



**FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

**NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.**

Contents  
June 30, 2015 and 2014

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## Independent Auditor's Report

To the Board of Directors of  
New Hampshire Community Loan Fund, Inc.:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of New Hampshire Community Loan Fund, Inc. (a New Hampshire corporation, not for profit) (the Community Loan Fund) which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Hampshire Community Loan Fund, Inc. as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Report on Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 29 through 32 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to 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 financial statements as a whole.

*Alexander, Brown, Fenning & Co., P.C.*

Boston, Massachusetts  
September 29, 2015

**NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.**

Statements of Financial Position  
June 30, 2015 and 2014

<b>Assets</b>	<b>2015</b>	<b>2014</b>
Current Assets:		
Cash and cash equivalents	\$ 5,775,872	\$ 8,009,080
Cash and cash equivalents - pass-through	833,060	1,311,329
Investments	6,485,220	6,415,319
Grants, contracts and other receivables	370,089	118,911
Current portion of pledges receivable	217,833	101,675
Current portion of loans receivable	2,150,715	4,596,284
Accrued interest receivable	721,586	559,987
Other real estate owned	9,000	248,558
Prepaid expenses	12,255	35,607
Total current assets	16,575,630	21,396,750
Loans Receivable, net of current portion and allowance for loss on loans of \$2,405,319 and \$1,618,758 at June 30, 2015 and 2014, respectively	81,033,241	68,781,750
Pledges Receivable, net of current portion, allowance and discount	109,396	56,418
Program-Related Development Investments, net	1,866,461	1,683,643
Equity Investments	807,465	465,465
Property and Equipment, net	4,225,419	4,358,264
Total assets	\$ 104,617,612	\$ 96,742,290
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Current portion of loans payable	\$ 4,915,789	\$ 7,558,977
Unsecured line of credit	1,000,000	-
Accounts payable and accrued expenses	464,333	469,738
Deferred revenue	438,831	723,852
Accrued interest payable	703,462	666,607
Total current liabilities	7,522,415	9,419,174
Long-Term Liabilities:		
Loans payable, net of current portion	66,507,963	58,211,717
Subordinate debt - equity equivalent investments	8,600,000	8,600,000
Total liabilities	82,630,378	76,230,891
Net Assets:		
Unrestricted:		
Program	2,744,070	2,709,419
Financing	7,688,150	6,466,071
Total unrestricted	10,432,220	9,175,490
Temporarily restricted:		
Program	283,665	72,181
Financing	11,074,468	10,887,917
Pass-through	196,881	375,811
Total temporarily restricted	11,555,014	11,335,909
Total net assets	21,987,234	20,511,399
Total liabilities and net assets	\$ 104,617,612	\$ 96,742,290

The accompanying notes are an integral part of these statements.

**NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.**

Statement of Activities and Changes in Net Assets  
 For the Year Ended June 30, 2015  
 (With Summarized Comparative Totals for the Year Ended June 30, 2014)

	2015			2014
	Unrestricted	Temporarily Restricted	Total	Total
<b>Operating Revenues:</b>				
Public support:				
Grants and contributions	\$ 2,757,565	\$ 1,501,263	\$ 4,258,828	\$ 2,580,463
Grants - pass-through	285,022	63,939	348,961	506,210
In-kind contributions	-	-	-	67,715
Net assets released from restrictions	1,103,227	(1,103,227)	-	-
Net assets released from restrictions - pass-through	242,928	(242,928)	-	-
Less - grants passed through to others	(527,950)	-	(527,950)	(864,959)
Total public support	<u>3,860,792</u>	<u>219,047</u>	<u>4,079,839</u>	<u>2,289,429</u>
Earned revenue:				
Financial revenue:				
Interest on loans	6,069,613	-	6,069,613	5,625,538
Loan related fees	288,420	-	288,420	215,130
Investment income	108,014	58	108,072	106,052
Net loan loss (provision) recovery	(839,670)	-	(839,670)	43,155
Less - interest expense	(2,641,005)	-	(2,641,005)	(2,391,118)
Net financial revenue	<u>2,985,372</u>	<u>58</u>	<u>2,985,430</u>	<u>3,598,757</u>
Rental income	86,420	-	86,420	94,276
Training, loan and other fees	29,266	-	29,266	36,876
Other net losses	(70,151)	-	(70,151)	(40,908)
Total earned revenue	<u>3,030,907</u>	<u>58</u>	<u>3,030,965</u>	<u>3,689,001</u>
Total operating revenues	<u>6,891,699</u>	<u>219,105</u>	<u>7,110,804</u>	<u>5,978,430</u>
<b>Operating Expenses:</b>				
Program services	4,943,763	-	4,943,763	5,036,315
Management and administrative	804,463	-	804,463	826,533
Fundraising	218,425	-	218,425	235,198
Total operating expenses	<u>5,966,651</u>	<u>-</u>	<u>5,966,651</u>	<u>6,098,046</u>
Changes in net assets from operations	<u>925,048</u>	<u>219,105</u>	<u>1,144,153</u>	<u>(119,616)</u>
<b>Non-Operating Revenue:</b>				
Share of income from program-related development investments	182,819	-	182,819	163,051
Net unrealized gain on investments	148,863	-	148,863	116,626
Total non-operating revenue	<u>331,682</u>	<u>-</u>	<u>331,682</u>	<u>279,677</u>
Total changes in net assets	<u>1,256,730</u>	<u>219,105</u>	<u>1,475,835</u>	<u>160,061</u>
<b>Net Assets:</b>				
Beginning of year	<u>9,175,490</u>	<u>11,335,909</u>	<u>20,511,399</u>	<u>20,351,338</u>
End of year	<u>\$ 10,432,220</u>	<u>\$ 11,555,014</u>	<u>\$ 21,987,234</u>	<u>\$ 20,511,399</u>

The accompanying notes are an integral part of these statements.

**NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.**

Statements of Activities and Changes in Net Assets  
For the Year Ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Operating Revenues:</b>			
Public support:			
Grants and contributions	\$ 970,643	\$ 1,609,820	\$ 2,580,463
Grants - pass-through	354,119	152,091	506,210
In-kind contributions	67,715	-	67,715
Net assets released from restrictions	1,530,225	(1,530,225)	-
Net assets released from restrictions - pass-through	510,840	(510,840)	-
Less - grants passed through to others	<u>(864,959)</u>	<u>-</u>	<u>(864,959)</u>
Total public support	<u>2,568,583</u>	<u>(279,154)</u>	<u>2,289,429</u>
Earned revenue:			
Financial revenue:			
Interest on loans	5,625,538	-	5,625,538
Loan related fees	215,130	-	215,130
Investment income	108,118	(2,066)	106,052
Net loan loss recovery	-	43,155	43,155
Less - interest expense	<u>(2,391,118)</u>	<u>-</u>	<u>(2,391,118)</u>
Net financial revenue	<u>3,557,668</u>	<u>41,089</u>	<u>3,598,757</u>
Rental income	94,276	-	94,276
Training, loan and other fees	36,876	-	36,876
Other net losses	<u>(40,908)</u>	<u>-</u>	<u>(40,908)</u>
Total earned revenue	<u>3,647,912</u>	<u>41,089</u>	<u>3,689,001</u>
Total operating revenues	<u>6,216,495</u>	<u>(238,065)</u>	<u>5,978,430</u>
<b>Operating Expenses:</b>			
Program services	5,036,315	-	5,036,315
Management and administrative	826,533	-	826,533
Fundraising	<u>235,198</u>	<u>-</u>	<u>235,198</u>
Total operating expenses	<u>6,098,046</u>	<u>-</u>	<u>6,098,046</u>
Changes in net assets from operations	<u>118,449</u>	<u>(238,065)</u>	<u>(119,616)</u>
<b>Non-Operating Revenue:</b>			
Share of income from program-related development investments	163,051	-	163,051
Net unrealized gain on investments	<u>116,626</u>	<u>-</u>	<u>116,626</u>
Total non-operating revenue	<u>279,677</u>	<u>-</u>	<u>279,677</u>
Total changes in net assets	398,126	(238,065)	160,061
<b>Net Assets:</b>			
Beginning of year	<u>8,777,364</u>	<u>11,573,974</u>	<u>20,351,338</u>
End of year	<u>\$ 9,175,490</u>	<u>\$ 11,335,909</u>	<u>\$ 20,511,399</u>

The accompanying notes are an integral part of these statements.

**NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.**

Statements of Cash Flows

For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>Cash Flows from Operating Activities:</b>		
Changes in net assets	\$ 1,475,835	\$ 160,061
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	195,007	194,892
Loans payable converted to contributions	(10,928)	(44,582)
Provision (recovery) for loss on loans	839,670	(43,155)
Net unrealized gain on investments	(148,863)	(116,626)
Amortization of premiums/discounts on investments	526	(4,439)
Share of income from program-related development investments	(182,819)	(163,051)
Other net losses	70,151	40,908
Changes in operating assets and liabilities:		
Grants, contracts and other receivables	(251,178)	407,980
Pledges receivable	(169,136)	(88,018)
Accrued interest receivable	(161,599)	(83,671)
Prepaid expenses	23,352	6,412
Accounts payable and accrued expenses	(5,405)	(503,639)
Deferred revenue	(285,021)	(47,576)
Accrued interest payable	36,855	9,787
Net cash provided by (used in) operating activities	<u>1,426,447</u>	<u>(274,717)</u>
<b>Cash Flows from Investing Activities:</b>		
Issuance of loans receivable	(22,963,568)	(18,999,731)
Principal payments of loans receivable	12,487,383	8,296,417
Purchase of property and equipment	(62,162)	(40,038)
Purchases of investments	(1,263,563)	(500,000)
Proceeds from sale of investments	1,000,000	500,000
Net cash used in investing activities	<u>(10,801,910)</u>	<u>(10,743,352)</u>
<b>Cash Flows from Financing Activities:</b>		
Proceeds from loans payable	7,414,425	10,231,218
Proceeds from line of credit	1,000,000	-
Principal payments on loans payable	(1,750,439)	(1,489,482)
Proceeds from equity equivalents investments	-	500,000
Net cash provided by financing activities	<u>6,663,986</u>	<u>9,241,736</u>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(2,711,477)</b>	<b>(1,776,333)</b>
<b>Cash and Cash Equivalents:</b>		
Beginning of year	<u>9,320,409</u>	<u>11,096,742</u>
End of year	<u>\$ 6,608,932</u>	<u>\$ 9,320,409</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid for interest	<u>\$ 2,604,150</u>	<u>\$ 2,381,331</u>
<b>Disclosure of Non-Cash Investing and Financing Transactions:</b>		
Real estate owned acquired by foreclosure	<u>\$ 9,000</u>	<u>\$ 243,658</u>

The accompanying notes are an integral part of these statements.



**NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.**

Statement of Functional Expenses

For the Year Ended June 30, 2015

(With Summarized Comparative Totals for the Year Ended June 30, 2014)

	2015							Total	2014 Total
	Program Services				Support Services				
	Community Facilities	Affordable Housing	Economic Opportunity	Capitalization and Philanthropy and Public Policy	Total Program Services	Management and Adminis- trative	Fundraising		
Personnel costs:									
Salaries	\$ 98,901	\$ 2,144,820	\$ 610,399	\$ 410,241	\$ 3,264,361	\$ 306,280	\$ 169,244	\$ 3,739,885	\$ 3,641,894
Benefits	13,123	290,974	73,195	50,490	427,782	153,140	20,152	601,074	591,647
Payroll taxes	8,341	160,213	46,181	31,539	246,274	23,434	13,490	283,198	287,125
Total personnel costs	120,365	2,596,007	729,775	492,270	3,938,417	482,854	202,886	4,624,157	4,520,666
Occupancy	7,547	70,450	25,161	22,644	125,802	125,802	-	251,604	217,508
Professional services	9,552	93,747	34,887	19,710	157,896	39,242	4,009	201,147	287,207
Depreciation	5,439	51,298	31,301	16,317	104,355	90,652	-	195,007	194,892
Administrative services	530	124,293	33,414	5,944	164,181	7,739	1,544	173,464	135,785
Training and travel	2,814	97,859	20,886	15,855	137,414	13,702	1,814	152,930	170,500
Office expense	2,083	57,189	19,540	17,348	96,160	18,120	3,500	117,780	153,374
Communications	2,278	51,269	33,383	15,661	102,591	4,533	2,300	109,424	179,861
Equipment expense	1,389	33,757	10,836	13,629	59,611	20,902	2,252	82,765	70,221
Property expenses	-	47,554	-	-	47,554	-	-	47,554	73,638
Public education	97	6,517	2,738	430	9,782	917	120	10,819	94,394
Total expenses	<u>\$ 152,094</u>	<u>\$ 3,229,940</u>	<u>\$ 941,921</u>	<u>\$ 619,808</u>	<u>\$ 4,943,763</u>	<u>\$ 804,463</u>	<u>\$ 218,425</u>	<u>\$ 5,966,651</u>	<u>\$ 6,098,046</u>

The accompanying notes are an integral part of these statements.

**NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.**

Statement of Functional Expenses  
For the Year Ended June 30, 2014

	Program Services				Support Services			Total
	Community Facilities	Affordable Housing	Economic Opportunity	Capitalization and Philanthropy and Public Policy	Total Program Services	Management and Administrative	Fundraising	
Personnel costs:								
Salaries	\$ 110,903	\$ 2,219,643	\$ 582,542	\$ 302,038	\$ 3,215,126	\$ 275,383	\$ 151,385	\$ 3,641,894
Benefits	12,854	305,250	67,915	34,891	420,910	151,965	18,772	591,647
Payroll taxes	8,520	175,412	45,546	24,036	253,514	21,987	11,624	287,125
Total personnel costs	132,277	2,700,305	696,003	360,965	3,889,550	449,335	181,781	4,520,666
Occupancy	3,188	73,897	22,245	12,876	112,206	101,712	3,590	217,508
Professional services	8,975	163,722	29,566	20,919	223,182	55,751	8,274	287,207
Depreciation	2,644	61,048	34,978	10,578	109,248	82,632	3,012	194,892
Administrative services	644	91,362	24,778	7,250	124,034	9,442	2,309	135,785
Training and travel	3,192	111,441	24,235	16,308	155,176	13,015	2,309	170,500
Office expense	3,528	78,664	17,009	16,553	115,754	25,905	11,715	153,374
Communications	1,140	43,134	26,423	23,611	94,308	68,757	16,796	179,861
Equipment expense	1,169	29,467	14,156	2,562	47,354	17,692	5,175	70,221
Property expenses	-	73,638	-	-	73,638	-	-	73,638
Public education	241	40,245	2,716	48,663	91,865	2,292	237	94,394
Total expenses	<u>\$ 156,998</u>	<u>\$ 3,466,923</u>	<u>\$ 892,109</u>	<u>\$ 520,285</u>	<u>\$ 5,036,315</u>	<u>\$ 826,533</u>	<u>\$ 235,198</u>	<u>\$ 6,098,046</u>

The accompanying notes are an integral part of these statements.

## NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.

Notes to Financial Statements  
June 30, 2015 and 2014

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### 1. OPERATIONS AND NONPROFIT STATUS

New Hampshire Community Loan Fund (the Community Loan Fund) was organized in 1983 under the laws of New Hampshire as a charitable corporation qualifying for Federal income tax exemption under Section 501(c)(3) of the Internal Revenue Code (IRC). The Community Loan Fund is also exempt from state income taxes. Donors may deduct contributions made to the Community Loan Fund within the IRC requirements.

The mission of the Community Loan Fund is to serve as a catalyst, leveraging financial, human and civic resources to enable traditionally underserved people to participate more fully in New Hampshire's economy. This is done by:

- Providing loans, capital and technical assistance;
- Complementing and extending the reach of conventional lenders and public institutions; and
- Bringing people and institutions together to solve problems.

The ten programs in service of the Community Loan Fund's mission provide technical assistance and loans in the areas of Affordable Housing, Community Facilities and Economic Opportunity. Program areas also include Capitalization and Philanthropy and Public Policy.

#### **Affordable Housing**

ROC-NH - Since 1983, building long-term value for owners of manufactured homes in New Hampshire's resident-owned communities by helping them purchase and manage their communities.

Welcome Home Loans - Since 2002, providing mortgage loans for manufactured homes in resident-owned communities. Starting in 2012, also providing mortgage loans to owners and buyers of manufactured homes on their own land.

Community Housing - Since 1989, providing loans and technical assistance to nonprofit housing organizations to acquire, develop and manage affordable rental housing.

Individual Development Accounts Collaborative - Since 2001, assisting local organizations to help people with low incomes save for homeownership or post-secondary education through a matched-savings program and consumer education.

#### **Community Facilities**

Community Facilities - Since 1984, providing loans to nonprofit organizations to buy, renovate or build facilities that support essential community services.

Child Care Initiative - Since 1995, providing loans, training and assistance to nonprofit child care centers and home-based providers to preserve and create facilities for child development services.

#### **Economic Opportunity**

Business Builder Loans - Since 1996, supporting the creation and retention of quality jobs by offering financing and training to owners of small businesses.

Vested for Growth - Since 2002, providing financing and technical assistance to businesses committed to long-term growth strategies based on employee involvement and quality.

## NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.

Notes to Financial Statements  
June 30, 2015 and 2014

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### 1. OPERATIONS AND NONPROFIT STATUS (Continued)

#### **Capitalization and Philanthropy and Public Policy**

Capitalization and Philanthropy - Since 1984, enabling people and institutions to invest and donate capital for basic human needs.

Public Policy - Since 2009, working to shape public policy in credit- and program-related matters that affect people and families with low incomes, or that affect the Community Loan Fund's ability to serve them.

#### **Community Development Financial Institution**

The Community Loan Fund has been granted status as a Community Development Financial Institution (CDFI) by the U.S. Department of the Treasury (the Treasury), qualifying it for certain awards and support from the Treasury. During fiscal years 2015 and 2014, the Community Loan Fund received grants of \$2,000,000 and \$1,347,000, respectively.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The Community Loan Fund prepares its financial statements in accordance with generally accepted accounting standards and principles established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

#### **Estimates**

The preparation of financial statements in accordance with U.S. GAAP 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Community Loan Fund considers all highly liquid investments with an original maturity of three months or less to be cash and cash equivalents.

#### **Concentrations of Credit Risk**

At June 30, 2015 and 2014, cash and cash equivalents classified as current assets consist of checking, money market, savings and brokerage accounts, and all investment securities with an original maturity of three months or less. Cash deposits are guaranteed up to certain amounts by the Federal Deposit Insurance Corporation (FDIC) for bank accounts, by the National Credit Union Administration for credit union accounts, and by the Securities Investor Protection Corporation for brokerage accounts. At times, cash balances may exceed insured amounts. Other deposits exceeding insurance limits at June 30, 2015 and 2014, are separately collateralized by securities held by the financial institutions.

The Community Loan Fund's financing policy requires that no single loan exceed 7% of total financing capital. As of June 30, 2015 and 2014, there were no loans that exceeded this threshold.

## NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.

Notes to Financial Statements  
June 30, 2015 and 2014

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Property and Equipment and Depreciation

Property and equipment are recorded at cost. The Community Loan Fund capitalizes purchases of \$5,000 or more. Maintenance, repairs and minor renewals are expensed as incurred and renewals and betterments are capitalized. Depreciation of property and equipment is calculated using the straight-line method over the following estimated useful lives:

Buildings and improvements	40 years
Office furniture and equipment	3 – 5 years

Property and equipment consist of the following at June 30:

	<u>2015</u>	<u>2014</u>
Land	\$ 321,461	\$ 321,461
Building and improvements	4,701,416	4,655,129
Office equipment and furniture	<u>621,768</u>	<u>722,216</u>
	5,644,645	5,698,806
Less - accumulated depreciation	<u>1,419,226</u>	<u>1,340,542</u>
	<u>\$ 4,225,419</u>	<u>\$ 4,358,264</u>

The Community Loan Fund accounts for the carrying value of its long-lived assets in accordance with ASC Topic, *Property, Plant and Equipment*. As of June 30, 2015 and 2014, the Community Loan Fund has not recognized any reduction in the carrying value of its property and equipment when considering these requirements.

