



COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Consolidated Financial Statements
and Supplementary Schedules

September 30, 2015 and 2014

(With Independent Auditors' Report Thereon)

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Table of Contents

	Page
Independent Auditors' Report	1
Financial Statements:	
Consolidated Statements of Financial Position as of September 30, 2015 and 2014	3
Consolidated Statement of Activities for the year ended September 30, 2015	4
Consolidated Statement of Activities for the year ended September 30, 2014	5
Consolidated Statements of Cash Flows for the years ended September 30, 2015 and 2014	6
Notes to Consolidated Financial Statements	7
Supplementary Schedules	
Schedule of Financial Position Information as of September 30, 2015	32
Schedule of Financial Position Information as of September 30, 2014	33
Schedule of Activities Information for the year ended September 30, 2015	34
Schedule of Activities Information for the year ended September 30, 2014	35
Schedule of Functional Expenses for the year ended September 30, 2015	36
Schedule of Functional Expenses for the year ended September 30, 2014	37



KPMG LLP
New Jersey Headquarters
51 John F. Kennedy Parkway
Short Hills, NJ 07078-2702

Independent Auditors' Report

The Board of Directors
Community Loan Fund of New Jersey, Inc. and Subsidiaries:

We have audited the accompanying consolidated financial statements of Community Loan Fund of New Jersey, Inc. and Subsidiaries (the Organization), which comprise the consolidated statements of financial position as of September 30, 2015 and 2014, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Community Loan Fund of New Jersey, Inc. and Subsidiaries as of September 30, 2015 and 2014, and the changes in their net assets and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.



Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information included in Schedules 1 through 6 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

January 29, 2016

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Consolidated Statements of Financial Position

September 30, 2015 and 2014

Assets	2015	2014
Current assets:		
Cash and cash equivalents (notes 2(1) and 15)	\$ 14,282,909	10,375,998
Investments (note 8)	20,192,105	20,647,476
Grants receivable	1,888,000	2,000,025
Loans receivable, net of allowance for uncollectible loans of \$850,400 and \$665,500 (notes 4, 5 and 15)	15,383,668	11,332,497
Other current assets	1,281,133	860,403
Total current assets	53,027,815	45,216,399
Loans receivable, net of current portion and allowance for uncollectible loans of \$1,249,600 and \$1,344,500 (notes 4, 5 and 15)	20,510,569	22,895,773
Restricted cash (note 2(1))	3,625,590	3,941,696
Grants receivable	400,000	—
Purchased credit impaired loans held for investment (note 6)	2,436,104	2,127,641
Real property held for sale	18,118,259	10,962,214
Program-related investments (note 7)	5,121,274	6,922,797
Fixed assets, net (note 9)	7,800,395	10,172,729
Other assets	3,018,182	1,944,058
Total assets	\$ 114,058,188	104,183,307
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,308,142	1,381,108
Funds held in trust, escrows, and other (note 11)	3,888,900	3,961,064
Current portion of long-term debt (note 12)	13,807,954	16,290,165
Total current liabilities	19,004,996	21,632,337
Long-term liabilities:		
Unearned fee income	243,409	176,575
Funds held in trust, escrows, and other, net of current portion (note 11)	6,188,829	6,211,193
Long-term debt, net of current portion (note 12)	51,865,768	44,266,048
Total liabilities	77,303,002	72,286,153
Commitments and contingencies (note 14)		
Net assets:		
Unrestricted (note 3):		
Community Loan Fund of New Jersey and subsidiaries	20,067,985	18,141,315
Noncontrolling interests in subsidiaries	—	478,703
Total unrestricted net assets	20,067,985	18,620,018
Temporarily restricted (notes 10 and 13)	15,937,201	12,727,136
Permanently restricted (notes 10 and 13)	750,000	550,000
Total net assets	36,755,186	31,897,154
Total liabilities and net assets	\$ 114,058,188	104,183,307

See accompanying notes to consolidated financial statements.

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Consolidated Statement of Activities

Year ended September 30, 2015

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Operating revenues, gains, and other support:				
Interest from loans receivable	\$ 2,368,146	3,239	—	2,371,385
Investment interest and dividends	281,077	68,211	—	349,288
Total investment income	2,649,223	71,450	—	2,720,673
Interest expense	(1,630,777)	—	—	(1,630,777)
Net investment income	1,018,446	71,450	—	1,089,896
Provision for loan losses, net (note 5)	(419,200)	—	—	(419,200)
Net investment income after provision for loan losses	599,246	71,450	—	670,696
Contributions, gifts, and grants (note 10)	3,421,943	7,036,157	200,000	10,658,100
Fees	2,365,890	129	—	2,366,019
Rental income	913,406	—	—	913,406
Gain on sale of real property held for sale	128,183	—	—	128,183
Loss on sale of fixed assets	(132,941)	—	—	(132,941)
Net assets released from restrictions	3,924,082	(3,924,082)	—	—
Total operating revenues, gains, and other support	11,219,809	3,183,654	200,000	14,603,463
Operating expenses:				
Program services	6,896,738	—	—	6,896,738
Supporting services:				
Management and general	704,542	—	—	704,542
Fundraising	408,877	—	—	408,877
Total supporting services	1,113,419	—	—	1,113,419
Total operating expenses	8,010,157	—	—	8,010,157
Changes in net assets before nonoperating revenues (expenses) and gains (losses)	3,209,652	3,183,654	200,000	6,593,306
Nonoperating revenues (expenses) and gains (losses):				
Other rental income of \$1,220,553, net of rental expenses of \$1,624,390	(403,837)	—	—	(403,837)
Impairment loss on real property held for sale	(390,294)	—	—	(390,294)
Distributions to noncontrolling interests	(402,861)	—	—	(402,861)
Realized gain on investments	325,193	381	—	325,574
Unrealized (loss) gain on investments	(889,886)	26,030	—	(863,856)
Total nonoperating activity, net	(1,761,685)	26,411	—	(1,735,274)
Increase in net assets	1,447,967	3,210,065	200,000	4,858,032
Net assets, beginning of year	18,620,018	12,727,136	550,000	31,897,154
Net assets, end of year	\$ 20,067,985	15,937,201	750,000	36,755,186

See accompanying notes to consolidated financial statements.

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Consolidated Statement of Activities

Year ended September 30, 2014

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Operating revenues, gains, and other support:				
Interest from loans receivable	\$ 2,615,660	3,649	—	2,619,309
Investment interest and dividends	760,264	73,357	—	833,621
Total investment income	3,375,924	77,006	—	3,452,930
Interest expense	(1,598,474)	—	—	(1,598,474)
Net investment income	1,777,450	77,006	—	1,854,456
Provision for loan losses, net (note 5)	(273,692)	—	—	(273,692)
Net investment income after provision for loan losses	1,503,758	77,006	—	1,580,764
Contributions, gifts, and grants (note 10)	1,074,372	3,600,000	100,000	4,774,372
Fees	2,712,934	10,650	—	2,723,584
Rental income	699,449	—	—	699,449
Gain on sale of real property held for sale	309,450	—	—	309,450
Net assets released from restrictions	1,797,000	(1,797,000)	—	—
Total operating revenues, gains, and other support	8,096,963	1,890,656	100,000	10,087,619
Operating expenses:				
Program services	6,266,294	—	—	6,266,294
Supporting services:				
Management and general	754,245	—	—	754,245
Fundraising	468,909	—	—	468,909
Total supporting services	1,223,154	—	—	1,223,154
Total operating expenses	7,489,448	—	—	7,489,448
Changes in net assets before nonoperating revenues (expenses) and gains (losses)	607,515	1,890,656	100,000	2,598,171
Nonoperating revenues (expenses) and gains (losses):				
Other rental income of \$1,666,836, net of rental expenses of \$1,634,809	32,027	—	—	32,027
Impairment loss on real property held for sale	(342,022)	—	—	(342,022)
Contributions from noncontrolling interests	18,616	—	—	18,616
Realized gain (loss) on investments	521,417	(29,473)	—	491,944
Unrealized gain on investments	564,386	58,955	—	623,341
Total nonoperating activity, net	794,424	29,482	—	823,906
Increase in net assets	1,401,939	1,920,138	100,000	3,422,077
Net assets, beginning of year	17,218,079	10,806,998	450,000	28,475,077
Net assets, end of year	\$ 18,620,018	12,727,136	550,000	31,897,154

See accompanying notes to consolidated financial statements.

