Reinvestment Fund, Inc. and Affiliates

Consolidated Financial Report
December 31, 2017

Reinvestment Fund, Inc. and Affiliates

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Independent Auditor's Report on the Consolidated Financial Statements

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

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Reinvestment Fund, Inc. and Affiliates (the Organization), which comprise the consolidated statement of financial position as of December 31, 2017, the related consolidated statement of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, (collectively, financial statements.)

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Reinvestment Fund, Inc. and Affiliates as of December 31, 2017, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

Blue Bell, Pennsylvania
April 25, 2018

Reinvestment Fund, Inc. and Affiliates

Consolidated Statement of Financial Position
December 31, 2017

Assets	
Cash, cash equivalents and certificate of deposit	$ 12,714,292
Grants and contributions receivable	655,423
Investments in marketable securities	40,834,518
Loans and leases, less allowance for losses of $19,464,448	369,824,510
Equity method and program investments	613,264
Equipment, leasehold improvements and software, net	1,132,532
Other	4,225,048
Restricted cash and cash equivalents	34,229,680
Total Assets	$ 464,229,267
Liabilities and Net Assets	
Liabilities	
Accounts payable and accrued expenses	$ 2,300,948
Escrow payable and due to third parties	4,354,484
Deferred revenue	790,389
Recoverable grants	5,195,800
Loans and bonds payable	280,176,343
Other	10,176,235
Total Liabilities	302,994,199
Commitments and Contingencies (Note 16)	
Net Assets	
Unrestricted	57,723,704
Unrestricted - Contractually limited as to use	9,633,684
Total Unrestricted	67,357,388
Temporarily restricted - Financing	35,511,400
Temporarily restricted - Program	5,868,242
Temporarily restricted - Re-granting	2,369,317
Total Temporarily Restricted	43,748,959
Permanently restricted	50,128,721
Total Net Assets	161,235,068
Total Liabilities and Net Assets	$ 464,229,267

See Notes to Consolidated Financial Statements.

Reinvestment Fund, Inc. and Affiliates

Consolidated Statement of Activities

For the Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Financial Activity				
Financial Income				
Interest and dividend income from:				
Investments	$ 339,079	$ 190,343	$ -	$ 529,422
Loans and leases	18,880,540	526,911	-	19,407,451
Loan and lease fees	1,597,234	-	-	1,597,234
Asset management fee, net	1,775,198	-	-	1,775,198
Total Financial Income	22,592,051	717,254	-	23,309,305
Financial Expense				
Interest expense	7,978,183	-	-	7,978,183
Investment losses, net:				
Marketable securities	147,111	28,240	-	175,351
Equity losses in limited partnerships	209,468	-	-	209,468
Provision for loan and lease losses	1,679,196	-	-	1,679,196
Total Financial Expense	10,013,958	28,240	-	10,042,198
Net Financial Income	12,578,093	689,014	-	13,267,107
Revenue and Support				
Grants and contributions	7,758	8,259,096	59,222	8,326,076
Program services and fees	3,967,262	-	-	3,967,262
Other income	28,455	-	-	28,455
Net assets released from restrictions	19,591,939	(19,591,939)	-	-
Total Revenue and Support	23,595,414	(11,332,843)	59,222	12,321,793
Program and General Expenses				
Program and General Expenses				
Program - Lending and Community Investing	21,156,556	-	-	21,156,556
Program - Policy Solutions	1,847,790	-	-	1,847,790
Program - PolicyMap	3,419,834	-	-	3,419,834
Management and general	4,739,624	-	-	4,739,624
Total Program and General Expenses	31,163,804	-	-	31,163,804
Other Decreases				
Charges related to revolving loan fund	-	-	54,851	54,851
Total Other Increases	-	-	54,851	54,851
Total Expenses and Other Decreases	31,163,804	-	54,851	31,218,655
Total change in net assets	5,009,703	(10,643,829)	4,371	(5,629,755)
Net assets, December 31, 2016	66,912,080	55,850,754	50,124,350	172,887,184
Deconsolidation of Development Partners, Inc., January 1, 2017	(4,564,395)	(1,457,966)	-	(6,022,361)
Net assets, beginning after deconsolidation, January 1, 2017	62,347,685	54,392,788	50,124,350	166,864,823
Net assets, ending, December 31, 2017	$ 67,357,388	$ 43,748,959	$ 50,128,721	$ 161,235,068

See Notes to Consolidated Financial Statements.

Reinvestment Fund, Inc. and Affiliates

Consolidated Statement of Cash Flows
For the Year Ended December 31, 2017

Cash Flows from Operating Activities	
Change in net assets	$ (5,629,755)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Provision for loan and lease losses	1,679,196
Net charges related to revolving loan fund	54,851
Depreciation and amortization	740,166
Amortization of debt issuance costs	79,608
Deferred origination fees, net	336,212
Investment losses in marketable securities, net	175,351
Non-cash grant support	(58,836)
Investment loss in equity method investments	209,468
Decrease (increase) in:	
Grants and contributions receivable	13,662,951
Restricted cash and cash equivalents	(3,787,775)
Other assets	(1,832,313)
Increase (decrease) in:	
Accounts payable and accrued expenses	(178,757)
Escrow payable and due to third parties	(291,492)
Deferred revenue	(22,094)
Other liabilities	207,968
Recoverable grants	(847,881)
Net cash provided by operating activities	4,496,868
Cash Flows from Investing Activities	
Purchases of marketable securities	(69,105,440)
Proceeds from sale of marketable securities	68,731,340
Purchases of program investments	(21,610)
Purchases of limited partnerships	(34,130)
Distributions from equity method investments	17,696
Cash disbursements on loans receivable	(147,873,657)
Cash receipts on loans receivable	81,006,002
Principal payments received under leases	129,764
Additions of equipment, leasehold improvements and software	(94,067)
Net cash used in investing activities	(67,244,102)
Cash Flows from Financing Activities	
Proceeds from issuance of loans and bonds payable	168,062,590
Principal payments on loans and bonds payable	(109,100,474)
Reinvested interest on investor loans payable	135,659
Cash paid for debt issuance costs	(897,031)
Net cash provided by financing activities	58,200,744
Net decrease in cash and cash equivalents	(4,546,490)
Cash and cash equivalents, December 31, 2016	19,232,413
Net cash outflow from deconsolidation of Development Partners, Inc.	(1,971,631)
Cash and cash equivalents, beginning after deconsolidation, January 1, 2017	17,260,782
Cash and cash equivalents, December 31, 2017	$ 12,714,292

(Continued)

See Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows (Continued)
For the Year Ended December 31, 2017

Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$	6,598,125
Supplemental Schedules of Non-Cash Investing and Financing Activities:		
Conversion of interest and fees receivable into loans receivable	$	1,714,404
Assignments of loans receivable and payable	$	10,876,701
Supplemental Disclosures of Cash and Non-Cash Investing Activities Related to Previously Consolidated Entity:		
Assets deconsolidated	$	(40,131,580)
Liabilities deconsolidated		36,080,850
Unrestricted net assets deconsolidated		(680,014)
Temporarily restricted net assets deconsolidated		1,457,966
Non-controlling interest deconsolidated		5,244,409
Net cash outflow from deconsolidation of Development Partners, Inc.	$	1,971,631

See Notes to Consolidated Financial Statements.

Note 1. Summary of Significant Accounting Policies

Description of Organization and Activities:

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

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

Reinvestment Fund, Inc.: Reinvestment Fund is a Pennsylvania not-for-profit entity exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). Reinvestment Fund is a catalyst for change in low-income communities. It integrates data, policy and strategic investments to improve the quality of life in low-income neighborhoods. Using analytical and financial tools, it brings high-quality grocery stores, affordable housing, schools and health centers to the communities that need better access-creating anchors that attract investment over the long term and help families lead healthier, more productive lives. Reinvestment Fund serves communities across the country.

PolicyMap: PolicyMap, LLC was formed January 1, 2016 as a wholly owned subsidiary of Reinvestment Fund. Effective November 1, 2017, PolicyMap, LLC converted to a Benefit Corporation, PolicyMap, Inc. During November 2017, Reinvestment Fund purchased 10,000 shares of PolicyMap, Inc. for $100 which was included in a $300 thousand capital contribution made as part of a Board approved $1.5 million commitment. PolicyMap, Inc. is wholly owned by Reinvestment Fund.

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

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

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

RF Impact Advisers, Inc.: RF Impact Advisers, Inc. ("RFIA") was incorporated on August 21, 2017 under the Pennsylvania Nonprofit Corporation Law of 1988, as amended, and was organized exclusively for charitable purposes. RFIA was formed to provide certain advisory, management and consulting services to private funds and holds a registration with the Pennsylvania Department of Banking and Securities as an Investment Adviser. RFIA intends to qualify as a support corporation to the Reinvestment Fund under Section 501(c)(3) of the code. RFIA is wholly owned by Reinvestment Fund.

