immediate withdrawal. However, management anticipates, similar to past history, that a substantial portion of these certificates will be reinvested or rolled over into new certificates within WI.

WESLEYAN IMPACT PARTNERS INC.

Notes to Financial Statements

December 31, 2025, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

INVESTMENT CERTIFICATES, continued

WI offers and sells its certificates to investors in certain states, pursuant to applicable state securities registrations, or exemptions therefrom. Changes in federal or state laws, rules, regulations, and policies regarding the sale of debt securities by religious, charitable or other nonprofit organizations may impact WI's ability to offer and sell its certificates in the future. As of December 31, 2025, WI is authorized to offer and sell its certificates in all fifty states and D.C.

LOANS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES

Loans receivable are stated at their principal amount outstanding less the related allowance for credit losses. Interest income on loans is accrued and credited to income based on the principal amount outstanding. At December 31, 2025, 2024, and 2023, loans totaling \$6,627,145, \$5,647,218, and \$4,980,038, respectively, were guaranteed by conferences of the United Methodist Church.

Allowances for credit losses

WI recognizes an allowance for credit losses for financial assets carried at amortized cost to present the net amount expected to be collected as of the statement of financial position date. Such allowance is based on the credit losses expected to arise over the life of the asset (contractual term) which includes consideration of prepayments. Assets are written off when WI determines that such financial assets are deemed uncollectible. Write-offs are recognized as a deduction from the allowance for credit losses. Expected recoveries of amounts previously written off, not to exceed the aggregate of the amount previously written off, are included in determining the necessary reserve at the statement of financial position date.

WI utilizes a loss rate approach in determining its lifetime expected credit losses on its loans. This method is used for calculating an estimate of losses based primarily on WI's historical loss experience. In determining its loss rates, WI evaluates information related to its historical losses, adjusted for current conditions and further adjusted for the period of time that it can reasonably forecast. For the period of time beyond which it can reasonably forecast it applies immediate reversion based on the facts and circumstances as of the reporting date. WI concludes that it can reasonably support a forecast period of all loan segments for two years after the balance sheet date. WI classifies loans based on the following portfolio segments: new customer loans, cash-secured loans, and existing customer loans. In situations where a loan does not share the same risk characteristics with other loans, WI measures those loans individually.

Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider the following: current financial information, length of loan, presence or absence of a conference guarantee, collateral value, payment status, and the current and forecasted direction of the economic and business environment. Such forecasted information includes: GDP growth, unemployment rates, and church giving trends.

WESLEYAN IMPACT PARTNERS INC.

Notes to Financial Statements

December 31, 2025, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

LOANS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES, continued

Allowances for credit losses, continued

WI also has off-balance sheet financial instruments, which include church standby letters of credit and construction loans. WI minimizes these risks through underwriting guidelines and prudent risk management techniques. WI estimates a liability for loan commitment that are not unconditionally cancellable by WI based on the likelihood of funding and an estimate of credit losses over the life after funding. Credit loss methodology is based on a loss rate approach that starts with the probability of funding based on historical experience and adjusted for current conditions and further adjusted for the period of time that can be reasonably forecast. For the period of time beyond which can be reasonably forecasted, WI applies immediate reversion based on the facts and circumstances as of the reporting date. WI has concluded that it can reasonably support a forecast period for two years after the statement of financial position date. As of December 31, 2025, 2024 and 2023, WI recorded a liability of off-balance sheet unfunded commitments totaling approximately \$87,000, \$45,000 and \$162,000, respectively. Due to immateriality, this amount has been combined with the allowance for credit losses in the statements of financial position.

Credit quality indicators

WI categorizes its loans as performing or nonperforming. Status for performing and nonperforming loans is based on payment activity for the year. Payment activity is reviewed by management on a monthly basis to determine how loans are performing. Loans are considered to be nonperforming when days delinquent are greater than 60 days in the previous month. Loans are classified as delinquent when payments are 90 days overdue. WI evaluates such pooling decisions and adjusts as needed from period to period as risk characteristics and performance status change.

