



**FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

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

Contents  
June 30, 2017 and 2016

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## Independent Auditor's Report

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

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

We have audited the accompanying financial statements of New Hampshire Community Loan Fund, Inc. (a New Hampshire corporation, not for profit) (the Community Loan Fund) which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

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

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

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

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Hampshire Community Loan Fund, Inc. as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Report on Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 29 through 32 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

Boston, Massachusetts  
October 26, 2017

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

Statements of Financial Position  
June 30, 2017 and 2016

<b>Assets</b>	<b>2017</b>	<b>2016</b>
Current Assets:		
Cash and cash equivalents	\$ 7,013,344	\$ 5,738,418
Cash and cash equivalents - pass-through	677,525	447,200
Marketable securities	9,039,585	6,570,287
Grants, contracts and other receivables	929,241	157,167
Current portion of pledges receivable	226,632	309,534
Current portion of loans receivable	1,987,909	1,970,397
Accrued interest receivable	448,157	464,965
Prepaid expenses and other	151,806	15,561
Total current assets	20,474,199	15,673,529
Loans Receivable, net of current portion and allowance for loan losses of \$1,778,453 and \$3,668,058 at June 30, 2017 and 2016, respectively	97,406,168	90,083,550
Pledges Receivable, net of current portion	402,000	172,110
Program-Related Development Investments, net	1,964,959	2,097,768
Equity Investments	661,325	872,687
Property and Equipment, net	4,057,450	4,151,879
Total assets	\$ 124,966,101	\$ 113,051,523
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Current portion of loans payable	\$ 8,611,084	\$ 7,844,366
Accounts payable and accrued expenses	721,557	357,709
Accrued interest payable	977,415	766,403
Conditional advances	468,354	-
Deferred revenue	291,054	218,036
Total current liabilities	11,069,464	9,186,514
Long-Term Liabilities:		
Loans payable, net of current portion	81,549,146	72,252,871
Subordinated loans payable - equity equivalent investments	8,600,000	8,600,000
Total liabilities	101,218,610	90,039,385
Net Assets:		
Unrestricted:		
Program	2,661,805	2,760,291
Financing	12,430,546	9,832,334
Total unrestricted	15,092,351	12,592,625
Temporarily restricted:		
Program	259,233	335,638
Financing	8,294,538	9,870,603
Pass-through	101,369	213,272
Total temporarily restricted	8,655,140	10,419,513
Total net assets	23,747,491	23,012,138
Total liabilities and net assets	\$ 124,966,101	\$ 113,051,523

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

Statement of Activities and Changes in Net Assets  
For the Year Ended June 30, 2017

(With Summarized Comparative Totals for the Year Ended June 30, 2016)

	2017			2016
	Unrestricted	Temporarily Restricted	Total	Total
<b>Operating Revenues:</b>				
Public support:				
Grants and contributions	\$ 1,077,050	\$ 1,655,391	\$ 2,732,441	\$ 3,850,146
Grants - pass-through	279,440	-	279,440	612,003
Net assets released from restrictions	3,350,125	(3,350,125)	-	-
Net assets released from restrictions - pass-through	93,734	(93,734)	-	-
Less - grants passed through to others	(373,174)	-	(373,174)	(595,612)
Net public support	<u>4,427,175</u>	<u>(1,788,468)</u>	<u>2,638,707</u>	<u>3,866,537</u>
Earned revenue:				
Financial revenue:				
Interest on loans	7,092,549	-	7,092,549	6,694,651
Loan related fees	374,963	-	374,963	362,971
Net loan loss recovery (provision)	-	24,095	24,095	(1,310,609)
Investment income	95,751	-	95,751	83,458
Less - interest expense	(3,417,186)	-	(3,417,186)	(2,931,850)
Net financial revenue	<u>4,146,077</u>	<u>24,095</u>	<u>4,170,172</u>	<u>2,898,621</u>
Training and other fees	23,448	-	23,448	32,111
Other net gains (losses)	210,861	-	210,861	(3,447)
Total earned revenue	<u>4,380,386</u>	<u>24,095</u>	<u>4,404,481</u>	<u>2,927,285</u>
Total operating revenues	<u>8,807,561</u>	<u>(1,764,373)</u>	<u>7,043,188</u>	<u>6,793,822</u>
<b>Operating Expenses:</b>				
Program services	4,743,288	-	4,743,288	5,114,716
Management and administrative	620,723	-	620,723	626,172
Fundraising	309,502	-	309,502	270,773
Total operating expenses	<u>5,673,513</u>	<u>-</u>	<u>5,673,513</u>	<u>6,011,661</u>
Changes in operating net assets	<u>3,134,048</u>	<u>(1,764,373)</u>	<u>1,369,675</u>	<u>782,161</u>
<b>Non-Operating Revenue (Expense):</b>				
Share of income (loss) from program-related development investment	(132,809)	-	(132,809)	231,307
Net unrealized gain (loss) on investments	(501,513)	-	(501,513)	11,436
Total non-operating revenue (expense)	<u>(634,322)</u>	<u>-</u>	<u>(634,322)</u>	<u>242,743</u>
Total changes in net assets	<u>2,499,726</u>	<u>(1,764,373)</u>	<u>735,353</u>	<u>1,024,904</u>
<b>Net Assets:</b>				
Beginning of year	<u>12,592,625</u>	<u>10,419,513</u>	<u>23,012,138</u>	<u>21,987,234</u>
End of year	<u>\$ 15,092,351</u>	<u>\$ 8,655,140</u>	<u>\$ 23,747,491</u>	<u>\$ 23,012,138</u>

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

Statement of Activities and Changes in Net Assets  
For the Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Operating Revenues:</b>			
Public support:			
Grants and contributions	\$ 3,490,647	\$ 359,499	\$ 3,850,146
Grants - pass-through	480,429	131,574	612,003
Net assets released from restrictions	1,511,391	(1,511,391)	-
Net assets released from restrictions - pass-through	115,183	(115,183)	-
Less - grants passed through to others	<u>(595,612)</u>	<u>-</u>	<u>(595,612)</u>
Net public support	<u>5,002,038</u>	<u>(1,135,501)</u>	<u>3,866,537</u>
Earned revenue:			
Financial revenue:			
Interest on loans	6,694,651	-	6,694,651
Loan related fees	362,971	-	362,971
Net loan loss provision	(1,310,609)	-	(1,310,609)
Investment income	83,458	-	83,458
Less - interest expense	<u>(2,931,850)</u>	<u>-</u>	<u>(2,931,850)</u>
Net financial revenue	2,898,621	-	2,898,621
Training and other fees	32,111	-	32,111
Other net losses	<u>(3,447)</u>	<u>-</u>	<u>(3,447)</u>
Total earned revenue	<u>2,927,285</u>	<u>-</u>	<u>2,927,285</u>
Total operating revenues	<u>7,929,323</u>	<u>(1,135,501)</u>	<u>6,793,822</u>
<b>Operating Expenses:</b>			
Program services	5,114,716	-	5,114,716
Management and administrative	626,172	-	626,172
Fundraising	<u>270,773</u>	<u>-</u>	<u>270,773</u>
Total operating expenses	<u>6,011,661</u>	<u>-</u>	<u>6,011,661</u>
Changes in operating net assets	<u>1,917,662</u>	<u>(1,135,501)</u>	<u>782,161</u>
<b>Non-Operating Revenue:</b>			
Share of income from program-related development investment	231,307	-	231,307
Net unrealized gain on investments	<u>11,436</u>	<u>-</u>	<u>11,436</u>
Total non-operating revenue	<u>242,743</u>	<u>-</u>	<u>242,743</u>
Total changes in net assets	2,160,405	(1,135,501)	1,024,904
<b>Net Assets:</b>			
Beginning of year	<u>10,432,220</u>	<u>11,555,014</u>	<u>21,987,234</u>
End of year	<u>\$ 12,592,625</u>	<u>\$ 10,419,513</u>	<u>\$ 23,012,138</u>