Note 1. Summary of Significant Accounting Policies (Continued)

Description of Organization and Activities (Continued):

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

Reinvestment I, LLC, Reinvestment II, LLC, Reinvestment III, LLC and Reinvestment IV, LLC: Reinvestment I, LLC ("Reinvest I"), Reinvestment II, LLC ("Reinvest II"), Reinvestment III, LLC ("Reinvest III") and Reinvestment IV, LLC ("Reinvest IV") are Pennsylvania limited liability companies, each wholly owned by Reinvestment Fund. These entities were formed to acquire and manage distressed real estate acquired through foreclosure or deed in lieu of foreclosure and to prepare properties for sale. Reinvest I, Reinvest III and Reinvest IV are inactive and hold no other real estate held for sale ("OREO"). Reinvest II was dissolved on September 25, 2017.

Deconsolidation of Development Partners, Inc. ("DP"):
Effective January 1, 2017, DP restructured its organizational documents to provide for multiple members with the effect that DP would no longer be under the control of, and consolidated with Reinvestment Fund. The effect of the deconsolidation at January 1, 2017 was a decrease in assets of $42,103,211, a decrease in liabilities of $36,080,850 and a decrease in net assets of $6,022,361. Effective December 31, 2017, the name of the entity was changed from DP to Rebuild Metro, Inc.

The Organization has three major programs, one that makes up the Organization's financing program and two that provide public information and analysis:

1) *Lending and Community Investing:* Encompasses the Organization's financing of housing, schools, healthy food access, healthcare facilities, childcare facilities, clean energy projects and other community assets that benefit low-wealth people and places and is the core lending function of the Organization.

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

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

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 PolicyMap, EFI, NMTC, Education Funding, RFIA, Fund Manager, Reinvest I, Reinvest II, Reinvest III and Reinvest IV. 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.

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

Level 1 Inputs:

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

Level 2 Inputs:

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

Level 3 Inputs:

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

Investments in Marketable Securities: Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated statement of financial position. Any unrealized gains or losses are reported in the consolidated statement of activities as a change in unrestricted net assets, unless explicit donor intent or law restricts their use. Accordingly, investments are recorded at fair value and are classified as Level 1, 2, or 3 (Note 19).

Note 1. Summary of Significant Accounting Policies (Continued)

Loans and Leases Receivable:

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

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

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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 seven 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 $5,000 and useful life greater than one year.

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

In 2014, Reinvestment Fund was granted membership to the FHLB. As a member of the FHLB, Reinvestment Fund is required to maintain an investment in capital stock of the FHLB. FHLB stock does not have a readily determinable value as ownership is restricted and there is no ready market for this stock. As a result, this investment is carried at cost and evaluated periodically by management for impairment. At December 31, 2017, the investment was $252,300. Management reviews for impairment based on the ultimate recoverability of the cost basis of the FHLB stock. No impairment was noted as of December 31, 2017.

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

Other Liabilities: Other liabilities include interest payable, accrued rent, accrued lease incentive, and loan participations sold that did not qualify for sale treatment. There is no exposure to Reinvestment Fund on the loan participations sold.

Note 1. Summary of Significant Accounting Policies (Continued)

Deferred Debt Issuance Costs: Debt issuance costs related to a recognized debt liability are presented on the statement of financial position as a direct reduction from the carrying amount of that debt liability and are amortized using the effective yield method over the term of the debt.

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

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

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

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

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

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

Income Taxes: Reinvestment Fund and its affiliates, except for PolicyMap, Inc., are generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, Reinvestment Fund 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. Reinvestment Fund and its affiliates had no net unrelated business income tax for the year ended December 31, 2017.

As a benefit corporation, PolicyMap, Inc. is subject to federal and state income taxes.

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 year ended December 31, 2017. The Organization files income tax returns in the U.S. federal and state jurisdictions. Generally, the Organization is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2014.

Recent Accounting Pronouncement Adopted: In January 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2017-02, *Not-for-Profit Entities–Consolidation (Subtopic 958-810): Clarifying When a Not-for-Profit Entity That Is a General Partner Should Consolidate a For-Profit Limited Partnership or Similar Entity*. This ASU amends the consolidation guidance in Subtopic 958-810 to maintain current practice. Therefore, under the amendments, a not-for-profit entity that is a general partner continues to be presumed to control a for-profit limited partnership, regardless of the extent of its ownership interest, unless that presumption is overcome. The presumption is overcome if the limited partners have either substantive kick-out rights or substantive participating rights. To be substantive, the kick-out rights must be exercisable by a simple majority vote of the limited partners' voting interests or a lower threshold. ASU 2017-02 is effective for not-for-profit entities for fiscal years beginning after December 15, 2016, with early adoption is permitted. The adoption of this standard had no impact on the financial statements.

Note 1. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements Not Yet Adopted: In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB voted to delay the effective date of the proposed standard (ASU 2015-14, *Revenue from Contracts with Customers*, Deferral of the Effective Date). The updated standard will be effective for annual reporting periods beginning after December 15, 2017. Management has determined that adoption of this standard will have no material impact on the financial statements.

The Organization is currently evaluating the effect that the following updated standards will have on the financial statements.

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

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

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of income as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, "net assets with donor restrictions" and "net assets without donor restrictions", and expands disclosures about the nature and amount of any donor restrictions. ASU 2016-14 is effective for annual periods beginning after December 15, 2017 and interim periods within fiscal years beginning after December 15, 2018, with early adoption permitted.

Note 1. Summary of Significant Accounting Policies (Continued)

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. ASU 2016-15 provides guidance on how certain cash receipts and cash payments should be presented and classified in the statement of cash flows with the objective of reducing existing diversity in practice with respect to these items. ASU 2016-15 is effective for annual periods, and interim periods within those years, beginning after December 15, 2017. Early adoption is permitted. ASU 2016-15 requires a retrospective transition method. However, if it is impracticable to apply the amendments retrospectively for some of the issues, the amendments for those issues would be applied prospectively as of the earliest date practicable.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force)*, which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. ASU 2016-18 is effective for annual periods beginning on January 1, 2019. ASU 2016-18 must be applied using a retrospective transition method with early adoption permitted.

Note 2. Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents at December 31, 2017 consisted of the following:

Fresh Food Financing Initiative ("FFFI")	$ 436,227
Escrow payable	3,794,612
Pennsylvania Green Energy Loan Fund ("GELF")	548,812
Sustainable Development Fund ("SDF") programs	1,744,093
United States Department of Education ("US ED") funds for charter school lending programs	3,057,321
Charter School Loan Fund for credit enhancements (See Note 16)	2,193,212
Greenworks energy loan fund	1,710,328
EnergyWorks loan fund	6,114,638
Pennsylvania State Energy Program ("SEP")	614,568
CDFI-Bond Guarantee Program ("Bond Program")	2,972,361
Baltimore Energy Efficiency	1,354,187
Philadelphia Authority of Industrial Development - Gap financing	2,721,829
William Penn Foundation - High Quality Child Care Program	6,967,492
	$ 34,229,680

Note 3. Investments in Marketable Securities

Investments at December 31, 2017 consisted of the following:

Investments in marketable securities:	
Debt and Mortgage-backed securities:	
Federal Home Loan Mortgage Company	$ 4,090,284
Federal National Mortgage Association	5,301,543
U.S. Treasury Notes and Bills	19,934,887
Corporate debt securities	11,507,804
	$ 40,834,518
Included in the above are:	
Investments in marketable securities restricted as to use:	
US ED funds for charter school lending programs	$ 16,952,511
GELF	846,031
SEP	198,672
	$ 17,997,214

Investment net losses of $175,351 were included on the consolidated statement of activities under financial expense for the year ended December 31, 2017.

Expenses relating to investment income, including custodial and advisory fees amounted to $70,074 for the year ended December 31, 2017. These expenses have been netted against interest income from investments in the consolidated statement of activities.

Note 4. Grants and Contributions Receivable

Grants and contributions receivable at December 31, 2017 consisted of the following:

Programs	
Lending and Community Investing	$ 469,251
Policy Solutions	186,172
	$ 655,423

At December 31, 2017, all grants and contributions receivable are due within one year and are unsecured.

Note 5. Concentration of Credit Risk

The Organization maintains cash in various financial institutions with insurance provided by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000 at each financial institution. At times during the year ended December 31, 2017, the Organization had cash balances in excess of the FDIC limits. At December 31, 2017, the cash balances in excess of FDIC limits approximated $41,823,000. At December 31, 2017, total cash equivalents include short-term money market funds of approximately $3,765,000, which is collateralized by securities held by the financial institution. All other cash equivalents represent short-term government holdings.