WI elects to present the accrued interest receivable balance separately in the statements of financial position from the amortized cost of the loans receivable. WI elected not to measure an allowance for credit losses for accrued interest receivable. For all classes of loans receivable, the accrual of interest is discontinued when the contractual payment of principal or interest has become 90 days past due and management believes, after considering economic and business conditions and collection efforts, that the principal or interest will not be collectible within the stated term of the loan. All accrued interest is reversed against interest income when a loan is placed on nonaccrual status. Interest received on nonaccrual loans, generally is either applied against principal or reported as interest income, according to management's judgment as to the collectability of principal. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current, there is a sustained period of repayment performance, and future payments are reasonably assured. WI did not write off any loan accrued interest receivables during the years ended December 31, 2025, 2024, and 2023. Due to the nature of the relationship with its borrowers, WI is willing to make accommodations with borrowers whose payments are not current, so long as such accommodations do not jeopardize the interests of WI's investors.

WESLEYAN IMPACT PARTNERS INC.

Notes to Financial Statements

December 31, 2025, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

LOANS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES, continued

WI may also purchase participation interests in individual loans from third-party lenders. Under these loan participation agreements, the third-party lenders maintain all records, collect all payments and remit monthly the appropriate pro rata share of both interest and principal collected on the loans. All loan participations are purchased without recourse and are secured by real property.

CLASSES OF NET ASSETS

The financial statements report amounts separately by class of net assets as follows:

Net assets without donor restrictions are those currently available at the discretion of the board for use in WI's operations and those designated by the board for specific purposes.

Net assets with donor restrictions are those subject to donor-imposed stipulations that will be met either by actions of WI and/or the passage of time. When a donor restriction expires, this is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. As of December 31, 2025, 2024, and 2023, net assets with donor restrictions were restricted for the Tom Locke Innovative Leaders Award Endowment Fund to foster innovation and entrepreneurship in the spiritual landscape particularly for those who demonstrated the ability to see beyond existing models. The disclosures required by the *Reporting Endowment Funds* topic of the FASB Accounting Standards Codification (ASC) have not been included in these financial statements due to immateriality.

WESLEYAN IMPACT PARTNERS INC.

Notes to Financial Statements

December 31, 2025, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

RECLASSIFICATIONS

Certain prior year balances have been reclassified to conform with the current year presentation. These reclassifications had no effect on total assets, liabilities or net assets for the years ended December 31, 2024 and 2023. The following changes were made.

	Balance Prior to Change	Reclassification	Balance After the Change
<u>Statement of Financial Position:</u>			
December 31, 2024:			
Assets:			
Cash and cash equivalents	\$ 5,335,848	\$ (5,158,402)	\$ 177,446
Investments	\$ 6,398,755	\$ 5,158,402	\$ 11,557,157
December 31, 2023:			
Assets:			
Cash and cash equivalents	\$ 13,765,585	\$ (13,056,414)	\$ 709,171
Investments	\$ 6,519,843	\$ 13,056,414	\$ 19,576,257
<u>Statement of Cash Flows:</u>			
Year ended December 31, 2024:			
Cash flows from investing activities:			
Proceeds from sale of investments	\$ 501,587	\$ 7,898,012	\$ 8,399,599
Net cash provided by investing activities	\$ (7,114,918)	\$ 7,898,012	\$ 783,094
Cash and Cash Equivalents, Beginning of Year	\$ 13,765,585	\$ (13,056,414)	\$ 709,171
Cash and Cash Equivalents, End of Year	\$ 5,335,848	\$ (5,158,402)	\$ 177,446
Year ended December 31, 2023:			
Cash flows from investing activities:			
Purchases of investments	\$ (258)	\$ (6,096,626)	\$ (6,096,884)
Net cash provided by investing activities	\$ 5,362,458	\$ (6,096,626)	\$ (734,168)
Cash and Cash Equivalents, Beginning of Year	\$ 12,269,743	\$ (6,959,788)	\$ 5,309,955
Cash and Cash Equivalents, End of Year	\$ 13,765,585	\$ (13,056,414)	\$ 709,171

WESLEYAN IMPACT PARTNERS INC.

