

# **Prime Coalition, Inc. and Affiliates**

Consolidated Financial Report  
December 31, 2022

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RSM US LLP

## Independent Auditor's Report

Board of Directors  
Prime Coalition, Inc. and Affiliates

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the consolidated financial statements of Prime Coalition, Inc. and Affiliates (the Organization), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

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

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Organization 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

### ***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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the 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 the Organization'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 Organization'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.

### **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying consolidating schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*RSM US LLP*

Boston, Massachusetts  
November 8, 2023

## Prime Coalition, Inc. and Affiliates

### Consolidated Statements of Financial Position December 31, 2022 and 2021

	2022	2021
<b>Assets</b>		
Operating assets:		
Cash and cash equivalents	\$ 3,804,036	\$ 3,493,033
Grants and contributions receivable, net	1,628,576	2,332,135
Due from related parties	-	11,420
Other restricted cash	20,000	20,000
Other current assets	16,848	9,780
Cash restricted for long-term investment	27,370,833	17,259,500
<b>Total operating assets</b>	<b>32,840,293</b>	<b>23,125,868</b>
Portfolio assets—Prime Coalition, Inc.		
Program related equity investments	2,371,712	1,564,452
<b>Total portfolio assets—Prime Coalition, Inc.</b>	<b>2,371,712</b>	<b>1,564,452</b>
Portfolio assets—Prime Impact Loan Fund I, LLC:		
Cash and cash equivalents	79	217
<b>Total portfolio assets—Prime Impact Loan Fund I, LLC</b>	<b>79</b>	<b>217</b>
Portfolio assets—Prime Impact Equity Fund I, LLC:		
Cash and cash equivalents	13,503,577	15,144,369
Interest receivable	384,150	161,523
Investments in portfolio companies, at fair value	86,595,365	55,568,899
<b>Total portfolio assets—Prime Impact Equity Fund I, LLC</b>	<b>100,483,092</b>	<b>70,874,791</b>
<b>Total assets</b>	<b>\$ 135,695,176</b>	<b>\$ 95,565,328</b>
<b>Liabilities and Net Assets/Members' Capital</b>		
Operating liabilities:		
Accounts payable and accrued expenses	\$ 523,019	\$ 113,231
Other payables	-	500
Program related investment loan interest payable	601,823	44,651
Program related investment loan payable	6,976,333	3,984,000
<b>Total non-portfolio liabilities</b>	<b>8,101,175</b>	<b>4,142,382</b>
Portfolio liabilities—Prime Impact Loan Fund I, LLC		
Accounts payable	-	131
Interest payable	6,921,857	4,294,714
Master funding agreement loans and recoverable grants, at fair value (proceeds: \$28,995,001 and \$27,218,334)	15,200,001	13,523,334
<b>Total portfolio liabilities—Prime Impact Loan Fund I, LLC</b>	<b>22,121,858</b>	<b>17,818,179</b>
<b>Total liabilities</b>	<b>30,223,033</b>	<b>21,960,561</b>
Commitments and contingencies (Note 3)		
Net assets/members' capital:		
Without donor restrictions/members' capital:		
Without donor restrictions/members' capital—Prime Coalition, Inc. and Affiliates	54,424,954	34,075,195
Non-controlling interest in Prime Impact Equity Fund I, LLC	27,533,347	23,218,130
<b>Total without donor restrictions/members' capital</b>	<b>81,958,301</b>	<b>57,293,325</b>
With donor restrictions	23,513,842	16,311,442
<b>Total net assets/members' capital</b>	<b>105,472,143</b>	<b>73,604,767</b>
<b>Total liabilities and net assets/members' capital</b>	<b>\$ 135,695,176</b>	<b>\$ 95,565,328</b>

See notes to consolidated financial statements.

**Prime Coalition, Inc. and Affiliates**

**Consolidated Statements of Activities  
Years Ended December 31, 2022 and 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues:						
Grants and contributions	\$ 1,743,064	\$ 8,435,148	\$ 10,178,212	\$ 3,426,123	\$ 16,311,442	\$ 19,737,565
Donated services	192,036	-	192,036	243,463	-	243,463
Program services	250,000	-	250,000	83,333	-	83,333
Interest income	24	-	24	49,206	-	49,206
Net assets released from restrictions	1,232,748	(1,232,748)	-	1,538,728	(1,538,728)	-
<b>Total support and revenues</b>	<b>3,417,872</b>	<b>7,202,400</b>	<b>10,620,272</b>	<b>5,340,853</b>	<b>14,772,714</b>	<b>20,113,567</b>
Expenses:						
Program services	2,175,627	-	2,175,627	1,685,539	-	1,685,539
General and administrative	931,499	-	931,499	326,658	-	326,658
Fundraising	64,084	-	64,084	33,580	-	33,580
<b>Total expenses</b>	<b>3,171,210</b>	<b>-</b>	<b>3,171,210</b>	<b>2,045,777</b>	<b>-</b>	<b>2,045,777</b>
<b>Change in net assets/members' capital before net portfolio activities and contributions by members</b>	<b>246,662</b>	<b>7,202,400</b>	<b>7,449,062</b>	<b>3,295,076</b>	<b>14,772,714</b>	<b>18,067,790</b>
Net portfolio activities:						
Management fees	(1,056,415)	-	(1,056,415)	(389,821)	-	(389,821)
Interest income	461,759	-	461,759	249,220	-	249,220
Interest expense	(2,627,141)	-	(2,627,141)	(2,054,752)	-	(2,054,752)
Investment return, net	26,906,774	-	26,906,774	20,735,222	-	20,735,222
<b>Changes in net assets/members' capital before contributions by members</b>	<b>23,931,639</b>	<b>7,202,400</b>	<b>31,134,039</b>	<b>21,834,945</b>	<b>14,772,714</b>	<b>36,607,659</b>
Contributions by members:						
Contributions by members—non-controlling interest	733,337	-	733,337	1,816,669	-	1,816,669
<b>Total contributions by members</b>	<b>733,337</b>	<b>-</b>	<b>733,337</b>	<b>1,816,669</b>	<b>-</b>	<b>1,816,669</b>
<b>Changes in net assets/members' capital</b>	<b>24,664,976</b>	<b>7,202,400</b>	<b>31,867,376</b>	<b>23,651,614</b>	<b>14,772,714</b>	<b>38,424,328</b>
Net assets/members' capital at beginning of year	57,293,325	16,311,442	73,604,767	33,641,711	1,538,728	35,180,439
Net assets/members' capital at end of year	\$ 81,958,301	\$ 23,513,842	\$ 105,472,143	\$ 57,293,325	\$ 16,311,442	\$ 73,604,767

See notes to consolidated financial statements.

**Prime Coalition, Inc. and Affiliates**

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

	2022				2021			
	Services	General and Administrative	Fundraising	Total	Program Services	General and Administrative	Fundraising	Total
Salaries and benefits	\$ 769,518	\$ 463,239	\$ 49,978	\$ 1,282,735	\$ 674,382	\$ 36,599	\$ 31,660	\$ 742,641
Subcontractors	379,621	192,873	4,031	576,525	372,013	168,364	-	540,377
Payroll services	250	5,007	27	5,284	-	2,079	-	2,079
Payroll taxes	51,321	29,199	3,155	83,675	36,160	2,428	1,894	40,482
Professional services	252,206	72,330	1,669	326,205	313,392	50,444	-	363,836
Conferences and meetings	3,618	-	25	3,643	-	286	14	300
Dues and subscriptions	-	13,022	1,499	14,521	1,499	14,347	-	15,846
Facility	51,895	31,130	3,360	86,385	55,708	5,878	-	61,586
Programmatic grants	-	-	-	-	187,000	-	-	187,000
Insurance	2,596	1,562	168	4,326	-	4,165	-	4,165
Interest expense	609,273	-	-	609,273	44,651	-	-	44,651
Marketing	1,296	71	-	1,367	52	4,587	-	4,639
Office supplies	1,745	40,770	23	42,538	682	29,540	-	30,222
Bank charges	-	842	88	930	-	410	12	422
Travel	52,288	81,454	61	133,803	-	7,531	-	7,531
<b>Total expenses</b>	<b>\$ 2,175,627</b>	<b>\$ 931,499</b>	<b>\$ 64,084</b>	<b>\$ 3,171,210</b>	<b>\$ 1,685,539</b>	<b>\$ 326,658</b>	<b>\$ 33,580</b>	<b>\$ 2,045,777</b>

See notes to consolidated financial statements.

