The Reinvestment Fund, Inc.
and Affiliates

Consolidated Financial Report
December 31, 2012

The Reinvestment Fund, Inc. and Affiliates

Contents

McGladrey

Independent Auditor's Report
on the Consolidated Financial Statements

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

Report on the Financial Statements

We have audited the accompanying consolidated statements of financial position of The Reinvestment Fund, Inc. and Affiliates (the "Organization") as of December 31, 2012 and 2011, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Reinvestment Fund, Inc. and Affiliates as of December 31, 2012 and 2011, 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.

McGladrey LLP

Blue Bell, Pennsylvania
April 18, 2013

The Reinvestment Fund, Inc. and Affiliates

Consolidated Statements of Financial Position
December 31, 2012 and 2011

	2012	2011
Assets		
Current Assets		
Cash and cash equivalents	$ 12,313,168	$ 18,923,231
Grants and contributions receivable	5,792,982	2,370,000
Investments in marketable securities	24,330,153	42,345,086
Loans and leases, less allowance for losses of $4,469,659 and $3,266,276, respectively	65,985,528	51,762,789
Other	4,788,574	3,059,352
Restricted cash, cash equivalents and certificate of deposit	33,825,473	22,570,872
	147,035,878	141,031,330
Noncurrent Assets		
Grants and contributions receivable	1,001,876	1,000,000
Investments in marketable securities	16,797,587	25,991,957
Loans and leases, less allowance for losses of $6,721,698 and $6,264,176, respectively	103,328,871	97,547,629
Investments in limited partnerships and program investments	1,148,063	1,161,310
Private equity investments	1,353,500	4,902,131
Equipment, leasehold improvements and software, net	3,196,576	3,496,470
Other real estate held for sale	11,330,000	13,929,491
Property held for development or sale, net	7,583,055	7,850,010
Rental property, net	8,147,514	1,591,616
Other	1,128,242	1,072,591
	155,015,284	158,543,205
Total Assets	$ 302,051,162	$ 299,574,535
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	$ 1,034,310	$ 943,095
Escrow payable and due to third parties	12,773,802	3,193,127
Other	2,142,607	1,327,529
Recoverable grant payable	6,463,595	7,847,608
Loans payable, current portion	15,928,641	30,655,640
	38,342,955	43,966,999
Noncurrent Liabilities		
Loans payable, less current maturities	127,688,410	127,375,080
Loans payable, EQ2	12,708,000	12,708,000
Other	1,646,203	1,356,036
	142,042,613	141,439,116
Total Liabilities	180,385,568	185,406,115
Commitments and Contingencies (Note 18)		
Net Assets		
Unrestricted	23,244,590	12,343,083
Unrestricted - Contractually limited as to use	9,775,996	9,757,351
Non-controlling interest in consolidated subsidiaries	1,498,765	5,059,097
Total Unrestricted	34,519,351	27,159,531
Temporarily restricted	37,012,358	33,379,930
Temporarily restricted - Contractually limited as to use	827,782	882,519
Total Temporarily restricted	37,840,140	34,262,449
Permanently restricted	49,306,103	52,746,440
Total Net Assets	121,665,594	114,168,420
Total Liabilities and Net Assets	$ 302,051,162	$ 299,574,535

See Notes to Consolidated Financial Statements.

The Reinvestment Fund, Inc. and Affiliates

Consolidated Statement of Activities

For the Year Ended December 31, 2012

	Unrestricted		Temporarily	Permanently	
	Controlling	Non-Controlling	Restricted	Restricted	Total
Financial Activity					
Financial Income					
Interest income from:					
Marketable securities	$ 337,215	$ 1,134	$ 205,133	$ -	$ 543,482
Loans and leases	10,091,182	-	120,592	-	10,211,774
Private equity investments	114,806	1,032,391	-	-	1,147,197
Investment gains, net:					
Marketable securities	136,420	-	(102,377)	-	34,043
Private equity investments	126,244	1,135,256	-	-	1,261,500
Loan and lease fees	755,499	-	89,251	-	844,750
Asset management fee, net	1,504,368	(89,993)	-	-	1,414,375
Total Financial Income	13,065,734	2,078,788	312,599	-	15,457,121
Financial Expense					
Interest expense	5,294,747	-	-	-	5,294,747
Investment losses, net:					
Equity losses in limited partnerships	6,102	-	-	-	6,102
Provision for loan and lease losses	1,137,424	-	-	-	1,137,424
Total Financial Expense	6,438,273	-	-	-	6,438,273
Net Financial Income	6,627,461	2,078,788	312,599	-	9,018,848
Revenue and Support					
Grants and contributions	83,734	-	14,038,629	662,795	14,785,158
Program services and fees	5,993,113	-	-	-	5,993,113
Other income	2,498,194	-	-	-	2,498,194
Net assets released from restrictions	10,549,537	-	(10,549,537)	-	-
Total Revenue and Support	19,124,578	-	3,489,092	662,795	23,276,465
Program and General Expenses and Other Decreases					
Program and General Expenses					
Program - Lending and Community Investing	8,387,938	-	-	-	8,387,938
Program - Private Equity	106,790	59,620	-	-	166,410
Program - Sustainable Development Fund	86,558	-	-	-	86,558
Program - Policy Solutions	1,215,807	-	-	-	1,215,807
Program - PolicyMap	2,344,866	-	-	-	2,344,866
Program - Development Partners	1,653,727	-	-	-	1,653,727
Management and general	3,989,533	-	-	-	3,989,533
Total Program and General Expenses	17,785,219	59,620	-	-	17,844,839
Other Decreases (Increases)					
Reclassifications	(2,915,000)	-	224,000	2,691,000	-
Changes related to revolving loan fund	(38,332)	-	-	1,412,132	1,373,800
Total Other Decreases (Increases)	(2,953,332)	-	224,000	4,103,132	1,373,800
Total Expenses and Other Decreases	14,831,887	59,620	224,000	4,103,132	19,218,639
Change in net assets - before partners' distribution	10,920,152	2,019,168	3,577,691	(3,440,337)	13,076,674
Partners' distribution, net	-	(5,579,500)	-	-	(5,579,500)
Total change in net assets	10,920,152	(3,560,332)	3,577,691	(3,440,337)	7,497,174
Net assets, beginning	22,100,434	5,059,097	34,262,449	52,746,440	114,168,420
Net assets, ending	$ 33,020,586	$ 1,498,765	$ 37,840,140	$ 49,306,103	$ 121,665,594

See Notes to Consolidated Financial Statements.

The Reinvestment Fund, Inc. and Affiliates
Consolidated Statement of Activities
For the Year Ended December 31, 2011

	Unrestricted		Temporarily	Permanently	
	Controlling	Non-Controlling	Restricted	Restricted	Total
Financial Activity					
Financial Income					
Interest income from:					
Marketable securities	$ 217,505	$ -	$ 114,340	$ -	$ 331,845
Loans and leases	9,282,567	-	-	-	9,282,567
Private equity investments	431,783	3,882,809	-	-	4,314,592
Investment gains, net:					
Marketable securities	85,029	-	(1,155)	-	83,874
Loan and lease fees	604,260	-	-	-	604,260
Asset management fee, net	1,720,143	(269,977)	-	-	1,450,166
Total Financial Income	12,341,287	3,612,832	113,185	-	16,067,304
Financial Expense					
Interest expense	4,986,898	-	-	-	4,986,898
Investment losses, net:					
Program investments	218,750	-	-	-	218,750
Private equity investments	33,575	301,925	-	-	335,500
Equity losses in limited partnerships	518,729	-	-	-	518,729
Provision for loan and lease losses	2,337,561	-	-	-	2,337,561
Total Financial Expense	8,095,513	301,925	-	-	8,397,438
Net Financial Income	4,245,774	3,310,907	113,185	-	7,669,866
Revenue and Support					
Grants and contributions	1,560,146	-	16,061,002	24,723	17,645,871
Program services and fees	6,156,027	-	-	-	6,156,027
Other income	3,040,520	-	-	-	3,040,520
Net assets released from restrictions	2,544,296	-	(2,544,296)	-	-
Total Revenue and Support	13,300,989	-	13,516,706	24,723	26,842,418
Program and General Expenses and Other Decreases					
Program and General Expenses					
Program - Lending and Community Investing	7,246,421	-	-	-	7,246,421
Program - Private Equity	292,417	34,240	-	-	326,657
Program - Sustainable Development Fund	383,483	-	-	-	383,483
Program - Policy Solutions	1,276,544	-	-	-	1,276,544
Program - PolicyMap	1,909,407	-	-	-	1,909,407
Program - Development Partners	980,073	-	-	-	980,073
Management and general	3,877,794	-	-	-	3,877,794
Total Program and General Expenses	15,966,139	34,240	-	-	16,000,379
Other Decreases (Increases)					
Discontinued project	-	-	-	302,400	302,400
Recoveries	-	-	-	(267,329)	(267,329)
Total Other Decreases (Increases)	-	-	-	35,071	35,071
Total Expenses and Other Decreases	15,966,139	34,240	-	35,071	16,035,450
Change in net assets - before partners' distribution	1,580,624	3,276,667	13,629,891	(10,348)	18,476,834
Partners' distribution, net	-	(6,254,481)	-	-	(6,254,481)
Total change in net assets	1,580,624	(2,977,814)	13,629,891	(10,348)	12,222,353
Net assets, beginning	20,519,810	8,036,911	20,632,558	52,756,788	101,946,067
Net assets, ending	$ 22,100,434	$ 5,059,097	$ 34,262,449	$ 52,746,440	$ 114,168,420

See Notes to Consolidated Financial Statements.

The Reinvestment Fund, Inc. and Affiliates

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2012 and 2011

	2012	2011
Cash Flows from Operating Activities		
Change in net assets before partners' distribution	$ 13,076,674	$ 18,476,834
Adjustments to reconcile change in net assets before partners' distribution to net cash provided by operating activities:		
Provision for loan and lease losses	1,137,424	2,337,561
Net charges related to revolving loan fund	1,373,800	35,071
(Gains)/Losses in private equity investments, net	(1,261,500)	335,500
Depreciation and amortization	1,323,629	1,316,268
Deferred loan and lease fees, net	221,961	134,725
Investment gains in marketable securities, net	(34,043)	(83,873)
Investment losses in program investments, net	-	218,750
Gain on sale of other real estate held for sale	(40,790)	-
Loss on valuation of other real estate held for sale	2,467,491	138,781
Capitalized interest on private equity investment	-	(3,052,131)
Non-cash grant support	(523,332)	(1,024,609)
Decrease in equity earnings in limited partnerships	6,102	518,729
Decrease (increase) in:		
Grants and contributions receivable	(3,424,858)	(1,994,500)
Restricted cash, cash equivalents and certificate of deposit	(11,254,601)	(2,091,442)
Property held for development or sale	266,954	(1,320,075)
Other	(1,784,873)	(1,195,008)
Increase (decrease) in:		
Accounts payable and accrued expenses	91,215	(138,053)
Recoverable grant payable	(1,384,013)	7,847,608
Escrow payable and due to third parties	9,580,675	(500,365)
Other	1,105,245	1,102,571
Net cash provided by operating activities	10,943,160	21,062,342
Cash Flows from Investing Activities		
Purchases of marketable securities	(56,795,346)	(78,750,211)
Proceeds from maturities of marketable securities	84,038,692	66,688,961
Proceeds from distributions of program investments	17,000	15,000
Purchases of private equity investments	-	(100,000)
Proceeds from disposition of private equity investments	4,810,131	750,000
Purchases of limited partnerships	(9,855)	(13,009)
Cash disbursements on loans receivable	(64,597,054)	(30,917,473)
Cash receipts on loans receivable	40,829,414	21,967,164
Principal payments received under leases	186,064	220,346
Proceeds from sale of other real estate held for sale	1,017,200	15,700
Increase in rental property	(6,717,504)	(1,616,584)
Additions of equipment, leasehold improvements and software development, net of disposals	(862,128)	(1,668,018)
Net cash provided by (used in) investing activities	1,916,614	(23,408,124)
Cash Flows from Financing Activities		
Proceeds from issuance of loans payable	14,745,980	25,269,051
Principal payments on loans payable	(28,300,600)	(10,975,619)
Reinvested interest on investors payable	86,626	80,117
Cash distributions to non-controlling interest	(5,579,535)	(6,254,481)
Assignment of debt to homebuyers	(422,343)	(608,454)
Cash contributions from non-controlling interest	35	-
Net cash (used in) provided by financing activities	(19,469,837)	7,510,614
Net (decrease) increase in cash and cash equivalents	(6,610,063)	5,164,832
Cash and cash equivalents, beginning	18,923,231	13,758,399
Cash and cash equivalents, ending	$ 12,313,168	$ 18,923,231

(Continued)

See Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows (Continued)
For the Years Ended December 31, 2012 and 2011

	2012	2011
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ 4,820,824	$ 4,545,902
Supplemental Schedule of Non-Cash Investing and Financing Activities:		
Conversion of loans payable into grant support	$ 523,332	$ 1,024,609
Conversion of loan receivable into other real estate owned	$ 844,410	$ 234,500
Conversion of loans receivable into investment in other limited partnerships	$ -	$ 309,229
Purchase of leasehold improvements from lease incentive	$ -	$ 1,072,430
Conversion of loan receivable into other asset	$ -	$ 475,000

See Notes to Consolidated Financial Statements.

Note 1. Summary of Significant Accounting Policies

Description of Organization and Activities

Founded in 1985, The Reinvestment Fund, Inc. ("TRF"), a Community Development Financial Institution ("CDFI"), builds wealth and opportunity for low-wealth people and places through the promotion of socially and environmentally responsible development. TRF 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.

The Reinvestment Fund, Inc.: TRF 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, TRF finances housing, community facilities, schools, 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 TRF's financing programs extend throughout the mid-Atlantic region. Nationally, TRF's public policy expertise helps clients create actionable solutions and TRF's online data and mapping tool, PolicyMap.com, provides a platform for sharing data and analysis.

Collaborative Lending Initiative, Inc.: Collaborative Lending Initiative, Inc. ("CLI") is a Pennsylvania not-for-profit entity exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. CLI increases the flow of conventional credit into construction projects that benefit low-wealth people and places.

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. Private Equity directly or indirectly owns 100% of the partnership interests of the general partner of TRF Urban Growth Partners, L.P. ("UGP"). In accordance with the partnership agreements, management of the Partnership is vested in Private Equity. UGP is a Delaware limited partnership private equity fund created to provide debt and equity to new and expanding businesses which provide quality job opportunities for low and middle-income workers in the mid-Atlantic region including Pennsylvania, New Jersey, Delaware, Maryland and Washington, D.C. In accordance with appropriate accounting pronouncement, UGP has been consolidated with Private Equity, the general partner.

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 TRF. 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 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 TRF. NMTC was formed as a result of TRF 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.

TRF Development Partners, Inc.: TRF Development Partners, Inc. is a Pennsylvania not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. TRF Development Partners, Inc. together with its wholly owned subsidiaries, TRF Development Partners-Baltimore, LLC and subsidiaries, TRF Development Partners-Philadelphia, LLC, TRF DP Ridge Avenue, LLC, TRF DP Scotland Commons, Inc., TRF DP Jackson Green, LLC and TRF DP Buford Manlove Manor, LLC, (collectively "Development Partners") uses TRF'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.

Note 1. Summary of Significant Accounting Policies (Continued)

Description of Organization and Activities (Continued)

TRF Education Funding, LLC: TRF Education Funding, LLC (“Education Funding”) is a Delaware limited liability company, wholly owned by TRF. Education Funding was formed to manage TRF’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 TRF. 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.

TRF Fund Manager, LLC: TRF Fund Manager, LLC (“Fund Manager”) is a Delaware limited liability company, wholly owned by TRF. Fund Manager was formed to act as a non-member manager for the Chase NMTC TRF Charter School Investment Fund, LLC, a non-TRF 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.

The Organization has six major programs, three of which make up the Organization’s financing programs, two providing public information and analysis, and the final 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) *Private Equity:* Represents the Organization’s activities as manager of one Private Equity fund, UGP.

3) *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).

4) *Policy Solutions:* Conducts policy, data and social impact analyses that advance TRF’s mission and effect system change, on behalf of TRF as well as public and philanthropic clients.

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

6) *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: The consolidated financial statements include the accounts of TRF, CLI, Private Equity and Subsidiaries, EFI, NMTC, Development Partners and Subsidiaries, Education Funding, Reinvest I, Reinvest II, Reinvest III, Reinvest IV and Fund Manager. All significant intra-organization accounts and transactions have been eliminated in consolidation.

Non-Controlling Interest in Consolidating Subsidiaries: Non-controlling interest represents the equity interests in consolidated subsidiaries, exclusive of any of TRF’s limited partner interests. Non-controlling interests are presented in accordance with this guidance. At December 31, 2012, the non-controlling interests relate to UGP and Duncan Square, LLC (a subsidiary of TRF Development Partners-Baltimore, LLC).

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 and Cash Equivalents: The Organization considers all highly liquid instruments purchased with an original maturity date of three months or less to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows excludes restricted cash.

Note 1. Summary of Significant Accounting Policies (Continued)

Restricted Cash, Cash Equivalents and Certificate of Deposit: Restricted cash and cash equivalents includes cash and cash equivalents held in escrow, cash received from certain lenders and grantors, 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, Program Investments and Private Equity Investments: The Organization determines the fair value of each investment at the 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 recent 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.”

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.

Note 1. Summary of Significant Accounting Policies (Continued)

Valuation of Investments in Marketable Securities, Program Investments and Private Equity Investments (Continued): Investments for which prices are not observable are generally private investments in the equity and debt securities of operating companies. Fair value of private investments is based on Level 3 inputs and is determined by reference to public market or private transactions or valuations for comparable companies or assets in the relevant asset class when such amounts are available. In the absence of a principle market (public market) the Organization determines the most advantageous market in which the Organization would sell their investment. Typically the Organization expects to exit their investment through a sale of the investment. Valuations of the underlying investments are completed to compute the fair value for each class of security owned by the Organization. Generally these valuations are derived by multiplying a key performance metric of the investee company's asset (e.g. EBITDA) by the relevant valuation multiple observed for comparable companies or transactions, adjusted by management for differences between the investment and the referenced comparable.

