# Reinvestment Fund, Inc. and Affiliates

Consolidated Financial Report
December 31, 2015

**Reinvestment Fund, Inc. and Affiliates**

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RSM

RSM US LLP

**Independent Auditor's Report**
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To the Board of Directors
Reinvestment Fund, Inc. and Affiliates
Philadelphia, Pennsylvania

**Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Reinvestment Fund, Inc. and Affiliates (the Organization), which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements, (collectively, 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 Reinvestment Fund, Inc. and Affiliates as of December 31, 2015 and 2014, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

Blue Bell, Pennsylvania
April 26, 2016

Reinvestment Fund, Inc. and Affiliates

**Consolidated Statements of Financial Position**
**December 31, 2015 and 2014**

| | 2015 | 2014 |
|---|---|---|
| **Assets** | | |
| Cash, cash equivalents and certificate of deposit | $ 13,207,785 | $ 17,449,525 |
| Grants and contributions receivable | 828,865 | 9,269,805 |
| Investments in marketable securities | 41,861,558 | 43,514,748 |
| Loans and leases, less allowance for losses of $16,066,015 and $13,532,271, respectively | 279,649,134 | 219,782,742 |
| Equity method and program investments | 761,616 | 584,024 |
| Equipment, leasehold improvements and software, net | 2,446,831 | 2,674,061 |
| Property held for development or sale, net | 5,863,087 | 10,170,800 |
| Rental property, net | 28,168,849 | 23,356,670 |
| Other | 7,514,172 | 5,604,656 |
| Restricted cash, cash equivalents and certificate of deposit | 27,596,390 | 26,804,615 |
| **Total Assets** | $ 407,898,287 | $ 359,211,646 |
| **Liabilities and Net Assets** | | |
| Liabilities | | |
| Accounts payable and accrued expenses | $ 3,048,224 | $ 2,588,924 |
| Escrow payable and due to third parties | 11,568,205 | 5,387,837 |
| Deferred revenue | 2,968,853 | 2,522,209 |
| Recoverable grant payable | 5,793,681 | 5,369,717 |
| Loans payable | 231,098,300 | 191,414,997 |
| Other | 2,493,689 | 2,542,930 |
| **Total Liabilities** | 256,970,952 | 209,826,614 |
| Commitments and Contingencies (Note 18) | | |
| Net Assets | | |
| Unrestricted | 45,895,269 | 38,976,087 |
| Unrestricted - Contractually limited as to use | 9,181,356 | 9,165,769 |
| Non-controlling interest in consolidated subsidiaries | 5,858,885 | 4,758,094 |
| Total Unrestricted | 60,935,510 | 52,899,950 |
| Temporarily restricted - Program | 2,695,581 | 4,983,053 |
| Temporarily restricted - Financing | 33,537,828 | 37,826,470 |
| Temporarily restricted - Re-granting | 3,646,681 | 4,983,501 |
| Total Temporarily restricted | 39,880,090 | 47,793,024 |
| Permanently restricted | 50,111,735 | 48,692,058 |
| **Total Net Assets** | 150,927,335 | 149,385,032 |
| **Total Liabilities and Net Assets** | $ 407,898,287 | $ 359,211,646 |

*See Notes to Consolidated Financial Statements.*

**Reinvestment Fund, Inc. and Affiliates**

**Consolidated Statement of Activities**

**For the Year Ended December 31, 2015**

| | Unrestricted | | Temporarily | Permanently | |
|---|---|---|---|---|---|
| | Controlling | Non-Controlling | Restricted | Restricted | Total |
| **Financial Activity** | | | | | |
| Financial Income | | | | | |
| Interest and dividend income from: | | | | | |
| Investments | $ 330,648 | $ 74 | $ 86,103 | $ - | $ 416,825 |
| Loans and leases | 13,988,180 | - | 468,682 | - | 14,456,862 |
| Investment gains, net: | | | | | |
| Gain on transfer of limited liability company | 49,314 | - | - | - | 49,314 |
| Loan and lease fees | 832,014 | - | - | - | 832,014 |
| Asset management fee, net | 1,572,265 | (7,957) | - | - | 1,564,308 |
| Total Financial Income | 16,772,421 | (7,883) | 554,785 | - | 17,319,323 |
| Financial Expense | | | | | |
| Interest expense | 5,406,659 | 2,131 | - | - | 5,408,790 |
| Investment losses, net: | | | | | |
| Marketable securities | 154,086 | - | 27,230 | - | 181,316 |
| Loss on equity method investments | 17,953 | - | - | - | 17,953 |
| Provision for loan and lease losses | 2,528,586 | - | - | - | 2,528,586 |
| Total Financial Expense | 8,107,284 | 2,131 | 27,230 | - | 8,136,645 |
| Net Financial Income | 8,665,137 | (10,014) | 527,555 | - | 9,182,678 |
| **Revenue and Support** | | | | | |
| Grants and contributions | 2,230,988 | - | 4,819,801 | 1,386,039 | 8,436,828 |
| Program services and fees | 5,747,871 | 140,745 | - | - | 5,888,616 |
| Other income | 42,828 | 19 | - | - | 42,847 |
| Net assets released from restrictions | 13,260,290 | - | (13,260,290) | - | - |
| Total Revenue and Support | 21,281,977 | 140,764 | (8,440,489) | 1,386,039 | 14,368,291 |
| **Program and General Expenses and Other Increases** | | | | | |
| Program and General Expenses | | | | | |
| Program - Lending and Community Investing | 8,527,447 | - | - | - | 8,527,447 |
| Program - Sustainable Development Fund | 425,266 | - | - | - | 425,266 |
| Program - Policy Solutions | 1,444,988 | - | - | - | 1,444,988 |
| Program - PolicyMap | 2,997,641 | - | - | - | 2,997,641 |
| Program - Development Partners | 4,950,977 | 932,122 | - | - | 5,883,099 |
| Management and general | 4,666,026 | - | - | - | 4,666,026 |
| Total Program and General Expenses | 23,012,345 | 932,122 | - | - | 23,944,467 |
| Other Increases | | | | | |
| Charges related to revolving loan fund | - | - | - | (33,638) | (33,638) |
| Total Other Increases | - | - | - | (33,638) | (33,638) |
| Total Expenses and Other Increases | 23,012,345 | 932,122 | - | (33,638) | 23,910,829 |
| **Change in net assets - before partners' contributions** | 6,934,769 | (801,372) | (7,912,934) | 1,419,677 | (359,860) |
| **Partners' contributions, net** | - | 1,902,163 | - | - | 1,902,163 |
| **Total change in net assets** | 6,934,769 | 1,100,791 | (7,912,934) | 1,419,677 | 1,542,303 |
| **Net assets, beginning** | 48,141,856 | 4,758,094 | 47,793,024 | 48,692,058 | 149,385,032 |
| **Net assets, ending** | $ 55,076,625 | $ 5,858,885 | $ 39,880,090 | $ 50,111,735 | $ 150,927,335 |
| **Total change in unrestricted net assets** | | | | | $ 8,035,560 |

*See Notes to Consolidated Financial Statements.*

**Reinvestment Fund, Inc. and Affiliates**

**Consolidated Statement of Activities**

**For the Year Ended December 31, 2014**

| | Unrestricted | | Temporarily | Permanently | |
|---|---|---|---|---|---|
| | Controlling | Non-Controlling | Restricted | Restricted | Total |
| **Financial Activity** | | | | | |
| Financial Income | | | | | |
| Interest and divided income from: | | | | | |
| Investments | $ 303,651 | $ 44 | $ 76,420 | $ - | $ 380,115 |
| Loans and leases | 11,189,131 | - | 432,937 | - | 11,622,068 |
| Investment gains, net: | | | | | |
| Gain on transfer of limited liability company | 2,638,671 | - | - | - | 2,638,671 |
| Loan and lease fees | 932,671 | - | 32,983 | - | 965,654 |
| Asset management fee, net | 1,760,661 | (1,725) | - | - | 1,758,936 |
| Total Financial Income | 16,824,785 | (1,681) | 542,340 | - | 17,365,444 |
| Financial Expense | | | | | |
| Interest expense | 4,533,836 | 17,523 | - | - | 4,551,359 |
| Investment losses, net: | | | | | |
| Marketable securities | 382,742 | - | 40,316 | - | 423,058 |
| Loss on equity method investments | 165,153 | - | - | - | 165,153 |
| Provision for loan and lease losses | 2,198,184 | - | - | - | 2,198,184 |
| Total Financial Expense | 7,279,915 | 17,523 | 40,316 | - | 7,337,754 |
| Net Financial Income | 9,544,870 | (19,204) | 502,024 | - | 10,027,690 |
| **Revenue and Support** | | | | | |
| Grants and contributions | 5,973,525 | - | 13,266,980 | 2,000 | 19,242,505 |
| Program services and fees | 4,983,748 | 12,662 | - | - | 4,996,410 |
| Other income | 104,314 | 2,617 | - | - | 106,931 |
| Net assets released from restrictions | 9,923,079 | - | (9,923,079) | - | - |
| Total Revenue and Support | 20,984,666 | 15,279 | 3,343,901 | 2,000 | 24,345,846 |
| **Program and General Expenses and Other Decreases** | | | | | |
| Program and General Expenses | | | | | |
| Program - Lending and Community Investing | 6,789,512 | - | - | - | 6,789,512 |
| Program - Private Equity | 39,055 | - | - | - | 39,055 |
| Program - Sustainable Development Fund | 227,789 | - | - | - | 227,789 |
| Program - Policy Solutions | 1,418,560 | - | - | - | 1,418,560 |
| Program - PolicyMap | 3,220,617 | - | - | - | 3,220,617 |
| Program - Development Partners | 7,509,567 | 857,829 | - | - | 8,367,396 |
| Management and general | 4,184,015 | - | - | - | 4,184,015 |
| Total Program and General Expenses | 23,389,115 | 857,829 | - | - | 24,246,944 |
| Other Decreases (Increases) | | | | | |
| Charges related to revolving loan fund | - | - | - | 78,953 | 78,953 |
| Redesignation of restrictions | (315,726) | - | - | 315,726 | - |
| Total Other Decreases (Increases) | (315,726) | - | - | 394,679 | 78,953 |
| Total Expenses and Other Decreases | 23,073,389 | 857,829 | - | 394,679 | 24,325,897 |
| **Change in net assets - before partners' contributions** | 7,456,147 | (861,754) | 3,845,925 | (392,679) | 10,047,639 |
| **Partners' contributions, net** | - | 1,909,033 | - | - | 1,909,033 |
| **Total change in net assets** | 7,456,147 | 1,047,279 | 3,845,925 | (392,679) | 11,956,672 |
| **Net assets, beginning** | 40,685,709 | 3,710,815 | 43,947,099 | 49,084,737 | 137,428,360 |
| **Net assets, ending** | $ 48,141,856 | $ 4,758,094 | $ 47,793,024 | $ 48,692,058 | $ 149,385,032 |
| **Total change in unrestricted net assets** | | | | | $ 8,503,426 |

*See Notes to Consolidated Financial Statements.*

**Reinvestment Fund, Inc. and Affiliates**

**Consolidated Statements of Cash Flows**
**For the Years Ended December 31, 2015 and 2014**

| | 2015 | 2014 |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Change in net assets before partners' contributions | $ (359,860) | $ 10,047,639 |
| Adjustments to reconcile change in net assets before partners' contributions to net cash provided by operating activities: | | |
| Provision for loan and lease losses | 2,528,586 | 2,198,184 |
| Net charges related to revolving loan fund | (33,638) | 78,953 |
| Prepayment incentive | - | 75,566 |
| Depreciation and amortization | 2,268,332 | 2,087,061 |
| Deferred origination fees, net | 528,253 | (235,386) |
| Investment losses in marketable securities, net | 181,316 | 423,059 |
| Non-cash grant support | - | (500,000) |
| (Cancellation) reversal of cancellation of debt | (198,000) | 520,212 |
| Investment loss in equity method investments | 17,953 | 165,153 |
| Gain on transfer of limited liability company | (49,314) | (2,638,671) |
| Decrease (increase) in: | | |
| Grants and contributions receivable | 8,440,940 | 4,626,265 |
| Restricted cash, cash equivalents and certificate of deposit | (791,775) | 9,539,134 |
| Property held for development or sale | 4,307,713 | 2,863,994 |
| Other assets | (3,041,148) | 345,201 |
| Increase (decrease) in: | | |
| Accounts payable and accrued expenses | 459,300 | 36,868 |
| Escrow payable and due to third parties | (1,541,632) | (4,327,517) |
| Deferred revenue | 446,644 | (902,370) |
| Other liabilities | (49,241) | 205,123 |
| Recoverable grant payable | 423,964 | 1,000,000 |
| **Net cash provided by operating activities** | 13,538,393 | 25,608,468 |
| **Cash Flows from Investing Activities** | | |
| Purchases of marketable securities | (47,808,201) | (51,477,738) |
| Proceeds from sale of marketable securities | 49,280,075 | 42,984,376 |
| Proceeds from transfer of limited liability company | 33,256 | 2,482,035 |
| Purchases of limited partnerships | (197,618) | (109,010) |
| Distributions from equity method investments | 2,019 | 18,689 |
| Cash disbursements on loans receivable | (138,373,584) | (92,391,404) |
| Cash receipts on loans receivable | 76,523,860 | 51,577,405 |
| Principal payments received under leases | 107,875 | 199,890 |
| Increase in rental property | (5,907,226) | (6,536,993) |
| Additions of equipment, leasehold improvements and software development, net of disposals | (946,055) | (974,029) |
| **Net cash used in investing activities** | (67,285,599) | (54,226,779) |
| **Cash Flows from Financing Activities** | | |
| Proceeds from issuance of loans payable | 78,777,803 | 54,274,251 |
| Principal payments on loans payable | (38,982,524) | (25,520,095) |
| Proceeds from due to third parties | 7,722,000 | - |
| Reinvested interest on investors payable | 106,024 | 104,814 |
| Assignment of debt to homebuyers | (20,000) | (402,712) |
| Cash contributions from non-controlling interest | 1,902,163 | 1,909,033 |
| **Net cash provided by financing activities** | 49,505,466 | 30,365,291 |
| **Net (decrease) increase in cash and cash equivalents** | (4,241,740) | 1,746,980 |
| **Cash and cash equivalents, beginning** | 17,449,525 | 15,702,545 |
| **Cash and cash equivalents, ending** | $ 13,207,785 | $ 17,449,525 |

(Continued)

*See Notes to Consolidated Financial Statements.*

**Reinvestment Fund, Inc. and Affiliates**

**Consolidated Statements of Cash Flows (Continued)**
**For the Years Ended December 31, 2015 and 2014**

| | 2015 | 2014 |
|---|---|---|
| **Supplemental Disclosure of Cash Flow Information:** | | |
| Cash paid for interest | $ 5,834,677 | $ 4,724,275 |
| **Supplemental Schedule of Non-Cash Investing and Financing Activities:** | | |
| (Cancellation) reversal of cancellation of debt | $ 198,000 | $ (520,212) |
| Conversion of loans payable into grant support | $ - | $ 2,579,331 |
| Conversion of interest and fees receivable into loans receivable | $ 1,147,744 | $ 699,684 |
| Loan charge-off to escrow payable and due to third parties | $ - | $ 58,872 |
| Non-cash assets received from transfer of limited liability company | | |
| Accounts receivable | $ 16,065 | $ 156,636 |

*See Notes to Consolidated Financial Statements.*

## Note 1. Summary of Significant Accounting Policies

Description of Organization and Activities:

Founded in 1985, Reinvestment Fund, Inc. ("Reinvestment Fund") is a Community Development Financial Institution ("CDFI"). A CDFI is a mission-driven financial institution dedicated to expanding economic opportunity in low-income communities through responsible, affordable lending. Reinvestment Fund's mission is to build wealth and opportunity for low-wealth people and places through the promotion of socially and environmentally responsible development. Reinvestment Fund and Affiliates, listed below, (collectively the "Organization") are affiliated organizations, related by common Board members and management, operating as a unified organization with focused vision, strategy, and management systems. The Organization's principal sources of revenue and support are interest income and loan fees earned from its investing and lending activities, grants and contributions, and program services and fees.

A description of each affiliated entity and its operations is summarized below.

*Reinvestment Fund, Inc.:* Reinvestment Fund is a Pennsylvania not-for-profit entity exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). In pursuit of its mission, Reinvestment Fund finances housing; community facilities such as schools and community health centers; healthy food access; commercial real estate; business development and sustainable energy projects using loan, equity and other financing tools. It supports its financing with a strong research and policy analysis capacity that has become a highly regarded source of unbiased information for public officials and private investors. Most of Reinvestment Fund's financing programs extend throughout the mid-Atlantic region. Nationally, Reinvestment Fund's public policy expertise helps clients create actionable solutions and Reinvestment Fund's online data and mapping tool, *PolicyMap.com*, provides a platform for sharing data and analysis.

*TRF Private Equity, Inc.:* TRF Private Equity, Inc. ("Private Equity") is a Pennsylvania not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

*TRF Enterprise Fund, Inc.:* TRF Enterprise Fund, Inc. ("EFI") is a Pennsylvania for-profit non-stock business corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, wholly owned by Reinvestment Fund. EFI is incorporated to enable it to achieve its charitable purpose of being a Small Business Administration ("SBA") Non-Bank Participating Lender. EFI provides urban-based entrepreneurs access to credit that they currently do not have, to increase services and job opportunities in under-served communities and to provide ownership and wealth creation opportunities, especially to minority and female entrepreneurs. In accordance with federal law, EFI is regulated by the Pennsylvania Department of Banking and Securities and is licensed to do business under the Consumer Discount Company Act.

*TRF NMTC Fund, LLC:* TRF NMTC Fund, LLC ("NMTC") is a Delaware limited liability company, wholly owned by Reinvestment Fund. NMTC was formed as a result of Reinvestment Fund receiving an allocation of New Market Tax Credits from the U.S. Department of the Treasury that obtains equity investments from investors and makes investments in Qualified Active Low-Income Community Businesses ("QALICB") as defined in the operating agreement. NMTC has one wholly owned subsidiary, TRF NMTC Fund IV, LP, a Pennsylvania limited liability company.

*TRF Development Partners, Inc.:* TRF Development Partners, Inc. ("DP") is a Pennsylvania not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code with the following subsidiaries:

| Subsidiary | Acronym | Location |
|---|---|---|
| TRF Development Partners-Baltimore, LLC and subsidiaries | ("Baltimore") | Baltimore, MD |
| TRF Development Partners-Philadelphia, LLC | ("Philly") | Philadelphia, PA |
| TRF DP Ridge Avenue, LLC | ("Ridge") | Neptune, NJ |
| TRF DP Scotland Commons, Inc. | ("Scotland Commons") | Williamstown, NJ |
| TRF DP Buford Manlove Manor, LLC and subsidiaries | ("Manlove Manor") | Wilmington, DE |
| TRF DP-Jackson Green, LLC | ("Jackson Green") | Jersey City, NJ |
| East Baltimore Managing Member, Inc. and subsidiary | ("EBMM") | Baltimore, MD |
| East Baltimore Master Tenant Inc. and subsidiary | ("EBMT") | Baltimore, MD |
| East Baltimore Managing Member II, Inc. and subsidiary | ("EBMMII") | Baltimore, MD |
| East Baltimore Master Tenant Manager II, Inc. and subsidiary | ("EBMTII") | Baltimore, MD |
| TRFDP Mount Holly Urban Renewal, LLC | ("Mount Holly") | Mount Holly, NJ |

**Note 1. Summary of Significant Accounting Policies (Continued)**

Description of Organization and Activities (Continued):

*TRF Development Partners, Inc. (Continued):* DP together with its wholly owned Subsidiaries (collectively "Development Partners") uses Reinvestment Fund's data resources and development plans to help it assemble land and participate in real estate transactions (rental and for-sale housing) in designated communities, concentrating in areas where it has a compelling mission interest.

*TRF Education Funding, LLC:* TRF Education Funding, LLC ("Education Funding") is a Delaware limited liability company, wholly owned by Reinvestment Fund. Education Funding was formed to manage Reinvestment Fund's investment in the Charter School Financing Partnership, LLC ("CSFP"). CSFP was formed to facilitate, encourage and assist in the financing of charter school facilities.

*Reinvestment I, LLC, Reinvestment II, LLC, Reinvestment III, LLC and Reinvestment IV, LLC:* Reinvestment I, LLC ("Reinvest I"), Reinvestment II, LLC ("Reinvest II"), Reinvestment III, LLC ("Reinvest III") and Reinvestment IV, LLC ("Reinvest IV") are Pennsylvania limited liability companies, each wholly owned by Reinvestment Fund. These entities were formed to acquire and manage distressed real estate acquired through foreclosure or deed in lieu of foreclosure and to prepare properties for sale. These entities are inactive and hold no other real estate held for sale ("OREO").

*TRF Fund Manager, LLC:* TRF Fund Manager, LLC ("Fund Manager") is a Delaware limited liability company, wholly owned by Reinvestment Fund. Fund Manager was formed to act as a non-member manager for the Chase NMTC TRF Charter School Investment Fund, LLC, a non-Reinvestment Fund entity, and a (.01%) member manager of Chase NMTC TRF 2011 Investment Fund, LLC, Chase NMTC PHN Investment Fund, LLC and 481 Philabundance Investment Fund, LLC.

*TC-TRF QEI, LLC:* TC-TRF QEI, LLC ("TC-TRF") is a Delaware limited liability company wholly owned by Reinvestment Fund. TC-TRF was formed as the limited partner of TRF NMTC Fund IV, LP ("Fund IV").

The Organization has five major programs, two of which make up the Organization's financing programs, two providing public information and analysis, and one developing real estate for rent or sale:

1) *Lending and Community Investing:* Encompasses the Organization's financing of homes, schools, healthy food retail and other projects that benefit low-wealth people and places and is the core lending function of the Organization.

2) *Sustainable Development Fund ("SDF"):* Represents an energy-related fund that uses loans, investments and grants to augment the Organization's existing energy conservation and community investing efforts. SDF was created by the parties to the PECO Energy Company ("PECO Energy") restructuring and approved by the Pennsylvania Public Utility Commission ("PUC") in May 1998 (Note 16).

3) *Policy Solutions:* Conducts policy, data analysis and social impact analyses that advance Reinvestment Fund's mission and effect system change, on behalf of Reinvestment Fund as well as public and philanthropic clients.

4) *PolicyMap:* Provides an online data analysis and mapping tool that provides broad access to data, reports and analytics useful for social investment strategies.

5) *Development Partners:* Participates in real estate transactions (rental and for-sale housing) to create opportunity for disadvantaged families by directing capital into distressed urban neighborhoods in a way that encourages additional private investment and reconnects the places and people it serves to a broader and more dynamic socioeconomic system.

Principles of Consolidation: Accounting guidance on reporting of related entities requires not-for-profit organizations with a controlling and economic interest in other organizations to consolidate those other organizations. Accordingly, the consolidated financial statements include the accounts of Private Equity, EFI, NMTC, DP, Education Funding, Reinvest I, Reinvest II, Reinvest III, Reinvest IV, Fund Manager and TC-TRF. All significant intra-organization accounts and transactions have been eliminated in consolidation.

Various affiliated companies (Note 8) do not meet the criteria requiring consolidation and are therefore not included in the consolidated financial statements.

**Note 1. Summary of Significant Accounting Policies (Continued)**

Non-Controlling Interest in Consolidating Subsidiaries: Non-controlling interest represents the equity interests in consolidated subsidiaries, exclusive of any Reinvestment Fund interests. At December 31, 2015 and 2014, the non-controlling interests relate to Duncan Square, LLC (a subsidiary of TRF Development Partners-Baltimore, LLC), Buford Manlove Members, LLC (a subsidiary of TRF DP Buford Manlove Manor, LLC), East Baltimore Historic I, LLC (a subsidiary of East Baltimore Managing Member, Inc.) and East Baltimore Historic II, LLC (a subsidiary of East Baltimore Managing Member II, Inc.).

Use of Estimates: The preparation of financial statements 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 revenue and support and expenses during the reporting period. Actual results could differ from those estimates.

Cash, Cash Equivalents and Certificate of Deposit: The Organization considers all highly liquid instruments purchased with an original maturity date of three months or less to be cash equivalents. The Organization holds a certificate of deposit with an original maturity date of one year or less. Cash, cash equivalents and certificate of deposit for purposes of the consolidated statement of cash flows excludes restricted cash.

Restricted Cash, Cash Equivalents and Certificate of Deposit: Restricted cash, cash equivalents and a certificate of deposit includes cash and cash equivalents held in escrow, cash received from certain lenders and grantors, cash held in a certificate of deposit and cash pledged to a bank. The use of such amounts is restricted by the related underlying loan or grant agreements.

The escrow cash accounts include reserve accounts held for borrowers and intended for specific purposes. In the event of a cash flow shortfall, the operating reserve is designated for operating expenses of the project and the debt reserve is designated for principal payments. Interest reserves are designated for monthly interest payments on specific loans. Repair and replacement reserves are designated for capital improvements.

Valuation of Investments in Marketable Securities: The Organization determines the fair value of each investment at the consolidated statement of financial position date. The fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts and fair value measurements are separately disclosed by level within the fair value hierarchy.

Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Organization's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

The fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions. In accordance with this guidance, the Organization groups its assets and liabilities carried at fair value in three levels as follows:

Level 1 Inputs:

1) Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 Inputs:

1) Quoted prices for similar assets or liabilities in active markets.
2) Quoted prices for identical or similar assets or liabilities in markets that are not active.
3) Inputs other than quoted prices that are observable, either directly or indirectly, for the term of the asset or liability (e.g., interest rates, yield curves, credit risks, prepayment speeds or volatilities) or “market corroborated inputs.”

**Note 1. Summary of Significant Accounting Policies (Continued)**

Valuation of Investments in Marketable Securities and Private Equity Investments (Continued):

Level 3 Inputs:

1) Prices or valuation techniques that require inputs that are both unobservable (i.e. supported by little or no market activity) and that are significant to the fair value of the assets or liabilities.
2) These assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

*Investments in Marketable Securities:* Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated statement of financial position. Any unrealized gains or losses are reported in the consolidated statement of activities as a change in unrestricted net assets, unless explicit donor intent or law restricts their use. Accordingly, investments are recorded at fair value and are classified as Level 1, 2, or 3 (Note 20).

Loans and Leases Receivable:

*Loans:* Loans receivable are stated at the principal amount outstanding, net of deferred loan fees and allowance for losses. Interest income on loans is accrued on the principal outstanding at the loans' stated interest rate unless the loan is in default, then the default rate may apply. Loan origination fees, net of direct origination costs are deferred and amortized using the effective interest method over the respective lives of the related loans and are recorded as an adjustment to loan fee revenue.

*Leases:* All of the Organization's leases are classified and accounted for as direct financing leases. Under the direct financing method of accounting for leases, the total lease payments receivable under the lease contracts and the estimated unguaranteed residual value of the leased equipment, net of unearned income, and an allowance for lease losses, are recorded as a net investment in direct financing leases and the unearned income is recognized each month as it is earned so as to provide a constant periodic rate of return on the unrecovered investment.

*Non-Accrual of Loans and Leases:* Loans are considered past due if the required principal and interest payments have not been received 30 days from the date such payments were due. The Organization generally places a loan on non-accrual status when interest or principal is past due 90 days or more. If it otherwise appears doubtful that the loan will be repaid, management may place the loan on nonaccrual status before the lapse of 90 days. Interest on loans past due 90 days or more ceases to accrue except for loans that are in the process of collection. When a loan is placed on nonaccrual status, previously accrued and unpaid interest is reversed out of income. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for Loan and Lease Losses: The allowance for loan and lease losses is a valuation reserve that management believes will be adequate to absorb possible losses on existing loans and leases that may become uncollectible. It is established through a provision for loan and lease losses charged to expense. In addition, loans and leases deemed to be uncollectible are charged against the allowance. Subsequent recoveries, if any, are credited to the allowance. The allowance is based upon management's periodic review of the collectability of loans and is maintained at a level believed adequate by management to absorb estimated potential losses after considering changes in internal and external factors, past loss experience, the nature and volume of the portfolio and current economic conditions. However, the allowance is an estimate that could change if there are significant changes in the portfolio and/or economic conditions.

