B Generous

The $14 Trillion Blind Spot:

Why Nonprofits Are Banking's Next Major Growth Market



PEOPLE
STRONGER
COMMUNITIES

CAPITAL
GREATER
OPPORTUNITY

SOLUTIONS
A STRONGER
NONPROFIT SECTOR



The Market For Nonprofit Credit

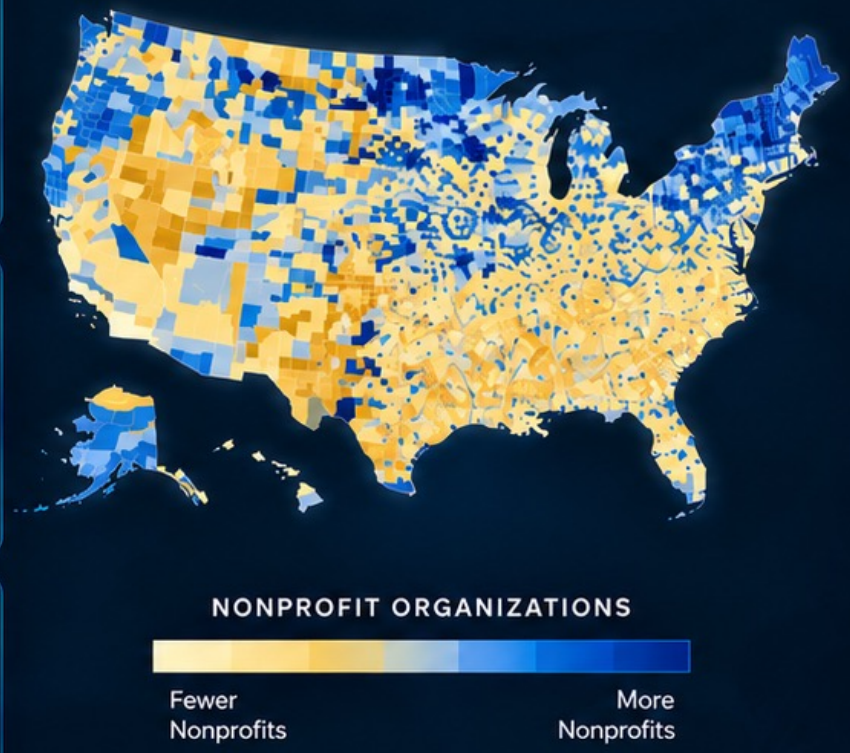
The Massive Nonprofit Market in the U.S.

A Massive, Fragmented Market with Structural Demand for Borrowing

$4 Trillion
Annual U.S. Nonprofit Revenue
Across ~1.8 million U.S. nonprofit organizations.

$600 Billion
Total Donations to U.S. Nonprofits in 2025
Yet funding volatility drives recurring liquidity gaps.

10% of the U.S. Workforce
Nonprofits employ 10% of the American workforce.
(One out of every ten working Americans)



$14 Trillion
Total Assets Held by U.S. Nonprofits
Held across the nonprofit sector nationally.

~$1.1 Trillion
Borrowed by U.S. Nonprofits
Reflecting persistent reliance on external financing.

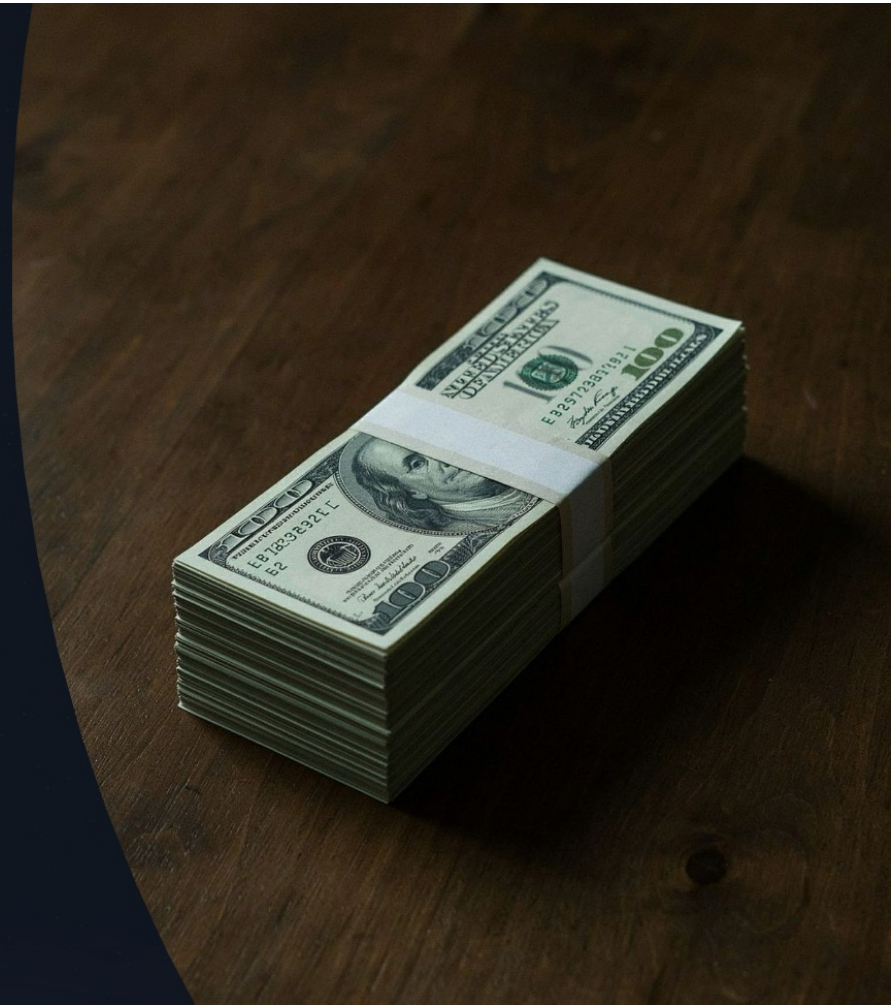
$500 Billion
U.S. nonprofits hold over $500 Billion in cash in banks
In non-interest bearing accounts.

The U.S. Nonprofit Sector is Massive.
If it were its own economy, it would be the world's **5th largest economy** by itself.

So, what is Happening With Nonprofits in 2025/26? – Donations

Record Giving: $617.2 Billion in 2025

Total charitable giving reached an all-time high of **$617.2 billion** in 2025, driven by macroeconomic wealth creation. But the headline number tells only half the story — and the other half is far less encouraging for the nonprofits that serve communities on the ground.



So, what is Happening With Nonprofits in 2025/26? – Donations



So, what is Happening With Nonprofits in 2025/26? – Government Funding



Federal Funding Cuts Are Creating a Liquidity Crisis for U.S. Nonprofits

Beginning in 2025, the Trump administration initiated a broad effort to reduce, freeze, terminate, or reconsider federal grants and contracts across numerous agencies. The FY2026 budget proposal called for a **$163 billion — or 22.6% — reduction in non-defense discretionary spending**, spanning education, housing, public health, transportation, and environmental programs where nonprofits play a central delivery role.

So, what is Happening With Nonprofits in 2025/26? – Government Funding

Government Funding Is the Backbone of the Nonprofit Sector

2/3

Received Gov't Funding

Approximately two-thirds of U.S. nonprofits received at least one government grant or contract in 2023.

1/5

Majority-Dependent

Roughly one in five nonprofits received more than half of their total revenue from government sources.

90%

Large Orgs Exposed

Among nonprofits with $10M+ in annual expenses, nearly 90% received government funding — averaging 54% of revenue.

$267B

Gov't Grants (2021)

Nonprofits received ~$267 billion in government grants in 2021 alone — excluding contracts and reimbursements.

Source: Urban Institute nationally representative studies; Associated Press analysis.

