



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

Consolidated Financial Statements  
and Supplementary Schedules

September 30, 2019 and 2018

(With Independent Auditors' Report Thereon)

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

**Table of Contents**

	<b>Page</b>
Independent Auditors' Report	1
Financial Statements:	
Consolidated Statements of Financial Position as of September 30, 2019 and 2018	3
Consolidated Statement of Activities for the year ended September 30, 2019	4
Consolidated Statement of Activities for the year ended September 30, 2018	5
Consolidated Statements of Cash Flows for the years ended September 30, 2019 and 2018	6
Notes to Consolidated Financial Statements	7
<b>Supplementary Schedules</b>	
Schedule of Financial Position Information as of September 30, 2019	39
Schedule of Financial Position Information as of September 30, 2018	40
Schedule of Activities Information for the year ended September 30, 2019	41
Schedule of Activities Information for the year ended September 30, 2018	42



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, 2019 and 2018, 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, 2019 and 2018, 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.



*Emphasis of Matter*

As discussed in Note 2(b) to the financial statements, Community Loan Fund of New Jersey, Inc. and Subsidiaries adopted Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, during the year ended September 30, 2019. Our opinion is not modified with respect to this matter.

*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 31, 2020

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

Consolidated Statements of Financial Position

September 30, 2019 and 2018

<b>Assets</b>	<b>2019</b>	<b>2018</b>
Current assets:		
Cash and cash equivalents (notes 2(l) and 16)	\$ 18,857,984	28,805,244
Investments (note 7)	14,876,607	14,424,871
Grants receivable, net	2,425,147	1,850,072
Loans receivable, net of allowance for uncollectible loans of \$1,333,915 and \$880,990, respectively (notes 3, 4 and 16)	27,096,620	17,429,375
Other current assets	<u>8,790,147</u>	<u>6,653,001</u>
Total current assets	72,046,505	69,162,563
Loans receivable, net of current portion and allowance for uncollectible loans of \$2,874,230 and \$3,026,010, respectively (notes 3, 4 and 16)	57,454,779	59,866,097
Restricted cash (notes 2(l) and 16)	11,956,677	12,095,350
Investments (note 7)	13,480,605	10,771,247
Purchased credit impaired loans held for investment (note 5)	1,000,795	1,286,879
Real property held for sale (note 2(i))	38,647,836	26,637,989
Program-related investments (note 6)	15,361,258	15,108,316
Fixed assets, net (note 8)	45,153,199	35,415,949
Other assets	<u>3,506,177</u>	<u>7,864,991</u>
Total assets	<u>\$ 258,607,831</u>	<u>238,209,381</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 5,286,833	3,775,366
Funds held in trust, escrows, and other (note 10)	5,810,026	3,724,234
Current portion of long-term debt (note 11)	<u>48,353,725</u>	<u>27,834,161</u>
Total current liabilities	59,450,584	35,333,761
Long-term liabilities:		
Unearned fee income	524,219	620,946
Funds held in trust, escrows, and other, net of current portion (note 10)	6,103,728	10,362,175
Long-term debt, net of current portion (note 11)	<u>130,113,836</u>	<u>131,205,982</u>
Total liabilities	<u>196,192,367</u>	<u>177,522,864</u>
Commitments and contingencies (note 15)		
Net assets:		
Net assets without donor restrictions:		
Community Loan Fund and Subsidiaries	31,435,776	29,722,247
Noncontrolling Interest in Subsidiaries	<u>2,082,939</u>	<u>2,254,256</u>
Total net assets without donor restrictions	33,518,715	31,976,503
Net assets with donor restrictions (note 12)	<u>28,896,749</u>	<u>28,710,014</u>
Total net assets	<u>62,415,464</u>	<u>60,686,517</u>
Total liabilities and net assets	<u>\$ 258,607,831</u>	<u>238,209,381</u>

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

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
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)
Contributions from noncontrolling interests	(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 Statement of Activities

Year ended September 30, 2018

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Operating revenues, gains, and other support:			
Interest from loans receivable	\$ 4,339,544	—	4,339,544
Investment interest and dividends	456,458	160,930	617,388
Total investment income	4,796,002	160,930	4,956,932
Interest expense	(2,770,799)	—	(2,770,799)
Net investment income	2,025,203	160,930	2,186,133
Provision for loan losses, net (note 4)	(551,659)	(264,672)	(816,331)
Net investment income after provision for loan losses	1,473,544	(103,742)	1,369,802
Contributions, gifts, and grants (note 9)	2,170,898	3,159,313	5,330,211
Fees	6,619,090	—	6,619,090
Rental income	2,875,569	—	2,875,569
Gain on sale of property and mortgages	741,522	—	741,522
Net assets released from restrictions (note 9)	4,502,493	(4,502,493)	—
Total operating revenues, gains, and other support	18,383,116	(1,446,922)	16,936,194
Operating expenses (note 14) :			
Program services	13,123,903	—	13,123,903
Supporting services:			
Management and general	1,321,873	—	1,321,873
Fundraising	834,112	—	834,112
Total supporting services	2,155,985	—	2,155,985
Total operating expenses	15,279,888	—	15,279,888
Changes in net assets before nonoperating activity	3,103,228	(1,446,922)	1,656,306
Nonoperating activity:			
Impairment loss on real property held for sale	(1,457,310)	—	(1,457,310)
Contributions from noncontrolling interests	2,015,648	—	2,015,648
Realized gain (loss) on investments	381,712	(2,430)	379,282
Unrealized gain (loss) on investments	406,581	(159,736)	246,845
Total nonoperating activity, net	1,346,631	(162,166)	1,184,465
Increase (decrease) in net assets	4,449,859	(1,609,088)	2,840,771
Net assets, beginning of year	27,526,644	30,319,102	57,845,746
Net assets, end of year	\$ 31,976,503	28,710,014	60,686,517