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

Statements of Cash Flows  
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Cash Flows from Operating Activities:</b>		
Changes in net assets	\$ 735,353	\$ 1,024,904
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	179,865	184,422
Loans payable converted to contributions	(32,679)	(58,645)
Net loan loss provision (recovery)	(24,095)	1,310,609
Net (gains) losses on investments	266,180	(11,436)
Amortization of premiums/discounts on investments	(2,263)	(379)
Share of (income) loss from program-related development investment	132,809	(231,307)
Other net losses	24,472	3,447
Changes in operating assets and liabilities:		
Grants, contracts and other receivables	(772,074)	212,922
Pledges receivable	(146,988)	(154,415)
Accrued interest receivable	16,808	256,621
Prepaid expenses and other	(92,245)	5,694
Accounts payable and accrued expenses	363,848	(106,624)
Accrued interest payable	211,012	62,941
Conditional advances	468,354	-
Deferred revenue	73,018	(220,795)
Net cash provided by operating activities	<u>1,401,375</u>	<u>2,277,959</u>
<b>Cash Flows from Investing Activities:</b>		
Issuance of loans receivable	(17,783,052)	(21,453,142)
Principal payments of loans receivable	10,398,545	11,269,095
Purchase of property and equipment	(85,436)	(110,882)
Purchases of marketable securities and investments	(10,732,813)	(5,222,984)
Proceeds from sale of marketable securities	8,210,960	5,084,510
Net cash used in investing activities	<u>(9,991,796)</u>	<u>(10,433,403)</u>
<b>Cash Flows from Financing Activities:</b>		
Proceeds from loans payable	12,591,321	9,867,768
Payments made on lines of credit	-	(1,000,000)
Principal payments on loans payable	(2,495,649)	(1,135,638)
Net cash provided by financing activities	<u>10,095,672</u>	<u>7,732,130</u>
<b>Net Change in Cash and Cash Equivalents</b>	1,505,251	(423,314)
<b>Cash and Cash Equivalents:</b>		
Beginning of year	<u>6,185,618</u>	<u>6,608,932</u>
End of year	<u>\$ 7,690,869</u>	<u>\$ 6,185,618</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid for interest	<u>\$ 3,206,173</u>	<u>\$ 2,868,909</u>
Unrealized gain (loss) on investments	<u>\$ (501,513)</u>	<u>\$ 11,436</u>
Other real estate owned acquired by foreclosure	<u>\$ 44,000</u>	<u>\$ -</u>



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

Statement of Functional Expenses  
 For the Year Ended June 30, 2017  
 (With Comparative Totals for the Year Ended June 30, 2016)

	2017						2016	
	Program Services			Support Services			Total	Total
	Community Facilities	Affordable Housing	Business Finance	Capitalization and Philanthropy	Total Program Services	Management and Administrative		
Personnel costs:								
Salaries	\$ 123,682	\$ 1,710,732	\$ 723,563	\$ 448,559	\$ 3,006,536	\$ 304,704	\$ 201,982	\$ 3,513,222
Benefits	19,369	270,917	112,023	70,195	472,504	50,475	32,810	555,789
Payroll taxes	9,330	127,789	54,280	33,649	225,048	23,264	15,617	263,929
Total personnel costs	152,381	2,109,438	889,866	552,403	3,704,088	378,443	250,409	4,332,940
Professional services	12,734	119,943	54,400	34,288	221,365	60,451	10,023	291,839
Occupancy	12,021	76,941	30,342	31,525	150,829	64,208	-	215,037
Depreciation	9,935	65,724	25,078	26,056	126,793	53,072	-	179,865
Office expense	3,842	73,807	28,474	18,994	125,117	26,348	6,547	158,012
Administrative services	597	125,906	3,619	4,665	134,787	7,865	2,928	145,580
Training and travel	1,992	72,326	11,828	14,832	100,978	7,310	964	109,252
Communications	2,726	40,159	17,366	7,262	67,513	2,094	32,853	102,460
Equipment expense	1,656	35,040	10,354	8,642	55,692	19,886	5,604	81,182
Public education	3,218	10,133	21,522	7,946	42,819	1,046	174	44,039
Property expenses	-	13,307	-	-	13,307	-	-	13,307
Total expenses	\$ 201,102	\$ 2,742,724	\$ 1,092,849	\$ 706,613	\$ 4,743,288	\$ 620,723	\$ 309,502	\$ 5,673,513
								\$ 6,011,661

The accompanying notes are an integral part of these statements.

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

Statement of Functional Expenses  
For the Year Ended June 30, 2016

	Program Services				Support Services		Total
	Community Facilities	Affordable Housing	Business Finance	Capitalization and Philanthropy	Management and Administrative	Fundraising	
Personnel costs:							
Salaries	\$ 100,923	\$ 2,091,724	\$ 669,893	\$ 421,128	\$ 305,231	\$ 181,806	\$ 3,770,705
Benefits	16,711	335,723	104,661	64,737	48,072	29,622	599,526
Payroll taxes	8,175	154,002	49,591	30,948	22,643	14,172	279,531
Total personnel costs	125,809	2,581,449	824,145	516,813	375,946	225,600	4,649,762
Professional services	7,817	117,826	65,570	25,826	63,708	5,031	285,778
Occupancy	12,889	73,649	27,011	21,423	74,079	7	209,058
Depreciation	11,015	65,013	26,824	18,299	63,271	-	184,422
Office expense	2,636	64,302	18,435	17,449	7,255	7,080	117,157
Administrative services	389	94,069	41,958	4,289	6,804	2,506	150,015
Training and travel	2,713	96,542	23,326	21,492	11,193	1,486	156,752
Communications	2,687	47,763	19,903	13,893	3,415	26,883	114,544
Equipment expense	1,310	38,113	10,022	10,333	19,645	1,965	81,388
Public education	1,165	31,912	2,968	13,053	856	215	50,169
Property expenses	-	12,616	-	-	-	-	12,616
Total expenses	\$ 168,430	\$ 3,223,254	\$ 1,060,162	\$ 662,870	\$ 626,172	\$ 270,773	\$ 6,011,661

The accompanying notes are an integral part of these statements.

## NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.

Notes to Financial Statements  
June 30, 2017 and 2016

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### 1. OPERATIONS AND NONPROFIT STATUS

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

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

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

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

#### **Affordable Housing**

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

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

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

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

#### **Community Facilities**

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

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

#### **Business Finance**

Business Builder - Since 1996, providing loans and business education to support the growth and resilience of small businesses and their ability to provide quality jobs.

Vested for Growth - Since 2002, providing investments and business education to help owners grow their businesses by engaging their people and adding value for their customers.

## NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.

Notes to Financial Statements  
June 30, 2017 and 2016

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

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

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

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

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

The Community Loan Fund has been granted status as a Community Development Financial Institution (CDFI) by the U.S. Department of the Treasury (the Treasury), qualifying it for certain awards and support from the Treasury. The Community Loan Fund received a Capital Magnet Fund award of \$1,502,163 in 2017 and a Financial Assistance award of \$1,653,000 in 2016.

### 2. SIGNIFICANT ACCOUNTING POLICIES

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

#### **Estimates**

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **Cash and Cash Equivalents and Concentration of Credit Risk**

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

Cash deposits are guaranteed up to certain amounts by the Federal Deposit Insurance Corporation (FDIC) for bank accounts, by the National Credit Union Administration for credit union accounts, and by the Securities Investor Protection Corporation for brokerage accounts. At times, cash balances may exceed insured amounts. Other deposits exceeding insurance limits at June 30, 2017 and 2016, are separately collateralized by securities held by the financial institutions.

#### **Fair Value Measurements**

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

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

Notes to Financial Statements  
June 30, 2017 and 2016

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### **2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Fair Value Measurements (Continued)**

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

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

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

#### **Marketable Securities**

Marketable securities are carried at fair value (see Note 3) and consist of U. S. government agency securities, U.S. Treasury securities, and mutual funds held for charitable gift annuities (see Note 13). All securities with readily determinable fair values and all investments in debt securities are valued at their fair values determined using Level 1 and 2 inputs (see above and Note 3). Realized gains (losses) arising from sales are reported as other net gains (losses), a component of changes in operating net assets in the accompanying statement of activities and changes in net assets. Unrealized gains and losses are reported as a separate component of non-operating revenue (expenses). Changes in fair value are unrealized but can result in significant volatility in investment income reported each year. It is the Community Loan Fund's general intent to hold these securities until maturity. Investments are classified as current assets because there are no restrictions on their use and they are readily marketable.

#### **Loans Receivable and Allowance for Loan Losses**

Loans receivable are stated net of third party participations and an allowance for loan losses (see Notes 5 and 6). Interest on loans is calculated by using the simple interest method on monthly balances of the principal amount outstanding.

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

Notes to Financial Statements  
June 30, 2017 and 2016

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### **2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Loans Receivable and Allowance for Loan Losses (Continued)**

Provisions are made for estimated loan losses based on management's evaluation of each loan. Loss recoveries are recorded in the year the recovery is known. The allowance for loan losses (see Note 6) is established through the net loan loss provision and is charged to operations. The allowance is an amount that management believes will be adequate to absorb expected losses on existing loans that may become uncollectible. Management evaluates loan collectability through consideration of factors such as previous loss experience, performance of individual loans in accordance with contract terms, financial strength and cash flows of the borrower, realizable values of collateral, and current economic conditions that may affect the borrower's ability to repay.

