Florida Community Loan Fund, Inc.
Financial Statements with Independent Auditor's Report and Supplementary Information on Federal Awards Programs

June 30, 2023 and 2022

(With Independent Auditor's Report Thereon and Reports on Internal Control and Compliance Thereon)

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Florida Community Loan Fund, Inc.

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Independent Auditor's Report

Board of Directors
Florida Community Loan Fund, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Florida Community Loan Fund, Inc., which comprise the statements of financial position as of June 30, 2023 and 2022 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Florida Community Loan Fund, Inc. as of June 30, 2023 and 2022 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Florida Community Loan Fund, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Florida Community Loan Fund, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Florida Community Loan Fund, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Florida Community Loan Fund, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations 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 25, 2023, on our consideration of the Organization'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 Organization'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 the Organization's internal control over financial reporting and compliance.

CohnReznick LLP

Bethesda, Maryland
October 25, 2023

Florida Community Loan Fund, Inc.

Statements of Financial Position
June 30, 2023 and 2022

Assets

	2023	2022
Current assets		
Cash and cash equivalents, of which $5,699,739 in 2023 and $1,000,000 in 2022 is restricted	$ 25,706,036	$ 25,907,936
Investments, current portion	5,711,872	5,968,982
Loans receivable, net of allowance for loan losses in 2023 - $1,047,130; 2022 - $726,600	13,829,374	13,211,409
Other current assets	1,628,553	1,413,386
Total current assets	46,875,835	46,501,713
Investments, net of current portion	2,239,987	1,918,779
Federal Home Loan Bank stock, at cost	70,000	55,200
Loans receivable, net of allowance for loan losses in 2022 - $5,383,391; 2022 - $4,286,150	97,032,691	79,220,508
Furniture and equipment, net of accumulated depreciation in 2023 - $223,228; 2022 - $178,649	174,995	175,901
Operating lease right-of-use asset	1,511,035	-
Total assets	$ 147,904,543	$ 127,872,101

Liabilities and Net Assets

	2023	2022
Current liabilities		
Accounts payable and accrued expenses	$ 1,182,050	$ 944,947
Deferred revenue	6,260,520	2,240,000
Notes payable, bonds payable and lines of credit, current portion	10,057,481	5,795,007
Other liabilities - equity equivalent investments, current portion	1,937,500	3,000,000
Operating lease obligations, current portion	296,880	-
Total current liabilities	19,734,431	11,979,954
Notes payable, bonds payable and lines of credit, net of current portion and debt issuance costs	63,747,256	60,803,637
Operating lease obligations, net of current	1,228,011	-
Other liabilities - equity equivalent investments, net of current portion	9,812,500	8,750,000
Total liabilities	94,522,198	81,533,591
Commitments and contingencies (Notes 5, 7, 11 and 12)		
Net assets without donor restrictions		
Designated by the Board for loans	38,323,365	37,497,926
Undesignated	9,417,968	8,479,133
	47,741,333	45,977,059
Net assets with donor restrictions	5,641,012	361,451
Total net assets	53,382,345	46,338,510
Total liabilities and net assets	$ 147,904,543	$ 127,872,101

See Notes to Financial Statements.

Florida Community Loan Fund, Inc.

Statements of Activities
Years Ended June 30, 2023 and 2022

	2023			2022		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenues						
Contributions of cash and other financial assets	$ 1,298,288	$ -	$ 1,298,288	$ 717,010	$ -	$ 717,010
Contributions of nonfinancial assets	96,757	-	96,757	124,443	-	124,443
Grant revenue	-	6,400,000	6,400,000	200,000	1,626,265	1,826,265
Investment income/(loss), net of fees	461,123	-	461,123	(409,660)	-	(409,660)
Interest on loans receivable	4,555,749	-	4,555,749	4,133,853	-	4,133,853
Fees and other	2,421,187	-	2,421,187	2,189,401	-	2,189,401
Net assets released from restrictions	1,120,439	(1,120,439)	-	2,223,263	(2,223,263)	-
Total revenues	9,953,543	5,279,561	15,233,104	9,178,310	(596,998)	8,581,312
Expenses						
Program services	6,925,508	-	6,925,508	4,460,718	-	4,460,718
Supporting services						
Management and general	936,740		936,740	775,591	-	775,591
Fundraising	327,021	-	327,021	231,238	-	231,238
Total supporting services	1,263,761	-	1,263,761	1,006,829	-	1,006,829
Total expenses	8,189,269	-	8,189,269	5,467,547	-	5,467,547
Other items						
Gain on forgiveness of debt	-	-	-	352,245	-	352,245
Change in net assets	1,764,274	5,279,561	7,043,835	4,063,008	(596,998)	3,466,010
Net assets						
Beginning	45,977,059	361,451	46,338,510	41,914,051	958,449	42,872,500
Ending	$ 47,741,333	$ 5,641,012	$ 53,382,345	$ 45,977,059	$ 361,451	$ 46,338,510

See Notes to Financial Statements.

Florida Community Loan Fund, Inc.