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, 2019 and 2018

	<b>2019</b>	<b>2018</b>
Cash flows from operating activities:		
Increase in net assets	\$ 1,728,947	2,840,771
Adjustment to reconcile increase in net assets to net cash provided by operating activities:		
Contributions from noncontrolling interests	171,317	(2,015,648)
Realized gain on investments	(96,289)	(379,282)
Unrealized gain on investments	(547,515)	(246,845)
Distribution from equity investees	279,463	486,063
Equity in net gain of investees	(1,053)	(334)
Accretion of interest income	—	(33,807)
Provision for uncollectible loans receivable, net	656,000	816,331
Gain on sale of real property held for sale	(1,641,270)	(684,520)
Gain on sale of purchased credit impaired loans held for investment	(92,794)	(57,002)
Impairment loss on real property held for sale	1,798	1,457,310
Depreciation and amortization	943,953	705,820
Changes in operating assets and liabilities:		
Grants receivable	(575,075)	259,517
Other current assets and other assets	2,221,668	(7,565,973)
Accounts payable and accrued expenses	1,511,467	1,587,158
Unearned fee income	(96,727)	138,270
Funds held in trust, escrows and other	(2,172,655)	3,176,110
Net cash provided by operating activities	2,291,235	483,939
Cash flows from investing activities:		
Repayment of loans receivable	26,951,964	19,681,079
Issuance of loans receivable	(34,863,891)	(38,308,595)
Proceeds from sale of investments	11,532,420	14,020,199
Purchases of investments	(14,049,710)	(16,642,958)
Proceeds from sale of purchased credit impaired loans held for investment	284,649	399,333
Purchase of credit impaired loans held for investment	—	(95,674)
Purchase of program-related investments	(531,352)	(7,801,676)
Proceeds from sale of real property held for sale	18,376,556	8,690,428
Purchases of real property held for sale	(34,940,037)	(19,770,078)
Proceeds from sale of fixed assets	318,150	—
Purchases of fixed assets	(4,712,018)	(45,933)
Net cash used in investing activities	(31,633,269)	(39,873,875)
Cash flows from financing activities:		
Change in restricted cash	138,673	426,460
Contributions from noncontrolling interests	(171,317)	2,015,648
Payments on long-term debt	(16,358,367)	(15,230,065)
Proceeds from issuance of long-term debt	35,785,785	60,516,379
Net cash provided by financing activities	19,394,774	47,728,422
Net (decrease) increase in cash and cash equivalents	(9,947,260)	8,338,486
Cash and cash equivalents:		
Beginning of year	28,805,244	20,466,758
End of year	\$ 18,857,984	28,805,244
Supplemental disclosures of cash flow information:		
Cash paid during year for interest	\$ 5,601,423	4,814,688
Supplemental disclosure of noncash investing activity:		
Transfers of real property held for sale to fixed assets	6,193,106	13,066,753

See accompanying notes to consolidated financial statements.

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

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

**(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 Hsng). 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.

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 and Tampa Community Development Fund #1, which hold 6 mortgage pools consisting of 62 mortgages located in Florida. NCC is providing acquisition and loss mitigation management services on these mortgages. CLFNJ accounts for these investments using the equity method.

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

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

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 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.

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. CAPC 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.

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

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

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 Irvington Ave LLC, NJCC CDE Mercer LLC, NJCC CDE Washington Place LLC; NJCC CDE Essex LLC; and NJCC CDE Newark LLC (collectively, NMTC II); NJCC CDE Trenton LLC, NJCC CDE Union LLC, NJCC CDE Bergen LLC, NJCC CDE Hudson LLC (collectively, NMTC III); NJCC CDE Ocean LLC, NJCC CDE Camden LLC, NJCC CDE Passaic LLC, NJCC CDE Cumberland LLC, NJCC CDE Monmouth LLC, NJCC CDE Middlesex LLC and NJCC CDE 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, (collectively NMTC V); NJCC CDE Barton LLC, NJCC CDE Stockton LLC, NJCC CDE Campbell LLC, NJCC CDE Eagleton LLC, NJCC CDE Parker LLC, NJCC CDE Robeson LLC, NJCC CDE Whitman LLC, and NJCC CDE Salem LLC, NJCC CDE Houston LLC, NJCC CDE Amos and NJCC CDE Field (collectively NMTC VI). 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.

The following SPEs have been formed by CLFNJ and have yet to be assigned a NMTC allocation. The SPEs are NJCC CDS Houston LLC, NJCC CDE Amos LLC, and NJCC CDE Field LLC.

*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 and VI, 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

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

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

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.

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

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

**(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, which 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 and 2018, CLFNJ disbursed \$130,000 and \$120,000, respectively, to eligible recipients.

**NMTC**

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

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

**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.

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

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

**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 2019 and 2018, CLFNJ received a \$35 million and \$40 million, respectively, 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.

**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, 2019 and 2018, CAPC had 216 and 169 properties, respectively, in rental status which are included in fixed assets with a net book value (including land value) of \$44,593,721 and \$34,869,980, 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

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

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

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 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 Organization adopted Accounting Standards Update (ASU) No. 2016-14, Not for Profit Entities (Topic 958): *Presentation of Financial Statements of Not for Profit Entities* in 2019. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. The Organization adopted the provisions of this guidance which include (1) Presentation of two classes of net assets rather than the previously required three. Net assets without donor restrictions, previously reported as unrestricted net assets of \$31,976,503 and net assets with donor restrictions, previously reported as temporarily restricted net assets of \$28,220,014 and permanently restricted net assets of \$490,000, in 2018; (2) The presentation of expenses by their function and their natural classification in one location; (3) Quantitative and qualitative information about the management of liquid resources and the availability of financial assets to meet cash needs within one year of the date of the consolidated statement of financial position (note 13); and (4) Retaining the option to present operating cash flows in the consolidated statement of cash flows using either the direct or indirect method. The Organization adopted ASU 2016-14 for the year ended

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

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

September 30, 2019. Accordingly, 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 decreased by \$171,317, which represents the net contributions of \$640,682 from noncontrolling interests, and \$811,999 of operating expenses over operating revenues.

