



January 16, 2008

Dear Investors, Supporters and Friends:

We are pleased to enclose the audited financial statements for the Florida Community Loan Fund for the fiscal year ended June 30, 2007.

For the year, the Loan Fund posted positive net revenue of \$93,972. As of June 30, 2007, the Loan Fund's total assets were \$15,102,274, which consisted primarily of loans receivable of \$13,278,898, and cash of \$2,533,106. Liabilities totaling \$11,573,025 were comprised primarily of notes payable of \$7,766,711 and equity equivalent investments of \$3,750,000. Total net assets for the period were \$3,529,249.

Your investment in and support of the Loan Fund has allowed us to achieve remarkable impact throughout Florida. As of June 30, 2007, we had delivered more than \$28 million to over 70 nonprofits through 125 loans covering every geographic region of the Sunshine State. The financing made possible with your investment has helped those nonprofits produce 1,616 affordable housing units, 954 supportive housing units and 49 community facilities. We recognize that you expect your investment in the Loan Fund to reach those with the greatest need. With that in mind we are glad to share that, as of fiscal year-end, a healthy 94% of the Loan Fund's total available capital was deployed in loans—working to produce impact in some of Florida's most distressed communities and benefiting some of Florida's most vulnerable populations. For profiles of existing borrowers please visit us at www.fclf.org.

The Audited Financial Statements contain a one-time limited qualification related to the financial treatment of loans sold as participations to third parties. As detailed in Note 2 to the financial statements, certain language in the participation agreement that governed the transactions caused the qualification. The language has since been modified and the qualification has been cured. Future audited statements will not include a similar qualification. A detailed explanation of the qualification is available upon request.

As always we are available to answer any questions you may have. We want to express our most sincere thanks for your continued support of and investment in the Florida Community Loan Fund.

Sincerely,

A handwritten signature in black ink, appearing to read "Ignacio Esteban".

Ignacio Esteban
Executive Director

A handwritten signature in black ink, appearing to read "Tammy Thomas".

Tammy Thomas
Chief Financial Officer

McGladrey & Pullen

Certified Public Accountants

Florida Community Loan Fund, Inc.

Financial Reports

June 30, 2007

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McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

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

We have audited the accompanying statement of financial position of Florida Community Loan Fund, Inc. as of June 30, 2007, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2006 financial statements, which were audited by other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As more fully described in Note 2 to the financial statements, the Florida Community Loan Fund, Inc. has accounted for the transfers of participated loans as sale transactions. In our opinion, in order to conform with accounting principles generally accepted in the United States of America, language within the participation agreements requires that such participated loans and the related obligations be accounted for as secured borrowings.

In our opinion, except for the effects of accounting for transfers of participated loans as sale transactions as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Florida Community Loan Fund, Inc. as of June 30, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

Orlando, Florida
December 28, 2007

Florida Community Loan Fund, Inc.

Statements of Financial Position
June 30, 2007 and 2006

Assets	2007	2006
Current Assets		
Cash and cash equivalents	\$ 2,533,106	\$ 2,279,503
Contributions receivable	82,332	122,130
Loans receivable	2,135,564	3,331,835
Allowance for loan losses	(77,187)	(174,921)
Loans receivable, net	<u>2,058,377</u>	<u>3,156,914</u>
Other current assets	28,777	6,452
Total current assets	<u>4,702,592</u>	<u>5,564,999</u>
Contributions receivable, net of current portion	23,700	45,757
Loans receivable	11,143,334	9,352,965
Allowance for loan losses	(810,438)	(491,034)
Loans receivable, net	<u>10,356,596</u>	<u>8,907,688</u>
Furniture and equipment, net of accumulated depreciation of \$46,815 and \$36,385, respectively	43,086	49,535
Total assets	<u><u>\$ 15,102,274</u></u>	<u><u>\$ 14,522,222</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 56,314	\$ 64,445
Notes payable, current portion	1,296,500	1,846,500
Total current liabilities	<u>1,352,814</u>	<u>1,910,945</u>
Notes payable, net of current portion	6,470,211	5,426,000
Other liabilities - equity equivalent investments	3,750,000	3,750,000
Total liabilities	<u>11,573,025</u>	<u>11,086,945</u>
Net Assets		
Unrestricted		
Designated by the Board for Loans	2,711,500	2,526,500
Undesignated	688,792	744,957
Temporarily restricted	128,957	163,820
Total net assets	<u>3,529,249</u>	<u>3,435,277</u>
	<u><u>\$ 15,102,274</u></u>	<u><u>\$ 14,522,222</u></u>

See Notes to Financial Statements.

