NORTHERN CALIFORNIA
COMMUNITY LOAN FUND

SEPTEMBER 30, 2018

INDEPENDENT AUDITORS' REPORT

AND

CONSOLIDATED FINANCIAL STATEMENTS

Northern California Community Loan Fund

Independent Auditors' Report and Consolidated Financial Statements

HOOD & STRONG LLP
CERTIFIED PUBLIC ACCOUNTANTS

A Century Strong

Independent Auditors' Report

THE BOARD OF DIRECTORS
NORTHERN CALIFORNIA COMMUNITY LOAN FUND
San Francisco, California

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **NORTHERN CALIFORNIA COMMUNITY LOAN FUND (NCCLF)**, which comprise the consolidated statement of financial position as of September 30, 2018, and the related consolidated statements of activities, functional expenses and cash flows for the year 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 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 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 audit. We conducted our audit 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 auditor's 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 NCCLF'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 NCCLF'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 Northern California Community Loan Fund as of September 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information (pages 28-29) 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.

Hood & Strong LLP

San Francisco, California
January 9, 2019

Northern California Community Loan Fund

Consolidated Statement of Financial Position

September 30, 2018

		General Fund		Loan Fund		Total
Assets						
Current Assets:						
Cash and cash equivalents (Note 4)	$	2,779,027	$	10,713,274	$	13,492,301
Contributions receivable		250,000				250,000
Accrued interest and other receivables		630,943				630,943
Prepaid expenses and other assets		197,036				197,036
Investments (Notes 4)		6,826,180		8,349,722		15,175,902
Funds held in trust (Note 3)		1,043,381				1,043,381
Loans receivable - current portion, net of allowance for loan loss of $657,114 (Note 6)				8,835,614		8,835,614
Total current assets		11,726,567		27,898,610		39,625,177
Loans Receivable - long-term portion, net of allowance for loan loss of $3,475,740 (Note 6)		281,761		43,709,791		43,991,552
Program Related Investments - notes receivable (Note 2)		479,801				479,801
Deposits		25,815				25,815
Fixed Assets, net		47,613				47,613
Total assets	$	12,561,557	$	71,608,401	$	84,169,958
Liabilities and Net Assets						
Current Liabilities:						
Accounts payable and accrued expenses	$	639,573	$	14,925	$	654,498
Accrued interest payable		304,815		3,856		308,671
Deferred revenue and other liabilities		1,914,617		4,963,107		6,877,724
Funds held in trust (Note 3)		1,043,381				1,043,381
Notes payable - current portion (Note 7)				6,565,257		6,565,257
Total current liabilities		3,902,386		11,547,145		15,449,531
Notes Payable, net of current portion (Note 7)		562,215		42,868,147		43,430,362
Total liabilities		4,464,601		54,415,292		58,879,893
Net Assets:						
Unrestricted:						
Board designated (Note 2)		4,100,000		1,000,000		5,100,000
Undesignated		3,549,617		16,193,109		19,742,726
Total unrestricted		7,649,617		17,193,109		24,842,726
Temporarily restricted (Note 9)		447,339				447,339
Total net assets		8,096,956		17,193,109		25,290,065
Total liabilities and net assets	$	12,561,557	$	71,608,401	$	84,169,958

See accompanying notes to consolidated financial statements.

Northern California Community Loan Fund

Consolidated Statement of Activities

Year Ended September 30, 2018

	Unrestricted	Temporarily Restricted	Total
Support and Revenue:			
Program fees:			
New market tax credit program fees (Note 12)	$ 902,310		$ 902,310
Consulting and contract fees	879,597		879,597
Loan fees	365,238		365,238
Grants and contributions	921,882	$ 355,000	1,276,882
Government contract revenue	4,015,656		4,015,656
Special event income, net of direct expenses of $30,055	52,921		52,921
Interest income - notes receivable	2,781,303		2,781,303
Investment income, net (Note 4)	319,354		319,354
In-kind contributions	228,925		228,925
Net assets released from restrictions (Note 9)	667,819	(667,819)	-
Total support and revenue	11,135,005	(312,819)	10,822,186
Expenses:			
Program services:			
Direct lending	2,645,717		2,645,717
New markets tax credits	498,492		498,492
Consulting and training	1,999,189		1,999,189
Strategic Initiatives	564,125		564,125
Capitalization	1,205,601		1,205,601
Total program services	6,913,124	-	6,913,124
Supporting services:			
Management and general	396,431		396,431
Fundraising	428,623		428,623
Total supporting services	825,054	-	825,054
Total expenses	7,738,178	-	7,738,178
Change in Net Assets Before Other Changes	3,396,827	(312,819)	3,084,008
Other Changes in Net Assets			
California fisheries net asset transfer (Note 14)	1,855,401		1,855,401
Loss on disposal of land held for sale (Note 2)	(56,836)		(56,836)
Total Change in Net Assets	5,195,392	(312,819)	4,882,573
Net Assets, beginning of year	19,647,334	760,158	20,407,492
Net Assets, end of year	$ 24,842,726	$ 447,339	$ 25,290,065

See accompanying notes to consolidated financial statements.

Northern California Community Loan Fund

Consolidated Statement of Functional Expenses

Year Ended September 30, 2018

	Program Services						Supporting Services		
	Direct Lending	New Markets Tax Credits	Consulting and Training	Strategic Initiatives	Capitalization	Program Services Total	Management and General	Fundraising	Total
Operating Expenses:									
Salaries and benefits	$ 1,372,766	$ 362,894	$ 1,514,395	$ 323,541	$ 250,660	$ 3,824,256	$ 234,626	$ 353,504	$ 4,412,386
Interest					821,587	821,587			821,587
Consultants and legal	107,152	66,762	106,874	146,083	15,289	442,160	78,429	6,573	527,162
Office expenses	75,135	22,147	81,440	11,335	10,870	200,927	40,662	15,200	256,789
Rent	107,047	26,211	129,770	23,581	20,477	307,086	19,530	27,447	354,063
Travel, outreach, and other	74,455	11,625	61,078	51,739	14,440	213,337	16,586	16,628	246,551
Total operating expenses	1,736,555	489,639	1,893,557	556,279	1,133,323	5,809,353	389,833	419,352	6,618,538
Other Expenses:									
Depreciation	8,713	2,134	10,517	1,891	1,641	24,896	1,590	2,235	28,721
Provision for loan losses	861,994					861,994			861,994
In-kind legal and technological services	38,455	6,719	95,115	5,955	70,637	216,881	5,008	7,036	228,925
Total expenses	$ 2,645,717	$ 498,492	$ 1,999,189	$ 564,125	$ 1,205,601	$ 6,913,124	$ 396,431	$ 428,623	$ 7,738,178

See accompanying notes to consolidated financial statements.

