Nonprofit Finance Fund and Affiliates

Consolidated Financial Statements and
Uniform Guidance Schedules
Together With Independent Auditors' Reports

December 31, 2016 and 2015

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TABLE OF CONTENTS **Page**

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Independent Auditors' Report

Board of Directors
Nonprofit Finance Fund and Affiliates

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Nonprofit Finance Fund and Affiliates (the "Fund"), which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nonprofit Finance Fund and Affiliates as of December 31, 2016 and 2015, 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.

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Other Matters

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules of financial position and activities on pages 19 and 20 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2017, on our consideration of Nonprofit Finance Fund and Affiliates' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Nonprofit Finance Fund and Affiliates' internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

April 17, 2017

Nonprofit Finance Fund and Affiliates

Consolidated Statements of Financial Position

	December 31	
	2016	2015
ASSETS		
Cash and cash equivalents	$ 7,601,796	$ 10,769,814
Cash held as agent	4,988,631	4,397,257
Investments (Note 4)	702,967	700,270
Accounts receivables and other assets	1,893,528	5,098,506
Grants receivable, net (Note 5)	9,320,746	5,579,042
Loans receivable (Note 6)	74,257,725	62,745,297
Allowance for loan losses (Note 6)	(5,315,734)	(4,674,412)
Loans Receivable, net	68,941,991	58,070,885
Property and equipment, net (Note 7)	2,685,990	901,578
	$ 96,135,649	$ 85,517,352
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and other liabilities (Note 11)	$ 3,910,272	$ 1,753,718
Program specific loan payable (Note 8)	1,100,000	1,100,000
Cash held as agent	4,988,631	4,397,257
Loans payable (Note 8)	37,749,759	36,849,759
Total Liabilities	47,748,662	44,100,734
Net Assets		
Unrestricted (Note 2)	11,244,563	9,601,676
Temporarily Restricted (Note 9)		
Program fund	10,910,298	7,403,384
Grant fund	5,882,979	5,828,727
Loan fund capital	19,352,070	16,799,070
BFF fund	997,077	1,783,761
Total Temporarily Restricted	37,142,424	31,814,942
Total Net Assets	48,386,987	41,416,618
	$ 96,135,649	$ 85,517,352

See notes to consolidated financial statements

Nonprofit Finance Fund and Affiliates

Consolidated Statements of Activities

	Year Ended December 31, 2016			Year Ended December 31, 2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE						
Operating						
Grants	$ 37,380	$ 10,644,711	$ 10,682,091	$ 43,316	$ 4,863,136	$ 4,906,452
Investment income	4,210	247	4,457	7,284	499	7,783
Program fees	2,091,500	-	2,091,500	2,897,238	-	2,897,238
Donated services and other income	312,267	-	312,267	258,348	-	258,348
Net assets released from restrictions	7,824,598	(7,824,598)	-	5,643,346	(5,643,346)	-
Total Operating Revenue	10,269,955	2,820,360	13,090,315	8,849,532	(779,711)	8,069,821
Lending and Financing						
Loan and financing fees	2,005,914	-	2,005,914	1,788,676	-	1,788,676
Interest income, net of interest expense of $797,688 and $600,008	3,534,240	-	3,534,240	2,981,564	-	2,981,564
Total Lending and Financing Revenue	5,540,154	-	5,540,154	4,770,240	-	4,770,240
Total Revenue	15,810,109	2,820,360	18,630,469	13,619,772	(779,711)	12,840,061
EXPENSES						
Operating						
Salaries	7,829,793	-	7,829,793	7,070,432	-	7,070,432
Employee benefits and payroll taxes	1,800,355	-	1,800,355	1,696,899	-	1,696,899
Total Salaries and Related Expenses	9,630,148	-	9,630,148	8,767,331	-	8,767,331
Program consultants	639,329	-	639,329	661,757	-	661,757
Professional support	704,863	-	704,863	677,561	-	677,561
Occupancy	1,268,293	-	1,268,293	1,325,288	-	1,325,288
Administration	1,105,700	-	1,105,700	1,052,261	-	1,052,261
Bad debt expense	5,000	-	5,000	14,794	-	14,794
Depreciation and amortization	172,567	-	172,567	28,066	-	28,066
Total Operating Expenses	13,525,900	-	13,525,900	12,527,058	-	12,527,058
Lending and Financing						
Provision for loan losses	641,322	-	641,322	594,522	-	594,522
Total Expenses	14,167,222	-	14,167,222	13,121,580	-	13,121,580
Excess (Deficiency) of Revenue over Expenses before Other Capital Access and Related Activity	1,642,887	2,820,360	4,463,247	498,192	(779,711)	(281,519)
OTHER CAPITAL ACCESS AND RELATED ACTIVITY						
Contribution for Loan Fund	-	2,553,000	2,553,000	-	(218,071)	(218,071)
Contribution for Grant Fund	-	3,158,512	3,158,512	-	137,037	137,037
Net assets released from restrictions	3,204,390	(3,204,390)	-	1,773,777	(1,773,777)	-
Grants made	(3,104,260)	-	(3,104,260)	(1,650,177)	-	(1,650,177)
BFF contract disbursements	(100,130)	-	(100,130)	(123,600)	-	(123,600)
Change in Net Assets	1,642,887	5,327,482	6,970,369	498,192	(2,634,522)	(2,136,330)
NET ASSETS						
Beginning of year	9,601,676	31,814,942	41,416,618	9,103,484	34,449,464	43,552,948
End of year	$ 11,244,563	$ 37,142,424	$ 48,386,987	$ 9,601,676	$ 31,814,942	$ 41,416,618