If the fair value of private investments held cannot be valued by reference to observable valuation measures for comparable companies, then the primary analytical method used to estimate the fair value of such private investments is the discounted cash flow method. A sensitivity analysis is applied to the estimated future cash flows using various factors depending on investment, including assumed growth rate (in cash flows), capitalization rates (for determining terminal values) and appropriate discount rates to determine a range of reasonable values. The valuation based on the inputs determined to be the most probable is used as the fair value of the investment.

The determination of fair value using these methodologies takes into account consideration of a range of factors, including but not limited to the price at which the investment was acquired, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance and financing transactions subsequent to the acquisition of the investment. These valuation methodologies involve a significant degree of judgment by the Organization.

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 statement of financial position. Any unrealized gains or losses are reported in the 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).

Private Equity Investments: Private equity 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.

Due to the fact that no public market currently exists for these types of investments, it is reasonably possible that the relevant factors considered in determining the estimate of fair value may change within the next year. As a result, it is possible that the estimated values may differ significantly from the amount that might be ultimately realized in the near term and the difference could be material.

Investments in Limited Partnerships and Program Investments: Non-controlling investments in limited partnerships are accounted for under the equity method of accounting under which the Organization's share of net income or loss is recognized in the 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.

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. 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.

Note 1. Summary of Significant Accounting Policies (Continued)

Loans and Leases Receivable (Continued)

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, 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.

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 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 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.

Property Held for Development or Sale: 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.

Note 1. Summary of Significant Accounting Policies (Continued)

Rental Property: Rental property, including lease-purchase, 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, 2012 and 2011, respectively, fifty and six units in Baltimore were included in rental property.

Other Assets: Other assets include accounts due from third parties, interest receivable and prepaid expenses.

Other Liabilities: Other liabilities include deferred revenue, interest payable and deferred rent.

Other Real Estate Held for Sale (“OREO”): Assets acquired through, or in lieu of, loan foreclosure are held for sale and deemed OREO. The Organization accounts for OREO at the lower of carrying amount or estimated fair value at the date the real estate is transferred. The fair value is calculated using the appraisal value less estimated costs to sell and any deficiency in value is recorded against the allowance for loan losses at the date of the transfer. Subsequent to the transfer date, costs to maintain or protect the assets i.e. insurance, utilities, taxes, etc., will be expensed as incurred, while valuation adjustments are provided through a charge against current period earnings.

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. All 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 statement of activities as net assets released from restrictions.

Contributions that the donor requires to be used to acquire long-lived assets are reported as temporarily restricted support. When long-lived asset restrictions expire (that is, when the economic benefits of the acquired assets are used up), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions over the estimated useful lives.

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 rental income related to Reinvest II, Reinvest III and Development Partners.

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

Note 1. Summary of Significant Accounting Policies (Continued)

Equipment, Leasehold Improvements and Software: 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 twelve 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.

Accounting for Uncertainty in 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, 2012 and 2011.

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, 2012 and 2011. 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 2009.

Recent Accounting Pronouncements

1. In April 2011, the FASB issued Accounting Standards Update (ASU) 2011-02, *Receivables, A Creditor's Determination of whether a Restructuring is a Troubled Debt Restructuring*. ASU 2011-02 amends prior accounting guidance for creditors that restructure receivables that fall within ASC Subtopic 310-40 "Receivables – Troubled Debt Restructurings." The amendments clarify the guidance on a creditor's evaluation of whether it has granted a concession and whether a debtor is experiencing financial difficulties to facilitate the determination of whether a restructuring constitutes a troubled debt restructuring. In addition, the amendments clarify that a creditor is precluded from using the effective interest rate test in the debtor's guidance on restructuring of payables when evaluating whether a restructuring constitutes a TDR. For non-public entities, these amendments are effective for annual reporting periods ending on or after December 15, 2012, including interim periods within those annual periods. Early adoption is permitted for any interim period of the fiscal year of adoption. The Organization adopted this guidance as of December 31, 2011 with minimal impact to the consolidated financial statements and included the expanded disclosure in the footnotes.

2. In May 2011, the FASB issued Accounting Standards Update 2011-04, *Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRSs (ASU 2011-04).* ASU 2011-04 amended ASC 820, *Fair Value Measurements and Disclosures,* to converge the fair value measurement guidance in GAAP and International Financial Reporting Standards (IFRSs). Some of the amendments clarify the application of existing fair value measurement requirements, while other amendments change a particular principle in ASC 820. In addition, ASU 2011-04 requires additional fair value disclosures. The amendments are effective for annual periods beginning after December 15, 2011 and was adopted by the Organization with no material impact on the consolidated financial statements.

Reclassifications: Certain amounts in the 2011 financial statements have been reclassified to conform to the 2012 presentation.

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

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

	2012	2011
Fresh Food Financing Initiative ("FFFI")	$ 2,954,602	$ 5,703,502
Escrow payable and due to third parties	13,287,743	3,114,441
Pennsylvania Green Energy Loan Fund ("GELF")	194,548	767,130
SDF programs	1,022,278	718,321
United States Department of Education ("US ED") funds for charter school lending programs	1,332,415	1,746,530
Charter School Loan Fund for credit enhancements	2,172,890	2,169,614
Greenworks energy loan fund	1,424,681	2,224,806
EnergyWorks loan fund	5,056,462	6,126,528
Capital Magnet Fund	2,755,989	-
PA Opportunity Initiative	3,623,865	-
	$ 33,825,473	$ 22,570,872

Note 3. Investments in Marketable Securities

Investments at December 31 consisted of the following:

	2012	2011
Investments in marketable securities:		
Debt and Mortgage-backed securities:		
Federal Farm Credit Bank	$ 3,044,780	$ 8,504,514
Federal Home Loan Bank	4,470,749	8,670,586
Federal Home Loan Mortgage Company	10,083,775	16,724,489
Federal National Mortgage Association	13,630,487	19,608,803
U.S. Treasury Notes and Bills	7,359,980	14,762,714
Corporate debt securities	2,537,969	65,937
	$ 41,127,740	$ 68,337,043
Included in the above are:		
Investments in marketable securities restricted as to use:		
US ED funds for charter school lending programs	$ 12,342,323	$ 11,926,179
SDF programs	6,327,507	6,985,277
GELF	4,701,035	11,258,244
	$ 23,370,865	$ 30,169,700

Investment net gains of $34,043 and $83,874 were included on the consolidated statement of activities under the investments captions for the year ended December 31, 2012 and 2011, respectively.

Expenses relating to investment income, including custodial and advisory fees amounted to $77,303 and $108,148 for December 31, 2012 and 2011, 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:

	2012	2011
Lending and Community Investing	$ 6,594,858	$ 3,320,000
PolicyMap	200,000	50,000
	$ 6,794,858	$ 3,370,000

At December 31, 2012 and 2011, grants and contributions receivable totaling $6,442,356 and $2,370,000, respectively, were due within one year and $352,502 and $1,000,000, respectively, were due within one to five years. All grants and contributions receivable are unsecured.

Grants and contributions receivable include a receivable for a permanently restricted loan fund in the amount of $649,374 at December 31, 2012. This receivable is classified as noncurrent on the Consolidated Statement of Financial Position; however, the cash can be drawn down in 2013.

At December 31, 2012, grants and contributions receivable included a $4,453,806 receivable from the Community Development Financial Institutions Fund (“CDFI Fund”). Authorized use of these funds are for financial assistance in the amount of $1,453,806 committed to Persistent Poverty Counties and $3,000,000 committed to Healthy Food Financing Initiative (“HFFI”).

During the year ended December 31, 2012, the Organization was awarded a grant of $2,000,000 from the Robert Wood Johnson Foundation in support of New Jersey Food Access Initiative to increase food-retail businesses in underserved communities. The Organization received cash in the amount of $675,140 in 2012. This receivable includes $972,358 due within one year and $351,402 due within one to five years; accordingly, $352,502 of receivable is classified as a noncurrent asset on the Consolidated Statements of Financial Position.

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 on interest bearing accounts and unlimited coverage on non-interest bearing accounts through December 31, 2012. At times during the year ended December 31, 2012, the Organization had cash balances in interest bearing accounts in excess of the FDIC limits. At December 31, 2012, cash balances in excess of FDIC limits approximated $29,095,000. At December 31, 2012, total cash equivalents include short-term money market funds of approximately $1,128,000, which are separately collateralized by securities held by the financial institution. All other cash equivalents represent short-term government holdings.

At December 31, 2012, most of the Organization’s loans receivable were due from various nonprofit organizations, housing developers primarily in the greater Philadelphia region, healthy food retailers and charter schools. Additionally, at December 31, 2012, the Organization’s portfolio of commercial real estate, healthy food retail, and charter school loans constituted 18.97%, 25.16%, and 28.13% 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 related nonprofit organizations, real estate sectors, healthy food retailers and charter schools.

Note 6. Loans and Leases Receivable

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

	2012	2011
Housing	$ 32,311,205	$ 32,741,540
Commercial real estate	34,245,150	36,404,307
Healthy food retail	45,408,199	34,499,412
Community facilities	68,541,202	55,195,611
	180,505,756	158,840,870
Allowance for loan and lease losses	(11,191,357)	(9,530,452)
	$ 169,314,399	$ 149,310,418

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 term, construction, acquisition, and predevelopment lending. Housing loans support the development of affordable rental and for-sale housing in neighborhoods where quality affordable housing is in short supply. The loans are underwritten with mortgage liens as collateral and loan to value ratios of less than 100% of the lesser of cost or appraised value. Most loans are originated at a loan to value ratio of less than 90%.

Commercial Real Estate: Commercial real estate loans include loans for non-residential real estate, with an emphasis on borrowers that provide amenities to low income communities. The loans are underwritten with liens on real estate and loan to value ratios of less than 100% of the lesser of cost or appraised value. Most loans are originated at a loan to value ratio of less than 90%.

Healthy Food Retail: Healthy food retail loans include loans for supermarkets or grocery stores in underserved areas, as well as other mixed-use real estate borrowers. The loans are underwritten with liens on all business assets including inventory and loan to value ratios of less than 100% of cost. Most loans are originated at a loan to value ratio of less than 90%.

Community Facilities: Community facilities loans include the following:

- Loans to Non-Profit Organizations focused on social services or educational services. The loans are underwritten with first or second liens on real estate or blanket liens on all of the borrower's assets as collateral and loan to value ratios of less than 90% of the value.

- Energy loans for building improvements that reduce building consumption. These loans are underwritten with a maximum loan to value of less than 100% of the lesser of cost or appraised value. Most loans are originated at a loan to value of less than 90%.

- Small business loans underwritten with a blanket lien on all available business assets and loan to value ratios of less than 100% of the value. Most loans are originated at a loan to value of less than 90%. Portions of small business loans are guaranteed by the Small Business Administration.

- Leases to promote energy efficiency totaling $824,776 and $1,010,840 as of December 31, 2012 and 2011, respectively. The leases expire over a six year period. At December 31, 2012 and 2011, total minimum lease payments receivable were $928,801 and $1,159,513, respectively.

Outstanding loans, other than pre-development loans, have annual interest rates ranging from 0.0% to 9.1%. At December 31, 2012, approximately 11% of these loans receivable have variable interest rates which are indexed to the prime rate and/or London Interbank Offered Rate ("LIBOR"). The remaining loans have a fixed rate. Loans and leases receivable have various maturities through 2037.

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Note 6. Loans and Leases Receivable (Continued)

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

2012						
	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
Housing:						
Commercial Mortgages	$ 31	$ -	$ 77	$ 108	$ 9,289	$ 9,397
Construction, Pre-development and Acquisition	120	-	11,003	11,123	11,792	22,915
Total Housing loans	151	-	11,080	11,231	21,081	32,312
Commercial Real Estate:						
Commercial Mortgages	-	-	-	-	26,166	26,166
Construction, Pre-development and Acquisition	-	-	-	-	8,079	8,079
Total Commercial Real Estate loans	-	-	-	-	34,245	34,245
Healthy Food Retail:						
Commercial Mortgages	-	-	-	-	42,218	42,218
Construction, Pre-development and Acquisition	-	-	-	-	3,190	3,190
Total Healthy Food Retail loans	-	-	-	-	45,408	45,408
Community Facilities:						
Commercial Mortgages	-	-	123	123	47,145	47,268
Construction, Pre-development and Acquisition	-	-	-	-	21,273	21,273
Total Community Facilities loans	-	-	123	123	68,418	68,541
Total loans	$ 151	$ -	$ 11,203	$ 11,354	$ 169,152	$ 180,506

2011						
	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
Housing:						
Commercial Mortgages	$ 32	$ -	$ 128	$ 160	$ 8,034	$ 8,194
Construction, Pre-development and Acquisition	233	-	14,357	14,590	9,958	24,548
Total Housing loans	265	-	14,485	14,750	17,992	32,742
Commercial Real Estate:						
Commercial Mortgages	-	-	-	-	23,642	23,642
Construction, Pre-development and Acquisition	-	-	849	849	11,913	12,762
Total Commercial Real Estate loans	-	-	849	849	35,555	36,404
Healthy Food Retail:						
Commercial Mortgages	-	-	-	-	31,436	31,436
Construction, Pre-development and Acquisition	-	-	-	-	3,063	3,063
Total Healthy Food Retail loans	-	-	-	-	34,499	34,499
Community Facilities:						
Commercial Mortgages	628	-	133	761	40,426	41,187
Construction, Pre-development and Acquisition	-	-	-	-	14,009	14,009
Total Community Facilities loans	628	-	133	761	54,435	55,196
Total loans	$ 893	$ -	$ 15,467	$ 16,360	$ 142,481	$ 158,841

Note 6. Loans and Leases Receivable (Continued)

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%, we are currently originating loans with loan to value ratios of 75%-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.

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 <80%. 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 range of 75% - 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.

2012 (in 000's)	Above Average	Satisfactory	Below Average	Watch	Substandard	Doubtful	Total
Housing:							
Commercial Mortgages	$ 1,185	$ 3,051	$ 4,915	$ 226	$ 20	$ -	$ 9,397
Construction, Pre-development and Acquisition	-	9,977	1,174	1,839	9,925	-	22,915
Total Housing loans	1,185	13,028	6,089	2,065	9,945	-	32,312
Commercial Real Estate:							
Commercial Mortgages	-	14,708	11,458	-	-	-	26,166
Construction, Pre-development and Acquisition	-	2,255	5,824	-	-	-	8,079
Total Commercial Real Estate loans	-	16,963	17,282	-	-	-	34,245
Healthy Food Retail:							
Commercial Mortgages	-	31,552	10,666	-	-	-	42,218
Construction, Pre-development and Acquisition	-	2,192	998	-	-	-	3,190
Total Healthy Food Retail Loans	-	33,744	11,664	-	-	-	45,408
Community Facilities:							
Commercial Mortgages	249	27,780	16,642	2,474	123	-	47,268
Construction, Pre-development and Acquisition	825	19,177	1,271	-	-	-	21,273
Total Community Facilities loans	1,074	46,957	17,913	2,474	123	-	68,541
Total loans	$ 2,259	$ 110,692	$ 52,948	$ 4,539	$ 10,068	$ -	$ 180,506

2011 (in 000's)	Above Average	Satisfactory	Below Average	Watch	Substandard	Doubtful	Total
Housing:							
Commercial Mortgages	$ 1,231	$ 3,669	$ 2,994	$ 230	$ 70	$ -	$ 8,194
Construction, Pre-development and Acquisition	-	7,329	1,785	3,108	12,326	-	24,548
Total Housing loans	1,231	10,998	4,779	3,338	12,396	-	32,742
Commercial Real Estate:							
Commercial Mortgages	-	13,271	10,371	-	-	-	23,642
Construction, Pre-development and Acquisition	-	1,153	10,760	-	849	-	12,762
Total Commercial Real Estate loans	-	14,424	21,131	-	849	-	36,404
Healthy Food Retail:							
Commercial Mortgages	-	23,197	8,062	177	-	-	31,436
Construction, Pre-development and Acquisition	-	4	2,857	202	-	-	3,063
Total Healthy Food Retail Loans	-	23,201	10,919	379	-	-	34,499
Community Facilities:							
Commercial Mortgages	1,634	24,546	12,102	2,773	132	-	41,187
Construction, Pre-development and Acquisition	-	4,742	9,267	-	-	-	14,009
Total Community Facilities loans	1,634	29,288	21,369	2,773	132	-	55,196
Total loans	$ 2,865	$ 77,911	$ 58,198	$ 6,490	$ 13,377	$ -	$ 158,841

Note 6. Loans and Leases Receivable (Continued)

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 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 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.

In 2012 and 2011, no interest was recognized on a cash basis for impaired loans.

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

	2012						
(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
Housing:							
Commercial Mortgages	$ 266	$ 246	$ 90	$ 156	$ 8	$ 276	$ 12
Construction, Pre-development and Acquisition	13,149	11,764	5,128	6,636	763	12,969	34
Total Housing loans	13,415	12,010	5,218	6,792	771	13,245	46
Commercial Real Estate:							
Commercial Mortgages	-	-	-	-	-	-	-
Construction, Pre-development and Acquisition	-	-	-	-	-	-	-
Total Commercial Real Estate loans	-	-	-	-	-	-	-
Healthy Food Retail:							
Commercial Mortgages	-	-	-	-	-	-	-
Construction, Pre-development and Acquisition	-	-	-	-	-	-	-
Total Healthy Food Retail loans	-	-	-	-	-	-	-
Community Facilities:							
Commercial Mortgages	147	147	123	24	12	158	3
Construction, Pre-development and Acquisition	-	-	-	-	-	-	-
Total Community Facilities loans	147	147	123	24	12	158	3
Total loans	$ 13,562	$ 12,157	$ 5,341	$ 6,816	$ 783	$ 13,403	$ 49

Note 6. Loans and Leases Receivable (Continued)

2011							
(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
Housing:							
Commercial Mortgages	$ 300	$ 300	$ 58	$ 242	$ 23	$ 313	$ 14
Construction, Pre-development and Acquisition	15,457	15,419	1,365	14,054	1,051	15,471	134
Total Housing loans	15,757	15,719	1,423	14,296	1,074	15,784	148
Commercial Real Estate:							
Commercial Mortgages	-	-	-	-	-	-	-
Construction, Pre-development and Acquisition	2,166	849	849	-	-	849	-
Total Commercial Real Estate loans	2,166	849	849	-	-	849	-
Healthy Food Retail:							
Commercial Mortgages	177	177	-	177	45	204	14
Construction, Pre-development and Acquisition	202	202	202	-	-	208	14
Total Healthy Food Retail loans	379	379	202	177	45	412	28
Community Facilities:							
Commercial Mortgages	282	282	282	-	-	309	21
Construction, Pre-development and Acquisition	-	-	-	-	-	-	-
Total Community Facilities loans	282	282	282	-	-	309	21
Total loans	$ 18,584	$ 17,229	$ 2,756	$ 14,473	$ 1,119	$ 17,354	$ 197

<u>Troubled Debt Restructurings</u>: 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. We consider all loans modified in a troubled debt restructuring to be impaired.