Notes to Financial Statements

December 31, 2025, 2024 and 2023

3. INVESTMENTS:

The composition of investments held at WBI consist of the following:

	December 31,		
	2025	2024	2023
At fair value:			
Interest in WBI pooled funds:			
Short Term Investment Fund–I Series	\$ 486,411	\$ 613,834	\$ 1,070,382
Fixed Income Fund–I Series	918,179	1,804,782	1,756,897
Multiple Asset Fund–I Series	2,399,319	3,980,139	3,692,564
	3,803,909	6,398,755	6,519,843
At cost:			
Denominational loan fund certificates	3,694,081	5,158,402	13,056,414
	\$ 7,497,990	\$ 11,557,157	\$ 19,576,257

4. LOANS RECEIVABLE:

Loans receivable are generally approved for terms ranging from 10 to 20 years, but occasionally, to accommodate a particular situation, a term of up to 30 years may be approved. WI's board may increase or decrease the interest rates of a loan when the loan contracts permit or decrease the rate without regard to the contractual rate where appropriate, in relation to the prevailing rates and economic conditions. A summary of loans receivable classified by loan portfolio segment is as follows:

	December 31,		
	2025	2024	2023
New customer loans	\$ 24,218,117	\$ 10,568,084	\$ 3,870,211
Cash-secured or conference-guaranteed loans	6,627,145	5,727,917	4,980,038
Existing customer loans:			
Low risk loans	65,916,040	70,288,974	71,353,269
Medium risk loans	6,305,891	4,907,494	8,650,115
Higher risk loans	8,167,746	8,755,027	3,788,843
	111,234,939	100,247,496	92,642,476
Allowance for credit losses	(3,167,935)	(3,098,101)	(3,250,000)
Total loans receivable	\$ 108,067,004	\$ 97,149,395	\$ 89,392,476

In the normal course of business, WI makes commitments to extend loans to meet the financing needs of its customers. At December 31, 2025 and 2024, WI had outstanding commitments of approximately \$6,403,000 and \$4,355,000, respectively, to fund construction in progress, undrawn lines of credit and real estate mortgages.

WESLEYAN IMPACT PARTNERS INC.

Notes to Financial Statements

December 31, 2025, 2024 and 2023

4. LOANS RECEIVABLE, continued:

A summary of loans receivable at December 31, classified by interest rates, is as follows:

	December 31,		
	2025	2024	2023
4.5% or less	\$ 36,320,880	\$ 44,912,630	\$ 59,221,820
over 4 1/2 to 5%	6,662,783	12,644,325	16,710,540
over 5 to 5 1/2%	15,968,913	2,325,202	2,929,711
over 5 1/2% to 6%	20,785,749	6,373,030	685,659
over 6% to 6 1/2%	15,106,930	19,160,455	3,111,593
over 6 1/2% to 7%	2,966,954	3,104,114	3,043,745
over 7% to 7 1/2%	8,555,345	7,716,529	5,665,054
over 7 1/2% to 8%	1,839,228	3,510,633	745,746
over 8% to 8 1/2%	2,904,558	67,578	220,479
	123,599	433,000	308,129
	111,234,939	100,247,496	92,642,476
Allowance for credit losses	(3,167,935)	(3,098,101)	(3,250,000)
	\$ 108,067,004	\$ 97,149,395	\$ 89,392,476

The following summarizes the activity related to the allowance for credit losses for the years ended December 31, 2025, 2024, and 2023:

	New Customers	Cash-Secured or Conference- Guaranteed	Existing Customers	Total
Balance, December 31, 2022	\$ 226,463	\$ 27,289	\$ 2,996,248	\$ 3,250,000
Transfers	12,673	(2,389)	(10,284)	-
Provision for credit losses	-	-	-	-
	239,136	24,900	2,985,964	3,250,000
Balance, December 31, 2023	239,136	24,900	2,985,964	3,250,000
Transfers	(36,041)	3,740	32,301	-
Provision for credit losses	-	-	(151,899)	(151,899)
	203,095	28,640	2,866,366	3,098,101
Balance, December 31, 2024	203,095	28,640	2,866,366	3,098,101
Transfers	247,113	4,496	(251,609)	-
Provision for credit losses	-	-	69,834	69,834
	\$ 450,208	\$ 33,136	\$ 2,684,591	\$ 3,167,935
Balance, December 31, 2025	\$ 450,208	\$ 33,136	\$ 2,684,591	\$ 3,167,935

WESLEYAN IMPACT PARTNERS INC.

