Florida Community Loan Fund, Inc.

Financial Report
June 30, 2015

McGladrey

Assurance ▪ Tax ▪ Consulting

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McGladrey

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, 2015 and 2014, 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. 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 2015 and 2014, 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.

McGladrey LLP

Orlando, Florida
October 20, 2015

Florida Community Loan Fund, Inc.

Statements of Financial Position
June 30, 2015 and 2014

	2015	2014
Assets		
Current Assets		
Cash and cash equivalents	**$ 16,209,671**	$ 10,948,630
Investments	**1,041,824**	968,312
Loans receivable, net of allowance for loan losses in 2015 $110,242; 2014 $142,247	**2,323,884**	2,308,953
Other current assets	**335,110**	363,767
Total current assets	**19,910,489**	14,589,662
Pledges Receivable, Net of Current Portion	**-**	1,951
Investments, Net of Current Portion	**1,994,276**	2,066,326
Loans Receivable, Net of Allowance for Loan Losses in 2015 $1,525,004; 2014 $1,382,740	**28,801,639**	26,343,752
Furniture and Equipment, Net of Accumulated Depreciation in 2015 $156,397; 2014 $142,489	**34,693**	38,261
Total assets	**$ 50,741,097**	$ 43,039,952
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	**$ 454,996**	$ 460,401
Notes payable, bonds payable and lines of credit, current portion	**1,167,500**	1,485,251
Other liabilities – equity equivalent investments, current portion	**1,000,000**	500,000
Total current liabilities	**2,622,496**	2,445,652
Notes Payable, Bonds Payable and Lines of Credit, Net of Current Portion	**24,014,904**	17,365,500
Other Liabilities – Equity Equivalent Investments, Net of Current Portion	**3,000,000**	3,500,000
Total liabilities	**29,637,400**	23,311,152
Commitments and Contingencies (Notes 5, 10 and 11)		
Net Assets		
Unrestricted		
Designated by the Board for loans	**17,718,676**	14,804,040
Undesignated	**3,355,021**	4,778,918
Temporarily restricted	**30,000**	145,842
Total net assets	**21,103,697**	19,728,800
Total liabilities and net assets	**$ 50,741,097**	$ 43,039,952

See Notes to Financial Statements.

Florida Community Loan Fund, Inc.

Statements of Activities
Years Ended June 30, 2015 and 2014

	2015			2014		
		Temporarily			Temporarily	
	Unrestricted	**Restricted**	**Total**	Unrestricted	Restricted	Total
Revenues						
Grants and contributions	**$ 1,347,987**	**$ (1,951)**	**$ 1,346,036**	$ 1,868,567	$ 114,231	$ 1,982,798
Investment income	**28,602**	**-**	**28,602**	90,666	-	90,666
Interest on loans receivable	**1,616,737**	**-**	**1,616,737**	1,328,000	-	1,328,000
Fees and other	**1,564,580**	**-**	**1,564,580**	2,083,379	-	2,083,379
Net assets released from restrictions	**113,891**	**(113,891)**	**-**	8,800	(8,800)	-
Total revenues	**4,671,797**	**(115,842)**	**4,555,955**	5,379,412	105,431	5,484,843
Expenses						
Program services	**2,606,205**	**-**	**2,606,205**	2,337,844	-	2,337,844
Supporting services						
Management and general	**429,058**	**-**	**429,058**	396,365	-	396,365
Fundraising	**145,795**	**-**	**145,795**	158,126	-	158,126
Total supporting services	**574,853**	**-**	**574,853**	554,491	-	554,491
Total expenses	**3,181,058**	**-**	**3,181,058**	2,892,335	-	2,892,335
Change in net assets	**1,490,739**	**(115,842)**	**1,374,897**	2,487,077	105,431	2,592,508
Net Assets						
Beginning	**19,582,958**	**145,842**	**19,728,800**	17,095,881	40,411	17,136,292
Ending	**$ 21,073,697**	**$ 30,000**	**$ 21,103,697**	$ 19,582,958	$ 145,842	$ 19,728,800

See Notes to Financial Statements.

Florida Community Loan Fund, Inc.

Statement of Functional Expenses
Year Ended June 30, 2015

		Supporting Services			
	Program Services	Management and General	Fundraising	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.