Statements of Functional Expenses
Year Ended June 30, 2023

	Program services	Supporting services: Management and general	Supporting services: Fundraising	Supporting services: Total supporting services	Total expenses
Payroll and related costs	$ 1,915,863	$ 686,128	$ 250,497	$ 936,625	$ 2,852,488
Interest expense	1,986,366	-	-	-	1,986,366
Provision for loan losses	1,417,771	-	-	-	1,417,771
Professional fees	565,118	109,200	716	109,916	675,034
Office and administrative	181,162	69,311	18,223	87,534	268,696
Marketing	125,045	-	31,261	31,261	156,306
Occupancy	229,298	63,176	23,065	86,241	315,539
Membership and training	66,435	-	-	-	66,435
Depreciation	32,395	8,925	3,259	12,184	44,579
Other	406,055	-	-	-	406,055
Total expenses	$ 6,925,508	$ 936,740	$ 327,021	$ 1,263,761	$ 8,189,269

Florida Community Loan Fund, Inc.

Statements of Functional Expenses
Year Ended June 30, 2022

	Program services	Supporting services: Management and general	Supporting services: Fundraising	Supporting services: Total supporting services	Total expenses
Payroll and related costs	$ 1,778,218	$ 504,363	$ 171,718	$ 676,081	$ 2,454,299
Interest expense	1,648,541	-	-	-	1,648,541
Provision for loan losses	235,398	-	-	-	235,398
Professional fees	181,400	170,289	578	170,867	352,267
Office and administrative	129,384	42,319	9,328	51,647	181,031
Marketing	128,490	-	32,122	32,122	160,612
Occupancy	216,313	45,804	15,595	61,399	277,712
Membership and training	44,907	-	-	-	44,907
Depreciation	26,307	5,570	1,897	7,467	33,774
Other	71,760	7,246	-	7,246	79,006
Total expenses	$ 4,460,718	$ 775,591	$ 231,238	$ 1,006,829	$ 5,467,547

See Notes to Financial Statements.

Florida Community Loan Fund, Inc.

Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	$ 7,043,835	$ 3,466,010
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	44,579	33,774
Amortization of debt issuance costs	11,005	11,005
Provision for loan losses	1,417,771	235,398
Net unrealized and realized (gains) losses on investments	(115,873)	541,744
Forgiveness of PPP loan	-	(345,000)
Distribution on earnings from equity method investments	(14,800)	(3,200)
Changes in operating assets and liabilities		
Other current assets	(215,167)	(314,806)
Operating lease right-of-use-assets	(1,511,035)	-
Accounts payable and accrued liabilities	237,103	229,172
Deferred revenue	4,020,520	1,715,000
Operating lease obligations	1,524,891	-
Net cash provided by operating activities	12,442,829	5,569,097
Cash flows from investing activities		
Purchases of investments	(1,626,103)	(4,990,493)
Sales of investments	1,717,231	2,782,898
Net change in loans receivable	(19,847,919)	(15,080,161)
Purchase of furniture and equipment	(83,027)	(37,474)
Net cash used in investing activities	(19,839,818)	(17,325,230)
Cash flows from financing activities		
Proceeds from notes payable, bonds payable and lines of credit	12,372,500	17,565,087
Repayments on notes payable, bonds payable and lines of credit	(5,177,411)	(2,979,900)
Net cash provided by financing activities	7,195,089	14,585,187
Net increase (decrease) in cash and cash equivalents	(201,900)	2,829,054
Cash and cash equivalents		
Beginning	25,907,936	23,078,882
Ending	$ 25,706,036	$ 25,907,936
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 1,865,639	$ 1,618,871
Operating lease right-of-use assets in exchange for operating lease obligations	$ 1,511,035	$ -
Significant noncash investing and financing activities		
Forgiveness of PPP loan with interest of $7,245	$ -	$ 352,245

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 $38,323,365 and $37,497,926 as of June 30, 2023 and 2022, 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 statements of activities as net assets released from restrictions.

Net assets with donor restrictions restricted for specified purposes at June 30, 2023 and 2022, were $5,641,012 and $361,451, 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 ("U.S. GAAP").

Use of estimates
The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

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. Additionally, restricted cash represents funds required to be segregated by the donor's agreement.

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.

The Loan Fund invests in three certificates of deposit and earns interests ranging from 4% to 4.3%, which mature through June 30, 2024. These certificates of deposit are carried at cost plus accrued interest, which approximates fair value and are include in investments on the accompanying statements of financial position.

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 statements 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, 2023 and 2022 is $633,643 and $470,257, respectively, 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.

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 25 years with amortizations of up to 35 years and interest rates that generally range from 0.0% to 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% to 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.

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 4.0% to 5.5%. 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 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 Organizations, 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% to 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 0.0% to 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.

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, 2023 and 2022.

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
U.S. 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.

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, 2023 and 2022, unamortized debt issuance costs were $176,089 and $187,094, respectively, 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. Generally, The Loan Fund is no longer subject to income tax examination by the U.S. federal and state tax authorities for years before 2019.