Notes to Financial Statements

December 31, 2025, 2024 and 2023

4. LOANS RECEIVABLE, continued:

The following table shows the amortized cost basis of loans modified for three borrowers experiencing financial difficulty during the year ended December 31, 2025:

	Amortized Cost	Financial Effect
Loans receivable	<u>\$ 3,406,106</u>	Restructured loans by reducing payments to interest-only for one year, which is a loan modification that creates an other-than-insignificant payment delay.
Loans receivable	<u>\$ 2,942,869</u>	Combination modification by lowering the interest rate from 6.5% to 4%, and by reducing payments to interest-only for one year.

The following table shows the amortized cost basis of a loan modified for a borrower experiencing financial difficulty during the year ended December 31, 2023:

	Amortized Cost	Financial Effect
Loans receivable	<u>\$ 1,449,838</u>	Restructured by lowering the interest rate from 9.20% to 3.95% and deferring principal payments until January 1, 2025

There were no payment defaults which occurred within 12 month of the restructuring date during the years ended December 31, 2025 and 2024. There were no loan modifications during 2024 for borrowers experiencing financial difficulties. The modified loans totaled 5.7% and 1.6% of WI's aggregate principal balance of total loans outstanding at December 31, 2025 and 2023, respectively.

WI has not charged off interest on any loans during the years ended December 31, 2025, 2024, and 2023.

WESLEYAN IMPACT PARTNERS INC.

Notes to Financial Statements

December 31, 2025, 2024 and 2023

4. LOANS RECEIVABLE, continued:

Loans are considered to be nonperforming when days past due are greater than 60 days in the previous month. The following table presents loans by credit quality indicator for the year ended December 31, 2025:

	New Customers	Cash-Secured or Conference- Guaranteed	Existing Customers	Total
Performing	\$ 24,218,117	\$ 6,627,145	\$ 78,905,158	\$ 109,750,420
Non-performing	-	-	1,484,519	1,484,519
	\$ 24,218,117	\$ 6,627,145	\$ 80,389,677	\$ 111,234,939

The following table presents loans by credit quality indicator for the year ended December 31, 2024:

	New Customers	Cash-Secured or Conference- Guaranteed	Existing Customers	Total
Performing	\$ 10,568,084	\$ 5,727,917	\$ 81,664,139	\$ 97,960,140
Non-performing	-	-	2,287,356	2,287,356
	\$ 10,568,084	\$ 5,727,917	\$ 83,951,495	\$ 100,247,496

The following table presents loans by credit quality indicator for the year ended December 31, 2023:

	New Customers	Cash-Secured or Conference- Guaranteed	Existing Customers	Total
Performing	\$ 3,870,211	\$ 4,980,038	\$ 82,266,315	\$ 91,116,564
Non-performing	-	-	1,525,912	1,525,912
	\$ 3,870,211	\$ 4,980,038	\$ 83,792,227	\$ 92,642,476

WESLEYAN IMPACT PARTNERS INC.

Notes to Financial Statements

December 31, 2025, 2024 and 2023

4. LOANS RECEIVABLE, continued:

Past due status is based on contractual terms of the loan. A loan is considered to be past due when a scheduled payment has not been received 30 days after the contractual due date. Loans are classified as delinquent when payments are 90 days overdue.