U.S GAAP requires not-for-profit organizations to record interest expense and contribution revenue in connection with loans payable that are interest free or that have below-market interest rates. Likewise, funds loaned to borrowers at below-market interest rates should also result in imputed revenue and contribution expense. Interest rates on loans payable are disclosed in Note 11. Interest rates on loans receivable are disclosed in Note 5. The Community Loan Fund believes that the benefits derived from below-market rate loans received are passed through to the borrowers via below-market rate loans made, and that there is no material difference between community development finance market rates and the stated rates of loans in their portfolios. Consequently, no adjustments have been made to the accompanying financial statements to reflect rate contribution income or expense associated with below market interest rates.

#### **Program-Related Development Investment**

The Community Loan Fund maintains an equity investment in an uncombined affiliate where The Community Loan Fund exercises significant influence over the affiliate's operations (see Note 7). The Community Loan Fund accounts for this investment using the equity method. Whether or not the Community Loan Fund exercises significant influence with respect to an affiliate depends on an evaluation of several factors including, among others, representation on the affiliate's Board of Directors, significance of ownership in the voting securities of the affiliate, and participation in management activities significant to the investee. Under the equity method, the investment is initially recorded at cost and then increased or decreased by the share of income or loss of the affiliate. Distributions of cash reduce the carrying value of the investment.

#### **Equity Investments**

Equity investments are generally interests in closely held businesses and are acquired in connection with certain Business Finance loan agreements (see Note 5). Equity investments and are carried at fair value (see Note 8) as estimated in good faith per terms of a Board approved Valuation Policy. Management uses all information available, including third-party valuation reports, to determine an appropriate valuation for each investment. The inputs used, including those used in third-party valuations, include valuation techniques based on multiples of earnings or revenues and hypothetical sale or liquidation scenarios. As in many sale or liquidation scenarios, there are key inputs, such as multiples of revenue, which are often important in early stage companies that have not established profitability that if the multiple was to increase or decrease, could result in a material change in the value realized upon sale. Warrants to obtain common stock are considered to be derivative instruments. As such, warrants are carried at fair value with changes in fair value recorded in the statements of activities and changes in net assets. Warrants, all of which are detachable, have been obtained in conjunction with issuing loans or investments to portfolio companies and are valued at cost basis.

## NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.

Notes to Financial Statements  
June 30, 2017 and 2016

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Property and Equipment and Depreciation

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

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

The Community Loan Fund accounts for the carrying value of its long-lived assets in accordance with ASC Topic, *Property, Plant and Equipment*. As of June 30, 2017 and 2016, the Community Loan Fund has not recognized any reduction in the carrying value of its property and equipment when considering these requirements.

#### Conditional Advances

The Community Loan Fund records the amount of uncommitted proceeds of CDFI Capital Magnet Fund awards (see Notes 1, 14 and 15) as conditional advance as mandated by the grant agreement. During fiscal year 2017, the Community Loan Fund received a grant from the CDFI fund of which approximately \$1,427,000 is to be used to make qualifying loans. Due to the timing of the award approximately \$468,000 of the funds were not yet committed to qualifying projects. Such amounts are expected to be reported as restricted revenue when deployed according to the grant requirements in future periods.

#### Deferred Revenue

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

#### Net Assets

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

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

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

## NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.

Notes to Financial Statements  
June 30, 2017 and 2016

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Net Assets (Continued)

Electively, the Community Loan Fund reports each class of net assets within the following sub-categories:

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

**Financing Activities** - Net assets that are restricted or internally designated for mission-related lending and investing. Where restricted by donors, these include net assets which will be re-deployed as lending capital (and remain as temporarily restricted) unless the grant is released due to a restriction being met. Because donors generally allow gifts to this category of net assets to be used to offset lending losses, the Community Loan Fund releases from restriction an amount equivalent to annual net loan loss provision (see Note 6). To the extent the Community Loan Fund has net recoveries above and beyond any loan loss provision, the amount is restored to this category. The Community Loan Fund recovered \$24,095 and released \$(1,310,609) related to net loan loss provision during the years ended June 30, 2017 and 2016, respectively. All but \$275,000 of these net assets may be used as reserves for uncollectible financing activities.

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

#### Statements of Activities and Changes in Net Assets

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as operating revenues and operating expenses in the accompanying statements of activities and changes in net assets. Peripheral or incidental transactions are reported as non-operating revenue (expense).

#### Revenue Recognition

Unconditional promises to give are recognized as revenues in the period received, and as assets, decreases of liabilities or expenses, depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected in one year and at net present value if expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Loans payable and EQ2s (see Notes 11 and 12) on occasion are converted to contributions by the investors. During fiscal years 2017 and 2016, there were three and eight contributed loans payable and related interest totaling \$32,679 and \$58,645, respectively, which are included in grants and contributions in the accompanying statements of activities and changes in net assets.

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

Training and other fees are recognized on the accrual basis as services or goods are delivered or according to relevant benchmarks or criteria of the underlying agreements. All other revenue is recognized as earned.



## NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.

Notes to Financial Statements  
June 30, 2017 and 2016

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### In-Kind Contributions

The Community Loan Fund receives and recognizes contributed use of meeting space, services and gifts in-kind from various sources. The in-kind contributions are included under public support in the accompanying statements of activities and changes in net assets. The corresponding program expense is included in operating expenses. The Community Loan Fund received in-kind legal and other professional services with a fair value of \$1,170 and \$3,550 for the years ended June 30, 2017 and 2016, respectively.

#### Functional Expenses

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

#### Income Taxes

The Community Loan Fund accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The Community Loan Fund has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the accompanying financial statements at June 30, 2017 and 2016.

#### Subsequent Events

Subsequent events have been evaluated through October 26, 2017, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.

### 3. MARKETABLE SECURITIES

Marketable securities carried at fair value on a recurring basis consist of the following at June 30:

<u>Marketable Securities</u>	<u>2017</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Government agency and U.S Treasury securities	\$ -	\$ 8,990,619	\$ -	\$ 8,990,619
Equity mutual funds	<u>48,966</u>	<u>-</u>	<u>-</u>	<u>48,966</u>
	<u>\$ 48,966</u>	<u>\$ 8,990,619</u>	<u>\$ -</u>	<u>\$ 9,039,585</u>
<u>Marketable Securities</u>	<u>2016</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Government agency and U.S Treasury securities	\$ -	\$ 6,521,928	\$ -	\$ 6,521,928
Equity mutual funds	<u>48,359</u>	<u>-</u>	<u>-</u>	<u>48,359</u>
	<u>\$ 48,359</u>	<u>\$ 6,521,928</u>	<u>\$ -</u>	<u>\$ 6,570,287</u>

## NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.

Notes to Financial Statements  
June 30, 2017 and 2016

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### 3. MARKETABLE SECURITIES (Continued)

The Community Loan Fund's U.S. Government agency and U.S. Treasury securities are valued using Level 2 inputs, which are determined using relevant information generated by transactions that have occurred in the market place that involve similar assets. The U.S. Government agency and U.S. Treasury securities are used as collateral for a line of credit (see Note 10).

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

Marketable securities are not insured and are subject to market volatility.

The accompanying financial statements include unrealized gains (losses) on debt security investments of \$(63,122) and \$88,436 for the years ended June 30, 2017 and 2016, respectively. As of June 30, 2017 and 2016, the fair value differed from the amortized cost of the debt security investments by \$(15,073) and \$48,049, respectively.

### 4. PLEDGES RECEIVABLE

Unconditional pledges from donors are included in the accompanying financial statements as pledges receivable and revenue in the temporarily restricted net asset category. Pledges are recorded after discounting to the present value of the future cash flow. Unconditional pledges are expected to be realized in the following periods at June 30:

	<u>2017</u>	<u>2016</u>
Amounts due in:		
Within one year	\$ 226,632	\$ 309,534
One to five years	<u>402,000</u>	<u>172,110</u>
	<u>\$ 628,632</u>	<u>\$ 481,644</u>

A discount of pledges receivable has not been recorded as it would not have been material to the financial statements.

### 5. LOANS RECEIVABLE AND OTHER FINANCING ACTIVITIES

#### Loans Receivable

At June 30, 2017 and 2016, there were 853 and 794, respectively, loans receivable from the Community Loan Fund's borrowers. As of June 30, 2017, the balances due on these loans varied in amounts from \$237 to \$3,400,000, and in terms from 12 months to 37 years. The Community Loan Fund lends in New Hampshire, and loan products vary by type and presence of collateral, risk level, loan size, degree of mission match, and presence of designated subsidized funding sources. As a result, interest rates on loans receivable at June 30, 2017 and 2016, ranged from 0% to 12% (one business loan). The overall weighted average interest rate on the portfolio of loans receivable was 7.27% and 7.17% as of June 30, 2017 and 2016, respectively. Loans are primarily secured by first or second mortgage liens on real estate for affordable housing and community facilities loans, and business assets for business finance loans. These notes are issued in connection with the programs described in Note 1.