See notes to consolidated financial statements

Nonprofit Finance Fund and Affiliates

Consolidated Statements of Cash Flows

	Year Ended December 31	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 6,970,369	$ (2,136,330)
Adjustments to reconcile change in net assets to net cash from operating activities		
Provision for loan losses	641,322	594,522
Bad debt expense	5,000	14,794
Depreciation and amortization	172,567	28,066
Changes in operating assets and liabilities		
Accounts receivables and other assets	(196,194)	(413,787)
Grants receivable	(3,746,704)	1,516,822
Accounts payable and other liabilities	2,156,554	749,003
Net Cash from Operating Activities	6,002,914	353,090
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1,956,979)	(880,004)
Loans disbursed during the year	(34,855,155)	(29,138,586)
Collections of loans receivable	23,342,727	20,414,242
Change in amounts held by loan servicer	3,401,172	(576,476)
Purchase of investments	(2,697)	(199,852)
Net Cash from Investing Activities	(10,070,932)	(10,380,676)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans	12,500,000	12,500,000
Repayment of loans	(11,600,000)	(6,857,384)
Net Cash from Financing Activities	900,000	5,642,616
Net Change in Cash and Cash Equivalents	(3,168,018)	(4,384,970)
CASH AND CASH EQUIVALENTS		
Beginning of year	10,769,814	15,154,784
End of year	$ 7,601,796	$ 10,769,814
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	$ 737,336	$ 584,408

See notes to consolidated financial statements

1. Organization and Tax Status

The accompanying consolidated financial statements include the accounts of the Nonprofit Finance Fund ("NFF"), the New England Cultural Facilities Fund ("NECFF") and Building for the Future, Inc. ("BFF"). NECFF and BFF are supporting organizations to NFF and are controlled by NFF because of its right to appoint the majority of the Board of Directors.

NFF was incorporated in 1984 in New York State and certified in 1996 and recertified in 2013 by the U.S. Department of the Treasury as a Community Development Financial Institution ("CDFI"). NECFF was established in 1995 to help cultural organizations in New England and BFF was established in 1999 to help build assets of nonprofits nationally. During 2016 and 2015 NECFF was inactive.

All three entities (collectively referred to as the "Fund") have been granted tax exempt status under Section 501(c)(3) of the Internal Revenue Code.

NFF is a national lender, consultant, and thought partner dedicated to empowering organizations and people that generate opportunity and hope in underserved communities. NFF brings the latest social-sector thinking to collaborations with nonprofits, foundations, investors, and governments, plus decades of experience financing and advising, to make progress on entrenched social issues.

For more than 30 years, NFF has provided organizations serving low- to middle-income communities with access to financial products and services crafted to meet their needs. NFF promotes field-wide change by disseminating research and knowledge about the challenges faced by nonprofits and advocating for positive changes in the way we fund and finance solutions to social issues.

In 2016 NFF staff worked from offices in New York, Philadelphia, Boston, Los Angeles and San Francisco. A selection of our services includes:

Access to Capital

Loans: NFF typically makes loans ranging from $500 thousand to $4 million, both independently and in partnership with other lenders, to small and mid-sized nonprofits and social enterprises. The financing is used for a variety of purposes including facility related needs such as acquisition, new construction, renovation and leasehold improvement. The Fund also provides loans for operating needs including equipment loans and lines of credit.

New Markets Tax Credits ("NMTC"): Since 2006 NFF has been awarded a total of $281 million in NMTC from the U.S. Treasury Department, which NFF uses to attract private investment to support nonprofits operating in low-income communities. NFF is one of a few organizations using these credits exclusively to help finance projects benefiting small and mid-sized nonprofits.

1. Organization and Tax Status *(continued)*

Access to Capital (continued)

Supporting Program Related Investments and Other Impact Investments: NFF supports efforts of foundations and others considering program-related investments and other impact investments, or those seeking assistance with an existing program.

