

NCB Capital Impact and Subsidiaries

Consolidated Statements of Financial Position December 31, 2011 and 2010

	2011	2010
Assets		
Cash and cash equivalents	\$ 11,186,368	\$ 9,971,441
Cash and cash equivalents - restricted	33,187,082	28,357,861
Accounts and interest receivable	2,550,729	3,249,514
Contributions receivable	1,458,935	8,986,096
Investments	3,602,202	2,911,532
Investment in joint venture	1,989,177	1,934,674
Loans receivable	139,039,322	136,378,911
Less: allowance for loan losses	(9,139,992)	(8,035,281)
Loans receivable, net	129,899,330	128,343,630
Loans receivable - subsidiaries	40,202,816	33,977,902
Other real estate owned, net of valuation allowance of \$60,000 in 2011 and \$219,153 in 2010	1,591,712	1,810,712
Other assets	1,914,918	1,460,553
Total assets	\$ 227,583,269	\$ 221,003,915
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 3,553,057	\$ 3,949,815
Revolving line of credit	9,100,000	28,000,000
Notes payable	45,455,104	40,350,412
Subordinated debt payable	8,218,000	-
Notes payable - subsidiaries	40,202,816	33,977,902
Total liabilities	106,528,977	106,278,129
Commitments and Contingencies		
Net Assets		
Unrestricted	77,662,319	74,007,878
Temporarily restricted	41,919,906	39,126,000
Permanently restricted	1,472,067	1,591,908
Total net assets	121,054,292	114,725,786
Total liabilities and net assets	\$ 227,583,269	\$ 221,003,915

NCB Capital Impact and Subsidiaries

Consolidated Statements of Activities
Years Ended December 31, 2011 and 2010

	2011	2010
Changes in Unrestricted Net Assets		
Financial Activity		
Financial income		
Interest income on investments	\$ 62,654	\$ 79,576
Interest income on loans	10,386,843	8,739,167
Unrealized and realized gain on investments, net	650,957	219,687
Loss on sales of other real estate owned	(5,418)	(217,093)
Total financial income	<u>11,095,036</u>	<u>8,821,337</u>
Financial expense		
Interest expense	3,534,532	2,440,620
Provision for loan losses	1,175,388	1,603,160
Provision for loss on other real estate owned	-	219,153
Total financial expense	<u>4,709,920</u>	<u>4,262,933</u>
Net financial income	<u>6,385,116</u>	<u>4,558,404</u>
Revenue and Support		
Fees	6,592,114	5,655,611
Contract revenue	1,026,229	1,155,734
CDFI Fund operating grant	1,500,000	-
Other income	12,698	9,165
Net assets released from restrictions	4,923,083	6,801,740
Total revenue and support	<u>14,054,124</u>	<u>13,622,250</u>
Expenses		
Expenses		
Lending program	6,152,568	6,855,902
Technical assistance	4,840,065	4,854,655
Total program expenses	<u>10,992,633</u>	<u>11,710,557</u>
Support expenses		
Management and general	5,521,904	4,727,021
Fundraising	270,262	225,396
Total expenses	<u>16,784,799</u>	<u>16,662,974</u>
Increase in unrestricted net assets	<u>3,654,441</u>	<u>1,517,680</u>
Changes in Temporarily Restricted Net Assets		
Revenue and Support		
Interest income on investments	54,135	31,911
Gain (loss) on joint venture	54,504	(231,347)
Grants - Robert Wood Johnson Foundation	137,612	4,710,512
Grants - Ford Foundation	-	1,100,000
Grants - JP Morgan Chase	2,500,000	12,000,000
Grants - The California Endowment	-	3,000,000
Grants - Kaiser	800,000	-
Grants - CDFI Fund Healthy Foods Financing Initiative	3,000,000	-
Other grants	1,170,738	1,480,525
Net assets released from restrictions	(4,923,083)	(6,801,740)
Increase in temporarily restricted net assets	<u>2,793,906</u>	<u>15,289,861</u>
Changes in Permanently Restricted Net Assets		
Loan principal recoveries	18,920	50,182
Loss on loan principal charge off	(138,761)	(96,420)
Decrease in permanently restricted net assets	<u>(119,841)</u>	<u>(46,238)</u>
Increase in net assets	<u>6,328,506</u>	<u>16,761,303</u>
Net assets - beginning	<u>114,725,786</u>	<u>97,964,483</u>
Net assets - ending	<u>\$ 121,054,292</u>	<u>\$ 114,725,786</u>