Northern California Community Loan Fund

Consolidated Statement of Cash Flows

Year Ended September 30, 2018		
Cash Flows from Operating Activities:		
Change in net assets	$	4,882,573
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		28,721
Allowance for loan losses		861,994
Realized and unrealized gain on investments		123,961
Loss on disposal of property held for sale		56,836
California fisheries - transfer of notes receivable		(1,775,238)
California fisheries - transfer of other liabilities		1,328,698
Changes in operating assets and liabilities:		
Contributions receivable		92,500
Accrued interest and other receivables		169,883
Prepaid expenses and deposits		20,520
Accounts payable and accrued expenses		35,891
Accrued interest payable		(10,631)
Deferred revenue and other liabilities		(528,309)
Net cash provided by operating activities		5,287,399
Cash Flows from Investing Activities:		
Purchases of investments		(455,574)
Proceeds from sale of investments		895,217
Loan disbursements to borrowers		(17,946,375)
Loan principal payments from borrowers		9,437,945
Proceeds from sale of land held for sale		379,103
Acquisition of property and equipment		(25,543)
Net cash used in investing activities		(7,715,227)
Cash Flows from Financing Activities:		
Proceeds from notes payable		9,139,202
Repayments of notes payable		(5,941,000)
Net cash provided by financing activities		3,198,202
Net Change in Cash and Cash Equivalents		770,374
Cash and Cash Equivalents, beginning of year		12,721,927
Cash and Cash Equivalents, end of year	$	13,492,301
Supplemental Cash Flow Information:		
Cash paid for interest during the year	$	834,587
Noncash Information:		
Net asset transfer of California Fisheries Fund	$	1,855,401

See accompanying notes to consolidated financial statements.

Note 1 - Nature of Organization:

Northern California Community Loan Fund (NCCLF) was formed as a California nonprofit corporation in 1987. As a certified Community Development Financial Institution (CDFI), NCCLF's mission is to promote economic justice and alleviate poverty by increasing the financial resilience and sustainability of community-based nonprofits and enterprises. Through flexible financial products and sound advice, NCCLF creates opportunities to make socially responsible investments that revitalize Northern California communities.

In January 2018, NCCLF formed a wholly owned subsidiary, Credit Enhancement 1, LLC (CE1) (a California limited liability company), for the purpose of managing a program for food enterprise related financing.

The following is a summary of NCCLF's programs:

<u>Programs</u>

Direct Lending: NCCLF provides flexible and creative financing to support nonprofits and enterprises that benefit low-income communities. NCCLF provides financing in five primary sectors: affordable housing, community facilities, human services, food enterprises and sustainable fisheries, and economic development. Integral to NCCLF's lending program, NCCLF also provides technical assistance to its borrowers as needed to help them understand their financial position and appropriate use of debt financing.

New Markets Tax Credit: NCCLF is certified by the U. S. Department of Treasury - Community Development Financial Institutions Fund (CDFI Fund) as a Community Development Entity (CDE) for the purpose of participating in its New Markets Tax Credit (NMTC) Program. NCCLF uses tax credit allocations to generate new equity capital investments to support real estate projects that benefit low-income communities including multi-tenant nonprofit centers, nonprofit community facilities, food enterprises, and mixed-use affordable housing developments.

Consulting and Training: NCCLF provides technical expertise and training to nonprofit organizations serving low-income communities. NCCLF offers consulting services which help community organizations build their financial-management and facility-acquisition and facility-management capacity:

Financial Consulting Program strengthens nonprofits by delivering technical assistance in financial management.

Real Estate Consulting Program provides technical assistance to nonprofits that are facing decisions regarding current facilities or are planning for new or renovated facilities.

Strategic Initiatives: The program leads key organization-wide strategic activities that advance NCCLF's impact in northern and central California's communities. This is accomplished by advising NCCLF's leadership on strategic direction for NCCLF; evaluating, designing and implementing new programs and innovative financing and capitalization strategies; coordinating NCCLF's strategic planning and plan implementation; leading NCCLF's placed-based initiatives; and identifying and cultivating strategic partnerships.

Capitalization: NCCLF is a socially responsible investment opportunity for individuals and organizations interested in putting their capital to work in low-income communities in Northern California. NCCLF uses loans and contributions to capitalize its revolving loan fund. NCCLF's investors and contributors include individuals, trusts, foundations, nonprofit organizations, religious organizations, health organizations, corporations and financial institutions.

In addition, NCCLF also manages several different mission-aligned grant and loan programs for private foundations, local government agencies, and other third parties.

Note 2 - Summary of Significant Accounting Policies:

a. Basis of Presentation and Description of Net Assets

NCCLF reports using the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP), and provides information regarding its financial position and activities according to the three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. NCCLF has no permanently restricted net assets at September 30, 2018.

Unrestricted Net Assets - The portion of net assets that is neither temporarily nor permanently restricted by donor-imposed stipulations. These net assets are intended for use of management and the Board of Directors for general operating support and lending, as well as a board designated operating reserve fund.

The Board of Directors has designated $3,600,000 in unrestricted net assets for a six-month operating reserve and future program development, $500,000 for the Community Catalyst Program Related Investments, and $1,000,000 of unrestricted net assets to increase the capital reserve for the loan fund.