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

Notes to Financial Statements  
June 30, 2017 and 2016

**5. LOANS RECEIVABLE AND OTHER FINANCING ACTIVITIES (Continued)**

Loans receivable in each lending area are:

	<b>2017</b>			<b>2016</b>		
<b>Affordable Housing:</b>						
ROC-NH	95	\$ 60,372,160	59.7%	91	\$ 56,892,217	59.4%
Welcome Home Loans	676	29,763,833	29.4	638	27,042,286	28.3
Community Housing	3	1,030,851	1.0	4	1,332,892	1.4
Other Single Family Housing	<u>36</u>	<u>299,793</u>	<u>0.3</u>	<u>20</u>	<u>333,736</u>	<u>0.3</u>
Sub-total	<u>810</u>	<u>91,466,637</u>	<u>90.4</u>	<u>753</u>	<u>85,601,131</u>	<u>89.4</u>
<b>Community Facilities:</b>						
Community Facilities	2	2,565,971	2.5	1	1,440,971	1.5
Child Care Initiative	<u>7</u>	<u>1,403,905</u>	<u>1.4</u>	<u>7</u>	<u>1,524,489</u>	<u>1.6</u>
Sub-total	<u>9</u>	<u>3,969,876</u>	<u>3.9</u>	<u>8</u>	<u>2,965,460</u>	<u>3.1</u>
<b>Business Finance:</b>						
Vested for Growth	3	783,597	0.8	6	1,335,957	1.4
Business Builder	28	4,947,543	4.9	22	5,809,358	6.1
MicroCredit-NH	<u>3</u>	<u>4,877</u>	<u>0.0</u>	<u>5</u>	<u>10,099</u>	<u>0.0</u>
Sub-total	<u>34</u>	<u>5,736,017</u>	<u>5.7</u>	<u>33</u>	<u>7,155,414</u>	<u>7.5</u>
<b>Total</b>	<u><b>853</b></u>	<u><b>\$ 101,172,530</b></u>	<u><b>100.0%</b></u>	<u><b>794</b></u>	<u><b>\$ 95,722,005</b></u>	<u><b>100.0%</b></u>

Loans receivable are presented net of third-party loan participations of \$1,244,118 and \$2,158,368 as of June 30, 2017 and 2016, respectively. All loan participations qualify as loan sales in accordance with ASC Topic, *Transfers and Servicing*.

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

The Community Loan Fund's financing policy requires that no single loan exceed 7% of total financing capital. As of June 30, 2017 and 2016, there were no loans that exceeded this threshold.

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

	<b>2017</b>	<b>2016</b>
<b>Amounts due in:</b>		
Within one year	\$ 1,987,909	\$ 1,970,397
One to five years	13,934,769	13,810,743
More than five years	<u>85,249,852</u>	<u>79,940,865</u>
	101,172,530	95,722,005
Less - current portion	(1,987,909)	(1,970,397)
Less - allowance for loan losses (see Note 6)	<u>(1,778,453)</u>	<u>(3,668,058)</u>
	<u><b>\$ 97,406,168</b></u>	<u><b>\$ 90,083,550</b></u>

In addition to funded loans receivable, the Community Loan Fund had loan commitments to borrowers totaling \$9,675,170 and \$3,701,028 at June 30, 2017 and 2016, respectively. Loan commitments represent arrangements to lend funds at specified terms and interest rates and contain fixed expiration dates or other termination clauses.

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

Notes to Financial Statements  
June 30, 2017 and 2016

**6. ALLOWANCE FOR LOAN LOSSES**

The Community Loan Fund follows the *Disclosure About the Credit Quality of Financing Receivables and the Allowance for Credit Losses* standard under U.S. GAAP. This standard requires disclosure on the accounting policies and methodology used to estimate the allowance for loan losses. The total allowance for loan losses (ALL) at June 30, 2017 and 2016, was \$1,778,453 and \$3,668,058, representing 1.76% and 3.83%, respectively, of loans receivable.

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

The balance in the ALL, which has been allocated to the long-term portion of the loan portfolio in the accompanying financial statements, consists of the following at June 30, 2017 and 2016:

<u>Loan Category</u>	<u>ALL June 30, 2016</u>	<u>Net Charge-offs of Loans in ALL at June 30, 2016</u>	<u>Net Provision/ (Recovery)</u>	<u>ALL June 30, 2017</u>
Affordable Housing:				
ROC-NH	\$ 501,559	\$ -	\$ 133,839	\$ 635,398
Welcome Home Loans	469,570	(12,611)	11,197	468,156
Other Single Family Housing	8,623	(1,740)	(371)	6,512
Community Housing	<u>12,662</u>	<u>-</u>	<u>(4,416)</u>	<u>8,246</u>
Sub-total, Affordable Housing Loans	<u>992,414</u>	<u>(14,351)</u>	<u>140,249</u>	<u>1,118,312</u>
Community Facilities:				
Community Facilities	13,689	-	11,970	25,659
Child Care Initiative	<u>21,245</u>	<u>-</u>	<u>(7,206)</u>	<u>14,039</u>
Sub-total, Community Facilities Loans	<u>34,934</u>	<u>-</u>	<u>4,764</u>	<u>39,698</u>
Business Finance:				
Vested for Growth	241,893	-	(140,957)	100,936
Business Builder	2,394,056	(1,784,030)	(92,137)	517,889
MicroCredit-NH	<u>4,761</u>	<u>(2,769)</u>	<u>(374)</u>	<u>1,618</u>
Sub-total, Business Finance Loans	<u>2,640,710</u>	<u>(1,786,799)</u>	<u>(233,468)</u>	<u>620,443</u>
Grand total	<u>\$ 3,668,058</u>	<u>\$ (1,801,150)</u>	<u>\$ (88,455)</u>	<u>\$ 1,778,453</u>

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

Notes to Financial Statements  
June 30, 2017 and 2016

**6. ALLOWANCE FOR LOAN LOSSES (Continued)**

<u>Loan Category</u>	<u>ALL June 30, 2015</u>	<u>Net Charge-offs of Loans in ALL at June 30, 2015</u>	<u>Net Provision/ (Recovery)</u>	<u>ALL June 30, 2016</u>
Affordable Housing:				
ROC-NH	\$ 387,488	\$ -	\$ 114,072	\$ 501,560
Welcome Home Loans	455,338	(7,542)	21,773	469,569
Other Single Family Housing	9,129	(569)	63	8,623
Community Housing	<u>12,554</u>	<u>-</u>	<u>109</u>	<u>12,663</u>
Sub-total, Affordable Housing Loans	<u>864,509</u>	<u>(8,111)</u>	<u>136,017</u>	<u>992,415</u>
Community Facilities:				
Community Facilities	163,277	-	(149,587)	13,690
Child Care Initiative	<u>10,699</u>	<u>-</u>	<u>10,546</u>	<u>21,245</u>
Sub-total, Community Facilities Loans	<u>173,976</u>	<u>-</u>	<u>(139,041)</u>	<u>34,935</u>
Business Finance:				
Vested for Growth	382,956	(8,003)	(133,062)	241,891
Business Builder	976,419	(9,459)	1,427,096	2,394,056
MicroCredit-NH	<u>7,459</u>	<u>-</u>	<u>(2,698)</u>	<u>4,761</u>
Sub-total, Business Finance Loans	<u>1,366,834</u>	<u>(17,462)</u>	<u>1,291,336</u>	<u>2,640,708</u>
Grand total	<u>\$ 2,405,319</u>	<u>\$ (25,573)</u>	<u>\$ 1,288,312</u>	<u>\$ 3,668,058</u>

Net loan loss provision (recovery), as reported in the accompanying statements of activities and changes in net assets for the years ended June 30, 2017 and 2016, are as follows:

	<u>2017</u>	<u>2016</u>
Allowance for loan losses:		
Provisions	\$ 157,007	\$ 1,573,596
Direct charge-offs not previously reserved	194,218	314,696
Actual recoveries from loans previously charged-off	(101,132)	(292,399)
Actual recoveries from self-financed property activity previously charged-off	(28,727)	-
Valuation recovery from loans previously reserved	<u>(245,461)</u>	<u>(285,284)</u>
Net loan loss provision (recovery)	<u>\$ (24,095)</u>	<u>\$ 1,310,609</u>

**NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.**Notes to Financial Statements  
June 30, 2017 and 2016**6. ALLOWANCE FOR LOAN LOSSES (Continued)**

Direct loan charge-offs, net of recoveries, are as follows for the years ended June 30:

	<u>2017</u>	<u>2016</u>
Direct-charge-offs	\$ 1,995,369	\$ 340,269
Recoveries	<u>(101,132)</u>	<u>(292,399)</u>
Net direct loan charge-offs	<u>\$ 1,894,237</u>	<u>\$ 47,870</u>

Fiscal year 2017 direct charge-offs of \$1,995,369 include a charge-off of \$1,784,030 against one Business Builder real estate loan.