**Prime Coalition, Inc. and Affiliates**

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

	2022	2021
Cash flows from operating activities:		
Changes in net assets/members' capital	\$ 31,867,376	\$ 38,424,328
Adjustments to reconcile changes in net assets/members' capital to net cash (used in) provided by operating activities:		
Contributions from members—non-controlling interest	(733,337)	(1,816,669)
Unrealized gain on master funding agreement loans	(27,691,014)	(22,173,259)
Unrealized loss on program related equity investments	784,240	317,548
Contributions restricted for long-term investment	(10,111,333)	(17,259,500)
Changes in assets and liabilities:		
Grants and contributions receivable, net	703,559	(1,014,455)
Due from related parties	11,420	(11,420)
Interest receivable	(222,627)	(121,939)
Other current assets	(7,068)	58,323
Master funding agreement loans—proceeds receivable	-	150,000
Accounts payable and accrued expenses	409,657	(11,600)
Other payables	(500)	500
Deferred grant revenue	-	(450,000)
Interest payable	2,627,143	2,054,746
Program related investment loan interest payable	557,172	44,651
<b>Net cash used in operating activities</b>	<b>(1,805,312)</b>	<b>(1,808,746)</b>
Cash flows from investing activities:		
Purchase of investments in portfolio companies	(3,335,453)	(12,194,321)
Purchase of investments in program related equity	(1,591,500)	(1,882,000)
<b>Net cash used in investing activities</b>	<b>(4,926,953)</b>	<b>(14,076,321)</b>
Cash flows from financing activities:		
Proceeds from master funding agreement loans	1,676,668	1,960,000
Proceeds from program related investment loan agreements	2,992,333	3,984,000
Contributions from members—non-controlling interest	733,337	1,816,669
Contributions restricted for long term investment	10,111,333	17,259,500
<b>Net cash provided by financing activities</b>	<b>15,513,671</b>	<b>25,020,169</b>
<b>Net change in cash and cash equivalents, other restricted cash and cash restricted for long-term investment</b>	<b>8,781,406</b>	<b>9,135,102</b>
Cash and cash equivalents, other restricted cash and cash restricted for long-term investment, beginning of year	35,917,119	26,782,017
Cash and cash equivalents, other restricted cash and cash restricted for long-term investment, end of year	\$ 44,698,525	\$ 35,917,119
Cash and cash equivalents, non-portfolio	\$ 3,804,036	\$ 3,493,033
Other restricted cash, non-portfolio	20,000	20,000
Cash restricted for long-term investment, non-portfolio	27,370,833	17,259,500
Cash and cash equivalents, portfolio	13,503,656	15,144,586
	\$ 44,698,525	\$ 35,917,119

See notes to consolidated financial statements.

## Prime Coalition, Inc. and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies

**Nature of activities:** Prime Coalition, Inc. (Prime) was organized on January 21, 2014, as a Delaware non-profit, non-stock corporation. Prime is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code (IRC) and a public charity within the meaning of Sections 509(a)(1) and 170(b)(1)(A)(vi) of the IRC. Prime's tax-exempt mission is to steer and influence capital to support scalable solutions to climate change. Through its programs, Prime seeks to catalyze, deepen, or accelerate solutions that it believes will massively reduce greenhouse gas emissions.

Prime Management Company I, LLC (the Company) was organized on October 9, 2018, under the laws of the state of Delaware and is a single member limited liability company, the sole member of which is Prime. The Company was formed to carry out Primes' charitable purposes in the context of its charitable investment activities and it is authorized to engage in any lawful business, purpose or activity for which limited liability companies may be organized. The Company shall be dissolved in accordance with the provisions of the limited liability agreement. The Company manages Prime Impact Loan Fund I, LLC (the Loan Fund) and Prime Impact Equity Fund I, LLC (the Equity Fund).

The Loan Fund was organized on October 12, 2018, under the laws of the state of Delaware and is a single member limited liability company, the sole member of which is Prime. The Loan Fund was formed to carry out charitable activities of Prime by aggregating capital from mission-oriented investors for investment in companies that address the impacts of climate change and which would otherwise have difficulty accessing financial support from traditional commercial sources. The Loan Fund invests its capital in the Equity Fund, the charitable investment purposes of which are consistent with Prime's charitable mission. The Loan Fund shall dissolve, and be wound up, upon the sooner of the expiration of the Equity Fund or the entry of a decree of judicial dissolution pursuant to Section 18-802 of the Delaware Act.

The Equity Fund is a limited liability corporation organized under the laws of the state of Delaware pursuant to a restated company agreement dated October 12, 2018. The Equity Fund is a private investment vehicle established to further Prime's tax-exempt mission by aggregating capital from mission-oriented investors along with the charitable capital of the Loan Fund for investment in companies that address the impacts of climate change and which would otherwise have difficulty accessing financial support from traditional commercial sources. The Loan Fund has a controlling interest in the Equity Fund. The Equity Fund shall continue without dissolution until October 12, 2033. The term may be extended for up to two additional two-year periods at the discretion of the Company by written notice to the members prior to the end of the immediately preceding term.

The Loan Fund and Equity Fund were managed by the Company until October 28, 2021. On October 29, 2021, the Company entered into a sub-advisory agreement with the Azolla Management Company, LP to manage the Loan Fund and the Equity Fund and have a Fund Advisory Committee (the Committee) as mandated by the Master Funding Agreement. The Committee is appointed by Prime's Board of Directors (the Board) and shall oversee the Company, approve actions in accordance with the Limited Liability Company Agreement, and provide other advisory matters.

A summary of the Organization's significant accounting policies follows:

**Basis of consolidation:** The consolidated financial statements include the accounts of Prime, the Loan Fund, the Equity Fund, and the Company (collectively referred to as the Organization). All intercompany balances and transactions eliminate in the accompanying consolidated financial statements.

## Prime Coalition, Inc. and Affiliates

### Notes to Consolidated Financial Statements

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

**Basis of presentation:** The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (U.S. GAAP). Prime's financial statement presentation follows the requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, Financial Statements of Not-for Profit Organizations. Under this standard, Prime is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. A description of the two net asset classes follows:

- **Without donor restrictions:** Net assets of Prime that include expendable funds available to support operations that are not subject to donor-imposed stipulations or time restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the Board or may otherwise be limited by contractual agreements with outside parties.
- **With donor restrictions:** Net assets of Prime that represent contributions and other inflows of assets whose use by Prime is limited by donor-imposed stipulations that may or will be met by actions of Prime or the passage of time.

The Loan Fund and Equity Fund are portfolio companies under U.S. GAAP and follow the accounting and reporting guidance in FASB ASC Topic 946, Financial Services—Investment Companies. The Company follows U.S. GAAP.

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

**Cash and cash equivalents:** Cash includes highly liquid instruments with original maturities of three months or less at the date of acquisition.

**Concentrations of credit risk:** The Organization maintains deposits with high-quality financial institutions in amounts that are in excess of federally insured limits; however, the Organization does not believe it is exposed to any significant credit risk and has not experienced any losses in such accounts. The Organization monitors the creditworthiness of the financial institutions with which it conducts business.

**Other restricted cash:** The Company has deposited a balance as required by their financial institution in relation to a credit card held by the Company's employees for Company expenses. As of both December 31, 2022 and 2021, the restricted cash balance amounted to \$20,000.

**Liquidity:** In order to provide information about liquidity, assets are sequenced accordingly to their nearness of conversion to cash and liabilities according to the nearness of their estimated maturity.

**Allowance for doubtful accounts:** Grants and contribution receivables are reported on the consolidated statements of financial position as the outstanding balance less an allowance for doubtful accounts. An allowance for doubtful accounts is provided for those receivables considered to be uncollectible based upon historical experience and management's evaluation of outstanding receivables at the end of the year. No allowance for doubtful accounts was considered necessary at December 31, 2022 and 2021.

## Prime Coalition, Inc. and Affiliates

### Notes to Consolidated Financial Statements

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

**Program related equity investments:** Equity investments do not have a readily determinable fair value and, as such, are recorded using various methods depending on the nature of ownership and various other factors. The various methods are as follows:

- **Equity method of accounting:** The equity method of accounting applies when Prime can exercise significant influence, which is generally indicated when its equity position in the affiliate equals or exceeds 20% but does not exceed 50%. Prime records its proportional share in the equity of the underlying investment at each measurement date, with the net income in the investment at each measurement date reported in the consolidated statements of activities within net portfolio activity.
- **Fair value using net asset value (NAV):** Investments managed by external managers in fund structures that are not readily marketable are reported at fair value utilizing the most current information provided by the external manager, subject to assessments that the information is representative of fair value and in consideration of any factors deemed pertinent to the fair value measurement. As a practical expedient, Prime is permitted under U.S. GAAP to estimate the fair value of its investments with external managers using the external managers' reported NAV without further adjustment, unless Prime expects to sell the investment at a value other than NAV or the NAV is not calculated in accordance with U.S. GAAP.

**Income taxes:** Prime is exempt from federal income taxes as an organization formed for charitable purposes as described in Section 501(c)(3) of the IRC. Prime is also exempt from state income taxes. Donors may deduct contributions made to Prime pursuant to IRC regulations.

The Company is a limited liability company and as such, is not a taxpaying entity for federal or state tax purposes. All income or loss is reflected in Prime's tax return. Prime shall retain its status as (a) an organization described in Section 501(c)(3) of the IRC and a public charity under Sections 509(a)(1) and 170(b)(1)(A)(vi) of the IRC and (b) as a non-profit organization under the laws of the state of Delaware, and shall conduct its operations in a manner consistent with such status. Neither Prime nor the Company shall perform any act, enter into any agreement, or fail to act in any way that would adversely affect the charitable tax exempt status of Prime.

Neither the Company, nor Prime, shall file a Form 8832 election to treat the Company as a corporation for U.S. federal income tax purposes.

Loan Fund and Equity Fund income or loss is reflected in each Member's individual or corporate income tax return in accordance with the member's ownership percentage. Tax filings are open to examination by the Internal Revenue Service (IRS) up to three years from the filing date of the return.

The Organization follows accounting standards relating to accounting for uncertainty in income taxes. Management assessed whether there were any uncertain tax positions which may give rise to income tax liabilities and determined that there were no such matters requiring recognition in the accompanying consolidated financial statements. Generally, the Organization is no longer subject to U.S. federal or state income tax examinations by tax authorities for three years from the filing date.

**Advertising costs:** The Organization expenses advertising costs as they are incurred. There was approximately \$1,400 and \$7,700 of advertising expense for the years ended December 31, 2022 and 2021, respectively.