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flow from operating activities:		
Increase in net assets	\$ 4,858,032	3,422,077
Adjustment to reconcile increase in net assets to net cash provided by operating activities:		
Distributions to (contributions from) noncontrolling interests reported as financing activities	402,861	(18,616)
Realized gain on investments	(325,574)	(491,944)
Unrealized loss (gain) on investments	863,856	(623,341)
Distribution from equity investees	1,459,010	—
Equity in net loss of investees	342,513	21,344
Accretion of interest income	(308,463)	(500,000)
Provision for uncollectible loans receivable, net	419,200	273,692
Contributions, gifts, and grants received for permanent investment	(200,000)	—
Gain on sale of real property held for sale	(128,183)	(309,450)
Loss on sale of fixed assets	132,941	—
Impairment loss on real property held for sale	390,294	342,022
Depreciation and amortization	385,956	252,645
Changes in operating assets and liabilities:		
Grants receivable	(287,975)	(503,025)
Other current assets and other assets	(2,034,738)	76,663
Accounts payable and accrued expenses	(72,966)	580,296
Unearned fee income	66,834	(79,283)
Funds held in trust, escrows and other	(94,528)	1,860,157
Net cash provided by operating activities	<u>5,869,070</u>	<u>4,303,237</u>
Cash flow from investing activities:		
Repayment of loans receivable	14,299,797	11,279,287
Issuance of loans receivable	(16,384,964)	(8,083,209)
Proceeds from sale of investments	17,240,669	17,026,015
Purchases of investments	(17,323,580)	(16,973,454)
Purchase of program-related investments	—	(2,007,907)
Proceeds from sale of program-related investments	—	2,581
Change in restricted deposits	493,930	(19,301)
Proceeds from sale of real property held for sale	3,418,296	4,418,424
Proceeds from sale of fixed assets	4,284,047	—
Purchases of real property held for sale	(10,836,452)	(10,968,876)
Purchases of fixed assets	(2,384,656)	(188,339)
Net cash used in investing activities	<u>(7,192,913)</u>	<u>(5,514,779)</u>
Cash flow from financing activities:		
Change in restricted cash	316,106	138,053
Proceeds from contributions, gifts, and grants restricted for permanent investment	200,000	—
(Distributions to) contributions from noncontrolling interests	(402,861)	18,616
Payments on long-term debt	(14,756,972)	(13,376,500)
Proceeds from issuance of long-term debt	19,874,481	19,540,643
Net cash provided by financing activities	<u>5,230,754</u>	<u>6,320,812</u>
Net increase in cash and cash equivalents	3,906,911	5,109,270
Cash and cash equivalents:		
Beginning of year	<u>10,375,998</u>	<u>5,266,728</u>
End of year	\$ <u>14,282,909</u>	\$ <u>10,375,998</u>
Supplemental disclosure of cash flow information:		
Cash paid during year for interest	\$ 1,403,676	\$ 1,554,991
Noncash:		
In-kind donations	\$ 446,791	\$ 25,000

See accompanying notes to consolidated financial statements.

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2015 and 2014

(1) Organization

New Jersey Community Capital is the registered trade name utilized by Community Loan Fund of New Jersey, Inc. and its subsidiaries (the Organization) for its financial products, consulting services, and affordable housing preservation and development services.

Community Loan Fund of New Jersey, Inc.

Community Loan Fund of New Jersey, Inc. (CLFNJ) was formed for the purpose of providing capital and technical assistance in order to build the economic self-sufficiency of low-income individuals and communities.

CLFNJ is the sole member of Community Asset Preservation Corporation (CAPC), Community Lending Partners of New Jersey, Inc. (Lending Partners), NJCC 151 MLK Boulevard LLC (151 MLK), Millville High Street LLC (Millville), North Bay Avenue NJCC LLC (North Bay), National Community Capital, LLC (NCC), National Community Capital II, LLC (NCC II), and NCC Holdings, LLC (NCCH). Lending Partners is the sole member of Teen Street Preservation, LLC (Teen Street). CAPC is the sole member of Community Asset Preservation Alliance #2 of Jersey City Urban Renewal, LLC (CAPAJC 2), Community Asset Preservation Alliance of Jersey City #3, LLC (CAPAJC 3), CAPA JC 4, Urban Renewal, Inc. (CAPAJC 4), CAPC Affordable Rental Fund LLC (CAPC-ARF), CAPC Washington Street Urban Renewal, LLC (CAPC Washington) and CAPC NJ Asset Stabilization Fund # 1 LLC (CAPCNJASF). Additionally, CLFNJ owns the majority of the voting shares of University Ventures, Inc. (University Ventures) and Hamilton East Associates, LLC (Hamilton East). These entities are consolidated in the Organization's consolidated financial statements.

CLFNJ has a 51.72% non-controlling interest in Operation Neighborhood Recovery and is accounted for using the equity method.

CLFNJ has a 6.34% interest in NJCC Hurricane Sandy Fund 1, LLC (Hurricane Sandy Fund) and a 25.90% interest in NJCC Fund 1, LLC (NJCC Fund 1) and therefore, accounts for these investments using the equity method.

CAPC has a 50% interest in Lincoln Park-CAPC Urban Renewal, LLC (Lincoln Park CAPC) and is accounted for using the equity method.

CLFNJ has formed the following special purpose entities (SPEs): Community Equity Fund of New Jersey I, LLC; NJCC CDE UVS LLC; NJCC CDE RBS LLC; NJCC CDE I LLC; and NJCC CDE II LLC (Collectively, NMTC I. All of the NMTC I entities were dissolved during the fiscal year ended September 30, 2015.); NJCC Irvington Avenue, LLC, NJCC CDE Washington Place, LLC; NJCC CDE Essex LLC; NJCC CDE Mercer LLC, and NJCC CDE Newark LLC (collectively, NMTC II); NJCC CDE Trenton LLC, NJCC CDE Union LLC, NJCC CDE Bergen LLC, NJCC CDE Hudson LLC (collectively, NMTC III) and NJCC CDE Ocean LLC, NJCC CDE Camden LLC, NJCC CDE Passaic LLC, NJCC CDE Cumberland LLC, NJCC CDE Monmouth LLC, NJCC CDE Middlesex LLC and NJCC CDE Paterson LLC (NMTC IV). At September 30, 2015 there has been no activity in NMTC IV. The SPEs are not consolidated in the Organization's consolidated financial statements. CLFNJ serves as the managing member of each of the SPEs. The limited partners in the SPEs have substantive participating rights, and accordingly, the SPEs are accounted for using the equity method.

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2015 and 2014

Operating Divisions

CLFNJ has aligned its operations into several operating divisions: Community Loan Fund, Proprietary Managed Assets, Third Party Managed Assets, NMTC I, II, III and IV, University Ventures, Hamilton East, CAPC, and Restart and Restart the Shore. A discussion of each follows:

Community Loan Fund

Community Loan Fund provides financing and technical assistance to three primary sectors: housing, community services, and businesses. To maximize its impact, Community Loan Fund provides flexible and creative financing through a broad spectrum of credit offerings to customers who either lack access to capital or cannot afford the cost of capital from conventional sources.

Proprietary Managed Assets

Proprietary Managed Assets (Managed Assets) include loan pools developed by CLFNJ and targeted to specialized sectors as follows:

(a) *Neighborhood Prosperity Fund*

The purpose of the Neighborhood Prosperity Fund (NPF) is to provide a permanent, flexible source of lending capital for high-impact neighborhood stabilization projects in areas of economic distress. As a revolving loan fund, the capital will be recycled for developers of such projects to continually acquire, renovate, and place troubled properties back on the market.

(b) *Charter Fund*

In 2007, CLFNJ received a grant from the United States Department of Education (USDOE). The purpose of the Charter Fund is to credit enhance loans, leases, and investments made on behalf of charter schools for their facility needs.

(c) *ReBuild Fund*

In 2013, the Organization formed the ReBuild Fund to provide quick access to low-interest capital to small businesses in New Jersey that were impacted by Hurricane Sandy.

(d) *Camden POWER (Camden Fund)*

The Camden Power pool was developed to provide lending capital to eligible business establishments in Camden for the purpose of energy efficiency and health and life safety improvements. CLFNJ received grants and advances from the City of Camden and the NJEDA to fund this pool.

Third Party Managed Assets

Third Party Managed Assets include loan pools administered by CLFNJ.

(a) *Sustainable Employment and Economic Development Loan Program (SEED Fund)*

During 2000, CLFNJ successfully submitted a proposal to manage a predevelopment loan pool for community economic development projects sponsored by nonprofit organizations and community development corporations. The program is managed on behalf of the Housing and Community

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2015 and 2014

Development Network of New Jersey, a trade association serving the community development corporation sector. CLFNJ services and administers the program on behalf of the Housing and Community Development Network of New Jersey.

(b) *Asbury Park Urban Enterprise Zone Revolving Loan Fund*

In 2003, the City of Asbury Park's Urban Enterprise Zone (UEZ) announced a revolving microloan program with certain services provided by CLFNJ. The program is established to provide low-interest-rate financial assistance of up to \$25,000 to new and established companies in Asbury Park. The UEZ entered into a contractual relationship whereby CLFNJ services and administers the program on behalf of the UEZ.

(c) *Bank of America Fund (BoFA Fund)*

In 2005, Bank of America capitalized a predevelopment loan fund for housing and real estate initiatives. The program is established to provide low-interest-rate financial assistance to nonprofit and for-profit developers looking to create and preserve affordable housing and develop real estate in low – to moderate-income communities. CLFNJ services and administers the program on behalf of Bank of America.

(d) *TICIC Portfolio*

In 2013, CLFNJ purchased the rights to service a multiple participant loan portfolio originated and previously serviced by Thrift Institutions Community Investment Corporation of New Jersey (TICIC), an affiliate of the NJ Bankers Association.

(e) *Gap Funding Initiative (GFI)*

The GFI was launched in 2013. It is a \$15 million grant program funded by the Hurricane Sandy New Jersey Relief Fund and the American Red Cross and administered by New Jersey Community Capital. GFI offered up to \$30,000 (reduced to \$20,000 in August 2014) to help eligible homeowners cover costs of home repairs they face as a result of Hurricane Sandy. During 2015 and 2014, CLFNJ disbursed \$2,709,000 and \$1,344,000, respectively, to eligible recipients.

NMTC

The Organization, through SPEs for which CLFNJ is the managing member, provides investment capital and technical assistance to companies spurring revitalization efforts in New Jersey's low-income communities historically lacking access to traditional sources of capital.

