Reinvestment Fund, Inc. and Affiliates

Consolidated Financial Report
December 31, 2020

Reinvestment Fund, Inc. and Affiliates

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RSM US LLP

Independent Auditor's Report

Board of Directors
Reinvestment Fund, Inc.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Reinvestment Fund, Inc. and Affiliates (the Organization), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, financial statements).

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Reinvestment Fund, Inc. and Affiliates as of December 31, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

Philadelphia, Pennsylvania
April 23, 2021

Reinvestment Fund, Inc. and Affiliates

Consolidated Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	$ 74,307,457	$ 61,365,301
Grants and contributions receivable	4,054,887	542,951
Investments in marketable securities	84,740,481	45,477,987
Loans receivable, less allowance for losses of $22,275,622 and $20,483,547, respectively	427,408,813	410,749,007
Loans held for sale	-	12,047,337
Restricted cash and cash equivalents	28,117,852	27,786,608
Equity method and program investments	2,544,854	741,053
Equipment, leasehold improvements and software, net	578,610	679,183
Operating lease right-of-use assets	2,422,967	2,885,443
Other	6,454,412	5,772,954
Total Assets	$ 630,630,333	$ 568,047,824
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 2,733,862	$ 2,615,174
Escrow payable and due to third parties	3,984,177	3,870,941
Deferred revenue	2,216,419	1,769,776
Recoverable grants	11,994,100	8,252,100
Operating lease liabilities	3,386,110	3,988,451
Loans and bonds payable, net	377,413,412	354,900,874
Other	10,233,131	10,142,029
Total Liabilities	411,961,211	385,539,345
Commitments and Contingencies (Note 21)		
Net Assets		
Without donor restrictions	101,255,379	72,006,466
Without donor restrictions - Contractually limited as to use	10,241,536	10,215,490
Non-controlling interest in consolidated subsidiary	20,380	15,850
Total Without Donor Restrictions	111,517,295	82,237,806
With donor restrictions	107,151,827	100,270,673
Total Net Assets	218,669,122	182,508,479
Total Liabilities and Net Assets	$ 630,630,333	$ 568,047,824

See Notes to Consolidated Financial Statements.

Reinvestment Fund, Inc. and Affiliates

Consolidated Statement of Activities

For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Financial Activity			
Financial Income			
Interest from loans	$ 25,953,642	$ 259,049	$ 26,212,691
Investment income, net	1,233,080	241,803	1,474,883
Gains in equity method investments	717,072	-	717,072
Loan fees	319,735	-	319,735
Asset management fee	1,962,105	-	1,962,105
Forgiveness of debt	289,648	-	289,648
Total Financial Income	30,475,282	500,852	30,976,134
Financial Expense			
Interest expense	12,425,990	-	12,425,990
Provision for loan losses	2,734,707	-	2,734,707
Total Financial Expense	15,160,697	-	15,160,697
Net Financial Income	15,314,585	500,852	15,815,437
Revenue and Support			
Grants and contributions	25,058,740	18,971,939	44,030,679
Program services and fees	4,693,405	-	4,693,405
Other income	10,124	-	10,124
Net assets released from restrictions	12,874,337	(12,874,337)	-
Total Revenue and Support	42,636,606	6,097,602	48,734,208
Program and General Expenses			
Program - Lending and Community Investing	16,630,716	-	16,630,716
Program - Policy Solutions	1,754,041	-	1,754,041
Program - PolicyMap	3,597,525	-	3,597,525
Management and general	6,857,995	-	6,857,995
Total Program and General Expenses	28,840,277	-	28,840,277
Other Increases			
Recoveries related to revolving loan fund	-	(282,700)	(282,700)
Total Other Increases	-	(282,700)	(282,700)
Total Expenses and Other Increases	28,840,277	(282,700)	28,557,577
Change in net assets, before issuance of common stock and option awards	29,110,914	6,881,154	35,992,068
Issuance of common stock and option awards (Note 16)	168,575	-	168,575
Change in net assets	29,279,489	6,881,154	36,160,643
Net assets, December 31, 2019	82,237,806	100,270,673	182,508,479
Net assets, ending, December 31, 2020	$ 111,517,295	$ 107,151,827	$ 218,669,122

See Notes to Consolidated Financial Statements.

Reinvestment Fund, Inc. and Affiliates

Consolidated Statement of Activities

For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Financial Activity			
Financial Income			
Interest from loans	$ 26,894,587	$ 491,418	$ 27,386,005
Investment income, net	2,138,509	716,692	2,855,201
Loan fees	337,595	1,000	338,595
Gain on sale of loans receivable	27,850	-	27,850
Asset management fee	2,163,546	-	2,163,546
Total Financial Income	31,562,087	1,209,110	32,771,197
Financial Expense			
Interest expense	12,622,564	-	12,622,564
Losses in equity method investments	11,573	-	11,573
Credit for loan losses	(547,259)	-	(547,259)
Total Financial Expense	12,086,878	-	12,086,878
Net Financial Income	19,475,209	1,209,110	20,684,319
Revenue and Support			
Grants and contributions	1,202,273	3,425,282	4,627,555
Program services and fees	3,952,343	-	3,952,343
Other income	8,587	-	8,587
Net assets released from restrictions	10,016,645	(10,016,645)	-
Total Revenue and Support	15,179,848	(6,591,363)	8,588,485
Program and General Expenses			
Program - Lending and Community Investing	11,352,646	-	11,352,646
Program - Policy Solutions	1,674,996	-	1,674,996
Program - PolicyMap	3,723,790	-	3,723,790
Management and general	6,414,033	-	6,414,033
Total Program and General Expenses	23,165,465	-	23,165,465
Other Decreases			
Charges related to revolving loan fund, net	-	80,000	80,000
Unrealized loss on derivatives	26,792	-	26,792
Total Other Decreases	26,792	80,000	106,792
Total Expenses and Other Decreases	23,192,257	80,000	23,272,257
Change in net assets, before issuance of common stock and option awards	11,462,800	(5,462,253)	6,000,547
Issuance of common stock and option awards (Note 16)	136,907	-	136,907
Change in net assets	11,599,707	(5,462,253)	6,137,454
Net assets, December 31, 2018	70,638,099	105,732,926	176,371,025
Net assets, ending, December 31, 2019	$ 82,237,806	$ 100,270,673	$ 182,508,479

See Notes to Consolidated Financial Statements.

Reinvestment Fund, Inc. and Affiliates

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Change in net assets, before issuance of common stock and option awards	$ 35,992,068	$ 6,000,547
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Provision (credit) for loan losses	2,734,707	(547,259)
(Recoveries) charge-offs related to revolving loan fund	(282,700)	80,000
Unrealized loss on derivatives	-	26,792
Depreciation and amortization	132,741	130,236
Non-cash operating lease expense	462,476	466,983
Amortization of debt issuance costs	215,435	214,802
Stock compensation expense	154,890	136,907
Deferred origination fees, net	(295,576)	(200,971)
Investment losses (gains) in marketable securities, net	3,392	(531,113)
Non-cash grant support	(24,466)	(8,020)
Investment (gain) loss in equity method investments	(717,072)	11,573
Returns on equity method investments	4,914	4,862
Gain on sale of loans receivable	-	(27,850)
Forgiveness of debt	(289,648)	-
Decrease (increase) in:		
Grants and contributions receivable	(3,511,936)	5,511,866
Other assets	(3,099,054)	(1,879,340)
Increase (decrease) in:		
Accounts payable and accrued expenses	118,688	266,452
Escrow payable and due to third parties	113,236	(4,530,093)
Deferred revenue	446,643	371,663
Operating lease liabilities	(602,341)	(544,656)
Other liabilities	319,873	291,671
Recoverable grants	3,742,000	(408,000)
Net cash provided by operating activities	35,618,270	4,837,052
Cash Flows from Investing Activities		
Purchases of marketable securities	(99,857,264)	(49,155,400)
Proceeds from sale of marketable securities	60,614,647	47,540,188
Purchases of equity method investments	(1,108,069)	(91,024)
Distributions from equity method investments	16,426	44,087
Cash disbursements on loans receivable	(125,935,888)	(109,934,067)
Cash receipts on loans receivable	107,805,929	120,014,148
Proceeds from sale of loans receivable	13,421,220	85,114
Other changes in loans, net	357,435	60,414
Additions of equipment, leasehold improvements and software	(32,168)	(128,460)
Net cash (used in) provided by investing activities	(44,717,732)	8,435,000
Cash Flows from Financing Activities		
Proceeds from issuance of loans and bonds payable	41,698,940	18,592,798
Principal payments on loans and bonds payable	(19,327,263)	(38,042,934)
Cash paid for debt issuance costs	(12,500)	-
Proceeds from exercise of stock options	13,685	-
Net cash provided by (used in) financing activities	22,372,862	(19,450,136)
Net increase (decrease) in cash, cash equivalents, and restricted cash and cash equivalents	13,273,400	(6,178,084)
Cash, cash equivalents, and restricted cash and cash equivalents, beginning	89,151,909	95,329,993
Cash, cash equivalents, and restricted cash and cash equivalents, ending	$ 102,425,309	$ 89,151,909

(Continued)

See Notes to Consolidated Financial Statements.

Reinvestment Fund, Inc. and Affiliates

Consolidated Statements of Cash Flows (Continued)
For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash and cash equivalents	$ 74,307,457	$ 61,365,301
Restricted cash and cash equivalents	28,117,852	27,786,608
Cash, cash equivalents, and restricted cash and cash equivalents	$ 102,425,309	$ 89,151,909
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	$ 10,923,263	$ 11,130,196
Supplemental Schedules of Non-Cash Investing and Financing Activities:		
Conversion of interest and fees receivable into loans receivable	$ 2,037,202	$ 1,692,132
Conversion of interest payable into loans payable	$ 228,771	$ 186,134
Non-cash transfer of loans receivable to accounts receivable	$ -	$ 295,637
Charge-off against recoverable grant	$ -	$ 27,500
Non-cash transfer of loans receivable to loans held for sale	$ 1,373,883	$ 12,047,337
Assets and liabilities recorded upon adoption of ASU 2016-02	$ -	$ 2,983,878
Assets and liabilities acquired under operating leases	$ -	$ 315,637

See Notes to Consolidated Financial Statements.

Note 1. Description of Activities and Significant Accounting Policies

Description of Organization and Activities:

Founded in 1985, Reinvestment Fund, Inc. ("Reinvestment Fund") is a national mission-driven financial institution that creates opportunity for underserved people and places through partnerships. It marshals the capital, analytics, and expertise necessary to build strong, healthy, and more equitable communities. Reinvestment Fund is a Community Development Financial Institution ("CDFI"), as certified by the U.S. Department of the Treasury's Community Development Financial Institutions Fund ("CDFI Fund"). CDFI certification is the U.S. Department of the Treasury's recognition of specialized financial institutions serving low-income communities. 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 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. ("PolicyMap") for $100, which was included in a $300 thousand capital contribution made as part of a Board approved $1.5 million commitment. During 2018, Reinvestment Fund paid the remaining $1.2 million capital contributions to PolicyMap. During 2018, Reinvestment Fund received 2,000 shares of PolicyMap preferred stock.

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 IRC and is 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 underserved communities and to provide ownership and wealth creation opportunities, especially to minority and female entrepreneurs. During 2020, EFI also originated Paycheck Protection Program ("PPP") loans. 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 Markets 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.

RF Clean Energy Fund I, LLC: RF Clean Energy Fund I, LLC ("CEF") was formed on January 9, 2018, under the laws of the Commonwealth of Pennsylvania. CEF was organized to invest in various projects and assets related to energy efficiency and the generation of low-carbon emission energy. Reinvestment Fund is the sole member of CEF.

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 on a non-stock basis, 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. Reinvestment Fund is the sole member of RFIA.

Note 1. Description of Activities and 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 (.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. During 2020 Chase NMTC Liberty Heights Investment Fund, LLC was unwound and no longer is managed by Fund Manager. During 2019, Chase NMTC TRF 2011 Investment Fund, LLC, Chase NMTC PHN Investment Fund, LLC, 481 Philabundance Investment Fund, LLC were unwound and no longer are managed by Fund Manager. As of December 31, 2020, all of the investment funds were unwound and Fund Manager was dissolved.

Reinvestment I, LLC, Reinvestment III, LLC and Reinvestment IV, LLC: Reinvestment I, LLC ("Reinvest I"), 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.

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.

Basis of presentation: The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Principles of Consolidation: Accounting guidance on reporting of related entities requires nonprofit 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, CEF, Education Funding, RFIA, Fund Manager, Reinvest I, Reinvest III and Reinvest IV. All significant intra-organization accounts and transactions have been eliminated in consolidation.

Various affiliated companies (Note 10) 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 consolidated financial statements and the reported amounts of revenue and support and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: The Organization considers all highly liquid instruments purchased with an original maturity date of three months or less to be cash equivalents.

Restricted Cash and Cash Equivalents: Restricted cash and cash equivalents include cash and cash equivalents held in escrow as stipulated by the underlying loan and grant agreements. This includes escrow cash accounts held for borrowers as interest reserves and repair and replacement reserves 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.

Note 1. Description of Activities and Significant Accounting Policies (Continued)

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 net assets without donor restrictions, 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 24).

Interest rate swap: Interest rate swaps are recorded on the consolidated statement of financial position at fair value.

Loans 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 interest income from loans.

Impaired Loans: The Organization determines a loan to be impaired when based on current information and events, it is probable that the Organization will be unable to collect the scheduled contractual payments according to the loan agreements. Not all impaired loans are non-performing. Impaired loans include troubled debt restructurings (“TDRs”), and exclude loans measured at fair value.