Temporarily Restricted Net Assets - The portion of net assets of which use by NCCLF is limited by donor-imposed stipulations that either can be fulfilled and removed by actions of NCCLF or expire by passage of time.

b. Principles of Consolidation

The accompanying consolidated financial statements include all amounts and operations of Northern California Community Loan Fund and Credit Enhancement 1, LLC, a wholly owned subsidiary (collectively, NCCLF). Intercompany transactions and account have been eliminated in consolidation.

c. Revenue Recognition

Contributions and pledges are recognized at their fair value when received or unconditionally promised. Contributions that are restricted by the donor are reported as increases in temporarily restricted or permanently restricted net assets depending upon the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Conditional promises are not included as support until such time as the conditions are substantially met. Conditional promises received in advance are recorded as deferred revenue until the conditions have been met.

At September 30, 2018, NCCLF has conditional grants of approximately $1,645,000. These grants require NCCLF to meet certain performance criteria to earn the funds and therefore have not been recognized in the consolidated financial statements.

NCCLF uses the allowance method to account for uncollectible contributions based on historical experience and an evaluation of the outstanding receivables at the end of the year. At September 30, 2018, management determined that no allowance is deemed necessary.

Government contract revenue are recognized as revenue when allowable activities or expenditures under the respective awards are substantially completed or incurred. Program fees are recognized when earned.

NCCLF receives in-kind donations of software and technological services as well as pro bono legal services for work on commercial real estate transactions, securities offerings, and general corporate work. NCCLF's contributed services are stated at their estimated fair market value, if they are ordinarily purchased and are of a specialized nature. The value of these services for 2018 was $228,923.

d. Cash and Cash Equivalents

Cash is defined as cash in demand deposits accounts as well as cash on hand. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash. NCCLF maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. NCCLF has not experienced any losses in such accounts. Management believes that NCCLF is not exposed to any significant cash credit risk.

Cash and cash equivalents also include $609,524 of restricted cash, required to be maintained by the California Ocean Protection Council.

e. Loans Receivable

Loans receivable are reported at their outstanding principal balances adjusted for charge-offs, allowance for loan losses, and unearned interest, if any.

Interest income is accrued on principal loan balances. NCCLF accrues interest on past due loans at the regular rate of interest or at the default rate of interest for loans that are in default. Loans may be placed on nonaccrual status when any portion of the principal or interest is ninety days past due or earlier when concern exists as to the ultimate collectability of principal or interest, as evaluated at least quarterly. NCCLF makes every effort to collect all interest payments from the borrower even after loans are placed on nonaccrual status for accounting purposes.

Loans return to accrual status when principal and interest become current and are anticipated to be fully collectible. Payments received on nonaccrual loans receivable are first applied to outstanding principal or interest depending on the circumstances of each particular loan.

Loan origination fees are recognized immediately; which management has determined is not materially different from U.S. GAAP. Management has the intent and ability to hold these loans until maturity or payoff.

f. Allowance for Loan Losses

Management's determination of the level of allowance for loan losses rests upon various judgments and assumptions, including current and projected economic conditions, prior loan loss experience, the value of the underlying collateral, continuing review of the portfolio of loan and commitments, and evaluation of credit risk related to certain individual borrowers. Management considers the allowance for loan losses adequate to cover losses inherent in loans and loan commitments. However, because of uncertainties associated with these judgments and assumptions, it is reasonably possible that management's estimate of credit losses inherent in the loan portfolio and the related allowance may change materially in the near-term. The allowance is increased or decreased by the provision (recapture) for loan losses, which is charged to expense and reduced by charge-offs, net of recoveries. The loan loss reserve was estimated at 7.29% as of September 30, 2018.

The allowance for loan losses is reported separately for current and non-current portions of the loans receivable based on a pro-rata allocation made using the ratio of the corresponding outstanding principal balances of the respective notes receivable.

g. Program Related Investments – Notes Receivable

Program related investments are investments that would not be made were it not for the relationship of the investment to NCCLF’s programmatic mission. Although the underlying investments may or may not have a profit motive, that is not the primary focus of the investment by NCCLF.

NCCLF's Community Catalyst Program provides forgivable predevelopment loans at 0% interest to nonprofit organizations for affordable housing and community facility development projects in underserved communities in Northern and Central California.

Program related investments consist of loans to organizations which support NCCLF's mission. NCCLF records notes receivable at cost. They are evaluated for impairment annually and written down when appropriate. Community Catalyst commitments as of September 30, 2018 totaled $610,248. As of September 30, 2018 total amounts outstanding under this program were $479,801. During the year ended September 30, 2018, repayments of $12,000 were received.

h. Investments

Investments are stated at fair value. The values of debt and equity securities and mutual funds are based on their quoted market prices. Gains and losses that result from market fluctuations are recognized in the Consolidated Statement of Activities in the period such fluctuations occur. Dividend and interest income are accrued when earned.

i. Fair Value Measurements

NCCLF carries certain assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. NCCLF classifies its financial assets and liabilities according to three levels, and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

Level 1 - Quoted market prices (unadjusted) in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.

Level 2 - Observable inputs other than quoted prices included within Level 1 for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the asset or liability that are not corroborated by market data.

j. Fair Value of Financial Instruments

Financial instruments included in NCCLF's Consolidated Statement of Financial Position as of September 30, 2018 which are not required to be measured at fair value on a recurring basis include cash and cash equivalents, contributions and other receivables, accounts payable and accrued expenses including accrued interest payable and liability for the funds held in trust. The carrying values of these instruments approximate their fair value due to the short maturity of these instruments.

Management believes that the carrying values of the loans receivable and notes payable including related receivable and payable for accrued interest are not materially different from estimates of the corresponding fair values.

k. Properties Held for Sale

Real property held for sale can be acquired either via foreclosure proceedings or via the borrower's signing over the deed to the property. These properties are recorded at the lower of the adjusted carrying amount at the time the property is acquired or fair value.