Contributions of cash and financial assets
Contribution revenue is recognized when earned and received. Management analyzes a contribution if it is conditional or unconditional. Unconditional contributions are treated as revenues upon execution of the agreement, while conditional contributions are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met as

the barrier to overcome and the right of return of assets transferred or the right of release are removed. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Unconditional pledges to give are recorded as contributions when pledged at the net present value of the amounts expected to be collected. Unconditional pledges to give that are expected to be received in future periods are discounted annually using the current interest rate the funds would earn. Amortization of the discount is recorded as contribution revenue.

Grant revenue is recognized as barriers are met. The amount of proceeds of certain government award programs and other loan capital grants and foundation grants is recognized as deferred revenue as the Loan Fund has not committed to qualifying projects. The Loan Fund received $11,060,000 and $3,541,265 in federal funds from the CDFI Fund and other grantors in the form of grants during fiscal years 2023 and 2022, respectively. Grant revenue in the amount of $7,039,480 and $1,826,265 was recognized for the years ended June 30, 2023 and 2022, respectively. As of June 30, 2023 and 2022, $6,260,520 and $2,240,000, respectively, of federal funds from the CDFI fund and other grant funds remained as refundable advances and included in deferred revenue.

Contributions of nonfinancial assets
The loan fund recognized contribution of nonfinancial assets within revenue, which was a professional advertisement service. Contributed services are valued and reported at the estimated fair value.

Fees
The Loan Fund receives fees in connection with the NMTC Program (the "Program"). The Loan Fund recognizes 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.

Functional allocation of expenses
Costs of provided services have been detailed on a functional basis in the accompanying statements 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.

New accounting pronouncement
Effective July 1, 2022 ("adoption date"), the Loan Fund adopted the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") 2016-02 (as amended), *Leases* ("Topic 842"), which supersedes Topic 840, *Leases*. Topic 842 requires a lessee to determine if an arrangement contains a lease at inception based on whether the lessee has the right to control the asset during the contract period and other facts and circumstances. The Loan Fund has determined that its signed agreements for office spaces and equipment fit the criteria under Topic 842.

Under Topic 842, operating lease right-of-use assets and operating lease obligations are recognized based on the present value of lease payments over the lease term, where the initial term of the lease exceeds twelve months, using an appropriate discount rate. The Loan Fund has adopted the practical expedient that allows for private companies to use a risk-free rate as their discount rate. The Loan Fund utilized the risk-free rate at the lease commencement date based upon the 10-year Treasury note.

The operating lease obligation is reduced as cash payments are made under the terms of the leases. Interest is charged to rent expense for the difference. The operating lease right-of-use asset is amortized over the lease term and reflected as rent expense in the accompanying financial statements. Lease expense is recognized on a straight-line basis over the term of the leases. Unless the Loan Fund determines that it is reasonably certain that the term of a lease will be terminated early or extended through a renewal option, the lease term equals the duration of the minimum noncancellable contractual term. There are no residual value guarantees.

The Loan Fund has adopted the practical expedient that allows the Loan Fund not to restate comparative periods. All existing agreements classified as operating and capital leases as of the effective date are in the scope of ASC 842 and meet the definition of a lease. The Loan Fund has also elected to apply the short-term lease practical expedient to three office leases that have a term of twelve months or less.

On July 1, 2022, the Loan Fund recognized an operating lease right-of-use asset of $1,740,636 and an operating lease obligation of $1,963,618 in connection with transitioning to Topic 842. The adoption of Topic 842 did not have a material impact on the Loan Fund results of operations or cash flows.

Upcoming accounting pronouncements
In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses* (Topic 326): Measurement of Credit Losses on Financial Instruments, which creates a new credit impairment

standard for financial instruments. The new standard will require management to make a current estimate of expected credit losses as opposed to current U.S. GAAP which delayed recognition until the loss was probable. As a result of the ASU, management will be required to perform an assessment of expected credit losses on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount.

ASU 2016-13 is applicable to all loans, debt securities, trade receivables, net investment in leases, off-balance-sheet credit exposures, reinsurance receivables and any other financial assets not excluded from the scope that have a contractual right to receive cash.

In the period of adoption, the Loan Fund will record a cumulative-effect adjustment to changes in net assets and in subsequent years, changes in the current expected credit loss for the reporting period will be reported on the statement of activities. Expanded disclosures will also be required.

The ASU, along with certain related ASUs clarifying the scope of the ASU 2016-13 and providing transition relief, will be effective for fiscal years beginning after December 15, 2022. The Loan Fund is currently evaluating the impact of adopting this new guidance on the financial statements.

Reclassifications

Reclassifications have been made to certain prior year balances to conform to the current year presentation. Such reclassifications were made for comparative purposes only and do not restate the prior year's financial statements.