Florida Community Loan Fund, Inc.

Statements of Activities
Years Ended June 30, 2007 and 2006

	Unrestricted	Temporarily Restricted	Totals	
			2007	2006
Revenues:				
Donations:				
Grant and contributions	\$ 509,036	\$ 92,178	\$ 601,214	\$ 534,925
Program income:				
Interest on bank deposits	144,616	-	144,616	78,977
Loan interest and fees	746,700	-	746,700	696,318
Net assets released from restrictions	127,041	(127,041)	-	-
Total revenues	1,527,393	(34,863)	1,492,530	1,310,220
Expenses:				
Payroll and related costs	623,044	-	623,044	512,637
Interest expense	324,311	-	324,311	255,652
Provision for loan losses	221,670	-	221,670	87,899
Office and administrative	102,751	-	102,751	86,582
Professional fees	63,556	-	63,556	74,251
Occupancy	30,439	-	30,439	29,227
Depreciation	10,430	-	10,430	6,120
Membership and training	8,883	-	8,883	12,973
Marketing	7,512	-	7,512	8,721
Other expenses	5,962	-	5,962	9,146
Total expenses	1,398,558	-	1,398,558	1,083,208
Change in net assets	128,835	(34,863)	93,972	227,012
Net assets:				
Beginning	3,271,457	163,820	3,435,277	3,208,265
Ending	\$ 3,400,292	\$ 128,957	\$ 3,529,249	\$ 3,435,277

See Notes to Financial Statements.

Florida Community Loan Fund, Inc.

Statements of Cash Flows

Years Ended June 30, 2007 and 2006

	2007	2006
Cash Flows From Operating Activities		
Change in net assets	\$ 93,972	\$ 227,012
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	10,430	6,120
Provision for loan losses	221,670	87,899
Cash provided by (used for) changes in:		
Other current assets	(22,325)	36,498
Contributions receivable	61,855	106,644
Accounts payable and accrued liabilities	(8,131)	(14,679)
Net cash provided by operating activities	357,471	449,494
Cash Flows From Investing Activities		
Loan funds disbursed	(3,469,624)	(6,074,010)
Repayment of loans disbursed	2,875,526	3,497,168
Purchase of furniture and equipment	(3,981)	(44,695)
Net cash used in investing activities	(598,079)	(2,621,537)
Cash Flows From Financing Activities		
Proceeds from notes payable	750,000	315,500
Principal payments on notes payable	(255,789)	(102,500)
Proceeds from equity equivalent investments	-	2,100,000
Net cash provided by financing activities	494,211	2,313,000
Net increase in cash and cash equivalents	253,603	140,957
Cash and cash equivalents:		
Beginning	2,279,503	2,138,546
Ending	\$ 2,533,106	\$ 2,279,503
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year - interest expense	\$ 333,937	\$ 274,873

See Notes to Financial Statements.

Florida Community Loan Fund, Inc.

Notes to Financial Statements

Note 1. Nature of Operations and Significant Accounting Policies

Nature of operations: The Florida Community Loan Fund, Inc. ("Loan Fund") 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. The Loan Fund provides loans 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 foundations, religious organizations, financial institutions, the federal CDFI Fund, trade associations and individuals through low-interest loans, permanent loan capital grants, and operating support grants. Internal sources of revenue are loan interest, deposit interest, and loan fees.

During fiscal 2004, the Loan Fund received a New Markets Tax Credit Program ("Program") allocation of \$15,000,000. Pursuant to the requirements of the Program, administered by the Community Development Financial Institution ("CDFI") a division of the US Department of Treasury, the Loan Fund formed four for-profit entities: The Florida Community New Markets Fund, LLC; The Florida Community New Markets Fund II, LLC; The Florida Community New Markets Fund III, LLC; and The Florida Community New Markets Fund IV, LLC (collectively the "FCNMF LLCs"). The Loan Fund is the Managing Partner for the FCNMF LLCs with a 0.01% ownership interest in each entity. At June 30, 2007, the FCNMF LLCs are unfunded and have no recorded assets or liabilities.

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

Basis of financial statement presentation: Financial statement presentation follows the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that will be maintained permanently by the Loan Fund.

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. Interest on loans is recognized over the terms of the loans and is calculated using the simple interest method on principal amounts outstanding. Expenses are recognized in the period in which the related liability is incurred.