Note 1. Description of Activities and Significant Accounting Policies (Continued)

Impaired loans are valued using the present value of expected future cash flows discounted at the loan's original effective interest rate for borrowers that are compliant with their loan agreements; observable market price; or fair value of collateral less estimated costs to sell for loans considered collateral dependent. Specific reserve is established for impaired loans when a shortfall exists between the loan's recorded book value and asset value per impairment methodology at value date. The Organization performs an impairment analysis by reviewing the loan's internally assigned risk rating, its outstanding balance, guarantors, collateral, strategy, and current report of the action being implemented, to determine the appropriate valuation method. Uncollectible amounts are recorded as a reduction of the allowance for loan losses.

Non-performing Loans: The Organization considers a loan to be non-performing when the borrower is 90 days past due with their contractual payments. This can include loans modified under troubled debt restructuring and/or forbearance agreements and loans in which the borrower is in foreclosure.

The Organization places a loan on non-accrual status at the discretion of the Criticized Assets committee, based on the Organization's knowledge of deteriorating circumstances of a receivable. Future payments from the borrower are recorded as recovery of principal until satisfied, then towards interest income recorded on a cash basis. Accrual of interest is discontinued and unpaid interest is adjusted against interest income.

For non-accrual loans under forbearance agreements, interest income is recognized on a cash basis based on the terms of the forbearance agreement. Loans may be returned to accrual status if the borrower makes timely contractual payments during a six (6) month performance period. Uncollected amounts are charged-off against the allowance for loan loss.

Allowance for Loan Losses: The allowance for loan losses is a valuation reserve that the Organization believes is adequate to absorb potential losses on the loan portfolio. It is established through provision for loan losses charged to expense, increased by subsequent recoveries and offset by charge-offs of uncollectible loans. The allowance is based on internal and external factors, past loss experience, the nature and volume of the portfolio and current economic conditions.

The allowance consists of specific and general components. The specific component relates to loans that are classified as impaired. The general component covers loans not considered impaired and is based on historical loss experience adjusted for qualitative factors. Current qualitative factors include loan rating, loan size and liquidation experience. Current industry factors include credit concentration 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.

As of December 31, 2020, the Organization also factored into its allowance a risk to reflect the deterioration in the economic outlook resulting from the impact of COVID-19.

Loans Held for Sale: Loans are classified as held for sale once a decision has been made by management to sell, loans to be sold have been identified, there is a marketing strategy in place, and there are potential buyers in the marketplace. Loans held for sale are valued at lower of amortized cost (which includes deferred loan fees) or fair value.

Equity Method and Program Investments: Equity method investments are accounted for using 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.

The Organization has elected to follow the nature of the distribution approach when classifying distributions received from equity method investments in the Organization's consolidated statements of cash flows, whereby any distributions received is classified on the basis of the nature of the activity or activities of the investee that generated the distribution as either a return on investment (classified as a cash inflow from operating activities) or a return of investment (classified as a cash inflow from investing activities) when such information is available.

Note 1. Description of Activities and Significant Accounting Policies (Continued)

Equipment, Leasehold Improvements and Software: Equipment, leasehold improvements and software consists of furniture and equipment, leasehold improvements and software development costs that are stated at cost and depreciated using the straight-line method over the estimated lives of the related assets, which range from three to 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 amounts due from third parties, including accounts receivable and 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, 2020 and 2019, the investment was $411,900 and $404,000, respectively. Management reviews for impairment based on the ultimate recoverability of the cost basis of the FHLB stock. No impairment was noted as of December 31, 2020 and 2019.

Deferred Revenue: Deferred revenue consists of advanced payments and billings in excess of revenue recognized. Amounts will be recognized when such services are provided.

Other Liabilities: Other liabilities include interest payable, obligation under interest rate swap, and loan participations that did not meet the characteristics of a participating interest in accordance with accounting rules governing the sale of a financial asset. There is no exposure to Reinvestment Fund on the loan participations sold.

Deferred Debt Issuance Costs: Debt issuance costs related to a recognized debt liability are presented on the consolidated 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.

Non-Controlling Interest in Consolidated Subsidiary: Non-controlling interest represents the equity interest in PolicyMap, exclusive of any Reinvestment Fund interest.

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, free of conditions that constrain it from taking advantage of the right, to pledge or exchange the transferred assets, and (3) the Organization does not maintain effective control over the transferred assets through an agreement that obligates the Organization to repurchase or redeem the assets before maturity or the ability to unilaterally cause the holder to return specific assets.

Net Assets: Net assets that are not subject to donor-imposed restrictions are reported as net assets without donor restrictions. Net assets with donor restrictions are net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Contributions: The Organization accounts for contributions depending on the existence or nature of any donor restrictions. Donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. Donor-restricted contributions whose restrictions are met as the contribution becomes unconditional are recorded as contributions without donor 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.

Note 1. Description of Activities and Significant Accounting Policies (Continued)

Conditional promises to give, which depend on the existence of both performance barriers and right of return language, are recorded as contribution revenue when the conditions on which they depend are substantially met.

Revenue:

The Organization recognizes revenue in accordance with Topic 606.

Asset management fees: Administrative services fees are earned for managing the operations of a Subsidiary Community Development Entity ("Sub-CDE") including reasonable efforts to cause the Sub-CDE to comply with all NMTC program requirements. The fee is generally calculated as a percentage of the aggregate capital contribution made by the limited partner of the Sub-CDE that has been designated a qualified equity investment. Revenue is recorded on the output method and is recognized monthly over the service period as the Sub-CDE simultaneously receives and consumes the benefits as the Organization performs the administrative services. Administrative services fees are paid quarterly during a seven-year program compliance period.

The Organization also earns asset management fees for monthly administrative services provided to three other entities. Revenue is recorded on the output method and recognized monthly over the service period as the entities simultaneously receive and consume the benefits provided by the Organization's performance as the Organization performs administrative services. Administrative services fees are paid quarterly for two of the entities and monthly for the third.

Sub-allocation fees are earned for transferring a portion of the Organization's NMTC allocation to a Sub-CDE. The fee is earned and paid on the date the transaction closes.

The success fee is an additional payment, made upon the end of the seven-year program compliance period, solely to the extent the NMTC tax credits have not been recaptured due to the actions or inactions of the Organization. Success fee revenue is not recorded until the end of the compliance period when the hurdle is met since there is variable consideration due to a probability of a significant reversal. Payment is due when the deal successfully unwinds with no recapture events.

Program services and fees: Professional services includes Policy Solutions' policy, data and social impact analyses conducted on behalf of public and philanthropic clients and PolicyMap's professional services provided to create branded mapping tools and customer-specific maps. For both types of professional services, revenue is billed on a time and materials basis. The Organization elected to utilize an output method to recognize revenue that is based on the amount to which the Organization has a right to invoice a customer for services performed to date, if that amount corresponds directly with the value provided to the customer for the related performance or its obligation completed to date. As such, the Organization recognized revenue in the amount to which it had the right to invoice customers. Payment is due within 30 days from the invoiced date.

Subscription services are comprised of subscription fees from customers accessing PolicyMap's cloud-based platform. Licenses, including data licenses and site licenses, allow customers to make PolicyMap's products available to everyone within their organization. Subscriptions and licenses include a right-to-access the software over a period of time, and revenue is recognized on a straight-line basis over the contract term. Payment is due within 45 days from the invoiced date.

Income Taxes: Reinvestment Fund and its affiliates, except for PolicyMap and RFIA, are generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the IRC. 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 did not have any significant unrelated business income tax for the years ended December 31, 2020 and 2019.

PolicyMap and RFIA are 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 years ended December 31, 2020 and 2019. 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 2017.

Note 1. Description of Activities and Significant Accounting Policies (Continued)

Functional Expense Allocation: The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and amortization, and office and occupancy related expenses, which are allocated on a full-time equivalent percentage per department, as well as certain salaries and benefits, which are allocated on the basis of estimates of time and effort.

Leases: Under Topic 842, Reinvestment Fund determines if an arrangement is a lease at inception. Reinvestment Fund's leases consist of real property and are classified as operating leases. Reinvestment Fund does not have any finance leases nor material arrangements as a lessor. Right of Use ("ROU") assets and lease liabilities are recognized at the lease commencement date based upon the present value of the remaining lease payments over the lease term. Reinvestment Fund uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the term of the lease. Lease terms may include options to renew or extend when it is reasonably certain that the option will be exercised. Lease agreements that contain both lease and non-lease components are accounted for as a single component. Short-term leases with an initial term of twelve months or less are not recorded on the consolidated statement of financial position.

Recent Accounting Pronouncements Adopted: In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement.* This ASU removes, modifies and adds certain disclosure requirements of Accounting Standards Codification ("ASC") Topic 820. The ASU is effective for the Organization as of January 1, 2020. There was no material impact to the Organization's consolidated financial statements upon the adoption of the ASU 2018-13.

Recent Accounting Pronouncements Not Yet Adopted:

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

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 the Organization as of January 1, 2023.

In April 2019, the FASB issued ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments.* This ASU was issued as part of the FASB's ongoing project to improve upon the ASC, and to clarify and improve areas of guidance related to recently issued standards on credit losses, hedging, and recognition and measurement. This guidance contains several effective dates. The amendments related to ASC 326 are effective for the Organization as of January 1, 2023, the amendments related to ASC 815 are effective for the Organization as of January 1, 2021. The amendments related to ASC 825 were effective for the Organization as of January 1, 2020, and had no significant impact to the Organization's consolidated financial statements.

Note 1. Description of Activities and Significant Accounting Policies (Continued)

In May 2019, the FASB issue ASU 2019-05; *Credit Losses (Topic 326): Targeted Transition Relief*. This ASU provides entities that have certain instruments within the scope of Subtopic 326-20, “Financial Instruments – Credit Losses – Measured at Amortized Cost,” with an option to irrevocably elect the fair value option in Subtopic 825-10, “Financial Instruments – Overall,” applied on an instrument-by-instrument basis for eligible instruments, upon adoption of Topic 326. For entities that have not yet adopted the credit losses standard, the ASU is effective when they implement the credit losses standard. As such, the ASU is effective for the Organization as of January 1, 2023.

In November 2019, the FASB issued ASU 2019-11, *Codification Improvements to Topic 326, Financial Instruments–Credit Losses.* This ASU provides narrow-scope improvements to Topic 326. For entities that have not yet adopted ASU 2016-13 as of November 26, 2019, the effective dates for ASU 2019-11 are the same as the effective dates and transition requirements in ASU 2016-13. As such, the ASU is effective for the Organization as of January 1, 2023.

In January 2020, the FASB issued ASU 2020-01, *Investments—Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815).* This ASU clarifies that the observable price changes in orderly transactions that should be considered when applying the measurement alternative in accordance with ASC 321 include transactions that require it to either apply or discontinue the equity method of accounting under ASC 323. ASU 2020-01 also addresses questions about how to apply the guidance in Topic 815, Derivatives and Hedging, for certain forward contracts and purchased options to purchase securities that, upon settlement or exercise, would be accounted for under the equity method of accounting. The ASU is effective for the Organization as of January 1, 2022.

In March 2020, the FASB issued ASU 2020-03, *Codification Improvements to Financial Instruments*. This ASU addresses various financial instruments topics. The amendments related to Issues 1, 2, 3, 4 and 5 within the ASU are conforming amendments. These amendments were effective for the Organization as of January 1, 2020, and had no significant impact to the Organization’s financial statements. For entities that have not yet adopted ASU 2016-13, the effective dates for the amendments related to Issues 6 and 7 within ASU 2020-03 are the same as the effective dates in ASU 2016-13. As such, the amendments related to Issues 6 and 7 are effective for the Organization as of January 1, 2023.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848), Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. This update provided optional expedients to the replacement of the reference rate to ease the potential burden in accounting for reference rate reform on financial reporting, This affects modifications of contracts within the scope of Topics 310, Receivables and 470, Debt; modifications of contracts within the scope of Topics 840, Leases, and 842, Leases. The guidance in ASU 2020-04 is optional and may be elected over time, through December 31, 2022, as reference rate reform activities occur. The Organization is currently evaluating the impact of the ASU on its consolidated financial statements.

<u>Reclassifications</u>: Certain amounts in the 2019 consolidated financial statements have been reclassified to conform to the 2020 presentation with no effect on the change in net assets or net assets previously reported.

Note 2. Liquidity and Availability of Resources

Reinvestment Fund regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to balance risk and returns to prioritize capital preservation. The below reflects Reinvestment Fund’s financial assets as of the statement of financial position date, reduced by amounts that are not available for general use due to donor-imposed restrictions, and liquidity resources available within one year of the statement of financial position date.

Note 2. Liquidity and Availability of Resources (Continued)

	2020	2019
Financial assets at December 31,	$ 160,716,195	$ 108,636,127
Less those unavailable for general expenditure within one year, due to donor-imposed time or purpose restrictions	(48,949,011)	(45,415,042)
Total financial assets available within one year	111,767,184	63,221,085
Liquidity resource:		
Undrawn lines of credit without restriction (as discussed in Note 12)	1,599,513	7,425,788
Total financial assets and liquidity resources available within one year	$ 113,366,697	$ 70,646,873

* Financial assets include cash and cash equivalents, investments in marketable securities, and accounts receivable of $1,668,257 and $1,792,839, respectively, included in other assets.

At December 31, 2020 and 2019, total financial assets and liquidity resources available within one year are available to be used to fund general expenditures and lending activities. The above does not include loans receivable or liquidity resources available to fund loan originations as the Organization manages its portfolio of loans receivable to match debt maturities.