As a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code), and therefore, without tax liability, CLFNJ cannot itself use New Market Tax Credits (NMTCs). In order to utilize the allocation received by CLFNJ, the Organization suballocates NMTC investment authority to various Limited Liability Companies (LLCs) organized and managed by CLFNJ. These LLCs are Community Development Entities (CDEs). The Organization seeks to suballocate NMTC investment authority to CDEs that provide investments in projects that accomplish goals consistent with the mission of the Organization.

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2015 and 2014

NMTC I

In 2003, CLFNJ received a \$15 million allocation of NMTCs from the United States Department of Treasury's Community Development Financial Institutions Fund in the first round of a national economic development initiative.

NMTC II

In 2009, CLFNJ received a \$35 million allocation of NMTCs from the United States Department of Treasury's Community Development Financial Institutions Fund in the sixth round of a national economic development initiative.

NMTC III

In 2013, CLFNJ received a \$30 million allocation of NMTCs from the United States Department of Treasury's Community Development Financial Institutions in the tenth round of a national economic development initiative.

NMTC IV

In 2015, CLFNJ received a \$50 million allocation of NMTCs from the United States Department of Treasury's Community Development Financial Institutions in the twelfth round of a national economic development initiative.

University Ventures

In 2004, Community Loan Fund of New Jersey, Inc. acquired an 81.5% controlling interest in the voting common stock and a majority interest in the nonvoting common stock of University Ventures, a specialized small businesses investment company (SSBIC) licensed by the United States Small Business Administration.

University Ventures provides capital and managerial assistance to small business, specifically targeting the needs of entrepreneurs who have been denied the opportunity to own and operate a business because of social or economic disadvantage.

Hamilton East

In May 2008, CLFNJ acquired an 85% membership interest in Hamilton East, a limited liability company organized in the State of New Jersey.

Hamilton East was created to acquire, own, manage, operate, develop, improve, lease, maintain, repair, and otherwise deal in and with certain premises situated in the City of Bridgeton, New Jersey. Hamilton East owned, and had available for rent, buildings with 156 residential apartment units. Hamilton East operated pursuant to two Section 8 contracts, numbers NJ39M000055 and NJ39M000054, which expire September 30, 2030.

On September 9, 2015, Hamilton East sold its residential apartment complex located in The City of Bridgeton. Proceeds were used to pay company obligations. A loss on the transaction of \$101,778 was recorded in the 2015 consolidated statement of activities.

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2015 and 2014

CAPC

In May 2010, CLFNJ became the sole member of CAPC.

CAPC was created to negotiate bulk purchases of mortgage notes, real estate owned (REO), and other properties from financial institutions and convey the properties in smaller numbers to partnering nonprofit organizations, private institutions, local government agencies, and other partners able to rehabilitate and return the property to productive use.

In 2014, CAPC began to rent renovated homes to low – and moderate-income families. CAPC makes exit (rent vs sell) decisions based on neighborhood real estate activity, surrounding blight, community stability, and local economic factors. At September 30, 2015 and 2014, CAPC had 39 and 22 properties, respectively in rental status which are included in fixed assets with a net book value of \$7,180,037 and \$5,537,509, respectively (see note 9).

ReStart and ReStart the Shore

In 2013, the Organization established its ReStart family of programs as an innovative home preservation initiative designed to prevent foreclosures and stabilize communities. The Organization won the right to purchase three pools of delinquent Federal Housing Administration (FHA) loans from the U.S. Department of Housing and Urban Development (HUD). NJCC Fund 1 acquired a pool of 110 mortgages of properties and NCC Holdings acquired 15 mortgages of properties both located in the greater Newark, New Jersey area. Additionally, the Hurricane Sandy Fund acquired a pool of 517 mortgages of properties located in areas of New Jersey that were impacted by Hurricane Sandy.

NCC Tampa Fund 1, LLC (Tampa Fund) acquired a pool of 119 mortgages of properties located in the greater Tampa, Florida area. CLFNJ is servicing these loans on behalf of Tampa Fund.

NCC and NCC II provide investment management services to NJCC Fund 1, Tampa Fund, Hurricane Sandy Fund, and NCC Holdings. The Organization was also engaged as a loss mitigation advisor by other purchasers of FHA loan pools. The loss mitigation services are provided by NCC II.

(2) Summary of Significant Accounting Policies

The significant accounting policies followed by the Organization are described below:

(a) *Accrual Basis*

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting.

(b) *Basis of Presentation*

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2015 and 2014

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that will be met by actions of the Organization and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. All resources granted to the NeighborWorks America Revolving Loan for housing and capital projects must be maintained permanently, unless specific approval is granted by NeighborWorks America to reclassify a portion of the grants to unrestricted net assets.

(c) *Principles of Consolidation*

The consolidated financial statements include the accounts of CLFNJ and its wholly owned subsidiaries Lending Partners, CAPC, 151 MLK, Millville, North Bay, NCC, NCC II, and NCCH, its majority owned subsidiaries, University Ventures and Hamilton East. All intercompany accounts and transactions have been eliminated in consolidation.

(d) *Cash and Cash Equivalents*

Cash equivalents include short-term investments with original maturities of three months or less, and include money market funds that are not maintained by the investment managers.

(e) *Loans Receivable and Allowance for Uncollectible Loans Receivable*

The Organization provides commercial and mortgage loans to entities that support the development, preservation, and operation of housing, community services, and businesses primarily in New Jersey. Loans receivable are stated at unpaid principal balances less an allowance for loan losses. Interest on loans is recognized over the term of the loan and is calculated using the interest method on principal amounts outstanding.

The accrual of interest on loans is discontinued when the loans are 90 days past due unless the credit is well secured and in the process of collection. Past due status is based on the contractual terms of the loan. In all cases, loans are placed on nonaccrual or are charged off at an earlier date if management believes, after considering economic conditions, business conditions, and collection efforts, that collection of principal or interest is considered doubtful.

All interest accrued, but not collected for loans that are placed on nonaccrual or charged off, is reserved and recorded as bad debt expense. The interest on these loans is accounted for on the cash basis until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest payments contractually due are brought current and future payments are reasonably assured.

The allowance for uncollectible loans receivable is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are netted against the loan loss provision.

The allowance for uncollectible loans receivable is evaluated on a regular basis by management and is based upon management's periodic review of the collectibility of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2015 and 2014

borrower's ability to repay, estimated value of any underlying collateral, and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

(f) *Troubled Debt Restructured (TDR) Loans*

TDR loans are those loans whose terms have been modified because of deterioration of the financial condition of the borrower. The concessions made by the Organization are principally reductions in interest rate or extensions of maturities. In cases where the loan is collateral dependent, the Organization measures impairment as the difference between the loan and the fair value of the collateral (less cost to sell the collateral) based upon recent appraisals. In general, the Organization obtains appraisals annually or more frequently if economic circumstances dictate.

(g) *Purchased Credit Impaired (PCI) Loans*

PCI loans are initially recorded at fair value based on the transaction price with no allowance for loan loss. Under Accounting Standards Codification Subtopic 310-30, the PCI loans are aggregated and accounted for as pools of loans based on common risk characteristics. The allowance for loan losses on PCI loans is measured at each financial reporting date based on future expected cash flows. This assessment and measurement is performed at the pool level and not at the individual loan level. Accordingly, decreases in expected cash flows resulting from further credit deterioration, on a pool basis, as of such measurement date compared to those originally estimated are recognized by recording a provision and allowance for credit losses on PCI loans. Subsequent increases in the expected cash flows of the loans in each pool would first reduce any allowance for loan losses on PCI loans; and any excess will be accreted prospectively as a yield adjustment. The analysis of expected cash flows for loan pools incorporates expected sale prices of foreclosed property less costs to sell, and estimated principal and interests on the loans prior to foreclosure. Actual cash flows could differ from those expected. The difference between the undiscounted cash flows expected at acquisition and the investment in the PCI loans (the carrying value), or the "accretable yield," is recognized as interest income over the life of the pool of loans.

(h) *Investments*

The Organization records its investments in marketable securities at fair value based on quoted prices. Program-related investments are accounted for using the cost or equity methods, as appropriate.

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the consolidated statements of financial position.

(i) *Property Held for Sale*

The Organization acquires certain real properties either through purchase or foreclosure which it holds, improves, repairs, sells or rents. Such properties are valued at the lower of cost or fair value as determined by appraisals, and are \$18,118,259 and \$10,962,214 at September 30, 2015 and 2014, respectively.

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2015 and 2014

(j) Property and Equipment

Fixed assets are carried at cost less accumulated depreciation. Contributed assets are recorded at fair value at the date of the gift. Maintenance and minor repair costs are expensed as incurred. Building, improvements, furniture, and equipment are depreciated on a straight-line basis over their estimated useful lives.

<u>Description</u>	<u>Estimated life</u>
Computers and equipment	3 years
Building and improvements	40 years

(k) Unearned Fee Income

Commitment fees are recorded as unearned fee income when received. The deferred commitment fees are then amortized and recorded as commitment fee income based on the life of the loan. The current portion of unearned fee income is included in accounts payable and accrued expenses in the accompanying consolidated statements of financial position.

(l) Funds Held in Trust, Escrows, and Other

Funds held in trust, escrows, and other are held in a high-credit quality financial institution. Funds held in trust, escrows, and other include security deposits. Upon termination of the lease with the tenant, the security deposit and interest earned on the funds are due and payable to the tenant after deducting for any tenant caused damages or rent arrearages. The cash related to these funds is included in restricted cash and amounts to approximately \$717,000 and \$698,000, respectively, at September 30, 2015 and 2014.

