CHANGE OF ACCOUNTING PERIOD

Form **990**

Department of the Treasury
Internal Revenue Service

# Return of Organization Exempt From Income Tax

**Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)**

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047

**2010**

**Open to Public Inspection**

**A** For the 2010 calendar year, or tax year beginning JUL 1, 2010 and ending DEC 31, 2010

**B** Check if applicable: [X] Address change; [ ] Name change; [ ] Initial return; [ ] Terminated; [ ] Amended return; [ ] Application pending

**C** Name of organization: THE REINVESTMENT FUND, INC.

Doing Business As

Number and street (or P.O. box if mail is not delivered to street address): 1700 MARKET STREET, 19TH FLOOR — Room/suite

City or town, state or country, and ZIP + 4: PHILADELPHIA, PA 19103

**D** Employer identification number: 23-2331946

**E** Telephone number: (215) 574-5800

**G** Gross receipts $ 37,565,816.

**F** Name and address of principal officer: DONALD HINKLE-BROWN
SAME AS C ABOVE

**H(a)** Is this a group return for affiliates? [ ] Yes [X] No

**H(b)** Are all affiliates included? [ ] Yes [ ] No
If "No," attach a list (see instructions)

**I** Tax-exempt status [X] 501(c)(3) [ ] 501(c) ( ) ◀ (insert no.) [ ] 4947(a)(1) or [ ] 527

**J** Website: ▶ WWW.TRFUND.COM

**H(c)** Group exemption number ▶

**K** Form of organization: [X] Corporation [ ] Trust [ ] Association [ ] Other ▶

**L** Year of formation: 1985 **M** State of legal domicile: PA

## Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities: BUILDS WEALTH AND OPPORTUNITY FOR LOW-WEALTH COMMUNITIES AND LOW TO MODERATE INCOME INDIVIDUALS

2 Check this box ▶ [ ] if the organization discontinued its operations or disposed of more than 25% of its net assets.

| | | | |
|---|---|---|---|
| 3 | Number of voting members of the governing body (Part VI, line 1a) | 3 | 14 |
| 4 | Number of independent voting members of the governing body (Part VI, line 1b) | 4 | 13 |
| 5 | Total number of individuals employed in calendar year 2010 (Part V, line 2a) | 5 | 91 |
| 6 | Total number of volunteers (estimate if necessary) | 6 | 13 |
| 7a | Total unrelated business revenue from Part VIII, column (C), line 12 | 7a | 372,339. |
| b | Net unrelated business taxable income from Form 990-T, line 34 | 7b | <104,180.> |

| | | | Prior Year | Current Year |
|---|---|---|---|---|
| Revenue | 8 | Contributions and grants (Part VIII, line 1h) | 18,284,973. | 15,761,352. |
| | 9 | Program service revenue (Part VIII, line 2g) | 15,103,147. | 7,873,453. |
| | 10 | Investment income (Part VIII, column (A), lines 3, 4, and 7d) | 393,638. | 223,105. |
| | 11 | Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | <60,236.> | 25,114. |
| | 12 | Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12) | 33,721,522. | 23,883,024. |
| Expenses | 13 | Grants and similar amounts paid (Part IX, column (A), lines 1-3) | 6,509,465. | 22,197. |
| | 14 | Benefits paid to or for members (Part IX, column (A), line 4) | 0. | 0. |
| | 15 | Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) | 5,921,673. | 3,337,969. |
| | 16a | Professional fundraising fees (Part IX, column (A), line 11e) | 0. | 0. |
| | b | Total fundraising expenses (Part IX, column (D), line 25) ▶ 5,952. | | |
| | 17 | Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f) | 12,375,283. | 6,931,389. |
| | 18 | Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25) | 24,806,421. | 10,291,555. |
| | 19 | Revenue less expenses. Subtract line 18 from line 12 | 8,915,101. | 13,591,469. |
| | | | **Beginning of Current Year** | **End of Year** |
| Net Assets or Fund Balances | 20 | Total assets (Part X, line 16) | 236,508,307. | 242,507,210. |
| | 21 | Total liabilities (Part X, line 26) | 152,145,154. | 144,636,612. |
| | 22 | Net assets or fund balances. Subtract line 21 from line 20 | 84,363,153. | 97,870,598. |

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SCANNED MAR 27 2012

## Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**

▶ Signature of officer — Date

▶ MICHAEL M. CRIST, CFO
Type or print name and title

**Paid Preparer Use Only**

| Print/Type preparer's name | Preparer's signature | Date | Check [ ] if self-employed | PTIN |
|---|---|---|---|---|
| CHRISTOPHER M. PEKULA | CHRISTOPHER M. PEKU | | | |

Firm's name ▶ RSM MCGLADREY, INC. — Firm's EIN ▶

Firm's address ▶ 512 TOWNSHIP LINE RD, ONE VALL SQ, #250
BLUE BELL, PA 19422 — Phone no. 215-641-8600

May the IRS discuss this return with the preparer shown above? (see instructions) [X] Yes [ ] No



SEE SCHEDULE O FOR ORGANIZATION MISSION STATEMENT CONTINUATION

**Part III Statement of Program Service Accomplishments**

Check if Schedule O contains a response to any question in this Part III [X]

1 Briefly describe the organization's mission:

BUILDS WEALTH AND OPPORTUNITY FOR LOW-WEALTH COMMUNITIES AND LOW TO MODERATE INCOME INDIVIDUALS THROUGH THE PROMOTION OF SOCIALLY AND ENVIRONMENTALLY RESPONSIBLE DEVELOPMENT. THE PRIMARY SERVICE AREA IS THE MID-ATLANTIC, INCLUDING THE STATES OF PENNSYLVANIA, NEW JERSEY,

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? [ ] Yes [X] No

If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? [ ] Yes [X] No

If "Yes," describe these changes on Schedule O.