Note 3. Restricted Cash and Cash Equivalents

Several grant and loan agreements require cash to be held in separate bank accounts. This cash is restricted in use and maintained in separate accounts which were as follows at December 31:

	2020	2019
Fresh Food Financing Initiative ("FFFI")	$ 1,629,392	$ 1,323,701
Escrow payable	3,250,931	2,659,546
CEF Escrow payable	535,464	527,285
Pennsylvania Green Energy Loan Fund ("GELF")	1,520,179	3,377,929
Sustainable Development Fund ("SDF") programs	2,065,796	3,837,914
United States Department of Education ("US ED") funds for charter school lending programs	814,904	3,259,529
Greenworks energy loan fund	1,681,524	1,689,038
EnergyWorks loan fund	6,099,053	6,107,729
Capital Magnet Fund	3,750,000	-
Pennsylvania State Energy Program ("SEP")	436,838	399,359
CDFI-Bond Guarantee Program ("Bond Program")	4,463,492	3,436,079
Baltimore Energy Efficiency	1,116,230	397,891
Philadelphia Authority of Industrial Development - Gap financing	754,049	770,608
	$ 28,117,852	$ 27,786,608

Note 4. Investments in Marketable Securities

Investments at December 31 consisted of the following:

	2020	2019
Investments in marketable securities:		
Debt and Mortgage-backed securities:		
Federal Home Loan Mortgage Company	$ 2,668,565	$ 5,107,928
Federal National Mortgage Association	5,993,449	5,012,301
U.S. Treasury Notes and Bills	53,015,809	26,855,630
Corporate debt securities	23,062,658	8,502,128
	$ 84,740,481	$ 45,477,987
Included in the above are:		
Investments in marketable securities restricted as to use:		
U.S. ED funds for charter school lending programs	$ 22,523,698	$ 19,859,946
GELF	4,573,997	4,454,519
	$ 27,097,695	$ 24,314,465

Note 5. Grants and Contributions Receivable

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

	2020	2019
Programs		
Lending and Community Investing	$ 3,802,532	$ 460,316
Policy Solutions	252,355	82,635
	$ 4,054,887	$ 542,951

At December 31, 2020 and 2019, grants and contributions receivable totaling $2,494,032 and $542,951, respectively, were due within one year and $1,560,855 and $0, respectively, were due within one to five years.

Note 6. 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 years ended December 31, 2020 and 2019, the Organization had cash balances in excess of the FDIC limits. At December 31, 2020 and 2019, the cash balances in excess of FDIC limits approximated $45,007,000 and $23,708,000, respectively. At December 31, 2020 and 2019, total cash equivalents and restricted cash equivalents include short-term money market funds of approximately $55,134,000 and $62,550,000, respectively, which is invested in a government money market fund, which invests in obligations issued or guaranteed by the U.S. Government or its agencies. All other cash equivalents represent short-term government holdings.

At December 31, 2020 and 2019, at least 71% and 76%, respectively, of the Organization's loans receivable due were used to fund projects within the mid-Atlantic region. Additionally, at December 31, 2020, the Organization's portfolio of education, commercial development, and food access loans constituted 30%, 17% and 16%, of total loans outstanding, respectively. At December 31, 2019, the Organization's portfolio of education, food access, and commercial development loans constituted 32%, 18% and 16%, 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.

Note 6. Concentration of Credit Risk (Continued)

During 2020, the Organization received one contribution that represented 41% of the Organization's total revenue and support.

Note 7. Loans Receivable

Loans receivable at December 31 consisted of the following:

	2020	2019
Education	$ 133,727,967	$ 135,851,627
Commercial Development	75,935,952	69,872,663
Food Access	70,501,710	78,803,060
Housing	48,759,889	43,976,063
Health & Wellness	38,172,824	40,035,784
Clean Energy	35,517,596	23,819,926
Arts & Culture	16,612,708	15,069,407
Social Programs	16,305,948	14,644,302
Early Learning	11,364,255	7,993,804
Other	2,785,586	1,165,918
	449,684,435	431,232,554
Allowance for loan losses	(22,275,622)	(20,483,547)
	$ 427,408,813	$ 410,749,007

The Organization segregates its portfolio in the following segments based on areas of lending specialization:

Education: Loans to organizations to purchase, build, improve, operate or provide operating space for accredited schools, including loans to fund public and private K-12 schools, colleges and universities.

Commercial Development: Loans for non-residential and mixed-use real estate, with an emphasis on borrowers that develop or operate property which meet the community's needs. Loans include all forms of financing used to purchase, build, improve, operate or provide operating space for small businesses, shops, restaurants, and various local services.

Food Access: Loans for healthy food retail, supermarkets, food banks or grocery stores in underserved areas. 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.

Housing: Loans that 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.

Health & Wellness: Loans to support community health centers or programs that serve medically underserved areas or populations. Loans include all forms of financing used to purchase, build or improve medical facilities 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.

Clean Energy: Loans for financing Power Purchase and Energy Saving Contracts, as well as direct financing of energy efficiency renovation and construction projects.

Arts & Culture: Loans to purchase, build, improve, operate or provide operating space for businesses in the creative economy including arts and cultural organizations, theaters, museums and libraries.

Note 7. Loans Receivable (Continued)

Social Programs: Loans to mission-driven organizations to provide public services to low income communities. This includes organizations with a stated public service mission such as, religious and civic organizations, social service and training organizations.

Early Learning: Loans to organizations to purchase, build, improve, operate or provide operating space for infant care and preschool programming.

Other: Loans to support community impact not specifically identified above.

The Organization is participating in PPP, which is a loan program that originated from the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") and was subsequently expanded by the Paycheck Protection Program and Health Care Enhancement Act. The PPP is designed to provide U.S. small businesses with cash-flow assistance through loans fully guaranteed by the Small Business Administration (SBA). If the borrower meets certain criteria and uses the proceeds towards certain eligible expenses, the borrower's obligation to repay the loan can be forgiven up to the full principal amount of the loan and any accrued interest. Upon borrower forgiveness, the SBA pays the Organization for the principal and accrued interest owed on the loan. If the full principal of the loan is not forgiven, the loan will operate according to the original loan terms with the 100 percent SBA guaranty remaining. As of December 31, 2020, PPP loans outstanding totaled $10.4 million, of which $5.1 million is a participation purchased from a participating nonprofit organization. All PPP loans mature in 2022.

Outstanding loans have annual interest rates ranging from 0% to 8.25%. Loans receivable have various maturities through 2045.

Net deferred loan fees of $868,676 and $806,818 have been included in the carrying value of loans receivable as of December 31, 2020 and 2019, respectively.

The following tables present the aging of past due loans as of December 31:

2020	Past Due and 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	$ -	$ -	$ -	$ -	$ 133,728	$ 133,728
Commercial Development	-	-	1,703	1,703	74,233	75,936
Food Access	-	-	455	455	70,047	70,502
Housing	208	-	-	208	48,552	48,760
Health & Wellness	-	-	-	-	38,173	38,173
Clean Energy	-	-	-	-	35,517	35,517
Arts & Culture	-	-	-	-	16,613	16,613
Social Programs	-	-	-	-	16,306	16,306
Early Learning	-	-	-	-	11,364	11,364
Other	-	-	-	-	2,785	2,785
Total loans	$ 208	$ -	$ 2,158	$ 2,366	$ 447,318	$ 449,684

2019	Past Due and 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	$ -	$ -	$ -	$ -	$ 135,852	$ 135,852
Commercial Development	-	-	-	-	69,873	69,873
Food Access	-	-	455	455	78,348	78,803
Housing	-	-	-	-	43,976	43,976
Health & Wellness	-	-	-	-	40,036	40,036
Clean Energy	-	-	-	-	23,820	23,820
Arts & Culture	-	-	-	-	15,069	15,069
Social Programs	-	-	220	220	14,424	14,644
Early Learning	-	-	-	-	7,994	7,994
Other	-	-	-	-	1,166	1,166
Total loans	$ -	$ -	$ 675	$ 675	$ 430,558	$ 431,233

Note 7. Loans Receivable (Continued)

Non-performing loans at December 31, 2020 and 2019, totaled $2,158,339 and $675,000, respectively.

Loan Origination/Risk Management: The Organization has lending policies and procedures in place to generate loan income within an acceptable level of risk. Management reviews and approves these policies and procedures on a regular basis, and provides ongoing assessment and guidance to lenders regarding acceptable risk tolerances. 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. Portfolio diversification 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 rating is assigned at origination, reviewed at least annually and may be updated more frequently if the Organization becomes aware of the deteriorating credit quality of a loan. The Organization uses a loan grading system that follows the Organization's accepted definitions as follows:

- Risk ratings of "Risk grade - 1" 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 <70%. They are performing and are expected to continue to meet all the terms and conditions set forth in the original loan documentation.

- Risk ratings of "Risk grade - 2" are used for loans in satisfactory financial condition which may have a few unmet terms from committed repayment sources. These loans also have adequate collateral coverage of <80%. Borrowers in this classification generally exhibit a low level of credit risk, as demonstrated by project operations, guarantor net worth and liquidity or borrower payment history.

- Risk ratings of "Risk grade - 3" are used for loans in satisfactory but not yet stabilized financial condition and may require a higher degree of regular, careful attention. Early stage loans with this rating may be in higher risk phases of deployment and construction. Later stage borrowers with this rating may be exhibiting weaker balance sheets or inconsistent project cash flow coverage. Loans may have weaker collateral coverage, with loan to value ratios of >80%. Borrowers in this classification generally exhibit a higher level of credit risk in one or more areas, but do not expose the Organization to sufficient risk to warrant adverse classification.

- Risk ratings of "Risk grade - 4" are loans that do not presently expose the Organization to a significant degree of risk, but have identified weaknesses/deficiencies deserving management's closer attention. If left uncorrected, these 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 legal or management conflicts in the operating team.

- Risk ratings of "Risk grade - 5" are assigned to loans where a material deficiency has been identified and the repayment capacity of the obligor or the collateral security is no longer assumed sufficient to satisfy the borrower's obligation to the Organization. Loans with this rating are characterized by the loss of a significant repayment source, borrower bankruptcy or other significant impairment to the project. Recovery from secondary sources and other workout measures are indicated at this rating.

- Risk ratings of "Risk grade - 6" are assigned to loans which have all the weaknesses inherent in those classified "Risk grade - 5" with the added characteristic that the weakness makes the collection or liquidation in full, on the basis of current existing facts, conditions, and values, improbable. The borrower's recent performance indicates an inability to repay the debt and recovery from secondary sources is uncertain and may be pending loss is likely, but because of certain important and reasonably specific pending factors, a full write-off is deferred.

Note 7. Loans Receivable (Continued)

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

2020							
(in 000's)	Risk Grade 1	Risk Grade 2	Risk Grade 3	Risk Grade 4	Risk Grade 5	Risk Grade 6	Total
Education	$ 1,761	$ 70,791	$ 61,176	$ -	$ -	$ -	$ 133,728
Commercial Development	-	19,489	32,841	21,903	1,703	-	75,936
Food Access	-	34,086	33,429	2,532	455	-	70,502
Housing	90	26,034	18,932	3,704	-	-	48,760
Health & Wellness	517	21,782	15,874	-	-	-	38,173
Clean Energy	-	20,827	14,690	-	-	-	35,517
Arts & Culture	578	5,945	7,040	3,050	-	-	16,613
Social Programs	-	2,919	13,302	85	-	-	16,306
Early Learning	-	5,397	5,650	317	-	-	11,364
Other	-	970	1,815	-	-	-	2,785
Total loans	$ 2,946	$ 208,240	$ 204,749	$ 31,591	$ 2,158	$ -	$ 449,684

2019							
(in 000's)	Risk Grade 1	Risk Grade 2	Risk Grade 3	Risk Grade 4	Risk Grade 5	Risk Grade 6	Total
Education	$ 1,812	$ 73,381	$ 59,993	$ 666	$ -	$ -	$ 135,852
Commercial Development	-	33,356	33,896	2,621	-	-	69,873
Food Access	1,236	44,778	32,334	-	455	-	78,803
Housing	107	20,209	23,410	250	-	-	43,976
Health & Wellness	566	29,532	9,938	-	-	-	40,036
Clean Energy	-	17,552	6,268	-	-	-	23,820
Arts & Culture	590	7,450	7,029	-	-	-	15,069
Social Programs	-	4,856	9,568	-	-	220	14,644
Early Learning	-	4,100	3,894	-	-	-	7,994
Other	-	998	168	-	-	-	1,166
Total loans	$ 4,311	$ 236,212	$ 186,498	$ 3,537	$ 455	$ 220	$ 431,233

Interest recognized on a cash basis for impaired loans was $0 and $31,225 in 2020 and 2019, respectively.

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

2020							
(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	$ 641	$ 641	$ 641	$ -	$ -	$ 654	$ 53
Commercial Development	8,366	8,304	-	8,304	229	8,304	297
Food Access	2,854	2,769	-	2,769	46	2,769	63
Housing	1,674	1,674	1,674	-	-	1,674	148
Arts & Culture	3,050	3,050	3,050	-	-	3,050	205
Early Learning	37	37	-	37	-	43	1
Total loans	$ 16,622	$ 16,475	$ 5,365	$ 11,110	$ 275	$ 16,494	$ 767

Note 7. Loans Receivable (Continued)

2019							
(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	$ 666	$ 666	$ -	$ 666	$ 5	$ 678	$ 5
Food Access	539	455	-	455	36	455	17
Housing	250	250	-	250	250	250	5
Social Programs	1,575	220	220	-	-	898	-
Early Education	49	49	-	49	1	54	2
Total loans	$ 3,079	$ 1,640	$ 220	$ 1,420	$ 292	$ 2,335	$ 29

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 loan losses.