The allowance consists of specific and general components. The specific component relates to loans that are classified impaired. For such loans, an allowance is established when the discounted cash flows (or collateral value for collateral dependent loans or observable market price) of the impaired loan is lower than the carrying value (less cost of disposal) of that loan. The general component covers loans not deemed impaired and is based on historical loss experience adjusted for qualitative factors. These include internal factors such as trends in policies, underwriting standards, lien position, bullet maturities, charge-offs, non-accruals and credit management processes, as well as external factors such as national and local economic conditions and industry trends. Any unallocated component of the allowance is minimal and reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and general losses in the portfolio.

**Note 1. Summary of Significant Accounting Policies (Continued)**

A loan or lease is considered impaired when, based on current information and events, it is probable that the Organization will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the original loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan or lease and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is generally measured on a case by case basis using the fair value of the collateral, if the loan is collateral dependent, the present value of expected future cash flows discounted at the loans effective interest rate or the loan's observable market price.

Loans where the borrower is in financial difficulty and where the Organization has made a concession that it would not otherwise consider, are deemed troubled debt restructurings ("TDRs") and included in impaired loans. Impairment on TDRs is measured by the present value of expected future cash flows under the restructuring agreement.

<u>Equity Method and Program Investments</u>: Equity method investments are accounted for under the equity method of accounting under which the Organization's share of net income or loss is recognized in the consolidated statement of activities and added or subtracted from the investment account, and distributions received are treated as a reduction of the investment account. Program investments are recorded at estimated fair value since no public market exists for the investments (Level 3). Fair value is determined in good faith by the management of the Organization by taking into consideration the cost of the securities, prices of recent significant placements of securities by the same issuer, subsequent developments concerning the companies to which the securities relate, any financial data and projections of such companies provided to management, and such other factors as management may deem relevant.

<u>Equipment, Leasehold Improvements and Software</u>: Equipment, leasehold improvements and software consists of furniture and equipment, leasehold improvements and software development costs that are stated at cost and depreciated using the straight-line method over the estimated lives of the related assets, which range from three to fifteen years. Leasehold improvements are stated at cost and depreciated using the straight-line method over the shorter of the useful life or expected lease term. Software development costs are stated at cost and amortized using the straight-line method over the estimated useful life. Application development costs incurred to develop internal use software are capitalized and amortized over the expected useful life of the software application. Activities that are considered application development include design of software configuration and interfaces, coding, installation of hardware, and testing. All other expenses incurred to develop internal use software are expensed as incurred. The Organization capitalizes fixed assets with a cost greater than $1,000 and useful life greater than one year.

<u>Property Held for Development or Sale</u>: Property held for development or sale is stated at cost or estimated net realizable value, whichever is lower. Cost includes land, land approval and improvement costs, direct construction costs, construction overhead costs and other indirect costs of development and construction. Housing construction and related costs are charged to cost of housing sales generally under the specific identification method. The Organization capitalizes house costs during construction phase through (approximately) 45 days after the issuance of a Certificate of Occupancy. After that time, costs greater than $1,000 and a useful life of greater than one year are capitalized.

<u>Rental Property</u>: Rental property is stated at cost. Costs to complete construction of units (construction in progress) are included in property held for development or sale. Once completed, these costs are reclassified from property held for development or sale to rental property and are depreciated using the straight-line method over 26.5 years. As of December 31, 2015 and 2014, respectively, 168 and 132 units were included in rental property. The Organization capitalizes improvements with a cost greater than $1,000 and a useful life of greater than one year.

<u>Other Assets</u>: Other assets include accounts due from third parties, including tenant receivables; interest receivable; prepaid expenses; and development rights and investment in the Federal Home Loan Bank of Pittsburgh (the "FHLB").

In 2014, Reinvestment Fund was granted membership to the FHLB. As a member of the FHLB, Reinvestment Fund is required to maintain an investment in capital stock of the FHLB. FHLB Stock does not have a readily determinable value as ownership is restricted and there is no ready market for this stock. As a result, this investment is carried at cost and evaluated periodically by management for impairment. At December 31, 2015 and 2014, the investment was $457,500 and $98,100, respectively. Management reviews for impairment based on the ultimate recoverability of the cost basis of the FHLB stock. No impairment was noted as of December 31, 2015 and 2014.

**Note 1. Summary of Significant Accounting Policies (Continued)**

Deferred Revenue: Deferred revenue consists of amounts received in advance for fees, contracted services and licenses. Amounts will be recognized when such services are provided or over the applicable period in a rational and consistent manner.

Other Liabilities: Other liabilities include interest payable and accrued lease incentive.

Transfers of Financial Assets: Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Organization, (2) the transferee obtains the right to pledge or exchange the transferred assets and no condition both constrains the transferee from taking advantage of that right and provides more than a trivial benefit for the transferor, and (3) the transferor does not maintain effective control over the transferred assets through either (a) an agreement that both entitles and obligates the transferor to repurchase or redeem the assets before maturity or (b) the ability to unilaterally cause the holder to return specific assets, other than through a cleanup call.

Contributions: The Organization accounts for contributions as unrestricted, temporarily restricted, or permanently restricted depending on the existence or nature of any donor restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction.

When the donor restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

Contributions receivable, which represent unconditional promises to give, are recognized as revenue in the period awarded and as assets, decreases of liabilities or decreases of expenses depending on the form of the benefits received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected over periods in excess of one year are recorded at the net present value of the estimated cash flows beyond one year using a risk-free rate of return appropriate for the expected term of the promise to give.

Conditional promises to give, which depend on the occurrence of a specified future and uncertain event to bind the promisor, are recorded when the conditions on which they depend are substantially met.

Other Income: Other income primarily represents consulting fee income, solar energy credits and accretion of grant income related to DP.

Functional Expense Allocation: The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes: The Organization is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for charitable contribution deductions and has been classified as an organization that is not a private foundation. Income which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. The Organization had no net unrelated business income tax for the years ended December 31, 2015 and 2014.

Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Consequently, no accrual for interest and penalties was deemed necessary for the years ended December 31, 2015 and 2014. The Organization files income tax returns in the U.S. federal jurisdiction. Generally, the Organization is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2012.

**Note 1. Summary of Significant Accounting Policies (Continued)**

Recent Accounting Pronouncements: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB voted to delay the effective date of the proposed standard (ASU 2015-14, *Revenue from Contracts with Customers*, Deferral of the Effective Date). The updated standard will be effective for annual reporting periods beginning after December 15, 2018. The impact of adopting ASU on the Organization’s financial statements for subsequent periods has not yet been determined.

In April 2015, the FASB issued ASU 2015-03, *Interest-Imputation of Interest*. ASU 2015-03 provides guidance which will alter the way debt issuance costs are recorded. This update will require the debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct reduction from the carrying amount of that debt liability, and no longer recording these costs as assets. The ASU is effective for annual reporting periods beginning after December 15, 2015. The impact of adopting ASU on the Organization’s financial statements for subsequent periods has not yet been determined.

In January 2016, FASB issued ASU 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities.* ASU 2016-01 includes a number of amendments that address certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The amendments in this Update are effective for the Organization for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. One of the amendments eliminates the requirement to disclose the fair value of financial instruments measured at amortized cost for entities that are not public business entities. The Organization has elected to early adopt the amendment that no longer requires disclosure of the fair value of financial instruments that are not measured at fair value, as described above effective January 1, 2015. The Organization has not yet determined the effect on the financial statements of adopting the other amendments included in ASU 2016-01.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842) which supersedes FASB ASC Topic 840, *Leases* (Topic 840) and provides principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than twelve months regardless of classification. Leases with a term of twelve months or less will be accounted for similar to existing guidance for operating leases. Lessor accounting is mostly unchanged from the current model, but updated to align with certain changes to the lessee accounting model and the new revenue recognition standard. The ASU is effective for annual reporting periods beginning after December 15, 2019, with early adoption permitted. The impact of adopting ASU on the Organization’s financial statements for subsequent periods has not yet been determined.

Reclassifications: Certain amounts in the 2014 financial statements have been reclassified to conform to the 2015 presentation.

**Note 2. Restricted Cash, Cash Equivalents and Certificate of Deposit**

Restricted cash, cash equivalents, and certificate of deposit at December 31 consisted of the following:

| | 2015 | 2014 |
|---|---|---|
| Fresh Food Financing Initiative ("FFFI") | $ 2,911,482 | $ 2,021,519 |
| Escrow payable and due to third parties | 9,636,461 | 12,843,803 |
| Pennsylvania Green Energy Loan Fund ("GELF") | 63,543 | 292,482 |
| SDF programs | 288,741 | 947,334 |
| United States Department of Education ("US ED") funds for charter school lending programs | 4,760,453 | 1,961,246 |
| Charter School Loan Fund for credit enhancements | 2,181,859 | 2,178,946 |
| Greenworks energy loan fund | 528,091 | 523,974 |
| EnergyWorks loan fund | 3,223,714 | 4,145,195 |
| Capital Magnet Fund | 3,294,134 | 1,800,022 |
| Pennsylvania State Energy Program ("SEP") | 18,983 | - |
| CDFI-Bond Guarantee Program ("Bond Program") | 688,929 | - |
| PA Opportunity Initiative | - | 90,094 |
| | $ 27,596,390 | $ 26,804,615 |

### Note 3. Investments in Marketable Securities

Investments at December 31 consisted of the following:

| | 2015 | 2014 |
|---|---|---|
| Investments in marketable securities: | | |
| Debt and Mortgage-backed securities: | | |
| Federal Home Loan Bank | $ 124,755 | $ 1,314,344 |
| Federal Home Loan Mortgage Company | 3,965,002 | 961,539 |
| Federal National Mortgage Association | 10,207,008 | 15,138,280 |
| U.S. Treasury Notes and Bills | 12,782,184 | 8,402,113 |
| Corporate debt securities | 14,782,609 | 17,698,472 |
| | $ 41,861,558 | $ 43,514,748 |
| Included in the above are: | | |
| Investments in marketable securities restricted as to use: | | |
| US ED funds for charter school lending programs | $ 13,733,065 | $ 16,532,462 |
| SDF programs | 7,626,477 | 7,921,435 |
| GELF | 829,806 | 750,000 |
| SEP | 1,365,255 | - |
| | $ 23,554,603 | $ 25,203,897 |

Investment net losses of $181,316 and $423,058 were included on the consolidated statement of activities under the investments captions for the years ended December 31, 2015 and 2014, respectively.

Expenses relating to investment income, including custodial and advisory fees amounted to $75,656 and $60,222 for the years ended December 31, 2015 and 2014, respectively. These expenses have been netted against interest income from marketable securities in the consolidated statement of activities.

### Note 4. Grants and Contributions Receivable

Grants and contributions receivable at December 31 consisted of the following:

| | 2015 | 2014 |
|---|---|---|
| Programs | | |
| PolicyMap | $ - | $ 27,138 |
| Policy Solutions | 50,000 | 181,362 |
| Lending | 778,865 | 1,347,451 |
| | 828,865 | 1,555,951 |
| Financing | | |
| Lending | - | 5,000,000 |
| Re-granting | | |
| Lending | - | 2,713,854 |
| | $ 828,865 | $ 9,269,805 |

At December 31, 2015 and 2014, grants and contributions receivable totaling $828,865 and $9,196,805, respectively, were due within one year and $0 and $73,000, respectively, were due within one to five years. All grants and contributions receivable are unsecured.

### Note 4. Grants and Contributions Receivable (Continued)

At December 31, 2014, grants and contributions receivable included $5,000,000 from the Community Development Financial Institutions Fund (“CDFI Fund”). Authorized uses of these funds are for financial assistance in the amount of $2,000,000 and $3,000,000 committed to Healthy Food Financing Initiative (“HFFI”). These amounts are included in Financing-Lending in the table above.

### Note 5. Concentration of Credit Risk

The Organization maintains cash in various financial institutions with insurance provided by the Federal Deposit Insurance Corporation (“FDIC”) up to $250,000. At times during the years ended December 31, 2015 and 2014, the Organization had cash balances in excess of the FDIC limits. At December 31, 2015 and 2014, the cash balances in excess of FDIC limits approximated $32,773,000 and $35,067,000, respectively. At December 31, 2015 and 2014, total cash equivalents include short-term money market funds of approximately $4,270,000 and $1,503,000, respectively, which are separately collateralized by securities held by the financial institution. All other cash equivalents represent short-term government holdings.

At December 31, 2015, at least 96% of the Organization’s loans receivable were due from borrowers within the mid-Atlantic region. Additionally, at December 31, 2015, the Organization’s portfolio of education, commercial enterprise and food commerce loans constituted 31%, 24%, and 23% of total loans outstanding, respectively. As such, the ability of the Organization’s borrowers to honor their contracts is dependent upon the viability of the commercial real estate sectors, healthy food retailers and charter schools in the mid-Atlantic region.

### Note 6. Loans and Leases Receivable

Loans and leases receivable at December 31 consisted of the following:

| | 2015 | 2014 |
|---|---|---|
| Education | $ 92,690,548 | $ 80,469,680 |
| Food commerce | 69,420,919 | 49,023,482 |
| Commercial enterprise | 71,740,412 | 39,792,270 |
| Healthcare | 21,498,188 | 23,004,752 |
| Housing | 20,608,263 | 28,813,782 |
| Community resources | 19,756,819 | 12,211,047 |
| | 295,715,149 | 233,315,013 |
| Allowance for loan and lease losses | (16,066,015) | (13,532,271) |
| | $ 279,649,134 | $ 219,782,742 |

<u>Education</u>: Education loans include loans to organizations to purchase, build, improve, operate or provide operating space for accredited schools or preschools. Includes loans to fund public and private K-12 schools, infant care and preschool programming, colleges and universities, and adult education facilities and programs. The loans are underwritten with first or second liens on available real estate (as applicable) or blanket liens on all of the borrower’s assets as collateral and loan-to-value ratios of less than 100% of the lesser of cost or appraised value at stabilization. Most loans are originated at a loan-to-value ratio of less than 90%.

<u>Food Commerce</u>: Healthy food retail loans include loans for supermarkets or grocery stores in underserved areas, as well as other mixed-use real estate borrowers. Loans include all forms of financing used to purchase, build, improve, equip, stock, otherwise operate or provide the operating space for a business directly involved in the production, preparation, wholesale distribution or retail sale of grocery foods. This includes grocery stores, farmers markets and produce stands and also includes equipment and facilities for food distributors and producers. The loans are underwritten with liens on all business assets including inventory and loan-to-value ratios of less than 100% of cost at stabilization. Most loans are originated at a loan-to-value ratio of less than 90%.

**Note 6. Loans and Leases Receivable (Continued)**

Commercial Enterprise: Commercial enterprise loans include loans for non-residential real estate, with an emphasis on borrowers that provide amenities to low income communities. Loans include all forms of financing used to purchase, build, improve, operate or provide operating space for privately held, revenue-driven enterprises. The loans are underwritten with first or second liens on available real estate (as applicable) and loan-to-value ratios of less than 100% of the lesser of cost or appraised value at stabilization. Most loans are originated at a loan-to-value ratio of less than 90%.

Healthcare: Loans to community health centers with a focus on Federally Qualified Health Centers that serve medically underserved areas or population. Loans include all forms of financing used to purchase, build, improve or otherwise operate a business dedicated to health services staffed by medical professionals and/or paraprofessionals. This includes financing for public and private primary and advanced care facilities, behavioral and dental health care facilities, addiction and recovery services, medical equipment and wellness services including nutrition. The loans are underwritten with first or second liens on available real estate (as applicable) and all of the borrower's assets, including the assignment of grants receivable, and loan-to-value ratios of less than 90% at stabilization.

Housing: Housing loans finance a diverse group of borrowers including nonprofit community-based organizations, nonprofit and for-profit developers, and special needs housing providers through predevelopment, acquisition, construction and term lending. Loans include forms of financing used to purchase, build, improve or operate single-family or multi-unit homes in neighborhoods where quality affordable housing is in short supply. Most loans are underwritten with first mortgage liens as collateral (as applicable) and loan-to-value ratios of less than 100% of the lesser of cost or appraised value at stabilization. Most loans are originated at a loan-to-value ratio of less than 90%.

Community Resources: Community resource loans include loans to mission-driven organizations to provide public services to low income communities. This includes businesses with a stated public service mission such as arts and cultural organizations, religious and civic organizations, social service and training organizations, museums and libraries, and food banks. The loans are underwritten with first or second liens on available real estate (as applicable) or blanket liens on all of the borrower's assets as collateral and loan-to-value ratios of less than 100% of the lesser of cost or appraised value at stabilization. Most loans are originated at a loan-to-value ratio of less than 90%.

Outstanding loans, other than pre-development loans, have annual interest rates ranging from 1% to 8.75%. At December 31, 2015, approximately 6% of these loans receivable have variable interest rates which are indexed to the Wall Street Journal Prime ("Prime") rate and/or London Interbank Offered Rate ("LIBOR"). The remaining loans have a fixed rate. Loans and leases receivable have various maturities through 2044.

### Note 6. Loans and Leases Receivable (Continued)

An age analysis of past due loans segregated by class as of December 31 is as follows:

| 2015 | | | | | | |
|---|---|---|---|---|---|---|
| | Accruing | | | | | |
| (in 000's) | Loans 31-90 Days Past Due | Loans 91+ Days Past Due | Non-Accrual Loans (Current and Past due) | Total Past Due and Non-Accrual Loans | Current Loans | Total Loans |
| Education: | | | | | | |
| Commercial Mortgages | $ 4 | $ - | $ - | $ 4 | $ 76,883 | $ 76,887 |
| Construction, Pre-development and Acquisition | - | - | 306 | 306 | 15,498 | 15,804 |
| Total Education loans | 4 | - | 306 | 310 | 92,381 | 92,691 |
| Food Commerce: | | | | | | |
| Commercial Mortgages | - | - | 418 | 418 | 49,246 | 49,664 |
| Construction, Pre-development and Acquisition | - | - | - | - | 19,757 | 19,757 |
| Total Food Commerce loans | - | - | 418 | 418 | 69,003 | 69,421 |
| Commercial Enterprise: | | | | | | |
| Commercial Mortgages | - | - | - | - | 54,840 | 54,840 |
| Construction, Pre-development and Acquisition | - | - | - | - | 16,900 | 16,900 |
| Total Commercial Enterprise loans | - | - | - | - | 71,740 | 71,740 |
| Healthcare: | | | | | | |
| Commercial Mortgages | - | - | - | - | 21,381 | 21,381 |
| Construction, Pre-development and Acquisition | - | - | - | - | 117 | 117 |
| Total Healthcare loans | - | - | - | - | 21,498 | 21,498 |
| Housing: | | | | | | |
| Commercial Mortgages | 26 | - | - | 26 | 13,295 | 13,321 |
| Construction, Pre-development and Acquisition | - | - | 2,761 | 2,761 | 4,526 | 7,287 |
| Total Housing loans | 26 | - | 2,761 | 2,787 | 17,821 | 20,608 |
| Community Resources: | | | | | | |
| Commercial Mortgages | - | - | - | - | 13,339 | 13,339 |
| Construction, Pre-development and Acquisition | - | - | - | - | 6,418 | 6,418 |
| Total Community Resources loans | - | - | - | - | 19,757 | 19,757 |
| **Total loans** | $ 30 | $ - | $ 3,485 | $ 3,515 | $ 292,200 | $ 295,715 |

### Note 6. Loans and Leases Receivable (Continued)

| 2014 | | | | | | |
|---|---|---|---|---|---|---|
| | Accruing | | | | | |
| (in 000's) | Loans 31-90 Days Past Due | Loans 91+ Days Past Due | Non-Accrual Loans (Current and Past due) | Total Past Due and Non-Accrual Loans | Current Loans | Total Loans |
| Education: | | | | | | |
| Commercial Mortgages | $ - | $ - | $ - | $ - | $ 68,554 | $ 68,554 |
| Construction, Pre-development and Acquisition | - | - | - | - | 11,916 | 11,916 |
| Total Education loans | - | - | - | - | 80,470 | 80,470 |
| Food Commerce: | | | | | | |
| Commercial Mortgages | - | - | - | - | 45,437 | 45,437 |
| Construction, Pre-development and Acquisition | - | - | - | - | 3,586 | 3,586 |
| Total Food Commerce loans | - | - | - | - | 49,023 | 49,023 |
| Commercial Enterprise: | | | | | | |
| Commercial Mortgages | 1,000 | - | - | 1,000 | 24,627 | 25,627 |
| Construction, Pre-development and Acquisition | - | - | - | - | 14,165 | 14,165 |
| Total Commercial Enterprise loans | 1,000 | - | - | 1,000 | 38,792 | 39,792 |
| Healthcare: | | | | | | |
| Commercial Mortgages | - | - | - | - | 20,147 | 20,147 |
| Construction, Pre-development and Acquisition | - | - | - | - | 2,858 | 2,858 |
| Total Healthcare loans | - | - | - | - | 23,005 | 23,005 |
| Housing: | | | | | | |
| Commercial Mortgages | 26 | - | 755 | 781 | 16,791 | 17,572 |
| Construction, Pre-development and Acquisition | - | - | 3,663 | 3,663 | 7,579 | 11,242 |
| Total Housing loans | 26 | - | 4,418 | 4,444 | 24,370 | 28,814 |
| Community Resources: | | | | | | |
| Commercial Mortgages | - | - | - | - | 11,107 | 11,107 |
| Construction, Pre-development and Acquisition | - | - | - | - | 1,104 | 1,104 |
| Total Community Resources loans | - | - | - | - | 12,211 | 12,211 |
| **Total loans** | $ 1,026 | $ - | $ 4,418 | $ 5,444 | $ 227,871 | $ 233,315 |

Loan Origination/Risk Management: The Organization has lending policies and procedures in place to maximize loan income within an acceptable level of risk. Management reviews and approves these policies and procedures on a regular basis, and also provides ongoing assessment and guidance to lenders regarding acceptable risk tolerances. As an example, while lending policies permit loan to value ratios of up to 100%, the Organization is currently originating loans with loan to value ratios of 75% to 90% given ongoing concerns about real estate values. A reporting system supplements the review process by providing management with periodic reports related to loan origination, asset quality, concentrations of credit, loan delinquencies and non-performing and emerging problem loans. Diversification in the portfolio is a means of managing risk with fluctuations in economic conditions.

**Note 6. Loans and Leases Receivable (Continued)**

Credit Quality Indicators: For commercial loans, management uses internally assigned risk ratings as the best indicator of credit quality. Each loan's internal risk weighting is assigned at origination and reviewed at least annually and may be updated more frequently if circumstances warrant a change in risk rating. The Organization uses a loan grading system that follows the Organization's accepted definitions as follows:

- Risk ratings of "Above Average" are used for loans that have committed sources of repayment or are in strong financial condition. These loans also have strong collateral coverage, with loan to value ratios of <75%. They are performing and are expected to continue to meet all of the terms and conditions set forth in the original loan documentation and are generally current on principal and interest payments.

- Risk ratings of "Satisfactory" are used for loans which may have a few unmet terms from committed repayment sources but are in satisfactory financial condition. These loans also have adequate collateral coverage of <90%. Borrowers in this classification generally exhibit a low level of credit risk and carry substantial guarantors and have strong borrowing history with the Organization.

- Risk ratings of "Below Average" are used for loans which may require a higher degree of regular, careful attention. Borrowers may be exhibiting weaker balance sheets and positive but inconsistent cash flow coverage. Loans with this rating may have minimal project sell-out risk and also have weak collateral coverage, with loan to value ratios of >90%. Borrowers in this classification generally exhibit a higher level of credit risk but are not adversely classified and do not expose the Organization to sufficient risk to warrant adverse classification.

- Risk ratings of "Watch" are loans that do not presently expose the Organization to a significant degree of risks, but have potential weaknesses/deficiencies deserving Management's closer attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the Organization's credit position at some future date. No loss of principal or interest is envisioned. Borrower is experiencing adverse operating trends, which potentially could impair debt, and services capacity. This category may include credits with inadequate loan collateral, tight profitability upon completion of construction, and control over the collateral or an unbalanced position in the balance sheet which has reached a point where the liquidation is jeopardized.

- Risk ratings of "Substandard" are assigned to loans which are inadequately protected by the current paying capacity of the obligor or of the collateral pledged, if any. Assets must have a well-defined weakness. They are characterized by the distinct possibility that significant repayment source is no longer available and loss is possible if the deficiencies are not corrected. The borrower's recent performance indicated an inability to repay the debt, and relationship with the Organization has become severely impaired.

- Risk ratings of "Doubtful" are assigned to loans which have all the weaknesses inherent in those classified "Substandard" with the added characteristic that the weakness makes the collection or liquidation in full, on the basis of current existing facts, conditions, and values, highly questionable and improbable. The borrower's recent performance indicates an inability to repay the debt. Recovery from secondary sources is uncertain. The possibility of a loss is extremely high, but because of certain important and reasonably specific pending factors, its write-off is deferred.