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code: ) (Expenses $ 6,185,388. including grants of $ ) (Revenue $ 5,723,555. )

FINANCING AND TECHNICAL ASSISTANCE PROGRAM

4b (Code: ) (Expenses $ 1,048,158. including grants of $ ) (Revenue $ 500,791. )

POLICY MAP

4c (Code ) (Expenses $ 502,658. including grants of $ ) (Revenue $ 446,924. )

POLICY SOLUTIONS

4d Other program services. (Describe in Schedule O.)

(Expenses $ 882,327. including grants of $ 22,197. ) (Revenue $ 854,958. )

4e **Total program service expenses** ▶ 8,618,531.

## Part IV Checklist of Required Schedules

| | | Line | Yes | No |
|---|---|---|---|---|
| 1 | Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A* | 1 | X | |
| 2 | Is the organization required to complete Schedule B, Schedule of Contributors? | 2 | X | |
| 3 | Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I* | 3 | | X |
| 4 | **Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II* | 4 | X | |
| 5 | Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III* | 5 | | |
| 6 | Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I* | 6 | | X |
| 7 | Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II* | 7 | | X |
| 8 | Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III* | 8 | | X |
| 9 | Did the organization report an amount in Part X, line 21; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV* | 9 | X | |
| 10 | Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? *If "Yes," complete Schedule D, Part V* | 10 | | X |
| 11 | If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable | | | |
| a | Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI* | 11a | X | |
| b | Did the organization report an amount for investments - other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII* | 11b | X | |
| c | Did the organization report an amount for investments - program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII* | 11c | | X |
| d | Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX* | 11d | X | |
| e | Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X* | 11e | X | |
| f | Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X* | 11f | X | |
| 12a | Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII* | 12a | | X |
| b | Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional* | 12b | X | |
| 13 | Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E* | 13 | | X |
| 14a | Did the organization maintain an office, employees, or agents outside of the United States? | 14a | | X |
| b | Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the United States? *If "Yes," complete Schedule F, Parts I and IV* | 14b | | X |
| 15 | Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the United States? *If "Yes," complete Schedule F, Parts II and IV* | 15 | | X |
| 16 | Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the United States? *If "Yes," complete Schedule F, Parts III and IV* | 16 | | X |
| 17 | Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I* | 17 | | X |
| 18 | Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II* | 18 | | X |
| 19 | Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III* | 19 | | X |
| 20a | Did the organization operate one or more hospitals? *If "Yes," complete Schedule H* | 20a | | X |
| b | If "Yes" to line 20a, did the organization attach its audited financial statements to this return? **Note.** Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions) | 20b | | |

**Part IV Checklist of Required Schedules** *(continued)*

| | | | Yes | No |
|---|---|---|---|---|
| 21 | Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II* | 21 | X | |
| 22 | Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III* | 22 | | X |
| 23 | Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J* | 23 | X | |
| 24a | Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K If "No", go to line 25* | 24a | | X |
| b | Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? | 24b | | |
| c | Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? | 24c | | |
| d | Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? | 24d | | |
| 25a | **Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I* | 25a | | X |
| b | Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I* | 25b | | X |
| 26 | Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II* | 26 | | X |
| 27 | Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III* | 27 | | X |
| 28 | Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions): | | | |
| a | A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV* | 28a | | X |
| b | A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV* | 28b | | X |
| c | An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV* | 28c | | X |
| 29 | Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M* | 29 | | X |
| 30 | Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M* | 30 | | X |
| 31 | Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I* | 31 | | X |
| 32 | Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II* | 32 | | X |
| 33 | Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I* | 33 | X | |
| 34 | Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1* | 34 | X | |
| 35 | Is any related organization a controlled entity within the meaning of section 512(b)(13)? | 35 | X | |
| a | Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2* ☐ Yes ☒ No | | | |
| 36 | **Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2* | 36 | | X |
| 37 | Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI* | 37 | | X |
| 38 | Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O | 38 | X | |