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

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

The Organization also reviews the financial performance of the borrower over the past year to be reasonably assured of repayment and performance according to the modified terms. This review consists of an analysis of the borrower's historical results, the borrower's projected results over the next four quarters 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 2020 and 2019 that subsequently defaulted. One TDR totaling $3,780,000 was executed in 2020 and one TDR totaling $666,441 was executed in 2019. Of the two 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.

2020				
(in 000's)	Balance at January 1	TDRs paid off, sold, reclassified, or written off	New TDRs	Balance at December 31
Education				
Extended under forbearance	$ 666	$ (25)	$ -	$ 641
Commercial Development				
Extensions resulting from financial difficulty	-	-	3,780	$ 3,780
Early Learning				
Extensions resulting from financial difficulty	49	(12)	-	37
Total	$ 715	$ (37)	$ 3,780	$ 4,458

Note 7. Loans Receivable (Continued)

2019				
(in 000's)	Balance at January 1	TDRs paid off, sold, reclassified, or written off	New TDRs	Balance at December 31
Education				
Extended under forbearance	$ 3,356	$ (3,356)	666	$ 666
Early Education				
Extended under forbearance	318	(318)		-
Extensions resulting from financial difficulty	60	(11)	-	49
Total	$ 3,734	$ (3,685)	$ 666	$ 715

As of December 31 2020 and 2019, all TDRs were in compliance and accruing.

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

The Organization implemented various modification programs to provide its borrowers with relief as a result of the COVID-19 pandemic. In accordance to the CARES Act, the Organization elected not to apply TDR classification or impairment accounting to any COVID-19 related loan modifications that were executed between March 1, 2020 and December 31, 2020. This included loan payment deferrals that were granted to borrowers who were current as of the implementation date of December 31, 2019. The loans modified under the CARES Act that included payment deferrals, were not considered past due, TDRs or on non-accrual during the deferral period, and continued to accrue interest using the effective yield method.

At the height of the pandemic the Organization had 42 loans with deferrals, with principal balances totaling $65 million. As of December 31, 2020, there were only 5 loans with active deferrals, with principal balances totaling $13 million. Borrowers that accepted deferrals are in compliance with their underlying loan modifications and continue to be monitored by the Organization.

Note 8. Allowance for Loan Losses

The Organization considers that the determination of the allowance for loan losses involves a higher degree of judgment and complexity than its other significant accounting policies. The balance in the allowance for loan 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 losses may be required and may adversely impact earnings in future periods.

Note 8. Allowance for Loan Losses (Continued)

The following tables present an analysis of the allowance for loan losses for the years ended December 31:

2020 (in 000's)	Education	Commercial Development	Food Access	Housing	Health & Wellness	Clean Energy	Arts & Culture	Social Programs	Early Learning	Other	Total
Beginning balance	$ 6,054	$ 3,802	$ 3,974	$ 2,303	$ 1,202	$ 884	$ 703	$ 1,123	$ 384	$ 55	$ 20,484
Provision (credit) for loan losses											
Without donor restrictions	(39)	1,001	10	410	6	786	134	(161)	426	162	2,735
Net reduction in net assets with donor restrictions	-	-	(80)	-	-	-	-	-	(203)	-	(283)
Charge-offs - Loans	-	(87)	(34)	(69)	(18)	(7)	(37)	-	(301)	-	(553)
Charge-offs - Interest	(11)	(78)	(36)	(74)	(1)	(6)	(149)	(23)	(3)	-	(381)
Recoveries	1	-	23	12	-	-	-	38	199	-	273
Provision (credit) and net charge-offs	(49)	836	(117)	279	(13)	773	(52)	(146)	118	162	1,791
Ending balance	$ 6,005	$ 4,638	$ 3,857	$ 2,582	$ 1,189	$ 1,657	$ 651	$ 977	$ 502	$ 217	$ 22,275
Period-end amount allocated to:											
Loans individually evaluated for impairment	$ -	$ 229	$ 46	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 275
Loans collectively evaluated for impairment	6,005	4,409	3,811	2,582	1,189	1,657	651	977	502	217	22,000
	$ 6,005	$ 4,638	$ 3,857	$ 2,582	$ 1,189	$ 1,657	$ 651	$ 977	$ 502	$ 217	$ 22,275
Loans, ending balance:											
Loans individually evaluated for impairment	$ 641	$ 8,304	$ 2,769	$ 1,674	$ -	$ -	$ 3,050	$ -	$ 37	$ -	$ 16,475
Loans collectively evaluated for impairment	133,087	67,632	67,733	47,086	38,173	35,517	13,563	16,306	11,327	2,785	433,209
Total	$ 133,728	$ 75,936	$ 70,502	$ 48,760	$ 38,173	$ 35,517	$ 16,613	$ 16,306	$ 11,364	$ 2,785	$ 449,684

2019 (in 000's)	Education	Commercial Development	Food Access	Housing	Health & Wellness	Clean Energy	Arts & Culture	Social Programs	Early Learning	Other	Total
Beginning balance	$ 7,266	$ 3,664	$ 4,527	$ 2,591	$ 1,618	$ 463	$ 1,200	$ 960	$ 352	$ 41	$ 22,682
(Credit) provision for loan losses											
Without donor restrictions	(939)	138	(277)	(489)	(416)	421	(497)	1,439	59	14	(547)
Net reduction in net assets with donor restrictions	-	-	80	-	-	-	-	-	-	-	80
Charge-offs	(276)	-	(396)	-	-	-	-	(1,296)	(27)	-	(1,995)
Recoveries	3	-	40	201	-	-	-	20	-	-	264
(Credit) provision and net charge-offs	(1,212)	138	(553)	(288)	(416)	421	(497)	163	32	14	(2,198)
Ending balance	$ 6,054	$ 3,802	$ 3,974	$ 2,303	$ 1,202	$ 884	$ 703	$ 1,123	$ 384	$ 55	$ 20,484
Period-end amount allocated to:											
Loans individually evaluated for impairment	$ 5	$ -	$ 36	$ 250	$ -	$ -	$ -	$ -	$ 1	$ -	$ 292
Loans collectively evaluated for impairment	6,049	3,802	3,938	2,053	1,202	884	703	1,123	383	55	20,192
	$ 6,054	$ 3,802	$ 3,974	$ 2,303	$ 1,202	$ 884	$ 703	$ 1,123	$ 384	$ 55	$ 20,484
Loans individually evaluated for impairment	$ 666	$ -	$ 455	$ 250	$ -	$ -	$ -	$ 220	$ 49	$ -	$ 1,640
Loans collectively evaluated for impairment	135,186	69,873	78,348	43,726	40,036	23,820	15,069	14,424	7,945	1,166	429,593
Total	$ 135,852	$ 69,873	$ 78,803	$ 43,976	$ 40,036	$ 23,820	$ 15,069	$ 14,644	$ 7,994	$ 1,166	$ 431,233

The Organization included approximately $312,000 in the 2020 provision for loan losses related to an allowance on the PPP loans. The allowance represents the risk of potential losses on portions of PPP loans that may not be forgiven by the SBA.

Included in 2020 charge-offs is approximately $528,000 of principal and $338,000 of interest related to programmatic forgiveness of debt.

Note 9. Loans Held for Sale

At December 31, 2019, loans held for sale represent loans that had been identified to be sold to RFIA Impact Accelerator Bridge Loan Fund I, LLC ("Bridge Loan Fund") (See Note 10). The loans had maturity dates ranging from May 2020 to May 2022, and interest rates of London Interbank Offered Rate ("LIBOR") plus 475 bps to 525 bps. As of December 31, 2019, the Organization had $12,047,337 of loans held for sale with no valuation allowance recorded.

During February 2020, these loans were sold to Bridge Loan Fund at cost, no gain or loss was recognized.

Note 10. Equity Method and Program Investments

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

	2020	2019
Equity Method Investments		
New Markets Tax Credit Program	$ 20,682	$ 23,042
New Markets Tax Credit Investment Funds		
Chase NMTC Liberty Heights Investment Fund, LLC	-	405
Limited Partnerships and Limited Liability Companies		
Charter School Financing Partnership (a)	147,749	140,290
FSCLF Holding, LLC (b)	148,805	162,617
Octavia Hill Bel-Air Partners, LP (c)	-	-
Octavia Hill Chelten Partners, LP (d)	-	-
HealthCo Participation LLC (e)	14,500	17,244
Alliance Fund Management, LLC (f)	-	-
Domestic Small Cap Pay For Success Fund I, LP (g)	229,398	131,212
CDFI Coalition Revolving Fund, LLC (h)	655,790	(5,367)
Bridge Loan Fund (i)	1,056,320	-
	2,252,562	445,996
Total equity method investments	2,273,244	469,443
Program Investments		
The Community Development Trust	271,610	271,610
Total program investments	271,610	271,610
	$ 2,544,854	$ 741,053

<u>New Markets Tax Credit Program</u>: During fiscal years 2020 and 2019, Reinvestment Fund received New Markets Tax Credit Program ("Program") allocations of $60,000,000 and $0, respectively. Pursuant to the requirements of the Program administered by the CDFI Fund, Reinvestment Fund formed a for-profit entity, NMTC. As of December 31, 2020, NMTC is the general partner of TRF NMTC Fund XXIV, L.P. and TRF NMTC Fund XXVIII, L.P. through TRF NMTC Fund L, 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.

Note 10. Equity Method and Program Investments (Continued)

New Markets Tax Credit Program (Continued):

Reinvestment Fund formed Fund Manager to act as 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. As of December 31, 2020, all of the investment funds were unwound and Fund Manager was dissolved. 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 $1,115,089 and $1,293,738 for the years ended December 31, 2020 and 2019, respectively. These amounts are included in asset management fees on the consolidated statement of activities.

TRF NMTC Fund XLIX, L.P. and TRF NMTC Fund L, L.P. were formed during 2020. TRF NMTC Fund XLV, L.P. and TRF NMTC Fund XLVII, L.P. were formed during 2019. In connection with these formations, the Organization received fees of $536,250 and $830,000 and for the years ended December 31, 2020 and 2019, respectively. The fees received as a result of the NMTC fund formations are included in asset management fees on the consolidated statement of activities.

During 2020 TRF NMTC Fund XXII, L.P., TRF NMTC Fund XXIII, L.P. and TRF NMTC Fund XXV, L.P. through TRF NMTC Fund XXVII, L.P. as well as Chase NMTC Liberty Heights Investment Fund, LLC were unwound. During 2019 TRF NMTC Fund XVII, L.P through TRF NMTC Fund XXI, L.P. as well as Chase NMTC TRF 2011 Investment Fund, LLC, Chase NMTC PHN Investment Fund, LLC and 481 Philabundance Investment Fund, LLC were unwound. As a result, Reinvestment Fund earned $100,000 and $0 in success fees in 2020 and 2019, respectively. Success fees are included in asset management fees on the consolidated statement of activities.

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

2020	Total Assets	Total Liabilities	Total Equity	Net Income	Reinvestment Fund Investment Balance
TRF NMTC Fund XXIV L.P.	$ 6,006,710	$ 2,500	$ 6,004,210	$ 43,320	$ 600
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	369,576	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	1,002
TRF NMTC Fund XXXII, L.P.	11,042,351	13,750	11,028,601	110,000	1,103
TRF NMTC Fund XXXIII, L.P.	8,009,433	3,333	8,006,100	57,246	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	853
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	804
TRF NMTC Fund XXXIX, L.P.	6,506,664	2,708	6,503,956	34,712	650
TRF NMTC Fund XL, L.P.	5,509,147	2,292	5,506,855	25,578	551
TRF NMTC Fund XLI, L.P.	8,013,294	4,710	8,008,584	27,346	801
TRF NMTC Fund XLII, L.P.	6,513,778	2,711	6,511,067	124,995	651
TRF NMTC Fund XLIII, L.P.	8,007,858	3,333	8,004,525	45,747	801
TRF NMTC Fund XLIV, L.P.	8,008,290	3,333	8,004,957	49,880	800
TRF NMTC Fund XLV, L.P.	8,526,595	10,625	8,515,970	60,478	851
TRF NMTC Fund XLVI, L.P.	8,512,591	3,542	8,509,049	1,873,872	850
TRF NMTC Fund XLVII, L.P.	15,015,204	6,250	15,008,954	89,445	1,501
TRF NMTC Fund XLVIII, L.P.	2,009,223	5,833	2,003,390	44,140	200
TRF NMTC Fund XLIX, L.P.	8,509,152	3,542	8,505,610	6,664	852
TRF NMTC Fund L, L.P.	8,009,908	2,444	8,007,464	6,664	802
Total	$ 206,951,373	$ 129,448	$ 206,821,925	$ 4,438,860	$ 20,682

Note 10. Equity Method and Program Investments (Continued)

New Markets Tax Credit Program (Continued):

2019					
	Total Assets	Total Liabilities	Total Equity	Net Income	Reinvestment Fund Investment Balance
TRF NMTC Fund XXII, L.P.	$ 9,526,138	$ 3,957	9,522,181	$ 263,723	$ 952
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	554
TRF NMTC Fund XXVI, L.P.	9,532,355	11,875	9,520,480	75,196	953
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	369,576	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	1,002
TRF NMTC Fund XXXII, L.P.	11,042,351	13,750	11,028,601	110,000	1,103
TRF NMTC Fund XXXIII, L.P.	8,009,332	3,333	8,005,999	57,255	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	853
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	804
TRF NMTC Fund XXXIX, L.P.	6,506,563	2,708	6,503,855	34,706	650
TRF NMTC Fund XL, L.P.	5,509,045	2,292	5,506,753	25,578	551
TRF NMTC Fund XLI, L.P.	8,012,865	4,809	8,008,056	27,346	727
TRF NMTC Fund XLII, L.P.	6,513,777	2,711	6,511,066	124,995	652
TRF NMTC Fund XLIII, L.P.	8,007,858	3,333	8,004,525	44,688	801
TRF NMTC Fund XLIV, L.P.	8,008,290	3,333	8,004,957	49,880	800
TRF NMTC Fund XLV, L.P.	8,526,594	10,625	8,515,969	20,831	851
TRF NMTC Fund XLVI, L.P.	6,672,672	3,542	6,669,130	(1,806,540)	666
TRF NMTC Fund XLVII, L.P.	15,015,204	6,250	15,008,954	70,314	1,501
TRF NMTC Fund XLVIII, L.P.	2,009,223	833	2,008,390	98,280	200
Total	$ 231,346,882	$ 163,768	$ 231,183,114	$ 1,738,363	$ 23,042

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 $7,459 and $9,006 for the years ended December 31, 2020 and 2019, respectively.