## Prime Coalition, Inc. and Affiliates

### Notes to Consolidated Financial Statements

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

**Functional allocation of expenses:** The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting activities of Prime. Expenses directly related to a program or supporting activity are directly distributed to that activity. These expenses are allocated based upon management's estimate of the percentage attributable to each function and include the use of time estimates to reflect each employee's efforts.

**Grants and contributions:** Grants and contributions received, including unconditional promises to give, are initially recognized at fair value as revenue when donors make unconditional commitments. Unconditional promises to give receivable in future periods are included in the consolidated financial statements as contributions receivable. Unconditional contributions receivable are recognized at the estimated net present value of such promises to give, net of an allowance for uncollectible amounts. Grants and contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk and duration involved. Conditional grants and contributions, that is, those with a measurable performance or other barrier and a right of return, are recognized when the conditions on which they depend have been substantially met. Grants and contributions of assets other than cash are recorded at their estimated fair value.

Prime reports gifts of cash and other assets as donor-restricted support if they are unconditionally received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statements of activities as net assets released from restrictions. Donor restricted contributions received and satisfied in the same period are included in net assets without donor restrictions. Conditional gifts with donor restrictions where the conditions are met and restrictions are satisfied in the same period are included in net assets without donor restrictions.

As of December 31, 2022 and 2021, the Organization did not receive conditional promises to give from grantors or donors.

**Donated services:** Individuals and other organizations contribute services to Prime in support of various aspects of its programs. The fair value of contributed services, which meet the criteria of the provisions of FASB ASC 958-605, Not-for-Profit Entities: Revenue Recognition, are recognized in the consolidated statements of activities and consolidated statements of functional expenses when provided by individuals or organizations whose skills would need to be purchased if not provided by donation.

Prime estimates the fair value of its in donated services in accordance with FASB ASC Topic 820, Fair Value Measurement. Estimated fair value is based on current rates for similar services. While Prime does not typically receive donated goods, if donated goods are received, it is Prime's policy to utilize donated goods for its mission related activities rather than monetize or sell the goods. All donated services recognized during the years ended December 31, 2022 and 2021 are without donor restriction.

Prime receives services from volunteers in various aspects of its programs. The value of these services are not reflected in the accompanying consolidated financial statements as the value assigned to these services by volunteers is not ascertainable and does not meet the recognition criteria under U.S. GAAP.

**Program service revenues:** The Organization enters into contracts that define various consulting services. Services defined in the contracts are generally capable of being distinct and accounted for as separate performance obligations. The Organization recognizes revenue when the benefit of the services performed has been provided per FASB ASC Topic 606, Revenue from Contracts with Customers.

## Prime Coalition, Inc. and Affiliates

### Notes to Consolidated Financial Statements

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

**Master funding agreement loans:** In order to maximize funds available to support its charitable investment program, the Loan Fund entered into a Master Funding Agreement on October 12, 2018, to raise a blend of various types of capital for the purposes of making contributions to the Equity Fund. All loans are recorded as liabilities on the accompanying consolidated statements of financial position.

**Equity Fund capital contributions:** As of December 31, 2022 and 2021, external members committed capital to the Equity Fund totaling \$17,827,500. Of the amount committed, \$17,827,500 and \$17,094,166, or 100% and 95.9%, has been contributed at December 31, 2022 and 2021, respectively.

**Equity Fund capital distributions and allocation of profit and loss:** Profit or loss of the Equity Fund shall be allocated among the members as of the end of each calendar year.

All profits and losses for a fiscal year or other period shall be allocated among the members during such fiscal year or other period in a manner that will, as nearly as possible, cause the capital account balance of each member at the end of such fiscal year or other period to equal the Target Capital Account balance as defined in the Limited Liability Company Agreement as the hypothetical distribution each member would receive if the Equity Fund were to be liquidated less any unfunded commitments to which the member is obliged.

As of December 31, 2022 and 2021, the Loan Fund had no capital account balance in the Equity Fund.

**Equity Fund distributions:** The timing and amount of distributions is to be determined at the discretion of the Company. In accordance with the Limited Liability Company Agreement of the Equity Fund, it is intended that all distributable proceeds will be distributed as soon as reasonably practicable after receipt by the Equity Fund. All distributions shall be apportioned to the members on a cumulative basis in the following amounts and priorities:

- (1) 100% to the members in proportion to their respective unreturned contribution amounts until each member has received aggregate distributions equal to the member's capital contribution amount as defined in the Limited Liability Company Agreement;
- (2) 100% to the members in proportion to their respective Unreturned Preference Amounts, as defined in the Limited Liability Company Agreement as total distributions which would cause each member to reach their internal rate of return cap less the aggregate distributions previously made to the member, until each member's unreturned preference amount has been reduced to zero; and
- (3) 100% to Loan Fund, for further distribution by Loan Fund to Prime, the sole owner of Loan Fund, after payment of any then-outstanding expenses to Loan Fund.

In accordance with the Master Funding Agreement, net profits of the Loan Fund are first allocated to lenders and recoverable grantors until they have received a full return on their investment. All remaining net profit is allocated to Prime.

**Fair value:** The Organization's fair value accounting policies adhere to the provisions of FASB ASC Topic 820, Fair Value Measurements. Under Topic ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date.

## Prime Coalition, Inc. and Affiliates

### Notes to Consolidated Financial Statements

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

Topic ASC 820 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

**Level 1:** Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

**Level 2:** Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

**Level 3:** Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Organization's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date.

To the extent that the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed. Accordingly, the degree of judgment exercised by the Organization in determining fair value is greatest for securities categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined by the lowest level input that is significant to the fair value measurement.

**Security valuation:** The Equity Fund invests primarily in equity securities of privately held, early stage companies that are not traded on a public market. These securities are recorded at estimated fair value as determined by the Members using the framework of ASC 820 and in accordance with their investment valuation policy. Investments are valued based on factors deemed relevant by the members, including, but not limited to the sale price of recent transactions in similar securities; restrictions on transfer; recent trading volume; current financial position of the securities; significant recent events affecting the securities; and any other factors affecting value. The resulting unrealized appreciation and depreciation is reflected in the consolidated statements of activities.

**Notes to Consolidated Financial Statements**

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

The Organization has adopted written guidelines for determining the fair value of its investments for reporting in the accompanying consolidated financial statements. Under these guidelines, investment valuations are reviewed on a quarterly basis and investments without readily available market values are valued at fair value as determined by the Members. In the absence of readily ascertainable market values, the Organization uses valuation techniques consistent with the market, income and cost approaches, as prescribed by Topic ASC 820, in order to estimate the fair value of investments. In all cases, the Organization evaluates whether the valuation techniques used and the resultant fair value estimate is representative of what the most likely buyers of the investment would also pay upon exit and, therefore, whether the value is deemed to be the price expected in an orderly transaction between market participants at the measurement date. In determining the value of the Organization's holdings, the Organization allocates the value of each of their portfolio companies (determined using one of the aforementioned methodologies) to the outstanding securities of each according to their respective liquidation preferences or entitlement upon conversion, whichever is more appropriate.

The transaction price is typically the Organization's best estimate of fair value at commencement of operations of the investment. When evidence supports a change to the carrying value from the transaction price, adjustments are made to reflect expected exit values. Ongoing reviews by the Organization are based on an assessment of significant assumptions related to each underlying investment including incorporating valuations that consider the evaluation of financing and sale transactions with third parties, the financial condition and operating results of the portfolio, achievement of technical milestones and expected cash flows.

In addition, market-based information, including comparable transaction and performance multiples, may be considered assuming the underlying portfolio has demonstrated positive, sustainable performance results. Generally, these valuations are derived by comparable private transactions or by multiplying a key performance metric of the portfolio (e.g., EBITDA or revenue) by the relevant valuation multiple observed for comparable companies or transactions, adjusted for differences in terms of growth prospects, size and risk attributes. All investments in portfolio companies at December 31, 2022 and 2021, had no readily available market value and are included in Level 3 of the fair value hierarchy.

While the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

**Recently adopted accounting pronouncements:** Effective January 1, 2022, the Organization adopted the accounting guidance included in Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit entities. The ASU requires a not-for-profit organization to present contributed non-financial assets as a separate line item in the statement of activities apart from contributions of cash and other financial assets. The ASU also requires enhanced disclosure, including disaggregation of cash and other financial assets recognized by category and qualitative information about each category. The Organization's adoption of this ASU did not have a material impact on its consolidated financial statements.

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

In February 2016, the FASB issued ASC Topic 842, Leases (Topic 842), to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their balance sheets as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases and operating leases, with classification affecting the pattern of expense recognition in the income statement. The Organization adopted Topic 842 on January 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior period financial statements. Under this transition provision, the Organization has applied Topic 842 to reporting periods beginning on January 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Organization's historical accounting treatment under ASC Topic 840, *Leases*.

The Organization elected the "package of practical expedients" under the transition guidance within Topic 842, in which the Organization does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Organization has not elected to adopt the "hindsight" practical expedient and, therefore, will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of Topic 842 on January 1, 2022. The Organization made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For any other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2022, for existing leases upon the adoption of Topic 842).

The Organization has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate, vehicle, and equipment asset classes. The non-lease components typically represent additional services transferred to the Organization, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

As the Organization only has short term leases (12 months or less), the adoption of Topic 842 had no impact on the consolidated statements of financial position as of January 1, 2022 and did not result in a cumulative-effect adjustment to the opening balance of net assets.