**Note 6. Loans and Leases Receivable (Continued)**

The tables below detail the Organization's loans, as of December 31, by class according to their credit quality indicators discussed above.

| 2015 | | | | | | | |
|---|---|---|---|---|---|---|---|
| (in 000's) | Above Average | Satisfactory | Below Average | Watch | Substandard | Doubtful | Total |
| Education: | | | | | | | |
| Commercial Mortgages | $ - | $ 51,620 | $ 13,260 | $ 12,006 | $ - | $ - | $ 76,886 |
| Construction, Pre-development and Acquisition | - | 9,582 | 5,916 | 307 | - | - | 15,805 |
| Total Education loans | - | 61,202 | 19,176 | 12,313 | - | - | 92,691 |
| Food Commerce: | | | | | | | |
| Commercial Mortgages | - | 34,759 | 14,487 | 418 | - | - | 49,664 |
| Construction, Pre-development and Acquisition | - | 7,608 | 12,149 | - | - | - | 19,757 |
| Total Food Commerce loans | - | 42,367 | 26,636 | 418 | - | - | 69,421 |
| Commercial Enterprise: | | | | | | | |
| Commercial Mortgages | 1,310 | 41,386 | 12,144 | - | - | - | 54,840 |
| Construction, Pre-development and Acquisition | - | 7,336 | 9,564 | - | - | - | 16,900 |
| Total Commercial Enterprise Loans | 1,310 | 48,722 | 21,708 | - | - | - | 71,740 |
| Healthcare: | | | | | | | |
| Commercial Mortgages | 321 | 21,060 | - | - | - | - | 21,381 |
| Construction, Pre-development and Acquisition | - | 67 | 50 | - | - | - | 117 |
| Total Healthcare loans | 321 | 21,127 | 50 | - | - | - | 21,498 |
| Housing: | | | | | | | |
| Commercial Mortgages | 378 | 11,237 | 1,628 | 79 | - | - | 13,322 |
| Construction, Pre-development and Acquisition | - | 2,972 | 752 | 3,562 | - | - | 7,286 |
| Total Housing loans | 378 | 14,209 | 2,380 | 3,641 | - | - | 20,608 |
| Community Resources | | | | | | | |
| Commercial Mortgages | - | 2,192 | 11,147 | - | - | - | 13,339 |
| Construction, Pre-development and Acquisition | - | 4,134 | 2,284 | - | - | - | 6,418 |
| Total Community Resources loans | - | 6,326 | 13,431 | - | - | - | 19,757 |
| **Total loans** | $ 2,009 | $ 193,953 | $ 83,381 | $ 16,372 | $ - | $ - | $ 295,715 |

**Note 6. Loans and Leases Receivable (Continued)**

| 2014 | | | | | | | |
|---|---|---|---|---|---|---|---|
| (in 000's) | Above Average | Satisfactory | Below Average | Watch | Substandard | Doubtful | Total |
| Education: | | | | | | | |
| Commercial Mortgages | $ - | $ 43,774 | $ 10,414 | $ 14,366 | $ - | $ - | $ 68,554 |
| Construction, Pre-development and Acquisition | - | 10,838 | 1,078 | - | - | - | 11,916 |
| Total Education loans | - | 54,612 | 11,492 | 14,366 | - | - | 80,470 |
| Food Commerce: | | | | | | | |
| Commercial Mortgages | - | 34,239 | 10,776 | 422 | - | - | 45,437 |
| Construction, Pre-development and Acquisition | - | 648 | 2,938 | - | - | - | 3,586 |
| Total Food Commerce loans | - | 34,887 | 13,714 | 422 | - | - | 49,023 |
| Commercial Enterprise: | | | | | | | |
| Commercial Mortgages | - | 19,941 | 5,686 | - | - | - | 25,627 |
| Construction, Pre-development and Acquisition | - | 5,915 | 8,250 | - | - | - | 14,165 |
| Total Commercial Enterprise Loans | - | 25,856 | 13,936 | - | - | - | 39,792 |
| Healthcare: | | | | | | | |
| Commercial Mortgages | 428 | 19,719 | - | - | - | - | 20,147 |
| Construction, Pre-development and Acquisition | - | 284 | 2,574 | - | - | - | 2,858 |
| Total Healthcare loans | 428 | 20,003 | 2,574 | - | - | - | 23,005 |
| Housing: | | | | | | | |
| Commercial Mortgages | 437 | 12,559 | 3,498 | 974 | 104 | - | 17,572 |
| Construction, Pre-development and Acquisition | - | 5,664 | 1,865 | 50 | 3,663 | - | 11,242 |
| Total Housing loans | 437 | 18,223 | 5,363 | 1,024 | 3,767 | - | 28,814 |
| Community Resources | | | | | | | |
| Commercial Mortgages | - | 5,107 | 6,000 | - | - | - | 11,107 |
| Construction, Pre-development and Acquisition | - | - | 1,104 | - | - | - | 1,104 |
| Total Community Resources loans | - | 5,107 | 7,104 | - | - | - | 12,211 |
| **Total loans** | $ 865 | $ 158,688 | $ 54,183 | $ 15,812 | $ 3,767 | $ - | $ 233,315 |

Impaired Loans: The Organization identifies a loan as impaired when it is probable that interest and principal will not be collected according to the contractual terms of the original loan agreement. Not all impaired loans are on non-accrual. Accordingly, the Organization recognizes interest income on impaired, accruing loans on an accrual basis. For impaired loans on non-accrual, the Organization records interest payments on the cost recovery basis, unless a current forbearance agreement is in place for a loan; in these cases, interest income is recognized on a cash basis.

Management employs one of three methods to determine and measure impairment: Present Value of Future Cash Flows, Fair Value of Collateral for loans that are collateral dependent, or Observable Market Price. To perform an impairment analysis, the Organization reviews a loan's internally assigned risk rating, its outstanding balance, guarantors, collateral, strategy, and a current report of the action being implemented. Accordingly, based on the nature of the specific loans, one of the impairment methods is chosen for the respective loan and any impairment is determined.

Interest of $32,759 and $0 was recognized on a cash basis for impaired loans in 2015 and 2014, respectively.

### Note 6. Loans and Leases Receivable (Continued)

Impaired loans as of December 31 are set forth in the following tables:

| | 2015 | | | | | | |
|---|---|---|---|---|---|---|---|
| (in 000's) | Unpaid Principal Balance | Total Recorded Impaired Loans | Recorded Loans with no Allowance | Recorded Loans with Allowance | Related Allowance | Average Recorded Loans | Interest Collected on Impaired Loans |
| Education: | | | | | | | |
| Commercial Mortgages | $ 11,792 | $ 11,792 | $ 83 | $ 11,709 | $ 688 | $ 12,078 | $ 722 |
| Construction, Pre-development and Acquisition | 306 | 306 | 306 | - | - | 291 | - |
| Total Education loans | 12,098 | 12,098 | 389 | 11,709 | 688 | 12,369 | 722 |
| Food Commerce: | | | | | | | |
| Commercial Mortgages | 418 | 418 | - | 418 | 118 | 420 | - |
| Construction, Pre-development and Acquisition | - | - | - | - | - | - | - |
| Total Food Commerce loans | 418 | 418 | - | 418 | 118 | 420 | - |
| Commercial Enterprise: | | | | | | | |
| Commercial Mortgages | - | - | - | - | - | - | - |
| Construction, Pre-development and Acquisition | - | - | - | - | - | - | - |
| Total Commercial Enterprise loans | - | - | - | - | - | - | - |
| Healthcare: | | | | | | | |
| Commercial Mortgages | - | - | - | - | - | - | - |
| Construction, Pre-development and Acquisition | - | - | - | - | - | - | - |
| Total Healthcare loans | - | - | - | - | - | - | - |
| Housing: | | | | | | | |
| Commercial Mortgages | 79 | 79 | 79 | - | - | 92 | 7 |
| Construction, Pre-development and Acquisition | 3,562 | 3,562 | 2,761 | 801 | 34 | 3,613 | 65 |
| Total Housing loans | 3,641 | 3,641 | 2,840 | 801 | 34 | 3,705 | 72 |
| Community Resources: | | | | | | | |
| Commercial Mortgages | - | - | - | - | - | - | - |
| Construction, Pre-development and Acquisition | - | - | - | - | - | - | - |
| Total Community Resources loans | - | - | - | - | - | - | - |
| **Total loans** | $ 16,157 | $ 16,157 | $ 3,229 | $ 12,928 | $ 840 | $ 16,494 | $ 794 |

**Note 6. Loans and Leases Receivable (Continued)**

| 2014 | | | | | | | |
|---|---|---|---|---|---|---|---|
| (in 000's) | Unpaid Principal Balance | Total Recorded Impaired Loans | Recorded Loans with no Allowance | Recorded Loans with Allowance | Related Allowance | Average Recorded Loans | Interest Collected on Impaired Loans |
| Education: | | | | | | | |
| Commercial Mortgages | $ 12,366 | $ 12,366 | $ 90 | $ 12,276 | $ 1,147 | $ 6,234 | $ 350 |
| Construction, Pre-development and Acquisition | - | - | - | - | - | - | - |
| Total Education loans | 12,366 | 12,366 | 90 | 12,276 | 1,147 | 6,234 | 350 |
| Food Commerce: | | | | | | | |
| Commercial Mortgages | 422 | 422 | 422 | - | - | 439 | 12 |
| Construction, Pre-development and Acquisition | - | - | - | - | - | - | - |
| Total Food Commerce loans | 422 | 422 | 422 | - | - | 439 | 12 |
| Commercial Enterprise: | | | | | | | |
| Commercial Mortgages | - | - | - | - | - | - | - |
| Construction, Pre-development and Acquisition | - | - | - | - | - | - | - |
| Total Commercial Enterprise loans | - | - | - | - | - | - | - |
| Healthcare: | | | | | | | |
| Commercial Mortgages | - | - | - | - | - | - | - |
| Construction, Pre-development and Acquisition | - | - | - | - | - | - | - |
| Total Healthcare loans | - | - | - | - | - | - | - |
| Housing: | | | | | | | |
| Commercial Mortgages | 949 | 935 | 104 | 831 | 80 | 1,065 | 12 |
| Construction, Pre-development and Acquisition | 3,713 | 3,713 | - | 3,713 | 345 | 3,723 | - |
| Total Housing loans | 4,662 | 4,648 | 104 | 4,544 | 425 | 4,788 | 12 |
| Community Resources: | | | | | | | |
| Commercial Mortgages | - | - | - | - | - | - | - |
| Construction, Pre-development and Acquisition | - | - | - | - | - | - | - |
| Total Community Resources loans | - | - | - | - | - | - | - |
| **Total loans** | $ 17,450 | $ 17,436 | $ 616 | $ 16,820 | $ 1,572 | $ 11,461 | $ 374 |

Troubled Debt Restructurings: TDRs occur when a creditor, for economic or legal reasons related to a debtor's financial condition, grants a concession to the debtor that it would not otherwise consider, such as a below market interest rate, extending the maturity of a loan, or a combination of both. The Organization considers all loans modified in a troubled debt restructuring to be impaired, and are included in loans individually evaluated for impairment in the allowance for loans and lease losses.

At the time a loan is modified in a troubled debt restructuring, the Organization considers the following factors to determine whether the loan should accrue interest:

- Whether there is a minimum of six months of current payment history under the current terms;
- Whether the loan is current at the time of restructuring; and
- Whether the Organization expects the loan to continue to perform under the restructured terms with a debt coverage ratio that complies with the Organization's minimum underwriting policy.

The Organization also reviews the financial performance of the borrower over the past year to be reasonably assured of repayment and performance according to the modified terms. This review consists of an analysis of the borrower's historical results; the borrower's projected results over the next four quarters; current financial information of the borrower and any guarantors. The projected repayment source needs to be reliable, verifiable, quantifiable and sustainable. In addition, all troubled debt restructurings are reviewed quarterly to determine the amount of any impairment.

**Note 6. Loans and Leases Receivable (Continued)**

A borrower with a restructured loan must make a minimum of six consecutive monthly payments at the restructured level and be current as to both interest and principal to be on accrual status.

There were no TDRs entered into in 2014 and 2013 that subsequently defaulted during 2015 and 2014. In addition, no new TDRs were executed in 2015. Of the 6 loans identified as TDRs, none were considered to be in default.

The following is an analysis of loans modified in a troubled debt restructuring by type of concession. There were no TDRs that involved forgiveness of debt.

| 2015 | | | | |
|---|---|---|---|---|
| (in 000's) | Balance at January 1 | TDRs paid off, reclassified, or written off | New TDRs in current year | Balance at December 31 |
| Education: | | | | |
| Extended under forbearance | $ 90 | $ (7) | $ - | $ 83 |
| Food Commerce: | | | | |
| Extended under forbearance | 422 | (4) | - | 418 |
| Housing: | | | | |
| Extended under forbearance | 4,417 | (855) | - | 3,562 |
| Extensions resulting from financial difficulty | 126 | (126) | - | - |
| Total | $ 5,055 | $ (992) | $ - | $ 4,063 |

| 2014 | | | | |
|---|---|---|---|---|
| (in 000's) | Balance at January 1 | TDRs paid off, reclassified, or written off | New TDRs in current year | Balance at December 31 |
| Education: | | | | |
| Extended under forbearance | $ 102 | $ (12) | $ - | $ 90 |
| Food Commerce: | | | | |
| Extended under forbearance | - | - | 422 | 422 |
| Housing: | | | | |
| Extended under forbearance | 5,418 | (1,001) | - | 4,417 |
| Extensions resulting from financial difficulty | - | 76 | 50 | 126 |
| Total | $ 5,520 | $ (937) | $ 472 | $ 5,055 |

### Note 6. Loans and Leases Receivable (Continued)

The following is an analysis of performing and non-performing loans modified in a troubled debt restructuring as of December 31:

| 2015 | | | | | | |
|---|---|---|---|---|---|---|
| | TDRs in compliance and accruing interest | | TDRs not accruing interest | | Total | |
| (in 000's) | Balance | Count | Balance | Count | Balance | Count |
| Education: | | | | | | |
| Commercial Mortgages | $ 83 | 1 | $ - | - | $ 83 | 1 |
| Food Commerce: | | | | | | |
| Commercial Mortgages | - | - | 418 | 1 | 418 | 1 |
| Housing: | | | | | | |
| Commercial Mortgages | | | | | | |
| Construction, Pre-development and Acquisition | 801 | 3 | 2,761 | 1 | 3,562 | 4 |
| Total | $ 884 | 4 | $ 3,179 | 2 | $ 4,063 | 6 |

| 2014 | | | | | | |
|---|---|---|---|---|---|---|
| | TDRs in compliance and accruing interest | | TDRs not accruing interest | | Total | |
| (in 000's) | Balance | Count | Balance | Count | Balance | Count |
| Education: | | | | | | |
| Commercial Mortgages | $ 90 | 1 | $ - | - | $ 90 | 1 |
| Food Commerce: | | | | | | |
| Commercial Mortgages | 422 | 1 | - | - | 422 | 1 |
| Housing: | | | | | | |
| Commercial Mortgages | 75 | 1 | 755 | 1 | 830 | 2 |
| Construction, Pre-development and Acquisition | 50 | 1 | 3,663 | 4 | 3,713 | 5 |
| Total | $ 637 | 4 | $ 4,418 | 5 | $ 5,055 | 9 |

There were no commitments to lend additional funds to borrowers with loans modified in troubled debt restructurings.

## Note 7. Allowance for Loan Losses

The Organization considers that the determination of the allowance for loan and lease losses involves a higher degree of judgment and complexity than its other significant accounting policies. The balance in the allowance for loan and lease losses is determined based on management's review and evaluation of the loan portfolio in relation to past loss experience, the size and composition of the portfolio, current economic events and conditions, and other pertinent factors, including management's assumptions as to future delinquencies, recoveries and losses. All of these factors may be susceptible to significant change. To the extent actual outcomes differ from management's estimates, additional provisions for loan and lease losses may be required that would adversely impact earnings in future periods.

The following table presents an analysis of the allowance for loan and lease losses for the years ended December 31:

| 2015 | | | | | | | |
|---|---|---|---|---|---|---|---|
| (in 000's) | Education | Food Commerce | Commercial Enterprise | Healthcare | Housing | Community Resources | Total |
| Beginning balance | $ 4,877 | $ 2,934 | $ 2,092 | $ 1,006 | $ 1,962 | $ 661 | $ 13,532 |
| Provision for possible loan and lease losses | | | | | | | |
| Unrestricted | 176 | 1,300 | 1,713 | (336) | (714) | 390 | 2,529 |
| Net reduction in permanently restricted net assets | - | - | - | - | (34) | - | (34) |
| Charge-offs | - | (77) | - | - | (203) | - | (280) |
| Recoveries | - | 70 | 183 | - | 66 | - | 319 |
| Provision and Net charge-offs | 176 | 1,293 | 1,896 | (336) | (885) | 390 | 2,534 |
| Ending balance | $ 5,053 | $ 4,227 | $ 3,988 | $ 670 | $ 1,077 | $ 1,051 | $ 16,066 |
| Period-end amount allocated to: | | | | | | | |
| *Loans individually evaluated for* impairment | $ 688 | $ 118 | $ - | $ - | $ 34 | $ - | $ 840 |
| *Loans collectively evaluated for impairment* | 4,365 | 4,109 | 3,988 | 670 | 1,043 | 1,051 | 15,226 |
| | $ 5,053 | $ 4,227 | $ 3,988 | $ 670 | $ 1,077 | $ 1,051 | $ 16,066 |
| Loans, ending balance: | | | | | | | |
| Loans individually evaluated for *impairment* | $ 12,098 | $ 418 | $ - | $ - | $ 3,641 | $ - | $ 16,157 |
| *Loans collectively evaluated for impairment* | 80,593 | 69,003 | 71,740 | 21,498 | 16,967 | 19,757 | 279,558 |
| Total | $ 92,691 | $ 69,421 | $ 71,740 | $ 21,498 | $ 20,608 | $ 19,757 | $ 295,715 |

## Note 7. Allowance for Loan Losses (Continued)

| 2014 | | | | | | | |
|---|---|---|---|---|---|---|---|
| (in 000's) | Education | Food Commerce | Commercial Enterprise | Healthcare | Housing | Community Resources | Total |
| Beginning balance | $ 3,909 | $ 2,969 | $ 1,593 | $ 847 | $ 1,682 | $ 480 | $ 11,480 |
| Provision for possible loan and lease losses | | | | | | | |
| Unrestricted | 968 | 833 | 479 | 159 | (422) | 181 | 2,198 |
| Net reduction in permanently restricted net assets | - | - | (11) | - | 90 | - | 79 |
| Charge-offs | - | (868) | - | - | (152) | - | (1,020) |
| Recoveries | - | - | 31 | - | 764 | - | 795 |
| Provision and Net charge-offs | 968 | (35) | 499 | 159 | 280 | 181 | 2,052 |
| Ending balance | $ 4,877 | $ 2,934 | $ 2,092 | $ 1,006 | $ 1,962 | $ 661 | $ 13,532 |
| Period-end amount allocated to: | | | | | | | |
| *Loans individually evaluated for* impairment | $ 1,147 | $ - | $ - | $ - | $ 425 | $ - | $ 1,572 |
| *Loans collectively evaluated for impairment* | 3,730 | 2,934 | 2,092 | 1,006 | 1,537 | 661 | 11,960 |
| | $ 4,877 | $ 2,934 | $ 2,092 | $ 1,006 | $ 1,962 | $ 661 | $ 13,532 |
| Loans, ending balance: | | | | | | | |
| Loans individually evaluated for *impairment* | $ 12,366 | $ 422 | $ - | $ - | $ 4,648 | $ - | $ 17,436 |
| *Loans collectively evaluated for impairment* | 68,104 | 48,601 | 39,792 | 23,005 | 24,166 | 12,211 | 215,879 |
| Total | $ 80,470 | $ 49,023 | $ 39,792 | $ 23,005 | $ 28,814 | $ 12,211 | $ 233,315 |

**Note 8. Equity Method and Program Investments**

Investments in limited partnerships are accounted for under the equity method and program investments are recorded at estimated fair value. At December 31, these investments consisted of the following:

| | 2015 | 2014 |
|---|---|---|
| Equity Method Investments | | |
| New Markets Tax Credit Program (see page 30) | $ 33,207 | $ 30,510 |
| New Markets Tax Credit Investment Funds | | |
| Chase NMTC TRF 2011 Investment Fund, LLC | 477 | 477 |
| Chase NMTC PHN Investment Fund, LLC | 201 | 337 |
| 481 Philabundance Investment Fund, LLC | 338 | 204 |
| Chase NMTC Liberty Heights Investment Fund, LLC | 423 | 436 |
| | 1,439 | 1,454 |
| Limited Partnerships and Limited Liability Companies | | |
| Charter School Capital Access Program, LLC (a) | - | 2,768 |
| Charter School Financing Partnership (b) | 48,766 | 47,233 |
| FSCLF Holding, LLC (c) | 174,844 | 174,844 |
| Octavia Hill Bel-Air Partners, LP (d) | - | - |
| Octavia Hill Chelten Partners, LP (e) | - | - |
| Scotland Commons, LP (f) | 146 | 146 |
| HealthCo Participation LLC (g) | 3,214 | 1,872 |
| Alliance Fund Management, LLC (h) | 250,000 | 75,000 |
| HDC/TRF/Jubilee, LLC (i) | - | 197 |
| Manalapan MM, LLC (j) | - | - |
| City Arts II, LP (k) | - | - |
| Burlington MM, LLC (l) | - | - |
| | 476,970 | 302,060 |
| Total equity method investments | 511,616 | 334,024 |
| Program Investments | | |
| The Community Development Trust | 250,000 | 250,000 |
| Total program investments | 250,000 | 250,000 |
| | $ 761,616 | $ 584,024 |

**Note 8. Equity Method and Program Investments (Continued)**

New Markets Tax Credit Program: During fiscal years 2015 and 2014, Reinvestment Fund received New Markets Tax Credit Program ("Program") allocations of $65,000,000 and $43,000,000, respectively. Pursuant to the requirements of the Program, administered by the CDFI Fund, a division of the U.S. Department of Treasury, Reinvestment Fund formed a for-profit entity TRF NMTC Fund, LLC ("NMTC"). NMTC is the general partner in TRF NMTC Fund IV, L.P. through TRF NMTC Fund XXXIX, L.P., (collectively the "NMTC Funds") with a 0.01% ownership interest in each entity. The Organization does not consolidate the NMTC Funds due to the rights granted to the limited partners as defined in the partnership agreements. The limited partners' rights, in the partnership agreement, overcome the presumption of control of the general partner. The information below, as it relates to the total assets, liabilities and net income amounts, is for information purposes and is not consolidated in Reinvestment Fund's financial statements.

Reinvestment Fund formed TRF Fund Manager, LLC ("Fund Manager"). Fund Manager is the non-member manager of Chase NMTC TRF Charter School Investment Fund, LLC, a non-Reinvestment Fund entity. In addition Fund Manager is the .01% managing member of Chase NMTC TRF 2011 Investment Fund, LLC; Chase NMTC PHN Investment Fund, LLC; 481 Philabundance Investment Fund, LLC and Chase NMTC Liberty Heights Investment Fund, LLC. The Organization does not consolidate these investment funds 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.

For administrative services performed for the NMTC Funds, the Organization earned revenue of $1,584,045 and $1,566,614 for the years ended December 31, 2015 and 2014, respectively. These amounts are included in asset management fees on the consolidated statement of activities.

In connection with the formation of TRF NMTC Fund XXXIII, LP, TRF NMTC Fund XXXIV, LP, and TRF NMTC Fund XXXVI, LP through TRF NMTC Fund XXXIX, LP the Organization received fees of $2,246,250 for the year ended December 31, 2015. In connection with the formation of TRF NMTC Fund XXIX, L.P. through TRF NMTC Fund XXXII, L.P., and the closing of Qualified Low Income Community Investments ("QLICI") for TRF NMTC Fund XXIV, L.P., TRF NMTC Fund XXVIII, L.P. and TRF NMTC Funds XXIX, L.P. through TRF NMTC Fund XXXII, L.P., the Organization received fees of $2,320,000 for the year ended December 31, 2014. The fees received as a result of NMTC fund formations and QLICI closings are included in program services and fees on the consolidated statement of activities.

During 2015, TRF NMTC Fund VI, LP ("Fund VI") was unwound. Effective September 30, 2015, TC TRF QEI II (the limited partner of Fund VI and a non-Reinvestment Fund entity) redeemed its interest in Fund VI for a liquidating distribution of $228,353 and as a result Fund VI is now solely owned by TRF NMTC Fund, LLC. Fund VI is due a refund from the state of New Jersey of approximately $16,065. When this refund is received, Fund VI will be dissolved.

During 2014, TRF NMTC Fund IV, LP ("Fund IV") reached the end of its compliance period and started to unwind. In connection with the unwind, Fund IV made an unrestricted gift to Reinvestment Fund totaling $3,200,000. As of December 31, 2014, this amount was paid in full and is included in grants and contributions on the consolidated statement of activities for the year ended December 31, 2014.

Effective December 31, 2014, in consideration for Reinvestment Fund accepting and undertaking the duties and responsibilities of the managing member under the operating agreement, the managing member of TC-TRF (a non-Reinvestment Fund entity), assigned its membership interest in TC-TRF to Reinvestment Fund and simultaneously withdrew as managing member. Also, effective December 31, 2014, in consideration for the payment of $565,500 in the form of a liquidating distribution paid by TC-TRF, the investor member of TC-TRF (a non-Reinvestment Fund entity), assigned its membership interest in TC-TRF to Reinvestment Fund and simultaneously withdrew as investor member. As a result of these assignments, TC-TRF became a wholly owned subsidiary of Reinvestment Fund effective December 31, 2014. Accordingly, TC-TRF and its subsidiary, Fund IV, are consolidated in Reinvestment Fund's consolidated financial statements. The transfer resulted in a gain of approximately $2,638,700, which is reported as gain on transfer of limited liability company on the consolidated statement of activities for the year ended December 31, 2014.

During 2015, TC-TRF received a tax refund of approximately $156,600 from the state of New Jersey. As a result, TC-TRF can be dissolved. The dissolution is expected to take place during 2016. Fund IV was dissolved during 2015.

**Note 8. Equity Method and Program Investments (Continued)**

New Markets Tax Credit Program (Continued):

Selected financial information as of December 31 for each of the NMTC funds is as follows:

| 2015 | Total Assets | Total Liabilities | Net Income(loss) | TRF Investment Balance |
|---|---|---|---|---|
| TRF NMTC Fund V, L.P. | $ 10,029,306 | $ - | $ 316,840 | $ - |
| TRF NMTC Fund VI, L.P. | - | - | - | - |
| TRF NMTC Fund VII, L.P. | 6,545,487 | 8,375 | 299,708 | 654 |
| TRF NMTC Fund VIII, L.P. | 8,794,406 | 11,250 | 112,146 | 879 |
| TRF NMTC Fund IX, L.P. | 21,006 | 21,875 | (7,295,512) | - |
| TRF NMTC Fund X, L.P. | 18,980,004 | 20,455 | 764,765 | 1,895 |
| TRF NMTC Fund XI, L.P. | 43,673 | - | (9,688,732) | 4 |
| TRF NMTC Fund XII, L.P. | 12,683,731 | 5,417 | 83,471 | 1,268 |
| TRF NMTC Fund XIII, L.P. | 10,116,158 | 12,875 | 456,347 | 1,010 |
| TRF NMTC Fund XIV, L.P. | 17,661,024 | 7,500 | 572,449 | 1,765 |
| TRF NMTC Fund XV, L.P. | 41,341,798 | 53,008 | 1,764,462 | 4,256 |
| TRF NMTC Fund XVI, L.P. | 18,983,140 | 16,087 | 382,484 | 1,895 |
| TRF NMTC Fund XVII, L.P. | 12,880,448 | 5,456 | 112,846 | 1,310 |
| TRF NMTC Fund XVIII, L.P. | 8,539,177 | 10,634 | 298,127 | 858 |
| TRF NMTC Fund XIX, L.P. | 8,009,194 | 3,333 | 48,940 | 801 |
| TRF NMTC Fund XX, L.P. | 9,236,603 | 3,839 | 230,713 | 923 |
| TRF NMTC Fund XXI, L.P. | 3,015,894 | 3,864 | 46,920 | 301 |
| TRF NMTC Fund XXII, L.P. | 9,526,138 | 3,957 | 263,215 | 952 |
| TRF NMTC Fund XXIII, L.P. | 12,621,000 | 15,625 | 416,500 | 1,260 |
| TRF NMTC Fund XXIV L.P. | 6,006,710 | 2,500 | 43,320 | 600 |
| TRF NMTC Fund XXV, L.P. | 5,553,295 | 6,875 | 183,480 | 555 |
| TRF NMTC Fund XXVI, L.P. | 9,531,706 | 11,875 | 75,233 | 952 |
| TRF NMTC Fund XXVII, L.P. | 5,522,435 | 6,875 | 60,038 | 552 |
| TRF NMTC Fund XXVIII, L.P. | 6,018,570 | 7,500 | 41,880 | 601 |
| TRF NMTC Fund XXIX L.P. | 12,036,998 | 5,000 | 369,576 | 1,203 |
| TRF NMTC Fund XXX, L.P. | 10,034,003 | 4,167 | 346,036 | 1,003 |
| TRF NMTC Fund XXXI, L.P. | 10,051,208 | 20,834 | 70,500 | 1,003 |
| TRF NMTC Fund XXXII, L.P. | 11,042,351 | 13,750 | 110,000 | 1,103 |
| TRF NMTC Fund XXXIII, L.P. | 8,008,948 | 3,333 | 8,826 | 800 |
| TRF NMTC Fund XXXIV, L.P. | 12,001,722 | 333 | 189 | 1,200 |
| TRF NMTC Fund XXXVI, L.P. | 8,507,932 | 944 | 6,138 | 851 |
| TRF NMTC Fund XXXVII, L.P. | 13,029,228 | 5,342 | 22,586 | 1,302 |
| TRF NMTC Fund XXXVIII, L.P. | 8,011,220 | 1,111 | 9,309 | 801 |
| TRF NMTC Fund XXXIX, L.P. | 6,504,778 | 1,896 | 2,232 | 650 |
| Total | $ 340,889,291 | $ 295,885 | $ (9,464,968) | $ 33,207 |

| 2014 | Total Assets | Total Liabilities | Net Income(loss) | TRF Investment Balance |
|---|---|---|---|---|
| TRF NMTC Fund V, L.P. | $ 10,029,306 | $ - | $ 316,840 | $ - |
| TRF NMTC Fund VI, L.P. | 11,718,302 | 60,571 | (3,518,040) | 1,165 |
| TRF NMTC Fund VII, L.P. | 6,574,156 | 8,375 | 299,708 | 656 |
| TRF NMTC Fund VIII, L.P. | 8,833,074 | 11,250 | 112,146 | 882 |
| TRF NMTC Fund IX, L.P. | 7,337,945 | 3,125 | 48,237 | 734 |
| TRF NMTC Fund X, L.P. | 19,078,237 | 35,610 | 764,765 | 1,904 |
| TRF NMTC Fund XI, L.P. | 9,785,545 | - | 11,270 | 979 |
| TRF NMTC Fund XII, L.P. | 12,739,415 | 5,417 | 83,472 | 1,273 |
| TRF NMTC Fund XIII, L.P. | 10,160,152 | 12,875 | 456,347 | 1,015 |
| TRF NMTC Fund XIV, L.P. | 17,738,008 | 7,500 | 572,449 | 1,773 |
| TRF NMTC Fund XV, L.P. | 41,341,811 | 53,021 | 1,764,477 | 4,256 |
| TRF NMTC Fund XVI, L.P. | 19,043,972 | 8,051 | 382,436 | 1,903 |
| TRF NMTC Fund XVII, L.P. | 12,880,448 | 5,456 | 112,856 | 1,310 |
| TRF NMTC Fund XVIII, L.P. | 8,539,177 | 10,634 | 298,127 | 858 |
| TRF NMTC Fund XIX, L.P. | 8,009,133 | 3,333 | 49,943 | 801 |
| TRF NMTC Fund XX, L.P. | 9,236,603 | 3,839 | 230,713 | 923 |
| TRF NMTC Fund XXI, L.P. | 3,010,621 | 2,501 | 46,920 | 301 |
| TRF NMTC Fund XXII, L.P. | 9,526,138 | 3,957 | 263,223 | 952 |
| TRF NMTC Fund XXIII, L.P. | 12,621,000 | 15,625 | 416,500 | 1,260 |
| TRF NMTC Fund XXIV L.P. | 6,006,710 | 2,500 | 12,515 | 600 |
| TRF NMTC Fund XXV, L.P. | 5,553,295 | 6,875 | 183,480 | 555 |
| TRF NMTC Fund XXVI, L.P. | 9,531,706 | 11,875 | 75,334 | 952 |
| TRF NMTC Fund XXVII, L.P. | 5,522,435 | 6,875 | 60,038 | 552 |
| TRF NMTC Fund XXVIII, L.P. | 6,018,570 | 7,500 | 22,219 | 601 |
| TRF NMTC Fund XXIX L.P. | 12,036,998 | 5,000 | 71,861 | 1,203 |
| TRF NMTC Fund XXX, L.P. | 10,009,801 | 1,111 | 7,690 | 1,001 |
| TRF NMTC Fund XXXI, L.P. | 10,026,439 | 10,556 | 14,883 | 1,001 |
| TRF NMTC Fund XXXII, L.P. | 11,001,712 | 306 | 306 | 1,100 |
| Total | $ 313,910,709 | $ 303,738 | $ 3,160,715 | $ 30,510 |