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 2023, the Loan Fund received allocations totaling $391 million for this program. The Loan Fund has seventeen active CDEs (collectively, the CDE LLCs), as of June 30, 2023. FCNMF 19, LLC; FCNMF 21, LLC; FCNMF 22, LLC; FCNMF 23, LLC; FCNMF 24, LLC; FCNMF 25, LLC; FCNMF 26, LLC; FCNMF 27, LLC; FCNMF 28, LLC; FCNMF 29, LLC, FCNMF 30, LLC, FCNMF 31, LLC, FCNMF 32, LLC, FCNMF 33, LLC; FCNMF 34; FCNMF 35, LLC; and FCNMF 36, LLC.

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 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, 2023 and 2022, the total investment amount is $22,392 and $20,848, respectively, and included in other current assets in the statement of financial position.

The fiscal year-end for these companies is December 31, and each company except FCNMF 32, LLC through FCNMF 36, LLC 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 12-month periods ended June 30, 2023 and 2022:

	2023	2022
Total assets	$ 224,896,117	$ 159,861,561
Total liabilities	303,113	249,345
Members' equity	224,561,009	159,612,216
Total revenue	2,288,119	1,984,627
Total expenses	2,191,920	1,841,821
Total other income	99,786	67,720
Net income	195,985	210,526

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 $227,500,000 in cumulative qualified equity investments ("QEIs") as of June 30, 2023 to make QLICIs from the active CDE LLCs. By making QLICIs, the CDE LLCs enable Investor Members to claim approximately $88,725,000 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 $1,400,000 and $1,225,000 as of June 30, 2023 and 2022, 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, 2023, 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, 2023 and 2022, is as follows:

	2023	2022
Current		
Mutual funds	$ 2,487,867	$ 2,507,780
Debt securities		
Domestic corporate debt securities	198,669	450,947
Certificate of deposit	3,025,336	3,010,255
Total current securities	5,711,872	5,968,982
Noncurrent		
Debt securities		
Domestic corporate debt securities	1,556,754	1,397,914
Foreign corporate debt securities	49,590	50,608
Other investment	633,643	470,257
Total noncurrent securities	2,239,987	1,918,779
	$ 7,951,859	$ 7,887,761

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, 2023 and 2022 as follows:

	2023	2022
Interest and dividends, net of investment expenses	$ 345,250	$ 132,084
Net realized and unrealized gains (losses)	115,873	(541,744)
Investment income, net	$ 461,123	$ (409,660)

Note 4 - Participation loans and loan servicing

The transfer of loan participations by the Loan Fund meets 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, 2023 and 2022 are as follows:

	2023	2022
Loan portfolio serviced for:		
Miami Homes for All	$ -	$ 135,565

Note 5 - Loans receivable

Loans receivable at June 30, 2023 and 2022, are classified as follows:

	2023	2022
Loans by collateral		
1.0% - 6.125%, secured by real estate (mortgage)	$ 115,838,974	$ 96,855,429
0.0%, Unsecured	1,453,612	589,238
	117,292,586	97,444,667
Less allowance for loan losses	(6,430,521)	(5,012,750)
	$ 110,862,065	$ 92,431,917

Scheduled principal payments on loans receivable subsequent to June 30, 2023, are as follows:

Years ending June 30	
2024	$ 14,876,504
2025	9,498,259
2026	8,099,173
2027	7,050,507
2028	8,323,720
Thereafter	69,444,423
	$ 117,292,586

Loans by type at June 30, 2023 and 2022, are as follows:

	2023	
	Outstanding	Undisbursed
Loans by type		
Rental housing	$ 59,019,259	$ 23,072,452
Supportive housing	9,749,589	273,835
For sale housing	9,905,551	11,754,856
Community facility	28,515,188	761
Commercial real estate	10,102,999	720,738
	$ 117,292,586	$ 35,822,642

	2022	
	Outstanding	Undisbursed
Loans by type		
Rental housing	$ 49,520,029	$ 11,402,269
Supportive housing	8,833,948	782,227
For sale housing	11,177,885	11,465,421
Community facility	11,418,990	135
Commercial real estate	16,493,815	527,581
	$ 97,444,667	$ 24,177,633

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.

As part of the ongoing 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 10, 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.

The following tables present the risk category of loans evaluated by internal asset classification based on the most recent analysis performed at June 30, 2023 and 2022:

	2023			
	Excellent/ acceptable	Weak	Inadequate/ substandard	Total
Rental housing	$ 55,138,718	$ 2,915,270	$ 965,271	$ 59,019,259
Supportive housing	7,289,285	2,268,849	191,456	9,749,590
For sale housing	9,608,551	297,000	-	9,905,551
Community facility	27,198,340	347,590	969,257	28,515,187
Commercial real estate	7,718,810	1,676,521	707,668	10,102,999
	$ 106,953,704	$ 7,505,230	$ 2,833,652	$ 117,292,586

	2022			
	Excellent/ acceptable	Weak	Inadequate/ substandard	Total
Rental housing	$ 48,028,048	$ 1,087,829	$ 404,152	$ 49,520,029
Supportive housing	6,847,021	1,785,871	201,056	8,833,948
For sale housing	11,177,885	-	-	11,177,885
Community facility	10,380,099	43,610	995,281	11,418,990
Commercial real estate	15,806,026	-	687,789	16,493,815
	$ 92,239,079	$ 2,917,310	$ 2,288,278	$ 97,444,667

As of June 30, 2023, or 2022, there were no loans classified as doubtful or loss.

