KPMG

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Consolidated Financial Statements
and Supplementary Schedules

September 30, 2016 and 2015

(With Independent Auditors' Report Thereon)

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

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KPMG LLP
New Jersey Headquarters
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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, 2016 and 2015, 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, 2016 and 2015, 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 30, 2017

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Consolidated Statements of Financial Position

September 30, 2016 and 2015

Assets		**2016**	**2015**
Current assets:			
Cash and cash equivalents (notes 2(l) and 14)	$	21,751,545	14,282,909
Investments (note 7)		20,588,897	20,192,105
Grants receivable		10,720,000	1,888,000
Loans receivable, net of allowance for uncollectible loans of $790,100 and $850,400 (notes 3, 4 and 14)		13,245,890	15,383,668
Other current assets		3,304,193	1,281,133
Total current assets		69,610,525	53,027,815
Loans receivable, net of current portion and allowance for uncollectible loans of $1,759,900 and $1,249,600 (notes 3, 4 and 14)		27,140,775	20,510,569
Restricted cash (note 2(l))		3,835,418	3,625,590
Grants receivable		150,000	400,000
Purchased credit impaired loans held for investment (note 5)		1,687,377	2,436,104
Real property held for sale (note 2(i))		22,315,465	18,118,259
Program-related investments (note 6)		6,917,047	5,121,274
Fixed assets, net (note 8)		15,974,900	7,800,395
Other assets		1,998,308	3,018,182
Total assets	$	149,629,815	114,058,188
Liabilities and Net Assets			
Current liabilities:			
Accounts payable and accrued expenses	$	1,382,331	1,308,142
Funds held in trust, escrows, and other (note 10)		2,063,473	3,888,900
Current portion of long-term debt (note 11)		31,016,500	13,807,954
Total current liabilities		34,462,304	19,004,996
Long-term liabilities:			
Unearned fee income		325,121	243,409
Funds held in trust, escrows, and other, net of current portion (note 10)		6,639,395	6,188,829
Long-term debt, net of current portion (note 11)		60,543,415	51,865,768
Total liabilities		101,970,235	77,303,002
Commitments and contingencies (note 13)			
Net assets:			
Unrestricted		22,818,895	20,067,985
Temporarily restricted (notes 9 and 12)		23,840,685	15,937,201
Permanently restricted (notes 9 and 12)		1,000,000	750,000
Total net assets		47,659,580	36,755,186
Total liabilities and net assets	$	149,629,815	114,058,188

See accompanying notes to consolidated financial statements.

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Consolidated Statement of Activities

Year ended September 30, 2016

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Operating revenues, gains, and other support:				
Interest from loans receivable	$ 2,845,526	4,609	—	2,850,135
Investment interest and dividends	340,421	94,328	—	434,749
Total investment income	3,185,947	98,937	—	3,284,884
Interest expense	(1,766,574)	—	—	(1,766,574)
Net investment income	1,419,373	98,937	—	1,518,310
Provision for loan losses, net (note 4)	(635,255)	—	—	(635,255)
Net investment income after provision for loan losses	784,118	98,937	—	883,055
Contributions, gifts, and grants (note 9)	2,075,811	10,748,734	300,000	13,124,545
Fees	3,718,454	123	—	3,718,577
Rental income	1,647,798	—	—	1,647,798
Gain on sale of property and mortgages	323,302	—	—	323,302
Net assets released from restrictions	3,068,654	(3,018,654)	(50,000)	—
Total operating revenues, gains, and other support	11,618,137	7,829,140	250,000	19,697,277
Operating expenses:				
Program services	8,366,013	—	—	8,366,013
Supporting services:				
Management and general	788,435	—	—	788,435
Fundraising	491,999	—	—	491,999
Total supporting services	1,280,434	—	—	1,280,434
Total operating expenses	9,646,447	—	—	9,646,447
Changes in net assets before nonoperating activity	1,971,690	7,829,140	250,000	10,050,830
Nonoperating activity:				
Impairment loss on real property held for sale	(77,853)	—	—	(77,853)
Realized gain (loss) on investments	370,032	(25,427)	—	344,605
Unrealized gain on investments	487,041	99,771	—	586,812
Total nonoperating activity, net	779,220	74,344	—	853,564
Increase in net assets	2,750,910	7,903,484	250,000	10,904,394
Net assets, beginning of year	20,067,985	15,937,201	750,000	36,755,186
Net assets, end of year	$ 22,818,895	23,840,685	1,000,000	47,659,580

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

	Unrestricted	Temporarily restricted	Permanently restricted	Total
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 4)	(419,200)	—	—	(419,200)
Net investment income after provision for loan losses	599,246	71,450	—	670,696
Contributions, gifts, and grants (note 9)	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 property	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 activity	3,209,652	3,183,654	200,000	6,593,306
Nonoperating activity:				
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 Statements of Cash Flows