**Note 8. Equity Method and Program Investments (Continued)**

Equity Method Investments:

a) Charter School Capital Access Program, LLC ("CCAP") is a limited liability company formed for the purpose of implementing a credit enhancement program for charter school debt financing made possible by a $6,400,000 equity grant from the US ED. Reinvestment Fund's financial exposure as a member of CCAP is limited to capital contributed. As of December 31, 2015 and 2014, Reinvestment Fund has $0 capital contributed. Under the operating agreement, any earnings on the equity grant are excluded from operating income and any remaining operating income is allocated 50% to Reinvestment Fund and such allocation made to Reinvestment Fund for the years ended December 31, 2015 and 2014 was a loss of $6,940 and $6,608, respectively. In 2015, Reinvestment Fund wrote the investment to $0.

b) Charter School Financing Partnership ("CSFP") is a limited liability company organized to facilitate the financing of charter schools by aggregating pools of loans, including those with external credit enhancements, which are then stratified by risk-return and maturity characteristics and sold to investors in the form of bonds. In February 2008, Reinvestment Fund purchased $60,000 in Class "A" units, which represents a 20% voting interest in CSFP. Reinvestment Fund recorded an increase in equity earnings of $1,533 and $12,592 for the years ended December 31, 2015 and 2014, respectively. Reinvestment Fund received a return of capital of $0 and $14,810 for the years ended December 31, 2015 and 2014, respectively.

c) FSCLF Holding, LLC ("FSCLF") is a limited liability company formed for the purpose of holding and selling the property transferred by the lead lender upon foreclosure of the S. Lowan Pitts Day Care Center loan in which Reinvestment Fund had a 50% participation. Accordingly, Reinvestment Fund owns a 50% non-managing member interest in FSCLF. In 2014, Reinvestment Fund wrote down its investment in FSCLF to its fair value of $174,844, recording a loss of $14,801 and $93,197 for the years ended December 31, 2015 and 2014, respectively. Reinvestment Fund recorded an increase (decrease) in equity earnings of $4,118 and ($16,668) for the years ended December 31, 2015 and 2014, respectively. Reinvestment Fund made additional partner contribution of $10,683 and $10,891 for the years ended December 31, 2015 and 2014, respectively.

d) Octavia Hill Bel-Air Partners, LP ("Bel-Air") is a limited partnership formed for the purpose of purchasing and operating multifamily residential rental buildings. Reinvestment Fund's non-controlling limited partnership interest in Bel-Air represents 76% of the total contributed capital in the partnership. Per the partnership agreement, the general partner is allocated the first $125,000 of losses; thereafter, Reinvestment Fund will be allocated 80.25% of net income or 81.91% of losses. Reinvestment Fund recorded a decrease in equity earnings of $0 for the years ended December 31, 2015 and 2014, respectively.

e) Octavia Hill Chelten Partners, LP ("Chelten ") is a limited partnership formed for the purpose of purchasing and operating a housing rental building. Reinvestment Fund's non-controlling limited partnership interest in Chelten represents 76% of the total contributed capital in the partnership. Per the partnership agreement, the general partner is allocated the first $75,000 of losses; thereafter, Reinvestment Fund will be allocated 80.25% of net income or 96.28% of losses. Reinvestment Fund recorded a decrease in equity earnings of $0 for the years ended December 31, 2015 and 2014, respectively.

f) Scotland Commons, L.P. ("Scotland Commons LP") is a limited partnership formed to acquire, finance, own, construct, rehabilitate, maintain, improve, operate, lease and, if appropriate or desirable, sell or otherwise dispose of an apartment complex in Gloucester County, New Jersey. Scotland Commons is a .005% co-general partner of Scotland Commons LP. The profits and losses are allocated among the partners in accordance with the partnership agreement.

g) HealthCo Participation LLC ("HealthCo") is a limited liability company formed in 2013 as a financing vehicle to provide indirect facility financing for federally qualified healthcare centers. Reinvestment Fund is one of three equal members at 33.34%. Under the limited liability company agreement, any income or expense of HealthCo is shared equally by the three members. For the years ended December 31, 2015 and 2014, Reinvestment Fund recorded equity losses of $5,733 and $17,652, respectively. During the years ended December 31, 2015 and 2014, Reinvestment Fund contributed capital of $7,074 and $19,024 capital contributed, respectively.

**Note 8. Equity Method and Program Investments (Continued)**

Equity Method Investments (Continued):

h) Alliance Fund Management, LLC (“AFM”) is a limited liability company formed in 2014 to provide management services to funds and trusts seeking investments in affordable rental housing preservation. In 2014, Reinvestment Fund purchased three Class A Preferred Units of AFM at a cost of $25,000 per unit. In 2015, Reinvestment Fund purchased seven additional Class A Preferred Units of AFM at a cost of $25,000 per unit bringing the total units to 10 and the total cost to $250,000 at December 31, 2015.

i) HDC/TRF/Jubilee, LLC (“City Arts I”) is a limited liability company formed in 2009 to serve as general partner of City Arts Limited Partnership whose sole purpose shall be the development, ownership and operation of the City Arts affordable multifamily apartment community in Baltimore, Maryland. TRF DP 1500, LLC has a 24.5% interest in City Arts I.

j) Manalapan MM, LLC (“Manalapan MM”) is a limited liability company formed in 2011 as the managing member of Manalapan Affordable Housing, LLC, a developer of 80 affordable housing units in Manalapan, New Jersey. Scotland Commons is a co-managing member of Manalapan MM with a 51% interest. Earnings/losses are shared by each member in accordance with the Operating Agreement dated July 29, 2011.

k) City Arts II, LP (“City Arts II”) is a limited partnership formed in 2015 whose sole purpose shall be the development, ownership and operation of the City Arts II affordable multifamily apartment complex in Baltimore, Maryland. TRF DP 1700, LLC has a .003% general partnership interest in City Arts II.

l) Burlington MM, LLC (“Burlington MM”) is a limited liability company formed in 2015 to act as the managing member of Burlington City Affordable Housing, LLC that will acquire, finance, own, construct, rehabilitate, maintain, improve, operate, lease and, if appropriate or desirable, sell or otherwise dispose of an affordable housing apartment complex in Burlington, New Jersey. Scotland Commons has a 51% interest in Burlington MM.

| 2015 | Total Assets | Total Liabilities | Total Equity | Net Income/(Loss) |
|---|---|---|---|---|
| CCAP | $ 5,397,132 | $ 2,740,031 | $ 2,657,101 | $ (6,461) |
| CSFP | 18,398,900 | 2,890,505 | 15,508,395 | 33,811 |
| FSCLF | 565,486 | - | 565,486 | 8,237 |
| Bel-Air | 1,434,348 | 1,616,080 | (181,732) | (29,347) |
| Chelten Arms | 1,032,911 | 1,181,014 | (148,103) | (65,832) |
| Scotland Commons | 22,698,840 | 8,884,891 | 13,813,949 | (518,127) |
| HealthCo | 8,856,130 | 8,843,811 | 12,319 | (4,622) |

| 2014 | Total Assets | Total Liabilities | Total Equity | Net Income/(Loss) |
|---|---|---|---|---|
| CCAP | $ 5,545,343 | $ 2,881,780 | $ 2,663,563 | $ (7,045) |
| CSFP | 18,616,684 | 3,155,753 | 15,460,931 | 39,069 |
| FSCLF | 539,491 | 3,609 | 535,882 | (33,536) |
| Bel-Air | 1,496,556 | 1,648,941 | (152,385) | (62,884) |
| Chelten Arms | 1,124,158 | 1,206,429 | (82,271) | (25,483) |
| Scotland Commons | 23,682,055 | 9,428,707 | 14,256,348 | (628,017) |
| HealthCo | 4,507,470 | 4,501,856 | 5,614 | (52,957) |

Program Investments:

At December 31, 2015 and 2014, Reinvestment Fund owned 25,000 common “B” shares of The Community Development Trust, Inc. carried at $250,000.

## Note 9. Equipment, Leasehold Improvements and Software, Net

Equipment, leasehold improvements and software, net at December 31 consisted of the following:

| | 2015 | 2014 |
|---|---|---|
| Office furniture, equipment and software | $ 2,094,027 | $ 1,981,099 |
| Leasehold improvements | 1,045,593 | 1,045,593 |
| Software development | 6,646,681 | 5,813,553 |
| Accumulated depreciation | (7,339,470) | (6,166,184) |
| | $ 2,446,831 | $ 2,674,061 |

Depreciation and amortization expense of $2,268,332 and $2,087,061, which includes depreciation of $1,095,046 and $938,922 for rental property, was recorded for the years ended December 31, 2015 and 2014, respectively. (See Note 11)

## Note 10. Property Held for Development or Sale

Property held for development or sale by region at December 31 consisted of the following:

| | 2015 | 2014 |
|---|---|---|
| Property under construction: | | |
| Baltimore | $ 1,622,926 | $ 3,275,364 |
| Mount Holly | 270,291 | - |
| | 1,893,217 | 3,275,364 |
| Property held for sale: | | |
| Baltimore | 628,826 | 327,377 |
| Neptune | 1,070,922 | 1,076,641 |
| Jersey City | 2,270,122 | 5,491,418 |
| | 3,969,870 | 6,895,436 |
| **Total** | $ 5,863,087 | $ 10,170,800 |

The locations for property held for development or sale include Preston Place and City Arts, located in Baltimore, MD; School House Square, located in Neptune, NJ; Jackson Green, located in Jersey City, NJ; and Parker Green located in Mount Holly, NJ.

## Note 11. Rental Property, Net

Rental property by region at December 31 consisted of the following:

| | 2015 | | 2014 | |
|---|---|---|---|---|
| | Units | Amounts | Units | Amounts |
| Baltimore | 128 | $ 24,322,594 | 92 | $ 18,388,722 |
| Wilmington | 40 | 6,639,969 | 40 | 6,639,969 |
| Accumulated depreciation | - | (2,793,714) | - | (1,672,021) |
| | 168 | $ 28,168,849 | 132 | $ 23,356,670 |

## Note 12. Loans Payable

Lenders specified in the following chart represent the largest creditors in each category. Loans payable at December 31 consisted of the following:

| Lender | 2015 Maturity Date | 2015 Interest rate | 2015 Balance | 2014 Balance |
|---|---|---|---|---|
| **Government** | | | | |
| *Government* | | | | |
| *Secured - Real Estate* | | | | |
| Other fixed rate (9 loans) | 12/2015 - 04/2056 | 0.0% | $ 6,572,592 | $ 6,014,198 |
| Other variable rate (3 loans) | 12/2016 - 06/2017 | 2.25% - 4.50% | 336,093 | 669,052 |
| *Unsecured* | | | | |
| Small Business Lending Fund ("SBLF") (1 fixed rate loan) | 09/2019 | 2.0% | 11,708,000 | 11,708,000 |
| Other fixed rate (4 loans) | 02/2018 - 03/2043 | 2.0% - 3.0% | 4,361,436 | 5,053,869 |
| Total | | | 22,978,121 | 23,445,119 |
| **Financial institutions, partnerships, and corporations** | | | | |
| *Financial Institutions & Partnerships* | | | | |
| *Secured - Other Assets* | | | | |
| JPMorgan Chase ("JPMC") (4 fixed rate loans, 2 variable rate loans) | 05/2016 - 08/2022 | 1.48% - 5.25% | 8,127,762 | 8,579,293 |
| Bank of America | - | 0.0% | - | 4,090,306 |
| TRF NMTC Fund X, LP (4 fixed rate loans) | 09/2016 - 12/2016 | 5.75% | 10,876,701 | 10,876,701 |
| FHLB (1 fixed rate loan) | 02/2016 | 0.58% | 3,654,554 | - |
| *Secured - Real Estate* | | | | |
| TD Bank (10 fixed rate loans) | 02/2018 - 01/2021 | 3.25% - 4.53% | 8,092,366 | 5,038,435 |
| Other fixed rate (4 loans) | 06/2017 - 04/2034 | 0.00% - 4.93% | 1,679,347 | 1,645,256 |
| Other variable rate (1 loan) | 11/2016 | 3.50% | 301,931 | - |
| *Unsecured* | | | | |
| JPMC (4 variable rate loans) | 06/2018 | 2.25% | 16,788,247 | 21,415,006 |
| Bank of America (2 fixed rate loans) | 12/2021 - 12/2023 | 1.0% - 3.50% | 13,932,921 | 13,932,921 |
| TD Bank (3 fixed rate loans) | 02/2021 - 12/2022 | 3.68% - 4.04% | 17,000,000 | 8,500,000 |
| Capital One (1 fixed rate loan) | 12/2018 | 3.5% | 10,482,617 | 10,482,617 |
| PNC (5 fixed rate loans) | 08/2016 - 09/2019 | 2.00% - 7.15% | 11,140,834 | 11,171,750 |
| Other fixed rate (25 loans) | 12/2015 - 07/2024 | 1.00% - 5.00% | 18,324,893 | 7,789,630 |
| Other variable rate (1 loan) | 06/2019 | 2.84% | 5,000,000 | 4,653,366 |
| *Corporations* | | | | |
| *Unsecured* | | | | |
| Prudential (1 fixed rate loan) | 07/2019 | 5.0% | 4,000,000 | 5,000,000 |
| Other fixed rate (11 loans) | 12/2015 - 12/2018 | 0.0% - 2.75% | 616,168 | 617,222 |
| Total | | | 130,018,341 | 113,792,503 |
| **Foundations, religious, and civic organizations** | | | | |
| *Foundation* | | | | |
| *Unsecured* | | | | |
| Calvert Social Investment Fund (2 fixed rate loans) | 05/2018 - 06/2020 | 2.75% - 3.0% | 6,500,000 | 6,000,000 |
| Robert Wood Johnson Foundation (1 fixed rate loan) | 06/2022 | 2.0% | 8,147,500 | 3,700,000 |
| Other fixed rate (34 loans) | 06/2016 - 12/2024 | 0.0% - 4.5% | 16,458,271 | 16,760,741 |
| *Religious* | | | | |
| *Unsecured* | | | | |
| Catholic Health Initiatives (1 fixed rate loan) | 03/2018 | 2.25% | 2,110,000 | 2,110,000 |
| Other fixed rate (100 loans) | 12/2015 - 6/2030 | 0.0% - 4.5% | 7,022,505 | 7,590,960 |
| *Civic* | | | | |
| *Secured - Other Assets* | | | | |
| CRF QI, LLC (6 fixed rate loans) | 09/2030 - 03/2044 | 2.30% - 2.94% | 18,762,213 | - |
| *Secured - Real Estate* | | | | |
| Great Lakes Capital Fund (1 fixed rate loan) | 10/2023 | 5.75% | 4,078,890 | 4,131,971 |
| Other fixed rate (2 loans) | 01/2016 - 08/2041 | 4.0% - 6.0% | 550,000 | 550,000 |
| *Unsecured* | | | | |
| Opportunity Finance Network (3 fixed rate loans) | 03/2019 - 03/2021 | 3.50% - 5.0% | 5,000,000 | 5,000,000 |
| Other fixed rate loans (12 loans) | 12/2015 - 06/2029 | 1.25% - 3.75% | 1,442,201 | 1,436,492 |
| Total | | | 70,071,580 | 47,280,164 |
| **Individuals** | | | | |
| *Unsecured* | | | | |
| *Individuals* (562 fixed rate loans) | 12/2015 - 06/2045 | 0.0% - 5.75% | 8,030,258 | 6,897,211 |
| Total loans payable | | | 231,098,300 | 191,414,997 |
| Less: Current portion | | | 37,923,944 | 15,649,871 |
| Long-term portion | | | $ 193,174,356 | $ 175,765,126 |

**Note 12. Loans Payable (Continued)**

The Organization had 820 and 804 issuances of debt at December 31, 2015 and 2014, respectively. The Organization's variable rate loans have base rates of Prime, 30 day LIBOR, 90 day LIBOR, 30 day U.S. Treasury and 12 month LIBOR. The Prime rate was 3.50% and 3.25% at December 31, 2015 and 2014, respectively. The 90 day LIBOR Rate was 0.61% and 0.26% at December 31, 2015 and 2014, respectively. The 30 day LIBOR rate was 0.43% and 0.17% at December 31, 2015 and 2014, respectively. The 12 month LIBOR rate was 1.18% and 0.63% at December 31, 2015 and 2014, respectively. The 30 day U.S. Treasury rate was 0.14% and 0.03% at December 31, 2015 and 2014, respectively.

At December 31, 2015, the Organization has certain debt agreements with note holders that have matured and classified as current liability. Note holders are contacted at least 30 days prior to the maturity date, with an option to elect to receive payment or renew its investment at maturity. As of December 31, 2015, all note holders were notified and the Organization is awaiting a response.

**Loans specified below represent certain debt instruments**

***Government debt includes amounts due to government agencies as follows:***

***Secured – Real Estate***

Relating to the affordable housing activities under DP, the Organization has 12 and 9 mortgage notes and construction loans with various government organizations, as of December 31, 2015 and 2014, respectively. The loan balances included above for such mortgage notes and construction loans as of December 31, 2015 and 2014 were $6,908,684 and $6,683,250, respectively.

Maryland Department of Housing and Community Development ("MD DHCD") – In total, Reinvestment Fund and DP had five conditionally forgivable loans with MD DHCD. Upon meeting the conditions stated in the loan agreements, MD DHCD agreed to forgive the loans by the maturity date in 2028. These loans were advanced to further community development work in the Baltimore area. As of December 17, 2014, loans totaling $1,095,000 were forgiven by MD DHCD earlier than expected. The forgiven amounts were recorded against other assets, property held for development or sale and deferred revenue on the consolidated statement of financial position and as a result, will be recognized as revenue upon the sale of the related rental properties to eligible home buyers.

New Jersey Housing and Mortgage Finance Agency ("NJHMFA") – DP had a conditionally forgivable loan with NJHMFA. This loan was advanced to assist in the financing of community development work in Neptune, New Jersey. In 2014, upon meeting the conditions stated in the loan agreement, NJHMFA forgave the loan totaling approximately $984,000. The forgiven amount was recorded against property held for development or sale on the consolidated statement of financial position and as a result, revenue will be recognized upon the sale of the related rental properties to eligible home buyers.

***Unsecured***

SBLF – Reinvestment Fund entered into an Equity Equivalent Investment agreement ("EQ2") with the SBLF of the U.S. Department of the Treasury for $11,708,000. An EQ2 is a long-term deeply subordinated loan with features that make it function like equity. The funds are to be used to advance small business growth and development in target areas. Reinvestment Fund also received $7,000,000 of EQ2 funds from Wells Fargo Community Investment Holdings, which is included in financial institutions unsecured other fixed rate loans payable.

## Note 12. Loans Payable (Continued)

***Financial institutions, Partnerships, and Corporations include amounts due to banks and other financial institutions as follows:***

***Secured – Other Assets***

FFFI - Reinvestment Fund has a secured credit facility with a group of syndicated lenders, in which JPMC acts as the lead agent. This facility supports the FFFI Program and was created to finance 80% of lending activity for qualified supermarket loans receivable. Funding of these loans is contingent upon the remaining 20% financed using grant funds. As of June 2009, the credit facility feature expired, however the facility continues to finance the term loans until the end borrower loans mature. As of December 31, 2015 and 2014, the loans payable of approximately $668,000 and $1,329,000 are secured by their prospective loans receivable of approximately $815,000 and $1,646,000, respectively. In 2015 and 2014, these loans are included in Financial institutions, partnerships and corporations; Secured-Other Assets.

NMTC Program Activities:

In connection with its NMTC program activities, Reinvestment Fund has borrowings totaling approximately $18,337,000 whose proceeds were used to finance NMTC eligible loans and NMTC leverage loans. As a condition of the program, Reinvestment Fund has assigned to the lenders a lien on a security interest in all of Reinvestment Fund's rights, title and interest to the related loans receivable.

Bank of America – Reinvestment Fund had three NMTC eligible loans payable to Bank of America as of December 31, 2015 and 2014 in the amount of approximately $0 and $4,090,000, respectively, secured by their prospective loans receivable of approximately $0 and $4,090,000, respectively.

NMTC Fund X, LP – Reinvestment Fund has four related party loans with NMTC Fund X, LP. These loans were used as pass-through loans to supermarket borrowers in support of our NMTC program. This re-lending was necessary to facilitate a guarantee from the PA Department of Community and Economic Development ("DCED"). As of December 31, 2015 and 2014, the loans payable were approximately $10,877,000, secured by their prospective loans receivable of approximately $10,877,000.

JPMC – Reinvestment Fund has two and three NMTC eligible loans payable to JPMC as of December 31, 2015 and 2014 in the amount of $7,460,000 and $7,250,000, respectively, secured by their prospective loans receivable of approximately $7,403,000 and $6,276,000, respectively. The difference in loans receivable and payable are attributed to borrower principal repayments made and held in NMTC eligible program specific bank accounts until program restrictions allow for pay-down of loans payable back to JPMC.

FHLB – In 2014, Reinvestment Fund was granted membership to the Federal Home Loan Bank Pittsburgh. As a member of the FHLB, Reinvestment Fund is able to pledge eligible loans receivable as collateral in order to have a revolving line of credit of 50% of the collateral value. As of December 31, 2015 and 2014, the loans payable were approximately $3,655,000 and $0, secured by pledged loans receivable of approximately $20,615,000 and $0.

***Secured – Real Estate***

Relating to the affordable housing activities under DP, the Organization has 15 and 9 mortgage notes and construction loans with various financial institutions as of December 31, 2015 and 2014, respectively. The loan balances included above for such mortgage notes and construction loans as of December 31, 2015 and 2014 were $10,073,644 and $6,683,691, respectively.

***Unsecured***

JPMC Core – Reinvestment Fund has an unsecured syndicated revolving loan facility, in which JPMC is the administrative agent, and as of December 31, 2015, was the sole lender on the facility. This facility supports Reinvestment Fund short term core acquisition and construction financing up to $25,000,000. The credit facility has an availability expiration date of June 25, 2016, and a facility maturity date of June 23, 2018. As of December 31, 2015 and 2014, the outstanding balance was approximately $16,788,000 and $21,415,000, respectively.

**Note 12. Loans Payable (Continued)**

***Foundations, religious and civic organizations include amounts due to various organizations:***

***Civic Secured – Other Assets***

CRF QI, LLC - During 2014, Reinvestment Fund applied and was approved to receive $55,000,000 through the Bond Program. The Bond Program gives Reinvestment Fund access to long-term fixed rate capital for terms of up to 29.5 years. The Organization is required to commit the bond proceeds within 24 months with full deployment prior to the end of 2019. Reinvestment Fund entered into a loan agreement with CRF QI, LLC (Qualified Issuer). As a condition of the program, Reinvestment Fund must pledge eligible secondary borrower loans as collateral to draw down on the loan. Under the program, the bonds are purchased by The Federal Financing Bank and the U.S. Treasury will guarantee repayment. As of December 31, 2015 and 2014, the loans payable were approximately $18,762,000 and $0, respectively, secured by pledged loans receivable of approximately $19,186,000 and $0, respectively.

***Civic Secured – Real Estate***

Relating to the affordable housing activities under DP, the Organization has 3 mortgage notes and construction loans with various civic organizations as of December 31, 2015 and 2014, respectively. The loan balances included above for such mortgage notes and construction loans as of December 31, 2015 and 2014 were $4,628,890 and $4,681,971, respectively.

The Organization has certain debt agreements that contain financial covenants requiring the Organization to maintain minimum cash and investment balances and certain financial ratios. As of December 31, 2015 and 2014, the Organization was in compliance with all of its financial covenants.

