Florida Community Loan Fund, Inc.

Financial and Compliance Report
June 30, 2016

Contents

Independent Auditor's Report

To the Board of Directors
Florida Community Loan Fund, Inc.
Orlando, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Florida Community Loan Fund, Inc., which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Florida Community Loan Fund, Inc. as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters - *Other Information*
Our audits were conducted for the purpose of forming opinions on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2016 on our consideration of the Florida Community Loan Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Florida Community Loan Fund's internal control over financial reporting and compliance.

RSM US LLP

Orlando, Florida
September 29, 2016

Florida Community Loan Fund, Inc.

Statements of Financial Position
June 30, 2016 and 2015

	2016	2015
Assets		
Current assets:		
Cash and cash equivalents	**$ 22,189,449**	$ 16,209,671
Investments	**1,100,796**	1,041,824
Loans receivable, net of allowance for loan losses in 2016 $185,484; 2015 $110,242	**4,085,909**	2,323,884
Other current assets	**468,382**	335,110
Total current assets	**27,844,536**	19,910,489
Investments, net of current portion	**2,111,172**	1,994,276
Federal Home Loan Bank stock, at cost	**47,700**	-
Loans receivable, net of allowance for loan losses in 2016 $1,478,253; 2015 $1,525,004	**29,276,415**	28,801,639
Furniture and equipment, net of accumulated depreciation in 2016 $167,794; 2015 $156,397	**26,361**	34,693
Total assets	**$ 59,306,184**	$ 50,741,097
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	**$ 528,448**	$ 454,996
Notes payable, bonds payable and lines of credit, current portion	**3,523,000**	1,167,500
Other liabilities - equity equivalent investments, current portion	**1,000,000**	1,000,000
Total current liabilities	**5,051,448**	2,622,496
Notes payable, bonds payable and lines of credit, net of current portion	**20,852,904**	24,014,904
Other liabilities - equity equivalent investments, net of current portion	**8,000,000**	3,000,000
Total liabilities	**33,904,352**	29,637,400
Commitments and contingencies (Notes 5, 10 and 11)		
Net assets:		
Unrestricted:		
Designated by the Board for loans	**19,718,676**	17,718,676
Undesignated	**3,871,156**	3,355,021
Temporarily restricted	**1,812,000**	30,000
Total net assets	**25,401,832**	21,103,697
Total liabilities and net assets	**$ 59,306,184**	$ 50,741,097

See notes to financial statements.

Florida Community Loan Fund, Inc.

Statements of Activities
Years Ended June 30, 2016 and 2015

	2016			2015		
	Unrestricted	**Temporarily Restricted**	**Total**	Unrestricted	Temporarily Restricted	Total
Revenues:						
Grants and contributions	**$ 2,590,188**	**$ 1,800,000**	**$ 4,390,188**	$ 1,347,987	$ (1,951)	$ 1,346,036
Investment income	**109,954**	**-**	**109,954**	28,602	-	28,602
Interest on loans receivable	**1,641,672**	**-**	**1,641,672**	1,616,737	-	1,616,737
Fees and other	**1,938,910**	**-**	**1,938,910**	1,564,580	-	1,564,580
Net assets released from restrictions	**18,000**	**(18,000)**	**-**	113,891	(113,891)	-
Total revenues	**6,298,724**	**1,782,000**	**8,080,724**	4,671,797	(115,842)	4,555,955
Expenses:						
Program services	**3,056,778**	**-**	**3,056,778**	2,606,205	-	2,606,205
Supporting services:						
Management and general	**584,808**	**-**	**584,808**	429,058	-	429,058
Fundraising	**141,003**	**-**	**141,003**	145,795	-	145,795
Total supporting services	**725,811**	**-**	**725,811**	574,853	-	574,853
Total expenses	**3,782,589**	**-**	**3,782,589**	3,181,058	-	3,181,058
Change in net assets	**2,516,135**	**1,782,000**	**4,298,135**	1,490,739	(115,842)	1,374,897
Net assets:						
Beginning	**21,073,697**	**30,000**	**21,103,697**	19,582,958	145,842	19,728,800
Ending	**$ 23,589,832**	**$ 1,812,000**	**$ 25,401,832**	$ 21,073,697	$ 30,000	$ 21,103,697

See notes to financial statements.

Florida Community Loan Fund, Inc.

Statement of Functional Expenses
Year Ended June 30, 2016

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: Total Supporting Services	2016 Total Expenses
Payroll and related costs	$ 1,560,510	$ 378,742	$ 113,763	$ 492,505	$ 2,053,015
Interest expense	735,948	-	-	-	735,948
Office and administrative	143,631	59,796	10,471	70,267	213,898
Professional fees	143,498	125,358	2,137	127,495	270,993
Provision for loan Losses	200,537	-	-	-	200,537
Occupancy	77,499	18,809	5,650	24,459	101,958
Marketing	75,146	-	8,350	8,350	83,496
Other	59,011	-	-	-	59,011
Membership and training	34,335	-	-	-	34,335
Awards and grants	18,000	-	-	-	18,000
Depreciation	8,663	2,103	632	2,735	11,398
Total expenses	$ 3,056,778	$ 584,808	$ 141,003	$ 725,811	$ 3,782,589

See notes to financial statements.

Florida Community Loan Fund, Inc.

Statement of Functional Expenses
Year Ended June 30, 2015

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: Total Supporting Services	2015 Total Expenses
Payroll and related costs	$ 1,346,645	$ 282,952	$ 117,056	$ 400,008	$ 1,746,653
Interest expense	622,721	-	-	-	622,721
Office and administrative	161,901	43,893	10,545	54,438	216,339
Professional fees	117,846	84,570	2,107	86,677	204,523
Provision for loan Losses	173,384	-	-	-	173,384
Occupancy	73,245	15,390	6,367	21,757	95,002
Marketing	43,088	-	4,788	4,788	47,876
Other	31,839	-	4,000	4,000	35,839
Membership and training	24,813	-	-	-	24,813
Depreciation	10,723	2,253	932	3,185	13,908
Total expenses	$ 2,606,205	$ 429,058	$ 145,795	$ 574,853	$ 3,181,058

See notes to financial statements.

Florida Community Loan Fund, Inc.

