Opportunity Finance Network and Subsidiaries

Consolidated Financial Report
December 31, 2017

Contents

RSM US LLP

Independent Auditor's Report

To the Board of Directors
Opportunity Finance Network

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Opportunity Finance Network and Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, the related consolidated statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements.)

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Opportunity Finance Network and Subsidiaries as of December 31, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

Blue Bell, Pennsylvania
April 27, 2018

Opportunity Finance Network and Subsidiaries

Consolidated Statements of Financial Position
December 31, 2017 and 2016

	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	**$ 9,254,970**	$ 14,785,279
Certificates of deposit	**31,872**	31,808
Short-term investments (Note 2, 4)	**835,785**	659,112
CDFI and other investments (Note 3, 4, 14)	**250,000**	-
Current portion of loans receivable, net of allowance for loan losses (Note 5, 6)	**11,898,437**	3,609,375
Interest and other receivables	**562,140**	410,466
Grants receivable (Note 8)	**515,400**	807,500
Other assets	**148,067**	146,000
Total current assets	**23,496,671**	20,449,540
Noncurrent assets:		
Long-term investments (Note 2, 4)	**3,022,667**	3,556,681
CDFI and other investments (Note 3, 4, 14)	**3,751,500**	4,001,851
Loans receivable, net of current portion and allowance for loan losses (Note 5, 6)	**109,242,961**	115,034,004
Equity equivalent investments (Note 7)	**2,900,000**	-
Fixed assets, net (Note 9)	**147,807**	181,777
Total noncurrent assets	**119,064,935**	122,774,313
Total assets	**$ 142,561,606**	$ 143,223,853
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	**$ 1,052,065**	$ 643,690
Deferred revenue	**148,750**	120,500
Current portion of notes payable (Note 10)	**1,200,000**	2,875,000
Total current liabilities	**2,400,815**	3,639,190
Noncurrent liabilities:		
Notes payable (Note 10)	**79,950,000**	82,075,000
Other liabilities (Note 11)	**7,000,000**	6,000,000
Total noncurrent liabilities	**86,950,000**	88,075,000
Total liabilities	**89,350,815**	91,714,190
Commitments and Contingencies (Note 14, 15)		
Net assets:		
Unrestricted net assets	**48,791,739**	48,374,651
Non-controlling interest in consolidated subsidiary	**2,651,468**	-
Total unrestricted net assets (Note 13)	**51,443,207**	48,374,651
Temporarily restricted - Operating	**996,938**	2,021,378
Temporarily restricted - Re-granting	**-**	197,000
Temporarily restricted - Financing	**770,646**	916,634
Total temporarily restricted net assets (Note 13)	**1,767,584**	3,135,012
Total net assets	**53,210,791**	51,509,663
Total liabilities and net assets	**$ 142,561,606**	$ 143,223,853

See notes to consolidated financial statements.

Opportunity Finance Network and Subsidiaries

Consolidated Statements of Activities
Years Ended December 31, 2017 and 2016

	2017			2016		
	Unrestricted	**Temporarily Restricted**	**Total**	Unrestricted	Temporarily Restricted	Total
Operating revenue and support:						
Net financing income:						
Interest income - loans	**$ 4,345,064**	**$ -**	**$ 4,345,064**	$ 4,109,056	$ -	$ 4,109,056
Interest income - certificates of deposit (CDFI)	**120,024**	**-**	**120,024**	120,042	-	120,042
Less: Interest expense	**(1,486,137)**	**-**	**(1,486,137)**	(1,285,435)	-	(1,285,435)
Less: Provision for loan losses	**(61,940)**	**-**	**(61,940)**	(477,710)	-	(477,710)
Total net financing income	**2,917,011**	**-**	**2,917,011**	2,465,953	-	2,465,953
Other revenue and support:						
Dues	**402,513**	**-**	**402,513**	374,125	-	374,125
Fees - Registration	**923,990**	**-**	**923,990**	825,890	-	825,890
Fees - Strength	**505,902**	**-**	**505,902**	1,140,238	-	1,140,238
Fees - Financial Services	**1,231,081**	**-**	**1,231,081**	459,710	-	459,710
Sponsorships	**1,372,650**	**-**	**1,372,650**	767,650	-	767,650
Investment income	**99,212**	**-**	**99,212**	115,202	-	115,202
Grants - operating	**200,000**	**904,400**	**1,104,400**	425,000	3,039,755	3,464,755
Donations and in-kind services	**130,925**	**-**	**130,925**	70,305	-	70,305
Net assets released from restrictions (Note 13)	**2,111,828**	**(2,111,828)**	**-**	4,794,325	(4,794,325)	-
Total operating revenue and support	**9,895,112**	**(1,207,428)**	**8,687,684**	11,438,398	(1,754,570)	9,683,828
Operating expenses:						
Salaries, payroll taxes, and benefits (Note 12)	**5,176,670**	**-**	**5,176,670**	5,441,437	-	5,441,437
Contractor fees	**978,243**	**-**	**978,243**	934,971	-	934,971
Program support (Note 1, 12)	**2,506,533**	**-**	**2,506,533**	4,533,820	-	4,533,820
Professional services	**342,045**	**-**	**342,045**	430,925	-	430,925
Occupancy	**426,495**	**-**	**426,495**	395,038	-	395,038
Operating grants - other	**62,256**	**-**	**62,256**	61,773	-	61,773
Total operating expenses	**9,492,242**	**-**	**9,492,242**	11,797,964	-	11,797,964
Operating excess (deficit)	**402,870**	**(1,207,428)**	**(804,558)**	(359,566)	(1,754,570)	(2,114,136)
Other changes - gain (loss) on investments:						
Net realized gain on investments	**54,554**	**-**	**54,554**	22,039	-	22,039
Net unrealized (loss) on investments	**(25,232)**	**-**	**(25,232)**	(28,422)	-	(28,422)
Change in net assets - operating	**432,192**	**(1,207,428)**	**(775,236)**	(365,949)	(1,754,570)	(2,120,519)

(Continued)

Opportunity Finance Network and Subsidiaries

Consolidated Statements of Activities
Years Ended December 31, 2017 and 2016

	2017			2016		
	Unrestricted	**Temporarily Restricted**	**Total**	Unrestricted	Temporarily Restricted	Total
Non-operating revenue and support:						
Revenue and support - financing and pass-through grants:						
Grants - pass-through	**$ -**	**$ -**	**$ -**	$ -	$ 222,000	$ 222,000
Net assets released from restrictions (Note 13)	**160,000**	**(160,000)**	**-**	13,878,145	(13,878,145)	-
Total revenue and support - financing and pass-through grants	**160,000**	**(160,000)**	**-**	13,878,145	(13,656,145)	222,000
Expenses - financing and pass-through grants - grants to CDFIs	**160,000**	**-**	**160,000**	925,000	-	925,000
Change in net assets - financing and pass-through grants	**-**	**(160,000)**	**(160,000)**	12,953,145	(13,656,145)	(703,000)
Change in net assets before non-controlling interest capital contribution	**432,192**	**(1,367,428)**	**(935,236)**	12,587,196	(15,410,715)	(2,823,519)
Non-controlling interest capital contribution	**2,636,364**	**-**	**2,636,364**	-	-	-
Change in net assets	**3,068,556**	**(1,367,428)**	**1,701,128**	12,587,196	(15,410,715)	(2,823,519)
Net assets:						
Beginning	**48,374,651**	**3,135,012**	**51,509,663**	35,787,455	18,545,727	54,333,182
Ending	**$ 51,443,207**	**$ 1,767,584**	**$ 53,210,791**	$ 48,374,651	$ 3,135,012	$ 51,509,663

See notes to consolidated financial statements.

Opportunity Finance Network and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	$ 1,701,128	$ (2,823,519)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Non-controlling interest capital contribution	(2,636,364)	-
Depreciation	85,834	77,127
Provision for loan losses	61,940	477,710
Deferred loan fees, net	23,754	4,479
Amortization of premiums/discounts on investments	(211)	4,538
Net realized/unrealized (gain) loss on investments	(29,808)	29,930
(Increase) decrease in:		
Interest and other receivables	(151,674)	124,562
Grants receivable	292,100	90,641
Other assets	(2,067)	(26,242)
Increase (decrease) in:		
Accounts payable and accrued expenses	408,375	(949,518)
Deferred revenue	28,250	(49,500)
Net cash used in operating activities	(218,743)	(3,039,792)
Cash flows from investing activities:		
Purchases of furniture and equipment	(51,864)	(81,073)
Purchases of certificates of deposit	(64)	(63)
Purchases of investments	(523,592)	(810,518)
Proceeds from sale of investments	858,157	600,000
Purchase of other investments	(500)	-
Distributions from CDFI and other investments	53,645	108,181
Loans receivable repayments	1,998,815	4,751,736
Loans receivable disbursed	(4,582,527)	(17,776,349)
Equity equivalent investments disbursed	(2,900,000)	-
Net cash used in investing activities	(5,147,930)	(13,208,086)
Cash flows from financing activities:		
Proceeds from notes payable and other liabilities	1,850,000	17,000,000
Repayment of notes payable	(4,650,000)	(2,500,000)
Non-controlling interest capital contribution	2,636,364	-
Net cash provided by (used in) financing activities	(163,636)	14,500,000
Decrease in cash and cash equivalents	(5,530,309)	(1,747,878)
Cash and cash equivalents:		
Beginning of year	14,785,279	16,533,157
End of year	$ 9,254,970	$ 14,785,279
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	$ 1,465,678	$ 1,274,511

See notes to consolidated financial statements.