At December 31, 2017, at least 83.4% of the Organization's loans receivable due were used to fund projects within the mid-Atlantic region. Additionally, at December 31, 2017, the Organization's portfolio of education, commercial enterprise and food commerce loans constituted 39.9%, 22.3% and 15.1%, 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.

Approximately 8% of the total loans receivable portfolio represents loans made to entities associated with the NMTC program at December 31, 2017. Of these amounts, 11% represent loans to related parties at December 31, 2017.

Note 6. Loans and Leases Receivable

Loans and leases receivable at December 31, 2017 consisted of the following:

Education	$ 155,508,716
Commercial enterprise	86,860,353
Food commerce	58,622,131
Healthcare	33,238,575
Housing	29,174,337
Community asset	25,884,846
	389,288,958
Allowance for loan and lease losses	(19,464,448)
	$ 369,824,510

Net deferred loan costs of $2,357,508 have been included in the carrying value of loans receivable as of December 31, 2017.

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

Note 6. Loans and Leases Receivable (Continued)

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

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

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

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

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

Outstanding loans, other than pre-development loans, have annual interest rates ranging from 0% to 8.75%. Loans and leases receivable have various maturities through 2045.

Note 6. Loans and Leases Receivable (Continued)

An age analysis of past due loans segregated by class as of December 31, 2017 is as follows:

	Accruing					
(in 000's)	Loans 31-90 Days Past Due	Loans 91+ Days Past Due	Non-Accrual Loans (Current and Past due)	Total Past Due and Non-Accrual Loans	Current Loans	Total Loans
Education:						
Commercial Mortgages	$ -	$ -	$ 5,805	$ 5,805	$ 107,128	$ 112,933
Construction, Pre-development and Acquisition	-	-	-	-	42,576	42,576
Total Education loans	-	-	5,805	5,805	149,704	155,509
Commercial Enterprise:						
Commercial Mortgages	-	-	-	-	72,000	72,000
Construction, Pre-development and Acquisition	-	-	-	-	14,860	14,860
Total Commercial Enterprise loans	-	-	-	-	86,860	86,860
Food Commerce:						
Commercial Mortgages	-	-	368	368	50,051	50,419
Construction, Pre-development and Acquisition	-	-	-	-	8,203	8,203
Total Food Commerce loans	-	-	368	368	58,254	58,622
Healthcare:						
Commercial Mortgages	-	-	-	-	32,249	32,249
Construction, Pre-development and Acquisition	-	-	-	-	990	990
Total Healthcare loans	-	-	-	-	33,239	33,239
Housing:						
Commercial Mortgages	-	-	-	-	9,094	9,094
Construction, Pre-development and Acquisition	-	-	2,761	2,761	17,319	20,080
Total Housing loans	-	-	2,761	2,761	26,413	29,174
Community Asset:						
Commercial Mortgages	-	-	-	-	21,750	21,750
Construction, Pre-development and Acquisition	-	-	-	-	4,135	4,135
Total Community Resources loans	-	-	-	-	25,885	25,885
Total loans	$ -	$ -	$ 8,934	$ 8,934	$ 380,355	$ 389,289

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%, the Organization is currently originating loans with loan to value ratios of 75% to 90%. 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, 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 and are in strong financial condition. These loans also have strong collateral coverage, with loan to value ratios of <75%. They are performing and are expected to continue to meet all of the terms and conditions set forth in the original loan documentation.

- Risk ratings of "Satisfactory" are used for loans which may have a few unmet terms from committed repayment sources but are in satisfactory financial condition. These loans also have adequate collateral coverage of <90%. Borrowers in this classification generally exhibit a low level of credit risk, 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 may 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 risk, 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 their ability to service debt. 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, a full write-off is deferred.

Note 6. Loans and Leases Receivable (Continued)

The table below details the Organization's loans, as of December 31, 2017, by class according to their credit quality indicators discussed above.

(in 000's)	Above Average	Satisfactory	Below Average	Watch	Substandard	Doubtful	Total
Education:							
Commercial Mortgages	$ -	$ 63,875	$ 43,103	$ 150	$ 5,805	$ -	$ 112,933
Construction, Pre-development and Acquisition	-	12,147	30,157	272	-	-	42,576
Total Education loans	-	76,022	73,260	422	5,805	-	155,509
Commercial Enterprise:							
Commercial Mortgages	613	45,774	20,536	5,077	-	-	72,000
Construction, Pre-development and Acquisition	947	7,970	5,943	-	-	-	14,860
Total Commercial Enterprise Loans	1,560	53,744	26,479	5,077	-	-	86,860
Food Commerce:							
Commercial Mortgages	1,288	24,844	23,919	-	368	-	50,419
Construction, Pre-development and Acquisition	-	2,705	5,498	-	-	-	8,203
Total Food Commerce loans	1,288	27,549	29,417	-	368	-	58,622
Healthcare:							
Commercial Mortgages	-	25,512	6,737	-	-	-	32,249
Construction, Pre-development and Acquisition	-	941	49	-	-	-	990
Total Healthcare loans	-	26,453	6,786	-	-	-	33,239
Housing:							
Commercial Mortgages	-	5,912	668	2,514	-	-	9,094
Construction, Pre-development and Acquisition	-	9,305	6,623	4,152	-	-	20,080
Total Housing loans	-	15,217	7,291	6,666	-	-	29,174
Community Asset							
Commercial Mortgages	-	3,880	17,720	150	-	-	21,750
Construction, Pre-development and Acquisition	-	4,135	-	-	-	-	4,135
Total Community Resources loans	-	8,015	17,720	150	-	-	25,885
Total loans	$ 2,848	$ 207,000	$ 160,953	$ 12,315	$ 6,173	$ -	$ 389,289

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.

No interest was recognized on a cash basis for impaired loans in 2017.

Impaired loans as of December 31, 2017 are set forth in the following table:

(in 000's)	Unpaid Principal Balance	Total Recorded Impaired Loans	Recorded Loans with no Allowance	Recorded Loans with Allowance	Related Allowance	Average Recorded Loans	Interest Collected on Impaired Loans
Education:							
Commercial Mortgages	$ 6,023	$ 6,023	$ 69	$ 5,954	$ 760	$ 6,128	$ 13
Construction, Pre-development and Acquisition	272	272	272	-	-	283	-
Total Education loans	6,295	6,295	341	5,954	760	6,411	13
Food Commerce:							
Commercial Mortgages	368	368	-	368	157	381	-
Total Food Commerce loans	368	368	-	368	157	381	-
Housing:							
Commercial Mortgages	1,721	466	97	369	256	1,257	105
Construction, Pre-development and Acquisition	3,063	3,063	2,761	302	34	3,008	8
Total Housing loans	4,784	3,529	2,858	671	290	4,265	113
Community Asset:							
Commercial Mortgages	150	150	-	150	150	75	-
Total Community Resources loans	150	150	-	150	150	75	-
Total loans	$ 11,597	$ 10,342	$ 3,199	$ 7,143	$ 1,357	$ 11,132	$ 126

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

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

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

Note 6. Loans and Leases Receivable (Continued)

The Organization also reviews the financial performance of the borrower over the past year to be reasonably assured of repayment and performance according to the modified terms. This review consists of an analysis of the borrower's historical results, the borrower's projected results over the next four quarters and 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 loan restructured in a TDR and that is on non-accrual must make six consecutive monthly regular debt service payments to be on accrual status.

There were no TDRs entered into in 2016 that subsequently defaulted during 2017. Two TDRs totaling $95,893 were executed in 2017 and were not in default as of December 31, 2017. Of the seven loans identified as TDRs, none were considered to be in default.