Years ended September 30, 2016 and 2015

		2016	2015
Cash flow from operating activities:			
Increase in net assets	$	10,904,394	4,858,032
Adjustment to reconcile increase in net assets to net cash provided by operating activities:			
Distributions to noncontrolling interests reported as financing activities		—	402,861
Realized gain on investments		(344,605)	(325,574)
Unrealized (gain) loss on investments		(586,812)	863,856
Distribution from equity investees		1,525,304	1,459,010
Equity in net (gain) loss of investees		(108,927)	342,513
Accretion of interest income		(90,904)	(308,463)
Provision for uncollectible loans receivable, net		635,255	419,200
Contributions, gifts, and grants received for permanent investment		(300,000)	(200,000)
Gain on sale of real property held for sale		(264,552)	(128,183)
Gain on sale of credit impaired loans held for investment		(58,750)	—
Loss on sale of fixed assets		—	132,941
Impairment loss on real property held for sale		77,853	390,294
Depreciation and amortization		303,256	385,956
Changes in operating assets and liabilities:			
Grants receivable		(8,582,000)	(287,975)
Other current assets and other assets		(1,021,186)	(2,034,738)
Accounts payable and accrued expenses		74,189	(72,966)
Unearned fee income		81,712	66,834
Funds held in trust, escrows and other		(1,374,861)	(94,528)
Net cash provided by operating activities		869,366	5,869,070
Cash flow from investing activities:			
Repayment of loans receivable		19,773,874	14,299,797
Issuance of loans receivable		(24,901,557)	(16,384,964)
Proceeds from sale of investments		18,919,366	17,240,669
Purchases of investments		(18,384,741)	(17,323,580)
Proceeds from sale of credit impaired loans held for investment		898,381	—
Purchase of program-related investments		(3,212,150)	—
Change in restricted deposits		—	493,930
Proceeds from sale of real property held for sale		3,869,829	3,418,296
Proceeds from sale of fixed assets		—	4,284,047
Purchases of real property held for sale		(7,880,336)	(10,836,452)
Purchases of fixed assets		(8,459,761)	(2,384,656)
Net cash used in investing activities		(19,377,095)	(7,192,913)
Cash flow from financing activities:			
Change in restricted cash		(209,828)	316,106
Proceeds from contributions, gifts, and grants restricted for permanent investment		300,000	200,000
Distributions to noncontrolling interests		—	(402,861)
Payments on long-term debt		(13,970,089)	(14,756,972)
Proceeds from issuance of long-term debt		39,856,282	19,874,481
Net cash provided by financing activities		25,976,365	5,230,754
Net increase in cash and cash equivalents		7,468,636	3,906,911
Cash and cash equivalents:			
Beginning of year		14,282,909	10,375,998
End of year	$	21,751,545	14,282,909
Supplemental disclosure of cash flow information:			
Cash paid during year for interest	$	2,633,241	1,954,878
Noncash:			
In-kind donations	$	469,642	446,791

See accompanying notes to consolidated financial statements.

(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), NCC Holdings, LLC (NCCH), NJCC LMI Mortgage Platform LLC (LMI), NJCC Mortgage Holdings LLC (Mortgage Holdings) and National Community Capital Fund Tampa II LLC (Tampa 2). 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), CAPC NJ Asset Stabilization Fund # 1 LLC (CAPCNJASF), CAPC Property Management, LLC (Property Mgmt), CAPC Construction LLC (CAPC Construction), CAPC Brokerage LLC (Brokerage), and CAPC 4th Ave. Urban Renewal LLC (CAPC 4th Ave). Additionally, CLFNJ owns the majority of the voting shares of University Ventures, Inc. (University Ventures). These entities are consolidated in the Organization's consolidated financial statements.

CLFNJ has a 51.72% noncontrolling 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 accounts for these investments using the equity method.

CLFNJ has a minority interest in Community Development Fund #1 and Tampa Community Development Fund #1, which hold 6 mortgage pools consisting of 424 mortgages located in Florida. NCC is providing acquisition and loss mitigation management services on these mortgages. CLFNJ accounts for these investments using the equity method.

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

In 2016, LMI invested $2 million to purchase 10% of outstanding shares in CUMAnet, LLC from Affinity Credit Union. The purpose of this investment is to support the provision of affordable mortgages to low and moderate income families in New Jersey. CUMAnet, LLC is accounted for using the cost method.

CLFNJ has formed he 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, 2016.); 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, NJCC CDE Paterson LLC, NJCC CDE Edison LLC, NJCC CDE Barton LLC and NJCC CDE Hamilton LLC (collectively, 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.

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***

The purpose of the Charter Fund is to credit enhance loans, leases, and investments made on behalf of charter schools for their facility needs. In 2016, CLFNJ was granted an additional award from the USDOE in the amount of $8 million.

(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 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 2016 and 2015, CLFNJ disbursed $1,807,000 and $2,709,000, respectively, to eligible recipients.

(Continued)

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.

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. As of September 30, 2015, all NMTC I entities were dissolved.

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.

NMTC V

Subsequent to the September 30, 2016 year-end, CLFNJ received a $45 million allocation of NMTCs from the United States Department of Treasury's Community Development Financial Institutions in the thirteenth 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.

(Continued)

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.

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, 2016 and 2015, CAPC had 79 and 39 properties, respectively, in rental status which are included in fixed assets with a net book value (including land value) of $15,381,962 and $7,180,037, respectively (see note 8).

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.

In 2016, CLFNJ acquired a minority interest in 6 mortgage pools consisting of 424 mortgages located in Florida. NCC is providing acquisition and loss mitigation management services on these mortgages.

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.

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 subsidiary, University Ventures. 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) *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.

(Continued)

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.

(f) ***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 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.

(g) ***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.

(Continued)

(h) ***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.

(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 $22,315,465 and $18,118,259 at September 30, 2016 and 2015, respectively.

(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.