**Recently issued accounting pronouncements:** In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which significantly changes the impairment model for most financial instruments. Current guidance requires the recognition of credit losses based on an incurred loss impairment methodology that reflects losses once the losses are probable. Under the new standard, the Organization will be required to use a current expected credit loss model (CECL) that will immediately recognize an estimate of credit losses that are expected to occur over the life of the consolidated financial instruments that are in the scope of this update, including trade receivables. The CECL model uses a broader range of reasonable and supportable information in the development of credit loss estimates. The Organization will adopt the new guidance on a modified retrospective basis as of January 1, 2023. The adoption of this guidance is not expected to have a material impact on the consolidated financial statements of the Organization.

**Subsequent events:** Management has evaluated events subsequent to the consolidated statements of financial position date for potential recognition and disclosure through November 8, 2023, which is the date these consolidated financial statements were available to be issued. See Note 14 for disclosure of subsequent events.

## Prime Coalition, Inc. and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 2. Available Resources and Liquidity

The Organization regularly monitors liquidity required to meet its operating, capital commitments, debt, and other needs. For purposes of analyzing resources available to meet general expenditures, such as operating expenses, capital commitments, and scheduled principal payments on debt, over a 12-month period, the Organization considers all expenditures related to its ongoing activities. At December 31, the financial assets and liquid resources available within one year for general expenditure comprise the following:

	2022	2021
Cash and cash equivalents	\$ 17,307,692	\$ 18,637,619
Other restricted cash	20,000	20,000
Cash restricted for long-term investment	27,370,833	17,259,500
Due from related parties	-	11,420
Interest receivable	384,150	161,523
Grants and contributions receivable, due in less than one year	890,725	1,971,320
Total financial assets and liquid resources available within one year	<u>\$ 45,973,400</u>	<u>\$ 38,061,382</u>

The Organization's management monitors bank accounts on a daily basis to ensure sufficient funds are available to cover disbursements. Management reviews cash flow history and projections for the fiscal year on a monthly basis, sharing them with the Board on a quarterly basis.

#### Note 3. Commitments and Contingencies

**Lease commitments:** The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. Under Topic 842, a contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

The Organization has entered into lease arrangement for office space and certain computer equipment. The leases all have initial terms of less than 12 months. As the Organization made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less, payments made on these leases are recorded in operating expenses when incurred. Lease expense was approximately and \$88,000 and \$125,000 for the years ended 2022 and 2021, respectively.

In October 2022, the Organization extended the term of its office lease for an additional 12 months. The new lease term commenced on January 1, 2023 and ends on December 31, 2023. Rent for the office rental will be approximately \$8,000 per month.

## Prime Coalition, Inc. and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 3. Commitments and Contingencies (Continued)

**Investment commitments:** As of December 31, 2022, Prime has committed \$34,650,000 to purchase limited partnership interests of Azolla Ventures Catalytic Fund I, LP and \$100,000 to purchase limited partnership interests of Azolla Ventures GP, LP. Of this \$34,750,000 total commitment, \$3,473,500 of capital has been called and disbursed, resulting in a remaining total commitment of \$31,276,500.

**Other program related commitments and contingencies:** Prime has aggregated recoverable grant contributions from external donors in support of Prime's programmatic contribution to the Loan Fund. These agreements stipulate that the contribution will be returned, bearing interest at a rate between 0% and 15% per annum, to the extent the Organization receives repayments or other amounts under the Recoverable Grant Agreement between Prime and the Loan Fund. As of December 31, 2022 and 2021, there were 16 recoverable grant agreements with external donors committing a total of \$2,075,000. As of December 31, 2022 and 2021, all of the commitments have been paid. Accrued interest relating to the agreements was approximately \$1,154,000 and \$718,000 as of December 31, 2022 and 2021, respectively. Based on the agreement structure and terms, there may be a possibility of future required payments back to donors. As of December 31, 2022 and 2021, the Organization believes the potential loss is not probable, but rather reasonably possible. Therefore, under ASC 450, Contingencies, this liability and associated interest payable has not been included in the consolidated financial statements.

Prime has recoverable grant contributions from external donors in support of its programmatic equity investments. These agreements stipulate that the contribution will be returned, bearing interest at a rate between 0% and 15% per annum, to the extent that Prime receives returns under its Azolla Ventures Catalytic Fund I, LP Subscription Agreement. As of December 31, 2022 and 2021, there were 19 and 11 agreements with external donors committing a total of \$10,725,000 and \$7,100,000, respectively. Of the amounts committed as of December 31, 2022 and 2021, \$9,545,000 and \$4,765,000 has been received with \$1,180,000 and \$2,335,000 included in contributions receivable on the consolidated statements of financial position as of December 31, 2022 and 2021, respectively. Accrued interest relating to the agreements was approximately \$748,000 and \$69,000 as of December 31, 2022 and 2021, respectively. Based on the agreement structure and terms, there may be a possibility of future required payments back to donors. As of December 31, 2022 and 2021, the Organization believes the potential loss is not probable, but rather reasonably possible. Therefore, under ASC 450, Contingencies, this liability and associated interest payable has not been included in the consolidated financial statements.

In addition, Prime provides certain external donors with letters of intent indicating Prime's intention to repay their traditional grant, bearing interest at a rate between 0% and 15% per annum, to the extent the Organization receives repayments or other amounts under the Loan Fund Recoverable Grant Agreement and Azolla Ventures Catalytic Fund I, LP Subscription Agreement.

As these side agreements are letters of intent and were signed only by Prime, these letters are not reported as liabilities in the consolidated financial statements as they are not legally binding and will be expensed as incurred. It is the Organization's intent to repay as possible. These intentions are broken out as follows:

**Impact Fund:** As of December 31, 2022 and 2021, Prime notified 18 donors of their intention to repay, totaling \$4,485,000 and \$4,385,000 with additional accrued interest of approximately \$2,678,000 and \$1,728,000, respectively.

**Azolla Ventures:** As of December 31, 2022 and 2021, Prime notified 35 and 17 donors of their intention to repay, totaling \$7,830,000 and \$5,055,000 with additional accrued interest of approximately \$1,096,000 and \$122,000, respectively.

## Prime Coalition, Inc. and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 3. Commitments and Contingencies (Continued)

**Impact Fund:** All recoverable grant agreements and side agreements mature on October 12, 2033 (with potential extension up to October 12, 2037), and all payments on these recoverable grant agreements and letters of intent are due upon maturity to the extent returns are received from the Loan Fund.

**Azolla Ventures:** All recoverable grant agreements and side agreements mature on December 31, 2036 (with potential extension up to December 31, 2040), and all payments on these recoverable grant agreements and letters of intent are due upon maturity to the extent returns are received from the Azolla Catalytic Fund I, LP.

#### Note 4. Grants and Contributions Receivable

Unconditional promises to give to Prime are included in the consolidated financial statements as grants and contributions revenue and receivable in the appropriate net asset category. Grants and contributions receivable are as follows as of December 31:

	2022	2021
Due in less than one year	\$ 890,725	\$ 1,971,320
Due in one to five years	800,000	380,000
Total grants and contributions receivable	1,690,725	2,351,320
Less: discount (rates between 5.48% and 1.48%)	(62,149)	(19,185)
Total grants and contributions receivable, net	<u>\$ 1,628,576</u>	<u>\$ 2,332,135</u>

As of December 31, 2022, Prime had three donors who account for approximately 53% of total grants and contribution revenue and four donors who account for 80% of the gross grants and contribution receivable balance recorded. As of December 31, 2021, the Organization had three donors who accounted for 58% of total grants and contribution revenue and two donors who accounted for 92% of the gross grants and contribution receivable balance recorded.

#### Note 5. Net Assets

Net assets with donor restrictions consist of the following as of December 31:

	2022	2021
Subject to expenditure when a specific event occurs:		
Program activities—non-Azolla Ventures	\$ 568,491	\$ 320,127
Program activities—Azolla Ventures	22,304,629	15,991,315
Subject to the passage of time:		
Grants and contributions receivable	640,722	-
Total net assets with donor restrictions	<u>\$ 23,513,842</u>	<u>\$ 16,311,442</u>

## Prime Coalition, Inc. and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 5. Net Assets (Continued)

Net assets were released from donor restrictions as Prime incurred expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors as follows for the year ended December 31:

	2022	2021
Purpose imposed restrictions:		
Program activities	\$ 1,232,748	\$ 1,538,728
Total net assets with donor restrictions	<u>\$ 1,232,748</u>	<u>\$ 1,538,728</u>

#### Note 6. Master Funding Agreement Loans and Recoverable Grants

In accordance with the Master Funding Agreement between the Loan Fund and its funders, all outstanding loans and recoverable grants bear interest at a rate between 7.5% and 15% per annum through maturity, October 12, 2033 (with potential extension up to October 12, 2037). The outstanding principal balance of each investment along with any accrued but unpaid interest is due and payable on the maturity date.

Through the Master Funding Agreement, 19 external investors committed \$15,750,000 at December 31, 2022 and 2021. The external investors committed funds as follows:

	2022		2021	
	Committed Capital	Funded Committed Capital	Committed Capital	Funded Committed Capital
Recoverable grants	\$ 5,100,000	\$ 4,850,000	\$ 5,100,000	\$ 4,250,000
Loans	10,650,000	10,350,001	10,650,000	9,273,334
	<u>\$ 15,750,000</u>	<u>\$ 15,200,001</u>	<u>\$ 15,750,000</u>	<u>\$ 13,523,334</u>

#### Note 7. Program Related Investment Loans

During the years ended December 31, 2022 and 2021, Prime entered into program related investment (PRI) loans with various external organizations in order to support its mission. Each agreement stipulates that the loan will be returned, bearing interest at a rate between 1% and 15% per annum, to the extent that Prime receives returns under its Azolla Ventures Catalytic Fund I, LP subscription agreement. Maturity is set to be within 60 days of the liquidation of the Azolla Ventures Catalytic Fund I, LP, which is set for December 31, 2036 (with potential extension up to December 31, 2040). If, at maturity, Prime has not received sufficient returns from the Azolla Ventures Catalytic Fund I, LP to repay each loan along with any accrued but unpaid interest, each loan holder will have the right to be repaid pro rata with other loan holders and recoverable grantors.