So, what is Happening With Nonprofits in 2025/26? – Government Funding

One-Third of Nonprofits Already Disrupted in Early 2025

Urban Institute's 2025 survey found that **one-third of nonprofits experienced some form of government funding disruption** during just the first four to six months of 2025. Among those affected, government funding represented an average **42% of total revenue**.

21%

Lost at least some government funding outright

27%

Experienced a delay, pause, or freeze in funding

6%

Received a stop-work order on active programs



So, what is Happening With Nonprofits in 2025/26? – Government Funding

Federal Grants to Everyday Charities Fell 38%

An analysis of federal grant data found that grants to "everyday charities" fell 38%, from $35.4B in 2024 to $21.4B in 2025 during comparable February–September periods.

$35.4B

2024 (Feb–Sep)

$21.4B

2025 (Feb–Sep)

–38%

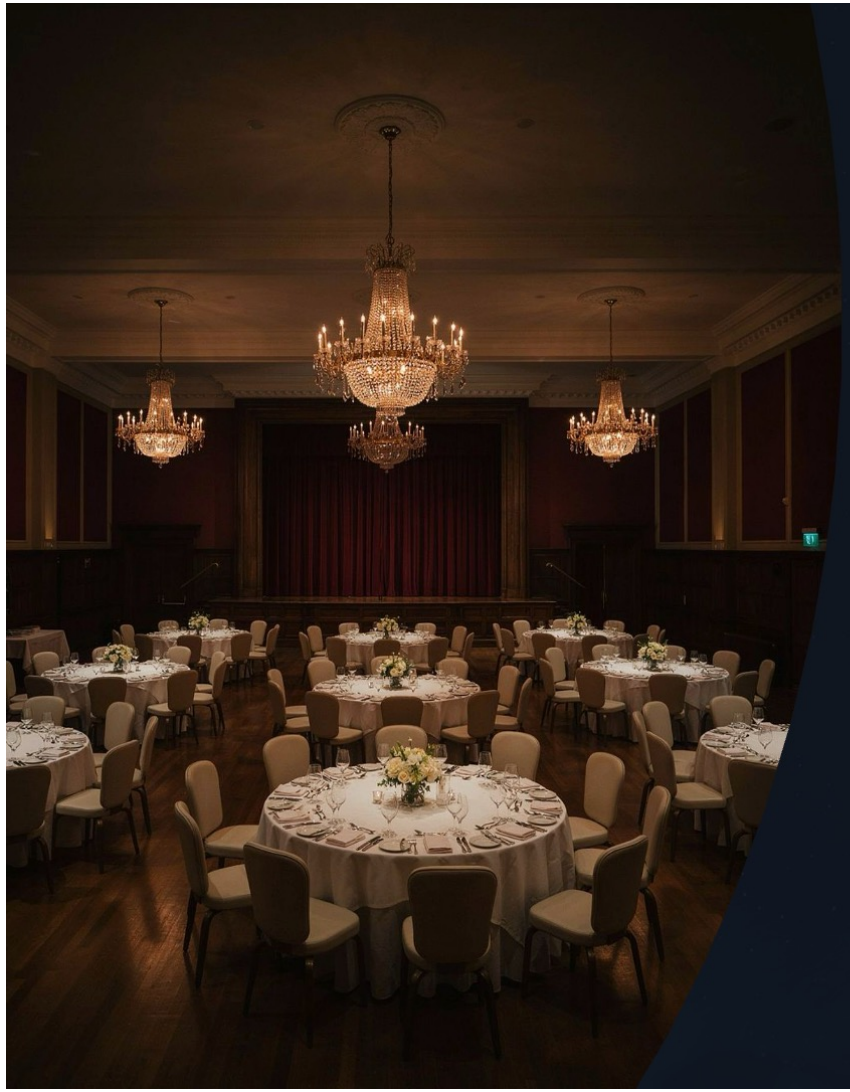
Year-over-year decline

–$14B

Absolute dollar drop

This analysis deliberately excluded universities, hospitals, and large energy projects — making it directly relevant to the community-serving nonprofit sector. Source: Federal grant data analysis.

So, what is Happening With Nonprofits in 2025/26? – Government Funding



Private Philanthropy Cannot Fill the Gap

Government grants alone totaled at least **$267 billion** in the most comprehensive Urban Institute analysis — excluding contracts and reimbursements. Private philanthropy cannot replace government funding dollar-for-dollar at that scale.

Urban Institute found that even nonprofits **without direct government-funding disruptions** reported that the broader upheaval was making fundraising more difficult — amplifying the crisis across the entire sector, not just directly affected organizations.

Structural Funding Shortfalls Are Driving Increased Reliance on Borrowing and Loans

Despite their scale and economic importance, nonprofits face **structural funding mismatches** driven by declining donations, delayed government reimbursements, and limited access to traditional lenders. As a result, many organizations increasingly rely on **alternative financing and borrowing** to bridge liquidity gaps and maintain operations. This dynamic is accelerating demand for flexible, **bank** lending partners capable of underwriting contracted revenue streams.

Key Drivers of Borrowing Demand

1

Volatile Giving & Donations

Unpredictable charitable contributions leave organizations unable to plan for operational needs. Though donations by the American public only account for 10% of nonprofit revenue annually, this still has an effect on nonprofit liquidity.

2

Delayed Reimbursements

Government and grant reimbursement cycles routinely lag months behind actual service delivery, creating cash flow gaps.

3

Limited Bank Appetite

Traditional banks lack the specialized underwriting frameworks needed for smaller, mission-driven nonprofits. It is estimated that only 2%–3% of banks in the U.S. lend to nonprofits at scale.



Source: Reuters — "U.S. nonprofits scramble for loans as need jumps, funds disappear"

The Problem

97% of Nonprofits Can’t Access Credit Today



A “Market Failure” according to the Stanford Social Innovation Review

> “Most banks and credit unions don’t generally lend to nonprofits. They look at the way these organizations operate and say, that’s not what we consider to be creditworthy.”

Stanford | Social Innovation Review



Primary Drivers of Nonprofit Credit Demand

Nonprofit organizations seek financing across a broad range of use cases — from bridging delayed government grant reimbursements to funding capital campaigns and acquiring real estate. This diversity of financing need underpins a deep, recurring, and addressable market for the Impact Credit Fund.

01 Real Estate or Asset Purchasing

Purchasing or constructing a building or buying an expensive asset (e.g. airplane, truck, car, boat).

07 Missed Donation or Pledge

Plugging a financial shortfall as a result of a delayed/missed donation/pledge.

06 Community Needs

Responding to a natural disaster and need urgent humanitarian funding (e.g. disaster relief, community support programs).

05 Grant Waiting Period / Reimbursable Grant

Waiting for a grant to be approved and needing interim funding or waiting for a reimbursable grant to get paid by the government and need interim funding.



02 Capital Campaigns

Having a new or ongoing capital campaign that requires more funding.

03 Project Funding

Funding specific impact projects in need of immediate financial support (e.g. expand services, new program, equipment).

04 Short-Term Cash Needs

Short-term capital to meet urgent financial obligations (e.g. payroll, operating expenses, bridge to reimbursement).

In Summary: A Massive Market Gap
A Blue Ocean

Nonprofits in the U.S. borrow hundreds of billions of dollars — estimated outstanding nonprofit debt today is **~$1.1T**. Yet that figure accounts for only the top 3% of nonprofits who can access credit.

The bottom **97% of nonprofits** — more than 1.7 million organizations — are priced out of credit markets and unable to borrow.

This is a **massive blue ocean** with significant borrowing demand and fragmented little available credit.

$1.1T

Outstanding Nonprofit Debt

97%

Of Nonprofits are Locked Out of Credit Markets

1.7M+

Underserved Organizations





The Structural Resilience of Nonprofit Credit

Nonprofits have proven to be exceptionally strong borrowers

Nonprofits Have Demonstrated Exceptional Growth Across Economic Cycles

The Core Finding

Over 100 years, the U.S. nonprofit sector has consistently grown YoY, expanded revenue, increased borrowing capacity, and maintained exceptionally low credit default rates — through every major macroeconomic shock.