Other Capital Access and Related Activities: NFF works in partnership with funders and other providers of capital to explore thoughtful, practical applications of cutting-edge ideas like outcomes-based funding and financing, including Pay for Success ("PFS"), covering full-costs, and change capital. NFF's work in PFS has focused from the outset on helping service providers, investors, and governments understand and build readiness for productive participation in a US social sector where providing and accessing capital is increasingly tied to the achievement of meaningful and measurable outcomes. In addition, NFF has provided sub-debt financing for select PFS projects.

Advice and Training

Consultation and Analysis: NFF is a leading financial consulting practice providing solutions-based advice and partnership to help nonprofits and their funders address change, challenge, or opportunity. Whether through in-depth consulting services, group clinics, or long-term partnerships, NFF listens and learns to address an organization's most pressing financial or operational issues. By helping nonprofit leaders address these challenges, NFF allows them to focus on their mission and maximize their impact on the communities they serve. NFF also works with nonprofit management to help them better communicate their financial story to funders, lenders, and others.

Workshops: NFF's workshops and webinars offer nonprofit leaders insight, tools, and guidance to help their organizations adapt to an ever-changing environment. Content is designed to help managers and board members become more comfortable reading and interpreting financial statements, and build data-driven, decision-making capacity in nonprofit financial management.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis of Consolidation

The consolidated financial statements include the accounts of NFF and the aforementioned affiliates. All significant intercompany balances and transactions are eliminated.

2. Summary of Significant Accounting Policies *(continued)*

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions relating to the reported amounts of assets and liabilities and the 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. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all short-term highly liquid investments with a maturity of three months or less at the time of purchase, which are not intended for investment.

Investments and Investment Income Recognition

Investments are stated at fair value. Purchases and sales are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend rate. Net appreciation (depreciation) includes gains and losses on investments bought and sold as well as held during the year.

Fair Value Measurements

The Fund follows U.S. GAAP guidance which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

In May 2015, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2015-07, Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent), which removes the requirement to categorize, within the fair value hierarchy, all investments measured using net asset value as a practical expedient. ASU 2015-07 was adopted by the Fund in its 2016 consolidated financial statements and requires retrospective application. The adoption has no effect on the reported values of these investments.

Loans Receivable and Payable

The Fund both receives and makes loans with stated rates of interest that vary from the prevailing market rates for commercial loans. The Fund accounts for these loans at the stated rates. U.S. GAAP guidance generally requires that loans with below market interest rates be stated for financial reporting purposes at amounts that reflect the expected cash flows discounted at market rates. The guidance includes several exceptions to this rule, including the customary lending activities of financial institutions whose primary business is lending money. Management of the Fund believes that this exception is applicable to the Fund. Accordingly, interest rates have not been restated. Interest income and expense are recorded on the accrual basis.

2. Summary of Significant Accounting Policies *(continued)*

Allowance for Doubtful Accounts

The Fund determines whether an allowance for uncollectible balances should be provided for accounts receivable and other assets, grants receivable, and loans receivable. Such estimates are based on, but not limited to, historical collection experience, management's estimates of the credit-worthiness of its borrowers and current economic conditions.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation is removed from the accounts, with any net gain or loss reflected in the consolidated statements of activities for the period. Expenses for maintenance and repairs are charged to operations as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of their useful lives or the term of the lease. The Fund capitalizes cost of property and equipment in excess of $1,000.

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is identified. If the carrying amount for the assets is not recoverable, the value is written down to the asset's fair value. There were no impairments for the years ended December 31, 2016 and 2015.

Cash Held as Agent

Cash held as agent represents funds collected on behalf of other organizations.

Net Asset Presentation

The Fund reports amounts separately by class of net assets based on the presence or absence of donor imposed restrictions. Unrestricted amounts are those currently available at the discretion of the Fund for use in its programs and operations. Temporarily restricted amounts are those which are subject to donor-imposed restrictions that will be met either by actions of the Fund or the passage of time.

Grants and Contributions

Unconditional grants and contributions, including promises to give cash and other assets, are reported at fair value at the date the grant or contribution is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

2. Summary of Significant Accounting Policies *(continued)*

Grants and Contributions (continued)

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using rates applicable to the years in which the promises are received and consider market and credit risk as applicable. Amortization of the present value discounts and changes in allowance for doubtful accounts are included in the change in net assets on the statements of activities.

Program, Loan and Financing Fees

The Fund charges fees associated with program-related services and when entering into financing arrangements. These fees are recognized when services are performed or when the process of originating, refinancing, or restructuring of a loan is completed. Amounts received in advance are deferred and recognized when services are performed.

Donated Services

Contributions of services are recognized when they are received if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated.

Other Capital Access and Related Activity

The Fund reports donor restricted contributions for the Grant Fund and the Loan Fund and contract disbursements for the Grant Fund and BFF as other capital access and related activity. (see note 9)

New Markets Tax Credit Program

These statements do not include the financial statements of NFF's NMTC related entities of which NFF holds .01% in such entities. NFF's investments in these entities total $18,062 and $21,357 at December 31, 2016 and 2015 and are included in accounts receivable and other assets in the consolidated statements of financial position.