**Part V** **Statements Regarding Other IRS Filings and Tax Compliance**

Check if Schedule O contains a response to any question in this Part V ☐

| | | | | | Yes | No |
|---|---|---|---|---|---|---|
| 1a | Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable | 1a | 78 | | | |
| b | Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable | 1b | 0 | | | |
| c | Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? | | | 1c | | |
| 2a | Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return | 2a | 91 | | | |
| b | If at least one is reported on line 2a, did the organization file all required federal employment tax returns? | | | 2b | X | |
| | **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to *e-file*. (see instructions) | | | | | |
| 3a | Did the organization have unrelated business gross income of $1,000 or more during the year? | | | 3a | X | |
| b | If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O* | | | 3b | X | |
| 4a | At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)? | | | 4a | | X |
| b | If "Yes," enter the name of the foreign country ▶ | | | | | |
| | See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts. | | | | | |
| 5a | Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? | | | 5a | | X |
| b | Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? | | | 5b | | X |
| c | If "Yes," to line 5a or 5b, did the organization file Form 8886-T? | | | 5c | | |
| 6a | Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible? | | | 6a | | X |
| b | If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? | | | 6b | | |
| 7 | **Organizations that may receive deductible contributions under section 170(c).** | | | | | |
| a | Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor? | | | 7a | | X |
| b | If "Yes," did the organization notify the donor of the value of the goods or services provided? | | | 7b | | |
| c | Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? | | | 7c | | X |
| d | If "Yes," indicate the number of Forms 8282 filed during the year | 7d | | | | |
| e | Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? | | | 7e | | X |
| f | Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? | | | 7f | | X |
| g | If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? | | | 7g | | |
| h | If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? | | | 7h | | |
| 8 | **Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year? | | | 8 | | |
| 9 | **Sponsoring organizations maintaining donor advised funds.** | | | | | |
| a | Did the organization make any taxable distributions under section 4966? | | | 9a | | |
| b | Did the organization make a distribution to a donor, donor advisor, or related person? | | | 9b | | |
| 10 | **Section 501(c)(7) organizations.** Enter: | | | | | |
| a | Initiation fees and capital contributions included on Part VIII, line 12 | 10a | | | | |
| b | Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities | 10b | | | | |
| 11 | **Section 501(c)(12) organizations.** Enter: | | | | | |
| a | Gross income from members or shareholders | 11a | | | | |
| b | Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them ) | 11b | | | | |
| 12a | **Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041? | | | 12a | | |
| b | If "Yes," enter the amount of tax-exempt interest received or accrued during the year | 12b | | | | |
| 13 | **Section 501(c)(29) qualified nonprofit health insurance issuers.** | | | | | |
| a | Is the organization licensed to issue qualified health plans in more than one state? | | | 13a | | |
| | **Note.** See the instructions for additional information the organization must report on Schedule O. | | | | | |
| b | Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans | 13b | | | | |
| c | Enter the amount of reserves on hand | 13c | | | | |
| 14a | Did the organization receive any payments for indoor tanning services during the tax year? | | | 14a | | X |
| b | If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* | | | 14b | | |

**Part VI Governance, Management, and Disclosure** *For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions*

Check if Schedule O contains a response to any question in this Part VI [X]

**Section A. Governing Body and Management**

| | | | | Yes | No |
|---|---|---|---|---|---|
| 1a | Enter the number of voting members of the governing body at the end of the tax year | 1a 14 | | | |
| b | Enter the number of voting members included in line 1a, above, who are independent | 1b 13 | | | |
| 2 | Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? | | 2 | | X |
| 3 | Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? | | 3 | | X |
| 4 | Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? | | 4 | X | |
| 5 | Did the organization become aware during the year of a significant diversion of the organization's assets? | | 5 | | X |
| 6 | Does the organization have members or stockholders? | | 6 | | X |
| 7a | Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body? | | 7a | | X |
| b | Are any decisions of the governing body subject to approval by members, stockholders, or other persons? | | 7b | | X |
| 8 | Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following. | | | | |
| a | The governing body? | | 8a | X | |
| b | Each committee with authority to act on behalf of the governing body? | | 8b | X | |
| 9 | Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O* | | 9 | | X |

**Section B. Policies** *(This Section B requests information about policies not required by the Internal Revenue Code.)*

| | | | Yes | No |
|---|---|---|---|---|
| 10a | Does the organization have local chapters, branches, or affiliates? | 10a | | X |
| b | If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization? | 10b | | |
| 11a | Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form? | 11a | X | |
| b | Describe in Schedule O the process, if any, used by the organization to review this Form 990 | | | |
| 12a | Does the organization have a written conflict of interest policy? *If "No," go to line 13* | 12a | X | |
| b | Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts? | 12b | X | |
| c | Does the organization regularly and consistently monitor and enforce compliance with the policy? *If "Yes," describe in Schedule O how this is done* | 12c | X | |
| 13 | Does the organization have a written whistleblower policy? | 13 | X | |
| 14 | Does the organization have a written document retention and destruction policy? | 14 | | X |
| 15 | Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision? | | | |
| a | The organization's CEO, Executive Director, or top management official | 15a | X | |
| b | Other officers or key employees of the organization | 15b | X | |
| | If "Yes" to line 15a or 15b, describe the process in Schedule O (See instructions.) | | | |
| 16a | Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? | 16a | X | |
| b | If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements? | 16b | X | |

**Section C. Disclosure**

17 List the states with which a copy of this Form 990 is required to be filed ▶ PA, NJ, MD, DC

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you make these available Check all that apply

[ ] Own website [ ] Another's website [X] Upon request

19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public.

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization. ▶

MICHAEL M. CRIST - (215)574-5800

1700 MARKET STREET, 19TH FLOOR, PHILADELPHIA, PA 19103

**Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

Check if Schedule O contains a response to any question in this Part VII ☐

**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

**1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

List persons in the following order: individual trustees or directors, institutional trustees; officers, key employees; highest compensated employees, and former such persons.