(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 equity losses of $13,811 and $17,334 for the years ended December 31, 2020 and 2019, respectively.

(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 years ended December 31, 2020 and 2019.

Note 10. Equity Method and Program Investments (Continued)

(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 years ended December 31, 2020 and 2019.

(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 years ended December 31, 2020 and 2019, Reinvestment Fund recorded an equity loss of $2,744 and $1,259, respectively. During the years ended December 31, 2020 and 2019, Reinvestment Fund contributed capital of $0 and $8,121, respectively.

At December 31, 2020 and 2019, Reinvestment Fund holds a liability of $4,446,000 for a loan participation sold to HealthCo that did not meet the characteristics of a participating interest in accordance with accounting rules governing the sale of a financial asset.

(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 $0 at December 31, 2020 and 2019.

(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. Through 2018, Reinvestment Fund and RFIA have ownership interests in PFS of 10% and 0.1%, respectively. During 2019, a new investor was brought into PFS and Reinvestment Fund's ownership interest was reduced to 9.5%. Reinvestment Fund made contributions totaling $106,419 and $80,553 during the years ended December 31, 2020 and 2019, respectively. Reinvestment Fund recorded equity gains of $8,049 and $2,649 for the years ended December 31, 2020 and 2019, respectively.

Reinvestment Fund received distributions totaling $16,282 and $42,773 during the years ended December 31, 2020 and 2019, respectively.

(h) CDFI Coalition Revolving Fund, LLC ("CCRF") is a limited liability company formed in 2019 to provide capital for acquisition, construction, and/or rehabilitation of affordable housing and community development projects in the state of Georgia. Reinvestment Fund is one of five equal members with 20% ownership. Under the operating agreement, any income or expense of CCRF is shared equally by the five members. For the years ended December 31, 2020 and 2019, Reinvestment Fund recorded equity gains of $661,157 and equity losses of $5,367, respectively.

(i) Bridge Loan Fund is a limited liability company formed to generate a range of positive social impacts, including units of affordable housing, annual patient visit capacity at community health centers, and expanded seat capacity at high quality pre-k through twelfth grade educational providers. RFIA is the managing member of Bridge Loan Fund; however due to substantive kick-out rights, RFIA is not deemed to control Bridge Loan Fund and therefore does not consolidate Bridge Loan Fund. Reinvestment Fund is one of four members with 25% ownership and contributed its full capital commitment of $1,000,000 in February 2020. For the year ended December 31, 2020, Reinvestment Fund recorded equity gains of $56,320.

<u>Program Investments:</u>

At December 31, 2020 and 2019, Reinvestment Fund owned 27,160 common "B" shares of The Community Development Trust, Inc. carried at $271,610.

Note 11. Equipment, Leasehold Improvements and Software, Net

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

	2020	2019
Office furniture, equipment and software	$ 1,593,218	$ 1,809,964
Leasehold improvements	1,103,693	1,103,693
Software development	5,610,318	5,610,318
Accumulated depreciation	(7,728,619)	(7,844,792)
	$ 578,610	$ 679,183

Depreciation and amortization expense of $132,741 and $130,236, was recorded for the years ended December 31, 2020 and 2019, respectively.

The Organization removed $248,914 and $78,072 of fully depreciated assets from office furniture, equipment and software that are no longer in use, in 2020 and 2019, respectively.

Note 12. Loans and Bonds Payable

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

	2020	2019
Loans payable current portion	$ 44,024,910	$ 34,057,959
Loans payable long-term portion	208,872,130	195,929,478
Gross loans payable	252,897,040	229,987,437
Bonds payable current portion	1,740,000	600,000
Bonds payable long-term portion	123,740,000	125,480,000
Gross bonds payable	125,480,000	126,080,000
Gross loans and bonds payable	378,377,040	356,067,437
Deferred debt issuance costs	(963,628)	(1,166,563)
Net loans and bonds payable	$ 377,413,412	$ 354,900,874

Loans payable

		2020		2019
Lender	Maturity Date	Interest rate	Balance	Balance
Government	2020 - 2045	1.08% - 3.41%	$ 103,135,055	$ 74,652,402
Financial institutions, partnerships, and corporations	2020 - 2035	0.00% - 5.19%	92,849,740	97,698,417
Foundations, religious, and civic organizations	2020 - 2035	0.00% - 4.50%	43,595,435	45,280,714
Individuals	2020 - 2045	0.00% - 4.50%	13,316,810	12,355,904
Gross loans payable			$ 252,897,040	$ 229,987,437

Note 12. Loans and Bonds Payable (Continued)

Bonds payable				
	2020			2019
Issuance	Maturity Date	Interest rate	Balance	Balance
Impact Investment Bonds, Taxable Series 2017	2023 - 2025	3.16% - 3.51%	$ 49,745,000	$ 50,345,000
Impact Investment Bonds, Taxable Series 2018	2021 - 2028	3.29% - 3.93%	75,735,000	75,735,000
Gross bonds payable			$ 125,480,000	$ 126,080,000

The Organization had 868 and 872 issuances of debt at December 31, 2020 and 2019, respectively. At December 31, 2020 and 2019, the Organization had $378,377,040 and $354,534,042 of fixed rate debt, respectively, and $0 and $1,533,395 of variable rate debt, respectively. At December 31, 2020 and 2019, the Organization had $110,095,055 and $81,612,371 of secured debt, respectively, and $268,281,985 and $274,455,066 of unsecured debt, respectively.

At December 31, 2020, 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, 2020, 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.

Aggregate maturities for loans and bonds payable at December 31, 2020 are as follows:

2021	$ 45,764,910
2022	34,949,348
2023	46,472,398
2024	46,974,982
2025	49,076,924
Thereafter	155,138,478
	$ 378,377,040

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 ("Bond Program") of which the Organization drew $31,840,000 and $2,853,080 in 2020 and 2019, respectively. 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 2021. 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, 2020 and 2019, the loans payable of approximately $102,635,000 and $74,152,000, respectively, were secured by pledged loans receivable of approximately $105,443,000 and $76,389,000, respectively, and restricted cash of approximately $4,463,500 and $3,436,000, respectively.

Note 12. Loans and Bonds Payable (Continued)

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, 2020 and 2019, loans payable in the amount of $2,460,000 were secured by loans receivable of $2,460,000. As a condition of the program, Reinvestment Fund has assigned to the lender 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 FHLB 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, 2020 and 2019, the loans payable balance was $5,000,000, for each year, secured by pledged loans receivable of approximately $10,957,000 and $20,635,000, respectively.

Unsecured

Reinvestment Fund entered into two EQ2 agreements with Wells Fargo Community Investment Holdings totaling $7,000,000 at December 31, 2020 and 2019. The funds are to be used to promote the public welfare in Reinvestment Fund's target markets.

On May 15, 2020, PolicyMap entered into an agreement with a bank, pursuant to PPP and secured total principal amount of $413,400. PolicyMap used the proceeds of the PPP loan for certain qualified expenses, including payroll costs, rent and utility costs in accordance with the relevant terms and conditions of PPP. Interest accrued at the rate of 1.00% per annum. Subject to any forgiveness under PPP, the loan matures May 15, 2022. On February 1, 2021, PolicyMap received full forgiveness from the SBA, of $413,400 in principal and $2,922 in interest.

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 ("2017 Bonds") primarily to finance loans to organizations and businesses in pursuit of Reinvestment Fund's mission and refinance certain existing obligations. The 2017 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 2017 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 2017 Bonds bear interest at a fixed rate which is payable semi-annually. The 2017 Bonds are issued in minimum denominations of $5,000 and increments of $1,000.

The 2017 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 2017 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.

On September 6, 2018, Reinvestment Fund issued $75,735,000 of Impact Investment Bonds, Taxable Series 2018 ("2018 Bonds") primarily to finance loans to organizations and businesses in pursuit of Reinvestment Fund's mission and refinance certain existing obligations. The 2018 Bonds were issued pursuant to a Trust Indenture dated September 1, 2018, by and between Reinvestment Fund and The Bank of New York Mellon Trust Company, N.A., as trustee. The 2018 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.

Note 12. Loans and Bonds Payable (Continued)

The 2018 Bonds bear interest at a fixed rate which is payable semi-annually. The 2018 Bonds are issued in minimum denominations of $5,000 and increments of $1,000.

The 2018 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 2018 Bonds were issued with a series of maturing notes. The first of these notes is due on February 15, 2021, and the final matures on February 15, 2028.

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, 2020, total undrawn debt was $97,086,971. Included in the total was $30,000,000 of available undrawn liquidity under a line of credit with JPMC. This LIBOR based facility has a maturity of July 31, 2023. In addition, under the terms of its membership with the FHLB, the Organization had the ability to draw $1,599,513 of additional funding at December 31, 2020. 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 $16,441,000. Rates under the CDFI Bond Guarantee Program are set on the advance date.

The Organization opened a $25,000,000 line of credit with Bank of America to fund PPP lending. The rate is 0.50%. There have been no advances on the line to date.

Note 13. Derivative Instruments

The Organization enters into swaps in order to manage its exposure to interest rate movements. Swaps can be terminated by the Organization at market rates at any time during the term of the swap.

At December 31, 2020, the Organization had no swaps outstanding. At December 31, 2019, the Organization had one swap outstanding that was issued at market terms therefore had no fair value at inception. The carrying amount of the swap was adjusted to the fair value at the end of the year. The obligation under interest rate swap was $26,792 as of December 31, 2019, and is included in other liabilities in the consolidated statement of financial position.

Note 14. 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 revenue with donor restrictions 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 2018, Reinvestment Fund received drawdowns of $3,250,000 of which $10,000 was recognized as grant revenue. During 2018, the award was amended to increase the total available funds to $7,250,000 and an additional $2,000,000 was drawn down. Under the terms of the grant, Reinvestment Fund was required to create a Community Service Loan Program. The funds are to 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 in December 2022. The balance of this recoverable grant was $5,240,000 at December 31, 2020 and 2019.

Note 14. Recoverable Grants (Continued)

In December 2017, Reinvestment Fund received $1,555,800 related to a total award of $3,111,600 for a five-year conditional grant to create and operate a revolving loan fund for early learning providers in Philadelphia. In October 2023, the grantor will decide if the fund should be continued or be terminated. During 2018, the remaining $1,555,800 was received and $111,600 was used to create the fund and was recognized as grant revenue. During 2019, a loan that was funded with this program was written off. The loss was covered by this revolving loan fund in the amount of $27,500. The balance of this recoverable grant was $2,972,500 at December 31, 2020 and 2019.

During 2020, Reinvestment Fund was awarded $3,750,000 from the CDFI Fund's Capital Magnet Fund Program. The grant agreement contains barriers that must be met before the grant can be recognized as revenue. If the barriers are not met by April 2022 the funds have to be returned to the CDFI Fund. At December 31, 2020 the barriers have not been met, therefore the entire award is included in recoverable grants.

At December 31, 2020 and 2019, the balance of other recoverable grants was $31,600 and $39,600, respectively. The consolidated statement of financial position reflects recoverable grants in the amount of $11,994,100 and $8,252,100 as of December 31, 2020 and 2019, respectively.

Note 15. Net Assets

Net assets without donor restrictions are those net assets for use in general operations (credit, financing, and general expenditures) and not subject to donor restrictions. At December 31, 2020 and 2019, net assets without donor restrictions were $111,517,295 and $82,237,806, respectively. At December 31, 2020 and 2019, net assets without donor restrictions included $10,241,536 and $10,215,490, respectively, of net assets contractually limited as to use by SDF (See Note 18). At December 31, 2020 and 2019, net assets without donor restrictions also included $20,380 and $15,850, respectively, representing non-controlling interest which is the equity interests in Policy Map, exclusive of any Reinvestment Fund interests. (See Note 16)

Net assets with donor restrictions at December 31, 2020 and 2019 consisted of the following:

	2020	2019
Net Assets with Donor Restrictions		
Financing - Lending and Community Investing		
Revolving loan funds	$ 49,767,653	$ 49,761,056
Credit and financing net assets	44,876,043	40,597,635
	94,643,696	90,358,691
Programmatic net assets		
Policy Solutions	803,332	352,857
Lending and Community Investing	8,179,038	7,345,371
	8,982,370	7,698,228
Re-granting - Lending and Community Investing	3,525,761	2,213,754
Total Net Assets with Donor Restrictions	$ 107,151,827	$ 100,270,673

At December 31, 2020 and 2019, approximately $206,000,000 and $173,000,000, respectively, of net assets were available for credit and financing, which represents funds available to disburse loans and to use as credit enhancements. Funds available for credit and financing includes net assets with donor restrictions included in revolving loan funds held in perpetuity, credit and financing net assets, and net assets without donor restrictions, less non-controlling interest.