#### Investments

Investments are carried at fair value and consist of U. S. government agency bonds and mutual funds held for charitable gift annuities (see Note 17). Investments are comprised as follows at June 30:

	<u>Fair Value</u>	
	<u>2015</u>	<u>2014</u>
U.S. Government agency bonds	\$ 6,433,260	\$ 6,362,833
Equity mutual funds:		
Charitable gift annuities (see Note 13)	<u>51,960</u>	<u>52,486</u>
	<u>\$ 6,485,220</u>	<u>\$ 6,415,319</u>

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the accompanying statements of financial position, with unrealized gains and losses included as a separate component of revenue. The accompanying financial statements include unrealized gains on debt security investments of \$71,863 and \$116,626 for the years ended June 30, 2015 and 2014, respectively. As of June 30, 2015 and 2014, the fair value was less than the amortized cost of the debt security investments by \$40,387 and \$112,250, respectively. Changes in fair value are unrealized but can result in significant volatility in investment income reported each year. It is the Community Loan Fund's general intent to hold these securities until maturity. Investments are classified in current assets because there are no restrictions on their use and they are readily marketable. These bonds are used as the security for a line of credit (see Note 4).

## NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.

Notes to Financial Statements  
June 30, 2015 and 2014

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Equity Investments

Equity investments consist of investments made by the Community Loan Fund in privately held corporations. Through its Vested for Growth program, the Community Loan Fund provides capital investments to businesses that are committed to long-term growth strategies based on employee involvement and quality. Equity financing involves the Community Loan Fund taking a percentage of ownership in the investee. This may take the form of common or preferred stock, convertible notes, the ability to purchase stock with options or warrants, or in the case of limited liability companies, ownership units. Vested for Growth staff closely monitor each investee's financial condition, sitting on the investee's Board of Directors as either a voting or non-voting member.

#### Fair Value Measurements

The Community Loan Fund follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Community Loan Fund would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Community Loan Fund uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Community Loan Fund. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

- Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.
- Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

**NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.**Notes to Financial Statements  
June 30, 2015 and 2014**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)****Fair Value Measurements (Continued)**

Financial assets carried at fair value on a recurring basis consist of the following at June 30:

<u>Investments</u>	<u>2015</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Government agency bonds	\$ -	\$ 6,433,260	\$ -	\$ 6,433,260
Equity mutual funds	51,960	-	-	51,960
Program-related development investments (see Note 12)	-	-	1,866,461	1,866,461
Equity investments (see page 12)	-	-	807,465	807,465
	<u>\$ 51,960</u>	<u>\$ 6,433,260</u>	<u>\$ 2,673,926</u>	<u>\$ 9,159,146</u>

  

<u>Investments</u>	<u>2014</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Government agency bonds	\$ -	\$ 6,362,833	\$ -	\$ 6,362,833
Equity mutual funds	52,486	-	-	52,486
Program-related development investments (see Note 12)	-	-	1,683,643	1,683,643
Equity investments	-	-	465,465	465,465
	<u>\$ 52,486</u>	<u>\$ 6,362,833</u>	<u>\$ 2,149,108</u>	<u>\$ 8,564,427</u>

The fair value of investments in equity mutual funds are based upon quoted prices in active markets for identical assets and are reflected as Level 1 inputs.

The Community Loan Fund's U.S. Government agency bonds are valued using Level 2 inputs, which are determined using relevant information generated by transactions that have occurred in the market place that involve similar assets.

Management values equity investments using unobservable, or Level 3 inputs. Equity investments are carried at fair value as estimated in good faith per terms of a Board approved Valuation Policy (see Note 17). Management uses all information available, including third-party valuation reports, to determine an appropriate valuation for each investment. The inputs used, including those used in third-party valuations, include valuation techniques based on multiples of earnings or revenues and hypothetical sale or liquidation scenarios. As in many sale or liquidation scenarios, there are key inputs, such as multiples of revenue, which are often important in early stage companies that have not established profitability that if the multiple was to increase or decrease, could result in a material change in the value realized upon sale.

The Community Loan Fund's equity investments valued using Level 3 inputs are invested in the following business sectors at June 30:

<u>Business Sector</u>	<u>2015</u>	<u>2014</u>
Manufacturing	\$ 409,585	\$ 332,585
Information Technology	382,880	132,880
Farm and Food	15,000	-
Total	<u>\$ 807,465</u>	<u>\$ 465,465</u>

## NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.

Notes to Financial Statements  
June 30, 2015 and 2014

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Fair Value Measurements (Continued)

The Community Loan Fund also has program-related development investments, which are valued using unobservable, or Level 3 inputs. See Note 12 for the valuation techniques applied.

A reconciliation of Level 3 investments for the years ended June 30, 2015 and 2014, is as follows:

	<u>Program-Related Development Investments</u>	<u>Equity Investments</u>	<u>Total</u>
Balance as of June 30, 2013	\$ 1,520,592	\$ 465,465	\$ 1,986,057
Unrealized gain	<u>163,051</u>	<u>-</u>	<u>163,051</u>
Balance as of June 30, 2014	1,683,643	465,465	2,149,108
Purchases	-	264,999	264,999
Unrealized gain	<u>182,819</u>	<u>77,000</u>	<u>259,819</u>
Balance as of June 30, 2015	<u>\$ 1,866,462</u>	<u>\$ 807,464</u>	<u>\$ 2,673,926</u>

#### Deferred Revenue

The Community Loan Fund records certain unused contract and Federal pass-through funds as deferred revenue in the accompanying statements of financial position.

#### Net Assets

The Community Loan Fund's financial statement presentation follows U.S. GAAP for not-for-profit organizations, which requires that resources be classified for accounting and reporting purposes into net asset categories according to externally (donor) imposed restrictions. A description of the applicable net asset categories follows:

**Unrestricted net assets** - Include those net resources of the Community Loan Fund that bear no external restrictions and are generally available for use by the Community Loan Fund. These include certain funds set aside for loan loss reserves.

**Temporarily restricted net assets** - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Community Loan Fund and/or the passage of time. When a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions (see Note 14). Temporarily restricted net assets are broken out to the following categories:

**Program Activities** - Net assets that are restricted to cover program delivery expenses and general operating functions of the Community Loan Fund which could include salary, program costs, overhead, and other expenses. These net assets may be restricted for the program delivery expenses of a particular program or may be general operating support which carries a time restriction.



## NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.

Notes to Financial Statements  
June 30, 2015 and 2014

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Net Assets (Continued)

##### *Temporarily restricted net assets* (Continued)

**Financing Activities** - Net assets that are restricted for a time period or use for mission-related lending and investing. These include net assets for financing activities which will be re-deployed as lending capital (and remain as temporarily restricted) unless the grant is released due to a restriction being met. Because donors generally allow gifts to this category of net assets to be used to offset lending losses, the Community Loan Fund releases from restriction an amount equivalent to annual loan loss provision (see Note 7). All but \$275,000 of these net assets may be a reserve for uncollectible financing activities.

**Pass Through Activities** - Net assets that are restricted to be passed through (re-granted) to other organizations or individuals for mission-related purposes. These net assets are not designated to be used for financing activities or program activities.

#### Revenue Recognition

Unconditional promises to give are recognized as revenues in the period received, and as assets, decreases of liabilities or expenses, depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected in one year and at net present value if expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Loans payable and EQ2s (see Notes 3 and 5) on occasion are converted to a contribution at the investor's request. During fiscal years 2015 and 2014, there were five and eight contributed loans payable and related interest totaling \$10,928 and \$44,582, respectively, which are recorded as grants and contributions in the accompanying statements of activities and changes in net assets.

Revenues from loans, investments and other financial instruments are recognized as unrestricted revenues as earned on an accrual basis except where restricted by donors.

Fees and rental income are recognized on the accrual basis as services or goods are delivered or according to relevant benchmarks or criteria of the underlying agreements.

#### Income Taxes

The Community Loan Fund accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The Community Loan Fund has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the accompanying financial statements at June 30, 2015 and 2014. The Community Loan Fund's information returns are subject to examination by the Federal and state jurisdictions and generally remain open for the most recent three years.

#### In-Kind Contributions

The Community Loan Fund receives and recognizes contributed use of meeting space, services and gifts in-kind from various sources. The in-kind contributions are included under public support in the accompanying statements of activities and changes in net assets. The corresponding program expense is included in operating expenses. For the year ended June 30, 2014, the Community Loan Fund received in-kind legal and other professional services with a fair value of \$67,715. There were no in-kind contributions for the year ended June 30, 2015.

## NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.

Notes to Financial Statements  
June 30, 2015 and 2014

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Functional Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the accompanying statements of activities and changes in net assets and functional expenses. Accordingly, certain costs that benefit more than one function have been allocated among the programs and supporting services.

#### Subsequent Events

Subsequent events have been evaluated through September 29, 2015, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.

### 3. LOANS PAYABLE

At June 30, 2015 and 2014, there were 819 and 799 notes payable totaling \$71,423,752 and \$65,770,694, respectively, consisting of loans from individuals, religious institutions, nonprofit organizations, banks, and other organizations. These individuals and organizations have chosen to lend to the Community Loan Fund as a way to benefit the community - that is, they are interested in the social impact, as well as the financial return. Many also see this as a way to increase their financial commitment to the Community Loan Fund's mission, above and beyond what they can contribute as an outright contribution.

The Community Loan Fund actively pursues these investments, not only for the capital it brings to the Community Loan Fund, but because the investments in and of themselves serve the Community Loan Fund's mission by connecting those with financial resources to those without. Loans, which are generally non-amortizing, currently vary in length from one year to ten years, with interest rates from 0% to 5%, and are unsecured obligations. Historically, over 85% of loans that mature have been renewed.