**Impaired Loans**

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

Impaired loans as of June 30, 2017 and 2016, are set forth in the tables below. There were no impaired loans in the Community Facilities category.

<u>Loan Category</u>	<u>Number of Impaired Loans</u>	<u>2017 Amount of Impaired Loans</u>	<u>Allowance for Loan Losses</u>
Affordable Housing:			
Welcome Home Loans	30	\$ 1,520,929	\$ 228,139
Other Single Family Housing	<u>3</u>	<u>21,593</u>	<u>3,239</u>
Sub-total	33	1,542,522	231,378
Business Finance:			
MicroCredit-NH	<u>1</u>	<u>1,255</u>	<u>1,255</u>
Total impaired loans	<u>34</u>	<u>\$ 1,543,777</u>	<u>\$ 232,633</u>

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

Notes to Financial Statements  
June 30, 2017 and 2016

**6. ALLOWANCE FOR LOAN LOSSES (Continued)**

**Impaired Loans (Continued)**

<u>Loan Category</u>	<u>Number of Impaired Loans</u>	<u>2016</u>	
		<u>Amount of Impaired Loans</u>	<u>Allowance for Loan Losses</u>
Affordable Housing:			
Welcome Home Loans	35	\$ 1,604,365	\$ 240,654
Other Single Family Housing	<u>4</u>	<u>40,611</u>	<u>6,092</u>
Sub-total	<u>39</u>	<u>1,644,976</u>	<u>246,746</u>
Business Finance:			
Business Builder	1	2,320,083	2,023,606
MicroCredit-NH	<u>3</u>	<u>5,682</u>	<u>4,328</u>
Sub-total	<u>4</u>	<u>2,325,765</u>	<u>2,027,934</u>
Total impaired loans	<u>43</u>	<u>\$ 3,970,741</u>	<u>\$ 2,274,680</u>

**Troubled Debt Restructuring**

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

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

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

Loans that were impaired and classified as TDRs are set forth in the tables below as of June 30:

<u>2017 Troubled Debt Restructuring</u>	<u>Number of Loans Restructured</u>	<u>Amount of Restructured Loans</u>	<u>Allowance for Loan Losses</u>
Extension resulting from financial difficulty	6	<u>\$ 171,487</u>	<u>\$ 26,790</u>

## NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.

Notes to Financial Statements  
June 30, 2017 and 2016

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### 6. ALLOWANCE FOR LOAN LOSSES (Continued)

<u>2016 Troubled Debt Restructuring</u>	<u>Number of Loans Restructured</u>	<u>Amount of Restructured Loans</u>	<u>Allowance for Loan Losses</u>
Extension resulting from financial difficulty	7	\$ 175,195	\$ 27,539
Combination of interest rate reduction under court order and extension resulting from financial difficulty	<u>1</u>	<u>3,692</u>	<u>2,769</u>
Total TDRs	<u>8</u>	<u>\$ 178,887</u>	<u>\$ 30,308</u>

### 7. PROGRAM-RELATED DEVELOPMENT INVESTMENT

The Community Loan Fund holds a program-related development investment in ROC USA, LLC (ROC USA). ROC USA was formed in December 2007 as a nonprofit limited liability corporation. Its mission is to make quality ownership of manufactured home communities viable nationwide. ROC USA provides technical assistance and loans to people living in manufactured home communities, in order to assist them with the purchase of their communities, so that they will be resident owned.

The Community Loan Fund is one of three original nonprofit organizations to invest in ROC USA. In the original Operating Agreement of ROC USA dated September 2008, all three nonprofit organizations committed to an original investment of \$500,000, and each had equal capital interests and equal voting interests in ROC USA of 33 1/3%. During 2008, the Community Loan Fund invested \$500,000 in ROC USA through a series of calls.

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

- ROC Association was not required to make a contribution to ROC USA. It has no capital interest but its voting interest is equal to 28.57%.
- The capital interests of the Community Loan Fund and the other two original members remain unchanged at 33 1/3% of ROC USA, but the voting interests changed to 23.81%.

The balance of ROC USA's investment was \$1,964,959 and \$2,097,768 as of June 30, 2017 and 2016, respectively. The balance is based on the application of the equity method (see Note 2) modified for a hypothetical liquidation analysis. For the years ended June 30, 2017 and 2016, the Community Loan Fund's share of income (loss) was \$(132,809) and \$231,307, respectively, including the effects of the hypothetical liquidation analysis.



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

Notes to Financial Statements  
June 30, 2017 and 2016

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

The balance of the Community Loan Fund's investment in ROC USA is calculated as follows:

	<u>2017</u>	<u>2016</u>
Total Unrestricted Net Assets of ROC USA	\$ 8,188,270	\$ 7,113,881
Member percentage	<u>33.33%</u>	<u>33.33%</u>
Equity valuation	2,729,150	2,371,057
Less - hypothetical liquidation allowance	<u>(764,191)</u>	<u>(273,289)</u>
Net carrying value	<u>\$ 1,964,959</u>	<u>\$ 2,097,768</u>

In accordance with the disclosure standards pertaining to ASC Topic, *Investment – Equity Method and Joint Ventures*, the following summarized financial information related to ROC USA if provided:

<u>Fiscal Year Ending</u>	<u>Total Assets</u>	<u>Total Liabilities</u>	<u>Total Net Assets</u>	<u>Total Revenue</u>	<u>Total Expenses</u>
12/31/2016	\$ 65,071,125	\$ 52,669,277	\$ 12,401,848	\$ 3,022,509	\$ 2,339,014
12/31/2015	\$ 51,216,786	\$ 39,498,433	\$ 11,718,353	\$ 1,493,115	\$ 2,182,822

**8. EQUITY INVESTMENTS**

Equity investments, including warrants, (see Note 2) consist of investments made by the Community Loan Fund in privately held corporations. Through its Vested for Growth program, the Community Loan Fund provides capital investments to businesses that are committed to long-term growth strategies based on employee involvement and quality. Equity financing involves the Community Loan Fund taking a percentage of ownership in the investee. This may take the form of common or preferred stock, convertible notes, the ability to purchase stock with options or warrants, or in the case of limited liability companies, ownership units. Vested for Growth staff closely monitor each investee's financial condition, sometimes sitting on the investee's Board of Directors as either a voting or non-voting member. Warrants obtained through the loan portfolio have no identified cost and are valued at fair value through appreciation, if applicable. During fiscal year 2017, warrants were sold resulting in total proceeds and a realized gain of \$235,333.

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

<u>Business Sector</u>	<u>2017</u>		<u>2016</u>	
	<u>Number of Investees</u>	<u>Investment Amount</u>	<u>Number of Investees</u>	<u>Investment Amount</u>
Manufacturing	-	\$ -	1	\$ 332,585
Information technology	<u>1</u>	<u>661,325</u>	<u>2</u>	<u>540,102</u>
Total	<u>1</u>	<u>\$ 661,325</u>	<u>3</u>	<u>\$ 872,687</u>

## NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.

Notes to Financial Statements  
June 30, 2017 and 2016

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### 8. EQUITY INVESTMENTS (Continued)

A reconciliation of Level 3 investments for the years ended June 30, 2017 and 2016, is as follows:

	<u>Equity Investments</u>
Balance as of June 30, 2015	\$ 807,465
Purchases	130,490
Realized losses	(15,000)
Net unrealized losses	<u>(50,268)</u>
Balance as of June 30, 2016	872,687
Purchases	227,029
Sales	(235,333)
Realized gains	235,333
Net unrealized losses	<u>(438,391)</u>
Balance as of June 30, 2017	<u>\$ 661,325</u>

### 9. PROPERTY AND EQUIPMENT

Property and equipment, which consist primarily of the Community Loan Fund's headquarters (see Note 2), consist of the following at June 30:

	<u>2017</u>	<u>2016</u>
Land	\$ 321,461	\$ 321,461
Buildings and improvements	4,782,629	4,761,503
Office furniture and equipment	<u>599,871</u>	<u>586,184</u>
	5,703,961	5,669,148
Less - accumulated depreciation	<u>1,646,511</u>	<u>1,517,269</u>
	<u>\$ 4,057,450</u>	<u>\$ 4,151,879</u>

### 10. AVAILABLE CREDIT

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

#### Secured Lines of Credit

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

The first is a \$7,500,000 hard-maturity line of credit from a financial institution, which is secured by the Community Loan Fund's investment portfolio of U.S. government securities (see Note 3). The line of credit was originally established in June 2002 and has a maturity date of July 31, 2018. The amount available shall not exceed 85% of the fair value of the government bonds collateralizing the loan (see Note 3). On June 30, 2017, the gross fair value of the bonds was \$8,990,619, and therefore, the full \$7,500,000 was available to draw. Advances bear interest at the *Wall Street Journal's* prime rate (4.25% and 3.50% at June 30, 2017 and 2016, respectively). As of June 30, 2017 and 2016, there was no outstanding balance.

## NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.

Notes to Financial Statements  
June 30, 2017 and 2016

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### 10. AVAILABLE CREDIT (Continued)

#### Secured Lines of Credit (Continued)

The second is a \$1,392,000 hard-maturity line of credit from a financial institution, which is secured by first mortgages on three office buildings owned and operated by the Community Loan Fund. The line of credit was originally established in February 2000 and has a maturity date of July 31, 2018. Advances bear interest at the *Wall Street Journal's* prime rate (see above). As of June 30, 2017 and 2016, there was no outstanding balance.

#### Unsecured Lines of Credit

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

The first is a \$2,000,000 unsecured revolving line of credit from a financial institution. The line of credit was originally established in June 2014 and has a new maturity date of September 23, 2018. Advances bear interest at the *Wall Street Journal's* prime rate (see above). As of June 30, 2017 and 2016, there was no outstanding balance.

The second is a \$1,000,000 unsecured revolving line of credit from a financial institution. The line of credit was originally established in February 2014 and has a maturity date of February 20, 2020. Advances bear interest at the *Wall Street Journal's* prime rate (see above). As of June 30, 2017 and 2016, there was no outstanding balance.

The third is a \$250,000 unsecured revolving line of credit from a foundation. The line was originally established in March 2007 and matures on May 31, 2019. Advances bear interest at 5%. As of June 30, 2017 and 2016, there was no outstanding balance.

### 11. LOANS PAYABLE

At June 30, 2017 and 2016, there were 1,028 and 917 notes payable ranging in outstanding balances of \$1,000 up to \$5,000,000 and totaling \$90,160,230 and \$80,097,237, respectively. Loans payable consist of loans from individuals, religious institutions, nonprofit organizations, banks, and other organizations who have chosen to invest in the Community Loan Fund as a way to benefit the community - that is, they are interested in the social impact, as well as the financial return. Many also see this as a way to increase their financial commitment to the Community Loan Fund's mission, above and beyond what they can contribute as an outright contribution.

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

The proceeds of the loans are restricted for the purposes of mission-related financing activities.

## NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.

Notes to Financial Statements  
June 30, 2017 and 2016

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### 11. LOANS PAYABLE (Continued)

Principal payments on loans payable are scheduled to mature as follows:

<u>Year Ending June 30,</u>	
2018	\$ 8,611,084
2019	11,404,866
2020	18,020,227
2021	8,983,913
2022	7,223,070
Thereafter	<u>35,917,070</u>
	<u>\$ 90,160,230</u>

### 12. SUBORDINATED LOANS PAYABLE – EQUITY EQUIVALENT INVESTMENTS

Subordinated loans payable consists of “Equity Equivalents” (EQ2) notes payable to financial institutions. EQ2 notes payable are unsecured and are fully subordinate to loans payable and all other Community Loan Fund liabilities. The financial institutions making these EQ2 investments see this as an effective and efficient way both to strengthen the local economy and to meet community reinvestment obligations. As of June 30, 2017 and 2016, there were twenty EQ2 notes payable totaling \$8,600,000 with interest rates ranging from 2% to 3%.

EQ2 notes payable generally have rolling terms and indeterminate maturities and may only be called by the investor with significant advance notice. Termination notices are in effect on two EQ2 investments that terminate in August 2020 (\$800,000) and December 2027 (\$1,000,000) respectively (see below).

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

As of June 30, 2017 and 2016, EQ2s are summarized as follows:

<u>Category of EQ2</u>	<u>Number of EQ2 Notes</u>	<u>Amount of EQ2 Notes</u>
Rolling terms with indefinite maturities	17	\$ 6,300,000
Termination notices issued	2	1,800,000
Maturity date issued at origination	<u>1</u>	<u>500,000</u>
Total	<u>20</u>	<u>\$ 8,600,000</u>

### 13. CHARITABLE GIFT ANNUITIES PAYABLE

The Community Loan Fund receives contributions from donors who stipulate that the Community Loan Fund is to make annuity payments for life to an annuitant designated by the donor, with the remaining principal reverting to the Community Loan Fund after the death of the annuitant. The Community Loan Fund invests these charitable contributions in cash and marketable securities based upon investment regulations of the State of New Hampshire. The present value of the principal portion of estimated future annuity payments is recorded as a liability of the Community Loan Fund and the excess of the contribution over the present value is recorded as public support at the time of receipt. At June 30, 2017 and 2016, the present value of commitments to two annuitants totaled \$23,644 and \$23,025, respectively, and is included in accounts payable and accrued expenses in the accompanying statements of financial position.

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

Notes to Financial Statements  
June 30, 2017 and 2016

**14. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets, which are comprised entirely of purpose restricted resources, were as follows as of June 30:

<u>Program Initiative</u>	<b>2017</b>		<u>Total</u>
	<u>Cash and Other Assets</u>	<u>Pledges Receivable</u>	
Program Activities:			
Business Finance - Farm and Food Initiative	\$ -	\$ 65,000	\$ 65,000
ROC-NH Program Delivery	89,989	-	89,989
General Program Delivery and Operations	-	52,767	52,767
Child Care Program Delivery	3,259	-	3,259
IDA Program Delivery	<u>40,218</u>	<u>8,000</u>	<u>48,218</u>
	<u>133,466</u>	<u>125,767</u>	<u>259,233</u>
Financing Activities:			
General	6,874,972	460,865	7,335,837
Affordable Housing	<u>958,701</u>	<u>-</u>	<u>958,701</u>
	<u>7,833,673</u>	<u>460,865</u>	<u>8,294,538</u>
Pass-Through:			
Business Finance – Business Education	744	-	744
Child Care Financial Management	20,680	-	20,680
IDA Match Funds for Individuals	<u>37,945</u>	<u>42,000</u>	<u>79,945</u>
	<u>59,369</u>	<u>42,000</u>	<u>101,369</u>
Total temporarily restricted net assets	<u>\$ 8,026,508</u>	<u>\$ 628,632</u>	<u>\$ 8,655,140</u>
<u>Program Initiative</u>	<b>2016</b>		<u>Total</u>
	<u>Cash and Other Assets</u>	<u>Pledges Receivable</u>	
Program Activities:			
Business Finance - Farm and Food Initiative	\$ -	\$ 140,000	\$ 140,000
General Program Delivery and Operations	-	179,379	179,379
Child Care Program Delivery	259	-	259
IDA Program Delivery	<u>-</u>	<u>16,000</u>	<u>16,000</u>
	<u>259</u>	<u>335,379</u>	<u>335,638</u>
Financing Activities:			
General	6,748,531	63,896	6,812,427
Affordable Housing	<u>3,058,176</u>	<u>-</u>	<u>3,058,176</u>
	<u>9,806,707</u>	<u>63,896</u>	<u>9,870,603</u>
Pass-Through:			
Business Finance - Farm and Food Initiative	10,308	-	10,308
Child Care Financial Management	20,680	-	20,680
IDA Match Funds for Individuals	<u>99,915</u>	<u>82,369</u>	<u>182,284</u>
	<u>130,903</u>	<u>82,369</u>	<u>213,272</u>
Total temporarily restricted net assets	<u>\$ 9,937,869</u>	<u>\$ 481,644</u>	<u>\$ 10,419,513</u>

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

Notes to Financial Statements  
June 30, 2017 and 2016

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### **14. TEMPORARILY RESTRICTED NET ASSETS (Continued)**

Capital Magnet awards (see Notes 1 and 15), which are included in Financing Activities – Affordable Housing in the above table, also bear time restrictions related to the CDFI's five-year reporting requirements. During the year ended June 30, 2017, the Community Loan Fund released \$3,058,176 of Capital Magnet funds from restrictions upon the conclusion of the five-year reporting period.

