KPMG

COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND SUBSIDIARIES

Consolidated Financial Statements
and Supplementary Schedules

September 30, 2020 and 2019

(With Independent Auditors' Report Thereon)

COMMUNITY LOAN FUND OF NEW JERSEY, INC.
AND SUBSIDIARIES

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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, 2020 and 2019, 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, 2020 and 2019, 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 4 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, 2021

COMMUNITY LOAN FUND OF NEW JERSEY, INC.
AND SUBSIDIARIES

Consolidated Statements of Financial Position

September 30, 2020 and 2019

Assets		**2020**	**2019**
Current assets:			
Cash and cash equivalents (notes 2(l) and 16)	$	42,828,775	18,857,984
Investments (note 7)		15,860,376	14,876,607
Grants receivable, net		1,442,070	2,425,147
Loans receivable, net of allowance for uncollectible loans of $1,046,087 and $1,333,915, respectively (notes 3, 4 and 16)		20,795,154	27,096,620
Other current assets		9,545,728	8,790,147
Total current assets		90,472,103	72,046,505
Loans receivable, net of current portion and allowance for uncollectible loans of $3,786,853 and $2,874,230, respectively (notes 3, 4 and 16)		75,278,786	57,454,779
Restricted cash (notes 2(l) and 16)		9,895,219	11,956,677
Investments (note 7)		13,229,404	13,480,605
Purchased credit impaired loans held for investment (note 5)		721,464	1,000,795
Real property held for sale (note 2(i))		19,978,554	38,647,836
Program-related investments (note 6)		16,138,489	15,361,258
Fixed assets, net (note 8)		54,385,064	45,153,199
Other assets		3,170,886	3,506,177
Total assets	$	283,269,969	258,607,831
Liabilities and Net Assets			
Current liabilities:			
Accounts payable and accrued expenses	$	3,379,198	5,286,833
Funds held in trust, escrows, and other (note 10)		6,701,859	5,810,026
Current portion of long-term debt (note 11)		49,861,222	48,353,725
Total current liabilities		59,942,279	59,450,584
Long-term liabilities:			
Unearned fee income		619,124	524,219
Funds held in trust, escrows, and other, net of current portion (note 10)		7,240,336	6,103,728
Long-term debt, net of current portion (note 11)		149,166,083	130,113,836
Total liabilities		216,967,822	196,192,367
Commitments and contingencies (note 15)			
Net assets:			
Net assets without donor restrictions:			
Community Loan Fund and Subsidiaries		31,938,385	31,435,776
Noncontrolling Interest in Subsidiaries		2,908,667	2,082,939
Total net assets without donor restrictions		34,847,052	33,518,715
Net assets with donor restrictions (note 12)		31,455,095	28,896,749
Total net assets		66,302,147	62,415,464
Total liabilities and net assets	$	283,269,969	258,607,831

See accompanying notes to consolidated financial statements.

COMMUNITY LOAN FUND OF NEW JERSEY, INC.
AND SUBSIDIARIES

Consolidated Statement of Activities

Year ended September 30, 2020

	Without donor restrictions	With donor restrictions	Total
Operating revenues, gains, and other support:			
Interest from loans receivable	$ 5,917,338	—	5,917,338
Investment interest and dividends	417,534	267,503	685,037
Total investment income	6,334,872	267,503	6,602,375
Interest expense (note 14)	(3,718,758)	—	(3,718,758)
Net investment income	2,616,114	267,503	2,883,617
Provision for loan losses, net (notes 4 and 14)	(1,703,869)	—	(1,703,869)
Net investment income after provision for loan losses	912,245	267,503	1,179,748
Contributions, gifts, and grants (note 9)	4,024,156	6,869,980	10,894,136
Fees	6,172,950	—	6,172,950
Rental income	4,396,474	—	4,396,474
Gain on sale of property and mortgages	1,345,030	—	1,345,030
Net assets released from restrictions	4,936,722	(4,936,722)	—
Total operating revenues, gains, and other support	21,787,577	2,200,761	23,988,338
Operating expenses (note 14) :			
Program services	17,742,433	—	17,742,433
Supporting services:			
Management and general	1,750,280	—	1,750,280
Fundraising	1,306,023	—	1,306,023
Total supporting services	3,056,303	—	3,056,303
Total operating expenses	20,798,736	—	20,798,736
Changes in net assets before nonoperating activity	988,841	2,200,761	3,189,602
Nonoperating activity:			
Distributions to noncontrolling interests and other	220,865	—	220,865
Realized (loss) gain on investments	(308,780)	12,577	(296,203)
Unrealized gain on investments	427,411	345,008	772,419
Total nonoperating activity, net	339,496	357,585	697,081
Increase in net assets	1,328,337	2,558,346	3,886,683
Net assets, beginning of year	33,518,715	28,896,749	62,415,464
Net assets, end of year	$ 34,847,052	31,455,095	66,302,147

See accompanying notes to consolidated financial statements.

COMMUNITY LOAN FUND OF NEW JERSEY, INC.
AND SUBSIDIARIES

Consolidated Statement of Activities

Year ended September 30, 2019

		Without donor restrictions	With donor restrictions	Total
Operating revenues, gains, and other support:				
Interest from loans receivable	$	5,581,351	—	5,581,351
Investment interest and dividends		416,880	276,926	693,806
Total investment income		5,998,231	276,926	6,275,157
Interest expense		(3,537,070)	—	(3,537,070)
Net investment income		2,461,161	276,926	2,738,087
Provision for loan losses, net (note 4)		(656,000)	—	(656,000)
Net investment income after provision for loan losses		1,805,161	276,926	2,082,087
Contributions, gifts, and grants (note 9)		2,841,210	3,813,356	6,654,566
Fees		4,940,470	—	4,940,470
Rental income		3,983,145	—	3,983,145
Gain on sale of property and mortgages		2,586,140	—	2,586,140
Net assets released from restrictions		4,345,864	(4,345,864)	—
Total operating revenues, gains, and other support		20,501,990	(255,582)	20,246,408
Operating expenses (note 14) :				
Program services		16,119,030	—	16,119,030
Supporting services:				
Management and general		1,687,110	—	1,687,110
Fundraising		1,182,010	—	1,182,010
Total supporting services		2,869,120	—	2,869,120
Total operating expenses		18,988,150	—	18,988,150
Changes in net assets before nonoperating activity		1,513,840	(255,582)	1,258,258
Nonoperating activity:				
Impairment loss on real property held for sale		(1,798)	—	(1,798)
Distributions to noncontrolling interests and other		(171,317)	—	(171,317)
Realized gain on investments		72,731	23,558	96,289
Unrealized gain on investments		128,756	418,759	547,515
Total nonoperating activity, net		28,372	442,317	470,689
Increase in net assets		1,542,212	186,735	1,728,947
Net assets, beginning of year		31,976,503	28,710,014	60,686,517
Net assets, end of year	$	33,518,715	28,896,749	62,415,464

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, 2020 and 2019

		2020	2019
Cash flows from operating activities:			
Increase in net assets	$	3,886,683	1,728,947
Adjustment to reconcile increase in net assets to net cash provided by operating activities:			
Distributions to noncontrolling interests and other		(220,865)	171,317
Realized loss (gain) on program-related investments		505,307	(56,730)
Realized gain on investments		(209,104)	(39,559)
Unrealized gain on investments		(772,419)	(547,515)
Distribution from equity investees		1,928,912	279,463
Equity in net gain of investees		(674)	(1,053)
Provision for uncollectible loans receivable, net		1,703,869	656,000
Gain on sale of real property held for sale		(1,421,846)	(1,641,270)
Loss (gain) on sale of purchased credit impaired loans held for investment		76,816	(92,794)
Impairment loss on real property held for sale		—	1,798
Depreciation and amortization		1,177,798	943,953
Changes in operating assets and liabilities:			
Grants receivable		983,077	(575,075)
Other current assets and other assets		(587,277)	2,221,668
Accounts payable and accrued expenses		(1,907,635)	1,511,467
Unearned fee income		94,905	(96,727)
Funds held in trust, escrows and other		2,028,441	(2,172,655)
Net cash provided by operating activities		7,265,988	2,291,235
Cash flows from investing activities:			
Repayment of loans receivable		40,291,311	26,951,964
Issuance of loans receivable		(53,517,721)	(34,863,891)
Proceeds from sale of investments		13,621,758	11,532,420
Purchases of investments		(13,372,803)	(14,049,710)
Proceeds from sale of purchased credit impaired loans held for investment		199,323	284,649
Purchase of program-related investments		(3,210,776)	(531,352)
Proceeds from sale of real property held for sale		27,146,210	18,376,556
Purchases of real property held for sale		(14,760,037)	(34,940,037)
Proceeds from sale of fixed assets		1,727,127	318,150
Purchases of fixed assets		(4,261,656)	(4,712,018)
Net cash used in investing activities		(6,137,264)	(31,633,269)
Cash flows from financing activities:			
Distributions to noncontrolling interests and other		220,865	(171,317)
Payments on long-term debt		(30,088,197)	(16,358,367)
Proceeds from issuance of long-term debt		50,647,941	35,785,785
Net cash provided by financing activities		20,780,609	19,256,101
Net increase (decrease) in cash, cash equivalents and restricted cash		21,909,333	(10,085,933)
Cash, cash equivalents and restricted cash:			
Beginning of year		30,814,661	40,900,594
End of year	$	52,723,994	30,814,661
Supplemental disclosures of cash flow information:			
Cash paid during year for interest	$	6,693,116	5,601,423
Supplemental disclosure of noncash investing activity:			
Transfers of real property held for sale to fixed assets	$	7,414,709	6,193,106
Reconciliation of total cash, cash equivalents and restricted cash reported within the consolidated statements of financial position that sum to the total of the same such amounts shown above:			
Cash and cash equivalents	$	42,828,775	18,857,984
Restricted cash		9,895,219	11,956,677
Total cash, cash equivalents and restricted cash shown above	$	52,723,994	30,814,661