Statements of Cash Flows
Years Ended June 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Change in net assets	**$ 4,298,135**	$ 1,374,897
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	**11,397**	13,908
Provision for loan losses	**200,537**	173,384
Gain on sale of real estate	**104,670**	-
Net unrealized and realized (gains) losses on investments	**(77,082)**	64,909
Changes in operating assets and liabilities:		
Pledges receivable	**-**	13,451
Other current assets	**(100,099)**	17,157
Accounts payable and accrued liabilities	**73,452**	(5,405)
Net cash provided by operating activities	**4,511,010**	1,652,301
Cash flows from investing activities:		
Purchase of investments	**(1,127,604)**	(1,303,017)
Sales of investments	**981,118**	1,236,646
Net change in loans receivable	**(2,575,181)**	(2,646,202)
Purchase of furniture and equipment	**(3,065)**	(10,340)
Net cash used in investing activities	**(2,724,732)**	(2,722,913)
Cash flows from financing activities:		
Proceeds from notes payable, bonds payable and lines of credit	**2,998,500**	7,438,653
Principal payments on notes payable, bonds payable and lines of credit	**(3,805,000)**	(1,107,000)
Proceeds from other liabilities – equity equivalent investments	**5,000,000**	-
Net cash provided by financing activities	**4,193,500**	6,331,653
Net increase in cash and cash equivalents	**5,979,778**	5,261,041
Cash and cash equivalents:		
Beginning	**16,209,671**	10,948,630
Ending	**$ 22,189,449**	$ 16,209,671
Supplemental disclosure of cash flow information:		
Cash paid for interest	**$ 700,357**	$ 618,670
Supplemental disclosure of noncash investing and financing activities:		
Proceeds from sale of other real estate owned satisfied by the disbursement of a note receivable	**$ 327,000**	$ -
Transfer from loans to other real estate owned	**$ 464,843**	$ -

See notes to financial statements.

Note 1. Nature of Operations and Significant Accounting Policies

Nature of operations: The Florida Community Loan Fund, Inc. (the Loan Fund or Organization) was incorporated in 1994 as a not-for-profit Florida corporation and is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code. The Loan Fund provides loans primarily to qualifying not-for-profit organizations that provide social services, affordable housing and economic development programs for low-income communities and their residents throughout Florida. Also, the Loan Fund provides on-site technical assistance to its not-for-profit borrowers and prospective borrowers through partnerships with leading technical assistance providers in the state. The United States Department of the Treasury's Community Development Financial Institutions Fund (CDFI Fund) certified the Loan Fund as a Community Development Financial Institution (CDFI) in 1996. The Loan Fund is also certified as a Community Development Entity (CDE) under the New Markets Tax Credits (NMTC) Program of the United States Department of the Treasury.

The Loan Fund receives support from financial institutions, foundations, religious and non-profit organizations, individuals and Federal and State agencies through low-interest loans, permanent loan capital grants and operating grants. Internal sources of revenue includes interest and fees from its loan programs, upfront and ongoing fees from its NMTC program and interest income on idle capital.

A summary of the Loan Fund's significant accounting policies follows:

Basis of financial statement presentation: A not-for-profit organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets: Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets: Net assets subject to donor-imposed stipulations that may, or will be met, either by actions of the Loan Fund and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets: Net assets subject to donor-imposed stipulations that will be maintained permanently by the Loan Fund. The Loan Fund has no permanently restricted net assets.

The Loan Fund's policy is to prepare its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of estimates: The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates that are particularly susceptible to change in the near term include the allowance for loan losses. Actual results could differ from those estimates.

Grants and contributions: The Loan Fund reports gifts of cash and other assets received as restricted support if they are received with donor stipulations that limit the use of the donated assets and the restrictions are not met in the period that the contribution is received. When a donor restriction expires by either actions of the Loan Fund or the passage of time, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions receivable, which represent unconditional written promises to give, are revenues in the period when the written promise is received. Conditional promises to give are recognized when the conditions upon which they depend are substantially met.

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

Grant revenue is recognized upon receipt of the funds. The Loan Fund received $3,500,000 of federal funds from the CDFI Fund in the form of a grant, of which, $2,000,000 was expended as of June 30, 2016. There were no federal funds received during fiscal year 2015.

Fees: The Loan Fund receives fees in connection with the New Markets Tax Credit Program (Program). Allocation fees from the Program are recognized upon the closing of the transaction, receipt of the funds and once any other terms of the allocation fee agreement are satisfied. Management fees under the Program are recognized annually based upon the terms in the management agreement.

Cash and cash equivalents: The Loan Fund considers cash equivalents to include any investment in money market funds, certificates of deposit, commercial paper, treasury bills and investment securities with maturities at the time of purchase of three months or less. The Loan Fund maintains cash and cash equivalents with various major financial institutions. They are insured by the Federal Deposit Insurance Corporation (FDIC). From time to time, balances may exceed amounts insured by the FDIC.

Investments: Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Realized gains and losses are recognized when securities are sold. Unrealized gains and losses are recognized as the change in fair value of securities between reporting periods. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Loans receivable: Loans are stated at the principal amount outstanding. The allowance for loan losses is netted with loans receivable. Interest income on loans is accrued at the loan's stated interest rate on the principal balance outstanding.

It is the policy of the Loan Fund to discontinue the accrual of interest when loan payments are delinquent for 90 days based on contractual terms, and, in management's opinion, the timely collection of interest or principal becomes uncertain, unless the loan principal and interest are determined by management to be fully collateralized and in the process of collection. Any unpaid amounts of interest previously accrued on these delinquent loans are then reversed from income. Interest on these loans is recognized when paid by the borrower only if collection of principal is likely to occur. A nonaccrual loan may be reinstated to an accrual status when contractual principal and interest payments are current and collection is reasonably assured.

Allowance for loan losses: The allowance for loan losses is established through a provision for loan losses charged to expense. Loans are charged-off against the allowance when management determines that the loan is uncollectible. Subsequent recoveries of amounts previously charged-off are credited to the allowance. The allowance for loan losses consists of specific and general components and is maintained at a level believed adequate by management to absorb estimated losses inherent in the portfolio after considering various factors, including prevailing economic conditions, diversification and size of the loan portfolio, current financial status and credit standing of the borrowers, the status and level of non-performing assets, past loan loss experience and adequacy of collateral and specific impaired loans. The specific component relates to loans that are individually classified as impaired.

The allowance for loan losses is allocated between current and long-term on the accompanying statements of financial position based on a specific identification method to be consistent with the classification of the associated loan receivable balance.

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

The Loan Fund finances a diverse group of borrowers, including nonprofit community-based organizations, nonprofit and for-profit developers, and special needs housing providers throughout Florida through term, construction, acquisition/rehab and predevelopment lending.

Management has categorized loans into risk categories generally based on the nature of the project. These risk categories and the relevant risk characteristics are as follows:

Rental housing: Rental housing loans and lines of credit support the development and preservation of affordable rental housing, predominantly to multi-family housing projects. Rental housing loans generally have terms of up to 20 years with amortizations of up to 30 years and interest rates that generally range from 3.0%-6.5%. Loans for land acquisition and/or construction also run the risk that projects will not be completed on time or in accordance with specifications and projected costs. All of such loans are secured by real estate.

Supportive housing: Supportive housing combines housing, either permanent rental or transitionary housing, with social services provided by nonprofit organizations. Supportive housing loans generally have terms of up to 15 years with amortizations of up to 30 years and interest rates that generally range from 4.5%-7.0%. Loans for land acquisition and/or construction also run the risk that projects will not be completed on time or in accordance with specifications and projected costs. All of such loans are secured by real estate.