An aging analysis of the principal of past due loans receivable by portfolio segment as of December 31, 2025, is as follows:

	New Customers	Cash-Secured or Conference- Guaranteed	Existing Customers	Total
Past due:				
30-60 days	\$ -	\$ -	\$ -	\$ -
61-89 days	-	-	-	-
90 days or greater	-	-	1,484,519	1,484,519
Total past due	-	-	1,484,519	1,484,519
Current	24,218,117	6,627,145	78,905,158	109,750,420
	\$ 24,218,117	\$ 6,627,145	\$ 80,389,677	\$ 111,234,939

An aging analysis of the principal of past due loans receivable by portfolio segment as of December 31, 2024, is as follows:

	New Customers	Cash-Secured or Conference- Guaranteed	Existing Customers	Total
Past due:				
30-60 days	\$ -	\$ -	\$ 4,149,788	\$ 4,149,788
61-89 days	-	-	-	-
90 days or greater	-	-	2,287,356	2,287,356
Total past due	-	-	6,437,144	6,437,144
Current	10,568,084	5,727,917	77,514,351	93,810,352
	\$ 10,568,084	\$ 5,727,917	\$ 83,951,495	\$ 100,247,496

WESLEYAN IMPACT PARTNERS INC.

Notes to Financial Statements

December 31, 2025, 2024 and 2023

4. LOANS RECEIVABLE, continued:

An aging analysis of the principal of past due loans receivable by portfolio segment as of December 31, 2023, is as follows:

	New Customers	Cash-Secured or Conference- Guaranteed	Existing Customers	Total
Past due:				
30-60 days	\$ -	\$ -	\$ 814,577	\$ 814,577
61-89 days	-	-	1,349,091	1,349,091
90 days or greater	-	-	176,821	176,821
Total past due	-	-	2,340,489	2,340,489
Current	3,870,211	4,980,038	81,451,738	90,301,987
	\$ 3,870,211	\$ 4,980,038	\$ 83,792,227	\$ 92,642,476

As of December 31, 2025, 2024, and 2023, the balances of loans on nonaccrual status were \$1,349,091, \$1,349,091 and \$176,821, respectively. Interest income earned on these loans totaled \$15,549, \$33,751, and \$0 at December 31, 2025, 2024, and 2023, respectively.

Loans receivable at December 31, 2025, are expected to mature as follows:

Year	
2026	\$ 689,981
2027	110,109
2028	2,931,450
2029	371,778
2030	13,224,230
Thereafter	93,907,391
	\$ 111,234,939

WESLEYAN IMPACT PARTNERS INC.

Notes to Financial Statements

December 31, 2025, 2024 and 2023

4. LOANS RECEIVABLE, continued:

At December 31, 2025, WI had 137 outstanding loans with balances as follows:

Loan Balance	Number of Loans	Principal Outstanding	Percent of Loan Portfolio
\$250,000 and less	55	\$ 6,414,993	6%
\$250,001 - \$500,000	27	10,015,823	9%
\$500,001 - \$1,000,000	23	16,711,526	15%
\$1,000,001 - \$2,000,000	19	27,033,478	24%
\$2,000,001 - \$5,000,000	11	32,489,305	29%
Over \$5,000,000	2	18,569,814	17%
	137	\$ 111,234,939	100%

Although WI has no geographic restrictions within the United States on where loans are made, aggregate loans equal to or in excess of five percent of total balances at December 31, 2025, were located in the following states:

State	Number of Loans	Principal Outstanding	Percent of Loan Portfolio
North Carolina	3	\$ 13,242,562	12%
California	19	10,867,060	10%
Pennsylvania	7	10,506,202	9%
Georgia	4	7,507,098	7%
Florida	4	7,481,218	7%
New York	12	7,103,544	6%
New Jersey	14	5,854,463	5%
	63	\$ 62,562,147	56%

Concentrations of credit risk exist with respect to individually significant borrowers, which are defined as those exceeding five percent of the total loan portfolio. At December 31, 2025, there were two individually significant borrowers whose combined balances totaled \$18,569,814. At December 31, 2024, there was one individually significant borrower whose balance totaled \$7,624,814.

Collateral dependent loans in the existing customers loan segment, as of December 31, 2025, totaled \$5,500,793, and had a recorded allowance for credit loss of \$1,100,159.

WESLEYAN IMPACT PARTNERS INC.

Notes to Financial Statements

December 31, 2025, 2024 and 2023

5. CERTIFICATES:

Interest on certificates accrues daily, paid or reinvested monthly, and is subject to forfeiture under certain circumstances for early redemption. Certificates are redeemable at end of terms ranging from one to five years or on demand and earn interest at variable rates (from 0.85% to 5% at December 31, 2025).