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), National Community Capital III, LLC (NCC III) and NJCC Supportive Housing Fund, LLC (Supportive Housing). 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 Property Management, LLC (Property Mgmt), CAPC Construction LLC (CAPC Construction), CAPC Brokerage LLC (Brokerage), CAPC 4th Ave. Urban Renewal LLC (CAPC 4th Ave), CAPC E-Port Revitalization 1, LLC (E-Port 1), CAPC E-Port Revitalization 2, LLC (E-Port 2), Artist Hub & Residences Urban Renewal, LLC (Artist Hub), 201 New York Avenue, LLC (201 NY Ave) and CAPC Southward, LLC (Southward). Additionally, CLFNJ owns the majority of the voting shares of University Ventures, Inc. (University Ventures). CAPC also has equity investments in 308 Whiton Street, LLC (308 Whiton) (52.5%). These entities are included 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 accounts for these investment using the equity method. This entity was fully liquidated in 2020.

  In 2016, CLFNJ had a 25.90% interest in NJCC Fund 1, LLC (Fund #1). CLFNJ was the managing member of Fund #1 and since the other members had substantive rights, the equity method of accounting was used in 2017 and 2018. During 2018, CAPC acquired the remaining ownership interest of Fund #1 and it is included in the Organization’s consolidated financial statements. CAPC now has 70.04% ownership and CLFNJ now has 29.96% ownership.

  CLFNJ has a minority interest in Community Development Fund #1 which holds 6 mortgage pools consisting of 44 mortgages located in Florida and New Jersey. 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), CAPC Florida LLC and CHS-CAPC JV1, LLC (CHS-CAPC) and has a 40% interest in 306 MLK Blvd Urban Renewal, LLC (306 MLK) and they are accounted for using the equity method. In December 2019, CAPC's interest in 306 MLK increased to 60% therefore 306 MLK is now included in the Organization's consolidated financial statements.

In 2020, Valley Revitalization was created to purchase and improve properties to revitalize the Valley Neighborhood in Orange, New Jersey and West Orange, New Jersey. CAPC has a 50% ownership interest in Valley Revitalization which is accounted for using the equity method.

In 2020, CAPC Affordable Rental Fund II (ARF II) was formed to hold and operate CAPC rental properties. CAPC has a 100% ownership interest in ARF II and this entity is included in the Organization's consolidated financial statements.

In 2020, CAPC SFR Home Impact Fund was created to purchase vacant urban lots and construct affordable homeownership units on the lots. CAPC has a 100% ownership interest in SFR Home Impact Fund and this entity is included in the Organization's consolidated financial statements.

In December 2019, NJCC Shared Value was formed to facilitate opportunity zone investments. It is 100% owned by CLFNJ and is a 50% member in Allevo Community Capital. Allevo was formed in 2020.

In October 2019, Mills Memorial Social Services Building, Inc., a New Jersey Title 15A nonprofit corporation, was formed to purchase property located at 60 South Fullerton, Montclair, NJ from the United Way. CAPC has a 100% ownership interest Mills Memorial Social Services Building, Inc.

In October 2019, 60 South Fullerton, LLC, entered an operating agreement with UW Member LLC (United Way) to create the entity UWNNJ Montclair LLC. Also, it is the managing member of UWNNJ Montclair LLC. CAPC has a 100% ownership interest.

In October 2019, UWNNJ Montclair, LLC was formed for the purpose of being the master leaseholder responsible for managing, rehabbing, and securing financing for the property located at 60 South Fullerton, Montclair, NJ. 60 South Fullerton LLC and UW Member LLC have a 95% and 5% interest in UWNNJ Montclair, LLC respectively.

In 2019, WPB Arts Housing was formed for the development, construction, and operation of a 52 unit affordable housing apartment building in West Palm Beach, Florida. CAPC has an 80% ownership interest in WPB Arts Housing.

In 2019, CAPC Supportive Needs Housing, Inc. was formed for the purpose of providing housing within Union County NJ to persons who are low and moderate income or homeless or victims of domestic violence or financially distressed or special needs. CAPC has a 100% ownership interest and this entity is included in the Organization's consolidated financial statements.

In 2019, CAPC USA, LLC was formed to acquire, rehab & sell distressed and foreclosed homes from NJCC's nonperforming loan funds. CAPC has a 100% ownership interest and this entity is included in the Organization's consolidated financial statements.

(Continued)

In 2018, CAPC AMG, LLC was formed to enter into an investment & asset management agreement with CAPC USA, LLC. CAPC has a 100% ownership interest and this entity is included in the Organization’s consolidated financial statements.

In 2018, CAPC acquired 100% interest in National Community Capital Fund #1 Tampa, LLC. In prior years, CAPC was the managing member but had no ownership interest. This entity is included in the Organization’s consolidated financial statements.

CAPC had a 100% ownership interest in CAPC NJ Asset Stabilization Fund # 1 LLC (CAPC ASF #1) in 2017. During 2018, Synchrony Bank acquired a 19.97% interest in CAPC ASF #1. This entity is included in the Organization’s consolidated financial statements.

In 2018, CAPC Asset Stabilization Fund #2 LLC (CAPC ASF #2) was created. CAPC has a 52.89% ownership interest, CLFNJ has a 27.17% interest and Synchrony Bank has a 19.94% interest. This entity is included in the Organization’s consolidated financial statements.

In 2018, CAPC invested, along with three other Housing Partnership Network, Inc. members, in a partnership called HPN Leverage IV, LLC to take advantage of New Market Tax Credit (NMTC) financing. NMTC financing allows an entity to receive a loan or investment capital from outside investors who will receive new market tax credits to be applied against their federal tax liability. As a result, CAPC invested $8,222,118 to acquire a 40% interest in the partnership and was able to secure a 20 year loan in the amount of $11,700,000 payable to a community development entity. The loan proceeds are to be used for the purpose of acquiring, rehabbing or constructing homes in distressed communities in New Jersey and Florida. Since the other members have substantive rights these entities are accounted for using the equity method.

In November 2018, Parramore Assets Stabilization Fund, LLC was formed for the purpose to acquire, stabilize, rehabilitate, lease and sell 45 distressed rental properties consisting of 86 units in the Parramore section of Orlando Florida. NJCC is the managing member and the tax matters partner. CLF has a 33.33% ownership interest and will serve as the investment and asset manager in the joint venture with 2 other nonprofit entities. The Organization accounts for this entity using the equity method.

In 2016, LMI invested $2 million to purchase 10% of the 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.

In 2017, CLFNJ formed NJCC MM Invest LLC (NJCC MM) in an initiative with PRP Holdings LP (PRP) to join in a venture with the State of New York's Department of Homes and Community Development (SONYMA Community Restoration Fund) to purchase residential mortgage loans in New York State (NYS). CLFNJ has a 5% ownership interest in NJCC MM. NJCC MM has a 56.73% investment in NJCC-NYS Community Restoration Fund, LLC (NJCC-NYS CRF) and a 6.19% investment in NJCC-NYS Erie County Community Restoration Fund, LLC (Erie CRF). Also in 2017, CLFNJ formed NJCC Fund #4, LLC (Fund 4) with PRP to purchase residential mortgage loans in New Jersey. CLFNJ has a 10% ownership interest in Fund 4. Since the other members have substantive rights these entities are accounted for using the equity method.

In 2018, CLFNJ formed NJCC Fund V, LLC (Fund V) with PRP to purchase residential mortgage loans in 10 states. CLF has a 1.98% ownership interest and PRP has 98.02% in Fund V. At the same time Community Aggregator Asset Management Group, LLC was formed in an initiative with 3 other entities to manage the assets of the loan pool. CLFNJ and NCCIII each has a 25% ownership interest in this entity. Since the other members have substantive rights these entities are accounted for using the equity method.

