# The Reinvestment Fund, Inc. and Affiliates

Consolidated Financial Report
December 31, 2013

**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, 2013 and 2012, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated 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, 2013 and 2012, 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 25, 2014



Member of the RSM International network of independent accounting, tax and consulting firms.

**The Reinvestment Fund, Inc. and Affiliates**

**Consolidated Statements of Financial Position**
**December 31, 2013 and 2012**

| | 2013 | 2012 |
|---|---|---|
| **Assets** | | |
| Current Assets | | |
| Cash, cash equivalents and certificate of deposit | $ 15,702,545 | $ 12,313,168 |
| Grants and contributions receivable | 13,543,568 | 5,792,982 |
| Investments in marketable securities | 21,380,816 | 24,330,153 |
| Loans and leases, less allowance for losses of $4,148,348 and $4,469,659, respectively | 64,696,745 | 65,985,528 |
| Other | 4,534,464 | 4,788,574 |
| Restricted cash, cash equivalents and certificate of deposit | 36,343,749 | 33,825,473 |
| | 156,201,887 | 147,035,878 |
| Noncurrent Assets | | |
| Grants and contributions receivable | 352,502 | 1,001,876 |
| Investments in marketable securities | 14,063,629 | 16,797,587 |
| Loans and leases, less allowance for losses of $7,331,244 and $6,721,698, respectively | 116,250,214 | 103,328,871 |
| Investments in limited partnerships and program investments | 662,112 | 1,148,063 |
| Private equity investments | - | 1,353,500 |
| Equipment, leasehold improvements and software, net | 2,848,170 | 3,196,576 |
| Other real estate held for sale | - | 11,330,000 |
| Property held for development or sale, net | 14,200,249 | 7,583,055 |
| Rental property, net | 17,758,599 | 8,147,514 |
| Other | 2,063,257 | 1,128,242 |
| | 168,198,732 | 155,015,284 |
| **Total Assets** | $ 324,400,619 | $ 302,051,162 |
| **Liabilities and Net Assets** | | |
| Current Liabilities | | |
| Accounts payable and accrued expenses | $ 2,552,056 | $ 1,034,310 |
| Escrow payable and due to third parties | 9,774,226 | 12,773,802 |
| Deferred revenue | 2,920,596 | 763,921 |
| Other | 674,337 | 1,378,686 |
| Recoverable grant payable | 4,369,717 | 6,463,595 |
| Loans payable, current portion | 30,496,525 | 15,928,641 |
| | 50,787,457 | 38,342,955 |
| Noncurrent Liabilities | | |
| Loans payable, less current maturities | 121,813,332 | 127,688,410 |
| Loans payable, EQ2 | 12,708,000 | 12,708,000 |
| Other | 1,663,470 | 1,646,203 |
| | 136,184,802 | 142,042,613 |
| **Total Liabilities** | 186,972,259 | 180,385,568 |
| Commitments and Contingencies (Note 20) | | |
| Net Assets | | |
| Unrestricted | 31,482,854 | 23,244,590 |
| Unrestricted - Contractually limited as to use | 9,202,855 | 9,775,996 |
| Non-controlling interest in consolidated subsidiaries | 3,710,815 | 1,498,765 |
| Total Unrestricted | 44,396,524 | 34,519,351 |
| Temporarily restricted - Program | 3,771,714 | 5,742,013 |
| Temporarily restricted - Financing | 37,064,162 | 28,866,693 |
| Temporarily restricted - Re-granting | 3,111,223 | 3,231,434 |
| Total Temporarily restricted | 43,947,099 | 37,840,140 |
| Permanently restricted | 49,084,737 | 49,306,103 |
| **Total Net Assets** | 137,428,360 | 121,665,594 |
| **Total Liabilities and Net Assets** | $ 324,400,619 | $ 302,051,162 |

*See Notes to Consolidated Financial Statements.*

**The Reinvestment Fund, Inc. and Affiliates**

**Consolidated Statement of Activities**

**For the Year Ended December 31, 2013**

| | Unrestricted | | Temporarily | Permanently | |
|---|---|---|---|---|---|
| | Controlling | Non-Controlling | Restricted | Restricted | Total |
| **Financial Activity** | | | | | |
| Financial Income | | | | | |
| Interest income from: | | | | | |
| Marketable securities | $ 296,056 | $ 749 | $ 115,534 | $ - | $ 412,339 |
| Loans and leases | 10,493,112 | - | 357,172 | - | 10,850,284 |
| Private equity investments | (99) | (889) | - | - | (988) |
| Investment gains, net: | | | | | |
| Program investments | 181,250 | - | - | - | 181,250 |
| Loan and lease fees | 844,198 | - | 12,250 | - | 856,448 |
| Asset management fee, net | 1,703,894 | - | - | - | 1,703,894 |
| Total Financial Income | 13,518,411 | (140) | 484,956 | - | 14,003,227 |
| Financial Expense | | | | | |
| Interest expense | 4,477,555 | 297,808 | - | - | 4,775,363 |
| Investment losses, net: | | | | | |
| Marketable securities | 349,572 | - | 65,348 | - | 414,920 |
| Private equity investments | 1,351 | 12,149 | - | - | 13,500 |
| Equity losses (gains) in limited partnerships | 628,643 | (9,317) | - | - | 619,326 |
| Provision for loan and lease losses | 16,189 | - | - | - | 16,189 |
| Total Financial Expense | 5,473,310 | 300,640 | 65,348 | - | 5,839,298 |
| Net Financial Income | 8,045,101 | (300,780) | 419,608 | - | 8,163,929 |
| **Revenue and Support** | | | | | |
| Grants and contributions | 8,272 | - | 17,009,655 | 4,105 | 17,022,032 |
| Program services and fees | 6,141,338 | 105,191 | - | - | 6,246,529 |
| Other income | 754,576 | 53,556 | - | - | 808,132 |
| Net assets released from restrictions | 11,322,304 | - | (11,322,304) | - | - |
| Total Revenue and Support | 18,226,490 | 158,747 | 5,687,351 | 4,105 | 24,076,693 |
| **Program and General Expenses and Other Decreases** | | | | | |
| Program and General Expenses | | | | | |
| Program - Lending and Community Investing | 6,758,485 | - | - | - | 6,758,485 |
| Program - Private Equity | 71,045 | 54,455 | - | - | 125,500 |
| Program - Sustainable Development Fund | 399,289 | - | - | - | 399,289 |
| Program - Policy Solutions | 1,442,714 | - | - | - | 1,442,714 |
| Program - PolicyMap | 3,099,197 | - | - | - | 3,099,197 |
| Program - Development Partners | 2,786,391 | 494,764 | - | - | 3,281,155 |
| Management and general | 4,049,347 | - | - | - | 4,049,347 |
| Total Program and General Expenses | 18,606,468 | 549,219 | - | - | 19,155,687 |
| Other Decreases | | | | | |
| Changes related to revolving loan fund | - | - | - | 225,471 | 225,471 |
| Total Other Decreases | - | - | - | 225,471 | 225,471 |
| Total Expenses and Other Decreases | 18,606,468 | 549,219 | - | 225,471 | 19,381,158 |
| **Change in net assets - before partners' contribution** | 7,665,123 | (691,252) | 6,106,959 | (221,366) | 12,859,464 |
| **Partners' contribution, net** | - | 2,903,302 | - | - | 2,903,302 |
| **Total change in net assets** | 7,665,123 | 2,212,050 | 6,106,959 | (221,366) | 15,762,766 |
| **Net assets, beginning** | 33,020,586 | 1,498,765 | 37,840,140 | 49,306,103 | 121,665,594 |
| **Net assets, ending** | $ 40,685,709 | $ 3,710,815 | $ 43,947,099 | $ 49,084,737 | $ 137,428,360 |

*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 Statements of Cash Flows**
**For the Years Ended December 31, 2013 and 2012**

| | 2013 | 2012 |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Change in net assets before partners' contribution/distribution | $ 12,859,464 | $ 13,076,674 |
| Adjustments to reconcile change in net assets before partners' contribution/ distribution to net cash (used in) provided by operating activities: | | |
| Provision for loan and lease losses | 16,189 | 1,137,424 |
| Net charges related to revolving loan fund | 225,471 | 1,373,800 |
| Losses (gains) in private equity investments, net | 13,500 | (1,261,500) |
| Depreciation and amortization | 1,822,031 | 1,323,629 |
| Deferred origination fees, net | (79,519) | 221,961 |
| Investment losses (gains) in marketable securities, net | 414,920 | (34,043) |
| Investment gains in program investments, net | (181,250) | - |
| Gain on sale of other real estate held for sale | (299,892) | (40,790) |
| Loss on valuation of other real estate held for sale | - | 2,467,491 |
| Non-cash grant support | (503,005) | (523,332) |
| Cancellation of debt | (2,630,949) | - |
| Distributions from investments in limited partnerships | 49,294 | - |
| Decrease in equity earnings in limited partnerships | 619,326 | 6,102 |
| Decrease (increase) in: | | |
| Grants and contributions receivable | (7,101,212) | (3,424,858) |
| Restricted cash, cash equivalents and certificate of deposit | (2,518,276) | (11,254,601) |
| Property held for development or sale | (6,181,594) | 266,954 |
| Other assets | (1,484,860) | (2,685,687) |
| Increase (decrease) in: | | |
| Accounts payable and accrued expenses | 1,517,746 | 91,215 |
| Escrow payable and due to third parties | (2,999,576) | 9,580,675 |
| Deferred revenue | 2,156,675 | 315,448 |
| Other liabilities | (1,490,368) | 789,797 |
| Recoverable grant payable | (2,093,878) | (1,384,013) |
| **Net cash (used in) provided by operating activities** | (7,869,763) | 10,042,346 |
| **Cash Flows from Investing Activities** | | |
| Purchases of marketable securities | (44,869,693) | (56,795,346) |
| Proceeds from sale of marketable securities | 50,138,068 | 84,038,692 |
| Proceeds from distributions of program investments | 17,000 | 17,000 |
| Proceeds from disposition of private equity investments | 1,340,000 | 4,810,131 |
| Purchases of limited partnerships | (18,427) | (9,855) |
| Cash disbursements on loans receivable | (68,106,892) | (63,696,240) |
| Cash receipts on loans receivable | 58,019,705 | 40,829,414 |
| Principal payments received under leases | 196,449 | 186,064 |
| Proceeds from sale of other real estate held for sale | 2,489,892 | 1,017,200 |
| Increase in rental property | (10,292,473) | (6,717,504) |
| Additions of equipment, leasehold improvements and software development, net of disposals | (840,020) | (862,128) |
| **Net cash (used in) provided by investing activities** | (11,926,391) | 2,817,428 |
| **Cash Flows from Financing Activities** | | |
| Proceeds from issuance of loans payable | 45,933,916 | 14,745,980 |
| Principal payments on loans payable | (24,703,898) | (28,300,600) |
| Reinvested interest on investors payable | 92,055 | 86,626 |
| Assignment of debt to homebuyers | (1,039,844) | (422,343) |
| Syndication costs from non-controlling interest | (42,422) | - |
| Cash distributions to non-controlling interest | (1,431,990) | (5,579,535) |
| Cash contributions from non-controlling interest | 4,377,714 | 35 |
| **Net cash provided by (used in) financing activities** | 23,185,531 | (19,469,837) |
| **Net increase (decrease) in cash and cash equivalents** | 3,389,377 | (6,610,063) |
| **Cash and cash equivalents, beginning** | 12,313,168 | 18,923,231 |
| **Cash and cash equivalents, ending** | $ 15,702,545 | $ 12,313,168 |

(Continued)

*See Notes to Consolidated Financial Statements.*

**Consolidated Statements of Cash Flows (Continued)**
**For the Years Ended December 31, 2013 and 2012**

| | 2013 | 2012 |
|---|---|---|
| **Supplemental Disclosure of Cash Flow Information:** | | |
| Cash paid for interest | $ 4,777,148 | $ 4,820,824 |
| **Supplemental Schedule of Non-Cash Investing and Financing Activities:** | | |
| Conversion of loans payable into grant support | $ 503,005 | $ 523,332 |
| Cancellation of debt | $ 2,630,949 | $ - |
| Conversion of loan receivable into other real estate owned | $ - | $ 844,410 |
| Conversion of interest receivable into loans receivable | $ 917,173 | $ 900,814 |
| Loan receivable and payable pass through | $ 1,100,000 | $ - |
| Acquisition of property held for development or sale through issuance of notes payable | $ 435,600 | $ - |
| **Assets Sold and Liabilities Assumed by the Buyer in Connection with the Sale of Reinvest III Property** | | |
| Fixed assets | $ (47,783) | $ - |
| Assets held for sale | (9,140,000) | - |
| Notes payable | 9,991,069 | - |
| Interest payable | (803,286) | - |
| Net assets disposed | $ - | $ - |

*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 such as schools and community health centers; healthy food access; commercial real estate; business development and sustainable energy projects using loan, equity and other financing tools. It supports its financing with a strong research and policy analysis capacity that has become a highly regarded source of unbiased information for public officials and private investors. Most of 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.:* CLI is a Pennsylvania not-for-profit entity exempt from income taxes under section 501(c) (3) of the Internal Revenue Code. In 2013, CLI’s bank syndicated construction facility matured and was replaced by a single bank facility with TRF. The corresponding CLI assets were purchased under the new facility and assigned to TRF.

*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 provided 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 had been consolidated with Private Equity, the general partner. In 2013, UGP dissolved and any remaining cash was distributed to the partners pursuant to the partnership agreement.

*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 Buford Manlove Manor LLC, and subsidiaries, TRF DP-Jackson Green, LLC, East Baltimore Managing Member, Inc. and subsidiary, East Baltimore Master Tenant Inc. and subsidiary, TRF Development Partners Chester, LLC and TRFDP Ocean Avenue, 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. At December 31, 2013, all properties were sold.

*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 18).

4) *Policy Solutions:* Conducts policy, data analysis 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 analysis 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: Accounting guidance on reporting of related entities requires not-for-profit organizations with a controlling and economic interest in other organizations to consolidate those other organizations. Accordingly, the consolidated financial statements include the accounts of 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.

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

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. At December 31, 2013, the non-controlling interests relate to Duncan Square, LLC (a subsidiary of TRF Development Partners-Baltimore, LLC), Buford Manlove Members, LLC (a subsidiary of TRF DP Buford Manlove Manor, LLC), and East Baltimore Historic I, LLC (a subsidiary of East Baltimore Managing Member, Inc.).

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

Use of Estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and support and expenses during the reporting period. Actual results could differ from those estimates.

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

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

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

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

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

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

Level 1 Inputs:

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

Level 2 Inputs:

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

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 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 consolidated statement of financial position. Any unrealized gains or losses are reported in the consolidated statement of activities as a change in unrestricted net assets, unless explicit donor intent or law restricts their use. Accordingly, investments are recorded at fair value and are classified as Level 1, 2, or 3 (Note 22).

*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. At December 31, 2013, all private equity investments have been exited.

Investments in Limited Partnerships and Program Investments: 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 consolidated statement of activities and added or subtracted from the investment account, and distributions received are treated as a reduction of the investment account. Program investments are recorded at estimated fair value since no public market exists for the investments (Level 3). Fair value is determined in good faith by the management of the Organization by taking into consideration the cost of the securities, prices of recent significant placements of securities by the same issuer, subsequent developments concerning the companies to which the securities relate, any financial data and projections of such companies provided to management, and such other factors as management may deem relevant.