Challenging the Conventional View

Contrary to the perception that nonprofits are financially fragile, empirical data shows the sector operates with **counter-cyclical revenue streams**, essential service demand, and conservative debt governance. Credit default rates remain among the lowest of any asset class in institutional finance.

The Verdict

Nonprofit status should not be treated as a proxy for credit weakness. The sector is a **structurally resilient, counter-cyclical economic engine**.



Proven Sector Resilience:

Nonprofits Have Expanded Through Every Cycle

The nonprofit sector has demonstrated remarkable financial resilience through every major economic shock — from the Great Depression and WWII, to the Global Financial Crisis, COVID-19, and the recent inflation and rate shock — with continued growth in revenue and assets.

Global Financial Crisis Resilience

(2007 – 2012)

+14.2%
REVENUE GROWTH
2007 – 2012

+17.5%
ASSETS GROWTH
2007 – 2012

During the Global Financial Crisis, public-charity revenue grew +14.2% and total assets expanded +17.5% — even as U.S. unemployment approached 10%.

Modern Sector Scale

(Latest Available Data)

$2.72T
ANNUAL REVENUE
U.S. Nonprofits

$5.10T
TOTAL ASSETS
U.S. Nonprofits

U.S. public-charity annual revenues have surged to ~$2.72 trillion and total sector assets have expanded past ~$5.10 trillion — representing a 48%+ real expansion in balance sheet density over the past multiple decades.

The Key Lesson for Lenders

Even the most severe macro shocks in modern financial history **did not produce a systemic contraction in the nonprofit sector** — proving its status as a highly defensive, non-cyclical credit asset class with durable demand, diversified funding sources, and an essential societal role.

Sources:

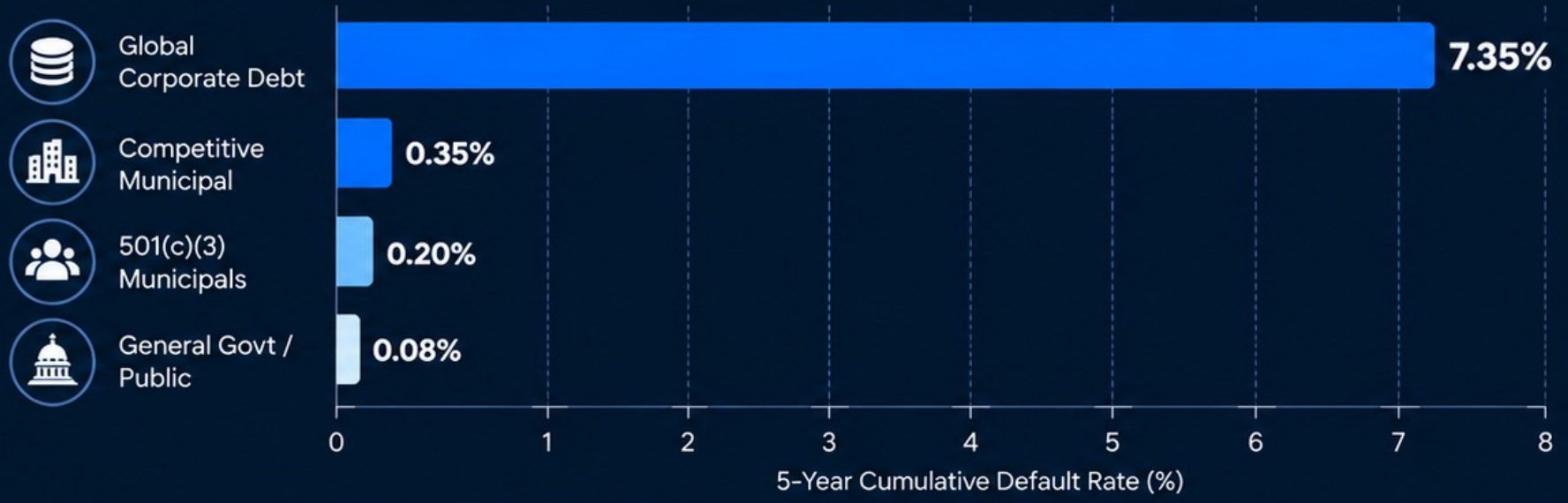
1. **Global Financial Crisis Data (2007 – 2012)**
   - Urban Institute & Center on Nonprofits and Philanthropy, "The Nonprofit Sector in Brief" (2008 – 2014 Reports).
   - Internal Revenue Service (IRS) Statistics of Income (SOI) Division, "Form 990 Public Charities Data Set" (Tax Years 2007 – 2012).
2. **Modern Sector Scale Data ($2.72T Revenue / $5.10T Assets)**
   - National Center for Charitable Statistics (NCCS) at the Urban Institute, "The NonProfit Almanac" (Latest Multi-Year National Profile).
   - IRS SOI Division, "Exempt Organizations Business Master File & Tax Year Form 990 Filings" (Public Charities).

Exceptional Credit Performance Over Decades: The Defining Metric

Despite numerous severe financial disruptions, nonprofit loans and bonds demonstrate **unusually low default rates**, outperforming corporate and commercial credit across every major downturn.

Five-Year Cumulative Default Rates (%)

HISTORICAL ISSUER COHORTS, 1970–2024



Proven Through Every Major Downturn

- Great Depression (1930s)
- WWII (1940s)
- 1970s Stagflation
- Dot-Com Recession (2001)
- Global Financial Crisis (2008)
- COVID-19 (2020)
- Inflation & Rate Shock (2022–2023)

Key Takeaways

20–90x Lower Default Rates

Nonprofit 501(c)(3) municipal default rates (0.20%) are ~37x lower than global corporate debt (7.35%).

Outperforms Across All Cycles

Nonprofits have maintained exceptional credit performance through the Great Depression, WWII, stagflation, the GFC, COVID-19, and the 2022–2023 rate shock.

Mission-Driven Stability

Diversified funding sources, essential services, and strong community support contribute to resilient cash flows.

Attractive Risk-Adjusted Opportunity

Historically low default rates create compelling risk-adjusted returns for institutional investors.

Sources:

1 **501(c)(3) Nonprofit & Municipal Default Rate Benchmark Data (0.20% / 0.35% / 0.08%):**

- Source: Moody's Investors Service, "US Municipal Bond Defaults and Recoveries, 1970–2023" / "US Municipal Default Studies" (Multi-Decade Cumulative Cohort Studies).
- Source: S&P Global Ratings, "U.S. Municipal Default and Rating Transition Study" (Long-term historical municipal rating cohorts).

2 **Global Corporate Debt Benchmark Data (7.35%):**

- Source: Moody's Investors Service, "Annual Global Corporate Default Study and Rating Transitions, 1970–2023" / "Global Corporate Default Rates".
- Source: S&P Global Ratings, "Annual Global Corporate Default and Rating Transition Study".



Why Nonprofits are Built to Last

The overall nonprofit sector has an annual IRS revocation rate of **3.43%** (34 out of 1,000 tax-registered entities). This is primarily driven by micro-entities under $50,000 in revenue that quietly disband when volunteers step down.

All Nonprofits

ANNUAL IRS REVOCATION RATE (2024)

3.43%

34 out of 1,000

tax-registered nonprofits are removed from the IRS database each year.

The 3.43% rate is across all nonprofits, but is heavily concentrated among **micro-entities under $50,000 in revenue.**

~90%

LOWER ATTRITION AT SCALE

$5M+ Nonprofits

ANNUAL DISSOLUTION / REVOCATION RATE (HISTORICAL)

<0.5%

~1.4% over 3 years

Nonprofits with $5M+ in revenue experience an annual dissolution/ revocation rate of <0.5%, yielding a 3-year average disappearance rate of ~1.4%.