Funds held in trust also include third-party resources entrusted to the Organization's oversight, generally for its Third Party Managed Assets programs. The Organization does not record the loans receivable associated with these programs in its consolidated financial statements as its responsibility is limited to servicing and/or administering the loans. The cash related to these programs that will be returned within one year is included in cash and cash equivalents and amounts to approximately \$3,889,000 and \$3,961,000 at September 30, 2015 and 2014, respectively. The cash related to these programs that will be returned in more than one year is included in restricted cash and amounts to approximately \$1,024,000 and \$1,098,000 at September 30, 2015 and 2014, respectively.

Additionally, there are two programs that advanced funds with conditions to the Organization. The cash related to these programs amounts to approximately \$1,885,000 and \$2,146,000 and is included in restricted cash at September 30, 2015 and 2014, respectively. Approximately \$2,557,000 and \$2,282,000 of this balance is included in real property held for sale at September 30, 2015 and 2014, respectively, as the funds were used to renovate properties. The revenue related to these programs will be recognized when the conditions are met, which is generally when the property is sold.

(m) Contributions, Gifts, and Grants

Contributions, gifts, and grants are reported in the accompanying consolidated financial statements at their estimated fair value at date of receipt or binding commitment. The Organization records

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2015 and 2014

contributions and grants as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Temporarily restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions. However, if a restriction is fulfilled in the same time period in which the contribution or grant is received, the Organization reports the support as unrestricted. Unconditional promises to give are recognized as revenues or gains in the period received. Conditional promises to give are recognized as revenue when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-adjusted interest rates applicable to the years in which the promises are received to discount the amounts.

Contributions of donated noncash assets are recorded at their estimated fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received.

During the years ended September 30, 2015 and 2014, the Organization received \$446,791 and \$25,000, respectively, of donated noncash assets, which is included in contributions, gift, and grants income. There were no contributed services meeting the requirements of recognition in the consolidated financial statements for these periods.

(n) Income Taxes

CLFNJ and Lending Partners are exempt from federal income taxes under Section 501(c)(3) of the Code. As nonprofit entities, they are also exempt from New Jersey corporate income taxes.

In 2009, CAPC obtained exemption from federal and state income tax, as an organization described in Section 501(c)(3) of the Code and was generally exempt from income taxes pursuant to Section 501(a) of the Code prior to 2012. In 2012, CAPC was informed that it was no longer a tax-exempt organization under Section 501(a) due to loss of exempt status as a Section 501(c)(3) organization. CAPC is in the process of filing to reinstate its tax-exempt status on a retroactive basis. Management believes it is more likely than not that this tax exemption will be reinstated retroactively to date of formation and will not be liable for income taxes. Therefore, provision for current and deferred income taxes has not been recorded.

University Ventures is a for-profit corporation with federal and state net operating loss carryovers of \$926,760 and \$831,270, respectively, federal capital loss carryover of \$175,000 as of December 31, 2014. Given the history of losses for University Ventures, a full valuation allowance has been taken for federal and state deferred tax assets.

Hamilton East and Operation Neighborhood Recovery are LLCs treated as partnerships for tax purposes and, as such, the income or loss generated from the LLC is reported by members on their respective returns. Teen Street, CAPAJC 2, CAPAJC 3, CAPCNJASF, CAPC-ARF, CAPC Washington, 151 MLK, Millville, North Bay, NCC, NCC II, and NCCH is each a single-member LLC treated as a disregarded entity with respect to its sole member; each such member is exempt under Code Section 501(c)(3).

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2015 and 2014

CAPAJC 4 was formed as a nonprofit New Jersey Corporation during the year ended September 30, 2014. The Organization intends to apply for exemption from federal income taxes under Section 501(c)(3) of the Code. CAPAJC 4 expects the tax-exempt status will be granted and that it will be effective retroactively to the date of inception.

There are certain transactions that could be deemed unrelated business income and would result in a tax liability. Management reviews transactions to estimate potential tax liabilities using a threshold of more likely than not. It is management's estimation that there are no material tax liabilities that need to be recorded at September 30, 2015 and 2014.

(o) *Functional Allocation of Expenses*

The cost of providing various programs and other activities has been summarized on a functional basis in the consolidated statements of activities. Costs are allocated between program services, management and general, and fundraising based on an evaluation of the related benefits. Interest expense and rental expense are not included in functional expenses in the consolidated statements of activities, but are considered to be program activities. For description of program activities, see note 1 of the consolidated financial statements.

(p) *Operating Measure*

Nonoperating revenues (expenses) and gains (losses) include changes in noncontrolling interests, and gains (losses) on investments, rental activity related to Hamilton East and other nonrecurring items.

(q) *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 disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2015 and 2014

(3) Changes in Unrestricted Net Assets Attributable to CLFNJ's Controlling Interest and Noncontrolling Interests

	2015		
	Controlling	Non controlling	Total
Unrestricted net assets at beginning of year	\$ 18,141,315	478,703	18,620,018
Changes in net assets before nonoperating activity	3,224,919	(15,267)	3,209,652
Nonoperating activity	(1,298,249)	(60,575)	(1,358,824)
Distributions to noncontrolling interests	—	(402,861)	(402,861)
Change in unrestricted net assets	<u>1,926,670</u>	<u>(478,703)</u>	<u>1,447,967</u>
Unrestricted net assets at end of year	<u>\$ 20,067,985</u>	<u>—</u>	<u>20,067,985</u>

	2014		
	Controlling	Non controlling	Total
Unrestricted net assets at beginning of year	\$ 16,760,003	458,076	17,218,079
Changes in net assets before nonoperating activity	605,504	2,011	607,515
Nonoperating activity	775,808	—	775,808
Contributions from noncontrolling interests	—	18,616	18,616
Change in unrestricted net assets	<u>1,381,312</u>	<u>20,627</u>	<u>1,401,939</u>
Unrestricted net assets at end of year	<u>\$ 18,141,315</u>	<u>478,703</u>	<u>18,620,018</u>

(4) Loans Receivable

The Organization, directly or through agreements with other entities, provides credit facilities primarily in the form of loans receivable.

(a) Community Loan Fund

Loans are primarily to nonprofit organizations, although loans are also made to for-profit corporations, partnerships, and individuals for business purposes. Loans are generally for terms of three months to seven years.

At September 30, 2015, variable rate loans of \$40,605 had interest rates of 7%. At September 30, 2015, fixed rate loans of \$22,961,068 had interest rates ranging from 1.5 % to 8.5%.

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2015 and 2014

At September 30, 2014, variable rate loans of \$92,821 had interest rates of 7.0%. At September 30, 2014, fixed rate loans of \$22,385,677 had interest rates ranging from 1.5% to 8.5%.

At September 30, 2015, there is one loan classified as 90 days past due that accrues interest with a total balance of \$40,605. At September 30, 2015, there were five loans, classified as nonaccrual with a total balance of \$2,468,796.

At September 30, 2014, there are three loans classified as 90 days past due that accrue interest with a total balance of \$617,867. At September 30, 2014, there were four loans, classified as nonaccrual with a total balance of \$1,690,295.

On a case-by-case basis, the Organization may agree to modify the contractual terms of a borrower's loan to assist customers who may be experiencing financial difficulty, as well as preserve the Organization's loan position in the loan. If the borrower is experiencing financial difficulties and a concession has been made at the time of such modification, the loan is classified as a TDR loan.

All TDRs are classified as impaired loans, which are individually evaluated for impairment. At September 30, 2015 and 2014, there were seven loans with balances that totaled \$3,310,245 and \$3,901,691, respectively, that were considered TDR loans.

(b) *Proprietary Managed Assets – NPF*

At September 30, 2015, loans bear interest at an annual rate of 3% to 7.5% and are either unsecured or, if applicable, secured by the assets financed. At September 30, 2015, these loans amounted to \$4,831,998.

At September 30, 2014, loans bear interest at an annual rate of 3.0% to 7.0% and are either unsecured or, if applicable, secured by the assets financed. At September 30, 2014, these loans amounted to \$3,367,313.

(c) *Camden POWER*

At September 30, 2015 and 2014, the loan receivable of \$510,565 and \$603,762, respectively, bears interest at 2.0%. The loan matures on August 10, 2018.

(d) *University Ventures*

University Ventures has a \$500,000 loan receivable from Red Restaurant Ventures, LLC (Red) under a four-year credit facility at 13.5% interest. In May 2011, Red filed for Chapter 11 bankruptcy. University Ventures performed a lien search and noted that they are the only secured party. As part of the bankruptcy proceedings, Red is required to make monthly payments of \$2,000, which Red has done to date. At September 30, 2015 and 2014, this loan amounted to \$244,500 and \$260,000, respectively.

University Ventures also had a \$50,000 loan receivable due on May 20, 2015, with interest payable at 5.0% per annum from Greyston Bakery, Inc. At September 30, 2015 and 2014, this loan amounted to \$0 and \$50,000, respectively.

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2015 and 2014

(e) Lending Partners

Loans receivable are primarily to nonprofit organizations and for-profit corporations and partnership entities. All loans are collateralized by liens on the assets financed.