Description	Estimated life
Computers and equipment	3 years
Buildings and improvements	40 years

(k) ***Other Assets***

Other assets include rent receivables, management fee receivables, advances to NMTC entities, miscellaneous receivables and mortgages. Those assets that are expected to be realized within one year are recorded in other current assets, all other items are recorded in other assets on the 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 escrow deposits. The cash related to these funds is included in restricted cash and amounts to approximately $389,000 and $717,000, respectively, at September 30, 2016 and 2015.

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 $2,063,000 and $3,889,000 at September 30, 2016 and 2015, 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 $952,000 and $1,024,000 at September 30, 2016 and 2015, respectively.

There are two programs that advance funds with conditions to the Organization. The cash related to these programs amounts to approximately $1,860,000 and $1,885,000 and is included in restricted cash at September 30, 2016 and 2015, respectively.

Approximately $2,701,000 and $2,557,000 of funds held in trust were used to renovate real property held for sale at September 30, 2016 and 2015, respectively. The revenue related to these programs will be recognized when the conditions are met, which is generally when the property is sold.

(m) ***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.

(n) ***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 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, 2016 and 2015, the Organization received $469,642 and $446,791, 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.

(o) ***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 has filed 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 net operating loss carryovers of $939,270 and federal capital loss carryover of $175,000 which expired during 2015. Given the history of losses for University Ventures, a full valuation allowance has been taken for federal and state deferred tax assets.

Operation Neighborhood Recovery, Lincoln Park CAPC and CAPC Florida 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 (sole member is Lending Partners), CAPAJC 2, CAPAJC 3, CAPAJC4, CAPCNJASF, CAPC-ARF, CAPC Washington, Property Mgmt, Construction, Brokerage, CAPC 4th Ave (sole member of these entities is CAPC), 151 MLK, Millville, North Bay, NCC, NCC II, NCCH, Mortgage Holdings, and Tampa 2 (sole member of these entities is CLFNJ), 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).

NJCC recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount of benefit that is greater than fifty percent likely to be realized upon settlement. Changes in measurement are reflected in the period in which the change in judgment occurs. NJCC did not recognize the effect of any income tax positions in either 2016 or 2015.

(Continued)

(p) ***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, provision for loan losses, 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.

(q) ***Operating Measure***

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

(r) ***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.

(3) 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, unless there is specific capital that allows for longer term lending.

At September 30, 2016, there were no variable rate loans. At September 30, 2016, fixed rate loans of $27,622,285 had interest rates ranging from 1.5% to 12%.

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%.

At September 30, 2016, there is one loan classified as 90 days past due that accrues interest with a total balance of $2,843. At September 30, 2016, there was one loan, classified as nonaccrual with a total balance of $1,175,175.

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.

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, 2016 and 2015, there were seven loans with balances that totaled $3,955,653 and $3,310,245, respectively, that were considered TDR loans.

(b) ***Proprietary Managed Assets – NPF***

At September 30, 2016, these loans bear interest at an annual rate of 5.5% to 7.5% and are either unsecured or, if applicable, secured by the assets financed. At September 30, 2016, these loans amounted to $6,460,231.

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.

(c) ***Camden POWER***

At September 30, 2016 and 2015, the loan receivable of $480,203 and $510,565, respectively, bears interest at 2%. 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, 2016 and 2015, this loan amounted to $219,500 and $244,500, respectively.

(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, 2016 and 2015, variable rate loans bear interest at 7% to 7.5% and 5.75% to 7.75% per annum and amounted to $1,934,261 and $3,432,561, respectively. Fixed rate loans are generally for twelve to seventy-eight months. At September 30, 2016 and 2015, fixed rate loans bear interest at 5.75% to 7.5% and 6.0% to 8.0% per annum and amounted to $6,220,185 and $5,972,940, respectively.

At September 30, 2016 and 2015, there was one loan and no loans classified as 90 days past due, respectively. At September 30, 2016 and 2015, there was one loan not accruing interest, with a total balance of $822,581 and $840,353, respectively.

At September 30, 2016 and 2015, there were two loans and one loan respectively with a balance of $1,163,270 and $346,689, respectively, that was considered a TDR loan.

(Continued)

(4) Allowance for Uncollectible Loans Receivable

The following table presents the changes in the allowance for uncollectible loans receivable at September 30, 2016 and 2015:

		2016	2015
Opening balance	$	2,100,000	2,010,000
Less write-offs		(185,255)	(329,200)
Add provision for uncollectible loan receivable, net		635,255	419,200
Ending balance	$	2,550,000	2,100,000

(5) PCI Loans

The following table summarizes information for PCI loans held at September 30, 2016 and 2015:

		2016	2015
Contractually required payments	$	3,791,086	5,686,629
Nonaccretable difference		(1,874,299)	(2,940,165)
Cash flows expected to be collected		1,916,787	2,746,464
Accretable yield		(1,022,458)	(1,428,491)
Initial carrying amount at acquisition		894,329	1,317,973
Accretion recorded since acquisition		793,048	1,118,131
Carrying value at September 30	$	1,687,377	2,436,104

Accretion recorded during the years ended September 30, 2016 and 2015 amounts to $90,904 and $308,463, respectively, and is included in investment interest and dividends in the accompanying consolidated statements of activities.