Note 16. PolicyMap Equity Compensation Plan

During 2018, the PolicyMap Board approved the 2018 Equity Compensation Plan (the "Plan"). The Plan permits grants of share options and share awards to its employees for up to 3,000 shares of common stock. The Plan authorizes the use of incentive stock options, nonqualified stock options, and stock awards.

Stock options were granted with an exercise price equal to the fair market value of the common stock on the date of the grants and have a 10-year contractual term. The stock options vest ratably over a 3-year period. Compensation cost is recognized on a straight-line basis.

The fair market value of stock options is estimated using the Black-Scholes valuation model and PolicyMap uses the following methods to determine its underlying assumptions: expected volatility is based on the historical mean volatility of PolicyMap's peer group; the excepted term of options granted is based on the simplified method of using the mid-point between the vesting term and the original contractual term; and the risk-free interest rate is based on the interpolated 6 year treasury rate on the date of grant.

The following key assumptions were used in the valuation model to value the stock option grants in 2018:

Expected volatility – 40.1%
Expected weighted average term (in years) - 6
Risk-Free interest rate – 3.1%

Stock option transactions under the Plan for the years ended December 31, 2020 and 2019 are summarized as follows:

	Number of Options	Weighted Average Exercise Price Per Share	Weighted-Average Remaining Contractual Terms in Years
Balance at December 31, 2018	927	$ 526.00	9.00
Terminated	(21)		
Balance at December 31, 2019	906	$ 526.00	8.00
Exercised	(26)		
Terminated	(24)		
Balance at December 31, 2020	856	$ 526.00	7.00

The weighted-average grant date fair value per share of options granted during 2018 was $229.

The fair value of stock awards is estimated by the using the fair market value of the common stock on the date of grants. Stock awards are fully vested on the grant date. During 2020 and 2019, 173 and 141 stock awards were granted at a grant date fair value of $497 and $458 per share, respectively.

Total stock-compensation expense for 2020 and 2019 was $154,890 and $136,907, respectively. As of December 31, 2020 and 2019, there was $1,241 and $72,694, respectively, of unrecognized compensation cost related to unvested stock options. As of December 31, 2020 and 2019, the remaining options and awards available to be issued under the Plan was 1,735 and 1,863, respectively.

Note 16. PolicyMap Equity Compensation Plan (Continued)

Due to the issuances of the above stock awards and options, Reinvestment Fund is no longer the sole owner of PolicyMap, creating non-controlling interest. The components of non-controlling interest for the years ended December 31, 2020 and 2019 are summarized as follows:

Non-controlling interest in subsidiary at December 31, 2018	$ (12,205)
Non-controlling interest from the issuance of common stock grants	(30,100)
Non-controlling interest from the vesting of stock options	69,182
Net loss attributable to the noncontrolling interest	(11,027)
Non-controlling interest in subsidiary at December 31, 2019	15,850
Non-controlling interest from the issuance of common stock grants	(52,412)
Non-controlling interest from the vesting of stock options	69,181
Net loss attributable to the noncontrolling interest	(12,239)
Non-controlling interest in subsidiary at December 31, 2020	$ 20,380

Note 17. Revenue Recognition

Disaggregation of revenue

The following table presents revenue disaggregated by performance obligation:

	2020	2019
Asset Management Fee		
Administrative services fees	$ 1,325,855	$ 1,333,546
Sub-allocation fees	536,250	830,000
Success fees	100,000	-
Total Asset Management Fee	1,962,105	2,163,546
Program Services and Fees		
Professional services - Policy Solutions	1,574,843	1,272,631
Professional services - PolicyMap	623,110	628,454
Subscription and licenses	2,495,452	2,051,258
Total Program Services and Fees	4,693,405	3,952,343
Total	$ 6,655,510	$ 6,115,889

	2020	2019
Timing of Revenue Recognition		
Revenue recognized over time	$ 6,019,260	$ 5,285,889
Revenue recognized at a point in time	636,250	830,000
Total	$ 6,655,510	$ 6,115,889

Contract Balances

The timing of revenue recognition, billings and cash collections results in billed accounts receivable and customer advances and deposits (deferred revenue) on the consolidated statement of financial position. Accounts receivable includes amounts due from customers that are unconditional. Accounts receivable is included in other assets on the consolidated statement of financial position. Deferred revenue consists of advance payments and billings in excess of revenue recognized. The following table provides information about receivables, contract assets and deferred revenue from contracts with customers:

	2020	2019
Accounts receivable, net	$ 966,124	$ 860,303
Deferred revenue	$ (2,216,419)	$ (1,769,776)

Note 17. Revenue Recognition (Continued)

The difference in the opening and closing balances of accounts receivable, net and deferred revenue primarily results from the timing difference between our performance and the customer’s payments. The Organization fulfills its obligations under a contract with a customer by transferring products and services in exchange for consideration from the customer.

Transaction Price Allocated to the Remaining Performance Obligations

91% of deferred revenue as of December 31, 2019, was recognized during the year ended December 31, 2020. As of December 31, 2020, approximately $2,200,000 of revenue is expected to be recognized from remaining performance obligations. The Organization expects to recognize approximately 89% over the next 12 months and the remaining balance thereafter. The Organization applied the practical expedient related to this disclosure and did not disclose performance obligations that have original expected durations of one year or less and performance obligations in which the Organization uses the right to invoice practical expedient.

Note 18. 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, Reinvestment Fund 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 Commonwealth Edison Company 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 Photovoltaic (solar energy) Project, $12,000,000 was for New Pennsylvania Wind Facilities and $2,500,000 was for public education about 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 19. Functional Classification of Expenses

Functional expenses for the years ended December 31, 2020 and 2019, consisted of the following:

2020	Lending & Community Investing	Policy Solutions	PolicyMap	Management & General	Total Expenses
Personnel	$ 4,157,278	$ 1,299,267	$ 2,776,625	$ 4,577,187	$ 12,810,357
Occupancy	682,152	152,567	248,405	798,037	1,881,161
Professional Services	1,647,405	266,976	550,251	1,258,276	3,722,908
Grants	10,012,465	-	-	22,434	10,034,899
Other	131,416	35,231	22,244	202,061	390,952
Total Program and General Expenses	16,630,716	1,754,041	3,597,525	6,857,995	28,840,277
Interest Expense	12,425,990	-	-	-	12,425,990
Provision for loan losses	2,734,707	-	-	-	2,734,707
Total Expenses	$ 31,791,413	$ 1,754,041	$ 3,597,525	$ 6,857,995	$ 44,000,974

2019	Lending & Community Investing	Policy Solutions	PolicyMap	Management & General	Total Expenses
Personnel	$ 4,658,993	$ 1,151,410	$ 2,660,786	$ 4,141,659	$ 12,612,848
Occupancy	710,807	154,078	266,906	702,295	1,834,086
Professional Services	1,047,649	264,262	750,163	1,142,460	3,204,534
Grants	4,641,151	-	-	20,150	4,661,301
Other	294,046	105,246	45,935	407,469	852,696
Total Program and General Expenses	11,352,646	1,674,996	3,723,790	6,414,033	23,165,465
Interest Expense	12,622,564	-	-	-	12,622,564
Credit for loan losses	(547,259)	-	-	-	(547,259)
Total Expenses	$ 23,427,951	$ 1,674,996	$ 3,723,790	$ 6,414,033	$ 35,240,770

The management and general category includes fundraising expenses, which are approximately $110,000 and $75,000 for the years ended December 31, 2020 and 2019, respectively.

Note 20. Operating Leases

Reinvestment Fund leases its offices and certain office equipment under non-cancelable operating leases, which have expiration dates between 2020 and 2026. The lease agreements often include escalating rent payments, renewal provisions and other provisions which require Reinvestment Fund to pay maintenance costs, property taxes and insurance. The lease agreements do not contain any material residual value guarantees or material restrictive covenants. As most of the Organization’s leases do not provide an implicit rate, the Organization used its incremental borrowing rate based on the information available at the lease commencement date to determine the present value of lease payments. As of December 31, 2020, Reinvestment Fund has no leases that have not yet commenced.

Note 20. Operating Leases (Continued)

Operating lease ROU assets and liabilities are as follows as of December 31:

	2020	2019
Assets		
Operating lease ROU assets	$ 2,422,967	$ 2,885,443
Total leased assets	$ 2,422,967	$ 2,885,443
Liabilities		
Short-term operating lease liabilities	$ 615,094	$ 602,341
Long-term operating lease liabilities	2,771,016	3,386,110
Total lease liabilities	$ 3,386,110	$ 3,988,451
Weighted-average remaining lease term	5.2 years	6.1 years
Weighted-average discount rate	4.27%	4.26%

The components of lease expense were as follows:

	2020	2019
Operating lease costs (a)	$ 661,594	$ 666,441
Variable lease costs (b)	111,080	105,563
Total lease cost	$ 772,674	$ 772,004

(a) Operating lease costs are recognized on a straight-line basis over the lease term. Includes costs for short-term leases with an initial term of twelve months or less, which were not material.

(b) Variable lease costs primarily included common area maintenance, utilities, property taxes and insurance, which were expensed as incurred.

As of December 31, 2020, maturities of lease liabilities under non-cancelable operating leases were as follows:

2021	$ 747,981
2022	734,254
2023	715,120
2024	657,784
2025	658,151
Thereafter	276,027
Total lease payments	3,789,317
Less: imputed interest	(403,207)
Present value of lease liabilities	$ 3,386,110

Note 21. Commitments and Contingencies

Commitments:

At December 31, 2020, the Organization had approximately $61,200,000 of loans closed but not yet disbursed and $58,000,000 of loan commitments, net of participations. Loan commitments represent arrangements to lend funds at specified interest rates and contain fixed expiration dates or other termination clauses.

Note 21. Commitments and Contingencies (Continued)

At December 31, 2020, Reinvestment Fund had unconditional outstanding letters of credit totaling $684,048. These letters of credit mature by July 2022.

At December 31, 2020, Reinvestment Fund had re-granting agreements with conditional funding outstanding of approximately $1,500,000.

On March 11, 2020, the World Health Organization declared the outbreak of a strain of novel coronavirus disease, COVID-19, a global pandemic. The outbreak of the Coronavirus adversely impacted commercial activity and contributed to significant declines and volatility in financial markets. If the pandemic is prolonged the adverse impact on the economy could deepen. The continuation of the adverse economic conditions caused by the pandemic could present uncertainty and risk to the Organization's activities and its financial results. The Organization believes that the economic uncertainties that have arisen could continue to negatively impact interest income and borrowers' ability to make loan payments.

Note 22. Conditional Grants Receivable

In May 2018, the Organization was awarded a grant of $2,000,000 from the US Department of Agriculture ("USDA"). The grant is to be used to implement the Healthy Food Financing Initiative to improve access to healthy foods in underserved areas, to create and preserve quality jobs, and to revitalize low income communities. The grant is conditional on incurring qualifying expenses. During the years ended December 31, 2020 and 2019, the Organization recognized revenue of $707,089 and $731,249, respectively. Conditional grants receivable at December 31, 2020 and 2019, were $525,223 and $1,232,312, respectively

In October 2019, the Organization was awarded an additional grant of $2,000,000 from the USDA. The grant was amended in 2020 to increase the total award amount to $3,741,250. The grant is to be used to implement the Healthy Food Financing Initiative to improve access to healthy foods in underserved areas, to create and preserve quality jobs, and to revitalize low income communities. The grant is conditional on incurring qualifying expenses. During the years ended December 31, 2020 and 2019, the Organization recognized revenue of $226,265 and $28,962, respectively. Conditional grants receivable at December 31, 2020 and 2019, were $3,486,023 and $1,971,038, respectively.

In August 2018, the Organization was awarded a grant of $846,403 from the Institute of Museum and Library Services. The grant was amended in 2020 to increase the total award amount to $967,156. The grant is to be used to support the third phases of a Community Anchors to Catalysts initiative with a long-term goal of developing approaches, tools, and trainings for museums and libraries in their efforts to become sustained and adaptive partners with their communities. The grant is conditional on incurring qualifying expenses. During the years ended December 31, 2020 and 2019, the Organization recognized revenue of $391,144 and $424,997, respectively. Conditional grants receivable at December 31, 2020 and 2019, were $22,981 and $293,372, respectively.

As of December 31, 2020, total other conditional contributions receivable not recorded is $105,000. The grant is conditional based on satisfactory progress project expected outcomes.

Note 23. 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 plan provides a 100% match on the first 6% of employees' contributions. The Organization contributed $661,351 and $601,898 for the years ended December 31, 2020 and 2019, respectively.

Note 24. 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

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

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

Interest Rate Swap: The fair value of interest rate swaps is valued using estimates of the related LIBOR rates during the term of the swap agreement.

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

	2020			
	Total	Level 1	Level 2	Level 3
Investments in marketable securities:				
Debt and Mortgage-backed securities:				
Federal Home Loan Mortgage Company	$ 2,668,565	$ -	$ 2,668,565	$ -
Federal National Mortgage Association	5,993,449	-	5,993,449	-
U.S. Treasury Notes and Bills	53,015,809	53,015,809	-	-
Corporate debt securities	23,062,658	-	23,062,658	-
Program investments:				
The Community Development Trust	271,610	-	-	271,610
Total assets	$ 85,012,091	$ 53,015,809	$ 31,724,672	$ 271,610

	2019			
	Total	Level 1	Level 2	Level 3
Investments in marketable securities:				
Debt and Mortgage-backed securities:				
Federal Home Loan Mortgage Company	$ 5,107,928	$ -	$ 5,107,928	$ -
Federal National Mortgage Association	5,012,301	-	5,012,301	-
U.S. Treasury Notes and Bills	26,855,630	26,855,630	-	-
Corporate debt securities	8,502,128	-	8,502,128	-
Program investments:				
The Community Development Trust	271,610	-	-	271,610
Total assets	$ 45,749,597	$ 26,855,630	$ 18,622,357	$ 271,610
Obligation under interest rate swap	$ (26,792)	$ -	$ (26,792)	$ -
Total liabilities	$ (26,792)	$ -	$ (26,792)	$ -

Note 24. Fair Value Measurements (Continued)

Fair Value on a Nonrecurring Basis

Impaired loans: The fair value of impaired loans is determined based on the loan's observable market price or the fair value of the collateral if the loan is collateral dependent. The valuation allowance for impaired loans is included in the allowance for losses in the consolidated statement of financial position.