Variable rate loans are generally for terms of one to sixty months and generally bear interest rates based on LIBOR. At September 30, 2015 and 2014, variable rate loans bear interest at 5.75% to 7.75% and 6.0% to 7.75% per annum and amounted to \$3,432,561 and \$2,203,976, respectively. Fixed rate loans are generally for twelve to seventy-eight months and bear interest rates based on LIBOR. At September 30, 2015 and 2014, fixed rate loans bear interest at 6.0% to 8.0% and 6.25% to 8.0% per annum and amounted to \$5,972,940 and \$7,274,721, respectively.

At September 30, 2015 and 2014, there were no loans and one loan classified as 90 days past due, respectively. At September 30, 2015 and 2014, there was one loan not accruing interest, with a total balance of \$840,353 and \$63,701, respectively.

At September 30, 2015 and 2014, there was one loan with a balance of \$346,689 and \$403,639, respectively, that was considered a TDR loan.

(5) Allowance for Uncollectible Loans Receivable

The following table presents the changes in the allowance for uncollectible loans receivable at September 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Opening balance	\$ 2,010,000	2,060,000
Less write-offs	(329,200)	(323,692)
Add provision for uncollectible loan receivable, net	<u>419,200</u>	<u>273,692</u>
Ending balance	<u>\$ 2,100,000</u>	<u>2,010,000</u>

(6) PCI Loans

The following table summarizes information for PCI loans held at September 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Contractually required payments	\$ 5,686,629	5,686,629
Nonaccretable difference	<u>(2,940,165)</u>	<u>(3,016,980)</u>
Cash flows expected to be collected	2,746,464	2,669,649
Accretable yield	<u>(1,428,491)</u>	<u>(1,351,676)</u>
Initial carrying amount at acquisition	1,317,973	1,317,973
Accretion recorded since acquisition	<u>1,118,131</u>	<u>809,668</u>
Carrying value at September 30	<u>\$ 2,436,104</u>	<u>2,127,641</u>

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2015 and 2014

Accretion recorded during the years ended September 30, 2015 and 2014 amounts to \$308,463 and \$500,000, respectively, and is included in investment interest and dividends in the accompanying consolidated statements of activities.

(7) Program-Related Investments

Program-related investments at September 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
NMTC I:		
Community Equity Fund of New Jersey I, LLC (CEFNI, LLC)	\$ —	1,588
NJCC CDE I LLC	—	323,956
NJCC CDE II LLC	—	256
NJCC CDE RBS LLC	—	2,541
NJCC CDE UVS LLC	—	471
NMTC II:		
NJCC CDE Irvington Avenue LLC	608	584
NJCC CDE Mercer LLC	934	900
NJCC CDE Newark LLC	525	521
NJCC CDE Washington Place LLC	744	729
NJCC CDE Essex LLC	1,067	1,044
NMTC III:		
NJCC CDE Trenton LLC	613	602
NJCC CDE Union LLC	757	750
NJCC CDE Bergen LLC	742	740
NJCC CDE Hudson LLC	910	—
University Ventures, Inc.:		
Acelero, 8% cumulative convertible preferred stock	376,405	376,405
Terracycle	200,000	200,000
City National Bancshares Corporation, 6% noncumulative preferred stock	200,000	200,000
Other:		
Hurricane Sandy Fund	2,868,772	4,000,000
NJCC Fund 1	1,178,354	1,516,368
Lincoln Park-CAPC Urban Renewal, LLC	(53)	(53)
Community Development Trust, Inc.	500	500
Operation Neighborhood Recovery, LLC	90,262	94,761
Socially Responsible Certificates of Deposit:		
Self Help Credit Union, 0.55%, 7/2/15	100,134	100,134
Self Help Credit Union, 1.00% 12/23/14	100,000	100,000
	<u>\$ 5,121,274</u>	<u>6,922,797</u>

CLFNJ contributed \$910, to NJCC CDE Hudson LLC in fiscal year 2015.

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2015 and 2014

CLFNJ contributed \$2,000,000, \$750 and \$740 to Hurricane Sandy Fund, NJCC CDE Union LLC and NJCC CDE Bergen LLC, respectively, in fiscal year 2014.

Net loss related to equity investments of \$342,513 and \$21,344 is included in investment interest and dividends in the accompanying consolidated statements of activities as of September 30, 2015 and 2014, respectively.

The table below sets forth overview information about the NMTC I, II:

	Managing member ownership stake	Managing member initial investment	Investor member(s) initial investment	Assets at December 31, 2014	Liabilities at December 31, 2014	Net income (loss) for December 31, 2014
NMTC I:						
CEFNJ I, LLC	0.01%	\$ 2,500	2,500,000	—	—	(31,070)
NJCC CDE I LLC	25.51 (0.01% as managing member)	255,100 (\$100 as managing member)	744,900	—	—	19,433
NJCC CDE II LLC	0.01	325	3,250,000	—	—	(18,913)
NJCC CDE FOT LLC	0.01	2,500	2,500,000	—	—	(14,619)
NJCC CDE RBS LLC	0.01	2,750	2,750,000	—	—	(440,411)
NJCC CDE UVS LLC	0.01	500	500,000	—	—	(6,250)
NMTC II:						
NJCC CDE Irvington Ave LLC	0.01	488	4,874,512	4,892,292	65,096	237,298
NJCC CDE Mercer LLC	0.01	800	8,000,000	8,682,433	126,560	343,996
NJCC CDE Newark LLC	0.01	512	5,125,000	5,247,807	1,865	37,347
NJCC CDE Washington Place LLC	0.01	700	7,000,000	6,989,652	89,195	151,453
NJCC CDE Essex LLC	0.01	1,000	10,000,000	9,939,095	54,729	234,897
NMTC III:						
NJCC CDE Trenton LLC	0.01	600	6,000,000	6,033,137	10,727	113,610
NJCC CDE Union LLC	0.01	750	7,500,000	7,514,624	13,500	71,905
NJCC CDE Bergen LLC	0.01	740	7,400,000	7,436,325	12,275	71,484
NJCC CDE Hudson LLC	0.01	910	9,100,000	9,100,000	4,000	(4,000)

Assets, liabilities and net loss for NJCC CDE Trenton LLC is at October 31, 2014.

As of September 30, 2015 and 2014, all of the New Market Tax Credits have been expended for NMTC I, NMTC II and NMTC III.

(8) Investments and Fair Value Measurements

Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2015 and 2014

The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices in active markets for identical assets or liabilities
- Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quotes prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liabilities

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows, and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial asset and do not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in amounts disclosed.

The carrying values of the Organization's financial instruments, other than marketable investments, as of September 30, 2015 and 2014 approximate their estimated fair values. The following methods and assumptions were used to estimate the fair value of the financial instruments: the carrying amounts of cash equivalents, grants receivable, and accounts payable approximates fair value due to the short-term nature of these amounts. The carrying value of loans receivable approximates fair value, which is based on comparison to rates the Organization would charge to similar borrowers with similar maturities and is considered market rate for loans made by similar community development financial institutions. The inputs used for the fair value estimates of these financial instruments are unobservable and are considered Level 3 in the fair value hierarchy. The carrying value of notes payable, subordinated notes payable, and mortgage payable approximates fair value and is based on current market prices for the same or similar payables or on the current rates offered to the Organization for debt of the same remaining maturities, which are significant observable inputs and are considered Level 2 in the fair value hierarchy.

The following is a description of the valuation methodologies used for the Organization's investments measured at fair value and included in the fair value hierarchy table. There have been no changes in the methodologies used for periods presented in these financial statements.

Certificates of deposit and mortgage – and asset-backed securities: Valued based on yields currently available on comparable securities of issuers with similar credit rates.

U.S. government securities: Valued at the closing price reported on the active market on which the individual securities or bonds are traded at September 30, 2015 and 2014.

Money market mutual funds and U.S. equity securities: Valued at the closing prices reported on an active market at September 30, 2015 and 2014.

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2015 and 2014

The following table represents the Organization's fair value hierarchy for its financial assets measured at fair value on a recurring basis as of September 30, 2015 and 2014:

	2015			Total
	Level 1	Level 2	Level 3	
Investments:				
Certificates of deposit	\$ —	3,704,340	—	3,704,340
U.S. government securities	4,519,647	—	—	4,519,647
Money market mutual funds	4,223,034	—	—	4,223,034
Mortgage and asset-backed securities	—	1,331,247	—	1,331,247
U.S. equity securities:				
Consumer discretionary	1,477,102	—	—	1,477,102
Consumer staples	332,314	—	—	332,314
Energy	281,643	—	—	281,643
Financial services	747,378	—	—	747,378
Healthcare	1,001,917	—	—	1,001,917
Industrials	640,205	—	—	640,205
Information technology	1,228,283	—	—	1,228,283
Materials	258,939	—	—	258,939
Telecommunications	28,588	—	—	28,588
Utilities	217,310	—	—	217,310
Other	135,408	64,750	—	200,158
	<u>\$ 15,091,768</u>	<u>5,100,337</u>	<u>—</u>	<u>20,192,105</u>

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2015 and 2014

	2014			Total
	Level 1	Level 2	Level 3	
Investments:				
Certificates of deposit	\$ —	3,678,219	—	3,678,219
U.S. government securities	2,458,854	—	—	2,458,854
Money market mutual funds	4,220,501	—	—	4,220,501
Mortgage and asset-backed securities	—	3,336,719	—	3,336,719
U.S. equity securities:				
Consumer discretionary	1,560,678	—	—	1,560,678
Consumer staples	311,006	—	—	311,006
Energy	623,182	—	—	623,182
Financial services	778,694	37,462	—	816,156
Healthcare	911,003	—	—	911,003
Industrials	885,169	—	—	885,169
Information technology	1,252,723	—	—	1,252,723
Materials	263,133	—	—	263,133
Telecommunications	167,286	—	—	167,286
Utilities	116,331	—	—	116,331
Other	46,516	—	—	46,516
	<u>\$ 13,595,076</u>	<u>7,052,400</u>	<u>—</u>	<u>20,647,476</u>

Advisory fees relating to marketable investments amounted to \$177,262 and \$167,861 for the years ended September 30, 2015 and 2014, and are recorded in professional fees.