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee

| (A) Name and Title | (B) Average hours per week (describe hours for related organizations in Schedule O) | (C) Position (check all that apply): Individual trustee or director | Institutional trustee | Officer | Key employee | Highest compensated employee | Former | (D) Reportable compensation from the organization (W-2/1099-MISC) | (E) Reportable compensation from related organizations (W-2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|---|---|---|---|---|---|---|---|---|---|---|
| JEREMY NOWAK<br>CORP. PRES., BOARD MEMBER | 40.00 | X | | X | | | | 250,250. | 0. | 30,146. |
| JOHN K. BALL<br>BOARD MEMBER | 8.00 | X | | | | | | 0. | 0. | 0. |
| ANDREA ALLON<br>BOARD MEMBER | 8.00 | X | | | | | | 0. | 0. | 0. |
| SCOTT M. JENKINS<br>BOARD MEMBER | 8.00 | X | | | | | | 0. | 0. | 0. |
| ARNIE GRAF<br>BOARD MEMBER | 8.00 | X | | | | | | 0. | 0. | 0. |
| ROBERT E. KEITH, JR<br>BOARD MEMBER & CHAIR | 8.00 | X | | | | | | 0. | 0. | 0. |
| WILLIAM STRAHAN<br>SECRETARY | 8.00 | X | | | | | | 0. | 0. | 0. |
| JOHN S. SUMMERS<br>BOARD MEMBER/VICE CHAIR | 8.00 | X | | | | | | 0. | 0. | 0. |
| LEE CASPER<br>BOARD MEMBER | 8.00 | X | | | | | | 0. | 0. | 0. |
| JAMES LYNCH<br>BOARD MEMBER | 8.00 | X | | | | | | 0. | 0. | 0. |
| MARK ZANDI<br>BOARD MEMBER | 8.00 | X | | | | | | 0. | 0. | 0. |
| JOYCE MILLER<br>BOARD MEMBER | 8.00 | X | | | | | | 0. | 0. | 0. |
| LIZ SUR<br>BOARD MEMBER | 8.00 | X | | | | | | 0. | 0. | 0. |
| PATRICIA WELLENBACH<br>BOARD MEMBER | 8.00 | X | | | | | | 0. | 0. | 0. |
| MICHAEL M. CRIST<br>EVP & CFO | 40.00 | | | X | | | | 221,515. | 0. | 7,371. |
| DONALD HINKLE-BROWN<br>CORP. VICE PRESIDENT | 40.00 | | | X | | | | 233,843. | 0. | 20,608. |
| NANCY HORTON<br>ASSISTANT SECRETARY | 40.00 | | | X | | | | 59,343. | 0. | 5,563. |

**Part VII** Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees *(continued)*

| (A) Name and title | (B) Average hours per week (describe hours for related organizations in Schedule O) | (C) Position: Individual trustee or director | Institutional trustee | Officer | Key employee | Highest compensated employee | Former | (D) Reportable compensation from the organization (W-2/1099-MISC) | (E) Reportable compensation from related organizations (W-2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|---|---|---|---|---|---|---|---|---|---|---|
| MARGARET BERGER BRADLEY<br>CORP VICE PRESIDENT | 40.00 | | | X | | | | 155,858. | 0. | 17,833. |
| SUZANNE ALOI<br>CONTROLLER | 40.00 | | | | | X | | 141,461. | 0. | 4,820. |
| IRA GOLDSTEIN<br>DIR - POLICY | 40.00 | | | | | X | | 143,911. | 0. | 19,185. |
| SARA V STERMAN<br>MANAGING DIRECTOR, COMMUNITY FACILIT | 40.00 | | | | | X | | 144,376. | 0. | 4,904. |
| PATRICIA SMITH<br>EMPLOYEE | 40.00 | | | | | X | | 138,180. | 0. | 13,611. |
| NANCY WAGNER-HISLIP<br>EMPLOYEE | 40.00 | | | | | X | | 130,139. | 0. | 18,634. |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| 1b Sub-total ▶ | | | | | | | | 1,618,876. | 0. | 142,675. |
| c Total from continuation sheets to Part VII, Section A ▶ | | | | | | | | 0. | 0. | 0. |
| d Total (add lines 1b and 1c) ▶ | | | | | | | | 1,618,876. | 0. | 142,675. |

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 in reportable compensation from the organization ▶ 19

| | | Yes | No |
|---|---|---|---|
| 3 Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual* | 3 | | X |
| 4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual* | 4 | X | |
| 5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person* | 5 | | X |

**Section B. Independent Contractors**

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization

| (A) Name and business address | (B) Description of services | (C) Compensation |
|---|---|---|
| TLC TECHNOLOGIES, 1120 S. CEDAR CREST BLVD. SUITE 201, ALLENTOWN , PA 18103 | PROFESSIONAL SERVICE | 226,153. |
| MCGLADREY AND PULLEN LLP<br>5155 PAYSPHERE CIRCLE, CHICAGO, IL 60674 | ACCOUNTING AND AUDIT | 210,200. |
| WEIR & PARTNERS LLP, 1339 CHESTNUT STREET, PHILADELPHIA, PA 19107 | COUNSELORS AT LAW | 122,776. |
| | | |
| | | |

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 in compensation from the organization ▶ 3