Loans and Leases Receivable:

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

**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, lien position, bullet maturities, charge-offs, non-accruals and credit management processes, as well as external factors such as national and local economic conditions and industry trends. Any unallocated component of the allowance is minimal and reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and general losses in the portfolio.

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

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

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. The Organization capitalizes house costs during construction phase through (approximately) 45 days after the issuance of a Certificate of Occupancy. After that time, costs greater than $2,500 and a useful life of greater than one year are capitalized.

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

Rental Property: Rental property is stated at cost. Costs to complete construction of units (construction in progress) are included in property held for development or sale. Once completed, these costs are reclassified from property held for development or sale to rental property and are depreciated using the straight-line method over 26.5 years. As of December 31, 2013 and 2012, respectively, 110 and 50 units were included in rental property. The Organization capitalizes improvements with a cost greater than $2,500 and a useful life of greater than one year.

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

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

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

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 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. At December 31, 2013, all OREO has been disposed.

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

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

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

Contributions 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 consolidated 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.

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

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

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

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, 2013 and 2012.

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, 2013 and 2012. 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 2010.

Reclassifications: Certain amounts in the 2012 financial statements have been reclassified to conform to the 2013 presentation.

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

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

| | 2013 | 2012 |
|---|---|---|
| Fresh Food Financing Initiative ("FFFI") | $ 1,915,070 | $ 2,954,602 |
| Escrow payable and due to third parties | 17,307,819 | 13,287,743 |
| Pennsylvania Green Energy Loan Fund ("GELF") | 1,199,531 | 194,548 |
| SDF programs | 1,530,972 | 1,022,278 |
| United States Department of Education ("US ED") funds for charter school lending programs | 3,665,220 | 1,332,415 |
| Charter School Loan Fund for credit enhancements | 2,176,144 | 2,172,890 |
| Greenworks energy loan fund | 522,168 | 1,424,681 |
| EnergyWorks loan fund | 4,136,761 | 5,056,462 |
| Capital Magnet Fund | 2,705,660 | 2,755,989 |
| PA Opportunity Initiative | 1,184,404 | 3,623,865 |
| | $ 36,343,749 | $ 33,825,473 |

## Note 3. Investments in Marketable Securities

Investments at December 31 consisted of the following:

| | 2013 | 2012 |
|---|---|---|
| Investments in marketable securities: | | |
| Debt and Mortgage-backed securities: | | |
| Federal Farm Credit Bank | $ 2,772,675 | $ 3,044,780 |
| Federal Home Loan Bank | 2,962,010 | 4,470,749 |
| Federal Home Loan Mortgage Company | 5,699,272 | 10,083,775 |
| Federal National Mortgage Association | 9,325,803 | 13,630,487 |
| U.S. Treasury Notes and Bills | 4,945,085 | 7,359,980 |
| Corporate debt securities | 9,739,600 | 2,537,969 |
| | $ 35,444,445 | $ 41,127,740 |
| Included in the above are: | | |
| Investments in marketable securities restricted as to use: | | |
| US ED funds for charter school lending programs | $ 8,821,272 | $ 12,342,323 |
| SDF programs | 7,186,429 | 6,327,507 |
| GELF | 1,632,303 | 4,701,035 |
| | $ 17,640,004 | $ 23,370,865 |

Investment net (losses) gains of ($414,920) and $34,043 were included on the consolidated statement of activities under the investments captions for the year ended December 31, 2013 and 2012, respectively.

Expenses relating to investment income, including custodial and advisory fees amounted to $78,000 and $77,303 for December 31, 2013 and 2012, 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:

| | 2013 | 2012 |
|---|---|---|
| Programs | | |
| PolicyMap | $ 68,000 | $ 200,000 |
| Lending | 861,839 | 491,678 |
| | 929,839 | 691,678 |
| Financing | | |
| Lending | 10,366,231 | 5,103,180 |
| Re-granting | 2,600,000 | 1,000,000 |
| | $ 13,896,070 | $ 6,794,858 |

At December 31, 2013 and 2012, grants and contributions receivable totaling $13,543,568 and $6,442,356, respectively, were due within one year and $352,502 and $352,502, respectively, were due within one to five years. Grants and contributions receivable include a permanently restricted grant in the amount of $649,374 which is classified as noncurrent on the consolidated statement of financial position at December 31, 2012. Cash of $649,374 was received in 2013. All grants and contributions receivable are unsecured.

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

At December 31, 2013 and 2012, grants and contributions receivable included $4,347,000 and $4,453,806, respectively, from the Community Development Financial Institutions Fund ("CDFI"). Authorized uses of these funds are for financial assistance in the amount of $1,347,000 and $1,453,806, committed to Persistent Poverty Counties and $3,000,000 and $3,000,000 committed to Healthy Food Financing Initiative ("HFFI") for the years ended December 2013 and 2012, respectively. These amounts are included in Financing-Lending in the table above.

At December 31, 2013, grants and contributions receivable include $6,019,231 from US ED. These funds were awarded under the Credit Enhancement for Charter Facilities Program. These amounts are included in Financing-Lending in the table above.

## Note 5. Concentration of Credit Risk

The Organization maintains cash in various financial institutions with insurance provided by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000 on interest bearing accounts and unlimited coverage on non-interest bearing accounts through December 31, 2012. Effective January 1, 2013, the cash balance on non-interest bearing accounts is no longer fully insured by the FDIC and is now subject to an insurance limit of $250,000 per insured bank. At times during the years ended December 31, 2013 and 2012, the Organization had cash balances in excess of the FDIC limits. At December 31, 2013, the cash balances in excess of FDIC limits approximated $44,203,000. At December 31, 2012 cash balances in interest bearing accounts in excess of FDIC limits approximated $29,095,000. At December 31, 2013 and 2012, respectively, total cash equivalents include short-term money market funds of approximately $4,381,000 and $1,128,000, respectively, which are separately collateralized by securities held by the financial institution. All other cash equivalents represent short-term government holdings.

At December 31, 2013, at least 94% of the Organization's loans receivable were due from borrowers within the mid-Atlantic region. Additionally, at December 31, 2013, the Organization's portfolio of commercial real estate, healthy food retail, and charter school loans constituted 17.91%, 28.50%, and 27.32% of total loans outstanding, respectively. As such, the ability of the Organization's borrowers to honor their contracts is dependent upon the viability of the commercial real estate sectors, healthy food retailers and charter schools in the mid-Atlantic region.

## Note 6. Loans and Leases Receivable

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

| | 2013 | 2012 |
|---|---|---|
| Housing | $ 22,512,140 | $ 32,311,205 |
| Commercial real estate | 34,468,117 | 34,245,150 |
| Healthy food retail | 54,845,087 | 45,408,199 |
| Community facilities | 80,601,207 | 68,541,202 |
| | 192,426,551 | 180,505,756 |
| Allowance for loan and lease losses | (11,479,592) | (11,191,357) |
| | $ 180,946,959 | $ 169,314,399 |

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%.

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

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.

- Loans to community health centers with a focus on Federally Qualified Health Centers, that serve medically underserved areas or population. The loans are underwritten with first or second liens on real estate and all of the borrower’s assets, including the assignment of grants receivable, and loan to value ratios of less that 90% of the value.

- Energy loans for building improvements that reduce building energy consumption. These loans are underwritten with first or second liens, with a maximum 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% of the value.

- 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 ratio of less than 90%. Portions of small business loans are guaranteed by the Small Business Administration.

- Leases to promote energy efficiency totaling $628,328 and $824,776 as of December 31, 2013 and 2012, respectively. The leases expire over a five year period. At December 31, 2013 and 2012, total minimum lease payments receivable were $694,935 and $928,801, respectively.

Outstanding loans, other than pre-development loans, have annual interest rates ranging from 1.0% to 12.0%. At December 31, 2013, approximately 7.1% of these loans receivable have variable interest rates which are indexed to the Wall Street Journal Prime (“Prime”) rate and/or London Interbank Offered Rate (“LIBOR”). The remaining loans have a fixed rate. Loans and leases receivable have various maturities through 2049.

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

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

| 2013 | | | | | | |
|---|---|---|---|---|---|---|
| | 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 | $ 62 | $ - | $ 3,485 | $ 3,547 | $ 7,429 | $ 10,976 |
| Construction, Pre-development and Acquisition | - | - | 5,464 | 5,464 | 6,072 | 11,536 |
| Total Housing loans | 62 | - | 8,949 | 9,011 | 13,501 | 22,512 |
| Commercial Real Estate: | | | | | | |
| Commercial Mortgages | - | - | - | - | 21,445 | 21,445 |
| Construction, Pre-development and Acquisition | - | - | - | - | 13,024 | 13,024 |
| Total Commercial Real Estate loans | - | - | - | - | 34,469 | 34,469 |
| Healthy Food Retail: | | | | | | |
| Commercial Mortgages | 868 | - | - | 868 | 46,286 | 47,154 |
| Construction, Pre-development and Acquisition | - | - | - | - | 7,691 | 7,691 |
| Total Healthy Food Retail loans | 868 | - | - | 868 | 53,977 | 54,845 |
| Community Facilities: | | | | | | |
| Commercial Mortgages | - | - | 102 | 102 | 67,254 | 67,356 |
| Construction, Pre-development and Acquisition | - | - | - | - | 13,245 | 13,245 |
| Total Community Facilities loans | - | - | 102 | 102 | 80,499 | 80,601 |
| **Total loans** | $ 930 | $ - | $ 9,051 | $ 9,981 | $ 182,446 | $ 192,427 |

| 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 |

**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.

| 2013 (in 000's) | Above Average | Satisfactory | Below Average | Watch | Substandard | Doubtful | Total |
|---|---|---|---|---|---|---|---|
| Housing: | | | | | | | |
| Commercial Mortgages | $ 515 | $ 5,441 | $ 1,257 | $ 333 | $ 3,430 | $ - | $ 10,976 |
| Construction, Pre-development and Acquisition | - | 4,926 | 442 | 1,068 | 5,100 | - | 11,536 |
| Total Housing loans | 515 | 10,367 | 1,699 | 1,401 | 8,530 | - | 22,512 |
| Commercial Real Estate: | | | | | | | |
| Commercial Mortgages | - | 18,252 | 3,193 | - | - | - | 21,445 |
| Construction, Pre-development and Acquisition | - | 5,978 | 7,046 | - | - | - | 13,024 |
| Total Commercial Real Estate loans | - | 24,230 | 10,239 | - | - | - | 34,469 |
| Healthy Food Retail: | | | | | | | |
| Commercial Mortgages | - | 34,393 | 11,893 | 868 | - | - | 47,154 |
| Construction, Pre-development and Acquisition | - | 2,359 | 5,332 | - | - | - | 7,691 |
| Total Healthy Food Retail Loans | - | 36,752 | 17,225 | 868 | - | - | 54,845 |
| Community Facilities: | | | | | | | |
| Commercial Mortgages | 628 | 46,989 | 17,637 | 2,000 | 102 | - | 67,356 |
| Construction, Pre-development and Acquisition | - | 12,566 | 679 | - | - | - | 13,245 |
| Total Community Facilities loans | 628 | 59,555 | 18,316 | 2,000 | 102 | - | 80,601 |
| **Total loans** | $ 1,143 | $ 130,904 | $ 47,479 | $ 4,269 | $ 8,632 | $ - | $ 192,427 |

| 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 |

**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 original loan agreement. Not all impaired loans are on non-accrual. Accordingly, the Organization recognizes interest income on impaired, accruing loans on an accrual basis. For impaired loans on non-accrual, the Organization records interest payments on the cost recovery basis, unless a current forbearance agreement is in place for a loan; in these cases, interest income is recognized on a cash basis.

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

In 2013 and 2012, no interest was recognized on a cash basis for impaired loans.

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

| | 2013 | | | | | | |
|---|---|---|---|---|---|---|---|
| (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 | $ 4,152 | $ 3,635 | $ 3,485 | $ 150 | $ 7 | $ 3,737 | $ 12 |
| Construction, Pre-development and Acquisition | 7,052 | 6,168 | 1,450 | 4,718 | 470 | 6,311 | 40 |
| Total Housing loans | 11,204 | 9,803 | 4,935 | 4,868 | 477 | 10,048 | 52 |
| Commercial Real Estate: | | | | | | | |
| Commercial Mortgages | - | - | - | - | - | - | - |
| Construction, Pre-development and Acquisition | - | - | - | - | - | - | - |
| Total Commercial Real Estate loans | - | - | - | - | - | - | - |
| Healthy Food Retail: | | | | | | | |
| Commercial Mortgages | 868 | 868 | - | 868 | 718 | 592 | - |
| Construction, Pre-development and Acquisition | - | - | - | - | - | - | - |
| Total Healthy Food Retail loans | 868 | 868 | - | 868 | 718 | 592 | - |
| Community Facilities: | | | | | | | |
| Commercial Mortgages | 102 | 102 | 102 | - | - | 112 | - |
| Construction, Pre-development and Acquisition | - | - | - | - | - | - | - |
| Total Community Facilities loans | 102 | 102 | 102 | - | - | 112 | - |
| **Total loans** | $ 12,174 | $ 10,773 | $ 5,037 | $ 5,736 | $ 1,195 | $ 10,752 | $ 52 |

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

| 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 |

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

At the time a loan is modified in a troubled debt restructuring, 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.

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 2012 and 2011 that subsequently re-defaulted during 2013 and 2012. One TDR totaling $101,714 was executed in 2013 and is not in default as of December 31, 2013. Of the eleven loans identified as TDRs, three loans totaling $170,219 were considered to be in default.

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

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.

