Florida Community Loan Fund, Inc.

Financial and Compliance Report
June 30, 2020

Please note:

The Audited Financial Statements for FYE 06/30/2020 were first issued on 10/28/2020 and were reissued 3/13/2023. There are no changes to the Financial Statements or Notes to Financial Statements. The only change in the reissued report is the Supplemental Information, specifically the Schedule of Expenditures of Federal Awards (SEFA).

The cause of this is as follows:
During preparation of FY2022 audit FCLF's new audit firm, CohnReznick, informed management that the CDFI Bond Guarantee Program (BGP) was required to be included on the SEFA. Upon further review, it was determined that the SEFA's for fiscal years ending 06/30/2020 and 06/30/2021 were improperly prepared, as both failed to include this federal program. As a result, FCLF instructed its previous audit firm, RSM, to correct the SEFA's and reissue the Audited Financial Statements for both years.

RSM conducted its audit procedures on federal programs and issued Unmodified opinions on FCLF's financial statements and compliance for major programs. The only error in the previously released audits was the omission of BGP from the SEFA.

If you have any questions on this matter, please reach out to FCLF's Chief Financial Officer, Tammy Thomas, tammy@fclf.org.

Thank you

Contents

RSM US LLP

Independent Auditor's Report

Board of Directors
Florida Community Loan Fund, Inc.

Report on the Financial Statements
We have audited the accompanying financial statements of Florida Community Loan Fund, Inc., which comprise the statements of financial position as of June 30, 2020 and 2019, the related statements of activities, functional expenses and cash flows 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 Florida Community Loan Fund, Inc. as of June 30, 2020 and 2019, 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.

Emphasis of Matter
As discussed in Note 5 to the Schedule of Expenditures of Federal Awards, supplementary information, the 2020 Schedule of Expenditures of Federal Awards has been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Matters—*Other Information*
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 the 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.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2020, except for the reference to the schedule of expenditures of federal awards, Notes 4 and 5 to the schedule of federal awards, the schedule of findings and questioned costs and the note to the schedule of findings and questioned costs for which the date is March 13, 2023, on our consideration of the Florida Community Loan Fund, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Florida Community Loan Fund, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Florida Community Loan Fund, Inc.'s internal control over financial reporting and compliance.

RSM US LLP

Orlando, Florida
October 28, 2020, except for the reference to the
date of the *Governmental Auditing Standards*
report above, and Notes 4 and 5 to the Schedule
of Expenditures of Federal Awards, as to which
the date is March 13, 2023.

Florida Community Loan Fund, Inc.

Statements of Financial Position
June 30, 2020 and 2019

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	**$ 13,932,630**	$ 16,677,863
Investments	**539,773**	226,104
Loans receivable, net of allowance for loan losses in 2020 – $868,478; 2019 – $612,431	**14,930,433**	12,402,673
Grant receivable	**100,000**	100,000
Other current assets	**1,063,851**	925,208
Total current assets	**30,566,687**	30,331,848
Investments, net of current portion	**4,944,143**	5,009,954
Federal Home Loan Bank stock, at cost	**85,200**	70,600
Loans receivable, net of allowance for loan losses in 2020 – $3,798,926; 2019 – $2,848,316	**62,476,299**	51,994,540
Furniture and equipment, net of accumulated depreciation in 2020 – $227,108; 2019 – $198,558	**206,624**	95,297
Total assets	**$ 98,278,953**	$ 87,502,239
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	**$ 843,840**	$ 867,587
Deferred revenue	**278,000**	1,299,000
Notes payable, bonds payable and lines of credit, current portion	**5,840,248**	5,907,873
Other liabilities – equity equivalent investments, current portion	**500,000**	1,000,000
Total current liabilities	**7,462,088**	9,074,460
Notes payable, bonds payable and lines of credit, net of current portion and debt issuance costs	**39,318,752**	32,049,588
Other liabilities – equity equivalent investments, net of current portion	**11,250,000**	9,750,000
Total liabilities	**58,030,840**	50,874,048
Commitments and contingencies (Notes 5, 7, 11 and 12)		
Net assets:		
Without donor restrictions:		
Designated by the Board for loans	**33,952,847**	29,354,511
Undesignated	**4,772,486**	4,372,326
With donor restrictions	**1,522,780**	2,901,354
Total net assets	**40,248,113**	36,628,191
Total liabilities and net assets	**$ 98,278,953**	$ 87,502,239

See notes to financial statements.

Florida Community Loan Fund, Inc.

Statements of Activities
Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:						
Grants and contributions	**$ 1,198,174**	**$ 2,138,000**	**$ 3,336,174**	$ 2,263,167	$ 2,636,000	$ 4,899,167
Investment income (loss)	**327,140**	**-**	**327,140**	367,808	-	367,808
Interest on loans receivable	**3,385,888**	**-**	**3,385,888**	2,977,909	-	2,977,909
Fees and other	**2,528,230**	**-**	**2,528,230**	1,850,942	-	1,850,942
Net assets released from restrictions	**3,516,574**	**(3,516,574)**	**-**	630,507	(630,507)	-
Total revenues	**10,956,006**	**(1,378,574)**	**9,577,432**	8,090,333	2,005,493	10,095,826
Expenses:						
Program services	**5,106,531**	**-**	**5,106,531**	4,022,081	-	4,022,081
Supporting services:						
Management and general	**664,140**	**-**	**664,140**	651,128	-	651,128
Fundraising	**186,839**	**-**	**186,839**	174,643	-	174,643
Total supporting services	**850,979**	**-**	**850,979**	825,771	-	825,771
Total expenses	**5,957,510**	**-**	**5,957,510**	4,847,852	-	4,847,852
Change in net assets	**4,998,496**	**(1,378,574)**	**3,619,922**	3,242,481	2,005,493	5,247,974
Net assets:						
Beginning	**33,726,837**	**2,901,354**	**36,628,191**	30,484,356	895,861	31,380,217
Ending	**$ 38,725,333**	**$ 1,522,780**	**$ 40,248,113**	$ 33,726,837	$ 2,901,354	$ 36,628,191

See notes to financial statements.

Florida Community Loan Fund, Inc.

Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: Total Supporting Services	2020 Total Expenses
Payroll and related costs	$ 1,789,105	$ 462,871	$ 137,530	$ 600,401	$ 2,389,506
Interest expense	1,335,468	-	-	-	1,335,468
Provision for loan losses	1,299,157	-	-	-	1,299,157
Professional fees	171,643	117,605	1,423	119,028	290,671
Office and administrative	169,028	51,885	10,977	62,862	231,890
Occupancy	109,865	-	27,466	27,466	137,331
Marketing	123,154	26,917	7,998	34,915	158,069
Membership and training	49,198	-	-	-	49,198
Depreciation	22,244	4,862	1,445	6,307	28,551
Other	37,669	-	-	-	37,669
Total expenses	$ 5,106,531	$ 664,140	$ 186,839	$ 850,979	$ 5,957,510

See notes to financial statements.

Florida Community Loan Fund, Inc.

Statement of Functional Expenses
Year Ended June 30, 2019

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: Total Supporting Services	2019 Total Expenses
Payroll and related costs	$ 1,710,406	$ 477,774	$ 142,380	$ 620,154	$ 2,330,560
Interest expense	993,294	-	-	-	993,294
Provision for loan losses	838,235	-	-	-	838,235
Professional fees	101,408	110,479	1,524	112,003	213,411
Office and administrative	138,709	41,718	9,420	51,138	189,847
Occupancy	87,240	19,880	5,924	25,804	113,044
Marketing	60,059	-	15,015	15,015	75,074
Membership and training	39,433	-	-	-	39,433
Depreciation	5,602	1,277	380	1,657	7,259
Other	47,695	-	-	-	47,695
Total expenses	$ 4,022,081	$ 651,128	$ 174,643	$ 825,771	$ 4,847,852

See notes to financial statements.

Florida Community Loan Fund, Inc.

Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	**$ 3,619,922**	$ 5,247,974
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	**28,551**	7,259
Amortization of debt issuance costs	**11,005**	-
Provision for loan losses	**1,299,157**	838,235
Net unrealized and realized gains on investments	**(80,876)**	(162,925)
Changes in operating assets and liabilities:		
Other current assets	**(138,643)**	(330,280)
Accounts payable and accrued liabilities	**(23,747)**	384,549
Deferred revenue	**(1,021,000)**	(1,227,500)
Net cash provided by operating activities	**3,694,369**	4,757,312
Cash flows from investing activities:		
Purchases of investments	**(3,921,629)**	(3,226,702)
Sales of investments	**3,740,046**	1,334,810
Net change in loans receivable	**(14,308,676)**	(12,418,070)
Purchase of furniture and equipment	**(139,877)**	(72,383)
Net cash used in investing activities	**(14,630,136)**	(14,382,345)
Cash flows from financing activities:		
Proceeds from notes payable, bonds payable and lines of credit	**8,303,150**	13,000,000
Principal payments on notes payable, bonds payable and lines of credit	**(1,112,616)**	(1,883,333)
Payment of debt issuance costs	**-**	(5,000)
Proceeds from other liabilities – equity equivalent investments	**1,000,000**	1,500,000
Net cash provided by financing activities	**8,190,534**	12,611,667
Net (decrease) increase in cash and cash equivalents	**(2,745,233)**	2,986,634
Cash and cash equivalents:		
Beginning	**16,677,863**	13,691,229
Ending	**$ 13,932,630**	$ 16,677,863
Supplemental disclosure of cash flow information:		
Cash paid for interest	**$ 1,124,948**	$ 998,922
Supplemental disclosure of non-cash items:		
Decrease in deferred revenue related to grant receivable	**$ -**	$ (900,000)

See notes to financial statements.