Loans held for sale: The fair value of loans held for sale is determined based on the loan's observable market price. There was no valuation allowance at December 31, 2019.

2020	Total	Level 1	Level 2	Level 3
Impaired loans, net of specific reserves of $274,570	$ 16,201,413	$ -	$ -	$ 16,201,413
	$ 16,201,413	$ -	$ -	$ 16,201,413

2019	Total	Level 1	Level 2	Level 3
Impaired loans, net of specific reserves of $292,271	$ 1,347,994	$ -	$ -	$ 1,347,994
Loans held for sale	12,047,337	-	12,047,337	-
	$ 13,395,331	$ -	$12,047,337	$ 1,347,994

Note 25. Subsequent Events

The Organization's management has evaluated its subsequent events (events occurring after December 31, 2020) through April 23, 2021, which represents the date the consolidated financial statements were issued and concluded no events or transactions that require recognition or disclosure in the consolidated financial statements.

RSM

RSM US LLP

Independent Auditor's Report on the Supplementary Information

Board of Directors
Reinvestment Fund, Inc.

We have audited the consolidated financial statements of Reinvestment Fund, Inc. and Affiliates as of and for the years ended December 31, 2020 and 2019, and have issued our report thereon, which contains an unmodified opinion on those consolidated financial statements. See pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position, results of operations and cash flows of the individual 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 information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

RSM US LLP

Philadelphia, Pennsylvania
April 23, 2021

Reinvestment Fund, Inc. and Affiliates (Excluding SDF)

Consolidating Statement of Financial Position
December 31, 2020

	Reinvestment Fund	PolicyMap	EFI	NMTC	CEF	Education Funding	RFIA	Fund Manager	Eliminations & Reclassifications	Total	SDF	Reinvestment Fund/SDF Eliminations	Total (excluding SDF)
Assets													
Current Assets													
Cash and cash equivalents	$ 72,521,668	$ 515,740	$ 217,954	$ 56,346	$ 557,328	$ 65,341	$ 373,080	$ -	$ -	$ 74,307,457	$ -	$ -	$ 74,307,457
Grants and contributions receivable	2,494,032	-	-	-	-	-	-	-	-	2,494,032	-	-	2,494,032
Investments in marketable securities	30,737,107	-	-	-	-	-	-	-	-	30,737,107	-	-	30,737,107
Accounts receivable - related parties	81,129	-	-	-	-	-	57,322	-	(138,451)	-	-	(12,769)	12,769
Loans receivable	91,597,873	-	-	-	775,520	-	-	-	-	92,373,393	839,034	-	91,534,359
Allowance for loan losses	(4,579,894)	-	-	-	(38,776)	-	-	-	-	(4,618,670)	(41,952)	-	(4,576,718)
Restricted cash and cash equivalents	27,582,388	-	-	-	535,464	-	-	-	-	28,117,852	2,065,796	-	26,052,056
Other	5,289,626	406,689	61,647	3	98,404	-	130,007	-	(10,287)	5,976,089	44,126	-	5,931,963
	225,723,929	922,429	279,601	56,349	1,927,940	65,341	560,409	-	(148,738)	229,387,260	2,907,004	(12,769)	226,493,025
Noncurrent Assets													
Grants and contributions receivable	1,560,855	-	-	-	-	-	-	-	-	1,560,855	-		1,560,855
Investments in marketable securities	54,003,374	-	-	-	-	-	-	-	-	54,003,374	-	-	54,003,374
Program investments	271,610	-	-	-	-	-	-	-	-	271,610	-		271,610
Loans receivable	348,854,997	-	10,406,091	-	9,034,954	-	-	-	(10,985,000)	357,311,042	7,753,056	-	349,557,986
Allowance for loan losses	(17,878,499)	-	(311,705)	-	(451,748)	-	-	-	985,000	(17,656,952)	(387,653)	-	(17,269,299)
Equity method and program investments	2,104,815	-	-	20,680	-	147,749	-	-	-	2,273,244	-	-	2,273,244
Equipment, leasehold improvements and software, net	572,176	6,434	-	-	-	-	-	-	-	578,610	-	-	578,610
Operating lease right-of-use assets	2,212,559	210,408	-	-	-	-	-	-	-	2,422,967	-	-	2,422,967
Investments in consolidated subsidiaries	3,604,393	-	-	-	-	-	-	-	(3,604,393)	-	-	-	-
Other	460,203	18,120	-	-	-	-	-	-	-	478,323	-	-	478,323
	395,766,483	234,962	10,094,386	20,680	8,583,206	147,749	-	-	(13,604,393)	401,243,073	7,365,403	-	393,877,670
Total Assets	$ 621,490,412	$ 1,157,391	$ 10,373,987	$ 77,029	$ 10,511,146	$ 213,090	$ 560,409	$ -	$ (13,753,131)	$ 630,630,333	$ 10,272,407	$ (12,769)	$ 620,370,695
Liabilities and Net Assets													
Current Liabilities													
Accounts payable and accrued expenses	$ 2,364,679	$ 345,162	$ -	$ -	$ -	$ -	$ 24,021	$ -	$ -	$ 2,733,862	$ 664	$ -	$ 2,733,198
Escrow payable and due to third parties	3,054,298	19,493	-	-	35,464	-	-	-	-	3,109,255	17,438	-	3,091,817
Accounts payable - related parties	21,702	57,640	-	-	48,389	-	10,720	-	(138,451)	-	12,769	(12,769)	-
Deferred revenue	306,862	1,684,497	-	-	-	-	-	-	(10,287)	1,981,072	-	-	1,981,072
Recoverable grants	8,000	-	-	-	-	-	-	-	-	8,000	-	-	8,000
Operating lease liabilities, currrent portion	537,484	77,610	-	-	-	-	-	-	-	615,094	-	-	615,094
Loans and bonds payable, net, current portion	43,415,154	413,400	-	-	725,657	-	-	-	-	44,554,211	-	-	44,554,211
Loans payable, EQ2, current portion	1,000,000	-	-	-	-	-	-	-	-	1,000,000	-	-	1,000,000
Other	10,061,691	2,756	-	-	11,846	-	-	-	-	10,076,293	-	-	10,076,293
	60,769,870	2,600,558	-	-	821,356	-	34,741	-	(148,738)	64,077,787	30,871	(12,769)	64,059,685
Noncurrent Liabilities													
Deferred revenue, less current portion	-	235,347	-	-	-	-	-	-	-	235,347	-	-	235,347
Recoverable grants, less current portion	11,986,100	-	-	-	-	-	-	-	-	11,986,100	-	-	11,986,100
Operating lease liabilities, less current maturities	2,631,465	139,551	-	-	-	-	-	-	-	2,771,016	-	-	2,771,016
Loans and bonds payable, net, less current maturities	317,834,030	985,000	10,000,000	-	7,275,171	-	-	-	(10,985,000)	325,109,201	-	-	325,109,201
Loans payable, EQ2, less current maturities	6,750,000	-	-	-	-	-	-	-	-	6,750,000	-	-	6,750,000
Escrow payable and due to third parties	874,922	-	-	-	-	-	-	-	-	874,922	-	-	874,922
Other	156,838	-	-	-	-	-	-	-	-	156,838	-	-	156,838
	340,233,355	1,359,898	10,000,000	-	7,275,171	-	-	-	(10,985,000)	347,883,424	-	-	347,883,424
Total Liabilities	401,003,225	3,960,456	10,000,000	-	8,096,527	-	34,741	-	(11,133,738)	411,961,211	30,871	(12,769)	411,943,109
Commitments and Contingencies													
Paid in capital	-	3,236,195	1,420,000	(2,917,613)	2,500,000	60,100	-	(371,272)	(3,927,410)	-	-	-	-
Capital stock	-	124	-	-	-	-	-	-	(124)	-		-	-
Earnings/(Deficit)	-	(6,039,384)	(1,046,013)	2,994,642	(85,381)	152,990	525,668	371,272	3,126,206	-	-	-	-
													-
Net Assets													-
Without donor restrictions	103,093,824	-	-	-	-	-	-	-	(1,838,445)	101,255,379	-	-	101,255,379
Without donor restrictions - Contractually limited as to use	10,241,536	-	-	-	-	-	-	-	-	10,241,536	10,241,536	-	-
Non-controlling interest in consolidating subsidiaries	-	-	-	-	-	-	-	-	20,380	20,380	-	-	20,380
Total Without Donor Restrictions	113,335,360	(2,803,065)	373,987	77,029	2,414,619	213,090	525,668	-	(2,619,393)	111,517,295	10,241,536	-	101,275,759
With donor restrictions	107,151,827	-	-	-	-	-	-	-	-	107,151,827	-	-	107,151,827
Total Net Assets	220,487,187	(2,803,065)	373,987	77,029	2,414,619	213,090	525,668	-	(2,619,393)	218,669,122	10,241,536	-	208,427,586
Total Liabilities and Net Assets	$ 621,490,412	$ 1,157,391	$ 10,373,987	$ 77,029	$ 10,511,146	$ 213,090	$ 560,409	$ -	$ (13,753,131)	$ 630,630,333	$ 10,272,407	$ (12,769)	$ 620,370,695

Reinvestment Fund, Inc. and Affiliates (Excluding SDF)

Consolidating Statement of Financial Position
December 31, 2019

	Reinvestment Fund	PolicyMap	EFI	NMTC	CEF	Education Funding	RFIA	Fund Manager	Eliminations & Reclassifications	Total	SDF	Reinvestment Fund/SDF Eliminations	Total (excluding SDF)
Assets													
Current Assets													
Cash and cash equivalents	$ 60,605,975	$ 65,220	$ 81,838	$ 54,810	$ 345,653	$ 66,258	$ 32,234	$ 113,313	$ -	$ 61,365,301	$ -	$ -	$ 61,365,301
Grants and contributions receivable	542,951	-	-	-	-	-	-	-	-	542,951	-	-	542,951
Investments in marketable securities	25,059,583	-	-	-	-	-	-	-	-	25,059,583	-	-	25,059,583
Accounts receivable - related parties	70,468	-	-	-	-	-	51,471	-	(121,939)	-	-	(12,523)	12,523
Loans receivable	84,784,464	-	-	-	348,896	-	-	-	-	85,133,360	209,784	-	84,923,576
Allowance for loan losses	(4,026,752)	-	-	-	(16,573)	-	-	-	-	(4,043,325)	(9,965)	-	(4,033,360)
Loans held for sale	12,047,337	-	-	-	-	-	-	-	-	12,047,337			12,047,337
Restricted cash and cash equivalents	27,259,323	-	-	-	527,285	-	-	-	-	27,786,608	3,837,914	-	23,948,694
Other	4,895,689	249,620	-	-	78,038	-	86,605	611	(4,482)	5,306,081	40,779	-	5,265,302
	211,239,038	314,840	81,838	54,810	1,283,299	66,258	170,310	113,924	(126,421)	213,197,896	4,078,512	(12,523)	209,131,907
Noncurrent Assets													
Investments in marketable securities	20,418,404	-	-	-	-	-	-	-	-	20,418,404	-	-	20,418,404
Loans receivable	338,890,447	-	-	-	8,073,747	-	-	-	(865,000)	346,099,194	6,497,364	-	339,601,830
Allowance for loan losses	(16,921,719)	-	-	-	(383,503)	-	-	-	865,000	(16,440,222)	(308,625)	-	(16,131,597)
Equity method and program investments	577,316	-	-	23,041	-	140,291	-	405	-	741,053	-	-	741,053
Equipment, leasehold improvements and software, net	669,338	9,845	-	-	-	-	-	-	-	679,183	-	-	679,183
Operating lease right-of-use assets	2,600,706	284,737	-	-	-	-	-	-	-	2,885,443	-	-	2,885,443
Investments in consolidated subsidiaries	2,854,972	-	-	-	-	-	-	-	(2,854,972)	-	-	-	-
Other	452,303	14,570	-	-	-	-	-	-	-	466,873	-	-	466,873
	349,541,767	309,152	-	23,041	7,690,244	140,291	-	405	(2,854,972)	354,849,928	6,188,739	-	348,661,189
Total Assets	$ 560,780,805	$ 623,992	$ 81,838	$ 77,851	$ 8,973,543	$ 206,549	$ 170,310	$ 114,329	$ (2,981,393)	$ 568,047,824	$ 10,267,251	$ (12,523)	$ 557,793,096
Liabilities and Net Assets													
Current Liabilities													
Accounts payable and accrued expenses	$ 2,213,211	$ 336,161	$ -	$ -	$ -	$ -	$ 65,802	$ -	$ -	$ 2,615,174	$ 39,238	$ -	$ 2,575,936
Escrow payable and due to third parties	2,579,103	14,101	-	-	403,587	-	-	-	-	2,996,791	-	-	2,996,791
Accounts payable - related parties	30,193	53,927	-	-	33,800	-	4,019	-	(121,939)	-	12,523	(12,523)	-
Deferred revenue	205,333	1,451,667	-	-	-	-	-	-	(4,482)	1,652,518	-	-	1,652,518
Recoverable grants	5,248,000	-	-	-	-	-	-	-	-	5,248,000	-	-	5,248,000
Operating lease liabilities, currrent portion	531,007	71,334	-	-	-	-	-	-	-	602,341	-	-	602,341
Loans and bonds payable, net, current portion	34,077,233	-	-	-	366,733	-	-	-	-	34,443,966	-	-	34,443,966
Other	2,173,991	-	-	-	11,463	-	-	-	-	2,185,454	-	-	2,185,454
	47,058,071	1,927,190	-	-	815,583	-	69,821	-	(126,421)	49,744,244	51,761	(12,523)	49,705,006
Noncurrent Liabilities													
Deferred revenue, less current portion	-	117,258	-	-	-	-	-	-	-	117,258	-	-	117,258
Recoverable grants, less current portion	3,004,100	-	-	-	-	-	-	-	-	3,004,100	-	-	3,004,100
Operating lease liabilities, less current maturities	3,168,949	217,161	-	-	-	-	-	-	-	3,386,110	-	-	3,386,110
Loans and bonds payable, net, less current maturities	306,822,863	865,000	-	-	5,884,045	-	-	-	(865,000)	312,706,908	-	-	312,706,908
Loans payable, EQ2, less current maturities	7,750,000	-	-	-	-	-	-	-	-	7,750,000	-	-	7,750,000
Escrow payable and due to third parties	874,150	-	-	-	-	-	-	-	-	874,150	-	-	874,150
Other	7,956,575	-	-	-	-	-	-	-	-	7,956,575	-	-	7,956,575
	329,576,637	1,199,419	-	-	5,884,045	-	-	-	(865,000)	335,795,101	-	-	335,795,101
Total Liabilities	376,634,708	3,126,609	-	-	6,699,628	-	69,821	-	(991,421)	385,539,345	51,761	(12,523)	385,500,107
Commitments and Contingencies													
Paid in capital	-	3,067,621	970,000	(2,917,614)	2,500,000	60,100	-	(254,900)	(3,425,207)	-	-	-	-
Capital stock	-	122	-	-	-	-	-	-	(122)	-		-	-
Earnings/(Deficit)	-	(5,570,360)	(888,162)	2,995,465	(226,085)	146,449	100,489	369,229	3,072,975	-	-	-	-
													-
Net Assets													-
Without donor restrictions	73,659,934	-	-	-	-	-	-	-	(1,653,468)	72,006,466	-	-	72,006,466
Without donor restrictions - Contractually limited as to use	10,215,490	-	-	-	-	-	-	-	-	10,215,490	10,215,490	-	-
Non-controlling interest in consolidating subsidiaries	-	-	-	-	-	-	-	-	15,850	15,850	-	-	15,850
Total Without Donor Restrictions	83,875,424	(2,502,617)	81,838	77,851	2,273,915	206,549	100,489	114,329	(1,989,972)	82,237,806	10,215,490	-	72,022,316
With donor restrictions	100,270,673	-	-	-	-	-	-	-	-	100,270,673	-	-	100,270,673
Total Net Assets	184,146,097	(2,502,617)	81,838	77,851	2,273,915	206,549	100,489	114,329	(1,989,972)	182,508,479	10,215,490	-	172,292,989
Total Liabilities and Net Assets	$ 560,780,805	$ 623,992	$ 81,838	$ 77,851	$ 8,973,543	$ 206,549	$ 170,310	$ 114,329	$ (2,981,393)	$ 568,047,824	$ 10,267,251	$ (12,523)	$ 557,793,096