## Part VIII Statement of Revenue

| Section | Line | Description | Box / Business Code | Amount | (A) Total revenue | (B) Related or exempt function revenue | (C) Unrelated business revenue | (D) Revenue excluded from tax under sections 512, 513, or 514 |
|---|---|---|---|---|---|---|---|---|
| Contributions, gifts, grants and other similar amounts | 1 a | Federated campaigns | 1a | | | | | |
| | b | Membership dues | 1b | | | | | |
| | c | Fundraising events | 1c | | | | | |
| | d | Related organizations | 1d | | | | | |
| | e | Government grants (contributions) | 1e | 13615504. | | | | |
| | f | All other contributions, gifts, grants, and similar amounts not included above | 1f | 2,145,848. | | | | |
| | g | Noncash contributions included in lines 1a-1f: $ | | | | | | |
| | h | **Total.** Add lines 1a-1f ▶ | | | 15761352. | | | |
| Program Service Revenue | | | Business Code | | | | | |
| | 2 a | INTEREST | 525990 | | 4,419,383. | 4,419,383. | | |
| | b | NMTC PLACEMENT FEES | 900099 | | 1,423,883. | 1,423,883. | | |
| | c | CONSULTATION FEES | 900099 | | 819,948. | 819,948. | | |
| | d | ASSET MANAGEMENT FEE | 561000 | | 584,747. | 584,747. | | |
| | e | CHESTER REVENUES | 721110 | | 375,029. | | 375,029. | |
| | f | All other program service revenue | 525990 | | 250,463. | 250,463. | | |
| | g | **Total.** Add lines 2a-2f ▶ | | | 7,873,453. | | | |
| Other Revenue | 3 | Investment income (including dividends, interest, and other similar amounts) ▶ | | | 191,536. | | | 191,536. |
| | 4 | Income from investment of tax-exempt bond proceeds ▶ | | | | | | |
| | 5 | Royalties ▶ | | | | | | |
| | | | (i) Real | (ii) Personal | | | | |
| | 6 a | Gross Rents | 334,446. | | | | | |
| | b | Less: rental expenses | 246,207. | | | | | |
| | c | Rental income or (loss) | 88,239. | | | | | |
| | d | Net rental income or (loss) ▶ | | | 88,239. | 88,239. | | |
| | | | (i) Securities | (ii) Other | | | | |
| | 7 a | Gross amount from sales of assets other than inventory | 13468154 | | | | | |
| | b | Less: cost or other basis and sales expenses | 13436585 | | | | | |
| | c | Gain or (loss) | 31,569. | | | | | |
| | d | Net gain or (loss) ▶ | | | 31,569. | | | 31,569. |
| | 8 a | Gross income from fundraising events (not including $ ____ of contributions reported on line 1c). See Part IV, line 18 | a | | | | | |
| | b | Less: direct expenses | b | | | | | |
| | c | Net income or (loss) from fundraising events ▶ | | | | | | |
| | 9 a | Gross income from gaming activities. See Part IV, line 19 | a | | | | | |
| | b | Less: direct expenses | b | | | | | |
| | c | Net income or (loss) from gaming activities ▶ | | | | | | |
| | 10 a | Gross sales of inventory, less returns and allowances | a | | | | | |
| | b | Less: cost of goods sold | b | | | | | |
| | c | Net income or (loss) from sales of inventory ▶ | | | | | | |
| | | Miscellaneous Revenue | Business Code | | | | | |
| | 11 a | EQUITY LOSSES IN SUBSI | 525990 | | <26,661.> | <26,661.> | | |
| | b | LOSSES FROM PARTNERSHI | 525990 | | <36,464.> | <33,774.> | <2,690.> | |
| | c | | | | | | | |
| | d | All other revenue | | | | | | |
| | e | **Total.** Add lines 11a-11d ▶ | | | <63,125.> | | | |
| | 12 | **Total revenue.** See instructions. ▶ | | | 23883024. | 7,526,228. | 372,339. | 223,105. |

## Part IX Statement of Functional Expenses

*Section 501(c)(3) and 501(c)(4) organizations must complete all columns.*
*All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D)*

| Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII. | (A) Total expenses | (B) Program service expenses | (C) Management and general expenses | (D) Fundraising expenses |
|---|---|---|---|---|
| 1 Grants and other assistance to governments and organizations in the U.S. See Part IV, line 21 | 17,745. | 17,745. | | |
| 2 Grants and other assistance to individuals in the U.S. See Part IV, line 22 | 4,452. | 4,452. | | |
| 3 Grants and other assistance to governments, organizations, and individuals outside the U.S. See Part IV, lines 15 and 16 | | | | |
| 4 Benefits paid to or for members | | | | |
| 5 Compensation of current officers, directors, trustees, and key employees | 523,863. | 519,563. | | 4,300. |
| 6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) | | | | |
| 7 Other salaries and wages | 2,309,947. | 1,672,702. | 636,745. | 500. |
| 8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions) | 66,418. | 50,936. | 15,482. | |
| 9 Other employee benefits | 271,856. | 184,583. | 86,121. | 1,152. |
| 10 Payroll taxes | 165,885. | 127,840. | 38,045. | |
| 11 Fees for services (non-employees): | | | | |
| a Management | | | | |
| b Legal | 139,595. | 121,477. | 18,118. | |
| c Accounting | 220,667. | 41,467. | 179,200. | |
| d Lobbying | | | | |
| e Professional fundraising services. See Part IV, line 17 | | | | |
| f Investment management fees | 330. | 330. | | |
| g Other | 951,393. | 503,480. | 447,913. | |
| 12 Advertising and promotion | 42,743. | 42,047. | 696. | |
| 13 Office expenses | 259,010. | 199,428. | 59,582. | |
| 14 Information technology | 56,981. | 51,302. | 5,679. | |
| 15 Royalties | | | | |
| 16 Occupancy | 263,052. | 200,320. | 62,732. | |
| 17 Travel | 43,320. | 34,105. | 9,215. | |
| 18 Payments of travel or entertainment expenses for any federal, state, or local public officials | | | | |
| 19 Conferences, conventions, and meetings | 27,853. | 18,661. | 9,192. | |
| 20 Interest | 2,382,992. | 2,382,992. | | |
| 21 Payments to affiliates | | | | |
| 22 Depreciation, depletion, and amortization | 567,479. | 507,251. | 60,228. | |
| 23 Insurance | 44,226. | 34,425. | 9,801. | |
| 24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24f. If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O.) | | | | |
| a PROVISION - LOAN LOSSES | 1,678,256. | 1,678,256. | | |
| b DEBT CLOSING & SERVICIN | 129,441. | 129,441. | | |
| c STAFF DEVELOPMENT/RECRU | 47,401. | 36,932. | 10,469. | |
| d DUES PUBLICATIONS & SUB | 44,218. | 42,811. | 1,407. | |
| e TEMPORARY HELP | 32,432. | 15,985. | 16,447. | |
| f All other expenses | | | | |
| 25 **Total functional expenses.** Add lines 1 through 24f | 10,291,555. | 8,618,531. | 1,667,072. | 5,952. |
| 26 **Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720). Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation | | | | |

**Part X Balance Sheet**

| | | | (A) Beginning of year | | (B) End of year |
|---|---|---|---|---|---|
| Assets | 1 | Cash - non-interest-bearing | | 1 | |
| | 2 | Savings and temporary cash investments | 17,593,490. | 2 | 23,930,817. |
| | 3 | Pledges and grants receivable, net | 7,650,000. | 3 | 1,257,500. |
| | 4 | Accounts receivable, net | 2,383,824. | 4 | 1,281,371. |
| | 5 | Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L | | 5 | |
| | 6 | Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) | | 6 | |
| | 7 | Notes and loans receivable, net | 135,925,750. | 7 | 145,343,374. |
| | 8 | Inventories for sale or use | | 8 | |
| | 9 | Prepaid expenses and deferred charges | 424,103. | 9 | 428,095. |
| | 10a | Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D — 10a: 5,309,353. | | | |
| | b | Less. accumulated depreciation — 10b: 3,262,033. | 1,635,769. | 10c | 2,047,320. |
| | 11 | Investments - publicly traded securities | | 11 | |
| | 12 | Investments - other securities. See Part IV, line 11 | 60,879,116. | 12 | 48,739,502. |
| | 13 | Investments - program-related. See Part IV, line 11 | | 13 | |
| | 14 | Intangible assets | | 14 | |
| | 15 | Other assets. See Part IV, line 11 | 10,016,255. | 15 | 19,479,231. |
| | 16 | **Total assets.** Add lines 1 through 15 (must equal line 34) | 236,508,307. | 16 | 242,507,210. |
| Liabilities | 17 | Accounts payable and accrued expenses | 1,254,182. | 17 | 1,100,071. |
| | 18 | Grants payable | 1,092,398. | 18 | 18,480. |
| | 19 | Deferred revenue | 12,156,623. | 19 | 146,836. |
| | 20 | Tax-exempt bond liabilities | | 20 | |
| | 21 | Escrow or custodial account liability Complete Part IV of Schedule D | 1,462,541. | 21 | 1,349,352. |
| | 22 | Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L | | 22 | |
| | 23 | Secured mortgages and notes payable to unrelated third parties | 23,382,124. | 23 | 22,652,633. |
| | 24 | Unsecured notes and loans payable to unrelated third parties | 111,620,753. | 24 | 118,313,150. |
| | 25 | Other liabilities. Complete Part X of Schedule D | 1,176,533. | 25 | 1,056,090. |
| | 26 | **Total liabilities.** Add lines 17 through 25 | 152,145,154. | 26 | 144,636,612. |
| Net Assets or Fund Balances | | **Organizations that follow SFAS 117, check here ▶ [X] and complete lines 27 through 29, and lines 33 and 34.** | | | |
| | 27 | Unrestricted net assets | 24,636,527. | 27 | 24,959,478. |
| | 28 | Temporarily restricted net assets | 19,661,913. | 28 | 20,470,058. |
| | 29 | Permanently restricted net assets | 40,064,713. | 29 | 52,441,062. |
| | | **Organizations that do not follow SFAS 117, check here ▶ [ ] and complete lines 30 through 34.** | | | |
| | 30 | Capital stock or trust principal, or current funds | | 30 | |
| | 31 | Paid-in or capital surplus, or land, building, or equipment fund | | 31 | |
| | 32 | Retained earnings, endowment, accumulated income, or other funds | | 32 | |
| | 33 | Total net assets or fund balances | 84,363,153. | 33 | 97,870,598. |
| | 34 | Total liabilities and net assets/fund balances | 236,508,307. | 34 | 242,507,210. |