Statement of Functional Expenses
Year Ended June 30, 2014

		Supporting Services			
	Program Services	Management and General	Fundraising	Total Supporting Services	2014 Total Expenses
Payroll and Related Costs	$ 1,109,163	$ 224,884	$ 131,526	$ 356,410	$ 1,465,573
Interest Expense	410,627	-	-	-	410,627
Office and Administrative	130,086	43,410	11,182	54,592	184,678
Professional Fees	76,280	113,145	3,696	116,841	193,121
Provision for Loan Losses	469,980	-	-	-	469,980
Occupancy	64,390	13,055	7,635	20,690	85,080
Marketing	26,939	-	2,993	2,993	29,932
Other	19,016	-	-	-	19,016
Membership and Training	22,136	-	-	-	22,136
Depreciation	9,227	1,871	1,094	2,965	12,192
Total expenses	$ 2,337,844	$ 396,365	$ 158,126	$ 554,491	$ 2,892,335

See Notes to Financial Statements.

Florida Community Loan Fund, Inc.

Statements of Cash Flows
Years Ended June 30, 2015 and 2014

	2015	2014
Cash Flows From Operating Activities		
Change in net assets	**$ 1,374,897**	$ 2,592,508
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	**13,908**	12,192
Provision for loan losses	**173,384**	469,980
Net unrealized and realized losses (gains) on investments	**64,909**	(4,045)
Changes in operating assets and liabilities:		
Pledges receivable	**13,451**	8,960
Other current assets	**17,157**	(64,075)
Accounts payable and accrued liabilities	**(5,405)**	183,837
Net cash provided by operating activities	**1,652,301**	3,199,357
Cash Flows From Investing Activities		
Purchase of investments	**(1,303,017)**	(2,430,049)
Sales of investments	**1,236,646**	-
Net change in loans receivable	**(2,646,202)**	(11,002,361)
Purchase of furniture and equipment	**(10,340)**	(23,959)
Net cash used in investing activities	**(2,722,913)**	(13,456,369)
Cash Flows From Financing Activities		
Proceeds from notes payable, bonds payable and lines of credit	**7,438,653**	8,120,000
Principal payments on notes payable, bonds payable and lines of credit	**(1,107,000)**	(340,319)
Proceeds from other liabilities – equity equivalent investments	**-**	750,000
Net cash provided by financing activities	**6,331,653**	8,529,681
Net increase (decrease) in cash and cash equivalents	**5,261,041**	(1,727,331)
Cash and Cash Equivalents		
Beginning	**10,948,630**	12,675,961
Ending	**$ 16,209,671**	$ 10,948,630
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest	**$ 618,670**	$ 380,244

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.

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

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.

Grant revenue is recognized upon receipt of the funds. The Loan Fund received $0 and $1,347,000, of federal funds from the CDFI Fund in the form of a grant, which were expended as of June 30, 2015 and June 30, 2014, respectively.

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.

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

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.

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 ten 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 Non-Profit 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 ten 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.

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

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 ten 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.

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, 2015 and 2014.

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.

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

Below market interest rate loans: Accounting principles generally accepted in the United States of America 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, 2012.

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 October 20, 2015, the date the financial statements were available to be issued.

New accounting pronouncements: In May 2014, the Financial Accounting Standard Board (FASB) issued Accounting Standards Update (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 not 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 2015. 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 2015, the Loan Fund received allocations totaling $206 million for this program. During fiscal years 2015 and 2014, the Loan Fund received $6.4 million and $4.8 million, respectively, in state of Florida allocation from the Florida New Markets Development Program. The Loan Fund has formed twenty-two CDEs (collectively the CDE LLCs), the first eighteen of which have been activated as of June 30, 2015: 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; and FCNMF 18, LLC. The other four CDE LLCs have been formed for the NMTC allocations but have conducted no financial activity as of June 30, 2015.

The CDE LLCs were formed as Florida limited liability companies in which the Loan Fund will serve as the managing member with a 0.01% interest and unrelated investor members 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 had 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 member's rights overcome the presumption of control of the managing member.

As of June 30, 2015 and 2014, the total investment amount is $15,785 and $14,230, 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, 2015 and 2014:

	2015	2014
Total assets	$ 173,233,468	$ 159,524,596
Total liabilities	14,464,198	14,508,731
Members' equity	158,769,270	145,015,865
Total revenue	1,516,948	1,123,730
Total expenses	1,071,710	698,545
Total other income	10,030	28,200
Net income	455,268	453,385

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 $162,225,000 in cumulative qualified equity investments (QEIs) as of June 30, 2015 to make QLICIs from the active CDE LLCs. By making QLICIs, the CDE LLCs enable Investor Members to claim approximately $63,267,750 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 $782,500 and $1,404,442 as of June 30, 2015 and 2014, 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, 2015, 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, 2015 and 2014 is as follows:

	2015	2014
Mutual funds		
Short-term bonds	$ 664,813	$ 635,771
Debt securities		
Domestic corporate debt securities	2,184,568	2,260,495
Foreign corporate debt securities	186,719	138,372
	2,371,287	2,398,867
	$ 3,036,100	$ 3,034,638

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, 2015 and 2014, as follows:

	2015	2014
Interest and dividends, net of investment expenses	$ 93,511	$ 86,621
Net realized/unrealized (losses) gains	(64,909)	4,045
	$ 28,602	$ 90,666

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, 2015 and 2014, are as follows:

	2015	2014
Loan portfolio serviced for		
Miami Coalition for the Homeless	$ 344,311	$ 357,797
Central Bank SW FL	1,439,650	1,449,100
Mercy Loan Fund	2,052,954	-
Partners for Common Good	1,153,650	-
	$ 4,990,565	$ 1,806,897

Note 5. Loans Receivable

Loans receivable from not-for-profit corporations at June 30, 2015 and 2014, are classified as follows:

	2015	2014
Loans by collateral		
3.0% – 7.0% and 3.0% – 7.75%, respectively, secured by real estate (mortgage)	$ 32,330,769	$ 29,627,692
4.75%, secured by assignment of notes	430,000	550,000
	32,760,769	30,177,692
Less allowance for loan losses	(1,635,246)	(1,524,987)
	$ 31,125,523	$ 28,652,705

Scheduled principal payments on loans receivable subsequent to June 30, 2015, are as follows:

Years Ending June 30,	Amount
2016	$ 2,434,126
2017	2,251,802
2018	3,492,604
2019	5,997,867
2020	830,547
Thereafter	17,753,823
	$ 32,760,769

Note 5. Loans Receivable (Continued)

	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

	June 30, 2014	
	Outstanding	Undisbursed
Loans by type		
Rental housing	$ 15,101,539	$ 142,505
Supportive housing	5,298,874	-
For sale housing	2,720,197	1,849,500
Community facility	5,642,928	130,324
Commercial real estate	1,414,154	96,880
	$ 30,177,692	$ 2,219,209

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 5 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.
>
> *Inadequate/Substandard*: An inadequate/substandard loan, or risk rating of 6 through 8, 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.

Note 5. Loans Receivable (Continued)

Doubtful: A loan that has weaknesses, or a risk rating of 9, 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 10, 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, 2015 and 2014:

	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

	2014			
	Excellent/ Acceptable	Weak	Inadequate/ Substandard	Total
Rental housing	$ 14,181,017	$ 607,386	$ 313,136	$ 15,101,539
Supportive housing	4,440,284	-	858,590	5,298,874
For sale housing	2,483,121	38,865	198,211	2,720,197
Community facility	4,826,805		816,123	5,642,928
Commercial real estate	953,495	460,659	-	1,414,154
	$ 26,884,722	$ 1,106,910	$ 2,186,060	$ 30,177,692

Note 5. Loans Receivable (Continued)

As of June 30, 2015 or 2014, there were no loans classified as doubtful or loss.

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

2014	Rental Housing	Supportive Housing	For Sale Housing	Community Facilities	Commercial Real Estate	Total
Beginning balance	$ 416,999	$ 204,694	$ 157,748	$ 126,302	$ 109,281	$ 1,015,024
Provision for loan losses (recoveries)	288,387	69,395	(2,773)	126,066	(11,095)	469,980
Recoveries of amounts previously charged off	-	9,858	24,125	6,000	-	39,983
Ending balance	$ 705,386	$ 283,947	$ 179,100	$ 258,368	$ 98,186	$ 1,524,987
End of year allowance amount allocated						
Loans individually evaluated for impairment	$ -	$ 82,271	$ 58,486	$ 6,755	$ -	$ 147,512
Loans collectively evaluated for impairment	705,386	201,676	120,614	251,613	98,186	1,377,475
	$ 705,386	$ 283,947	$ 179,100	$ 258,368	$ 98,186	$ 1,524,987
Loans						
Individually evaluated for impairment	$ 313,136	$ 858,590	$ 198,211	$ 816,123	$ -	$ 2,186,060
Collectively evaluated for impairment	14,788,403	4,440,284	2,521,986	4,826,805	1,414,154	27,991,632
	$ 15,101,539	$ 5,298,874	$ 2,720,197	$ 5,642,928	$ 1,414,154	$ 30,177,692