For sale housing: For sale housing loans and lines of credit support the development of affordable single-family home ownership. For sale housing loans generally have terms of up to 10 years with amortizations of up to ten years and interest rates that generally range from 3.0%-6.0%. Loans for land acquisition and/or construction also run the risk that projects will not be completed on time or in accordance with specifications and projected costs. All of such loans are secured by real estate or liquid collateral.

Community facilities: Community facilities loans are construction or acquisition/rehab loans provided to nonprofit organizations focused on social services or educational services, including family health care centers, educational facilities and social services facilities. Community facilities loans generally have terms of up to 10 years with amortizations of up to 30 years and interest rates that generally range from 5.0%-6.125%. Loans for land acquisition and/or construction also run the risk that projects will not be completed on time or in accordance with specifications and projected costs. All of such loans are secured by real estate.

Commercial real estate: Commercial real estate loans are construction or acquisition/rehab loans for non-residential real estate, with an emphasis on borrowers that provide amenities to or stimulate economic development in low income communities. Commercial real estate loans generally have terms of up to 10 years with amortizations of up to 30 years and interest rates that generally range from 4.75%-5.75%. Loans for land acquisition and/or construction also run the risk that projects will not be completed on time or in accordance with specifications and projected costs. All of such loans are secured by real estate.

A loan is considered impaired when, based on current information and events, it is probable that the Loan Fund will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. The Loan Fund monitors all loans in the portfolio on an ongoing basis and reviews loan classifications for all loans in the portfolio in accordance with its lending policies. The amount of impairment, if any, is measured on a loan-by-loan basis as either the present value of expected future cash flows discounted at the loan's effective interest rate or the loan's observable market price, or the fair value of the collateral less estimated selling costs if the loan is collateral dependent, and is included in the allowance for loan losses.

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

Troubled debt restructurings are separately identified for impairment disclosures and are measured at the present value of estimated future cash flows using the loan's effective rate at inception. If a troubled debt restructuring is considered to be a collateral dependent loan, the loan is reported at the fair value of the collateral less estimated selling costs. For troubled debt restructurings that subsequently default, the Loan Fund determines the amount of reserve in accordance with the accounting policy for the allowance for loan losses.

Furniture and equipment: Furniture and equipment is carried at cost less accumulated depreciation. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as temporarily restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Depreciation is calculated on the straight-line method over estimated useful lives ranging from five to seven years. Major renewals, betterments, and replacements are capitalized. Maintenance and repairs are charged to expense as incurred.

Impairment of long-lived assets: Long-lived assets are evaluated for impairment whenever events or changes in circumstances have indicated that an asset may not be recoverable and are grouped with other assets to the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. If the sum of the projected undiscounted cash flows (excluding interest charges) is less than the carrying value of the assets, the assets will be written down to the estimated fair value and such loss is recognized in income from continuing operations in the period in which the determination is made. Management determined that no impairment of long-lived assets existed as of June 30, 2016 and 2015.

Other liabilities - equity equivalent investments: Other liabilities are subordinated promissory notes with a rolling term (maturity) feature that lenders are classifying as Equity Equivalent Investments (EQ2). EQ2's are unique to the CDFI industry. They were created as a mechanism for not-for-profit CDFI's to acquire equity-like capital.

Below market interest rate loans: Accounting principles generally accepted in the United States of America (GAAP) require not-for-profit organizations to record interest expense (income) and contribution revenue (expense) in connection with loans that are interest free or that have below market interest rates. The Loan Fund believes there is no material difference between prevailing community development finance market rates and the stated rates of loans receivable in its portfolios, notes payable or other liabilities. Consequently, no adjustments have been made to the financial statements to reflect rate differentials.

Income taxes: The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and from state income taxes under similar provisions of the Florida Statutes. Accordingly, no provision for federal and state income taxes has been recorded in the accompanying financial statements. In addition, 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 financial statements. The Organization files income tax returns in the U.S. federal jurisdiction. Generally, the Organization is no longer subject to U.S. federal income tax examinations by tax authorities for years before June 30, 2013.

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

Fair value measurements: Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Loan Fund uses various methods including market and income approaches. Based on these approaches, the Loan Fund often uses certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Loan Fund uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

Subsequent events: Management has assessed subsequent events through September 29, 2016, the date the financial statements were available to be issued.

New accounting pronouncements: In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 amends guidance on the current net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. ASU 2016-14 replaces the currently required three net asset classes with two net asset classes, *net assets with donor restrictions* and *net assets without donor restrictions*. Other amendments within ASU 2016-14 will improve the usefulness of information provided to donors, grantors, creditors, and other users of an NFP's financial statements, reduce complexities or costs for prepares or users of financial statements, or both improve usefulness and reduce complexities or costs. The amendments in ASU 2016-14 are effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018.Early application of ASU 2016-14 is permitted. The Organization has not evaluated the impact this ASU will have on the financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 amends guidance on reporting credit losses for assets held at amortized cost basis and available for sale debt securities. For assets held at amortized cost basis, ASU 2016-13 eliminates the probable initial recognition threshold in current GAAP and, instead, requires an entity to reflect its current estimate of all expected credit losses. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial assets to present the net amount expected to be collected. This ASU affects entities holding financial assets and net investment in leases that are not accounted for at fair value through net income. The amendments affect loans, debt securities, trade receivables, net investments in leases, off balance sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. The amendments in ASU 2016-13 are effective for not-for-profit entities for fiscal years beginning after December 15, 2020 (January 1, 2021, for a calendar year entity) and interim periods within fiscal years beginning after December 15, 2021. Early application of the amendments in ASU 2016-13 is permitted for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Organization has not evaluated the impact this ASU will have on the financial statements.

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

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842),* which supersedes Topic 840, *Leases*. ASU 2016-02 requires a lessee to recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less for which there is not an option to purchase the underlying asset that the lessee is reasonably certain to exercise, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities and should recognize lease expense for such leases generally on a straight-line basis over the lease term. The accounting applied by a lessor is largely unchanged from that applied under previous GAAP with key aspects of the guidance being aligned with the revenue recognition guidance in Topic 606, *Revenue from Contracts with Customers*. Certain qualitative disclosures along with specific quantitative disclosures will be required, so that users are able to understand more about the nature of an entity's leasing activities. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020, with early adoption permitted. At transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach, which includes a number of optional practical expedients related to the identification and classification of leases that commenced before the effective date of ASU 2016-02. An entity that elects to use the practical expedients will, in effect, continue to account for leases that commenced before the effective date in accordance with previous GAAP unless the lease is modified, except that lessees are required to recognize a right-of-use asset and a lease liability for all operating leases at each reporting date based on the present value of the remaining minimum rental payments that were tracked and disclosed under previous GAAP. The Organization has not evaluated the impact this ASU will have on the financial statements.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, which updates certain aspects of recognition, measurement, presentation and disclosure of financial instruments. This ASU 2016-01 will be effective for the Organization for fiscal years beginning after December 15, 2018. The Organization has not evaluated the impact this ASU will have on the financial statements.