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

(in 000's)	Balance at January 1, 2017	TDRs paid off, reclassified, or written off	New TDRs	Balance at December 31, 2017
Education:				
Extended under forbearance	$ 6,528	$ (383)	$ -	$ 6,145
Food Commerce:				
Extended under forbearance	-	368	-	368
Extensions resulting from financial difficulty	393	(393)	-	-
Housing:				
Extended under forbearance	2,761	-	96	2,857
Total	$ 9,682	$ (408)	$ 96	$ 9,370

The following is an analysis of performing and non-performing loans modified in a troubled debt restructuring as of December 31, 2017:

(in 000's)	TDRs in compliance and accruing interest		TDRs not accruing interest		Total	
	Balance	Count	Balance	Count	Balance	Count
Education:						
Commercial Mortgages	$ 69	1	$ 5,805	1	$ 5,874	2
Construction, Pre-development and Acquisition	271	1	-	-	271	1
Food Commerce:						
Commercial Mortgages	-	-	368	1	368	1
Housing:						
Commercial Mortgages	96	2	-	-	96	2
Construction, Pre-development and Acquisition	-	-	2,761	1	2,761	1
Total	$ 436	4	$ 8,934	3	$ 9,370	7

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

Note 7. Allowance for Loan and Lease 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 and may 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, 2017:

(in 000's)	Education	Commercial Enterprise	Food Commerce	Healthcare	Housing	Community Asset	Total
Balance at January 1, 2017	$ 7,608	$ 4,179	$ 3,463	$ 482	$ 1,239	$ 873	$ 17,844
Provision for loan and lease losses							
Unrestricted	720	(116)	(206)	643	212	426	1,679
Net reduction in permanently restricted net assets	-	-	55	-	-	-	55
Charge-offs	-	-	(116)	-	(85)	-	(201)
Recoveries	-	-	2	-	85	-	87
Provision and net charge-offs	720	(116)	(265)	643	212	426	1,620
Balance at December 31, 2017	$ 8,328	$ 4,063	$ 3,198	$ 1,125	$ 1,451	$ 1,299	$ 19,464
Period-end amount allocated to:							
Loans individually evaluated for impairment	$ 760	$ -	$ 157	$ -	$ 290	$ 150	$ 1,357
Loans collectively evaluated for impairment	7,568	4,063	3,041	1,125	1,161	1,149	18,107
	$ 8,328	$ 4,063	$ 3,198	$ 1,125	$ 1,451	$ 1,299	$ 19,464
Balance at December 31, 2017							
Loans individually evaluated for impairment	$ 6,295	$ -	$ 368	$ -	$ 3,529	$ 150	$ 10,342
Loans collectively evaluated for impairment	149,214	86,860	58,254	33,239	25,645	25,735	378,947
Total	$ 155,509	$ 86,860	$ 58,622	$ 33,239	$ 29,174	$ 25,885	$ 389,289

Note 8. Equity Method and Program Investments

Investments in limited partnerships are accounted for under the equity method and program investments are recorded at estimated fair value. At December 31, 2017, these investments consisted of the following:

Equity Method Investments	
New Markets Tax Credit Program (see page 25)	$ 28,370
New Markets Tax Credit Investment Funds	
Chase NMTC TRF 2011 Investment Fund, LLC	477
Chase NMTC PHN Investment Fund, LLC	194
481 Philabundance Investment Fund, LLC	338
Chase NMTC Liberty Heights Investment Fund, LLC	412
	1,421
Limited Partnerships and Limited Liability Companies	
Charter School Financing Partnership (a)	82,993
FSCLF Holding, LLC (b)	195,750
Octavia Hill Bel-Air Partners, LP (c)	-
Octavia Hill Chelten Partners, LP (d)	-
HealthCo Participation LLC (e)	5,010
Alliance Fund Management, LLC (f)	-
Domestic Small Cap Pay For Success Fund I, LP (g)	28,110
	311,863
Total equity method investments	341,654
Program Investments	
The Community Development Trust	271,610
Total program investments	271,610
	$ 613,264

New Markets Tax Credit Program: Pursuant to the requirements of the New Markets Tax Credit Program ("Program") administered by the CDFI Fund, a division of the U.S. Department of Treasury, Reinvestment Fund formed a for-profit entity TRF NMTC Fund, LLC ("NMTC"). As of December 31, 2017, NMTC is the general partner of TRF NMTC Fund XIV, L.P. through TRF NMTC Fund XXXIX, L.P., (collectively the "NMTC Funds") with a 0.01% ownership interest in each entity. The Organization does not consolidate the NMTC Funds because the rights granted to the limited partners as defined in the partnership agreements overcome the presumption of control of the general partner.

During 2017, the Organization did not receive a Program allocation. The Organization was awarded a $70,000,000 Program allocation in February 2018 under the 2017 allocation round. (See Note 20)

Note 8. Equity Method and Program Investments (Continued)

New Markets Tax Credit Program (Continued):

Reinvestment Fund formed TRF Fund Manager, LLC ("Fund Manager"). Fund Manager is the non-member manager of Chase NMTC TRF Charter School Investment Fund, LLC, a non-Reinvestment Fund entity. In addition, Fund Manager is the 0.01% 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 because the rights granted to the investor members as defined in the respective operating agreements overcome the presumption of control of the managing member.

For administrative services performed for the NMTC Funds, the Organization earned revenue of $1,712,934 for the year ended December 31, 2017. This amount includes a one-time negotiated servicing fee of $200,000 as part of the TRF NMTC Fund V, LP unwind. These amounts are included in asset management fees on the consolidated statement of activities.

During 2017, TRF NMTC Fund V, L.P, TRF NMTC Fund IX, L.P., TRF NMTC Fund X, L.P., TRF NMTC Fund XI, L.P and TRF NMTC Fund XIII, L.P, were unwound. As a result, Reinvestment Fund earned $283,230 in success fees, which are included in program services and fees on the consolidated statement of activities.

The information below for each NMTC fund, as it relates to the total assets, liabilities and net income amounts as of December 31, 2017, is for information purposes and is not consolidated in Reinvestment Fund's financial statements.

	Total Assets	Total Liabilities	Total Equity	Net Income	Reinvestment Fund Investment Balance
TRF NMTC Fund XIV, L.P.	$ 17,537,721	$ 15,277	$ 17,522,444	$ 598,393	$ 1,752
TRF NMTC Fund XV, L.P.	41,341,798	53,008	41,288,790	1,764,507	4,256
TRF NMTC Fund XVI, L.P.	18,796,112	8,051	18,788,061	382,532	1,878
TRF NMTC Fund XVII, L.P.	12,880,448	5,456	12,874,992	113,202	1,311
TRF NMTC Fund XVIII, L.P.	8,539,177	10,634	8,528,543	298,127	858
TRF NMTC Fund XIX, L.P.	8,009,693	3,450	8,006,243	48,701	801
TRF NMTC Fund XX, L.P.	9,236,603	3,839	9,232,764	230,699	923
TRF NMTC Fund XXI, L.P.	3,010,621	2,501	3,008,120	46,920	301
TRF NMTC Fund XXII, L.P.	9,526,138	3,957	9,522,181	263,858	950
TRF NMTC Fund XXIII, L.P.	12,621,000	15,625	12,605,375	416,500	1,260
TRF NMTC Fund XXIV L.P.	6,006,710	2,500	6,004,210	43,320	600
TRF NMTC Fund XXV, L.P.	5,553,295	6,875	5,546,420	183,480	555
TRF NMTC Fund XXVI, L.P.	9,532,097	11,875	9,520,222	75,186	952
TRF NMTC Fund XXVII, L.P.	5,522,435	6,875	5,515,560	60,038	552
TRF NMTC Fund XXVIII, L.P.	6,018,570	7,500	6,011,070	41,880	601
TRF NMTC Fund XXIX L.P.	12,036,998	5,000	12,031,998	369,575	1,203
TRF NMTC Fund XXX, L.P.	10,034,003	4,167	10,029,836	346,037	1,003
TRF NMTC Fund XXXI, L.P.	10,051,208	20,834	10,030,374	70,500	1,003
TRF NMTC Fund XXXII, L.P.	11,042,351	13,750	11,028,601	110,000	1,103
TRF NMTC Fund XXXIII, L.P.	8,009,132	3,333	8,005,799	57,275	801
TRF NMTC Fund XXXIV, L.P.	12,009,030	5,000	12,004,030	33,960	1,200
TRF NMTC Fund XXXV, L.P.	9,009,285	3,750	9,005,535	55,620	900
TRF NMTC Fund XXXVI, L.P.	8,527,406	3,542	8,523,864	276,173	852
TRF NMTC Fund XXXVII, L.P.	13,029,302	5,416	13,023,886	270,147	1,302
TRF NMTC Fund XXXVIII, L.P.	8,035,373	3,333	8,032,040	374,880	803
TRF NMTC Fund XXXIX, L.P.	6,506,355	2,708	6,503,647	34,719	650
Total	$ 282,422,861	$ 228,256	$ 282,194,605	$ 6,566,229	$ 28,370

Note 8. Equity Method and Program Investments (Continued)

Equity Method Investments:

(a) Charter School Financing Partnership ("CSFP") is a limited liability company organized to facilitate the financing of charter schools by aggregating pools of loans, including those with external credit enhancements, which are then stratified by risk-return and maturity characteristics and sold to investors in the form of bonds. In February 2008, Reinvestment Fund purchased $60,000 in Class "A" units, which represents a 20% voting interest in CSFP. Equity earnings or losses are allocated to Reinvestment Fund at 10%. Reinvestment Fund recorded an increase in equity earnings of $24,218 for the year ended December 31, 2017. Reinvestment Fund received a return of capital of $11,598 for the year ended December 31, 2017.