Note 5. Loans Receivable (Continued)

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

2014

	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	$ 313,136	$ -	$ -	$ 313,136	$ 14,788,403	$ 15,101,539
Supportive housing	300,606	-	-	300,606	4,998,268	5,298,874
For sale housing	198,211	-	-	198,211	2,521,986	2,720,197
Community facility	759,833	-	-	759,833	4,883,095	5,642,928
Commercial real estate	-	-	-	-	1,414,154	1,414,154
Total loans	$ 1,571,786	$ -	$ -	$ 1,571,786	$ 28,605,906	$ 30,177,692

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Note 5. Loans Receivable (Continued)

Information about nonaccrual and impaired loans as of and for the years ended June 30, 2015 and 2014, is summarized as follows:

	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

	2014				
	Rental Housing	Supportive Housing	For Sale Housing	Community Facilities	Total
Impaired loans with a valuation allowance	$ -	$ 858,590	$ 198,211	$ 56,290	$ 1,113,091
Impaired loans without a valuation allowance	313,136	-	-	759,833	1,072,969
Allowance related to impaired loans	-	82,271	58,486	6,755	147,512
Average investment in impaired loans during 2014	314,170	634,595	194,105	802,633	1,945,503
Loans on non-accrual status	313,136	300,606	198,211	759,833	1,571,786
Interest income recognized on impaired loans during the year	8,156	51,817	9,611	3,225	72,809
Interest income foregone on loans on non-accrual status	9,981	-	-	33,281	43,262

Interest income recognized on a cash basis during 2015 and 2014 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, 2015 and 2014:

	2015				
	Number of Loans	Pre-Modification Outstanding Loan Balance	Post-Modification Outstanding Loan Balance	Forgiven Principal	Lost Interest Income
Rental housing	1	$ 420,540	$ 257,500	$ -	$ -
Supportive housing	2	453,486	413,486	20,000	-
Community facilities	1	478,557	533,557	-	-
Total	4	$ 1,352,583	$ 1,204,543	$ 20,000	$ -

	2014				
	Number of Loans	Pre-Modification Outstanding Loan Balance	Post-Modification Outstanding Loan Balance	Forgiven Principal	Lost Interest Income
Rental housing	1	$ 313,136	$ 313,136	$ -	$ 9,981
Supportive housing	3	557,984	557,984	-	-
Community facilities	2	267,639	276,123	-	13,190
Total	6	$ 1,138,759	$ 1,147,243	$ -	$ 23,171

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

As of June 30, 2014, there was one supportive housing loan with outstanding balance of $101,486, and two community facilities loan with total outstanding balance of $276,123, which are 2013 troubled debt restructurings that were restructured again during 2014 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, 2015, all of the Loan Fund’s loans receivable was due from borrowers located throughout Florida. Therefore, the Loan Funds’ 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, 2015 and 2014 consist of the following amounts:

	2015	2014
Unsecured		
2.0%: Three (3) investment bonds payable, interest only, payable quarterly, maturities 2016 through 2018.	$ 2,000,000	$ 2,000,000
2.0%: One (1) line of credit, interest only, payable quarterly, with $500,000 annual principal payments beginning June 2016, matures June 2019	1,500,000	1,500,000
2.0%: One (1) line of credit, interest only payable quarterly, matures December 2015	1,000,000	1,000,000
2.25%: One (1) line 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	-
3.0%: One (1) note payable, interest only, payable quarterly, matures February 2017.	3,000,000	3,000,000
3.0%: One (1) note payable, interest only, payable quarterly, with four $909,091 annual principal payments beginning September 2021 matures September 2024.	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, matures June 2018.	750,000	750,000
0%-1.9%: Seven (7) and nine (9), respectively, notes payable; various maturities through May 2020.	204,040	206,040
2.0%-2.9%: Twenty-one (21) and seventeen (17) notes payable and lines of credit, interest only payable, various maturities through August 2024.	3,714,500	3,462,211
3.0%-3.25%: Eleven (11) and eight (8), respectively, notes payable and lines of credit, principal and interest or interest only, payable periodically, various maturities through November 2019.	1,377,500	932,500
	25,182,404	18,850,751
Less current portion	(1,167,500)	(1,485,251)
	$ 24,014,904	$ 17,365,500

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

Principal maturity requirements on notes payable subsequent to June 30, 2015 are as follows:

Years Ending June 30,	Amount
2016	$ 1,167,500
2017	6,293,000
2018	7,455,000
2019	2,800,000
2020	1,730,540
Thereafter	5,736,364
	$ 25,182,404