Attrition Rates by Nonprofit Revenue Size

ANNUAL DISSOLUTIONS / REVOCATION RATE (%)



Key Takeaway

Our Average Borrower Generates

$6.1M

IN ANNUAL REVENUE

Our average borrower of $6.1M in revenue falls into the $5M+ category, which historically experiences a <0.5% annual dissolution/revocation rate (~1.4% over 3 years), making it a **very low-risk segment.**

Sources:

1 **Overall Nonprofit Attrition Rate:** RoundPaper, "IRS Automatic Revocation List Analysis" (March 2026).

2 **$5M+ Nonprofit Attrition Rates:** Urban Institute, "The Impact of the Great Recession on the Number of Charities by Subsector and Revenue Range."

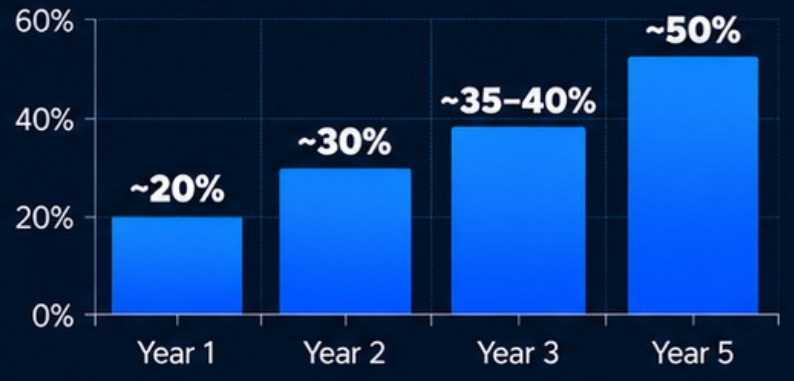


Comparing Nonprofits with Private Business Closures

Nonprofits — particularly established organizations at $5M+ in revenue — demonstrate substantially lower closure rates than private businesses, highlighting the sector's exceptional resilience.

Private Business Closure Rates

CUMULATIVE FAILURE RATE (%)
U.S. PRIVATE BUSINESSES (BLS)



$5M+ Nonprofit Closure Rate

ANNUAL DISSOLUTION / REVOCATION RATE (%)



3-Year Closure Rate

PRIVATE BUSINESSES (BLS)

~35–40%

25–30×

MORE LIKELY TO CLOSE THAN A $5M+ NONPROFIT

3-Year Disappearance Rate

$5M+ NONPROFITS (URBAN INSTITUTE)

~1.4%

Key Takeaways

~35–40% vs. ~1.4%

Private businesses are ~25 to 30 times more likely to close over three years than a $5M+ nonprofit.

<$0.5% Annual Rate for $5M+ Nonprofits

Nonprofits with $5M+ in revenue experience an annual dissolution/revocation rate of <0.5%, with a ~1.4% disappearance rate over three years.

Our Average Borrower

$6.1M

IN ANNUAL REVENUE

Our average borrower generates $6.1M in revenue, placing them in the $5M+ category and the very low-risk segment.

Institutional-Grade Resilience

Established, scaled nonprofits demonstrate significantly lower closure rates than comparable private businesses.

Sources:

1. **Private Business Closure Rates:** U.S. Bureau of Labor Statistics (BLS), "Business Employment Dynamics (BED) – Establishment Survival Rates."
2. **$5M+ Nonprofit Closure Rates:** Urban Institute, "The Impact of the Great Recession on the Number of Charities by Subsector and Revenue Range."



Why are Nonprofits so Resilient?

$5M+ nonprofits have multiple revenue sources, essential community missions, strong oversight, and retained earnings — creating durable organizations with significantly lower closure rates.

1. Sticky Multi-Pillar Revenue

Diversified funding across government contracts, grants, program fees, and individual donors.

TYPICAL REVENUE MIX



2. Essential Community Value

Deliver critical services (healthcare, housing, education, senior care, workforce development). Local stakeholders usually step in to support, restructure or merge — rather than allow a shutdown.

- Healthcare
- Senior Care
- Housing
- Workforce Development
- Education

3. Fiduciary & Regulatory Overwatch

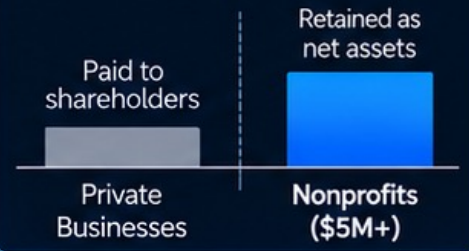
Detailed public Form 990 filings and required independent audits provide early detection and intervention before problems escalate.

- Public Form 990s
- Independent Audits
- Regulatory Oversight
- Early Issue Detection

4. No Equity / Dividend Drain

Surpluses are retained as net assets or capital reserves — not paid out to shareholders — strengthening balance sheets during downturns.

WHERE SURPLUS GOES



Result: A More Stable, Durable Borrower

These structural advantages help explain why $5M+ nonprofits have a ~1.4% 3-year disappearance rate, compared to ~35–40% for private businesses.

Sources:

1. Nonprofit Finance Fund, "State of the Nonprofit Sector" (2023).
2. Urban Institute, "The Impact of the Great Recession on the Number of Charities by Subsector and Revenue Range."
3. U.S. Bureau of Labor Statistics (BLS), "Business Employment Dynamics (BED)."
4. National Council of Nonprofits, "Nonprofit Finance Basics" (2022).

Misconceptions vs. Reality: Nonprofits as Creditworthy Borrowers

The nonprofit sector is widely misunderstood by traditional capital markets. Persistent myths about mission-driven organizations obscure a compelling credit reality: nonprofits are **disciplined, contractually revenue-backed borrowers** with default rates significantly below those of for-profit SMBs.

Myth #1

"Nonprofits aren't creditworthy — they rely on unpredictable donations."

Reality

Per the National Council on Nonprofits, **81% of nonprofit revenue** comes from earned income — fees for service, government contracts, and grants. Only ~10% comes from public donations.

Myth #2

"Nonprofits shouldn't be taking out loans — they're not profit-making entities."

Reality

Nonprofits have borrowed over **$1.1 Trillion**. More so, nonprofits had a **$238 billion net income surplus** last year — making them very profitable borrowers by any credit standard.

Myth #3

"Nonprofits have an increased chance of defaulting due to unpredictable finances."

Reality

Though nonprofits account for **30% of all corporate filings** in the U.S., they account for only **1% of bankruptcies**. Public loan data confirms nonprofits default at significantly lower rates than SMBs.

49%

Private Fees for Services

The largest single source of nonprofit revenue — earned, contractual, and predictable.

31.8%

Government Contracts

Stable, awarded-basis revenue underpinning strong debt service capacity.

10.7%

Revenue from Individual Donations

Philanthropic giving — a minority of total income.

1%

Share of Bankruptcies

Nonprofits represent just 1% of U.S. bankruptcies despite comprising 30% of all corporate filings.

Nonprofits are not a charitable credit bet — they are **structurally sound, revenue-diversified borrowers** with a demonstrated track record of loan performance that outpaces the for-profit SMB segment.

Source: National Council on Nonprofits.