The U.S. Department of Treasury awarded allocation to NFF in seven allocation rounds authorized in 2006, 2008, 2009, 2010, 2011, 2012 and 2016, $20 million, $50 million, $60 million, $21 million, $40 million, $40 million, and $50 million. NFF used the $281 million of allocations to attract and provide investment capital in low-income communities. As a NMTC allocation recipient and a Community Development Entity ("CDE") certified by the U.S. Department of the Treasury, NFF may establish CDEs for the purpose of implementing its NMTC program. NFF has closed 26 transactions using all of this allocation. NFF has established and served as managing member of 26 CDEs for the purposes of implementing its NMTC program, as permitted by the U.S. Department of Treasury. As of December 31, 2016 and 2015, 19 and 23 of these entities remain active. NFF also serves as manager of two investment funds, NFF New Markets Fund XII, LLC and NFF New Markets Tax Fund XIX, LLC.

2. Summary of Significant Accounting Policies *(continued)*

Accounting for Uncertainty in Income Taxes

The Fund's accounting policy is to disclose liabilities for uncertain tax positions when a liability is probable and estimable. Management is not aware of any violation of its tax status as an organization exempt from income taxes, nor of any exposure to unrelated business income tax. The Fund is no longer subject to audits by the applicable taxing jurisdictions for the periods prior to 2013.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is April 17, 2017.

3. Concentrations of Credit Risk

The Fund makes loans to nonprofit organizations. Although the Fund is diversified as to the services provided by and location of its nonprofit borrowers, the ability of these organizations to repay their loans may be affected by adverse economic conditions or other financial constraints.

The Fund maintains cash and cash equivalents at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation. During the year, the Fund may have cash balances in these financial institutions in excess of their limits. The Fund has not experienced any losses on its cash and cash equivalents.

4. Investments

Investments at December 31 are comprised of the following:

	2016	2015
Private equity, at fair value	$ 240,000	$ 240,000
Certificates of deposit, at cost	462,967	460,270
	$ 702,967	$ 700,270

Information regarding the private equity investment at December 31, 2016 is as follows:

	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Private equity (a)	$ 240,000	$ -	None	N/A

(a) This category includes shares in the Urban Partnership Bank, a CDFI. The shares are restricted and not publicly-traded. This investment is valued utilizing net asset valuations provided by a third party valuation. Annually, the Fund reviews and evaluates its fair value.

5. Grants Receivable

Grants receivable, for which the Fund determined that no allowance for uncollectable amounts is required, are as follows at December 31:

	2016	2015
Foundations	$ 4,796,715	$ 2,374,324
Government	4,517,200	3,228,638
Corporations and others	6,831	50,750
	9,320,746	5,653,712
Discount to present value (2.35% for 2015)	-	(74,670)
	$ 9,320,746	$ 5,579,042

Collections on the outstanding grants at December 31, 2016 are scheduled to be received in 2017.

6. Loans Receivable

Loans receivable at December 31, 2016 and 2015 include collateralized loans of approximately $73,320,000 and $62,176,000. These loans are collateralized by borrowers' assets such as real estate, assignments of leases and rents, equipment, receivables and bank accounts. Loans receivable also include credit enhanced loans of $937,258 and $532,758 in 2016 and 2015 made under a customized program with a foundation.

The following is an analysis of the past due accruing loans at December 31, 2016 and 2015:

	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 days	Total
2016	$ 400,000	$ 400,000	$ -	$ 800,000
2015	$ -	$ -	$ -	$ -

6. Loans Receivable *(continued)*

The Fund assesses the risk of loss on its financing receivables internally by credit quality indicators. Strong receivables are made up of loans to borrowers with superior organizational capacity and financial strength and ample collateral to secure repayment, and reflect a minimal risk of loss. Good receivables reflect organizations with substantial organizational and financial capacity, adequate collateral and a low risk of loss. Doubtful receivables indicate that full repayment is highly questionable and improbable. There are no doubtful receivables at December 31, 2016 and 2015. The following are approximate amounts of the outstanding loans receivable at December 31, using the Fund's internally assigned credit quality indicators.

	Strong	Good	Total
2016	$ 70,674,000	$ 3,583,000	$ 74,257,000
2015	$ 59,679,000	$ 3,066,000	$ 62,745,000

Interest on the outstanding loans is calculated using the simple interest method. Interest rates vary between 4.25% and 7.25% per annum. In addition, loans outstanding include a small amount of loans at lower interest rates and/or flexible terms made available under special programs. Management regularly evaluates these outstanding loans individually for impairment on an ongoing basis. Loans are moved to nonaccrual status when there is deterioration in the financial condition of the borrower, payment in full is not expected, or payment is in default for a period of 90 days or more unless the loan is well secured and in the process of collection. Such nonaccrual loans amounted to $736,924 and $855,614 as of December 31, 2016 and 2015.