Opportunity Finance Network and Subsidiaries

Consolidated Statements of Functional Expenses
Years Ended December 31, 2017 and 2016

	Program				General and	
2017	**Financial Services**	**Strength**	**Voice**	**Program Sub-total**	**Administrative (Note 11)**	**Grand Total**
Salaries, payroll taxes and fringes	$ 976,390	$ 2,124,858	$ 949,617	$ 4,050,865	$ 1,125,805	$ 5,176,670
Contractor fees	41,596	514,696	237,616	793,908	184,335	978,243
Program support (Note 1)	316,593	1,749,162	332,163	2,397,918	108,615	2,506,533
Professional services	196,775	52,397	21,833	271,005	71,040	342,045
Occupancy	87,602	174,614	70,578	332,794	93,701	426,495
Interest	1,486,137	-	-	1,486,137	-	1,486,137
Provision for loan losses	61,940	-	-	61,940	-	61,940
Grants to CDFIs	-	222,256	-	222,256	-	222,256
Total expenses	**$ 3,167,033**	**$ 4,837,983**	**$ 1,611,807**	**$ 9,616,823**	**$ 1,583,496**	**$ 11,200,319**

	Program				General and	
2016	**Financial Services**	**Strength**	**Voice**	**Program Sub-total**	**Administrative (Note 11)**	**Grand Total**
Salaries, payroll taxes and fringes (Note 12)	$ 893,208	$ 1,785,608	$ 1,201,231	$ 3,880,047	$ 1,561,390	$ 5,441,437
Contractor fees	207,340	518,049	201,484	926,873	8,098	934,971
Program support (Note 1, 12)	529,296	1,586,731	2,068,012	4,184,039	349,781	4,533,820
Professional services	82,719	43,566	27,952	154,237	276,688	430,925
Occupancy	62,739	145,217	98,518	306,474	88,564	395,038
Interest	1,285,435	-	-	1,285,435	-	1,285,435
Provision for loan losses	477,710	-	-	477,710	-	477,710
Grants to CDFIs	900,000	86,773	-	986,773	-	986,773
Total expenses	**$ 4,438,447**	**$ 4,165,944**	**$ 3,597,197**	**$ 12,201,588**	**$ 2,284,521**	**$ 14,486,109**

See notes to consolidated financial statements.

Note 1. Organization and Significant Accounting Policies

Organization: Opportunity Finance Network (OFN) was initially formed on July 2, 1986 and re-incorporated in February 9, 2006 in order to change the state of incorporation from California to Pennsylvania. The predecessor corporation to OFN, Opportunity Finance Corporation (formerly National Community Capital Association), was incorporated July 2, 1986 under the laws of the State of California. OFN incorporated a new organization on February 9, 2006 under the laws of the Commonwealth of Pennsylvania and is a publicly supported organization under Section 501(c)(3) of the Internal Revenue Code. Effective December 31, 2008, OFN merged with its predecessor organization, Opportunity Finance Corporation.

OFN is the leading national network of Community Development Financial Institutions (CDFIs). Through its network of nearly 250 Members, OFN invests in opportunities that benefit low-income, low-wealth people and communities in all 50 states. OFN's core purpose is to align capital with social, economic, and political justice. OFN's mission is to lead CDFIs and their partners to ensure that low-income, low-wealth people and underserved communities have access to affordable, responsible financial products and services. OFN believes that justice for all begins with opportunity for all.

OFN's headquarters is based in Philadelphia, Pennsylvania. OFN also maintains a satellite office in Washington, D.C.

In 2016, OFN was re-certified as a Community Development Financial Institution (CDFI), as part of a required recertification process instituted by the Community Development Financial Institution Fund (CDFI Fund) of the United States Department of the Treasury. Organizations were required to apply for re-certification if their original or most recent certification had passed its initial three-year term.

OFN operated the *Wells Fargo NEXT Awards for Opportunity Finance* (the NEXT Awards) from 2007-2016 in partnership with Wells Fargo, the John D. and Catherine T. MacArthur Foundation (2007-2016), the Kresge Foundation (2010-2016), and Prudential Insurance (2014-2016). The NEXT Awards program aimed to propel high-potential CDFIs to the next level of growth, success, and staying power and provided multi million in annual awards (loans and grants) to CDFIs. OFN piloted the NEXT Fund for Innovation in 2017 to make subordinated loans and equity investments in transformational CDFI strategies. OFN approved $5 million in loans and investments in 2017 under the NEXT Fund, all of which are expected to close in 2018.

OFN is led by an 8-person leadership team in three key program areas:

Financial services: expanding access to responsible, affordable capital: OFN leverages capital to help Member CDFIs provide opportunity in underserved markets.

Strength: building potential for impact: OFN strengthens the CDFI industry by providing peer learning opportunities, research, innovative networking platforms (CDFI Connect® Community), and signature annual events—like the OFN Conference and Small Business Finance Forum—for CDFI practitioners, partners, and investors.

Voice: amplifying the CDFI message and securing stakeholder support: Across multiple platforms and audiences, OFN's strategic communications and policy advocacy drive the message that CDFI investments transform communities and change lives—and increases resources to CDFIs.

OFN has two fund categories:

General: Represents resources to carry out the mission of the Organization other than the activities classified as Finance.

Finance: Represents resources available for the specific purpose of providing loans, grants, and investments to CDFIs. It also includes capital for the NEXT Awards.

Note 1. Organization and Significant Accounting Policies (Continued)

OFN is the sole member of NCCA General Partner, LLC and OFN GP, LLC, of which the latter is dormant.

In 2004, OFN formed a wholly-controlled organization, NCCA General Partner, LLC, to initially operate as the general partner of CDFI Tax Credit Fund I, LP. CDFI Tax Credit Fund I, LP was formed to manage an initial allocation of New Markets Tax Credits (NMTC) from the U.S. Department of Treasury. Its primary purpose is serving or providing investment capital for “low-income communities” or “low-income persons,” consistent with the NMTC program requirements (Note 14). In 2013, OFN formed an additional five entities to receive and manage new allocations under the NMTC program of the U.S. Department of Treasury: Opportunity Fund I, LP, Opportunity Fund II, LP, Opportunity Fund III, LP, Opportunity Fund IV, LP, and Opportunity Fund V, LP. NCCA General Partner, LLC serves as the general partner for these five new entities. In December 2013, OFN applied for and received Community Development Entity (CDE) certification for all five newly-formed entities from the Community Development Financial Institutions Fund (the CDFI Fund) of the United States Department of the Treasury. Certification as a CDE means that an organization meets the CDE eligibility requirements set forth in the statute governing the NMTC program and the CDFI Fund's CDE Certification Guidance document (Federal Register Vol. 66, No. 245).

These requirements state that a CDE must be a legal entity; must demonstrate a primary mission of serving, or providing investment capital for, low-income communities or low-income persons; and must maintain accountability to low-income communities through representation on the governing board or advisory board(s) of the CDE. The CDFI Fund approved a national service area for each of these new CDEs. As of December 31, 2017, Opportunity Fund I, LP, Opportunity Fund II, LP, and Opportunity Fund III, LP were capitalized and active (see Note 14). The remaining two entities were not yet capitalized and not yet active.

In November 2016, OFN formed CDFI Community Investment Fund I, LLC (CCIF), a Delaware limited liability company, where OFN is the Managing Member and Woodforest National Bank (Woodforest), which is headquartered in Woodlands, TX, is the Limited Member. CCIF was formed to make equity equivalent investments (EQ2) to CDFI and similar development organizations that serve low- and moderate-income populations in the United States and meet the certification requirements established by the CDFI Fund. The initial fund capitalization was $5,500,000; $5,000,000 from Woodforest and $500,000 from OFN. There is an option for additional follow-on investments up to a fund size of $22,000,000. As the managing member of the fund, OFN is responsible for underwriting, asset management, and servicing of the investments. As of December 31, 2017, Woodforest National Bank had made capital contributions of $2,636,364 in CCIF and OFN had made capital contributions $263,636 in CCIF, and CCIF had, in turn, made $2,900,000 in EQ2 investments to CDFIs.

Consolidation: The consolidated financial statements (collectively, the financial statements) include the accounts of OFN, NCCA General Partner, LLC, OFN GP, LLC and CCIF (collectively, the Organization). All significant inter-company accounts and transactions have been eliminated in consolidation.