Nonprofits Generate Predictable, Contracted Revenue Streams

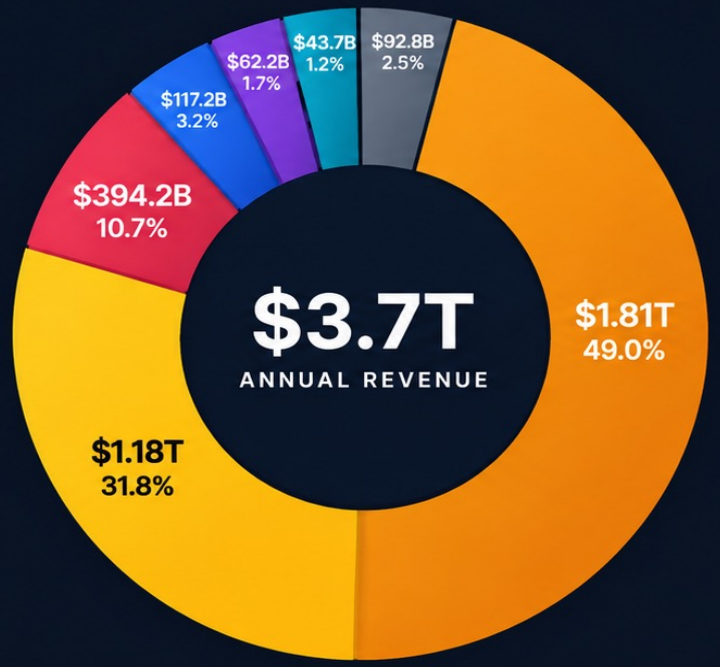
A persistent misconception holds that nonprofits depend primarily on charitable donations. In reality, **the vast and overwhelming majority of nonprofit revenue in the United States is earned through selling goods and services and government contracts** — providing strong, predictable cash flows that support private credit underwriting.

- **$2.98 trillion (~81%)** of nonprofit revenue comes from earned income, almost entirely from **private and government service payments**
- Many nonprofits — such as hospitals, schools, theaters, sports leagues, camps, insurance companies, dental clinics, urgent care centers, daycare centers, museums, and universities — operate like **businesses with standard revenue models** (Tax Foundation)
- Contracted and service-based revenue streams provide **strong cash flow visibility** that supports rigorous credit underwriting

U.S. Nonprofit Sector: Revenue Breakdown

Aggregate $3.7T Annual Revenue — $617.2B Total Giving vs. ~ $3.0T Earned & Contracted Income

80.8% EARNED & CONTRACTED



EARNED & CONTRACTED INCOME (~80.8% / ~$2.99T)

- **$1.81 Trillion** (49.0%) — Private Fees for Services (Tuition, healthcare, ticket sales, fees)
- **$1.18 Trillion** (31.8%) — Government Contracts & Grants (Contracted public services)

TOTAL CHARITABLE GIVING ($617.2B / 16.7%)

- **$394.20 Billion** (10.7%) — Individual Contributions (Public & individual donor gifts)
- **$117.15 Billion** (3.2%) — Foundation Giving (Philanthropic trusts & institutional endowments)
- **$62.19 Billion** (1.7%) — Bequests (Estate & planned testamentary gifts)
- **$43.67 Billion** (1.2%) — Corporate Giving (Direct business contributions & sponsorships)
- **$92.80 Billion** (2.5%) — Other / Net Investment Income (Endowments & misc. operations)

$3.7T	80.8%	16.7%
Total Annual Revenue	Earned & Contracted Income	Total Charitable Giving

Contracted and service-based revenue streams provide strong visibility and support private credit underwriting — the foundation of the Impact Credit Fund's investment thesis.

What Do You Mean 81% Comes From Earned Income? Who Are These Nonprofits?

Most nonprofits in the U.S. operate like businesses and generate their income like businesses.

Think of:

- Schools (K-12)
- Hospitals
- Universities
- Camps
- Sports Leagues
- Theaters
- Daycare Centers
- Urgent Care Centers
- Museums
- Dental Clinics
- Insurance Companies
- Film Festivals
- Performing arts (operas, ballets etc.)
- Art galleries
- Rehab clinics
- Drug treatment centers
- Affordable housing developers
- Think tanks
- Recreation Centers
- And MORE

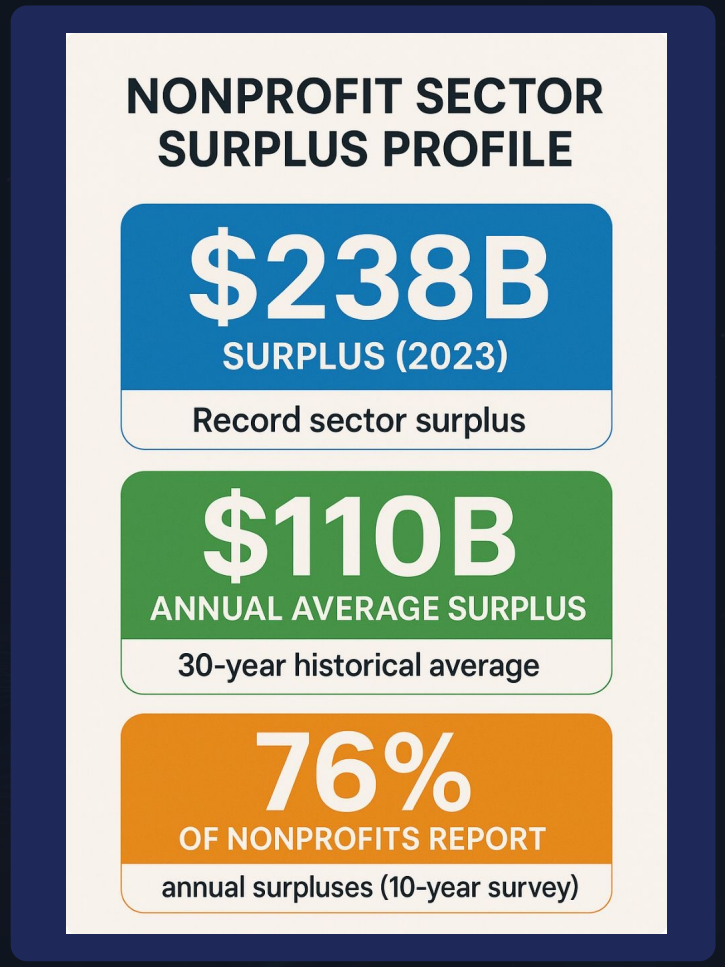
Many food banks, homeless shelters, and animal shelters **are not run by counties or municipalities** but rather nonprofits that are contracted and paid by local governments to run these programs.

Here is a list of just some of the major ones:

1. Los Angeles County / Los Angeles, California
2. New York City, New York
3. Cook County / Chicago, Illinois
4. Harris County / Houston, Texas
5. Maricopa County / Phoenix, Arizona — Maricopa County Flag; Phoenix City Flag
6. King County / Seattle, Washington — King County Flag; Seattle City Flag
7. Miami-Dade County, Florida
8. Philadelphia, Pennsylvania
9. Our Host City: ★ San Diego County / San Diego, California

Nonprofits Actually Make a “Profit” Every Year

The name is misleading. Despite being called "nonprofits," these organizations consistently generate meaningful financial surpluses. In 2024, the nonprofit sector reported a **~$204 Billion net income surplus**. Sector surpluses have averaged approximately **$110 Billion per year** over the past 30 years, adjusted for inflation *(Tax Foundation)*. Over the last decade, about **76% of reporting nonprofits** reported having an annual net income surplus *(Nonprofit Finance Fund)*.



A Sector Built on Surplus

The nonprofit sector's 30-year average surplus of $110B annually demonstrates structural financial resilience — not reliance on charitable goodwill.

The Majority Are Operationally Profitable

With 76% of reporting nonprofits reporting annual surpluses, positive net income is the norm — not the exception — across the sector.

What "Nonprofit" Really Means

The designation reflects how surpluses are *used* — reinvested in mission rather than distributed to shareholders — not whether surpluses exist.



What Really Predicts Nonprofit Credit Performance

What Predicts Nonprofit Credit Performance?

✅ Strong Predictors of Repayment

Strong Net Asset Trends

Healthy balance sheets over a **multi-year period** are the strongest predictor.

Adequate Operating Reserves

Nonprofits with **3–6 months of cash reserves** show dramatically lower default risk.

Responsible Leverage

Lower **debt relative to net assets** correlates strongly with repayment success.

Consistent Operating Surplus

Organizations generating **positive operating margins** are far more financially stable.

Predictable Revenue Trends

Low volatility and diversified revenue over **multiple years** reduces default risk.