(9) Fixed Assets

Fixed assets at September 30, 2015 and 2014 consist of the following:

	2015	2014
Land	\$ —	321,000
Computers and equipment	436,956	456,899
Buildings and improvements held for rental purposes	7,402,203	5,607,186
Building and improvements	559,744	5,039,016
	<u>8,398,903</u>	<u>11,424,101</u>
Less accumulated depreciation	<u>(598,508)</u>	<u>(1,251,372)</u>
Fixed assets, net	<u>\$ 7,800,395</u>	<u>10,172,729</u>

Depreciation expense for the years ended September 30, 2015 and 2014 amounted to \$340,002 and \$204,645, respectively.

At September 30, 2015, future minimum rentals of approximately \$409,000 are due to Organization under noncancelable leases and are expected to be received in fiscal year 2016.

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2015 and 2014

(10) Grants

(a) *Credit Enhancement Grant*

On June 13, 2006, the Organization received a credit enhancement grant from the U.S. Department of Education which was recognized as temporarily restricted revenue at that time. The Organization was awarded \$8,150,000 to use as credit enhancement for the financing of current and future charter schools. The project period began on August 10, 2009 and ends on the date on which all of the grant funds and earnings thereon have been expended for eligible grant project purposes or when financing supported by the grant project has been retired, whichever is later. The grant allows the Organization to also use the investment income earned on the award. For the years ended September 30, 2015 and 2014, the net investment return was \$97,990 and \$117,138, respectively. At September 30, 2015 and 2014, \$2,088,322 and \$2,126,413, respectively, has been used to credit enhance loans issued by the Organization to charter schools and \$2,406,305 and \$2,738,547, respectively has been used to credit enhance loans issued by outside organizations. As of September 30, 2015 and 2014, \$4,397,167 and \$3,928,844, respectively, is the amount available to use as credit enhancements.

(b) *NeighborWorks America*

The Organization is a subrecipient of a grant through NeighborWorks America. NeighborWorks America provided a permanently restricted grant in the amount of \$200,000 and \$100,000 during the years ended September 30, 2015 and 2014, respectively, for making affordable loans for housing and capital projects. This amount is permanently restricted although proceeds on capital projects, or interest earned, over and above corpus may be transferred to unrestricted net assets furthering the Organization's mission. However, should the Organization become defunct, all remaining grant funds, interest earnings, capital project proceeds, and the loan and capital projects portfolios representing the use of these funds will revert to NeighborWorks America. Additionally, NeighborWorks America provided unrestricted grants totaling \$335,948 and \$201,941 during the years ended September 30, 2015 and 2014, respectively.

(c) *Camden POWER (Program Offering Widespread Economic Recovery)*

The Organization received a grant from the New Jersey Economic Environmental Protection Agency through Camden Power in the amount of \$500,000 in total during fiscal years 2011 and 2012 to provide funds for up to 40 Camden businesses to fund certain professional fees incurred in connection with energy efficiency and health and life safety improvements, including project management fees, development, engineering, and architectural fees.

Additionally, the Organization received advances for the purpose of providing loans to eligible business establishments for the same purpose of energy efficiency and health and life safety improvements. These particular funds make up federal grant money for which a fee is charged by the Organization for each loan disbursed.

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2015 and 2014

(11) Funds Held in Trust, Escrows, and Other

The funds held in trust, escrows, and other funds consist of the following:

	<u>2015</u>	<u>2014</u>
SEED funds	\$ 66,635	66,766
BofA funds	858,115	887,020
TICIC funds	1,403,002	1,292,852
GFI funds	2,497,381	2,655,970
Escrows	710,224	697,882
Other	97,506	143,851
Conditional program advances:		
Camden Power funds	1,561,020	1,561,020
Neighborhood stabilization program	2,883,846	2,866,896
	<u>\$ 10,077,729</u>	<u>10,172,257</u>

(12) Long-Term Debt

Balances at September 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Community Loan Fund:		
Various notes payable (a)	\$ 37,219,416	30,191,260
Credit facility (b)	7,333,333	9,333,333
Equity equivalent investment (c)	1,000,000	1,000,000
Proprietary Managed Assets – notes payable (d)	191,000	341,000
Hamilton East - mortgage (e)	—	3,044,455
CAPC:		
Credit facility (f)	3,107,334	940,741
Note payable (g)	500,000	500,000
Other loans (h)	8,595,144	6,520,286
NCC - note payable (i)	50,000	50,000
Lending Partners:		
Credit facility (j)	1,050,000	2,750,000
Credit facility (k)	5,627,495	4,885,138
Equity equivalent investment (l)	1,000,000	1,000,000
Total long-term debt	\$ 65,673,722	60,556,213
Current portion of long-term debt	13,807,954	16,290,165
Long-term debt, net of current portion	<u>51,865,768</u>	<u>44,266,048</u>

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2015 and 2014

- (a) Notes payable of the Community Loan Fund division represent loans by approximately 108 individuals, religious organizations, foundations, units of government and financial institutions in principal amounts ranging from \$200 to \$4,000,000. These notes bear interest at rates ranging from 0% to 5.50%, payable at varying maturities of one to thirteen years through 2028. The notes are unsecured.
- (b) Community Loan Fund has \$10,000,000 in a credit facility from an insurance company to support its lending activities with interest rates between 4.75% to 5.00% payable at varying maturities between 2016 and 2020.
- (c) The Community Loan Fund division has an aggregate of \$1,000,000 of equity equivalent investments at September 30, 2015. The equity equivalent investments, evidenced by notes, have a stated maturity of 10 years; however, upon the stated maturity, the term shall automatically be extended for the period of one additional year, and thereafter each such extended maturity date shall automatically be extended for one additional year, unless the investor exercises its right to cancel the automatic maturity extension provisions of the investment. The equity equivalent investments are subordinated and junior in right of payment to all other obligations of CLFNJ. These are unsecured and \$500,000 will mature on June 20, 2016 with a rate of 4.75% and \$500,000 will mature on November 29, 2022 with a rate of 2.00%, respectively.
- (d) Notes payable of the Neighborhood Prosperity Fund division represent recoverable grants from financial institutions. These consist of \$41,000 in noninterest bearing notes and \$150,000 in interest bearing notes with a rate of 2.00%. They have stated maturities in fiscal years 2019 to 2020. The notes are unsecured.
- (e) Hamilton East had a \$3,360,000 first mortgage loan with an interest rate at 6.05%, payable to Federal National Mortgage Association (FNMA), in monthly installments of principal and interest of \$20,253 for the financing of the purchase of the land and buildings along with various other associated costs therewith. The loan, was repaid in September 2015 with the proceeds from the sale of land and buildings.
- (f) CAPC has an aggregate \$5,000,000 credit facility, with an interest rate of 6.50%, to support its activities maturing February 2017. This note is secured by properties purchased by CAPC.
- (g) CAPC has a note from a foundation for \$500,000 bearing interest at 3.00% with a maturity in 2017.
- (h) CAPC has various other loans from financial institutions and individuals bearing interest rates from 2.25% to 8.00%. These loans have maturity dates ranging from 2016 to 2024 and are secured by properties financed.
- (i) NCC has a note from a venture capital fund for \$50,000 bearing interest at 2.00% with a maturity date of May 29, 2016.
- (j) Lending Partners has an aggregate \$2,250,000 of variable rate credit facility from financial institutions to support its lending activities. The credit facilities are secured by the loans provided by Lending Partners. The variable rate credit facility is priced at LIBOR plus 3.00% and expires April 30, 2016. Individual notes underlying the credit facility mature at various times through 2017.

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2015 and 2014

- (k) Lending Partners has an aggregate \$15,300,000 of fixed rate credit facility which expires April 30, 2016. The rates range from 3.15% to 3.25%. Individual notes underlying the credit facility mature at various times through 2019.
- (l) Lending Partners has an aggregate \$1,000,000 of equity equivalent investments. The equity equivalent investments, evidenced by notes, have a stated maturity of ten years; however, upon the stated maturity the term shall automatically be extended for the period of one additional year, and thereafter each such extended maturity date shall automatically be extended for one additional year, unless the investor exercises its right to cancel the automatic maturity extension provisions of the investment. The equity equivalent investments are subordinate and junior in right of payment to all other obligations of Lending Partners. The equity equivalent investments are unsecured and \$500,000 will mature on December 30, 2015 with a rate of 1.83% and \$500,000 will mature on June 30, 2020 with a rate of 4.44%, respectively.

In accordance with the terms of loan agreements with certain lenders, the Organization is required to meet several financial covenants. The Organization was in compliance with its financial covenants at September 30, 2015.