At the time a loan is modified in a troubled debt restructuring, we consider 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 we expect the loan to continue to perform under the restructured terms with a debt coverage ratio that complies with the Organization's minimum underwriting policy.

Note 6. Loans and Leases Receivable (Continued)

We also review 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.

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 2011 and 2010 that subsequently re-defaulted during 2012 and 2011.

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

2012				
(in 000's)	Balance at January 1	TDRs in compliance and accruing interest	TDRs not accruing interest	Balance at December 31
Housing:				
Extended under forbearance	$ 2,218	$ -	$ 5,021	$ 7,239
Multiple extensions resulting from financial difficulty	233	(113)	20	140
Commercial Real Estate:				
Extended under forbearance	849	(849)		-
Total	$ 3,300	$ (962)	$ 5,041	$ 7,379

2011				
(in 000's)	Balance at January 1	TDRs in compliance and accruing interest	TDRs not accruing interest	Balance at December 31
Housing:				
Extended under forbearance	$ 4,638	$ -	$ (2,420)	$ 2,218
Multiple extensions resulting from financial difficulty	233	-	-	233
Commercial Real Estate:				
Extended under forbearance	-	849	-	849
Multiple extensions resulting from financial difficulty	849	(849)	-	-
Community Facilities:				
Extended under forbearance	276	-	(276)	-
Total	$ 5,996	$ -	$ (2,696)	$ 3,300

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:

2012						
	TDRs in compliance and accruing interest		TDRs not accruing interest		Total	
(in 000's)	Balance	Count	Balance	Count	Balance	Count
Commercial Real Estate:						
Construction, Pre-development and Acquisition	$ -	-	$ -	-	$ -	-
Housing:						
Commercial Mortgages	-	-	20	1	20	1
Construction, Pre-development and Acquisition	121	1	7,238	10	7,359	11
Total	$ 121	1	$ 7,258	11	$ 7,379	12

2011						
	TDRs in compliance and accruing interest		TDRs not accruing interest		Total	
(in 000's)	Balance	Count	Balance	Count	Balance	Count
Commercial Real Estate:						
Construction, Pre-development and Acquisition	$ -	-	$ 849	6	$ 849	6
Housing:						
Construction, Pre-development and Acquisition	233	2	2,218	5	2,451	7
Total	$ 233	2	$ 3,067	11	$ 3,300	13

There were no TDRs entered into in 2010 and 2011 that subsequently re-defaulted during 2011 and 2012.

Note 7. Allowance for 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 year ended December 31:

	2012				
(in 000's)	Housing	Commercial Real Estate	Healthy Food Retail	Community Facilities	Total
Beginning balance	$ 2,178	$ 2,110	$ 2,298	$ 2,944	$ 9,530
Provision for possible loan and lease losses					
Unrestricted	170	(773)	752	988	1,137
Net reduction in permanently restricted net assets	1,374	-	-	-	1,374
Charge-offs	(1,374)	-	-	(96)	(1,470)
Recoveries	11	539	-	70	620
Provision and Net charge-offs	181	(234)	752	962	1,661
Ending balance	$ 2,359	$ 1,876	$ 3,050	$ 3,906	$ 11,191
Period-end amount allocated to:					
Loans individually evaluated for impairment	$ 771	$ -	$ -	$ 12	$ 783
Loans collectively evaluated for impairment	1,588	1,876	3,050	3,894	10,408
	$ 2,359	$ 1,876	$ 3,050	$ 3,906	$ 11,191
Loans, ending balance:					
Loans individually evaluated for *impairment*	$ 12,010	$ -	$ -	$ 147	$ 12,157
Loans collectively evaluated for impairment	20,302	34,245	45,408	68,394	168,349
Total	$ 32,312	$ 34,245	$ 45,408	$ 68,541	$ 180,506

Note 7. Allowance for Losses (Continued)

2011										
(in 000's)		Housing		Commercial Real Estate		Healthy Food Retail		Community Facilities		Total
Beginning balance	$	3,092	$	2,747	$	2,030	$	2,158	$	10,027
Provision for possible loan and lease losses										
Unrestricted		1,535		(516)		268		1,050		2,337
Net reduction in permanently restricted net assets		-		-		(267)		-		(267)
Charge-offs		(2,452)		(206)		-		(299)		(2,957)
Recoveries		3		85		267		35		390
Provision and Net charge-offs		(914)		(637)		268		786		(497)
Ending balance	$	2,178	$	2,110	$	2,298	$	2,944	$	9,530
Period-end amount allocated to:										
Loans individually evaluated for *impairment*	$	1,074	$	-	$	45	$	-	$	1,119
Loans collectively evaluated for impairment		1,104		2,110		2,253		2,944		8,411
	$	2,178	$	2,110	$	2,298	$	2,944	$	9,530
Loans, ending balance:										
Loans individually evaluated for impairment	$	15,719	$	849	$	379	$	282	$	17,229
Loans collectively evaluated for impairment		17,023		35,555		34,120		54,914		141,612
Total	$	32,742	$	36,404	$	34,499	$	55,196	$	158,841

Note 8. Investments in Limited Partnerships 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:

	2012	2011
New Markets Tax Credit Program		
TRF NMTC Fund I, L.P. (dissolved August 3, 2012)	$ -	$ 13
TRF NMTC Fund II, L.P. (dissolved June 21, 2012)	-	-
TRF NMTC Fund III, L.P.	991	1,010
TRF NMTC Fund IV, L.P.	3,867	3,893
TRF NMTC Fund V, L.P.	-	-
TRF NMTC Fund VI, L.P.	1,581	1,587
TRF NMTC Fund VII, L.P.	662	676
TRF NMTC Fund VIII, L.P.	890	894
TRF NMTC Fund IX, L.P.	740	743
TRF NMTC Fund X, L.P.	1,920	1,929
TRF NMTC Fund XI, L.P.	987	990
TRF NMTC Fund XII, L.P.	1,285	1,290
TRF NMTC Fund XIII, L.P.	1,023	1,028
TRF NMTC Fund XIV, L.P.	1,788	1,797
TRF NMTC Fund XV, L.P.	4,256	4,256
TRF NMTC Fund XVI, L.P.	1,920	1,928
TRF NMTC Fund XVII, L.P.	1,310	759
TRF NMTC Fund XVIII, L.P.	852	-
TRF NMTC Fund XIX, L.P.	800	-
TRF NMTC Fund XX, L.P.	923	-
TRF NMTC Fund XXI, L.P.	301	-
TRF NMTC Fund XXII, L.P.	950	-
	27,046	22,793
New Markets Tax Credit Investment Funds		
Chase NMTC TRF 2011 Investment Fund, LLC	478	-
Chase NMTC PHN Investment Fund, LLC	340	-
481 Philabundance Investment Fund, LLC	211	-
	1,029	-
Other		
Charter School Capital Access Program, LLC (a)	17,043	25,149
Charter School Financing Partnership (b)	74,731	-
FSCLF Holding, LLC (c)	288,891	309,329
Octavia Hill Bel-Air Partners, L.P. (d)	-	7,253
Octavia Hill Chelten Partners, L.P. (e)	-	50,509
Pennsylvania Advanced Industrial Technology, L.P. (f)	653,573	643,527
	1,034,238	1,035,767
Total investments in limited partnerships	1,062,313	1,058,560
Program Investments		
The Community Development Trust	85,750	102,750
	$ 1,148,063	$ 1,161,310

Note 8. Investments in Limited Partnerships and Program Investments (Continued)

New Markets Tax Credit Program: During fiscal years 2012, 2010, 2009, 2007 and 2005, TRF received New Markets Tax Credit Program ("Program") allocations of $41,919,753, $90,000,000, $75,000,000, $75,000,000 and $38,500,000, respectively. Pursuant to the requirements of the Program, administered by the CDFI Fund, a division of the US Department of Treasury, TRF formed a for-profit entity TRF NMTC Fund, LLC ("NMTC"). NMTC is the general partner in TRF NMTC Fund I, L.P. through TRF NMTC Fund XXII, 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 TRF's financial statements.

TRF 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-TRF entity. In addition Fund Manager is the .01% managing member of Chase NMTC TRF 2011 Investment Fund, LLC; Chase NMTC PHN Investment Fund, LLC and 481 Philabundance Investment Fund, LLC. The Organization does not consolidate these investment funds due to the authority given to the investor members as specified 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 $1,378,691 and $1,304,166 for the years ended December 31, 2012 and 2011, respectively. These amounts are included in asset management fees on the statement of activities. In connection with the formation of TRF NMTC Fund XVII, L.P. through TRF NMTC Fund XXI, L.P., the Organization received fees of $2,182,361 for the year ended December 31, 2012. In connection with the formation of TRF NMTC Fund XIV, L.P. through TRF NMTC fund XVI, L.P., the Organization received fees of $3,476,078 for the year ended December 31, 2011. The fees received as a result of NMTC fund formations are included in program services and fees on the consolidated statement of activities.

During 2012, two of the NMTC Funds were dissolved; TRF NMTC Fund I, L.P. and TRF NMTC Fund II, L.P. In connection with the dissolution of TRF NMTC Fund II, L.P., the Organization received an exit fee of $563,500 for the year ended December 31, 2012. These fees are included in program services and fees on the statement of activities.

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

	2012		
	Total Assets	Total Liabilities	Net Income (Loss)
TRF NMTC Fund I, L.P.	$ -	$ -	$ -
TRF NMTC Fund II, L.P.	-	-	-
TRF NMTC Fund III, L.P.	9,874,843	-	11,334
TRF NMTC Fund IV, L.P.	39,127,173	481,667	2,226,448
TRF NMTC Fund V, L.P.	9,993,465	50,000	(10,000)
TRF NMTC Fund VI, L.P.	15,895,252	80,761	501,912
TRF NMTC Fund VII, L.P.	6,631,494	8,375	300,699
TRF NMTC Fund VIII, L.P.	8,910,410	11,250	112,146
TRF NMTC Fund IX, L.P.	7,402,181	3,125	48,237
TRF NMTC Fund X, L.P.	19,274,703	65,921	767,353
TRF NMTC Fund XI, L.P.	9,876,460	4,171	11,269
TRF NMTC Fund XII, L.P.	12,850,781	5,417	83,472
TRF NMTC Fund XIII, L.P.	10,248,140	12,875	458,759
TRF NMTC Fund XIV, L.P.	17,891,982	7,505	574,475
TRF NMTC Fund XV, L.P.	41,341,797	53,008	1,769,923
TRF NMTC Fund XVI, L.P.	19,209,370	8,051	382,351
TRF NMTC Fund XVII, L.P.	12,880,448	5,456	49,655
TRF NMTC Fund XVIII, L.P.	8,464,420	1,398	9,011
TRF NMTC Fund XIX, L.P.	8,009,133	3,333	28,167
TRF NMTC Fund XX, L.P.	9,236,605	3,841	96,893
TRF NMTC Fund XXI, L.P.	3,010,620	2,500	9,350
TRF NMTC Fund XXII, L.P.	9,500,950	-	-
Total	$ 279,630,227	$ 808,654	$ 7,431,454

Note 8. Investments in Limited Partnerships and Program Investments (Continued)

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

2011			
	Total Assets	Total Liabilities	Net Income (Loss)
TRF NMTC Fund I, L.P.	$ 5,029,366	$ -	$ 76,844
TRF NMTC Fund II, L.P.	21,389,266	66,475	1,684,588
TRF NMTC Fund III, L.P.	10,137,619	74,595	(138,448)
TRF NMTC Fund IV, L.P.	39,208,603	311,666	2,043,028
TRF NMTC Fund V, L.P.	9,993,465	40,000	(10,000)
TRF NMTC Fund VI, L.P.	15,930,902	47,110	501,115
TRF NMTC Fund VII, L.P.	6,654,489	2,792	229,129
TRF NMTC Fund VIII, L.P.	8,949,078	11,250	112,146
TRF NMTC Fund IX, L.P.	7,434,299	3,125	48,236
TRF NMTC Fund X, L.P.	19,372,936	81,075	764,765
TRF NMTC Fund XI, L.P.	9,919,328	4,167	11,269
TRF NMTC Fund XII, L.P.	12,906,465	5,417	83,472
TRF NMTC Fund XIII, L.P.	10,292,069	12,875	455,448
TRF NMTC Fund XIV, L.P.	17,976,466	15,005	563,976
TRF NMTC Fund XV, L.P.	41,339,424	50,634	832,431
TRF NMTC Fund XVI, L.P.	19,292,069	8,051	281,528
TRF NMTC Fund XVII, L.P.	7,594,237	-	-
Total	$ 263,420,081	$ 734,237	$ 7,539,527

Other:

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. TRF's financial exposure as a member of CCAP is limited to capital contributed. As of December 31, 2012 and 2011, TRF 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 TRF. At December 31, 2012 and 2011, CCAP reported total assets of $6,442,922 and $12,542,918, respectively, total liabilities of $3,778,697 and $10,528,592, respectively, and members' equity of $2,664,225 and $2,014,326, respectively. CCAP reported net income of $649,899 and $52,681 for the years ended December 31, 2012 and 2011, respectively. The net income, other than income attributed to earnings on the grant, is allocated 50% to TRF, and such allocation made to TRF for the years ended December 31, 2012 and 2011 was a loss of $8,106 and $1,822, respectively.

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, TRF purchased $60,000 in Class "A" units, which represents a 20% voting interest in CSFP. For the years ended December 31, 2012 and 2011, CSFP reported total assets of $18,868,967 and $18,694,937, total liabilities of $6,693,811 and $14,907,219 and members' equity of $12,175,156 and $3,787,719, respectively. CSFP reported net income of $458,628 for the year ended December 31, 2012 and a net loss of $21,067 for the year ended December 31, 2011. TRF increased its investment in this limited partnership by $74,731 and $46,750 in the years ended December 31, 2012 and 2011, respectively.

Note 8. Investments in Limited Partnerships and Program Investments (Continued)

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 TRF had a 50% participation. Accordingly, TRF owns a 50% non-managing member interest in FSCLF. TRF recorded a decrease in equity earnings of $4,314 and $117 for the years ended December 31, 2012 and 2011, respectively. At December 31, 2012 and 2011, FSCLF reported total assets of $577,782 and $577,367, respectively, and members' equity of $577,782 and $577,367, respectively. FSCLF reported a net loss of $8,628 and $235 for the years ended December 31, 2012 and 2011, respectively.

d) Octavia Hill Bel-Air Partners, L.P. ("Bel-Air") is a limited partnership formed for the purpose of purchasing and operating multifamily residential rental buildings. TRF'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, TRF will be allocated 80.25% of net income or 89.32% of losses. TRF recorded a decrease in equity earnings of $7,253 and $74,920 for the years ended December 31, 2012 and 2011, respectively. At December 31, 2012 and 2011, Bel-Air reported total assets of $1,638,854 and $ 1,716,276, respectively, total liabilities of $1,685,753 and $1,708,203, respectively, and partners' equity/(loss) of ($46,899) and $8,073, respectively. For the years ended December 31, 2012 and 2011, Bel-Air reported a net loss of $54,972 and $77,602, respectively.

e) Octavia Hill Chelten Partners, L.P. ("Chelten Arms") is a limited partnership formed for the purpose of purchasing and operating a housing rental building. TRF's non-controlling limited partnership interest in Chelten Arms 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, TRF will be allocated 80.25% of net income or 84.05% of losses. TRF recorded a decrease in equity earnings of $50,509 and $58,848 for the period ending December 31, 2012 and 2011, respectively. At December 31, 2012 and 2011, Chelten Arms reported total assets of $1,219,219 and $1,298,976, respectively, total liabilities of $1,236,226 and $1,254,072, respectively, and partners' equity/(loss) of ($17,007) and $44,904, respectively. For the years ended December 31, 2012 and 2011, Chelten Arms reported a net loss of $61,911 and $46,511, respectively.

f) Pennsylvania Advanced Industrial Technology Fund, L.P. ("PAIT") is a limited partnership formed to provide managerial and capital investments in early stage renewable and/or clean energy companies. TRF's limited partnership interest in PAIT represents 90% of the total partnership at December 31, 2012 and 2011. TRF recorded an increase in equity earnings of $8,177 for the year ended December 31, 2012 and a decrease in equity earnings of $430,308 for the year ended December 31, 2011. Total committed capital to PAIT is $2,000,000, of which $1,978,683 and $1,976,814 has been called and paid through December 31, 2012 and 2011, respectively. These amounts included $1,870 and $6,745 paid in the years ended December 31, 2012 and 2011, respectively. At December 31, 2012 and 2011, PAIT reported total assets and partners' equity of $706,645 and $707,433, respectively. PAIT reported a net loss of $2,658 and $488,761 for the years ended December 31, 2012 and 2011, respectively.

Program investments of $85,750 and $102,750 at December 31, 2012 and 2011, respectively, consisted of 25,000 common "B" shares of The Community Development Trust, Inc.