CLFNJ has formed the following special purpose entities (SPEs): NJCC CDE Essex LLC (NMTC II); NJCC CDE Trenton LLC, NJCC CDE Union LLC, NJCC CDE Bergen LLC, NJCC CDE Hudson LLC (collectively, NMTC III); 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 Campbell LLC and NJCC CDE Wilson LLC, (collectively, NMTC IV); NJCC CDE Edison LLC, NJCC CDE Hamilton LLC, NJCC CDE Kilmer LLC, NJCC CDE Livingston LLC, NJCC CDE Morris LLC and NJCC CDE Eagleton LLC, (collectively NMTC V); NJCC CDE Barton LLC, NJCC CDE Stockton LLC, NJCC CDE Parker LLC, NJCC CDE Robeson LLC and NJCC CDE Whitman LLC, (collectively NMTC VI); and NJCC CDE Houston LLC, NJCC CDE Field LLC, NJCC CDE Amos LLC and NJCC CDE Salem LLC, (collectively NMTC VII). The SPEs are not included 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.

NJCC CDE Amos and NJCC CDE Salem LLC have been formed by CLFNJ in 2019 and have yet to be assigned a NMTC allocation. There were no SPEs formed in 2020.

- *Operating Divisions*

  CLFNJ has aligned its operations into several operating divisions: Community Loan Fund, Proprietary Managed Assets, Third Party Managed Assets, NMTC II, III, IV, V, VI and VII, University Ventures, 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.

(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 was 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 2019, CLFNJ disbursed $130,000 to eligible recipients. No funds were disbursed to recipients in 2020.

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 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.

(Continued)

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

In 2017, 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.

NMTC VI

In 2018, CLFNJ received a $40 million, allocation of NMTCs from the United States Department of Treasury's Community Development Financial Institutions in the fourteenth round of a national economic development initiative.

NMTC VII

In 2019, CLFNJ received a $35 million allocation of NMTCs from the United States Department of Treasury's Community Development Financial Institutions in the fifteenth 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.

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, 2020 and 2019, CAPC had 229 and 216 properties, respectively, in rental status which are included in fixed assets with a net book value (including land value) of $54,149,472 and $44,593,721, 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 2017, CLFNJ acquired a minority interest in 3 mortgage pools. NJCC-NYS CRF acquired 370 mortgages, Erie CRF acquired 28 mortgages and Fund 4 acquired 55 mortgages during the year.

In 2018, CLFNJ acquired a minority interest in 1 mortgage pool. Fund 5 acquired 601 mortgages during the year.

NCC and NCC II provide investment management services to NJCC Fund 1, Tampa Fund, Hurricane Sandy Fund, and NCC Holdings. NCC and NCC II were dissolved in 2020. NJCC Fund 1 and Tampa Fund are now owned by CAPC. Hurricane Sandy Fund was fully liquidated in 2020. NCC III provides investment management services to NJCC-NYS CRF, Erie CRF and Fund 4 and Fund 5. 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. The net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations and net assets attributable to CLFNJ's controlling interest and noncontrolling interest in subsidiaries. The noncontrolling interest in subsidiaries increased by $825,728, which represents the net distributions of $60,137 to noncontrolling interests, and $885,865 of operating revenues over operating expenses.

Net assets with donor restrictions – Either net assets subject to donor-imposed stipulations that will be met by actions of the Organization and/or the passage of time or 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 net assets without donor restrictions.

(c) Principles of Consolidation

The consolidated financial statements include the accounts of CLFNJ and its wholly owned and majority owned subsidiaries. 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. Distributions received from program-related investments accounted for under the equity method are classified using the cumulative earnings approach. Distributions received are considered returns on investment and classified as cash inflows from operating activities.

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. Loans are returned to accrual status when all the

(Continued)

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 collectability 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.

(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, *Accounting for Purchased Loans with Deteriorated Credit Quality*, 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 and repairs, and then either sells or rents. Such properties are valued at the lower of cost or

(Continued)

fair value as determined by appraisals, and are $19,978,554 and $38,647,836 at September 30, 2020 and 2019, 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 in 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 $3,949,000 and $3,330,000, respectively, at September 30, 2020 and 2019.

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 $1,720,000 and $853,000 at September 30, 2020 and 2019, 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 $1,087,000 and $1,045,000 at September 30, 2020 and 2019, respectively.

There are four programs that advance funds with conditions to the Organization. The cash related to these programs amounts to approximately $1,868,000 and $1,367,000 and is included in restricted cash at September 30, 2020 and 2019, respectively.

Approximately $5,318,000 and $5,319,000 of funds held in trust were used to renovate real property held for rental at September 30, 2020 and 2019, respectively. The revenue related to these programs will be recognized when the conditions are met, which is generally when the property is leased to a low or moderate income tenant for a specific time period.

(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. As referenced in 2(b), the Organization records contributions and grants as with donor restrictions or without donor restrictions, depending on the existence and/or nature of donor restrictions or conditions. A contribution is conditional if the agreement includes both a barrier that must be overcome for the recipient to be entitled to the assets transferred and a right of return for the transferred assets or a right of release of the promisor’s obligation to the transferred assets. Conditional promises to give are not recognized until they become unconditional, that is, when the barriers on which they depend are met. 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 without donor restriction. Unconditional promises to give are recognized as revenues or gains in the period received. 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.

(o) Income Taxes

CLFNJ, Lending Partners and CAPC 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 filed to reinstate its tax-exempt status. On April 20, 2017, CAPC’s tax exempt status was reinstated retroactively to the date of revocation.

University Ventures is a for-profit corporation with federal net operating loss carryovers of $872,790 that may be offset against future taxable federal income. 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, CAPC Florida, 306 MLK, CAPC ASF#2 and CHS-CAPC 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.

NJCC MM, Fund #4 and Fund # 5 are LLCs treated as corporations 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, CAPAJC 4, CAPC-ARF, CAPC Washington, Property Mgmt, Construction, Brokerage, CAPC 4th Ave, E-Port 1, E-Port 2, Artist Hub, 201 NY Ave and CAPC Southward (sole member of these entities is CAPC), 151 MLK, Millville, North Bay, NCC, NCC II, NCC III, NCCH, Mortgage Holdings and Supportive Housing (sole member of these entities is CLFNJ), CAPC Supportive Needs Housing, CAPC USA, and CAPC AMG 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).

CAPC ASF #1 was a single member LLC owned by CLFNJ in 2017 and was considered a disregarded entity. In 2018, an interest in CAPC ASF #1 was purchased by an outside organization and is now treated as a partnership.

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 2020 or 2019.

(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 and provision for loan losses 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 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.

(s) New Accounting Standards Adopted

In fiscal year 2020, the Organization adopted the provisions of the applicable Accounting Standards Updates (ASU), as follows:

ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*, which changes how not-for-profit entities report specific cash flow issues. The significant requirements of the ASU relate to (1) debt prepayment or extinguishment costs, (2) proceeds from the settlement of insurance claims, and (3) distributions received from equity method investees. The Organization performed an analysis of the provisions of the ASU and concluded that the adoption of this ASU did not significantly impact the Organization's consolidated financial statements.

ASU No. 2016-18, *Statement of Cash Flows: Restricted Cash*, which requires that the statement of cash flows explains the change in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents for the fiscal year. The Organization updated the balances within the consolidated statements of cash flows to include cash, cash equivalents and restricted cash for both years presented. The Organization also added a reconciliation of total cash, cash equivalents and restricted cash at the bottom of the consolidated statements of cash flow for both years presented to reconcile amounts reported within the consolidated statements of financial position to the consolidated statements of cash flows.

ASU No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This guidance was intended to clarify and provide guidance in distinguishing exchange transactions and contributions, and whether contributions are conditional or unconditional. The Organization performed an analysis of the provisions of the ASU and concluded that the adoption of this ASU did not significantly impact the Organization's consolidated financial statements.

(t) Future Accounting Standards

The FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU requires that "an entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services," which replaces most existing revenue recognition guidance in U.S. GAAP. The Organization is currently evaluating the impact of this ASU and plans to adopt ASU 2014-09 for the year ending September 30, 2021 due to the deferral which was granted under ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities.*

The FASB issued ASU No. 2016-02, *Leases (Topic 842)* which requires all entities to recognize all leases, including operating leases, on-balance sheet via a right of use asset and lease liability, unless the lease is a short term lease. The Organization is currently evaluating the impact of this ASU and plans to adopt ASU 2016-02 for the year ending September 30, 2023 due to the deferral which was granted under ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*.

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(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, 2020, there were no variable rate loans. At September 30, 2020, fixed rate loans of $75,242,242 had interest rates ranging from 2% to 9.5%. Included are loans for the Garden State Relief Fund that are 0% for the first 6 months and switch to 3% thereafter.

At September 30, 2019, there were no variable rate loans. At September 30, 2019, fixed rate loans of $55,888,427 had interest rates ranging from 2% to 9.5%.

At September 30, 2020, there were fifteen loans classified as nonaccrual and 90 days past due with a total balance of $4,694,773.