The allowance for loan losses is $5,315,734 and $4,674,412, representing 7.16% and 7.45% of gross loans receivables at December 31, 2016 and 2015. Ultimate losses, however, may vary materially from estimates at December 31, 2016 and 2015. Management reviews these estimates both individually and collectively for impairment on an ongoing basis and, as changes become necessary, adjusts the provision accordingly. For the years ended December 31, 2016 and 2015, the Fund did not incur any write-offs.

Changes in the allowance for loan losses are summarized as follows:

	2016	2015
Balance, beginning of year	$ 4,674,412	$ 4,079,890
Add provision for loan loss	641,322	594,522
Balance, end of year	$ 5,315,734	$ 4,674,412

6. Loans Receivable *(continued)*

As of December 31, 2016, loans committed for future disbursement totaled $10,032,152. This is comprised of lines of credit totaling $4,347,000 and term loans totaling $5,685,152.

Scheduled collections on the outstanding loans (before any application of loan allowances) are to be received as follows:

2017	$ 20,632,274
2018	8,238,905
2019	8,267,848
2020	15,753,223
2021	9,817,738
Thereafter	11,547,737
	$ 74,257,725

7. Property and Equipment

Property and equipment consist of the following at December 31:

	2016	2015	Estimated Useful Lives
Leasehold improvements	$ 2,430,795	$ 1,236,997	3-15 years
Computer equipment	1,039,304	730,343	3 years
Furniture and fixtures	1,020,850	566,630	3-10 years
	4,490,949	2,533,970	
Accumulated depreciation and amortization	(1,804,959)	(1,632,392)	
	$ 2,685,990	$ 901,578	

8. Loans Payable and Program Specific Loan Payable

Loans payable consist of the following as of December 31:

	2016	2015	Amortization
The Annie E. Casey Foundation, Inc.	$ -	$ 500,000	Principal paid on 04/30/2016
Deutsche Bank	-	2,500,000	Principal paid on 10/21/2016
Bank Hapoalim, B.M.	1,500,000	1,500,000	Principal payable on 06/20/2017
Bank of America, N.A. (US Trust)	2,000,000	2,000,000	Subordinated debt with principal payable on 02/28/2026
Bank of America, N.A.	6,000,000	-	Principal (25% of total) due in December 2022, 2023, 2024 and 2025
California Community Foundation	1,000,000	1,000,000	Principal payable on 08/01/2019
Consumer Health Foundation	-	750,000	Principal paid on 04/30/2016
Dignity Health	1,000,000	1,000,000	Principal payable on 01/31/2020
HSBC Bank USA, N.A.	6,000,000	4,500,000	Principal payable on 08/31/2018; can be converted to a term loan, maturing on 08/31/2021 (Line of credit)
JPMorgan Chase Bank, N.A.	3,000,000	-	Principal payable on 11/29/2019 (Line of credit)
Mizuho Corporate Bank (USA)	-	6,000,000	Principal payable on 02/13/2017 (Line of credit)
The California Endowment	2,000,000	2,000,000	Principal payable in $400,000 yearly installments; first payment 03/31/2017, last payment 03/31/2021
The F. B. Heron Foundation	-	500,000	Principal paid on 03/31/2016
The Northern Trust Company	1,000,000	1,000,000	Principal payable on 02/08/2018
Pacific Western Bank	1,000,000	-	Principal payable on 09/30/2021
PNC Bank, N.A.	2,000,000	1,000,000	Principal payable on 04/18/2021
PNC Bank, N.A.	2,499,759	2,499,759	Principal payable on 01/26/2017
Posner-Wallace Foundation	-	100,000	Principal paid on 09/30/2016
Stranahan Foundation	2,000,000	2,000,000	Principal payable in $500,000 yearly installments; first payment 10/31/18, last payment 10/31/2021
TD Bank USA, N.A.	-	1,250,000	Principal payable on 08/31/2018 (Line of credit)
The Prudential Insurance Company of America	5,000,000	5,000,000	Principal payable in semiannual installments of $1,000,000 on 06/30/17, 12/31/17, 06/30/18, 12/31/18 and 05/31/19
Trinity Health Corporation	1,000,000	1,000,000	Principal payable on 02/01/2018
Wells Fargo Community Development Corporation	750,000	750,000	Subordinated debt with principal payable on 05/23/2018
Total	$ 37,749,759	$ 36,849,759	

8. Loans Payable and Program Specific Loan Payable *(continued)*

Minimum future principal payments are to be paid as follows:

2017	$ 6,399,759
2018	5,650,000
2019	5,900,000
2020	1,900,000
2021	9,900,000
Thereafter	8,000,000
	$ 37,749,759

Interest rates (fixed and variable) on loans payable had a weighted average of 2.17% and 2.04% at December 31, 2016 and 2015.