Note 1. Nature of Operations and Significant Accounting Policies

Nature of operations: The Florida Community Loan Fund, Inc. (the Loan Fund or Organization) was incorporated in 1994 as a not-for-profit Florida corporation and is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC). The Loan Fund provides loans primarily to qualifying not-for-profit organizations that provide social services, affordable housing and economic development programs for low-income communities and their residents throughout Florida. Also, the Loan Fund provides on-site technical assistance to its not-for-profit borrowers and prospective borrowers through partnerships with leading technical assistance providers in the state. The United States Department of the Treasury's Community Development Financial Institutions Fund (CDFI Fund) certified the Loan Fund as a Community Development Financial Institution (CDFI) in 1996. The Loan Fund is also certified as a Community Development Entity (CDE) under the New Markets Tax Credits (NMTC) Program of the United States Department of the Treasury.

The Loan Fund receives support from financial institutions, foundations, religious and non-profit organizations, individuals and Federal and State agencies through low-interest loans, permanent loan capital grants and operating grants. Internal sources of revenue includes interest and fees from its loan programs, upfront and ongoing fees from its NMTC program and interest income on idle capital.

A summary of the Loan Fund's significant accounting policies follows:

Basis of financial statement presentation: A not-for-profit organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed stipulations, but may be designated for specific purposes by action of the Board of Directors. Net assets designated by the Board of Directors for these purposes were $33,952,847 and $29,354,511 as of June 30, 2020 and 2019, respectively.

Net assets with donor restrictions: Net assets subject to donor-imposed stipulations that may, or will be met, either by actions of the Loan Fund and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Net assets with donor restrictions restricted for specified purposes at June 30, 2020 and 2019, were $1,522,780 and $2,901,354, respectively. The Loan Fund has no net assets with donor restrictions restricted in perpetuity.

The Loan Fund's policy is to prepare its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Use of estimates: The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates that are particularly susceptible to change in the near term include the allowance for loan losses. Actual results could differ from those estimates.

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Grants and contributions: The Loan Fund reports gifts of cash and other assets received as restricted support if they are received with donor stipulations that limit the use of the donated assets and the restrictions are not met in the period that the contribution is received. When a donor restriction expires by either actions of the Loan Fund or the passage of time, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions receivable, which represent unconditional written promises to give, are revenues in the period when the written promise is received. Conditional promises to give are recognized when the conditions upon which they depend are substantially met. A contribution is considered to be conditional if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include measurable performance-related barrier or other measurable items, stipulations that limit discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. The Loan Fund does not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as deferred revenue until such conditions are met.

Grant revenue is recognized upon receipt of the funds and as requirements are met. The Loan Fund received $852,000 and $2,600,000 in federal funds from the CDFI Fund in the form of grants during fiscal years 2020 and 2019, respectively, of which, $852,000 and $2,077,500 was expended as of June 30, 2020 and 2019, respectively.

Deferred revenue: The Loan Fund records the amount of proceeds of certain government award programs and other loan capital grants, which it has not committed to qualifying projects, as deferred revenue. During fiscal years 2020 and 2019, the Loan Fund received awards and grants totaling $852,000 and $2,600,000, respectively. As of June 30, 2020 and 2019, $278,000 and $1,299,000, respectively, of the funds were not yet committed to qualifying projects. Revenue for such amounts is expected to be recognized in future periods when deployed or committed to qualifying projects.

Fees: The Loan Fund receives fees in connection with the NMTC Program (the Program). Fee revenue is recognized in accordance with Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*, which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with the customer.
- Identify the performance obligations in the contract.
- Determine the transaction price
- Allocate the transaction price to separate performance obligations
- Recognize revenue when (or as) each performance obligation is satisfied

Sub-allocation fees from the Program are recognized upon the closing of the transaction, receipt of the funds and once any other terms of the sub-allocation fee agreement are satisfied. Asset management fees under the Program are recognized annually based upon the terms in the asset management agreement.

Cash and cash equivalents: The Loan Fund considers cash equivalents to include any investment in money market funds, certificates of deposit, commercial paper, treasury bills and investment securities with maturities at the time of purchase of three months or less. The Loan Fund maintains cash and cash equivalents with various major financial institutions. Qualifying savings balances are insured by the Federal Deposit Insurance Corporation (FDIC). From time to time, balances may exceed amounts insured by the FDIC.

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Investments and investment income: Investments are reported at fair value. Fair value is 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. Realized gains and losses are recognized when securities are sold. Unrealized gains and losses are recognized as the change in fair value of securities between reporting periods. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

On January 29, 2019, the Loan Fund obtained a 33.33% ownership interest in the Parramore Asset Stabilization Fund, LLC (PASF), the Loan Fund accounts for its investment in PASF under the equity method of accounting. Under the equity method of accounting, an investee company's accounts are not reflected within the Loan Fund's statements of financial position and statement of activities and changes in net assets; however, the Organization's share of the earnings or losses of the investee company is reflected in investment income (loss) in the accompanying statements of activities. The amount of the Loan Fund's investment in PASF as of June 30, 2020 and 2019, respectively, is $765,000 and $515,000 and is included in investments on the accompanying statements of financial position.

Loans receivable: Loans are stated at the principal amount outstanding. The allowance for loan losses is netted with loans receivable. Interest income on loans is accrued at the loan's stated interest rate on the principal balance outstanding.

Interest on loans is recognized over the terms of the loans and is calculated using the simple-interest method on principal amounts outstanding. The accrual of interest on loans is generally discontinued when a loan is greater than 90 days past due or when, in the opinion of management, full repayment of principal and interest is in doubt. Past due status is based on contractual terms of the loans. Interest accrued but uncollected for loans placed on nonaccrual status is reversed against interest income. Interest on these loans is accounted for on the cash or cost-recovery basis until the loans qualify for returns to accrual status. Accrual of interest is generally resumed when the customer is current on all principal and interest payments and collectability of the loan is no longer in doubt.

It is the policy of the Loan Fund to discontinue the accrual of interest when loan payments are delinquent for 90 days based on contractual terms and, in management's opinion, the timely collection of interest or principal becomes uncertain, unless the loan principal and interest are determined by management to be fully collateralized and in the process of collection. Any unpaid amounts of interest previously accrued on these delinquent loans are then reversed from income. Interest on these loans is recognized when paid by the borrower only if collection of principal is likely to occur. A nonaccrual loan may be reinstated to an accrual status when contractual principal and interest payments are current and collection is reasonably assured.

Allowance for loan losses: The allowance for loan losses is established through a provision for loan losses charged to expense. Loans are charged-off against the allowance when management determines that the loan is uncollectible. Subsequent recoveries of amounts previously charged-off are credited to the allowance. The allowance for loan losses consists of specific and general components and is maintained at a level believed adequate by management to absorb estimated losses inherent in the portfolio after considering various factors, including prevailing economic conditions, diversification and size of the loan portfolio, current financial status and credit standing of the borrowers, the status and level of non-performing assets, past loan loss experience and adequacy of collateral and specific impaired loans. The specific component relates to loans that are individually classified as impaired.

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

The allowance for loan losses is allocated between current and long-term on the accompanying statements of financial position based on a specific identification method to be consistent with the classification of the associated loan receivable balance.

The Loan Fund finances a diverse group of borrowers, including nonprofit community-based organizations, nonprofit and for-profit developers, and special needs housing providers throughout Florida through term, construction, acquisition/rehab and predevelopment lending.

Management has categorized loans into risk categories generally based on the nature of the project. These risk categories and the relevant risk characteristics are as follows:

Rental housing: Rental housing loans and lines of credit support the development and preservation of affordable rental housing, predominantly to multi-family housing projects. Rental housing loans generally have terms of up to 20 years with amortizations of up to 30 years and interest rates that generally range from 0.0%-6.5%. Loans for land acquisition and/or construction also run the risk that projects will not be completed on time or in accordance with specifications and projected costs. All of such loans are secured by real estate.

Supportive housing: Supportive housing combines housing, either permanent rental or transitionary housing, with social services provided by nonprofit organizations. Supportive housing loans generally have terms of up to 15 years with amortizations of up to 30 years and interest rates that generally range from 0.0%-7.0%. Loans for land acquisition and/or construction also run the risk that projects will not be completed on time or in accordance with specifications and projected costs. All of such loans are secured by real estate.