Aggregate maturities for loans payable at December 31, 2015 are as follows:

| | |
|---|---|
| 2016 | $ 37,923,944 |
| 2017 | 14,351,505 |
| 2018 | 45,947,399 |
| 2019 | 34,767,725 |
| 2020 | 27,217,109 |
| Thereafter | 70,890,618 |
| | $231,098,300 |

As of December 31, 2015, the Organization has available undrawn debt facilities of approximately:

| Lender | Total Debt Facility | Debt Facility Type | Available undrawn at December 31, 2015 |
|---|---|---|---|
| CRF QI, LLC | $ 54,697,543 | Non-revolving line of credit | $ 35,935,330 |
| JP Morgan Chase (agent) | 25,000,000 | Syndicated bank revolving line of credit | 8,211,753 |
| FHLB | 10,346,498 | Revolving line of credit | 6,691,944 |
| HSBC | 10,000,000 | Revolving line of credit | 7,000,000 |
| TD Bank | 10,000,000 | Non-revolving line of credit | 5,000,000 |
| Robert Wood Johnson | 10,000,000 | Non-revolving line of credit | 1,852,500 |
| Annie Casey | 5,000,000 | Revolving line of credit | 2,404,277 |
| City of Jersey City | 3,033,000 | Non-revolving line of credit | 132,000 |
| United Bank | 2,460,000 | Non-revolving line of credit | 1,709,350 |
| NJHMFA | 1,205,659 | Revolving line of credit | 946,905 |
| BB&T | 1,148,065 | Non-revolving line of credit | 1,105,517 |
| NJHMFA | 1,148,065 | Non-revolving line of credit | 1,105,517 |
| NJHMFA | 1,100,000 | Non-revolving line of credit | 1,065,209 |
| Community Development | 1,000,000 | Non-revolving line of credit | 378,075 |
| NJHMFA | 500,000 | Choice subsidy (non-revolving line of credit) | 50,000 |
| | $ 136,638,830 | | $ 73,588,377 |

## Note 13. Recoverable Grant Payable

Reinvestment Fund was awarded $8,522,609 in grants from PIDC – Local Development Corporation. The grants were awarded through the City of Philadelphia under the Department of Energy's Energy Efficiency and Conservation Block Grant pursuant to The American Recovery and Reinvestment Act. Reinvestment Fund received drawdowns totaling $7,847,608 upon the execution of the awarded grant agreements in 2011. Under the terms of the grant, Reinvestment Fund is required to create a loan loss reserve program and interest rate buy-down fund program for the EnergyWorks Loan Fund. Grant funds are considered expended and revenue is recognized once the loan loss reserve and interest rate buy-down accounts are funded and committed to be used to support individual or a portfolio of loans. Reinvestment Fund funded and committed loan loss reserves and interest rate buy downs to eligible projects totaling $1,966,036 and $0, respectively, for the years ended December 31, 2015 and 2014. The balance of this recoverable grant payable was $2,403,681 and $4,369,717 at December 31, 2015 and 2014, respectively.

Reinvestment Fund was also awarded $5,000,000 from the City of Baltimore for the Community Service Loan Program. Reinvestment Fund received a $2,000,000 and a $1,000,000 drawdown in 2015 and 2014, respectively. Under the terms of the grant, Reinvestment Fund is required to create the Community Service Loan Program. The funds will be used to cover loan losses, re-granting and to make loans to eligible borrowers. The revenue will be recognized and released simultaneously as loan losses are incurred or re-granting is designated to eligible borrowers. Any funds not expended for loan losses are due back to the grantor.  The balance of this recoverable grants payable was $2,990,000 and $1,000,000 at December 31, 2015 and 2014, respectively.

Reinvestment Fund was awarded $400,000 from The Maryland Department of Housing and Community Development through the Southeast Community Development Fund (SEDC) to create the CARE Revolving Loan Fund. This fund is to be used to finance the acquisition, rehabilitation and sale of vacant residential properties located in the Southeast Baltimore City Sustainable Community Area. The revenue will be recognized and released simultaneously to cover loan losses to eligible borrowers in this specific geography.  Upon the expiration of five years from the date of the agreement, financing of new projects will cease unless an extension of time is granted. SEDC may require repayment of the grant at the end of the grant period.

The consolidated statement of financial position reflects recoverable grants payable in the amount of $5,793,681 and $5,369,717 for the years ended December 2015 and 2014, respectively.

## Note 14. Net Assets

Unrestricted Net Assets: Unrestricted net assets include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation. At December 31, 2015 and 2014, unrestricted net assets were $45,895,269 and $38,976,087, respectively. At December 31, 2015 and 2014, unrestricted net assets of $9,181,356 and $9,165,769, respectively, were contractually limited as to use by SDF. At December 31, 2015 and 2014, unrestricted net assets of $5,858,885 and $4,758,094, respectively, represented non-controlling interest which is the equity interests in consolidated subsidiaries, exclusive of any Reinvestment Fund interests.

Temporarily Restricted Net Assets: Temporarily restricted net assets are those net assets whose use by the Organization is limited by donor to be used for a specified purpose (purpose restrictions) or restricted to be used in a later period or after a specified date (time restrictions).

### Note 14. Net Assets (Continued)

Temporarily restricted net assets at December 31 consisted of the following:

**2015**

| | 12/31/2014 | Grants & Contributions | Net Assets Released | Reclassification of Releases | Net Financial Income | 12/31/2015 |
|---|---|---|---|---|---|---|
| Temporarily Restricted | | | | | | |
| Programs | | | | | | |
| *SDF - Contractually limited as to use* | $ 382,766 | $ - | $ (382,766) | $ - | $ - | $ - |
| *Policy solutions* | 254,407 | 75,000 | (391,381) | 339,740 | - | 277,766 |
| *PolicyMap* | 217,102 | - | (693,790) | 476,688 | - | - |
| *Lending* | 4,044,260 | 405,000 | (1,080,786) | (1,482,221) | 475,444 | 2,361,697 |
| *Development partners* | - | 75,000 | (75,000) | - | - | - |
| *Other* | 84,518 | 125,000 | (153,779) | - | 379 | 56,118 |
| | 4,983,053 | 680,000 | (2,777,502) | (665,793) | 475,823 | 2,695,581 |
| Financing | | | | | | |
| *Lending* | 34,896,077 | 1,966,036 | (6,475,628) | 588,075 | 51,732 | 31,026,292 |
| *Real Estate* | 2,930,393 | 441,916 | (860,773) | - | - | 2,511,536 |
| | 37,826,470 | 2,407,952 | (7,336,401) | 588,075 | 51,732 | 33,537,828 |
| Re-granting | | | | | | |
| *Lending* | 4,983,501 | 1,731,849 | (3,146,387) | 77,718 | - | 3,646,681 |
| Total temporarily restricted | $ 47,793,024 | $ 4,819,801 | $ (13,260,290) | $ - | $ 527,555 | $ 39,880,090 |

**2014**

| | 12/31/2013 | Grants & Contributions | Net Assets Released | Reclassification of Releases | Net Financial Income | 12/31/2014 |
|---|---|---|---|---|---|---|
| Temporarily Restricted | | | | | | |
| Programs | | | | | | |
| *SDF - Contractually limited as to use* | $ 538,769 | $ - | $ (156,003) | $ - | $ - | $ 382,766 |
| *Policy solutions* | 204,900 | 303,500 | (301,993) | 48,000 | - | 254,407 |
| *PolicyMap* | 685,487 | 1,050,000 | (1,518,385) | - | - | 217,102 |
| *Lending* | 2,130,926 | 2,778,480 | (1,288,571) | (48,000) | 471,425 | 4,044,260 |
| *Development partners* | 12,500 | 50,000 | (62,500) | - | - | - |
| *Other* | 199,132 | - | (115,850) | - | 1,236 | 84,518 |
| | 3,771,714 | 4,181,980 | (3,443,302) | - | 472,661 | 4,983,053 |
| Financing | | | | | | |
| *Lending* | 32,716,714 | 5,000,000 | (2,850,000) | - | 29,363 | 34,896,077 |
| *Real Estate* | 4,347,448 | 2,021,600 | (3,438,655) | - | - | 2,930,393 |
| | 37,064,162 | 7,021,600 | (6,288,655) | - | 29,363 | 37,826,470 |
| Re-granting | | | | | | |
| *Lending* | 3,111,223 | 2,063,400 | (191,122) | - | - | 4,983,501 |
| Total temporarily restricted | $ 43,947,099 | $ 13,266,980 | $ (9,923,079) | $ - | $ 502,024 | $ 47,793,024 |

Temporarily restricted net assets for financing-lending includes $20,698,392 and $20,691,416 from US ED for the years ended December 31, 2015 and 2014, respectively. These funds are to be used to provide credit enhancement (loan losses) for charter schools.

<u>Permanently Restricted Net Assets</u>: Permanently restricted net assets represent grants and contributions received subject to donor restrictions that are primarily for use in the Organization's permanent revolving loans funds.

For the year ended December 31, 2015, the increase in permanently restricted net assets of $1,386,039 represents the receipt of a SEP award from The Department of Environmental Protection funded by the U.S. Department of Energy.

For the year ended December 31, 2015, the increase in permanently restricted net assets of $33,638 represents recoveries net of charge-offs in the revolving loan fund.

For the year ended December 31, 2014, the decrease in permanently restricted net assets of $78,953 represents charge-offs net of recoveries in the revolving loan fund.

### Note 14. Net Assets (Continued)

For the year ended December 31, 2014, re-designation of funds from permanently restricted to unrestricted net assets include $315,726 of releases of grant restrictions by Opportunity Finance Network and Wells Fargo Regional Foundation. In 2014, the Organization received approval from both donors to release the restrictions on the grants. These grants were reclassified as unrestricted net assets.

Income earned from grants and contributions is recorded within unrestricted, temporarily restricted or permanently restricted net assets, as defined in individual agreements.

### Note 15. Program Services and Fees

Program services and fees consist of the following:

| | 2015 | 2014 |
|---|---|---|
| Gross sales of residential properties | $ 3,126,152 | $ 3,410,840 |
| Cost of sales of residential properties | (3,118,336) | (3,124,729) |
| NMTC fees | 2,246,250 | 2,320,000 |
| Technical assistance fees | 2,005,849 | 1,580,845 |
| Net rental income | 216,033 | 49,726 |
| Other | 1,412,668 | 759,728 |
| | $ 5,888,616 | $ 4,996,410 |

### Note 16. Sustainable Development Fund

SDF is a separate fund of Reinvestment Fund. SDF is guided by the terms of two PA PUC orders and subsequent PUC actions. SDF loans are reviewed and approved by Reinvestment Fund’s loan committee. SDF has a Board of Directors that assists with grant approvals, but now that SDF no longer awards grants, the Board has become inactive. SDF files an annual report with the PUC and participated in an annual meeting of the Pennsylvania Sustainable Energy Board.

In connection with the creation of SDF, SDF agreed to comply with certain contractual restrictions on the use of the Fund’s available net assets. As such, all net assets of SDF are considered contractually limited as to use. All Fund receipts, including contributions, principal repayments and interest earnings on loans made by the Fund, earnings on equity and near equity investments, and interest earnings, are required to be maintained in SDF. SDF is authorized to make disbursements for loans, equity and near equity investments, grants and approved annual operating program expenses. The Fund is also subject to certain annual reporting requirements.

On October 20, 2000, Philadelphia's PECO Energy Company and the Unicom Corporation of Chicago merged to form the Exelon Corporation. As a result of the merger, Exelon agreed to accelerate the payments otherwise due to SDF based on electricity consumption in the PECO Energy service territory. Exelon paid SDF a lump sum payment of $9,980,000 on January 1, 2001, representing estimated collections based on electricity consumption during the period January 1, 2001 through December 31, 2006.

In connection with the merger agreement, Exelon made contributions to SDF, over a five year period from October 20, 2000 to January 1, 2005, for the following purposes:

1) Photovoltaic Project – Contribution of $4,000,000 to fund a four year photovoltaic (solar electricity) project to purchase, install, finance and/or write down the cost of the minimum number of rooftop units in each year of the project.

2) New Pennsylvania Wind Facilities – Contribution of $12,000,000 for the development of new wind powered generation projects in Pennsylvania.

3) Renewable Education – Contribution of $2,500,000 to help fund consumer education on electricity from renewable sources, including environmental, financial and technical considerations.

**Note 16. Sustainable Development Fund (Continued)**

During 2015 and 2014, net assets released from restriction for SDF totaled $382,766 and $156,003, respectively. SDF did not incur any fundraising expenses.

**Note 17. Fundraising Expenses**

The management and general category includes fundraising expenses, which are approximately $67,000 and $51,000 for the years ended December 31, 2015 and 2014, respectively.

**Note 18. Commitments and Contingencies**

The Organization leases its offices and certain office equipment under non-cancelable operating leases. The office lease term is for 15 years with one option to renew for 5 years. The lease includes a tenant leasehold improvement allowance totaling approximately $1,100,000. This allowance is deferred and amortized over the term of the lease. The Organization's future annual minimum payments under these leases, net of sublease income, are as follows:

| | |
|---|---|
| 2016 | $ 564,992 |
| 2017 | 575,343 |
| 2018 | 585,694 |
| 2019 | 596,045 |
| 2020 | 606,396 |
| Thereafter | 3,463,273 |
| | $ 6,391,743 |

Rent expense, net of subleases, was $479,137 and $583,720 for the years ended December 31, 2015 and 2014, respectively.

At December 31, 2015, the Organization had approximately $54,800,000 of loans closed but not yet disbursed and $15,000,000 of loan commitments, net of participations. Loan commitments represent arrangements to lend funds at specified interest rates and contain fixed expiration dates or other termination clauses.

At December 31, 2015, Reinvestment Fund had unconditional outstanding letters of credit totaling $601,742. These letters of credit have maturity dates ranging from July 2016 to December 2016.

During the year ended June 30, 2009, in connection with the NMTC program, TRF NMTC Fund VII, LP (“Lender”) issued three notes to The Learning Community Charter School (“Debtor”). Reinvestment Fund (“Guarantor”) unconditionally guarantees the punctual payment of all sums due on one of these notes in the amount of $4,840,750 plus any expenses for collection of the note including reasonable attorneys’ fees. This guaranty requires that the Lender cause the full depletion of the US ED proceeds, held by Reinvestment Fund as restricted cash in the amount of $974,850, prior to pursuing any remedy against the Guarantor. These US ED proceeds also secure the Debtor’s obligations under the note. At December 31, 2015, the balance of the guarantee was $4,840,750.

During 2010, in connection with the NMTC program, JPMC (“Senior Lender”), issued a note payable to Chase NMTC TRF Charter School Investment Fund, LLC (“borrower”) in the amount of $21,349,140. Reinvestment Fund, a subordinate lender to the borrower, received grant funds from the US ED to enable Reinvestment Fund to establish a reserve fund to assist one or more charter schools’ access to private sector capital. In accordance with the terms and conditions of the Amended and Restated Credit Enhancement Agreement, Reinvestment Fund agreed to deposit such funds into a Credit Enhancement Reserve Account (the “Account”) in an amount equal to 10% of the principal amount of the loans issued per the Senior Lender’s promissory note. In addition, Reinvestment Fund agreed to deposit an additional $32,938 into the Account. The Account is interest bearing and is pledged to the Senior Lender as additional security for the loans pursuant to the Credit Enhancement Reserve Account Pledge and Control Agreement. At December 31, 2015, the balance in the Account was $2,181,859.

In the normal course of business, the Organization is subject to various pending or threatened litigation. In the opinion of management, the ultimate resolution of such litigation will not have a material adverse effect on the Organization’s consolidated financial statements.

## Note 19. Retirement Plan

The Organization offers all eligible employees the opportunity to participate in a 401(k) tax deferred plan whereby employees may elect to contribute through payroll deductions. These amounts are subject to statutory maximums. The 2015 and 2014 plans provided for a discretionary match of 100% of employees' contributions for the first 3% of compensation plus a 50% match on deferrals in excess of 3% but not to exceed 5% of employees' compensation. The Organization contributed $265,811 and $253,097 for the years ended December 31, 2015 and 2014, respectively.

## Note 20. Fair Value Measurements

The Organization recorded certain assets, such as investments in marketable securities and program investments at fair value on an ongoing basis and reported at fair value at every reporting date. These are disclosed below under fair value on a recurring basis. Assets that are not recorded at fair value on an ongoing basis, but under certain circumstances, such as impairments and property held for development or sale are disclosed below under fair value on nonrecurring basis.

*Fair Value on a Recurring Basis*

Investment in marketable securities: The fair value of investment in marketable securities is the market value based on quoted market prices, when available (Level 1). If listed prices or quotes are not available, fair value is based upon quoted market prices for similar or identical assets or other observable inputs (Level 2); or fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the investment (Level 3).

Program investments: The fair value of program investments is determined in good faith by the management of the Organization by taking into consideration the exit price of the investment and other factors as management may deem relevant.

The following presents the assets and liabilities reported on the consolidated statement of financial position at their fair value as of December 31 by level.

| | 2015 | | | |
|---|---|---|---|---|
| | Total | Level 1 | Level 2 | Level 3 |
| Investments in marketable securities: | | | | |
| Debt and Mortgage-backed securities: | | | | |
| Federal Home Loan Bank | $ 124,755 | $ - | $ 124,755 | $ - |
| Federal Home Loan Mortgage Company | 3,965,002 | - | 3,965,002 | - |
| Federal National Mortgage Association | 10,207,008 | - | 10,207,008 | - |
| U.S. Treasury Notes and Bills | 12,782,184 | 12,782,184 | - | - |
| Corporate debt securities | 14,782,609 | 1,950,000 | 12,832,609 | - |
| Program investments: | | | | |
| The Community Development Trust | 250,000 | - | - | 250,000 |
| Total assets | $ 42,111,558 | $ 14,732,184 | $ 27,129,374 | $ 250,000 |

| | 2014 | | | |
|---|---|---|---|---|
| | Total | Level 1 | Level 2 | Level 3 |
| Investments in marketable securities: | | | | |
| Debt and Mortgage-backed securities: | | | | |
| Federal Home Loan Bank | $ 1,314,344 | $ - | $ 1,314,344 | $ - |
| Federal Home Loan Mortgage Company | 961,539 | - | 961,539 | - |
| Federal National Mortgage Association | 15,138,280 | 1,497,941 | 13,640,339 | - |
| U.S. Treasury Notes and Bills | 8,402,113 | 8,402,113 | - | - |
| Corporate debt securities | 17,698,472 | 3,800,000 | 13,898,472 | - |
| Program investments: | | | | |
| The Community Development Trust | 250,000 | - | - | 250,000 |
| Total assets | $ 43,764,748 | $ 13,700,054 | $ 29,814,694 | $ 250,000 |

## Note 20. Fair Value Measurements (Continued)

*Fair Value on a Nonrecurring Basis*

Impaired loans: The fair value of impaired loans is determined based on the loan's observable market price or the fair value of the collateral if the loan is collateral dependent. The valuation allowance for impaired loans is included in the allowance for losses in the consolidated statement of financial position. The valuation allowance for impaired loans at December 31, 2015 and 2014 was $840,224 and $1,571,703, respectively.

Residential property held for development or sale: The fair value of residential property held for development or sale is determined in good faith by the management of the Organization by taking into consideration the current real estate market, units owned versus city owned property, and such other factors as management may deem relevant. The valuation allowance at December 31, 2015 and 2014 was $247,472 and $390,262, respectively.

| | 2015 | | | |
|---|---|---|---|---|
| | Total | Level 1 | Level 2 | Level 3 |
| Impaired loans, net of specific reserves of $840,224 | $ 15,317,469 | $ - | $ - | $ 15,317,469 |
| Property held for development or sale, net of specific reserve of $247,742 | 5,863,087 | - | - | 5,863,087 |
| | $ 21,180,556 | $ - | $ - | $ 21,180,556 |

| | 2014 | | | |
|---|---|---|---|---|
| | Total | Level 1 | Level 2 | Level 3 |
| Impaired loans, net of specific reserves of $1,571,703 | $ 15,864,220 | $ - | $ - | $ 15,864,220 |
| Property held for development or sale, net of specific reserve of $390,262 | 10,170,800 | - | - | 10,170,800 |
| | $ 26,035,020 | $ - | $ - | $ 26,035,020 |

## Note 21. Subsequent Events

The Organization's management has evaluated its subsequent events (events occurring after December 31, 2015) through April 26, 2016, which represents the date the financial statements were available to be issued.

Effective January 1, 2016 Reinvestment Fund made a strategic decision to create a separate legal entity, PolicyMap, LLC ("PolicyMap"). PolicyMap is a limited liability company wholly owned by Reinvestment Fund. PolicyMap was created as part of a restructure to better manage risk and enable growth.

**Independent Auditor's Report
on the Supplementary Information**

To the Board of Directors
Reinvestment Fund, Inc. and Affiliates
Philadelphia, Pennsylvania

We have audited the consolidated financial statements of Reinvestment Fund, Inc. and Affiliates as of and for the years ended December 31, 2015 and 2014, and have issued our report thereon, dated April 26, 2016, which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position, results of operations, and cash flows of the individual companies and is not a required part of the consolidated 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 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

RSM US LLP

Blue Bell, Pennsylvania
April 26, 2016

**Reinvestment Fund, Inc. and Affiliates (Excluding SDF)**

**Consolidating Statement of Financial Position**
**December 31, 2015**

| | TRF | EFI | NMTC | TC-TRF | DP | Education Funding | Reinvest I - IV | Fund Manager | Eliminations & Reclassifications | Total | SDF | Total ( excluding SDF ) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | | | | | |
| Current Assets | | | | | | | | | | | | |
| Cash, cash equivalents and certificate of deposit | $ 11,011,816 | $ 58,116 | $ 78,414 | $ - | $ 2,040,854 | $ - | $ - | $ 18,585 | $ - | $ 13,207,785 | $ - | $ 13,207,785 |
| Grants and contributions receivable | 828,865 | - | - | - | - | - | - | - | - | 828,865 | - | 828,865 |
| Investments in marketable securities | 17,487,873 | - | - | - | - | - | - | - | - | 17,487,873 | 458,689 | 17,029,184 |
| Accounts receivable - related parties | 369 | - | - | - | - | 37,333 | 400 | - | (38,102) | - | - | - |
| Loans and leases | 87,997,781 | 6,289 | - | - | - | - | - | - | (296,684) | 87,707,386 | 787,500 | 86,919,886 |
| Allowance for losses | (4,797,723) | (14) | - | - | - | - | - | - | 16,318 | (4,781,419) | (36,023) | (4,745,396) |
| Other | 3,532,186 | 62 | 16,073 | - | 3,270,256 | - | - | 6,321 | - | 6,824,898 | 16,102 | 6,808,796 |
| Restricted cash, cash equivalents and certificate of deposit | 26,358,009 | - | - | - | 1,238,381 | - | - | - | - | 27,596,390 | 288,741 | 27,307,649 |
| | 142,419,176 | 64,453 | 94,487 | - | 6,549,491 | 37,333 | 400 | 24,906 | (318,468) | 148,871,778 | 1,515,009 | 147,356,769 |
| Noncurrent Assets | | | | | | | | | | | | |
| Investments in marketable securities | 24,373,685 | - | - | - | - | - | - | - | - | 24,373,685 | 7,167,789 | 17,205,896 |
| Due from related parties | 740,998 | - | - | - | - | - | - | - | (740,998) | - | - | - |
| Loans and leases | 207,327,035 | 80,728 | - | - | 1,100,000 | - | - | - | (500,000) | 208,007,763 | 924,727 | 207,083,036 |
| Allowance for losses | (11,311,910) | (186) | - | - | - | - | - | - | 27,500 | (11,284,596) | (42,300) | (11,242,296) |
| Investments in limited partnerships and program investments | 678,058 | - | 33,207 | - | 146 | 48,766 | - | 1,439 | - | 761,616 | - | 761,616 |
| Equipment, leasehold improvements and software, net | 2,444,063 | - | - | - | 2,768 | - | - | - | | 2,446,831 | - | 2,446,831 |
| Investments in consolidated subsidiaries | 1,249,658 | - | - | - | - | - | - | - | (1,249,658) | - | - | - |
| Property held for development or sale, net | - | - | - | - | 6,082,444 | - | - | - | (219,357) | 5,863,087 | - | 5,863,087 |
| Rental property, net | - | - | - | - | 28,168,849 | - | - | - | - | 28,168,849 | - | 28,168,849 |
| Other | 506,318 | - | (879) | - | 464,573 | - | - | - | (280,738) | 689,274 | - | 689,274 |
| | 226,007,905 | 80,542 | 32,328 | - | 35,818,780 | 48,766 | - | 1,439 | (2,963,251) | 259,026,509 | 8,050,216 | 250,976,293 |
| **Total Assets** | $ 368,427,081 | $ 144,995 | $ 126,815 | $ - | $ 42,368,271 | $ 86,099 | $ 400 | $ 26,345 | $ (3,281,719) | $ 407,898,287 | $ 9,565,225 | $ 398,333,062 |
| **Liabilities and Net Assets** | | | | | | | | | | | | |
| Current Liabilities | | | | | | | | | | | | |
| Accounts payable and accrued expenses | $ 2,149,799 | $ 1,200 | $ - | $ - | $ 897,225 | $ - | $ - | $ - | $ - | $ 3,048,224 | $ 328,500 | $ 2,719,724 |
| Escrow payable and due to third parties | 10,918,525 | - | - | - | 147,622 | - | - | - | (22,050) | 11,044,097 | 55,000 | 10,989,097 |
| Accounts payable - related parties | 296,844 | - | - | - | - | - | - | - | (296,844) | - | 369 | (369) |
| Deferred revenue | 900,088 | - | - | - | 2,463,603 | - | - | - | (394,838) | 2,968,853 | - | 2,968,853 |
| Other | 791,384 | - | - | - | 211,989 | - | - | - | - | 1,003,373 | - | 1,003,373 |
| Recoverable grant payable | 5,793,681 | - | - | - | | - | - | - | - | 5,793,681 | - | 5,793,681 |
| Loans payable, current portion | 33,323,930 | 37,931 | - | - | 4,858,767 | - | - | - | (296,684) | 37,923,944 | - | 37,923,944 |
| | 54,174,251 | 39,131 | - | - | 8,579,206 | - | - | - | (1,010,416) | 61,782,172 | 383,869 | 61,398,303 |
| Noncurrent Liabilities | | | | | | | | | | | | |
| Due to related parties | - | - | - | - | 740,998 | - | - | - | (740,998) | - | - | - |
| Loans payable, less current maturities | 147,687,927 | - | - | - | 27,278,429 | - | - | - | (500,000) | 174,466,356 | - | 174,466,356 |
| Loans payable, EQ2 | 18,708,000 | - | - | - | - | - | - | - | - | 18,708,000 | - | 18,708,000 |
| Escrow payable and due to third parties | 524,108 | - | - | - | - | - | - | - | - | 524,108 | - | 524,108 |
| Other | 1,490,316 | - | - | - | - | - | - | - | - | 1,490,316 | - | 1,490,316 |
| | 168,410,351 | - | - | - | 28,019,427 | - | - | - | (1,240,998) | 195,188,780 | - | 195,188,780 |
| **Total Liabilities** | 222,584,602 | 39,131 | - | - | 36,598,633 | - | - | - | (2,251,414) | 256,970,952 | 383,869 | 256,587,083 |
| Commitments and Contingencies | | | | | | | | | | | | |
| Paid in capital | - | 1,010,000 | - | - | - | 60,100 | 400 | - | (1,070,500) | - | - | - |
| Earnings/(Deficit) | - | (904,136) | 126,815 | - | - | 25,999 | - | 26,345 | 724,977 | - | - | - |
| Net Assets | | | | | | | | | | | | |
| Unrestricted | 49,180,834 | - | - | - | (2,600,783) | - | - | - | (684,782) | 45,895,269 | - | 45,895,269 |
| Unrestricted - Contractually limited as to use | 9,181,356 | - | - | - | - | - | - | - | - | 9,181,356 | 9,181,356 | - |
| Non-controlling interest in consolidating subsidiaries | - | - | - | - | 5,858,885 | - | - | - | - | 5,858,885 | - | 5,858,885 |
| Total Unrestricted | 58,362,190 | 105,864 | 126,815 | - | 3,258,102 | 86,099 | 400 | 26,345 | (1,030,305) | 60,935,510 | 9,181,356 | 51,754,154 |
| Temporarily restricted - Programs | 2,695,581 | - | - | - | - | - | - | - | - | 2,695,581 | - | 2,695,581 |
| Temporarily restricted - Financing | 31,026,292 | - | - | - | 2,511,536 | - | - | - | - | 33,537,828 | - | 33,537,828 |
| Temporarily restricted - Re-granting | 3,646,681 | - | - | - | - | - | - | - | - | 3,646,681 | - | 3,646,681 |
| Total Temporarily Restricted | 37,368,554 | - | - | - | 2,511,536 | - | - | - | - | 39,880,090 | - | 39,880,090 |
| Permanently restricted | 50,111,735 | - | - | - | - | - | - | - | - | 50,111,735 | - | 50,111,735 |
| **Total Net Assets** | 145,842,479 | 105,864 | 126,815 | - | 5,769,638 | 86,099 | 400 | 26,345 | (1,030,305) | 150,927,335 | 9,181,356 | 141,745,979 |
| **Total Liabilities and Net Assets** | $ 368,427,081 | $ 144,995 | $ 126,815 | $ - | $ 42,368,271 | $ 86,099 | $ 400 | $ 26,345 | $ (3,281,719) | $ 407,898,287 | $ 9,565,225 | $ 398,333,062 |