Reinvestment Fund, Inc. and Affiliates (Excluding SDF)

Consolidating Statement of Activities
For the Year Ended December 31, 2020

	Reinvestment Fund	PolicyMap	EFI	NMTC	CEF	Education Funding	RFIA	Fund Manager	Eliminations & Reclassifications	Total	SDF	Reinvestment Fund/SDF Eliminations	Total (excluding SDF)
Financial Activity													
Financial Income													
Interest from loans	$ 25,343,899	$ -	$ 161,522	$ -	$ 709,844	$ -	$ -	$ -	$ (2,574)	$ 26,212,691	$ 367,837	$ -	$ 25,844,854
Investment income, net	1,470,607	-	331	132	-	159	3,513	141	-	1,474,883	6,260	-	1,468,623
Gains in equity method investments	708,971	-	-	590	-	7,459	-	52	-	717,072	-	-	717,072
Equity gains in consolidated subsidiaries	215,793	-	-	-	-	-	-	-	(215,793)	-	-	-	-
Loan fees	319,735	-	-	-	-	-	-	-	-	319,735	-	-	319,735
Asset management fee	1,862,819	-	-	-	-	-	380,963	2,381	(284,058)	1,962,105	-	(51,077)	2,013,182
Forgiveness of debt	289,648	-	-	-	-	-	-	-	-	289,648	-	-	289,648
Total Financial Income	30,211,472	-	161,853	722	709,844	7,618	384,476	2,574	(502,425)	30,976,134	374,097	(51,077)	30,653,114
Financial Expense													
Interest expense	12,136,150	2,756	-	-	287,084	-	-	-	-	12,425,990	-	-	12,425,990
Asset management fee	51,077	-	-	-	191,652	-	41,329	-	(284,058)	-	51,077	(51,077)	-
Provision for loan losses	2,452,554	-	311,705	-	90,448	-	-	-	(120,000)	2,734,707	290,587	-	2,444,120
Total Financial Expense	14,639,781	2,756	311,705	-	569,184	-	41,329	-	(404,058)	15,160,697	341,664	(51,077)	14,870,110
Net Financial Income	15,571,691	(2,756)	(149,852)	722	140,660	7,618	343,147	2,574	(98,367)	15,815,437	32,433	-	15,783,004
Revenue and Support													
Grants and contributions	44,030,679	-	-	-	-	-	40,144	-	(40,144)	44,030,679	-	-	44,030,679
Program services and fees	1,663,841	3,220,258	-	-	-	-	-	-	(190,694)	4,693,405	-	-	4,693,405
Other income	9,946	-	-	-	78	-	-	100	-	10,124	-	-	10,124
Total Revenue and Support	45,704,466	3,220,258	-	-	78	-	40,144	100	(230,838)	48,734,208	-	-	48,734,208
Program and General Expenses													
Program - Lending and Community Investing	16,523,537	-	7,999	1,544	34	1,077	158,112	631	(62,218)	16,630,716	6,387	-	16,624,329
Program - Policy Solutions	1,836,235	-	-	-	-	-	-	-	(82,194)	1,754,041	-	-	1,754,041
Program - PolicyMap	-	3,686,525	-	-	-	-	-	-	(89,000)	3,597,525	-	-	3,597,525
Management and general	6,857,995	-	-	-	-	-	-	-	-	6,857,995	-	-	6,857,995
Total Program and General Expenses	25,217,767	3,686,525	7,999	1,544	34	1,077	158,112	631	(233,412)	28,840,277	6,387	-	28,833,890
Other Increases													
Recoveries related to revolving loan fund	(282,700)	-	-	-	-	-	-	-	-	(282,700)	-	-	(282,700)
Equity transfers	-	-	-	-	-	-	(200,000)	-	200,000	-	-	-	-
Total Other Increases	(282,700)	-	-	-	-	-	(200,000)	-	200,000	(282,700)	-	-	(282,700)
Total Expenses and Other Increases	24,935,067	3,686,525	7,999	1,544	34	1,077	(41,888)	631	(33,412)	28,557,577	6,387	-	28,551,190
Net income (loss)	-	(469,023)	-	(822)	140,704	6,541	-	2,043	320,557	-	-		-
Change in net assets, before capital distributions and issuance of common stock and option awards	36,341,090	-	(157,851)	-	-	-	425,179	-	(616,350)	35,992,068	26,046	-	35,966,022
Capital contributions (distributions)	-	-	450,000	-	-	-	-	(116,372)	(333,628)	-	-	-	-
Issuance of common stock and option awards		168,575							-	168,575		-	168,575
Change in net assets	36,341,090	(300,448)	292,149	(822)	140,704	6,541	425,179	(114,329)	(629,421)	36,160,643	26,046	-	36,134,597
Net assets, beginning	184,146,097	(2,502,617)	81,838	77,851	2,273,915	206,549	100,489	114,329	(1,989,972)	182,508,479	10,215,490	-	172,292,989
Net assets, ending	$ 220,487,187	$ (2,803,065)	$ 373,987	$ 77,029	$ 2,414,619	$ 213,090	$ 525,668	$ -	$ (2,619,393)	$ 218,669,122	$ 10,241,536	$ -	$ 208,427,586

Reinvestment Fund, Inc. and Affiliates (Excluding SDF)

Consolidating Statement of Activities
For the Year Ended December 31, 2019

	Reinvestment Fund	PolicyMap	EFI	NMTC	CEF	Education Funding	RFIA	Fund Manager	Eliminations & Reclassifications	Total	SDF	Reinvestment Fund/SDF Eliminations	Total (excluding SDF)
Financial Activity													
Financial Income													
Interest from loans	$ 27,011,442	$ -	$ 2,434	$ -	$ 372,303	$ -	$ -	$ -	$ (174)	$ 27,386,005	$ 361,049	$ -	$ 27,024,956
Investment income, net	2,849,362	-	237	183	-	224	4,864	331	-	2,855,201	8,152	-	2,847,049
Loan fees	335,820	-	-	-	-	2,775	-	-	-	338,595	855	-	337,740
Gain on sale of loans receivable	-	-	27,850	-	-	-	-	-	-	27,850	-	-	27,850
Asset management fee, net	2,182,761	-	-	-	-	-	116,729	26,714	(162,658)	2,163,546	-	(50,091)	2,213,637
Total Financial Income	32,379,385	-	30,521	183	372,303	2,999	121,593	27,045	(162,832)	32,771,197	370,056	(50,091)	32,451,232
Financial Expense													
Interest expense	12,478,808	-	174	-	143,756	-	-	-	(174)	12,622,564	-	-	12,622,564
Asset management fee	50,091	-	-	-	100,611	-	11,956	-	(162,658)	-	50,091	(50,091)	-
Losses (gains) in equity method investments	21,310	-	-	(698)	-	(9,005)	-	(34)	-	11,573	-	-	11,573
Equity losses in consolidated subsidiaries	68,462	-	-	-	-	-	-	-	(68,462)	-	-	-	-
(Credit) provision for loan losses	(496,381)	-	-	-	233,541	-	-	-	(284,419)	(547,259)	(77,301)	-	(469,958)
Total Financial Expense	12,122,290	-	174	(698)	477,908	(9,005)	11,956	(34)	(515,713)	12,086,878	(27,210)	(50,091)	12,164,179
Net Financial Income	20,257,095	-	30,347	881	(105,605)	12,004	109,637	27,079	352,881	20,684,319	397,266	-	20,287,053
Revenue and Support													
Grants and contributions	4,627,555	-	-	-	-	-	17,671	-	(17,671)	4,627,555	-	-	4,627,555
Program services and fees	1,353,632	2,796,816	-	-	-	-	-	-	(198,105)	3,952,343	-	-	3,952,343
Other income	7,707	440	-	-	240	-	-	200	-	8,587	-	-	8,587
Total Revenue and Support	5,988,894	2,797,256	-	-	240	-	17,671	200	(215,776)	8,588,485	-	-	8,588,485
Program and General Expenses													
Program - Lending and Community Investing	11,232,253	-	4,839	1,517	-	1,068	152,231	1,263	(40,525)	11,352,646	42,029	-	11,310,617
Program - Policy Solutions	1,769,247	-	-	-	-	-	-	-	(94,251)	1,674,996	-	-	1,674,996
Program - PolicyMap	-	3,804,790	-	-	-	-	-	-	(81,000)	3,723,790	-	-	3,723,790
Management and general	6,414,033	-	-	-	-	-	-	-	-	6,414,033	-	-	6,414,033
Total Program and General Expenses	19,415,533	3,804,790	4,839	1,517	-	1,068	152,231	1,263	(215,776)	23,165,465	42,029	-	23,123,436
Other Decreases (Increases)													
Charges related to revolving loan fund, net	80,000	-	-	-	-	-	-	-	-	80,000	-	-	80,000
Unrealized loss on derivatives	26,792	-	-	-	-	-	-	-	-	26,792	-	-	26,792
Equity transfers	-	-	-	-	-	-	(65,000)	-	65,000	-	-	-	-
Total Other Decreases (Increases)	106,792	-	-	-	-	-	(65,000)	-	65,000	106,792	-	-	106,792
Total Expenses and Other Decreases (Increases)	19,522,325	3,804,790	4,839	1,517	-	1,068	87,231	1,263	(150,776)	23,272,257	42,029	-	23,230,228
Net income (loss)	-	(1,007,534)	-	(636)	(105,365)	10,936	-	26,016	1,076,583	-	-		-
Change in net assets, before capital distributions and issuance of common stock and option awards	6,723,664	-	25,508	-	-	-	40,077	-	(788,702)	6,000,547	355,237	-	5,645,310
Capital distributions	-	-	(40,000)	-	-	-	-	-	40,000	-	-	-	-
Issuance of common stock and option awards		136,907							-	136,907	-	-	136,907
Change in net assets	6,723,664	(870,627)	(14,492)	(636)	(105,365)	10,936	40,077	26,016	327,881	6,137,454	355,237	-	5,782,217
Net assets, beginning	177,422,433	(1,631,990)	96,330	78,487	2,379,280	195,613	60,412	88,313	(2,317,853)	176,371,025	9,860,253	-	166,510,772
Net assets, ending	$ 184,146,097	$ (2,502,617)	$ 81,838	$ 77,851	$ 2,273,915	$ 206,549	$ 100,489	$ 114,329	$ (1,989,972)	$ 182,508,479	$ 10,215,490	$ -	$ 172,292,989