(b) FSCLF Holding, LLC ("FSCLF") is a limited liability company formed for the purpose of holding and selling the property transferred by the lead lender upon foreclosure of the S. Lowan Pitts Day Care Center loan in which Reinvestment Fund had a 50% participation. Accordingly, Reinvestment Fund owns a 50% non-managing member interest in FSCLF. Reinvestment Fund recorded an increase in equity earnings of $20,906 for the year ended December 31, 2017.

(c) Octavia Hill Bel-Air Partners, LP ("Bel-Air") is a limited partnership formed for the purpose of purchasing and operating multifamily residential rental buildings. Reinvestment Fund's non-controlling limited partnership interest in Bel-Air represents 76% of the total contributed capital in the partnership. Per the partnership agreement, the general partner is allocated the first $125,000 of losses; thereafter, Reinvestment Fund will be allocated 80.25% of net income or 81.91% of losses. Reinvestment Fund recorded no equity earnings for the year ended December 31, 2017.

(d) Octavia Hill Chelten Partners, LP ("Chelten") is a limited partnership formed for the purpose of purchasing and operating a housing rental building. Reinvestment Fund's non-controlling limited partnership interest in Chelten represents 76% of the total contributed capital in the partnership. Per the partnership agreement, the general partner is allocated the first $75,000 of losses; thereafter, Reinvestment Fund will be allocated 80.25% of net income or 96.28% of losses. Reinvestment Fund recorded no equity earnings for the year ended December 31, 2017.

(e) HealthCo Participation LLC ("HealthCo") is a limited liability company formed in 2013 as a financing vehicle to provide indirect facility financing for federally qualified healthcare centers. Reinvestment Fund is one of three equal members at 33.34%. Under the limited liability company agreement, any income or expense of HealthCo is shared equally by the three members. For the year ended December 31, 2017, Reinvestment Fund recorded an equity loss of $4,794. During the year ended December 31, 2017, Reinvestment Fund contributed capital of $4,000.

    At December 31, 2017, Reinvestment Fund holds a liability of $4,446,000 for a loan participation sold to HealthCo that was not qualified for sale treatment.

(f) Alliance Fund Management, LLC ("AFM") is a limited liability company formed in 2014 to provide management services to funds and trusts seeking investments in affordable rental housing preservation. Reinvestment Fund owns ten Class A Preferred Member Units of AFM at a total cost of $250,000. During 2017, the Organization evaluated this investment and determined that the asset is impaired and recorded an equity loss of $250,000 for the year ended December 31, 2017. The balance of this investment was zero at December 31, 2017.

(g) Domestic Small Cap Pay for Success Fund I, LP ("PFS") is a limited partnership formed in 2017 to make, hold, manage, sell, exchange or otherwise deal in portfolio investments or transactions in social welfare policy areas. In 2017, Reinvestment Fund received 500 Class A Units for a commitment to contribute $500,000 of capital and 500 Class B Units for a commitment to contribute $500,000 of capital. Reinvestment Fund and RFIA have ownership interests in PFS of 10% and 0.1%, respectively. Reinvestment Fund contributed $15,066 of Class A capital and $15,065 of Class B capital during the year ended December 31, 2017. Losses were prorated based on the Class B Unit ownership percentage and as such, Reinvestment Fund recorded an equity loss of $2,021 for the year ended December 31, 2017.

Note 8. Equity Method and Program Investments (Continued)

On December 8, 2017, Reinvestment Fund sold two loans to PFS for a purchase price of $300,347 consisting of $297,398 of principal and $2,949 of accrued interest.

The table below represents financial information of the Organization's equity method investments.

	Total Assets	Total Liabilities	Total Equity	Net Income/(Loss)
CSFP (a)	$ 16,061,610	$ 2,092,739	$ 13,968,871	$ 242,176
FSCLF (b)	584,675	-	584,675	4,735
Bel-Air (c)	1,329,336	1,493,314	(163,978)	(1,817)
Chelten (d)	934,063	1,143,152	(209,089)	(25,203)
HealthCo (e)	5,732,931	5,712,323	20,608	(5,530)
PFS (g)	291,444	245	291,199	(10,106)

Program Investments:

At December 31, 2017, Reinvestment Fund owned 27,160 common "B" shares of The Community Development Trust, Inc. carried at $271,610.

Note 9. Equipment, Leasehold Improvements and Software, Net

Equipment, leasehold improvements and software, net at December 31, 2017 consisted of the following:

Office furniture, equipment and software	$ 1,983,988
Leasehold improvements	1,045,593
Software development	6,933,606
Accumulated depreciation	(8,830,655)
	$ 1,132,532

Depreciation and amortization expense of $740,166, was recorded for the year ended December 31, 2017.

Note 10. Loans and Bonds Payable

Loans and bonds payable at December 31, 2017 consisted of the following:

Loans payable current portion	$ 33,880,110
Loans payable long-term portion	196,178,656
Gross loans payable	230,058,766
Bonds payable long-term portion	50,935,000
Gross bonds payable	50,935,000
Gross loans and bonds payable	280,993,766
Deferred debt issuance costs	(817,423)
Net loans and bonds payable	$ 280,176,343

Note 10. Loans and Bonds Payable (Continued)

Loans payable			
Lender	Maturity Date	Interest rate	Balance at December 31, 2017
Government	2019-2045	1.94% - 3.14%	$ 73,562,238
Financial institutions, partnerships, and corporations	2017-2026	0.00% - 7.15%	99,611,454
Foundations, religious, and civic organizations	2017-2045	0.00% - 5.00%	46,622,015
Individuals	2017-2045	0.00% - 5.00%	10,263,059
Gross loans payable			$ 230,058,766

Bonds payable			
Issuance	Maturity Date	Interest rate	Balance at December 31, 2017
Impact Investment Bonds, Taxable Series 2017	2023-2025	3.17% - 3.51%	$ 50,935,000
Gross bonds payable			$ 50,935,000

The Organization had 792 issuances of debt at December 31, 2017. The Organization's variable rate loans are based on 30 day London Interbank Offered Rate ("LIBOR") which was 1.56% at December 31, 2017. At December 31, 2017, the Organization had $275,993,766 of fixed rate debt and $5,000,000 of variable rate debt. At December 31, 2017, the Organization had $65,827,535 of secured debt and $215,166,231 of unsecured debt.

At December 31, 2017, the Organization has certain debt agreements with note holders that have matured. Note holders are contacted at least 30 days prior to the maturity date, with an option to elect to receive payment or renew its investment at maturity. As of December 31, 2017, all note holders were notified and the Organization is awaiting a response.

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, 2017, the Organization was in compliance with all of its financial covenants.

Aggregate maturities for loans and bonds payable at December 31, 2017 are as follows:

2018	$ 33,880,110
2019	42,083,281
2020	38,556,800
2021	20,036,814
2022	25,358,492
Thereafter	121,078,269
	$ 280,993,766

Loans and bonds specified below represent certain debt instruments

Government debt includes amounts due to government agencies as follows:

Secured

Reinvestment Fund was previously approved to receive $130,000,000 through the CDFI Bond Guarantee Program of which $23,205,000 has been drawn in 2017. The Bond Program gives Reinvestment Fund access to long-term fixed rate capital for terms of up to 29.5 years. The Organization is required to commit the bond proceeds within 24 months with full deployment prior to the end of 2019. Reinvestment Fund entered into a loan agreement with CRF QI, LLC (Qualified Issuer). As a condition of the program, Reinvestment Fund must pledge eligible secondary borrower loans as collateral to draw down on the loan. Under the program, the bonds are purchased by The Federal Financing Bank and the U.S. Treasury will guarantee repayment. As of December 31, 2017, the loans payable of approximately $60,360,000 were secured by pledged loans receivable of approximately $62,775,000.

Note 10. Loans and Bonds Payable (Continued)

Unsecured

Reinvestment Fund entered into an Equity Equivalent Investment ("EQ2") agreement with the Small Business Loan Fund 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.

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

Secured

In connection with its NMTC program activities, Reinvestment Fund has one NMTC eligible loan payable to JPMorgan Chase Bank, N.A. ("JPMC") as of December 31, 2017 in the amount of $2,460,000, secured by prospective loans receivable of $2,460,000. As a condition of the program, Reinvestment Fund has assigned to the lenders a lien on a security interest in all of Reinvestment Fund's rights, title and interest to the related loans receivable.