**Reinvestment Fund, Inc. and Affiliates (Excluding SDF)**

**Consolidating Statement of Financial Position**
**December 31, 2014**

| | TRF | Private Equity | EFI | NMTC | TC-TRF | DP | Education Funding | Reinvest I - IV | Fund Manager | Eliminations & Reclassifications | Total | SDF | Total ( excluding SDF ) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | | | | | | |
| Current Assets | | | | | | | | | | | | | |
| Cash, cash equivalents and certificate of deposit | $ 12,674,909 | $ - | $ 60,980 | $ 398,294 | $ 2,482,241 | $ 1,702,083 | $ - | $ - | $ 131,018 | $ - | $ 17,449,525 | $ - | $ 17,449,525 |
| Grants and contributions receivable | 9,196,805 | - | - | - | - | - | - | - | - | - | 9,196,805 | - | 9,196,805 |
| Investments in marketable securities | 20,391,740 | - | - | - | - | - | - | - | - | - | 20,391,740 | 1,089,857 | 19,301,883 |
| Accounts receivable - related parties | 9,060 | - | - | 65 | - | - | 37,333 | 400 | - | (46,858) | - | - | - |
| Loans and leases | 79,864,406 | - | 25,701 | - | - | - | - | - | - | (787,119) | 79,102,988 | 291,430 | 78,811,558 |
| Allowance for losses | (4,481,207) | - | (565) | - | - | - | - | - | - | 78,712 | (4,403,060) | (16,390) | (4,386,670) |
| Other | 2,825,503 | - | 192 | 60,595 | 156,637 | 2,015,067 | - | - | 6,320 | (10,000) | 5,054,314 | 20,079 | 5,034,235 |
| Restricted cash, cash equivalents and certificate of deposit | 26,118,582 | - | - | - | - | 686,033 | - | - | - | - | 26,804,615 | 947,333 | 25,857,282 |
| | 146,599,798 | - | 86,308 | 458,954 | 2,638,878 | 4,403,183 | 37,333 | 400 | 137,338 | (765,265) | 153,596,927 | 2,332,309 | 151,264,618 |
| Noncurrent Assets | | | | | | | | | | | | | |
| Grants and contributions receivable | 73,000 | - | - | - | - | - | - | - | - | - | 73,000 | - | 73,000 |
| Investments in marketable securities | 23,123,008 | - | - | - | - | - | - | - | - | - | 23,123,008 | 6,831,578 | 16,291,430 |
| Due from related parties | 971,621 | - | - | - | - | - | - | - | - | (971,621) | - | - | - |
| Loans and leases | 153,489,518 | - | 122,507 | - | - | 1,100,000 | - | - | - | (500,000) | 154,212,025 | 474,221 | 153,737,804 |
| Allowance for losses | (9,176,519) | - | (2,692) | - | - | - | - | - | - | 50,000 | (9,129,211) | (26,670) | (9,102,541) |
| Investments in limited partnerships and program investments | 504,484 | - | - | 30,510 | - | 343 | 47,233 | - | 1,454 | - | 584,024 | - | 584,024 |
| Equipment, leasehold improvements and software, net | 2,672,347 | - | - | - | - | 1,714 | - | - | - | | 2,674,061 | - | 2,674,061 |
| Investments in consolidated subsidiaries | 4,229,935 | - | - | 205 | - | - | - | - | - | (4,230,140) | - | - | - |
| Property held for development or sale, net | - | - | - | - | - | 10,390,157 | - | - | - | (219,357) | 10,170,800 | - | 10,170,800 |
| Rental property, net | - | - | - | - | - | 23,356,670 | - | - | - | - | 23,356,670 | - | 23,356,670 |
| Other | 144,268 | - | - | (879) | - | 1,206,964 | - | - | - | (800,011) | 550,342 | - | 550,342 |
| | 176,031,662 | - | 119,815 | 29,836 | - | 36,055,848 | 47,233 | - | 1,454 | (6,671,129) | 205,614,719 | 7,279,129 | 198,335,590 |
| **Total Assets** | $ 322,631,460 | $ - | $ 206,123 | $ 488,790 | $ 2,638,878 | $ 40,459,031 | $ 84,566 | $ 400 | $ 138,792 | $ (7,436,394) | $ 359,211,646 | $ 9,611,438 | $ 349,600,208 |
| **Liabilities and Net Assets** | | | | | | | | | | | | | |
| Current Liabilities | | | | | | | | | | | | | |
| Accounts payable and accrued expenses | $ 1,544,323 | $ - | $ - | $ - | $ - | $ 1,044,601 | $ - | $ - | $ - | $ - | $ 2,588,924 | $ 15,471 | $ 2,573,453 |
| Escrow payable and due to third parties | 5,296,424 | - | - | - | - | 108,261 | - | - | - | (16,848) | 5,387,837 | 38,372 | 5,349,465 |
| Accounts payable - related parties | 830,075 | - | - | - | - | - | - | - | - | (830,075) | - | 9,060 | (9,060) |
| Deferred revenue | 408,141 | - | - | - | - | 2,564,068 | - | - | - | (450,000) | 2,522,209 | - | 2,522,209 |
| Other | 710,767 | - | - | - | - | 260,581 | - | - | - | (10,000) | 961,348 | - | 961,348 |
| Recoverable grant payable | 5,369,717 | - | - | - | - | | - | - | - | - | 5,369,717 | - | 5,369,717 |
| Loans payable, current portion | 13,771,585 | - | 98,091 | - | - | 2,310,859 | - | - | - | (530,664) | 15,649,871 | - | 15,649,871 |
| | 27,931,032 | - | 98,091 | - | - | 6,288,370 | - | - | - | (1,837,587) | 32,479,906 | 62,903 | 32,417,003 |
| Noncurrent Liabilities | | | | | | | | | | | | | |
| Due to related parties | - | - | - | - | - | 971,621 | - | - | - | (971,621) | - | - | - |
| Loans payable, less current maturities | 137,119,277 | - | - | - | - | 26,694,304 | - | - | - | (756,455) | 163,057,126 | - | 163,057,126 |
| Loans payable, EQ2 | 12,708,000 | - | - | - | - | - | - | - | - | - | 12,708,000 | - | 12,708,000 |
| Other | 1,581,582 | - | - | - | - | - | - | - | - | - | 1,581,582 | - | 1,581,582 |
| | 151,408,859 | - | - | - | - | 27,665,925 | - | - | - | (1,728,076) | 177,346,708 | - | 177,346,708 |
| **Total Liabilities** | 179,339,891 | - | 98,091 | - | - | 33,954,295 | - | - | - | (3,565,663) | 209,826,614 | 62,903 | 209,763,711 |
| Commitments and Contingencies | | | | | | | | | | | | | |
| Paid in capital | - | - | 1,010,000 | (1,850,927) | 2,638,672 | - | 60,100 | 400 | 100 | (1,858,345) | - | - | - |
| Earnings/(Deficit) | - | - | (901,968) | 2,339,717 | - | - | 24,466 | - | 138,692 | (1,600,907) | - | - | - |
| Net Assets | | | | | | | | | | | | | |
| Unrestricted | 40,571,110 | - | - | - | - | (1,183,750) | - | - | - | (411,273) | 38,976,087 | - | 38,976,087 |
| Unrestricted - Contractually limited as to use | 9,165,769 | - | - | - | - | - | - | - | - | - | 9,165,769 | 9,165,769 | - |
| Non-controlling interest in consolidating subsidiaries | - | - | - | - | 206 | 4,758,094 | - | - | - | (206) | 4,758,094 | - | 4,758,094 |
| Total Unrestricted | 49,736,879 | - | 108,032 | 488,790 | 2,638,878 | 3,574,344 | 84,566 | 400 | 138,792 | (3,870,731) | 52,899,950 | 9,165,769 | 43,734,181 |
| Temporarily restricted - Programs | 4,983,053 | - | - | - | - | - | - | - | - | - | 4,983,053 | 382,766 | 4,600,287 |
| Temporarily restricted - Financing | 34,896,078 | - | - | - | - | 2,930,392 | - | - | - | - | 37,826,470 | - | 37,826,470 |
| Temporarily restricted - Re-granting | 4,983,501 | - | - | - | - | - | - | - | - | - | 4,983,501 | - | 4,983,501 |
| Total Temporarily Restricted | 44,862,632 | - | - | - | - | 2,930,392 | - | - | - | - | 47,793,024 | 382,766 | 47,410,258 |
| Permanently restricted | 48,692,058 | - | - | - | - | - | - | - | - | - | 48,692,058 | - | 48,692,058 |
| **Total Net Assets** | 143,291,569 | - | 108,032 | 488,790 | 2,638,878 | 6,504,736 | 84,566 | 400 | 138,792 | (3,870,731) | 149,385,032 | 9,548,535 | 139,836,497 |
| **Total Liabilities and Net Assets** | $ 322,631,460 | $ - | $ 206,123 | $ 488,790 | $ 2,638,878 | $ 40,459,031 | $ 84,566 | $ 400 | $ 138,792 | $ (7,436,394) | $ 359,211,646 | $ 9,611,438 | $ 349,600,208 |

**Reinvestment Fund, Inc. and Affiliates (Excluding SDF)**

**Consolidating Statement of Activities**
**For the Year Ended December 31, 2015**

| | TRF | EFI | NMTC | TC-TRF | DP | Education Funding | Reinvest I - IV | Fund Manager | Eliminations & Reclassifications | Total | SDF | Total (excluding SDF) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Financial Activity** | | | | | | | | | | | | |
| Financial Income | | | | | | | | | | | | |
| Interest and dividend income from: | | | | | | | | | | | | |
| Investments | $ 414,029 | $ - | $ - | $ - | $ 2,796 | $ - | $ - | $ - | $ - | $ 416,825 | $ 102,280 | $ 314,545 |
| Loans and leases | 14,475,345 | 9,434 | - | - | - | - | - | - | (27,917) | 14,456,862 | 30,653 | 14,426,209 |
| Investment gains, net | | | | | | | | | | | | |
| Gain on transfer of limited liability company | - | - | 49,314 | - | - | - | - | - | - | 49,314 | - | 49,314 |
| Equity gains in consolidated subsidiaries | 275,659 | - | - | - | - | - | - | - | (275,659) | - | - | - |
| Loan and lease fees | 831,943 | 71 | - | - | - | - | - | - | - | 832,014 | 8,553 | 823,461 |
| Asset management fee, net | 1,470,598 | - | 40,381 | - | - | - | - | 53,329 | - | 1,564,308 | - | 1,564,308 |
| Total Financial Income | 17,467,574 | 9,505 | 89,695 | - | 2,796 | - | - | 53,329 | (303,576) | 17,319,323 | 141,486 | 17,177,837 |
| Financial Expense | | | | | | | | | | | | |
| Interest expense | 5,369,158 | 3,018 | - | - | 64,531 | - | - | - | (27,917) | 5,408,790 | - | 5,408,790 |
| Investment losses, net | | | | | | | | | | | | |
| Marketable securities | 181,316 | - | - | - | - | - | - | - | - | 181,316 | 48,136 | 133,180 |
| Equity (gains) losses in limited partnerships | 19,184 | - | 888 | - | (601) | (1,533) | - | 15 | - | 17,953 | - | 17,953 |
| Provision for loan and lease losses | 2,446,748 | (186,431) | - | - | - | - | - | - | 268,269 | 2,528,586 | 35,263 | 2,493,323 |
| Total Financial Expense | 8,016,406 | (183,413) | 888 | - | 63,930 | (1,533) | - | 15 | 240,352 | 8,136,645 | 83,399 | 8,053,246 |
| Net Financial Income | 9,451,168 | 192,918 | 88,807 | - | (61,134) | 1,533 | - | 53,314 | (543,928) | 9,182,678 | 58,087 | 9,124,591 |
| **Revenue and Support** | | | | | | | | | | | | |
| Grants and contributions | 5,826,689 | - | - | - | 2,685,139 | - | - | - | (75,000) | 8,436,828 | - | 8,436,828 |
| Program services and fees | 5,522,850 | - | - | - | 412,431 | - | - | - | (46,665) | 5,888,616 | - | 5,888,616 |
| Other income | 51,887 | - | - | 2,777 | (11,817) | - | - | - | - | 42,847 | - | 42,847 |
| Total Revenue and Support | 11,401,426 | - | - | 2,777 | 3,085,753 | - | - | - | (121,665) | 14,368,291 | - | 14,368,291 |
| **Program and General Expenses and Other Decreases** | | | | | | | | | | | | |
| Program and General Expenses | | | | | | | | | | | | |
| Program - Lending and Community Investing | 8,513,679 | 11,711 | 751 | 545 | - | - | - | 761 | - | 8,527,447 | - | 8,527,447 |
| Program - Sustainable Development Fund | 425,266 | - | - | - | - | - | - | - | - | 425,266 | 425,266 | - |
| Program - Policy Solutions | 1,444,988 | - | - | - | - | - | - | - | - | 1,444,988 | - | 1,444,988 |
| Program - PolicyMap | 2,997,641 | - | - | - | - | - | - | - | - | 2,997,641 | - | 2,997,641 |
| Program - Development Partners | 287,722 | - | - | - | 5,671,877 | - | - | - | (76,500) | 5,883,099 | - | 5,883,099 |
| Management and general | 4,666,026 | - | - | - | - | - | - | - | - | 4,666,026 | - | 4,666,026 |
| Total Program and General Expenses | 18,335,322 | 11,711 | 751 | 545 | 5,671,877 | - | - | 761 | (76,500) | 23,944,467 | 425,266 | 23,519,201 |
| Other Decreases (Increases) | | | | | | | | | | | | |
| Charges related to revolving loan fund | (33,638) | - | - | - | - | - | - | - | - | (33,638) | - | (33,638) |
| Forgiveness of debt from related parties | - | 183,375 | - | - | (10,000) | - | - | - | (173,375) | - | - | - |
| Total Other Decreases (Increases) | (33,638) | 183,375 | - | - | (10,000) | - | - | - | (173,375) | (33,638) | - | (33,638) |
| Total Expenses and Other Decreases (Increases) | 18,301,684 | 195,086 | 751 | 545 | 5,661,877 | - | - | 761 | (249,875) | 23,910,829 | 425,266 | 23,485,563 |
| **Net income (loss)** | - | (2,168) | 88,056 | 2,232 | - | 1,533 | - | 52,553 | (142,206) | - | - | - |
| **Change in net assets** | 2,550,910 | - | - | - | (2,637,258) | - | - | - | (273,512) | (359,860) | (367,179) | 7,319 |
| **Capital contributions (distributions), net** | - | - | (450,031) | (2,641,110) | 1,902,160 | - | - | (165,000) | 3,256,144 | 1,902,163 | - | 1,902,163 |
| **Change in net assets** | 2,550,910 | (2,168) | (361,975) | (2,638,878) | (735,098) | 1,533 | - | (112,447) | 2,840,426 | 1,542,303 | (367,179) | 1,909,482 |
| **Net assets, beginning** | 143,291,569 | 108,032 | 488,790 | 2,638,878 | 6,504,736 | 84,566 | 400 | 138,792 | (3,870,731) | 149,385,032 | 9,548,535 | 139,836,497 |
| **Net assets, ending** | $ 145,842,479 | $ 105,864 | $ 126,815 | $ - | $ 5,769,638 | $ 86,099 | $ 400 | $ 26,345 | $ (1,030,305) | $ 150,927,335 | $ 9,181,356 | $ 141,745,979 |

**Reinvestment Fund, Inc. and Affiliates (Excluding SDF)**

**Consolidating Statement of Activities**
**For the Year Ended December 31, 2014**

| | TRF | Private Equity | EFI | NMTC | TC-TRF | DP | Education Funding | Reinvest I - IV | Fund Manager | Eliminations & Reclassifications | Total | SDF | Total (excluding SDF) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Financial Activity** | | | | | | | | | | | | | |
| Financial Income | | | | | | | | | | | | | |
| Interest and dividend income from: | | | | | | | | | | | | | |
| Investments | $ 379,082 | $ 40 | $ - | $ - | $ - | $ 993 | $ - | $ - | $ - | $ - | $ 380,115 | $ 72,086 | $ 308,029 |
| Loans and leases | 11,650,009 | - | 6,419 | - | - | - | - | - | - | (34,360) | 11,622,068 | 52,768 | 11,569,300 |
| Investment gains, net | | | | | | | | | | | | | |
| Gain on transfer of limited liability company | 2,638,671 | - | - | - | - | - | - | - | - | - | 2,638,671 | 3,302 | 2,635,369 |
| Equity gains in consolidated subsidiaries | 322,290 | - | - | - | - | - | - | - | - | (322,290) | - | - | - |
| Loan and lease fees | 965,654 | - | - | - | - | - | - | - | - | - | 965,654 | 405 | 965,249 |
| Asset management fee, net | 1,432,988 | - | - | 272,619 | - | - | - | - | 53,329 | - | 1,758,936 | - | 1,758,936 |
| Total Financial Income | 17,388,694 | 40 | 6,419 | 272,619 | - | 993 | - | - | 53,329 | (356,650) | 17,365,444 | 128,561 | 17,236,883 |
| Financial Expense | | | | | | | | | | | | | |
| Interest expense | 4,374,902 | - | 4,553 | - | - | 186,457 | - | - | - | (14,553) | 4,551,359 | - | 4,551,359 |
| Investment losses, net | | | | | | | | | | | | | |
| Marketable securities | 423,058 | - | - | - | - | - | - | - | - | - | 423,058 | 78,641 | 344,417 |
| Loss on equity method investments | 130,822 | | | 221 | | (68) | 34,158 | | 20 | | 165,153 | - | 165,153 |
| Provision for loan and lease losses | 2,156,219 | - | (5,033) | - | - | - | - | - | - | 46,998 | 2,198,184 | (25,323) | 2,223,507 |
| Total Financial Expense | 7,085,001 | - | (480) | 221 | - | 186,389 | 34,158 | - | 20 | 32,445 | 7,337,754 | 53,318 | 7,284,436 |
| Net Financial Income | 10,303,693 | 40 | 6,899 | 272,398 | - | (185,396) | (34,158) | - | 53,309 | (389,095) | 10,027,690 | 75,243 | 9,952,447 |
| **Revenue and Support** | | | | | | | | | | | | | |
| Grants and contributions | 16,798,978 | - | - | - | - | 2,478,527 | - | - | - | (35,000) | 19,242,505 | - | 19,242,505 |
| Program services and fees | 3,711,895 | 242,002 | - | - | - | 189,515 | - | - | - | 852,998 | 4,996,410 | - | 4,996,410 |
| Other income | 91,494 | - | - | - | - | 15,437 | - | - | - | - | 106,931 | 34,457 | 72,474 |
| Total Revenue and Support | 20,602,367 | 242,002 | - | - | - | 2,683,479 | - | - | - | 817,998 | 24,345,846 | 34,457 | 24,311,389 |
| **Program and General Expenses and Other Decreases** | | | | | | | | | | | | | |
| Program and General Expenses | | | | | | | | | | | | | |
| Program - Lending and Community Investing | 6,781,889 | - | 4,205 | 2,123 | - | - | - | - | 1,295 | - | 6,789,512 | - | 6,789,512 |
| Program - Private Equity | 242,002 | 39,055 | - | - | - | - | - | - | - | (242,002) | 39,055 | - | 39,055 |
| Program - Sustainable Development Fund | 227,789 | - | - | - | - | - | - | - | - | - | 227,789 | 227,789 | - |
| Program - Policy Solutions | 1,418,560 | - | - | - | - | - | - | - | - | - | 1,418,560 | - | 1,418,560 |
| Program - PolicyMap | 3,220,617 | - | - | - | - | - | - | - | - | - | 3,220,617 | - | 3,220,617 |
| Program - Development Partners | 250,374 | - | - | - | - | 8,152,022 | - | - | - | (35,000) | 8,367,396 | - | 8,367,396 |
| Management and general | 4,118,638 | - | - | - | - | 65,377 | - | - | - | - | 4,184,015 | 75,000 | 4,109,015 |
| Total Program and General Expenses | 16,259,869 | 39,055 | 4,205 | 2,123 | - | 8,217,399 | - | - | 1,295 | (277,002) | 24,246,944 | 302,789 | 23,944,155 |
| Other Decreases (Increases) | | | | | | | | | | | | | |
| Charges related to revolving loan fund | 78,953 | - | - | - | - | - | - | - | - | - | 78,953 | - | 78,953 |
| Redesignation of restrictions | (315,726) | 315,726 | - | - | - | - | - | - | - | - | - | - | - |
| Forgiveness of debt from related parties | - | - | 3,459 | - | - | (1,095,000) | - | - | - | 1,091,541 | - | - | - |
| Total Other Decreases (Increases) | (236,773) | 315,726 | 3,459 | - | - | (1,095,000) | - | - | - | 1,091,541 | 78,953 | - | 78,953 |
| Total Expenses and Other Decreases (Increases) | 16,023,096 | 354,781 | 7,664 | 2,123 | - | 7,122,399 | - | - | 1,295 | 814,539 | 24,325,897 | 302,789 | 24,023,108 |
| **Net income (loss)** | - | - | (765) | 270,275 | - | - | (34,158) | - | 52,014 | (287,366) | - | - | - |
| **Change in net assets** | 14,882,964 | (112,739) | - | - | - | (4,624,316) | - | - | - | (98,270) | 10,047,639 | (193,089) | 10,240,728 |
| **Capital contributions (distributions), net** | - | - | - | (198,236) | 2,638,878 | 1,909,032 | - | - | - | (2,440,641) | 1,909,033 | - | 1,909,033 |
| **Change in net assets** | 14,882,964 | (112,739) | (765) | 72,039 | 2,638,878 | (2,715,284) | (34,158) | - | 52,014 | (2,826,277) | 11,956,672 | (193,089) | 12,149,761 |
| **Net assets, beginning** | 128,408,605 | 112,739 | 108,797 | 416,751 | - | 9,220,020 | 118,724 | 400 | 86,778 | (1,044,454) | 137,428,360 | 9,741,624 | 127,686,736 |
| **Net assets, ending** | $ 143,291,569 | $ - | $ 108,032 | $ 488,790 | $ 2,638,878 | $ 6,504,736 | $ 84,566 | $ 400 | $ 138,792 | $ (3,870,731) | $ 149,385,032 | $ 9,548,535 | $ 139,836,497 |

**TRF NMTC Fund LLC**

**Consolidating Statement of Financial Position**
**December 31, 2015**

| | NMTC | TRF NMTC Fund VI, L.P. | Eliminations & Reclassifications | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | $ 45,158 | $ 33,256 | $ - | $ 78,414 |
| Other | 8 | 16,065 | - | 16,073 |
| | 45,166 | 49,321 | - | 94,487 |
| Noncurrent Assets | | | | |
| Investments in limited partnerships and program investments | 33,207 | - | - | 33,207 |
| Investment in consolidated subsidiary | 49,321 | - | (49,321) | - |
| Other | (879) | - | - | (879) |
| **Total Assets** | $ 126,815 | $ 49,321 | $ (49,321) | $ 126,815 |
| **Liabilities and Net Assets** | | | | |
| **Total Liabilities** | $ - | $ - | $ - | $ - |
| Commitments and Contingencies | | | | |
| Partners' Capital (Net Assets) | | | | |
| General partner | 126,815 | 49,321 | (49,321) | 126,815 |
| Limited partner | - | - | - | - |
| Total Partners' Capital (Net Assets) | 126,815 | 49,321 | (49,321) | 126,815 |
| **Total Net Assets** | 126,815 | 49,321 | (49,321) | 126,815 |
| **Total Liabilities and Net Assets** | $ 126,815 | $ 49,321 | $ (49,321) | $ 126,815 |

**TRF NMTC Fund LLC**

**Consolidating Statement of Activities**
**Year Ended December 31, 2015**

| | NMTC | TRF NMTC Fund VI, L.P. | Eliminations & Reclassifications | Total |
|---|---|---|---|---|
| **Financial Activity** | | | | |
| Financial Income | | | | |
| Interest income from: | | | | |
| Gain on transfer of limited liability company | $ 49,314 | $ - | $ - | $ 49,314 |
| Asset management fee | 40,381 | - | - | 40,381 |
| Total Financial Income | 89,695 | - | - | 89,695 |
| Financial Expense | | | | |
| Investment losses, net | | | | |
| Equity losses in consolidated subsidiaries | (7) | - | 7 | - |
| Equity (gains) losses in limited partnerships | 888 | | | 888 |
| Total Financial Expense | 881 | - | 7 | 888 |
| Net Financial Income | 88,814 | - | (7) | 88,807 |
| **Program and General Expenses** | | | | |
| Program and General Expenses | | | | |
| Program - Lending and Community Investing | 758 | (7) | - | 751 |
| Total Program and General Expenses | 758 | (7) | - | 751 |
| Total Expenses and Other (Increases) Decreases | 758 | (7) | - | 751 |
| **Net gain (loss)** | 88,056 | 7 | (7) | 88,056 |
| **Capital distribution** | (450,031) | 49,314 | (49,314) | (450,031) |
| **Change in net assets** | (361,975) | 49,321 | (49,321) | (361,975) |
| **Net assets, beginning** | 488,790 | - | - | 488,790 |
| **Net assets, ending** | $ 126,815 | $ 49,321 | $ (49,321) | $ 126,815 |

**TC-TRF QEI, LLC and Affiliates**

**Consolidating Statement of Financial Position**
**December 31, 2015**

| | TC-TRF QEI | Fund IV | Eliminations & Reclassifications | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | $ - | $ - | $ - | $ - |
| | - | - | - | - |
| Noncurrent Assets | | | | |
| Investments in consolidated subsidiaries | - | - | - | - |
| | - | - | - | - |
| **Total Assets** | $ - | $ - | $ - | $ - |
| **Liabilities and Net Assets** | | | | |
| **Total Liabilities** | $ - | $ - | $ - | $ - |
| Commitments and Contingencies | | | | |
| **Total Net Assets** | - | - | - | - |
| **Total Liabilities and Net Assets** | $ - | $ - | $ - | $ - |

**TC-TRF QEI, LLC and Affiliates**

**Consolidating Statement of Financial Position**
**December 31, 2014**

| | TC-TRF QEI | Fund IV | Eliminations & Reclassifications | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | $ 445,242 | $ 2,036,999 | $ - | $ 2,482,241 |
| Other | 156,637 | - | - | 156,637 |
| | 601,879 | 2,036,999 | - | 2,638,878 |
| Noncurrent Assets | | | | |
| Investments in consolidated subsidiaries | 2,036,793 | - | (2,036,793) | - |
| | 2,036,793 | - | (2,036,793) | - |
| **Total Assets** | $ 2,638,672 | $ 2,036,999 | $ (2,036,793) | $ 2,638,878 |
| **Liabilities and Net Assets** | | | | |
| **Total Liabilities** | $ - | $ - | $ - | $ - |
| Commitments and Contingencies | | | | |
| Paid-in-Capital | $ 2,638,672 | $ - | $ - | $ 2,638,672 |
| Accumulated Deficit | - | 2,036,999 | (2,036,999) | - |
| Net Assets | | | | |
| Non-controlling interest | - | - | 206 | 206 |
| Total Unrestricted | 2,638,672 | 2,036,999 | (2,036,793) | 2,638,878 |
| **Total Net Assets** | 2,638,672 | 2,036,999 | (2,036,793) | 2,638,878 |
| **Total Liabilities and Net Assets** | $ 2,638,672 | $ 2,036,999 | $ (2,036,793) | $ 2,638,878 |