2023	Rental housing	Supportive housing	For sale housing	Community facilities	Commercial real estate	Total
Allowance for Loan losses						
Beginning balance	$ 2,484,886	$ 539,265	$ 530,204	$ 504,609	$ 953,786	$ 5,012,750
Provision for loan losses (recoveries)	904,133	94,101	(51,942)	676,585	(205,106)	1,417,771
Recoveries of amounts previously charged off	-	-	-	-	-	-
Write-off of uncollectible loans	-	-	-	-	-	-
Ending balance	$ 3,389,019	$ 633,366	$ 478,262	$ 1,181,194	$ 748,680	$ 6,430,521
End of year allowance amount allocated						
Loans individually evaluated for impairment	$ 21,347	$ -	$ 453,295	$ 27,476	$ 175,000	$ 677,118
Loans collectively evaluated for impairment	3,367,672	633,366	24,967	1,153,718	573,680	5,753,403
	$ 3,389,019	$ 633,366	$ 478,262	$ 1,181,194	$ 748,680	$ 6,430,521
Loans						
Individually evaluated for impairment	$ 417,024	$ 191,456	$ 548,247	$ 969,257	$ 707,668	$ 2,833,652
Collectively evaluated for impairment	58,602,236	9,558,133	9,357,304	27,545,930	9,395,331	114,458,934
	$ 59,019,260	$ 9,749,589	$ 9,905,551	$ 28,515,187	$ 10,102,999	$ 117,292,586

2022	Rental housing	Supportive housing	For sale housing	Community facilities	Commercial real estate	Total
Allowance for Loan losses						
Beginning balance	$ 2,173,023	$ 623,021	$ 622,886	$ 666,531	$ 776,075	$ 4,861,536
Provision for loan losses (recoveries)	311,863	2,303	(94,557)	(161,922)	177,711	235,398
Recoveries of amounts previously charged off	-	-	1,875	-	-	1,875
Write-off of uncollectible loans	-	(86,059)	-	-	-	(86,059)
Ending balance	$ 2,484,886	$ 539,265	$ 530,204	$ 504,609	$ 953,786	$ 5,012,750
End of year allowance amount allocated						
Loans individually evaluated for impairment	$ 21,347	$ -	$ -	$ 85,685	$ 220,000	$ 327,032
Loans collectively evaluated for impairment	2,463,539	539,265	530,204	418,924	733,786	4,685,718
	$ 2,484,886	$ 539,265	$ 530,204	$ 504,609	$ 953,786	$ 5,012,750
Loans						
Individually evaluated for impairment	$ 404,152	$ 201,056	$ -	$ 995,281	$ 687,789	$ 2,288,278
Collectively evaluated for impairment	49,115,877	8,632,892	11,177,885	10,423,709	15,806,026	95,156,389
	$ 49,520,029	$ 8,833,948	$ 11,177,885	$ 11,418,990	$ 16,493,815	$ 97,444,667

As of June 30,2023, or 2022, scheduled principal payments on mortgages and loans receivable past due are as follows:

	2023					
	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	$ -	$ 29,832	$ 935,439	$ 965,271	$ 58,053,988	$ 59,019,259
Supportive housing	191,456	-	-	191,456	9,558,133	9,749,589
For sale housing	-	-	-	-	9,905,551	9,905,551
Community facility	511,318	-	-	511,318	28,003,870	28,515,188
Commercial real estate	93,070	-	614,598	707,668	9,395,331	10,102,999
Total loans	$ 795,844	$ 29,832	$ 1,550,037	$ 2,375,713	$ 114,916,873	$ 117,292,586

	2022					
	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	$ -	$ 40,354	$ 363,798	$ 404,152	$ 49,115,877	$ 49,520,029
Supportive housing	201,056	-	-	201,056	8,632,892	8,833,948
For sale housing	-	-	-	-	11,177,885	11,177,885
Community facility	42,063	-	-	42,063	11,376,927	11,418,990
Commercial real estate	50,000	-	637,789	687,789	15,806,026	16,493,815
Total loans	$ 293,119	$ 40,354	$ 1,001,587	$ 1,335,060	$ 96,109,607	$ 97,444,667

Information about nonaccrual and impaired loans as of and for the years ended June 30, 2023 and 2022, is summarized as follows:

	2023					
	Rental housing	Supportive housing	For sale housing	Community facilities	Commercial real estate	Total
Impaired loans with a valuation allowance	$ 18,318	$ -	$ 548,247	$ 457,939	$ 614,598	$ 1,639,102
Impaired loans without a valuation allowance	398,706	191,456	-	511,318	93,070	1,194,550
Allowance related to impaired loans	21,347	-	453,295	27,476	175,000	677,118
Average investment in impaired loans during 2023	410,588	196,256	274,124	982,269	697,728	2,560,965
Loans on non-accrual status	417,024	191,456	548,247	969,257	707,668	2,833,652
Interest income recognized on impaired loans during the year	-	-	15,763	46,720	868	63,351