Reinvestment Fund is a member of the Federal Home Loan Bank Pittsburgh and is able to pledge eligible loans receivable as collateral in order to have a revolving line of credit of 60% of the collateral value. As of December 31, 2017, the loans payable balance was $3,000,000, secured by pledged loans receivable of approximately $25,871,000.

Unsecured

Reinvestment Fund entered into two EQ2 agreements with Wells Fargo Community Investment Holdings totaling $7,000,000. The funds are to be used to promote the public welfare in Reinvestment Fund's target markets.

Foundations, religious, civic organizations and individuals

Foundations, religious, civic organizations and individuals include only unsecured debt.

Bonds payable

On April 27, 2017, Reinvestment Fund issued $50,935,000 of Impact Investment Bonds, Taxable Series 2017 primarily to finance loans to organizations and businesses in pursuit of Reinvestment Fund's mission and refinance certain existing obligations. The Bonds were issued pursuant to a Trust Indenture dated April 1, 2017, by and between Reinvestment Fund and The Bank of New York Mellon Trust Company, N.A., as trustee. The bonds are the general obligation of Reinvestment Fund and payable from all legally available revenues and assets of Reinvestment Fund. They are not secured by a lien on any revenue or assets.

The bonds bear interest at a fixed rate which is payable semi-annually. The bonds are issued in minimum denominations of $5,000 and increments of $1,000.

The bonds are subject to optional redemption by Reinvestment Fund prior to maturity on any business day at a make-whole redemption price plus accrued interest to the redemption date. The bonds maturing on November 1, 2023 are also subject to mandatory sinking fund redemption prior to maturity, commencing on November 1, 2019.

The trust indenture contains certain covenants related to permitted liens, limits on the aggregate amount of secured indebtedness as a percentage of total assets, minimum asset to debt ratio requirements, and limitations related to the occurrence of additional indebtedness and guarantees.

Undrawn Debt

At December 31, 2017, total undrawn debt was $132,168,624. Included in the total was $40,000,000 of available undrawn liquidity under a line of credit with JPMC. This LIBOR based facility has a maturity of June 23, 2020. In addition, under the terms of its membership with the FHLB, the Organization had the ability to draw $12,522,517 of additional funding at December 31, 2017. Rates under the FHLB facility are set on the advance date. The Organization also had undrawn availability under the CDFI Bond Guarantee Program of approximately $61,130,000. Rates under the CDFI Bond Guarantee Program are set on the advance date.

Note 11. Recoverable Grants

Recoverable grants consist of conditional grant funds received in advance of the conditions of the grant having been met. Recoverable grants are reclassified and recognized as temporarily restricted revenue once the conditions of the grant are satisfied.

Reinvestment Fund was awarded $5,000,000 from the City of Baltimore for the Community Service Loan Program in September 2014. Prior to 2017, Reinvestment Fund received drawdowns of $3,250,000 of which $10,000 was recognized as grant revenue. Under the terms of the grant, Reinvestment Fund is required to create the Community Service Loan Program. The funds will be used to cover loan losses, re-granting and lending to eligible borrowers. The revenue will be recognized and released simultaneously as loan losses are incurred or re-granting is designated to eligible borrowers. Any funds not expended for loan losses are due back to the grantor. The balance of this recoverable grant was $3,240,000 at December 31, 2017.

In November 2014, Reinvestment Fund was also awarded $400,000 from The Maryland Department of Housing and Community Development through the Southeast Community Development Fund (SEDC) to create the CARE Revolving Loan Fund. This fund is to be used to finance the acquisition, rehabilitation and sale of vacant residential properties located in the Southeast Baltimore City Sustainable Community Area. The revenue will be recognized and released simultaneously to cover loan losses to eligible borrowers in this specific geographical area. Upon the expiration of five years from the date of the agreement, financing of new projects will cease unless an extension of time is granted. SEDC may require repayment of the grant at the end of the grant period. The balance of this recoverable grant was $400,000 at December 31, 2017.

Reinvestment Fund received an advance payment of $1,555,800 on a conditional grant, which was reported as recoverable grants as of December 31, 2017. (See Note 17)

The consolidated statement of financial position reflects recoverable grants in the amount of $5,195,800 for the year ended December 31, 2017.

Note 12. Net Assets

Unrestricted Net Assets: At December 31, 2017, unrestricted net assets were $67,357,388 which included $9,633,684 which was contractually limited as to use by SDF.

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

Note 12. Net Assets (Continued)

Temporarily restricted net assets at December 31, 2017 consisted of the following:

	Balance at January 1, 2017 *	Grants & Contributions	Net Assets Released	Reclassification of Releases	Net Financial Income	Balance at December 31, 2017
Temporarily Restricted						
Financing						
Lending and Community Investing	$ 37,181,850	$ 2,603,682	$ (4,505,807)	$ -	$ 231,675	$ 35,511,400
	37,181,850	2,603,682	(4,505,807)	-	231,675	35,511,400
Program						
Lending and Community Investing	7,587,234	5,375,573	(7,873,431)	34,184	452,840	5,576,400
Policy Solutions	430,113	279,841	(383,767)	(34,345)	-	291,842
	8,017,347	5,655,414	(8,257,198)	(161)	452,840	5,868,242
Re-granting						
Lending and Community Investing	9,193,591	-	(6,828,934)	161	4,499	2,369,317
Total temporarily restricted	$ 54,392,788	$ 8,259,096	$ (19,591,939)	$ -	$ 689,014	$ 43,748,959

* Beginning balance of total temporarily restricted net assets was reduced from $55,850,754 to $54,392,788 due to the deconsolidation of DP as of January 1, 2017. $1,457,966 for real-estate program under Financing was removed as a result of the deconsolidation.

Temporarily restricted net assets for financing includes $22,257,280 from US ED as of December 31, 2017. These funds are to be used to provide credit enhancement 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.

For the year ended December 31, 2017, permanently restricted net assets increased $4,371 which represents $59,222 in gifts from individuals for loan pool equity offset by a $54,851 charge related to the FFFI loan pool.

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

Note 13. Program Services and Fees

Program services and fees consist of the following:

Subscription revenue	$ 2,445,040
Technical assistance fees	1,078,859
NMTC success/exit fees	283,230
Loan servicing fees	160,133
	$ 3,967,262

Note 14. Sustainable Development Fund

SDF is a separate fund of Reinvestment Fund. SDF is guided by the terms of two Pennsylvania Public Utility Commission ("PUC") orders and subsequent PUC actions. SDF files an annual report with the PUC and participates in an annual meeting of the Pennsylvania Sustainable Energy Board. SDF loans are reviewed and approved by Reinvestment Fund's loan committee. SDF elected a new nine-member board in late 2017 that provides oversight to SDF's activities including input to, review and approval of annual program plans and budgets.

In connection with the creation of SDF, SDF's board agreed to comply with certain contractual restrictions on the use of its available net assets. As such, all net assets of SDF are considered contractually limited as to use. All SDF receipts, including contributions, principal repayments and interest earnings on loans made by SDF, 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. SDF 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. $4,000,000 of the contributions was for the Photvoltaic (solar energy) Project, $12,000,000 was for New Pennsylvania Wind Facilities and $2,500,000 was for Renewable Energy.

SDF expenses are included in Program-Lending and Community Investing on the consolidated statement of activities. SDF did not incur any fundraising expenses.

Note 15. Fundraising Expenses

The management and general category includes fundraising expenses, which are approximately $86,000 for the year ended December 31, 2017.

Note 16. Commitments and Contingencies

Commitments:

At December 31, 2017, the Organization had approximately $51,000,000 of loans closed but not yet disbursed and $35,600,000 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, 2017, Reinvestment Fund had unconditional outstanding letters of credit totaling $8,183,743. These letters of credit have maturity dates ranging from June 2018 to October 2019.

Reinvestment Fund 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. PolicyMap leases its offices under a non-cancelable operating lease with a term of 4 years.

Note 16. Commitments and Contingencies (Continued)

The Organization's future annual minimum payments under these leases are as follows:

2018	$ 762,075
2019	771,386
2020	735,370
2021	682,484
2022	666,113
Thereafter	2,219,428
	$ 5,836,856

Rent expense, net of subleases, was $616,150 for the year ended December 31, 2017.

DP:

Effective January 1, 2017, as part of the DP restructure, Reinvestment Fund and DP executed a Support and Services Agreement (the “Agreement”). (See Note 1)

At January 1, 2018, Reinvestment Fund shall provide DP with the following support:

- Over two years, Reinvestment Fund shall provide a reimbursement grant for expenses incurred in executive staffing costs in the aggregate amount of $410,000, not to exceed $205,000 per year. The reimbursement grant funds shall be awarded upon meeting the reimbursement criteria.
- Upon meeting the matching criteria defined in the Agreement, matching grants totaling $825,000 shall be awarded to DP through 2020 as outlined below: up to a maximum amount of $450,000 in 2018, up to a maximum amount of $300,000 in 2019, and up to a maximum amount of $75,000 in 2020.
- Starting January 1, 2018 and continuing through December 31, 2019, Reinvestment Fund shall reimburse DP for back office support costs in the form of a reimbursement grant not to exceed $450,000 annually.