Notes to Financial Statements

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

Use of estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Contributions: The Loan Fund accounts for contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. The Loan Fund reports gifts of cash and other assets received as restricted support if they are received with donor stipulations that limit the use of the donated assets and the restrictions are not met in the period that the contribution is received. When a donor restriction expires by either actions of the Loan Fund or the passage of time, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions receivable, which represent unconditional written promises to give, are revenues in the period when the written promise is received. Conditional promises to give are recognized when the conditions upon which they depend are substantially met.

Loan servicing: The Loan Fund services loans held by other organizations. Service fee income is recorded for fees earned for servicing loans. The fees are based on a contractual percentage of the outstanding principal; or a fixed amount per loan and are recorded as income when earned based on either the passage of time or according to the terms of the loan servicing agreement.

Cash and cash equivalents: The Loan Fund considers cash equivalents to include any investment in money market funds, certificates of deposit, commercial paper, treasury bills, and investment securities with maturities at the time of purchase of three months or less. The Loan Fund maintains cash and cash equivalents with various major financial institutions. These are high-quality financial institutions and credit exposure is limited to any one institution. They are insured by the Federal Deposit Insurance Corporation ("FDIC"). From time to time, balances may exceed amounts insured by the FDIC. Management believes the Loan Fund is not exposed to any significant credit risk on cash and cash equivalents.

Loans receivables: 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. It is the policy of the Loan Fund to discontinue the accrual of interest when loan payments are delinquent for 90 days 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.

Notes to Financial Statements

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

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 is maintained at a level believed adequate by management to absorb estimated potential losses after considering various factors, including prevailing and anticipated 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 and expected loan loss experience, adequacy of collateral, and specific impaired loans. 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. Allowances for impaired loans are generally determined based on collateral values or the present value of estimated cash flows.

Furniture and equipment: Furniture and equipment is carried at cost less accumulated depreciation. Depreciation is taken on a straight-line basis over their 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.

Comparative financial information: The financial statements and notes include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Loan Fund's financial statements for the year ended June 30, 2006, from which the summarized information was derived.

Below market interest rate loans: Accounting principles generally accepted in the United States of America require not-for-profit organizations to record interest expense (income) and contribution revenue (expense) in connection with loans that are interest free or that have below market interest rates. 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.

Reclassifications: Certain amounts in the 2006 financial statements have been reclassified in order to conform to the 2007 presentation. These reclassifications had no impact on total assets, total liabilities, total net assets, changes in net assets, or cash flows previously reported.

Note 2. Participated Loans

The Loan Fund accounts for the transfers of participated loans as sale transactions and excludes such amounts from loans receivable and liabilities in the accompanying statement of financial position. Notwithstanding separate language in the agreements that stipulates that both parties to the agreements understand the transactions to be a sale/purchase of assets, one clause within the participation agreements did not qualify the transactions for treatment as sales under accounting principles generally accepted in the United States of America and, as such, the transactions should be accounted for as secured borrowings and the participated loans, related obligations, and related interest income and expense included in the organization's financial statements. If these participated loans were included, loans receivable and liabilities would be increased by \$2,493,031 as of June 30, 2007 and interest income and interest expense would be increased by \$155,471 for the year then ended.

Florida Community Loan Fund, Inc.

Notes to Financial Statements

Note 2. Participated Loans (Continued)

Subsequent to June 30, 2007, the Loan Fund and the counterparties amended the participation agreements to reaffirm the seller/purchaser intent in the original agreements. Under the terms of the amended agreements, these participations qualify for treatment as sales under generally accepted accounting principles.

Had the amendments been in effect on or prior to June 30, 2007, the Loan Fund's accounting for participated loans would have been in conformity with accounting principles generally accepted in the United States of America.

Note 3. Loan Servicing

Loans serviced for others are not included in the accompanying consolidated statements of financial condition. The unpaid principal balances maintained in connection with the servicing of these loans approximated the following:

	2007	2006
Loan portfolio serviced for:		
Enterprise Community Loan Fund	\$ 2,168,262	\$ 2,631,084
Miami Coalition for the Homeless	324,769	333,992
	<u>\$ 2,493,031</u>	<u>\$ 2,965,076</u>

Note 4. Loans Receivable

Loans receivable from not-for-profit corporations at June 30, 2007 and 2006 are classified as follows:

	2007	2006
Loans by collateral:		
2.5% - 7.5% secured by real estate (mortgage)	\$ 13,210,225	\$ 12,583,868
5.5% secured by collateral assignment of notes receivable	68,673	77,582
5.5% secured by collateral assignment of cash flow	-	23,350
	<u>13,278,898</u>	<u>12,684,800</u>
Less allowance for loan losses	(887,625)	(665,955)
	<u>\$ 12,391,273</u>	<u>\$ 12,018,845</u>

Florida Community Loan Fund, Inc.