Certificates consist of the following:

	December 31,		
	2025	2024	2023
Demand:			
Flexible demand certificates	\$ 38,084,171	\$ 23,458,532	\$ 22,872,188
IRA certificates	1,992,445	2,729,683	2,775,750
	40,076,616	26,188,215	25,647,938
Term:			
One year	14,456,451	26,520,805	17,559,006
Two year	2,975,837	3,922,325	4,435,874
Three year	7,441,905	8,134,000	9,604,953
Four year	1,310,944	1,638,073	2,179,385
Five year	6,112,692	4,350,296	12,609,221
	32,297,829	44,565,499	46,388,439
	\$ 72,374,445	\$ 70,753,714	\$ 72,036,377

Amounts are presented in the schedule below based on the year in which the investment certificates are scheduled to mature.

Year of Maturity	Amount
Demand	\$ 40,076,616
2026	19,391,094
2027	4,390,521
2028	4,461,253
2029	1,071,840
2030	2,983,121
	\$ 72,374,445

WESLEYAN IMPACT PARTNERS INC.

Notes to Financial Statements

December 31, 2025, 2024 and 2023

5. CERTIFICATES, continued:

At December 31, 2025, WI had 67 certificates with balances of \$100,000 or more as follows:

Certificate Balances	Number of Certificates	Amount	Percent of Certificate Balances Outstanding
\$100,000 - \$200,000	34	\$ 4,301,957	6%
\$200,001 - \$300,000	8	1,720,394	2%
\$300,001 - \$500,000	6	2,118,651	3%
Greater than \$500,000	18	25,525,331	35%
Related parties	1	16,805,068	23%
	<u>67</u>	<u>\$ 50,471,401</u>	<u>69%</u>

At December 31, 2025, WI had 2,141 certificates, with the primary concentrations by state as follows:

State	Number of Certificates	Amount	Percent of Certificate Balances Outstanding
Texas	280	\$ 19,277,478	27%
Georgia	31	16,042,418	22%
South Carolina	36	4,743,201	7%
California	88	4,685,690	6%
	<u>435</u>	<u>\$ 44,748,787</u>	<u>62%</u>

WESLEYAN IMPACT PARTNERS INC.

Notes to Financial Statements

December 31, 2025, 2024 and 2023

6. FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS:

WI uses appropriate valuation techniques to determine fair value based on inputs available. When available, WI measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. The valuations for each of these levels are determined as follows:

Level 1 - Quoted prices for identical instruments traded in active markets.

Level 2 - Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets or model-based valuations where significant assumptions are observable.

Level 3 - Model-based techniques using significant assumptions that are not observable. These unobservable assumptions reflect estimates of assumptions that market participants would use.

The table below presents the level within the fair value hierarchy at which investments are measured on a recurring basis at December 31, 2025, 2024, and 2023:

	Total	Level 1	Level 2	Level 3
2025:				
Interest in WBI pooled funds:				
Short-term Investment				
Fund-I Series	\$ 486,411	\$ -	\$ 486,411	\$ -
Fixed Income Fund-I Series	918,179	-	918,179	-
Multiple Asset Fund-I Series	2,399,319	-	2,399,319	-
	\$ 3,803,909	\$ -	\$ 3,803,909	\$ -
2024:				
Interest in WBI pooled funds:				
Short-term Investment				
Fund-I Series	\$ 613,834	\$ -	\$ 613,834	\$ -
Fixed Income Fund-I Series	1,804,782	-	1,804,782	-
Multiple Asset Fund-I Series	3,980,139	-	3,980,139	-
	\$ 6,398,755	\$ -	\$ 6,398,755	\$ -

WESLEYAN IMPACT PARTNERS INC.