Note 9. Private Equity Investments

The Private Equity investments are held by UGP. Private Equity serves as the Management Company to UGP to provide general and administrative services and general consulting services in connection with UGP's investment activities. The term of the partnership agreement is ten years from the final closing date, December 31, 2002, as defined in the partnership agreement, unless extended by the General Partner for up to two consecutive one-year periods with the approval of the Limited Partners Advisory Committee. In 2012, the Limited Partner Advisory Committee extended the partnership for one year. The fair value of the Organization's investment in UGP was $166,664 and $562,590 at December 31, 2012 and 2011, respectively.

Note 9. Private Equity Investments (Continued)

Private equity investments at December 31 at estimated fair value (Note 1), consisted of the following:

2012	Balance at December 31, 2011	Purchases & Capitalized Interest	Repayments	Valuation Adjustments	Balance at December 31, 2012
MidAtlanticBroadband, Inc. (a)	$ 4,802,131	$ -	$ (4,802,131)	$ 1,300,000	$ 1,300,000
Ricochet Manufacturing Company, Inc. (b)	50,000	-	(4,000)	(19,250)	26,750
Sun & Earth, LLC (c)	50,000	-	(4,000)	(19,250)	26,750
	$ 4,902,131	$ -	$ (4,810,131)	$ 1,261,500	$ 1,353,500

2011	Balance at December 31, 2010	Purchases & Capitalized Interest	Repayments	Valuation Adjustments	Balance at December 31, 2011
MidAtlanticBroadband, Inc. (a)	$ 2,500,000	$ 3,052,131	$ (750,000)	$ -	$ 4,802,131
Ricochet Manufacturing Company, Inc. (b)	335,500	50,000	-	(335,500)	50,000
Sun & Earth, LLC (c)	-	50,000	-	-	50,000
	$ 2,835,500	$ 3,152,131	$ (750,000)	$ (335,500)	$ 4,902,131

a) MidAtlanticBroadband, Inc., located in Baltimore, MD, is a facilities-based provider of telecommunication services. The investment at December 31, 2012 and 2011 is comprised of warrants to purchase 3,857,585 shares of common stock at an exercise price of $.01 per share. The cost of the warrants is $0 at December 31, 2012 and 2011. UGP recorded interest income totaling $1,148,457 and $4,311,592 for the years ended December 31, 2012 and 2011, respectively. The investment at December 31, 2011 also includes a subordinated promissory note with a cost of $4,802,131. All outstanding notes were repaid in 2012.

b) Ricochet Manufacturing Company, Inc., located in Philadelphia, PA, is the leading designer and manufacturer of clothing intended to provide protection against exposure to blood borne viruses (pathogens) for the EMS market. As of December 31, 2012 and 2011, the investment was comprised of a subordinated promissory note with a cost of $146,000 and $150,000, respectively.

c) Sun & Earth, LLC, located in Norristown, PA, manufactures the leading brand of all-natural cleaning products. The Sun & Earth brand presently includes six different liquid cleaning product categories. As of December 31, 2012 and 2011, the investment was comprised of a subordinated promissory note with a cost of $146,000 and $150,000, respectively.

Note 10. Equipment, Leasehold Improvements and Software, net

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

	2012	2011
Office furniture, equipment and software	$ 1,962,658	$ 1,877,647
Leasehold improvements	1,106,260	1,099,043
Software development	4,370,168	3,600,268
Accumulated depreciation	(4,242,510)	(3,080,488)
	$ 3,196,576	$ 3,496,470

Depreciation and amortization expense of $1,323,629 and $1,316,268 which includes depreciation of $161,608 and $24,968 for rental property was recorded for the years ended December 31, 2012 and 2011, respectively.

Note 11. Property Held for Development or Sale

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

	2012	2011
Property under construction:		
Baltimore	$ 3,329,957	$ 2,689,578
Neptune	2,838,240	3,105,614
Wilmington	107,410	29,245
Jersey City	394,686	-
	6,670,293	5,824,437
Property held for sale:		
Baltimore	388,866	1,392,670
Neptune	523,896	632,903
	912,762	2,025,573
Total	$ 7,583,055	$ 7,850,010

The locations for Development Partners projects include Preston Place, City Arts and Duncan Square, located in Baltimore, MD; School House Square, located in Neptune, NJ; Buford Manlove, located in Wilmington, DE; and Jackson Green, located in Jersey City, NJ.

Note 12. Other Real Estate Held for Sale

At December 31, 2012 and 2011, the Organization held title to three and five real estate properties, respectively. The net fair value of these properties are as follows:

	2012	2011
Reinvest I (a)	$ -	$ 162,000
Reinvest II (b)	2,100,000	4,404,991
Reinvest III (c)	9,140,000	9,140,000
Reinvest IV (d)	90,000	222,500
	$ 11,330,000	$ 13,929,491

a) Reinvest I held title to three commercial properties in 2012. These properties were sold in 2012 realizing a gain of $40,790. Reinvest I recognized a valuation loss of $30,000 and $138,781 in 2012 and 2011, respectively. This loss is included in lending and community investing under program and general expenses on the statement of activities.

b) Reinvest II holds title to a commercial property that houses a charter school. At December 31, 2012 and 2011, the amount due from a third party entity was $984,558. The related notes payable were $5,329,863 and $5,392,767 as of December 31, 2012 and 2011, respectively. The property generated rental income of approximately $459,000 and $615,000 for the years ended December 31, 2012 and 2011, respectively, which is included in other income on the statement of activities. Reinvest II recorded an impairment write-down of $2,304,991 as of December 31, 2012, of which $1,195,829 is included in program lending and community investing on the statement of activities. The remaining $1,109,162 is included in other assets on the statement of position as due from participants.

c) Reinvest III holds a title to a property, including a 60 room hotel, 14,000 square feet of retail space and 57 residential apartment units. Notes payable was $9,991,069 as of December 31, 2012 and 2011. The property generated revenue from the hotel and rental operations totaling approximately $2,051,000 and $1,927,000 for the years ended December 31, 2012 and 2011, respectively, which is included in other income on the statement of activities. The operating expense totaling approximately $2,051,000 and $1,888,000, for the years ended December 31, 2012 and 2011, respectively, is included in lending and community investing under program and general expenses on the statement of activities. Reinvest III sold the property on February 8, 2013. (Note 21).

d) Reinvest IV holds a title to a commercial property. In 2011, TRF assumed the property and transferred it to Reinvest IV in 2012. The property generated rental income of approximately $11,000 for the year ended December 31, 2012 which is included in other income on the statement of activities. Reinvest IV recognized a valuation loss of $132,500 as of December 31, 2012 and this loss is included in lending and community investing under program and general expenses on the statement of activities.

Note 13. Loans Payable

Loans (unless otherwise stated) are unsecured with full recourse to TRF. Loans payable at December 31 consisted of the following:

	2012		
Lender	Balance	Maturity Date	Interest rate
Government			
Government			
MD DHCD	$ 1,946,250	12/2013 - 12/2028	0.0% - 2.0%
NJHMFA	1,476,497	02/2014	0.0% - 2.5%
Small Business Lending Fund ("SBLF")	11,708,000	09/2019	2.0%
Other fixed rate	2,077,788	02/2014 - 12/2019	0.0% - 2.0%
Other variable rate	116,195	03/2012	2.5%
Total	17,324,730		
Financial institutions, partnerships, and corporations			
Financial Institutions & Partnerships			
JPMC-Fresh Food Financing Initiative fixed rate	721,109	06/2013 - 07/2016	3.73% - 5.75%
JPMC-Fresh Food Financing Initiative variable rate	2,328,762	08/2013 - 12/2016	1.46% - 1.61%
JPMC-CLI	2,047,987	06/2013 - 06/2016	1.57% - 4.0%
NMTC Program activities			
Bank of America	20,600,336	09/2013 - 11/2015	1.5% - 4.924%
TRF NMTC Fund X, LP	10,876,701	09/2016 - 12/2016	5.75%
JPMC	10,000,000	02/2015 - 10/2016	1.00% - 4.44%
Reinvestment III UCCC, LP	9,991,069	09/2014	6.5%
Capital One	10,482,617	12/2018	3.5%
Other fixed rate	25,993,878	12/2012 - 12/2021	1.0% - 7.15%
Other variable rate	1,965,962	09/2012 - 01/2019	1.63% - 4.50%
Corporations			
Prudential	5,000,000	07/2019	5.0%
Other fixed rate	873,494	12/2012 - 12/2020	0.0% - 3.75%
Other variable rate	350,000	10/2017 - 08/2018	2.0%
Total	101,231,915		
Foundations, religious, and civic organizations			
Foundation			
Robert Wood Johnson Foundation	3,325,000	01/2022	2.0%
Other fixed rate	8,498,209	12/2012 - 4/2021	0.0% - 4.5%
Other variable rate	3,160,000	09/2016 - 06/2018	2.0%
Religious			
Catholic Health Initiatives	2,110,000	03/2013	2.75%
Other fixed rate	5,425,027	12/2012 - 12/2025	0.0% - 5.0%
Other variable rate	1,500,000	05/2017 - 06/2019	2.0%
Civic			
Opportunity Finance Network	4,000,000	12/2013 - 12/2020	4.0% - 5.5%
Other fixed rate	2,778,245	12/2012 - 06/2017	2.0% - 5.72%
Other variable rate	700,000	12/2016 - 01/2017	0.0% - 2.0%
Total	31,496,481		
Individuals			
Individuals	6,271,925	12/2012 - 06/2027	0.0% - 5.75%
Total loans payable	156,325,051		
Less: Current portion	15,928,641		
Long-term portion	$ 140,396,410		

Note 13. Loans Payable (Continued)

	2011		
Lender	Balance	Maturity Date	Interest rate
Government			
Government			
MD DHCD	$ 1,845,000	02/2018 - 12/2020	0.0%
NJHMFA	1,744,951	02/2014	0.0%
Small Business Lending Fund ("SBLF")	11,708,000	09/2019	2.0%
Other fixed rate	911,677	02/2014 - 11/2014	0.0%
Other variable rate	437,303	03/2012	2.5%
Total	16,646,931		
Financial institutions, partnerships, and corporations			
Financial Institutions & Partnerships			
JPMC-Fresh Food Financing Initiative fixed rate	1,196,138	12/2012 - 07/2016	3.73% - 5.75%
JPMC-Fresh Food Financing Initiative variable rate	2,891,505	08/2013 - 12/2016	1.52% - 1.62%
JPMC-CLI	5,305,623	06/2015	1.75% - 4.0%
Fannie Mae	4,888,804	06/2012	0.57%
NMTC Program activities			
Bank of America	22,631,645	09/2013 - 11/2015	1.5% - 4.924%
TRF NMTC Fund X, LP	10,876,701	09/2016 - 12/2016	5.75%
JPMC	10,000,000	02/2015 - 10/2016	1.00% - 4.44%
Reinvestment III UCCC, LP	9,991,069	09/2014	6.54%
Capital One	8,278,000	12/2018	3.5%
Other fixed rate	30,720,521	12/2011 - 12/2021	2.0% - 7.15%
Other variable rate	3,787,217	01/2012 - 01/2019	0.0% - 4.50%
Corporations			
Prudential	5,000,000	07/2019	5.0%
Other fixed rate	1,064,532	12/2011 - 12/2016	0.0% - 3.25%
Total	116,631,755		
Foundations, religious, and civic organizations			
Foundations			
Calvert Foundation	4,000,000	05/2017	4.5%
Other fixed rate	8,481,426	12/2011 - 4/2021	0.0% - 4.5%
Other variable rate	2,950,000	09/2016 - 06/2018	0.0%
Religious			
Catholic Health Initiatives	2,110,000	03/2013	2.75%
Other fixed rate	5,089,538	12/2012 - 12/2025	0.0% - 5.0%
Other variable rate	1,500,000	05/2017 - 06/2019	0.0%
Civic			
Opportunity Finance Network	4,000,000	03/2014 - 12/2020	4.0% - 5.5%
Other fixed rate	2,808,086	06/2012 - 06/2017	2.0% - 5.72%
Other variable rate	700,000	12/2016 - 01/2017	0.0% - 2.0%
Total	31,639,050		
Individuals			
Individuals	5,820,984	12/2011 - 06/2025	0.0% - 5.75%
Total loans payable	170,738,720		
Less: Current portion	30,655,640		
Long-term portion	$ 140,083,080		

Note 13. Loans Payable (Continued)

The Organization had 878 and 880 issuances of debt at December 31, 2012 and 2011, respectively. The Organization's variable rate loans have base rates of Wall Street Journal Prime ("Prime") rate, 30 day LIBOR rate, 90 day LIBOR rate, 30 day US Treasury rate and 12 month LIBOR rate. The Prime rate was 3.25% at December 31, 2012 and 2011. The 90 day LIBOR Rate was 0.31% and 0.58% at December 31, 2012 and 2011, respectively. The 30 day LIBOR rate was 0.21% and 0.30% at December 31, 2012 and 2011, respectively. The 12 month LIBOR rate was 0.84% and 1.13% at December 31, 2012 and 2011, respectively. The 30 day US Treasury rate was 0.02% and 0.01% at December 31, 2012 and 2011, respectively.

At December 31, 2012, the Organization has certain debt agreements with investors that have matured. Investors 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, 2012, all investors were notified and the Organization is awaiting a response.

Government debt includes amounts due to government agencies and their affiliates as follows:

MD DHCD – In total, TRF and Development Partners have six conditionally forgivable loans with the Maryland Department of Housing and Community Development ("MD DHCD"). Upon meeting the conditions stated in the loan agreements, MD DHCD will forgive the loans by the maturity date in 2020. These loans were advanced to further community development work in the Baltimore area.

NJHMFA – Development Partners has a conditionally forgivable loan with New Jersey Housing and Mortgage Finance Agency ("NJHMFA"). Upon meeting the conditions stated in the loan agreement, NJHMFA will forgive the loan by maturity date in 2014. This loan was advanced to assist in the financing of community development work in Neptune, New Jersey.

SBLF – In 2011, TRF 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. TRF also received $1,000,000 of EQ2 funds from Wells Fargo Community Investment Holdings, which is included in financial institutions other fixed rate loans payable.

Government – Other fixed and variable rate loans of $2,193,983 consist of 5 loans ranging in amounts from $116,195 to $750,000 at December 31, 2012. Other fixed and variable rate loans of $1,348,980 consisted of 3 loans ranging in amounts from $437,303 to $511,677 at December 31, 2011.

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

FFFI - TRF has a credit facility with a group of syndicated lenders, in which JP Morgan Chase ("JPMC") acts as the lead agent. This facility supports the Fresh Food Financing Initiative 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, 2012 and 2011, the loans payable are secured by their prospective loans receivable of approximately $3,809,317 and $5,121,000, respectively

CLI has a credit facility with an interim lender (JPMC) and a group of syndicated lenders, in which JPMC acts as the agent. The arrangement provides the following:

An interim lender commitment with JPMC of $5,000,000 at December 31, 2012, which expires on June 28, 2013, and of $10,000,000 at December 31, 2011 which expired on June 28, 2012. No amounts were outstanding under this commitment as of December 31, 2012 and 2011.

Syndicated lender commitments at December 31, 2012 with 8 banks which expire on June 30, 2016 and at December 31, 2011 with 10 banks which would have expired on June 30, 2015. The aggregate amount of these commitments as of December 31, 2012 and 2011 is $15,000,000 and $19,550,000, respectively.

The CLI credit facility has variable interest rates ranging from adjusted LIBOR plus 50 basis points ("bps") to Adjusted LIBOR plus 300 bps.

Note 13. Loans Payable (Continued)

NMTC Program Activities:

In connection with its NMTC program activities, TRF has borrowings totaling approximately $41,477,000 whose proceeds were used to finance NMTC eligible loans with balances outstanding of approximately $39,517,000. As a condition of the program, TRF has assigned to the lenders a lien on and security interest in all of TRF's rights, title, and interest to the related loans receivable.

The following are loans payable to related parties:

Merrill Lynch – TRF has a loan payable with Merrill Lynch originated as a pass-through loan to TC-TRF QEI, LLC ("borrower") in support of TRF's NMTC program. As of December 31, 2012 and 2011, the loans payable were $7,027,225, secured by loans receivable of approximately $6,554,000 and $6,804,000, respectively.

NMTC Fund X, LP – TRF 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, 2012 and 2011, the loans payable were approximately $10,877,000, secured by their prospective loans receivable of approximately $10,877,000.

NMTC Fund V, LP, – On September 3, 2010, Reinvest III was assigned the debt of University Crossing at Chester Commons, LP, a borrower of NMTC Fund V, LP. The debt was written down to the "as-is" value of the property of $9,991,069. The loan is secured by the property and an assignment of rents and leases. The original loan bears interest at a fixed rate of 6.54% and matures on September 21, 2014, at which point all outstanding principal and interest is due. The outstanding balance of the loan at December 31, 2012 and 2011 was $9,991,069. This loan was settled upon the sale of the property on February 8, 2013 (Note 21).

Financial Institutions – Other fixed and variable rate loans totaling $27,959,840 consists of 35 loans payable ranging in amount from $25,000 to $5,000,000 at December 31, 2012, and other fixed and variable rate loans of $34,507,738 consists of 43 loans payable ranging in amount from $7,260 to $5,000,000 at December 31, 2011.

Corporations – The Organization has 18 fixed rate loans ranging from $873,494 to $5,000,000 and 2 variable rate loans ranging from $100,000 to $250,000 at December 31, 2012 and 16 fixed rate loans ranging from $1,000 to $5,000,000 at December 31, 2011.

Foundations, Religious and Civic debt includes the following:

Foundations – The Organization has 24 fixed rate loans and 7 variable rate loans with foundations ranging in amount from $1,000 to $3,325,000 at December 31, 2012 and 23 fixed rate loans and 7 variable rate loans with foundations ranging in amount from $1,000 to $4,000,000 at December 31, 2011.

Religious – The Organization has 112 fixed rate loans and 3 variable rate loans with religious organizations ranging in amount from $1,000 to $2,110,000 at December 31, 2012 and 119 fixed rate loans and 3 variable rate loans with religious organizations ranging in amount from $1,000 to $2,110,000 at December 31, 2011.