**TC-TRF QEI, LLC and Affiliates**

**Consolidating Statement of Activities**
**Year Ended December 31, 2015**

| | TC-TRF QEI | Fund IV | Eliminations & Reclassifications | Total |
|---|---|---|---|---|
| **Revenue and Support** | | | | |
| Other | $ 2,777 | $ - | $ - | $ 2,777 |
| Total Revenue and Support | 2,777 | - | - | 2,777 |
| **Program and General Expenses** | | | | |
| Program and General Expenses | | | | |
| Program - Lending and Community Investing | 545 | - | - | 545 |
| Total Program and General Expenses | 545 | - | - | 545 |
| **Net income** | 2,232 | - | - | 2,232 |
| **Capital distributions, net** | (2,640,904) | (2,036,999) | 2,036,793 | (2,641,110) |
| **Change in net assets** | (2,638,672) | (2,036,999) | 2,036,793 | (2,638,878) |
| **Net assets, beginning** | 2,638,672 | 2,036,999 | (2,036,793) | 2,638,878 |
| **Net assets, ending** | $ - | $ - | $ - | $ - |

**TC-TRF QEI, LLC and Affiliates**

**Consolidating Statement of Activities**
**Year Ended December 31, 2014**

| | TC-TRF QEI | Fund IV | Eliminations & Reclassifications | Total |
|---|---|---|---|---|
| **Revenue and Support** | | | | |
| Total Revenue and Support | $ - | $ - | $ - | $ - |
| **Program and General Expenses** | | | | |
| Total Program and General Expenses | - | - | - | - |
| **Net income** | - | - | - | - |
| **Capital contributions, net** | 2,638,672 | 2,036,999 | (2,036,793) | 2,638,878 |
| **Change in net assets** | 2,638,672 | 2,036,999 | (2,036,793) | 2,638,878 |
| **Net assets, beginning** | - | - | . | - |
| **Net assets, ending** | $ 2,638,672 | $ 2,036,999 | $ (2,036,793) | $ 2,638,878 |

**TRF Development Partners, Inc. and Affiliates**

**Consolidating Statement of Financial Position**
**December 31, 2015**

| | DP | Baltimore | Philly | Ridge | Scotland Commons | Manlove Manor | Jackson Green | EBMM | EBMT | EBMMII | EBMTII | Mount Holly | Eliminations & Reclassifications | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | | | | | | | |
| Current Assets | | | | | | | | | | | | | | |
| Cash and cash equivalents | $ 495,802 | $ 327,801 | $ 360,064 | $ 5,711 | $ - | $ 217,368 | $ 58,584 | $ 176,462 | $ 9,560 | $ 339,252 | $ 3,930 | $ 46,320 | $ - | $ 2,040,854 |
| Accounts receivable - related parties | 6,802,224 | - | 1,082,660 | - | - | - | - | 34,675 | - | 18,614 | - | - | (7,938,173) | - |
| Loans and leases | 500,000 | 518,986 | - | - | - | - | - | - | - | - | - | - | (1,018,986) | - |
| Other | 104,788 | 574,871 | - | 300,071 | - | 138,376 | 2,275,572 | 77,927 | 21,557 | 118,186 | 27,774 | 40,892 | (409,758) | 3,270,256 |
| Restricted cash and cash equivalents | - | 540,138 | - | 126 | - | 427,199 | 22,028 | 148,000 | 43,849 | 35,209 | 21,832 | - | - | 1,238,381 |
| | 7,902,814 | 1,961,796 | 1,442,724 | 305,908 | - | 782,943 | 2,356,184 | 437,064 | 74,966 | 511,261 | 53,536 | 87,212 | (9,366,917) | 6,549,491 |
| Noncurrent Assets | | | | | | | | | | | | | | |
| Loans and leases | 1,992,500 | 4,596,831 | - | - | - | - | - | - | - | - | - | - | (5,489,331) | 1,100,000 |
| Investments in limited partnerships | - | - | - | - | 146 | - | - | - | - | - | - | - | - | 146 |
| Investments in consolidated subsidiaries | (2,760,972) | - | - | - | - | - | - | - | - | - | - | - | 2,760,972 | - |
| Property, equipment and leasehold improvements, net | 2,768 | - | - | - | - | - | - | - | - | - | - | - | - | 2,768 |
| Property held for development or sale, net | - | 2,066,864 | - | 1,070,922 | - | 9,659 | 2,270,122 | - | - | 975,273 | - | 270,291 | (580,687) | 6,082,444 |
| Rental property, net | - | 9,904,316 | - | - | - | 6,017,509 | - | 9,981,308 | - | 7,499,454 | - | - | (5,233,738) | 28,168,849 |
| Other | 1,219,012 | - | - | - | - | 4,116 | 280,738 | - | - | - | - | 179,719 | (1,219,012) | 464,573 |
| | 453,308 | 16,568,011 | - | 1,070,922 | 146 | 6,031,284 | 2,550,860 | 9,981,308 | - | 8,474,727 | - | 450,010 | (9,761,796) | 35,818,780 |
| **Total Assets** | $ 8,356,122 | $ 18,529,807 | $ 1,442,724 | $ 1,376,830 | $ 146 | $ 6,814,227 | $ 4,907,044 | $ 10,418,372 | $ 74,966 | $ 8,985,988 | $ 53,536 | $ 537,222 | $ (19,128,713) | $ 42,368,271 |
| **Liabilities and Net Assets** | | | | | | | | | | | | | | |
| Current Liabilities | | | | | | | | | | | | | | |
| Accounts payable and accrued expenses | $ 279,451 | $ 201,713 | $ 152,154 | $ 170,736 | $ 3,600 | $ 14,800 | $ 31,540 | $ 7,705 | $ 17,135 | $ 9,354 | $ 8,269 | $ 768 | $ - | $ 897,225 |
| Escrow payable and due to third parties | - | 68,264 | - | - | - | 10,711 | 1,525 | - | 45,467 | - | 21,655 | | - | 147,622 |
| Accounts payable - related parties | 161,056 | 2,678,080 | 805,223 | 1,860,543 | 1,465 | 12,670 | 1,216,234 | 11,039 | 161,095 | 589,873 | 59,538 | 7,852 | (7,564,668) | - |
| Deferred revenue | 1,291,541 | 2,370,641 | - | - | - | 23,693 | - | 1,288,281 | - | - | - | | (2,510,553) | 2,463,603 |
| Other | 4,011 | 154,876 | - | - | - | 45,273 | 19,892 | 323,967 | - | 20,851 | - | 53,049 | (409,930) | 211,989 |
| Loans payable, current portion | - | 3,073,111 | - | 154,286 | - | 8,942 | 967,507 | 118,139 | - | 136,782 | - | 400,000 | - | 4,858,767 |
| | 1,736,059 | 8,546,685 | 957,377 | 2,185,565 | 5,065 | 116,089 | 2,236,698 | 1,749,131 | 223,697 | 756,860 | 89,462 | 461,669 | (10,485,151) | 8,579,206 |
| Noncurrent Liabilities | | | | | | | | | | | | | | |
| Due to related parties | 740,998 | - | - | - | - | - | - | - | - | - | - | - | - | 740,998 |
| Loans payable, less current maturities | 1,100,000 | 12,809,934 | - | 62,500 | - | 2,941,938 | 3,177,300 | 7,980,463 | - | 5,594,724 | - | 119,887 | (6,508,317) | 27,278,429 |
| Other | - | - | - | - | - | - | - | - | - | 373,506 | - | - | (373,506) | - |
| | 1,840,998 | 12,809,934 | - | 62,500 | - | 2,941,938 | 3,177,300 | 7,980,463 | - | 5,968,230 | - | 119,887 | (6,881,823) | 28,019,427 |
| **Total Liabilities** | 3,577,057 | 21,356,619 | 957,377 | 2,248,065 | 5,065 | 3,058,027 | 5,413,998 | 9,729,594 | 223,697 | 6,725,090 | 89,462 | 581,556 | (17,366,974) | 36,598,633 |
| Commitments and Contingencies | | | | | | | | | | | | | | |
| Paid-in-Capital | - | 686,971 | 661,344 | 60,000 | 100 | - | - | 72,648 | - | - | - | - | (1,481,063) | - |
| Accumulated Deficit | - | (3,610,072) | (175,997) | (931,235) | (5,019) | 8,556 | (506,954) | (85,916) | (148,731) | 947,992 | (35,926) | (44,334) | 4,587,636 | - |
| Net Assets | | | | | | | | | | | | | | |
| Unrestricted | 2,267,529 | - | - | - | - | - | - | - | - | - | - | - | (4,868,312) | (2,600,783) |
| Non-controlling interest | - | 96,289 | - | - | - | 3,747,644 | - | 702,046 | - | 1,312,906 | - | - | - | 5,858,885 |
| Total Unrestricted | 2,267,529 | (2,826,812) | 485,347 | (871,235) | (4,919) | 3,756,200 | (506,954) | 688,778 | (148,731) | 2,260,898 | (35,926) | (44,334) | (1,761,739) | 3,258,102 |
| Temporarily restricted - Programs | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Temporarily restricted - Financing | 2,511,536 | - | - | - | - | - | - | - | - | - | - | - | - | 2,511,536 |
| Total Temporarily Restricted | 2,511,536 | - | - | - | - | - | - | - | - | - | - | - | - | 2,511,536 |
| **Total Net Assets** | 4,779,065 | (2,826,812) | 485,347 | (871,235) | (4,919) | 3,756,200 | (506,954) | 688,778 | (148,731) | 2,260,898 | (35,926) | (44,334) | (1,761,739) | 5,769,638 |
| **Total Liabilities and Net Assets** | $ 8,356,122 | $ 18,529,807 | $ 1,442,724 | $ 1,376,830 | $ 146 | $ 6,814,227 | $ 4,907,044 | $ 10,418,372 | $ 74,966 | $ 8,985,988 | $ 53,536 | $ 537,222 | $ (19,128,713) | $ 42,368,271 |

**TRF Development Partners, Inc. and Affiliates**

**Consolidating Statement of Financial Position**
**December 31, 2014**

| | DP | Baltimore | Philly | Ridge | Scotland Commons | Manlove Manor | Jackson Green | EBMM | EBMT | EBMMII | EBMTII | Mount Holly | Eliminations & Reclassifications | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | | | | | | | |
| Current Assets | | | | | | | | | | | | | | |
| Cash and cash equivalents | $ 222,440 | $ 375,543 | $ 119,638 | $ 121,001 | $ - | $ 110,415 | $ 69,841 | $ 24,572 | $ 44,591 | $ 612,951 | $ 418 | $ 673 | $ - | $ 1,702,083 |
| Accounts receivable - related parties | 8,027,821 | 955,427 | 744,733 | - | - | - | - | 34,083 | - | - | - | - | (9,762,064) | - |
| Loans and leases | - | 484,140 | - | - | - | - | - | - | - | - | - | - | (484,140) | - |
| Other | 385,068 | 636,686 | - | 300,928 | - | 144,494 | 717,839 | 120,569 | (971) | 143,067 | - | - | (432,613) | 2,015,067 |
| Restricted cash and cash equivalents | - | 51,914 | - | 3 | - | 416,608 | 8,467 | 171,649 | 37,392 | | - | - | - | 686,033 |
| | 8,635,329 | 2,503,710 | 864,371 | 421,932 | - | 671,517 | 796,147 | 350,873 | 81,012 | 756,018 | 418 | 673 | (10,678,817) | 4,403,183 |
| Noncurrent Assets | | | | | | | | | | | | | | |
| Loans and leases | 2,344,216 | 3,244,622 | - | - | - | - | - | - | - | - | - | - | (4,488,838) | 1,100,000 |
| Investments in limited partnerships | - | 197 | - | - | 146 | - | - | - | - | - | - | - | - | 343 |
| Investments in consolidated subsidiaries | (3,791,255) | - | - | - | - | - | - | - | - | - | - | - | 3,791,255 | - |
| Property, equipment and leasehold improvements, net | 1,714 | - | - | - | - | - | - | - | - | - | - | - | - | 1,714 |
| Property held for development or sale, net | 11,031 | 1,682,525 | - | 1,076,641 | - | 9,659 | 5,480,387 | 34,297 | - | 2,549,750 | - | - | (454,133) | 10,390,157 |
| Rental property, net | - | 10,151,147 | - | - | - | 6,297,509 | - | 10,419,069 | - | - | - | - | (3,511,055) | 23,356,670 |
| Other | 1,604,057 | - | - | - | (47) | 4,116 | 802,895 | - | - | - | - | 400,000 | (1,604,057) | 1,206,964 |
| | 169,763 | 15,078,491 | - | 1,076,641 | 99 | 6,311,284 | 6,283,282 | 10,453,366 | - | 2,549,750 | - | 400,000 | (6,266,828) | 36,055,848 |
| **Total Assets** | $ 8,805,092 | $ 17,582,201 | $ 864,371 | $ 1,498,573 | $ 99 | $ 6,982,801 | $ 7,079,429 | $ 10,804,239 | $ 81,012 | $ 3,305,768 | $ 418 | $ 400,673 | $ (16,945,645) | $ 40,459,031 |
| **Liabilities and Net Assets** | | | | | | | | | | | | | | |
| Current Liabilities | | | | | | | | | | | | | | |
| Accounts payable and accrued expenses | $ 154,276 | $ 271,728 | $ 289,945 | $ 151,685 | $ - | $ 16,550 | $ 70,879 | $ 60,628 | $ 21,276 | $ 5,497 | $ - | $ 2,137 | $ - | $ 1,044,601 |
| Escrow payable and due to third parties | - | 51,921 | - | - | - | 10,819 | 8,128 | - | 37,393 | | - | | - | 108,261 |
| Accounts payable - related parties | 65,611 | 1,800,504 | 1,065,851 | 1,909,940 | 989 | 14,946 | 3,110,836 | 217,035 | 55,654 | 1,518,637 | 2,061 | | (9,762,064) | - |
| Deferred revenue | 1,650,032 | 2,489,074 | 2,374 | - | - | 52 | - | 1,676,625 | - | | - | | (3,254,089) | 2,564,068 |
| Other | 4,011 | 325,101 | - | - | - | 24,203 | 19,892 | 291,975 | - | | - | 28,011 | (432,612) | 260,581 |
| Loans payable, current portion | - | 537,221 | - | 180,000 | - | 8,457 | 1,509,238 | 116,492 | - | 43,591 | - | 400,000 | (484,140) | 2,310,859 |
| | 1,873,930 | 5,475,549 | 1,358,170 | 2,241,625 | 989 | 75,027 | 4,718,973 | 2,362,755 | 114,323 | 1,567,725 | 2,061 | 430,148 | (13,932,905) | 6,288,370 |
| Noncurrent Liabilities | | | | | | | | | | | | | | |
| Due to related parties | 965,654 | 60 | 2,171 | - | 30 | 407 | - | 1,482 | 1,817 | - | - | - | - | 971,621 |
| Loans payable, less current maturities | 1,100,000 | 14,711,932 | - | 62,500 | - | 2,998,305 | 3,624,033 | 8,308,979 | - | 367,827 | - | 9,566 | (4,488,838) | 26,694,304 |
| | 2,065,654 | 14,711,992 | 2,171 | 62,500 | 30 | 2,998,712 | 3,624,033 | 8,310,461 | 1,817 | 367,827 | - | 9,566 | (4,488,838) | 27,665,925 |
| **Total Liabilities** | 3,939,584 | 20,187,541 | 1,360,341 | 2,304,125 | 1,019 | 3,073,739 | 8,343,006 | 10,673,216 | 116,140 | 1,935,552 | 2,061 | 439,714 | (18,421,743) | 33,954,295 |
| Commitments and Contingencies | | | | | | | | | | | | | | |
| Paid-in-Capital | - | 65,471 | 661,344 | 60,000 | 100 | - | - | 108,735 | - | - | - | - | (895,650) | - |
| Accumulated Deficit | - | (2,771,619) | (1,157,314) | (865,552) | (1,020) | 8,332 | (1,263,577) | (114,630) | (35,128) | 750,578 | (1,643) | (39,041) | 5,490,614 | - |
| Net Assets | | | | | | | | | | | | | | |
| Unrestricted | 1,935,116 | - | - | - | - | - | - | - | - | - | - | - | (3,118,866) | (1,183,750) |
| Non-controlling interest | - | 100,808 | - | - | - | 3,900,730 | - | 136,918 | - | 619,638 | - | - | - | 4,758,094 |
| Total Unrestricted | 1,935,116 | (2,605,340) | (495,970) | (805,552) | (920) | 3,909,062 | (1,263,577) | 131023 | (35,128) | 1,370,216 | (1,643) | (39,041) | 1,476,098 | 3,574,344 |
| Temporarily restricted - Programs | 2,930,392 | - | - | - | - | - | - | - | - | - | - | - | - | 2,930,392 |
| Temporarily restricted - Financing | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Temporarily Restricted | 2,930,392 | - | - | - | - | - | - | - | - | - | - | - | - | 2,930,392 |
| **Total Net Assets** | 4,865,508 | (2,605,340) | (495,970) | (805,552) | (920) | 3,909,062 | (1,263,577) | 131,023 | (35,128) | 1,370,216 | (1,643) | (39,041) | 1,476,098 | 6,504,736 |
| **Total Liabilities and Net Assets** | $ 8,805,092 | $ 17,582,201 | $ 864,371 | $ 1,498,573 | $ 99 | $ 6,982,801 | $ 7,079,429 | $ 10,804,239 | $ 81,012 | $ 3,305,768 | $ 418 | $ 400,673 | $ (16,945,645) | $ 40,459,031 |

**TRF Development Partners, Inc. and Affiliates**

**Consolidating Statement of Activities**
**Year Ended December 31, 2015**

| | DP | Baltimore | Philly | Ridge | Scotland Commons | Manlove Manor | Jackson Green | EBMM | EBMT | EBMMII | EBMTII | Mount Holly | Eliminations & Reclassifications | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Financial Activity** | | | | | | | | | | | | | | |
| Financial Income | | | | | | | | | | | | | | |
| Interest income from: | | | | | | | | | | | | | | |
| Marketable securities | $ - | $ 11 | $ 2,459 | $ - | $ - | $ - | $ 220 | $ 74 | $ - | $ - | $ - | $ 32 | $ - | $ 2,796 |
| Loans and leases | (40,003) | 190,141 | - | - | - | - | - | - | - | - | - | - | (150,138) | - |
| Investment gains, net | | | | | | | | | | | | | | |
| Equity gains in limited partnerships | - | 554 | - | - | 47 | - | - | - | - | - | - | - | - | 601 |
| Equity gains in consolidated subsidiaries | 648,095 | - | - | - | - | - | - | - | - | - | - | - | (648,095) | - |
| Asset management fee | 863,000 | 3,240 | - | - | - | - | - | - | - | - | - | - | (866,240) | - |
| Total Financial Income | 1,471,092 | 193,946 | 2,459 | - | 47 | - | 220 | 74 | - | - | - | 32 | (1,664,473) | 3,397 |
| Financial Expense | | | | | | | | | | | | | | |
| Interest expense | - | 55,505 | - | - | - | 11,160 | 24,826 | (19,151) | - | 10,223 | - | 9,929 | (27,961) | 64,531 |
| Asset management fee | - | 221,000 | 600,000 | 42,000 | - | - | - | - | - | - | - | - | (863,000) | - |
| Investment losses, net | | | | | | | | | | | | | | |
| Marketable securities | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Financial Expense | - | 276,505 | 600,000 | 42,000 | - | 11,160 | 24,826 | (19,151) | - | 10,223 | - | 9,929 | (890,961) | 64,531 |
| Net Financial Income | 1,471,092 | (82,559) | (597,541) | (42,000) | 47 | (11,160) | (24,606) | 19,225 | - | (10,223) | - | (9,897) | (773,512) | (61,134) |
| **Revenue and Support** | | | | | | | | | | | | | | |
| Grants and contributions | 1,364,692 | 1,374,172 | - | - | - | - | - | - | - | 196,000 | - | 372,322 | (622,047) | 2,685,139 |
| Program services and fees | 906,014 | 215,577 | 1,625,399 | (14,111) | - | 137,596 | (86,388) | (12,763) | (95,468) | 14,367 | (27,977) | - | (2,249,815) | 412,431 |
| Other | - | (11,842) | - | - | - | - | - | 25 | - | - | - | - | - | (11,817) |
| Total Revenue and Support | 2,270,706 | 1,577,907 | 1,625,399 | (14,111) | - | 137,596 | (86,388) | (12,738) | (95,468) | 210,367 | (27,977) | 372,322 | (2,871,862) | 3,085,753 |
| **Program and General Expenses** | | | | | | | | | | | | | | |
| Program and General Expenses | | | | | | | | | | | | | | |
| Program - Development Partners | 3,828,241 | 2,109,008 | 46,541 | 9,572 | 4,046 | 279,298 | (867,617) | 471,516 | 18,135 | 184,738 | 6,306 | 367,718 | (785,625) | 5,671,877 |
| Management and general | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Program and General Expenses | 3,828,241 | 2,109,008 | 46,541 | 9,572 | 4,046 | 279,298 | (867,617) | 471,516 | 18,135 | 184,738 | 6,306 | 367,718 | (785,625) | 5,671,877 |
| Other Increases | | | | | | | | | | | | | | |
| Forgiveness of debt from related parties | - | (10,000) | - | - | - | - | - | - | - | - | - | - | - | (10,000) |
| Total Other (Increases) Decreases | - | (10,000) | - | - | - | - | - | - | - | - | - | - | - | (10,000) |
| Total Expenses and Other (Increases) Decreases | 3,828,241 | 2,099,008 | 46,541 | 9,572 | 4,046 | 279,298 | (867,617) | 471,516 | 18,135 | 184,738 | 6,306 | 367,718 | (785,625) | 5,661,877 |
| **Net income/(loss)** | - | (603,660) | 981,317 | (65,683) | (3,999) | (152,862) | 756,623 | (465,029) | (113,603) | 15,406 | (34,283) | (5,293) | (308,934) | - |
| **Change in net assets** | (86,443) | - | - | - | - | - | - | - | - | - | - | - | (2,550,815) | (2,637,258) |
| **Capital contributions, net** | - | 382,188 | - | - | - | - | - | 1,022,784 | - | 875,276 | - | - | (378,088) | 1,902,160 |
| **Change in net assets** | (86,443) | (221,472) | 981,317 | (65,683) | (3,999) | (152,862) | 756,623 | 557,755 | (113,603) | 890,682 | (34,283) | (5,293) | (3,237,837) | (735,098) |
| **Net assets, beginning** | 4,865,508 | (2,605,340) | (495,970) | (805,552) | (920) | 3,909,062 | (1,263,577) | 131,023 | (35,128) | 1,370,216 | (1,643) | (39,041) | 1,476,098 | 6,504,736 |
| **Net assets, ending** | $ 4,779,065 | $ (2,826,812) | $ 485,347 | $ (871,235) | $ (4,919) | $ 3,756,200 | $ (506,954) | $ 688,778 | $ (148,731) | $ 2,260,898 | $ (35,926) | $ (44,334) | $ (1,761,739) | $ 5,769,638 |

**TRF Development Partners, Inc. and Affiliates**

**Consolidating Statement of Activities**
**Year Ended December 31, 2014**

| | DP | Baltimore | Philly | Ridge | Scotland Commons | Manlove Manor | Jackson Green | EBMM | EBMT | EBMMII | EBMTII | Mount Holly | Eliminations & Reclassifications | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Financial Activity** | | | | | | | | | | | | | | |
| Financial Income | | | | | | | | | | | | | | |
| Interest income from: | | | | | | | | | | | | | | |
| Marketable securities | $ 259 | $ 39 | $ (1) | $ 19 | $ - | $ (1) | $ 628 | $ 48 | $ 2 | $ - | $ - | $ - | $ - | $ 993 |
| Loans and leases | 75,870 | 208,569 | - | - | - | - | - | - | - | - | - | - | (284,439) | - |
| Investment gains, net | | | | | | | | | | | | | | |
| Equity gains in limited partnerships | - | 197 | - | - | (129) | - | - | - | - | - | - | - | - | 68 |
| Equity gains in consolidated subsidiaries | (448,990) | - | - | - | - | - | - | - | - | - | - | - | 448,990 | - |
| Loan and Lease fees | - | 3,833 | - | - | - | - | - | - | - | - | - | - | (3,833) | - |
| Asset management fee | 628,500 | (212,959) | (262,500) | (123,000) | - | - | - | - | - | - | - | - | (30,041) | - |
| Total Financial Income | 255,639 | (321) | (262,501) | (122,981) | (129) | (1) | 628 | 48 | 2 | - | - | - | 130,677 | 1,061 |
| Financial Expense | | | | | | | | | | | | | | |
| Interest expense | 4,011 | 196,621 | - | - | - | 6,762 | - | 6,657 | - | 4,146 | - | 28,011 | (59,751) | 186,457 |
| Investment losses, net | | | | | | | | | | | | | | |
| Marketable securities | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Financial Expense | 4,011 | 196,621 | - | - | - | 6,762 | - | 6,657 | - | 4,146 | - | 28,011 | (59,751) | 186,457 |
| Net Financial Income | 251,628 | (196,942) | (262,501) | (122,981) | (129) | (6,763) | 628 | (6,609) | 2 | (4,146) | - | (28,011) | 190,428 | (185,396) |
| **Revenue and Support** | | | | | | | | | | | | | | |
| Grants and contributions | 1,494,195 | 298,952 | - | 984,332 | - | - | - | - | - | - | - | 1,400,000 | (1,698,952) | 2,478,527 |
| Program services and fees | 1,518,846 | 857,273 | 231,424 | (76,748) | - | (25,631) | (207,532) | 72,327 | 251,682 | - | - | - | (2,432,126) | 189,515 |
| Other | - | 10,096 | - | - | - | 1,960 | - | 2,381 | - | 500 | 500 | - | - | 15,437 |
| Total Revenue and Support | 3,013,041 | 1,166,321 | 231,424 | 907,584 | - | (23,671) | (207,532) | 74,708 | 251,682 | 500 | 500 | 1,400,000 | (4,131,078) | 2,683,479 |
| **Program and General Expenses** | | | | | | | | | | | | | | |
| Program and General Expenses | | | | | | | | | | | | | | |
| Program - Development Partners | 3,862,043 | 2,269,581 | 20,248 | 1,029,986 | 1,119 | 292,237 | 425,657 | 571,980 | 350,258 | 4,847 | 2,143 | 1,411,030 | (2,089,107) | 8,152,022 |
| Management and general | 65,377 | - | - | - | - | - | - | - | - | - | - | - | - | 65,377 |
| Total Program and General Expenses | 3,927,420 | 2,269,581 | 20,248 | 1,029,986 | 1,119 | 292,237 | 425,657 | 571,980 | 350,258 | 4,847 | 2,143 | 1,411,030 | (2,089,107) | 8,217,399 |
| Other Increases | | | | | | | | | | | | | | |
| Forgiveness of debt from related parties | - | (1,095,000) | - | - | - | - | - | - | - | - | - | - | - | (1,095,000) |
| Total Other (Increases) Decreases | - | (1,095,000) | - | - | - | - | - | - | - | - | - | - | - | (1,095,000) |
| Total Expenses and Other (Increases) Decreases | 3,927,420 | 1,174,581 | 20,248 | 1,029,986 | 1,119 | 292,237 | 425,657 | 571,980 | 350,258 | 4,847 | 2,143 | 1,411,030 | (2,089,107) | 7,122,399 |
| **Net income/(loss)** | - | (205,202) | (51,325) | (245,383) | (1,248) | (322,671) | (632,561) | (503,881) | (98,574) | (8,493) | (1,643) | (39,041) | 2,110,022 | - |
| **Change in net assets** | (662,751) | - | - | - | - | - | - | - | - | - | - | - | (3,961,565) | (4,624,316) |
| **Capital contributions, net** | - | 142,112 | - | - | - | 852,891 | - | 287,425 | - | 1,378,709 | - | - | (752,105) | 1,909,032 |
| **Change in net assets** | (662,751) | (63,090) | (51,325) | (245,383) | (1,248) | 530,220 | (632,561) | (216,456) | (98,574) | 1,370,216 | (1,643) | (39,041) | (2,603,648) | (2,715,284) |
| **Net assets, beginning** | 5,528,259 | (2,542,250) | (444,645) | (560,169) | 328 | 3,378,842 | (631,016) | 347,479 | 63,446 | - | - | - | 4,079,746 | 9,220,020 |
| **Net assets, ending** | $ 4,865,508 | $ (2,605,340) | $ (495,970) | $ (805,552) | $ (920) | $ 3,909,062 | $ (1,263,577) | $ 131,023 | $ (35,128) | $ 1,370,216 | $ (1,643) | $ (39,041) | $ 1,476,098 | $ 6,504,736 |