Notes to Financial Statements

December 31, 2025, 2024 and 2023

6. FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS, continued:

	Total	Level 1	Level 2	Level 3
2023:				
Interest in WBI pooled funds:				
Short-term Investment				
Fund-I Series	\$ 1,070,382	\$ -	\$ 1,070,382	\$ -
Fixed Income Fund-I Series	1,756,897	-	1,756,897	-
Multiple Asset Fund-I Series	3,692,564	-	3,692,564	-
	\$ 6,519,843	\$ -	\$ 6,519,843	\$ -

The following methods and assumptions were used by WI to estimate the fair value of each class of financial instruments at December 31, 2025, 2024, and 2023:

Pooled investment funds

The investments in the WBI pooled funds are valued as reported by the investment managers at net asset value (NAV). WI's interest is carried at approximated fair value and classified under Level 2 of the fair value hierarchy as WI has the ability to redeem its investment in the pool at net asset value per share (or its equivalent) either at the reporting date or within a 15-day notice period. WI is not able to apply the practical expedient for net asset value for interest in the pooled funds as Wespath Benefits and Investments is not considered an investment company as defined by topic 946 of the FASB ASC. There are no capital calls on the pooled funds.

WESLEYAN IMPACT PARTNERS INC.

Notes to Financial Statements

December 31, 2025, 2024 and 2023

7. FUNCTIONAL ALLOCATION OF EXPENSES:

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of WI, which are primarily allocated on estimates of time and effort. The following tables present the functional allocation of expenses for the years ended December 31, 2025, 2024, and 2023.

	For the Year Ended December 31, 2025		
	Program Services	General and Administrative	Total
Interest expense	\$ 2,143,738	\$ -	\$ 2,143,738
Contract labor	834,221	689,632	1,523,853
Promotional	1,444,844	137,540	1,582,384
Other	221,717	361,811	583,528
Professional fees	156,648	48,470	205,118
Provision for credit losses	69,834	-	69,834
	<u>\$ 4,871,002</u>	<u>\$ 1,237,453</u>	<u>\$ 6,108,455</u>

	For the Year Ended December 31, 2024		
	Program Services	General and Administrative	Total
Interest expense	\$ 1,829,937	\$ -	\$ 1,829,937
Contract labor	889,131	359,094	1,248,225
Promotional	997,970	106,416	1,104,386
Other	61,120	287,673	348,793
Professional fees	164,943	44,385	209,328
Grants	120,647	-	120,647
	<u>\$ 4,063,748</u>	<u>\$ 797,568</u>	<u>\$ 4,861,316</u>

WESLEYAN IMPACT PARTNERS INC.

Notes to Financial Statements

December 31, 2025, 2024 and 2023

7. FUNCTIONAL ALLOCATION OF EXPENSES, continued:

	For the Year Ended December 31, 2023		
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Interest expense	\$ 1,711,452	\$ -	\$ 1,711,452
Contract labor	872,587	352,413	1,225,000
Promotional	513,705	28,106	541,811
Other	41,151	279,800	320,951
Professional fees	154,901	38,259	193,160
Total	<u>\$ 3,293,796</u>	<u>\$ 698,578</u>	<u>\$ 3,992,374</u>

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include contract labor, which is allocated on the basis of estimates of time and effort.

WESLEYAN IMPACT PARTNERS INC.

Notes to Financial Statements

December 31, 2025, 2024 and 2023

8. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects WI's financial assets as of December 31, 2025, 2024, and 2023, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, donor-restricted funds restricted by purpose or time, liquidity reserve limits required for church extension funds, assets held for others, or because the board has set aside funds for specific purposes. These board designations could be drawn upon if the board approves that action.

	December 31,		
	2025	2024	2023
Financial assets:			
Cash and cash equivalents	\$ 774,306	\$ 177,446	\$ 709,171
Investments	7,497,990	11,557,157	19,576,257
Accrued interest receivable	774,781	796,455	689,891
Loans receivable (gross)	111,234,939	100,247,496	92,642,476
Less allowance for credit losses	(3,167,935)	(3,098,101)	(3,250,000)
Financial assets, at year-end	117,114,081	109,680,453	110,367,795
Less those unavailable for general expenditure within one year, due to:			
Loans receivable collectible beyond one year	(110,544,958)	(99,977,333)	(88,051,277)
Board-designated for endowment	(41,712)	(38,399)	(26,513)
Church extension fund required liquidity reserves *	(4,342,467)	(4,245,223)	(4,322,183)
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,184,944	\$ 5,419,498	\$ 17,967,822

* The North American Securities Administrators Association's statement of policy regarding church extension fund securities states that at the end of its most recent fiscal year as reported in its audited financial statements, the church extension fund's cash, cash equivalents, readily marketable securities and available lines of credit shall have a value of at least 8% of the principal balance of its total outstanding certificates, except that the value of available lines of credit for meeting this standard shall not exceed 2% of the principal balance of its total outstanding certificates.