Civic – The Organization has 20 fixed rate loans and 2 variable rate loan with civic organizations ranging in amount from $1,000 to $1,650,000 at December 31, 2012 and 21 fixed rate loans and 2 variable rate loan with civic organizations ranging in amount from $1,000 to $1,650,000 at December 31, 2011.

Individuals – The Organization has 549 and 552 fixed rate loans with individuals at December 31, 2012 and 2011, respectively, ranging in amounts from $300 to $250,000.

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, 2012, the Organization was in compliance with all of its financial covenants. As of December 31, 2011, the Organization was out of compliance with certain financial covenants and received waivers from the affected lenders for the covenant violations. However, for financial statement presentation, approximately $1,606,000 was reclassified from noncurrent to current loans payable as of December 31, 2011.

Note 13. Loans Payable (Continued)

Aggregate maturities for loans payable at December 31, 2012 are as follows:

2013	$ 15,928,641
2014	38,670,057
2015	22,886,220
2016	30,056,324
2017	9,461,346
Thereafter	39,322,463
	$ 156,325,051

As of December 31, 2012, the Organization has available undrawn debt facilities of approximately:

Lender	Total Debt Facility	Debt Facility Type	Available undrawn at December 31, 2012
JP Morgan Chase (agent)	$ 15,000,000	Syndicated bank revolving line of credit	$ 12,952,013
Capital One	12,000,000	Line of credit	1,517,383
Chase	12,000,000	Syndicated bank non-revolving line of credit	12,000,000
Robert Wood Johnson	10,000,000	Non-revolving line of credit	6,675,000
Bank of America	7,500,000	Non-revolving line of credit	7,115,137
PNC	5,000,000	Non-revolving line of credit	5,000,000
Annie Casey	5,000,000	Revolving line of credit	4,900,000
Susquehanna Bank	4,783,000	Revolving line of credit	4,666,508
NJHMFA	4,783,000	Revolving line of credit	4,666,508
NJEDA	3,000,000	Non-revolving line of credit	2,430,000
Living Cities	3,000,000	Non-revolving line of credit	2,500,000
Kresge	3,000,000	Non-revolving line of credit	3,000,000
City of Baltimore	1,300,000	Non-revolving line of credit	333,324
NJEDA	1,000,000	Non-revolving line of credit	250,000
Osprey	500,000	Non-revolving line of credit	250,000
MD DHCD	450,000	Non-revolving line of credit	348,750
	$ 88,316,000		$ 68,604,623

Note 14. Recoverable Grant Payable

TRF was awarded $8,522,609 in grants from PIDC – Local Development Corporation (“PIDC-LDC”). The grants were awarded through the City of Philadelphia (the “City”) under the Department of Energy’s (“DOE”) Energy Efficiency and Conservation Block Grant (“EECBG”) pursuant to The American Recovery and Reinvestment Act (“ARRA”). During the year ended December 31, 2011, TRF received drawdowns totaling $7,847,608 upon the execution of the amended grant agreements. Under the terms of the grant, TRF 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 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. In 2012, TRF funded and committed loan loss reserve accounts for four loans totaling $1,384,013 to eligible projects. The consolidated statements of financial position reflect a recoverable grant payable in the amount of $6,463,595 and $7,847,608 for the years ended December 2012 and 2011, respectively.

Note 15. 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 contract or by board designation. At December 31, 2012 and 2011, unrestricted net assets of $9,775,996 and $9,757,351, respectively, were contractually limited as to use by SDF.

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).

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

	2012	2011
Purpose Restricted		
Lending and Community Investing	$ 32,025,630	$ 32,263,478
Sustainable Development Fund - Contractually limited as to use	827,782	882,519
Policy Solutions	14,581	-
PolicyMap	681,938	474,784
Development Partners project	4,290,209	500,000
	37,840,140	34,120,781
Time Restricted		
Long-lived assets	-	141,668
	$ 37,840,140	$ 34,262,449

Temporarily restricted for Lending and Community Investing includes $14,679,627 and $15,859,327 for the years ended December 31, 2012 and 2011, respectively, that TRF received from the US ED plus earned interest, to leverage funds through credit enhancement initiatives in order to assist charter schools in using private sector capital to acquire, construct, or renovate charter school facilities.

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. In 2011, the DOE reprogramed $302,400 of the revolving loan funds in the PIDC-Greenworks program to a loan loss reserve (charge off) and an interest rate buy down program. This was offset by a partial recovery in the amount of $267,329 for FFFI loans that had been charged off in a prior period.

In 2012, the decrease in permanently restricted net assets includes $1,373,800 of charges-offs in the revolving loan fund. The Organization received a grant of $649,374 from Department of Health & Human Services in support of the HFFI revolving loan fund.

Reclassification of funds from temporary restricted to permanently restricted net assets include $224,000 of remaining technical assistance grant funds available for lending. TRF received approval from the donor to transfer the funds approved for technical assistance not committed by April 30, 2012 to debt financing. These funds will be utilized to fund additional loans for the Green Energy Loan Fund Program.

Redesignation of restrictions from permanently restricted to unrestricted net assets include $2,915,000 release of grant restrictions of PEW Charitable Trusts grants. In 2012, the Organization received approval from the donor to release the restrictions on the grants. These grant funds are classified 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 16. Sustainable Development Fund

SDF is a separate fund of TRF. SDF is guided by a seven-member Board of Directors nominated by the parties to the PECO Energy restructuring and approved by the PUC. SDF's Board provides oversight to SDF's activities including input to, review and approval of business plans, annual program plans and operating budgets.

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.

During the period ended December 31, 2012 and 2011, net assets released from restriction for SDF totaled $54,737 and $80,977, respectively. SDF did not incur any fundraising expenses.

Audited financial statements for SDF are available at TRF's offices.

Note 17. Fundraising Expenses

The management and general category includes fundraising expenses, which are approximately $175,000 and $6,000 for the years ended December 31, 2012 and 2011, respectively.

Note 18. Commitments and Contingencies

The Organization leases its offices and certain office equipment under non-cancelable operating leases. In January 2011, the Organization entered into a long term agreement to lease office space at 1700 Market Street. The 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:

2013	$ 577,772
2014	635,035
2015	554,641
2016	564,992
2017	575,343
Thereafter	5,251,407
	$ 8,159,190

Rent expense, net of subleases, was $618,534 and $505,450 for the year ended December 31, 2012 and 2011, respectively.

At December 31, 2012 and 2011, SDF had $502,040 and $96,612, respectively, in conditional grants committed to third parties. Disbursements under these commitments are expected to occur in the next fiscal year or when the conditions as defined in the grant agreements are substantially met.

At December 31, 2012, the Organization had approximately $31,400,000 of loans closed but not yet disbursed and $6,800,000 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.

TRF acts as guarantor for any loans outstanding under the CLI credit facility; however, the maximum amount TRF is obligated to pay shall not exceed 50% of the aggregate loan balance. The maximum dollar amount that TRF is liable for under this agreement as of December 31, 2012 is approximately $2,311,000.

At December 31, 2012, the Organization had committed capital to UGP in the amount of $3,152,000 of which $2,788,750 has been called and paid. During the remaining term of the partnership, the General Partner does not intend to call more than the total committed capital.

Total committed capital to PAIT is $2,000,000, of which $1,978,683 and $1,976,814 has been called and paid through December 31, 2012 and 2011, respectively.

Note 18. Commitments and Contingencies (Continued)

At December 31, 2012 and 2011, TRF had unconditional outstanding letters of credit totaling $4,305,818 and $2,380,533, respectively. These letters of credit have maturity dates ranging from April 2013 to February 2014.

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"). TRF ("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 TRF 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, 2012, there have been no changes related to this guarantee.

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 2012 plan 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 $226,225 and $218,263 for the years ended December 31, 2012 and 2011, respectively.

Note 20. Fair Value Measurements

The Organization recorded certain assets, such as investments in marketable securities, program investments, and private equity 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, property held for development or sale, and OREO are disclosed below under fair value on nonrecurring basis.

Fair Value on a Recurring Basis

<u>Investment in marketable securities</u>: 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).

<u>Program investments</u>: 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.

<u>Private equity investments</u>: The fair value of private equity investments 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.

Note 20. Fair Value Measurements (Continued)

Fair Value on a Recurring Basis (Continued)

The following presents the assets and liabilities reported on the Statement of Financial Position at their fair value as of December 31 by level.

2012	Total	Level 1	Level 2	Level 3
Investments in marketable securities:				
Debt and Mortgage-backed securities:				
Federal Farm Credit Bank	$ 3,044,780	$ -	$ 3,044,780	$ -
Federal Home Loan Bank	4,470,749	-	4,470,749	-
Federal Home Loan Mortgage Company	10,083,775	638,876	9,444,899	-
Federal National Mortgage Association	13,630,487	299,555	13,330,932	-
U.S. Treasury Notes and Bills	7,359,980	7,359,980	-	-
Corporate debt securities	2,537,969	245,439	2,292,530	-
Program investments	85,750	-	-	85,750
Private equity investments	1,353,500	-	-	1,353,500
Total assets	$ 42,566,990	$ 8,543,850	$ 32,583,890	$ 1,439,250

2011	Total	Level 1	Level 2	Level 3
Investments in marketable securities:				
Debt and Mortgage-backed securities:				
Federal Farm Credit Bank	$ 8,504,514	$ 2,247,612	$ 6,256,902	$ -
Federal Home Loan Bank	8,670,586	2,289,992	6,380,594	-
Federal Home Loan Mortgage Company	16,724,489	7,651,078	9,073,411	-
Federal National Mortgage Association	19,608,803	5,339,966	14,268,837	-
U.S. Treasury Notes and Bills	14,762,714	14,762,714	-	-
Corporate debt securities	65,937	-	65,937	-
Program investments	102,750	-	-	102,750
Private equity investments	4,902,131	-	-	4,902,131
Total assets	$ 73,341,924	$ 32,291,362	$ 36,045,681	$ 5,004,881

Note 20. Fair Value Measurements (Continued)

Fair Value on a Recurring Basis (Continued)

The change in Level 3 assets and liabilities measured at fair value on a recurring basis are summarized as follows:

	2012			
	Investments in Marketable Securities	Program Investments	Private Equity Investments	Total
Balance, January 1	$ -	$ 102,750	$ 4,902,131	$ 5,004,881
Net unrealized gains included in change in net assets	-	-	1,261,500	1,261,500
Principal payments received on debt investments	-	-	(4,810,131)	(4,810,131)
Return of capital		(17,000)	-	(17,000)
Balance, December 31	$ -	$ 85,750	$ 1,353,500	$ 1,439,250

	2011			
	Investments in Marketable Securities	Program Investments	Private Equity Investments	Total
Balance, January 1	$ 57,813	$ 336,500	$ 2,835,500	$ 3,229,813
Transfers	(65,937)	-	-	(65,937)
Net unrealized losses included in change in net assets	8,124	(218,750)	(335,500)	(546,126)
Principal payments received on debt investments	-	-	(750,000)	(750,000)
Purchase of investments	-	-	100,000	100,000
Capitalized interest	-	-	3,052,131	3,052,131
Return of capital	-	(15,000)	-	(15,000)
Balance, December 31	$ -	$ 102,750	$ 4,902,131	$ 5,004,881

The net gains (losses in Level 3, realized and unrealized, above are reported in the Statements of Activities as follows:

2012	Investments in Marketable Securities	Program Investments	Private Equity Investments
Total realized gains (losses) included in net gains above	$ -	$ -	$ -
Change in unrealized gains (losses) relating to assets still held at December 31, 2012	$ -	$ -	$ 1,261,500

2011	Investments in Marketable Securities	Program Investments	Private Equity Investments
Total realized gains (losses) included in net gains above	$ -	$ -	$ (7,272,126)
Change in unrealized gains (losses) relating to assets still held at December 31, 2011	$ 8,124	$ (218,750)	$ 6,936,626

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 statement of financial position. The valuation allowance for impaired loans at December 31, 2012 and 2011 was $783,152 and $1,118,772, 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, 2012 and 2011 was $417,867 and $432,454, respectively.

Other real estate held for sale: The fair value of other real estate held for sale is determined by the net realizable value of the real estate as of the reporting date. Such fair value is established by current appraised values adjusted for reasonable disposition costs or offered price in the event of a bona fide offer. The appraised value may be discounted based on management's review and changes in market conditions (level 3) inputs.

	2012			
	Total	Level 1	Level 2	Level 3
Impaired loans, net of specific reserves of $783,152	$ 11,373,727	$ -	$ -	$ 11,373,727
Property held for development or sale, net of specific reserve of $417,867	7,583,055	-	-	7,583,055
Other real estate held for sale	11,330,000	-	-	11,330,000
	$ 30,286,782	$ -	$ -	$ 30,286,782

	2011			
	Total	Level 1	Level 2	Level 3
Impaired loans, net of specific reserves of $1,118,772	$ 16,109,912	$ -	$ -	$ 16,109,912
Property held for development or sale, net of specific reserve of $432,454	7,850,010	-	-	7,850,010
Other real estate held for sale	13,929,491	-	-	13,929,491
	$ 37,889,413	$ -	$ -	$ 37,889,413

Fair Value of Financial Instruments

The Organization's methodology for estimating the fair value of financial assets and liabilities that are measured on a recurring or nonrecurring basis are discussed above.

The table below represents the carrying value and fair value of the Organization's other financial instruments. The fair value represents management's best estimates based on a range of methodologies and assumptions.

Cash and cash equivalents: The carrying amount of cash and cash equivalents approximates fair value.

Investment in marketable securities: Fair value of investment in marketable securities is described above.

Program investments: Fair value of program investments is described above.

Loans and leases other than impaired loans, net of allowance: The fair value of loans and leases in the portfolio is determined by segregating the portfolio by type as loans and leases having a fixed interest rate, loans and leases having an adjustable interest rate, and impaired loans.

Note 20. Fair Value Measurements (Continued)

Fair Value of Financial Instruments (Continued)

The fair value of fixed interest rate loans is estimated by discounting the future cash flows, both principal and interest, using current market rates for expected financings within the Organization's market that approximately reflect the credit, collateral and interest rate risk inherent in the loan.

Adjustable interest rate loans and leases have an interest rate tied to a standard market interest rate and move with the market. Hence these loans and leases are considered by management to be at fair value.

Fair value of impaired loans is described above.

Private equity investments: Fair value of private equity investments is described above.

Loans payable: Fair value of loans payable in the portfolio is determined by segregating the portfolio by type as loans payable having a fixed rate and loans payable having an adjustable rate and discounting future cash flows using a weighted average discount rate consistent with weighted average term to maturity as follows:

> The fair value on fixed rate loans payable is estimated by discounting the future cash flows, both principal and interest, through their weighted average months to maturity, using a weighted average interest rate for expected issuances within the Organization's market.
>
> Adjustable interest rate loans payable has an interest rate tied to a standard market index and moves with the market. Hence this debt is considered by management to be at fair value.

	2012		2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets				
Cash and cash equivalents	$ 11,110,428	$ 11,110,428	$ 18,653,519	$ 18,653,519
Investments in marketable securities	41,127,740	41,127,740	68,337,043	68,337,043
Program investments	85,750	85,750	102,750	102,750
Loans and leases, less allowance for losses	169,314,399	169,160,218	149,310,418	148,655,491
Private equity investments	1,353,500	1,353,500	4,902,131	4,902,131
Total Assets	$ 222,991,817	$ 222,837,636	$ 241,305,861	$ 240,650,934
Liabilities				
Loans payable	$ 156,325,050	$ 158,660,496	$ 170,738,720	$ 173,454,676

Note 21. Subsequent Events

On February 8, 2013, Reinvest III sold its assets held for sale. The buyer assumed and restructured the debt of Reinvest III for $10 million. Reinvest III will distribute its remaining assets at a future date.

On March 29, 2013, the Organization tendered a counter offer to sell the real estate asset in Reinvest II for $2.1 million. As of December 31, 2012, Reinvest II wrote down the OREO to $2.1 million. At the opinion date, negotiations are still in progress.

The Organization's management has evaluated subsequent events through April 18, 2013, the date the financial statements were issued and has determined that no recognized or non-recognized subsequent events, other than described above, warrants inclusion or disclosure in the financial statements.

McGladrey

Independent Auditor's Report
on the Supplementary Information

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

We have audited the consolidated financial statements of The Reinvestment Fund, Inc. and Affiliates as of and for the years ended December 31, 2012 and 2011, and have issued our report thereon, dated April 18, 2013 which contained an unmodified opinion on those consolidated financial statements. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole.

The accompanying supplementary information is presented for purposes of additional analysis 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 information has been subjected to the auditing procedures applied in the audits 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.