	2022					
	Rental housing	Supportive housing	For sale housing	Community facilities	Commercial real estate	Total
Impaired loans with a valuation allowance	$ 20,500	$ -	$ -	$ 953,218	$ 637,789	$ 1,611,507
Impaired loans without a valuation allowance	383,652	201,056	-	42,063	50,000	676,771
Allowance related to impaired loans	21,347	-	-	85,685	220,000	327,032
Average investment in impaired loans during 2022	486,857	205,656	100,146	1,323,320	676,693	2,792,672
Loans on non-accrual status	404,152	201,056	-	995,281	687,789	2,288,278
Interest income recognized on impaired loans during the year	-	-	-	45,534	-	45,534

No interest income was recognized on a cash basis during 2023 and 2022.

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, 2023 and 2022:

	2023			
Number of Loans	Pre-modification outstanding loan balance	Post-modification outstanding loan balance	Forgiven principal	Lost interest income
Supportive housing	$ 479,058	$ 479,058	$ -	$ -

	2022			
Number of Loans	Pre-modification outstanding loan balance	Post-modification outstanding loan balance	Forgiven principal	Lost interest income
Supportive housing	$ -	$ -	$ -	$ -

During the fiscal year ended June 30, 2023, one community facilities loan with balance outstanding of $478,058 was modified to allow term conversion. This loan has been classified as impaired since a 2019 troubled debt restructuring.

During the fiscal year ended June 30, 2022, there were no troubled debt restructurings.

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.

Note 6 - Concentration of credit risk

As of June 30, 2023, all the Loan Fund's loans receivable were 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, 2023 and 2022, the Loan Fund draws totaled $14,715,650 and $11,365,650 on the 2017-4 Bond, respectively. Interest on the 2017-4 Bond is fixed at date of each draw, based on 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 Loan Funds' loan receivables and cash.

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, 2023 and 2022 consist of the following amounts:

	2023	2022
Unsecured		
1.73%-2.103%: Two (2) and one (1), respectively, convertible lines of credit, interest only, payable quarterly, matures September 2025.	$ 10,000,000	$ 10,000,000
3.0%: Two (2) notes payable, interest only, payable quarterly, with $909,091 annual principal payments beginning Sept 2026, and $1,666,667 annual principal payments beginning March 2030, respectively. Matures September 2027 and March 2032, respectively.	7,727,273	7,727,273
2.0%: Three (3) lines of credit, interest only, payable, periodically, with $450,000 annual principal payments beginning February 2022, $750,000 annual principal payments beginning December 2019, and $675,000 annual principal payments beginning June 2023, maturing February 2024, December 2023, and June 2026, respectively.	7,675,000	9,550,000
2.0%-2.50%: Two (2) notes payable, interest only, payable quarterly, First note of May 2015 with four consecutive $375,000 biennial principal payments beginning May 2017, final $500,000 principal payment at May 2025 maturity. Second note of March 2022 has maturity of March 2032.	5,500,000	875,000
2.0%-2.25%: Two (2) lines of credit, interest only, payable quarterly, converting to 5 year term December 2021, interest only until maturity in December 2028.	5,500,000	4,000,000
2.0%: One (1) investment bonds payable, interest only payable semi-annually, matures August 2024.	5,000,000	5,000,000
3.45%: One (1) note payable; principal and interest payable quarterly, in payments of $83,333,33 beginning June 2019, remaining principal and interest due at March 2024 maturity.	3,191,667	3,525,000
2.0%-2.8%: Six (6) investment bonds payable, interest only, payable annually, maturities 2024 through 2028.	3,000,000	3,000,000
2.0%-2.9%: Thirteen (13) notes payable and lines of credit, interest only, payable periodically, maturities through March 2025.	2,900,000	2,413,000
2.99%: One (1), notes payable, interest only, payable monthly, matures June 2027.	2,896,321	2,896,321
2.0% One (1) note payable; interest only, payable quarterly, beginning July 2021. Matures July 2026.	2,000,000	-
2.50%: One (1) note payable, interest only, payable quarterly, matured January 2023.	-	2,000,000
3.50%: One (1) note payable, interest only, payable quarterly, matures November 2024.	1,000,000	1,000,000
3.0%: One (1) note payable, interest only, payable monthly, matures January 2030.	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	1,000,000	1,000,000
2.0%: One (1) note payable, interest only, payable quarterly, matures May 2027.	1,000,000	1,000,000
3.0%: Five (5), notes payable, principal and interest, or interest only, payable periodically, various maturities through March 2026.	605,000	675,000
0%-1.9%: Five (5) notes payable, interest only, various maturities through May 2027.	321,540	324,040
Subtotal	60,316,801	55,985,634