## Part XI Reconciliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI [X]

| | | | |
|---|---|---|---|
| 1 | Total revenue (must equal Part VIII, column (A), line 12) | 1 | 23,883,024. |
| 2 | Total expenses (must equal Part IX, column (A), line 25) | 2 | 10,291,555. |
| 3 | Revenue less expenses Subtract line 2 from line 1 | 3 | 13,591,469. |
| 4 | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) | 4 | 84,363,153. |
| 5 | Other changes in net assets or fund balances (explain in Schedule O) | 5 | <84,024.> |
| 6 | Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B)) | 6 | 97,870,598. |

## Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII [X]

| | | | Yes | No |
|---|---|---|---|---|
| 1 | Accounting method used to prepare the Form 990. [ ] Cash [X] Accrual [ ] Other<br>If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O | | | |
| 2a | Were the organization's financial statements compiled or reviewed by an independent accountant? | 2a | | X |
| b | Were the organization's financial statements audited by an independent accountant? | 2b | X | |
| c | If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? | 2c | X | |
| | If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O | | | |
| d | If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both:<br>[ ] Separate basis [X] Consolidated basis [ ] Both consolidated and separate basis | | | |
| 3a | As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133? | 3a | X | |
| b | If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits. | 3b | X | |

Form 990 (2010)

**SCHEDULE A (Form 990 or 990-EZ)**

Department of the Treasury
Internal Revenue Service

# Public Charity Status and Public Support

**Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.**
**▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.**

OMB No 1545-0047
**2010**
**Open to Public Inspection**

| Name of the organization | Employer identification number |
|---|---|
| THE REINVESTMENT FUND, INC. | 23-2331946 |

**Part I Reason for Public Charity Status** (All organizations must complete this part ) See instructions.

The organization is not a private foundation because it is (For lines 1 through 11, check only one box )

1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**

2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E.)

3 ☐ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state

5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)

6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7 ☒ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)

8 ☐ A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II )

9 ☐ An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III.)

10 ☐ An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**

11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h.

a ☐ Type I    b ☐ Type II    c ☐ Type III - Functionally integrated    d ☐ Type III - Other

e ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)

f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box ☐

g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

| | | Yes | No |
|---|---|---|---|
| (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization? | 11g(i) | | |
| (ii) A family member of a person described in (i) above? | 11g(ii) | | |
| (iii) A 35% controlled entity of a person described in (i) or (ii) above? | 11g(iii) | | |

h Provide the following information about the supported organization(s).

| (i) Name of supported organization | (ii) EIN | (iii) Type of organization (described on lines 1-9 above or IRC section (see instructions)) | (iv) Is the organization in col. (i) listed in your governing document? Yes | No | (v) Did you notify the organization in col. (i) of your support? Yes | No | (vi) Is the organization in col. (i) organized in the U.S.? Yes | No | (vii) Amount of support |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| Total | | | | | | | | | |

**Part II** **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III If the organization fails to qualify under the tests listed below, please complete Part III.)

## Section A. Public Support

| Calendar year (or fiscal year beginning in) ▶ | (a) 2006 | (b) 2007 | (c) 2008 | (d) 2009 | (e) 2010 | (f) Total |
|---|---|---|---|---|---|---|
| 1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") | 7973701. | 18996934. | 11456707. | 18284973. | 15761352. | 72473667. |
| 2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf | | | | | | |
| 3 The value of services or facilities furnished by a governmental unit to the organization without charge | | | | | | |
| 4 **Total.** Add lines 1 through 3 | 7973701. | 18996934. | 11456707. | 18284973. | 15761352. | 72473667. |
| 5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f) | | | | | | 11310928. |
| 6 **Public support.** Subtract line 5 from line 4 | | | | | | 61162739. |

## Section B. Total Support

| Calendar year (or fiscal year beginning in) ▶ | (a) 2006 | (b) 2007 | (c) 2008 | (d) 2009 | (e) 2010 | (f) Total |
|---|---|---|---|---|---|---|
| 7 Amounts from line 4 | 7973701. | 18996934. | 11456707. | 18284973. | 15761352. | 72473667. |
| 8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources | 2570668. | 2360470. | 616,176. | 393,678. | 525,982. | 6466974. |
| 9 Net income from unrelated business activities, whether or not the business is regularly carried on | <9,689.> | <3,914.> | <3,357.> | <3,263.> | <104,180.> | <124,403.> |
| 10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV) | | | | | | |
| 11 **Total support.** Add lines 7 through 10 | | | | | | 78816238. |

12 Gross receipts from related activities, etc. (see instructions) | 12 | 53,545,344.

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ▶ ☐

## Section C. Computation of Public Support Percentage

14 Public support percentage for 2010 (line 6, column (f) divided by line 11, column (f)) | 14 | 77.60 %

15 Public support percentage from 2009 Schedule A, Part II, line 14 | 15 | 77.43 %

16a **33 1/3% support test - 2010.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☒

b **33 1/3% support test - 2009.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