*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.

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

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

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

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 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.

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

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

**(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 fair value as determined by appraisals, and are \$38,663,783 and \$26,637,989 at September 30, 2019 and 2018, respectively.

**(j) Property and Equipment**

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

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

**(k) Other Assets**

Other assets include rent receivables, management fee receivables, advances to NMTC entities, miscellaneous receivables and mortgages. Those assets that are expected to be realized within one year are recorded in other current assets. All other items are recorded in other assets on the consolidated statements of financial position.

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

Funds held in trust, escrows, and other are held in a high-credit quality financial institution. Funds held in trust, escrows, and other include escrow deposits. The cash related to these funds is included in restricted cash and amounts to approximately \$3,330,000 and \$3,480,000, respectively, at September 30, 2019 and 2018.

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 \$853,000 and \$1,097,000 at September 30, 2019 and 2018, 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 \$1,045,000 and \$1,029,000 at September 30, 2019 and 2018, respectively.

There are four programs that advance funds with conditions to the Organization. The cash related to these programs amounts to approximately \$1,367,000 and \$1,618,000 and is included in restricted cash at September 30, 2019 and 2018, respectively.

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

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

Approximately \$3,603,000 and \$4,500,000 of funds held in trust were used to renovate real property held for sale at September 30, 2019 and 2018, respectively. The revenue related to these programs will be recognized when the conditions are met, which is generally when the property is sold.

***(m) Unearned Fee Income***

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

***(n) Contributions, Gifts, and Grants***

Contributions, gifts, and grants are reported in the accompanying consolidated financial statements at their estimated fair value at date of receipt or binding commitment. 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 any donor restrictions. However, if a restriction is fulfilled in the same time period in which the contribution or grant is received, the Organization reports the support as without donor restriction. Unconditional promises to give are recognized as revenues or gains in the period received. Conditional promises to give are recognized as revenue when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-adjusted interest rates applicable to the years in which the promises are received to discount the amounts.

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

***(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 \$953,846 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.

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

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

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 4<sup>th</sup> 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 2019 or 2018.

**(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.

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

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

**(s) New Accounting Pronouncements**

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, 2020.

The FASB issued ASU No. 2018-08, *Not for Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies (1) whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Organization is currently evaluating the impact of this ASU and plans to adopt ASU 2018-08 for the year ending September 30, 2020.

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, 2021.

The FASB issued 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 future 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 is currently evaluating the impact of this ASU and plans to adopt ASU 2016-15 for the year ending September 30, 2020.

The FASB issued 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 is currently evaluating the impact of this ASU and plans to adopt ASU 2016-18 for the year ended September 30, 2020.

**(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, 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%.

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

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

At September 30, 2018, there were no variable rate loans. At September 30, 2018, fixed rate loans of \$51,786,356 had interest rates ranging from 2% to 12%.

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

At September 30, 2018, there were three loans classified as nonaccrual and 90 days past due with a total balance of \$2,880,000.

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, 2019 and 2018, there were eight loans with balances that totaled \$5,411,390 and seven loans with balances that totaled \$4,904,103, respectively, that were considered TDR loans.

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

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.

At September 30, 2018, these loans bear interest at an annual rate of 5.75% to 7.5% and are either unsecured or, if applicable, secured by the assets financed. At September 30, 2018, these loans amounted to \$8,025,417.

**(c) Camden Power**

At September 30, 2019 and 2018, the loans receivable of \$510,820 and \$543,864, respectively, bear interest at 2% to 4%. The loans mature between November 10, 2019 and February 1, 2023.

**(d) University Ventures**

University Ventures has a \$500,000 loan receivable from Red Restaurant Ventures, LLC (Red) under a four-year credit facility at 13.5% interest. In May 2011, Red filed for Chapter 11 bankruptcy. University Ventures performed a lien search and noted that they are the only secured party. As part of the bankruptcy proceedings, Red is required to make monthly payments of \$2,000, which Red has done sporadically in 2019 and 2018. At September 30, 2019 and 2018, this loan amounted to \$194,500 and \$197,000, respectively. In 2019, a new loan was added for an entity unrelated to Red Restaurant Ventures. At September 30, 2019, the loan had a balance of \$41,732.

**(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.

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

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

Variable rate loans are generally for terms of one to sixty months and generally bear interest rates based on LIBOR. At September 30, 2019 and 2018, variable rate loans bear interest at 6.5% to 8.4% and 7.0% to 8.09% per annum and amounted to \$314,770 and \$300,236, respectively. Fixed rate loans are generally for twelve to seventy-eight months. At September 30, 2019 and 2018, fixed rate loans bear interest at 5.5% to 7% and 5.5% to 7.0% per annum and amounted to \$25,091,029 and \$20,349,599, respectively.

At September 30, 2019 and 2018, there was one loan classified as 90 days past due. At September 30, 2019 and 2018, there was one loan not accruing interest, with a total balance of \$792,802.

At September 30, 2019 and 2018, there was one loan, with a balance of \$792,802 that was considered a TDR loan.

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). The doubtful receivable at September 30, 2018 was written off during 2019 in the amount of \$113,854. There were no doubtful receivables at September 30, 2019. The following table includes the amounts of the outstanding loans receivable at September 30, 2019 and 2018, using the Organization's internally assigned credit quality indicators.