	2023	2022
Secured		
1.94%-3.78%: Eight (8) bonds payable, principal and interest payable monthly with various maturities through March 2047.	13,664,025	10,800,104
Total	73,980,826	66,785,738
Less current portion	(10,057,481)	(5,795,007)
Less debt issuance costs related to non-current bond payable	(176,089)	(187,094)
	$ 63,747,256	$ 60,803,637

Principal maturity requirements on notes payable subsequent to June 30, 2023, are as follows:

Years ending June 30:	
2024	$ 10,057,481
2025	10,631,016
2026	13,443,767
2027	8,317,247
2028	2,861,008
Thereafter	28,670,307
	$ 73,980,826

For the years ended June 30, 2023 and 2022, interest incurred for note payable, bonds payable and line of credit was $1,736,366 and $1,398,541, respectively. As June 30, 2023 and 2022, accrued interest was $277,886 and $168,164, respectively and was included in accounts payable and accrued expense on the accompanying statements of financial position.

Note 8 - Other liabilities - equity equivalent investments

The Organization has outstanding amounts due under equity equivalent subordinated promissory note agreements at June 30, 2023 and 2022, as follows:

	2023	2022
PNC (fka BBVA Compass), 2% interest only, payable quarterly. Initial ten year term; unsecured; subordinated, and initial maturity of December 2025, with annual one-year extended maturity dates thereafter.	$ 5,000,000	$ 5,000,000
Wells Fargo, 2% interest only, payable quarterly. Initial ten year term; unsecured; subordinated, and initially maturity of July 2, 2023, with current 2-year extended maturity of July 2, 2025.	2,500,000	2,500,000
Good to Grow Fund EQ2, 3% interest only, payable quarterly, Initial ten year term, unsecured; subordinated and initial maturity of June 2029 with two one-year extended maturity dates thereafter.	1,500,000	1,500,000
Raymond James Bank, 2% interest only, payable quarterly. Initial ten year term, unsecured; subordinated and initial maturity of March 2030, with five one-year extended maturity dates thereafter.	1,000,000	1,000,000
Raymond James Bank, 2% interest only, payable quarterly. Initial ten year term, unsecured; subordinated and initial maturity of December 2023, with one five-year extended maturity date thereafter.	500,000	500,000
Regions Bank, 2% interest only, payable quarterly. Initial ten year term; unsecured; subordinated and initial maturity of July 1 2012, with maturity date reset annually thereafter; current reset date of July 1, 2023.	500,000	500,000
Regions Bank, 2% interest only, payable annually. Initial ten year term; unsecured; subordinated and initial maturity of January 17, 2016, with maturity date reset annually thereafter; current reset date of January 17, 2024.	500,000	500,000
First Citizens Bank (fka CIT Bank), 2% interest only, payable quarterly. Initial ten year term, unsecured; subordinated and initially maturity of April 2028 with annual one-year extended maturity dates thereafter.	250,000	250,000
	11,750,000	11,750,000
Less current portion	(1,937,500)	(3,000,000)
	$ 9,812,500	$ 8,750,000

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

Principal maturity requirements on equity equivalent investments subsequent to June 30, 2023, are as follows:

Years ending June 30:	
2024	$ 1,937,500
2025	1,750,000
2026	5,312,500
2027	-
2028	250,000
Thereafter	2,500,000
	$ 11,750,000

For the years ended June 30, 2023 and 2022, interest incurred and paid for equity equivalent was $250,000.

Note 9 - Liquidity and availability of resources

As of June 30, 2023, 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, 2023.

	2023	2022
Financial assets		
Cash and cash equivalents	$ 25,706,035	$ 25,907,939
Loans receivable, net	110,862,065	92,431,917
Investments and Federal Home Loan Bank stock	8,021,859	7,942,961
Other financial assets	417,273	396,947
Total financial assets	145,007,232	126,679,764
Less those unavailable for general expenditures within one year, due to		
Reserved for loan capital		
Loans receivable, net	(110,862,065)	(92,431,917)
Investments available for loans	(1,172,104)	(1,235,615)
Available cash and equivalents designated by the board for loan capital	(9,569,484)	(15,460,308)
Cash with donor-imposed restrictions	(5,699,739)	(1,301,451)
Equity investment in related entities	(3,658,978)	(3,480,512)
Other financial assets	(61,741)	(60,848)
Financial assets available to meet cash needs for general expenditures within one year	$ 13,983,121	$ 12,709,113

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 had available approximately $15,300,000 on a $18,600,000 bond, which draw period ended in September 2022, as well as approximately $16,100,000 on its unsecured lines of credit, 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, 2022, the Loan Fund had operating liquidity equivalent to 18-month projected operating expenses.

Note 10 - Net assets

As of June 30, 2023 and 2022, net assets without donor restrictions totals $47,618,825 and $45,977,059, respectively, and consists of $38,323,365 and $37,497,926 designated, respectively, by the Board of Directors for loans and $9,295,460 and $8,479,133 undesignated, respectively.