At September 30, 2019, there were three loans classified as nonaccrual and 90 days past due with a total balance of $1,572,743.

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, 2020 and 2019, there were seventeen loans with balances that totaled $4,990,884 and eight loans with balances that totaled $5,411,390, respectively, that were considered TDR loans.

(b) Proprietary Managed Assets – NPF

At September 30, 2020, 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, 2020, these loans amounted to $4,935,625.

At September 30, 2019, 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, 2019, these loans amounted to $6,718,266.

(c) Camden Power

At September 30, 2020 and 2019, the loans receivable of $129,282 and $510,820, respectively, bear interest at 2% to 4%. The loans mature between November 1, 2019 and February 1, 2023.

(d) University Ventures

University Ventures had 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 was required to make monthly payments of $2,000, which Red did sporadically in 2019. After careful consideration, the loan was written off in 2020. At September 30, 2019, this loan amounted to $194,500. In 2019, a new loan was added for an entity unrelated to Red Restaurant Ventures. At September 30, 2020 and 2019, the loan had a balance of $33,054 and $41,732, 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, 2020 and 2019, variable rate loans bear interest at 7% and 6.5% to 8.4% per annum and amounted to $90,536 and $314,770, respectively. Fixed rate loans are generally for twelve to seventy-eight months. At September 30, 2020 and 2019, fixed rate loans bear interest at 4.9% to 7% and 5.5% to 7% per annum and amounted to $20,476,141 and $25,091,029, respectively.

At September 30, 2020 and 2019, there was one loan classified as 90 days past due, for which the Organization did not accrue interest and was considered a TDR loan. The loan had a total balance of $762,802 and $792,802, as of September 30, 2020 and 2019, respectively.

The Organization assesses the risk of loss on its loans receivable internally by credit quality ratings. The Organization utilizes a six-point internal risk rating system. Loans deemed to be acceptable quality are rated one through three (pass), with a rating of one established for loans with minimal risk. Loans that are deemed to be of potential weakness are rated four (watch), and questionable repayment are rated five (substandard). Loans with serious doubt are rated six (doubtful). There were no doubtful receivables at September 30, 2020 or September 30, 2019. The following table includes the amounts of the outstanding loans receivable at September 30, 2020 and 2019, using the Organization's internally assigned credit quality indicators.

		2020	2019
Pass	$	87,454,534	75,663,245
Watch		7,177,553	7,160,869
Substandard		6,274,793	5,935,430
Doubtful		—	—
Total loans receivable	$	100,906,880	88,759,544

(4) Allowance for Uncollectible Loans Receivable

The following table presents the changes in the allowance for uncollectible loans receivable at September 30, 2020 and 2019:

		2020	2019
Opening balance	$	4,208,145	3,907,000
Recoveries (write-offs)		(1,079,074)	(354,855)
Provision for uncollectible loan receivable, net		1,703,869	656,000
Ending balance	$	4,832,940	4,208,145

(5) PCI Loans

The following table summarizes information for PCI loans held at September 30, 2020 and 2019:

		2020	2019
Contractually required payments	$	1,256,196	1,544,941
Nonaccretable difference		(433,626)	(357,000)
Cash flows expected to be collected		822,570	1,187,941
Accretable yield		(539,921)	(730,135)
Initial carrying amount at acquisition		282,649	457,806
Accretion recorded since acquisition		438,815	542,989
Carrying value at September 30	$	721,464	1,000,795

There was no accretion recorded for the years ended September 30, 2020 and September 30, 2019.

(6) Program-Related Investments

Program-related investments at September 30, 2020 and 2019 are as follows:

	2020	2019
NMTC II:		
NJCC CDE Essex LLC	$ —	1,163
NMTC III:		
NJCC CDE Trenton LLC	18	618
NJCC CDE Union LLC	764	763
NJCC CDE Bergen LLC	755	741
NJCC CDE Hudson LLC	917	917
NMTC IV:		
NJCC CDE Ocean LLC	693	693
NJCC CDE Cumberland LLC	597	596
NJCC CDE Passaic LLC	500	499
NJCC CDE Camden LLC	494	494
NJCC CDE Monmouth LLC	597	597
NJCC CDE Middlesex LLC	674	674
NJCC CDE Campbell LLC	698	698
NJCC CDE Wilson LLC	774	790
NMTC V:		
NJCC CDE Hamilton LLC	1,039	1,039
NJCC CDE Edison LLC	788	788
NJCC CDE Kilmer LLC	500	502
NJCC CDE Morris LLC	683	680
NJCC CDE Livingston LLC	999	997
NJCC CDE Eagleton LLC	1,041	—
NMTC VI:		
NJCC CDE Barton LLC	196	198
NJCC CDE Stockton LLC	399	399
NJCC CDE Whitman LLC	853	862
NJCC CDE Robeson LLC	519	—
NJCC CDE Parker LLC	1,048	—
NMTC VII:		
NJCC CDE Houston LLC	1,042	—
NJCC CDE Field LLC	800	—

		2020	2019
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
Other:			
CAPC Florida LLC		—	87,767
Hurricane Sandy Fund		—	664,282
Lincoln Park-CAPC Urban Renewal, LLC		(53)	(53)
Community Development Trust, Inc.		500	500
Operation Neighborhood Recovery, LLC		97,249	97,249
CUMAnet, LLC		2,000,000	2,000,000
Tampa and Community Development Funds		2,517	987,307
CHS-CAPC JV1, LLC		15,000	15,000
NJCC Fund # 4 LLC		157,353	200,423
NJCC MM Invest LLC		553,231	553,231
NJCC Fund # 5 LLC		356,048	355,597
306 MLK Blvd Urban Renewal LLC		302,000	671,622
Parramore Asset Stabilization Fund		764,967	514,968
HPN Leverage IV LLC		8,139,894	8,222,118
Allevo Community Capital LLC		125,000	—
Valley Revitalization LLC		276,408	—
Wood Street Housing Partnership, LP		230,000	—
OZ 306 MLK Landlord LLC		2,315,400	—
306 MLK Master Tenant LLC		9,048	—
Socially Responsible Certificates of Deposit:			
Self Help Credit Union, 1.70%, 7/2/20		100,134	100,134
Self Help Credit Union, 2.10% 12/23/20		100,000	100,000
	$	16,138,489	15,361,258

In 2020, CLFNJ invested $1,050 in NJCC CDE Eagleton LLC, $520 in NJCC CDE Robeson LLC, $1,050 in NJCC CDE Parker LLC, $1,050 in NJCC CDE Houston LLC and $800 in NJCC CDE Field LLC.

In 2019, CLFNJ invested $700 in NJCC CDE Campbell LLC, $880 in NJCC CDE Whitman LLC, and $800 in NJCC CDE Wilson LLC.

Net (loss) gain related to equity investments of ($505,307) and $56,730 is included in realized gain on investments in the accompanying consolidated statements of activities as of September 30, 2020 and 2019, respectively.

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

	Managing member(s) ownership stake	Managing member(s) initial investment	Investor member(s) initial investment	Assets at December 31, 2019	Liabilities at December 31, 2019	Net income for December 31, 2019
NMTC II:						
NJCC CDE Essex LLC	0.01	$ 1,000	10,000,000	—	—	235,860
NMTC III:						
NJCC CDE Trenton LLC	0.01	600	6,000,000	6,042,892	20,285	113,705
NJCC CDE Union LLC	0.01	750	7,500,000	7,532,969	31,500	75,749
NJCC CDE Bergen LLC	0.01	740	7,400,000	7,447,020	22,970	283,605
NJCC CDE Hudson LLC	0.01	910	9,100,000	9,206,796	15,700	315,195
NMTC IV:						
NJCC CDE Ocean LLC	0.01	700	7,000,000	7,021,211	3,917	199,084
NJCC CDE Cumberland LLC	0.01	600	6,000,000	6,012,200	11,600	57,326
NJCC CDE Passaic LLC	0.01	500	5,000,000	5,012,500	12,000	26,918
NJCC CDE Camden LLC	0.01	500	5,000,000	5,032,086	22,500	109,017
NJCC CDE Monmouth LLC	0.01	600	6,000,000	6,038,600	23,000	60,000
NJCC CDE Middlesex LLC	0.01	675	6,750,000	6,785,356	31,813	38,134
NJCC CDE Campbell LLC	0.01	700	7,000,000	7,011,700	11,000	27,320
NJCC CDE Wilson LLC	0.01	800	8,000,000	8,035,361	3,333	231,302
NMTC V:						
NJCC CDE Hamilton LLC	0.01	1,050	10,500,000	10,536,319	19,895	132,981
NJCC CDE Edison LLC	0.01	800	8,000,000	8,063,412	14,500	268,661
NJCC CDE Kilmer LLC	0.01	500	5,000,000	5,044,398	34,448	20,886
NJCC CDE Morris LLC	0.01	700	7,000,000	7,094,199	71,176	318,487
NJCC CDE Livingston LLC	0.01	1,000	10,000,000	10,040,310	16,310	65,165
NJCC CDE Eagleton LLC	0.01	1,050	10,500,000	—	—	—
NMTC VI:						
NJCC CDE Barton LLC	0.01	200	2,000,000	2,028,567	23,000	52,405
NJCC CDE Stockton LLC	0.01	400	4,000,000	4,023,400	23,000	20,000
NJCC CDE Whitman LLC	0.01	880	8,800,000	8,816,482	15,599	353,896
NJCC CDE Robeson LLC	0.01	520	5,200,000	—	—	—
NJCC CDE Parker LLC	0.01	1,050	10,500,000	—	—	—
NMTC VII:						
NJCC CDE Houston LLC	0.01	1,050	10,500,000	10,501,050	—	288
NJCC CDE Field LLC	0.01	800	8,000,000	—	—	—

Certain SPEs have been formed but are not yet funded.