### **15. CONTINGENCIES**

#### **Individual Development Accounts Collaborative**

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

As of June 30, 2017, the Community Loan Fund had a total of 977 IDA graduates. Each completed all training and savings requirements and purchased an approved asset. A total of 105 individuals are actively enrolled in the IDA program. If all of these individuals graduate from the program with the maximum allowed amount of matchable personal savings, it would result in an obligation to pay \$403,680 in matching funds. To meet these obligations in subsequent years, there is \$370,999 in IDA matching funds raised in previous years and set aside at June 30, 2017 in temporarily restricted net assets and deferred revenue, as well as an additional \$195,200 in committed funds from an independent Agency.

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

The Community Loan Fund was awarded a capital Magnet grant from the CDFI fund in 2011, of which \$3,515,000 of the proceeds were to be used to make qualifying loans and pass-through grants. Of this total, \$456,824 of the proceeds was used to make pass-through grants to homeowners under the ROC-NH manufactured housing infill initiative. The remainder was used to make qualified loans.

Under the terms of the Capital Magnet agreements, the funded projects must comply with various affordability requirements for a period of ten years after the project completion date. The project completion date is five years after the initial deployment of the loans. These funds are treated as time restricted net assets during that initial five year timeframe. After the project completion date, the funds are released from temporarily restricted net assets (see Note 14). The Community Loan Fund expects the underlying transactions executed to comply with the grant's requirements and affordability restrictions for the duration of the compliance period. If a transaction involving funds previously released were to fall out of compliance, the Community Loan Fund would be required to replace the transaction and possibly the previously released funds with another qualifying expense or loan.

### **16. RETIREMENT PLAN**

The Community Loan Fund maintains a Section 401(k) retirement plan allowing employees to elect to defer compensation up to the maximum allowed under IRC regulations. Employees with a minimum of six months of employment receive a safe harbor contribution benefit in the first quarter of the calendar year. That benefit was calculated at 3% of eligible compensation for the fiscal year. For the years ended June 30, 2017 and 2016, the Community Loan Fund had \$102,624 and \$115,569, respectively, of retirement benefits expense, which is included in benefits in the accompanying statements of functional expenses.

## NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.

Notes to Financial Statements  
June 30, 2017 and 2016

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### 17. RELATED PARTY TRANSACTIONS

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

Three members of the Board of Directors have provided investments or have family members who have provided investments totaling \$120,114 to the Community Loan Fund as of June 30, 2017. Twelve employees have provided investments or have family members who have provided investments totaling \$444,162 to the Community Loan Fund as of June 30, 2017.

One employee has a relative with a single-family home mortgage loan from the Community Loan Fund totaling \$91,560 as of June 30, 2017, which was made following all standard processes and criteria.

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

NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.

Supplemental Statement of Financial Position  
 June 30, 2017  
 (With Comparative Totals as of June 30, 2016)

Assets	2017			2016	
	Program Activities	Financing Activities	Eliminations	Total	Total
<b>Current Assets:</b>					
Cash and cash equivalents	\$ 2,921,215	\$ 4,092,129	\$ -	\$ 7,013,344	\$ 5,738,418
Cash and cash equivalents - pass-through	677,525	-	-	677,525	447,200
Marketable securities	-	9,039,585	-	9,039,585	6,570,287
Grants, contracts and other receivables	40,583	888,658	-	929,241	157,167
Current portion of pledges receivable	167,767	58,865	-	226,632	309,534
Interfund accounts receivable	-	1,086,767	(1,086,767)	-	-
Current portion of loans receivable	-	1,987,909	-	1,987,909	1,970,397
Current portion of interfund loans receivable	-	190,611	(190,611)	-	-
Accrued interest receivable	-	448,157	-	448,157	464,965
Prepaid expenses and other	43,852	107,954	-	151,806	15,561
Total current assets	3,850,942	17,900,635	(1,277,378)	20,474,199	15,673,529
Loans Receivable, net of current portion and allowance for loan losses of \$1,778,453	-	97,406,168	-	97,406,168	90,083,550
Pledges Receivable, net of current portion	-	402,000	-	402,000	172,110
Interfund Loans Receivable, net of current portion	-	2,859,172	(2,859,172)	-	-
Program-Related Development Investment, net	-	1,964,959	-	1,964,959	2,097,768
Equity Investments	-	661,325	-	661,325	872,687
Property and Equipment, net	4,057,450	-	-	4,057,450	4,151,879
Total assets	\$ 7,908,392	\$ 121,194,259	\$ (4,136,550)	\$ 124,966,101	\$ 113,051,523
<b>Liabilities and Net Assets</b>					
<b>Current Liabilities:</b>					
Current portion of loans payable	\$ -	\$ 8,611,084	\$ -	\$ 8,611,084	\$ 7,844,366
Accounts payable and accrued expenses	458,381	263,176	-	721,557	357,709
Conditional advances	-	468,354	-	468,354	-
Deferred revenue	291,054	-	-	291,054	218,036
Accrued interest payable	-	977,415	-	977,415	766,403
Interfund accounts payable	1,086,767	-	(1,086,767)	-	-
Current portion of interfund loans payable	190,611	-	(190,611)	-	-
Total current liabilities	2,026,813	10,320,029	(1,277,378)	11,069,464	9,186,514
<b>Long-Term Liabilities:</b>					
Loans payable, net of current portion	-	81,549,146	-	81,549,146	72,252,871
Interfund loans payable, net of current portion	2,859,172	-	(2,859,172)	-	-
Subordinated loans payable - equity equivalent investments	-	8,600,000	-	8,600,000	8,600,000
Total liabilities	4,885,985	100,469,175	(4,136,550)	101,218,610	90,039,385
<b>Net Assets:</b>					
Unrestricted	2,661,805	12,430,546	-	15,092,351	12,592,625
<b>Temporarily restricted:</b>					
Program	259,233	-	-	259,233	335,638
Financing	-	8,294,538	-	8,294,538	9,870,603
Pass-through	101,369	-	-	101,369	213,272
Total temporarily restricted	360,602	8,294,538	-	8,655,140	10,419,513
Total net assets	3,022,407	20,725,084	-	23,747,491	23,012,138
Total liabilities and net assets	\$ 7,908,392	\$ 121,194,259	\$ (4,136,550)	\$ 124,966,101	\$ 113,051,523



NEW HAMPSHIRE COMMUNITY LOAN FUND, INC.

Supplemental Statement of Financial Position  
June 30, 2016

Assets	Program Activities	Financing Activities	Eliminations	Total
Current Assets:				
Cash and cash equivalents	\$ 2,608,206	\$ 3,130,212	\$ -	\$ 5,738,418
Cash and cash equivalents - pass-through	447,200	-	-	447,200
Marketable securities	-	6,570,287	-	6,570,287
Grants, contracts and other receivables	15,930	141,237	-	157,167
Current portion of pledges receivable	250,000	59,534	-	309,534
Interfund accounts receivable	-	750,588	(750,588)	-
Current portion of loans receivable	-	1,970,397	-	1,970,397
Current portion of interfund loans receivable	-	190,611	(190,611)	-
Accrued interest receivable	-	464,965	-	464,965
Prepaid expenses and other	15,561	-	-	15,561
Total current assets	3,336,897	13,277,831	(941,199)	15,673,529
Loans Receivable, net of current portion and allowance for loan losses of \$3,668,058	-	90,083,550	-	90,083,550
Pledges Receivable, net of current portion	167,748	4,362	-	172,110
Interfund Loans Receivable, net of current portion	-	2,859,172	(2,859,172)	-
Program-Related Development Investments, net	-	2,097,768	-	2,097,768
Equity Investments	-	872,687	-	872,687
Property and Equipment, net	4,151,879	-	-	4,151,879
Total assets	\$ 7,656,524	\$ 109,195,370	\$ (3,800,371)	\$ 113,051,523
<b>Liabilities and Net Assets</b>				
Current Liabilities:				
Current portion of loans payable	\$ -	\$ 7,844,366	\$ -	\$ 7,844,366
Accounts payable and accrued expenses	328,916	28,793	-	357,709
Deferred revenue	218,036	-	-	218,036
Accrued interest payable	-	766,403	-	766,403
Interfund accounts payable	750,588	-	(750,588)	-
Current portion of interfund loans payable	190,611	-	(190,611)	-
Total current liabilities	1,488,151	8,639,562	(941,199)	9,186,514
Long-Term Liabilities:				
Loans payable, net of current portion	-	72,252,871	-	72,252,871
Interfund loans payable, net of current portion	2,859,172	-	(2,859,172)	-
Subordinated loans payable - equity equivalent investments	-	8,600,000	-	8,600,000
Total liabilities	4,347,323	89,492,433	(3,800,371)	90,039,385
Net Assets:				
Unrestricted	2,760,291	9,832,334	-	12,592,625
Temporarily restricted:				
Program	335,638	-	-	335,638
Financing	-	9,870,603	-	9,870,603
Pass-through	213,272	-	-	213,272
Total temporarily restricted	548,910	9,870,603	-	10,419,513
Total net assets	3,309,201	19,702,937	-	23,012,138
Total liabilities and net assets	\$ 7,656,524	\$ 109,195,370	\$ (3,800,371)	\$ 113,051,523