In 2008, NCCLF received a parcel of land from a borrower as a settlement for outstanding amounts owed to NCCLF in a foreclosure. Upon receipt of the title to the land, NCCLF relieved the borrower of $567,877 of outstanding principal and interest. In 2009, NCCLF adjusted the carrying amount of land to reflect the present value of expected cash flows and recognized $131,938 of impairment loss. During 2018 NCCLF sold this land to an unrelated third party for $385,000 and recorded an additional loss on disposal of $56,836.

l. Fixed Assets

Fixed assets are stated at cost, if purchased, or, at approximate fair value, if donated. Depreciation is computed using the straight-line method, over the estimated useful lives of the assets, which range from three to five years. Depreciation expense during 2018 was $28,721.

m. Subordinate Notes Payable

Subordinate notes payable are subordinated promissory notes with a rolling term (maturity) feature that lenders are classifying as Equity Equivalent Investments (EQ2). EQ2s are unique to the CDFI industry. They were created as a mechanism for not-for-profit CDFI’s to acquire equity-like capital.

n. Below Market Interest Rate Loans

U.S. GAAP require not-for-profit organizations to record interest expense (income) and contribution revenue (expense) in connection with loans that are interest free or that have below market interest rates. NCCLF believes there is no material difference between prevailing community development finance market rates and the stated rates of loans receivable in its portfolios, notes payable or other liabilities. Consequently, no adjustments have been made to the consolidated financial statements to reflect rate differentials.

o. Income Taxes

NCCLF is exempt from federal income taxes on related income under Section 501(c)(3) of the Internal Revenue Code and from California franchise and/or income taxes under Section 23701(d) of the Revenue and Taxation Code.

NCCLF follows the guidance of Accounting for Uncertainty in Income Taxes issued by the Financial Accounting Standards Board (FASB). As of September 30, 2018, management evaluated NCCLF’s tax positions and concluded that NCCLF had maintained its tax-exempt status and had taken no uncertain tax positions that require adjustment to the consolidated financial statements.

p. Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

q. Functional Expenses Allocation

The costs of providing program services and supporting services are summarized on a functional basis in the Consolidated Statement of Functional Expenses. Accordingly, certain costs are allocated among program services and supporting services based on the estimates of employees' time incurred and on usage of resources.

r. Recent Accounting Pronouncements

In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14 – Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance, and cash flows. The amendments in the ASU are effective for annual consolidated financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Application to interim consolidated financial statements is permitted but not required in the initial year of application. Early application of the amendments in the ASU is permitted and applied retrospectively. NCCLF is currently evaluating the impact of this pronouncement on its consolidated financial statements.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. The ASU clarifies and improves current guidance about whether a transfer of assets, or the reduction, settlement, or cancellation of liabilities, is a contribution or an exchange transaction. It provides criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the organization follows contribution guidance or exchange transaction guidance in the revenue recognition and other applicable standards. The ASU does not apply to transfers of assets from governments to businesses. The amendments in the update are effective for NCCLF for its fiscal year ending September 30, 2020. NCCLF is currently evaluating the impact of this pronouncement on its consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. Early adoption is not permitted. The updated standard will be effective for annual reporting periods beginning after December 15, 2018. NCCLF has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The amendments in this update will supersede much of the existing authoritative guidance for leases. This guidance requires lessees, among other things, to recognize right-of-use assets and liabilities on their balance sheet for all leases with lease terms longer than twelve months. The standard will be effective for NCCLF for its fiscal year ending September 30, 2021, with early application permitted. NCCLF is currently evaluating the impact of this pronouncement on its consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, *Disclosure Framework- Changes to the Disclosure Requirements for Fair Value Measurement (Topic 820)*. The ASU removes the requirements for transfers between Levels 1 and 2 as well as the valuation processes for Level 3 fair value measurements. In lieu of a rollforward for Level 3 fair value measurements, a nonpublic entity is required to disclose transfers into and out of Level 3 as well as purchases and issues of Level 3 assets and liabilities. It clarifies that the measurement uncertainty disclosure is to communicate information about the uncertainty in measurement as of the reporting date. The amendments in the update are effective for NCCLF for its fiscal year ending September 30, 2021. NCCLF is currently evaluating the impact of this pronouncement on its consolidated financial statements.

s. Subsequent Events:

NCCLF evaluated subsequent events from September 30, 2018 through January 9, 2019, the date these consolidated financial statements were available to be issued, and has determined that there were no material subsequent events that required recognition or additional disclosures in these consolidated financial statements except as disclosed in Note 6.

Note 3 - Funds Held in Trust:

NCCLF receives and distributes assets under certain intermediary arrangements. NCCLF holds such funds as funds held in trust. Distributions of such funds are managed by NCCLF according to the guidelines of the specific programs. These funds are invested in money market accounts.

NCCLF manages other small targeted grant pools for varying purposes. NCCLF underwrites grants for these pools in accordance with the conditions imposed by the original source of the funds. NCCLF also disburses, monitors and reports on these grants.

On occasion, NCCLF also includes reserve funds for various transactions where NCCLF is authorized to release the funds based on the terms of the transaction.

Greater Oakland Fund consists of funds from foundation sources. It makes both grants and loans to nonprofit affordable housing developers, nonprofit organizations and food enterprises engaging in projects that aim to revitalize targeted low-income neighborhoods in Oakland. The fund provides both non-recoverable site characterization grants and recoverable pre-development grants to enable the organizations to explore the project feasibility. If a project proceeds with construction, the recoverable pre-development grant is repaid through construction financing and returned to the grant pool for use in future projects.

Nonprofit Displacement Mitigation Fund consists of grant funds from three agencies of the City and County of San Francisco intended to support arts, cultural, and social service organizations in San Francisco at risk of displacement or subject to lease renewals at substantially higher rates amidst a volatile real estate market. Financial assistance awards may be used for professional services; rent stipends; moving expenses; tenant improvements; and furnishing, fixtures, and equipment.

Nonprofit Space Stabilization Program consists of grant funds from the San Francisco Office of Economic and Workforce Development. This program supports nonprofit organizations in San Francisco who are facing barriers to growth due to their real estate or at risk of displacement or subject to lease renewals at substantially higher rates amidst a volatile real estate market. Financial assistance awards may be used for professional services; rent stipends; holding costs; moving expenses; tenant improvements; and furnishing, fixtures, and equipment.