Assets, liabilities and net income for NJCC CDE Trenton LLC, NJCC CDE Middlesex LLC, NJCC CDE Hamilton LLC, NJCC CDE Parker LLC, and NJCC CDE Field LLC are at October 31, 2019.

On NJCC CDE Wilson's total members initial investment, $750,000 have been expended under NMTC V and on NJCC CDE Eagleton's total members initial investment, $6.75 million have been expended under NMTC VI.

As of September 30, 2020 and 2019, all of the New Market Tax Credits have been expended for NMTC II, NMTC III and NMTC IV. As of September 30, 2020, approximately $2.75 million and $16.5 million were available to be expended on NMTC VI and NMTC VII, respectively.

(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 are as follows:

- 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 consolidated financial statements.

Certificates of deposit: Valued based on yields currently available on comparable securities of issuers with similar credit rates.

U.S. government and agency obligations: Valued at the closing price reported on the active market on which the individual securities or bonds are traded at September 30, 2020 and 2019.

Mutual funds and U.S. equity securities: Valued at the closing prices reported on an active market at September 30, 2020 and 2019.

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, 2020 and 2019:

		2020		
	Level 1	**Level 2**	**Level 3**	**Total**
Investments:				
Certificates of deposit	$ —	3,514,663	—	3,514,663
U.S. government and agency obligations	12,134,262	3,650,740	—	15,785,002
Mutual funds	2,011,820	—	—	2,011,820
U.S. equity securities:				
Consumer discretionary	793,864	—	—	793,864
Consumer staples	277,961	—	—	277,961
Energy	56,844	—	—	56,844
Financial services	664,404	—	—	664,404
Healthcare	1,324,845	—	—	1,324,845
Industrials	884,396	—	—	884,396
Information technology	1,808,202	—	—	1,808,202
Materials	353,306	—	—	353,306
Telecommunications	1,247,632	—	—	1,247,632
Utilities	193,855	—	—	193,855
Other	85,998	86,988	—	172,986
	$ 21,837,389	7,252,391	—	29,089,780

	2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments:				
Certificates of deposit	$ —	4,224,524	—	4,224,524
U.S. government and agency obligations	11,718,313	3,278,808	—	14,997,121
Mutual funds	1,870,714	—	—	1,870,714
U.S. equity securities:				
Consumer discretionary	640,767	—	—	640,767
Consumer staples	248,140	—	—	248,140
Energy	92,764	—	—	92,764
Financial services	900,109	—	—	900,109
Healthcare	1,063,705	—	—	1,063,705
Industrials	991,917	—	—	991,917
Information technology	1,451,048	—	—	1,451,048
Materials	350,604	—	—	350,604
Telecommunications	1,197,525	—	—	1,197,525
Utilities	137,711	—	—	137,711
Other	47,347	143,216	—	190,563
	$ 20,710,664	7,646,548	—	28,357,212

(8) Fixed Assets

Fixed assets at September 30, 2020 and 2019 consist of the following:

	2020	**2019**
Land	$ 10,340,083	8,712,816
Computers and equipment	560,029	530,536
Buildings and improvements held for rental purposes	46,549,699	38,044,872
Building and improvements	760,956	693,502
	58,210,767	47,981,726
Less accumulated depreciation	(3,825,703)	(2,828,527)
Fixed assets, net	$ 54,385,064	45,153,199

Depreciation expense for the years ended September 30, 2020 and 2019 amounted to $1,073,601 and $839,755, respectively.

At September 30, 2020, future minimum rentals of approximately $2,693,750 and $17,838 are due to the Organization under noncancelable leases that are expected to be received in fiscal years 2021 and 2022, 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 donor 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 U.S. Department of Education for $8,000,000 which was recognized as donor restricted revenue in the 2016 consolidated statement of activities. For the years ended September 30, 2020 and 2019, the net investment return was $267,503 and $276,926, respectively. At September 30, 2020 and 2019, $2,395,479 and $5,348,418, respectively, has been used to credit enhance loans issued by the Organization to charter schools and $2,896,121 and $3,233,287, respectively, has been used to credit enhance loans issued by outside organizations. As of September 30, 2020 and 2019, $12,749,938 and $8,868,241, respectively, is the amount available to use as credit enhancements.

(b) Supportive Housing Fund Grant

In 2017, CLFNJ received an $8,000,000 grant from Goldman Sachs to be used to finance loans to borrowers to acquire and rehabilitate affordable supportive housing units in New Jersey. These funds will be combined with $7,000,000 loan from an affiliate of the grantor to establish a $15,000,000 revolving fund that will finance up to 80 units. The grant funds were committed to eligible project borrowers by June 21, 2020. In 2020 and 2019 respectively, $2,459,868 and $1,932,335 was used to finance loans. At September 30, 2019, $11,584,219 was available for lending.

In 2020, the $7,000,000 loan expired and is no longer being used, therefore there is no timeline for disbursement. New loans are funded 50% from the $8,000,000 grant and 50% from CLFNJ’s own sources of capital. At September 30, 2020, $2,111,515 was available for lending.

(c) THRIVE South Jersey Initiative Grant

In 2019 and 2017 respectively, CLFNJ received a $1,600,000 and $1,500,000 grant from the Pascal Sykes Foundation to support financing of businesses in eligible areas of Atlantic, Cumberland, Gloucester and Salem counties, as part of CLFNJ’s THRIVE South Jersey Initiative. Pascal Sykes Foundation provided two grants totaling $4,100,000 in 2015 to support community and economic development via the THRIVE South Jersey Initiative. Unexpended portion of all grants totaled $1,840,540 and 1,905,692 and are included in net assets with donor restrictions at September 30, 2020 and 2019, respectively.

(d) Pascal Sykes Foundation Grant

In 2020, $2,900,000 was received from the Pascal Sykes Foundation. The grant is to be used for loans to small businesses and nonprofits located in the South Jersey market area negatively impacted by the COVID-19 pandemic. The grant is allocated to three sectors as follows; $100,000 to the African American Chamber of Commerce Partnership; $1,475,000 to THRIVE South Jersey Initiative; and $1,325,000 to the Garden State Relief Fund in the South Jersey Area. The unexpended portion of the grant totaled $1,725,000 and is included in net assets with donor restrictions at September 30, 2020.

(e) NeighborWorks America

The Organization is a subrecipient of a grant through NeighborWorks America. NeighborWorks America provided a donor restricted grant (corpus to be maintained in perpetuity) in the amount of $750,000 during the year ended September 30, 2016, 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 net assets without donor restrictions furthering the Organization’s mission. Additionally, NeighborWorks America may authorize amounts to be transferred to net assets without donor restrictions, and in 2020 and 2019, $343,000 and $147,000 respectively 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 $822,000 and $668,000 during the years ended September 30, 2020 and 2019, respectively.

(f) Capital Magnet Fund Award

In 2020, the organization received $2,250,000 for the Capital Magnet Fund award from the Community Development Financial Institutions Fund (CDFI). The funds are to be used for the funding and direct expenses towards providing affordable housing rentals for very low income families in areas of economic distress. The unexpended portion of the grant totaled $2,250,000 and is included in net assets with donor restrictions at September 30, 2020.

(g) Financial Assistance Award

The CDFI Fund provided $565,000 in 2020 for financial assistance for the Partnership to Invest in Transformative Community Health (PITCH). The purpose of the funds is to be used for general lending in different areas of New Jersey. All of the funds were fully expended at September 30, 2020.

(h) East Trenton Collaborative Grant

In 2020, the Neighborhood Revitalization Tax Credit Project (NRTC) provided $720,000 to the East Trenton Collaborative project. The funds are to be used for revitalizing the East Trenton neighborhood of Trenton. The unexpended portion of the grant totaled $720,000 and is included in net assets with donor restrictions at September 30, 2020.