McGladrey LLP

Blue Bell, Pennsylvania
April 18, 2013

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

Consolidating Statement of Financial Position
December 31, 2012

	TRF	CLI	Private Equity	EFI	NMTC	Development Partners	Education Funding	Reinvest I	Reinvest II	Reinvest III	Reinvest IV	Fund Manager, LLC	Eliminations & Reclassifications	Total	SDF	Total (excluding SDF)
Assets																
Current Assets																
Cash and cash equivalents	$ 6,654,800	$ 543,814	$ 641,072	$ 69,054	$ 40,884	$ 3,246,863	$ -	$ -	$ 138,891	$ 944,457	$ 2,500	$ 30,833	$ -	$ 12,313,168	$ -	$ 12,313,168
Grants and contributions receivable	5,792,982	-	-	-	-	-	-	-	-	-	-	-	-	5,792,982	-	5,792,982
Investments in marketable securities	24,288,090	-	-	-	-	42,063	-	-	-	-	-	-	-	24,330,153	5,091,848	19,238,305
Accounts receivable - related parties	202,099	41,744	-	318	-	-	-	-	-	199	-	-	(244,360)	-	-	-
Loans and leases	66,311,266	4,379,255	-	42,049	-	-	-	-	-	-	-	-	(277,383)	70,455,187	1,791,613	68,663,574
Allowance for losses	(4,142,859)	(353,117)	-	(2,264)	-	-	-	-	-	-	-	-	28,581	(4,469,659)	(94,700)	(4,374,959)
Other	2,030,165	2,602	10,746	469	451,731	1,203,165	-	-	1,063,573	109,571	-	4,447	(87,895)	4,788,574	21,735	4,766,839
Restricted cash, cash equivalents and certificate of deposit	32,144,700	979,461	-	-	-	66,066	-	-	51,548	583,698	-	-	-	33,825,473	1,022,278	32,803,195
	133,281,243	5,593,759	651,818	109,626	492,615	4,558,157	-	-	1,254,012	1,637,925	2,500	35,280	(581,057)	147,035,878	7,832,774	139,203,104
Noncurrent Assets																
Grants and contributions receivable	1,001,876	-	-	-	-	-	-	-	-	-	-	-	-	1,001,876	-	1,001,876
Investments in marketable securities	16,711,453	-	-	-	-	86,134	-	-	-	-	-	-	-	16,797,587	1,235,659	15,561,928
Due from related parties	3,476,349	-	-	-	-	-	-	-	-	-	-	-	(3,476,349)	-	-	-
Loans and leases	114,339,821	242,950	-	188,936	-	-	-	-	-	-	-	-	(4,721,138)	110,050,569	985,875	109,064,694
Allowance for losses	(7,163,207)	(19,590)	-	(10,172)	-	-	-	-	-	-	-	-	471,271	(6,721,698)	(52,111)	(6,669,587)
Investments in limited partnerships and program investments	1,046,145	-	-	-	26,158	-	74,730	-	-	-	-	1,030	-	1,148,063	653,574	494,489
Private equity investments	63,572	-	1,353,500	-	-	-	-	-	-	-	-	-	(63,572)	1,353,500	-	1,353,500
Equipment, leasehold improvements and software, net	3,144,986	-	-	-	-	3,421	-	-	-	48,169	-	-		3,196,576	-	3,196,576
Investments in consolidated subsidiaries	257,021	-	-	-	-	-	-	-	-	-	-	-	(257,021)	-	-	-
Other real estate held for sale	-	-	-	-	-	-	-	-	2,100,000	9,140,000	90,000	-	-	11,330,000	-	11,330,000
Property held for development or sale, net	-	-	-	-	-	7,333,055	-	-	-	-	-	-	250,000	7,583,055	-	7,583,055
Rental property, net	-	-	-	-	-	8,147,514	-	-	-	-	-	-	-	8,147,514	-	8,147,514
Other	54,067	-	-	-	-	28,680	-	-	984,558	60,937	-	-	-	1,128,242	-	1,128,242
	132,932,083	223,360	1,353,500	178,764	26,158	15,598,804	74,730	-	3,084,558	9,249,106	90,000	1,030	(7,796,809)	155,015,284	2,822,997	152,192,287
Total Assets	$ 266,213,326	$ 5,817,119	$ 2,005,318	$ 288,390	$ 518,773	$ 20,156,961	$ 74,730	$ -	$ 4,338,570	$ 10,887,031	$ 92,500	$ 36,310	$ (8,377,866)	$ 302,051,162	$ 10,655,771	$ 291,395,391
Liabilities and Net Assets																
Current Liabilities																
Accounts payable and accrued expenses	$ 656,752	$ 26,285	$ 12,999	$ -	$ -	$ 224,282	$ -	$ -	$ 9,795	$ 102,713	$ 1,496	$ -	$ (12)	$ 1,034,310	$ 19,214	$ 1,015,096
Escrow payable and due to third parties	9,421,565	3,234,623	-	-	-	66,066	-	-	51,548	-	-	-	-	12,773,802	16,176	12,757,626
Accounts payable - related parties	58,864	-	-	-	113,332	-	150	-	-	-	72,014	-	(244,360)	-	16,603	(16,603)
Other	739,299	8,224	-	2	(1)	577,035	1	-	114,733	793,050	-	1	(89,737)	2,142,607	-	2,142,607
Recoverable grant payable	6,463,595	-	-	-	-	-	-	-	-	-	-	-	-	6,463,595	-	6,463,595
Loans payable, current portion	15,595,000	-	-	164,595	-	333,641	-	-	-	-	-	-	(164,595)	15,928,641	-	15,928,641
	32,935,075	3,269,132	12,999	164,597	113,331	1,201,024	151	-	176,076	895,763	73,510	1	(498,704)	38,342,955	51,993	38,290,962
Noncurrent Liabilities																
Due to related parties	-	-	2,329,327	-	-	1,147,022	-	-	-	-	-	-	(3,476,349)	-	-	-
Loans payable, less current maturities	102,254,131	2,047,987	-	-	-	12,899,285	-	-	5,329,863	9,991,069	-	-	(4,833,925)	127,688,410	-	127,688,410
Loans payable, EQ2	12,708,000	-	-	-	-	-	-	-	-	-	-	-	-	12,708,000	-	12,708,000
Other	1,646,203	-	-	-	-	-	-	-	-	-	-	-	-	1,646,203	-	1,646,203
	116,608,334	2,047,987	2,329,327	-	-	14,046,307	-	-	5,329,863	9,991,069	-	-	(8,310,274)	142,042,613	-	142,042,613
Total Liabilities	149,543,409	5,317,119	2,342,326	164,597	113,331	15,247,331	151	-	5,505,939	10,886,832	73,510	1	(8,808,978)	180,385,568	51,993	180,333,575
Commitments and Contingencies																
Paid in capital	-	-	-	1,010,000	(1,582,691)	-	60,100	169,505	100	100	222,600	100	120,186	-	-	-
Earnings/(Deficit)	-	-	-	(886,207)	1,988,133	-	14,479	(169,505)	(1,167,469)	-	(203,610)	36,209	387,970	-	-	-
Net Assets										-	-					
Unrestricted	24,353,613	500,000	(2,215,038)	-	-	619,386	-	-	-	-	-	-	(13,371)	23,244,590	-	23,244,590
Unrestricted-Contractually limited as to use	9,775,996	-	-	-	-	-	-	-	-	-	-	-	-	9,775,996	9,775,996	-
Non-Controlling Interest in consolidating subsidiaries	-	-	1,562,304	-	-	35	-	-	-	99	-	-	(63,673)	1,498,765	-	1,498,765
Total Unrestricted	34,129,609	500,000	(652,734)	123,793	405,442	619,421	74,579	-	(1,167,369)	199	18,990	36,309	431,112	34,519,351	9,775,996	24,743,355
Temporarily restricted	32,722,149	-	-	-	-	4,290,209	-	-	-	-	-	-	-	37,012,358	-	37,012,358
Temporarily restricted - Contractually limited as to use	827,782	-	-	-	-	-	-	-	-	-	-	-	-	827,782	827,782	-
Total Temporarily Restricted	33,549,931	-	-	-	-	4,290,209	-	-	-	-	-	-	-	37,840,140	827,782	37,012,358
Permanently restricted	48,990,377	-	315,726	-	-	-	-	-	-	-	-	-	-	49,306,103	-	49,306,103
Total Net Assets	116,669,917	500,000	(337,008)	123,793	405,442	4,909,630	74,579	-	(1,167,369)	199	18,990	36,309	431,112	121,665,594	10,603,778	111,061,816
Total Liabilities and Net Assets	$ 266,213,326	$ 5,817,119	$ 2,005,318	$ 288,390	$ 518,773	$ 20,156,961	$ 74,730	$ -	$ 4,338,570	$ 10,887,031	$ 92,500	$ 36,310	$ (8,377,866)	$ 302,051,162	$ 10,655,771	$ 291,395,391

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

Consolidating Statement of Financial Position
December 31, 2011

	TRF	CLI	Private Equity	EFI	NMTC	Development Partners	Education Funding	Reinvest I	Reinvest II	Reinvest III	Reinvest IV	Fund Manager, LLC	Eliminations & Reclassifications	Total	SDF	Total (excluding SDF)
Assets																
Current Assets																
Cash and cash equivalents	$ 15,446,739	$ 365,188	$ 951,615	$ 77,995	$ 52,851	$ 1,476,001	$ -	$ -	$ 90,087	$ 455,409	$ -	$ 7,346	$ -	$ 18,923,231	$ -	$ 18,923,231
Grants and contributions receivable	2,370,000	-	-	-	-	-	-	-	-	-	-	-	-	2,370,000	-	2,370,000
Investments in marketable securities	39,378,599	-	-	-	-	2,966,487	-	-	-	-	-	-	-	42,345,086	4,684,318	37,660,768
Accounts receivable - related parties	116,127	-	-	-	-	-	-	-	-	-	100	-	(116,227)	-	-	-
Loans and leases	49,597,763	5,574,227	-	46,774	-	-	-	-	-	-	-	-	(189,699)	55,029,065	957,854	54,071,211
Allowance for losses	(3,045,685)	(234,191)	-	(5,370)	-	-	-	-	-	-	-	-	18,970	(3,266,276)	(28,626)	(3,237,650)
Other	1,890,969	(296)	12,757	735	358,816	692,206	-	-	41,398	144,630	-	1,767	(83,630)	3,059,352	21,506	3,037,846
Restricted cash, cash equivalents and certificate of deposit	20,996,780	923,798	-	-	-	15,192	-	-	51,462	583,640	-	-	-	22,570,872	718,321	21,852,551
	126,751,292	6,628,726	964,372	120,134	411,667	5,149,886	-	-	182,947	1,183,679	100	9,113	(370,586)	141,031,330	6,353,373	134,677,957
Noncurrent Assets																
Grants and contributions receivable	1,000,000	-	-	-	-	-	-	-	-	-	-	-	-	1,000,000	-	1,000,000
Investments in marketable securities	23,978,225	-	-	-	-	2,013,732	-	-	-	-	-	-	-	25,991,957	2,300,959	23,690,998
Due from related parties	7,148,516	-	-	-	-	-	-	-	-	-	-	-	(7,148,516)	-	-	-
Loans and leases	108,329,813	133,078	-	215,473	-	-	-	-	-	-	-	-	(4,866,559)	103,811,805	1,532,673	102,279,132
Allowance for losses	(6,697,890)	(5,562)	-	(47,380)	-	-	-	-	-	-	-	-	486,656	(6,264,176)	(44,888)	(6,219,288)
Investments in limited partnerships and program investments	1,139,427	-	-	-	21,883	-	-	-	-	-	-	-	-	1,161,310	643,527	517,783
Private equity investments	214,596	-	4,902,131	-	-	-	-	-	-	-	-	-	(214,596)	4,902,131	-	4,902,131
Equipment, leasehold improvements and software, net	3,444,031	-	-	-	-	3,087	-	-	-	49,352	-	-	-	3,496,470	-	3,496,470
Investments in consolidated subsidiaries	1,719,150	-	-	-	-	-	-	-	-	-	-	-	(1,719,150)	-	-	-
Other real estate held for sale	222,500	-	-	-	-	-	-	162,000	4,404,991	9,140,000	-	-	-	13,929,491	-	13,929,491
Property held for development or sale, net	-	-	-	-	-	7,850,010	-	-	-	-	-	-	-	7,850,010	-	7,850,010
Rental property, net	-	-	-	-	-	1,591,616	-	-	-	-	-	-	-	1,591,616	-	1,591,616
Other	54,066	-	-	-	-	-	-	-	984,558	33,967	-	-	-	1,072,591	-	1,072,591
	140,552,434	127,516	4,902,131	168,093	21,883	11,458,445	-	162,000	5,389,549	9,223,319	-	-	(13,462,165)	158,543,205	4,432,271	154,110,934
Total Assets	$ 267,303,726	$ 6,756,242	$ 5,866,503	$ 288,227	$ 433,550	$ 16,608,331	$ -	$ 162,000	$ 5,572,496	$ 10,406,998	$ 100	$ 9,113	$ (13,832,751)	$ 299,574,535	$ 10,785,644	$ 288,788,891
Liabilities and Net Assets																
Current Liabilities																
Accounts payable and accrued expenses	$ 595,335	$ -	$ 7,744	$ -	$ -	$ 256,654	$ -	$ 313	$ 8,905	$ 74,157	$ -	$ -	$ (13)	$ 943,095	$ 7,955	$ 935,140
Escrow payable and due to third parties	2,199,767	923,995	-	-	-	16,144	-	-	53,221	-	-	-	-	3,193,127	17,047	3,176,080
Accounts payable - related parties	43,465	8,782	-	-	-	-	138	46,110	-	17,832	-	-	(116,327)	-	120,772	(120,772)
Other	956,853	17,842	-	-	-	18,984	-	-	104,636	323,740	-	-	(94,526)	1,327,529	-	1,327,529
Recoverable grant payable	7,847,608	-	-	-	-	-	-	-	-	-	-	-	-	7,847,608	-	7,847,608
Loans payable, current portion	29,781,034	-	-	189,698	-	874,606	-	-	-	-	-	-	(189,698)	30,655,640	-	30,655,640
	41,424,062	950,619	7,744	189,698	-	1,166,388	138	46,423	166,762	415,729	-	-	(400,564)	43,966,999	145,774	43,821,225
Noncurrent Liabilities																
Due to related parties	-	-	2,622,944	-	-	4,525,572	-	-	-	-	-	-	(7,148,516)	-	-	-
Loans payable, less current maturities	98,440,553	5,305,623	-	-	-	13,111,628	-	-	5,392,767	9,991,069	-	-	(4,866,560)	127,375,080	-	127,375,080
Loans payable, EQ2	12,708,000	-	-	-	-	-	-	-	-	-	-	-	-	12,708,000	-	12,708,000
Other	1,356,036	-	-	-	-	-	-	-	-	-	-	-	-	1,356,036	-	1,356,036
	112,504,589	5,305,623	2,622,944	-	-	17,637,200	-	-	5,392,767	9,991,069	-	-	(12,015,076)	141,439,116	-	141,439,116
Total Liabilities	153,928,651	6,256,242	2,630,688	189,698	-	18,803,588	138	46,423	5,559,529	10,406,798	-	-	(12,415,640)	185,406,115	145,774	185,260,341
Commitments and Contingencies																
Paid in capital	-	-	-	1,010,000	(1,582,691)	-	60,100	279,395	100	100	100	100	232,796	-	-	-
Earnings/(Deficit)	-	-	-	(911,471)	2,016,241	-	(60,238)	(163,818)	12,867	-	-	9,013	(902,594)	-	-	-
Net Assets										-	-					
Unrestricted	17,424,561	500,000	(2,353,605)	-	-	(2,195,257)	-	-	-	-	-	-	(1,032,616)	12,343,083	-	12,343,083
Unrestricted-Contractually limited as to use	9,757,351	-	-	-	-	-	-	-	-	-	-	-	-	9,757,351	9,757,351	-
Non-Controlling Interest in consolidating subsidiaries	-	-	5,273,694	-	-	-	-	-	-	100	-	-	(214,697)	5,059,097	-	5,059,097
Total Unrestricted	27,181,912	500,000	2,920,089	98,529	433,550	(2,195,257)	(138)	115,577	12,967	200	100	9,113	(1,917,111)	27,159,531	9,757,351	17,402,180
Temporarily restricted	32,879,930	-	-	-	-	-	-	-	-	-	-	-	500,000	33,379,930	-	33,379,930
Temporarily restricted - Contractually limited as to use	882,519	-	-	-	-	-	-	-	-	-	-	-	-	882,519	882,519	-
Total Temporarily Restricted	33,762,449	-	-	-	-	-	-	-	-	-	-	-	500,000	34,262,449	882,519	33,379,930
Permanently restricted	52,430,714	-	315,726	-	-	-	-	-	-	-	-	-	-	52,746,440	-	52,746,440
Total Net Assets	113,375,075	500,000	3,235,815	98,529	433,550	(2,195,257)	(138)	115,577	12,967	200	100	9,113	(1,417,111)	114,168,420	10,639,870	103,528,550
Total Liabilities and Net Assets	$ 267,303,726	$ 6,756,242	$ 5,866,503	$ 288,227	$ 433,550	$ 16,608,331	$ -	$ 162,000	$ 5,572,496	$ 10,406,998	$ 100	$ 9,113	$ (13,832,751)	$ 299,574,535	$ 10,785,644	$ 288,788,891