	<b>2019</b>	<b>2018</b>
Pass	\$ 75,663,245	71,416,548
Watch	7,160,869	6,418,671
Substandard	5,935,430	3,253,399
Doubtful	—	113,854
Total loans receivable	\$ 88,759,544	81,202,472

**(4) Allowance for Uncollectible Loans Receivable**

The following table presents the changes in the allowance for uncollectible loans receivable at September 30, 2019 and 2018:

	<b>2019</b>	<b>2018</b>
Opening balance	\$ 3,907,000	3,053,000
Recoveries (write-offs)	(354,855)	37,669
Provision for uncollectible loan receivable, net	656,000	816,331
Ending balance	\$ 4,208,145	3,907,000

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

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

**(5) PCI Loans**

The following table summarizes information for PCI loans held at September 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Contractually required payments	\$ 1,544,941	1,923,088
Nonaccretable difference	<u>(357,000)</u>	<u>(533,529)</u>
Cash flows expected to be collected	1,187,941	1,389,559
Accretable yield	<u>(730,135)</u>	<u>(880,883)</u>
Initial carrying amount at acquisition	457,806	508,676
Accretion recorded since acquisition	<u>542,989</u>	<u>778,203</u>
Carrying value at September 30	\$ <u>1,000,795</u>	<u>1,286,879</u>

Accretion recorded during the year ended September 30, 2018 amounted to \$33,807, and is included in investment interest and dividends in the accompanying consolidated statements of activities. There was no accretion recorded for the year ended September 30, 2019.

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

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

**(6) Program-Related Investments**

Program-related investments at September 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
NMTC II:		
NJCC CDE Newark LLC	\$ —	544
NJCC CDE Washington Place LLC	—	789
NJCC CDE Essex LLC	1,163	1,139
NMTC III:		
NJCC CDE Trenton LLC	618	626
NJCC CDE Union LLC	763	763
NJCC CDE Bergen LLC	741	741
NJCC CDE Hudson LLC	917	916
NMTC IV:		
NJCC CDE Ocean LLC	693	693
NJCC CDE Cumberland LLC	596	596
NJCC CDE Passaic LLC	499	499
NJCC CDE Camden LLC	494	494
NJCC CDE Monmouth LLC	597	597
NJCC CDE Middlesex LLC	674	674
NJCC CDE Wilson LLC	790	—
NMTC V:		
NJCC CDE Hamilton LLC	1,039	1,047
NJCC CDE Edison LLC	788	788
NJCC CDE Kilmer LLC	502	501
NJCC CDE Morris LLC	680	680
NJCC CDE Livingston LLC	997	997
NMTC VI:		
NJCC CDE Barton LLC	198	200
NJCC CDE Stockton LLC	399	400
NJCC CDE Whitman LLC	862	—
NJCC CDE Campbell LLC	698	—

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

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

	<b>2019</b>	<b>2018</b>
University Ventures, Inc.:		
Acelero, 8% cumulative convertible preferred stock	\$ 376,405	376,405
Terracycle	200,000	200,000
City National Bancshares Corporation, 6% noncumulative preferred stock	200,000	200,000
Other:		
CAPC Florida LLC	87,767	87,767
Hurricane Sandy Fund	664,282	941,337
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	987,307	987,307
CHS-CAPC JV1, LLC	15,000	10,000
NJCC Fund # 4 LLC	200,423	200,423
NJCC MM Invest LLC	553,231	553,231
NJCC Fund # 5 LLC	355,597	346,592
306 MLK Blvd Urban Renewal LLC	671,622	671,622
Parramore Asset Stabilization Fund	514,968	—
HPN Leverage IV LLC	8,222,118	8,222,118
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
	\$ 15,361,258	15,108,316

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

In 2018, CLFNJ invested \$500 in NJCC CDE Kilmer LLC, \$700 in NJCC CDE Morris LLC, \$1,000 in NJCC CDE Livingston LLC, \$200 in NJCC CDE Barton LLC, \$400 in NJCC CDE Stockton LLC, and \$346,592 in NJCC Fund #5 LLC, and an additional \$92,519 in NJCC MM Invest LLC.

In 2018, CAPC invested \$8,222,118 in HPN Leverage IV LLC. In 2018, 306 MLK Blvd Urban Renewal LLC was deconsolidated. This resulted in CAPC showing an investment in the entity of \$366,622. In prior periods the investment was eliminated.

Net gain (loss) related to equity investments of \$56,730 and \$334 is included in investment interest and dividends in the accompanying consolidated statements of activities as of September 30, 2019 and 2018, respectively.

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

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

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

	<u>Managing member(s) ownership stake</u>		<u>Managing member(s) initial investment</u>	<u>Investor member(s) initial investment</u>	<u>Assets at December 31, 2018</u>	<u>Liabilities at December 31, 2018</u>	<u>Net income for December 31, 2018</u>
NMTC II:							
NJCC CDE New ark LLC	0.01	\$	512	5,125,000	—	—	(21,717)
NJCC CDE Washington Place LLC	0.01		700	7,000,000	—	—	86,937
NJCC CDE Essex LLC	0.01		1,000	10,000,000	9,985,908	249,729	235,211
NMTC III:							
NJCC CDE Trenton LLC	0.01		600	6,000,000	6,040,155	17,549	113,654
NJCC CDE Union LLC	0.01		750	7,500,000	7,529,855	28,500	75,702
NJCC CDE Bergen LLC	0.01		740	7,400,000	7,447,995	23,945	283,605
NJCC CDE Hudson LLC	0.01		910	9,100,000	9,206,496	15,400	315,195
NMTC IV:							
NJCC CDE Ocean LLC	0.01		700	7,000,000	7,021,207	3,917	199,080
NJCC CDE Cumberland LLC	0.01		600	6,000,000	6,000,600	—	57,144
NJCC CDE Passaic LLC	0.01		500	5,000,000	5,015,417	14,917	27,995
NJCC CDE Camden LLC	0.01		500	5,000,000	5,032,085	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	6,770,856	17,313	38,134
NMTC V:							
NJCC CDE Hamilton LLC	0.01		1,050	10,500,000	10,521,819	5,395	62,312
NJCC CDE Edison LLC	0.01		800	8,000,000	8,060,712	11,800	268,661
NJCC CDE Kilmer LLC	0.01		500	5,000,000	5,012,979	11,183	28,977
NJCC CDE Morris LLC	0.01		700	7,000,000	7,045,355	21,912	294,058
NJCC CDE Livingston LLC	0.01		1,000	10,000,000	10,021,600	9,100	57,955
NMTC VI:							
NJCC CDE Barton LLC	0.01		200	2,000,000	2,017,067	11,500	29,822
NJCC CDE Stockton LLC	0.01		400	4,000,000	4,011,900	11,500	9,333
NJCC CDE Whitman LLC	0.01		880	8,800,000	8,804,982	4,099	33,023