At December 31, 2016, the Fund had the following available loan commitments from lenders:

Term facility:	
Bank of America	$ 2,000,000
Lines of credit:	
HSBC Bank USA, N.A.	4,000,000
JPMorgan Chase Bank, N.A.	1,000,000
Mizuho Bank (USA)	6,000,000
T.D. Bank USA, N.A.	7,000,000
	18,000,000
Total available loan commitments	$ 20,000,000

At December 31, 2016, NFF had available bank lines of credit totaling $28,500,000, which expire between February 13, 2017 and November 29, 2019 with interest rates ranging from 1.5% to LIBOR + 2.00%. At December 31, 2016 and 2015, the outstanding balance included in loans payable was $10,500,000 and $15,750,000. The available undrawn balance at December 31, 2016 was $18,000,000.

The Fund has certain loan covenants that require among other things, maintenance of certain financial ratios and limits on the amount of debt that the Fund can incur. The Fund was in compliance with all covenants at December 31, 2016 and 2015.

The program specific loan payable, as distinct from loans payable, totals $1,100,000 at December 31, 2016 and 2015, and from which loans are disbursed by the Fund that incorporate subsidized interest rates, higher risk tolerance for program-related organizations and are non-recourse.

9. Temporarily Restricted Net Assets

The Fund categorizes its temporarily restricted net assets as follows: The Program fund includes funds available to support expenses incurred in conjunction with the delivery of services (primarily consulting services) to clients. These funds are also available to support the administration of several grant-funded initiatives. Related to these initiatives, the Grant fund includes funds available to make re-grant awards to qualified grantees. Loan fund capital includes funds assigned to support financing programs. The BFF fund includes funds earmarked to support participants in the BFF program. These funds are a combination of matching dollars available to pay contractual grant commitments, annual preventive maintenance grants and program administration. Temporarily restricted net assets were released from donor restrictions in 2016 and 2015 by incurring expenses satisfying these restricted purposes.

10. Retirement Plan

The Fund sponsors a qualified defined contribution pension plan covering all eligible employees. The Fund contributes an amount equal to 4% of all eligible employees' salaries. Additionally, the Fund matches staff members' voluntary contributions up to a maximum of 2% of their salaries. Pension expense for 2016 and 2015 was $409,101 and $365,060. The Fund deposits these pension costs after each payroll period.

11. Accounts Payable and Other Liabilities

Accounts payable and other liabilities consist of the following at December 31:

	2016	2015
Accounts payable and accrued expenses	$ 1,743,727	$ 1,108,040
Office leasehold commitments	1,469,949	342,318
Deferred program fees	421,103	86,529
Other liabilities	275,493	216,831
	$ 3,910,272	$ 1,753,718

12. Commitments and Contingencies

As of December 31, 2016, the Fund had contractual grant commitments of $671,102 to nonprofit client organizations participating in BFF and similar asset building programs that encourage sound fiscal management practices. These contractual commitments have not been recorded as a liability since they are conditional based upon the nonprofit client organizations meeting the terms of the contracts.

In June 2015, NFF entered into a new lease agreement for its New York office space located in downtown Manhattan for fifteen years ending on July 31, 2031. Fixed monthly rent payments range from $49,411 in 2016 to $75,960 in 2031. NFF records the lease expense on a straight-line basis. At December 31, 2016 and 2015, accounts payable and other liabilities include $766,534 and $342,318 of deferred rent.

12. Commitments and Contingencies *(continued)*

In 2016, NFF received a tenant allowance of $776,930 from the landlord for a buildout of their office space which was placed into service in March 2016. The amount is included in accounts payable and other liabilities and is being amortized over the life of the leasehold improvement through July 31, 2031. The unamortized balance at December 31, 2016 and 2015 was $703,415 and $0.

The Fund's approximate obligation for minimum annual rentals for all of its offices, pursuant to various operating lease arrangements for real property, is as follows:

2017	$ 832,089
2018	835,829
2019	854,654
2020	873,800
2021	904,192
Thereafter	8,007,081
	$ 12,307,645

Rent expense amounted to approximately $1,071,000 and $1,042,000 in 2016 and 2015.