As of December 31, 2022, 13 external organizations have committed \$8,975,000. The loans payable for the principal balance (representing funded commitments) is \$6,976,333 and \$3,984,000 as of December 31, 2022 and 2021, respectively. The accrued interest payable is \$601,823 and \$44,651 as of December 31, 2022 and 2021, respectively. Both the loan payable and loan interest payable liabilities are recorded within the consolidated statements of financial position.

## Prime Coalition, Inc. and Affiliates

### Notes to Consolidated Financial Statements

#### Note 8. Investment in Portfolio Companies, at Fair Value

The Equity Fund's investments are closed-end investment vehicles and are long-term in nature. The Equity Fund's investments consist of the following at December 31:

	Investment Date	Shares	2022		2021	
			Fair Value	Fair Value as a Percent of Net Assets	Fair Value	Fair Value as a Percent of Net Assets
Verdox, Inc.:						
Series Seed Preferred Stock	11/27/2019	1,045,001	\$ 15,092,916	14%	\$ 15,092,918	21%
C-Motive Technologies LLC:						
Series Seed Preferred Stock	3/22/2019	821,092	1,100,000	1%	1,100,000	1%
Convertible Note (matures 4/30/2023, 8% interest rate)	2/3/2021	N/A	1,250,000	1%	1,000,000	1%
VIA Separations LLC:						
Series A Preferred Stock	3/4/2019	442,400	3,162,365	3%	3,162,365	4%
Series B-1 Preferred Stock	1/10/2021	199,150	1,423,564	1%	1,423,564	2%
Microbyre LLC:						
Series Seed Preferred Stock	4/26/2019	3,779,146	3,668,039	3%	1,133,328	2%
Series Seed-1 Preferred Stock	11/4/2020	3,434,592	3,333,615	3%	1,030,000	1%
Gradient (Treau Inc.):						
Series Seed 2 Preferred Convertible Note (matures 12/31/2021, 8% interest rate)	12/20/2019	1,963,338	1,587,908	2%	1,000,000	1%
Convertible Note (matures 12/31/2021, 8% interest rate)	4/6/2021	N/A	-	0%	500,000	1%
Series A-2 Preferred Stock	4/6/2021	N/A	-	0%	500,000	1%
Series A-2 Preferred Stock	12/14/2022	738,899	597,607	1%	-	0%
Lilac Solutions, Inc.:						
Series A Preferred Stock	2/6/2020	892,757	11,720,114	11%	11,720,114	16%
Charm Industries:						
Series A-1 Preferred Stock	8/10/2020	39,506	349,320	0%	349,320	0%
Clean Crop:						
Series Seed Preferred Stock	5/4/2020	2,930,402	3,130,548	3%	3,130,548	4%
Series Seed Preferred Stock	6/9/2020	287,712	307,363	0%	307,363	0%
Series A-1 Preferred Stock	11/22/2021	294,375	314,481	0%	314,481	0%
Sublime System:						
Series Seed-2 Preferred Stock	4/17/2020	1,240,121	2,618,888	2%	946,151	1%
Series Seed-1 Preferred Stock	4/30/2021	1,966,052	4,151,909	4%	1,499,999	2%
Noon Energy:						
Series Seed Preferred Stock	12/21/2020	2,805,311	7,423,975	7%	1,500,000	2%
Leading Edge:						
Series A Preferred Stock	10/14/2020	780,579	2,000,000	2%	2,000,000	3%
Series A Preferred Stock	12/24/2020	97,572	249,999	0%	249,999	0%
Convertible Note (matures 2/4/2023 8% interest rate)	8/10/2021	N/A	1,100,000	1%	500,000	1%
Common Stock	12/31/2021	500,000	310,000	0%	310,000	0%
Avalanche Energy Designs, Inc.:						
Series Seed Preferred Stock	6/2/2021	2,010,024	11,056,139	10%	1,962,769	3%
Ovipost, Inc.:						
Convertible Note (matures 11/10/2025 6% interest rate)	10/6/2021	N/A	1,625,000	2%	1,000,000	1%
Project Vesta, PBC:						
SAFE	9/27/2021	N/A	300,000	0%	300,000	0%
Convertible Note	6/17/2022	N/A	1,200,000	1%	-	0%
Tynt Technologies, Inc.:						
Series Seed-1 Preferred Stock	7/30/2021	2,441,641	2,017,980	2%	2,017,980	3%
SAFE	3/29/2022	N/A	525,000	0%	-	0%
Zanskar Geothermal and Minerals, Inc.:						
Series Seed-1 Preferred Stock	4/6/2021	2,969,483	4,978,635	5%	1,518,000	2%
			<u>\$ 86,595,365</u>	<u>79%</u>	<u>\$ 55,568,899</u>	<u>73%</u>

100% of investments are made in the United States of America and related to clean renewable energy initiatives.

## Prime Coalition, Inc. and Affiliates

### Notes to Consolidated Financial Statements

#### Note 9. Fair Value Measurements

The following table presents information about the Organization's assets and liabilities measured at fair value on a recurring basis at December 31, 2022:

	Quoted Prices in Active Markets for Identical Assets		Significant Unobservable Inputs Level 3	Net Asset Value (a)	Balance at December 31, 2022
	Level 1	Level 2			
<b>Assets:</b>					
Investments in portfolio companies:					
Preferred Stock	\$ -	\$ -	\$ 80,285,365	\$ -	\$ 80,285,365
Convertible Note	-	-	5,175,000	-	5,175,000
Common Stock	-	-	310,000	-	310,000
Simple Agreement for Future Equity	-	-	825,000	-	825,000
Total investment in portfolio companies	-	-	86,595,365	-	86,595,365
Program related equity investments	-	-	-	2,364,011	2,364,011
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,595,365</u>	<u>\$ 2,364,011</u>	<u>\$ 88,959,376</u>
<b>Liabilities:</b>					
Master funding agreement loans and recoverable grants	\$ -	\$ -	\$ -	\$ 15,200,001	\$ 15,200,001
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,200,001</u>	<u>\$ 15,200,001</u>

The following table presents information about the Organization's assets and liabilities measured at fair value on a recurring basis at December 31, 2021:

	Quoted Prices in Active Markets for Identical Assets		Significant Unobservable Inputs Level 3	Net Asset Value (a)	Balance at December 31, 2021
	Level 1	Level 2			
<b>Assets:</b>					
Investments in portfolio companies:					
Preferred Stock	\$ -	\$ -	\$ 51,458,899	\$ -	\$ 51,458,899
Convertible Note	-	-	3,500,000	-	3,500,000
Common Stock	-	-	310,000	-	310,000
Simple Agreement for Future Equity	-	-	300,000	-	300,000
Total assets	-	-	55,568,899	-	55,568,899
Program related equity investments	-	-	-	1,557,652	1,557,652
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,568,899</u>	<u>\$ 1,557,652</u>	<u>\$ 57,126,551</u>
<b>Liabilities:</b>					
Master funding agreement loans and recoverable grants	\$ -	\$ -	\$ -	\$ 13,523,334	\$ 13,523,334
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,523,334</u>	<u>\$ 13,523,334</u>

- (a) In accordance with ASC Subtopic 820-10, certain investments that are measured at fair value using the NAV per share (or its equivalent) (the NAV practical expedient) have not been classified within the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy amounts to amounts presented in the consolidated statements of financial position.

## Prime Coalition, Inc. and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 9. Fair Value Measurements (Continued)

Both observable and unobservable inputs may be used to determine the fair value of positions classified as Level 3 assets and liabilities. Level 3 assets have been estimated by the manager in the absence of readily ascertainable market values and because of the inherent uncertainty of valuation of investments in privately held companies, those estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material.

Purchases of assets classified in Level 3 of the fair value hierarchy totaled \$3,335,452 and \$12,194,321 for the years ending December 31, 2022 and 2021, respectively. There were no transfers out of Level 3 investments for the years ended December 31, 2022 and 2021, respectively.

All of the Organization's investments were fair valued using recent purchase price as of December 31, 2022 and 2021. As such, the fair value determination did not use unobservable inputs developed by the Organization.

The Committee oversees the development and execution of the valuation policies and procedures used to value the Fund's investments. Such policies and procedures are reviewed frequently by the members to ensure that they are appropriate under current U.S. GAAP and/or regulatory requirements.

The following table lists investments in other investment companies by major category:

	2022 NAV in Funds	2021 NAV in Funds	Liquidity Terms	NAV Outstanding Commitments
Limited partnership	<u>\$ 2,364,011</u>	<u>\$ 1,557,652</u>	Illiquid	\$ 31,185,000

Redemptions for the investments in program related equity investments are at the option of the general partner at any time. The objective of these program related equity investments is to make investments in transformative technology companies whose climate potential is endangered by a lack of initial funding, punitive terms requested by third party investors that may damage the company, or investors who are not able to prioritize gigaton-scale emissions reduction, and to drive these investments toward gigaton-scale emissions reduction to mitigate climate change.