Notes to Financial Statements

Note 4. Loans Receivable (Continued)

	June 30, 2007	
	Outstanding	Undisbursed
Loans by type:		
Affordable housing/shelter	\$ 9,829,884	\$ 1,688,675
Not-for-profit facilities	2,797,556	-
Economic development	651,458	-
	<u>\$ 13,278,898</u>	<u>\$ 1,688,675</u>
	June 30, 2006	
	Outstanding	Undisbursed
Loans by type:		
Affordable housing/shelter	\$ 8,089,199	\$ 1,694,836
Not-for-profit facilities	3,930,569	-
Economic development	665,032	-
	<u>\$ 12,684,800</u>	<u>\$ 1,694,836</u>

The undisbursed portion of loans shown above are loans closed but not fully disbursed, such as construction loans and lines of credit.

Changes in the allowance for loan losses for the years ended June 30, 2007 and 2006 are as follows:

	2007	2006
Beginning balance	\$ 665,955	\$ 578,056
Provision for loan losses	221,670	87,899
	<u>\$ 887,625</u>	<u>\$ 665,955</u>

As of June 30, 2007, there has been one loan on which the accrual of interest has been discontinued. The principal balance related to this loan is \$500,000 as of June 30, 2007 and a reserve of \$250,000 for potential loss related to this loan has been included in the allowance for loan losses as of June 30, 2007. If interest on this loan had been accrued, such income would have approximated \$7,200 for the year ended June 30, 2007. There were no impaired loans as of June 30, 2006. The average balance of impaired loans for the year was \$250,000.

Note 5. Contributions Receivable

The Loan Fund has received written pledges from organizations that are unrestricted and available for operating expenses. The pledges are collectible in succeeding fiscal years. The Loan Fund uses the allowance method of accounting for doubtful accounts. The year-end allowance balance is based upon review of the current status of existing receivables and management's estimate as to their collectibility.

Florida Community Loan Fund, Inc.

Notes to Financial Statements

Note 5. Contributions Receivable (Continued)

Unconditional pledges are summarized for the years ended June 30, 2007 and 2006 as follows:

	2007	2006
Receivable in less than one year	\$ 82,332	\$ 122,130
One to five years	23,700	45,757
	<u>\$ 106,032</u>	<u>\$ 167,887</u>

Note 6. Notes Payable

Notes payable include amounts due to foundations, individuals, financial institutions, religious organizations, the federal CDFI Fund and trade associations. The Loan Fund's obligations under notes payable for the years ended June 30, 2007 and 2006 consist of the following amounts:

	2007	2006
Unsecured:		
0% (interest-free): Five (5) notes payable; various maturities through June 2011	\$ 22,000	\$ 22,000
1%: One (1) note payable, interest payable annually, principal due upon demand	4,000	4,000
2%: Twenty-four (24) notes payable, interest only, payable periodically, various maturities through January 2019	4,606,000	4,606,000
2.5%: Two (2) notes payable, interest only, payable semi-annually or annually, various maturities through April 2010	220,000	220,000
3%: Nine (9) notes payable, interest only, payable periodically, various maturities through April 2017	2,614,711	1,865,500
4%: One (1) note payable, interest only, payable quarterly, matures July 2009	300,000	555,000
	<u>7,766,711</u>	<u>7,272,500</u>
Less current portion	<u>(1,296,500)</u>	<u>(1,846,500)</u>
	<u>\$ 6,470,211</u>	<u>\$ 5,426,000</u>

Florida Community Loan Fund, Inc.