The proceeds of the loans are restricted for the purposes of mission-related financing activities. Principal payments on loans payable are due as follows:

<u>Year Ending</u> <u>June 30,</u>	
2016	\$ 4,915,789
2017	4,747,152
2018	8,083,572
2019	8,784,747
2020	14,233,364
Thereafter	<u>30,659,128</u>
	<u>\$ 71,423,752</u>

### 4. AVAILABLE CREDIT

The Community Loan Fund procures secured and unsecured lines of credit to meet liquidity needs in the course of fulfilling its mission.

## NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.

Notes to Financial Statements  
June 30, 2015 and 2014

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### 4. AVAILABLE CREDIT (Continued)

#### Secured Lines of Credit

The Community Loan Fund has available two secured hard-maturity lines of credit:

The first is a \$7,500,000 hard-maturity line of credit from a financial institution, which is secured by the Community Loan Fund's investment portfolio of U.S. government agency bonds (see pages 10 and 11). The line of credit was originally established in June 2002 and has a maturity date of July 31, 2016. The amount available shall not exceed 85% of the fair value of the government bonds collateralizing the loan. On June 30, 2015, the gross fair value of the bonds was \$6,433,260, and therefore, \$5,468,271 was available to draw. Advances bear interest at the *Wall Street Journal's* prime rate (3.25% at June 30, 2015 and 2014). As of June 30, 2015 and 2014, there was no outstanding balance.

The second is a \$1,392,000 hard-maturity line of credit from a financial institution, which is secured by first mortgages on three office buildings owned and operated by the Community Loan Fund. The line of credit was originally established in February 2000 and has a maturity date of July 31, 2016. Advances bear interest at the *Wall Street Journal's* prime rate (3.25% at June 30, 2015 and 2014). As of June 30, 2015 and 2014, there was no outstanding balance.

#### Unsecured Lines of Credit

The Community Loan Fund also has available three unsecured lines of credit:

The first is a \$2,000,000 unsecured revolving line of credit from a financial institution. The line of credit was originally established in June 2014 and has a maturity date of June 23, 2016. Advances bear interest at the *Wall Street Journal's* prime rate (3.25% at June 30, 2015 and 2014). As of June 30, 2015 and 2014, there was no outstanding balance.

The second is a \$1,000,000 unsecured revolving line of credit from a financial institution. The line of credit was originally established in February 2014 and has a maturity date of February 7, 2017. Advances bear interest at the *Wall Street Journal's* prime rate (3.25% at June 30, 2015 and 2014). As of June 30, 2015, there was an outstanding balance of \$1,000,000, which was repaid in July 2015. There were no amounts outstanding as of June 30, 2014.

The third is a \$250,000 unsecured revolving line of credit from a foundation. The line was originally established in March 2007 and matures on May 31, 2016. Advances bear interest at 5%. As of June 30, 2015 and 2014, there was no outstanding balance.

### 5. SUBORDINATE DEBT – EQUITY EQUIVALENT INVESTMENTS

Subordinate Debt consists of "Equity Equivalents" (EQ2) notes payable to financial institutions. EQ2 notes payable are unsecured and are fully subordinate to loans payable and all the Community Loan Fund's liabilities. The financial institutions making these EQ2 investments have seen this as an effective and efficient way both to strengthen the local economy and to meet community reinvestment obligations. EQ2 notes payable generally have indefinite terms with rolling maturities and may only be called by the investor with significant advance notice. As of June 30, 2015 and 2014, there were twenty EQ2 notes payable totaling \$8,600,000 with interest rates ranging from 2% to 3%.

One \$500,000 EQ2 note payable has a ten-year term with a maturity date in February 2024. The maturity date automatically extends for an additional two years, to February 2026, unless the Community Loan Fund opts out of the extension.

**NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.**

Notes to Financial Statements  
June 30, 2015 and 2014

**5. SUBORDINATE DEBT – EQUITY EQUIVALENT INVESTMENTS (Continued)**

Termination notices are in effect on two EQ2 investments: one for \$1,000,000 is due in December 2017, and one for \$800,000 is due in August 2020. Required repayments over the next five fiscal years are as follows:

<u>Due Date</u>	<u>Amount</u>
2016	\$ -
2017	\$ -
2018	\$ 1,000,000
2019	\$ -
2020	\$ -

**6. LOANS RECEIVABLE AND OTHER FINANCING ACTIVITIES**

**Loans Receivable**

At June 30, 2015 and 2014, there were 749 and 685, respectively, loans receivable from the Community Loan Fund’s borrowers. The balances due on these loans currently vary in amounts from \$698 to \$2,747,086, and in terms from seven months to thirty years. The Community Loan Fund lends in New Hampshire, and loan products vary by type and presence of collateral, risk level, loan size, degree of mission match, and presence of designated subsidized funding sources. As a result, interest rates on loans receivable at June 30, 2015 and 2014, ranged from 0% up to 15% (for one Vested for Growth near-equity investment). The overall weighted average interest rate on the portfolio of loans receivable was 7.38% and 7.75% as of June 30, 2015 and 2014, respectively. Loans are primarily secured by first or second mortgage liens on real estate for affordable housing and community facilities loans, and business assets for economic opportunity loans. These notes are for the programs described in Note 1.

Loans receivable, net of interfund amounts, in each lending area are:

	<u>2015</u>			<u>2014</u>		
Affordable Housing:						
ROC-NH	85	\$ 47,124,704	55.1%	84	\$ 43,342,693	57.8%
Welcome Home Loans	598	24,724,986	28.9	542	21,319,293	28.4
Community Housing	5	1,394,854	1.6	3	636,739	0.9
Other Single Family Housing	<u>22</u>	<u>350,769</u>	<u>0.4</u>	<u>20</u>	<u>363,883</u>	<u>0.5</u>
Sub-total	<u>710</u>	<u>73,595,313</u>	<u>86.0</u>	<u>649</u>	<u>65,662,608</u>	<u>87.6</u>
Community Facilities:						
Nonprofit Facilities	1	1,640,971	1.9	2	3,491,141	4.7
Child Care Initiative	<u>7</u>	<u>961,563</u>	<u>1.1</u>	<u>5</u>	<u>994,789</u>	<u>1.3</u>
Sub-total	<u>8</u>	<u>2,602,534</u>	<u>3.0</u>	<u>7</u>	<u>4,485,930</u>	<u>6.0</u>
Economic Opportunity:						
Vested for Growth	6	1,625,555	1.9	7	2,273,403	3.0
Business Builder Loans	19	7,752,087	9.1	14	2,554,224	3.4
MicroCredit-NH	<u>6</u>	<u>13,786</u>	<u>0.0</u>	<u>8</u>	<u>20,627</u>	<u>0.0</u>
Sub-total	<u>31</u>	<u>9,391,428</u>	<u>11.0</u>	<u>29</u>	<u>4,848,254</u>	<u>6.4</u>
Total	<u>749</u>	<u>\$ 85,589,275</u>	<u>100.0%</u>	<u>685</u>	<u>\$ 74,996,792</u>	<u>100.0%</u>

## NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.

Notes to Financial Statements  
June 30, 2015 and 2014

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### 6. LOANS RECEIVABLE AND OTHER FINANCING ACTIVITIES (Continued)

#### Loans Receivable (Continued)

Loans receivable are presented net of third-party loan participations of \$2,206,408 and \$1,092,387 for the years ended June 30, 2015 and 2014, respectively. All loan participations qualify as loan sales in accordance with ASC Topic, *Transfers and Servicing*.

The ability of these borrowers to repay the loans could be adversely affected by extensive job losses, dramatic increases in rental vacancies within the borrowers' geographic areas, or other adverse economic conditions.

Principal payments scheduled for receipt on the loans are as follows:

	<u>2015</u>	<u>2014</u>
Amounts due in:		
Within one year	\$ 2,150,715	\$ 4,596,284
One to five years	13,883,400	7,832,801
Over five years	<u>69,555,160</u>	<u>62,567,707</u>
	85,589,275	74,996,792
Less - current portion	2,150,715	4,596,284
Less - allowance for loss on loans	<u>2,405,319</u>	<u>1,618,758</u>
	<u>\$ 81,033,241</u>	<u>\$ 68,781,750</u>

In addition to loans receivable, the Community Loan Fund had loan commitments to borrowers totaling \$2,253,600 and \$8,601,412 at June 30, 2015 and 2014, respectively. Loan commitments represent arrangements to lend funds at specified terms and interest rates and contain fixed expiration dates or other termination clauses.

#### Other Financing Activities

For years ended June 30, 2015 and 2014, the Community Loan Fund had two unconditional outstanding letters of credit totaling \$75,000 with maturity dates of January 2017.

### 7. ALLOWANCE FOR LOSS ON LOANS

The Community Loan Fund follows the *Disclosure about the Credit Quality of Financing Receivables and the Allowance for Credit Losses* standard under U.S. GAAP. This standard requires disclosure on the accounting policies and methodology used to estimate the allowance for loan losses. The total allowance for loss on loans (ALL) at June 30, 2015 and 2014, was \$2,405,319 and \$1,618,758, representing 2.81% and 2.16%, respectively, of loans receivable.

The ALL is estimated based on a system adopted by the Board of Directors, and the amount is determined by an individually assigned risk rating for each loan. The balance in the ALL is determined based on management's judgment and evaluation of the loan portfolio in relation to past loss experience, the size and composition of the portfolio, current economic events and conditions, and other pertinent factors, including management's assumptions as to future delinquencies, recoveries and losses. All of these factors are susceptible to significant change. To the extent actual outcomes differ from management's estimates, additional provisions for loan losses may be required that would adversely impact earnings in future periods.

**NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.**

Notes to Financial Statements  
June 30, 2015 and 2014

**7. ALLOWANCE FOR LOSS ON LOANS (Continued)**

The balance in the ALL, which has been allocated to the long-term portion of the loan portfolio in the accompanying financial statements, consists of the following at June 30, 2015 and 2014:

<u>Loan Category</u>	<u>ALL June 30, 2014</u>	<u>Net Charge-offs of Loans in ALL at June 30, 2014</u>	<u>Provision</u>	<u>Recovery</u>	<u>ALL June 30, 2015</u>
Affordable Housing:					
ROC-NH	\$ 432,050	\$ -	\$ -	\$ (44,562)	\$ 387,488
Welcome Home Loans	371,296	(7,807)	91,849	-	455,338
Other Single Family Housing	14,014	-	-	(4,885)	9,129
Community Housing	<u>5,412</u>	<u>-</u>	<u>7,142</u>	<u>-</u>	<u>12,554</u>
Sub-total, Affordable Housing Loans	<u>822,772</u>	<u>(7,807)</u>	<u>98,991</u>	<u>(49,447)</u>	<u>864,509</u>
Community Facilities:					
Nonprofit Facilities	180,749	-	-	(17,472)	163,277
Child Care Initiative	<u>10,563</u>	<u>-</u>	<u>136</u>	<u>-</u>	<u>10,699</u>
Sub-total, Community Facilities Loans	<u>191,312</u>	<u>-</u>	<u>136</u>	<u>(17,472)</u>	<u>173,976</u>
Economic Opportunity:					
Business Builder Loans	332,111	-	644,308	-	976,419
Vested for Growth	262,982	-	119,974	-	382,956
MicroCredit-NH	<u>9,581</u>	<u>(504)</u>	<u>-</u>	<u>(1,618)</u>	<u>7,459</u>
Sub-total, Economic Opportunity Loans	<u>604,674</u>	<u>(504)</u>	<u>764,282</u>	<u>(1,618)</u>	<u>1,366,835</u>
Grand Total	<u>\$ 1,618,758</u>	<u>\$ (8,311)</u>	<u>\$ 863,409</u>	<u>\$ (68,537)</u>	<u>\$ 2,405,319</u>

**NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.**

Notes to Financial Statements  
June 30, 2015 and 2014

**7. ALLOWANCE FOR LOSS ON LOANS (Continued)**

<u>Loan Category</u>	<u>ALL June 30, 2013</u>	<u>Net Charge-offs of Loans in ALL at June 30, 2013</u>	<u>Provision</u>	<u>Recovery</u>	<u>ALL June 30, 2014</u>
Affordable Housing:					
ROC-NH	\$ 962,484	\$ -	\$ -	\$ (530,434)	\$ 432,050
Welcome Home Loans	431,345	(50,755)	-	(9,294)	371,296
Other Single Family Housing	17,093	-	-	(3,079)	14,014
Community Housing	<u>8,390</u>	<u>-</u>	<u>-</u>	<u>(2,978)</u>	<u>5,412</u>
Sub-total, Affordable Housing Loans	<u>1,419,312</u>	<u>(50,755)</u>	<u>-</u>	<u>(545,785)</u>	<u>822,772</u>
Community Facilities:					
Nonprofit Facilities	51,495	-	129,254	-	180,749
Child Care Initiative	<u>11,695</u>	<u>-</u>	<u>-</u>	<u>(1,132)</u>	<u>10,563</u>
Sub-total, Community Facilities Loans	<u>63,190</u>	<u>-</u>	<u>129,254</u>	<u>(1,132)</u>	<u>191,312</u>
Economic Opportunity:					
Business Builder Loans	196,586	-	135,525	-	332,111
Vested for Growth	189,219	-	73,763	-	262,982
MicroCredit-NH	<u>12,732</u>	<u>-</u>	<u>-</u>	<u>(3,151)</u>	<u>9,581</u>
Sub-total, Economic Opportunity Loans	<u>398,537</u>	<u>-</u>	<u>209,288</u>	<u>(3,151)</u>	<u>604,674</u>
Grand Total	<u>\$ 1,881,039</u>	<u>\$ (50,755)</u>	<u>\$ 338,542</u>	<u>\$ (550,068)</u>	<u>\$ 1,618,758</u>

Changes in net loan loss provision (recovery) in 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Allowance for loss on loans:		
Provisions	\$ 863,409	\$ 338,542
Direct charge-offs not previously reserved	67,722	172,276
Actual recoveries from loans previously charged off	(22,924)	(3,905)
Valuation recovery from loans previously reserved	<u>(68,537)</u>	<u>(550,068)</u>
Provision (recovery) of loan losses	<u>\$ 839,670</u>	<u>\$ (43,155)</u>

**NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.**

Notes to Financial Statements  
June 30, 2015 and 2014

**7. ALLOWANCE FOR LOSS ON LOANS (Continued)**

Direct charge-offs, net of recoveries, of \$53,109 and \$219,126, respectively, are reported as follows for the years ended June 30:

	<u>2015</u>	<u>2014</u>
Direct charge-offs	\$ 76,033	\$ 223,031
Recoveries	<u>(22,924)</u>	<u>(3,905)</u>
Net direct charge-offs	<u>\$ 53,109</u>	<u>\$ 219,126</u>

**Impaired Loans**

The Community Loan Fund identifies a loan as impaired when it is probable that interest and/or principal will not be collected according to the contractual terms of the loan agreement. In accordance with guidance provided by the criteria under ASC Topic, *Impairment (Recoverability)*, management employs one of three methods to determine and measure impairment: the Present Value of Future Cash Flow Method; the Fair Value of Collateral Method; and the Observable Market Price of a Loan Method. To perform an impairment analysis, the Community Loan Fund reviews a loan's internally assigned risk rating, its outstanding balance, value of the collateral, guarantors, and a current report of the action being implemented. Based on the nature of the specific loan, one of the impairment methods is chosen or any impairment is determined, based on criteria established for impaired loans.

Impaired loans as of June 30, 2015 and 2014, are set forth in the tables below. There were no impaired loans in the Community Facilities category.

<u>Loan Category</u>	<u>Number of Impaired Loans</u>	<u>2015 Amount of Impaired Loans</u>	<u>Allowance for Loss on Loans</u>
Affordable Housing:			
Welcome Home Loans	33	\$ 1,486,344	\$ 222,952
Other Single Family Housing	<u>4</u>	<u>45,636</u>	<u>6,845</u>
Sub-total	<u>37</u>	<u>1,531,980</u>	<u>229,797</u>
Economic Opportunity:			
Business Builder Loans	1	25,564	12,205
Vested for Growth	1	368,003	237,522
MicroCredit-NH	<u>3</u>	<u>7,925</u>	<u>6,895</u>
Sub-total	<u>5</u>	<u>401,491</u>	<u>256,622</u>
Total impaired loans	<u>42</u>	<u>\$ 1,933,472</u>	<u>\$ 486,419</u>



**NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.**

Notes to Financial Statements  
June 30, 2015 and 2014

**7. ALLOWANCE FOR LOSS ON LOANS (Continued)**

**Impaired Loans (Continued)**

<u>Loan Category</u>	<u>Number of Impaired Loans</u>	<u>2014</u>	
		<u>Amount of Impaired Loans</u>	<u>Allowance for Loss on Loans</u>
Affordable Housing:			
Welcome Home Loans	22	\$ 898,858	\$ 197,749
Other Single Family Housing	<u>4</u>	<u>52,894</u>	<u>11,637</u>
Sub-total	<u>26</u>	<u>951,752</u>	<u>209,386</u>
Economic Opportunity:			
Business Builder Loans	1	25,564	9,527
MicroCredit-NH	<u>5</u>	<u>11,768</u>	<u>8,709</u>
Sub-total	<u>6</u>	<u>37,332</u>	<u>18,236</u>
Total impaired loans	<u>32</u>	<u>\$ 989,084</u>	<u>\$ 227,622</u>

**Troubled Debt Restructuring**

A troubled debt restructuring (TDR) occurs when a creditor, for economic or legal reasons related to a borrower's financial condition, grants a concession to the borrower that it would not otherwise consider, such as below market interest rates, principal reductions extending the maturity of a loan, or a combination of these. As is common in the CDFI industry, the Community Loan Fund makes loan amendments in the normal course of business to extend the loan term when the take-out financing is delayed or under other similar circumstances. If the Community Loan Fund determines that the amendment is not due to the financial difficulties of the borrower and continues to expect full repayment of the loan, the amendment is not classified as a TDR.

At the time a loan is modified in a TDR, the Community Loan Fund considers several factors in determining whether the loan should accrue interest, including:

- Cash flow necessary to pay the interest
- Whether the customer is current on their interest payments
- Whether the Community Loan Fund expects the borrower to perform under the revised terms of the restructuring

As of June 30, 2015, there were nine loans that were impaired and classified as TDRs as follows:

<u>Troubled Debt Restructuring</u>	<u>Number of Loans Restructured</u>	<u>Amount of Restructured Loans</u>	<u>Allowance for Loss on Loans</u>
Extension resulting from financial difficulty	8	\$ 547,072	\$ 267,056
Combination of interest rate reduction under court order and extension resulting from financial difficulty	<u>1</u>	<u>4,212</u>	<u>3,665</u>
Total TDRs	<u>9</u>	<u>\$ 551,285</u>	<u>\$ 270,721</u>

## **NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.**

Notes to Financial Statements  
June 30, 2015 and 2014

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### **8. OTHER REAL ESTATE OWNED**

The Community Loan Fund occasionally obtains assets as the result of foreclosure or a conveyance in lieu of foreclosure. As of June 30, 2015 and 2014, the Community Loan Fund owned one and ten manufactured homes in resident-owned communities which were carried at a total value of \$9,000 and \$248,558, respectively. These assets are immediately held for sale and put on the market. Due to the nature of these properties and the intent to sell immediately, these assets are classified as current assets in the accompanying statements of financial position.

### **9. RETIREMENT PLAN**

The Community Loan Fund maintains a Section 401(k) retirement plan allowing employees to elect to defer compensation up to the maximum allowed under IRC regulations. Employees with a minimum of six months of employment receive a safe harbor contribution benefit in the first quarter of the calendar year. That benefit was calculated at 3% of their eligible compensation for the fiscal year. For the years ended June 30, 2015 and 2014, the Community Loan Fund had \$115,986 and \$102,161, respectively, of retirement benefits expense, which is included in benefits in the accompanying statements of functional expenses.