Use of estimates: The financial statements of the Organization are prepared in conformity with accounting principles generally accepted in the United States of America and require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support and expenses during the reported periods. Actual results could differ from those estimates.

Cash and cash equivalents: The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Note 1. Organization and Significant Accounting Policies (Continued)

Concentration of credit risk: The Organization maintains cash in various financial institutions. The balance at each institution is insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The cash balances in excess of FDIC limits approximated $9 million as of that date.

At December 31, 2017, most of OFN's loans receivable were due from various CDFIs. As such, the ability of the Organization's borrowers to honor their contracts is dependent upon the viability of the individual CDFIs and the CDFI industry.

Certificates of deposit: These are deposits held with insured financial institutions and carried at cost.

Investments: Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of financial position. Interest and dividend income is recognized when earned. Any unrealized gains or losses are reported in the statements of activities as a change in unrestricted net assets, unless explicit donor intent or law restricts their use. Specifically identified cost is used for investments sold. Investments are recorded at fair value and are classified as Level 1, 2, or 3 (Note 4).

The Organization determines the fair value of each investment at the statement of financial position date. Fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts. Fair value measurements are separately disclosed by level within the fair value hierarchy. Fair value is best determined based upon quoted market prices. In many instances, however, there are no quoted market prices for the Organization's various financial instruments. In cases where quoted market prices are not available, fair values are estimated using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

Recent fair value guidance provides a consistent definition of fair value, focused on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. Any significant decrease in the volume and level of activity for the asset or liability, may require a change in valuation technique or the use of multiple valuation techniques. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depend on the facts and circumstances and require the use of significant judgment.

The fair value is a reasonable point within the range that is most representative of fair value under current market conditions. In accordance with this guidance, the Organization groups its assets and liabilities carried at fair value in three levels as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Valuation is determined from observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument.

Level 3: Valuation is derived from model-based and other techniques in which one significant input is unobservable in the market and which may be based on the Organization's own estimates about assumptions that a market participant would use to value the asset or liability.

Note 1. Organization and Significant Accounting Policies (Continued)

Loans receivable:

Loans: Loans receivable are stated at the principal amount outstanding, net of deferred loan fees and allowance for losses. Interest income on loans is accrued on the principal outstanding at the loans' stated interest rate. Direct origination costs, if significant, would be deferred and amortized using the effective interest method over the respective lives of the related loans and recorded as an adjustment to loan fee revenue. At December 31, 2017 and 2016, direct origination costs were not deemed significant.

Non-accrual loans: The accrual of interest on outstanding loans is discontinued at the time the loan is 90-days delinquent unless the credit is well-secured and in process of collection. All interest accrued but not collected would be reversed against interest income. In all cases, loans are placed on non-accrual or charged-off at an earlier date if collection of principal or interest is considered doubtful. At December 31, 2017 and 2016, no loans were on non-accrual.

Allowance for loan losses: The allowance for loan losses is a valuation reserve that management believes will be adequate to absorb possible losses on existing loans that may become uncollectible. It is established through a provision for loan losses charged to expense. In addition, loans deemed to be uncollectible are charged against the allowance. Subsequent recoveries, if any, are credited to the allowance. The allowance is based upon management's periodic review of the collectability of loans and is maintained at a level believed adequate by management to absorb estimated potential losses after considering changes in internal and external factors, past loss experience, the nature and volume of the portfolio and current economic conditions. The allowance, however, is an estimate that could change if there are significant changes in the portfolio and/or economic conditions.

The allowance consists of specific and general components. The specific component relates to loans that would be classified impaired. For such loans, an allowance would be established when the discounted cash flows (or collateral value, less costs of disposal for collateral dependent loans, or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers loans not deemed impaired and would be based on historical loss experience adjusted for qualitative factors. These would include internal factors such as trends in policies, underwriting standards, charge-offs, non-accruals and credit management processes, operating performance and management, as well as external factors such as national and local economic conditions and industry trends. In the absence of historical losses, management determines the allowance based upon the Organization's risk rating system which considers, among other factors, borrower financial condition and other risks impacting the loan portfolio. As of December 31, 2017 and 2016, no loans in the portfolio were deemed impaired.

A loan would be considered impaired when, based on current information and events, it is probable that the Organization would be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is generally measured on a case by case basis using the fair value of the collateral less estimated costs to sell, if the loan is collateral dependent, the present value of expected future cash flows discounted at the loan's effective interest rate or the loan's observable market price.

Note 1. Organization and Significant Accounting Policies (Continued)

Impaired loans also include troubled debt restructurings (TDRs), if any, where management has modified loan terms and made concessions to borrowers in financial difficulty. Consequently, the allowance for loan losses related to TDRs that are performing under the modified terms is based on discounted cash flows using the loan's initial effective interest rate or the fair value of the collateral for certain collateral-dependent loans.

Below market interest rate loans: Generally accepted accounting principles require that when a nonprofit organization receives or makes loans of cash that carry interest rates below the prevailing market rate, the imputed interest be recorded as contributions received or paid, respectively. OFN both receives and makes loans with stated rates of interest that vary from the prevailing market rates for commercial loans. However, OFN considers its market to be the CDFI industry as opposed to the financial institutions industry in general. Consequently, OFN believes there is no material difference between community development finance market rates and the stated rates of loans in its portfolio. OFN accounts for these loans at the stated rates.

Furniture and equipment: Furniture and equipment are stated at cost. Depreciation is provided on the straight-line basis over the estimated useful lives of 3 to 5 years for equipment, 7 years for furniture and 5 years for software.

Deferred revenue: Deferred revenue consists of amounts received in advance for fees for contracted services. Amounts will be recognized when such services are provided.

Contributions and grants: The Organization accounts for contributions received as unrestricted, temporarily restricted, or permanently restricted depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction.

When the donor restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions receivable, which represent unconditional promises to give, are recognized as revenue in the period awarded and as assets, decreases of liabilities, or decreases of expenses depending on the form of the benefits received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected over periods in excess of one year are recorded at the net present value of the estimated cash flows beyond one year using a risk-adjusted rate of return appropriate for the expected term of the promise to give.

Conditional promises to give, which depend on the occurrence of a specified future and uncertain event to bind the promisor, are recorded when the conditions on which they depend are substantially met.

Net assets: Net assets are classified as unrestricted, temporarily restricted, or permanently restricted. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Temporarily restricted net assets are contributions with temporary, donor-imposed time or purpose restrictions. Temporarily restricted net assets become unrestricted when the time restrictions expire or the contributions are used for their restricted purpose at which time they are reported in the statement of activities as net assets released from restrictions. Permanently restricted net assets represent contributions received subject to donor restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization has no permanently restricted net assets at December 31, 2017 or 2016.

Note 1. Organization and Significant Accounting Policies (Continued)

Non-controlling interest in consolidated subsidiary: The non-controlling interest represents the equity interest in CCIF, exclusive of OFN's interest. OFN consolidates CCIF's financial statements as OFN is the managing member and presumed to control the entity as the non-managing member does not have substantive kick-out rights or substantive participating rights.

Other revenue: Dues are billed on a calendar year basis for the current year. Fee revenue for contracted services is recognized as services are provided. Fee revenue for conferences and events are recognized when the event is held.

Sponsorships: Sponsorships are considered exchange transactions and are recognized as revenue when the related event occurs.

Grants to others: Unconditional grants to be awarded to others are recorded as an expense and a liability when approved by the Organization and communicated (promised) to the grantee.

Donated goods and services: OFN recognizes donated services that either create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. OFN recognized donated legal services in the amounts of $105,000 and $68,500 in 2017 and 2016, respectively. These amounts are included in donations and in-kind services in the statements of activities.

Operating, capital and pass-through grants: Operating revenue and support include revenue from operating lines of business and grants for operating expenses. Operating expenses include all expenses of the Organization with the exception of pass-through grants to CDFIs.

Capital grants and support are restricted by the donor or designated by the board for lending capital, which will be used to finance CDFIs or otherwise support the Organization's lending activity.

Re-granting or pass-through grants (revenue and expenses) are defined as grants and donations that the Organization receives from donors that are restricted to re-granting to CDFIs. In 2017 and 2016, pass-through grant revenue and corresponding pass-through grant expenses relate to the Awards and CDFI capacity building programs.

Program support expenses: The expense line item for Program Support includes all third party expenses except contractor fees, professional services, and occupancy. These include event-related costs; travel and meals; staff development; vendors; memberships; public relations; technology; publications; board-related expenses; recruiting expense; and office expenses.

Functional allocation of expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income taxes: OFN is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, OFN qualifies for charitable contribution deductions and has been classified as an organization that is not a private foundation. Income which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. The Organization had no net unrelated business income for the years ended December 31, 2017 and 2016, respectively. NCCA General Partner, LLC and OFN GP, LLC are wholly owned limited liability companies of OFN and are disregarded entities for income tax purposes.