Notes to Financial Statements

Note 6. Notes Payable (Continued)

Principal maturity requirements on notes payable subsequent to after June 30, 2007 are as follows:

Year Ending June 30,	Amount
2008	\$ 1,296,500
2009	630,000
2010	3,090,211
2011	590,000
2012	500,000
Thereafter	1,660,000
	\$ 7,766,711

Note 7. 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"). EQ2's are unique to the CDFI industry. They were created as a mechanism for not-for-profit CDFI's to acquire equity-like capital. The Organization has outstanding amounts under such agreements for the years ended June 30, 2007 and 2006 as follows:

	2007	2006
Washington Mutual Bank, 3.5% interest only, payable quarterly. Initial ten year term; subordinated with rolling maturity.	\$ 2,000,000	\$ 2,000,000
Wachovia Bank, 3% interest only, payable quarterly. Initial ten year term; subordinated with rolling maturity.	750,000	750,000
Regions Bank (formerly AmSouth Bank), 2% interest only, payable quarterly. Initial ten year term; subordinated with rolling maturity.	500,000	500,000
Regions Bank (formerly AmSouth Bank), 2% interest only, payable annually. Initial ten year term; subordinated with rolling maturity.	500,000	500,000
	\$ 3,750,000	\$ 3,750,000

Florida Community Loan Fund, Inc.

Notes to Financial Statements

Note 8. Temporarily Restricted Net Assets

Temporarily restricted net assets for the years ended June 30, 2007 and 2006 are as follows:

	2007	2006
Contributions due in future periods	\$ 56,032	\$ 92,888
Hurricane relief funds	36,145	-
Florida Green Communities initiative	30,000	39,152
South Florida lending initiative	-	25,000
Child care initiative	6,780	6,780
	<u>\$ 128,957</u>	<u>\$ 163,820</u>

Contributions due in future periods are presented above at their present value and consists of two grants. Hurricane/Disaster loan loss reserve funds were provided by the Fannie Mae Foundation. The Home Depot Foundation provided a grant to hire a Florida Green Communities coordinator and provide grants to Florida nonprofit corporations building open affordable housing. The John D. and Catherine T. MacArthur Foundation provided a grant for exploring South Florida lending partnership opportunities. Jimmy Buffet's Singing for Change Foundation provided a matching grant to the National Community Capital Association's program development grant to develop loan products to expand quality childcare facilities in Florida.

Note 9. Financial Instruments with Off-Balance Sheet Risk and Concentrations of Credit

Commitments to receive credit: In the ordinary course of business, the Loan Fund has entered into off-balance sheet financial instruments consisting of commitments to borrow. Such financial instruments are recorded in the financial statements when they are disbursed. The Loan Fund has a \$200,000 operating line of credit with Wachovia at prime, a \$750,000 loan capital line of credit with Fannie Mae at 3-year cost of funds plus 25 basis points, and a \$1,500,000 loan capital line of credit with JP Morgan Chase at prime less 150 basis points. No funds had been disbursed on these three lines of credit as of June 30, 2007 and 2006.

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 financial instruments consisting of commitments to extend credit. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the balance sheet. The Loan Fund uses the same credit policies in making loan commitments as it does for on-balance sheet instruments. There was one outstanding loan commitment to extend credit at June 30, 2007 for \$500,000. At June 30, 2006, there was one outstanding loan commitment to extend credit for \$125,000.

Commitments to extend credit are 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. As of June 30, 2007 and 2006, the unfunded borrowers' total lines of credit approximated \$1,689,000 and \$1,695,000, 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.

Notes to Financial Statements

Note 10. Lease Commitments

The Loan Fund leases its office sites. The lease agreements were initially for one to three years and are accounted for as operating leases. The rent expense under the said leases was \$25,904 and \$24,780 for the years ended June 30, 2007 and 2006, respectively. There are no future minimum rental commitments under contractual leases as of June 30, 2007.

Note 11. 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 Internal Revenue Code 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 contributions are immediately vested. The Loan Fund made contributions to the plan for the fiscal years ending June 30, 2007 and 2006 of \$34,091 and \$25,822, respectively.

Note 12. Subsequent Event

During the 2008 fiscal year, The Florida Community New Markets Fund, LLC (FCNMF) received a qualified equity investment of \$8,275,862 and made qualified low income investments within the meaning of the New Markets Tax Credit Program and IRC Code Section 45D and within the provisions of the operating agreement. As part of this agreement, the Loan Fund earned a sub-allocation fee of \$662,000.

During the 2008 fiscal year, the Loan Fund received a CORE Financial Assistance Award from the Community Development Financial Institutions Fund (CDFI Fund) of \$585,000 towards loan capital.

During the 2008 fiscal year, the Loan Fund received a 2-year, \$200,000 grant commitment from the MacArthur Foundation in support of policy work related to the preservation of affordable rental housing in Florida.