For sale housing: For sale housing loans and lines of credit support the development of affordable single-family home ownership. For sale housing loans generally have terms of up to 10 years with amortizations of up to 10 years and interest rates that generally range from 3.0%-6.0%. Loans for land acquisition and/or construction also run the risk that projects will not be completed on time or in accordance with specifications and projected costs. All of such loans are secured by real estate or liquid collateral.

Community facilities: Community facilities loans are construction or acquisition/rehab loans provided to nonprofit organizations focused on social services or educational services, including family health care centers, educational facilities and social services facilities. Community facilities loans generally have terms of up to 10 years with amortizations of up to 30 years and interest rates that generally range from 0.0%-6.0%. Loans for land acquisition and/or construction also run the risk that projects will not be completed on time or in accordance with specifications and projected costs. All of such loans are secured by real estate.

Commercial real estate: Commercial real estate loans are construction or acquisition/rehab loans for non-residential real estate, with an emphasis on borrowers that provide amenities to or stimulate economic development in low income communities. Commercial real estate loans generally have terms of up to 10 years with amortizations of up to 30 years and interest rates that generally range from 0%-6.9%. Loans for land acquisition and/or construction also run the risk that projects will not be completed on time or in accordance with specifications and projected costs. All of such loans are secured by real estate.

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

A loan is considered impaired when, based on current information and events, it is probable that the Loan Fund will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. The Loan Fund monitors all loans in the portfolio on an ongoing basis and reviews loan classifications for all loans in the portfolio in accordance with its lending policies. The amount of impairment, if any, is measured on a loan-by-loan basis as either the present value of expected future cash flows discounted at the loan's effective interest rate or the loan's observable market price, or the fair value of the collateral less estimated selling costs if the loan is collateral dependent, and is included in the allowance for loan losses.

Troubled debt restructurings are separately identified for impairment disclosures and are measured at the present value of estimated future cash flows using the loan's effective rate at inception. If a troubled debt restructuring is considered to be a collateral dependent loan, the loan is reported at the fair value of the collateral less estimated selling costs. For troubled debt restructurings that subsequently default, the Loan Fund determines the amount of reserve in accordance with the accounting policy for the allowance for loan losses.

Furniture and equipment: Furniture and equipment is carried at cost less accumulated depreciation. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Depreciation is calculated on the straight-line method over estimated useful lives ranging from five to seven years. Major renewals, betterments and replacements are capitalized. Maintenance and repairs are charged to expense as incurred.

Impairment of long-lived assets: Long-lived assets are evaluated for impairment whenever events or changes in circumstances have indicated that an asset may not be recoverable and are grouped with other assets to the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. If the sum of the projected undiscounted cash flows (excluding interest charges) is less than the carrying value of the assets, the assets will be written down to the estimated fair value and such loss is recognized in income from continuing operations in the period in which the determination is made. Management determined that no impairment of long-lived assets existed as of June 30, 2020 and 2019.

Other liabilities – equity equivalent investments: Other liabilities 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 CDFIs to acquire equity-like capital.

Below market interest rate loans: GAAP requires 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. The Loan Fund 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 financial statements to reflect rate differentials.

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Debt issuance costs: Debt issuance costs are amortized over the term of the long-term debt using the effective interest method. As of June 30, 2020 and 2019, respectively, unamortized debt issuance costs were $209,105 and $220,110, which are included in non-current liabilities as a direct reduction of the related long-term debt.

Income taxes: The Organization is exempt from federal income taxes under Section 501(c)(3) of the IRC and from state income taxes under similar provisions of the Florida Statutes. Accordingly, no provision for federal and state income taxes has been recorded in the accompanying financial statements. In addition, management assessed whether there were any uncertain tax positions which may give rise to income tax liabilities and determined that there were no such matters requiring recognition in the accompanying financial statements.

Functional allocation of expenses: Costs of provided services have been detailed on a functional basis in the accompanying statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to the function. Certain other costs have been allocated among program and supporting services benefited. Such allocations are determined by management on an equitable basis that is consistently applied.

Fair value measurements: Fair value is 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. In determining fair value, the Loan Fund uses various methods including market and income approaches. Based on these approaches, the Loan Fund often uses certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated or generally unobservable inputs. The Loan Fund uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

Newly adopted accounting pronouncement: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (topic 606).* Topic 606 supersedes the revenue recognition requirements in Topic 605, *Revenue Recognition,* and requires the reporting entity to recognize revenues when control of promised goods or services is transferred to customers and at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

On July 1, 2019, the Loan Fund adopted Topic 606 using the modified retrospective method (the practical expedient elected). There were no material changes in the timing of recognition of revenue and therefore, there was no adjustment to the opening balance of net assets.

On July 1, 2019, the Loan Fund adopted FASB's ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This ASU assists organizations in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. The Loan Fund adopted ASU 2018-08 using a modified prospective method effective July 1, 2019. Under the modified prospective method, this ASU only applies to agreements not completed or entered into (revenue or expense that has not yet been recognized) as of July 1, 2019. As a result, the 2019 financial statements are not restated and there was no cumulative-effect adjustment to opening net assets as of July 1, 2019.

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

New accounting pronouncements: In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 amends guidance on reporting credit losses for assets held at amortized cost basis and available for sale debt securities. For assets held at amortized cost basis, ASU 2016-13 eliminates the probable initial recognition threshold in current GAAP and, instead, requires an entity to reflect its current estimate of all expected credit losses. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial assets to present the net amount expected to be collected. This ASU affects entities holding financial assets and net investment in leases that are not accounted for at fair value through net income. The amendments affect loans, debt securities, trade receivables, net investments in leases, off balance sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. The amendments in ASU 2016-13 are effective for not-for-profit entities for fiscal years beginning after December 15, 2022 (the Loan Fund's fiscal year 2024). The Loan Fund is currently evaluating the impact this ASU will have on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842),* which supersedes Topic 840, *Leases*. ASU 2016-02 requires a lessee to recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less for which there is not an option to purchase the underlying asset that the lessee is reasonably certain to exercise, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities and should recognize lease expense for such leases generally on a straight-line basis over the lease term. The accounting applied by a lessor is largely unchanged from that applied under previous GAAP with key aspects of the guidance being aligned with the revenue recognition guidance in Topic 606, *Revenue from Contracts with Customers*. Certain qualitative disclosures along with specific quantitative disclosures will be required, so that users are able to understand more about the nature of an entity's leasing activities. ASU 2016-02 will be effective for fiscal years beginning after December 15, 2020 (the Loan Fund's fiscal year 2022). At transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach, which includes a number of optional practical expedients related to the identification and classification of leases that commenced before the effective date of ASU 2016-02. An entity that elects to use the practical expedients will, in effect, continue to account for leases that commenced before the effective date in accordance with previous GAAP unless the lease is modified, except that lessees are required to recognize a right-of-use asset and a lease liability for all operating leases at each reporting date based on the present value of the remaining minimum rental payments that were tracked and disclosed under previous GAAP. The Loan Fund is currently evaluating the impact this ASU will have on its financial statements.

The FASB issued new or modifications to, or interpretations of, existing accounting guidance during 2020. The Loan Fund has considered the new pronouncements that altered GAAP, and other than as disclosed in these notes to the financial statements, does not believe that any other new or modified principles will have a material impact on the Loan Fund's reported financial position or activities.

Subsequent events: Management has assessed subsequent events through October 28, 2020, the date the financial statements were available to be issued.

Note 2. New Markets Tax Credit Program

The Loan Fund has been granted status by the United States Department of the Treasury as a certified Community Development Entity (CDE), under the New Markets Tax Credit Program (NMTC) administered by the CDFI Fund. During fiscal years 2004 through 2020, the Loan Fund received allocations totaling $316 million for this program. During fiscal years 2014 and 2015, the Loan Fund received $4.8 million and $6.4 million, respectively, in state of Florida allocation from the Florida New Markets Development Program. The Loan Fund has 17 active CDEs (collectively the CDE LLCs), as of June 30, 2020. The CDE LLCs were formed as Florida limited liability companies in which the Loan Fund serves as the managing member with a 0.01% interest and unrelated investor members serve as regular members with a 99.99% interest. The Loan Fund 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 June 30, 2020 and 2019, the total investment amount is $19,848 and $21,894, respectively, and is included in other current assets in the accompanying statements of financial position.