Aggregate maturities of the Organization's long-term debt payments during the next five years ending September 30 and thereafter are as follows:

	Community Loan Fund	NCC	CAPC	Lending Partners	Total
2016	\$ 9,299,377	50,000	3,788,636	669,941	13,807,954
2017	12,468,018	—	3,607,334	2,658,157	18,733,509
2018	8,987,175	—	—	—	8,987,175
2019	2,631,441	—	—	732,370	3,363,811
2020	5,188,749	—	458,702	2,948,472	8,595,923
Thereafter	7,168,989	—	4,347,806	668,555	12,185,350
	<u>\$ 45,743,749</u>	<u>50,000</u>	<u>12,202,478</u>	<u>7,677,495</u>	<u>65,673,722</u>

On September 28, 2015 NJCC closed on a \$28 million bond program as part of the US Treasury CDFI Bond Guarantee Program. This program is designed to provide CDFIs with long term fixed rate affordable capital they need to spur development in low income and under resourced communities. No funds were drawn prior to year-end and the Organization has 5 years to draw down on these funds.

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2015 and 2014

(13) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at September 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Credit enhancements from USDOE grant	\$ 8,891,794	8,793,804
General lending from CDFI grant	1,653,000	2,000,000
Camden County businesses involved in energy efficiency improvements	333,332	333,332
Loan loss reserves	400,000	400,000
Property acquisitions and other operations of Restart the Shore	—	1,150,000
South Jersey Economic Initiative	3,934,417	—
Time-restricted grants	317,500	—
Other	407,158	50,000
	<u>\$ 15,937,201</u>	<u>12,727,136</u>

Permanently restricted net assets at September 30, 2015 and 2014 were primarily restricted for:

	<u>2015</u>	<u>2014</u>
Revolving loan fund for housing and capital projects, income from which is expendable to support operations	\$ 750,000	550,000

(14) Commitments and Contingencies

(a) Operating Lease

The Organization leases equipment and office space under noncancelable operating leases through various dates expiring in 2021. The office lease has an option to renew for two successive periods of five years. Future minimum lease obligations as of September 30, 2015 are as follows:

2016	\$ 124,400
2017	128,950
2018	128,950
2019	128,830
2020	128,470
2021	139,533
	<u>\$ 779,133</u>

Rent expense for office space amounted to \$134,931 and \$132,245 for the years ended September 30, 2015 and 2014.

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2015 and 2014

(b) *Contingent Liabilities for Charter Fund*

At September 30, 2015 and 2014, the Organization has \$2,406,305 and \$2,738,547, respectively, of contingent guarantees outstanding for the benefit of 7 charter school transactions funded by unrelated lenders. The guarantees expire at various times through 2019.

(c) *Commitments*

In the normal course of business, the Organization has various outstanding commitments that are not reflected in the accompanying consolidated financial statements. At September 30, 2015 and 2014, the principal commitments of the Organization are as follows:

	2015	2014
Financings committed but not yet closed:		
Community Loan Fund	\$ 5,450,063	2,175,022
Neighborhood Prosperity Fund	1,480,613	1,169,613
Lending Partners	656,000	4,038,500
	\$ 7,586,676	7,383,135
Financings closed but not yet funded:		
Community Loan Fund	\$ 13,354,203	2,279,980
Neighborhood Prosperity Fund	1,088,870	646,530
Lending Partners	6,233,404	4,215,873
	\$ 20,676,477	7,142,383

(15) Concentrations

Financial instruments that potentially subject the Organization to credit risk include loans receivable from entities amounting to \$37,994,237 and \$36,238,270 at September 30, 2015 and 2014, respectively. As of September 30, 2015 and 2014, \$22,239,531 and \$23,659,047, respectively, of the Organization's loans were to nonprofits, representing approximately 59% and 65%, respectively, of the loans receivable reported in the consolidated statement of financial position. One hundred percent of the Organization's outstanding loans receivable are to entities located in the State of New Jersey.

The Organization maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At various times during the years, the Organization's cash balances exceeded the insured amounts. Management monitors the soundness of the financial institutions.

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2015 and 2014

(16) Related Party Transactions

As of September 30, 2015 and 2014, the Organization had notes payable to various employees and current members of the board of directors totaling \$30,221 and \$25,480, respectively. Interest of \$966 and \$306 was paid to these individuals and \$600 and \$1,936 of contributions were made to the Organization by these individuals during the years ended September 30, 2015 and 2014, respectively.

Hamilton East entered into certain transactions with a related party during the year. The transactions include the management of Hamilton East by Alexa Management (Alexa). As managing agent, there were various expenses that originated with Alexa and were allocated to Hamilton East. Hamilton East reimburses Alexa for those expenses, which include salaries, benefits, insurance, and other expenses. Hamilton East's non-controlling member is the sole stockholder of Alexa. The amounts paid to Alexa for management fees for the years ended September 30, 2015 and 2014, was \$63,662 and \$69,275, respectively.

(17) Employee Benefit Plans

The Organization sponsors a qualified 401(k) profit sharing plan for all eligible employees. The plan allows eligible employees to elect to defer a portion of their annual compensation and have those amounts contributed to the plan. Among other things, the plan provides for: (a) discretionary matching by the Organization of a percentage of employees' contributions; (b) discretionary employer contributions of a percentage of salary; (c) normal retirement age of 65; and (d) vesting in Organization contributions after specified years of service, as defined in the plan. The Organization's contributions to the plan reflected in the accompanying statement of activities for the years ended September 30, 2015 and 2014, was approximately \$74,000 and \$66,000, respectively.

(18) Subsequent Events

The Organization has evaluated events subsequent to September 30, 2015 and through the date of January 29, 2016, which is the date the consolidated financial statements were available to be issued. Based on this evaluation, the Organization has determined that the following subsequent events have occurred, which requires disclosure in the consolidated financial statements.

In October 2015, the Organization formed a new entity, NJCC LMI Mortgage Platform, LLC, for the purpose of making an investment of \$2 million to purchase 10% of outstanding shares in CUMAnet, LLC from Affinity Federal Credit Union. The purpose of this investment is to support the provision of affordable mortgages to low and moderate income families in New Jersey.

In October 2015, the Organization formed National Community Capital Fund Tampa II LLC (Tampa II) which is 100% owned by CLFNJ. In November 2015, Tampa II was awarded the bid and entered into an assignment and profit sharing agreement with Falcon Ventures LLC and Tampa Community Development I, LLC (100% owned by Falcon Ventures, LLC) for the acquisition and management of these mortgages.

In November 2015, CAPC Florida LLC was formed. CAPC is a 50% owner of this entity. CAPC Florida LLC will be a 10% member in an entity called RRCap SFR IMM, LLC. RRCAP will purchase REO assets from Department of Housing and Urban Development Neighborhood Stabilization Program purchasers and manage the disposition of these assets.

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND AFFILIATES

Schedule of Financial Position Information

September 30, 2015

Assets	Community Loan Fund of New Jersey, Inc. (note)	Community Lending Partners of New Jersey, Inc.	Eliminating entries	Total
Current assets:				
Cash and cash equivalents	\$ 11,227,984	3,054,925	—	14,282,909
Investments	19,857,769	334,336	—	20,192,105
Grants receivable	1,888,000	—	—	1,888,000
Loans receivable, net	12,888,055	4,489,162	(1,993,549)	15,383,668
Other current assets	1,244,652	65,541	(29,060)	1,281,133
Total current assets	47,106,460	7,943,964	(2,022,609)	53,027,815
Loans receivable, net	15,515,681	4,994,888	—	20,510,569
Restricted cash	3,623,040	2,550	—	3,625,590
Grants receivable	400,000	—	—	400,000
Purchased credit impaired loans held for investment	2,436,104	—	—	2,436,104
Real property held for sale	18,118,259	—	—	18,118,259
Program-related investments	5,121,274	—	—	5,121,274
Fixed assets, net	7,800,395	—	—	7,800,395
Other assets	5,438,421	(2,420,239)	—	3,018,182
	<u>\$ 105,559,634</u>	<u>10,521,163</u>	<u>(2,022,609)</u>	<u>114,058,188</u>
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued expenses	\$ 1,242,071	95,131	(29,060)	1,308,142
Funds held in trust, escrows, and other	3,888,900	—	—	3,888,900
Current portion of long-term debt	13,631,564	669,939	(493,549)	13,807,954
Current liabilities	18,762,535	765,070	(522,609)	19,004,996
Long-term liabilities:				
Unearned fee income	210,275	33,134	—	243,409
Funds held in trust, escrows, and other, net	6,186,279	2,550	—	6,188,829
Long-term debt, net	44,858,213	8,507,555	(1,500,000)	51,865,768
Total liabilities	70,017,302	9,308,309	(2,022,609)	77,303,002
Net assets:				
Unrestricted:				
Community Loan Fund of New Jersey, Inc. and subsidiaries	18,855,131	1,212,854	—	20,067,985
Noncontrolling interests in subsidiaries	—	—	—	—
Total unrestricted net assets	18,855,131	1,212,854	—	20,067,985
Temporarily restricted	15,937,201	—	—	15,937,201
Permanently restricted	750,000	—	—	750,000
Total net assets	35,542,332	1,212,854	—	36,755,186
	<u>\$ 105,559,634</u>	<u>10,521,163</u>	<u>(2,022,609)</u>	<u>114,058,188</u>

Note: This column represents Community Loan Fund, Inc. and all subsidiaries, except Community Lending Partners

See accompanying independent auditors' report.