WI structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. WI also has a \$10,000,000 line of credit agreement as noted in Note 9, of which \$10,000,000 was available on the line of credit as of December 31, 2025.

WESLEYAN IMPACT PARTNERS INC.

Notes to Financial Statements

December 31, 2025, 2024 and 2023

9. LINE OF CREDIT:

WI has a \$10,000,000 revolving line of credit with a financial institution which bears interest at the Daily Simple Secured Overnight Financing Rate (3.87% at December 31, 2025) plus 1.85%. There were no advances outstanding at December 31, 2025, 2024, and 2023. The line of credit matures on June 30, 2026, and is secured by substantially all of WI's assets, including investments and loans receivable, and requires WI to meet certain financial covenants, including unrestricted tangible net assets and interest coverage ratio. WI was in compliance with all covenants as of December 31, 2025.

10. AGREEMENT WITH TMF:

On January 1, 2019, WI entered into a shared services agreement with TMF. Under this agreement, TMF causes its employees to conduct the day-to-day business of WI in the sale of WI's investment obligations, the management of WI's loan portfolio, the administrative procedure for reviewing loan applications and extending and documenting new loans, management of WI's investments, investor relations, accounting, regulatory compliance, and marketing. This agreement provides to TMF certain operational authority to discharge its management responsibilities. That authority includes, among other things, the authority to install and utilize new hardware and software computer systems, to develop new operational policies and procedures, and to establish and maintain reasonable accounting and reporting systems and internal controls designed to help WI protect its assets. Under this agreement, TMF does not have authority to bind WI. WI retains its authority over matters handled by TMF and exercises decision-making authority with respect to the making of loans and raising of funds, including the sale of investment obligations.

The board of directors of TMF and WI have determined that this agreement, and the operational efficiencies they have achieved, advance the exempt purposes and missional priorities of the two entities.

Administrative expenses, which are primarily for services rendered by TMF, are reimbursed by WI under agreement with TMF. During the years ended December 31, 2025, 2024, and 2023, WI incurred expenses totaling \$1,750,000, \$1,400,000, and \$1,400,000, respectively, related to administrative expenses with TMF.

11. RELATED PARTY TRANSACTIONS:

WI had investment certificates with a board member affiliated with GBGM and other investors totaling \$17,817,089 as of December 31, 2023. GBGM was no longer a related organization beginning in 2024.

As of December 31, 2025, 2024, and 2023, TMF's balance included in certificates totaled \$16,805,068, \$15,520,518, and \$14,626,334, respectively. As of December 31, 2025, 2024, and 2023, WI has investments in TMF funds totaling \$0, \$0, and \$9,448,834, respectively.

WESLEYAN IMPACT PARTNERS INC.

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12. CONCENTRATIONS OF CREDIT RISK:

Financial instruments that potentially subject WI to concentrations of credit risk consist principally of cash and cash equivalents, marketable securities and loans receivable. From time to time WI may have deposits in excess of federal deposit insurance limits. See Note 2 for amounts in excess of these insurance limits. At December 31, 2025, 51% of WI's investment portfolio was held by Wespath Benefits and Investments. WI has not experienced any losses on these accounts.

WI provides loans solely to churches which draw their origin from the Wesleyan Reform movement as expressed through several denominations. A church borrower's ability to repay their mortgage obligation is dependent on their parishioners' financial support of the local church. Factors such as unemployment, aging congregations, and declining church attendance can result in a reduction in a borrower's contribution income, which could impair their ability to repay their loan obligation.

13. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through April 14, 2026, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.