Certain SPEs have been formed but are not yet funded.

Assets, liabilities and net income for NJCC CDE Trenton LLC, NJCC CDE Middlesex LLC and NJCC CDE Hamilton LLC are at October 31, 2018.

As of September 30, 2019 and 2018, all of the New Market Tax Credits have been expended for NMTC II and NMTC III. As of September 30, 2019, approximately \$3.75 million, \$25.2 million and \$35 million were available to be expended on NMTC V, 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.

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

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

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, 2019 and 2018.

*Mutual funds and U.S. equity securities:* Valued at the closing prices reported on an active market at September 30, 2019 and 2018.

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

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

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, 2019 and 2018:

					<b>2019</b>				
					<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	
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				
	\$	<u>20,710,664</u>	<u>7,646,548</u>	<u>—</u>	<u>28,357,212</u>				

					<b>2018</b>				
					<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	
Investments:									
Certificates of deposit	\$	—	3,789,384	—	3,789,384				
U.S. government and agency obligations		8,815,689	3,304,937	—	12,120,626				
Mutual funds		1,716,680	—	—	1,716,680				
U.S. equity securities:									
Consumer discretionary		718,844	—	—	718,844				
Consumer staples		282,369	—	—	282,369				
Energy		377,343	—	—	377,343				
Financial services		937,433	—	—	937,433				
Healthcare		1,159,959	—	—	1,159,959				
Industrials		992,899	—	—	992,899				
Information technology		1,261,272	—	—	1,261,272				
Materials		387,957	—	—	387,957				
Telecommunications		1,116,075	—	—	1,116,075				
Utilities		151,938	—	—	151,938				
Other		42,779	140,560	—	183,339				
	\$	<u>17,961,237</u>	<u>7,234,881</u>	<u>—</u>	<u>25,196,118</u>				

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

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

Advisory fees relating to marketable investments amounted to \$158,070 and \$181,409 for the years ended September 30, 2019 and 2018, and are recorded in professional fees.

**(8) Fixed Assets**

Fixed assets at September 30, 2019 and 2018 consist of the following:

	<b>2019</b>	<b>2018</b>
Land	\$ 8,712,816	6,481,140
Computers and equipment	530,536	513,551
Buildings and improvements held for rental purposes	38,044,872	29,820,602
Building and improvements	693,502	594,842
	47,981,726	37,410,135
Less accumulated depreciation	(2,828,527)	(1,994,186)
Fixed assets, net	\$ 45,153,199	35,415,949

Depreciation expense for the years ended September 30, 2019 and 2018 amounted to \$839,755 and \$687,820, respectively.

At September 30, 2019, future minimum rentals of approximately \$4,311,351 and \$22,511 are due to the Organization under noncancelable leases that are expected to be received in fiscal years 2020 and 2021, 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, 2019 and 2018, the net investment return was \$276,926 and \$160,930, respectively. At September 30, 2019 and 2018, \$5,348,418 and \$4,793,394, respectively, has been used to credit enhance loans issued by the Organization to charter schools and \$3,233,287 and \$3,061,451, respectively, has been used to credit enhance loans issued by outside organizations. As of September 30, 2019 and 2018, \$8,868,241 and \$8,908,275, respectively, is the amount available to use as credit enhancements.

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

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

**(b) Supportive Housing Fund Grant**

In 2017, CLFNJ received an \$8,000,000 grant from Goldman Sachs to be used 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 must be committed to eligible project borrowers by June 21, 2020. In 2019 and 2018 respectively, \$1,932,335 and \$1,483,446 was used to finance loans and at September 30, 2019 \$11,584,219 is still 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 \$1,905,692 and \$1,415,442 and are included in net assets with donor restrictions at September 30, 2019 and 2018, respectively.

**(d) 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 \$300,000 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 2019 and 2018, \$147,000 and \$210,000 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 \$668,000 and \$573,000 during the years ended September 30, 2019 and 2018, respectively.

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

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

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

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

	<u>2019</u>	<u>2018</u>
SEED funds	\$ 208,063	197,951
BofA funds	836,937	831,385
TICIC funds	437,167	578,459
GFI funds	415,436	568,405
Escrows	3,436,900	3,419,249
Other	447,123	778,892
Conditional program advances:		
Goldman Sachs downpayment assistance program	963,000	2,175,500
Neighborhood enhancement program	2,475,912	1,938,500
Camden Power funds	1,036,851	1,423,600
Neighborhood stabilization program	1,656,365	2,174,468
	<u>\$ 11,913,754</u>	<u>14,086,409</u>