(i) Grant from Individual Donor

In 2020, $510,000 was received from an individual donor. The purpose of the grant is to support CLFNJ's Small Business Emergency Loan Fund. The funding is allocated into four areas; Interest rate buy down; loans ranging from $10,000 – $75,000; a loan loss reserve for the Small Business Emergency Loan Fund; and $25,000 for administrative fees for all loans. The unexpended portion of the grant totaled approximately $485,000 and is included in net assets with donor restrictions at September 30, 2020.

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

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

		2020	2019
SEED funds	$	218,606	208,063
BofA funds		868,395	836,937
TICIC funds		1,301,070	437,167
GFI funds		419,344	415,436
Escrows		4,049,411	3,436,900
Other		545,498	447,123
Conditional program advances:			
Goldman Sachs downpayment assistance program		187,000	963,000
Neighborhood enhancement program		3,135,817	2,475,912
Camden Power funds		1,013,403	1,036,851
Neighborhood stabilization program		1,600,605	1,656,365
LIFT donwpayment assistance program		603,046	—
	$	13,942,195	11,913,754

(11) Long-Term Debt

Balances at September 30, 2020 and 2019 are as follows:

		2020	2019
Community Loan Fund:			
Various notes payable (a)	$	79,019,778	60,878,970
Credit facility (b)		33,410,452	21,794,715
Equity equivalent investment (c)		13,500,000	13,500,000
Proprietary Managed Assets – notes payable (d)		191,000	191,000
CAPC:			
Credit facility (e)		18,138,776	22,547,916
Other loans (f)		23,205,447	21,496,269
NMTC related loans (g)		11,700,000	18,190,416
NCC Mortgage Holdings (j)		2,735,587	2,771,171
Lending Partners:			
Credit facility (h)		16,126,265	16,097,104
Equity equivalent investment (i)		1,000,000	1,000,000
Total long-term debt		199,027,305	178,467,561
Current portion of long-term debt		49,861,222	48,353,725
Long-term debt, net of current portion	$	149,166,083	130,113,836

(a) Notes payable of the Community Loan Fund division represent loans by approximately 117 individuals, religious organizations, foundations, units of government and financial institutions in principal amounts ranging from \$200 to \$7,500,000. These notes bear interest at rates ranging from 0% to 5%, payable at varying maturities of one to ten years through 2030. The notes are unsecured.

(b) Community Loan Fund has \$5,000,000 in a credit facility from an insurance company outstanding at September 30, 2020 to support its lending activities with interest rates of 4.4% payable in installments through 2023. Additionally, on September 28, 2015, NJCC closed on a \$28 million bond program as part of the US Treasury CDFI Bond Guarantee Program that has an outstanding balance of \$26,634,988 at September 30, 2020. 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. These funds will mature on March 15, 2045 with an interest rates ranging from 1.306% to 3.604%. The Supportive Housing Fund Grant which has an interest rate of 5.50% has a balance of \$1,775,464 at September 30, 2020.

(c) The Community Loan Fund division has an aggregate of \$13,500,000 of equity equivalent investments at September 30, 2020. \$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, 2021 with a rate of 3.00%. Additionally, $5,000,000 will mature August 1, 2025 with a rate of 3.50%, $3,000,000 will mature November 19, 2022 with a rate of 3.00%, $3,000,000 will mature June 26, 2030 with a rate of 2.00%, $500,000 will mature on November 29, 2022 with a rate of 2.00%, and $1,500,000 will mature on June 28, 2029 with a rate of 3.00%. The equity equivalent investments are subordinated and junior in right of payment to all other obligations of CLFNJ.

(d) Notes payable of the NPF 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 2021 to 2023. The notes are unsecured.

(e) CAPC has an aggregate of $18,138,776 in credit facilities, with an interest rate of 3.75% to 7.5% to support its activities. Maturities range from February 2021 to May 2030. These notes are secured by properties purchased by CAPC.

(f) CAPC has various other loans from financial institutions and individuals bearing interest rates from 2.50% to 6.75%. These loans have maturity dates ranging from 2021 to 2039 and are secured by properties financed.

(g) In September 2018 CAPC participated in a New Markets Tax Credit Program to provide funds for investment in qualified low income investments. This program required the creation of HPN Leverage IV, LLC (HPN). As a result CAPC borrowed $7,847,300 from a Community Development Financial Institution to finance a portion of its investment in HPN. Principal payments in the amount of $1,356,884 were made in 2019. This financing matured August 2, 2020 with a floating rate of interest equal to the 30-day LIBOR rate plus a spread of five hundred twenty five basis points. Additionally, CAPC secured a 20 year loan in the amount of $11,700,000 payable to a Community Development Entity. This debt requires interest only payments until September 2025 at a rate of 0.702816%. The loan matures in September 2038 and is secured by substantially all the assets acquired by the Organization from the project loan proceeds.

(h) Lending Partners has an aggregate $16,500,000 of fixed rate credit facility which expired on April 30, 2018. The rates range from 3.23% to 5.39%. Individual notes underlying the credit facility mature at various times through April 2024 and the amount outstanding at September 30, 2020 is $16,126,265. Lending Partners also had $8,000,000 in available capital from CLFNJ's CDFI Bond Guarantee Program which is eliminated in the consolidated financial statements as an intercompany transaction. The amount outstanding at September 30, 2020 is $3,204,633. These funds will mature on December 1, 2044 with interest rates from 1.306% to 3.355%.

(i) 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 will mature on June 30, 2025 with a rate of 3.00%.

(j) NCC Mortgage Holdings has $2,735,587 in loans outstanding at September 30, 2020, with installment payments due 2021 through 2024 with interest rate ranging from 3.75% to 6.00%.

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, 2020.

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	Mortgage holdings	CAPC	Lending partners	Total
2021	$ 37,669,557	45,283	6,725,667	5,420,715	49,861,222
2022	10,825,593	298,104	1,568,170	4,161,097	16,852,963
2023	12,016,071	1,222,180	1,294,640	3,545,567	18,078,459
2024	7,570,114	1,170,020	10,716,389	1,840,983	21,297,506
2025	10,117,435	—	13,501,900	2,157,903	25,777,238
Thereafter	47,922,461	—	19,237,457	—	67,159,917
	$ 126,121,230	2,735,587	53,044,223	17,126,265	199,027,305

(12) Net Assets with Donor Restrictions

Net Assets with Donor Restrictions are available for the following purposes at September 30, 2020 and 2019:

	2020	2019
Credit enhancements from USDOE grant	$ 18,041,538	17,449,946
Camden county businesses involved in energy efficiency improvements	500,000	500,000
Loan loss reserves	600,000	600,000
South Jersey economic initiative	1,840,540	1,905,692
Goldman Sachs supportive housing initiative	5,310,235	5,925,120
Healthy homes initiative	775,000	775,000
East Trenton Collaborative	995,902	835,491
Garden State Relief Fund – THRIVE	809,980	—
Capital Magnet Fund	2,250,000	—
Time-restricted grants	131,900	237,500
Other	200,000	325,000
Revolving loan fund for housing and capital projects, income from which is expendable to support operations	—	343,000
	$ 31,455,095	28,896,749

(13) Financial Assets and Liquidity Resources

The Organization monitors the availability of resources required to meet its operating needs and other contractual commitments, while striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing mission-related activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

As of September 30, 2020, the following financial assets could be made readily available within one year of the consolidated statement of financial position date to meet general expenditures:

		2020	2019
Cash and cash equivalents	$	42,828,775	18,857,984
Investments		15,860,376	14,876,607
Payments on loans receivable		22,523,590	27,096,620
Total financial assets as of September 30, 2020	$	81,212,741	60,831,211

In addition to the financial assets noted above, the Organization operates with a balanced budget and anticipates collecting sufficient revenues and loan payments to cover general expenditures not covered by net assets with donor restrictions. Refer to the statement of cash flows which identifies the sources and uses of the Organization’s cash.

(14) Functional Expenses

The costs of providing program services and support services of the Organization have been summarized on a functional basis in the consolidated statement of activities. The following chart shows the relationship between the functional and natural classifications of expenses. Certain operating costs have been allocated among the functional categories as disclosed in note 2(p).