**2013**

| (in 000's) | Balance at January 1 | TDRs paid off, reclassified, or written off | New TDRs in current year | Balance at December 31 |
|---|---|---|---|---|
| Housing: | | | | |
| Extended under forbearance | $ 7,239 | $ (1,821) | $ - | $ 5,418 |
| Multiple extensions resulting from financial difficulty | 140 | (140) | - | - |
| Commercial Real Estate: | | | | |
| Extended under forbearance | - | - | - | - |
| Community Facilities: | | | | |
| Extended under forbearance | - | - | 102 | 102 |
| Total | $ 7,379 | $ (1,961) | $ 102 | $ 5,520 |

**2012**

| (in 000's) | Balance at January 1 | TDRs paid off, reclassified, or written off | New TDRs in current year | Balance at December 31 |
|---|---|---|---|---|
| Housing: | | | | |
| Extended under forbearance | $ 2,218 | $ (629) | $ 5,650 | $ 7,239 |
| Multiple extensions resulting from financial difficulty | 233 | (233) | 140 | 140 |
| Commercial Real Estate: | | | | |
| Extended under forbearance | 849 | (849) | - | - |
| Community Facilities: | | | | |
| Extended under forbearance | - | - | - | - |
| Total | $ 3,300 | $ (1,711) | $ 5,790 | $ 7,379 |

### 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:

| 2013 | | | | | | |
|---|---|---|---|---|---|---|
| | TDRs in compliance and accruing interest | | TDRs not accruing interest | | Total | |
| (in 000's) | Balance | Count | Balance | Count | Balance | Count |
| Community Facilities: | | | | | | |
| Commercial Mortgages | $ - | - | $ 102 | 1 | $ 102 | 1 |
| Housing: | | | | | | |
| Commercial Mortgages | - | - | - | - | - | - |
| Construction, Pre-development and Acquisition | 82 | 1 | 5,336 | 9 | 5,418 | 10 |
| Total | $ 82 | 1 | $ 5,438 | 10 | $ 5,520 | 11 |

| 2012 | | | | | | |
|---|---|---|---|---|---|---|
| | TDRs in compliance and accruing interest | | TDRs not accruing interest | | Total | |
| (in 000's) | Balance | Count | Balance | Count | Balance | Count |
| Community Facilities: | | | | | | |
| Commercial Mortgages | $ - | - | $ - | - | $ - | - |
| 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 |

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

### Note 7. Allowance for Loan Losses

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

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

| | 2013 | | | | |
|---|---|---|---|---|---|
| (in 000's) | Housing | Commercial Real Estate | Healthy Food Retail | Community Facilities | Total |
| Beginning balance | $ 2,359 | $ 1,876 | $ 3,050 | $ 3,906 | $ 11,191 |
| Provision for possible loan and lease losses | | | | | |
| Unrestricted | (1,279) | 49 | 501 | 745 | 16 |
| Net reduction in permanently restricted net assets | 217 | - | - | 8 | 225 |
| Charge-offs | (217) | - | - | (8) | (225) |
| Recoveries | 221 | - | - | 52 | 273 |
| Provision and Net charge-offs | (1,058) | 49 | 501 | 797 | 289 |
| Ending balance | $ 1,301 | $ 1,925 | $ 3,551 | $ 4,703 | $ 11,480 |
| Period-end amount allocated to: | | | | | |
| *Loans individually evaluated for* impairment | $ 477 | $ - | $ 718 | $ - | $ 1,195 |
| *Loans collectively evaluated for impairment* | 824 | 1,925 | 2,833 | 4,703 | 10,285 |
| | $ 1,301 | $ 1,925 | $ 3,551 | $ 4,703 | $ 11,480 |
| Loans, ending balance: | | | | | |
| Loans individually evaluated for *impairment* | $ 9,803 | $ - | $ 868 | $ 102 | $ 10,773 |
| *Loans collectively evaluated for impairment* | 12,709 | 34,469 | 53,977 | 80,499 | 181,654 |
| Total | $ 22,512 | $ 34,469 | $ 54,845 | $ 80,601 | $ 192,427 |

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

| 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) | 848 | 892 | 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 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:

| | 2013 | 2012 |
|---|---|---|
| Limited Partnerships | | |
| New Markets Tax Credit Program | | |
| TRF NMTC Fund I, L.P. (dissolved August 3, 2012) | $ - | $ - |
| TRF NMTC Fund II, L.P. (dissolved June 21, 2012) | - | - |
| TRF NMTC Fund III, L.P. (dissolved July 25, 2013) | - | 991 |
| TRF NMTC Fund IV, L.P. | 3,860 | 3,867 |
| TRF NMTC Fund V, L.P. | - | - |
| TRF NMTC Fund VI, L.P. | 1,574 | 1,581 |
| TRF NMTC Fund VII, L.P. | 659 | 662 |
| TRF NMTC Fund VIII, L.P. | 886 | 890 |
| TRF NMTC Fund IX, L.P. | 737 | 740 |
| TRF NMTC Fund X, L.P. | 1,912 | 1,920 |
| TRF NMTC Fund XI, L.P. | 983 | 987 |
| TRF NMTC Fund XII, L.P. | 1,279 | 1,285 |
| TRF NMTC Fund XIII, L.P. | 1,019 | 1,023 |
| TRF NMTC Fund XIV, L.P. | 1,781 | 1,788 |
| TRF NMTC Fund XV, L.P. | 4,256 | 4,256 |
| TRF NMTC Fund XVI, L.P. | 1,911 | 1,920 |
| TRF NMTC Fund XVII, L.P. | 1,310 | 1,310 |
| TRF NMTC Fund XVIII, L.P. | 858 | 852 |
| TRF NMTC Fund XIX, L.P. | 801 | 800 |
| TRF NMTC Fund XX, L.P. | 923 | 923 |
| TRF NMTC Fund XXI, L.P. | 301 | 301 |
| TRF NMTC Fund XXII, L.P. | 952 | 950 |
| TRF NMTC Fund XXIII, L.P. | 1,260 | - |
| TRF NMTC Fund XXIV, L.P. | 600 | - |
| TRF NMTC Fund XXV, L.P. | 552 | - |
| TRF NMTC Fund XXVI, L.P. | 950 | - |
| TRF NMTC Fund XXVII, L.P. | 551 | - |
| TRF NMTC Fund XXVIII, L.P. | 600 | - |
| | 30,515 | 27,046 |
| New Markets Tax Credit Investment Funds | | |
| Chase NMTC TRF 2011 Investment Fund, LLC | 478 | 478 |
| Chase NMTC PHN Investment Fund, LLC | 338 | 340 |
| 481 Philabundance Investment Fund, LLC | 208 | 211 |
| Chase NMTC Liberty Heights Investment Fund, LLC | 450 | - |
| | 1,474 | 1,029 |
| Other | | |
| Charter School Capital Access Program, LLC (a) | 9,376 | 17,043 |
| Charter School Financing Partnership (b) | 96,201 | 74,731 |
| FSCLF Holding, LLC (c) | 273,818 | 288,891 |
| Octavia Hill Bel-Air Partners, L.P. (d) | - | - |
| Octavia Hill Chelten Partners, L.P. (e) | - | - |
| Pennsylvania Advanced Industrial Technology, L.P. (f) | - | 653,573 |
| Scotland Commons, LP (g) | 228 | - |
| HealthCo Participation LLC (h) | 500 | - |
| | 380,123 | 1,034,238 |
| Total investments in limited partnerships | 412,112 | 1,062,313 |
| Program Investments | | |
| The Community Development Trust | 250,000 | 85,750 |
| | $ 662,112 | $ 1,148,063 |

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

New Markets Tax Credit Program: During fiscal years 2013, 2012, 2010, 2009, 2007 and 2005, TRF received New Markets Tax Credit Program ("Program") allocations of $45,000,000, $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 U.S. 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 XXVIII, 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; 481 Philabundance Investment Fund, LLC and Chase NMTC Liberty Heights Investment Fund, LLC. The Organization does not consolidate these investment funds due to the rights granted to the investor members as defined in the respective operating agreements. The investor members' rights overcome the presumption of control of the managing member.

For administrative services performed for the NMTC Funds, the Organization earned revenue of $1,557,892 and $1,378,691 for the years ended December 31, 2013 and 2012, respectively. These amounts are included in asset management fees on the consolidated statement of activities. In connection with the formation of TRF NMTC Fund XXII, LP through TRF NMTC Fund XXVIII, LP, the Organization received fees of $2,089,375 for the year ended December 31, 2013. 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. The fees received as a result of NMTC fund formations are included in program services and fees on the consolidated statement of activities.

During 2013, TRF NMTC Fund III, LP was dissolved. During 2012, TRF NMTC Fund I, L.P. and TRF NMTC Fund II, L.P. were dissolved. In connection with the dissolution of TRF NMTC Fund, III, LP, the Organization received an exit fee of $1,000 for the year ended December 31, 2013. 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 consolidated statement of activities.

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

| | 2013 | | |
|---|---|---|---|
| | Total Assets | Total Liabilities | Net Income |
| TRF NMTC Fund I, L.P. | $ - | $ - | $ - |
| TRF NMTC Fund II, L.P. | - | - | - |
| TRF NMTC Fund III, L.P. | - | - | - |
| TRF NMTC Fund IV, L.P. | 37,962,920 | 396,666 | 1,291,283 |
| TRF NMTC Fund V, L.P. | 10,029,306 | - | 342,770 |
| TRF NMTC Fund VI, L.P. | 15,812,492 | 67,300 | 500,134 |
| TRF NMTC Fund VII, L.P. | 6,602,825 | 8,375 | 299,708 |
| TRF NMTC Fund VIII, L.P. | 8,920,695 | 60,203 | 112,146 |
| TRF NMTC Fund IX, L.P. | 7,370,063 | 3,125 | 48,237 |
| TRF NMTC Fund X, L.P. | 19,176,470 | 50,765 | 764,765 |
| TRF NMTC Fund XI, L.P. | 9,872,293 | 4 | 11,269 |
| TRF NMTC Fund XII, L.P. | 12,795,098 | 5,417 | 83,472 |
| TRF NMTC Fund XIII, L.P. | 10,195,563 | 4,292 | 456,348 |
| TRF NMTC Fund XIV, L.P. | 17,814,992 | 7,500 | 572,449 |
| TRF NMTC Fund XV, L.P. | 41,341,797 | 53,007 | 1,764,506 |
| TRF NMTC Fund XVI, L.P. | 19,126,671 | 8,051 | 382,436 |
| TRF NMTC Fund XVII, L.P. | 12,880,448 | 5,456 | 116,561 |
| TRF NMTC Fund XVIII, L.P. | 8,539,177 | 10,634 | 298,126 |
| TRF NMTC Fund XIX, L.P. | 8,009,173 | 3,373 | 50,173 |
| TRF NMTC Fund XX, L.P. | 9,236,603 | 3,839 | 229,976 |
| TRF NMTC Fund XXI, L.P. | 3,010,621 | 2,501 | 46,920 |
| TRF NMTC Fund XXII, L.P. | 9,526,178 | 3,997 | 174,089 |
| TRF NMTC Fund XXIII, L.P. | 12,621,000 | 15,625 | 124,950 |
| TRF NMTC Fund XXIV L.P. | 6,000,600 | - | - |
| TRF NMTC Fund XXV, L.P. | 5,528,095 | 3,590 | 23,954 |
| TRF NMTC Fund XXVI, L.P. | 9,502,066 | 1,055 | 1,683 |
| TRF NMTC Fund XXVII, L.P. | 5,510,033 | 2,979 | 6,504 |
| TRF NMTC Fund XXVIII, L.P. | 6,000,600 | - | - |
| Total | $ 313,385,779 | $ 717,754 | $ 7,702,459 |

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

New Markets Tax Credit Program (Continued):

| 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 |

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, 2013 and 2012, 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, 2013 and 2012, CCAP reported total assets of $5,680,934 and $6,442,922, respectively, total liabilities of $3,010,327 and $3,778,697, respectively, and members' equity of $2,670,607 and $2,664,225, respectively. CCAP reported net income of $6,382 and $649,899 for the years ended December 31, 2013 and 2012, 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, 2013 and 2012 was a loss of $7,667 and $8,106, 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, 2013 and 2012, CSFP reported total assets of $18,952,397 and $18,868,967, total liabilities of $4,139,373 and $6,693,811 and members’ equity of $14,813,024 and $12,175,156, respectively. CSFP reported net income of $185,513 and $458,628 for the years ended December 31, 2013 and 2012, respectively. TRF recorded an increase in equity earnings of $44,143 and $74,731 for the years ended December 31, 2013 and 2012, respectively. TRF received a return of capital of $22,673 for the year ended December 31, 2013.

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 $24,956 and $4,314 for the years ended December 31, 2013 and 2012, respectively. At December 31, 2013 and 2012, FSCLF reported total assets of $547,636 and $577,782, respectively, and members’ equity of $547,636 and $577,782, respectively. FSCLF reported a net loss of $33,930 and $8,628 for the years ended December 31, 2013 and 2012, respectively. TRF made additional partner contribution of $9,883 and $4,422 for the years ended December 31, 2013 and 2012, respectively.

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

Other (Continued):

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 81.91% of losses. TRF recorded a decrease in equity earnings of $0 and $7,253 for the years ended December 31, 2013 and 2012, respectively. At December 31, 2013 and 2012, Bel-Air reported total assets of $1,578,510 and $1,638,854, respectively, total liabilities of $1,668,011 and $1,685,753, respectively, and partners' deficit of $89,501 and $46,899, respectively. For the years ended December 31, 2013 and 2012, Bel-Air reported a net loss of $42,602 and $54,972, 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 96.28% of losses. TRF recorded a decrease in equity earnings of $0 and $50,509 for the periods ending December 31, 2013 and 2012, respectively. At December 31, 2013 and 2012, Chelten Arms reported total assets of $1,169,654 and $1,219,219, respectively, total liabilities of $1,226,442 and $1,236,226, respectively, and partners' deficit of $56,788 and $17,007, respectively. For the years ended December 31, 2013 and 2012, Chelten Arms reported a net loss of $39,781 and $61,911, 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 represented 90% of the total partnership at December 31, 2012. PAIT sold it's only remaining asset in 2013 and the partnership was terminated at December 31, 2013. Accordingly, TRF wrote off the investment. TRF recorded a decrease in equity earnings of $ 631,935 for the year ended December 31, 2013 and an increase in equity earnings of $8,177 for the year ended December 31, 2012. At December 31, 2013, TRF holds a receivable from PAIT of $24,725 from the sale of the asset which was recorded as a return of capital. Total committed capital to PAIT was $2,000,000, of which $1,981,770 and $1,978,683 had been called and paid through December 31, 2013 and 2012, respectively. These amounts included $3,087 and $1,870 paid in the years ended December 31, 2013 and 2012, respectively. At December 31, 2013 and 2012, PAIT reported total assets and partners' equity of $0 and $706,645, respectively. PAIT reported a net loss of $677,622 and $2,658 for the years ended December 31, 2013 and 2012, respectively.

g) Scotland Commons, L.P. ("Scotland Commons") is a limited partnership formed to acquire, finance, own, construct, rehabilitate, maintain, improve, operate, lease and, if appropriate or desirable, sell or otherwise dispose of an apartment complex in Gloucester County, New Jersey. TRF DP Scotland Commons, Inc. ("DP Scotland Commons") is a .005% co-general partner of Scotland Commons. The profits and losses are allocated among the partners in accordance with the partnership agreement. For the year ended December 31, 2013, DP Scotland Commons recorded equity earnings of $228. At December 31, 2013, Scotland Commons had total assets of $24,644,101, total liabilities of $9,830,838 and partners' equity of $14,813,263. Scotland Commons had a net loss of $539,270 for the year ended December 31, 2013.

h) HealthCo Participation LLC ("HealthCo") is a limited liability company formed in 2013 as a financing vehicle to provide indirect facility financing for federally qualified healthcare centers ("FQHCs"). TRF is one of three equal members at 33.33%. Under the limited liability company agreement, any income or expense of HealthCo is shared equally by the three members. At December 31, 2013, TRF has $500 capital contributed. At December 31, HealthCo reported total assets of $1,501,500, total liabilities of $1,500,000 and members' equity of $1,500. HealthCo reported no income or loss for the year ended December 31, 2013.

Program investments of $250,000 and $85,750 at December 31, 2013 and 2012, 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 was 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. At December 31, 2013, the partnership was terminated. The fair value of the Organization's investment in UGP was $0 and $166,664 at December 31, 2013 and 2012, respectively.