Note 1. Organization and Significant Accounting Policies (Continued)

Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements. Consequently, no accrual for interest and penalties was deemed necessary for the years ended December 31, 2017 and 2016. The Organization files tax returns in the U.S. federal and state jurisdictions. Generally, the Organization is no longer subject to tax examination by the U.S. federal or state tax authorities for years before 2014.

CCIF, a consolidated subsidiary of OFN, is a Delaware Limited Liability Company. CCIF has elected to be treated as a pass-through entity for income tax purposes and as such, is not subject to income taxes. Rather, all items of taxable income, deductions, gains, and losses are passed through to and are reported by its members on their respective income tax returns. CCIF is not required to take any tax positions in order to qualify as a pass-through entity. CCIF is required to file and does file tax returns with the U.S. federal and state jurisdictions.

Recent accounting pronouncements adopted: In January 2017, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2017-02, *Not-for-Profit Entities–Consolidation (Subtopic 958-810): Clarifying When a Not-for-Profit Entity That Is a General Partner Should Consolidate a For-Profit Limited Partnership or Similar Entity*. This ASU amends the consolidation guidance in Subtopic 958-810 to maintain current practice. Therefore, under the amendments, a not-for-profit entity that is a general partner continues to be presumed to control a for-profit limited partnership, regardless of the extent of its ownership interest, unless that presumption is overcome. The presumption is overcome if the limited partners have either substantive kick-out rights or substantive participating rights. To be substantive, the kick-out rights must be exercisable by a simple majority vote of the limited partners' voting interests or a lower threshold. ASU 2017-02 is effective for not-for-profit entities for fiscal years beginning after December 15, 2016, with early adoption permitted. OFN adopted this ASU during the year ended December 31, 2017. As a result, OFN consolidated a for-profit limited liability company in which it is the managing member.

The Organization is currently evaluating the effect that the following updated standards will have on the financial statements.

Recent accounting pronouncements not yet adopted: In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB voted to delay the effective date of the proposed standard (ASU 2015-14, *Revenue from Contracts with Customers*, Deferral of the Effective Date). The updated standard will be effective for annual reporting periods beginning after December 15, 2018.

In January 2016, FASB issued ASU 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities.* ASU 2016-01 includes a number of amendments that address certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. One of the amendments eliminates the requirement to disclose the fair value of financial instruments measured at amortized cost for entities that are not public business entities. OFN has previously elected to early adopt this amendment described above. The other amendments in this update are effective for the Organization for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. The Organization is currently evaluating effect on the financial statements of adopting the other amendments included in ASU 2016-01.

Note 1. Organization and Significant Accounting Policies (Continued)

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842) which supersedes FASB ASC Topic 840, *Leases* (Topic 840) and provides principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than twelve months regardless of classification. Leases with a term of twelve months or less will be accounted for similar to existing guidance for operating leases. Lessor accounting is mostly unchanged from the current model, but updated to align with certain changes to the lessee accounting model and the new revenue recognition standard. The ASU is effective for annual reporting periods beginning after December 15, 2019, with early adoption permitted.

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 assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of income as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, “net assets with donor restrictions” and “net assets without donor restrictions,” and expands disclosures about the nature and amount of any donor restrictions. ASU 2016-14 is effective for annual periods beginning after December 15, 2017 and interim periods within fiscal years beginning after December 15, 2018, with early adoption permitted.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. ASU 2016-15 provides guidance on how certain cash receipts and cash payments should be presented and classified in the statement of cash flows with the objective of reducing existing diversity in practice with respect to these items. ASU 2016-15 is effective for annual periods, and interim periods within those years, beginning after December 15, 2017. Early adoption is permitted. ASU 2016-15 requires a retrospective transition method. However, if it is impracticable to apply the amendments retrospectively for some of the issues, the amendments for those issues would be applied prospectively as of the earliest date practicable.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force)*, which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. ASU 2016-18 is effective for annual periods beginning on January 1, 2019. ASU 2016-18 must be applied using a retrospective transition method with early adoption permitted.

Reclassifications: Certain reclassifications were made in the 2016 financial statement to conform to the current year presentation with no effect on the changes in net assets or net assets.

Note 2. Investments

Investments consisted of the following at December 31:

	2017	2016
U.S. Treasury Securities	$ 798,639	$ 640,155
U.S. Government Agency Securities	1,116,258	1,145,474
Corporate Bonds	1,942,935	2,429,544
Other Marketable Securities	620	620
	$ 3,858,452	$ 4,215,793
Short-term investments	$ 835,785	$ 659,112
Long-term Investments	3,022,667	3,556,681
	$ 3,858,452	$ 4,215,793

Note 3. CDFI and Other Investments

CDFI and other investments consisted of the following at December 31:

	2017	2016
Certificates of deposit (CDFI)	$ 4,000,000	$ 4,000,000
Investments in new markets tax credit entities (Note 13)	1,500	1,851
	$ 4,001,500	$ 4,001,851

The Certificates of Deposit are carried at cost. Investments in new markets tax credit entities are accounted for on the equity method.

Note 4. Fair Value Measurements

Fair value on a recurring basis: The following presents the assets reported on the statements of financial position at their fair value as of December 31, by level:

	2017	Level 1	Level 2	Level 3
Investments:				
U.S. Treasury Securities	$ 798,639	$ 798,639	$ -	$ -
U.S. Government Agency Securities	1,116,258	-	1,116,258	-
Corporate Bonds	1,942,935	-	1,942,935	-
Other Marketable Securities	620	-	620	-
	$ 3,858,452	$ 798,639	$ 3,059,813	$ -

	2016	Level 1	Level 2	Level 3
Investments:				
U.S. Treasury Securities	$ 640,155	$ 640,155	$ -	$ -
U.S. Government Agency Securities	1,145,474	-	1,145,474	-
Corporate Bonds	2,429,544	-	2,429,544	-
Other Marketable Securities	620	-	620	-
	$ 4,215,793	$ 640,155	$ 3,575,638	$ -

Investments: The fair value of these securities is the market value provided by recognized broker dealers based upon quoted prices for identical securities (Level 1) or for similar securities (Level 2).

Other investments: The fair value of other investments is generally based upon the ending capital value evidenced by the issuers' K-1 or audited financial statements. In some instances, the equity method is used as most closely approximating fair value.

There was no change in the valuation techniques used to measure fair value of investments and other investments in the years ended December 31, 2017 and 2016.

The changes in investments measured at fair value for which the Organization used Level 3 inputs to determine fair value are as follows for the years ended December 31:

	2017	2016
Balance, beginning of year	$ -	$ 108,187
Transfers into Level 3	-	-
Transfers out of Level 3	-	-
Net realized gain/(loss)	-	-
Net change in realized gain	52,794	23,702
Repayments of investments	-	-
Distributions from investments	(52,794)	(131,889)
Balance, end of year	$ -	$ -

There were no assets or liabilities that were measured at fair value on a non-recurring basis as of December 31, 2017 or 2016.

Note 5. Loans Receivable

Loans receivable at December 31 are as follows:

	2017	2016
Loans to CDFIs	$ 122,239,977	$ 118,948,520
Participation loans with CDFIs:		
Manufactured Housing	885,101	1,925,373
Healthcare	332,526	-
Healthy Foods	2,000,000	2,000,000
	3,217,627	3,925,373
	125,457,604	122,873,893
Less: Amortized loan fees	31,616	7,864
Less: Allowance for loan losses	4,284,590	4,222,650
	$ 121,141,398	$ 118,643,379

Loans to CDFIs are primarily unsecured loans for which interest on loans is calculated using the simple interest method on principal amounts outstanding. In most cases, quarterly payments of interest only, with rates ranging from 2.50 percent to 5.50 percent, are due during the term of the loans with lump sum repayments of principal due upon maturity. Maturities vary through 2026.

Other loans consist of loan participations purchased from member CDFIs. These are amortizing loans with interest rates ranging from 4.88% to 7.00% and secured by the land, real estate, infrastructure, and/or improvements. The loans are set to mature from 2018 to 2022. The weighted average interest rate on all loans receivable was 3.40% and 3.50% for the years ended December 2017 and 2016, respectively.

Note 6. Credit Quality

Loan origination / risk management: OFN has lending policies and procedures in place that are designed to provide financing capital to support CDFIs within an acceptable level of risk. Management reviews and updates these policies and procedures on a regular basis. The Board of Directors approves any changes to policies. A reporting system supplements the review process by providing management with monthly, quarterly, and annual reports related to loan quality, concentrations of credit, loan delinquencies, and non-performing and potential problem loans. Diversification in the loan portfolio by borrower, purpose, geography, and loan type is a means of managing risk associated with fluctuations in economic conditions.

OFN finances loans to, and in participation with, member CDFIs. For loans to CDFIs, the OFN conducts an analysis of the CDFI's capital structure, asset quality, earnings, operating cash flows, management, liquidity, and impact, as well as the structure of the loan. For participation loans, OFN conducts an analysis of both the member CDFI as well as evaluates the end project's mission, financial status and projections, cash flows, loan structure, and collateral coverage.