Expenses by natural classification for the year ended September 30, 2020 consist of the following:

	Program services				Supporting services			
	Community Loan Fund of New Jersey, Inc.	Community Lending Partners of New Jersey, Inc.	Community Asset Preservation Corporation	Total	Management and general	Fundraising	Total	Total expenses
Salaries and benefits	$ 3,494,495	290,800	2,403,634	6,188,929	1,051,388	802,282	1,853,670	8,042,599
Depreciation and amortization	31,641	—	1,015,064	1,046,705	77,987	53,106	131,093	1,177,798
Insurance	63,375	—	27,596	90,971	16,768	13,642	30,410	121,381
Occupancy	206,874	—	54,918	261,792	52,292	42,905	95,197	356,989
Office supplies	212,704	2,015	120,680	335,399	58,600	47,096	105,696	441,095
Professional development	30,367	—	7,122	37,489	7,611	6,255	13,866	51,355
Professional fees	2,201,549	24,530	1,634,430	3,860,509	163,033	124,388	287,421	4,147,930
Publicity	24,435	—	—	24,435	5,247	6,412	11,659	36,094
Loan servicing and commitment fees	227,657	—	663,357	891,014	25,205	12,356	37,561	928,575
Grants expense	415,507	—	385,000	800,507	—	—	—	800,507
Rental expenses	42,383	—	3,913,200	3,955,583	281,998	189,201	471,199	4,426,782
Property held for sale holding costs	92,784	—	15,815	108,599	—	—	—	108,599
Travel-site visits	32,055	—	27,281	59,336	—	—	—	59,336
Other	42,063	222	38,880	81,165	10,151	8,380	18,531	99,696
Total operating expenses	7,117,889	317,567	10,306,977	17,742,433	1,750,280	1,306,023	3,056,303	20,798,736
Interest expense	3,089,678	629,080	—	3,718,758	—	—	—	3,718,758
Provision for loan losses	1,933,929	(297,000)	66,940	1,703,869	—	—	—	1,703,869
Total other expenses	5,023,607	332,080	66,940	5,422,627	—	—	—	5,422,627
Total expenses	$ 12,141,496	649,647	10,373,917	23,165,060	1,750,280	1,306,023	3,056,303	26,221,363

Expenses by natural classification for the year ended September 30, 2019 consist of the following:

	Program services				Supporting services			
	Community Loan Fund of New Jersey, Inc.	**Community Lending Partners of New Jersey, Inc.**	**Community Asset Preservation Corporation**	**Total**	**Management and general**	**Fundraising**	**Total**	**Total expenses**
Salaries and benefits	$ 3,234,701	310,039	1,854,630	5,399,370	954,574	699,192	1,653,766	7,053,136
Depreciation and amortization	36,159	—	812,637	848,796	60,890	34,267	95,157	943,953
Insurance	54,852	—	20,373	75,225	14,561	11,498	26,059	101,284
Occupancy	190,423	—	53,803	244,226	49,563	39,444	89,007	333,233
Office supplies	168,740	879	51,881	221,500	45,517	36,175	81,692	303,192
Professional development	42,054	—	16,382	58,436	11,213	8,841	20,054	78,490
Professional fees	1,308,941	6,740	963,049	2,278,730	224,844	182,805	407,649	2,686,379
Publicity	54,980	—	275	55,255	12,124	14,768	26,892	82,147
Loan servicing and commitment fees	418,408	—	1,399,224	1,817,632	41,008	5,292	46,300	1,863,932
Grants expense	394,186	—	626,031	1,020,217	—	—	—	1,020,217
Rental expenses	65,080	—	3,835,646	3,900,726	261,886	140,914	402,800	4,303,526
Property held for sale holding costs	9,238	—	33,845	43,083	—	—	—	43,083
Travel-site visits	51,404	—	37,626	89,030	—	—	—	89,030
Other	59,986	—	6,818	66,804	10,930	8,814	19,744	86,548
Total operating expenses	6,089,152	317,658	9,712,220	16,119,030	1,687,110	1,182,010	2,869,120	18,988,150
Interest expense	2,917,065	568,590	51,415	3,537,070	—	—	—	3,537,070
Provision for loan losses	507,000	149,000	—	656,000	—	—	—	656,000
Total other expenses	3,424,065	717,590	51,415	4,193,070	—	—	—	4,193,070
Total expenses	$ 9,513,217	1,035,248	9,763,635	20,312,100	1,687,110	1,182,010	2,869,120	23,181,220

(15) Commitments and Contingencies

(a) Operating Lease

The Organization leases equipment and office space under noncancelable operating leases through various dates expiring through fiscal year 2024. The office lease has an option to renew for two successive periods of five years. Future minimum lease obligations as of September 30, 2020 are as follows:

2021	$	166,852
2022		29,269
2023		29,269
2024		26,830
	$	252,220

Rent expense for office space amounted to $173,582 and $178,058 for the years ended September 30, 2020 and 2019, respectively.

(b) Contingent Liabilities for Charter Fund

At September 30, 2020 and 2019, the Organization has $2,896,121 and $3,233,287, respectively, of contingent guarantees outstanding for the benefit of 5 and 7 charter school transactions, respectively, funded by unrelated lenders. The guarantees expire at various times through 2021.

(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, 2020 and 2019, the principal commitments of the Organization are as follows:

		2020	2019
Financings committed but not yet closed:			
Community Loan Fund	$	32,567,284	13,607,493
Neighborhood Prosperity Fund		—	—
Lending Partners		—	1,300,000
	$	32,567,284	14,907,493
Financings closed but not yet funded:			
Community Loan Fund	$	11,355,986	11,972,087
Neighborhood Prosperity Fund		1,010,122	1,590,805
Lending Partners		609,464	1,208,761
	$	12,975,572	14,771,653

(16) Concentrations

Financial instruments that potentially subject the Organization to credit risk include loans receivable from entities amounting to $100,906,880 and $88,759,544 at September 30, 2020 and 2019, respectively. As of September 30, 2020 and 2019, $46,962,729 and $45,861,770, respectively, of the Organization's loans were to nonprofits, representing approximately 47% and 52%, respectively, of the loans receivable reported in the consolidated statements 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.

(17) Related Party Transactions

As of September 30, 2020 and 2019, the Organization had notes payable to various employees or current members of the board of directors totaling $102,032 and $132,892, respectively. Interest of $2,359 and $3,017 was paid to these individuals. Contributions were made to the Organization by various employees or current members of the board of directors in the amount of and $5,350 and $5,100 during the years ended September 30, 2020 and 2019, respectively.

(18) 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 consolidated statements of activities for the years ended September 30, 2020 and 2019 was approximately $178,000 and $142,000, respectively.

(19) COVID-19

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a public health emergency. In response, various governmental agencies mandated stringent regulations and guidelines to help organizations promote the health and safety of their communities. In connection with this event and restrictions by state and local governments, the Organization successfully transitioned most operations and related staff to remote working environments. The Organization focused its efforts on providing support to the families and organizations it currently serves by providing $333,200 in loan payment deferrals to 35 borrowers and approximately $401,000 in rent deferrals to 67 families. Additionally, renovations of several properties were delayed, resulting in loss of rental income.

The Organization also established the Garden State Relief Fund (GSRF) to provide immediate, low cost loans with deferred payment options to small businesses experiencing decreased income as a result of COVID-19 restrictions. As of September 30, 2020, loans totaling $4,872,500 were disbursed through GSRF, with no payments due from the borrowers in the current fiscal year.

(Continued)

The United States Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act on March 27, 2020. Recognizing that the Organization's response to COVID-19 would negatively impact income available for operating expenses, the Organization applied for and received a $1,391,332 loan under the Paycheck Protection Program (PPP). This loan is included in long-term debt in the Organization's consolidated statement of financial position as of September 30, 2020. The Organization intends to apply for forgiveness of the PPP loan.

While uncertainty around the breadth and duration of other business disruptions related to the pandemic could potentially impact operations in the future, the Organization has been able to continue its mission to date and expects to continue to do so, in fiscal year 2021.

(20) Subsequent Events

The Organization has evaluated events subsequent to September 30, 2020 and through the date of January 29, 2021, 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 event has occurred, which requires disclosure in the consolidated financial statements.

In October, 2020, CAPC USA Fund I was formed to acquire and rehabilitate single-family real-estate-owned properties to create affordable homeownership opportunities for low- and moderate-income families. The entity has a pool of 43 properties with a purchase price of $7,495,545.