Private equity investments at December 31 at estimated fair value consisted of the following:

| 2013 | Balance at December 31, 2012 | Purchases & Capitalized Interest | Proceeds/ Repayments | Valuation Adjustments | Balance at December 31, 2013 |
|---|---|---|---|---|---|
| MidAtlanticBroadband, Inc. (a) | $ 1,300,000 | $ - | $ (1,300,000) | $ - | $ - |
| Ricochet Manufacturing | | | | | |
| Company, Inc. (b) | 26,750 | - | (20,000) | (6,750) | - |
| Sun & Earth, LLC (c) | 26,750 | - | (20,000) | (6,750) | - |
| | $ 1,353,500 | $ - | $ (1,340,000) | $ (13,500) | $ - |

| 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 |

a) MidAtlanticBroadband, Inc. ("MABB"), located in Baltimore, MD, is a facilities-based provider of telecommunication services. The investment at December 31, 2012 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 was $0 at December 31, 2012. MABB had the option to pay additional interest to UGP in the amount of $1,300,000 to cancel these warrants until September 31, 2013. During 2013, MABB canceled the warrants, and UGP received cash in the amount of $1,300,000, the value of the warrants at December 31, 2012. UGP recorded interest income totaling $0 and $1,148,457 for the years ended December 31, 2013 and 2012, respectively.

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, the investment was comprised of a subordinated promissory note with a principal balance of $146,000. The note was sold during 2013 resulting in a realized loss of $126,000. UGP, L.P. recorded a change in unrealized appreciation (depreciation) of investments of $119,250 and ($19,250) in December 31, 2013 and 2012, respectively.

c) Sun & Earth, LLC, located in Norristown, PA, manufactures the leading brand of all-natural cleaning products. The Sun & Earth brand included six different liquid cleaning product categories. As of December 31, 2012, the investment was comprised of a subordinated promissory note with a principal balance of $146,000. The note was sold during 2013 resulting in a realized loss of $126,000. UGP, L.P. recorded a change in unrealized appreciation (depreciation) of investments of $119,250 and ($19,250) in December 31, 2013 and 2012, respectively.

### Note 10. Equipment, Leasehold Improvements and Software, Net

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

| | 2013 | 2012 |
|---|---|---|
| Office furniture, equipment and software | $ 1,782,658 | $ 1,962,658 |
| Leasehold improvements | 1,045,593 | 1,106,260 |
| Software development | 5,057,418 | 4,370,168 |
| Accumulated depreciation | (5,037,499) | (4,242,510) |
| | $ 2,848,170 | $ 3,196,576 |

Depreciation and amortization expense of $1,822,031 and $1,323,629 which includes depreciation of $681,389 and $161,608 for rental property was recorded for the years ended December 31, 2013 and 2012, respectively.

### Note 11. Property Held for Development or Sale

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

| | 2013 | 2012 |
|---|---|---|
| Property under construction: | | |
| Baltimore | $ 5,965,326 | $ 3,329,957 |
| Neptune | 2,581,647 | 2,838,240 |
| Wilmington | - | 107,410 |
| Jersey City | 4,793,231 | 394,686 |
| | 13,340,204 | 6,670,293 |
| Property held for sale: | | |
| Baltimore | 169,917 | 388,866 |
| Neptune | 690,128 | 523,896 |
| | 860,045 | 912,762 |
| **Total** | $ 14,200,249 | $ 7,583,055 |

The locations for property held for development or sale 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. Rental Property, Net

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

| | 2013 | 2012 |
|---|---|---|
| Baltimore | $ 11,374,399 | $ 8,147,514 |
| Wilmington | 6,384,200 | - |
| | $ 17,758,599 | $ 8,147,514 |

The locations for rental property include Preston Place, City Arts and East Side, located in Baltimore, MD; and Buford Manlove, located in Wilmington, DE.

### Note 13. Other Real Estate Held for Sale

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

| | 2013 | 2012 |
|---|---|---|
| Reinvest I (a) | $ - | $ - |
| Reinvest II (b) | - | 2,100,000 |
| Reinvest III (c) | - | 9,140,000 |
| Reinvest IV (d) | - | 90,000 |
| | $ - | $ 11,330,000 |

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 in 2012. This loss is included in lending and community investing under program and general expenses on the consolidated statement of activities.

b) Reinvest II held title to a commercial property that houses a charter school in 2013 and 2012. The property was sold on September 11, 2013 for $2,100,000. This resulted in forgiveness of debt income of $2,310,093 of which $1,198,101 was forgiven by TRF and eliminated in consolidation. The remaining $1,111,992 was included in program lending and community investing on the consolidated statement of activities. The related notes payable were $0 and $5,329,863 as of December 31, 2013 and 2012, respectively. The property generated net rental income of approximately $108,000 and $245,000 for the years ended December 31, 2013 and 2012, respectively, which is included in other income on the consolidated statement of activities. Reinvest II recorded an impairment write-down of $2,304,991 as of December 31, 2012, of which $1,195,829 was included in program lending and community investing on the consolidated statement of activities. This loan was enhanced by funding from Credit Enhancement for Charter School Facilities Program under US ED. Accordingly, in May 2013 TRF drew down $1,195,829 from the grant reserve account. The remaining $1,109,162 was included in other assets on the consolidated statement of position as due from participants at December 31, 2012. At December 31, 2012 the amount due from a third party guarantee was $984,558. During 2013, $1,000,000 was received relating to this guarantee.

c) Reinvest III held title to a property, including a 60 room hotel, 14,000 square feet of retail space and 57 residential apartment units. The property was sold for $10,000,000 by assignment of debt to the purchaser on February 8, 2013 realizing a gain of $139,892 which is included in program services and fees on the consolidated statement of activities. Notes payable were $0 and $9,991,069 as of December 31, 2013 and 2012, respectively. The property generated revenue from the hotel and rental operations totaling approximately $133,000 and $2,051,000 for the years ended December 31, 2013 and 2012, respectively, which is included in other income on the consolidated statement of activities. The operating expense totaling approximately $274,400 and $2,051,000, for the years ended December 31, 2013 and 2012, respectively, is included in lending and community investing under program and general expenses on the consolidated statement of activities.

d) Reinvest IV held title to a commercial property. The property was sold for $250,000 on October 23, 2013 resulting in a gain of $160,000 which is included in program services and fees on the consolidated statement of activities. The property generated rental income of approximately $12,000 and $11,000 for the years ended December 31, 2013 and 2012, respectively, which is included in other income on the consolidated 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 consolidated statement of activities.

### Note 14. Loans Payable

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

| | 2013 | | |
|---|---|---|---|
| Lender | Balance | Maturity Date | Interest rate |
| **Government** | | | |
| *Government* | | | |
| MD DHCD | $ 1,845,000 | 2/2018 - 12/2028 | 0.0% - 2.0% |
| NJEDA | 1,320,000 | 12/2019 | 2.0% |
| Small Business Lending Fund ("SBLF") | 11,708,000 | 09/2019 | 2.0% |
| Other fixed rate | 7,457,673 | 02/2014 - 3/2028 | 0.0% - 4.0% |
| Total | 22,330,673 | | |
| **Financial institutions, partnerships, and corporations** | | | |
| *Financial Institutions & Partnerships* | | | |
| NMTC Program activities | | | |
| Bank of America | 12,007,600 | 03/2014 - 11/2015 | 1.5% - 4.92% |
| TRF NMTC Fund X, LP | 10,876,701 | 09/2016 - 12/2016 | 5.75% |
| JPMC | 10,000,000 | 02/2015 - 10/2016 | 1.0% - 4.44% |
| PNC | 11,519,317 | 08/2016 - 02/2019 | 2.0% - 7.15% |
| Capital One | 10,482,617 | 12/2018 | 3.5% |
| Other fixed rate | 26,102,728 | 02/2014 - 01/2028 | 0.0% - 5.75% |
| Other variable rate | 5,913,200 | 08/2014 - 12/2016 | 1.42% - 2.44% |
| *Corporations* | | | |
| Prudential | 5,000,000 | 07/2019 | 5.0% |
| Other fixed rate | 626,163 | 12/2013 - 12/2020 | 0.0% - 3.75% |
| Total | 92,528,326 | | |
| **Foundations, religious, and civic organizations** | | | |
| *Foundation* | | | |
| Calvert Social Investment Fund | 6,000,000 | 06/2020 | 2.75% |
| Robert Wood Johnson Foundation | 3,700,000 | 06/2022 | 2.0% |
| Other fixed rate | 14,900,501 | 12/2013 - 12/2021 | 0.0% - 4.5% |
| *Religious* | | | |
| Catholic Health Initiatives | 2,110,000 | 03/2018 | 2.25% |
| Other fixed rate | 7,218,626 | 12/2013 - 12/2025 | 0.0% - 4.5% |
| *Civic* | | | |
| Great Lakes Capital Fund | 4,186,782 | 10/2023 | 5.75% |
| Opportunity Finance Network | 4,000,000 | 03/2014 - 12/2020 | 4.0% - 5.5% |
| Other fixed rate | 1,425,755 | 12/2013 - 06/2018 | 1.25% - 3.5% |
| Total | 43,541,664 | | |
| **Individuals** | | | |
| *Individuals* | 6,617,194 | 12/2013 - 12/2042 | 0.0% - 5.75% |
| Total loans payable | 165,017,857 | | |
| Less: Current portion | 30,496,525 | | |
| Long-term portion | $ 134,521,332 | | |

**Note 14. Loans Payable (Continued)**

| | 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 | 06/2022 | 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 | | |

The Organization had 878 issuances of debt at December 31, 2013 and 2012. The Organization's variable rate loans have base rates of Prime rate, 30 day LIBOR rate, 90 day LIBOR rate, 30 day U.S. Treasury rate and 12 month LIBOR rate. The Prime rate was 3.25% at December 31, 2013 and 2012. The 90 day LIBOR Rate was 0.25% and 0.31% at December 31, 2013 and 2012, respectively. The 30 day LIBOR rate was 0.17% and 0.21% at December 31, 2013 and 2012, respectively. The 12 month LIBOR rate was 0.58% and 0.84% at December 31, 2013 and 2012, respectively. The 30 day U.S. Treasury rate was .01% and .02% at December 31, 203 and 2012, respectively.

**Note 14. Loans Payable (Continued)**

At December 31, 2013, 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, 2013, 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 2028. 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. In 2013, the NJHMFA loan is included in the Government-other fixed rate loans mentioned below.

SBLF – 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.

Other Government – Other fixed rate loans of $7,457,673 consisted of ten loans ranging in amounts from $62,500 to $1,834,139 at December 31, 2013. Other fixed and variable loans of $2,193,983 consist of five loans ranging in amounts from $116,000 to $750,000 at December 31, 2012.

**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, 2013 and 2012, the loans payable are secured by their prospective loans receivable of approximately $2,721,953 and $3,809,317, respectively. In 2013, these loans are included in Financial institutions, Partnerships and Corporations other fixed and variable rate loans.

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

An interim lender commitment existed with JPMC of $5,000,000 at December 31, 2012, which expired on June 28, 2013. As of December 31, 2013, the interim loan commitment to JPMC was terminated. No amounts were outstanding under this commitment as of December 31, 2013 and 2012.

Syndicated lender commitments at December 31, 2012 with eight banks which would have expired on June 30, 2016 was terminated as of December 31, 2013. The aggregate amount of these commitments as of December 31, 2013 and 2012 is $0 and $15,000,000, respectively.

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

NMTC Program Activities:

In connection with its NMTC program activities, TRF has borrowings totaling approximately $32,884,000 whose proceeds were used to finance NMTC eligible loans and NMTC leverage loans with balances outstanding of approximately $13,239,000 and $16,896,000, respectively. As a condition of the program, TRF has assigned to the lenders a lien on a security interest in all of TRF's rights, title and interest to the related loans receivable.

**Note 14. Loans Payable (Continued)**

The following are NMTC loans that are secured by their prospective loans receivable:

Bank of America – TRF has a loan payable with Bank of America originated as a pass-through loan to TC-TRF QEI, LLC ("borrower") in support of TRF's NMTC program. As of December 31, 2013 and 2012, the loans payable were approximately $7,027,000, secured by loans receivable of approximately $6,020,000 and $6,554,000, respectively. TRF also has three NMTC eligible loans payable to Bank of America as of December 31, 2013 and 2012 in the amount of approximately $4,981,000 and $13,573,000, respectively, secured by their prospective loans receivable of approximately $4,980,000 and $13,573,000, 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, 2013 and 2012, 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 was secured by the property and an assignment of rents and leases. The original loan bore interest at a fixed rate of 6.54% and matured on September 21, 2014, at which point all outstanding principal and interest was due. The outstanding balance of the loan at December 31, 2013 and 2012 was $0 and $9,991,069, respectively. This loan was settled upon the sale of the property on February 8, 2013.

JPMC – TRF has 3 NMTC eligible loans payable to JPMC as of December 31, 2013 and 2012 in the amount of $10,000,000, secured by their prospective loans receivable of approximately $8,259,000 and $8,513,000 respectively. The difference in loans receivable and payable are attributed to borrower principal repayments made and held in NMTC eligible program specific bank accounts until program restrictions allow for pay-down of loans payable back to JPMC.

Financial Institutions – Other fixed and variable rate loans of approximately $32,016,000 consists of 47 loans payable ranging in amount from $9,700 to $10,482,617 at December 31, 2013 and 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.

Corporations – The Organization has 16 fixed rate loans ranging from $1,000 to $5,000,000 at December 31, 2013 and 18 fixed rate loans ranging from $873,494 to $5,000,000 and two variable rate loans ranging from $100,000 to $250,000 at December 31, 2012.

**Foundations, Religious and Civic debt includes the following:**

Foundations – The Organization has 35 fixed rate loans with foundations ranging in amount from $1,000 to $6,000,000 at December 31, 2013 and 24 fixed rate loans and seven variable rate loans with foundations ranging in amount from $1,000 to $3,325,000 at December 31, 2012.

Religious – The Organization has 111 fixed rate loans with religious organizations ranging in amount from $1,000 to $2,110,000 at December 31, 2013 and 112 fixed rate loans and three variable rate loans with religious organizations ranging in amount from $1,000 to $2,110,000 at December 31, 2012.

Civic – The Organization has 19 fixed rate loans with civic organizations ranging in amount from $1,000 to $4,186,782 at December 31, 2013 and 20 fixed rate loans and two variable rate loans with civic organizations ranging in amount from $1,000 to $1,650,000 at December 31, 2012.

**Individuals** – The Organization has 537 and 549 fixed rate loans with individuals at December 31, 2013 and 2012, 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, 2013 and 2012, the Organization was in compliance with all of its financial covenants.