❌ Weak Predictors (Don't Panic)

Short-term financial disruptions alone are NOT reliable indicators of default risk. Our data shows weak correlation between defaults and:

- Negative net assets in a given year
- Temporary declines in net assets
- Temporary revenue declines (e.g. 25% revenue swings)
- Short-term reductions in program spending

Temporary financial shocks are common in the nonprofit space, but **structural balance sheet strength matters far more**. Long-term net asset positions, healthy reserves, and diversified revenue drive loan repayment.

What Predicts Nonprofit Credit Performance?

Strong Balance Sheets Signal Creditworthiness — Not Volatility

Nonprofits with strong net asset positions over time, healthy operating reserves, diversified revenue streams, and a history of stable financial management are very likely to meet their financial obligations — regardless of temporary liquidity fluctuations.

Strong Net Asset Position

A track record of growing or stable net assets signals long-term financial health and absorptive capacity.

Healthy Operating Reserves

Adequate reserves provide a buffer against short-term disruptions without impairing debt service.

Diversified Revenue Streams

Multiple funding sources reduce concentration risk and dependence on any single government program.

Stable Financial Management

Consistent financial stewardship over time is the strongest predictor of future repayment reliability.

What Successful Nonprofit Lenders Evaluate When Assessing Nonprofits

Lenders care about one core question: **Will this organization have sufficient cash to repay the loan under both expected and adverse circumstances?** Mission matters, but credit decisions are built on evidence.

Historical Performance

Revenue trends, surpluses/deficits, unrestricted net assets, leverage, and revenue concentration across several years of financials and Form 990s.

Cash Flow

A positive surplus doesn't guarantee liquidity. Lenders monitor current ratio, cash ratio, and days cash on hand to assess near-term obligations.

Revenue Quality

Urban Institute found **two-thirds of nonprofits received government grants or contracts in 2023**. Lenders ask: how predictable and diversified is that revenue?

Management & Governance

Executive leadership, board oversight, budgeting discipline, internal controls, audit quality, and the ability to produce accurate financial reporting.

Key Takeaway



Temporary financial shocks can be common in the nonprofit space, but **structural balance sheet strength matters far more**.

Nonprofits may experience temporary volatility and fluctuations in revenue due to government funding timelines, delayed grant payouts, municipal and state budgeting disruptions, and other economic factors affecting the broader economy, but **long-term balance sheet strength and liquidity drive loan repayment**.

Nonprofits with strong net asset positions over time, healthy operating reserves, diversified revenue streams, and a history of stable financial management are **very likely to meet their financial obligations**, regardless of temporary liquidity fluctuations.

Case Study: How Nonprofit Banking is Big Business

Meet B Generous





Case Study: Modernizing Nonprofit Credit Through Technology

Meet B Generous

A financial technology company building the infrastructure to unlock capital for nonprofits, schools, and faith-based institutions — and power stronger, more resilient communities.

B Generous®

OUR MISSION IS TO
POWER YOUR MISSION

About B Generous

A financial technology company that has built the world's first integrated lending and deposit/banking marketplace for nonprofits, schools, and faith-based institutions. Our platform combines a nationwide lender marketplace, proprietary underwriting technology, AI-driven credit analytics, automated loan origination workflows, and commercial deposit placement — all in a single integrated platform built for the nonprofit sector.

Marketplace

Trillions of dollars of lending for nonprofits.

The Impact Credit Fund (ICF)

Private credit for nonprofits, investing in organizations without making concessions on returns.

The Smart Score™

Machine Learning Underwriting Algorithm for Nonprofits.

Nonprofit Loan Growth

11,000%+

Impact

52% of borrowers serve marginalized populations, 63% provide social welfare services, 70% are women led organizations.

Examples

ABF, WB – Heart Screening for Children + Baby Kits in NY – showing the power of credit.



A Best-in-Class Marketplace
Backed by Leading Financial Institutions

Our lending marketplace is supported by a diverse and growing network of banks, credit unions, CDFIs, private credit funds, and mission-aligned capital providers — giving nonprofits access to capital from the most trusted names in finance.

Wells Fargo · Fortis Bank · IDEX · American Bank of Commerce · First Bank · Barwick Bank · Comerica · Summit Bank · FVSBank · Rocky Mountain Bank and Trust · Locality Bank · Peoples Bank of Commerce

beneficial state bank · Peoples Bank & Trust · Cali Bank, N.A. · The Loan Marketplace · PromiseOne Bank · Oberon Securities LLC (Member FINRA & SIPC) · Gateway Bank · Sunflower Bank · Kalamazoo County State Bank · Rockland Trust · OceanFirst Bank · National Capital Bank

Honor Credit Union · Amalgamated Bank · WINTRUST · PNC · Riverland Bank · Adelphi Bank · Beacon Bank · Golden State Bank · Harmony Bank · RSF Social Finance · Bank of Marin · Commencement Bank

First Pacific Bank · Appalachian Community Capital · Flagstar Private Bank · Bank of Hope · Provident · First Bank & Trust Company · Capvia · Five Star Bank California · Mid Penn Bank · MeridianBank · FFB Bank · Orrstown Bank

Bank of Colorado · TAB bank · Sherwood State Bank · ColumbiaBank · Telhio Credit Union · Customers Bank · Northern Maine Development Commission · Vectra Bank · Ocean Bank · AMG National Trust · Capital City Bank · Acadia Federal Credit Union

Kennebec Savings Bank · Burke & Herbert Bank · Walden Mutual Bank · Bank of Clarke · Beacon Bank · Origin Bank · Capital Bank · First Bank Hampton · Five Star Bank · FHLB Bank · Peoples Bank · Liberty Bank & Trust

Noble Capital Solutions · State National Bank · Bank Midwest · Battle Bank · 1st Security Bank of Washington · BBIF Capital Inc. · Needham Bank · Park Bank · Source Bank · California Bank of Commerce · Academy Bank · First Western Bank

Community Bank of Louisiana · Regions · National Bank of Arizona · Amerant · Bath Savings · Kearny Bank · Bank of Texas · The National Bank of Indianapolis · Alpine Bank · M&T Bank · Craft3 · Endeavor Bank

First Internet Bank · Horicon Bank · Citizens Business Bank · RSF · RSF · County Bank · Native American Bank · Genesis Bank · Community Banks of Colorado · Byline Bank · Peoples Security Bank & Trust · Provident · Zions Bank

Patriot Bank · Androscoggin Bank · Cogent Bank · Mountain Pacific Bank · California Business Bank · Neighborhood National Bank · BCB Bank · Hudson Valley Credit Union · First County Bank · 1st Southwest Community Fund · Amplify Credit Union

Bank of New Hampshire · First Bank of Grenwiich · Key Community of Arizona · Create Credit Union · Vista Bank · GreenRock · Greenwood Archer Capital, Inc. · New Day Commercial Capital · ThunderCap · Nonprofit Finance Fund · Bangor Savings Bank · Commercial Bank of California · Capital for Change, Inc. · Native American Development Corporation

100+ Lending Partners

Banks, Credit Unions, CDFIs & Private Credit Funds

National Reach Local Impact

Mission-Aligned Capital Providers

Institutional Credit. Premium Yields. Transformational Impact.

We are delivering **14%+ annualized returns** while financing mission-driven organizations across America — with **zero defaults** and **zero realized losses** since inception.

These returns are driven not by equity-like risk, but by an illiquidity and complexity premium in an underserved credit market — supported by rigorous underwriting, strong credit protections, asset collateral, and active risk management.

14%+
ANNUALIZED RETURN

0
DEFAULTS

0
REALIZED LOSSES

UPPER END OF PRIVATE CREDIT RETURNS

- Targets upper-quartile private credit performance tracking toward 14%+ annualized.
- Generates premium yield in non-correlated, high-impact market segments.
- Delivers steady risk-adjusted income without taking equity-like volatility.

INSTITUTIONAL-GRADE EXECUTION

- Multi-layered underwriting powered by proprietary ML & generative AI technology.
- Experienced oversight maintaining strict asset-backed credit covenants.
- Flawless track record. Zero defaults, zero losses since inception.