#### Note 10. Program Related Equity Investments

Program related equity investments consists of the following at December 31:

	2022	2021
Azolla Ventures Catalytic Fund I, LP	\$ 2,364,011	\$ 1,557,652
Azolla Ventures GP, LP	7,701	6,800
	<u>\$ 2,371,712</u>	<u>\$ 1,564,452</u>

Prime has a 25% limited partnership interest in the Azolla Ventures GP, LP, which in turn is a general partner of Azolla Ventures Catalytic Fund I, LP. This has been accounted for under the equity method of accounting.

## Prime Coalition, Inc. and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 11. Related-Party Transactions

**Prime Impact Fund:** The Equity Fund had investments with a fair value totaling \$86,595,365 and \$55,568,899 as of December 31, 2022 and 2021, respectively. Per the requirements of each investment, the employee(s) of the Equity Fund's management company participate on the Board of Directors of each of the Organization's investments. As of November 1, 2021, management responsibilities for the Equity Fund and Loan Fund were transferred from the Company to the Azolla Management Company, LP per the sub-advisory agreement between Prime Management Company I, LLC and Azolla Management Company, LP dated October 29, 2021.

**Azolla Ventures:** In 2020, Prime launched an impact-first investing firm collectively known as the Azolla Ventures. The Azolla Ventures consists of Azolla Management GP, LLC, Azolla Management Company, LP; Azolla Ventures GP, LP; and two investment funds, namely Azolla Ventures Catalytic Fund I, LP and Azolla Ventures Full-Cycle Fund I, LP. Azolla Ventures invests in neglected start-up companies that each have the potential for gigaton-scale climate impact while drawing on capital that's matched to the risk/reward profile of the challenge.

Prime is a 25% member of Azolla Management GP, LLC and has limited partnership interests in Azolla Ventures GP, LP; Azolla Ventures Catalytic Fund I, LP; and Azolla Ventures Full-Cycle Fund I, LP. One of the other members of Azolla Management GP, LLC, who also has a 25% interest, was on Prime's Board of Directors until July 2022.

See Note 3 for commitments and capital calls made to Azolla Ventures. There were no distributions made to Prime during the years ended December 31, 2022 or 2021. Prime's shares of Azolla Ventures' net loss was \$784,240 and \$317,548 during the years ended December 31, 2022 and 2021, respectively, and is included in investment return (loss), net on the accompanying consolidated statements of activities.

As of December 31, 2022 and 2021, Prime's investment in Azolla Ventures GP, LP and Azolla Ventures Catalytic Fund I, LP is \$2,371,712 and \$1,564,452, respectively (see Note 10).

During the years ended December 31, 2022 and 2021, Prime recognized program service revenue from the services agreements with Azolla Ventures of \$250,000 and \$83,333, respectively.

**Prime Coalition:** In November 2022, Prime hired an employee who previously served as a contractor. The services agreement between the contractor and Prime was terminated on the effective date of the employment agreement. From January 1, 2022 to November 5, 2022, Prime made payments to the contractor totaling \$43,208. As of December 31, 2022, a \$21,229 payable is outstanding for final consulting services provided to Prime through November 5, 2022.

#### Note 12. Non-Controlling Interest

The following is a summary of the changes in consolidated net assets without donor restrictions attributable to the non-controlling interest in the Equity Fund from inception to December 31:

	2022	2021
Non-controlling interest, beginning balance	\$ 23,218,130	\$ 15,103,872
Contributions by non-controlling members	733,337	1,816,669
Change in net assets	3,581,880	6,297,589
Non-controlling interest, ending balance	<u>\$ 27,533,347</u>	<u>\$ 23,218,130</u>

## Prime Coalition, Inc. and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 13. Donated Services

Prime recognized donated services and the corresponding expenses in the consolidated statements of activities and functional expenses during the years ended December 31, 2022 and 2021 as follows:

	2022	2021
Legal	\$ 190,740	\$ 242,963
Other	1,296	500
	<u>\$ 192,036</u>	<u>\$ 243,463</u>

#### Note 14. Subsequent Events

On December 21, 2022, Prime entered into a Project Transfer Agreement with Actuate Innovation, Inc. (Actuate), a 501(c)3 organization that runs large-scale experimental programs to accelerate societal-scale climate solutions. The Transferred Project operated by Actuate directly aligned with Prime's mission and allowed Prime to expand its Early Climate Infrastructure program which aims to remove systemic barriers for climate solutions that are ready for initial commercialization activity (i.e., have passed through rigorous proof-of-concept phases) or that are fully commercial but need additional support to move to massive scale. On January 6, 2023, Prime accepted substantial control of the assets previously held by Actuate in connection with the Transferred Project. No liabilities were assumed, and no amount of goodwill is expected to be deductible for tax purposes. Prime will account for the transaction as an acquisition on January 6, 2023, pursuant to the guidance included in the FASB ASC 958-805, Not-for-Profit Entities—Business Combinations. The acquisition was deemed an inherent contribution, as Actuate voluntarily transferred its assets to Prime. No consideration was transferred by Prime in the acquisition. Prime will account for the transactions as an acquisition and estimates the fair value of the assets acquired, consisting of grants and contributions receivable, to be approximately \$4,368,000. All balances are deemed collectible and no allowance for uncollectible grants and contributions is included in the estimated value.

In June 2023, Prime entered into an additional commitment of limited partnership interests in Azolla Ventures Catalytic Fund I, LP for \$505,000.

Subsequent to year end and pursuant to capital calls, Prime transferred approximately \$2,670,000 and \$5,000 to Azolla Ventures Catalytic Fund I, LP and Azolla Ventures Catalytic GP, LP, respectively.

In June 2023, Prime and Azolla Ventures, an impact-first investing firm launched by Prime, formally announced a \$239 million blended fund comprised of 1/3 catalytic capital in Azolla Ventures Catalytic Fund I and 2/3 impact-aligned investment capital in Azolla Ventures Full-Cycle Fund I. The launch of Azolla Fund I was enabled by 95 direct investors and, through Prime, the proceeds from 79 additional participants.

On October 25, 2023, Prime organized the ECI Pool I, LLC under the laws of the state of Delaware as a single member limited liability company, the sole member of which is Prime. The ECI Pool I, LLC is an investment vehicle established to further Prime's tax-exempt mission by aggregating catalytic capital for investment in and support of companies that address the impacts of climate change and which would otherwise have difficulty accessing financial support from traditional commercial sources.

## Prime Coalition, Inc. and Affiliates

### Notes to Consolidated Financial Statements

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#### **Note 14. Subsequent Events (Continued)**

On October 25, 2023, Prime organized the Prime Management Company II, LLC (PMC II) under the laws of the state of Delaware as a single member limited liability company, the sole member of which is Prime. PMC II was formed to carry out Primes' charitable purposes in the context of its charitable investment activities and it is authorized to engage in any lawful business, purpose or activity for which limited liability companies may be organized. PMC II is expected to manage the ECI Pool I, LLC.

On March 10, 2023, Silicon Valley Bank (SVB), a financial institution heavily integrated into the ecosystem of the venture community, was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation (FDIC) as receiver. On March 12, 2023, the FDIC, the Department of Treasury and the Federal Reserve issued a joint statement indicating that actions would be taken to complete the FDIC's resolution of SVB in a manner that protects depositors. The financial institution was reopened by the FDIC on March 13, 2023, with customers having full access to their deposits and debt facilities as at the time of the closure. Since then, the Company and the Equity Fund have moved their primary banking relationship from SVB to City National Bank (CNB). The officers of the Organization have evaluated the situation and do not believe there is a material impact on the financial statements of the Organization.