Nonprofit Space Investment Fund consists of grant funds from the San Francisco Office of Economic and Workforce Development. This program provides critical financial support to nonprofits for the acquisition of new, permanent space. Grant awards are used for the acquisition of property in San Francisco.

A summary of activity in these programs at September 30, 2018, is as follows:

Funds held in trust, beginning of year	$ 2,294,473
Grant funds received	1,170,509
Grants recovered	200,000
Grants disbursed	(2,614,431)
Interest income	686
Undisbursed grants returned to granting agency	(7,856)
Funds held in trust, end of year	$ 1,043,381

Note 4 - Investments:

At September 30, 2018 investments consist of the following:

Cash and cash equivalents	$ 197,015
Mutual and exchange traded funds	4,722,853
Fixed income	8,113,600
Mortgage pool, collateralized mortgage obligations, and asset backed securities	1,385,790
Privately held stock	282,577
	14,701,835
Certificates of deposit	474,067
Total	$ 15,175,902

NCCLF's investments are made in accordance with an investment policy that has been approved by the Board of Directors. The Finance Committee monitors the investment strategy and portfolio performance on an ongoing basis and provides regular updates to the Board of Directors.

For the year ended September 30, 2018, investment income, net consist of the following:

Interest and dividends from investments	$ 468,772
Management fees	(25,457)
Net realized loss	(53,167)
Net unrealized loss	(70,794)
	$ 319,354

Investment balances include $8,349,722 in the loan fund. This $8,349,722, and an additional $10,713,274 in cash and cash equivalents, is designated for the following purposes:

Undisbursed to closed loans (Note 6)	$ 10,278,076
Committed loans (Note 6)	5,405,000
Liquidity reserves	1,000,000
Available for lending	2,379,920
	$ 19,062,996

Cash and cash equivalents	$ 10,713,274
Investments	8,349,722
	$ 19,062,996

Note 5 - Fair Value of Measurements:

The table below summarizes NCCLF's assets measured at fair value at September 30, 2018 on a recurring basis:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 197,015			$ 197,015
Mutual and exchange traded funds:				
Equity	4,722,853			4,722,853
Fixed income:				
U.S. Treasury notes and bonds	3,435,858			3,435,858
Municipal bonds	1,264,392			1,264,392
Corporate bonds		$ 3,413,350		3,413,350
Mortgage Pools, collateralized mortgage obligation and asset backed securities	1,385,790			1,385,790
Privately held stock:				
Investment in limited liability companies			$ 16,877	16,877
Federal Home Loan Bank Stock			265,700	265,700
	11,005,908	3,413,350	282,577	14,701,835
Funds held in trust:				
Cash and cash equivalents (Note 3):	1,043,381			1,043,381
Total assets held at fair market value	$ 12,049,289	$ 3,413,350	$ 282,577	$ 15,745,216

The fair value schedule above does not include certificates of deposit. Certificates of deposit are excluded from fair value measurements as they do not meet the definition of an equity security.

Note 6 - Loans Receivable and Allowance for Loan Losses:

Loans receivable at September 30, 2018, are summarized as follows:

Affordable/supportive housing	$ 16,261,731
Community facilities	33,602,921
Food financing	3,840,900
California Fisheries Fund	2,367,744
Economic development	886,724
Total loans receivable	56,960,020
Less allowance for loan losses	(4,132,854)
	52,827,166
Less current portion, net of allowance for loan losses	(8,835,614)
Long-term portion, net of allowance for loan losses	$ 43,991,552

At September 30, 2018, loans receivables, net of allowance for loan losses, consist of secured and unsecured notes with interest rates ranging from 2.5% to 7.5%.

Annual maturities of notes receivable are as follows:

Year ending September 30,	
2019	$ 9,748,811
2020	9,543,591
2021	7,410,604
2022	7,480,766
2023	5,090,744
Thereafter	17,685,504
	$ 56,960,020

Loan Origination/Risk Management

NCCLF has certain lending policies and procedures in place that are designed to provide financing capital within an acceptable level of risk. Management reviews these policies and procedures on a regular basis. The Board of Directors and the Loan Committee approve any changes to these policies. A reporting system supplements the review process by providing management and board members with frequent reports related to loan quality, concentrations of credit, loan delinquencies, and non-performing and potential problem loans. Diversification in the loan portfolio is a means of managing risk associated with fluctuations in economic conditions.

Age Analysis of Past Due Loans

The following table represents an aging of loans as of September 30, 2018:

30 - 59 days past due	$ -
60 - 89 days past due	-
90 + days past due and still accruing	1,339,757
Non-accrual	-
Total past due	1,339,757
Current	55,620,263
Total loans	$ 56,960,020

Subsequent to year end, $988,813 of past due loans were repaid and $164,927 were restructured and began paying as agreed.

Credit Quality

As part of the on-going monitoring of the credit quality of NCCLF's portfolio, management classifies loans into risk categories based on relevant information about the ability of borrowers to service their debt and comply with various terms of their loan agreements. NCCLF considers current financial information, historical payment experience, collateral value, credit documentation, public information and current economic trends. Loans are reviewed quarterly and more frequently if necessary in order to monitor and adjust, if necessary, the loan's risk profile.

The following definitions summarize the basis for each classification:

Strong/Acceptable – The loan is adequately protected by the current worth and paying capacity of the borrower (or guarantors, if any) or by the fair value, less cost to acquire and sell, of any collateral in a timely manner.

Watch – A loan that has potential weaknesses and requires closer monitoring by management. If left uncorrected, performance may result in deterioration of the repayment prospects for the loan or in NCCLF's credit position at some future date. Watch loans are not adversely classified and do not expose NCCLF to sufficient risk to warrant adverse classification.

Substandard – A loan with definite weaknesses that puts repayment at risk. These loans may be inadequately protected by the current sound worth and paying capacity of the borrower or of the collateral pledged. These loans are characterized by the possibility that NCCLF will sustain some loss of principal and/or interest if the risks are not addressed.