The fiscal year end for these companies is December 31, and each company has an annual audit performed by an independent auditor after its first complete year of operations. Below is a summary of the unaudited interim financial information for these companies for the interim six-month periods ended June 30, 2020 and 2019:

	2020	2019
Total assets	$ 199,978,569	$ 234,518,693
Total liabilities	374,180	14,596,225
Members’ equity	199,604,389	219,922,468
Total revenue	1,149,901	1,233,729
Total expenses	1,127,382	1,190,369
Total other income	10,630	23,165
Net income	33,149	66,525

The active CDE LLCs have made qualified low-income community investments (QLICIs) within the meaning of the NMTC program and IRC Section 45D. The Loan Fund entered into agreements with the investor members who provided approximately $202,274,786 in cumulative qualified equity investments (QEIs) as of June 30, 2020, to make QLICIs from the active CDE LLCs. By making QLICIs, the CDE LLCs enable investor members to claim approximately $78,887,167 of NMTC over seven-year credit period. In connection for obtaining allocation, establishing the CDE LLCs, and making sub-allocation to the CDE LLCs, the Loan Fund earned upfront fees of $1,458,000 and $938,000 for the years ended June 30, 2020 and 2019, respectively, which are included as a component of fees and other 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 June 30, 2020, 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 3. Investments

A summary of the Loan Fund's investments at fair value as of June 30, 2020 and 2019, is as follows:

	2020	2019
Current:		
Mutual funds:		
Short-term bonds	$ 189,254	$ 189,381
Debt securities:		
Domestic corporate debt securities	350,519	36,723
Total current securities	539,773	226,104
Noncurrent:		
Debt securities:		
Domestic corporate debt securities	3,624,100	4,441,743
Foreign corporate debt securities	55,029	53,211
Certificate of deposit	500,014	-
Other investment	765,000	515,000
Total noncurrent securities	4,944,143	5,009,954
	$ 5,483,916	$ 5,236,058

The Loan Fund invests in various investment securities in accordance with its investment policy. These investment securities are exposed to various risks such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the uncertainty related to changes in their values, it is reasonable to expect that changes in the values of the investment securities will occur in the near term and that such changes could materially affect the investment balance.

Investment expenses are netted against investment income. Investment returns consist of interest and dividends and realized and unrealized gains and losses. Investment return is summarized for the years ended June 30, 2020 and 2019, as follows:

	2020	2019
Interest and dividends, net of investment expenses	$ 227,283	$ 204,883
Net realized and unrealized gains	99,857	162,925
Investment income, net	$ 327,140	$ 367,808

Note 4. Participated Loans and Loan Servicing

The transfer of loan participations by the Loan Fund meet the requirements to be recognized as sale transactions, and as such, these loans serviced for others in which the Loan Fund serves as lead lender as defined in the participation agreements are excluded from loans receivable and liabilities in the accompanying statements of financial position.

The unpaid principal balances of loans serviced for others at June 30, 2020 and 2019, are as follows:

	2020	2019
Loan portfolio serviced for:		
Miami Homes for All	$ 151,593	$ 159,092

Note 5. Loans Receivable

Loans receivable at June 30, 2020 and 2019, are classified as follows:

	2020	2019
Loans by collateral:		
1.0% – 6.875%, secured by real estate (mortgage)	$ 81,011,466	$ 66,338,460
0.0%, Unsecured	1,062,670	1,519,500
	82,074,136	67,857,960
Less allowance for loan losses	(4,667,404)	(3,460,747)
	$ 77,406,732	$ 64,397,213

Scheduled principal payments on loans receivable subsequent to June 30, 2020, are as follows:

Years ending June 30:	
2021	$ 15,798,911
2022	11,821,502
2023	5,447,261
2024	4,135,913
2025	5,714,315
Thereafter	39,156,234
	$ 82,074,136

	June 30, 2020	
	Outstanding	Undisbursed
Loans by type:		
Rental housing	$ 41,436,587	$ 8,871,195
Supportive housing	7,681,998	293,852
For sale housing	10,471,796	12,270,088
Community facility	13,742,816	400,000
Commercial real estate	8,740,939	621,466
	$ 82,074,136	$ 22,456,601

	June 30, 2019	
	Outstanding	Undisbursed
Loans by type:		
Rental housing	$ 33,045,690	16,133,688
Supportive housing	9,051,220	1,145,366
For sale housing	10,193,810	11,035,920
Community facility	7,046,388	75,000
Commercial real estate	8,520,852	931,207
	$ 67,857,960	$ 29,321,181

The undisbursed portion of loans shown above are loans closed but not fully disbursed and are available to be drawn upon by the borrowers, such as construction loans and lines of credit.

Note 5. Loans Receivable (Continued)

As part of the on-going monitoring of the credit quality of the Loan Fund's loan portfolio, management categorizes 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. The Loan Fund considers current financial information, historical payment experience, credit documentation, public information and current economic trends. Generally, all loans receive a financial review no less than twice per year to monitor and adjust, if necessary, the credit's risk profile.

The Loan Fund categorizes loans into the following risk categories based on relevant information about the ability of borrowers to service their debt:

Excellent/acceptable: The loan is well 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.

Weak: A loan with a risk rating of five has potential weaknesses and deserves closer attention by management. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or in the Loan Fund's credit position at some future date. Weak loans are not adversely classified and do not expose the Loan Fund to sufficient risk to warrant adverse classification.

Inadequate/substandard: An inadequate/substandard loan, or risk rating of six through eight, is a loan with well-defined weaknesses that puts repayment at risk. These loans are often 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 the Loan Fund will sustain some loss of principal and/or interest if the risks are not addressed.

Doubtful: A loan that has weaknesses, or a risk rating of nine, inherent in the inadequate/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 at this point due to pending factors.

Loss: A loan classified as loss, or risk rated ten, is considered uncollectible and of such little value that its continuance on the Loan Fund's books as an asset is not warranted. This classification does not necessarily mean that an asset has no recovery value; but rather, there is much doubt about whether, how much, or when the recovery would occur. As such, it is not practical or desirable to defer the write-off. Therefore, there is no balance to report.

Note 5. Loans Receivable (Continued)

The following tables present the risk category of loans evaluated by internal asset classification based on the most recent analysis performed at June 30, 2020 and 2019:

	2020			
	Excellent/ Acceptable	Weak	Inadequate/ Substandard	Total
Rental housing	$ 40,224,787	$ 604,728	$ 607,072	$ 41,436,587
Supportive housing	5,262,851	2,052,891	366,256	7,681,998
For sale housing	9,892,356	228,828	350,612	10,471,796
Community facility	12,750,163	-	992,653	13,742,816
Commercial real estate	6,774,401	1,139,241	827,297	8,740,939
	$ 74,904,558	$ 4,025,688	$ 3,143,890	$ 82,074,136

	2019			
	Excellent/ Acceptable	Weak	Inadequate/ Substandard	Total
Rental housing	$ 29,557,401	$ 2,620,464	$ 867,825	$ 33,045,690
Supportive housing	8,650,196	100,000	301,024	9,051,220
For sale housing	9,808,159	209,515	176,136	10,193,810
Community facility	6,410,905	100,000	535,483	7,046,388
Commercial real estate	7,628,924	791,928	100,000	8,520,852
	$ 62,055,585	$ 3,821,907	$ 1,980,468	$ 67,857,960

As of June 30, 2020 or 2019, there were no loans classified as doubtful or loss.

	2020					
Allowance for Loan Losses	Rental Housing	Supportive Housing	For Sale Housing	Community Facilities	Commercial Real Estate	Total
Beginning balance	$ 1,688,553	$ 509,091	$ 438,288	$ 334,809	$ 490,005	$ 3,460,746
Provision for loan losses (recoveries)	542,000	124,603	52,658	510,232	69,665	1,299,158
Recoveries of amounts previously charged off	-	-	7,500	-	-	7,500
Write-off of uncollectible loans	-	-	-	(100,000)	-	(100,000)
Ending balance	$ 2,230,553	$ 633,694	$ 498,446	$ 745,041	$ 559,670	$ 4,667,404
End of year allowance amount allocated:						
Loans individually evaluated for impairment	$ 49,295	$ 80,464	$ -	$ 96,898	$ -	$ 226,657
Loans collectively evaluated for impairment	2,181,259	553,230	498,446	648,142	559,670	4,440,747
	$ 2,230,554	$ 633,694	$ 498,446	$ 745,040	$ 559,670	$ 4,667,404
Loans:						
Individually evaluated for impairment	$ 657,072	$ 316,256	$ 350,612	$ 992,653	$ 827,297	$ 3,143,890
Collectively evaluated for impairment	40,779,515	7,365,742	10,121,184	12,750,163	7,913,642	78,930,246
	$ 41,436,587	$ 7,681,998	$ 10,471,796	$ 13,742,816	$ 8,740,939	$ 82,074,136

(Continued)

Note 5. Loans Receivable (Continued)