(6) Program-Related Investments

Program-related investments at September 30, 2016 and 2015 are as follows:

	2016	2015
NMTC II:		
NJCC CDE Irvington Avenue LLC	633	608
NJCC CDE Mercer LLC	978	934
NJCC CDE Newark LLC	537	525
NJCC CDE Washington Place LLC	759	744
NJCC CDE Essex LLC	1,091	1,067
NMTC III:		
NJCC CDE Trenton LLC	624	613
NJCC CDE Union LLC	762	757
NJCC CDE Bergen LLC	742	742
NJCC CDE Hudson LLC	931	910
NMTC IV		
NJCC CDE Ocean LLC	692	—
NJCC CDE Cumberland LLC	596	—
NJCC CDE Passaic LLC	498	—
NJCC CDE Camden LLC	500	—
NJCC CDE Monmouth LLC	600	—
NJCC CDE Middlessex LLC	675	—
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:		
CAPC Florida LLC	88,691	—
Hurricane Sandy Fund	1,447,335	2,868,772
NJCC Fund 1	1,178,354	1,178,354
Lincoln Park-CAPC Urban Renewal, LLC	(53)	(53)
Community Development Trust, Inc.	500	500
Operation Neighborhood Recovery, LLC	95,179	90,262
CUMAnet, LLC	2,000,000	—
Tampa Community Development Fund #1 (1 mortgage pool)	938,518	—
Community Development Fund #1 (5 mortgage pools)	181,366	—
Socially Responsible Certificates of Deposit:		
Self Help Credit Union, 1.05%, 7/2/17	100,134	100,134
Self Help Credit Union, 1.00% 12/23/16	100,000	100,000
	$ 6,917,047	5,121,274

In 2016, CLFNJ invested $700 in NJCC CDE Ocean LLC, $600 in NJCC CDE Cumberland LLC, $500 in NJCC CDE Passaic LLC, $500 in NJCC CDE Camden LLC, $600 in NJCC CDE Monmouth LLC, $675 in NJCC CDE Middlesex LLC, $1,119,884 in Mortgage Pools and $2,000,000 in CUMAnet LLC.

In 2016, CAPC invested $88,691 in CAPC Florida LLC.

CLFNJ invested $910 in NJCC CDE Hudson LLC in fiscal year 2015.

Net gain (loss) related to equity investments of $108,927 and ($342,513) is included in investment interest and dividends in the accompanying consolidated statements of activities as of September 30, 2016 and 2015, respectively.

The table below sets forth overview information about the NMTC II, III and IV:

	Managing member ownership stake	Managing member initial investment	Investor member(s) initial investment	Assets at December 31, 2015	Liabilities at December 31, 2015	Net income (loss) for December 31, 2015
NMTC II:						
NJCC CDE Irvington Ave LLC	0.01	488	4,874,512	4,865,426	59,096	245,847
NJCC CDE Mercer LLC	0.01	800	8,000,000	8,921,269	220,955	439,917
NJCC CDE Newark LLC	0.01	512	5,125,000	5,406,433	36,574	123,917
NJCC CDE Washington Place LLC	0.01	700	7,000,000	6,982,682	112,316	152,299
NJCC CDE Essex LLC	0.01	1,000	10,000,000	9,943,516	101,979	235,044
NMTC III:						
NJCC CDE Trenton LLC	0.01	600	6,000,000	6,031,368	8,947	113,539
NJCC CDE Union LLC	0.01	750	7,500,000	7,528,131	27,000	73,788
NJCC CDE Bergen LLC	0.01	740	7,400,000	7,436,782	12,725	283,605
NJCC CDE Hudson LLC	0.01	910	9,100,000	9,204,596	13,500	211,959
NMTC IV						
NJCC CDE OCEAN LLC	0.01	700	7,000,000	7,016,655	3,236	12,719
NJCC CDE Cumberland LLC	0.01	600	6,000,000	6,000,600	—	1,274
NJCC CDE Passaic LLC	0.01	500	5,000,000	—	—	—
NJCC CDE Camden LLC	0.01	500	5,000,000	—	—	—
NJCC CDE Monmouth LLC	0.01	600	6,000,000	—	—	—
NJCC CDE Middlessex LLC	0.01	675	6,750,000	—	—	—

Assets, liabilities and net loss for NJCC CDE Trenton LLC and NJCC CDE Middlesex LLC is at October 31, 2015.

As of September 30, 2016 and 2015, all of the New Market Tax Credits have been expended for NMTC II and NMTC III. As of September 30, 2016, approximately $14 million was available to be expended on NMTC IV.

(7) 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.

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 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, 2016 and 2015.

Money market mutual funds and U.S. equity securities: Valued at the closing prices reported on an active market at September 30, 2016 and 2015.

The following tables represent the Organization’s fair value hierarchy for its financial assets measured at fair value on a recurring basis as of September 30, 2016 and 2015:

	2016			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments:				
Certificates of deposit	$ —	3,804,494	—	3,804,494
U.S. government and agency obligations	5,672,900	3,468,439	—	9,141,339
Mutual funds	1,613,579	—	—	1,613,579
U.S. equity securities:				
Consumer discretionary	1,314,483	—	—	1,314,483
Consumer staples	364,757	—	—	364,757
Energy	311,493	—	—	311,493
Financial services	619,811	—	—	619,811
Healthcare	796,388	—	—	796,388
Industrials	652,590	—	—	652,590
Information technology	1,287,917	—	—	1,287,917
Materials	313,541	—	—	313,541
Telecommunications	141,391	—	—	141,391
Utilities	135,713	—	—	135,713
Other	12,146	79,255	—	91,401
	$ 13,236,709	7,352,188	—	20,588,897

	2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments:				
Certificates of deposit	$ —	3,704,340	—	3,704,340
U.S. government and agency obligations	6,088,829	2,653,852	—	8,742,681
Mutual funds	1,331,247	—	—	1,331,247

	2015			
	Level 1	**Level 2**	**Level 3**	**Total**
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
	$ 13,769,163	6,422,942	—	20,192,105

Advisory fees relating to marketable investments amounted to $182,132 and $177,262 for the years ended September 30, 2016 and 2015, and are recorded in professional fees.