Schedule 1

COMMUNITY LOAN FUND OF NEW JERSEY, INC.
AND SUBSIDIARIES

Schedule of Financial Position Information

September 30, 2020

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	$ 36,503,052	3,782,246	2,543,477	—	42,828,775
Investments	15,860,376	—	—	—	15,860,376
Grants receivable, net	1,294,570	—	147,500	—	1,442,070
Loans receivable, net	19,161,783	2,264,826	—	(631,455)	20,795,154
Other current assets	24,616,773	100,892	6,472,683	(21,644,620)	9,545,728
Total current assets	97,436,554	6,147,964	9,163,660	(22,276,075)	90,472,103
Loans receivable, net	69,524,915	17,478,851	1,330,660	(13,055,640)	75,278,786
Restricted cash	9,844,827	50,392	—	—	9,895,219
Investments	13,229,404	—	—	—	13,229,404
Purchased credit impaired loans held for investment	721,464	—	—	—	721,464
Real property held for sale	92,218	—	19,928,933	(42,597)	19,978,554
Program-related investments	7,228,457	—	11,287,699	(2,377,667)	16,138,489
Fixed assets, net	320,786	—	54,064,278	—	54,385,064
Other assets	1,798,091	—	1,372,795	—	3,170,886
Total assets	$ 200,196,716	23,677,207	97,148,025	(37,751,979)	283,269,969
Liabilities and Net Assets					
Current liabilities:					
Accounts payable and accrued expenses	$ 1,261,532	165,159	23,597,127	(21,644,620)	3,379,198
Funds held in trust, escrows, and other	1,782,050	2,249	4,917,560	—	6,701,859
Current portion of long-term debt	37,714,839	5,523,604	7,267,988	(645,209)	49,861,222
Total current liabilities	40,758,421	5,691,012	35,782,675	(22,289,829)	59,942,279
Long-term liabilities:					
Unearned fee income	589,697	52,023	—	(22,596)	619,124
Funds held in trust, escrows, and other, net	6,785,945	54,392	399,999	—	7,240,336
Long-term debt, net	91,141,978	16,307,294	55,451,101	(13,734,290)	149,166,083
Total liabilities	139,276,041	22,104,721	91,633,775	(36,046,715)	216,967,822
Net assets:					
Net assets without donor restrictions:					
Community Loan Fund and Subsidiaries	29,239,575	1,572,486	1,778,234	(651,910)	31,938,385
Noncontrolling Interest in Subsidiaries	226,005	—	3,736,016	(1,053,354)	2,908,667
Total net assets without donor restrictions	29,465,580	1,572,486	5,514,250	(1,705,264)	34,847,052
Net assets with donor restrictions	31,455,095	—	—	—	31,455,095
Total net assets	60,920,675	1,572,486	5,514,250	(1,705,264)	66,302,147
Total liabilities and net assets	$ 200,196,716	23,677,207	97,148,025	(37,751,979)	283,269,969

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, 2019

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	$ 11,325,582	174,120	7,358,282	—	18,857,984
Investments	14,876,607	—	—	—	14,876,607
Grants receivable, net	2,135,969	—	289,178	—	2,425,147
Loans receivable, net	21,379,427	7,863,050	—	(2,145,857)	27,096,620
Other current assets	25,657,869	136,283	6,300,240	(23,304,245)	8,790,147
Total current assets	75,375,454	8,173,453	13,947,700	(25,450,102)	72,046,505
Loans receivable, net	50,687,726	16,517,748	—	(9,750,695)	57,454,779
Restricted cash	11,928,637	28,040	—	—	11,956,677
Investments	13,480,605	—	—	—	13,480,605
Purchased credit impaired loans held for investment	1,000,795	—	—	—	1,000,795
Real property held for sale	325,084	—	38,322,752	—	38,647,836
Program-related investments	8,696,856	—	8,996,454	(2,332,052)	15,361,258
Fixed assets, net	73,371	—	45,122,425	(42,597)	45,153,199
Other assets	2,947,049	—	559,128	—	3,506,177
Total assets	$ 164,515,577	24,719,241	106,948,459	(37,575,446)	258,607,831
Liabilities and Net Assets					
Current liabilities:					
Accounts payable and accrued expenses	$ 1,374,243	3,618,541	23,612,426	(23,318,377)	5,286,833
Funds held in trust, escrows, and other	888,418	2,249	4,919,359	—	5,810,026
Current portion of long-term debt	28,543,374	3,798,104	18,280,130	(2,267,883)	48,353,725
Total current liabilities	30,806,035	7,418,894	46,811,915	(25,586,260)	59,450,584
Long-term liabilities:					
Unearned fee income	504,642	39,731	—	(20,154)	524,219
Funds held in trust, escrows, and other, net	5,677,938	25,791	399,999	—	6,103,728
Long-term debt, net	70,592,482	16,100,151	53,645,586	(10,224,383)	130,113,836
Total liabilities	107,581,097	23,584,567	100,857,500	(35,830,797)	196,192,367
Net assets:					
Net assets without donor restrictions:					
Community Loan Fund and Subsidiaries	26,999,125	1,134,674	3,047,040	254,937	31,435,776
Noncontrolling Interest in Subsidiaries	1,038,606	—	3,043,919	(1,999,586)	2,082,939
Total net assets without donor restrictions	28,037,731	1,134,674	6,090,959	(1,744,649)	33,518,715
Net assets with donor restrictions	28,896,749	—	—	—	28,896,749
Total net assets	56,934,480	1,134,674	6,090,959	(1,744,649)	62,415,464
Total liabilities and net assets	$ 164,515,577	24,719,241	106,948,459	(37,575,446)	258,607,831

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

See accompanying independent auditors' report.

**COMMUNITY LOAN FUND OF NEW JERSEY, INC.
AND SUBSIDIARIES**

Schedule of Activities Information

Year ended September 30, 2020

	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	$ 4,804,756	1,298,603	215,814	(401,835)	5,917,338
Investment interest and dividends	676,047	8,958	32	—	685,037
Total investment income	5,480,803	1,307,561	215,846	(401,835)	6,602,375
Interest expense	(3,388,235)	(732,358)	—	401,835	(3,718,758)
Net investment income	2,092,568	575,203	215,846	—	2,883,617
Provision for loan losses, net	(1,933,929)	202,000	(56,940)	85,000	(1,703,869)
Net investment income after provision for loan losses	158,639	777,203	158,906	85,000	1,179,748
Contributions, gifts, and grants	8,749,653	—	2,971,402	(826,919)	10,894,136
Fees	4,523,838	33,081	1,629,086	(13,055)	6,172,950
Rental income	56,905	—	4,339,569	—	4,396,474
Gain on sale of property and mortgages	(80,008)	—	1,425,038	—	1,345,030
Total operating revenues, gains and other support	13,409,027	810,284	10,524,001	(754,974)	23,988,338
Operating expenses:					
Program services	7,953,273	317,567	10,306,977	(835,384)	17,742,433
Supporting services:					
Management and general	1,062,748	54,905	635,112	(2,485)	1,750,280
Fundraising	883,080	—	425,048	(2,105)	1,306,023
Total supporting services	1,945,828	54,905	1,060,160	(4,590)	3,056,303
Total operating expenses	9,899,101	372,472	11,367,137	(839,974)	20,798,736
Changes in net assets before nonoperating activities	3,509,926	437,812	(843,136)	85,000	3,189,602
Nonoperating activities:					
Distributions to noncontrolling interests and other	—	—	266,480	(45,615)	220,865
Realized gain on investments	(296,150)	—	(53)	—	(296,203)
Unrealized gain on investments	772,419	—	—	—	772,419
Total nonoperating activities, net	476,269	—	266,427	(45,615)	697,081
Increase (decrease) in net assets	3,986,195	437,812	(576,709)	39,385	3,886,683
Net assets, beginning of year	56,934,480	1,134,674	6,090,959	(1,744,649)	62,415,464
Net assets, end of year	$ 60,920,675	1,572,486	5,514,250	(1,705,264)	66,302,147

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, 2019

	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	$ 4,564,378	1,376,074	127,798	(486,899)	5,581,351
Investment interest and dividends	689,846	3,709	251	—	693,806
Total investment income	5,254,224	1,379,783	128,049	(486,899)	6,275,157
Interest expense	(3,316,688)	(655,866)	(51,415)	486,899	(3,537,070)
Net investment income	1,937,536	723,917	76,634	—	2,738,087
Provision for loan losses, net	(507,000)	(195,000)	—	46,000	(656,000)
Net investment income after provision for loan losses	1,430,536	528,917	76,634	46,000	2,082,087
Contributions, gifts, and grants	5,006,626	—	1,764,568	(116,628)	6,654,566
Fees	2,923,944	74,121	1,955,360	(12,955)	4,940,470
Rental income	55,995	—	3,927,150	—	3,983,145
Gain on sale of property and mortgages	42,907	—	2,543,233	—	2,586,140
Total operating revenues, gains and other support	9,460,008	603,038	10,266,945	(83,583)	20,246,408
Operating expenses:					
Program services	6,201,603	317,659	9,724,409	(124,641)	16,119,030
Supporting services:					
Management and general	1,095,536	54,868	539,383	(2,677)	1,687,110
Fundraising	887,097	—	297,178	(2,265)	1,182,010
Total supporting services	1,982,633	54,868	836,561	(4,942)	2,869,120
Total operating expenses	8,184,236	372,527	10,560,970	(129,583)	18,988,150
Changes in net assets before nonoperating activities	1,275,772	230,511	(294,025)	46,000	1,258,258
Nonoperating activities:					
Impairment loss on real property held for sale	—	—	(1,798)	—	(1,798)
Distributions to noncontrolling interests and other	(8,631)	—	658,546	(821,232)	(171,317)
Realized gain on investments	38,506	—	57,783	—	96,289
Unrealized gain on investments	547,515	—	—	—	547,515
Total nonoperating activities, net	577,390	—	714,531	(821,232)	470,689
Increase (decrease) in net assets	1,853,162	230,511	420,506	(775,232)	1,728,947
Net assets, beginning of year	55,081,318	904,163	5,670,453	(969,417)	60,686,517
Net assets, end of year	$ 56,934,480	1,134,674	6,090,959	(1,744,649)	62,415,464

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

See accompanying independent auditors' report.