**Note 14. Loans Payable (Continued)**

Aggregate maturities for loans payable at December 31, 2013 are as follows:

| | |
|---|---|
| 2014 | $ 30,496,525 |
| 2015 | 13,937,000 |
| 2016 | 32,676,394 |
| 2017 | 9,086,414 |
| 2018 | 28,515,878 |
| Thereafter | 50,305,646 |
| | $ 165,017,857 |

As of December 31, 2013, the Organization has available undrawn debt facilities of approximately:

| Lender | Total Debt Facility | Debt Facility Type | Available undrawn at December 31, 2013 |
|---|---|---|---|
| JP Morgan Chase (agent) | $ 20,000,000 | Syndicated bank revolving line of credit | $ 16,600,000 |
| Robert Wood Johnson | 10,000,000 | Non-revolving line of credit | 6,300,000 |
| Bank of America | 7,500,000 | Non-revolving line of credit | 5,380,700 |
| Bank of America | 7,000,000 | Non-revolving line of credit | 4,000,000 |
| Annie Casey | 5,000,000 | Revolving line of credit | 3,059,367 |
| Citibank | 3,122,153 | Non-revolving line of credit | 339,696 |
| NJEDA | 3,000,000 | Non-revolving line of credit | 2,430,000 |
| Living Cities | 3,000,000 | Non-revolving line of credit | 2,000,000 |
| Kresge | 3,000,000 | Non-revolving line of credit | 1,500,000 |
| NJHMFA | 1,205,659 | Revolving line of credit | 1,205,659 |
| DSHA HOME | 1,150,000 | Non-revolving line of credit | 174,633 |
| NJEDA | 1,000,000 | Non-revolving line of credit | 250,000 |
| DSHA | 950,000 | Non-revolving line of credit | 195,399 |
| Osprey | 500,000 | Non-revolving line of credit | 250,000 |
| NJHMFA | 500,000 | Choice subsidy (non-revolving line of credit) | 500,000 |
| City of Jersey City | 3,033,000 | Non-revolving line of credit | 678,649 |
| | $ 69,960,812 | | $ 44,864,103 |

**Note 15. 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"). TRF received drawdowns totaling $7,847,608 upon the execution of the awarded grant agreements in 2011. 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. TRF funded and committed loan loss reserves to eligible projects totaling $2,093,878 and $1,384,013, respectively, for the years ended December 31, 2013 and 2012. The consolidated statement of financial position reflect a recoverable grant payable in the amount of $4,369,717 and $6,463,595 for the years ended December 2013 and 2012, respectively.

**Note 16. Net Assets**

Unrestricted Net Assets: Unrestricted net assets include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or by board designation. At December 31, 2013 and 2012, unrestricted net assets were $31,482,854 and $23,244,590, respectively. At December 31, 2013 and 2012, unrestricted net assets of $9,202,855 and $9,775,996, respectively, were contractually limited as to use by SDF. At December 31, 2013 and 2012, unrestricted net assets of $3,710,815 and $1,498,765, respectively, represented non-controlling interest which is the equity interests in consolidated subsidiaries, exclusive of any of TRF's limited partner interests.

## Note 16. Net Assets (Continued)

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

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

| 2013 | 12/31/2012 | Grants & Contributions | Net Assets Released | Reclassification of Releases | Reclassification to Permanently Restricted | Net Financial Income (Loss) | 12/31/2013 |
|---|---|---|---|---|---|---|---|
| Temporarily Restricted | | | | | | | |
| Programs | | | | | | | |
| *SDF - Contractually limited as to use* | $ 827,782 | $ - | $ (11,797) | $ (277,216) | $ - | $ - | $ 538,769 |
| *Policy solutions* | 14,581 | 309,546 | (119,227) | - | - | - | 204,900 |
| *PolicyMap* | 1,995,404 | 607,000 | (1,916,917) | - | - | - | 685,487 |
| *Lending* | 2,550,861 | 733,000 | (1,529,480) | - | - | 376,545 | 2,130,926 |
| *Development partners* | 50,000 | 150,000 | (187,500) | - | - | - | 12,500 |
| *Other* | 303,385 | - | (106,195) | - | - | 1,942 | 199,132 |
| | 5,742,013 | 1,799,546 | (3,871,116) | (277,216) | - | 378,487 | 3,771,714 |
| Financing | | | | | | | |
| *Lending* | 24,626,484 | 12,460,109 | (4,411,000) | - | - | 41,121 | 32,716,714 |
| *Real Estate* | 4,240,209 | 1,150,000 | (1,042,761) | - | - | - | 4,347,448 |
| | 28,866,693 | 13,610,109 | (5,453,761) | - | - | 41,121 | 37,064,162 |
| Re-granting | 3,231,434 | 1,600,000 | (1,997,427) | 277,216 | - | - | 3,111,223 |
| Total temporarily restricted | $ 37,840,140 | $ 17,009,655 | $ (11,322,304) | $ - | $ - | $ 419,608 | $ 43,947,099 |

| 2012 | 12/31/2011 | Grants & Contributions | Net Assets Released | Reclassification of Releases | Reclassification to Permanently Restricted | Net Financial Income (Loss) | 12/31/2012 |
|---|---|---|---|---|---|---|---|
| Temporarily Restricted | | | | | | | |
| Programs | | | | | | | |
| *SDF - Contractually limited as to use* | $ 882,519 | $ - | $ (14,778) | $ (39,959) | $ - | $ - | $ 827,782 |
| *Policy solutions* | 141,668 | 25,000 | (152,087) | - | - | - | 14,581 |
| *PolicyMap* | 1,568,607 | 957,000 | (530,203) | - | - | - | 1,995,404 |
| *Lending* | 1,888,595 | 2,949,810 | (2,295,353) | - | (224,000) | 231,809 | 2,550,861 |
| *Development partners* | - | 150,000 | (100,000) | - | - | - | 50,000 |
| *Other* | 491,674 | - | (191,094) | - | - | 2,805 | 303,385 |
| | 4,973,063 | 4,081,810 | (3,283,515) | (39,959) | (224,000) | 234,614 | 5,742,013 |
| Financing | | | | | | | |
| *Lending* | 23,106,596 | 7,206,819 | (5,764,916) | - | - | 77,985 | 24,626,484 |
| *Real Estate* | 2,250,000 | 2,750,000 | (759,791) | - | - | - | 4,240,209 |
| | 25,356,596 | 9,956,819 | (6,524,707) | - | - | 77,985 | 28,866,693 |
| Re-granting | 3,932,790 | - | (741,315) | 39,959 | | | 3,231,434 |
| Total temporarily restricted | $ 34,262,449 | $ 14,038,629 | $ (10,549,537) | $ - | $ (224,000) | $ 312,599 | $ 37,840,140 |

Temporarily restricted net assets for Financing-Lending includes $20,698,627 and $14,679,627 from US ED for the years ended December 31, 2013 and 2012, respectively. These funds are to be used to provide credit enhancement (loan losses) for charter schools.

Permanently Restricted Net Assets: 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.

The decrease in permanently restricted net assets represents charges-offs in the revolving loan fund totaling $225,471 and $1,412,132 for the years ended December 31, 2013 and 2012, respectively.

In 2012, the Organization received a grant of $649,374 from Department of Health & Human Services in support of the HFFI revolving loan fund.

## Note 16. Net Assets (Continued)

In 2012, reclassification of funds from temporary restricted to permanently restricted net assets included $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.

In 2012, redesignation of restrictions from permanently restricted to unrestricted net assets included $2,915,000 in grants from The PEW Charitable Trust. 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 17. Program Services and Fees

Program services and fees consist of the following:

| | 2013 | 2012 |
|---|---|---|
| Gross sales of residential properties | $ 4,314,220 | $ 1,375,590 |
| Cost of sales of residential properties | (3,518,161) | (1,246,540) |
| NMTC fees | 2,090,375 | 2,745,861 |
| Technical assistance fees | 1,714,735 | 1,753,071 |
| Net rental income | 837,127 | 548,846 |
| Other | 808,233 | 816,285 |
| | $ 6,246,529 | $ 5,993,113 |

## Note 18. 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,s 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.

**Note 18. Sustainable Development Fund (Continued)**

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 periods ended December 31, 2013 and 2012, net assets released from restriction for SDF totaled $289,013 and $54,737, respectively. SDF did not incur any fundraising expenses.

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

**Note 19. Fundraising Expenses**

The management and general category includes fundraising expenses, which are approximately $27,000 and $26,000 for the years ended December 31, 2013 and 2012, respectively.

**Note 20. Commitments and Contingencies**

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

| | |
|---|---|
| 2014 | $ 635,035 |
| 2015 | 554,641 |
| 2016 | 564,992 |
| 2017 | 575,343 |
| 2018 | 585,694 |
| Thereafter | 4,665,713 |
| | $ 7,581,418 |

Rent expense, net of subleases, was $649,894 and $618,534 for the years ended December 31, 2013 and 2012, respectively.

At December 31, 2013, SDF had $248,610 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, 2013, the Organization had approximately $23,200,000 of loans closed but not yet disbursed and $23,000,000 of loan commitments, net of participations. Loan commitments represent arrangements to lend funds at specified interest rates and contain fixed expiration dates or other termination clauses.

At December 31, 2013, TRF had unconditional outstanding letters of credit totaling $2,559,360. These letters of credit have maturity dates ranging from February 2014 to July 2015.

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, 2013, the balance of the guarantee was $4,840,750.

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

## Note 21. 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 2013 and 2012 plans provided for a discretionary match of 100% of employees' contributions for the first 3% of compensation plus a 50% match on deferrals in excess of 3% but not to exceed 5% of employees' compensation. The Organization contributed $249,759 and $226,225 for the years ended December 31, 2013 and 2012, respectively.

## Note 22. 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*

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

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

Private equity investments: 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.

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

| 2013 | Total | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| Investments in marketable securities: | | | | |
| Debt and Mortgage-backed securities: | | | | |
| Federal Farm Credit Bank | $ 2,772,675 | $ - | $ 2,772,675 | $ - |
| Federal Home Loan Bank | 2,962,010 | - | 2,962,010 | - |
| Federal Home Loan Mortgage Company | 5,699,272 | - | 5,699,272 | - |
| Federal National Mortgage Association | 9,325,803 | 1,796,957 | 7,528,846 | - |
| U.S. Treasury Notes and Bills | 4,945,085 | 4,945,085 | - | - |
| Corporate debt securities | 9,739,600 | 5,446,750 | 4,292,850 | - |
| Program investments | 250,000 | - | - | 250,000 |
| Total assets | $ 35,694,445 | $ 12,188,792 | $ 23,255,653 | $ 250,000 |

**Note 22. Fair Value Measurements (Continued)**

*Fair Value on a Recurring Basis (Continued)*

| 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 |

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

| 2013 | Program Investments | Private Equity Investments | Total |
|---|---|---|---|
| Balance, January 1 | $ 85,750 | $ 1,353,500 | $ 1,439,250 |
| Net realized and unrealized gains/(losses) included in change in net assets | 181,250 | (13,500) | 167,750 |
| Payments received on debt investments and warrants | - | (1,340,000) | (1,340,000) |
| Return of capital | (17,000) | - | (17,000) |
| Balance, December 31 | $ 250,000 | $ - | $ 250,000 |

| 2012 | Program Investments | Private Equity Investments | Total |
|---|---|---|---|
| Balance, January 1 | $ 102,750 | $ 4,902,131 | $ 5,004,881 |
| Net realized and unrealized gains/(losses) 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 |

**Note 22. Fair Value Measurements (Continued)**

*Fair Value on a Recurring Basis (Continued)*

The net gains (losses) in Level 3, realized and unrealized, above are reported in the consolidated statement of activities as follows:

| 2013 | Program Investments | Private Equity Investments |
|---|---|---|
| Total realized gains (losses) included in net gains above | $ - | $ 1,048,000 |
| Change in unrealized gains (losses) relating to assets still held at December 31, 2013 | $ 181,250 | $ - |

| 2012 | 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 |

*Fair Value on a Nonrecurring Basis*

Impaired loans: The fair value of impaired loans is determined based on the loan's observable market price or the fair value of the collateral if the loan is collateral dependent. The valuation allowance for impaired loans is included in the allowance for losses in the consolidated statement of financial position. The valuation allowance for impaired loans at December 31, 2013 and 2012 was $1,195,017 and $783,152, 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, 2013 and 2012 was $417,690 and $417,867, 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.

**Note 22. Fair Value Measurements (Continued)**

*Fair Value on a Nonrecurring Basis (Continued)*

| | 2013 | | | |
|---|---|---|---|---|
| | Total | Level 1 | Level 2 | Level 3 |
| Impaired loans, net of specific reserves of $1,195,017 | $ 9,578,077 | $ - | $ - | $ 9,578,077 |
| Property held for development or sale, net of specific reserve of $417,690 | 14,200,429 | - | - | 14,200,429 |
| Other real estate held for sale | - | - | - | - |
| | $ 23,778,506 | $ - | $ - | $ 23,778,506 |

| | 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 |

**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, cash equivalents and certificate of deposit: 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.

> 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.

## Note 22. Fair Value Measurements (Continued)

**Fair Value of Financial Instruments (Continued)**

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.

| | 2013 | | 2012 | |
|---|---|---|---|---|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Assets | | | | |
| Cash and cash equivalents | $ 15,702,545 | $ 15,702,545 | $ 12,313,168 | $ 12,313,168 |
| Investments in marketable securities | 35,444,445 | 35,444,445 | 41,127,740 | 41,127,740 |
| Program investments | 250,000 | 250,000 | 85,750 | 85,750 |
| Loans and leases, less allowance for losses | 180,946,959 | 180,836,994 | 169,314,399 | 169,160,218 |
| Private equity investments | - | - | 1,353,500 | 1,353,500 |
| Total Assets | $ 232,343,949 | $ 232,233,984 | $ 224,194,557 | $ 224,040,376 |
| Liabilities | | | | |
| Loans payable | $ 165,017,857 | $ 165,691,475 | $ 156,325,050 | $ 158,660,496 |

## Note 23. Subsequent Events

The Organization's management has evaluated subsequent events through April 25, 2014, the date the financial statements were issued and has determined that no recognized or non-recognized subsequent events 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, 2013 and 2012, and have issued our report thereon, dated April 25, 2014, 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 consolidating and other supplementary information is presented for purposes of additional analysis rather than to present the financial position and activities of individual entities 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 25, 2014



Member of the RSM International network of independent accounting, tax and consulting firms.