Doubtful – A loan that has weaknesses similar to the substandard category with the added risk that the weaknesses make collection in full, on the basis of currently known facts, conditions and values, highly questionable and improbable. The possibility of loss is extremely likely, but it is not identified presently due to pending factors.

The following table summarizes the loan portfolio and the internally assigned credit quality ratings for those categories at September 30, 2018.

Strong/acceptable	$ 55,598,189
Watch	1,361,831
Total loans	$ 56,960,020

Subsequent to year end $998,813 of loans on watch status were repaid in full.

Allowance for loan losses

Changes in the allowance for loan losses for the year ended September 30, 2018, are as follows:

Beginning balance	$ 3,270,860
Charge-offs	-
Recoveries	-
Provision for loan losses	861,994
Ending balance	$ 4,132,854

During the year ended September 30, 2018, NCCLF did not have any loans on nonaccrual status.

Troubled Debt Restructures

A troubled debt restructure is a loan where NCCLF granted a concession that would not otherwise have been considered but for the borrower's financial difficulties. Once a loan is modified as a troubled debt restructure it remains in that category until such time as it is repaid or charged-off.

During the year ended September 30, 2018, NCCLF restructured $233,922 in troubled debt. As of September 30, 2018, the balance of all loans restructured during fiscal year 2018 or prior years is $466,810.

During 2018, NCCLF received $48,998 in repayment on loans that had been restructured in FY18 or in prior years.

Commitments to Extend Credit

In the normal course of business to meet the financing needs of its borrowers NCCLF is a party to commitments to extend credit. Those instruments involve, to varying degrees, elements of credit, liquidity and interest rate risk in excess of the amount recognized in the accompanying statement of financial position. NCCLF uses the same credit policies in making commitments to extend credit as it does for extension of credits reflected on the statement of financial position. NCCLF's exposure to credit loss in the event of nonperformance by the other party for commitments to extend credit is represented by the contractual amount of those instruments. Commitments to extend credit include new loan commitments, line of credit and construction loan agreements to lend to a borrower as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses. Since some of the commitments may expire without being fully drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

At September 30, 2018, NCCLF had a total of $15,683,076 in loan commitments that had not yet been disbursed. These undisbursed loan commitments included 13 revolving lines of credit with a total undrawn balance of $6,466,565 and 16 pre-development, acquisition, construction or equipment loans (or interest reserves related thereto) totaling $9,216,511.

NCCLF evaluates each borrower's creditworthiness on a case-by-case basis. The amount of collateral obtained, if any, is based on management's credit evaluation of the borrower.

Note 7 - Notes Payable:

Notes payable at September 30, 2018, are as follows:

To public and private foundations, at annual interest rates of 0.5% to 3.5%, unsecured notes mature in 2017 to 2025.	$ 6,822,690
To health system organizations, at annual interest rates of 2.25% to 3%, unsecured, notes mature in 2017 to 2024.	3,413,505
To financial institutions, at annual interest rates of 0% to 3%, unsecured, notes mature in 2018 to 2030.	21,525,000
To other organizations, at annual interest rates of 0% to 2.75%, unsecured, notes mature in 2018 to 2024.	6,402,861
To religious organizations, at annual interest rates of 0.5% to 3%, unsecured, notes mature in 2018 to 2025.	2,273,843
To individuals and trusts, at annual interest rates of 0% to 3.75%, unsecured, notes mature in 2018 to 2027.	8,807,720
To government entities at rates of 1% to 2.75% unsecured, notes matures in 2018 to 2020.	750,000
	49,995,619
Less current portion	(6,565,257)
Notes payable, net of current portion	$ 43,430,362

The Notes Payable balance includes subordinated promissory notes with a rolling term (maturity) feature that lenders are classifying as Equity Equivalent Investments (EQ2). If the EQ2 notes continue to comply with the requirements as described in their respective agreements, the notes will retain the rolling term feature ranging from two to five years beyond their original maturity dates. The notes bear interest from 0% to 3% per annum, and are unsecured and subordinate to all other liabilities. As of September 30, 2018, NCCLF has a total of $8,750,000 of subordinated promissory notes.

Annual maturities of notes payable are as follows:

Year ending September 30,	
2019	$ 6,565,434
2020	6,737,248
2021	6,739,729
2022	6,498,000
2023	5,267,500
Thereafter	18,187,708
	$ 49,995,619

Certain loan agreements contain restrictive financial covenants that require, among other things, maintenance of minimum amounts and ratios of liquidity, net assets, net income, delinquent loans and loss reserves. There are also various reporting requirements. As of September 30, 2018, NCCLF was in compliance with all financial covenants to which it was subject.

At September 30, 2018, NCCLF had a total of $4,000,000 of available and committed funds for the general loan pool that had not yet been borrowed. NCCLF also had a total of $4,744,214 in additional funds available for Credit Enhancement 1, LLC.

Note 8 - Lease Commitment:

NCCLF leases its office facilities under a non-cancellable operating lease, which expires on November 30, 2019. The following represents the future estimated minimum lease payments:

Year ending September 30,	
2019	$ 347,000
2020	56,000
	$ 403,000

Rental expense for the year ended September 30, 2018, amounted to $354,063.

Note 9 - Temporarily Restricted Net Assets:

Temporarily restricted net assets at September 30, 2018, were available for the following purposes:

General operations	$	7,500
Consulting		337,750
Lending		24,000
New program development		78,089
	$	447,339

Net assets were released from restrictions by incurring expenditures satisfying the restricted purposes, or by occurrences of other events specified by donors, as follows:

Consulting	$	416,250
Lending		33,500
New program development		218,069
	$	667,819

Note 10 - Retirement Plan:

NCCLF's employees participate in a 403(b) defined contribution plan (the "Plan"). Employees are eligible to contribute to the Plan on their dates of hire. NCCLF's contributions, which cover employees who complete six months of service, are discretionary. Employees' contributions are fully vested at all times, whereas NCCLF's contributions vest in three years. NCCLF contributed $184,651 for the year ended September 30, 2018.