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND AFFILIATES

Schedule of Financial Position Information

September 30, 2014

Assets	Community Loan Fund of New Jersey, Inc. (note)	Community Lending Partners of New Jersey, Inc.	Eliminating entries	Total
Current assets:				
Cash and cash equivalents	\$ 9,751,987	624,011	—	10,375,998
Investments	20,313,139	334,337	—	20,647,476
Grants receivable	2,000,025	—	—	2,000,025
Loans receivable, net	9,443,557	1,888,940	—	11,332,497
Other current assets	845,205	47,307	(32,109)	860,403
Total current assets	42,353,913	2,894,595	(32,109)	45,216,399
Loans receivable, net	17,266,016	7,914,103	(2,284,346)	22,895,773
Restricted cash	3,902,609	39,087	—	3,941,696
Purchased credit impaired loans held for investment	2,127,641	—	—	2,127,641
Real property held for sale	10,785,461	176,753	—	10,962,214
Program-related investments	6,922,797	—	—	6,922,797
Fixed assets, net	10,172,729	—	—	10,172,729
Other assets	1,544,779	399,279	—	1,944,058
	<u>\$ 95,075,945</u>	<u>11,423,817</u>	<u>(2,316,455)</u>	<u>104,183,307</u>
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued expenses	\$ 1,322,392	90,825	(32,109)	1,381,108
Funds held in trust, escrows, and other	3,961,064	—	—	3,961,064
Current portion of long-term debt	11,711,104	4,579,061	—	16,290,165
Current liabilities	16,994,560	4,669,886	(32,109)	21,632,337
Long-term liabilities:				
Unearned fee income	125,407	51,168	—	176,575
Funds held in trust, escrows, and other, net	6,172,106	39,087	—	6,211,193
Long-term debt, net	40,994,317	5,556,077	(2,284,346)	44,266,048
Total liabilities	64,286,390	10,316,218	(2,316,455)	72,286,153
Net assets:				
Unrestricted:				
Community Loan Fund of New Jersey, Inc. and subsidiaries	17,033,716	1,107,599	—	18,141,315
Noncontrolling interests in subsidiaries	478,703	—	—	478,703
Total unrestricted net assets	17,512,419	1,107,599	—	18,620,018
Temporarily restricted	12,727,136	—	—	12,727,136
Permanently restricted	550,000	—	—	550,000
Total net assets	30,789,555	1,107,599	—	31,897,154
	<u>\$ 95,075,945</u>	<u>11,423,817</u>	<u>(2,316,455)</u>	<u>104,183,307</u>

Note: This column represents Community Loan Fund, Inc. and all subsidiaries, except Community Lending Partners

See accompanying independent auditors' report.

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND AFFILIATES

Schedule of Activities Information

Year ended September 30, 2015

	Community Loan Fund of New Jersey, Inc. (note)	Community Lending Partners of New Jersey, Inc.	Eliminating entries	Total
Operating revenues, gains and other support:				
Interest from loans receivable	\$ 1,753,796	715,767	(98,178)	2,371,385
Investment interest and dividends	340,757	8,531	—	349,288
Total investment income	2,094,553	724,298	(98,178)	2,720,673
Interest expense	(1,394,148)	(334,807)	98,178	(1,630,777)
Net investment income	700,405	389,491	—	1,089,896
Provision for loan losses, net	(444,033)	24,833	—	(419,200)
Net investment income after provision for loan losses	256,372	414,324	—	670,696
Contributions, gifts, and grants	10,658,100	—	—	10,658,100
Fees	2,302,826	63,193	—	2,366,019
Rental income	913,406	—	—	913,406
Gain on sale of real property held for sale	128,183	—	—	128,183
Loss on sale of fixed assets	(132,941)	—	—	(132,941)
Total operating revenues, gains and other support	14,125,946	477,517	—	14,603,463
Operating expenses:				
Program services	6,678,857	217,881	—	6,896,738
Supporting services:				
Management and general	673,737	30,805	—	704,542
Fundraising	392,649	16,228	—	408,877
Total supporting services	1,066,386	47,033	—	1,113,419
Total operating expenses	7,745,243	264,914	—	8,010,157
Changes in net assets before nonoperating revenues (expenses) and gains (losses)	6,380,703	212,603	—	6,593,306
Nonoperating revenues (expenses) and gains (losses):				
Other rental income, net	(403,837)	—	—	(403,837)
Impairment loss on real property held for sale	(282,946)	(107,348)	—	(390,294)
Distributions to noncontrolling interests	(402,861)	—	—	(402,861)
Realized gain on investments	325,574	—	—	325,574
Unrealized gain on investments	(863,856)	—	—	(863,856)
Total nonoperating activity, net	(1,627,926)	(107,348)	—	(1,735,274)
Increase in net assets	4,752,777	105,255	—	4,858,032
Net assets, beginning of year	30,789,555	1,107,599	—	31,897,154
Net assets, end of year	\$ 35,542,332	1,212,854	—	36,755,186

Note: This column represents Community Loan Fund, Inc. and all subsidiaries, except Community Lending Partners

See accompanying independent auditors' report.

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND AFFILIATES

Schedule of Activities Information

Year ended September 30, 2014

	Community Loan Fund of New Jersey, Inc. (note)	Community Lending Partners of New Jersey, Inc.	Eliminating entries	Total
Operating revenues, gains and other support:				
Interest from loans receivable	\$ 1,946,879	733,910	(61,480)	2,619,309
Investment interest and dividends	824,888	8,733	—	833,621
Total investment income	2,771,767	742,643	(61,480)	3,452,930
Interest expense	(1,299,659)	(360,295)	61,480	(1,598,474)
Net investment income	1,472,108	382,348	—	1,854,456
Provision for loan losses, net	(45,791)	(227,901)	—	(273,692)
Net investment income after provision for loan losses	1,426,317	154,447	—	1,580,764
Contributions, gifts, and grants	4,774,372	—	—	4,774,372
Fees	2,643,167	80,417	—	2,723,584
Rental income	699,449	—	—	699,449
Gain on sale of real property held for sale	308,300	1,150	—	309,450
Total operating revenues, gains and other support	9,851,605	236,014	—	10,087,619
Operating expenses:				
Program services	6,249,896	16,398	—	6,266,294
Supporting services:				
Management and general	753,594	651	—	754,245
Fundraising	468,508	401	—	468,909
Total supporting services	1,222,102	1,052	—	1,223,154
Total operating expenses	7,471,998	17,450	—	7,489,448
Changes in net assets before nonoperating revenues (expenses) and gains (losses)	2,379,607	218,564	—	2,598,171
Nonoperating revenues (expenses) and gains (losses):				
Other rental income, net	32,027	—	—	32,027
Impairment loss on real property held for sale	(342,022)	—	—	(342,022)
Contributions from noncontrolling interests	18,616	—	—	18,616
Realized gain on investments	491,944	—	—	491,944
Unrealized gain on investments	623,341	—	—	623,341
Total nonoperating activity, net	823,906	—	—	823,906
Increase in net assets	3,203,513	218,564	—	3,422,077
Net assets, beginning of year	27,586,042	889,035	—	28,475,077
Net assets, end of year	\$ 30,789,555	1,107,599	—	31,897,154

Note: This column represents Community Loan Fund, Inc. and all subsidiaries, except Community Lending Partners

See accompanying independent auditors' report.

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Schedule of Functional Expenses

Year ended September 30, 2015

	Program services	Management and general	Supporting services		Total functional expenses
			Fundraising	Total	
Salaries and benefits	\$ 3,194,676	418,527	227,824	646,351	3,841,027
Depreciation and amortization	225,657	20,286	13,156	33,442	259,099
Insurance	65,018	9,229	4,862	14,091	79,109
Occupancy	66,372	13,486	6,250	19,736	86,108
Office supplies	96,525	12,511	6,841	19,352	115,877
Professional development	57,042	7,614	4,113	11,727	68,769
Professional fees	1,437,483	98,496	52,001	150,497	1,587,980
Publicity	39,617	3,203	18,419	21,622	61,239
Loan servicing and commitment fees	361,454	51,293	27,024	78,317	439,771
Special program expense	132,109	—	—	—	132,109
Rental expenses	838,538	64,039	45,296	109,335	947,873
Property held for sale holding costs	263,606	—	—	—	263,606
Travel-site visits	54,286	—	—	—	54,286
Other	64,355	5,858	3,091	8,949	73,304
Total	\$ 6,896,738	704,542	408,877	1,113,419	8,010,157

See accompanying independent auditors' report.

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Schedule of Functional Expenses

Year ended September 30, 2014

	Program services	Management and general	Supporting services		Total functional expenses
			Fundraising	Total	
Salaries and benefits	\$ 2,841,114	439,108	268,030	707,138	3,548,252
Depreciation and amortization	139,398	16,140	9,408	25,548	164,946
Insurance	67,292	9,593	5,789	15,382	82,674
Occupancy	140,819	23,187	6,230	29,417	170,236
Office supplies	67,255	10,230	14,270	24,500	91,755
Professional development	51,905	7,908	4,817	12,725	64,630
Professional fees	1,276,098	125,883	76,700	202,583	1,478,681
Publicity	48,154	5,321	16,609	21,930	70,084
Loan servicing and commitment fees	358,584	59,008	36,312	95,320	453,904
Special program expense	88,649	—	—	—	88,649
Rental expenses	697,509	51,826	27,037	78,863	776,372
Property held for sale holding costs	379,554	—	—	—	379,554
Travel-site visits	49,008	—	—	—	49,008
Other	60,955	6,041	3,707	9,748	70,703
Total	\$ 6,266,294	754,245	468,909	1,223,154	7,489,448

See accompanying independent auditors' report.