Note 6. Credit Quality (Continued)

Age analysis of past due loans: The following tables represent an aging of loans by category as of December 31, 2017 and 2016. All of the loans were current as to principal and/or interest payments contractually due.

2017	30 - 59 Days Past Due	60 - 89 Days Past Due	90+ Days and Still Accruing	Total Past Due	Current	Total Loans	Non-accrual
CDFI loans	$ -	$ -	$ -	$ -	$ 122,239,977	$ 122,239,977	$ -
Participation loans:							
Manufactured Housing	-	-	-	-	885,101	885,101	-
Healthcare	-	-	-	-	332,526	332,526	-
Healthy Foods	-	-	-	-	2,000,000	2,000,000	-
	$ -	$ -	$ -	$ -	$ 125,457,604	$ 125,457,604	$ -

2016	30 - 59 Days Past Due	60 - 89 Days Past Due	90+ Days and Still Accruing	Total Past Due	Current	Total Loans	Non-accrual
CDFI loans	$ -	$ -	$ -	$ -	$ 118,948,520	$ 118,948,520	$ -
Participation loans:							
Manufactured Housing	-	-	-	-	1,925,373	1,925,373	-
Charter Schools	-	-	-	-	-	-	-
Healthy Foods	-	-	-	-	2,000,000	2,000,000	-
	$ -	$ -	$ -	$ -	$ 122,873,893	$ 122,873,893	$ -

Credit quality indicators: OFN assigns internal credit classifications at the inception of each loan. These ratings are reviewed by OFN management on a quarterly or annual basis as well as periodic internal reviews when loans are renewed or if the borrower experiences delinquencies in contractual expectations that would cause a downgrade in the quality of the loan. The following definitions summarize the basis for each classification.

Outstanding: credit classification reflects little to no credit risk. This assessment is supported by the borrower's superior asset quality, capitalization, liquidity, and earnings capacity.

Strong: credit classification reflects minimal credit risk. Borrowers in this category show overall solid asset quality with stable or improving delinquencies, substantial net assets, low leverage, surpluses from operations, and stable liquidity.

Acceptable: credit classification reflects moderate credit risk. Overall, minimum underwriting standards will be met as supported in satisfactory asset quality and performance, adequate capitalization, and limited, but sufficient liquidity.

Acceptable with care: credit classification reflects borrowers with potential weaknesses that require more frequent staff attention. Watch credits are considered acceptable quality, but may have some, but not all of the characteristics of a substandard credit.

Substandard: credit classification reflects borrowers with identifiable risks which require OFN Management's close attention. Deterioration in asset quality, capitalization, earnings, or incidence of operating deficits reflect potential weakness. If left uncorrected, performance may result in deterioration of the repayment prospects at some future date. Potential for credit loss will need to be assessed on a case-by-case basis.

Note 6. Credit Quality (Continued)

Doubtful: credit classification reflects inherent weaknesses of a substandard credit, plus added characteristics that make collection on the basis of currently existing facts and conditions that are highly questionable. There exists possibility of loss if identified deficiencies are not corrected. However, important and reasonably specific pending factors may work to the advantage and strengthening of the credit. Potential for credit loss will need to be assessed on a case-by-case basis.

The following tables summarize the portfolio by category of loan and the internally assigned credit quality ratings for those categories at December 31, 2017 and 2016, excluding deferred loan costs.

		Participation Loans			
2017	CDFI Loans	Manufactured Housing	Healthcare	Healthy Foods	Total
Outstanding	$ -	$ -	$ -	$ -	$ -
Strong	42,045,459	-	-	-	42,045,459
Acceptable	76,394,518	885,101	332,526	2,000,000	79,612,145
Acceptable with care	3,800,000	-	-	-	3,800,000
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
	$ 122,239,977	$ 885,101	$ 332,526	$ 2,000,000	$ 125,457,604

		Participation Loans			
2016	CDFI Loans	Manufactured Housing	Charter School	Healthy Foods	Total
Outstanding	$ -	$ -	$ -	$ -	$ -
Strong	41,295,459	544,804	-	-	41,840,263
Acceptable	71,903,061	899,859	-	2,000,000	74,802,920
Acceptable with care	5,750,000	480,710	-	-	6,230,710
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
	$ 118,948,520	$ 1,925,373	$ -	$ 2,000,000	$ 122,873,893

Note 6. Credit Quality (Continued)

Allowance for loan losses: The following tables summarize the allowance for loan losses as of and for the years ended December 31, 2017 and 2016, by loan category and the amount by category of the loans evaluated individually or collectively for impairment.

	2017				
		Participation Loans			
	CDFI Loans	Manufactured Housing	Healthcare	Healthy Foods	Total
Allowance for loan losses:					
Beginning balance	$ 4,076,250	$ 71,400	$ -	$ 75,000	$ 4,222,650
Charge-offs	-	-	-	-	-
Recoveries	-	-	-	-	-
Provision for loan losses	87,679	(38,209)	12,470	-	61,940
Ending Balance	$ 4,163,929	$ 33,191	$ 12,470	$ 75,000	$ 4,284,590

	2016				
		Participation Loans			
	CDFI Loans	Manufactured Housing	Charter School	Healthy Foods	Total
Allowance for loan losses:					
Beginning balance	$ 3,508,415	$ 97,151	$ 66,065	$ 75,000	$ 3,746,631
Charge-offs	(1,691)	-	-	-	(1,691)
Recoveries	-	-	-	-	-
Provision for loan losses	569,526	(25,751)	(66,065)	-	477,710
Ending Balance	$ 4,076,250	$ 71,400	$ -	$ 75,000	$ 4,222,650

The following is a summary of the current and noncurrent portions of the allowance for loans losses at December 31:

	2017	2016
Current	$ 476,563	$ 140,625
Noncurrent	3,808,027	4,082,025
	$ 4,284,590	$ 4,222,650

The allowance for loan losses as a percentage of loans outstanding was 3.3% of OFN's loan portfolio at both the years ended December 31, 2017 and 2016.

The allowance for loan losses is based on management's estimates of the credit worthiness of its borrowers, current economic conditions, and historical information. Ultimate losses, however, may vary materially from current estimates. Management reviews these estimates on an ongoing basis and, as changes become necessary, adjusts the provision accordingly. The Finance Committee and the Board of Directors review the portfolio and loan loss reserves at least annually.

Impaired loans include loans modified in TDRs 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. At December 31, 2017 and 2016, OFN had no loans classified as impaired or as TDRs.

Note 6. Credit Quality (Continued)

Loans to related interests: OFN extends loans to CDFIs in accordance with its Financing and Portfolio Management Policies. Consistent with these policies, OFN may extend loans to organizations whose representatives are elected to OFN's Board of Directors by OFN's members; however, no Board member sits on the Investment Committee that approves all loans. During the years ended December 31, 2017 and 2016, there was one new loan made to related interests and one loan renewed totaling $800,000. At December 31, 2017 and 2016, loans in the amounts of approximately $12.2 million and approximately $11.8 million, respectively, were receivable from CDFIs whose representatives are members of OFN's Board of Directors during 2017 and 2016, respectively.

Note 7. Equity Equivalent Investments

As of December 31, 2017, CCIF had $2.9 million in EQ2 investments outstanding to eight CDFIs. The EQ2s are unsecured and due in 2027, with two one-year options to extend the maturity date. All EQ2s carry an interest rate of 3.0% and interest is paid quarterly. As of December 31, 2017, all EQ2s were current on payments. The EQ2s were underwritten based on credit quality and considerations related to geography.

Management evaluates periodically for impairment. No impairment was noted as of December 31, 2017.

Note 8. Grants Receivable

Grants were receivable from the following organizations at December 31:

	2017	2016
Goldman Sachs	$ 223,400	$ -
BBVA Compass Foundation	272,000	300,000
Healthcare Georgia Foundation	20,000	350,000
Other	-	157,500
	$ 515,400	$ 807,500

Grants receivable are due in the normal course of the Organization's operations and are unsecured. Grants receivable are due to be collected as follows at December 31:

	2017	2016
Receivable in one year or less	$ 515,400	$ 807,500
Receivable in 1 - 5 years	-	-
	$ 515,400	$ 807,500

In addition, the Organization has a conditional grant receivable from Goldman Sachs in the amount of $246,600 that is conditional on the occurrence of a specified future and uncertain event. As such, the conditional grant receivable is not reflected above.

Note 9. Fixed Assets

Fixed assets consist of the following at December 31:

	2017	2016
Equipment	$ 726,074	$ 717,540
Furniture and fixtures	206,956	206,956
Software	69,705	29,055
Leasehold improvements	14,942	12,262
	1,017,677	965,813
Less: accumulated depreciation	869,870	784,036
	$ 147,807	$ 181,777

Total depreciation expense for the years ended December 31, 2017 and 2016 was $85,834 and $77,127, respectively.