13. Functional Expenses

The Fund's functional classification of expenses for 2016 and 2015 consist of the following:

	2016	2015
Program services	$ 11,042,292	$ 10,449,062
Program grants	3,204,390	1,773,777
Total Program Expenses	14,246,682	12,222,839
Management and general	2,333,217	1,895,338
Fundraising	791,713	777,180
Total Expenses	$ 17,371,612	$ 14,895,357

* * * * *

Nonprofit Finance Fund and Affiliates

Supplementary Information

December 31, 2016

Nonprofit Finance Fund and Affiliates

Consolidating Schedule of Financial Position
December 31, 2016
(With Comparative Totals at December 31, 2015)

	2016			
	NFF	BFF	Total	2015
ASSETS				
Cash and cash equivalents	$ 6,930,548	$ 671,248	$ 7,601,796	$ 10,769,814
Cash held as agent	4,988,631	-	4,988,631	4,397,257
Investments	702,967	-	702,967	700,270
Accounts receivables and other assets	1,893,528	-	1,893,528	5,098,506
Grants receivables, net	9,320,746	-	9,320,746	5,579,042
Loans receivable	74,257,725	-	74,257,725	62,745,297
Allowance for loan losses	(5,315,734)	-	(5,315,734)	(4,674,412)
Loans Receivable, net	68,941,991	671,248	68,941,991	58,070,885
Property and equipment, net	2,685,990	-	2,685,990	901,578
Total Assets	$ 95,464,401	$ 671,248	$ 96,135,649	$ 85,517,352
LIABILITIES AND NET ASSETS				
Liabilities				
Due to (from) affiliates	$ 325,829	$ (325,829)	$ -	$ -
Accounts payable and other liabilities	3,910,272	-	3,910,272	1,753,718
Program specific loan payable	1,100,000	-	1,100,000	1,100,000
Cash held as agent	4,988,631	-	4,988,631	4,397,257
Loans payable	37,749,759	-	37,749,759	36,849,759
Total Liabilities	48,074,491	(325,829)	47,748,662	44,100,734
Net Assets				
Unrestricted	11,244,563	-	11,244,563	9,601,676
Temporarily Restricted				
Program fund	10,910,298	-	10,910,298	7,403,384
Grant fund	5,882,979	-	5,882,979	5,828,727
Loan fund capital	19,352,070	-	19,352,070	16,799,070
BFF fund	-	997,077	997,077	1,783,761
Total Temporarily Restricted	36,145,347	997,077	37,142,424	31,814,942
Total Net Assets	47,389,910	997,077	48,386,987	41,416,618
Total Liabilities and Net Assets	$ 95,464,401	$ 671,248	$ 96,135,649	$ 85,517,352

See independent auditors' report

Nonprofit Finance Fund and Affiliates

Consolidating Schedule of Activities
Year Ended December 31, 2016
(With Summarized Totals for the year ended December 31, 2015)

	Unrestricted				Temporarily Restricted				Totals	
	NFF	BFF	Eliminations	Total	NFF	BFF	Eliminations	Total	2016	2015
REVENUE										
Operating										
Grants	$ 37,380	$ -	$ -	$ 37,380	$ 11,331,512	$ -	$ (686,801)	$ 10,644,711	$ 10,682,091	$ 4,906,452
Investment income	4,210	-	-	4,210	-	247	-	247	4,457	7,783
Program fees	2,091,500	-	-	2,091,500	-	-	-	-	2,091,500	2,897,238
Donated services and other income	312,267	-	-	312,267	-	-	-	-	312,267	258,348
Net assets released from restrictions	7,824,598	-	-	7,824,598	(7,824,598)	-	-	(7,824,598)	-	-
Total Operating Revenue	10,269,955	-	-	10,269,955	3,506,914	247	(686,801)	2,820,360	13,090,315	8,069,821
Lending and Financing										
Loan and financing fees	2,005,914	-	-	2,005,914	-	-	-	-	2,005,914	1,788,676
Interest income, net of interest expense of $797,688 and $600,008	3,534,240	-	-	3,534,240	-	-	-	-	3,534,240	2,981,564
Total Lending and Financing Revenue	5,540,154	-	-	5,540,154	-	-	-	-	5,540,154	4,770,240
Total Revenue	15,810,109	-	-	15,810,109	3,506,914	247	(686,801)	2,820,360	18,630,469	12,840,061
EXPENSES										
Operating										
Salaries	7,829,793	-	-	7,829,793	-	-	-	-	7,829,793	7,070,432
Employee benefits and payroll taxes	1,800,355	-	-	1,800,355	-	-	-	-	1,800,355	1,696,899
Total Salaries and Related Expenses	9,630,148	-	-	9,630,148	-	-	-	-	9,630,148	8,767,331
Program consultants	639,329	-	-	639,329	-	-	-	-	639,329	661,757
Professional support	704,863	-	-	704,863	-	-	-	-	704,863	677,561
Occupancy	1,268,293	-	-	1,268,293	-	-	-	-	1,268,293	1,325,288
Administration	1,105,700	-	-	1,105,700	-	-	-	-	1,105,700	1,052,261
Bad debt expense	5,000	-	-	5,000	-	-	-	-	5,000	14,794
Depreciation and amortization	172,567	-	-	172,567	-	-	-	-	172,567	28,066
Total Operating Expenses	13,525,900	-	-	13,525,900	-	-	-	-	13,525,900	12,527,058
Lending and Financing										
Provision for loan losses	641,322	-	-	641,322	-	-	-	-	641,322	594,522
Total Expenses	14,167,222	-	-	14,167,222	-	-	-	-	14,167,222	13,121,580
Excess (Deficiency) of Revenue over Expenses before Other Capital Access and Related Activity	1,642,887	-	-	1,642,887	3,506,914	247	(686,801)	2,820,360	4,463,247	(281,519)
OTHER CAPITAL ACCESS AND RELATED ACTIVITY										
Contribution for Loan Fund	-	-	-	-	2,553,000	-	-	2,553,000	2,553,000	(218,071)
Contribution for Grant Fund	-	-	-	-	3,158,512	-	-	3,158,512	3,158,512	137,037
Net assets released from restrictions	3,104,260	786,931	(686,801)	3,204,390	(3,104,260)	(786,931)	686,801	(3,204,390)	-	-
Grants made	(3,104,260)	-	-	(3,104,260)	-	-	-	-	(3,104,260)	(1,650,177)
BFF contract disbursements	-	(786,931)	686,801	(100,130)	-	-	-	-	(100,130)	(123,600)
Change in Net Assets	1,642,887	-	-	1,642,887	6,114,166	(786,684)	-	5,327,482	6,970,369	(2,136,330)
NET ASSETS										
Beginning of year	9,601,676	-	-	9,601,676	30,031,181	1,783,761	-	31,814,942	41,416,618	43,552,948
End of year	$ 11,244,563	$ -	$ -	$ 11,244,563	$ 36,145,347	$ 997,077	$ -	$ 37,142,424	$ 48,386,987	$ 41,416,618