	2019					
Allowance for Loan Losses	Rental Housing	Supportive Housing	For Sale Housing	Community Facilities	Commercial Real Estate	Total
Beginning balance	$ 1,129,673	$ 431,954	$ 304,398	$ 422,825	$ 326,161	$ 2,615,011
Provision for loan losses (recoveries)	558,880	77,138	126,389	(88,016)	163,844	838,235
Recoveries of amounts previously charged off	-	-	7,501	-	-	7,501
Write-off of uncollectible loans	-	-	-	-	-	-
Ending balance	$ 1,688,553	$ 509,092	$ 438,288	$ 334,809	$ 490,005	$ 3,460,747
End of year allowance amount allocated:						
Loans individually evaluated for impairment	$ 55,732	$ 76,024	$ -	$ 32,129	$ 6,000	$ 169,885
Loans collectively evaluated for impairment	1,632,821	433,068	438,288	302,680	484,005	3,290,862
	$ 1,688,553	$ 509,092	$ 438,288	$ 334,809	$ 490,005	$ 3,460,747
Loans:						
Individually evaluated for impairment	$ 867,826	$ 301,024	$ 176,136	$ 535,483	$ 100,000	$ 1,980,469
Collectively evaluated for impairment	32,177,864	8,750,196	10,017,674	6,510,905	8,420,852	65,877,491
	$ 33,045,690	$ 9,051,220	$ 10,193,810	$ 7,046,388	$ 8,520,852	$ 67,857,960

	2020					
	Non-Accrual Loans					
	Current Loans and 1-30 Days Past Due	Loans 31-90 Days Past Due	Loans 91+ Days Past Due	Total Past Due and Non-Accrual Loans	Current Loans	Total Loans
Rental housing	$ 52,330	$ -	$ 390,857	$ 443,187	$ 40,993,400	$ 41,436,587
Supportive housing	366,256	-	-	366,256	7,315,742	7,681,998
For sale housing	350,612	-	-	350,612	10,121,184	10,471,796
Community facility	-	-	-	-	13,742,816	13,742,816
Commercial real estate	827,297	-	-	827,297	7,913,642	8,740,939
Total loans	$ 1,596,495	$ -	$ 390,857	$ 1,987,352	$ 80,086,784	$ 82,074,136

	2019					
	Non-Accrual Loans					
	Current Loans and 1-30 Days Past Due	Loans 31-90 Days Past Due	Loans 91+ Days Past Due	Total Past Due and Non-Accrual Loans	Current Loans	Total Loans
Rental housing	$ 26,274	$ -	$ 377,120	$ 403,394	$ 32,642,296	$ 33,045,690
Supportive housing	301,024	-	-	301,024	8,750,196	9,051,220
For sale housing	-	-	176,136	176,136	10,017,674	10,193,810
Community facility	-	-	-	-	7,046,388	7,046,388
Commercial real estate	100,000	-	-	100,000	8,420,852	8,520,852
Total loans	$ 427,298	$ -	$ 553,256	$ 980,554	$ 66,877,406	$ 67,857,960

Information about nonaccrual and impaired loans as of and for the years ended June 30, 2020 and 2019, is summarized as follows:

	2020					
	Rental Housing	Supportive Housing	For Sale Housing	Community Facilities	Commercial Real Estate	Total
Impaired loans with a valuation allowance	$ 534,242	$ 216,256	$ -	$ 992,653	$ -	$ 1,743,151
Impaired loans without a valuation allowance	122,830	100,000	350,612	-	827,297	1,400,739
Allowance related to impaired loans	49,295	80,464	-	96,898	-	226,657
Average investment in impaired loans during 2020	762,448	308,640	263,374	764,068	463,648	2,562,178
Loans on non-accrual status	443,187	366,256	350,612	-	827,297	1,987,352
Interest income recognized on impaired loans during the year	3,015	14,936	7,865	41,267	30,573	97,656
Interest income foregone on loans on non-accrual status	-	-	-	-	-	-

(Continued)

Note 5. Loans Receivable (Continued)

	2019					
	Rental Housing	Supportive Housing	For Sale Housing	Community Facilities	Commercial Real Estate	Total
Impaired loans with a valuation allowance	$ 464,433	$ 201,024	$ -	$ 535,483	$ 100,000	$ 1,300,940
Impaired loans without a valuation allowance	403,393	100,000	176,136	-	-	679,529
Allowance related to impaired loans	55,732	76,024	-	32,129	6,000	169,885
Average investment in impaired loans during 2019	719,784	150,512	180,215	512,682	50,000	1,613,193
Loans on non-accrual status	403,393	301,024	176,136	-	100,000	980,553
Interest income recognized on impaired loans during the year	18,354	4,233	-	27,624	-	50,211
Interest income foregone on loans on non-accrual status	-	-	-	-	-	-

No interest income was recognized on a cash basis during 2020 and 2019.

Impaired loans include loans modified in troubled debt restructurings where concessions have been granted to borrowers experiencing financial difficulties. These concessions could include a reduction of interest rate on the loan, payment extensions, forbearance or other actions intended to maximize collection.

The following table presents impaired loans classified as troubled debt restructurings and the financial effects of troubled debt restructurings for the years ended June 30, 2020 and 2019:

	2020				
	Number of Loans	Pre-Modification Outstanding Loan Balance	Post-Modification Outstanding Loan Balance	Forgiven Principal	Lost Interest Income
Community facilities	3	$ 850,013	$ 850,013	$ -	$ -

	2019				
	Number of Loans	Pre-Modification Outstanding Loan Balance	Post-Modification Outstanding Loan Balance	Forgiven Principal	Lost Interest Income
Community facilities	4	$ 1,193,254	$ 1,193,254	$ -	$ -

During the fiscal year ended June 30, 2020, 3 loans totaling $850,013 were provided concessions or other modifications that would be considered a troubled debt restructuring. One for-sale housing loan with an outstanding balance of $158,757 was modified to provide a 1 year extension of maturity date; this loan was a 2019 impaired loan. One community facility loan with an outstanding balance of $475,000 was modified to provide a one year extension of maturity date; this loan was a 2019 impaired loan. One supportive housing loan with an outstanding balance of $216,256 was modified to provide a 6-month payment forbearance along with reduced payments for 3 months; this loan was a 2019 impaired loan.

Note 5. Loans Receivable (Continued)

During the fiscal year ended June 30, 2019, 4 loans totaling $1,193,254 were provided concessions or other modifications that would be considered a troubled debt restructuring. One for-sale housing loan with an outstanding balance of $176,136 was modified to provide a 1 year extension of maturity date; this loan was a 2018 impaired loan. One community facility loan with an outstanding balance of $535,483 was modified to provide $60,000 additional principal and 10 year extension of maturity date; this loan was a 2018 performing TDR. One supportive housing loan with an outstanding balance of $201,024 was modified to provide an 11-month payment forbearance. One rental housing loan with an outstanding balance of $280,610 was modified to provide $225,000 additional principal and 6 month extension of construction period.

In its estimate of the specific allowance for loan losses, management considers the probability of troubled debt restructurings and its impact on expected cash flows in accordance with the loan policies and impaired loans guidance for troubled debt restructurings.

In March 2020, the Loan Fund began offering loan payment relief options to customers impacted by the COVID-19 pandemic, including interest-only and forbearance options. Consistent with accounting and regulatory guidance, temporary modifications granted under these programs are not considered TDRs. Loans which have been modified under these programs during the year ended June 30, 2020 were $20,663,248. As of June 30, 2020, loans for which the interest-only and/or forbearance period have not expired totaled $17,439,787.

Note 6. Concentration of Credit Risk

As of June 30, 2020, all of the Loan Fund's loans receivable was due from borrowers located throughout Florida. Therefore, the Loan Fund's exposure to credit risk is significantly affected by changes in the economy and real estate markets in Florida.

Note 7. Notes Payable, Bonds Payable and Lines of Credit

In September 2017, Opportunity Finance Network (OFN), as a Qualified Issuer under the United States Department of Treasury's CDFI Bond Guarantee Program, issued a $30,000,000 Future Advance Promissory Bond, 2017-4 (the 2017-4 Bond) on behalf of the Organization. The 2017-4 Bond qualifies as tax-exempt, which requires the Organization to use the proceeds for specified purposes, as defined in the bond agreement between OFN and the Organization, signed in conjunction with the bond issuance. In accordance with the loan agreement, the $30,000,000 is available to be drawn down for the financing or refinancing for community or economic development purposes, debt issuance costs in an amount not to exceed 1% of Bond Loan proceeds, and capitalization of loan loss reserves in an amount that is up to 5% of the par amount of the 2017-4 Bond, or such other amount that is determined by the CDFI Fund in its sole discretion.

As of June 30, 2020, the Loan Fund drew $2,955,650 on the 2017-4 Bond. Interest on the 2017-4 Bond is calculated at a variable rate equal to three eighths of 1% per annum (0.375%) over the current average yield on outstanding marketable obligations of the United States of comparable maturity, as determined by the Secretary of the Treasury. The 2017-4 Bond matures on March 15, 2047. The 2017-4 Bond is collateralized by a designated portion of the Organization's loan receivables and cash.