NCB Capital Impact and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended December 31, 2011 and 2010

	2011	2010
Cash Flows from Operating Activities		
Increase in net assets	\$ 6,328,506	\$ 16,761,303
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Provision for loan losses	1,175,388	1,603,160
Loss on loan principal charge off	138,761	96,420
Loan principal recoveries restricted for long-term purposes	(18,920)	(50,182)
Depreciation	49,678	57,152
Amortization of premium and discount on investments	-	-
Investment gains, net	(650,957)	(219,687)
(Gain) loss on investment in joint venture	(54,504)	231,347
Provision for loss on other real estate owned	-	219,153
Loss on sales of other real estate owned	5,418	217,093
Change in discount of contributions receivable	(137,612)	137,612
Accretion of interest on loan from Ford Foundation	73,244	71,132
Accretion of interest on other loans	40,821	14,438
(Increase) decrease in:		
Accounts and interest receivable	698,785	(1,091,639)
Contributions receivable	7,664,773	(5,867,210)
Other assets	(485,358)	(941,916)
(Decrease) increase in:		
Accounts payable and accrued expenses	(396,758)	2,422,923
Net cash provided by operating activities	14,431,265	13,661,099
Cash Flows from Investing Activities		
Loan originations and advances	(47,437,836)	(89,605,126)
Loan repayments	38,343,068	41,456,213
Return of capital from investment in joint venture	-	4,732,456
Proceeds from distributions of investments	47,878	30,000
Purchase of investments	(87,591)	(53,047)
Purchase of equipment	(18,679)	(88,851)
Proceeds from sale of other real estate owned	213,582	77,900
Net cash used in investing activities	(8,939,578)	(43,450,455)
Cash Flows from Financing Activities		
Proceeds from notes payable	5,488,679	1,703,575
Proceeds from subordinated debt payable	8,218,000	-
Repayment of notes payable	(498,052)	(83,732)
Repayment of note payable - other	(269,303)	(253,447)
Proceeds from note payable - other	6,494,217	25,000,000
Proceeds from lines of credit	6,100,000	13,000,000
Repayment of lines of credit	(25,000,000)	(2,000,000)
Loan principal recoveries restricted for long-term purposes	18,920	50,182
Net cash provided by financing activities	552,461	37,416,578
Net increase in cash and cash equivalents	6,044,148	7,627,222
Cash and cash equivalents - beginning	38,329,302	30,702,080
Cash and cash equivalents - ending	\$ 44,373,450	\$ 38,329,302
Cash and cash equivalents	\$ 11,186,368	\$ 9,971,441
Cash and cash equivalents - restricted	33,187,082	28,357,861
Total cash and cash equivalents	\$ 44,373,450	\$ 38,329,302

(Continued)

NCB Capital Impact and Subsidiaries

Consolidated Statements of Cash Flows (Continued)

Years Ended December 31, 2011 and 2010

	2011	2010
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	<u>\$ 1,470,984</u>	<u>\$ 1,994,630</u>
Supplemental Schedule of Non-Cash Investing Activities:		
Non-cash transfer from loans receivable to other real estate owned	<u>\$ -</u>	<u>\$ 1,418,972</u>
Proceeds from sale of other real estate owned included in accounts receivable	<u>\$ -</u>	<u>\$ 25,400</u>