(8) Fixed Assets

Fixed assets at September 30, 2016 and 2015 consist of the following:

	2016	**2015**
Land	$ 3,032,674	1,001,403
Computers and equipment	481,494	436,956
Buildings and improvements held for rental purposes	12,784,752	6,400,800
Building and improvements	559,744	559,744
	16,858,664	8,398,903
Less accumulated depreciation	(883,764)	(598,508)
Fixed assets, net	$ 15,974,900	7,800,395

Depreciation expense for the years ended September 30, 2016 and 2015 amounted to $285,256 and $340,002, respectively.

At September 30, 2016, future minimum rentals of approximately $1,345,000 and $13,500 are due to Organization under noncancelable leases that are expected to be received in fiscal years 2017 and 2018, respectively.

(9) 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. In July 2016, the Organization received an additional credit enhancement grant from the US Department of Education for $8,000,000 which was recognized as temporarily restricted revenue in the 2016 consolidated statement of activities. For the years ended September 30, 2016 and 2015, the net investment return was $94,328 and $68,211, respectively. At September 30, 2016 and 2015, $2,075,286 and $2,088,322, respectively, has been used to credit enhance loans issued by the Organization to charter schools and $2,309,035 and $2,406,305, respectively has been used to credit enhance loans issued by outside organizations. As of September 30, 2016 and 2015, $12,663,442 and $4,397,167, 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 $300,000 and $200,000 during the years ended September 30, 2016 and 2015, 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. Additionally, NeighborWorks America may authorize amounts to be transferred to unrestricted net assets, and in 2016, $50,000 was authorized to be transferred. 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 $223,000 and $335,948 during the years ended September 30, 2016 and 2015, 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 to 2016 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.

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

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

		2016	2015
SEED funds	$	82,926	66,635
BofA funds		826,378	858,115
TICIC funds		1,352,224	1,403,002
GFI funds		728,971	2,497,381
Escrows		1,033,968	710,224
Other		90,278	97,506
Conditional program advances:			
Camden Power funds		1,561,020	1,561,020
Neighborhood stabilization program		3,027,103	2,883,846
	$	8,702,868	10,077,729

(11) Long-Term Debt

Balances at September 30, 2016 and 2015 are as follows:

		2016	2015
Community Loan Fund:			
Various notes payable (a)	$	41,960,542	37,219,416
Credit facility (b)		5,182,221	7,333,333
Equity equivalent investment (c)		9,000,000	1,000,000
Proprietary Managed Assets – notes payable (d)		191,000	191,000
CAPC:			
Credit facility (e)		4,405,993	3,107,334
Note payable (f)		500,000	500,000
Other loans (g)		15,381,020	8,595,144
NCC – note payable (h)		50,000	50,000
NCC Mortgage Holdings (l)		2,434,186	—
Lending Partners:			
Credit facility (i)		1,050,000	1,050,000
Credit facility (j)		10,404,953	5,627,495
Equity equivalent investment (k)		1,000,000	1,000,000
Total long-term debt		91,559,915	65,673,722
Current portion of long-term debt		31,016,500	13,807,954
Long-term debt, net of current portion	$	60,543,415	51,865,768

(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 $5,000,000. These notes bear interest at rates ranging from 0% to 5.50%, payable at varying maturities of one to twelve years through 2028. The notes are unsecured. Additionally, 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. $2,987,100 has been drawn in 2016. These funds will mature on March 15, 2045 with an interest rate of 2.374%.

(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 2017 and 2020.

(c) The Community Loan Fund division has an aggregate of $9,000,000 of equity equivalent investments at September 30, 2016. $500,000 of 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. This note is unsecured and will mature on June 20, 2017 with a rate of 4.75%. Additionally, $5,000,000 will mature August 1, 2020 with a rate of 3.5%, $3,000,000 will mature November 19, 2022 with a rate of 3% and $500,000 will mature on November 29, 2022 with a rate of 2%. The equity equivalent investments are subordinated and junior in right of payment to all other obligations of CLFNJ.

(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) CAPC has an aggregate $7,000,000 credit facility, with an interest rate of 4.5% ($2,000,000) to 6.50% ($5,000,000), to support its activities maturing February 2017 and June 2018. These notes are secured by properties purchased by CAPC.

(f) CAPC has a note from a foundation for $500,000 bearing interest at 3.00% with a maturity in 2017.

(g) CAPC has various other loans from financial institutions and individuals bearing interest rates from 2.5% to 8.00%. These loans have maturity dates ranging from 2017 to 2024 and are secured by properties financed.

(h) 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. An extension was granted and this will be repaid in 2017.

(i) Lending Partners has an aggregate $1,050,000 of variable rate loans from one financial institution to support its lending activities that matures on April 30, 2017.