Note 7. Notes Payable, Bonds Payable and Lines of Credit (Continued)

Notes payable, bonds payable other than the 2017-4 Bond and lines of credit are unsecured and include amounts due to foundations, individuals, financial institutions, corporations, religious organizations, the federal CDFI Fund and trade associations. The 2017-4 Bond is collateralized by a first lien on loans receivable, cash, and other credit enhancements. The Loan Fund's obligations under notes payable, bonds payable and lines of credit at June 30, 2020 and 2019, consist of the following amounts:

	2020	2019
Unsecured:		
2.25%-3.0%: Two (2) and one (1) lines of credit, respectively, interest only, payable, periodically, with $450,000 annual principal payments beginning February 2022 and $750,000 annual principal payments, respectively, beginning December 2019, maturing February 2024 and December 2023, respectively.	$ 7,750,000	$ 6,000,000
2.0%: One (1) investment bonds payable, interest only payable semi-annually matures August 2024. The Organization received a temporary rate reduction to 0.25% from January 2020 through December 2020.	5,000,000	5,000,000
3.7%: One (1) note payable; principal and interest payable quarterly, in payments of $83,333,33 beginning June 2019, remaining principal and interest due March 2024.	4,666,667	4,916,667
2.25%: One (1) line of credit, interest only, payable quarterly, converting to five (5) year term December 2020, interest only until maturity in December 2025.	4,000,000	4,000,000
3.0%: One (1) note payable, interest only, payable quarterly, with four $909,091 annual principal payments beginning Sept 2021, matures September 2024.	3,636,364	3,636,364
2.75%: One (1), note payable, interest only through November 2022, then principal and interest payments of payable monthly, matures November 2031.	3,000,000	3,000,000
2.0%-2.8%: Six (6) and five (5), respectively, investment bonds payable, interest only, payable annually, maturities 2024 through 2028.	3,000,000	2,500,000
2.0%-2.5%: Thirteen (13) and fourteen (14), respectively, notes payable, interest only, payable periodically, maturities through March 2025.	2,763,000	2,288,000
2.50%: One (1) note payable, interest only, payable quarterly, matures August 2020.	2,000,000	2,000,000
3.0%: Six (6) and five (5), respectively, notes payable, principal and interest or interest only, payable periodically, various maturities through January 2030.	1,815,000	812,500
2.50%: One (1) note payable, interest only, payable quarterly, with four consecutive $375,000 biennial principal payments beginning May 2017, final $500,000 principal payment in May 2025 at maturity.	1,250,000	1,250,000
3.50%: One (1) note payable, interest only, payable quarterly, matures November 2024.	1,000,000	500,000
1.08%: One (1) convertible line of credit, interest only, payable quarterly, matures October 2020.	1,000,000	1,000,000
2.5%: One (1) note payable, interest only, payable annually, matures September 2024. Effective April 30, 2020, the Organization received a Temporary rate reduction to 2.0% through October 1, 2021.	1,000,000	1,000,000
1.0%: One (1) Paycheck Protection Program note payable, monthly principal and interest payments due beginning November 2020, unless forgiven in accordance with the CARES Act, Matures April 2022	345,000	-
0%-1.0%: Six (6) notes payable; interest only payments, various maturities through June 2024.	274,040	274,040
	42,500,071	38,177,571
Secured:		
2.53%: One (1) bond payable, principal and interest payable quarterly, in payments of $29,205, began December 2019, matures June 2039.	2,868,034	-
	45,368,105	38,177,571
Less current portion	(5,840,248)	(5,907,873)
Less debt issuance costs related to non-current bond payable	(209,105)	(220,110)
	$ 39,318,752	$ 32,049,588

Note 7. Notes Payable, Bonds Payable and Lines of Credit (Continued)

Principal maturity requirements on notes payable subsequent to June 30, 2020, are as follows:

Years ending June 30:		
2021	$	5,840,248
2022		3,241,992
2023		4,025,804
2024		9,968,833
2025		10,615,141
Thereafter		11,676,087
	$	45,368,105

Undisbursed commitments to borrow: In the ordinary course of business, the Loan Fund has entered into lines of credit, which includes undisbursed commitments to borrow. Undisbursed commitments to borrow and the outstanding balances at June 30, 2020, are as follows:

	Total Line of Credit	June 30, 2020 Outstanding
Unsecured revolving line of credit with TD Bank at a 2.25% interest rate with a maturity date of December 18, 2023	$ 6,000,000	$ 6,000,000
Unsecured revolving line of credit with HSBC Bank USA at a 2.25% interest rate with a maturity date of December 31, 2025, and a draw period through December 31, 2020.	4,000,000	4,000,000
Unsecured revolving line of credit with Bank United at an interest rate of the prime rate less 1.25% with a floor of 2% and a ceiling of 3% with a maturity date of November 27, 2031.	3,000,000	3,000,000
Unsecured revolving line of credit with TD Bank at a 3.0% interest rate with a maturity date of February 28, 2024	2,500,000	2,500,000
Unsecured revolving note with Comerica Bank at a floating interest rate of one-month LIBOR plus 1.50% with a maturity date of January 1, 2022.	1,000,000	-
Unsecured line of credit with Sabadell United Bank at a 3% interest rate with a maturity date of January 26, 2021.	250,000	-
	$ 16,750,000	$ 15,500,000

Note 8. Other Liabilities – Equity Equivalent Investments

The Organization has outstanding amounts due under equity equivalent subordinated promissory note agreements at June 30, 2020 and 2019, as follows:

	2020	2019
BBVA Compass, 2% interest only, payable quarterly. Initial ten year term; unsecured; subordinated, and initially matures December 2025, with annual maturity terms thereafter.	$ 5,000,000	$ 5,000,000
Wells Fargo, 2% interest only, payable quarterly. Initial ten year term; unsecured; subordinated, and initially matures June 2023, with annual maturity terms thereafter.	2,500,000	2,500,000
Good to Grow Fund EQ2, 3% interest only, payable annually, Initial ten year term, unsecured; subordinated and initially matures in June 2029 with annual maturity terms thereafter.	1,500,000	1,500,000
Raymond James Bank, 2% interest only, payable quarterly. Initial ten year term, unsecured; subordinated and initially matures in March 2030, with five year extended maturity thereafter.	1,000,000	-
Raymond James Bank, 2% interest only, payable quarterly. Initial ten year term, unsecured; subordinated and initially matures in December 2023, with five year extended maturity thereafter.	500,000	500,000
Regions Bank, 2% interest only, payable quarterly. Initial ten year term; unsecured; subordinated and matures in July 2021 with annual maturity terms thereafter.	500,000	500,000
Regions Bank, 2% interest only, payable annually. Initial ten year term; unsecured; subordinated and matures in January 2021 with annual maturity terms thereafter.	500,000	500,000
CIT Bank (fka Mutual of Omaha Bank), 2% interest only, payable quarterly. Initial ten year term, unsecured; subordinated and initially matures in April 2028 with annual maturity terms thereafter.	250,000	250,000
	11,750,000	10,750,000
Less current portion	(500,000)	(1,000,000)
	$ 11,250,000	$ 9,750,000

These notes are subordinated to all other debt of the Loan Fund.

Principal maturity requirements on equity equivalent investments subsequent to June 30, 2020, are as follows:

Years ending June 30:	
2021	$ 500,000
2022	500,000
2023	2,500,000
2024	500,000
2025	-
Thereafter	7,750,000
	$ 11,750,000

Note 9. Liquidity and Availability of Resources

As of June 30, 2020, the following reflects the Loan Fund's financial assets, reduced by amounts not available for general use because of contractual or donor-imposed restrictions, board designations and amounts set aside for operating reserve within one year of June 30, 2020.

	2020
Financial assets:	
Cash and cash equivalents	$ 13,932,630
Loans receivable, net	77,406,732
Investments and Federal Home Loan Bank stock	5,569,116
Other financial assets	616,299
Total financial assets	97,524,777
Less those unavailable for general expenditures within one year, due to:	
Reserved for loan capital:	
Loans receivable, net	(77,406,732)
Investments available for loans	(4,804,116)
Available cash and equivalents designated by the board for loan capital	(4,909,525)
Cash with donor-imposed restrictions	(1,800,780)
Grant receivable – with donor restriction	(100,000)
Not due within one year:	
Equity investment in related entities	(765,000)
Other financial assets	(60,956)
Financial assets available to meet cash needs for general expenditures within one year	$ 7,677,668

The Loan Fund is substantially supported by earned revenues (New Markets Tax Credit fees and interest income on its loans receivable to borrowers) and public support. The Loan Fund maintains sufficient capital and operating reserves in order to service its debt obligations, fund additional loans and pay general expenditures as they become due. Some financial assets may not be available to meet cash needs within one year.

The Loan Fund's cash management and liquidity policies ensure adequate resources are available to meet capital requirements and that funds are available as general expenditures and other obligations become due. In the event of a sudden need for financing capital, the Loan Fund maintains available lines of credit sufficient to meet these needs. Financial assets reserved for loan capital are removed from the calculation above, as such assets are not part of the Loan Fund's assets available to meet needs for general expenditures. Additionally, as discussed in Note 7, the Loan Fund has available approximately $27,000,000 on a $30,000,000 bond, to be used for the funding of loans. As part of its cash management policies, the Loan Fund aims to maintain operating liquidity balances of at least three months. As of June 30, 2020, the Loan Fund had operating liquidity equivalent to 14-months projected operating expenses.