MEASURABLE SOCIAL IMPACT

- Direct capital deployment financing essential nonprofits, schools, & faith-based institutions.
- Fills crucial capital gaps for mission-driven organizations across America.
- Quantifiable impact metrics embedded directly into every loan.

One investment. Premium income. Institutional credit discipline. Measurable impact.

Redefining the Impact-Return Trade-Off

Most impact-oriented debt funds target annual returns in the **5%–8%** range, frequently sacrificing yield in pursuit of mission objectives. The Grays Peak Impact Credit Fund demonstrates that investors ***do not need to choose*** between attractive returns and meaningful impact.

01 Traditional Impact Debt Funds

LOWER RETURNS, HIGHER TRADE-OFFS

5% – 8%
target annual returns

Mission-focused
Prioritize impact over yield

Yield sacrifice
Often accept lower returns to achieve impact

02 Middle-Market Private Credit

HIGHER RETURNS, LIMITED IMPACT

10%+
target annual returns

Institutional grade
Focus on risk-adjusted financial returns

No impact focus
Typically do not target measurable social impact

03 Grays Peak Impact Credit Fund (ICF)

ATTRACTIVE RETURNS AND MEASURABLE IMPACT

14.09%
estimated annualized return since inception

Mission-driven investments
Lending to nonprofits, schools, and faith-based institutions

No trade-off required
Achieve attractive, risk-adjusted returns with measurable social impact

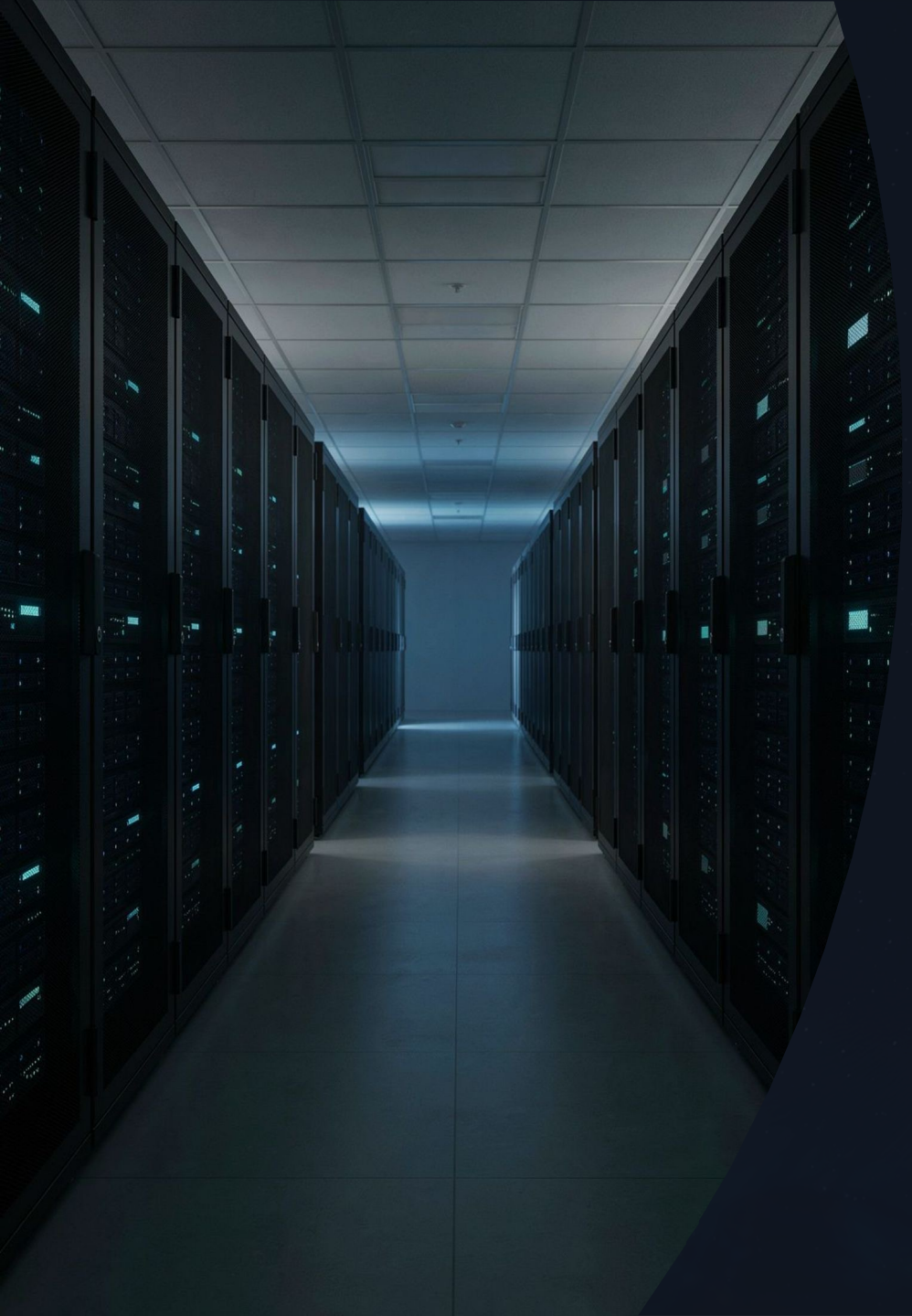
Proven model
Demonstrates that impact and attractive returns can coexist

More Impact. Competitive Returns. No Trade-Off.

The Grays Peak Impact Credit Fund is designed to deliver institutional-quality returns while creating measurable, lasting social impact.

Figures are illustrative estimates based on market averages. Strategy comparison set represents distinct asset classes with differing risk profiles, liquidity constraints, and fees

mission-driven organizations, nonprofits, schools, and faith-based institutions that serve critical needs across the United States.



Introducing the B Generous SmartScore™ ™

The **B Generous SmartScore**™ is the analytical foundation of our underwriting framework — a proprietary, machine learning-driven credit model built specifically for nonprofit organizations. Developed by a multidisciplinary team of commercial lenders, quantitative analysts, data scientists, and ML engineers with deep expertise in nonprofit finance and institutional credit risk.

Unlike consumer lending, nonprofit lending has historically lacked a standardized credit scoring methodology — no nonprofit equivalent of a FICO® score, no consistent framework, no scalable methodology. The SmartScore™ directly addresses this gap.

Built on an Unprecedented Dataset

The Training Foundation

The model was trained on **nearly one billion financial data points** extracted from approximately **1.85 million IRS Form 990 filings** covering more than **400,000 nonprofit organizations** — one of the largest nonprofit financial datasets ever assembled.

Optimized using **75 engineered predictive variables**, including 3-year trend dynamics, liquidity change ratios, and revenue concentration signals.

Powered by XGBoost ML

Leveraging the **XGBoost machine learning algorithm**, the SmartScore™ combines predictive analytics with explainable AI to produce accurate, transparent, and regulator-friendly credit decisions.

Extensive data cleansing, feature engineering, temporal validation, and model optimization were performed to maximize predictive performance while minimizing overfitting and ensuring robust generalization across diverse nonprofit borrowers.