(j) Lending Partners has an aggregate $16,500,000 of fixed rate credit facility which expires April 30, 2018. The rates range from 3.15% to 3.25%. Individual notes underlying the credit facility mature at various times through 2021.

(k) 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 June 20, 2020 with a rate of 4.0% and $500,000 will mature on June 30, 2020 with a rate of 4.44%, respectively.

(l) NCC Mortgage Holdings has $2,434,186 in loans outstanding that mature on July 1, 2024 with an interest rate of 5.75%

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, 2016.

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	Mortgage Holdings	CAPC	Lending Partners	Total
2017	$ 19,202,117	50,000	37,570	8,088,782	3,638,031	31,016,500
2018	4,892,553	—	39,777	832,898	1,029,737	6,794,965
2019	7,853,220	—	42,114	—	705,905	8,601,239
2020	8,034,749	—	44,588	440,488	2,012,445	10,532,270
2021	3,354,981		47,207	6,894,907	5,068,835	15,365,930
Thereafter	12,996,143		2,222,930	4,029,938	—	19,249,011
	$ 56,333,763	50,000	2,434,186	20,287,013	12,454,953	91,559,915

(12) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at September 30, 2016 and 2015:

	2016	2015
Credit enhancements from USDOE grant	$ 17,047,764	8,891,794
General lending from CDFI grant	1,347,000	1,653,000
Camden county businesses involved in energy efficiency improvements	500,000	333,332
Loan loss reserves	400,000	400,000
South jersey economic initiative	3,613,026	3,934,417
Time-restricted grants	782,895	317,500
Other	150,000	407,158
	$ 23,840,685	15,937,201

Permanently restricted net assets at September 30, 2016 and 2015 were primarily restricted for:

	2016	2015
Revolving loan fund for housing and capital projects, income from which is expendable to support operations	$ 1,000,000	750,000

(13) 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, 2016 are as follows:

2017	$	128,950
2018		128,950
2019		128,830
2020		128,470
2021		139,533
	$	654,733

Rent expense for office space amounted to $84,896 and $134,931 for the years ended September 30, 2016 and 2015.

(b) *Contingent Liabilities for Charter Fund*

At September 30, 2016 and 2015, the Organization has $2,309,035 and $2,406,305, 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, 2016 and 2015, the principal commitments of the Organization are as follows:

		2016	2015
Financings committed but not yet closed:			
Community Loan Fund	$	7,948,405	5,450,063
Neighborhood Prosperity Fund		2,195,039	1,480,613
Lending Partners		2,297,000	656,000
	$	12,440,444	7,586,676
Financings closed but not yet funded:			
Community Loan Fund	$	18,709,821	13,354,203
Neighborhood Prosperity Fund		1,838,177	1,088,870
Lending Partners		2,314,986	6,233,404
	$	22,862,984	20,676,477

(14) Concentrations

Financial instruments that potentially subject the Organization to credit risk include loans receivable from entities amounting to $42,936,665 and $37,994,237 at September 30, 2016 and 2015, respectively. As of September 30, 2016 and 2015, $23,926,050 and $22,239,531, respectively, of the Organization’s loans were to nonprofits, representing approximately 56% and 59%, 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 financial strength of the financial institutions.

(15) Related Party Transactions

As of September 30, 2016 and 2015, the Organization had notes payable to various employees and current members of the board of directors totaling $75,953 and $30,221, respectively. Interest of $261 and $966 was paid to these individuals and $600 and $600 of contributions were made to the Organization by these individuals during the years ended September 30, 2016 and 2015, respectively.

(16) 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 statements of activities for the years ended September 30, 2016 and 2015, was approximately $91,000 and $74,000, respectively.

(17) Subsequent Events

The Organization has evaluated events subsequent to September 30, 2016 and through the date of January 30, 2017, 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 2016, CAPC acquired a 52.5% interest in 308 Whiton Street LLC. This entity was formed to purchase and construct condominium units at 308 Whiton Street in Jersey City, NJ. The construction of this condominium building will further the ongoing revitalization of this community. CAPC will serve as the managing member of this entity. The initial capital contribution is approximately $81,000 and has not yet been made.

In November 2016, CLFNJ received a $45 million allocation of NMTCs from the United States Department of Treasury's Community Development Financial Institution Fund in the thirteenth round of this national economic development initiative.

Also in November 2016, CLFNJ entered into joint ventures with Community Development Fund II, LLC and Community Development Fund III, LLC to acquire various mortgage pools in both New Jersey and Florida. NCC II will provide modification, counselling and other loss mitigation services in connection with these residential mortgage loans. The initial capital contribution for these two joint ventures is approximately $43,000.

In December 2016, CLFNJ received a grant of $3 million from Goldman, Sachs & Co for the creation of affordable housing. These funds are to be used by CAPC to finance the acquisition and rehabilitation of homes to be sold and repositioned as affordable homeownership opportunities.

Also in December 2016, CLFNJ received a grant of $8 million from Goldman, Sachs & Co for the creation of supportive housing. These funds are to be used by CAPC to finance the acquisition and rehabilitation of homes to be sold and repositioned as supportive housing opportunities.