**(11) Long-Term Debt**

Balances at September 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Community Loan Fund:		
Various notes payable (a)	\$ 60,878,970	70,998,543
Credit facility (b)	21,794,715	6,600,000
Equity equivalent investment (c)	13,500,000	12,000,000
Proprietary Managed Assets – notes payable (d)	191,000	191,000
CAPC:		
Credit facility (e)	22,547,916	10,057,391
Other loans (f)	21,496,269	21,990,675
NMTC related loans (g)	18,190,416	19,547,300
NCC Mortgage Holdings (j)	2,771,171	1,531,543
Lending Partners:		
Credit facility (h)	16,097,104	15,123,691
Equity equivalent investment (i)	1,000,000	1,000,000
Total long-term debt	178,467,561	159,040,143
Current portion of long-term debt	48,353,725	27,834,161
Long-term debt, net of current portion	<u>\$ 130,113,836</u>	<u>131,205,982</u>

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

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

- (a) Notes payable of the Community Loan Fund division represent loans by approximately 122 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 5.58%, payable at varying maturities of one to twelve years through 2030. The notes are unsecured.
- (b) Community Loan Fund has \$5,800,000 in a credit facility from an insurance company outstanding at September 30, 2019 to support its lending activities with interest rates ranging from 4.4% to 4.75% payable in installments through 2036. 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 \$14,653,814 at September 30, 2019. 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 2.3740% to 3.604%. The Supportive Housing Fund Grant which has an interest rate of 3.53% has a balance of \$1,340,901 at September 30, 2019.
- (c) The Community Loan Fund division has an aggregate of \$13,500,000 of equity equivalent investments at September 30, 2019. \$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 30, 2020 with a rate of 3.00%. Additionally, \$5,000,000 will mature August 1, 2020 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 30, 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%. They have stated maturities in fiscal years 2020 to 2023. The notes are unsecured.
- (e) CAPC has an aggregate of \$22,547,916 in credit facilities, with an interest rate of 4.5% to 7.5% to support its activities. Maturities range from June 2021 to June 2029. These notes are secured by properties purchased by CAPC.
- (f) CAPC has various other loans from financial institutions and individuals bearing interest rates from 3.00% to 6.75%. These loans have maturity dates ranging from 2019 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 matures 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

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

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

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, 2019 is \$16,097,104. Lending Partners also has \$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, 2019 is \$1,344,912. These funds will mature on December 1, 2044 with interest rates of 3.173 and 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 \$500,000 will mature on June 20, 2020 with a rate of 4.00% and \$500,000 will mature on June 30, 2020 with a rate of 4.44%, respectively.
- (j) NCC Mortgage Holdings has \$2,771,171 in loans outstanding at September 30, 2019, with installment payments due 2019 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, 2019.

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

	<b>Community loan fund</b>	<b>Mortgage holdings</b>	<b>CAPC</b>	<b>Lending partners</b>	<b>Total</b>
2020	\$ 28,518,901	24,473	17,528,324	2,282,027	48,353,725
2021	24,261,764	49,727	11,934,805	5,362,474	41,608,770
2022	8,725,071	302,548	1,654,434	4,130,905	14,812,958
2023	3,788,963	1,224,404	1,246,621	3,513,910	9,773,898
2024	3,358,468	1,170,019	2,058,127	1,807,788	8,394,402
Thereafter	27,711,518	—	27,812,290	—	55,523,808
	<u>\$ 96,364,685</u>	<u>2,771,171</u>	<u>62,234,601</u>	<u>17,097,104</u>	<u>178,467,561</u>

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

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

**(12) Net Assets with Donor Restrictions**

Net Assets with Donor Restrictions are available for the following purposes at September 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Credit enhancements from USDOE grant	\$ 17,449,946	16,763,120
Camden county businesses involved in energy efficiency improvements	500,000	500,000
Loan loss reserves	600,000	400,000
South Jersey economic initiative	1,905,692	1,415,442
Goldman Sachs supportive housing initiative	5,925,120	7,018,085
Healthy homes initiative	775,000	—
East Trenton Collaborative	835,491	380,858
Time-restricted grants	237,500	1,121,812
Other	325,000	620,697
Revolving loan fund for housing and capital projects, income from which is expendable to support operations	<u>343,000</u>	<u>490,000</u>
	<u>\$ 28,896,749</u>	<u>28,710,014</u>

**(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, 2019, the following financial assets could be made readily available within one year of the consolidated statement of financial position date to meet general expenditures:

Cash and cash equivalents	\$ 18,857,984
Investments	14,876,607
Payments on loans receivable	<u>27,096,620</u>
Total financial assets as of September 30, 2019	<u>\$ 60,831,211</u>

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.

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

Notes to Consolidated Financial Statements  
September 30, 2019 and 2018

**(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, 2019 consist of the following:

	Program services				Supporting services			Total expenses
	Community Loan Fund of New Jersey, Inc.	Community Lending Partners of New Jersey, Inc.	Community Asset Preservation Corporation	Total	Management and general	Fundraising	Total	
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	—	6,817	66,803	10,930	8,814	19,744	86,547
Total operating expenses	6,089,152	317,658	9,712,219	16,119,029	1,687,110	1,182,010	2,869,120	18,988,149
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	9,763,634	20,312,099	1,687,110	1,182,010	2,869,120	23,181,219

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

Notes to Consolidated Financial Statements  
September 30, 2019 and 2018

Expenses by natural classification for the year ended September 30, 2018 consist of the following:

	Program services				Supporting services			Total expenses
	Community Loan Fund of New Jersey, Inc.	Community Lending Partners of New Jersey, Inc.	Community Asset Preservation Corporation	Total	Management and general	Fundraising	Total	
Salaries and benefits	\$ 2,346,760	147,673	2,056,600	4,551,033	659,851	424,446	1,084,297	5,635,330
Depreciation and amortization	35,514	—	586,038	621,551	53,195	31,074	84,269	705,820
Insurance	55,230	—	17,610	72,841	12,431	8,156	20,587	93,428
Occupancy	187,653	—	47,122	234,775	41,178	27,095	68,273	303,048
Office supplies	156,734	1,657	33,499	191,890	34,911	23,060	57,971	249,861
Professional development	44,888	—	12,820	57,708	9,986	6,561	16,547	74,255
Professional fees	1,549,693	12,064	838,451	2,400,208	194,802	129,787	324,589	2,724,797
Publicity	82,445	—	960	83,405	15,202	16,941	32,143	115,548
Loan servicing and commitment fees	1,202,730	—	140,330	1,343,060	59,984	27,423	87,407	1,430,467
Grants expense	511,178	—	36,394	547,572	—	—	—	547,572
Rental expenses	75,235	—	2,748,329	2,823,564	231,208	133,552	364,760	3,188,324
Property held for sale holding costs	72,921	—	3,031	75,951	—	—	—	75,951
Travel-site visits	47,719	—	19,544	67,263	—	—	—	67,263
Other	44,394	—	8,687	53,082	9,125	6,017	15,142	68,224
Total operating expenses	<u>6,413,094</u>	<u>161,394</u>	<u>6,549,415</u>	<u>13,123,903</u>	<u>1,321,873</u>	<u>834,112</u>	<u>2,155,985</u>	<u>15,279,888</u>
Interest expense	2,089,073	504,221	177,505	2,770,799	—	—	—	2,770,799
Provision for loan losses	426,331	390,000	—	816,331	—	—	—	816,331
Total other expenses	<u>2,515,404</u>	<u>894,221</u>	<u>177,505</u>	<u>3,587,130</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,587,130</u>
Total expenses	<u>\$ 8,928,498</u>	<u>1,055,615</u>	<u>6,726,920</u>	<u>16,711,032</u>	<u>1,321,873</u>	<u>834,112</u>	<u>2,155,985</u>	<u>18,867,017</u>

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

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

**(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 2022. The office lease has an option to renew for two successive periods of five years. Future minimum lease obligations as of September 30, 2019 are as follows:

2020	\$	186,935
2021		165,100
2022		<u>13,758</u>
	\$	<u><u>365,793</u></u>

Rent expense for office space amounted to \$178,058 and \$139,345 for the years ended September 30, 2019 and 2018, respectively.

**(b) Contingent Liabilities for Charter Fund**

At September 30, 2019 and 2018, the Organization has \$3,233,287 and \$3,061,451, respectively, of contingent guarantees outstanding for the benefit of 7 charter school transactions funded by unrelated lenders. The guarantees expire at various times through 2020.

**(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, 2019 and 2018, the principal commitments of the Organization are as follows:

	<u>2019</u>	<u>2018</u>
Financings committed but not yet closed:		
Community Loan Fund	\$ 13,607,493	10,336,109
Neighborhood Prosperity Fund	—	332,485
Lending Partners	<u>1,300,000</u>	<u>—</u>
	<u>\$ 14,907,493</u>	<u>10,668,594</u>
Financings closed but not yet funded:		
Community Loan Fund	\$ 11,972,087	16,417,746
Neighborhood Prosperity Fund	1,590,805	1,732,462
Lending Partners	<u>1,208,761</u>	<u>5,498,621</u>
	<u>\$ 14,771,653</u>	<u>23,648,829</u>

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

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

**(16) Concentrations**

Financial instruments that potentially subject the Organization to credit risk include loans receivable from entities amounting to \$88,759,544 and \$81,202,472 at September 30, 2019 and 2018, respectively. As of September 30, 2019 and 2018, \$45,861,770 and \$37,043,390, respectively, of the Organization's loans were to nonprofits, representing approximately 52% and 46%, 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, 2019 and 2018, the Organization had notes payable to various employees or current members of the board of directors totaling \$132,892 and \$150,659, respectively. Interest of \$3,017 and \$1,812 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 \$5,100 and \$3,850 during the years ended September 30, 2019 and 2018, 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 statements of activities for the years ended September 30, 2019 and 2018 was approximately \$142,000 and \$117,000, respectively.

**(19) Subsequent Events**

The Organization has evaluated events subsequent to September 30, 2019 and through the date of January 31, 2020, which is the date the consolidated financial statements were available to be issued. Based on this evaluation, the Organization has determined that the following subsequent events have occurred, which requires disclosure in the consolidated financial statements.

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

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

In 2019, the Organization was selected to administer the NeighborhoodLIFT program in Essex County, New Jersey. Established in 2012, NeighborhoodLIFT is a national down payment assistance program, sponsored by Wells Fargo Foundation in partnership with NeighborWorks America, that has served nearly 75 markets. Funding for this program is provided by Wells Fargo Foundation to NeighborWorks America, which subsequently contracts with a local nonprofit to administer the program in a particular geographic area. As the local nonprofit partner for Essex County, New Jersey, the Organization will be the recipient of \$4,000,000 in program grant funds from NeighborWorks America that will be used to fund \$20,000 down payment assistance grants to eligible homebuyers (with first responder, military, and teacher applicants eligible for \$22,500 down payment assistance grants). The Organization received the first \$2,400,000 in program grant funds in October, 2019 and will receive the remaining \$1,600,000 in one or two future installments to be funded as commitment and closing milestones are achieved. A portion of program grant funds will also be used to fund program delivery costs. Additionally, the Organization will charge grant recipients a standard processing fee and wire fee for each closed down payment assistance grant.

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.