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

**Consolidating Statement of Financial Position**
**December 31, 2013**

| | 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, cash equivalents and certificate of deposit | $ 12,789,131 | $ - | $ 437,927 | $ 64,830 | $ 62,113 | $ 2,269,560 | $ - | $ - | $ - | $ - | $ - | $ 78,984 | $ - | $ 15,702,545 | $ - | $ 15,702,545 |
| Grants and contributions receivable | 13,543,568 | - | - | - | - | - | - | - | - | - | - | - | - | 13,543,568 | - | 13,543,568 |
| Investments in marketable securities | 21,380,816 | - | - | - | - | - | - | - | - | - | - | - | - | 21,380,816 | 5,004,597 | 16,376,219 |
| Accounts receivable - related parties | 68,234 | - | - | - | - | - | 22,523 | 100 | 100 | 100 | 100 | - | (91,157) | - | - | - |
| Loans and leases | 68,852,604 | - | - | 119,998 | - | - | - | - | - | - | - | - | (127,509) | 68,845,093 | 555,474 | 68,289,619 |
| Allowance for losses | (4,157,836) | - | - | (3,263) | - | - | - | - | - | - | - | - | 12,751 | (4,148,348) | (33,556) | (4,114,792) |
| Other | 2,567,067 | - | 12,738 | (126) | 352,386 | 1,595,575 | - | - | - | - | - | 6,320 | 504 | 4,534,464 | 36,398 | 4,498,066 |
| Restricted cash, cash equivalents and certificate of deposit | 34,041,069 | - | - | - | 59,330 | 2,243,350 | - | - | - | - | - | - | - | 36,343,749 | 1,530,972 | 34,812,777 |
| | 149,084,653 | - | 450,665 | 181,439 | 473,829 | 6,108,485 | 22,523 | 100 | 100 | 100 | 100 | 85,304 | (205,411) | 156,201,887 | 7,093,885 | 149,108,002 |
| Noncurrent Assets | | | | | | | | | | | | | | | | |
| Grants and contributions receivable | 352,502 | - | - | - | - | - | - | - | - | - | - | - | - | 352,502 | - | 352,502 |
| Investments in marketable securities | 14,063,629 | - | - | - | - | - | - | - | - | - | - | - | - | 14,063,629 | 2,181,832 | 11,881,797 |
| Due from related parties | 939,913 | - | - | - | - | - | - | - | - | - | - | - | (939,913) | - | - | - |
| Loans and leases | 124,018,831 | - | - | 57,627 | - | 1,100,000 | - | - | - | - | - | - | (1,595,000) | 123,581,458 | 576,511 | 123,004,947 |
| Allowance for losses | (7,489,177) | - | - | (1,567) | - | - | - | - | - | - | - | - | 159,500 | (7,331,244) | (34,827) | (7,296,417) |
| Investments in limited partnerships and program investments | 533,694 | - | - | - | 30,515 | 228 | 96,201 | - | - | - | - | 1,474 | - | 662,112 | - | 662,112 |
| Equipment, leasehold improvements and software, net | 2,842,803 | - | - | - | - | 5,367 | - | - | - | - | - | - | | 2,848,170 | - | 2,848,170 |
| Investments in consolidated subsidiaries | 1,467,209 | - | - | - | - | - | - | - | - | - | - | - | (1,467,209) | - | - | - |
| Other real estate held for sale | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Property held for development or sale, net | - | - | - | - | - | 13,950,249 | - | - | - | - | - | - | 250,000 | 14,200,249 | - | 14,200,249 |
| Rental property, net | - | - | - | - | - | 17,758,599 | - | - | - | - | - | - | - | 17,758,599 | - | 17,758,599 |
| Other | 55,993 | - | - | - | - | 2,007,264 | - | - | - | - | - | - | - | 2,063,257 | - | 2,063,257 |
| | 136,785,397 | - | - | 56,060 | 30,515 | 34,821,707 | 96,201 | - | - | - | - | 1,474 | (3,592,622) | 168,198,732 | 2,723,516 | 165,475,216 |
| **Total Assets** | $ 285,870,050 | $ - | $ 450,665 | $ 237,499 | $ 504,344 | $ 40,930,192 | $ 118,724 | $ 100 | $ 100 | $ 100 | $ 100 | $ 86,778 | $ (3,798,033) | $ 324,400,619 | $ 9,817,401 | $ 314,583,218 |
| **Liabilities and Net Assets** | | | | | | | | | | | | | | | | |
| Current Liabilities | | | | | | | | | | | | | | | | |
| Accounts payable and accrued expenses | $ 1,523,958 | $ - | $ 23,570 | $ - | $ - | $ 1,004,528 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 2,552,056 | $ 17,474 | $ 2,534,582 |
| Escrow payable and due to third parties | 9,618,998 | - | - | - | 59,260 | 95,968 | - | - | - | - | - | - | - | 9,774,226 | 41,972 | 9,732,254 |
| Accounts payable - related parties | 61,631 | - | - | 1,192 | 28,333 | - | - | - | - | - | - | - | (91,156) | - | 16,331 | (16,331) |
| Deferred revenue | 292,510 | - | - | - | - | 2,628,086 | - | - | - | - | - | - | - | 2,920,596 | - | 2,920,596 |
| Other | 659,462 | - | - | 1 | - | 14,875 | - | - | - | - | - | - | (1) | 674,337 | - | 674,337 |
| Recoverable grant payable | 4,369,717 | - | - | - | - | - | - | - | - | - | - | - | - | 4,369,717 | - | 4,369,717 |
| Loans payable, current portion | 29,291,171 | - | - | 127,509 | - | 1,205,354 | - | - | - | - | - | - | (127,509) | 30,496,525 | - | 30,496,525 |
| | 45,817,447 | - | 23,570 | 128,702 | 87,593 | 4,948,811 | - | - | - | - | - | - | (218,666) | 50,787,457 | 75,777 | 50,711,680 |
| Noncurrent Liabilities | | | | | | | | | | | | | | | | |
| Due to related parties | - | - | 314,356 | - | - | 625,557 | - | - | - | - | - | - | (939,913) | - | - | - |
| Loans payable, less current maturities | 97,272,528 | - | - | - | - | 26,135,804 | - | - | - | - | - | - | (1,595,000) | 121,813,332 | - | 121,813,332 |
| Loans payable, EQ2 | 12,708,000 | - | - | - | - | - | - | - | - | - | - | - | - | 12,708,000 | - | 12,708,000 |
| Other | 1,663,470 | - | - | - | - | - | - | - | - | - | - | - | - | 1,663,470 | - | 1,663,470 |
| | 111,643,998 | - | 314,356 | - | - | 26,761,361 | - | - | - | - | - | - | (2,534,913) | 136,184,802 | - | 136,184,802 |
| **Total Liabilities** | 157,461,445 | - | 337,926 | 128,702 | 87,593 | 31,710,172 | - | - | - | - | - | - | (2,753,579) | 186,972,259 | 75,777 | 186,896,482 |
| Commitments and Contingencies | | | | | | | | | | | | | | | | |
| Paid in capital | - | - | - | 1,010,000 | (1,652,691) | - | 60,100 | 100 | 100 | 100 | 100 | 100 | 582,091 | - | - | - |
| Earnings/(Deficit) | - | - | - | (901,203) | 2,069,442 | - | 58,624 | - | - | - | - | 86,678 | (1,313,541) | - | - | - |
| Net Assets | | | | | | | | | | | | | | | | |
| Unrestricted | 30,849,588 | - | (202,987) | - | - | 1,149,257 | - | - | - | - | - | - | (313,004) | 31,482,854 | - | 31,482,854 |
| Unrestricted - Contractually limited as to use | 9,202,855 | - | - | - | - | - | - | - | - | - | - | - | - | 9,202,855 | 9,202,855 | - |
| Non-controlling interest in consolidating subsidiaries | - | - | - | - | - | 3,710,815 | - | - | - | - | - | - | - | 3,710,815 | - | 3,710,815 |
| Total Unrestricted | 40,052,443 | - | (202,987) | 108,797 | 416,751 | 4,860,072 | 118,724 | 100 | 100 | 100 | 100 | 86,778 | (1,044,454) | 44,396,524 | 9,202,855 | 35,193,669 |
| Temporarily restricted - Programs | 3,759,214 | - | - | - | - | 12,500 | - | - | - | - | - | - | - | 3,771,714 | 538,769 | 3,232,945 |
| Temporarily restricted - Financing | 32,716,714 | - | - | - | - | 4,347,448 | - | - | - | - | - | - | - | 37,064,162 | - | 37,064,162 |
| Temporarily restricted - Re-granting | 3,111,223 | - | - | - | - | - | - | - | - | - | - | - | - | 3,111,223 | - | 3,111,223 |
| Total Temporarily Restricted | 39,587,151 | - | - | - | - | 4,359,948 | - | - | - | - | - | - | - | 43,947,099 | 538,769 | 43,408,330 |
| Permanently restricted | 48,769,011 | - | 315,726 | - | - | - | - | - | - | - | - | - | - | 49,084,737 | - | 49,084,737 |
| **Total Net Assets** | 128,408,605 | - | 112,739 | 108,797 | 416,751 | 9,220,020 | 118,724 | 100 | 100 | 100 | 100 | 86,778 | (1,044,454) | 137,428,360 | 9,741,624 | 127,686,736 |
| **Total Liabilities and Net Assets** | $ 285,870,050 | $ - | $ 450,665 | $ 237,499 | $ 504,344 | $ 40,930,192 | $ 118,724 | $ 100 | $ 100 | $ 100 | $ 100 | $ 86,778 | $ (3,798,033) | $ 324,400,619 | $ 9,817,401 | $ 314,583,218 |

**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, cash equivalents and certificate of deposit | $ 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) |
| Deferred revenue | 104,074 | - | - | - | - | 574,727 | - | - | 25,000 | 60,120 | - | - | - | 763,921 | | 763,921 |
| Other | 635,225 | 8,224 | - | 2 | (1) | 2,308 | 1 | - | 89,733 | 732,930 | - | 1 | (89,737) | 1,378,686 | - | 1,378,686 |
| 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 - Programs | 5,692,013 | - | - | - | - | 50,000 | - | - | - | - | - | - | - | 5,742,013 | - | 5,742,013 |
| Temporarily restricted - Financing | 24,626,484 | - | - | - | - | 4,240,209 | - | - | - | - | - | - | - | 28,866,693 | - | 28,866,693 |
| Temporarily restricted - Re-granting | 3,231,434 | - | - | - | - | - | - | - | - | - | - | - | - | 3,231,434 | 827,782 | 2,403,652 |
| 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 Activities**
**For the Year Ended December 31, 2013**

| | 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 | $ 403,461 | $ 3,758 | $ 1,802 | $ 155 | $ 222 | $ 2,800 | $ - | $ - | $ 13 | $ - | $ 3 | $ 125 | $ - | $ 412,339 | $ 31,119 | $ 381,220 |
| Loans and leases | 10,805,762 | 144,601 | - | 4,412 | - | - | - | - | - | - | - | - | (104,491) | 10,850,284 | 107,053 | 10,743,231 |
| Private equity investments | - | - | (988) | - | - | - | - | - | - | - | - | - | - | (988) | - | (988) |
| Investment gains, net | | | | | | | | | | | | | | | | |
| Program investments | 181,250 | - | - | - | - | - | - | - | - | - | - | - | - | 181,250 | - | 181,250 |
| Equity gains in consolidated subsidiaries | 1,364,477 | - | - | - | - | - | - | - | - | - | - | - | (1,364,477) | - | - | - |
| Loan and lease fees | 817,741 | 38,696 | - | 11 | - | - | - | - | - | - | - | - | - | 856,448 | 7,229 | 849,219 |
| Asset management fee, net | 1,572,119 | - | - | - | 420,761 | - | - | - | - | - | - | 51,010 | (339,996) | 1,703,894 | - | 1,703,894 |
| Total Financial Income | 15,144,810 | 187,055 | 814 | 4,578 | 420,983 | 2,800 | - | - | 13 | - | 3 | 51,135 | (1,808,964) | 14,003,227 | 145,401 | 13,857,826 |
| Financial Expense | | | | | | | | | | | | | | | | |
| Interest expense | 4,477,301 | 58,319 | - | 6,113 | - | 249,741 | - | - | 87,029 | - | - | - | (103,140) | 4,775,363 | - | 4,775,363 |
| Asset management fee | - | - | - | - | 339,996 | - | - | - | - | - | - | - | (339,996) | - | - | - |
| Investment losses, net | | | | | | | | | | | | | | | | |
| Marketable securities | 414,005 | - | - | - | - | 915 | - | - | - | - | - | - | - | 414,920 | 26,400 | 388,520 |
| Private equity investments | 2,831 | - | 13,500 | - | - | - | - | - | - | - | - | - | (2,831) | 13,500 | - | 13,500 |
| Equity (gains) losses in limited partnerships | 664,558 | - | - | - | (872) | (228) | (44,145) | - | - | - | - | 13 | - | 619,326 | 631,935 | (12,609) |
| Provision for loan and lease losses | 1,233,787 | (372,707) | - | (13,605) | - | - | - | - | - | - | - | - | (831,286) | 16,189 | (78,428) | 94,617 |
| Total Financial Expense | 6,792,482 | (314,388) | 13,500 | (7,492) | 339,124 | 250,428 | (44,145) | - | 87,029 | - | - | 13 | (1,277,253) | 5,839,298 | 579,907 | 5,259,391 |
| Net Financial Income | 8,352,328 | 501,443 | (12,686) | 12,070 | 81,859 | (247,628) | 44,145 | - | (87,016) | - | 3 | 51,122 | (531,711) | 8,163,929 | (434,506) | 8,598,435 |
| **Revenue and Support** | | | | | | | | | | | | | | | | |
| Grants and contributions | 16,422,032 | - | - | - | - | 1,380,915 | - | - | - | - | - | - | (780,915) | 17,022,032 | - | 17,022,032 |
| Program services and fees | 3,441,392 | 5,909 | - | - | 1,000 | 1,735,327 | - | - | - | - | - | - | 1,062,901 | 6,246,529 | - | 6,246,529 |
| Other income | 76,978 | - | - | - | - | 178,143 | - | - | 108,083 | 272,508 | 172,420 | - | - | 808,132 | 3,278 | 804,854 |
| Total Revenue and Support | 19,940,402 | 5,909 | - | - | 1,000 | 3,294,385 | - | - | 108,083 | 272,508 | 172,420 | - | 281,986 | 24,076,693 | 3,278 | 24,073,415 |
| **Program and General Expenses and Other Decreases** | | | | | | | | | | | | | | | | |
| Program and General Expenses | | | | | | | | | | | | | | | | |
| Program - Lending and Community Investing | 6,347,924 | 1,007,352 | - | 21,066 | 1,550 | - | - | - | 51,799 | 272,508 | 106,922 | 653 | (1,051,289) | 6,758,485 | - | 6,758,485 |
| Program - Private Equity | (312) | - | 125,812 | - | - | - | - | - | - | - | - | - | - | 125,500 | - | 125,500 |
| Program - Sustainable Development Fund | 399,289 | - | - | - | - | - | - | - | - | - | - | - | - | 399,289 | 399,289 | - |
| Program - Policy Solutions | 1,442,714 | - | - | - | - | - | - | - | - | - | - | - | - | 1,442,714 | - | 1,442,714 |
| Program - PolicyMap | 3,099,197 | - | - | - | - | - | - | - | - | - | - | - | - | 3,099,197 | - | 3,099,197 |
| Program - Development Partners | 990,412 | - | - | - | - | 3,071,658 | - | - | - | - | - | - | (780,915) | 3,281,155 | - | 3,281,155 |
| Management and general | 4,049,347 | - | - | - | - | - | - | - | - | - | - | - | - | 4,049,347 | 31,637 | 4,017,710 |
| Total Program and General Expenses | 16,328,571 | 1,007,352 | 125,812 | 21,066 | 1,550 | 3,071,658 | - | - | 51,799 | 272,508 | 106,922 | 653 | (1,832,204) | 19,155,687 | 430,926 | 18,724,761 |
| Other Decreases (Increases) | | | | | | | | | | | | | | | | |
| Discontinued project | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Recoveries | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Changes related to revolving loan fund | 225,471 | - | - | - | - | - | - | - | - | - | - | - | - | 225,471 | - | 225,471 |
| Forgiveness of debt from related parties | - | - | (2,080,976) | 6,000 | - | - | - | - | (1,198,101) | - | - | - | 3,273,077 | - | - | - |
| Total Other Decreases | 225,471 | - | (2,080,976) | 6,000 | - | - | - | - | (1,198,101) | - | - | - | 3,273,077 | 225,471 | - | 225,471 |
| Total Expenses and Other Decreases (Increases) | 16,554,042 | 1,007,352 | (1,955,164) | 27,066 | 1,550 | 3,071,658 | - | - | (1,146,302) | 272,508 | 106,922 | 653 | 1,440,873 | 19,381,158 | 430,926 | 18,950,232 |
| **Net income (loss)** | - | - | - | (14,996) | 81,309 | - | 44,145 | - | 1,167,369 | - | 65,501 | 50,469 | (1,393,797) | - | - | - |
| **Change in net assets** | 11,738,688 | (500,000) | 1,942,478 | - | - | (24,901) | - | - | - | - | - | - | (296,801) | 12,859,464 | (862,154) | 13,721,618 |
| **Capital contributions (distributions), net** | - | - | (1,492,731) | - | (70,000) | 4,335,291 | - | 100 | 100 | (99) | (84,391) | - | 215,032 | 2,903,302 | - | 2,903,302 |
| **Change in net assets** | 11,738,688 | (500,000) | 449,747 | (14,996) | 11,309 | 4,310,390 | 44,145 | 100 | 1,167,469 | (99) | (18,890) | 50,469 | (1,475,566) | 15,762,766 | (862,154) | 16,624,920 |
| **Net assets, beginning** | 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 |
| **Net assets, ending** | $ 128,408,605 | $ - | $ 112,739 | $ 108,797 | $ 416,751 | $ 9,220,020 | $ 118,724 | $ 100 | $ 100 | $ 100 | $ 100 | $ 86,778 | $ (1,044,454) | $ 137,428,360 | $ 9,741,624 | $ 127,686,736 |