Note 10. Notes Payable

Following is a summary of notes payable at December 31:

Lender	Interest Rate	Final Maturity Date	Amount 2017	Amount 2016
Bank of America	2.50%	December 2024	$ 10,500,000	$ 10,500,000
Bank of America	1.00%	March 2022	4,250,000	4,250,000
Calvert Social Investment Foundation	3.50%	May 2021	3,000,000	3,000,000
Calvert Social Investment Foundation	3.50%	May 2021	2,000,000	2,000,000
Capital One	1.00%	January 2019	1,000,000	1,000,000
Dignity Health (formerly Catholic Healthcare West)	2.50%	June 2021	1,000,000	1,000,000
John D. and Catherine T. MacArthur Foundation	1.00%	October 2022	25,000,000	25,000,000
John D. and Catherine T. MacArthur Foundation	1.00%	December 2024	5,000,000	5,000,000
NY Quarterly Meeting of the Religious Society of Friends	2.25%	October 2018	100,000	100,000
NY Quarterly Meeting of the Religious Society of Friends	3.00%	March 2017	-	250,000
NY Quarterly Meeting of the Religious Society of Friends	2.25%	April 2017	-	150,000
NY Quarterly Meeting of the Religious Society of Friends	3.15%	March 2019	500,000	-
PNC Bank	2.75%	March 2022	7,500,000	7,500,000
Presbyterian Church (USA) Foundation	2.00%	November 2025	1,000,000	1,000,000
Prudential Foundation	1.00%	January 2027	5,000,000	5,000,000
Republic Bank	3.00%	September 2020	500,000	-
The Ford Foundation	1.00%	May 2017	-	1,000,000
The Ford Foundation	1.00%	June 2018	1,000,000	2,000,000
The Kresge Foundation	1.00%	December 2022	10,000,000	10,000,000
Deutsche Bank Trust Company Americas (a)	LIBOR + 2.00%	December 2020	3,000,000	5,000,000
Other	2.00% - 2.75%	January 2018 to June 2022	800,000	1,200,000
			$ 81,150,000	$ 84,950,000
Current portion of notes payable			$ 1,200,000	$ 2,875,000
Note payable, noncurrent			79,950,000	82,075,000
			$ 81,150,000	$ 84,950,000

(a) At December 31, 2017, undrawn amount of the total borrowing available under this revolving line of credit was $7 million.

Note 10. Notes Payable (Continued)

The weighted average interest rate on loans payable was 1.70% for both years ended December 31, 2017 and 2016.

Some of OFN's loan agreements include financial covenants, including current ratios, loan loss reserve ratios, net operating income, and net worth requirements. There are also various reporting requirements. As of December 31, 2017, OFN was in full compliance with all financial covenants to which it was subject.

The minimum annual repayment requirements on notes payable and other liabilities (Note 11) as of December 31, 2017 are as follows:

Years ending December 31:	
2018	$ 1,200,000
2019	8,325,000
2020	12,200,000
2021	18,850,000
2022	21,575,000
Thereafter	26,000,000
	$ 88,150,000

Note 11. Other Liabilities

Other Liabilities are comprised of Equity Equivalent investments (EQ2). An EQ2 investment has a renewable long-term maturity or an indefinite evergreen maturity term as of the closing date, has limited call provisions, and is fully subordinate to all other OFN liabilities. Additional information on EQ2 investments is described in a letter published by the Office of the Comptroller of the Currency on June 27, 1996 and in a technical memo published by OFN in 2001, "An Equity Equivalent Primer." In October 2014, OFN renegotiated the terms of $2 million EQ2 to increase the available amount from $2 million at 4.00 percent to $5 million at 2.00 percent and converted the EQ2 term from that of a perpetual maturity to a 10-year defined term with a 2-year principal repayment period if Wells Fargo elects not to renew the EQ2 after 10 years. As of December 31, 2015, OFN had fully drawn down on the $5 million EQ2. On September 4, 2015, OFN signed a new EQ2 agreement for $1.0 million with 2.0 percent interest rate maturing 2026. On December 4, 2017, OFN signed a new EQ2 agreement for $1.0 million with 2.0 percent interest rate maturing 2029.

Following is a summary of the equity equivalent investments at December 31:

				Amount	
Lender	Repayment Terms	Interest Rate	Maturity Date	2017	2016
Wells Fargo	Quarterly interest only	2.00%	October 2026	$ 5,000,000	$ 5,000,000
Wells Fargo	Quarterly interest only	2.00%	April 2026	1,000,000	1,000,000
Wells Fargo	Quarterly interest only	2.00%	December 2029	1,000,000	-
				$ 7,000,000	$ 6,000,000

Note 12. Functional Expenses

Total expenses per the statements of functional expenses are reflected in the statements of activities as follows for the years ended December 31:

	2017	2016
Included in net financing income	$ 1,548,077	$ 1,763,145
Operating expenses	9,492,242	11,797,964
Expenses - pass-through grants	160,000	925,000
	$ 11,200,319	$ 14,486,109

The general and administrative category includes fundraising expenses of $448,843 and $402,540 for the years ended December 31, 2017 and 2016, respectively. The 2017 breakout of expenses, as a percentage of total functional expenses, are as follows: program expenses (84.2%), general and administrative expenses (11.8%), and fundraising expenses (4.0%). The 2016 breakout of expenses, as a percentage of total functional expenses, are as follows: program expenses (84.2%), general and administrative expenses (13.0%), and fundraising expenses (2.8%).

During 2016, OFN incurred CEO transition and other legal costs totaling $898,057. These costs are included in functional expense classification of general and administrative expenses and in natural expenses of program support, professional fees, salary, payroll taxes and benefits expenses. In June 2016, OFN's long-time President and CEO stepped down. The Board appointed the CFO to serve as Interim CEO until a search for a new CEO was completed in March 2017. Total 2016 unbudgeted transition costs included: CEO search fess, CEO and staff separation/transition costs, legal fees, public relations consultancy fees, and board costs related to the CEO search and transition activities.

Note 13. Net Assets

Unrestricted net assets as of December 31 were as follows:

	2017	2016
Unrestricted net assets	$ 48,791,739	$ 48,374,651
Non-controlling interest in consolidated subsidiary	2,651,468	-
Total unrestricted net assets	$ 51,443,207	$ 48,374,651

On February 3, 2017, OFN's Board of Directors approved the full reclassification of designated unrestricted net assets for financing of $23,621,238 to unrestricted net assets. The change was made retroactive to December 31, 2016.

The non-controlling interest in consolidated subsidiary represents Woodforest's capital account in CCIF of $2,651,468 as of December 31, 2017. OFN presents the non-controlling interest in CCIF, its consolidated subsidiary, as a separate line item within net assets in the statement of financial position. The net income of CCIF for the year ended December 31, 2017 was $16,614, of which $1,510 was allocated to OFN (managing member) and $15,104 was allocated to Woodforest (non-managing member). Woodforest made capital contributions of $2,636,364 as of December 31, 2017. Any income received, including interest and principal payments, net of expenses and reinvestment options, shall be distributed on a quarterly basis; provided that OFN, as managing member, will be entitled to withhold distribution amounts necessary for (i) creating reserves for reasonable and expenses (ii) creating reasonable reserves for repayment of indebtedness, and (iii) fund a loan loss reserve. Each distribution would be made to members in proportion to their respective percentage interest. Any loss or deduction would be allocated to member's capital accounts in a manner consistent with distributions.

Note 13. Net Assets (Continued)

Temporarily restricted net assets at December 31 consist of the following:

	January 1, 2017	Grants and Contributions	Grant Modification	Net Assets Released	December 31, 2017
Operating:					
Program support	$ 2,021,378	$ 904,400	$ 37,000	$ (1,965,840)	$ 996,938
Total operating	2,021,378	904,400	37,000	(1,965,840)	996,938
Financing:					
CDFI Financing Capital	666,634	-	-	(145,988)	520,646
NEXT Awards Financing Capital	250,000	-	-	-	250,000
Total financing	916,634	-	-	(145,988)	770,646
Re-granting					
CDFI Capacity Building	197,000	-	(37,000)	(160,000)	-
Total re-granting	197,000	-	(37,000)	(160,000)	-
Total temporarily restricted net assets	$ 3,135,012	$ 904,400	$ -	$ (2,271,828)	$ 1,767,584

	January 1, 2016	Grants and Contributions	Grant Modification	Net Assets Released	December 31, 2016
Operating:					
Program support	$ 3,238,793	$ 3,039,755	$ -	$ (4,257,170)	$ 2,021,378
Total operating	3,238,793	3,039,755	-	(4,257,170)	2,021,378
Financing:					
CDFI Financing Capital	1,088,752	-	-	(422,118)	666,634
CDFI Healthy Foods Financing Capital	1,600,000	-	-	(1,600,000)	-
NEXT Awards Financing Capital	11,468,181	-	250,001	(11,468,182)	250,000
Total financing	14,156,933	-	250,001	(13,490,300)	916,634
Re-granting					
Awards Pass-Through Grants	1,150,001	25,000	(250,001)	(925,000)	-
CDFI Capacity Building	-	197,000	-	-	197,000
Total re-granting	1,150,001	222,000	(250,001)	(925,000)	197,000
Total temporarily restricted net assets	$18,545,727	$ 3,261,755	$ -	$ (18,672,470)	$ 3,135,012

Note 14. New Markets Tax Credit Program

In 2004, OFN received a NMTC program allocation of $8,000,000 from the Community Development Financial Institutions Fund of the U.S. Department of Treasury. OFN formed CDFI Tax Credit Fund I, LP to obtain designated equity investments from investors and make qualified investments in community development entities in accordance with the terms under the NMTC program. NCCA General Partner, LLC operates as the general partner of CDFI Tax Credit Fund I, LP.