For the year ended December 31, 2017, Reinvestment Fund provided DP $205,000 in reimbursement grants for executive staffing costs, $600,000 in matching grants and $247,395 in reimbursement grants for staffing costs. These grants totaling $1,052,395 are included in program-lending and community investing on the consolidated statement of activities. Reinvestment Fund also provided $172,407 of in kind back office support. In addition, Reinvestment Fund purchased a subscription note in the principal amount of $250,000.

Contingencies:

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

NMTC:

During 2010, in connection with the NMTC program, JPMC (“Senior Lender”), issued a note payable to Chase NMTC TRF Charter School Investment Fund, LLC (“borrower”) in the amount of $21,349,140. Reinvestment Fund, a subordinate lender to the borrower, received grant funds from the US ED which enabled Reinvestment Fund to establish a reserve fund to assist one or more charter schools’ access to private sector capital. In accordance with the terms and conditions of the Amended and Restated Credit Enhancement Agreement, Reinvestment Fund agreed to deposit such funds into a Credit Enhancement Reserve Account (the “Account”) in an amount equal to 10% of the principal amount of the loans issued per the Senior Lender’s promissory note. In addition, Reinvestment Fund agreed to deposit an additional $32,938 into the Account. The Account is interest bearing and is pledged to the Senior Lender as additional security for the loans pursuant to the Credit Enhancement Reserve Account Pledge and Control Agreement. At December 31, 2017, the balance in the Account was $2,193,212.

Note 17. Conditional Grant Receivable

In February 2016, the Organization was awarded a $15,000,000, five-year conditional grant to create high quality childcare seats in Philadelphia. During 2017, as the conditions of the grant were met, the Organization recognized $3,400,000 in grant revenue. Of the $15,000,000 that was awarded, the Organization is eligible to receive the remaining $5,100,000 in grant funds over the next three years if the conditions of the grant agreement are met in accordance with the terms of the grant.

In December 2016, the Organization was awarded a $3,000,000, three-year conditional grant to provide planning and capital support for the expansion of high-quality child care providers serving low-income children in Philadelphia. During 2017, as the conditions of the grant were met, the Organization recognized $500,000 of grant revenue. $450,000 of grant revenue was recognized in 2016. The Organization is eligible to receive the remaining $2,050,000 in grant funds over the next two years if the conditions of the grant agreement are met in accordance with the terms of the grant agreement.

In December 2017, the Organization was also awarded a $3,111,600, five-year conditional grant to create and operate a revolving loan fund for early learning providers in Philadelphia. The Organization received an advance payment of $1,555,800 upon the execution of the grant agreement, which is included in recoverable grants on the consolidated statement of financial position. The remaining balance of this conditional grant is $1,555,800.

Note 18. 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 2017 plan provided for a discretionary match of 100% of employees' contributions for the first 3% of compensation plus a 50% match on deferrals in excess of 3% but not to exceed 5% of employees' compensation. The Organization contributed $299,188 for the year ended December 31, 2017.

Note 19. Fair Value Measurements

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

Fair Value on a Recurring Basis

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

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

Note 19. Fair Value Measurements (Continued)

The following table presents the assets and liabilities reported on the consolidated statement of financial position at their fair value as of December 31, 2017 by level.

	Total	Level 1	Level 2	Level 3
Investments in marketable securities:				
Debt and Mortgage-backed securities:				
Federal Home Loan Mortgage Company	$ 4,090,284	$ -	$ 4,090,284	$ -
Federal National Mortgage Association	5,301,543	-	5,301,543	-
U.S. Treasury Notes and Bills	19,934,887	19,934,887	-	-
Corporate debt securities	11,507,804	-	11,507,804	-
Program investments:				
The Community Development Trust	271,610	-	-	271,610
Total assets	$ 41,106,128	$ 19,934,887	$ 20,899,631	$ 271,610

The following table presents a reconciliation of assets measured at fair value on a recurring basis using significant unobservable inputs (level 3 assets).

	Level 3
Program investments: The Community Development Trust	
Balance, January 1, 2017	$ 250,000
Purchase	21,610
Balance, December 31, 2017	$ 271,610

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, 2017 was $1,357,050.

	Total	Level 1	Level 2	Level 3
Impaired loans, net of specific reserves of $1,357,050	$ 8,984,964	$ -	$ -	$ 8,984,964
	$ 8,984,964	$ -	$ -	$ 8,984,964

Note 20. Subsequent Events

The Organization's management has evaluated its subsequent events (events occurring after December 31, 2017) through April 25, 2018, which represents the date the financial statements were available to be issued.

In February 2018, Reinvestment Fund received a $70,000,000 NMTC allocation from the U.S. Department of the Treasury's CDFI Fund under the 2017 allocation round.

RSM US LLP

Independent Auditor's Report
on the Supplementary Information

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

We have audited the consolidated financial statements of Reinvestment Fund, Inc. and Affiliates as of and for the year ended December 31, 2017, and have issued our report thereon, which contains an unmodified opinion on those consolidated financial statements. See pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating and other supplementary information is presented for purposes of additional analysis rather than to present the financial position, results of operations and cash flows of the individual entities and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating and other supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

RSM US LLP

Blue Bell, Pennsylvania
April 25, 2018

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Reinvestment Fund, Inc. and Affiliates (Excluding SDF)