## Prime Coalition, Inc. and Affiliates

### Consolidating Statement of Financial Position December 31, 2022

	Prime Coalition, Inc.	Prime Management Company I, LLC	Prime Impact Loan Fund I, LLC	Prime Impact Equity Fund I, LLC	Consolidated Totals Before Eliminations	Eliminations	Consolidated Totals
<b>Assets</b>							
Operating assets:							
Cash and cash equivalents	\$ 3,205,874	\$ 598,162	\$ -	\$ -	\$ 3,804,036	\$ -	\$ 3,804,036
Grants and contribution receivables, net	1,628,576	-	-	-	1,628,576	-	1,628,576
Due from related parties	90	-	-	-	90	(90)	-
Recoverable grant receivables	13,795,000	-	-	-	13,795,000	(13,795,000)	-
Other restricted cash	-	20,000	-	-	20,000	-	20,000
Interest receivable from Prime Impact Loan Fund I, LLC	8,545,354	-	-	-	8,545,354	(8,545,354)	-
Other current assets	17,848	-	-	-	17,848	(1,000)	16,848
Cash restricted for long-term investment	27,370,833	-	-	-	27,370,833	-	27,370,833
<b>Total non-portfolio operating assets</b>	<b>54,563,575</b>	<b>618,162</b>	<b>-</b>	<b>-</b>	<b>55,181,737</b>	<b>(22,341,444)</b>	<b>32,840,293</b>
Portfolio assets—Prime Coalition, Inc.							
Program related equity investments	2,371,712	-	-	-	2,371,712	-	2,371,712
<b>Total portfolio assets—Prime Coalition, Inc.</b>	<b>2,371,712</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,371,712</b>	<b>-</b>	<b>2,371,712</b>
Portfolio assets—Prime Impact Loan Fund I, LLC:							
Cash and cash equivalents	-	-	79	-	79	-	79
Investment in Prime Impact Equity Fund I, LLC, at fair value	-	-	72,949,744	-	72,949,744	(72,949,744)	-
<b>Total portfolio assets—Prime Impact Loan Fund I, LLC</b>	<b>-</b>	<b>-</b>	<b>72,949,823</b>	<b>-</b>	<b>72,949,823</b>	<b>(72,949,744)</b>	<b>79</b>
Portfolio assets—Prime Impact Equity Fund I, LLC:							
Cash and cash equivalents	-	-	-	13,503,577	13,503,577	-	13,503,577
Interest receivable	-	-	-	384,150	384,150	-	384,150
Investments in portfolio companies, at fair value	-	-	-	86,595,365	86,595,365	-	86,595,365
<b>Total portfolio assets—Prime Impact Equity Fund I, LLC</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100,483,092</b>	<b>100,483,092</b>	<b>-</b>	<b>100,483,092</b>
<b>Total assets</b>	<b>\$ 56,935,287</b>	<b>\$ 618,162</b>	<b>\$ 72,949,823</b>	<b>\$ 100,483,092</b>	<b>\$ 230,986,364</b>	<b>\$ (95,291,188)</b>	<b>\$ 135,695,176</b>
<b>Liabilities and Net Assets/Members' Capital</b>							
Operating liabilities:							
Accounts payable and accrued expenses	\$ 311,727	\$ 211,292	\$ -	\$ -	\$ 523,019	\$ -	\$ 523,019
Due to related parties	-	10	-	-	10	(10)	-
Other payables	-	-	-	-	-	-	-
Program related investment loan interest payable	601,823	-	-	-	601,823	-	601,823
Program related investment loan payable	6,976,333	-	-	-	6,976,333	-	6,976,333
<b>Total non-portfolio liabilities</b>	<b>7,889,883</b>	<b>211,302</b>	<b>-</b>	<b>-</b>	<b>8,101,185</b>	<b>(10)</b>	<b>8,101,175</b>
Portfolio liabilities—Prime Impact Loan Fund I, LLC:							
Payable to Prime Coalition, Inc.	-	-	80	-	80	(80)	-
Interest payable	-	-	15,467,211	-	15,467,211	(8,545,354)	6,921,857
Master funding agreement loans and recoverable grants, at fair value (proceeds: \$28,995,000)	-	-	28,995,001	-	28,995,001	(13,795,000)	15,200,001
<b>Total portfolio liabilities—Prime Impact Loan Fund I, LLC</b>	<b>-</b>	<b>-</b>	<b>44,462,292</b>	<b>-</b>	<b>44,462,292</b>	<b>(22,340,434)</b>	<b>22,121,858</b>
<b>Total liabilities</b>	<b>7,889,883</b>	<b>211,302</b>	<b>44,462,292</b>	<b>-</b>	<b>52,563,477</b>	<b>(22,340,444)</b>	<b>30,223,033</b>
Commitments and contingencies (Note 3)							
Net assets/members' capital:							
Without donor restrictions/members' capital							
Without donor restrictions/members' capital—Prime Coalition, Inc. and Affiliates	25,531,562	406,860	28,487,531	72,949,745	127,375,698	(72,950,744)	54,424,954
Non-controlling interest in Prime Impact Equity Fund I, LLC	-	-	-	27,533,347	27,533,347	-	27,533,347
<b>Total without donor restrictions/members' capital</b>	<b>25,531,562</b>	<b>406,860</b>	<b>28,487,531</b>	<b>100,483,092</b>	<b>154,909,045</b>	<b>(72,950,744)</b>	<b>81,958,301</b>
With donor restrictions	23,513,842	-	-	-	23,513,842	-	23,513,842
<b>Total net assets/members' capital</b>	<b>49,045,404</b>	<b>406,860</b>	<b>28,487,531</b>	<b>100,483,092</b>	<b>178,422,887</b>	<b>(72,950,744)</b>	<b>105,472,143</b>
<b>Total liabilities and net assets/members' capital</b>	<b>\$ 56,935,287</b>	<b>\$ 618,162</b>	<b>\$ 72,949,823</b>	<b>\$ 100,483,092</b>	<b>\$ 230,986,364</b>	<b>\$ (95,291,188)</b>	<b>\$ 135,695,176</b>

## Prime Coalition, Inc. and Affiliates

### Consolidating Statement of Financial Position December 31, 2021

	Prime Coalition, Inc.	Prime Management Company I, LLC	Prime Impact Loan Fund I, LLC	Prime Impact Equity Fund I, LLC	Consolidated Totals Before Eliminations	Eliminations	Consolidated Totals
<b>Assets</b>							
Operating assets:							
Cash and cash equivalents	\$ 3,106,852	\$ 386,181	\$ -	\$ -	\$ 3,493,033	\$ -	\$ 3,493,033
Grants and contribution receivables, net	2,340,397	-	-	-	2,340,397	(8,262)	2,332,135
Due from related parties	90	3,158	-	-	3,248	8,172	11,420
Recoverable grant receivables	13,695,000	-	-	-	13,695,000	(13,695,000)	-
Other restricted cash	-	20,000	-	-	20,000	-	20,000
Interest receivable from Prime Impact Loan Fund I, LLC	5,634,790	-	-	-	5,634,790	(5,634,790)	-
Other current assets	10,780	-	-	-	10,780	(1,000)	9,780
Cash restricted for long-term investment	17,259,500	-	-	-	17,259,500	-	17,259,500
<b>Total non-portfolio operating assets</b>	<b>42,047,409</b>	<b>409,339</b>	<b>-</b>	<b>-</b>	<b>42,456,748</b>	<b>(19,330,880)</b>	<b>23,125,868</b>
Portfolio assets—Prime Coalition, Inc.							
Program related equity investments	1,564,452	-	-	-	1,564,452	-	1,564,452
<b>Total portfolio assets—Prime Coalition, Inc.</b>	<b>1,564,452</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,564,452</b>	<b>-</b>	<b>1,564,452</b>
Portfolio assets—Prime Impact Loan Fund I, LLC:							
Cash and cash equivalents	-	-	217	-	217	-	217
Investment in Prime Impact Equity Fund I, LLC, at fair value	-	-	47,656,161	-	47,656,161	(47,656,161)	-
<b>Total portfolio assets—Prime Impact Loan Fund I, LLC</b>	<b>-</b>	<b>-</b>	<b>47,656,378</b>	<b>-</b>	<b>47,656,378</b>	<b>(47,656,161)</b>	<b>217</b>
Portfolio assets—Prime Impact Equity Fund I, LLC:							
Cash and cash equivalents	-	-	-	15,144,369	15,144,369	-	15,144,369
Interest receivable	-	-	-	161,523	161,523	-	161,523
Investments in portfolio companies, at fair value	-	-	-	55,568,899	55,568,899	-	55,568,899
<b>Total portfolio assets—Prime Impact Equity Fund I, LLC</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70,874,791</b>	<b>70,874,791</b>	<b>-</b>	<b>70,874,791</b>
<b>Total assets</b>	<b>\$ 43,611,861</b>	<b>\$ 409,339</b>	<b>\$ 47,656,378</b>	<b>\$ 70,874,791</b>	<b>\$ 162,552,369</b>	<b>\$ (66,987,041)</b>	<b>\$ 95,565,328</b>
<b>Liabilities and Net Assets/Members' Capital</b>							
Operating liabilities:							
Accounts payable and accrued expenses	\$ 113,192	\$ 39	\$ -	\$ -	\$ 113,231	\$ -	\$ 113,231
Other payables	-	-	-	500	500	-	500
Program related investment loan interest payable	44,651	-	-	-	44,651	-	44,651
Program related investment loan payable	3,984,000	-	-	-	3,984,000	-	3,984,000
<b>Total non-portfolio liabilities</b>	<b>4,141,843</b>	<b>39</b>	<b>-</b>	<b>500</b>	<b>4,142,382</b>	<b>-</b>	<b>4,142,382</b>
Portfolio liabilities—Prime Impact Loan Fund I, LLC:							
Accounts payable	-	-	131	-	131	-	131
Payable to Prime Coalition, Inc.	-	-	90	-	90	(90)	-
Interest payable	-	-	9,929,504	-	9,929,504	(5,634,790)	4,294,714
Master funding agreement loans and recoverable grants, at fair value (proceeds: \$27,218,334)	-	-	27,218,334	-	27,218,334	(13,695,000)	13,523,334
<b>Total portfolio liabilities—Prime Impact Loan Fund I, LLC</b>	<b>-</b>	<b>-</b>	<b>37,148,059</b>	<b>-</b>	<b>37,148,059</b>	<b>(19,329,880)</b>	<b>17,818,179</b>
<b>Total liabilities</b>	<b>4,141,843</b>	<b>39</b>	<b>37,148,059</b>	<b>500</b>	<b>41,290,441</b>	<b>(19,329,880)</b>	<b>21,960,561</b>
Commitments and contingencies (Note 3)							
Net assets/members' capital:							
Without donor restrictions/members' capital							
Without donor restrictions/members' capital—Prime Coalition, Inc. and Affiliates	23,158,576	409,300	10,508,319	47,656,161	81,732,356	(47,657,161)	34,075,195
Non-controlling interest in Prime Impact Equity Fund I, LLC	-	-	-	23,218,130	23,218,130	-	23,218,130
<b>Total without donor restrictions/members' capital</b>	<b>23,158,576</b>	<b>409,300</b>	<b>10,508,319</b>	<b>70,874,291</b>	<b>104,950,486</b>	<b>(47,657,161)</b>	<b>57,293,325</b>
With donor restrictions							
	16,311,442	-	-	-	16,311,442	-	16,311,442
<b>Total net assets/members' capital</b>	<b>39,470,018</b>	<b>409,300</b>	<b>10,508,319</b>	<b>70,874,291</b>	<b>121,261,928</b>	<b>(47,657,161)</b>	<b>73,604,767</b>
<b>Total liabilities and net assets/members' capital</b>	<b>\$ 43,611,861</b>	<b>\$ 409,339</b>	<b>\$ 47,656,378</b>	<b>\$ 70,874,791</b>	<b>\$ 162,552,369</b>	<b>\$ (66,987,041)</b>	<b>\$ 95,565,328</b>