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report on Supplementary Information

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

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, except for the effects on the supplementary information of accounting for the transfer of participated loans as sale transactions which should be recorded as secured borrowings, as explained in the third paragraph of our report on page 1, such information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McGladrey & Pullen, LLP

Orlando, Florida
December 28, 2007

Florida Community Loan Fund, Inc.

Combining Statement of Financial Position
June 30, 2007

	Operating Fund	Loan Fund	Total All Funds
Assets			
Cash and cash equivalents	\$ 299,445	\$ 2,233,661	\$ 2,533,106
Loans receivable, net	-	12,391,273	12,391,273
Other current assets	-	28,777	28,777
Contributions receivable	106,032	-	106,032
Furniture and equipment, net	43,086	-	43,086
Total assets	<u>\$ 448,563</u>	<u>\$ 14,653,711</u>	<u>\$ 15,102,274</u>
Liabilities and Net Assets			
Liabilities			
Accounts payable and accrued liabilities	\$ 43,246	\$ 13,068	\$ 56,314
Notes payable	-	7,766,711	7,766,711
Other liabilities	-	3,750,000	3,750,000
Total liabilities	<u>43,246</u>	<u>11,529,779</u>	<u>11,573,025</u>
Net assets			
Unrestricted			
Designated by the Board for Loans	-	2,711,500	2,711,500
Undesignated	312,507	376,285	688,792
Temporarily restricted	92,810	36,147	128,957
Total net assets	<u>405,317</u>	<u>3,123,932</u>	<u>3,529,249</u>
Total liabilities and net assets	<u>\$ 448,563</u>	<u>\$ 14,653,711</u>	<u>\$ 15,102,274</u>

Florida Community Loan Fund, Inc.

Combining Statement of Activities
June 30, 2007

	Operating Fund	Loan Fund	Total All Funds
Revenues:			
Donations:			
Grant and contributions	\$ 509,036	\$ 92,178	\$ 601,214
Program income:			
Interest on bank deposits	6,661	137,955	144,616
Loan interest and fees	23,300	723,400	746,700
Total revenues	538,997	953,533	1,492,530
Expenses:			
Payroll and related costs	623,044	-	623,044
Interest expense	-	324,311	324,311
Provision for loan losses	-	221,670	221,670
Office and administrative costs	102,751	-	102,751
Professional fees	56,875	6,681	63,556
Occupancy	30,439	-	30,439
Depreciation	10,430	-	10,430
Membership and training	8,883	-	8,883
Marketing	7,512	-	7,512
Other expenses	-	5,962	5,962
Total expenses	839,934	558,624	1,398,558
Change in net assets	(300,937)	394,909	93,972
Transfer net assets	455,922	(455,922)	-
Net assets:			
Beginning	318,696	3,116,581	3,435,277
Ending	\$ 473,681	\$ 3,055,568	\$ 3,529,249

Florida Community Loan Fund, Inc.

Combining Statement of Cash Flows
June 30, 2007

	Operating Fund	Loan Fund	Total All Funds
Cash Flows From Operating Activities			
Change in net assets	\$ (300,937)	\$ 394,909	\$ 93,972
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation	10,430	-	10,430
Provision for loan losses	-	221,670	221,670
Transfer net assets	455,922	(455,922)	-
Changes in operating assets and liabilities:			
Other current assets	-	(22,325)	(22,325)
Contributions receivable	61,855	-	61,855
Accounts payable and accrued liabilities	-	(8,131)	(8,131)
Net cash provided by operating activities	227,270	130,201	357,471
Cash Flows From Investing Activities			
Loan funds disbursed	-	(3,469,624)	(3,469,624)
Repayment of loans disbursed	-	2,875,526	2,875,526
Purchase of furniture and equipment	(3,981)	-	(3,981)
Net cash used in investing activities	(3,981)	(594,098)	(598,079)
Cash Flows From Financing Activities			
Proceeds from notes payable	-	750,000	750,000
Repayment of notes payable	-	(255,789)	(255,789)
Net cash provided by financing activities	-	494,211	494,211
Net increase in cash and cash equivalents	223,289	30,314	253,603
Cash and cash equivalents:			
Beginning	121,767	2,157,736	2,279,503
Ending	<u>\$ 345,056</u>	<u>\$ 2,188,050</u>	<u>\$ 2,533,106</u>
Supplemental Cash Flow Information			
Interest paid to investors	\$ -	\$ 333,937	\$ 333,937