See independent auditors' report

Nonprofit Finance Fund and Affiliates

Uniform Guidance Schedules and Reports

December 31, 2016

Nonprofit Finance Fund and Affiliates

Schedule of Expenditures of Federal Awards
and Accompanying Notes
Year Ended December 31, 2016

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of the Treasury				
Community Development Financial Institutions Program	21.020	N/A	$ -	$ 2,659,700
Corporation for National and Community Service				
Social Innovation Fund Pay for Success	94.024	N/A	1,220,715	1,488,052
Total Expenditures of Federal Awards			$ 1,220,715	$ 4,147,752

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Nonprofit Finance Fund and Affiliates (the "Fund") under programs of the federal government for the year ended December 31, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Fund, it is not intended to and does not present the consolidated financial position, changes in net assets or cash flows of the Fund.

2. Summary of Significant Accounting Policies

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

3. Nonmonetary Assistance

Nonmonetary assistance is reported in the Schedule based on the amount disbursed or received. The Fund received no nonmonetary assistance for the year ended December 31, 2016.

4. Indirect Cost Rate

The Fund has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

Independent Auditors' Report

Board of Directors
Nonprofit Finance Fund and Affiliates

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Nonprofit Finance Fund and Affiliates (the "Fund"), which comprise the consolidated statement of financial position as of December 31, 2016 and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 17, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

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

Purpose of this Report

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

PKF O'Connor Davies, LLP

April 17, 2017

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditors' Report

Board of Directors
Nonprofit Finance Fund and Affiliates

Report on Compliance for Each Major Federal Program

We have audited Nonprofit Finance Fund and Affiliates' (the "Fund") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Fund's major federal programs for the year ended December 31, 2016. The Fund's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

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Opinion on Each Major Federal Program

In our opinion, Nonprofit Finance Fund and Affiliates complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the consolidated financial statements of the Fund as of and for the year ended December 31, 2016, and have issued our report thereon dated April 17, 2017, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

PKF O'Connor Davies, LLP

April 17, 2017

Nonprofit Finance Fund and Affiliates

Schedule of Findings and Questioned Costs
Year Ended December 31, 2016

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
21.020	Community Development Financial Institutions Program

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

Section II – Financial Statement Findings

During our audit, we noted no material findings for the year ended December 31, 2016.

Section III – Federal Award Findings and Questioned Costs

During our audit, we noted no material instances of noncompliance and none of the costs reported in the federal financially assisted programs are questioned or recommended to be disallowed.

Nonprofit Finance Fund and Affiliates

Schedule of Findings and Questioned Costs *(continued)*
Year Ended December 31, 2016

Section IV – Prior year findings

Finding 2015-01: Reporting
CFDA Number: 21.020
Name of Program: Community Development Financial Institutions ("CDFI") Program
Agency: U.S. Department of the Treasury

Condition:
During 2015, the Fund established a capital reserve of $1,700,000 using available CDFI funds, however this amount was not included in the Fund's schedule of expenditures of federal awards.

Current Status:
This finding has been corrected in fiscal 2016.