Note 10. Net Assets

Net assets without donor restrictions totals $38,725,337 at June 30, 2020, and consists of $33,952,847 designated by the Board of Directors for loans and $4,772,486 undesignated.

Net assets with donor restrictions for a specified purpose at June 30, 2020 and 2019, are as follows:

	2020	2019
Healthy food access initiative:		
Loan capital grants	$ 500,886	$ 276,208
Program expense grants	60,000	110,000
	560,886	386,208
Rental housing initiative:		
Loan capital grants	85,278	2,015,456
Program expense grants	431,451	499,690
	516,729	2,515,146
Emergency working capital loan program	445,165	-
Total net assets with donor restrictions	$ 1,522,780	$ 2,901,354

The CDFI Fund provided loan capital grants for the healthy food access initiative as of June 30, 2020 and 2019.

The Florida Department of Agriculture provided loan capital grants for the healthy food access initiative as of June 30, 2019.

ReFresh provided grants for program expenses related to healthy food access initiative as of June 30, 2020 and 2019.

Allegany Ministries provided grants for program expenses related to healthy food access initiative as of June 30, 2019.

The JP Morgan Chase Foundation provided a PRO Neighborhoods loan capital and program expense grant for the rental housing initiative as of June 30, 2020 and 2019.

Various groups provided loan capital grants for the Emergency Working Capital Loan Program as of June 30, 2020.

Note 11. Commitments

Commitments to extend credit: In the normal course of business to meet the financing needs of its borrowers the Loan Fund 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 statements of financial position. The Loan Fund uses the same credit policies in making commitments to extend credit as it does for extension of credits recorded in the statements of financial position. The Loan Fund'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.

Note 11. Commitments (Continued)

Commitments to extend credit include loan commitments and line of credit 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 many of the commitments may expire without being fully drawn upon, the total commitment amounts do not necessarily represent future cash requirements. There were seven loan commitments at June 30, 2020, for $3,743,012 and eight loan commitments at June 30, 2019, for $12,076,000. In addition, undisbursed borrowers' lines of credit approximated $22,457,000 and $29,321,000 (see Note 5) at June 30, 2020 and 2019, respectively.

The Loan Fund 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 12. Lease Commitments

The Loan Fund leases its office site and other office equipment. These leases have remaining terms of one to ten years and are accounted for as operating leases. Rent expense under the said leases was approximately $162,000 and $115,000 for the years ended June 30, 2020 and 2019, respectively, and is included in occupancy and office and administrative in the accompanying statements of functional expenses. Total commitments for future rentals, by year and in the aggregate, to be paid as of June 30, 2020, are as follows:

Years ending June 30:	
2021	$ 226,330
2022	239,935
2023	236,931
2024	263,724
2025	273,995
Thereafter	1,512,133
	$ 2,753,048

Note 13. Employee Retirement Plan

The Loan Fund has a defined contribution retirement plan for employees, which permits pre-tax contributions to the plan by participants pursuant to Section 403(b) of the IRC up to the legal maximums, as defined. The Loan Fund makes contributions based on a formula set forth in its personnel policies. Participants are immediately vested in their contributions and the Loan Fund's contributions. The Loan Fund made contributions to the plan for the fiscal years ended June 30, 2020 and 2019, of approximately $208,000 and $193,000, respectively, which are included in payroll and related costs in the accompanying statements of functional expenses.

Note 14. Fair Value Measurements

The fair value measurement accounting literature provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels are defined as follows:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement on a recurring or nonrecurring basis.

The fair values of assets measured at fair value on a recurring basis during the years ended June 30, 2020 and 2019, are as follows:

	2020			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Short-term bonds	$ 189,254	$ -	$ -	$ 189,254
Debt securities:				
Domestic corporate debt securities	-	3,974,619	-	3,974,619
Foreign corporate debt securities	-	55,029	-	55,029
	-	4,029,648	-	4,029,648
	$ 189,254	$ 4,029,648	$ -	$ 4,218,902

	2019			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Short-term bonds	$ 189,381	$ -	$ -	$ 189,381
Debt securities:				
Domestic corporate debt securities	-	4,478,466	-	4,478,466
Foreign corporate debt securities	-	53,211	-	53,211
	-	4,531,677	-	4,531,677
	$ 189,381	$ 4,531,677	$ -	$ 4,721,058

Note 14. Fair Value Measurements (Continued)

The fair value of actively traded investment securities are based on quoted market prices. Fair value of inactively traded investment securities are based on quoted market prices of similar securities or based on observable inputs like interest rates using either a market or income valuation approach and are generally classified as Level 2. There were no transfers of securities between fair value hierarchy categories during the years ending June 30, 2020 or 2019.

The fair values of assets measured at fair value on a nonrecurring basis during the years ended June 30, 2020 and 2019, are as follows:

	2020			
	Level 1	Level 2	Level 3	Provision for Loan Losses (Recoveries)
Impaired loans	$ -	$ -	$ -	$ -

	2019			
	Level 1	Level 2	Level 3	Provision for Loan Losses (Recoveries)
Impaired loans	$ -	$ -	$ 379,399	$ 110,068

Impaired loans include certain loans for which an allowance for loan losses has been calculated based upon the fair value of underlying real estate collateral. The allowance for loan losses was calculated by reference to real estate appraisals that used a combination of cost, market and income approaches to valuation and/or reported tax assessed values, adjusted to reflect management's estimate of selling costs. In some cases, appraised values were adjusted based on management's assessment of changes in market conditions since the appraisal date.

Non-accrual loans and loans past due 90 days still on accrual include both smaller balance homogeneous loans that are collectively evaluated for impairment and individually classified impaired loans. Impaired loans include commercial loans that are individual evaluated for impairment and deemed impaired (i.e., individually classified impaired loans) as well as troubled debt restructurings for all loan portfolio segments. The sum of non-accrual loans and loans past due 90 days still on accrual will differ from the total impaired loan amount.

Note 15. Subsequent Events

In September 2020, the Loan Fund was awarded $825,750 in Financial Assistance awards from the United States Department of Treasury's CDFI Fund towards its lending programs.

In September 2020, the Loan Fund closed $10,000,000 in unsecured lines of credit from PNC Bank towards its lending program. As of October 28, 2020, $5MM is outstanding.

Note 16. COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to, among other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic. The Loan Fund considered the impact of COVID-19 on significant estimates as of June 30, 2020. Given the uncertainty regarding the spread and severity of COVID-19 and its adverse effects on the U.S. and global economies, the extent to which the COVID-19 pandemic may impact the anticipated amount of estimated loan defaults and losses and consequently, the adequacy of the provision for loan losses or, in general, impact the Organization's financial condition or results of operations is uncertain and cannot be accurately predicted at this time.

Florida Community Loan Fund, Inc.

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Grantor/Pass-Through/Program Title	Contract or Grant Number	Federal CFDA #	Grant Period	Balance as of July 1, 2019	New Federal Loans	Federal Expenditures
Federal awards:						
U.S. Department of Treasury						
Community Development Financial Institutions Bond Guarantee Program	17-1-BG-12323	21.014	09/25/2017-09/25/2022	$ -	$ 2,955,650	$ 2,955,650
Community Development Financial Institutions Program	181FA022946	21.020	09/19/2018 - 06/30/2022			185,000
Community Development Financial Institutions Program	181HF023300	21.020	09/19/2018 - 06/30/2022			836,000
Community Development Financial Institutions Program	191FA051515	21.020	11/19/2019 - 06/30/2023			852,000
Program total						1,873,000
Total U.S. Department of Treasury						4,828,650
Total expenditures of federal awards						$ 4,828,650

See notes to schedule of expenditures of federal awards.

Florida Community Loan Fund, Inc.

Notes to Schedule of Expenditures of Federal Awards

Note1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Florida Community Loan Fund, Inc. (the Organization) under a program of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers (contract or grant number) are presented where available.

Note 3. Indirect Costs

Indirect costs are not allocated under the terms of the federal award. Therefore, the 10% de minimis indirect cost rate allowed under the Uniform Guidance is not applicable.

Note 4. Community Development Financial Institution Bond Guarantee Program

In September 2017, the Organization entered into a $30,000,000 financing arrangements with the Community Development Financial Institution (CDFI) Bond Guarantee Program through Opportunity Finance Network, a Qualified Issuer. Under this program, the Treasury Department provides a guarantee for the repayment of the full amount issued to support CDFIs that make investments for eligible community or economic development purposes for a period not to exceed 30 years. The Organization drew down $2,955,650 during the year ended June 30, 2020. The total amount included in the schedule of expenditures of federal awards is the outstanding bond loan payable balance at July 1, 2019, of $0 plus the current year drawdowns of $2,955,650. The outstanding bond loan payable balance at June 30, 2020 is $2,868,034.