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

Consolidating Statement of Activities
For the Year Ended December 31, 2012

	TRF	CLI	Private Equity	EFI	NMTC	Development Partners	Education Funding	Reinvest I	Reinvest II	Reinvest III	Reinvest IV	Fund Manager, LLC	Eliminations & Reclassifications	Total	SDF	Total (excluding SDF)
Financial Activity																
Financial Income																
Interest income from:																
Marketable securities	$ 527,434	$ -	$ 1,261	$ -	$ -	$ 14,787	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 543,482	$ 48,290	$ 495,192
Loans and leases	9,925,289	484,204	-	4,193	-	-	-	-	-	-	-	-	(201,912)	10,211,774	141,161	10,070,613
Private equity investments	-	-	1,147,197	-	-	-	-	-	-	-	-	-	-	1,147,197	-	1,147,197
Investment gains, net																
Marketable securities	44,432	-	-	-	-	(10,389)	-	-	-	-	-	-	-	34,043	(36,638)	70,681
Private equity investments	85,649	-	1,261,500	-	-	-	-	-	-	-	-	-	(85,649)	1,261,500	-	1,261,500
Loan and lease fees	777,212	67,538	-	-	-	-	-	-	-	-	-	-	-	844,750	32,090	812,660
Asset management fee	1,416,566	-	-	-	310,045	-	-	-	-	-	-	27,760	(339,996)	1,414,375	-	1,414,375
Total Financial Income	12,776,582	551,742	2,409,958	4,193	310,045	4,398	-	-	-	-	-	27,760	(627,557)	15,457,121	184,903	15,272,218
Financial Expense																
Interest expense	4,555,926	178,503	-	7,189	-	13,528	-	-	235,864	496,594	-	-	(192,857)	5,294,747	-	5,294,747
Asset management fee	-	-	-	-	339,996	-	-	-	-	-	-	-	(339,996)	-	-	-
Investment losses, net																
Equity losses in limited partnerships	83,461	-	-	-	(2,630)	-	(74,730)	-	-	-	-	1	-	6,102	(8,177)	14,279
Equity losses in consolidated subsidiaries	1,580,326	-	-	-	-	-	-	-	-	-	-	-	(1,580,326)	-	-	-
Provision for loan and lease losses	1,039,010	132,953	-	(57,995)	-	-	-	-	-	-	-	-	23,456	1,137,424	73,298	1,064,126
Total Financial Expense	7,258,723	311,456	-	(50,806)	337,366	13,528	(74,730)	-	235,864	496,594	-	1	(2,089,723)	6,438,273	65,121	6,373,152
Net Financial Income	5,517,859	240,286	2,409,958	54,999	(27,321)	(9,130)	74,730	-	(235,864)	(496,594)	-	27,759	1,462,166	9,018,848	119,782	8,899,066
Revenue and Support																
Grants and contributions	12,135,158	-	-	-	-	4,933,824	-	-	-	-	-	-	(2,283,824)	14,785,158	-	14,785,158
Program services and fees	2,562,074	12,811	-	-	-	780,945	-	-	-	-	-	-	2,637,283	5,993,113	-	5,993,113
Other income	9,973	-	-	-	-	140,516	-	40,790	245,070	2,051,285	10,560	-	-	2,498,194	-	2,498,194
Total Revenue and Support	14,707,205	12,811	-	-	-	5,855,285	-	40,790	245,070	2,051,285	10,560	-	353,459	23,276,465	-	23,276,465
Program and General Expenses and Other Decreases																
Program and General Expenses																
Program - Lending and Community Investing	7,406,347	253,097	-	12,053	787	-	13	52,065	1,314,980	1,554,692	214,170	563	(2,420,829)	8,387,938	-	8,387,938
Program - Private Equity	256	-	166,154	-	-	-	-	-	-	-	-	-	-	166,410	-	166,410
Program - Sustainable Development Fund	86,558	-	-	-	-	-	-	-	-	-	-	-	-	86,558	86,558	-
Program - Policy Solutions	1,215,807	-	-	-	-	-	-	-	-	-	-	-	-	1,215,807	-	1,215,807
Program - PolicyMap	2,344,866	-	-	-	-	-	-	-	-	-	-	-	-	2,344,866	-	2,344,866
Program - Development Partners	263,475	-	-	-	-	1,424,076	-	-	-	-	-	-	(33,824)	1,653,727	-	1,653,727
Management and general	4,239,113	-	420	-	-	-	-	-	-	-	-	-	(250,000)	3,989,533	69,316	3,920,217
Total Program and General Expenses	15,556,422	253,097	166,574	12,053	787	1,424,076	13	52,065	1,314,980	1,554,692	214,170	563	(2,704,653)	17,844,839	155,874	17,688,965
Other Decreases																
Charges related to revolving loan fund	1,373,800	-	-	-	-	-	-	-	-	-	-	-	-	1,373,800	-	1,373,800
Forgiveness of debt from related parties	-	-	-	17,682	-	(2,682,773)	-	-	(125,438)	-	-	-	2,790,529	-	-	-
Total Other Decreases	1,373,800	-	-	17,682	-	(2,682,773)	-	-	(125,438)	-	-	-	2,790,529	1,373,800	-	1,373,800
Total Expenses and Other Decreases	16,930,222	253,097	166,574	29,735	787	(1,258,697)	13	52,065	1,189,542	1,554,692	214,170	563	85,876	19,218,639	155,874	19,062,765
Net income (loss)	-	-	-	25,264	(28,108)	-	74,717	(11,275)	(1,180,336)	(1)	(203,610)	27,196	1,296,153	-	-	-
Change in net assets	3,294,842	-	2,243,384	-	-	7,104,852	-	-	-	-	-	-	433,596	13,076,674	(36,092)	13,112,766
Capital contributions (distributions), net	-	-	(5,816,207)	-	-	35	-	(104,302)	-	-	222,500	-	118,474	(5,579,500)	-	(5,579,500)
Change in net assets	3,294,842	-	(3,572,823)	25,264	(28,108)	7,104,887	74,717	(115,577)	(1,180,336)	(1)	18,890	27,196	1,848,223	7,497,174	(36,092)	7,533,266
Net assets, beginning	113,375,075	500,000	3,235,815	98,529	433,550	(2,195,257)	(138)	115,577	12,967	200	100	9,113	(1,417,111)	114,168,420	10,639,870	103,528,550
Net assets, ending	$ 116,669,917	$ 500,000	$ (337,008)	$ 123,793	$ 405,442	$ 4,909,630	$ 74,579	$ -	$ (1,167,369)	$ 199	$ 18,990	$ 36,309	$ 431,112	$ 121,665,594	$ 10,603,778	$ 111,061,816

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

Consolidating Statement of Activities
For the Year Ended December 31, 2011

	TRF	CLI	Private Equity	EFI	NMTC	Development Partners	Education Funding	Reinvest I	Reinvest II	Reinvest III	Reinvest IV	Fund Manager, LLC	Eliminations & Reclassifications	Total	SDF	Total (excluding SDF)
Financial Activity																
Financial Income																
Interest income from:																
Marketable securities	$ 296,594	$ -	$ -	$ -	$ -	$ 35,251	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 331,845	$ 30,796	$ 301,049
Loans and leases	9,278,026	185,088	-	15,178	-	-	-	-	-	-	-	-	(195,725)	9,282,567	156,243	9,126,324
Private equity investments	-	-	4,314,592	-	-	-	-	-	-	-	-	-	-	4,314,592	-	4,314,592
Investment gains, net																
Marketable securities	87,360	-	1	-	-	(3,487)	-	-	-	-	-	-	-	83,874	(858)	84,732
Equity gains in consolidated subsidiaries	203,160	-	-	-	-	-	-	-	-	-	-	-	(203,160)	-	-	-
Loan and lease fees	521,706	82,470	-	84	-	-	-	-	-	-	-	-	-	604,260	760	603,500
Asset management fee	1,359,794	-	-	-	420,761	-	-	-	-	-	-	9,607	(339,996)	1,450,166	-	1,450,166
Total Financial Income	11,746,640	267,558	4,314,593	15,262	420,761	31,764	-	-	-	-	-	9,607	(738,881)	16,067,304	186,941	15,880,363
Financial Expense																
Interest expense	4,665,016	123,489	-	13,731	-	(37,928)	-	-	192,890	236,335	-	-	(206,635)	4,986,898	-	4,986,898
Asset management fee	-	-	-	-	339,996	-	-	-	-	-	-	-	(339,996)	-	-	-
Investment losses, net																
Marketable securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Program investments	218,750	-	-	-	-	-	-	-	-	-	-	-	-	218,750	-	218,750
Private equity investments	(138,990)	-	335,500	-	-	-	-	-	-	-	-	-	138,990	335,500	-	335,500
Equity losses in limited partnerships	565,660	-	-	-	(178)	-	(46,750)	-	-	-	-	(3)	-	518,729	430,308	88,421
Provision for loan and lease losses	2,233,072	130,195	-	154,130	-	-	-	-	-	-	-	-	(179,836)	2,337,561	(37,666)	2,375,227
Total Financial Expense	7,543,508	253,684	335,500	167,861	339,818	(37,928)	(46,750)	-	192,890	236,335	-	(3)	(587,477)	8,397,438	392,642	8,004,796
Net Financial Income	4,203,132	13,874	3,979,093	(152,599)	80,943	69,692	46,750	-	(192,890)	(236,335)	-	9,610	(151,404)	7,669,866	(205,701)	7,875,567
Revenue and Support																
Grants and contributions	17,490,871	-	-	-	-	155,000	-	-	-	-	-	-	-	17,645,871	85	17,645,786
Program services and fees	5,779,807	13,932	-	-	-	290,227	-	-	-	-	-	-	72,061	6,156,027	-	6,156,027
Other income	37,586	-	-	-	-	460,234	-	-	615,299	1,927,401	-	-	-	3,040,520	24,635	3,015,885
Total Revenue and Support	23,308,264	13,932	-	-	-	905,461	-	-	615,299	1,927,401	-	-	72,061	26,842,418	24,720	26,817,698
Program and General Expenses and Other Decreases																
Program and General Expenses																
Program - Lending and Community Investing	4,928,893	27,806	-	32,655	1,593	-	238	147,834	382,881	1,651,789	-	573	72,159	7,246,421	-	7,246,421
Program - Private Equity	3,020	-	323,637	-	-	-	-	-	-	-	-	-	-	326,657	-	326,657
Program - Sustainable Development Fund	383,483	-	-	-	-	-	-	-	-	-	-	-	-	383,483	383,483	-
Program - Policy Solutions	1,276,544	-	-	-	-	-	-	-	-	-	-	-	-	1,276,544	-	1,276,544
Program - PolicyMap	1,909,407	-	-	-	-	-	-	-	-	-	-	-	-	1,909,407	-	1,909,407
Program - Development Partners	17,379	-	-	-	-	962,694	-	-	-	-	-	-	-	980,073	-	980,073
Management and general	3,453,122	-	116,579	-	-	308,093	-	-	-	-	-	-	-	3,877,794	-	3,877,794
Total Program and General Expenses	11,971,848	27,806	440,216	32,655	1,593	1,270,787	238	147,834	382,881	1,651,789	-	573	72,159	16,000,379	383,483	15,616,896
Other Decreases																
Discontinued project	302,400	-	-	-	-	-	-	-	-	-	-	-	-	302,400	-	302,400
Recoveries	(267,329)	-	-	-	-	-	-	-	-	-	-	-	-	(267,329)	-	(267,329)
Forgiveness of debt from related parties	-	-	-	(157,631)	-	-	-	-	-	-	-	-	157,631	-	-	-
Total Other Decreases	35,071	-	-	(157,631)	-	-	-	-	-	-	-	-	157,631	35,071	-	35,071
Total Expenses and Other Decreases	12,006,919	27,806	440,216	(124,976)	1,593	1,270,787	238	147,834	382,881	1,651,789	-	573	229,790	16,035,450	383,483	15,651,967
Net income (loss)	-	-	-	(27,623)	79,350	-	46,512	(147,834)	39,528	39,277	-	9,037	(38,247)	-	-	-
Change in net assets	15,504,477	-	3,538,877	-	-	(295,634)	-	-	-	-	-	-	(270,886)	18,476,834	(564,464)	19,041,298
Capital contributions (distributions), net	-	-	(6,519,781)	25,000	(50,000)	-	-	12,000	-	100	100	-	278,100	(6,254,481)	-	(6,254,481)
Change in net assets	15,504,477	-	(2,980,904)	(2,623)	29,350	(295,634)	46,512	(135,834)	39,528	39,377	100	9,037	(31,033)	12,222,353	(564,464)	12,786,817
Net assets, beginning	97,870,598	500,000	6,216,719	101,152	404,200	(1,899,623)	(46,650)	251,411	(26,561)	(39,177)	-	76	(1,386,078)	101,946,067	11,204,334	90,741,733
Net assets, ending	$ 113,375,075	$ 500,000	$ 3,235,815	$ 98,529	$ 433,550	$ (2,195,257)	$ (138)	$ 115,577	$ 12,967	$ 200	$ 100	$ 9,113	$ (1,417,111)	$ 114,168,420	$ 10,639,870	$ 103,528,550

TRF Private Equity, Inc. and Affiliates

Consolidating Statement of Financial Position
December 31, 2012

	DVCRF Ventures Capital, LP	DVCRF Ventures GP, LLC	TRF UG Capital, LP	TRF UG GP, LLC	TRF UGP, LP	TRF Private Equity, Inc.	Eliminations & Reclassifications	Total
Assets								
Current Assets								
Cash and cash equivalents	$ 100	$ -	$ 501	$ -	$ 307,748	$ 332,723	$ -	$ 641,072
Other	-	-	-	-	10,746	-	-	10,746
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-
	100	-	501	-	318,494	332,723	-	651,818
Noncurrent Assets								
Private equity investments	-	-	-	-	1,353,500	-	-	1,353,500
Investment in consolidated subsidiary	-	100	103,091	1,431	-	103,691	(208,313)	-
Total Assets	$ 100	$ 100	$ 103,592	$ 1,431	$ 1,671,994	$ 436,414	$ (208,313)	$ 2,005,318
Liabilities and Net Assets								
Current Liabilities								
Accounts payable and accrued expenses	$ -	$ -	$ -	$ -	$ 6,600	$ 6,399	$ -	$ 12,999
Escrow payable and due to third parties	-	-	-	-	-	-	-	-
	-	-	-	-	6,600	6,399	-	12,999
Noncurrent Liabilities								
Due to related parties	-	-	-	-	-	2,329,327	-	2,329,327
Total Liabilities	-	-	-	-	6,600	2,335,726	-	2,342,326
Commitments and Contingencies								
Partners' Capital (Net Assets)								
General partner	100	100	1,431	1,431	103,092	-	(106,154)	-
Limited partner	-	-	102,161	-	1,562,302	-	(1,664,463)	-
Total Partners' capital (Net Assets)	100	100	103,592	1,431	1,665,394	-	(1,770,617)	-
Net Assets								
Unrestricted	-	-	-	-	-	(2,215,038)	-	(2,215,038)
Non-Controlling Interest	-	-	-	-	-	-	1,562,304	1,562,304
Total Unrestricted	-	-	-	-	-	(2,215,038)	1,562,304	(652,734)
Temporarily restricted	-	-	-	-	-	-	-	-
Total Temporarily restricted	-	-	-	-	-	-	-	-
Permanently restricted	-	-	-	-	-	315,726	-	315,726
Total Net Assets	100	100	103,592	1,431	1,665,394	(1,899,312)	(208,313)	(337,008)
Total Liabilities and Net Assets	$ 100	$ 100	$ 103,592	$ 1,431	$ 1,671,994	$ 436,414	$ (208,313)	$ 2,005,318

TRF Private Equity, Inc. and Affiliates

Consolidating Statement of Financial Position
December 31, 2011

	DVCRF Ventures Capital, LP	DVCRF Ventures GP, LLC	TRF UG Capital, LP	TRF UG GP, LLC	TRF UGP, LP	TRF Private Equity, Inc.	Eliminations & Reclassifications	Total
Assets								
Current Assets								
Cash and cash equivalents	$ 100	$ -	$ 500	$ -	$ 714,543	$ 236,472	$ -	$ 951,615
Other	-	-	-	-	12,757	-	-	12,757
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-
	100	-	500	-	727,300	236,472	-	964,372
Noncurrent Assets								
Private equity investments	-	-	-	-	4,902,131	-	-	4,902,131
Investment in consolidated subsidiary	-	100	347,993	3,880	-	348,593	(700,566)	-
Total Assets	$ 100	$ 100	$ 348,493	$ 3,880	$ 5,629,431	$ 585,065	$ (700,566)	$ 5,866,503
Liabilities and Net Assets								
Current Liabilities								
Accounts payable and accrued expenses	$ -	$ -	$ -	$ -	$ 7,744	$ -	$ -	$ 7,744
Escrow payable and due to third parties	-	-	-	-	-	-	-	-
	-	-	-	-	7,744	-	-	7,744
Noncurrent Liabilities								
Due to related parties	-	-	-	-	-	2,622,944	-	2,622,944
Total Liabilities	-	-	-	-	7,744	2,622,944	-	2,630,688
Commitments and Contingencies								
Partners' Capital (Net Assets)								
General partner	100	100	3,880	3,880	347,993	-	(355,953)	-
Limited partner	-	-	344,613	-	5,273,694	-	(5,618,307)	-
Total Partners' capital (Net Assets)	100	100	348,493	3,880	5,621,687	-	(5,974,260)	-
Net Assets								
Unrestricted	-	-	-	-	-	(2,353,605)	-	(2,353,605)
Non-Controlling Interest	-	-	-	-	-	-		5,273,694
Total Unrestricted	-	-	-	-	-	(2,353,605)	-	2,920,089
Temporarily restricted	-	-	-	-	-	-	-	-
Total Temporarily restricted	-	-	-	-	-	-	-	-
Permanently restricted	-	-	-	-	-	315,726	-	315,726
Total Net Assets	100	100	348,493	3,880	5,621,687	(2,037,879)	(5,974,260)	3,235,815
Total Liabilities and Net Assets	$ 100	$ 100	$ 348,493	$ 3,880	$ 5,629,431	$ 585,065	$ (5,974,260)	$ 5,866,503

TRF Private Equity, Inc. and Affiliates

Consolidating Statement of Activities
Year Ended December 31, 2012

	DVCRF Ventures Capital, LP	DVCRF Ventures GP, LLC	TRF UG Capital, LP	TRF UG GP, LLC	TRF UGP, LP	TRF Private Equity, Inc.	Eliminations & Reclassifications	Total
Financial Activity								
Financial Income								
Interest income from:								
Marketable securities	$ -	$ -	$ 1	$ -	$ 1,260	$ -	$ -	$ 1,261
Private equity investments	-	-	-	-	1,147,197	-	-	1,147,197
Investment gains, net								
Private equity investments	-	-	-	-	1,261,500	-		1,261,500
Equity gains in private equity investments	-	-	138,890	1,389	-	138,891	(279,170)	-
Asset management fee	-	-	-	-	-	100,000	(100,000)	-
Total Financial Income	-	-	138,891	1,389	2,409,957	238,891	(379,170)	2,409,958
Financial Expense								
Asset management fee	-	-	-	-	100,000	-	(100,000)	-
Total Financial Expense	-	-	-	-	100,000	-	(100,000)	-
Net Financial Income	-	-	138,891	1,389	2,309,957	238,891	(279,170)	2,409,958
Revenue and Support								
Program services and fees	-	-	-	-	-	-	-	-
Total Revenue and Support	-	-	-	-	-	-	-	-
Program and General Expenses								
Program and General Expenses								
Program - Private Equity	-	-	-	-	66,250	99,904	-	166,154
Management and general	-	-	-	-	-	420	-	420
Total Program and General Expenses	-	-	-	-	66,250	100,324	-	166,574
Net income	-	-	138,891	1,389	2,243,707	-	(2,383,987)	-
Change in net assets	-	-	-	-	-	138,567	2,104,817	2,243,384
Paid in capital	-	-	-	-	-	-	-	-
Capital distribution	-	-	(383,792)	(3,838)	(6,200,000)	-	771,423	(5,816,207)
Change in net assets	-	-	(244,901)	(2,449)	(3,956,293)	138,567	492,253	(3,572,823)
Net assets, beginning	100	100	348,493	3,880	5,621,687	(2,037,879)	(700,566)	3,235,815
Net assets, ending	$ 100	$ 100	$ 103,592	$ 1,431	$ 1,665,394	$ (1,899,312)	$ (208,313)	$ (337,008)