Note 11 - Related Party Transactions:

NCCLF operates a revolving loan fund that provides socially motivated investors with an opportunity to be part of NCCLF's mission of financing affordable housing, community facilities, food enterprises, and vital human services. Qualified institutions and individuals invest in the form of fixed rate loans. NCCLF aggregates these loans into a capital pool which NCCLF uses to finance appropriate community and economic development projects.

The president and several members of the board of directors chose to support NCCLF's mission by lending money to the organization's capital pool, which are included in notes payable in the accompanying consolidated financial statements. These loans were accepted on terms that conform to NCCLF's standard policies for accepting loans into the investment pool.

The total outstanding loans that were received from board members, advisory board members and institutions with which they are affiliated are $2,078,000 as of September 30, 2018.

The loans extended by NCCLF from the capital pool to finance appropriate community and economic development projects include loans to organizations that have connections with the members of the Board of Directors. These loans were made on terms that conform to NCCLF's standard lending policies.

The total outstanding loans that were made to organizations with which board members or advisory board members are affiliated are $2,020,000 as of September 30, 2018.

Such transactions are subject to NCCLF's conflict of interest policy and each loan received or made by the NCCLF is reviewed in advance for any potential conflict of interest or legal issues. As such, Board members are required to disclose potential conflicts of interest annually and throughout the year as circumstances change. Board members are also required to recuse themselves from voting on transactions on which they may be potentially conflicted.

Note 12 - New Markets Tax Credit Program:

As of September 30, 2018, NCCLF had received New Market Tax Credit Program (Program) allocations totaling $218,000,000 (accumulatively). The Program is administered by the Community Development Financial Institutions (CDFI) Fund pursuant to Section 45D of the Internal Revenue Code. In accordance with the terms of the Program, NCCLF has formed 26 for-profit community development entities (collectively the CDE LLCs), the first 18 of which had been activated as of September 30, 2018:

Northern California Community Loan Fund:

NMTC Sub-CDE I, LLC
NMTC Sub-CDE II, LLC
NMTC Sub-CDE III, LLC
NMTC Sub-CDE IV, LLC
NMTC Sub-CDE V, LCC
NMTC Sub-CDE VI, LLC
NMTC Sub-CDE VII, LLC
NMTC Sub-CDE VIII, LLC
NMTC Sub-CDE IX, LLC
NMTC Sub-CDE X, LLC
NMTC Sub-CDE XI, LLC
NMTC Sub-CDE XII, LLC
NCCLF NMTC Sub-CDE 13, LLC
NCCLF NMTC Sub-CDE 14, LLC
NCCLF NMTC Sub-CDE 15, LLC
NCCLF NMTC Sub-CDE 16, LLC
NCCLF NMTC Sub-CDE 17, LLC
NCCLF NMTC Sub-CDE 18, LLC

NCCLF NMTC Sub-CDE 19, LLC through NCCLF NMTC Sub-CDE 26, LLC were formed for the NMTC allocations but had conducted no financial activity as of September 30, 2018.

Additionally, Northern California Community Loan Fund NMTC Sub-CDE II, LLC was dissolved during the year ended September 30, 2018, and Northern California Community Loan Fund NMTC Sub-CDE I, LLC had been dissolved in a prior year.

The CDE LLCs were formed as California limited liability companies in which the Loan Fund will serve as the managing member with a 0.01% interest and unrelated investor members as regular members with a 99.99% interest. NCCLF does not consolidate these entities due to the rights granted to the investor members as defined in the respective operating agreements. The investor members' rights overcome the presumption of control of the managing member.

As of September 30, 2018, the total amount of NCCLF's aggregated investment in all the CDE LLCs was $16,877. The fiscal year end for all the CDE LLCs is December 31, and each company is subject to various compliance requirements such as annual audits or compilations once it has been activated. Below is a summary of the unaudited interim financial information for these companies for the interim 9-month periods ended September 30:

	2018
Total Assets	$ 131,014,835
Total Liabilities	$ 303,931
Total Members' Equity	$ 130,710,903
Total Revenue	$ 1,675,189
Total Expenses	$ 992,558
Total Net Income	$ 682,631

The active CDE LLCs have made qualified low-income community investments (QLICIs) within the meaning of the NMTC programs and IRC Section 45D. The Loan Fund entered into agreements with the Investor Members who provided approximately $131,625,000 in cumulative qualified equity investments (QEIs) as of September 30, 2018 to make QLICIs from the active CDE LLCs. By making QLICIs, the CDE LLCs enable Investor Members to claim approximately $51,333,750 of NMTC over a seven-year credit period. In connection with obtaining allocation, establishing the CDE LLCs, and making sub-allocation to the CDE LLCs, the Loan Fund earned upfront fees of $264,000 as of September 30, 2018, which are included as a component of New Markets Tax Credit fees in the accompanying statements of activities.

Terms of the agreements with the Investor Members require the Loan Fund to maintain certain covenants to avoid recapture of NMTC and possible reimbursement of a portion of upfront fees it has received. At September 30, 2018, the Loan Fund is in compliance with all covenants that would cause a recapture of NMTC and management expects to maintain compliance throughout the seven-year life of each NMTC.

Note 13 - Credit Enhancements & Loan Guarantees:

NCCLF serves as the executive for the California FreshWorks program (FreshWorks), a healthy food financing initiative that provides investment to improve healthy food access in California's low-income communities. Deploying capital via a network of lenders that have agreed to common mission guidelines and target geographies, FreshWorks provides credit enhancement in the form of loan participations and loan guarantees for eligible projects.

NCCLF holds loan participations in its wholly owned subsidiary, Credit Enhancement 1, LLC. FreshWorks participations can fund up to a maximum of $750,000 or 25% of a loan principal balance for eligible projects at reduced interest rates. These participations are in a first loss position with regard to the full loan balance. Capital for the participations is provided by various foundations and one hospital system in an aggregate amount of $5,500,000. In addition, one foundation has provided a $350,000 grant commitment that serves as a loss reserve for the participation program.