In April 2015, the FASB issued ASU 2015-03, *Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*. This ASU requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. ASU will be effective for the Organization for fiscal years beginning after December 15, 2015. Early adoption is permitted, and retrospective application is required. The Organization has not evaluated the impact this ASU will have on the financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which provided guidance for recognizing revenue. ASU No. 2014-09 updates the guidance on revenue recognition by improving the comparability of revenue practices across entities, industries, jurisdictions, and capital markets. This ASU is effective for annual reporting periods beginning after December 15, 2018, and early application is permitted. The Organization has not evaluated the impact this ASU will have on the financial statements.

The FASB issued new or modifications to, or interpretations of, existing accounting guidance during 2016. The Loan Fund has considered the new pronouncements that altered accounting principles generally accepted in the United States of America, and other than as disclosed in these notes to the financial statements, does not believe that any other new or modified principles will have a material impact on the Loan Fund's reported financial position or activities.

Note 2. New Markets Tax Credit Program

The Loan Fund has been granted status by the United States Departments of the Treasury as a certified CDE, under the NMTC administered by the CDFI Fund. During fiscal years 2004 through 2016, the Loan Fund received allocations totaling $206 million for this program. During fiscal years 2016 and 2015, the Loan Fund received $0 and $6.4 million, respectively, in state of Florida allocation from the Florida New Markets Development Program. The Loan Fund has formed thirty CDEs (collectively the CDE LLCs), nineteen of which have been activated as of June 30, 2016: The Florida Community New Markets Fund, LLC; The Florida Community New Markets Fund II, LLC; The Florida Community New Markets Fund III, LLC; The Florida Community New Markets Fund IV, LLC; Florida Community New Markets Fund V, LLC; Florida Community New Markets Fund VI, LLC; Florida Community New Markets Fund VII, LLC; Florida Community New Markets Fund VIII, LLC; Florida Community New Markets Fund IX, LLC; Florida Community New Markets Fund X, LLC; Florida Community New Markets Fund XI, LLC; Florida Community New Markets Fund XII, LLC; Florida Community New Markets Fund XIII, LLC; Florida Community New Markets Fund XIV, LLC; Florida Community New Markets Fund XV, LLC, Florida Community New Markets Fund XVI, LLC; FCNMF17, LLC; FCNMF 18, LLC; and FCNMF 20, LLC. The other eleven CDE LLCs have been formed for the NMTC allocations but have conducted no financial activity as of June 30, 2016.

The CDE LLCs were formed as Florida limited liability companies in which the Loan Fund serves as the managing member with a 0.01% interest and unrelated investor members serve as regular members with a 99.99% interest. The Loan Fund does not consolidate these entities due to the rights granted to the investor members as defined in the respective operating agreements. The investor members' rights overcome the presumption of control of the managing member.

The Loan Fund has a .01% interest in each of the above entities with the exception of The Florida Community New Markets Fund II. Additionally, the Loan Fund has a .01% interest in NL-Camillus NMTC Fund, LLC, which is the investment fund for Florida Community New Markets Fund IX, LLC. The Loan Fund does not consolidate this entity due to the rights granted to the investor member as defined in the operating agreement. The investor members' rights overcome the presumption of control of the managing member.

As of June 30, 2016 and 2015, the total investment amount is $16,746 and $15,785, respectively.

The fiscal year end for these companies is December 31, and each company has an annual audit performed by a different independent auditor after its first complete year of operations. Below is a summary of the unaudited interim financial information for these companies for the interim 6-month periods ended June 30, 2016 and 2015:

	2016	2015
Total assets	$ 183,386,406	$ 173,233,468
Total liabilities	14,620,107	14,464,198
Members' equity	168,581,069	158,769,270
Total revenue	1,244,970	1,516,948
Total expenses	1,068,740	1,071,710
Total other income	9,000	10,030
Net income	185,230	455,268

Note 2. New Markets Tax Credit Program (Continued)

The active CDE LLCs have made qualified low-income community investments (QLICIs) within the meaning of the NMTC program and IRC Section 45D. The Loan Fund entered into agreements with the investor members who provided approximately $192,000,000 in cumulative qualified equity investments (QEIs) as of June 30, 2016 to make QLICIs from the active CDE LLCs. By making QLICIs, the CDE LLCs enable investor members to claim approximately $75,000,000 of NMTC over seven-year credit period. In connection for obtaining allocation, establishing the CDE LLCs, and making sub-allocation to the CDE LLCs, the Loan Fund earned upfront fees of $1,042,927 and $782,500 as of June 30, 2016 and 2015, respectively, which are included as a component of fees and other in the accompanying statements of activities.

Terms of the agreements with the investor members require the Loan Fund to maintain certain covenants to avoid recapture of NMTC and possible reimbursement of a portion of upfront fees it has received. At June 30, 2016, the Loan Fund is in compliance with all covenants that would cause a recapture of NMTC and management expects to maintain compliance throughout the seven-year life of each NMTC.

Note 3. Investments

A summary of the Loan Fund’s investments at fair value as of June 30, 2016 and 2015, is as follows:

	2016	2015
Mutual funds:		
Short-term bonds	$ 686,882	$ 664,813
Debt securities:		
Domestic corporate debt securities	2,381,850	2,184,568
Foreign corporate debt securities	143,236	186,719
	2,525,086	2,371,287
	$ 3,211,968	$ 3,036,100

The Loan Fund invests in various investment securities in accordance with its investment policy. These investment securities are exposed to various risks such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the uncertainty related to changes in their values, it is reasonable to expect that changes in the values of the investment securities will occur in the near term and that such changes could materially affect the investment balance.

Investment expenses are netted against investment income. Investment returns consist of interest and dividends and realized and unrealized gains and losses. Investment return is summarized for the years ended June 30, 2016 and 2015, as follows:

	2016	2015
Interest and dividends, net of investment expenses	$ 96,041	$ 93,511
Net realized/unrealized gains (losses)	13,913	(64,909)
	$ 109,954	$ 28,602

Note 4. Participated Loans and Loan Servicing

The transfer of loan participations by the Loan Fund meet the requirements to be recognized as sale transactions, and as such, these loans serviced for others in which the Loan Fund serves as lead lender as defined in the participation agreements are excluded from loans receivable and liabilities in the accompanying statements of financial position.