TRF Private Equity, Inc. and Affiliates

Consolidating Statement of Activities
Year Ended December 31, 2011

	DVCRF Ventures Capital, LP	DVCRF Ventures GP, LLC	TRF UG Capital, LP	TRF UG GP, LLC	TRF UGP, LP	TRF Private Equity, Inc.	Eliminations & Reclassifications	Total
Financial Activity								
Financial Income								
Interest income from:								
Marketable securities	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Private equity investments	-	-	-	-	4,314,592	-	-	4,314,592
Investment gains, net								
Marketable securities	-	-	-	-	-	1		1
Equity gains in private equity investments	-	-	225,388	2,254	-	225,388	(453,030)	-
Asset management fee	-	-	-	-	-	300,000	(300,000)	-
Total Financial Income	-	-	225,388	2,254	4,314,592	525,389	(753,030)	4,314,593
Financial Expense								
Asset management fee	-	-	-	-	300,000	-	(300,000)	-
Investment losses, net	-	-	-	-	335,500	-	-	335,500
Total Financial Expense	-	-	-	-	635,500	-	(300,000)	335,500
Net Financial Income	-	-	225,388	2,254	3,679,092	525,389	(453,030)	3,979,093
Revenue and Support								
Program services and fees	-	-	-	-	-	-	-	-
Total Revenue and Support	-	-	-	-	-	-	-	-
Program and General Expenses								
Program and General Expenses								
Program - Private Equity	-	-	-	-	38,048	285,589	-	323,637
Management and general	-	-	-	-	-	116,579	-	116,579
Total Program and General Expenses	-	-	-	-	38,048	402,168	-	440,216
Net income	-	-	225,388	2,254	3,641,044	-	(3,868,686)	-
Change in net assets	-	-	-	-	-	123,221	3,415,656	3,538,877
Paid in capital	-	-	-	-	-	-	-	-
Capital contribution	-	-	(430,219)	(4,302)	(6,950,000)	-	864,740	(6,519,781)
Change in net assets	-	-	(204,831)	(2,048)	(3,308,956)	123,221	411,710	(2,980,904)
Net assets, beginning	100	100	553,324	5,928	8,930,643	(2,161,100)	(1,112,276)	6,216,719
Net assets, ending	$ 100	$ 100	$ 348,493	$ 3,880	$ 5,621,687	$ (2,037,879)	$ (700,566)	$ 3,235,815

TRF Development Partners, Inc. and Affiliates

Consolidating Statement of Financial Position
December 31, 2012

	TRF Development Partners, Inc.	TRF DP-Baltimore, LLC & Subsidiary	TRF DP-Philadelphia, LLC	TRF DP-Ridge Avenue, LLC	TRF DP-Scotland Commons, Inc.	TRF DP-Manlove Manor & Subsidiaries	TRF DP-Jackson Green	Eliminations & Reclassifications	Total
Assets									
Current Assets									
Cash and cash equivalents	$ 2,318,165	$ 322,621	$ 229,484	$ 110,204	$ -	$ 266,389	$ -	$ -	$ 3,246,863
Investments in marketable securities	-	42,063	-	-	-	-	-	-	42,063
Other	5,342,103	898,354	206,690	104,436	2,156	-	-	(5,350,574)	1,203,165
Restricted cash and cash equivalents	-	61,066	-	5,000	-	-	-	-	66,066
	7,660,268	1,324,104	436,174	219,640	2,156	266,389	-	(5,350,574)	4,558,157
Noncurrent Assets									
Loans and leases	1,533,404	-	-	-				(1,533,404)	-
Investments in marketable securities	86,134	-	-	-	-	-	-	-	86,134
Investments in consolidated subsidiaries	(2,415,906)	-	-	-	-	-	-	2,415,906	-
Property, equipment and leasehold improvements, net	3,421	-	-	-	-	-	-	-	3,421
Property held for development or sale, net	81,197	4,114,549	-	3,362,136	-	113,274	313,490	(651,591)	7,333,055
Rental property, net	-	8,147,514	-	-	-	-	-	-	8,147,514
Other	25,880	-	-	-	-	-	2,800	-	28,680
	(685,870)	12,262,063	-	3,362,136	-	113,274	316,290	230,911	15,598,804
Total Assets	$ 6,974,398	$ 13,586,167	$ 436,174	$ 3,581,776	$ 2,156	$ 379,663	$ 316,290	$ (5,119,663)	$ 20,156,961
Liabilities and Net Assets									
Current Liabilities									
Accounts payable and accrued expenses	$ 57,667	$ 44,361	$ -	$ 109,556	$ -	$ -	$ 12,698	$ -	$ 224,282
Escrow payable and due to third parties	-	61,066	-	5,000	-	-	-	-	66,066
Other	146,740	2,772,773	837,500	1,776,817	2,056	16,002	380,232	(5,355,085)	577,035
Loans payable, current portion	-	-	-	333,641	-	-	-	-	333,641
	204,407	2,878,200	837,500	2,225,014	2,056	16,002	392,930	(5,355,085)	1,201,024
Noncurrent Liabilities									
Due to related parties	1,147,022	-	-	-	-	-	-	-	1,147,022
Loans payable, less current maturities	-	12,123,688	-	1,945,247	-	363,754	-	(1,533,404)	12,899,285
	1,147,022	12,123,688	-	1,945,247	-	363,754	-	(1,533,404)	14,046,307
Total Liabilities	1,351,429	15,001,888	837,500	4,170,261	2,056	379,756	392,930	(6,888,489)	15,247,331
Commitments and Contingencies									
Paid-in-Capital	-	65,471	661,344	60,000	100	-	-	(786,915)	-
Accumulated Deficit	-	(1,481,227)	(1,062,670)	(648,485)	-	(93)	(76,640)	3,269,115	-
Net Assets									
Unrestricted	1,332,760	-	-	-	-	-	-	(713,374)	619,386
Non-controlling interest	-	35	-	-	-	-	-	-	35
Total Unrestricted	1,332,760	(1,415,721)	(401,326)	(588,485)	100	(93)	(76,640)	1,768,826	619,421
Temporarily restricted	4,290,209	-	-	-	-	-	-	-	4,290,209
Total Temporarily restricted	4,290,209	-	-	-	-	-	-	-	4,290,209
Total Net Assets	5,622,969	(1,415,721)	(401,326)	(588,485)	100	(93)	(76,640)	1,768,826	4,909,630
Total Liabilities and Net Assets	$ 6,974,398	$ 13,586,167	$ 436,174	$ 3,581,776	$ 2,156	$ 379,663	$ 316,290	$ (5,119,663)	$ 20,156,961

TRF Development Partners, Inc. and Affiliates

Consolidating Statement of Financial Position
December 31, 2011

	TRF Development Partners, Inc.	TRF DP-Baltimore, LLC & Subsidiary	TRF DP-Philadelphia, LLC	TRF DP-Ridge Avenue, LLC	TRF DP-Scotland Commons, Inc.	Eliminations & Reclassifications	Total
Assets							
Current Assets							
Cash and cash equivalents	$ 643,583	$ 459,613	$ 295,321	$ 77,484	$ -	$ -	$ 1,476,001
Investments in marketable securities	813,877	2,152,610	-	-	-	-	2,966,487
Other	1,953,367	452,584	159,599	51,566	100	(1,925,010)	692,206
Restricted cash and cash equivalents	-	11,192	-	4,000	-	-	15,192
	3,410,827	3,075,999	454,920	133,050	100	(1,925,010)	5,149,886
Noncurrent Assets							
Investments in marketable securities	737,812	1,275,920	-	-	-	-	2,013,732
Investments in consolidated subsidiaries	(1,795,138)	-	-	-	-	1,795,138	-
Property, equipment and leasehold improvements, net	3,087	-	-	-	-	-	3,087
Property held for development or sale, net	29,245	4,120,206	-	3,738,517	-	(37,958)	7,850,010
Rental property, net	-	1,591,616	-	-	-	-	1,591,616
	(1,024,994)	6,987,742	-	3,738,517	-	1,757,180	11,458,445
Total Assets	$ 2,385,833	$ 10,063,741	$ 454,920	$ 3,871,567	$ 100	$ (167,830)	$ 16,608,331
Liabilities and Net Assets							
Current Liabilities							
Accounts payable and accrued expenses	$ 19,601	$ 116,896	$ 9,939	$ 110,218	$ -	$ -	$ 256,654
Escrow payable and due to third parties	951	11,193	-	4,000	-	-	16,144
Other	100	86,356	687,500	1,170,038	-	(1,925,010)	18,984
Loans payable, current portion	-	-	-	874,606	-	-	874,606
	20,652	214,445	697,439	2,158,862	-	(1,925,010)	1,166,388
Noncurrent Liabilities							
Due to related parties	4,522,479	3,093	-	-	-	-	4,525,572
Loans payable, less current maturities	-	10,966,677	-	2,144,951	-	-	13,111,628
	4,522,479	10,969,770	-	2,144,951	-	-	17,637,200
Total Liabilities	4,543,131	11,184,215	697,439	4,303,813	-	(1,925,010)	18,803,588
Commitments and Contingencies							
Paid-in-Capital	-	65,471	661,345	60,000	100	(786,916)	-
Accumulated Deficit	-	(1,185,945)	(903,864)	(492,246)	-	2,582,055	-
Net Assets							
Unrestricted	(2,157,298)	-	-	-	-	(37,959)	(2,195,257)
Total Unrestricted	(2,157,298)	(1,120,474)	(242,519)	(432,246)	100	1,757,180	(2,195,257)
Temporarily restricted	-	-	-	-	-	-	-
Total Temporarily restricted	-	-	-	-	-	-	-
Total Net Assets	(2,157,298)	(1,120,474)	(242,519)	(432,246)	100	1,757,180	(2,195,257)
Total Liabilities and Net Assets	$ 2,385,833	$ 10,063,741	$ 454,920	$ 3,871,567	$ 100	$ (167,830)	$ 16,608,331

TRF Development Partners, Inc. and Affiliates

Consolidating Statement of Activities
Year Ended December 31, 2012

	TRF Development Partners, Inc.	TRF DP-Baltimore, LLC & Subsidiary	TRF DP-Philadelphia, LLC	TRF DP-Ridge Avenue, LLC	TRF DP-Scotland Commons, Inc.	TRF DP Manlove Manor & Subsidiaries	TRF DP Jackson Green	Eliminations & Reclassifications	Total
Financial Activity									
Financial Income									
Interest income from:									
Marketable securities	$ 7,205	$ 7,575	$ -	$ 7	$ -	$ -	$ -	$ -	$ 14,787
Loans and leases	20,720	-	-	-		-	-	(20,720)	-
Investment gains, net									
Marketable securities	(5,454)	(4,935)	-	-	-			-	(10,389)
Asset management fee	542,475	-	-	-	-	-	-	(542,475)	-
Total Financial Income	564,946	2,640	-	7	-	-	-	(563,195)	4,398
Financial Expense									
Interest expense	-	32,896	-	-	-	-	-	(19,368)	13,528
Investment losses, net									
Equity losses in consolidated subsidiaries	620,768	-	-	-	-	-	-	(620,768)	-
Total Financial Expense	620,768	32,896	-	-	-	-	-	(640,136)	13,528
Net Financial Income	(55,822)	(30,256)	-	7	-	-	-	76,941	(9,130)
Revenue and Support									
Grants and contributions	4,933,824	-	-	-	-	-	-	-	4,933,824
Program services and fees	1,091,445	261,795	-	3,000	-	-	-	(575,295)	780,945
Other	45,752	94,764	-	-	-	-	-	-	140,516
Total Revenue and Support	6,071,021	356,559	-	3,000	-	-	-	(575,295)	5,855,285
Program and General Expenses									
Program and General Expenses									
Program - Development Partners	917,705	621,585	158,807	159,246	-	93	76,640	(510,000)	1,424,076
Management and general	-	-	-	-	-	-	-	-	-
Total Program and General Expenses	917,705	621,585	158,807	159,246	-	93	76,640	(510,000)	1,424,076
Other (Increases) Decreases									
Forgiveness of debt from related parties	(2,682,773)	-	-	-	-	-	-	-	(2,682,773)
Total Other (Increases) Decreases	(2,682,773)	-	-	-	-	-	-	-	(2,682,773)
Total Expenses and Other (Increases) Decreases	(1,765,068)	621,585	158,807	159,246	-	93	76,640	(510,000)	(1,258,697)
Net loss	-	(295,282)	(158,807)	(156,239)	-	(93)	(76,640)	687,061	-
Change in net assets	7,780,267	-	-	-	-	-	-	(675,415)	7,104,852
Capital contributions (distributions), net	-	35	-	-	-	-	-	-	35
Change in net assets	7,780,267	(295,247)	(158,807)	(156,239)	-	(93)	(76,640)	11,646	7,104,887
Net assets, beginning	(2,157,298)	(1,120,474)	(242,519)	(432,246)	100	-	-	1,757,180	(2,195,257)
Net assets, ending	$ 5,622,969	$ (1,415,721)	$ (401,326)	$ (588,485)	$ 100	$ (93)	$ (76,640)	$ 1,768,826	$ 4,909,630

TRF Development Partners, Inc. and Affiliates

Consolidating Statement of Activities
Year Ended December 31, 2011

	TRF Development Partners, Inc.	TRF DP-Baltimore, LLC & Subsidiary	TRF DP-Philadelphia, LLC	TRF DP-Ridge Avenue, LLC	TRF DP-Scotland Commons, Inc.	Eliminations & Reclassifications	Total
Financial Activity							
Financial Income							
Interest income from:							
Marketable securities	$ 6,297	$ 28,954	$ -	$ -	$ -	$ -	$ 35,251
Investment gains, net							
Marketable securities	778	(4,265)	-	-	-	-	(3,487)
Asset management fee	510,000	-	-	-	-	(510,000)	-
Total Financial Income	517,075	24,689	-	-	-	(510,000)	31,764
Financial Expense							
Interest expense	-	(37,928)	-	-	-	-	(37,928)
Investment losses, net							
Equity losses in consolidated subsidiaries	119,966	-	-	-	-	(119,966)	-
Total Financial Expense	119,966	(37,928)	-	-	-	(119,966)	(37,928)
Net Financial Income	397,109	62,617	-	-	-	(390,034)	69,692
Revenue and Support							
Grants and contributions	155,000	-	-	-	-	-	155,000
Program services and fees	170,663	97,588	-	3,000	-	18,976	290,227
Other	50,000	284,058	126,176	-	-	-	460,234
Total Revenue and Support	375,663	381,646	126,176	3,000	-	18,976	905,461
Program and General Expenses							
Program and General Expenses							
Program - Development Partners	779,290	342,310	191,959	159,135	-	(510,000)	962,694
Management and general	308,093	-	-	-	-	-	308,093
Total Program and General Expenses	1,087,383	342,310	191,959	159,135	-	(510,000)	1,270,787
Net income (loss)	-	101,953	(65,783)	(156,135)	-	138,942	18,977
Change in net assets	(314,611)	-	-	-	-	-	(314,611)
Capital contributions (distributions), net	-	-	50,627	-	-	(50,627)	-
Change in net assets	(314,611)	101,953	(15,156)	(156,135)	-	88,315	(295,634)
Net assets, beginning	(1,842,687)	(1,222,427)	(227,363)	(276,111)	100	1,668,865	(1,899,623)
Net assets, ending	$ (2,157,298)	$ (1,120,474)	$ (242,519)	$ (432,246)	$ 100	$ 1,757,180	$ (2,195,257)

The Reinvestment Fund, Inc. and Affiliates

Consolidated Schedules of Functional Expenses
For the Years Ended December 31, 2012 and 2011

2012

	Personnel	Occupancy	Professional Services	General & Administrative	OREO Write-Down	Grants	Total
Program - Lending and Community Investing	$ 3,085,847	$ 635,526	$ 2,496,152	$ 110,728	$ 1,358,329	$ 701,356	$ 8,387,938
Program - Private Equity	50,116	10,654	83,868	21,772	-	-	166,410
Program - Sustainable Development Fund	32,087	8,983	3,961	1,568	-	39,959	86,558
Program - Policy Solutions	824,662	166,558	182,901	41,686	-	-	1,215,807
Program - PolicyMap	796,525	907,501	610,792	30,048	-	-	2,344,866
Program - Development Partners	813,775	362,136	396,977	80,839	-	-	1,653,727
Management and general	2,878,052	564,718	377,778	168,985	-	-	3,989,533
	$ 8,481,064	$ 2,656,076	$ 4,152,429	$ 455,626	$ 1,358,329	$ 741,315	$ 17,844,839

2011

	Personnel	Occupancy	Professional Services	General & Administrative	OREO Write-Down	Grants	Total
Program - Lending and Community Investing	$ 2,997,768	$ 632,191	$ 3,045,166	$ 125,742	$ 138,781	$ 306,773	$ 7,246,421
Program - Private Equity	232,980	22,175	48,805	22,697	-	-	326,657
Program - Sustainable Development Fund	202,958	27,730	57,575	14,243	-	80,977	383,483
Program - Policy Solutions	788,146	182,182	261,930	44,286	-	-	1,276,544
Program - PolicyMap	530,021	952,380	409,293	17,713	-	-	1,909,407
Program - Development Partners	577,829	159,933	179,591	62,720	-	-	980,073
Management and general	2,722,491	531,189	496,542	127,572	-	-	3,877,794
	$ 8,052,193	$ 2,507,780	$ 4,498,902	$ 414,973	$ 138,781	$ 387,750	$ 16,000,379