**East Baltimore Master Tenant, Inc. and Affiliate**

**Consolidating Statement of Financial Position**
**December 31, 2015**

| | East Baltimore Master Tenant, Inc. | East Baltimore Master Tenant, LLC | Eliminations & Reclassifications | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | $ (307) | $ 9,867 | $ - | $ 9,560 |
| Other | - | 21,557 | - | 21,557 |
| Restricted cash and cash equivalents | - | 43,849 | - | 43,849 |
| | (307) | 75,273 | - | 74,966 |
| Noncurrent Assets | | | | |
| Investments in consolidated subsidiaries | (122,510) | - | 122,510 | - |
| | (122,510) | - | 122,510 | - |
| **Total Assets** | $ (122,817) | $ 75,273 | $ 122,510 | $ 74,966 |
| **Liabilities and Net Assets** | | | | |
| Current Liabilities | | | | |
| Accounts payable and accrued expenses | $ - | $ 17,135 | $ - | $ 17,135 |
| Escrow payable and due to third parties | - | 45,467 | - | 45,467 |
| Accounts payable - related parties | 25,914 | 135,181 | - | 161,095 |
| | 25,914 | 197,783 | - | 223,697 |
| **Total Liabilities** | 25,914 | 197,783 | - | 223,697 |
| Commitments and Contingencies | | | | |
| Paid-in-Capital | - | - | - | - |
| Accumulated Deficit | (148,731) | (122,510) | 122,510 | (148,731) |
| Net Assets | | | | |
| Total Unrestricted | (148,731) | (122,510) | 122,510 | (148,731) |
| **Total Net Assets** | (148,731) | (122,510) | 122,510 | (148,731) |
| **Total Liabilities and Net Assets** | $ (122,817) | $ 75,273 | $ 122,510 | $ 74,966 |

**East Baltimore Master Tenant, Inc. and Affiliate**

**Consolidating Statement of Financial Position**
**December 31, 2014**

| | East Baltimore Master Tenant, Inc. | East Baltimore Master Tenant, LLC | Eliminations & Reclassifications | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | $ - | $ 44,591 | $ - | $ 44,591 |
| Accounts receivable - related parties | - | 241 | (241) | - |
| Other | - | (971) | - | (971) |
| Restricted cash and cash equivalents | - | 37,392 | - | 37,392 |
| | - | 81,253 | (241) | 81,012 |
| Noncurrent Assets | | | | |
| Investments in consolidated subsidiaries | (14,913) | - | 14,913 | - |
| | (14,913) | - | 14,913 | - |
| **Total Assets** | $ (14,913) | $ 81,253 | $ 14,672 | $ 81,012 |
| **Liabilities and Net Assets** | | | | |
| Current Liabilities | | | | |
| Accounts payable and accrued expenses | $ 16,096 | $ 5,180 | $ - | $ 21,276 |
| Escrow payable and due to third parties | - | 37,393 | - | 37,393 |
| Accounts payable - related parties | 2,770 | 53,125 | (241) | 55,654 |
| | 18,866 | 95,698 | (241) | 114,323 |
| Noncurrent Liabilities | | | | |
| Due to related parties | 1,349 | 468 | - | 1,817 |
| | 1,349 | 468 | - | 1,817 |
| **Total Liabilities** | 20,215 | 96,166 | (241) | 116,140 |
| Commitments and Contingencies | | | | |
| Net Assets | | | | |
| Total Unrestricted | (35,128) | (14,913) | 14,913 | (35,128) |
| **Total Net Assets** | (35,128) | (14,913) | 14,913 | (35,128) |
| **Total Liabilities and Net Assets** | $ (14,913) | $ 81,253 | $ 14,672 | $ 81,012 |

**East Baltimore Master Tenant, Inc. and Affiliate**

**Consolidating Statement of Activities**
**Year Ended December 31, 2015**

| | East Baltimore Master Tenant, Inc. | East Baltimore Master Tenant, LLC | Eliminations & Reclassifications | Total |
|---|---|---|---|---|
| **Financial Activity** | | | | |
| Financial Income | | | | |
| Investment gains, net | | | | |
| Equity losses in consolidated subsidiaries | $ (107,597) | $ - | $ 107,597 | $ - |
| Total Financial Income | (107,597) | - | 107,597 | - |
| Net Financial Income | (107,597) | - | 107,597 | - |
| **Revenue and Support** | | | | |
| Program services and fees | - | (95,468) | - | (95,468) |
| Total Revenue and Support | - | (95,468) | - | (95,468) |
| **Program and General Expenses** | | | | |
| Program and General Expenses | | | | |
| Program - Development Partners | 6,006 | 12,129 | - | 18,135 |
| Total Program and General Expenses | 6,006 | 12,129 | - | 18,135 |
| **Net income** | (113,603) | (107,597) | 107,597 | (113,603) |
| **Change in net assets** | (113,603) | (107,597) | 107,597 | (113,603) |
| **Net assets, beginning** | (35,128) | (14,913) | 14,913 | (35,128) |
| **Net assets, ending** | $ (148,731) | $ (122,510) | $ 122,510 | $ (148,731) |

**East Baltimore Master Tenant, Inc. and Affiliate**

**Consolidating Statement of Activities**
**Year Ended December 31, 2014**

| | East Baltimore Master Tenant, Inc. | East Baltimore Master Tenant, LLC | Eliminations & Reclassifications | Total |
|---|---|---|---|---|
| **Financial Activity** | | | | |
| Financial Income | | | | |
| Interest income from: | | | | |
| Marketable securities | $ - | $ 2 | $ - | $ 2 |
| Investment gains, net | | | | |
| Equity losses in consolidated subsidiaries | (80,249) | - | 80,249 | - |
| Total Financial Income | (80,249) | 2 | 80,249 | 2 |
| Net Financial Income | (80,249) | 2 | 80,249 | 2 |
| **Revenue and Support** | | | | |
| Program services and fees | - | 251,682 | - | 251,682 |
| Total Revenue and Support | - | 251,682 | - | 251,682 |
| **Program and General Expenses** | | | | |
| Program and General Expenses | | | | |
| Program - Development Partners | 18,325 | 331,933 | - | 350,258 |
| Total Program and General Expenses | 18,325 | 331,933 | - | 350,258 |
| **Net income** | (98,574) | (80,249) | 80,249 | (98,574) |
| **Change in net assets** | (98,574) | (80,249) | 80,249 | (98,574) |
| **Net assets, beginning** | 63,446 | 65,336 | (65,336) | 63,446 |
| **Net assets, ending** | $ (35,128) | $ (14,913) | $ 14,913 | $ (35,128) |

**East Baltimore Master Tenant Manager II, Inc. and Affiliate**

**Consolidating Statement of Financial Position**
**December 31, 2015**

| | East Baltimore Master Tenant Manager II, Inc. | East Baltimore Master Tenant, II LLC | Eliminations & Reclassifications | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | $ - | $ 3,930 | $ - | $ 3,930 |
| Other | - | 27,774 | - | 27,774 |
| Restricted cash and cash equivalents | - | 21,832 | - | 21,832 |
| | - | 53,536 | - | 53,536 |
| Noncurrent Assets | | | | |
| Investments in consolidated subsidiaries | (31,445) | - | 31,445 | - |
| | (31,445) | - | 31,445 | - |
| **Total Assets** | $ (31,445) | $ 53,536 | $ 31,445 | $ 53,536 |
| **Liabilities and Net Assets** | | | | |
| Current Liabilities | | | | |
| Accounts payable and accrued expenses | $ - | $ 8,269 | $ - | 8,269 |
| Escrow payable and due to third parties | - | 21,655 | - | 21,655 |
| Accounts payable - related parties | 4,481 | 55,057 | $ - | 59,538 |
| | 4,481 | 84,981 | - | 89,462 |
| **Total Liabilities** | 4,481 | 84,981 | - | 89,462 |
| Commitments and Contingencies | | | | |
| Accumulated Deficit | (35,926) | (31,445) | 31,445 | (35,926) |
| Net Assets | | | | |
| Total Unrestricted | (35,926) | (31,445) | 31,445 | (35,926) |
| **Total Net Assets** | (35,926) | (31,445) | 31,445 | (35,926) |
| **Total Liabilities and Net Assets** | $ (31,445) | $ 53,536 | $ 31,445 | $ 53,536 |

**East Baltimore Master Tenant Manager II, Inc. and Affiliate**

**Consolidating Statement of Financial Position**
**December 31, 2014**

| | East Baltimore Master Tenant Manager II, Inc. | East Baltimore Master Tenant, II LLC | Eliminations & Reclassifications | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | $ 209 | $ 209 | $ - | $ 418 |
| | 209 | 209 | - | 418 |
| Noncurrent Assets | | | | |
| Investments in consolidated subsidiaries | (1,029) | - | 1,029 | - |
| | (1,029) | - | 1,029 | - |
| **Total Assets** | $ (820) | $ 209 | $ 1,029 | $ 418 |
| **Liabilities and Net Assets** | | | | |
| Current Liabilities | | | | |
| Accounts payable - related parties | $ 1,050 | $ 1,011 | $ - | $ 2,061 |
| | 1,050 | 1,011 | - | 2,061 |
| **Total Liabilities** | 1,050 | 1,011 | - | 2,061 |
| Commitments and Contingencies | | | | |
| Accumulated Deficit | (1,870) | (802) | 1,029 | (1,643) |
| Net Assets | | | | |
| Total Unrestricted | (1,870) | (802) | 1,029 | (1,643) |
| **Total Net Assets** | (1,870) | (802) | 1,029 | (1,643) |
| **Total Liabilities and Net Assets** | $ (820) | $ 209 | $ 1,029 | $ 418 |

**East Baltimore Master Tenant Manager II, Inc. and Affiliate**

**Consolidating Statement of Activities**
**Year Ended December 31, 2015**

| | East Baltimore Master Tenant Manager II, Inc. | East Baltimore Master Tenant Manager II, LLC | Eliminations & Reclassifications | Total |
|---|---|---|---|---|
| **Financial Activity** | | | | |
| Financial Expense | | | | |
| Investment losses, net | | | | |
| Equity losses in consolidated subsidiaries | $ 30,416 | $ - | $ (30,416) | $ - |
| Total Financial Expense | 30,416 | - | (30,416) | - |
| Net Financial Income | (30,416) | - | 30,416 | - |
| **Revenue and Support** | | | | |
| Program services and fees | - | (27,977) | - | (27,977) |
| Total Revenue and Support | - | (27,977) | - | (27,977) |
| **Program and General Expenses** | | | | |
| Program and General Expenses | | | | |
| Program - Development Partners | 3,640 | 2,666 | - | 6,306 |
| Total Program and General Expenses | 3,640 | 2,666 | - | 6,306 |
| **Net income** | (34,056) | (30,643) | 30,416 | (34,283) |
| **Change in net assets** | (34,056) | (30,643) | 30,416 | (34,283) |
| **Net assets, beginning** | (1,870) | (802) | 1,029 | (1,643) |
| **Net assets, ending** | $ (35,926) | $ (31,445) | $ 31,445 | $ (35,926) |

**East Baltimore Master Tenant Manager II, Inc. and Affiliate**

**Consolidating Statement of Activities**
**Year Ended December 31, 2014**

| | East Baltimore Master Tenant Manager II, Inc. | East Baltimore Master Tenant Manager II, LLC | Eliminations & Reclassifications | Total |
|---|---|---|---|---|
| **Financial Activity** | | | | |
| Financial Expense | | | | |
| Investment losses, net | | | | |
| Equity losses in consolidated subsidiaries | $ 1,029 | $ - | $ (1,029) | $ - |
| Total Financial Expense | 1,029 | - | (1,029) | - |
| Net Financial Income | (1,029) | - | 1,029 | - |
| **Revenue and Support** | | | | |
| Other | 250 | 250 | - | 500 |
| Total Revenue and Support | 250 | 250 | - | 500 |
| **Program and General Expenses** | | | | |
| Program and General Expenses | | | | |
| Program - Development Partners | 1,091 | 1,052 | - | 2,143 |
| Total Program and General Expenses | 1,091 | 1,052 | - | 2,143 |
| **Net income** | (1,870) | (802) | 1,029 | (1,643) |
| **Change in net assets** | (1,870) | (802) | 1,029 | (1,643) |
| **Net assets, beginning** | - | - | - | - |
| **Net assets, ending** | $ (1,870) | $ (802) | $ 1,029 | $ (1,643) |

**TRF DP Buford Manlove Manor, LLC and Affiliates**

**Consolidating Statement of Financial Position**
**December 31, 2015**

| | Buford Manlove, LLC | Buford Manlove Members, LLC | Eliminations & Reclassifications | Total Buford Manlove Members, LLC | TRF DP Buford Manlove Manor, LLC | Eliminations & Reclassifications | Total |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Current Assets | | | | | | | |
| Cash and cash equivalents | $ 216,627 | $ - | $ - | $ 216,627 | $ 741 | $ - | $ 217,368 |
| Accounts receivable - related parties | 10,720 | - | (10,720) | - | - | - | - |
| Other | 138,376 | - | - | 138,376 | - | - | 138,376 |
| Restricted cash and cash equivalents | 427,199 | - | - | 427,199 | - | - | 427,199 |
| | 792,922 | - | (10,720) | 782,202 | 741 | - | 782,943 |
| Noncurrent Assets | | | | | | | |
| Investments in consolidated subsidiaries | - | 26,546 | (26,546) | - | 13,128 | (13,128) | - |
| Property held for development or sale, net | - | - | - | - | 9,659 | - | 9,659 |
| Rental property, net | 6,017,509 | - | - | 6,017,509 | - | - | 6,017,509 |
| Other | 4,116 | - | - | 4,116 | - | - | 4,116 |
| | 6,021,625 | 26,546 | (26,546) | 6,021,625 | 22,787 | (13,128) | 6,031,284 |
| **Total Assets** | $ 6,814,547 | $ 26,546 | $ (37,266) | $ 6,803,827 | $ 23,528 | $ (13,128) | $ 6,814,227 |
| **Liabilities and Net Assets** | | | | | | | |
| Current Liabilities | | | | | | | |
| Accounts payable and accrued expenses | $ 14,800 | $ - | $ - | $ 14,800 | $ - | $ - | $ 14,800 |
| Escrow payable and due to third parties | 10,711 | - | - | 10,711 | - | - | 10,711 |
| Accounts payable - related parties | - | 12,237 | (10,720) | 1,517 | 11,153 | - | 12,670 |
| Deferred revenue | 23,693 | - | - | 23,693 | - | - | 23,693 |
| Other | 45,273 | - | - | 45,273 | - | - | 45,273 |
| Loans payable, current portion | 8,942 | - | - | 8,942 | - | - | 8,942 |
| | 103,419 | 12,237 | (10,720) | 104,936 | 11,153 | - | 116,089 |
| Noncurrent Liabilities | | | | | | | |
| Due to related parties | - | - | - | - | - | - | - |
| Loans payable, less current maturities | 2,941,938 | - | - | 2,941,938 | - | - | 2,941,938 |
| | 2,941,938 | - | - | 2,941,938 | - | - | 2,941,938 |
| **Total Liabilities** | 3,045,357 | 12,237 | (10,720) | 3,046,874 | 11,153 | - | 3,058,027 |
| Commitments and Contingencies | | | | | | | |
| Managing Member | 26,546 | 9,301 | (26,546) | 9,301 | - | (9,301) | - |
| Investor Member | 3,742,644 | 5,008 | (3,742,636) | 5,016 | - | (5,016) | - |
| Accumulated Deficit | - | - | - | - | 12,375 | (3,819) | 8,556 |
| Net Assets | | | | | | | |
| Non-controlling interest | - | - | 3,742,636 | 3,742,636 | - | 5,008 | 3,747,644 |
| Total Unrestricted | 3,769,190 | 14,309 | (26,546) | 3,756,953 | 12,375 | (13,128) | 3,756,200 |
| **Total Net Assets** | 3,769,190 | 14,309 | (26,546) | 3,756,953 | 12,375 | (13,128) | 3,756,200 |
| **Total Liabilities and Net Assets** | $ 6,814,547 | $ 26,546 | $ (37,266) | $ 6,803,827 | $ 23,528 | $ (13,128) | $ 6,814,227 |

**TRF DP Buford Manlove Manor, LLC and Affiliates**

**Consolidating Statement of Financial Position**
**December 31, 2014**

| | Buford Manlove, LLC | Buford Manlove Members, LLC | Eliminations & Reclassifications | Total Buford Manlove Members, LLC | TRF DP Buford Manlove Manor, LLC | Eliminations & Reclassifications | Total |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Current Assets | | | | | | | |
| Cash and cash equivalents | $ 105,656 | $ - | $ - | $ 105,656 | $ 4,759 | $ - | $ 110,415 |
| Accounts receivable - related parties | 12,757 | - | (12,757) | - | - | - | - |
| Other | 144,494 | - | - | 144,494 | - | - | 144,494 |
| Restricted cash and cash equivalents | 416,608 | - | - | 416,608 | - | - | 416,608 |
| | 679,515 | - | (12,757) | 666,758 | 4,759 | - | 671,517 |
| Noncurrent Assets | | | | | | | |
| Investments in consolidated subsidiaries | - | 26,562 | (26,562) | - | 8,439 | (8,439) | - |
| Property held for development or sale, net | - | - | - | - | 9,659 | - | 9,659 |
| Rental property, net | 6,297,509 | - | - | 6,297,509 | - | - | 6,297,509 |
| Other | 4,116 | - | - | 4,116 | - | - | 4,116 |
| | 6,301,625 | 26,562 | (26,562) | 6,301,625 | 18,098 | (8,439) | 6,311,284 |
| **Total Assets** | $ 6,981,140 | $ 26,562 | $ (39,319) | $ 6,968,383 | $ 22,857 | $ (8,439) | $ 6,982,801 |
| **Liabilities and Net Assets** | | | | | | | |
| Current Liabilities | | | | | | | |
| Accounts payable and accrued expenses | $ 16,550 | $ - | $ - | $ 16,550 | $ - | $ - | $ 16,550 |
| Escrow payable and due to third parties | 10,819 | - | - | 10,819 | - | - | 10,819 |
| Accounts payable - related parties | - | 13,550 | (12,757) | 793 | 14,148 | 5 | 14,946 |
| Deferred revenue | 52 | - | - | 52 | - | - | 52 |
| Other | 24,203 | - | - | 24,203 | - | - | 24,203 |
| Loans payable, current portion | 8,457 | - | - | 8,457 | - | - | 8,457 |
| | 60,081 | 13,550 | (12,757) | 60,874 | 14,148 | 5 | 75,027 |
| Noncurrent Liabilities | | | | | | | |
| Due to related parties | - | 30 | - | 30 | 377 | - | 407 |
| Loans payable, less current maturities | 2,998,305 | - | - | 2,998,305 | - | - | 2,998,305 |
| | 2,998,305 | 30 | - | 2,998,335 | 377 | - | 2,998,712 |
| **Total Liabilities** | 3,058,386 | 13,580 | (12,757) | 3,059,209 | 14,525 | 5 | 3,073,739 |
| Commitments and Contingencies | | | | | | | |
| Managing Member | 26,561 | 8,439 | (26,561) | 8,439 | - | (8,439) | - |
| Investor Member | 3,896,193 | 4,543 | (3,896,188) | 4,548 | - | (4,548) | - |
| Accumulated Deficit | - | - | - | - | 8,332 | - | 8,332 |
| Net Assets | | | | | | | |
| Non-controlling interest | - | - | 3,896,187 | 3,896,187 | - | 4,543 | 3,900,730 |
| Total Unrestricted | 3,922,754 | 12,982 | (26,562) | 3,909,174 | 8,332 | (8,444) | 3,909,062 |
| **Total Net Assets** | 3,922,754 | 12,982 | (26,562) | 3,909,174 | 8,332 | (8,444) | 3,909,062 |
| **Total Liabilities and Net Assets** | $ 6,981,140 | $ 26,562 | $ (39,319) | $ 6,968,383 | $ 22,857 | $ (8,439) | $ 6,982,801 |

**TRF DP Buford Manlove Manor, LLC and Affiliates**

**Consolidating Statement of Activities**
**Year Ended December 31, 2015**

| | Buford Manlove, LLC | Buford Manlove Members, LLC | Eliminations & Reclassifications | Total Buford Manlove Members, LLC | TRF DP Buford Manlove Manor, LLC | Eliminations & Reclassifications | Total |
|---|---|---|---|---|---|---|---|
| **Financial Activity** | | | | | | | |
| Financial Income | | | | | | | |
| Investment gains, net | | | | | | | |
| Equity gains in consolidated subsidiaries | $ - | $ (16) | $ 16 | $ - | $ 4,684 | $ (4,684) | $ - |
| Total Financial Income | - | (16) | 16 | - | 4,684 | (4,684) | - |
| Financial Expense | | | | | | | |
| Interest expense | 11,160 | - | - | 11,160 | | - | 11,160 |
| Total Financial Expense | 11,160 | - | - | 11,160 | - | - | 11,160 |
| Net Financial Income | (11,160) | (16) | 16 | (11,160) | 4,684 | (4,684) | (11,160) |
| **Revenue and Support** | | | | | | | |
| Program services and fees | 137,596 | - | - | 137,596 | - | - | 137,596 |
| Total Revenue and Support | 137,596 | - | - | 137,596 | - | - | 137,596 |
| **Program and General Expenses** | | | | | | | |
| Program and General Expenses | | | | | | | |
| Program - Development Partners | 280,000 | (1,343) | - | 278,657 | 641 | - | 279,298 |
| Total Program and General Expenses | 280,000 | (1,343) | - | 278,657 | 641 | - | 279,298 |
| **Net income/(loss)** | (153,564) | 1,327 | 16 | (152,221) | 4,043 | (4,684) | (152,862) |
| **Capital contributions, net** | - | - | - | - | - | - | - |
| **Change in net assets** | (153,564) | 1,327 | 16 | (152,221) | 4,043 | (4,684) | (152,862) |
| **Net assets, beginning** | 3,922,754 | 12,982 | (26,562) | 3,909,174 | 8,332 | (8,444) | 3,909,062 |
| **Net assets, ending** | $ 3,769,190 | $ 14,309 | $ (26,546) | $ 3,756,953 | $ 12,375 | $ (13,128) | $ 3,756,200 |

**TRF DP Buford Manlove Manor, LLC and Affiliates**

**Consolidating Statement of Activities**
**Year Ended December 31, 2014**

| | Buford Manlove, LLC | Buford Manlove Members, LLC | Eliminations & Reclassifications | Total Buford Manlove Members, LLC | TRF DP Buford Manlove Manor, LLC | Eliminations & Reclassifications | Total |
|---|---|---|---|---|---|---|---|
| **Financial Activity** | | | | | | | |
| Financial Income | | | | | | | |
| Investment gains, net | | | | | | | |
| Marketable securities | $ - | $ - | $ (1) | $ (1) | $ - | $ - | $ (1) |
| Equity gains in consolidated subsidiaries | - | (31) | 31 | - | (8,802) | 8,802 | - |
| Total Financial Income | - | (31) | 30 | (1) | (8,802) | 8,802 | (1) |
| Financial Expense | | | | | | | |
| Interest expense | 6,762 | - | - | 6,762 | | - | 6,762 |
| Total Financial Expense | 6,762 | - | - | 6,762 | - | - | 6,762 |
| Net Financial Income | (6,762) | (31) | 30 | (6,763) | (8,802) | 8,802 | (6,763) |
| **Revenue and Support** | | | | | | | |
| Program services and fees | (25,631) | - | - | (25,631) | - | - | (25,631) |
| Other | - | - | - | - | 1,960 | - | 1,960 |
| Total Revenue and Support | (25,631) | - | - | (25,631) | 1,960 | - | (23,671) |
| **Program and General Expenses** | | | | | | | |
| Program and General Expenses | | | | | | | |
| Program - Development Partners | 277,041 | 13,519 | - | 290,560 | 1,677 | - | 292,237 |
| Total Program and General Expenses | 277,041 | 13,519 | - | 290,560 | 1,677 | - | 292,237 |
| **Net income/(loss)** | (309,434) | (13,550) | 30 | (322,954) | (8,519) | 8,802 | (322,671) |
| **Capital contributions, net** | 852,891 | - | - | 852,891 | - | - | 852,891 |
| **Change in net assets** | 543,457 | (13,550) | 30 | 529,937 | (8,519) | 8,802 | 530,220 |
| **Net assets, beginning** | 3,379,297 | 26,532 | (26,592) | 3,379,237 | 16,851 | (17,246) | 3,378,842 |
| **Net assets, ending** | $ 3,922,754 | $ 12,982 | $ (26,562) | $ 3,909,174 | $ 8,332 | $ (8,444) | $ 3,909,062 |

Reinvestment Fund, Inc. and Affiliates

**Consolidated Schedules of Functional Expenses**
**For the Years Ended December 31, 2015 and 2014**

2015

| | Personnel | Occupancy | Professional Services | General & Administrative | Project Costs | Grants | Total |
|---|---|---|---|---|---|---|---|
| Program - Lending and Community Investing | $ 3,544,615 | $ 573,185 | $ 1,297,639 | $ 208,638 | $ - | $ 2,903,370 | $ 8,527,447 |
| Program - Private Equity | - | - | - | - | - | - | - |
| Program - Sustainable Development Fund | - | 3,220 | (2,422) | 360 | - | 424,108 | 425,266 |
| Program - Policy Solutions | 1,001,733 | 178,370 | 175,281 | 89,604 | - | - | 1,444,988 |
| Program - PolicyMap | 1,339,096 | 940,586 | 639,283 | 78,676 | - | - | 2,997,641 |
| Program - Development Partners | 1,784,032 | 1,379,401 | 764,926 | 208,247 | 1,746,493 | - | 5,883,099 |
| Management and general | 3,169,264 | 485,841 | 675,528 | 335,393 | - | - | 4,666,026 |
| | $ 10,838,740 | $ 3,560,603 | $ 3,550,235 | $ 920,918 | $ 1,746,493 | $ 3,327,478 | $ 23,944,467 |

2014

| | Personnel | Occupancy | Professional Services | General & Administrative | Project Costs | Grants | Total |
|---|---|---|---|---|---|---|---|
| Program - Lending and Community Investing | $ 3,596,477 | $ 649,572 | $ 922,774 | $ 164,970 | $ - | $ 1,455,719 | $ 6,789,512 |
| Program - Private Equity | - | 279 | 6,952 | 31,824 | - | - | 39,055 |
| Program - Sustainable Development Fund | 39,516 | 3,603 | 60,675 | 308 | - | 123,687 | 227,789 |
| Program - Policy Solutions | 1,021,085 | 177,078 | 159,641 | 60,756 | - | - | 1,418,560 |
| Program - PolicyMap | 1,183,404 | 952,462 | 1,018,269 | 66,482 | - | - | 3,220,617 |
| Program - Development Partners | 1,612,163 | 1,253,847 | 1,437,121 | 285,981 | 3,778,284 | - | 8,367,396 |
| Management and general | 2,909,144 | 493,290 | 585,576 | 196,005 | - | - | 4,184,015 |
| | $ 10,361,789 | $ 3,530,131 | $ 4,191,008 | $ 806,326 | $ 3,778,284 | $ 1,579,406 | $ 24,246,944 |