The unpaid principal balances of loans serviced for others at June 30, 2016 and 2015, are as follows:

	2016	2015
Loan portfolio serviced for:		
Miami Coalition for the Homeless	$ 330,657	$ 344,311
Central Bank SW FL	-	1,439,650
Mercy Loan Fund	2,041,524	2,052,954
Partners for Common Good	1,127,373	1,153,650
	$ 3,499,554	$ 4,990,565

Note 5. Loans Receivable

Loans receivable from not-for-profit corporations at June 30, 2016 and 2015, are classified as follows:

	2016	2015
Loans by collateral:		
3.0% – 7.0%, secured by real estate (mortgage)	$ 34,716,061	$ 32,330,769
4.75%, secured by assignment of notes	310,000	430,000
	35,026,061	32,760,769
Less allowance for loan losses	(1,663,737)	(1,635,246)
	$ 33,362,324	$ 31,125,523

Scheduled principal payments on loans receivable subsequent to June 30, 2016, are as follows:

Years ending June 30:	
2017	$ 4,271,393
2018	5,789,238
2019	6,989,374
2020	798,329
2021	2,018,936
Thereafter	15,158,791
	$ 35,026,061

Note 5. Loans Receivable (Continued)

	June 30, 2016	
	Outstanding	Undisbursed
Loans by type:		
Rental housing	$ 20,080,004	$ 7,341,380
Supportive housing	6,445,773	1,132,902
For sale housing	1,945,521	2,825,727
Community facility	6,037,452	88,359
Commercial real estate	517,311	1,600,000
	$ 35,026,061	$ 12,988,368

	June 30, 2015	
	Outstanding	Undisbursed
Loans by type:		
Rental housing	$ 18,914,655	$ 1,636,698
Supportive housing	4,214,634	991,037
For sale housing	2,741,002	2,321,120
Community facility	6,274,782	37,861
Commercial real estate	615,696	11,828
	$ 32,760,769	$ 4,998,544

The undisbursed portion of loans shown above are loans closed but not fully disbursed and are available to be drawn upon by the borrowers, such as construction loans and lines of credit.

As part of the on-going monitoring of the credit quality of the Loan Fund's loan portfolio, management categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt and comply with various terms of their loan agreements. The Loan Fund considers current financial information, historical payment experience, credit documentation, public information and current economic trends. Generally, all loans receive a financial review no less than twice per year to monitor and adjust, if necessary, the credit's risk profile.

The Loan Fund categorizes loans into the following risk categories based on relevant information about the ability of borrowers to service their debt:

Excellent/acceptable**:** The loan is well protected by the current worth and paying capacity of the borrower (or guarantors, if any) or by the fair value, less cost to acquire and sell, of any collateral in a timely manner.

Weak**:** A loan with a risk rating of five has potential weaknesses and deserves closer attention by management. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or in the Loan Fund's credit position at some future date. Weak loans are not adversely classified and do not expose the Loan Fund to sufficient risk to warrant adverse classification.

Note 5. Loans Receivable (Continued)

Inadequate/substandard: An inadequate/substandard loan, or risk rating of six through eight, is a loan with well-defined weaknesses that puts repayment at risk. These loans are often inadequately protected by the current sound worth and paying capacity of the borrower or of the collateral pledged. These loans are characterized by the possibility that the Loan Fund will sustain some loss of principal and/or interest if the risks are not addressed.

Doubtful: A loan that has weaknesses, or a risk rating of nine, inherent in the inadequate/substandard category, with the added risk that the weaknesses make collection in full, on the basis of currently known facts, conditions and values, highly questionable and improbable. The possibility of loss is extremely likely, but it is not identified at this point due to pending factors.

Loss: A loan classified as loss, or risk rated ten, is considered uncollectible and of such little value that its continuance on the Loan Fund's books as an asset is not warranted. This classification does not necessarily mean that an asset has no recovery value; but rather, there is much doubt about whether, how much, or when the recovery would occur. As such, it is not practical or desirable to defer the write-off. Therefore, there is no balance to report.

The following tables present the risk category of loans evaluated by internal asset classification based on the most recent analysis performed at June 30, 2016 and 2015:

	2016			
	Excellent/ Acceptable	Weak	Inadequate/ Substandard	Total
Rental housing	$ 18,959,558	$ 565,924	$ 554,522	$ 20,080,004
Supportive housing	6,060,151	385,622	-	6,445,773
For sale housing	1,723,364	28,342	193,815	1,945,521
Community facility	5,155,178	-	882,274	6,037,452
Commercial real estate	517,311	-	-	517,311
	$ 32,415,562	$ 979,888	$ 1,630,611	$ 35,026,061

	2015			
	Excellent/ Acceptable	Weak	Inadequate/ Substandard	Total
Rental housing	$ 17,700,681	$ 636,718	$ 577,256	$ 18,914,655
Supportive housing	3,235,231	390,904	588,499	4,214,634
For sale housing	2,273,531	132,053	335,418	2,741,002
Community facility	4,986,127	-	1,288,655	6,274,782
Commercial real estate	540,214	75,482	-	615,696
	$ 28,735,784	$ 1,235,157	$ 2,789,828	$ 32,760,769

Note 5. Loans Receivable (Continued)

As of June 30, 2016 or 2015, there were no loans classified as doubtful or loss.

	2016					
	Rental Housing	Supportive Housing	For Sale Housing	Community Facilities	Commercial Real Estate	Total
Beginning balance	$ 923,683	$ 178,977	$ 143,535	$ 355,616	$ 33,435	$ 1,635,246
Provision for loan losses (recoveries)	25,162	146,161	(29,561)	63,264	(4,489)	200,537
Recoveries of amounts previously charged off	5,000	-	7,500	-	-	12,500
Write-off of uncollectible loans	-	-	(28,207)	(156,339)	-	(184,546)
Ending balance	$ 953,845	$ 325,138	$ 93,267	$ 262,541	$ 28,946	$ 1,663,737
End of year allowance amount allocated:						
Loans individually evaluated for impairment	$ 28,463	$ -	$ -	$ 47,466	$ -	$ 75,929
Loans collectively evaluated for impairment	925,382	325,138	93,267	215,075	28,946	1,587,808
	$ 953,845	$ 325,138	$ 93,267	$ 262,541	$ 28,946	$ 1,663,737
Loans:						
Individually evaluated for impairment	$ 554,522	$ -	$ -	$ 1,076,089	$ -	$ 1,630,611
Collectively evaluated for impairment	19,525,482	6,445,773	1,945,521	4,961,363	517,311	33,395,450
	$ 20,080,004	$ 6,445,773	$ 1,945,521	$ 6,037,452	$ 517,311	$ 35,026,061