~1 Billion

Financial Data Points

Extracted from IRS 990 filings

400,000

Nonprofits Covered

Across 1.85M filings

97%

Default Prediction Accuracy in Internal Testing

Institutional-grade precision

0%

ICF Fund Loss Rate using the B Generous SmartScore™

Current portfolio performance

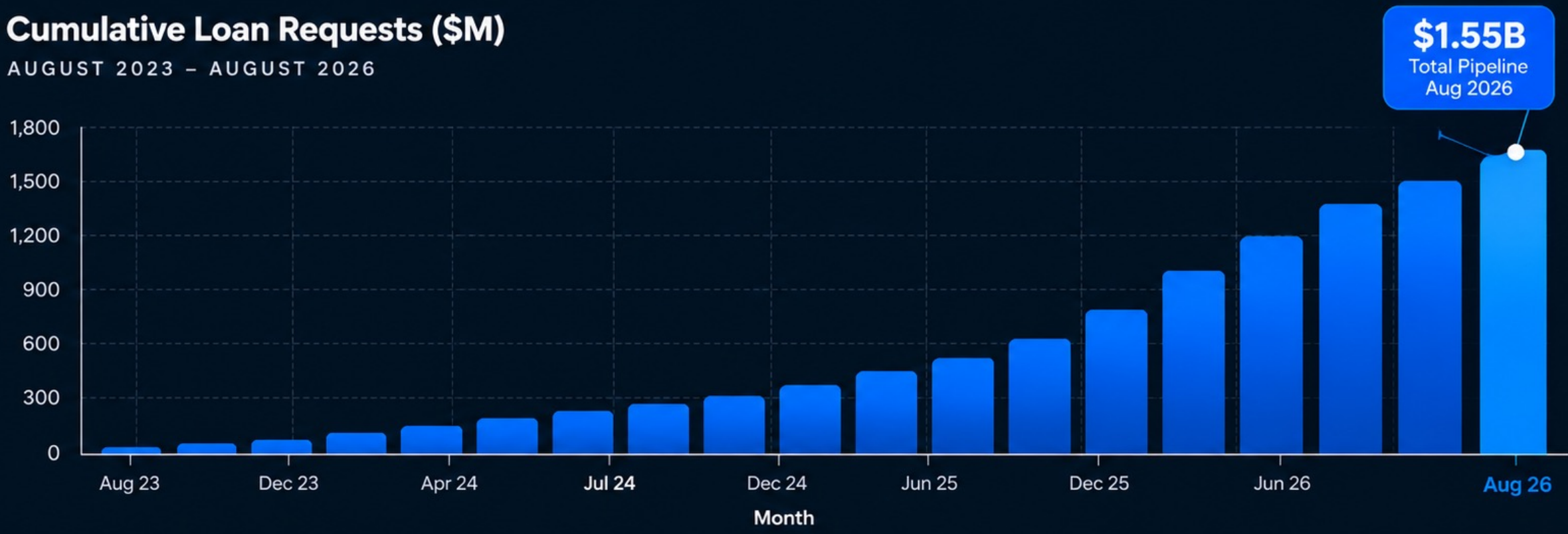
SmartScore™ default prediction accuracy reflects back-tested algorithmic internal model evaluations on historical IRS Form 990 data sets

Sourcing Pipeline Demonstrates Significant Growth, Scale, and Demand

The continued acceleration in loan request volume demonstrates increasing market demand and growing awareness of the B Generous platform among nonprofit organizations.

Cumulative Loan Requests ($M)

AUGUST 2023 – AUGUST 2026



RAPID ACCELERATION
11,076% (112x) loan volume growth in just 4 years

BROAD DEMAND
Strong and growing interest from nonprofits across the United States

SCALABLE PIPELINE
$1.55B in cumulative loan requests as of August 2026

A National Pipeline of High-Impact Opportunities

The B Generous loan pipeline includes nonprofit organizations across the country, reflecting a diverse mix of geographies, missions, and use cases. As of October 8, 2026, we are evaluating opportunities in **dozens of states**, demonstrating broad market demand and a highly diversified pipeline with no geographic concentration risk.



AS OF OCTOBER 8, 2026

129
Live Loan Applications in Pipeline

42
U.S. States Represented

20+
Nonprofit Sectors
Healthcare, Education, Human Services, Housing, Environment, Arts, and more.

$171M
Current Capital Requests
Across the current pipeline

Geographic Diversity
Opportunities in 42 states, from coastal cities to rural communities.

Mission Diversity
A wide range of nonprofit sectors and community needs.

Broad Market Demand
Strong and consistent deal flow across the entire country.

No Geographic Concentration Risk
A diversified pipeline reduces risk and enhances long-term stability.



Financially Strong, Mission-Driven Borrowers

B Generous serves established nonprofit organizations with strong financial profiles, diversified revenue sources, and significant liquidity — enabling durable credit performance and a resilient loan portfolio.

Average Funded Loan

$717,000

Our **average funded loan** is $717,000, reflecting mission-critical financing needs for facility expansion, equipment, working capital, and program growth.

Average Cash Deposits

$1.0M

Borrowers maintain approximately $1 million in cash deposits on average, demonstrating strong liquidity and financial stability.

Average Revenue

$6.1M

Our borrowers generate an average of $6.1 million in annual revenue, supported by diversified funding sources including donations, government contracts, and earned income.

Average Time in Business

24 Years

Borrowers have been in operation for an average of 24 years, reflecting established track records, experienced leadership teams, and deep community roots.

A Differentiated Borrower Base

Established organizations. Essential services. Diverse funding. Proven resilience.

Established Organizations
24 years average time in business

Diverse Revenue Base
Donations, government contracts, earned income

Strong Liquidity
$1M average cash deposits

Meaningful Scale
$6.1M average annual revenue

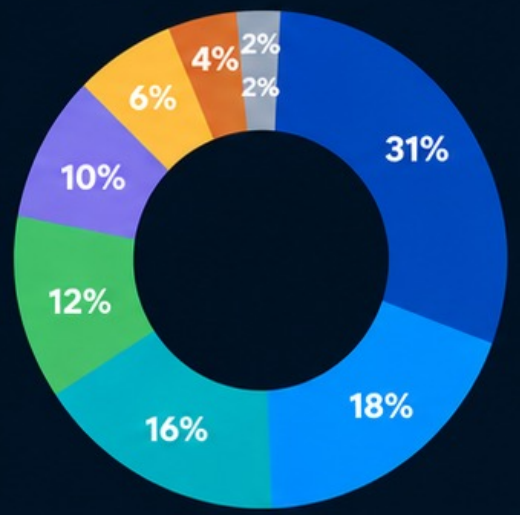


B Generous Borrower Breakdown

A diverse portfolio of mission-driven organizations creating real impact in communities across the U.S.

Borrowers by Cause Area (NTEE Category)

% of Total Borrowers



- Human Services & Community Development
- Religion & Faith-Based
- Arts & Culture
- Education & Workforce
- Health & Medical
- Environment & Conservation
- Youth Sports
- Animal Welfare
- Civic Advocacy & Public Policy

Borrowers by Loan Type

% of Total Borrowers

Term Loan	47%
Line of Credit	24%
Real Estate	14%
Equipment	10%
Other	6%

Borrowers by Geographic Region

% of Total Borrowers



Northeast	37%
South	24%
West	16%
Midwest	14%
Other / Multi-State	10%

Borrowers by Cause Area (by Loan Amount)

% of Total Loan Amount

Human Services & Community Development	28%
Education & Workforce	18%
Religion & Faith-Based	15%
Health & Medical	12%
Arts & Culture	11%
Environment & Conservation	7%
All Others	9%



Measurable Social Impact:
Catalyzing Capital Where It's Needed Most

1. BRIDGING THE FINANCIAL INCLUSION GAP

97%+

of non-profits struggle with traditional bank loans due to a lack of collateral.

83.33%

of the nonprofits that were funded in the B Gēnerous marketplace had **never received a loan from any financial institution before.**

We are unlocking capital for organizations who have never had credit before. This is where impact is made the most.

2. EMPOWERING DIVERSE LEADERSHIP & MARGINALIZED COMMUNITIES

70.4% — **Female-Led Borrowers**
Millions directly deployed to female-led non-profits.

51.9% — of portfolio organizations directly support low-income, homeless, and minority groups.

59.26% — of borrowing organizations provide services in low-income U.S. states.

3. FUNDS DIRECTLY BRIDGE LIQUIDITY GAPS ACROSS KEY SECTORS

Funds directly bridge liquidity gaps in:

- Faith Based
- Education
- Housing
- Animal Welfare
- Health

Source: GreenArc Capital, B Generous Impact Report (June 2024).

For any questions, please contact

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Thank You!