Note 5. Restatement

The Organization identified an error in the presentation of the schedule of expenditures of federal awards and the related notes. Disclosures as required by Uniform Guidance related to loan and loan guarantee programs were added as Note 4 to the schedule. The accompanying schedule of expenditures of federal awards was restated to correct the expenditures previously reported as noted below:

Program Title	CFDA #	Original Amount Reported	Amended Amount Reported
CDFI Bond Guarantee Program	21.014	$ -	$ 2,955,650

The restatement resulted in one additional major program, CDFI Bond Guarantee Program, CFDA Number 21.014, being tested for the June 30, 2020 Uniform Guidance audit.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Directors
Florida Community Loan Fund, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Florida Community Loan Fund, Inc., which comprise the statement of financial position as of June 30, 2020, the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 28, 2020, except for the reference to the date of the *Governmental Auditing Standards* report above, and Notes 4 and 5 to the Schedule of Expenditures of Federal Awards, as to which the date is March 13, 2023.

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered Florida Community Loan Fund Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Florida Community Loan Fund Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Florida Community Loan Fund's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as finding 2020-001, that we consider to be a material weakness.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether Florida Community Loan Fund Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Organization's Response to Finding
The Organization's response to the material weakness identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Orlando, Florida
October 28, 2020, except for the reference to the
schedule of expenditures of federal awards,
Notes 4 and 5 to the schedule of federal awards,
the schedule of findings and questioned costs
and the note to the schedule of findings and
questioned costs for which the date is
March 13, 2023.

**Independent Auditor's Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance**

Board of Directors
Florida Community Loan Fund, Inc.

Report on Compliance for Each Major Federal Program
We have audited Florida Community Loan Fund, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Florida Community Loan Fund, Inc.'s major federal program for the year ended June 30, 2020. Florida Community Loan Fund, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility
Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility
Our responsibility is to express an opinion on compliance for Florida Community Loan Fund, Inc.'s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Florida Community Loan Fund, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Florida Community Loan Fund, Inc.'s compliance.

Opinion on Each Major Federal Program
In our opinion, Florida Community Loan Fund, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2020.

Other Matters
As discussed in Note 5 to the Schedule of Expenditures of Federal Awards (SEFA) and in Note 1 to the Schedule of Findings and Questioned Costs, the accompanying SEFA was restated to include the expenditures previously not reported for CFDA Number 21.014.

Report on Internal Control Over Compliance
Management of Florida Community Loan Fund, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Florida Community Loan Fund, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Florida Community Loan Fund, Inc.'s internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as finding 2020-002, that we consider to be a material weakness.

The Organization's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RSM US LLP

Orlando, Florida
March 13, 2023

Florida Community Loan Fund, Inc.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

Section I. Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued on whether the financial statements audited were prepared I accordance with GAAP:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	X Yes	___ No
Significant deficiency(ies) identified?	___ Yes	X None Reported
Noncompliance material to financial statements noted?	___ Yes	X No

Federal Awards:

Internal control over major program:		
Material weakness(es) identified?	X Yes	___ No
Significant deficiency(ies) identified?	___ Yes	X None Reported
Type of auditor's report issued on compliance for major program:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	X Yes	___ No

(Continued)

Section I. Summary of Auditor's Results (Continued)

Identification of major programs:

Federal Awards

CFDA Number	Name of Federal Program or Cluster
21.014	Community Development Financial Institutions Bond Guarantee Program
21.020	Community Development Financial Institutions Program

Dollar threshold used to distinguish between Type A and Type B Federal Programs	$750,000
Auditee qualified as low-risk auditee?	X Yes ____ No

II. Financial Statement Findings

2020-001: Lack of Effective Controls Over Preparation of the Schedule of Expenditures of Federal Awards

Criteria: The Organization is required to prepare a Schedule of Expenditures of Federal Awards for the period covered by the Organization's financial statements, which must include the total federal awards expended in accordance with requirements in 2 CFR 200.502.

Condition: The Organization's Schedule of Expenditures of Federal Awards for the year ended June 30, 2020, which is supplementary information to the Organization's financial statements, was increased by $2,955,650 for expenditures related to the CDFI Bond Guarantee Program that was not initially reported.

Cause: The Organization's internal controls over preparation of the Schedule of Expenditures of Federal Awards were not effective in preventing an omission from the Schedule of Expenditures of Federal Awards. The preparation and review process failed to recognize that the initial Schedule of Expenditures of Federal Awards was not complete.

Effect: The Organization's Schedule of Expenditures of Federal Awards as initially reported was not properly presented in relation to the basic financial statements as a whole.

Recommendation: We recommend the Organization review its process of identifying federal programs that are subject to single audit to ensure they are reported on the Schedule of Expenditures of Federal Awards.

Views of responsible officials: Refer to the Organization's Corrective Action Plan.

III. Findings and Questioned Costs for Federal Awards

2020-002: Improper Preparation of Schedule of Expenditures of Federal Awards

Identification of the federal program:
U.S. Department of the Treasury
CFDA 21.014
Community Development Financial Institutions Bond Guarantee Program

Criteria or specific requirement: Per 2 CFR 200.510(b), the Organization must prepare a Schedule of Expenditures of Federal Awards for the period covered by the auditee's financial statements which must include the total Federal awards expended in accordance with requirements in 2 CFR 200.502.

Condition: The Organization's Schedule of Expenditures of Federal Awards for the fiscal year ended June 30, 2020 was increased by $2,955,650 for expenditures related to the CDFI Bond Guarantee Program that was not initially reported.

Cause: The Organization did not identify the CDFI Bond Guarantee Program as a federal program that was subject to Single Audit.

Effect: The Organization's Schedule of Expenditures of Federal Awards as initially reported was not properly presented. Improper reporting of federal expenditures can result in the suspension of funding.

Questioned costs: None.

Context: There were improperly excluded federal expenditures on the original Schedule of Expenditures of Federal Awards for the fiscal year ended June 30, 2020.

Recommendation: We recommend the Organization review its process of identifying federal programs that are subject to single audit to ensure they are reported on the Schedule of Expenditures of Federal Awards.

Views of responsible officials: Management agrees with the finding. Refer to the Organization's Corrective Action Plan.

See Note to Schedule of Findings and Questioned Costs.

Florida Community Loan Fund, Inc.

Note to Schedule of Findings and Questioned Costs

Note 1. Restatement

Subsequent to the issuance of the Schedule of Findings and Questioned Costs, there was a restatement to the Organization's Schedule of Expenditures of Federal Awards resulting in the following changes being made to the original Schedule of Findings and Questioned Costs:

- One additional major program, CDFI Bond Guarantee Program – CFDA Number 21.014, was tested for the year ended June 30, 2020.

- The restatement also resulted in a material weakness in internal control internal control over preparation of the Schedule of Expenditures of Federal Awards and a material weakness in internal control over major programs.

CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2020

Dated: February 17, 2023

Identifying Number/Finding

2020-001 - Lack of Effective Controls Over Preparation of the Schedule of Expenditures of Federal Awards

2020-002 - Improper Preparation of Schedule of Expenditures of Federal Awards

Corrective Actions Taken or Planned
During preparation of the Schedule of Expenditures of Federal Awards (SEFA) for fiscal year ending June 30, 2022, management was made aware that expenditures through its CDFI Bond Guarantee Program loan agreement were required to be included on the schedule. Upon further review, it was determined that the SEFAs for fiscal years ending June 30, 2020 and June 30, 2021 were improperly prepared, as both failed to include expenditures related to the CDFI Bond Guarantee Program.

Management acknowledges that there were deficiencies in processes, which are being addressed as follows:

Immediate Action
Management has instructed its prior audit firm RSM to reissue the audited financial statements for fiscal years ending June 30, 2020 and June 30, 2021, including the resubmission of Single Audits to Federal Audit Clearinghouse. Concurrently with auditor's resubmission, management will resubmit the Single Audit through CDFI Fund's Awards Management Information System (AMIS) and file required Certification of Material Event Form with the CDFI Fund.

The Single Audit for fiscal year ending June 30, 2022 is being prepared by current audit firm CohnReznick and will be submitted to Federal Audit Clearinghouse. Concurrently with auditor's submission, management will submit the Single Audit through CDFI Fund's AMIS.

Timeline for completion: March 31, 2023

Responsible positions: Tammy Thomas, Chief Financial Officer and Randall Simmons, Controller

Ongoing Action
Management has modified its internal control processes related to review of new grant and/or loan agreements. The existing process is that Chief Financial Officer or Controller reviews all agreements for compliance reporting requirements within 30 days of receipt of executed agreement. Management is adding a step, specific to federal awards (whether in form of grant agreement or loan agreement), that documents its review and determination of whether Florida Community Loan Fund is identified as a recipient and if expenditures are subject to Single Audit requirements. Management's review may include seeking concurrence by federal program compliance staff or management's audit firm.

Time for completion: Ongoing

Responsible positions: Tammy Thomas, Chief Financial Officer and Randall Simmons, Controller