	2015					
	Rental Housing	Supportive Housing	For Sale Housing	Community Facilities	Commercial Real Estate	Total
Beginning balance	$ 705,386	$ 283,947	$ 179,100	$ 258,368	$ 98,186	$ 1,524,987
Provision for loan losses (recoveries)	238,297	(104,970)	(42,440)	147,248	(64,751)	173,384
Recoveries of amounts previously charged off	-	-	6,875	-	-	6,875
Write-off of uncollectible loans	(20,000)	-	-	(50,000)	-	(70,000)
Ending balance	$ 923,683	$ 178,977	$ 143,535	$ 355,616	$ 33,435	$ 1,635,246
End of year allowance amount allocated:						
Loans individually evaluated for impairment	$ 45,072	$ -	$ 29,971	$ 98,966	$ -	$ 174,009
Loans collectively evaluated for impairment	878,611	178,977	113,564	256,650	33,435	1,461,237
	$ 923,683	$ 178,977	$ 143,535	$ 355,616	$ 33,435	$ 1,635,246
Loans:						
Individually evaluated for impairment	$ 577,256	$ 588,499	$ 335,418	$ 1,288,655	$ -	$ 2,789,828
Collectively evaluated for impairment	18,337,399	3,626,135	2,405,584	4,986,127	615,696	29,970,941
	$ 18,914,655	$ 4,214,634	$ 2,741,002	$ 6,274,782	$ 615,696	$ 32,760,769

Note 5. Loans Receivable (Continued)

	2016					
	Non-Accrual Loans					
	Current Loans and 1 -30 Days Past Due	Loans 31-90 Days Past Due	Loans 91+ Days Past Due	Total Past Due and Non-Accrual Loans	Current Loans	Total Loans
Rental housing	$ 14,774	$ 302,557	$ -	$ 317,331	$ 19,762,673	$ 20,080,004
Supportive housing	-	-	-	-	6,445,773	6,445,773
For sale housing	193,815	-	-	193,815	1,751,706	1,945,521
Community facility	360,000	-	-	360,000	5,677,452	6,037,452
Commercial real estate	-	-	-	-	517,311	517,311
Total loans	$ 568,589	$ 302,557	$ -	$ 871,146	$ 34,154,915	$ 35,026,061

	2015					
	Non-Accrual Loans					
	Current Loans and 1 -30 Days Past Due	Loans 31-90 Days Past Due	Loans 91+ Days Past Due	Total Past Due and Non-Accrual Loans	Current Loans	Total Loans
Rental housing	$ 270,670	$ -	$ -	$ 270,670	$ 18,643,985	$ 18,914,655
Supportive housing	262,352	-	326,147	588,499	3,626,135	4,214,634
For sale housing	-	-	335,418	335,418	2,405,584	2,741,002
Community facility	484,500	217,833	-	702,333	5,572,449	6,274,782
Commercial real estate	-	-	-	-	615,696	615,696
Total loans	$ 1,017,522	$ 217,833	$ 661,565	$ 1,896,920	$ 30,863,849	$ 32,760,769

Note 5. Loans Receivable (Continued)

Information about nonaccrual and impaired loans as of and for the years ended June 30, 2016 and 2015, is summarized as follows:

	2016				
	Rental Housing	Supportive Housing	For Sale Housing	Community Facilities	Total
Impaired loans with a valuation allowance	$ 237,191	$ -	$ -	$ 716,089	$ 953,280
Impaired loans without a valuation allowance	317,331	-	-	360,000	677,331
Allowance related to impaired loans	28,463	-	-	47,466	75,929
Average investment in impaired loans during 2016	565,889	294,250	167,709	1,182,372	2,210,220
Loans on non-accrual status	317,331	-	-	553,815	871,146
Interest income recognized on impaired loans during the year	31,237	-	-	36,943	68,180
Interest income foregone on loans on non-accrual status	-	-	-	18,263	18,263

	2015				
	Rental Housing	Supportive Housing	For Sale Housing	Community Facilities	Total
Impaired loans with a valuation allowance	$ 323,990	$ -	$ 196,723	$ 804,155	$1,324,868
Impaired loans without a valuation allowance	253,266	588,499	138,695	484,500	1,464,960
Allowance related to impaired loans	45,072	-	29,971	98,966	174,009
Average investment in impaired loans during 2015	445,196	723,544	266,814	1,052,389	2,487,943
Loans on non-accrual status	270,670	588,499	335,418	702,333	1,896,920
Interest income recognized on impaired loans during the year	36,831	25,219	11,293	32,141	105,484
Interest income foregone on loans on non-accrual status	-	-	-	32,029	32,029

Interest income recognized on a cash basis during 2016 and 2015 was $0.

Note 5. Loans Receivable (Continued)

Impaired loans include loans modified in troubled debt restructurings where concessions have been granted to borrowers experiencing financial difficulties. These concessions could include a reduction of interest rate on the loan, payment extensions, forbearance or other actions intended to maximize collection. The following table presents impaired loans classified as troubled debt restructurings and the financial effects of troubled debt restructurings for the years ended June 30, 2016 and 2015:

	2016				
	Number of Loans	Pre-Modification Outstanding Loan Balance	Post-Modification Outstanding Loan Balance	Forgiven Principal	Lost Interest Income
Community facilities	2	$ 553,815	$ 553,815	$ -	$ (18,263)

	2015				
	Number of Loans	Pre-Modification Outstanding Loan Balance	Post-Modification Outstanding Loan Balance	Forgiven Principal	Lost Interest Income
Rental housing	1	$ 257,500	$ 257,500	$ -	$ -
Supportive housing	2	433,486	413,486	20,000	-
Community facilities	1	533,557	533,557	-	-
Total	4	$ 1,224,543	$ 1,204,543	$ 20,000	$ -

As of June 30, 2016, one community facilities loan with an outstanding balance of $193,815 was modified to provide a payment forbearance, and one community facilities loan with an outstanding balance of $360,000 was modified to extend the maturity date. Both loans were 2015 troubled debt restructurings that were restructured again during 2016 to grant additional concessions.

As of June 30, 2015, there was one rental and one supportive housing loans with total outstanding balance of $310,252, which are 2014 troubled debt restructurings that were restructured again during 2015 to grant additional concessions.

In its estimate of the specific allowance for loan losses, management considers the probability of troubled debt restructurings and its impact on expected cash flows in accordance with the loan policies and impaired loans guidance for troubled debt restructurings.

Note 6. Concentration of Credit Risk

As of June 30, 2016, all of the Loan Fund’s loans receivable was due from borrowers located throughout Florida. Therefore, the Loan Fund’s exposure to credit risk is significantly affected by changes in the economy and real estate markets in Florida.