As a .01 percent general partner, NCCA General Partner, LLC, is entitled to .01 percent of any income of CDFI Tax Credit Fund I, LP. In addition, as general partner, NCCA General Partner, LLC, is entitled to an annual management fee of 0.5 percent of the aggregate amount of the Qualified Equity Investments. In 2017 and 2016, NCCA General Partner, LLC earned $33,716 and $33,716, respectively, of management fees related to qualified equity investments under management.

NCCA General Partner, LLC's investment of $0 and $851, respectively, at December 31, 2017 and 2016 in CDFI Tax Credit Fund I, LP is accounted for under the equity method of accounting and included in other investments.

CDFI Tax Credit Fund I, LP dissolved in fourth quarter 2017. The following is a summary of the financial information of CDFI Tax Credit Fund I, LP as of and for the years ended December 31:

	2017	2016
Total assets	$ -	$ 6,561,735
Total liabilities	-	2,810
Partners' capital	-	6,558,925
Total revenue	295,140	167,982
Total expenses	28,096	33,716
Net income	267,044	134,266
Partner distributions	6,825,969	101,340

As part of the NMTC transaction, OFN has provided a guarantee to the investors and administrative partner in the event OFN or its affiliates cause an NMTC recapture event. The guarantee obligation is limited to the amount of fees that have been paid to OFN as part of the NMTC transaction ($880,000). The seven-year compliance and recapture period ended in 2015; therefore, OFN no longer has a contingent liability under this transaction.

In 2013, OFN received a NMTC program allocation for Round 10 of $15,000,000 from the CDFI Fund of the U.S. Department of Treasury (CDFI Fund). OFN formed the following five entities to receive and manage new allocations under the NMTC program: Opportunity Fund I, LP, Opportunity Fund II, LP, Opportunity Fund III, LP, Opportunity Fund IV, LP, and Opportunity Fund V, LP. NCCA General Partner, LLC also serves as the general partner for these five new entities. In December 2013, OFN applied for and subsequently received CDE certification for all five newly-formed entities from the CDFI Fund.

In December 2014, OFN closed a $5,000,000 transaction under its Round 10 NMTC $15,000,000 allocation, through Opportunity Fund I, LP, in partnership with Community Health Center Capital Fund, for a NMTC-related financing to a Qualified Low Income Community Business that owns a Medical Facility located in Ironton, OH.

In December 2014, OFN closed a second $5,000,000 transaction under its Round 10 NMTC $15,000,000 allocation, through Opportunity Fund II, LP, in partnership with Leviticus 25:32 Alternative Fund, for a NMTC-related financing to a Qualified Low Income Community Business that owns a Community Health Center located in Brockton, MA.

Note 14. New Markets Tax Credit Program (Continued)

In April 2016, OFN closed a third $5,000,000 transaction under its Round 10 NMTC $15,000,000 allocation, through Opportunity Fund III, LP, in partnership with South Carolina Community Loan Fund, for a NMTC-related financing to a health foods-related grocery-anchored community shopping center called the Renaissance Shops, located in Greensboro, NC, which was identified as a USDA designated Food Desert.

As a .01 percent general partner, NCCA General Partner, LLC, is entitled to .01 percent of any income of Opportunity Fund I, LP, Opportunity Fund II, LP, and Opportunity Fund III, LP. In addition, as general partner, NCCA General Partner, LLC, is entitled to an annual management fee of 0.5 percent of the aggregate amount of the Qualified Equity Investments. In 2017 and 2016, NCCA General Partner, LLC earned $76,291 and 33,716, respectively, in management fees related to qualified equity investments under management.

NCCA General Partner, LLC's investment in Opportunity Fund I, LP, Opportunity Fund II, LP and Opportunity Fund III, LP is accounted for under the equity method of accounting. OFN's contributions in the amount of $500 for each entity is included in CDFI and other investments on the statements of financial position.

The following is a summary of the combined unaudited financial information of Opportunity Fund I, LP, Opportunity Fund II, LP, and Opportunity Fund III, LP, as of and for the years ended December 31:

	2017	2016
Total assets	$ 14,925,407	$ 14,973,375
Total liabilities	8,750	14,250
Partners' capital	14,916,657	14,959,125
Total revenue	459,552	446,669
Total expenses	88,856	88,858
Net income	370,696	357,811
Partner contributions	-	5,000,500
Partner distributions	413,164	400,319

As part of the three $5,000,000 NMTC transactions, OFN provided a guarantee to the investors and administrative partner in the event OFN or its affiliates cause an NMTC recapture event. The guarantee obligation is limited to the amount of fees that have been paid to OFN as part of the NMTC transaction. Management of OFN believes the likelihood that OFN will become obligated under this contingent liability is remote.

Note 15. Commitments and Contingencies

OFN leases its offices in Philadelphia, PA and Washington, DC under non-cancelable operating leases. For the years ended December 31, 2017 and 2016, total rental expenses under leases amounted to approximately $370,519 and $346,857, respectively.

At December 31, 2017, OFN was obligated under its non-cancelable operating lease arrangements, for all office facilities as follows:

Years ending December 31:	
2018	$ 381,634
2019	393,083
2020	347,718
2021	72,361
2022	74,532
Thereafter	264,697
	$ 1,534,025

In connection with the lease, OFN has an irrevocable bank standby letter of credit, expiring November 25, 2018 in the amount of $30,933. A certificate of deposit in a similar amount is held by the same bank.

Commitments to extend credit amounted to $2,508,838 and $3,214,286 as of December 31, 2017 and 2016, respectively.

OFN has an employment agreement with its Chief Executive Officer and President, which expires in March 2019. The agreement renews annually subject to the terms of the agreement and provides for severance payments under certain circumstances.

Note 16. CDFI Fund Bond Guarantee Program

The CDFI Bond Guarantee Program (BGP or Bond Program) was enacted through the Small Business Jobs Act of 2010 (Public Law 111-240) on September 27, 2010. The legislation directs the Treasury Department to guarantee the full amount of bonds issued to support CDFIs that make investments for eligible community or economic development purposes. The bonds provide a source of long-term capital to CDFIs. The Federal Financing Bank, a financing arm of the U.S. Treasury, will purchase all of the bonds issued under the BGP, including the OFN Bonds, (detailed below) and the U.S. Treasury will guarantee repayment. The bonds will not be remarketed or sold to any other investors.

In 2013, the CDFI Fund approved OFN to serve as a Qualified Issuer and issue a $100 million 29.5-year bond on behalf of Clearinghouse CDFI, an Eligible CDFI under the Bond Program. In 2014, OFN and Clearinghouse CDFI executed bond documents. As of December 31, 2017 and 2016, Clearinghouse CDFI had drawn down the entire $100 million under this facility.

In 2015, the CDFI Fund approved OFN to serve as a Qualified Issuer and issue two bonds totaling $227 million 29.5-year bond on behalf of two groups of Eligible CDFIs under the Bond Program: (1) $100 million on behalf of Clearinghouse CDFI and (2) $127 million on behalf of the following seven CDFIs: Community Ventures Corporation, Community Loan Fund of New Jersey, Citizen Potawatomi Community Development Corporation, Bridgeway Capital, Inc., Federation of Appalachian Housing Enterprises, Inc., Kentucky Highlands Investment Corporation, and The Chicago Community Loan Fund. As of December 31, 2017 and 2016, $97,048,081 and $44,487,100 was drawn down under these two bond facilities.

Note 16. CDFI Fund Bond Guarantee Program (Continued)

In 2017, the CDFI Fund approved OFN to serve as a Qualified Issuer and issue a $145 million 29.5-year bond on behalf of one group of Eight Eligible CDFIs under the Bond Program: Building Hope, Coastal Enterprises, Inc., Community First Fund, Florida Community Loan Fund, Greater Minnesota Housing Fund, Homewise, Inc., Housing Trust Silicon Valley, and Impact Seven. As of December 31, 2017, $0 was drawn down under this bond facility.

OFN earned $1,055,788 and $209,366 in fees related to the Bond Program for the years ended December 31, 2017 and 2016, respectively.

All bonds issued by OFN, as Qualified Issuer, under the Bond Program are off-balance sheet transactions and 100 percent non-recourse obligation of OFN. The bonds are payable solely from the payments made by the Eligible CDFIs and their related collateral. The bonds are full-recourse, on-balance sheet transactions for the Eligible CDFIs. No bond proceeds or bond loan repayment proceeds flow through OFN or accounts controlled by OFN. As a Qualified Issuer, OFN's primary duties are as a program administrator, monitoring Eligible CDFIs' compliance with all Bond Program requirements.