A network lender can also apply for a loan guarantee for an eligible project for up to a maximum amount of $500,000 or 25% or the loan principal balance. These guarantees are administered by NCCLF. Capital for the guarantees has been pledged by NCCLF and The California Endowment in aggregate amounts limited to $500,000 and $1,750,000 respectively. In addition, The California Endowment has provided a $250,000 grant commitment that serves as a loss reserve for the loan guarantee program. Should a guarantee be called upon after the loss reserve grant is exhausted the pro-rata shares of the amount to be funded by NCCLF and The California Endowment are 22.22% and 77.78% respectively.

To date NCCLF has provided one loan guarantee to a network lender for a loan to a not-for-profit organization. At September 30, 2018 the outstanding guaranteed amount was $267,126. NCCLF considers the guarantee to be part of its program activities. The loss reserve grant commitment noted above provides a reserve for this guarantee and NCCLF does not consider an additional reserve necessary at September 30, 2018.

Note 14 - California Fisheries Fund:

On May 15, 2018 NCCLF entered into an Asset Transfer (the Transfer) agreement to acquire the California Fisheries Fund (CFF). The CFF was set up in 2008 to support sustainable commercial fishing by helping young fishermen enter the industry, supporting new community quota banks, and lending to a diverse fishing fleet. As part of the transfer NCCLF received total assets of $3,211,599 which included a portfolio of loans totaling $1,775,239 and $1,436,460 in cash which is intended to be used for additional fisheries lending. The Transfer also included $1,356,198 of deferred revenue provided by the California Ocean Protection Council (OPC) as part of a bond financing and is in Deferred Revenue and Other Liabilities in the Consolidated Statement of Financial Position. The impact to NCCLF's net assets was an increase of $1,855,401 in net assets.

NCCLF is required to maintain separate accounts for cash from the OPC and to track the percentage of each loan that is financed by OPC funds. The termination date for NCCLF's agreement with OPC is 2031.

Northern California Community Loan Fund

Consolidating Statement of Financial Position
(See Independent Auditors' Report on Supplementary Information)

Year Ended September 30, 2018

	NCCLF	Credit Enhancement 1, LLC	Eliminations	Consolidated
Assets				
Current Assets:				
Cash and cash equivalents (Note 4)	$ 13,017,795	$ 474,506		$ 13,492,301
Contributions receivable	250,000			250,000
Accrued interest and other receivables	686,530	587	$ (56,174)	630,943
Prepaid expenses	197,036			197,036
Investments (Notes 4)	15,175,902			15,175,902
Funds held in trust (Note 3)	1,043,381			1,043,381
Loans receivable - current portion, net of allowance for loan loss of $657,114 (Note 6)	8,835,614			8,835,614
Current assets	39,206,258	475,093	(56,174)	39,625,177
Loans Receivable - long-term portion, net of allowance for loan loss of $3,475,740 (Note 6)	43,709,791	281,761		43,991,552
Program Related Investments - notes receivable (Note 2)	479,801			479,801
Deposits	25,815			25,815
Fixed Assets, net	47,613			47,613
Total assets	$ 83,469,278	$ 756,854	$ (56,174)	$ 84,169,958
Liabilities and Net Assets				
Current Liabilities:				
Accounts payable and accrued expenses	$ 653,595	$ 903		$ 654,498
Accrued interest payable	307,139	1,681	$ (149)	308,671
Deferred revenue and other liabilities	6,741,224	136,500		6,877,724
Funds held in trust (Note 3)	1,043,381			1,043,381
Notes payable - current portion (Note 7)	6,565,257			6,565,257
Total current liabilities	15,310,596	139,084	(149)	15,449,531
Notes Payable, net of current portion (Note 7)	42,868,148	618,239	(56,025)	43,430,362
Total liabilities	58,178,744	757,323	(56,174)	58,879,893
Net Assets:				
Unrestricted				
Board designated (Note 2)	5,100,000			5,100,000
Undesignated	19,743,195	(469)	-	19,742,726
Total unrestricted	24,843,195	(469)	-	24,842,726
Temporarily restricted (Note 9)	447,339			447,339
Total net assets	25,290,534	(469)	-	25,290,065
Total liabilities and net assets	$ 83,469,278	$ 756,854	$ (56,174)	$ 84,169,958

Northern California Community Loan Fund

Consolidating Statement of Activities
(See Independent Auditors' Report on Supplementary Information)

Year Ended September 30, 2018

	NCCLF	Credit Enhancement 1, LLC	Eliminations	Consolidated
Revenue and Support:				
Program fees:				
New market tax credit program fees (Note 12)	$ 902,310			$ 902,310
Consulting and contract fees	879,597			879,597
Loan fees	365,238			365,238
Grants and contributions	1,276,882			1,276,882
Government contract revenue	4,015,656			4,015,656
Special event income, net of direct expenses of $30,055	52,921			52,921
Interest income - notes receivable	2,778,825	$ 2,478		2,781,303
Investment income, net (Note 4)	319,354			319,354
In-kind contributions	228,925			228,925
Total support and revenue	10,819,708	2,478	$ -	10,822,186
Expenses:				
Program services:				
Direct lending	2,645,717			2,645,717
New markets tax credits	498,492			498,492
Consulting and training	1,999,189			1,999,189
Strategic Initiatives	564,125			564,125
Capitalization	1,202,654	2,947		1,205,601
				-
Total program services	6,910,177	2,947	-	6,913,124
Supporting services:				
Management and general	396,431			396,431
Fundraising	428,623			428,623
Total support services	825,054	-	-	825,054
Total expenses	7,735,231	2,947	-	7,738,178
Change in Net Assets Before Other Changes	3,084,477	(469)	-	3,084,008
Other Changes in Net Assets				
California Fisheries net asset transfer (Note 14)	1,855,401			1,855,401
Loss on disposal of land held for sale (Note 2)	(56,836)			(56,836)
Total Change in Net Assets	4,883,042	(469)	-	4,882,573
Net Assets, beginning of year	20,407,492	-	-	20,407,492
Net Assets, end of year	$ 25,290,534	$ (469)	$ -	$ 25,290,065