### **10. RELATED PARTY TRANSACTIONS**

The Community Loan Fund's by-laws require the Board of Directors to include representatives of borrower organizations and investors among its membership. All transaction decisions follow standard policies and procedures including those covering conflict of interest.

One member of the Board of Directors is also a Board member of a resident-owned community that has an outstanding loan from the Community Loan Fund totaling \$151,591. One employee is on the Board of Directors of a business that has received an equity investment from the Community Loan Fund totaling \$15,000.

Four members of the Board of Directors have provided loans or have family members who have provided loans totaling \$300,917 to the Community Loan Fund. Twelve employees have provided loans or have family members who have provided loans totaling \$188,841 to the Community Loan Fund.

Board members and staff are typically donors to the Community Loan Fund. Donations and investments are accepted from employees, from individual Board members, or from organizations with which current and former employees and Board members are employed or associated. The transactions are part of the Community Loan Fund's normal course of business and are open to the public inspection.

## NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.

Notes to Financial Statements  
June 30, 2015 and 2014

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### 11. PLEDGES RECEIVABLE

Unconditional pledges from donors are included in the accompanying financial statements as pledges receivable and revenue in the temporarily restricted net asset category. Pledges are recorded after discounting to the present value of the future cash flow.

Unconditional pledges are expected to be realized in the following periods at June 30:

	<u>2015</u>	<u>2014</u>
Amounts due in:		
Within one year	\$ 217,833	\$ 101,675
One to five years	113,934	60,200
Discount to net present value	(4,538)	(3,238)
Allowance for uncollectible pledges	<u>-</u>	<u>(544)</u>
	<u>\$ 327,229</u>	<u>\$ 158,093</u>

### 12. PROGRAM-RELATED DEVELOPMENT INVESTMENTS

The Community Loan Fund holds \$1,866,961 and \$1,681,143 as of June 30, 2015 and 2014, respectively, in Program-Related Development Investments and all but \$500 is invested in ROC USA, LLC (ROC USA).

ROC USA was formed in December 2007 as a nonprofit limited liability corporation. Its mission is to make quality ownership of manufactured home communities viable nationwide. ROC USA provides technical assistance and loans to people living in manufactured home communities, in order to assist them with the purchase of their communities, so that they will be resident owned.

ROC USA is the sole member and owner of Residential Ownership Network and Residential Ownership Capital, LLC, which does business as ROC USA Capital. For financial reporting purposes, both ROC USA Network and ROC USA Capital are consolidated into the financial statements of ROC USA.

During 2008, the Community Loan Fund invested \$500,000 through a series of calls in ROC USA. The Community Loan Fund is one of three original nonprofit organizations to invest in ROC USA.

In the original Operating Agreement of ROC USA dated September 2008, all three nonprofit organizations committed to an original investment of \$500,000, and each had equal capital interests and equal voting interests in ROC USA of 33%.

In January 2013, the three original members unanimously approved an amendment to the Operating Agreement to add a new voting member, ROC Association. The ROC Association represents all resident-owned manufactured home communities assisted by ROC USA across the nation. As a result of the amendment, the membership interests were specifically changed as follows:

- The new LLC member, ROC Association, was not required to make a contribution to ROC USA, it has no capital interest, and its voting interest is equal to 28.57%.
- The capital interests of the Community Loan Fund and the other two original members remain unchanged at 33% of ROC USA, and the voting interests changed from 33% to 23.81%.

**NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.**

Notes to Financial Statements  
June 30, 2015 and 2014

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**12. PROGRAM-RELATED DEVELOPMENT INVESTMENTS (Continued)**

The value of ROC USA's investment was \$1,866,461 and \$1,683,643 as of June 30, 2015 and 2014, respectively. The valuations are based on the application of the equity method modified for a liquidation analysis (see Note 17). This investment is valued utilizing Level 3 inputs (see page 12). For the years ended June 30, 2015 and 2014, the Community Loan Fund's share of income was \$182,819 and \$163,051, respectively (see Note 2).

**13. CHARITABLE GIFT ANNUITIES PAYABLE**

The Community Loan Fund receives contributions from donors who stipulate that the Community Loan Fund is to make annuity payments for life to an annuitant designated by the donor, with the remaining principal reverting to the Community Loan Fund after the death of the annuitant. The Community Loan Fund invests these charitable contributions in cash and marketable securities based upon investment regulations of the State of New Hampshire. The present value of the principal portion of estimated future annuity payments is recorded as a liability of the Community Loan Fund and the excess of the contribution over the present value is recorded as public support at the time of receipt. At June 30, 2015 and 2014, the present value of commitments to two annuitants totaled \$26,614 and \$27,128, respectively.

**14. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets as of June 30, 2015 and 2014, were as follows:

<b><u>Program Initiative</u></b>	<b>2015</b>		<b><u>Total</u></b>
	<b><u>Cash and Other Assets</u></b>	<b><u>Pledges Receivable</u></b>	
Program Activities:			
Business Finance - Farm and Food Initiative	\$ -	\$ 196,117	\$ 196,117
General Program Delivery and Operations	-	58,000	58,000
Child Care Program Delivery	22,048	-	22,048
IDA Program Delivery	-	7,500	7,500
	<u>22,048</u>	<u>261,617</u>	<u>283,665</u>
Financing Activities:			
General	8,008,180	23,112	8,031,292
Affordable Housing	<u>3,043,176</u>	<u>-</u>	<u>3,043,176</u>
	<u>11,051,356</u>	<u>23,112</u>	<u>11,074,468</u>
Pass-Through:			
Business Finance - Farm and Food Initiative	45,465	-	45,465
Child Care Financial Management	43,940	-	43,940
IDA Match Funds for Individuals	-	42,500	42,500
ROC-NH - Improvements for ROCs	41,506	-	41,506
Business Finance - Business Education	<u>23,470</u>	<u>-</u>	<u>23,470</u>
	<u>154,381</u>	<u>42,500</u>	<u>196,881</u>
Total temporarily restricted net assets	<u>\$ 11,227,785</u>	<u>\$ 327,229</u>	<u>\$ 11,555,014</u>

**NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.**Notes to Financial Statements  
June 30, 2015 and 2014**14. TEMPORARILY RESTRICTED NET ASSETS (Continued)**

<b>Program Initiative</b>	<b>2014</b>		<b>Total</b>
	<b>Cash and Other Assets</b>	<b>Pledges Receivable</b>	
Program Activities:			
Business Finance - Farm and Food Initiative	\$ 2,500	\$ -	\$ 2,500
General Program Delivery and Operations	-	40,180	40,180
IDA Program Delivery	-	14,700	14,700
Business Finance Program Delivery	-	9,800	9,800
ROC-NH Program Delivery	<u>5,001</u>	<u>-</u>	<u>5,001</u>
	<u>7,501</u>	<u>64,680</u>	<u>72,181</u>
Financing Activities:			
General	7,871,909	10,113	7,882,022
Affordable Housing	<u>3,005,895</u>	<u>-</u>	<u>3,005,895</u>
	<u>10,877,804</u>	<u>10,113</u>	<u>10,887,917</u>
Pass-Through:			
Business Finance - Farm and Food Initiative	96,771	-	96,771
Child Care Initiative	31,222	-	31,222
IDA Match Funds for Individuals	54,345	83,300	137,645
ROC-NH - Manufactured Housing Infill Activities	58,279	-	58,279
Business Finance - Business Education	<u>51,894</u>	<u>-</u>	<u>51,894</u>
	<u>292,511</u>	<u>83,300</u>	<u>375,811</u>
Total temporarily restricted net assets	<u>\$ 11,177,816</u>	<u>\$ 158,093</u>	<u>\$ 11,335,909</u>

**15. CONTINGENCIES****Individual Development Accounts Collaborative**

The Individual Development Accounts Collaborative (IDA) is administered by the Community Loan Fund through community organizations to offer people with low incomes financial training and matched-savings accounts to help them save for homeownership, post-secondary education, small-business investment, home repairs or vehicle purchase. Each dollar of savings by participants is matched with eight dollars using funds raised by the Community Loan Fund for this purpose.

As of June 30, 2015 and 2014, the Community Loan Fund had a total of 755 and 682, respectively, IDA graduates. Each completed all training and savings requirements and purchased an approved asset. A total of 214 and 171 individuals are actively enrolled in the IDA program. If all of these individuals graduate from the program with the maximum allowed amount of matchable personal savings, it would result in an obligation to pay \$964,136 and \$958,000, respectively, in matching funds. To meet these obligations in subsequent years, there is \$478,305 and \$861,498 in IDA matching funds raised in previous years and set aside at June 30, 2015 and 2014, respectively, in temporarily restricted net assets and deferred revenue, as well as an additional \$250,000 in committed funds, leaving a difference of \$235,831 and \$96,503 as of June 30, 2015 and 2014, respectively. The difference would be covered by future fundraising or existing unrestricted net assets available for general program activities.

## NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.

Notes to Financial Statements  
June 30, 2015 and 2014

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### 15. CONTINGENCIES (Continued)

#### **CDFI Award Under the Capital Magnet Program**

The Community Loan Fund was awarded a grant from the CDFI fund, of which \$3,515,000 of the proceeds are to be used to make qualifying loans and pass-through grants. Of this total, \$471,524 of the proceeds has been used to make pass-through grants to homeowners under the ROC-NH manufactured housing infill initiative. During the years ended June 30, 2015 and 2014, the Community Loan Fund issued grants totaling \$57,377 and \$273,905, respectively. These amounts are included in net assets released from restriction - pass-through and grants passed through to others in the accompanying statements of activities and changes in net assets.

Under the terms of the agreement, these funds have to be in compliance with various requirements for a period of ten years. These funds, with the exception of the funds released for pass-through awards, are included in temporarily restricted net assets. Due to the nature of making grants to qualified homeowners, the Community Loan Fund releases those gifts into unrestricted net assets in order to match the revenue with the grant expense. The Community Loan Fund expects the underlying transaction to comply with the grant's requirements and restrictions for the duration of the compliance period. If a transaction involving funds previously released were to fall out of compliance, the Community Loan Fund would be required to replace the transaction and possibly the previously released funds with another qualifying expense.