Net assets with donor restrictions for a specified purpose at June 30, 2023 and 2022, are as follows:

	2023	2022
Healthy food access initiative		
Program expense grants	$ 60,000	$ 60,000
	60,000	60,000
Rental housing initiative		
Loan capital grants	5,279,561	-
Program expense grants	301,451	301,451
	5,581,012	301,451
Total net assets with donor restrictions	$ 5,641,012	$ 361,451

The CDFI Fund and the Knight Foundation provided loan capital grants for the rental housing initiative initiative as of June 30, 2023.

ReFresh provided grants for program expenses related to healthy food access initiative as of June 30, 2023 and 2022.

The JP Morgan Chase Foundation provided a PRO Neighborhoods loan capital and program expense grant for the rental housing initiative as of June 30, 2023 and 2022.

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.

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 ten loan commitments at June 30, 2023, for $24,611,000, and eight loan commitments at June 30, 2022, for $11,516,500. In addition, undisbursed borrowers' lines of credit approximated $35,823,000 and $24,178,000 (see Note 5) at June 30, 2023 and 2022, 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 sites and other office equipment. These leases have remaining terms of one to 10 years and are accounted for as operating leases. Rent expense under the said leases was approximately $315,539 and $277,712 for the years ended June 30, 2023 and 2022, 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, 2023, are as follows:

Years ending June 30:	
2024	$ 296,880
2025	297,238
2026	283,015
2027	287,875
2028	295,111
Thereafter	457,056
	1,917,175
Less: imputed interest at weighted rate of 2.84%	(392,284)
Operating lease obligations as of June 30, 2023	1,524,891
Less: current portion	(296,880)
Operating lease obligations	$ 1,228,011

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, 2023 and 2022, of approximately $256,510 and $201,000, 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.

	2023			
	Level 1	Level 2	Level 3	Total
Fixed Income				
Mutual funds	$ 2,487,867	$ -	$ -	$ 2,487,867
Debt securities				
Domestic corporate debt securities	-	1,755,424	-	1,755,424
Foreign corporate debt securities	-	49,590	-	49,590
	$ 2,487,867	$ 1,805,014	$ -	$ 4,292,881

	2022			
	Level 1	Level 2	Level 3	Total
Fixed Income				
Short-term bonds	$ 2,507,780	$ -	$ -	$ 2,507,780
Debt securities				
Domestic corporate debt securities	-	1,848,861	-	1,848,861
Foreign corporate debt securities	-	50,608	-	50,608
	$ 2,507,780	$ 1,899,469	$ -	$ 4,908,482

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 ended June 30, 2023 or 2022.

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

Events that occur after the statement of financial position date, but before the financial statements were available to be issued, must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of financial position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of financial position date require disclosure in the accompanying notes. Management evaluated the activity of the Organization through October 25, 2023 and concluded that there were no subsequent events requiring disclosure in the financial statements.

Supplementary Information

Florida Community Loan Fund, Inc.

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal grantor/pass-through grantor/program or cluster title	Federal assistance listing number	Pass-through entity identifying number	Provided to subrecipients	Federal expenditures
U.S. Department of Treasury				
Community Development Financial Institutions Bond Guarantee Program	21.014	N/A	$ -	$ 14,150,104
Community Development Financial Institutions Program	21.020	N/A	-	1,090,000
Capital Magnet Fund	21.011	N/A	-	5,310,000
Total U.S. Department of Treasury/ Total Federal Expenditures			$ -	$ 20,550,104

See Notes to Schedule of Expenditures of Federal Awards.

Notes to Schedule of Expenditures of Federal Awards
June 30, 2023

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 programs of the federal government for the year ended June 30, 2023. 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 arrangement with the Community Development Financial Institution ("CDFI") Bond Guarantee Program through Opportunity Finance Network, a Qualified Issuer. Under this program, the Secretary of the Treasury 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 total amount included in the schedule of expenditures of federal awards is the outstanding bond loan payable balance at July 1, 2022 of $10,800,104 plus the current year drawdowns of $3,350,000. The outstanding bond loan payable balance at June 30, 2023 is $13,664,025.

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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*

To the Board of Directors
Florida Community Loan Fund, Inc.

We have audited 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, the financial statements of Florida Community Loan Fund, Inc., (the "Organization") which comprise the statement of financial position as of June 30, 2023, and 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 25, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on 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.*

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.

CohnReznick LLP

Bethesda, Maryland
October 25, 2023

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
Florida Community Loan Fund, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Florida Community Loan Fund, Inc.'s (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"); 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"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

*R*eport on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

CohnReznick LLP

Bethesda, Maryland
October 25, 2023

Florida Community Loan Fund, Inc.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	___ yes ✓ no
• Significant deficiency(ies) identified?	___ yes ✓ none reported
Noncompliance material to financial statements noted?	___ yes ✓ no

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	___ yes ✓ no
• Significant deficiency(ies) identified?	___ yes ✓ none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ yes ✓ no

Identification of major programs:

Federal Assistance Listing	Name of Federal Program or Cluster
21.014	Community Development Financial Institutions Bond Guarantees Program
21.011	Capital Magnet Fund

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	___ yes ✓ no

Florida Community Loan Fund, Inc.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section II - Financial Statement Audit Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

None reported.

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