**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, net | 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 (Increases) | | | | | | | | | | | | | | | | |
| Changes 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 (Increases) | 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 |

**TRF Private Equity, Inc. and Affiliates**

**Consolidating Statement of Financial Position**
**December 31, 2013**

| | 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 | $ - | $ - | $ - | $ - | $ - | $ 437,927 | $ - | $ 437,927 |
| Other | - | - | - | - | - | 12,738 | - | 12,738 |
| Restricted cash and cash equivalents | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | 450,665 | - | 450,665 |
| Noncurrent Assets | | | | | | | | |
| Private equity investments | - | - | - | - | - | - | - | - |
| Investment in consolidated subsidiary | - | - | - | - | - | - | - | - |
| **Total Assets** | $ - | $ - | $ - | $ - | $ - | $ 450,665 | $ - | $ 450,665 |
| **Liabilities and Net Assets** | | | | | | | | |
| Current Liabilities | | | | | | | | |
| Accounts payable and accrued expenses | $ - | $ - | $ - | $ - | $ - | $ 23,570 | $ - | $ 23,570 |
| Escrow payable and due to third parties | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | 23,570 | - | 23,570 |
| **Noncurrent Liabilities** | | | | | | | | |
| Due to related parties | - | - | - | - | - | 314,356 | - | 314,356 |
| **Total Liabilities** | - | - | - | - | - | 337,926 | - | 337,926 |
| Commitments and Contingencies | | | | | | | | |
| Partners' Capital (Net Assets) | | | | | | | | |
| General partner | - | - | - | - | - | - | - | - |
| Limited partner | - | - | - | - | - | - | - | - |
| Total Partners' Capital (Net Assets) | - | - | - | - | - | - | - | - |
| Net Assets | | | | | | | | |
| Unrestricted | - | - | - | - | - | (202,987) | - | (202,987) |
| Non-controlling interest | - | - | - | - | - | - | - | - |
| Total Unrestricted | - | - | - | - | - | (202,987) | - | (202,987) |
| Temporarily restricted - Program | - | - | - | - | - | - | - | - |
| Permanently restricted | - | - | - | - | - | 315,726 | - | 315,726 |
| **Total Net Assets** | - | - | - | - | - | 112,739 | - | 112,739 |
| **Total Liabilities and Net Assets** | $ - | $ - | $ - | $ - | $ - | $ 450,665 | $ - | $ 450,665 |

**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 - Program | - | - | - | - | - | - | - | - |
| 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 Activities**
**Year Ended December 31, 2013**

| | 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 | $ - | $ - | $ 12 | $ - | $ 832 | $ 958 | $ - | $ 1,802 |
| Private equity investments | - | - | - | - | (988) | - | - | (988) |
| Asset management fee | - | - | - | - | - | - | - | - |
| Total Financial Income | - | - | 12 | - | (156) | 958 | - | 814 |
| Financial Expense | | | | | | | | |
| Investment losses, net | | | | | | | | |
| Private equity investments | - | - | - | - | 13,500 | - | - | 13,500 |
| Equity losses in consolidated subsidiaries | - | - | 4,589 | 46 | - | 4,577 | (9,212) | - |
| Total Financial Expense | - | - | 4,589 | 46 | 13,500 | 4,577 | (9,212) | 13,500 |
| Net Financial Income | - | - | (4,577) | (46) | (13,656) | (3,619) | 9,212 | (12,686) |
| **Revenue and Support** | | | | | | | | |
| Program services and fees | - | - | - | - | - | - | - | - |
| Total Revenue and Support | - | - | - | - | - | - | - | - |
| **Program and General Expenses** | | | | | | | | |
| Program and General Expenses | | | | | | | | |
| Program - Private Equity | - | - | - | - | 60,506 | 65,306 | - | 125,812 |
| Total Program and General Expenses | - | - | - | - | 60,506 | 65,306 | - | 125,812 |
| Other Increases | | | | | | | | |
| Forgiveness of debt from related parties | - | - | - | - | - | (2,080,976) | - | (2,080,976) |
| Total Other Increases | - | - | - | - | - | (2,080,976) | - | (2,080,976) |
| Total Expenses and Other (Increases) Decreases | - | - | - | - | 60,506 | (2,015,670) | - | (1,955,164) |
| **Net loss** | - | - | (4,577) | (46) | (74,162) | - | 9,212 | (69,573) |
| **Change in net assets** | - | - | - | - | - | 2,012,051 | - | 2,012,051 |
| **Paid in capital** | - | - | - | - | - | - | - | - |
| **Capital distribution** | (100) | (100) | (99,015) | (1,385) | (1,591,232) | - | 199,101 | (1,492,731) |
| **Change in net assets** | (100) | (100) | (103,592) | (1,431) | (1,665,394) | 2,012,051 | 208,313 | 449,747 |
| **Net assets, beginning** | 100 | 100 | 103,592 | 1,431 | 1,665,394 | (1,899,312) | (208,313) | (337,008) |
| **Net assets, ending** | $ - | $ - | $ - | $ - | $ - | $ 112,739 | $ - | $ 112,739 |

**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 Development Partners, Inc. and Affiliates**

**Consolidating Statement of Financial Position**
**December 31, 2013**

| | TRF Development Partners, Inc. | TRF DP-Baltimore, LLC & Subsidiaries | TRF DP-Philadelphia, LLC | TRF DP Ridge Avenue, LLC | TRF DP Scotland Commons, Inc. | TRF DP Buford Manlove Manor, LLC & Subsidiaries | TRF DP-Jackson Green, LLC | East Baltimore Managing Members, Inc. & Subsidiary | East Baltimore Master Tenant, Inc. & Subsidiary | TRFDP Ocean Avenue, LLC | TRF DP Manalapan, LLC | Eliminations & Reclassifications | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | | | | | | |
| Current Assets | | | | | | | | | | | | | |
| Cash and cash equivalents | $ 581,396 | $ 1,079,292 | $ 48,250 | $ 234,945 | $ - | $ 88,209 | $ 82,690 | $ 59,422 | $ 95,356 | $ - | $ - | $ - | $ 2,269,560 |
| Accounts receivable - related parties | 7,846,721 | - | 2,912 | 99 | - | 67,279 | - | 105,606 | 79,703 | - | - | (8,102,320) | - |
| Other | 109,089 | 1,257,356 | 217,860 | 101,731 | 5,716 | 14,433 | 6,047 | 26,419 | - | - | - | (143,076) | 1,595,575 |
| Restricted cash and cash equivalents | - | 66,203 | - | 5,009 | - | 552,012 | 9,004 | 1,611,122 | - | - | - | - | 2,243,350 |
| | 8,537,206 | 2,402,851 | 269,022 | 341,784 | 5,716 | 721,933 | 97,741 | 1,802,569 | 175,059 | - | - | (8,245,396) | 6,108,485 |
| Noncurrent Assets | | | | | | | | | | | | | |
| Loans and leases | 3,297,390 | 4,107,080 | - | - | | | | | | | | (6,304,470) | 1,100,000 |
| Investments in limited partnerships | - | - | - | - | 228 | - | - | - | - | - | - | - | 228 |
| Investments in consolidated subsidiaries | (4,092,266) | - | - | - | - | - | - | - | - | - | - | 4,092,266 | - |
| Property, equipment and leasehold improvements, net | 5,367 | - | - | - | - | - | - | - | - | - | - | - | 5,367 |
| Property held for development or sale, net | 11,031 | 1,579,069 | - | 3,271,775 | - | 9,591 | 4,793,231 | 2,986,110 | - | - | - | 1,299,442 | 13,950,249 |
| Rental property, net | - | 9,386,065 | - | - | - | 6,557,208 | - | 4,149,878 | - | - | - | (2,334,552) | 17,758,599 |
| Other | 1,800,000 | - | - | - | - | 91,169 | 2,884 | 117,044 | - | - | - | (3,833) | 2,007,264 |
| | 1,021,522 | 15,072,214 | - | 3,271,775 | 228 | 6,657,968 | 4,796,115 | 7,253,032 | - | - | - | (3,251,147) | 34,821,707 |
| **Total Assets** | $ 9,558,728 | $ 17,475,065 | $ 269,022 | $ 3,613,559 | $ 5,944 | $ 7,379,901 | $ 4,893,856 | $ 9,055,601 | $ 175,059 | $ - | $ - | $ (11,496,543) | $ 40,930,192 |
| **Liabilities and Net Assets** | | | | | | | | | | | | | |
| Current Liabilities | | | | | | | | | | | | | |
| Accounts payable and accrued expenses | $ 62,695 | $ 179,734 | $ 36,715 | $ 143,234 | $ - | $ 385,745 | $ 196,405 | $ - | $ - | $ - | $ - | $ - | $ 1,004,528 |
| Escrow payable and due to third parties | - | 67,417 | - | 5,009 | - | 10,083 | 11,009 | - | 2,450 | - | - | - | 95,968 |
| Accounts payable - related parties | - | 1,769,939 | 676,952 | 2,244,942 | 5,616 | 259,669 | 2,752,519 | 139,504 | 109,163 | - | - | (7,958,304) | - |
| Deferred revenue | 1,100,000 | 1,525,623 | - | - | - | 2,463 | - | - | - | - | - | - | 2,628,086 |
| Other | 998,203 | 40,793 | - | - | - | 36,921 | - | 104,626 | - | - | - | (1,165,668) | 14,875 |
| Loans payable, current portion | - | 49,879 | - | - | - | 1,067,057 | - | 88,418 | - | - | - | - | 1,205,354 |
| | 2,160,898 | 3,633,385 | 713,667 | 2,393,185 | 5,616 | 1,761,938 | 2,959,933 | 332,548 | 111,613 | - | - | (9,123,972) | 4,948,811 |
| Noncurrent Liabilities | | | | | | | | | | | | | |
| Due to related parties | 769,571 | - | - | - | - | - | - | - | - | - | - | (144,014) | 625,557 |
| Loans payable, less current maturities | 1,100,000 | 16,383,930 | - | 1,780,543 | - | 2,239,121 | 2,564,939 | 8,375,574 | - | - | - | (6,308,303) | 26,135,804 |
| | 1,869,571 | 16,383,930 | - | 1,780,543 | - | 2,239,121 | 2,564,939 | 8,375,574 | - | - | - | (6,452,317) | 26,761,361 |
| **Total Liabilities** | 4,030,469 | 20,017,315 | 713,667 | 4,173,728 | 5,616 | 4,001,059 | 5,524,872 | 8,708,122 | 111,613 | - | - | (15,576,289) | 31,710,172 |
| Commitments and Contingencies | | | | | | | | | | | | | |
| Paid-in-Capital | - | 65,471 | 661,345 | 60,000 | 100 | - | - | - | - | - | - | (786,916) | - |
| Accumulated Deficit | - | (2,607,116) | (1,105,990) | (620,169) | 228 | 16,851 | (631,016) | (1,950) | 63,446 | - | - | 4,885,716 | - |
| Net Assets | | | | | | | | | | | | | |
| Unrestricted | 1,168,311 | - | - | - | - | - | - | - | - | - | - | (19,054) | 1,149,257 |
| Non-controlling interest | - | (605) | - | - | - | 3,361,991 | - | 349,429 | - | - | - | - | 3,710,815 |
| Total Unrestricted | 1,168,311 | (2,542,250) | (444,645) | (560,169) | 328 | 3,378,842 | (631,016) | 347,479 | 63,446 | - | - | 4,079,746 | 4,860,072 |
| Temporarily restricted - Programs | 12,500 | - | - | - | - | - | - | - | - | - | - | - | 12,500 |
| Temporarily restricted - Financing | 4,347,448 | - | - | - | - | - | - | - | - | - | - | - | 4,347,448 |
| Total Temporarily Restricted | 4,359,948 | - | - | - | - | - | - | - | - | - | - | - | 4,359,948 |
| **Total Net Assets** | 5,528,259 | (2,542,250) | (444,645) | (560,169) | 328 | 3,378,842 | (631,016) | 347,479 | 63,446 | - | - | 4,079,746 | 9,220,020 |
| **Total Liabilities and Net Assets** | $ 9,558,728 | $ 17,475,065 | $ 269,022 | $ 3,613,559 | $ 5,944 | $ 7,379,901 | $ 4,893,856 | $ 9,055,601 | $ 175,059 | $ - | $ - | $ (11,496,543) | $ 40,930,192 |