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

Schedule of Financial Position Information

September 30, 2019

<b>Assets</b>	<b>Community Loan Fund of New Jersey, Inc. (note)</b>	<b>Community Lending Partners of New Jersey, Inc.</b>	<b>Community Asset Preservation Corporation</b>	<b>Eliminating entries</b>	<b>Total</b>
<b>Current assets:</b>					
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
<b>Liabilities and Net Assets</b>					
<b>Current liabilities:</b>					
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
<b>Long-term liabilities:</b>					
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
<b>Net assets:</b>					
<b>Net assets without donor restrictions:</b>					
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 Financial Position Information

September 30, 2018

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	\$ 14,275,126	228,441	14,301,677	—	28,805,244
Investments	14,424,871	—	—	—	14,424,871
Grants receivable, net	1,195,894	—	654,178	—	1,850,072
Loans receivable, net	15,342,081	2,637,133	—	(549,839)	17,429,375
Other current assets	3,781,828	92,710	3,350,148	(571,685)	6,653,001
Total current assets	49,019,800	2,958,284	18,306,003	(1,121,524)	69,162,563
Loans receivable, net	53,991,388	17,182,702	—	(11,307,993)	59,866,097
Restricted cash	12,071,365	23,985	—	—	12,095,350
Investments	10,771,247	—	—	—	10,771,247
Purchased credit impaired loans held for investment	1,286,879	—	—	—	1,286,879
Real property held for sale	776,895	—	25,861,094	—	26,637,989
Program-related investments	7,627,682	—	8,991,454	(1,510,820)	15,108,316
Fixed assets, net	87,357	—	35,371,189	(42,597)	35,415,949
Other assets	20,674,624	—	6,954,594	(19,764,227)	7,864,991
Total assets	\$ 156,307,237	20,164,971	95,484,334	(33,747,161)	238,209,381
<b>Liabilities and Net Assets</b>					
Current liabilities:					
Accounts payable and accrued expenses	\$ 1,061,222	918,540	22,145,648	(20,350,044)	3,775,366
Funds held in trust, escrows, and other	1,145,657	—	2,578,577	—	3,724,234
Current portion of long-term debt	20,119,889	1,019,067	9,425,878	(2,730,673)	27,834,161
Total current liabilities	22,326,768	1,937,607	34,150,103	(23,080,717)	35,333,761
Long-term liabilities:					
Unearned fee income	594,284	64,386	—	(37,724)	620,946
Funds held in trust, escrows, and other, net	7,103,670	23,985	3,234,520	—	10,362,175
Long-term debt, net	71,201,197	17,234,830	52,429,258	(9,659,303)	131,205,982
Total liabilities	101,225,919	19,260,808	89,813,881	(32,777,744)	177,522,864
Net assets:					
Net assets without donor restrictions:					
Community Loan Fund and Subsidiaries	26,999,523	904,163	1,609,624	208,937	29,722,247
Noncontrolling Interest in Subsidiaries	226,005	—	3,206,605	(1,178,354)	2,254,256
Total net assets without donor restrictions	27,225,528	904,163	4,816,229	(969,417)	31,976,503
Net assets with donor restrictions	27,855,790	—	854,224	—	28,710,014
Total net assets	55,081,318	904,163	5,670,453	(969,417)	60,686,517
Total liabilities and net assets	\$ 156,307,237	20,164,971	95,484,334	(33,747,161)	238,209,381

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, 2019

	<b>Community Loan Fund of New Jersey, Inc. (note)</b>	<b>Community Lending Partners of New Jersey, Inc.</b>	<b>Community Asset Preservation Corporation</b>	<b>Eliminating entries</b>	<b>Total</b>
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)
Contributions from noncontrolling interests	(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.

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

Schedule of Activities Information

Year ended September 30, 2018

	<b>Community Loan Fund of New Jersey, Inc. (note)</b>	<b>Community Lending Partners of New Jersey, Inc.</b>	<b>Community Asset Preservation Corporation</b>	<b>Eliminating entries</b>	<b>Total</b>
Operating revenues, gains and other support:					
Interest from loans receivable	\$ 3,804,984	908,479	89,795	(463,714)	4,339,544
Investment interest and dividends	611,961	5,426	1	—	617,388
Total investment income	4,416,945	913,905	89,796	(463,714)	4,956,932
Interest expense	(2,477,072)	(579,936)	(177,505)	463,714	(2,770,799)
Net investment income	1,939,873	333,969	(87,709)	—	2,186,133
Provision for loan losses, net	(477,331)	(380,000)	—	41,000	(816,331)
Net investment income after provision for loan losses	1,462,542	(46,031)	(87,709)	41,000	1,369,802
Contributions, gifts, and grants	2,247,505	—	3,118,541	(35,835)	5,330,211
Fees	5,610,484	73,493	981,595	(46,482)	6,619,090
Rental income	137,272	—	2,738,297	—	2,875,569
Gain on sale of property and mortgages	131,821	—	609,701	—	741,522
Total operating revenues, gains and other support	9,589,624	27,462	7,360,425	(41,317)	16,936,194
Operating expenses:					
Program services	6,463,552	161,394	6,571,127	(72,170)	13,123,903
Supporting services:					
Management and general	796,838	29,866	501,228	(6,059)	1,321,873
Fundraising	526,330	19,911	291,959	(4,088)	834,112
Total supporting services	1,323,168	49,777	793,187	(10,147)	2,155,985
Total operating expenses	7,786,720	211,171	7,364,314	(82,317)	15,279,888
Changes in net assets before nonoperating activities	1,802,904	(183,709)	(3,889)	41,000	1,656,306
Nonoperating activities:					
Impairment loss on real property held for sale	(1,373,679)	—	(83,631)	—	(1,457,310)
Contributions from noncontrolling interests	—	—	3,882,089	(1,866,441)	2,015,648
Realized gain on investments	23,661	—	—	355,621	379,282
Unrealized gain on investments	246,845	—	—	—	246,845
Total nonoperating activities, net	(1,103,173)	—	3,798,458	(1,510,820)	1,184,465
Increase (decrease) in net assets	699,731	(183,709)	3,794,569	(1,469,820)	2,840,771
Net assets, beginning of year	54,381,587	1,087,872	1,875,884	500,403	57,845,746
Net assets, end of year	\$ 55,081,318	904,163	5,670,453	(969,417)	60,686,517

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

See accompanying independent auditors' report.