### 16. BELOW-MARKET INTEREST RATE LOANS

U.S GAAP requires not-for-profit organizations to record interest expense and contribution revenue in connection with loans payable that are interest free or that have below-market interest rates. Likewise, funds loaned to borrowers at below-market interest rates should also result in imputed revenue and contribution expense.

Interest rates on loans payable are disclosed in Note 3. Interest rates on loans receivable are disclosed in Note 6. The Community Loan Fund believes that the benefits derived from below-market rate loans received are passed through to the borrowers via below-market rate loans made, and that there is no material difference between community development finance market rates and the stated rates of loans in their portfolios. Consequently, no adjustments have been made to the accompanying financial statements to reflect rate differentials.

### 17. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Community Loan Fund discloses estimated fair values for its significant financial instruments. Because no ready market exists for a significant portion of the financial instruments, some fair values are based on management's estimates using the criteria of fair value measurements (see Note 2). These estimates are subjective in nature and involve uncertainties and matters of significant judgment.

The assumptions used by management assume normal market conditions and do not contemplate the effects of short-term turmoil in the financial markets. Changes in assumptions could significantly affect the estimates.

## NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.

Notes to Financial Statements  
June 30, 2015 and 2014

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### 17. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The following fair value estimates, methods and assumptions were used to estimate the fair value of each class of significant financial instruments for which it is practical to estimate that value:

**Cash and Cash Equivalents:** The carrying amount of cash and cash equivalents is its fair value.

**Investments:** Investments are carried at fair value (see Note 2).

**Loans and Interest Receivable:** The fair values of loans receivable in the portfolio are calculated by discounting future cash flows using a weighted average interest rate for new financings within the Community Loan Fund's market and estimating market discounts for classes of loans.

**Program-Related Development Investments:** The fair value of program-related development investments are based on the application of the equity method modified for a liquidation analysis (see Note 12).

**Equity Investments:** Equity investments are carried at fair value as estimated in good faith per terms of a Board approved Valuation Policy (see Note 2).

**Loans Payable:** The fair values of loans payable are calculated by discounting future cash flows using a weighted average interest rate for the new issuances within the Community Loan Fund's market.

**Subordinate Debt – Equity Equivalents Payable:** The carrying values of these note obligations are deemed to be a reasonable reflection of their fair values.

The following table summarizes carrying amounts and fair values for financial instruments at June 30, 2015:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 6,608,932	\$ 6,608,932
Investments	\$ 6,485,220	\$ 6,485,220
Loans and interest receivable, net	\$ 83,183,956	\$ 82,074,179
Program-Related Development Investments	\$ 1,866,461	\$ 1,866,461
Equity Investments	\$ 807,465	\$ 807,465
Loans payable	\$ 71,423,752	\$ 72,674,153
Subordinate Debt – Equity Equivalent Investments	\$ 8,600,000	\$ 8,600,000

### 18. RECLASSIFICATION

Certain amounts in the fiscal year 2014 financial statements have been reclassified to conform with the fiscal year 2015 presentation.

**NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.**

Supplemental Statement of Financial Position

June 30, 2015

(With Summarized Comparative Totals as of June 30, 2014)

Assets	2015			2014	
	Program Activities	Financing Activities	Eliminations	Total	Total
<b>Current Assets:</b>					
Cash and cash equivalents	\$ 1,417,494	\$ 4,358,378	\$ -	\$ 5,775,872	\$ 8,009,080
Cash and cash equivalents - pass-through	833,060	-	-	833,060	1,311,329
Investments	-	6,485,220	-	6,485,220	6,415,319
Grants, contracts and other receivables	16,225	353,864	-	370,089	118,911
Current portion of pledges receivable	208,000	9,833	-	217,833	101,675
Interfund accounts receivable	324,643	-	(324,643)	-	-
Current portion of loans receivable	-	2,150,715	-	2,150,715	4,596,284
Current portion of interfund loans receivable	-	190,611	(190,611)	-	-
Accrued interest receivable	-	721,586	-	721,586	559,987
Other real estate owned	-	9,000	-	9,000	248,558
Prepaid expenses	12,255	-	-	12,255	35,607
Total current assets	2,811,677	14,279,207	(515,254)	16,575,630	21,396,750
Loans Receivable, net of current portion and allowance for loss on loans of \$2,405,319	-	81,033,241	-	81,033,241	68,781,750
Pledges Receivable, net of current portion, allowance and discount	96,117	13,279	-	109,396	56,418
Interfund Loans Receivable, net of current portion	-	2,859,172	(2,859,172)	-	-
Program-Related Development Investments, net	-	1,866,461	-	1,866,461	1,683,643
Equity Investments	-	807,465	-	807,465	465,465
Property and Equipment, net	4,225,419	-	-	4,225,419	4,358,264
Total assets	\$ 7,133,213	\$ 100,858,825	\$ (3,374,426)	\$ 104,617,612	\$ 96,742,290
<b>Liabilities and Net Assets</b>					
<b>Current Liabilities:</b>					
Current portion of loans payable	\$ -	\$ 4,915,789	\$ -	\$ 4,915,789	\$ 7,558,977
Unsecured line of credit	-	1,000,000	-	1,000,000	-
Accounts payable and accrued expenses	419,983	44,350	-	464,333	469,738
Deferred revenue	438,831	-	-	438,831	723,852
Accrued interest payable	-	703,462	-	703,462	666,607
Interfund accounts payable	-	324,643	(324,643)	-	-
Current portion of interfund loans payable	190,611	-	(190,611)	-	-
Total current liabilities	1,049,425	6,988,244	(515,254)	7,522,415	9,419,174
<b>Long-Term Liabilities:</b>					
Loans payable, net of current portion	-	66,507,963	-	66,507,963	58,211,717
Interfund loans payable, net of current portion	2,859,172	-	(2,859,172)	-	-
Subordinate debt - equity equivalent investments	-	8,600,000	-	8,600,000	8,600,000
Total liabilities	3,908,597	82,096,207	(3,374,426)	82,630,378	76,230,891
<b>Net Assets:</b>					
Unrestricted	2,744,070	7,688,150	-	10,432,220	9,175,490
<b>Temporarily restricted:</b>					
Program	283,665	-	-	283,665	72,181
Financing	-	11,074,468	-	11,074,468	10,887,917
Pass-through	196,881	-	-	196,881	375,811
Total temporarily restricted	480,546	11,074,468	-	11,555,014	11,335,909
Total net assets	3,224,616	18,762,618	-	21,987,234	20,511,399
Total liabilities and net assets	\$ 7,133,213	\$ 100,858,825	\$ (3,374,426)	\$ 104,617,612	\$ 96,742,290



**NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.**

Supplemental Statement of Financial Position  
June 30, 2014

<u>Assets</u>	<u>Program Activities</u>	<u>Financing Activities</u>	<u>Eliminations</u>	<u>Total</u>
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 1,160,695	\$ 6,848,385	\$ -	\$ 8,009,080
Cash and cash equivalents - pass-through	1,311,329	-	-	1,311,329
Investments	-	6,415,319	-	6,415,319
Grants, contracts and other receivables	30,633	88,278	-	118,911
Current portion of pledges receivable	93,000	8,675	-	101,675
Interfund accounts receivable	512,305	-	(512,305)	-
Current portion of loans receivable	-	4,596,284	-	4,596,284
Current portion of interfund loans receivable	-	190,611	(190,611)	-
Accrued interest receivable	-	559,987	-	559,987
Other real estate owned	-	248,558	-	248,558
Prepaid expenses	35,607	-	-	35,607
Total current assets	<u>3,143,569</u>	<u>18,956,097</u>	<u>(702,916)</u>	<u>21,396,750</u>
Loans Receivable, net of current portion and allowance for loss on loans of \$1,618,758	-	68,781,750	-	68,781,750
Pledges Receivable, net of current portion, allowance and discount	54,980	1,438	-	56,418
Interfund Loans Receivable, net of current portion	-	3,049,783	(3,049,783)	-
Program-Related Development Investments, net	-	1,683,643	-	1,683,643
Equity Investments	-	465,465	-	465,465
Property and Equipment, net	<u>4,358,264</u>	<u>-</u>	<u>-</u>	<u>4,358,264</u>
Total assets	<u>\$ 7,556,813</u>	<u>\$ 92,938,176</u>	<u>\$ (3,752,699)</u>	<u>\$ 96,742,290</u>
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities:</b>				
Current portion of loans payable	\$ -	\$ 7,558,977	\$ -	\$ 7,558,977
Accounts payable and accrued expenses	435,156	34,582	-	469,738
Deferred revenue	723,852	-	-	723,852
Accrued interest payable	-	666,607	-	666,607
Interfund accounts payable	-	512,305	(512,305)	-
Current portion of interfund loans payable	190,611	-	(190,611)	-
Total current liabilities	<u>1,349,619</u>	<u>8,772,471</u>	<u>(702,916)</u>	<u>9,419,174</u>
<b>Long-Term Liabilities:</b>				
Loans payable, net of current portion	-	58,211,717	-	58,211,717
Interfund loans payable, net of current portion	3,049,783	-	(3,049,783)	-
Subordinate debt - equity equivalent investments	-	8,600,000	-	8,600,000
Total liabilities	<u>4,399,402</u>	<u>75,584,188</u>	<u>(3,752,699)</u>	<u>76,230,891</u>
<b>Net Assets:</b>				
Unrestricted	<u>2,709,419</u>	<u>6,466,071</u>	<u>-</u>	<u>9,175,490</u>
<b>Temporarily restricted:</b>				
Program	72,181	-	-	72,181
Financing	-	10,887,917	-	10,887,917
Pass-through	375,811	-	-	375,811
Total temporarily restricted	<u>447,992</u>	<u>10,887,917</u>	<u>-</u>	<u>11,335,909</u>
Total net assets	<u>3,157,411</u>	<u>17,353,988</u>	<u>-</u>	<u>20,511,399</u>
Total liabilities and net assets	<u>\$ 7,556,813</u>	<u>\$ 92,938,176</u>	<u>\$ (3,752,699)</u>	<u>\$ 96,742,290</u>

**NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.**

Supplemental Statement of Activities and Changes in Net Assets

For the Year Ended June 30, 2015

(With Summarized Comparative Totals for the Year Ended June 30, 2014)

	2015							2014	
	Unrestricted			Temporarily Restricted				Total	Total
	Program Activities	Financing Activities	Eliminations	Total Unrestricted	Program Activities	Financing Activities	Total Temporarily Restricted		
<b>Operating Revenues:</b>									
Public support:									
Grants and contributions	\$ 1,679,122	\$ 1,078,443	\$ -	\$ 2,757,565	\$ 475,042	\$ 1,026,221	\$ 1,501,263	\$ 4,258,828	\$ 2,580,463
Grants - pass-through	285,022	-	-	285,022	63,939	-	63,939	348,961	506,210
In-kind contributions	-	-	-	-	-	-	-	-	67,715
Net assets released from restrictions	263,557	839,670	-	1,103,227	(263,557)	(839,670)	(1,103,227)	-	-
Net assets released from restrictions - pass-through	242,928	-	-	242,928	(242,928)	-	(242,928)	-	-
Less - grants passed through to others	(527,950)	-	-	(527,950)	-	-	-	(527,950)	(864,959)
Total public support	<u>1,942,679</u>	<u>1,918,113</u>	<u>-</u>	<u>3,860,792</u>	<u>32,496</u>	<u>186,551</u>	<u>219,047</u>	<u>4,079,839</u>	<u>2,289,429</u>
Earned revenue:									
Financial revenue:									
Interest on loans	-	6,328,167	(258,554)	6,069,613	-	-	-	6,069,613	5,625,538
Loan related fees	288,420	-	-	288,420	-	-	-	288,420	215,130
Investment income	658	107,356	-	108,014	58	-	58	108,072	106,052
Net loan loss (provision) recovery	-	(839,670)	-	(839,670)	-	-	-	(839,670)	43,155
Less - interest expense	(258,554)	(2,641,005)	258,554	(2,641,005)	-	-	-	(2,641,005)	(2,391,118)
Net financial revenue	<u>30,524</u>	<u>2,954,848</u>	<u>-</u>	<u>2,985,372</u>	<u>58</u>	<u>-</u>	<u>58</u>	<u>2,985,430</u>	<u>3,598,757</u>
Rental income	86,420	-	-	86,420	-	-	-	86,420	94,276
Training, loan and other fees	29,266	-	-	29,266	-	-	-	29,266	36,876
Program service fees	3,761,081	-	(3,761,081)	-	-	-	-	-	-
Other net losses	(6,661)	(63,490)	-	(70,151)	-	-	-	(70,151)	(40,908)
Total earned revenue	<u>3,900,630</u>	<u>2,891,358</u>	<u>(3,761,081)</u>	<u>3,030,907</u>	<u>58</u>	<u>-</u>	<u>58</u>	<u>3,030,965</u>	<u>3,689,001</u>
Total operating revenues	<u>5,843,309</u>	<u>4,809,471</u>	<u>(3,761,081)</u>	<u>6,891,699</u>	<u>32,554</u>	<u>186,551</u>	<u>219,105</u>	<u>7,110,804</u>	<u>5,978,430</u>
<b>Operating Expenses:</b>									
Program services	4,862,770	3,842,074	(3,761,081)	4,943,763	-	-	-	4,943,763	5,036,315
Management and administrative	804,463	-	-	804,463	-	-	-	804,463	826,533
Fundraising	218,425	-	-	218,425	-	-	-	218,425	235,198
Total operating expenses	<u>5,885,658</u>	<u>3,842,074</u>	<u>(3,761,081)</u>	<u>5,966,651</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,966,651</u>	<u>6,098,046</u>
Changes in net assets from operations	<u>(42,349)</u>	<u>967,397</u>	<u>-</u>	<u>925,048</u>	<u>32,554</u>	<u>186,551</u>	<u>219,105</u>	<u>1,144,153</u>	<u>(119,616)</u>
<b>Non-Operating Revenue:</b>									
Share of income from program-related development investments	-	182,819	-	182,819	-	-	-	182,819	163,051
Net unrealized gain on investments	77,000	71,863	-	148,863	-	-	-	148,863	116,626
Total non-operating revenue	<u>77,000</u>	<u>254,682</u>	<u>-</u>	<u>331,682</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>331,682</u>	<u>279,677</u>
Total changes in net assets	<u>34,651</u>	<u>1,222,079</u>	<u>-</u>	<u>1,256,730</u>	<u>32,554</u>	<u>186,551</u>	<u>219,105</u>	<u>1,475,835</u>	<u>160,061</u>
<b>Net Assets:</b>									
Beginning of year	<u>2,709,419</u>	<u>6,466,071</u>	<u>-</u>	<u>9,175,490</u>	<u>447,992</u>	<u>10,887,917</u>	<u>11,335,909</u>	<u>20,511,399</u>	<u>20,351,338</u>
End of year	<u>\$ 2,744,070</u>	<u>\$ 7,688,150</u>	<u>\$ -</u>	<u>\$ 10,432,220</u>	<u>\$ 480,546</u>	<u>\$ 11,074,468</u>	<u>\$ 11,555,014</u>	<u>\$ 21,987,234</u>	<u>\$ 20,511,399</u>

**NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.**

Supplemental Statement of Activities and Changes in Net Assets  
For the Year Ended June 30, 2014

	Unrestricted			Temporarily Restricted			Total	
	Program Activities	Financing Activities	Eliminations	Total Unrestricted	Program Activities	Financing Activities		Total Temporarily Restricted
<b>Operating Revenues:</b>								
Public support:								
Grants and contributions	\$ 956,768	\$ 13,875	\$ -	\$ 970,643	\$ 1,432,665	\$ 177,155	\$ 1,609,820	\$ 2,580,463
Grants - pass-through	354,119	-	-	354,119	152,091	-	152,091	506,210
In-kind contributions	67,715	-	-	67,715	-	-	-	67,715
Net assets released from restrictions	1,530,225	-	-	1,530,225	(1,530,225)	-	(1,530,225)	-
Net assets released from restrictions - pass-through	510,840	-	-	510,840	(510,840)	-	(510,840)	-
Less - grants passed through to others	(864,959)	-	-	(864,959)	-	-	-	(864,959)
Total public support	<u>2,554,708</u>	<u>13,875</u>	<u>-</u>	<u>2,568,583</u>	<u>(456,309)</u>	<u>177,155</u>	<u>(279,154)</u>	<u>2,289,429</u>
Earned revenue:								
Financial revenue:								
Interest on loans	-	5,899,342	(273,804)	5,625,538	-	-	-	5,625,538
Loan related fees	215,130	-	-	215,130	-	-	-	215,130
Investment income	3,135	104,983	-	108,118	(2,066)	-	(2,066)	106,052
Net loan loss recovery	-	-	-	-	-	43,155	43,155	43,155
Less - interest expense	(273,804)	(2,391,118)	273,804	(2,391,118)	-	-	-	(2,391,118)
Net financial revenue	<u>(55,539)</u>	<u>3,613,207</u>	<u>-</u>	<u>3,557,668</u>	<u>(2,066)</u>	<u>43,155</u>	<u>41,089</u>	<u>3,598,757</u>
Rental income	94,276	-	-	94,276	-	-	-	94,276
Training, loan and other fees	36,876	-	-	36,876	-	-	-	36,876
Program service fees	3,381,270	-	(3,381,270)	-	-	-	-	-
Other net losses	-	(40,908)	-	(40,908)	-	-	-	(40,908)
Total earned revenue	<u>3,456,883</u>	<u>3,572,299</u>	<u>(3,381,270)</u>	<u>3,647,912</u>	<u>(2,066)</u>	<u>43,155</u>	<u>41,089</u>	<u>3,689,001</u>
Total operating revenues	<u>6,011,591</u>	<u>3,586,174</u>	<u>(3,381,270)</u>	<u>6,216,495</u>	<u>(458,375)</u>	<u>220,310</u>	<u>(238,065)</u>	<u>5,978,430</u>
<b>Operating Expenses:</b>								
Program services	4,938,347	3,479,238	(3,381,270)	5,036,315	-	-	-	5,036,315
Management and administrative	826,533	-	-	826,533	-	-	-	826,533
Fundraising	235,198	-	-	235,198	-	-	-	235,198
Total operating expenses	<u>6,000,078</u>	<u>3,479,238</u>	<u>(3,381,270)</u>	<u>6,098,046</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,098,046</u>
Changes in net assets from operations	<u>11,513</u>	<u>106,936</u>	<u>-</u>	<u>118,449</u>	<u>(458,375)</u>	<u>220,310</u>	<u>(238,065)</u>	<u>(119,616)</u>
<b>Non-Operating Revenue:</b>								
Share of income from program-related development investments	-	163,051	-	163,051	-	-	-	163,051
Net unrealized gain on investments	-	116,626	-	116,626	-	-	-	116,626
Total non-operating revenue	<u>-</u>	<u>279,677</u>	<u>-</u>	<u>279,677</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>279,677</u>
Total changes in net assets	<u>11,513</u>	<u>386,613</u>	<u>-</u>	<u>398,126</u>	<u>(458,375)</u>	<u>220,310</u>	<u>(238,065)</u>	<u>160,061</u>
<b>Net Assets:</b>								
Beginning of year	<u>2,697,906</u>	<u>6,079,458</u>	<u>-</u>	<u>8,777,364</u>	<u>906,367</u>	<u>10,667,607</u>	<u>11,573,974</u>	<u>20,351,338</u>
End of year	<u>\$ 2,709,419</u>	<u>\$ 6,466,071</u>	<u>\$ -</u>	<u>\$ 9,175,490</u>	<u>\$ 447,992</u>	<u>\$ 10,887,917</u>	<u>\$ 11,335,909</u>	<u>\$ 20,511,399</u>