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

Supplemental Statement of Activities and Changes in Net Assets  
For the Year Ended June 30, 2017  
(With Summarized Comparative Totals for the Year Ended June 30, 2016)

	2017					2016							
	Unrestricted		Temporarily Restricted			Unrestricted		Temporarily Restricted					
	Program Activities	Financing Activities	Eliminations	Total Unrestricted	Program Activities	Financing Activities	Temporarily Restricted	Total	Program Activities	Financing Activities	Temporarily Restricted	Total	
<b>Operating Revenues:</b>													
Public support:													
Grants and contributions	\$ 864,914	\$ 212,136	\$ -	\$ 1,077,050	\$ 197,375	\$ 1,458,016	\$ 1,655,391	\$ 2,732,441	\$ 3,850,146			\$ 3,850,146	
Grants - pass-through	279,440	-	-	279,440	-	-	-	279,440	612,003			612,003	
Net assets released from restrictions	291,949	3,058,176	-	3,350,125	(291,949)	(3,058,176)	(3,350,125)	-	-			-	
Net assets released from restrictions - pass-through	93,734	-	-	93,734	(93,734)	-	(93,734)	-	-			-	
Less - grants passed through to others	(373,174)	-	-	(373,174)	(188,308)	(1,600,160)	(1,788,468)	(373,174)	(595,612)			(595,612)	
Net public support	1,156,863	3,270,312	-	4,427,175	(188,308)	(1,600,160)	(1,788,468)	2,638,707	3,866,537			3,866,537	
<b>Earned revenue:</b>													
Financial revenue:													
Interest on loans	-	7,336,531	(243,982)	7,092,549	-	-	-	7,092,549	6,694,651			6,694,651	
Loan related fees	374,963	-	-	374,963	-	-	-	374,963	362,971			362,971	
Net loan loss recovery (provision)	-	-	-	-	-	24,095	24,095	24,095	(1,310,609)			(1,310,609)	
Investment income	1,181	94,570	-	95,751	-	-	-	95,751	83,458			83,458	
Less - interest expense	(243,982)	(3,417,186)	243,982	(3,417,186)	-	-	-	(3,417,186)	(2,931,850)			(2,931,850)	
Net financial revenue	132,162	4,013,915	-	4,146,077	-	24,095	24,095	4,170,172	2,898,621			2,898,621	
Training and other fees	23,448	-	-	23,448	-	-	-	23,448	32,111			32,111	
Program service fees	4,011,315	-	(4,011,315)	-	-	-	-	-	-			-	
Other net gains (losses)	235,333	(24,472)	-	210,861	-	-	-	210,861	(3,447)			(3,447)	
Total earned revenue	4,402,258	3,989,443	(4,011,315)	4,380,386	-	24,095	24,095	4,404,481	2,927,285			2,927,285	
Total operating revenues	5,559,121	7,259,755	(4,011,315)	8,807,561	(188,308)	(1,576,065)	(1,764,373)	7,043,188	6,793,822			6,793,822	
<b>Operating Expenses:</b>													
Program services	4,727,382	4,027,221	(4,011,315)	4,743,288	-	-	-	4,743,288	5,114,716			5,114,716	
Management and administrative	620,723	-	-	620,723	-	-	-	620,723	626,172			626,172	
Fundraising	309,502	-	-	309,502	-	-	-	309,502	270,773			270,773	
Total operating expenses	5,657,607	4,027,221	(4,011,315)	5,673,513	-	-	-	5,673,513	6,011,661			6,011,661	
Changes in operating net assets	(98,486)	3,232,534	-	3,134,048	(188,308)	(1,576,065)	(1,764,373)	1,369,675	782,161			1,369,675	
<b>Non-Operating Revenue (Expense):</b>													
Share of income (loss) from program-related development investment	-	(132,809)	-	(132,809)	-	-	-	(132,809)	231,307			231,307	
Net unrealized gain (loss) on investments	-	(501,513)	-	(501,513)	-	-	-	(501,513)	11,436			11,436	
Total non-operating revenue (expense)	-	(634,322)	-	(634,322)	-	-	-	(634,322)	242,743			242,743	
Total changes in net assets	(98,486)	2,598,212	-	2,499,726	(188,308)	(1,576,065)	(1,764,373)	735,353	1,024,904			1,024,904	
<b>Net Assets:</b>													
Beginning of year	2,760,291	9,832,334	-	12,592,625	548,910	9,870,603	10,419,513	23,012,138	21,987,234			21,987,234	
End of year	\$ 2,661,805	\$ 12,430,546	\$ -	\$ 15,092,351	\$ 360,602	\$ 8,294,538	\$ 8,655,140	\$ 23,747,491	\$ 23,012,138			\$ 23,012,138	

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

Supplemental Statement of Activities and Changes in Net Assets  
For the Year Ended June 30, 2016

	Unrestricted			Temporarily Restricted			Total
	Program Activities	Financing Activities	Eliminations	Program Activities	Financing Activities	Temporarily Restricted	
	Total Unrestricted	Total Restricted		Total	Total	Total	
<b>Operating Revenues:</b>							
Public support:							
Grants and contributions	\$ 1,638,100	\$ 1,852,547	\$ -	\$ 3,490,647	\$ 252,755	\$ 106,744	\$ 3,850,146
Grants - pass-through	480,429	-	-	480,429	131,574	-	612,003
Net assets released from restrictions	200,782	1,310,609	-	1,511,391	(200,782)	(1,310,609)	-
Net assets released from restrictions - pass-through	115,183	-	-	115,183	(115,183)	-	-
Less - grants passed through to others	(595,612)	-	-	(595,612)	-	-	(595,612)
Net public support	1,838,882	3,163,156	-	5,002,038	68,364	(1,203,865)	3,866,537
<b>Earned revenue:</b>							
Financial revenue:							
Interest on loans	-	6,938,634	(243,983)	6,694,651	-	-	6,694,651
Loan related fees	362,971	-	-	362,971	-	-	362,971
Net loan loss provision	-	(1,310,609)	-	(1,310,609)	-	-	(1,310,609)
Investment income	665	82,793	-	83,458	-	-	83,458
Less - interest expense	(243,983)	(2,931,850)	243,983	(2,931,850)	-	-	(2,931,850)
Net financial revenue	119,653	2,778,968	-	2,898,621	-	-	2,898,621
Training and other fees	32,111	-	-	32,111	-	-	32,111
Program service fees	4,047,930	-	(4,047,930)	-	-	-	-
Other net losses	12,043	(15,490)	-	(3,447)	-	-	(3,447)
Total earned revenue	4,211,737	2,763,478	(4,047,930)	2,927,285	-	-	2,927,285
Total operating revenues	6,050,619	5,926,634	(4,047,930)	7,929,323	68,364	(1,203,865)	6,793,822
<b>Operating Expenses:</b>							
Program services	5,060,453	4,102,193	(4,047,930)	5,114,716	-	-	5,114,716
Management and administrative	626,172	-	-	626,172	-	-	626,172
Fundraising	270,773	-	-	270,773	-	-	270,773
Total operating expenses	5,957,398	4,102,193	(4,047,930)	6,011,661	-	-	6,011,661
Changes in operating net assets	93,221	1,824,441	-	1,917,662	68,364	(1,203,865)	782,161
<b>Non-Operating Revenue (Expense):</b>							
Share of income from program-related development investments	-	231,307	-	231,307	-	-	231,307
Net unrealized gain (loss) on investment	(77,000)	88,436	-	11,436	-	-	11,436
Total non-operating revenue (expense)	(77,000)	319,743	-	242,743	-	-	242,743
Total changes in net assets	16,221	2,144,184	-	2,160,405	68,364	(1,203,865)	1,024,904
<b>Net Assets:</b>							
Beginning of year	2,744,070	7,688,150	-	10,432,220	480,546	11,074,468	21,987,234
End of year	\$ 2,760,291	\$ 9,832,334	\$ -	\$ 12,592,625	\$ 548,910	\$ 9,870,603	\$ 23,012,138