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, 2015 are as follows:

	Total Line of Credit	June 30, 2015 Outstanding
Unsecured revolving line of credit with Deutsche Bank at a 1 month LIBOR + 2.25% interest rate with a maturity date of November 11, 2015.	$ 5,000,000	$ -
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, 2015.	4,000,000	-
Unsecured revolving line of credit with TD Bank at a 2% interest rate with a maturity date of June 11, 2019 and a draw period through June 11, 2016.	2,500,000	1,500,000
Unsecured line of credit with Bank United at a 2% interest rate with a maturity date of December 27, 2015. Line of credit was renewed in July 2014 with an additional $1,000,000 of credit extended with a draw period through July 25, 2016. Line of credit bears interest at the prime interest rate less 1.25% with a floor of 2% and a ceiling of 3%. Extended maturity date is July 25, 2019.	2,000,000	1,000,000
Unsecured revolving line of credit with EverBank at a 2.50% interest rate with a maturity date of April 30, 2020.	- 2,000,000	1,500
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	-
Unsecured line of credit with Trustco Bank at a 3.25% interest rate with a maturity date of August 3, 2015.	250,000	-
	$ 17,250,000	$ 2,751,500

Note 8. Other Liabilities – Equity Equivalent Investments

The Organization has outstanding amounts due under equity equivalent subordinated promissory note agreements at June 30, 2015 and 2014, as follows:

	2015	2014
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 initially matures in January 2016 with annual maturity terms thereafter.	500,000	500,000
Regions Bank, 2% interest only, payable annually. Initial ten year term; unsecured; subordinated and matured in July 2012 with annual maturity terms thereafter.	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
	4,000,000	4,000,000
Less current portion	(1,000,000)	(500,000)
	$ 3,000,000	$ 3,500,000

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

Principal maturity requirements on equity equivalent investments subsequent to June 30, 2015, are as follows:

Years Ending June 30,	Amount
2016	$ 1,000,000
2017	-
2018	-
2019	-
2020	-
Thereafter	3,000,000
	$ 4,000,000

Note 9. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2015 and 2014, are as follows:

	2015	2014
Food access initiative	$ 12,000	$ 86,354
Community healthcare center initiative	-	28,037
Green building initiative	18,000	18,000
Contributions due in future periods	-	13,451
	$ 30,000	$ 145,842

The Reinvestment Fund, through the JPMorgan Chase Foundation CDFI Cluster Demonstration Program, Florida Partnership for Healthy People and Healthy Places and Northern Trust provided grants for the food access initiative as of June 30, 2015. Northern Trust also provided a grant for community healthcare center initiatives as of June 30, 2014. The Home Depot Foundation provided a grant to incentivize green affordable housing building as of June 30, 2015 and 2014. Contributions due in future periods, presented above at their present value, consist of four grants as of June 30, 2014.

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 two new loan commitments at June 30, 2015 for $1,330,000 and ten new loan commitments at June 30, 2014 for $5,318,670. In addition, undisbursed borrowers' lines of credit approximated $4,998,000 and $2,219,000 (see Note 5) at June 30, 2015 and 2014, 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. The lease agreements are for one to four years and are accounted for as operating leases. Rent expense under the said leases was approximately $98,000 and $88,000 for the years ended June 30, 2015 and 2014, 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, 2015, are as follows:

Year Ending June 30,	Amount
2016	$ 75,248
2017	43,770
2018	329
	$ 119,347

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, 2015 and 2014 of $141,486 and $113,845, 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, 2015 and 2014, are as follows:

	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

	2014			
	Level 1	Level 2	Level 3	Total
Mutual funds -				
Short-term bonds	$ 635,771	$ -	$ -	$ 635,771
Debt securities -				
Domestic corporate debt securities	-	2,260,495	-	2,260,495
Foreign corporate debt securities	-	138,372	-	138,372
	-	2,398,867	-	2,398,867
	$ 635,771	$ 2,398,867	$ -	$ 3,034,638

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, 2015 and 2014, are as follows:

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

	2014			
	Level 1	Level 2	Level 3	Provision for Loan Losses / (Recoveries)
Impaired loans	$ -	$ -	$ 2,038,548	$ (17,031)

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.

Note 14. Subsequent Event

In September 2015, the Loan Fund received a $2,000,000 Core Financial Assistance award and a $1,500,000 Healthy Foods Financing Initiative Financial Assistance award from the United States Department of Treasury's CDFI Fund towards its lending programs.