**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 Buford 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 |
| Deferred revenue | 146,740 | 427,987 | - | - | - | - | - | - | 574,727 |
| Other | - | 2,344,786 | 837,500 | 1,776,817 | 2,056 | 16,002 | 380,232 | (5,355,085) | 2,308 |
| 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 - Programs | 50,000 | - | - | - | - | - | - | - | 50,000 |
| Temporarily restricted - Financing | 4,240,209 | - | - | - | - | - | - | - | 4,240,209 |
| 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 Activities**
**Year Ended December 31, 2013**

| | TRF Development Partners, Inc. | TRF DP-Baltimore, LLC & Subsidiaries | TRF DP-Philadelphia, LLC | TRF DP Ridge Avenue, LLC | TRF DP Scotland Commons, Inc. | TRF DP Buford Manlove Manor, LLC & Subsidiaries | TRF DP-Jackson Green, LLC | East Baltimore Managing Members, Inc. & Subsidiary | East Baltimore Master Tenant, Inc. & Subsidiary | TRFDP Ocean Avenue, LLC | TRF DP Manalapan, LLC | Eliminations & Reclassifications | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Financial Activity** | | | | | | | | | | | | | |
| Financial Income | | | | | | | | | | | | | |
| Interest income from: | | | | | | | | | | | | | |
| Marketable securities | $ 2,255 | $ 52 | $ - | $ 83 | $ - | $ 358 | $ - | $ - | $ 52 | $ - | $ - | $ - | $ 2,800 |
| Loans and leases | 70,116 | 87,435 | - | - | - | - | - | - | - | - | - | (157,551) | - |
| Investment gains, net | | | | | | | | | | | | | |
| Asset management fee | 547,669 | - | - | - | - | - | - | - | - | - | - | (547,669) | - |
| Total Financial Income | 620,040 | 87,487 | - | 83 | - | 358 | - | - | 52 | - | - | (705,220) | 2,800 |
| Financial Expense | | | | | | | | | | | | | |
| Interest expense | - | 103,831 | - | - | - | 126,676 | - | 192,240 | - | - | - | (173,006) | 249,741 |
| Investment losses, net | | | | | | | | | | | | | |
| Marketable securities | 912 | 3 | - | - | - | - | - | - | - | - | - | - | 915 |
| Equity losses in limited partnerships | - | - | - | - | (228) | - | - | - | - | - | - | - | (228) |
| Equity losses in consolidated subsidiaries | 1,676,360 | - | - | - | - | - | - | - | - | - | - | (1,676,360) | - |
| Total Financial Expense | 1,677,272 | 103,834 | - | - | (228) | 126,676 | - | 192,240 | - | - | - | (1,849,366) | 250,428 |
| Net Financial Income | (1,057,232) | (16,347) | - | 83 | 228 | (126,318) | - | (192,240) | 52 | - | - | 1,144,146 | (247,628) |
| **Revenue and Support** | | | | | | | | | | | | | |
| Grants and contributions | 1,380,915 | - | - | - | - | - | - | - | - | - | - | - | 1,380,915 |
| Program services and fees | 995,078 | (49,513) | 108,150 | 191,626 | - | 118,309 | 20,000 | 105,202 | 172,609 | - | - | 73,866 | 1,735,327 |
| Other | 100,000 | 77,893 | - | - | - | - | 250 | - | - | - | - | - | 178,143 |
| Total Revenue and Support | 2,475,993 | 28,380 | 108,150 | 191,626 | - | 118,309 | 20,250 | 105,202 | 172,609 | - | - | 73,866 | 3,294,385 |
| **Program and General Expenses** | | | | | | | | | | | | | |
| Program and General Expenses | | | | | | | | | | | | | |
| Program - Development Partners | 1,513,471 | 1,138,562 | 151,469 | 163,393 | - | 253,522 | 574,626 | 260,308 | 109,215 | - | - | (1,092,908) | 3,071,658 |
| Total Program and General Expenses | 1,513,471 | 1,138,562 | 151,469 | 163,393 | - | 253,522 | 574,626 | 260,308 | 109,215 | - | - | (1,092,908) | 3,071,658 |
| **Net income/(loss)** | - | (1,126,529) | (43,319) | 28,316 | 228 | (261,531) | (554,376) | (347,346) | 63,446 | - | - | 2,310,920 | 69,809 |
| **Change in net assets** | (94,710) | - | - | - | - | - | - | - | - | - | - | - | (94,710) |
| **Capital contributions, net** | - | - | - | - | - | 3,640,466 | - | 694,825 | - | - | - | - | 4,335,291 |
| **Change in net assets** | (94,710) | (1,126,529) | (43,319) | 28,316 | 228 | 3,378,935 | (554,376) | 347,479 | 63,446 | - | - | 2,310,920 | 4,310,390 |
| **Net assets, beginning** | 5,622,969 | (1,415,721) | (401,326) | (588,485) | 100 | (93) | (76,640) | - | - | - | - | 1,768,826 | 4,909,630 |
| **Net assets, ending** | $ 5,528,259 | $ (2,542,250) | $ (444,645) | $ (560,169) | $ 328 | $ 3,378,842 | $ (631,016) | $ 347,479 | $ 63,446 | $ - | $ - | $ 4,079,746 | $ 9,220,020 |

**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 Buford 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 | | | | | | | | | |
| Forgiveness of debt from related parties | (2,682,773) | - | - | - | - | - | - | - | (2,682,773) |
| Total Other Increases | (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 |

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

**Consolidating Statement of Financial Position**
**December 31, 2013**

| | East Baltimore Master Tenant, LLC | East Baltimore Master Tenant, Inc. | Eliminations & Reclassifications | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | $ 95,356 | $ - | $ - | $ 95,356 |
| Accounts receivable - related parties | 79,703 | - | - | 79,703 |
| Other | - | - | - | - |
| Restricted cash and cash equivalents | - | - | - | - |
| | 175,059 | - | - | 175,059 |
| Noncurrent Assets | | | | |
| Loans and leases | - | - | - | - |
| Investments in limited partnerships | - | - | - | - |
| Investments in consolidated subsidiaries | - | 65,336 | (65,336) | - |
| Property, equipment and leasehold improvements, net | - | - | - | - |
| Property held for development or sale, net | - | - | - | - |
| Rental property, net | - | - | - | - |
| Other | - | - | - | - |
| | - | 65,336 | (65,336) | - |
| **Total Assets** | $ 175,059 | $ 65,336 | $ (65,336) | $ 175,059 |
| **Liabilities and Net Assets** | | | | |
| Current Liabilities | | | | |
| Accounts payable and accrued expenses | $ - | $ - | $ - | $ - |
| Escrow payable and due to third parties | 2,450 | - | - | 2,450 |
| Accounts payable - related parties | 107,273 | 1,890 | - | 109,163 |
| Other | - | - | - | - |
| Loans payable, current portion | - | - | - | - |
| | 109,723 | 1,890 | - | 111,613 |
| Noncurrent Liabilities | | | | |
| Due to related parties | - | - | - | - |
| Loans payable, less current maturities | - | - | - | - |
| | - | - | - | - |
| **Total Liabilities** | 109,723 | 1,890 | - | 111,613 |
| Commitments and Contingencies | | | | |
| Paid-in-Capital | - | - | - | - |
| Accumulated Deficit | 65,336 | 63,446 | (65,336) | 63,446 |
| Net Assets | | | | |
| Unrestricted | - | - | - | - |
| Non-controlling interest | - | - | - | - |
| Total Unrestricted | - | - | - | - |
| Temporarily restricted - Programs | - | - | - | - |
| Temporarily restricted - Financing | - | - | - | - |
| Total Temporarily Restricted | - | - | - | - |
| **Total Net Assets** | - | - | - | - |
| **Total Liabilities and Net Assets** | $ 175,059 | $ 65,336 | $ (65,336) | $ 175,059 |

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

**Consolidating Statement of Activities**
**Year Ended December 31, 2013**

| | East Baltimore Master Tenant, LLC | East Baltimore Master Tenant, Inc. | Eliminations & Reclassifications | Total |
|---|---|---|---|---|
| **Financial Activity** | | | | |
| Financial Income | | | | |
| Interest income from: | | | | |
| Marketable securities | $ 51 | $ 1 | $ - | $ 52 |
| Total Financial Income | 51 | 1 | - | 52 |
| Financial Expense | | | | |
| Investment losses, net | | | | |
| Equity losses in consolidated subsidiaries | - | (65,336) | 65,336 | - |
| Total Financial Expense | - | (65,336) | 65,336 | - |
| Net Financial Income | 51 | 65,337 | (65,336) | 52 |
| **Revenue and Support** | | | | |
| Program services and fees | 172,609 | - | - | 172,609 |
| Total Revenue and Support | 172,609 | - | - | 172,609 |
| **Program and General Expenses** | | | | |
| Program and General Expenses | | | | |
| Program - Development Partners | 107,324 | 1,891 | - | 109,215 |
| Total Program and General Expenses | 107,324 | 1,891 | - | 109,215 |
| **Net income** | 65,336 | 63,446 | (65,336) | 63,446 |
| **Change in net assets** | - | - | - | - |
| **Capital contributions, net** | - | - | - | - |
| **Change in net assets** | 65,336 | 63,446 | (65,336) | 63,446 |
| **Net assets, beginning** | - | - | - | - |
| **Net assets, ending** | $ 65,336 | $ 63,446 | $ (65,336) | $ 63,446 |

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

**Consolidating Statement of Financial Position**
**December 31, 2013**

| | Buford Manlove, LLC | Buford Manlove Members, LLC | Eliminations & Reclassifications | Total Buford Manlove Members, LLC | TRF DP Buford Manlove Manor, LLC | Eliminations & Reclassifications | Total |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Current Assets | | | | | | | |
| Cash and cash equivalents | $ 68,942 | $ - | $ - | $ 68,942 | $ 19,267 | $ - | $ 88,209 |
| Accounts receivable - related parties | 67,279 | - | - | 67,279 | - | - | 67,279 |
| Other | 14,433 | - | - | 14,433 | 65,319 | (65,319) | 14,433 |
| Restricted cash and cash equivalents | 552,012 | - | - | 552,012 | - | - | 552,012 |
| | 702,666 | - | - | 702,666 | 84,586 | (65,319) | 721,933 |
| Noncurrent Assets | | | | | | | |
| Investments in consolidated subsidiaries | - | 26,592 | (26,592) | - | 17,246 | (17,246) | - |
| Property held for development or sale, net | - | - | - | - | 9,591 | - | 9,591 |
| Rental property, net | 6,557,208 | - | - | 6,557,208 | - | - | 6,557,208 |
| Other | 91,169 | - | - | 91,169 | - | - | 91,169 |
| | 6,648,377 | 26,592 | (26,592) | 6,648,377 | 26,837 | (17,246) | 6,657,968 |
| **Total Assets** | $ 7,351,043 | $ 26,592 | $ (26,592) | $ 7,351,043 | $ 111,423 | $ (82,565) | $ 7,379,901 |
| **Liabilities and Net Assets** | | | | | | | |
| Current Liabilities | | | | | | | |
| Accounts payable and accrued expenses | $ 385,745 | $ - | $ - | $ 385,745 | $ - | $ - | $ 385,745 |
| Escrow payable and due to third parties | 10,083 | - | - | 10,083 | - | - | 10,083 |
| Accounts payable - related parties | 253,701 | 60 | - | 253,761 | 71,227 | (65,319) | 259,669 |
| Other | 29,793 | - | - | 29,793 | 9,591 | - | 39,384 |
| Loans payable, current portion | 1,067,057 | - | - | 1,067,057 | - | - | 1,067,057 |
| | 1,746,379 | 60 | - | 1,746,439 | 80,818 | (65,319) | 1,761,938 |
| Noncurrent Liabilities | | | | | | | |
| Due to related parties | - | - | - | - | - | - | - |
| Loans payable, less current maturities | 2,225,367 | - | - | 2,225,367 | 13,754 | - | 2,239,121 |
| | 2,225,367 | - | - | 2,225,367 | 13,754 | - | 2,239,121 |
| **Total Liabilities** | 3,971,746 | 60 | - | 3,971,806 | 94,572 | (65,319) | 4,001,059 |
| Commitments and Contingencies | | | | | | | |
| Managing Member | 26,592 | 17,246 | (26,592) | 17,246 | - | (17,246) | - |
| Investor Member | 3,352,705 | 9,286 | (3,352,705) | 9,286 | - | (9,286) | - |
| Accumulated Deficit | - | - | - | - | 16,851 | - | 16,851 |
| Net Assets | | | | | | | |
| Non-controlling interest | - | - | 3,352,705 | 3,352,705 | - | 9,286 | 3,361,991 |
| Total Unrestricted | 3,379,297 | 26,532 | (26,592) | 3,379,237 | 16,851 | (17,246) | 3,378,842 |
| Temporarily restricted - Programs | - | - | - | - | - | - | - |
| Temporarily restricted - Financing | - | - | - | - | - | - | - |
| Total Temporarily Restricted | - | - | - | - | - | - | - |
| **Total Net Assets** | 3,379,297 | 26,532 | (26,592) | 3,379,237 | 16,851 | (17,246) | 3,378,842 |
| **Total Liabilities and Net Assets** | $ 7,351,043 | $ 26,592 | $ (26,592) | $ 7,351,043 | $ 111,423 | $ (82,565) | $ 7,379,901 |

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

**Consolidating Statement of Activities**
**Year Ended December 31, 2013**

| | Buford Manlove, LLC | Buford Manlove Members, LLC | Eliminations & Reclassifications | Total Buford Manlove Members, LLC | TRF DP Buford Manlove Manor, LLC | Eliminations & Reclassifications | Total |
|---|---|---|---|---|---|---|---|
| **Financial Activity** | | | | | | | |
| Financial Income | | | | | | | |
| Investment gains, net | | | | | | | |
| Marketable securities | $ - | $ - | $ - | $ - | $ 358 | $ - | $ 358 |
| Equity gains in consolidated subsidiaries | - | 26,592 | (26,592) | - | 17,246 | (17,246) | - |
| Total Financial Income | - | 26,592 | (26,592) | - | 17,604 | (17,246) | 358 |
| Financial Expense | | | | | | | |
| Interest expense | 126,676 | - | - | 126,676 | - | - | 126,676 |
| Total Financial Expense | 126,676 | - | - | 126,676 | - | - | 126,676 |
| Net Financial Income | (126,676) | 26,592 | (26,592) | (126,676) | 17,604 | (17,246) | (126,318) |
| **Revenue and Support** | | | | | | | |
| Other | 118,309 | - | - | 118,309 | - | - | 118,309 |
| Total Revenue and Support | 118,309 | - | - | 118,309 | - | - | 118,309 |
| **Program and General Expenses** | | | | | | | |
| Program and General Expenses | | | | | | | |
| Program - Development Partners | 252,802 | 60 | - | 252,862 | 660 | - | 253,522 |
| Total Program and General Expenses | 252,802 | 60 | - | 252,862 | 660 | - | 253,522 |
| **Net income/(loss)** | (261,169) | 26,532 | (26,592) | (261,229) | 16,944 | (17,246) | (261,531) |
| **Change in net assets** | - | - | - | - | - | - | - |
| **Capital contributions, net** | 3,640,466 | - | - | 3,640,466 | - | - | 3,640,466 |
| **Change in net assets** | 3,379,297 | 26,532 | (26,592) | 3,379,237 | 16,944 | (17,246) | 3,378,935 |
| **Net assets, beginning** | - | - | - | - | (93) | - | (93) |
| **Net assets, ending** | $ 3,379,297 | $ 26,532 | $ (26,592) | $ 3,379,237 | $ 16,851 | $ (17,246) | $ 3,378,842 |

**The Reinvestment Fund, Inc. and Affiliates**

**Consolidated Schedules of Functional Expenses**
**For the Years Ended December 31, 2013 and 2012**

2013

| | Personnel | Occupancy | Professional Services | General & Administrative | OREO Write-Down | Grants | Total |
|---|---|---|---|---|---|---|---|
| Program - Lending and Community Investing | $ 3,326,335 | $ 633,600 | $ 952,197 | $ 126,142 | $ - | $ 1,720,211 | $ 6,758,485 |
| Program - Private Equity | 36,570 | 6,566 | 57,651 | 24,713 | - | - | 125,500 |
| Program - Sustainable Development Fund | 73,912 | 8,937 | 34,489 | 4,735 | - | 277,216 | 399,289 |
| Program - Policy Solutions | 957,586 | 164,575 | 253,578 | 66,975 | - | - | 1,442,714 |
| Program - PolicyMap | 1,091,337 | 947,064 | 1,007,403 | 53,393 | - | - | 3,099,197 |
| Program - Development Partners | 1,057,335 | 914,229 | 1,219,889 | 89,702 | - | - | 3,281,155 |
| Management and general | 2,989,355 | 472,502 | 407,221 | 180,269 | - | - | 4,049,347 |
| | $ 9,532,430 | $ 3,147,473 | $ 3,932,428 | $ 545,929 | $ - | $ 1,997,427 | $ 19,155,687 |

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 |