Note 7. Notes Payable, Bonds Payable and Lines of Credit

Notes payable, bonds payable and lines of credit are unsecured and include amounts due to foundations, individuals, financial institutions, religious organizations, the federal CDFI Fund and trade associations. The Loan Fund's obligations under notes payable, bonds payable and lines of credit at June 30, 2016 and 2015, consist of the following amounts:

	2016	2015
Unsecured:		
2.0%: Three (3) investment bonds payable, interest only, payable annually, maturities 2017 through 2018.	$ 2,000,000	$ 2,000,000
2.0%: Two (2) and one (1), respectively, investment bonds payable, interest only, payable annually, maturities 2024 through 2025.	1,000,000	500,000
2.5%: One (1) note payable, interest only, payable quarterly, matures April 2020.	2,000,000	-
2.0%: One (1) line of credit, interest only, payable quarterly, with $500,000 annual principal payments beginning December 2016, matures December 2019	1,500,000	1,500,000
2.5%: One (1) line of credit, interest only, payable quarterly, with $250,000 annual principal payments beginning July 2017, payable annually, matures July 2019	1,000,000	1,000,000
2.25%: Two (2) convertible lines of credit, interest only, payable quarterly, matures November 2017.	5,000,000	5,000,000
2.50%: One (1) note payable, interest only, payable quarterly, with four consecutive $375,000 biennial principal payments beginning May 2017, final $500,000 principal payment in May 2025 at maturity	2,000,000	2,000,000
3.0%: One (1) note payable, interest only, payable quarterly, paid off during the year ended June 30, 2016.	-	3,000,000
3.0%: One (1) note payable, interest only, payable quarterly, with four $909,091 annual principal payments beginning Sept 2021, matures September 2024.	3,636,364	3,636,364
3.0%: One (1) note payable, interest only, payable quarterly, matures April 2017.	1,000,000	1,000,000
3.25%: One (1) line of credit, interest only, payable quarterly, paid off during the year ended June 30, 2016.	-	750,000
0%-1.9%: Seven (7) notes payable; various maturities through May 2020.	204,040	204,040
2.0%-2.9%: Seventeen (17) and twenty (20) notes payable and lines of credit, interest only, maturities through November 2020.	3,663,000	3,214,500
3.0%: Nine (9) and eight (8) notes payable and lines of credit, principal and interest or interest only, payable periodically, various maturities through March 2026.	1,372,500	1,377,500
	24,375,904	25,182,404
Less current portion	(3,523,000)	(1,167,500)
	$ 20,852,904	$ 24,014,904

Note 7. Notes Payable, Bonds Payable and Lines of Credit (Continued)

Principal maturity requirements on notes payable subsequent to June 30, 2016, are as follows:

Years ending June 30:	
2017	$ 3,523,000
2018	6,707,500
2019	3,355,000
2020	4,024,040
2021	965,000
Thereafter	5,801,364
	$ 24,375,904

Undisbursed commitments to borrow: In the ordinary course of business, the Loan Fund has entered into lines of credit, which includes undisbursed commitments to borrow. Undisbursed commitments to borrow and the outstanding balances at June 30, 2016, are as follows:

	Total Line of Credit	June 30, 2016 Outstanding
Unsecured revolving line of credit with HSBC Bank USA at a 2.25% interest rate with a maturity date of December 31, 2021, and a draw period through December 31, 2016.	$ 4,000,000	$ -
Unsecured revolving line of credit with TD Bank at a 2% interest rate with a maturity date of December 11, 2019, and a draw period through December 11, 2016.	2,500,000	1,500,000
Unsecured revolving line of credit with Bank United with a maturity date of July 25, 2019. Line of credit bears interest at the prime interest rate less 1.25% with a floor of 2% and a ceiling of 3%.	2,000,000	1,000,000
Unsecured line of credit with Comerica at a 2.75% interest rate with a maturity date of January 1, 2017.	1,000,000	250,000
Unsecured line of credit with Mercantil at a 2% interest rate with a maturity date of May 21, 2021.	250,000	-
Unsecured line of credit with Sabadell United Bank at a 3% interest rate with a maturity date of January 26, 2021.	250,000	-
	$ 10,000,000	$ 2,750,000

Note 8. Other Liabilities - Equity Equivalent Investments

The Organization has outstanding amounts due under equity equivalent subordinated promissory note agreements at June 30, 2016 and 2015, as follows:

	2016	2015
BBVA Compass, 2% interest only, payable quarterly. Initial ten year term; unsecured; subordinated, and initially matures December 2025, with annual maturity terms thereafter.	$ 5,000,000	$ -
Wells Fargo, 2% interest only, payable quarterly. Initial ten year term; unsecured; subordinated, and initially matures December 2023, with annual maturity terms thereafter.	2,500,000	2,500,000
Regions Bank, 2% interest only, payable quarterly. Initial ten year term; unsecured; subordinated and matures in January 2017	500,000	500,000
Regions Bank, 2% interest only, payable annually. Initial ten year term; unsecured; subordinated and matures in July 2017	500,000	500,000
Raymond James Bank, 2% interest only, payable quarterly. Initial ten year term, unsecured; subordinated and initially matures in December 2023, with five year extended maturity thereafter.	500,000	500,000
	9,000,000	4,000,000
Less current portion	(1,000,000)	(1,000,000)
	$ 8,000,000	$ 3,000,000

These notes are subordinated to all other debt of the Loan Fund.

Principal maturity requirements on equity equivalent investments subsequent to June 30, 2016, are as follows:

Years ending June 30:	
2017	$ 1,000,000
2018	-
2019	-
2020	-
2021	-
Thereafter	8,000,000
	$ 9,000,000

Note 9. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2016 and 2015, are as follows:

	2016	2015
Food access initiative	$ 1,812,000	$ 12,000
Green building initiative	-	18,000
	$ 1,812,000	$ 30,000

The Reinvestment Fund, through the JPMorgan Chase Foundation CDFI Cluster Demonstration Program, Florida Partnership for Healthy People and Healthy Places and the CDFI Fund provided grants for the food access initiative as of June 30, 2016. Northern Trust provided a grant for community healthcare center initiatives and food access initiative as of June 30, 2015. The Home Depot Foundation provided a grant to incentivize green affordable housing building as of June 30, 2015.

Note 10. Commitments

Commitments to extend credit: In the normal course of business to meet the financing needs of its borrowers the Loan Fund is a party to commitments to extend credit. Those instruments involve, to varying degrees, elements of credit, liquidity and interest rate risk in excess of the amount recognized in the statement of financial position. The Loan Fund uses the same credit policies in making commitments to extend credit as it does for extension of credits recorded in the statements of financial position. The Loan Fund's exposure to credit loss in the event of nonperformance by the other party for commitments to extend credit is represented by the contractual amount of those instruments.

Commitments to extend credit include new loan commitments and line of credit agreements to lend to a borrower as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses. Since many of the commitments may expire without being fully drawn upon, the total commitment amounts do not necessarily represent future cash requirements. There were six new loan commitments at June 30, 2016, for $4,616,000 and two new loan commitments at June 30, 2015, for $1,330,000. In addition, undisbursed borrowers' lines of credit approximated $12,988,000 and $4,998,000 (see Note 5) at June 30, 2016 and 2015, respectively.

The Loan Fund evaluates each borrower's creditworthiness on a case-by-case basis. The amount of collateral obtained, if any, is based on management's credit evaluation of the borrower.