Schedule 1

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Schedule of Financial Position Information

September 30, 2016

Assets	**Community Loan Fund of New Jersey, Inc. (note)**	**Community Lending Partners of New Jersey, Inc.**	**Community Asset Preservation Corporation**	**Eliminating entries**	**Total**
Current assets:					
Cash and cash equivalents	$ 11,740,869	8,285,074	1,725,602	—	21,751,545
Investments	20,254,561	334,336	—	—	20,588,897
Grants receivable	10,720,000	—	—	—	10,720,000
Loans receivable, net	13,264,665	1,921,456	—	(1,940,231)	13,245,890
Other current assets	2,757,986	59,172	560,020	(72,985)	3,304,193
Total current assets	58,738,081	10,600,038	2,285,622	(2,013,216)	69,610,525
Loans receivable, net	28,190,785	5,882,990	—	(6,933,000)	27,140,775
Restricted cash	3,824,498	10,920	—	—	3,835,418
Grants receivable	150,000	—	—	—	150,000
Purchased credit impaired loans held for investment	1,687,377	—	—	—	1,687,377
Real property held for sale	2,224,592	—	20,133,470	(42,597)	22,315,465
Program-related investments	6,828,356	—	88,691	—	6,917,047
Fixed assets, net	122,721	—	15,852,179	—	15,974,900
Other assets	11,785,269	(999,093)	(8,787,868)	—	1,998,308
	$ 113,551,679	15,494,855	29,572,094	(8,988,813)	149,629,815
Liabilities and Net Assets					
Current liabilities:					
Accounts payable and accrued expenses	$ 1,038,042	82,787	355,551	(94,049)	1,382,331
Funds held in trust, escrows, and other	2,063,473	—	—	—	2,063,473
Current portion of long-term debt	20,123,517	3,638,031	9,174,119	(1,919,167)	31,016,500
Current liabilities	23,225,032	3,720,818	9,529,670	(2,013,216)	34,462,304
Long-term liabilities:					
Unearned fee income	338,757	44,118	—	(57,754)	325,121
Funds held in trust, escrows, and other, net	4,821,950	10,920	1,806,525	—	6,639,395
Long-term debt, net	40,081,461	10,316,923	17,020,277	(6,875,246)	60,543,415
Total liabilities	68,467,200	14,092,779	28,356,472	(8,946,216)	101,970,235
Net assets:					
Unrestricted	20,243,794	1,402,076	1,215,622	(42,597)	22,818,895
Temporarily restricted	23,840,685	—	—	—	23,840,685
Permanently restricted	1,000,000	—	—	—	1,000,000
Total net assets	45,084,479	1,402,076	1,215,622	(42,597)	47,659,580
	$ 113,551,679	15,494,855	29,572,094	(8,988,813)	149,629,815

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

See accompanying independent auditors’ report.

Schedule 2

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Schedule of Financial Position Information

September 30, 2015

Assets		**Community Loan Fund of New Jersey, Inc. (note)**	**Community Lending Partners of New Jersey, Inc.**	**Community Asset Preservation Corporation**	**Eliminating entries**	**Total**
Current assets:						
Cash and cash equivalents	$	10,295,166	3,054,925	932,818	—	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		798,450	65,541	446,202	(29,060)	1,281,133
Total current assets		45,727,440	7,943,964	1,379,020	(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		2,558,938	—	15,601,918	(42,597)	18,118,259
Program-related investments		5,121,327	—	(53)	—	5,121,274
Fixed assets, net		94,305	—	7,706,090	—	7,800,395
Other assets		12,929,340	(2,420,239)	(7,490,919)	—	3,018,182
	$	88,406,175	10,521,163	17,196,056	(2,065,206)	114,058,188
Liabilities and Net Assets						
Current liabilities:						
Accounts payable and accrued expenses	$	883,002	95,131	359,069	(29,060)	1,308,142
Funds held in trust, escrows, and other		3,888,900	—	—	—	3,888,900
Current portion of long-term debt		8,746,227	669,939	4,885,337	(493,549)	13,807,954
Current liabilities		13,518,129	765,070	5,244,406	(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		4,526,958	2,550	1,659,321	—	6,188,829
Long-term debt, net		35,570,281	8,507,555	9,287,932	(1,500,000)	51,865,768
Total liabilities		53,825,643	9,308,309	16,191,659	(2,022,609)	77,303,002
Net assets:						
Unrestricted		17,893,331	1,212,854	1,004,397	(42,597)	20,067,985
Temporarily restricted		15,937,201	—	—	—	15,937,201
Permanently restricted		750,000	—	—	—	750,000
Total net assets		34,580,532	1,212,854	1,004,397	(42,597)	36,755,186
	$	88,406,175	10,521,163	17,196,056	(2,065,206)	114,058,188

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

See accompanying independent auditors' report.