Consolidating Statement of Financial Position
December 31, 2017

	TRF	PolicyMap	EFI	NMTC	Education Funding	RFIA	Fund Manager	Eliminations & Reclassifications	Total	SDF	Total (excluding SDF)
Assets											
Current Assets											
Cash, cash equivalents and certificate of deposit	$ 12,355,560	$ 125,386	$ 54,061	$ 47,564	$ 61,946	$ 36,480	$ 33,295	$ -	$ 12,714,292	$ -	$ 12,714,292
Grants and contributions receivable	655,423	-	-	-	-	-	-	-	655,423	-	655,423
Investments in marketable securities	18,766,937	-	-	-	-	-	-	-	18,766,937	-	18,766,937
Accounts receivable - related parties	220,224	53,000	-	-	-	-	-	(273,224)	-	-	-
Loans and leases	76,528,725	-	5,657	-	-	-	-	(369,542)	76,164,840	774,917	75,389,923
Allowance for loan and lease losses	(3,826,719)	-	-	-	-	-	-	18,477	(3,808,242)	(38,746)	(3,769,496)
Other	3,689,455	213,362	-	8	-	730	6,320	-	3,909,875	59,656	3,850,219
Restricted cash and cash equivalents	34,229,680	-	-	-	-	-	-	-	34,229,680	1,744,093	32,485,587
	142,619,285	391,748	59,718	47,572	61,946	37,210	39,615	(624,289)	142,632,805	2,539,920	140,092,885
Noncurrent Assets											
Investments in marketable securities	22,067,581	-	-	-	-	-	-	-	22,067,581	-	22,067,581
Loans and leases	313,061,147	-	62,971	-	-	-	-	-	313,124,118	7,529,300	305,594,818
Allowance for loan and lease losses	(15,656,206)	-	-	-	-	-	-	-	(15,656,206)	(376,465)	(15,279,741)
Investments in limited partnerships and program investments	500,480	-	-	28,370	82,993	-	1,421	-	613,264	-	613,264
Equipment, leasehold improvements and software, net	811,753	320,779	-	-	-	-	-	-	1,132,532	-	1,132,532
Investments in consolidated subsidiaries	527,646	-	-	-	-	-	-	(527,646)	-	-	-
Other	300,603	14,570	-	-	-	-	-	-	315,173	-	315,173
	321,613,004	335,349	62,971	28,370	82,993	-	1,421	(527,646)	321,596,462	7,152,835	314,443,627
Total Assets	$ 464,232,289	$ 727,097	$ 122,689	$ 75,942	$ 144,939	$ 37,210	$ 41,036	$ (1,151,935)	$ 464,229,267	$ 9,692,755	$ 454,536,512
Liabilities and Net Assets											
Current Liabilities											
Accounts payable and accrued expenses	$ 2,156,103	$ 139,965	$ 4,880	$ -	$ -	$ -	$ -	$ -	$ 2,300,948	$ -	$ 2,300,948
Escrow payable and due to third parties	3,877,157	12,112	-	-	-	-	-	-	3,889,269	59,071	3,830,198
Accounts payable - related parties	53,000	220,184	-	-	-	40	-	(273,224)	-	-	-
Deferred revenue	6,009	784,380	-	-	-	-	-	-	790,389	-	790,389
Recoverable grants	5,195,800	-	-	-	-	-	-	-	5,195,800	-	5,195,800
Loans payable, current portion	33,880,110	-	19,542	-	-	-	-	(19,542)	33,880,110	-	33,880,110
Other	1,173,990	-	-	-	-	-	-	-	1,173,990	-	1,173,990
	46,342,169	1,156,641	24,422	-	-	40	-	(292,766)	47,230,506	59,071	47,171,435
Noncurrent Liabilities											
Loans payable, less current maturities	227,588,233	350,000	-	-	-	-	-	(350,000)	227,588,233	-	227,588,233
Loans payable, EQ2	18,708,000	-	-	-	-	-	-	-	18,708,000	-	18,708,000
Escrow payable and due to third parties	465,215	-	-	-	-	-	-	-	465,215	-	465,215
Other	9,000,346	1,899	-	-	-	-	-	-	9,002,245	-	9,002,245
	255,761,794	351,899	-	-	-	-	-	(350,000)	255,763,693	-	255,763,693
Total Liabilities	302,103,963	1,508,540	24,422	-	-	40	-	(642,766)	302,994,199	59,071	302,935,128
Commitments and Contingencies											
Paid in capital	-	1,625,642	1,010,000	(2,354,916)	60,100	41,000	(254,900)	(126,926)	-	-	-
Earnings/(Deficit)	-	(2,407,085)	(911,733)	2,430,858	84,839	(3,830)	295,936	511,015	-	-	-
Net Assets											
Unrestricted	58,616,962	-	-	-	-	-	-	(893,258)	57,723,704	-	57,723,704
Unrestricted - Contractually limited as to use	9,633,684	-	-	-	-	-	-	-	9,633,684	9,633,684	-
Total Unrestricted	68,250,646	(781,443)	98,267	75,942	144,939	37,170	41,036	(509,169)	67,357,388	9,633,684	57,723,704
Temporarily restricted - Financing	35,511,400	-	-	-	-	-	-	-	35,511,400	-	35,511,400
Temporarily restricted - Programs	5,868,242	-	-	-	-	-	-	-	5,868,242	-	5,868,242
Temporarily restricted - Re-granting	2,369,317	-	-	-	-	-	-	-	2,369,317	-	2,369,317
Total Temporarily Restricted	43,748,959	-	-	-	-	-	-	-	43,748,959	-	43,748,959
Permanently restricted	50,128,721	-	-	-	-	-	-	-	50,128,721	-	50,128,721
Total Net Assets	162,128,326	(781,443)	98,267	75,942	144,939	37,170	41,036	(509,169)	161,235,068	9,633,684	151,601,384
Total Liabilities and Net Assets	$ 464,232,289	$ 727,097	$ 122,689	$ 75,942	$ 144,939	$ 37,210	$ 41,036	$ (1,151,935)	$ 464,229,267	$ 9,692,755	$ 454,536,512

Reinvestment Fund, Inc. and Affiliates (Excluding SDF)

Consolidating Statement of Activities
For the Year Ended December 31, 2017

	TRF	PolicyMap	EFI	NMTC	Education Funding	RFIA	Fund Manager	Eliminations & Reclassifications	Total	SDF	Total (excluding SDF)
Financial Activity											
Financial Income											
Interest and dividend income from:											
Investments	$ 528,789	$ -	$ 189	$ 159	$ 93	$ -	$ 192	$ -	$ 529,422	$ 2,612	$ 526,810
Loans and leases	19,402,013	-	6,388	-	-	-	-	(950)	19,407,451	375,954	19,031,497
Loan and lease fees	1,597,234	-	-	-	-	-	-	-	1,597,234	21,738	1,575,496
Asset management fee, net	1,721,664	-	-	-	-	245	53,329	(40)	1,775,198	-	1,775,198
Total Financial Income	23,249,700	-	6,577	159	93	245	53,521	(990)	23,309,305	400,304	22,909,001
Financial Expense											
Interest expense	7,978,183	-	950	-	-	-	-	(950)	7,978,183	-	7,978,183
Asset management fee	-	-	-	-	-	40	-	(40)	-	-	-
Investment losses, net											
Marketable securities	175,351	-	-	-	-	-	-	-	175,351	-	175,351
Equity losses (gains) in limited partnerships	235,908	-	-	(2,220)	(24,218)	-	(2)	-	209,468	-	209,468
Equity losses in consolidated subsidiaries	1,007,755	-	-	-	-	-	-	(1,007,755)	-	-	-
Provision for loan and lease losses	1,690,688	-	(17)	-	-	-	-	(11,475)	1,679,196	(52,138)	1,731,334
Total Financial Expense	11,087,885	-	933	(2,220)	(24,218)	40	(2)	(1,020,220)	10,042,198	(52,138)	10,094,336
Net Financial Income	12,161,815	-	5,644	2,379	24,311	205	53,523	1,019,230	13,267,107	452,442	12,814,665
Revenue and Support											
Grants and contributions	8,326,076	-	-	-	-	-	-	-	8,326,076	-	8,326,076
Program services and fees	1,702,621	2,519,041	-	-	-	-	-	(254,400)	3,967,262	953	3,966,309
Other income	28,455	-	-	-	-	-	-	-	28,455	-	28,455
Total Revenue and Support	10,057,152	2,519,041	-	-	-	-	-	(254,400)	12,321,793	953	12,320,840
Program and General Expenses and Other Decreases											
Program and General Expenses											
Program - Lending and Community Investing	21,175,441	-	8,752	1,303	420	4,035	1,224	(34,619)	21,156,556	3,831	21,152,725
Program - Policy Solutions	1,839,925	-	-	-	-	-	-	7,865	1,847,790	-	1,847,790
Program - PolicyMap	-	3,600,234	-	-	-	-	-	(180,400)	3,419,834	-	3,419,834
Management and general	4,786,870	-	-	-	-	-	-	(47,246)	4,739,624	-	4,739,624
Total Program and General Expenses	27,802,236	3,600,234	8,752	1,303	420	4,035	1,224	(254,400)	31,163,804	3,831	31,159,973
Other Decreases (Increases)											
Charges related to revolving loan fund	54,851	-	-	-	-	-	-	-	54,851	-	54,851
Forgiveness of debt from related parties	-	-	17	-	-	-	-	(17)	-	-	-
Total Other Decreases (Increases)	54,851	-	17	-	-	-	-	(17)	54,851	-	54,851
Total Expenses and Other Decreases (Increases)	27,857,087	3,600,234	8,769	1,303	420	4,035	1,224	(254,417)	31,218,655	3,831	31,214,824
Net income (loss)	-	(1,081,193)	-	1,076	23,891	-	52,299	1,003,927	-	-	-
Change in net assets	(5,638,120)	-	(3,125)	-	-	(3,830)	-	15,320	(5,629,755)	449,564	(6,079,319)
Capital contributions (distributions), net	-	180,900	-	-	-	41,000	(50,000)	(171,900)	-	-	-
Change in net assets	(5,638,120)	(900,293)	(3,125)	1,076	23,891	37,170	2,299	847,347	(5,629,755)	449,564	(6,079,319)
Net assets, beginning *	167,766,446	118,850	101,392	74,866	121,048	-	38,737	(1,356,516)	166,864,823	9,184,120	157,680,703
Net assets, ending	$ 162,128,326	$ (781,443)	$ 98,267	$ 75,942	$ 144,939	$ 37,170	$ 41,036	$ (509,169)	$ 161,235,068	$ 9,633,684	$ 151,601,384

* Includes deconsolidation of DP which decreased total net assets by $6,022,361 from December 31, 2016. (Unrestricted net assets decreased by $4,564,395 and temporarily restricted net assets decreased by $1,457,966).

Reinvestment Fund, Inc. and Affiliates

Consolidated Schedule of Functional Expenses
For the Year Ended December 31, 2017

	2017					
	Personnel	Occupancy	Professional Services	General & Administrative	Grants	Total
Program - Lending and Community Investing	$ 5,112,481	$ 965,639	$ 3,964,239	$ 384,047	$ 10,730,150	$ 21,156,556
Program - Policy Solutions	1,328,336	203,358	229,579	85,719	798	1,847,790
Program - PolicyMap	2,100,872	696,236	578,196	44,530	-	3,419,834
Management and general	3,085,782	500,819	909,882	229,473	13,668	4,739,624
	$ 11,627,471	$ 2,366,052	$ 5,681,896	$ 743,769	$ 10,744,616	$ 31,163,804