Note 11. Lease Commitments

The Loan Fund leases its office site and other office equipment. These leases have remaining terms of one to two years and are accounted for as operating leases. Rent expense under the said leases was approximately $104,000 and $98,000 for the years ended June 30, 2016 and 2015, respectively, and is included in occupancy and office and administrative in the accompanying statements of functional expenses. Commitments for future rentals, by year and in the aggregate, to be paid as of June 30, 2016, are as follows:

Years ending June 30:	
2017	$ 66,500
2018	5,279
	$ 71,779

Note 12. Employee Retirement Plan

The Loan Fund has a defined contribution retirement plan for employees, which permits pre-tax contributions to the plan by participants pursuant to Section 403(b) of the Internal Revenue Code up to the legal maximums, as defined. The Loan Fund makes contributions based on a formula set forth in its personnel policies. Participants are immediately vested in their contributions and the Loan Fund's contributions. The Loan Fund made contributions to the plan for the fiscal years ending June 30, 2016 and 2015, of $137,007 and $141,486, respectively, which are included in payroll and related costs in the accompanying statements of activities.

Note 13. Fair Value Measurements

The fair value measurement accounting literature provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels are defined as follows:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement on a recurring or nonrecurring basis.

Note 13. Fair Value Measurements (Continued)

The fair values of assets measured at fair value on a recurring basis during the years ended June 30, 2016 and 2015, are as follows:

	2016			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Short-term bonds	$ 686,882	$ -	$ -	$ 686,882
Debt securities:				
Domestic corporate debt securities	-	2,381,850	-	2,381,850
Foreign corporate debt securities	-	143,236	-	143,236
	-	2,525,086	-	2,525,086
	$ 686,882	$ 2,525,086	$ -	$ 3,211,968

	2015			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Short-term bonds	$ 664,813	$ -	$ -	$ 664,813
Debt securities:				
Domestic corporate debt securities	-	2,184,568	-	2,184,568
Foreign corporate debt securities	-	186,719	-	186,719
	-	2,371,287	-	2,371,287
	$ 664,813	$ 2,371,287	$ -	$ 3,036,100

The fair value of actively traded investment securities are based on quoted market prices. Fair value of inactively traded investment securities are based on quoted market prices of similar securities or based on observable inputs like interest rates using either a market or income valuation approach and are generally classified as Level 2.

Note 13. Fair Value Measurements (Continued)

The fair values of assets measured at fair value on a nonrecurring basis during the years ended June 30, 2016 and 2015, are as follows:

	2016			
	Level 1	Level 2	Level 3	Provision for Loan Losses (Recoveries)
Impaired loans	$ -	$ -	$ 1,237,352	$ 64,096

	2015			
	Level 1	Level 2	Level 3	Provision for Loan Losses / (Recoveries)
Impaired loans	$ -	$ -	$ 961,633	$ 48,961

Impaired loans include certain loans for which an allowance for loan losses has been calculated based upon the fair value of underlying real estate collateral. The allowance for loan losses was calculated by reference to real estate appraisals that used a combination of cost, market and income approaches to valuation and/or reported tax assessed values, adjusted to reflect management's estimate of selling costs. In some cases, appraised values were adjusted based on management's assessment of changes in market conditions since the appraisal date.

Non-accrual loans and loans past due 90 days still on accrual include both smaller balance homogeneous loans that are collectively evaluated for impairment and individually classified impaired loans. Impaired loans include commercial loans that are individual evaluated for impairment and deemed impaired (i.e., individually classified impaired loans) as well as TDRs for all loan portfolio segments. The sum of non-accrual loans and loans past due 90 days still on accrual will differ from the total impaired loan amount.

Note 14. Subsequent Event

In September 2016, the Loan Fund received a $2,000,000 Financial Assistance award from the United States Department of Treasury's CDFI Fund towards its lending programs.

Florida Community Loan Fund, Inc.

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Grantor/Pass-Through/Program Title	Contract or Grant Number	Federal CFDA #	Grant Period	Federal Expenditures
Federal awards:				
U.S. Department of the Treasury passed through the				
Community Development Financial Institutions Fund -				
Community Development Financial Institutions Program	151FA013704	21.020	09/10/2015 - 06/30/2019	$ 2,000,000
Total expenditures of federal awards				$ 2,000,000

See notes to schedule of expenditures of federal awards.

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Florida Community Loan Fund, Inc. (the Organization) under a program of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers (contract or grant number) are presented where available.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of Directors
Florida Community Loan Fund, Inc.
Orlando, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Florida Community Loan Fund, Inc., which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 29, 2016.

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered Florida Community Loan Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Florida Community Loan Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of Florida Community Loan Fund's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether Florida Community Loan Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Orlando, Florida
September 29, 2016

RSM US LLP

**Independent Auditor's Report on Compliance for Major Federal Program;
Report on Internal Control Over Compliance**

To the Board of Directors
Florida Community Loan Fund, Inc.
Orlando, FL

Report on Compliance for Each Major Federal Program
We have audited Florida Community Loan Fund, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Florida Community Loan Fund, Inc.'s major federal program for the year ended June 30, 2016. Florida Community Loan Fund, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility
Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility
Our responsibility is to express an opinion on compliance for Florida Community Loan Fund, Inc.'s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Florida Community Loan Fund, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Florida Community Loan Fund, Inc.'s compliance.

Opinion on Each Major Federal Program
In our opinion, Florida Community Loan Fund, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of Florida Community Loan Fund, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Florida Community Loan Fund, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Florida Community Loan Fund, Inc.'s internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RSM US LLP

Orlando, Florida
September 29, 2016

Florida Community Loan Fund, Inc.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2016

Section I. Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued			Unmodified	
Internal Control Over Financial Reporting				
Material weakness(es) identified?	____	Yes	X	No
Significant deficiency(ies) identified?	____	Yes	X	None Reported
Noncompliance Material to Financial Statements Noted?	____	Yes	X	No

Federal Awards

Internal Control Over Major Programs				
Material weakness(es) identified?	____	Yes	X	No
Significant deficiency(ies) identified that are not	____	Yes	X	None Reported
Type of Auditor's Report Issued on Compliance for Major Programs			Unmodified	
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	____	Yes	X	No

(Continued)

Section I. Summary of Auditor's Results (Continued)

Identification of Major Programs

Federal Awards:

CFDA Number	Name of Federal Program or Cluster
21.020	Community Development Financial Institutions Program

Dollar Threshold Used to Distinguish Between Type A and type B Federal Programs	$ 750,000	
Auditee Qualified as Low-Risk Auditee?	______ Yes	__X__ No

Section II. Financial Statement Findings

No matters were reported.

Section III. Findings and Questioned Costs for Federal Awards

No matters were reported

Section IV. Other Reporting

1. No Corrective Action Plan is presented because there were no findings required to be reported under the Federal Single Audit Act.

2. No Summary Schedule of Prior Audit Findings is presented because there were no prior audit findings related to federal awards.

3. There was no management letter or control deficiency letter issued for the year ended June 30, 2016 and there were no matters required to be reported in these letters.