Note 17. Deferred Compensation

OFN has a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers all employees of the organization. OFN contributed $26,923 and $27,508 for the years ended December 31, 2017 and 2016, respectively.

Note 18. Subsequent Events

Management has evaluated subsequent events through April 27, 2018, the date the financial statements were available to be issued and noted the following that would warrant disclosure in the financial statements.

On January 25, 2018, OFN executed new loan documents with CNote Group, Inc., a corporation that raises money from individuals interested in having a positive social impact. OFN will receive draws from the new loan throughout the year as CNote aggregates capital. As of March 31, 2018, OFN has $250,528 outstanding from CNote Group, Inc.

In February 2018, OFN submitted an application under the CDFI Fund Bond Guarantee Program for one bond totaling $150 million. This bond application is currently under due diligence by the CDFI Fund and has not yet been approved.

As of March 2018, the entire $5,500,000 Initial Round of capitalization of CCIF was committed to 14 CDFIs.

RSM

RSM US LLP

Independent Auditor's Report
on the Supplementary Information

To the Board of Directors
Opportunity Finance Network

We have audited the consolidated financial statements of Opportunity Finance Network and Subsidiaries as of and for the years ended December 31, 2017 and 2016, and have issued our report thereon, dated April 27, 2018, which contains an unmodified opinion on those financial statements. See pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position and activities of the individual entities and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

RSM US LLP

Blue Bell, Pennsylvania
April 27, 2018

Opportunity Finance Network and Subsidiaries

Consolidating Statement of Financial Position
December 31, 2017

	General	Financing	Total OFN (1)	CCIF	Elimination	Total
Assets						
Current assets:						
Cash and cash equivalents	$ 4,588,479	$ 4,648,724	$ 9,237,203	$ 17,767	$ -	$ 9,254,970
Certificates of deposit	31,872	-	31,872	-	-	31,872
Short-term investments	-	835,785	835,785	-	-	835,785
CDFI and other investments	-	250,000	250,000	-	-	250,000
Current portion of loans receivable, net of allowance for loan losses	-	11,898,437	11,898,437	-	-	11,898,437
Interest and other receivables	563,293	-	563,293	6,975	(8,128)	562,140
Grants receivable	515,400	-	515,400	-	-	515,400
Other assets	148,067	-	148,067	-	-	148,067
Total current assets	5,847,111	17,632,946	23,480,057	24,742	(8,128)	23,496,671
Noncurrent assets:						
Long-term investments	-	3,022,667	3,022,667	-	-	3,022,667
CDFI and other investments	1,500	4,013,636	4,015,136	-	(263,636)	3,751,500
Loans receivable, net of current portion and allowance for loan losses	-	109,242,961	109,242,961	-	-	109,242,961
Equity equivalent investment	-	-	-	2,900,000	-	2,900,000
Fixed assets, net	147,807	-	147,807	-	-	147,807
Total noncurrent assets	149,307	116,279,264	116,428,571	2,900,000	(263,636)	119,064,935
Total assets	$ 5,996,418	$ 133,912,210	$ 139,908,628	$ 2,924,742	$ (271,764)	$ 142,561,606
Liabilities and Net Assets						
Current liabilities:						
Accounts payable and accrued expenses	$ 1,052,065	$ -	$ 1,052,065	$ 8,128	$ (8,128)	$ 1,052,065
Deferred revenue	148,750	-	148,750	-	-	148,750
Current portion of notes payable	-	1,200,000	1,200,000	-	-	1,200,000
Total current liabilities	1,200,815	1,200,000	2,400,815	8,128	(8,128)	2,400,815
Noncurrent liabilities:						
Notes payable	-	79,950,000	79,950,000	-	-	79,950,000
Other liabilities	-	7,000,000	7,000,000	-	-	7,000,000
Total noncurrent liabilities	-	86,950,000	86,950,000	-	-	86,950,000
Total liabilities	1,200,815	88,150,000	89,350,815	8,128	(8,128)	89,350,815
Commitments and Contingencies						
Net assets:						
Unrestricted net assets	3,798,665	44,991,564	48,790,229	265,146	(263,636)	48,791,739
Non-controlling interest in consolidated subsidiary	-	-	-	2,651,468	-	2,651,468
Total unrestricted net assets	3,798,665	44,991,564	48,790,229	2,916,614	(263,636)	51,443,207
Temporarily restricted - Operating	996,938	-	996,938	-	-	996,938
Temporarily restricted - Re-granting	-	-	-	-	-	-
Temporarily restricted - Financing	-	770,646	770,646	-	-	770,646
Total temporarily restricted net assets	996,938	770,646	1,767,584	-	-	1,767,584
Total net assets	4,795,603	45,762,210	50,557,813	2,916,614	(263,636)	53,210,791
Total liabilities and net assets	$ 5,996,418	$ 133,912,210	$ 139,908,628	$ 2,924,742	$ (271,764)	$ 142,561,606

(1) Includes OFN, NCCA General Partner, LLC and OFN GP, LLC (dormant entity).

Opportunity Finance Network and Subsidiaries

Consolidating Statement of Activities
Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Total OFN (1)	CCIF	Elimination	Total
Operating revenue and support:						
Net financing income:						
Interest income - loans	$ 4,320,323	$ -	$ 4,320,323	$ 24,741	$ -	$ 4,345,064
Interest income - certificates of deposit (CDFI)	120,024	-	120,024	-	-	120,024
Less: Interest expense	(1,486,137)	-	(1,486,137)	-	-	(1,486,137)
Less: Provision for loan losses	(61,940)	-	(61,940)	-	-	(61,940)
Total net financing income	2,892,270	-	2,892,270	24,741	-	2,917,011
Other revenue and support:						
Dues	402,513	-	402,513	-	-	402,513
Fees - Registration	923,990	-	923,990	-	-	923,990
Fees - Strength	505,902	-	505,902	-	-	505,902
Fees - Financial Services	1,238,178	-	1,238,178	-	(7,097)	1,231,081
Sponsorships	1,372,650	-	1,372,650	-	-	1,372,650
Investment income	99,212	-	99,212	-	-	99,212
Grants - operating	200,000	904,400	1,104,400	-	-	1,104,400
Donations and in-kind services	130,925	-	130,925	-	-	130,925
Net assets released from restrictions	2,111,828	(2,111,828)	-	-	-	-
Total operating revenue and support	9,877,468	(1,207,428)	8,670,040	24,741	(7,097)	8,687,684
Operating expenses:						
Salaries, payroll taxes, and benefits	5,176,670	-	5,176,670	-	-	5,176,670
Contractor fees	978,243	-	978,243	-	-	978,243
Program support	2,505,503	-	2,505,503	8,127	(7,097)	2,506,533
Professional services	342,045	-	342,045	-	-	342,045
Occupancy	426,495	-	426,495	-	-	426,495
Operating grants - other	62,256	-	62,256	-	-	62,256
Total operating expenses	9,491,212	-	9,491,212	8,127	(7,097)	9,492,242
Operating excess (deficit)	386,256	(1,207,428)	(821,172)	16,614	-	(804,558)
Other changes - gain (loss) on investments:						
Net realized gain on investments	54,554	-	54,554	-	-	54,554
Net unrealized (loss) on investments	(25,232)	-	(25,232)	-	-	(25,232)
Change in net assets - operating	415,578	(1,207,428)	(791,850)	16,614	-	(775,236)

Continued

Opportunity Finance Network and Subsidiaries

Consolidating Statement of Activities
Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Total OFN (1)	CCIF	Elimination	Total
Non-operating revenue and support:						
Revenue and support - financing and pass-through grants:						
Grants - pass-through	$ -	$ -	$ -	$ -	$ -	$ -
Net assets released from restrictions	160,000	(160,000)	-	-	-	-
Total revenue and support - financing and pass-through grants	160,000	(160,000)	-	-	-	-
Expenses - financing and pass-through grants - grants to CDFIs	160,000	-	160,000	-	-	160,000
Change in net assets - financing and pass-through grants	-	(160,000)	(160,000)	-	-	(160,000)
Change in net assets before capital contributions	415,578	(1,367,428)	(951,850)	16,614	-	(935,236)
Capital contributions - managing member capital contribution	-	-	-	263,636	(263,636)	-
Capital contributions - non-controlling interest capital contribution	-	-	-	2,636,364	-	2,636,364
Change in net assets	415,578	(1,367,428)	(951,850)	2,916,614	(263,636)	1,701,128
Net assets:						
Beginning	48,374,651	3,135,012	51,509,663	-	-	51,509,663
Ending	$ 48,790,229	$ 1,767,584	$ 50,557,813	$ 2,916,614	$ (263,636)	$ 53,210,791

(1) Includes OFN, NCCA General Partner, LLC and OFN GP, LLC (dormant entity).