Schedule 3

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Schedule of Activities Information

Year ended September 30, 2016

	Community Loan Fund of New Jersey, Inc. (note)	Community Lending Partners of New Jersey, Inc.	Community Asset Preservation Corporation	Eliminating entries	Total
Operating revenues, gains and other support:					
Interest from loans receivable	$ 2,517,237	705,679	2,231	(375,012)	2,850,135
Investment interest and dividends	421,006	13,743	—	—	434,749
Total investment income	2,938,243	719,422	2,231	(375,012)	3,284,884
Interest expense	(1,731,309)	(410,277)	—	375,012	(1,766,574)
Net investment income	1,206,934	309,145	2,231	—	1,518,310
Provision for loan losses, net	(700,255)	65,000	—	—	(635,255)
Net investment income after provision for loan losses	506,679	374,145	2,231	—	883,055
Contributions, gifts, and grants	12,593,695	—	530,850	—	13,124,545
Fees	3,488,178	71,734	549,093	(390,428)	3,718,577
Rental income	218,138	—	1,429,660	—	1,647,798
Gain on sale of property and mortgages	58,750	—	264,552	—	323,302
Total operating revenues, gains and other support	16,865,440	445,879	2,776,386	(390,428)	19,697,277
Operating expenses:					
Program services	6,162,355	209,546	2,310,451	(316,339)	8,366,013
Supporting services:					
Management and general	664,861	29,623	140,537	(46,586)	788,435
Fundraising	387,841	17,488	114,173	(27,503)	491,999
Total supporting services	1,052,702	47,111	254,710	(74,089)	1,280,434
Total operating expenses	7,215,057	256,657	2,565,161	(390,428)	9,646,447
Changes in net assets before nonoperating activity	9,650,383	189,222	211,225	—	10,050,830
Nonoperating activity:					
Impairment loss on real property held for sale	(77,853)	—	—	—	(77,853)
Realized gain on investments	344,605	—	—	—	344,605
Unrealized gain on investments	586,812	—	—	—	586,812
Total nonoperating activity, net	853,564	—	—	—	853,564
Increase in net assets	10,503,947	189,222	211,225	—	10,904,394
Net assets, beginning of year	34,580,532	1,212,854	1,004,397	(42,597)	36,755,186
Net assets, end of year	$ 45,084,479	1,402,076	1,215,622	(42,597)	47,659,580

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

See accompanying independent auditors' report.

Schedule 4

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Schedule of Activities Information

Year ended September 30, 2015

	Community Loan Fund of New Jersey, Inc. (note)	Community Lending Partners of New Jersey, Inc.	Community Asset Preservation Corporation	Eliminating entries	Total
Operating revenues, gains and other support:					
Interest from loans receivable	$ 1,805,798	715,767	2,226	(152,406)	2,371,385
Investment interest and dividends	340,757	8,531	—	—	349,288
Total investment income	2,146,555	724,298	2,226	(152,406)	2,720,673
Interest expense	(1,448,376)	(334,807)	—	152,406	(1,630,777)
Net investment income	698,179	389,491	2,226	—	1,089,896
Provision for loan losses, net	(444,033)	24,833	—	—	(419,200)
Net investment income after provision for loan losses	254,146	414,324	2,226	—	670,696
Contributions, gifts, and grants	9,939,100	—	719,000	—	10,658,100
Fees	2,304,909	63,193	50	(2,133)	2,366,019
Rental income	196,270	—	717,136	—	913,406
Gain on sale of real property held for sale	—	—	323,624	(195,441)	128,183
Loss on sale of fixed assets	(132,941)	—	—	—	(132,941)
Total operating revenues, gains and other support	12,561,484	477,517	1,762,036	(197,574)	14,603,463
Operating expenses:					
Program services	5,238,703	217,881	1,637,514	(197,360)	6,896,738
Supporting services:					
Management and general	568,595	30,805	105,261	(119)	704,542
Fundraising	315,822	16,228	76,922	(95)	408,877
Total supporting services	884,417	47,033	182,183	(214)	1,113,419
Total operating expenses	6,123,120	264,914	1,819,697	(197,574)	8,010,157
Changes in net assets before nonoperating revenues (expenses) and gains (losses)	6,438,364	212,603	(57,661)	—	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	(385,553)	(107,348)	102,607	—	(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	(1,730,533)	(107,348)	102,607	—	(1,735,274)
Increase in net assets	4,707,831	105,255	44,946	—	4,858,032
Net assets, beginning of year	29,872,701	1,107,599	959,451	(42,597)	31,897,154
Net assets, end of year	$ 34,580,532	1,212,854	1,004,397	(42,597)	36,755,186

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

See accompanying independent auditors' report.

Schedule 5

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Schedule of Functional Expenses

Year ended September 30, 2016

		Program services	Supporting services: Management and general	Supporting services: Fundraising	Supporting services: Total	Total functional expenses
Salaries and benefits	$	3,436,843	454,493	277,664	732,157	4,169,000
Depreciation and amortization		264,752	22,313	16,191	38,504	303,256
Insurance		60,891	8,485	5,097	13,582	74,473
Occupancy		162,652	20,414	12,692	33,106	195,758
Office supplies		128,856	15,627	9,832	25,459	154,315
Professional development		66,045	9,480	5,641	15,121	81,166
Professional fees		1,761,342	91,116	53,792	144,908	1,906,250
Publicity		40,411	12,605	2,750	15,355	55,766
Loan servicing and commitment fees		372,744	51,577	31,049	82,626	455,370
Grants expense		531,554	—	—	—	531,554
Rental expenses		1,288,085	96,782	73,952	170,734	1,458,819
Property held for sale holding costs		147,607	—	—	—	147,607
Travel-site visits		52,598	—	—	—	52,598
Other		51,633	5,543	3,339	8,882	60,515
Total	$	8,366,013	788,435	491,999	1,280,434	9,646,447

See accompanying independent auditors’ report.

Schedule 6

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Schedule of Functional Expenses

Year ended September 30, 2015

	Program services	Supporting services: Management and general	Supporting services: Fundraising	Supporting services: Total	Total functional expenses
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
Grants 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.