## Prime Coalition, Inc. and Affiliates

### Consolidating Statement of Activities Year Ended December 31, 2022

	Prime Coalition, Inc.			Prime Management Company I, LLC	Prime Impact Loan Fund I, LLC	Prime Impact Equity Fund I, LLC	Eliminating Entries	Total			
	Without Donor Restrictions	With Donor Restrictions	Total					Without Donor Restrictions/ Members' Equity	With Donor Restrictions	Total	
<b>Support and revenues:</b>											
Grants and contributions	\$ 1,743,064	8,435,148	\$ 10,178,212	\$ -	\$ -	\$ -	\$ -	\$ 1,743,064	\$ 8,435,148	\$ 10,178,212	
Donated services	192,036	-	192,036	-	-	-	-	192,036	-	192,036	
Program services	250,000	-	250,000	-	-	-	-	250,000	-	250,000	
Interest income	2,910,588	-	2,910,588	-	-	-	(2,910,564)	24	-	24	
Net assets released from restrictions	1,232,748	(1,232,748)	-	-	-	-	-	1,232,748	(1,232,748)	-	
<b>Total support and revenues</b>	<b>6,328,436</b>	<b>7,202,400</b>	<b>13,530,836</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,910,564)</b>	<b>3,417,872</b>	<b>7,202,400</b>	<b>10,620,272</b>	
<b>Expenses:</b>											
Program services	2,175,627	-	2,175,627	-	-	-	-	2,175,627	-	2,175,627	
General and administrative	931,499	-	931,499	-	-	-	-	931,499	-	931,499	
Fundraising	64,084	-	64,084	-	-	-	-	64,084	-	64,084	
<b>Total expenses</b>	<b>3,171,210</b>	<b>-</b>	<b>3,171,210</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,171,210</b>	<b>-</b>	<b>3,171,210</b>	
<b>Change in net assets/members' capital before net portfolio activities and contributions by members</b>	<b>3,157,226</b>	<b>7,202,400</b>	<b>10,359,626</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,910,564)</b>	<b>246,662</b>	<b>7,202,400</b>	<b>7,449,062</b>	
<b>Net portfolio activities:</b>											
Management fee income	-	-	-	1,053,890	-	-	(1,053,890)	-	-	-	
Management fee expenses	-	-	-	(1,056,415)	-	(1,053,890)	1,053,890	(1,056,415)	-	(1,056,415)	
Interest income	-	-	-	85	-	461,674	-	461,759	-	461,759	
Interest expense	-	-	-	-	(5,537,705)	-	2,910,564	(2,627,141)	-	(2,627,141)	
Investment return (loss), net	(784,240)	-	(784,240)	-	23,516,917	27,691,016	(23,516,919)	26,906,774	-	26,906,774	
<b>Changes in net assets/members' capital before contributions by members</b>	<b>2,372,986</b>	<b>7,202,400</b>	<b>9,575,386</b>	<b>(2,440)</b>	<b>17,979,212</b>	<b>27,098,800</b>	<b>(23,516,919)</b>	<b>23,931,639</b>	<b>7,202,400</b>	<b>31,134,039</b>	
Contributions by members—Prime Coalition, Inc. and Affiliates	-	-	-	-	-	1,776,664	(1,776,664)	-	-	-	
Contributions by members—non-controlling interest	-	-	-	-	-	733,337	-	733,337	-	733,337	
<b>Total contributions by members</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,510,001</b>	<b>(1,776,664)</b>	<b>733,337</b>	<b>-</b>	<b>733,337</b>	
<b>Changes in net assets/members' capital</b>	<b>2,372,986</b>	<b>7,202,400</b>	<b>9,575,386</b>	<b>(2,440)</b>	<b>17,979,212</b>	<b>29,608,801</b>	<b>(25,293,583)</b>	<b>24,664,976</b>	<b>7,202,400</b>	<b>31,867,376</b>	
<b>Net assets/members' capital at beginning of year</b>	<b>23,158,576</b>	<b>16,311,442</b>	<b>39,470,018</b>	<b>409,300</b>	<b>10,508,319</b>	<b>70,874,291</b>	<b>(47,657,161)</b>	<b>57,293,325</b>	<b>16,311,442</b>	<b>73,604,767</b>	
<b>Net assets/members' capital at end of year</b>	<b>\$ 25,531,562</b>	<b>\$ 23,513,842</b>	<b>\$ 49,045,404</b>	<b>\$ 406,860</b>	<b>\$ 28,487,531</b>	<b>\$ 100,483,092</b>	<b>\$ (72,950,744)</b>	<b>\$ 81,958,301</b>	<b>\$ 23,513,842</b>	<b>\$ 105,472,143</b>	

## Prime Coalition, Inc. and Affiliates

### Consolidating Statement of Activities Year Ended December 31, 2021

	Prime Coalition, Inc.			Total						
	Without Donor	With Donor	Total	Prime Management	Prime Impact	Prime Impact	Eliminating	Without Donor	With Donor	Total
	Restrictions	Restrictions		Company I, LLC	Loan Fund I, LLC	Equity Fund I, LLC		Members' Equity	Restrictions	
<b>Support and revenues:</b>										
Grants and contributions	\$ 3,426,123	\$ 16,311,442	\$ 19,737,565	\$ -	\$ -	\$ -	\$ -	\$ 3,426,123	\$ 16,311,442	\$ 19,737,565
Donated services	243,463	-	243,463	-	-	-	-	243,463	-	243,463
Program services	83,333	-	83,333	-	-	-	-	83,333	-	83,333
Interest income	2,557,134	-	2,557,134	-	-	-	(2,507,928)	49,206	-	49,206
Net assets released from restrictions	1,538,728	(1,538,728)	-	-	-	-	-	1,538,728	(1,538,728)	-
<b>Total support and revenues</b>	<b>7,848,781</b>	<b>14,772,714</b>	<b>22,621,495</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,507,928)</b>	<b>5,340,853</b>	<b>14,772,714</b>	<b>20,113,567</b>
<b>Expenses:</b>										
Program services	1,978,550	-	1,978,550	-	-	-	(293,011)	1,685,539	-	1,685,539
General and administrative	326,658	-	326,658	-	-	-	-	326,658	-	326,658
Fundraising	33,580	-	33,580	-	-	-	-	33,580	-	33,580
<b>Total expenses</b>	<b>2,338,788</b>	<b>-</b>	<b>2,338,788</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(293,011)</b>	<b>2,045,777</b>	<b>-</b>	<b>2,045,777</b>
<b>Change in net assets/members' capital before net portfolio activities and contributions by members</b>	<b>5,509,993</b>	<b>14,772,714</b>	<b>20,282,707</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,214,917)</b>	<b>3,295,076</b>	<b>14,772,714</b>	<b>18,067,790</b>
<b>Net portfolio activities:</b>										
Management fee income	-	-	-	1,053,890	-	-	(1,053,890)	-	-	-
Management fee expenses	-	-	-	(1,150,700)	-	-	760,879	(389,821)	-	(389,821)
Interest income	-	-	-	2	-	249,218	-	249,220	-	249,220
Interest expense	-	-	-	-	(4,562,680)	-	2,507,928	(2,054,752)	-	(2,054,752)
Investment return (loss), net	(317,548)	-	(317,548)	-	15,070,999	27,002,709	(21,020,938)	20,735,222	-	20,735,222
<b>Changes in net assets/members' capital before contributions by members</b>	<b>5,192,445</b>	<b>14,772,714</b>	<b>19,965,159</b>	<b>(96,808)</b>	<b>10,508,319</b>	<b>27,251,927</b>	<b>(21,020,938)</b>	<b>21,834,945</b>	<b>14,772,714</b>	<b>36,607,659</b>
Contributions by members— Prime Coalition, Inc. and Affiliates	-	-	-	83,401	-	2,076,667	(2,160,068)	-	-	-
Contributions by members—non-controlling interest	-	-	-	-	-	1,816,669	-	1,816,669	-	1,816,669
<b>Total contributions by members</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>83,401</b>	<b>-</b>	<b>3,893,336</b>	<b>(2,160,068)</b>	<b>1,816,669</b>	<b>-</b>	<b>1,816,669</b>
<b>Changes in net assets/members' capital</b>	<b>5,192,445</b>	<b>14,772,714</b>	<b>19,965,159</b>	<b>(13,407)</b>	<b>10,508,319</b>	<b>31,145,263</b>	<b>(23,181,006)</b>	<b>23,651,614</b>	<b>14,772,714</b>	<b>38,424,328</b>
<b>Net assets/members' capital at beginning of year</b>	<b>17,966,131</b>	<b>1,538,728</b>	<b>19,504,859</b>	<b>422,707</b>	<b>-</b>	<b>39,729,028</b>	<b>(24,476,155)</b>	<b>33,641,711</b>	<b>1,538,728</b>	<b>35,180,439</b>
<b>Net assets/members' capital at end of year</b>	<b>\$ 23,158,576</b>	<b>\$ 16,311,442</b>	<b>\$ 39,470,018</b>	<b>\$ 409,300</b>	<b>\$ 10,508,319</b>	<b>\$ 70,874,291</b>	<b>\$ (47,657,161)</b>	<b>\$ 57,293,325</b>	<b>\$ 16,311,442</b>	<b>\$ 73,604,767</b>