17a **10% -facts-and-circumstances test - 2010.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ▶ ☐

b **10% -facts-and-circumstances test - 2009.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ▶ ☐

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶ ☐

## Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II If the organization fails to qualify under the tests listed below, please complete Part II )

### Section A. Public Support

| Calendar year (or fiscal year beginning in) ▶ | (a) 2006 | (b) 2007 | (c) 2008 | (d) 2009 | (e) 2010 | (f) Total |
|---|---|---|---|---|---|---|
| 1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") | | | | | | |
| 2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose | | | | | | |
| 3 Gross receipts from activities that are not an unrelated trade or business under section 513 | | | | | | |
| 4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf | | | | | | |
| 5 The value of services or facilities furnished by a governmental unit to the organization without charge | | | | | | |
| 6 **Total.** Add lines 1 through 5 | | | | | | |
| 7a Amounts included on lines 1, 2, and 3 received from disqualified persons | | | | | | |
| b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year | | | | | | |
| c Add lines 7a and 7b | | | | | | |
| 8 **Public support** (Subtract line 7c from line 6 ) | | | | | | |

### Section B. Total Support

| Calendar year (or fiscal year beginning in) ▶ | (a) 2006 | (b) 2007 | (c) 2008 | (d) 2009 | (e) 2010 | (f) Total |
|---|---|---|---|---|---|---|
| 9 Amounts from line 6 | | | | | | |
| 10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources | | | | | | |
| b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 | | | | | | |
| c Add lines 10a and 10b | | | | | | |
| 11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on | | | | | | |
| 12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV ) | | | | | | |
| 13 **Total support** (Add lines 9, 10c, 11, and 12 ) | | | | | | |

14 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ▶ ☐

### Section C. Computation of Public Support Percentage

| | | | |
|---|---|---|---|
| 15 | Public support percentage for 2010 (line 8, column (f) divided by line 13, column (f)) | 15 | % |
| 16 | Public support percentage from 2009 Schedule A, Part III, line 15 | 16 | % |

### Section D. Computation of Investment Income Percentage

| | | | |
|---|---|---|---|
| 17 | Investment income percentage for **2010** (line 10c, column (f) divided by line 13, column (f)) | 17 | % |
| 18 | Investment income percentage from **2009** Schedule A, Part III, line 17 | 18 | % |

19a **33 1/3% support tests - 2010.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

b **33 1/3% support tests - 2009.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶ ☐

# Schedule A — Identification of Excess Contributions Included on Part II, Line 5 — 2010

** Do Not File **

*** Not Open to Public Inspection ***

| Contributor's Name | Total Contributions | Excess Contributions |
|---|---|---|
| | 2,366,228. | 789,903. |
| | 2,750,000. | 1,173,675. |
| | 5,000,000. | 3,423,675. |
| | 7,500,000. | 5,923,675. |

Total Excess Contributions to Schedule A, Part II, Line 5 11,310,928.

**SCHEDULE C** (Form 990 or 990-EZ)

Department of the Treasury Internal Revenue Service

# Political Campaign and Lobbying Activities

**For Organizations Exempt From Income Tax Under section 501(c) and section 527**

▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**
▶ **See separate instructions.**

OMB No 1545-0047

**2010**

**Open to Public Inspection**

**If the organization answered "Yes," to Form 990, Part IV, line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then**

- Section 501(c)(3) organizations· Complete Parts I-A and B. Do not complete Part I-C
- Section 501(c) (other than section 501(c)(3)) organizations· Complete Parts I-A and C below. Do not complete Part I-B.
- Section 527 organizations: Complete Part I-A only.

**If the organization answered "Yes," to Form 990, Part IV, line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then**

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) Complete Part II-A Do not complete Part II-B
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)): Complete Part II-B Do not complete Part II-A

**If the organization answered "Yes," to Form 990, Part IV, line 5 (Proxy Tax), or Form 990-EZ, Part V, line 35a (Proxy Tax), then**

- Section 501(c)(4), (5), or (6) organizations Complete Part III.

| Name of organization | Employer identification number |
|---|---|
| THE REINVESTMENT FUND, INC. | 23-2331946 |

## Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV

2 Political expenditures ▶ $

3 Volunteer hours

## Part I-B Complete if the organization is exempt under section 501(c)(3).

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ $

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV.

## Part I-C Complete if the organization is exempt under section 501(c), except section 501(c)(3).

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ▶ $

3 Total exempt function expenditures. Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ▶ $

4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments. For each organization listed, enter the amount paid from the filing organization's funds. Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC). If additional space is needed, provide information in Part IV.

| **(a)** Name | **(b)** Address | **(c)** EIN | **(d)** Amount paid from filing organization's funds. If none, enter -0- | **(e)** Amount of political contributions received and promptly and directly delivered to a separate political organization. If none, enter -0- |
|---|---|---|---|---|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

**For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.**
LHA

**Schedule C (Form 990 or 990-EZ) 2010**

032041 02-02-11



15280915 133301 8HE17B 2010 04020 THE REINVESTMENT FUND, INC. 8HE17B 1

**Part II-A** **Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).**

A Check ▶ ☐ if the filing organization belongs to an affiliated group.

B Check ▶ ☐ if the filing organization checked box A and "limited control" provisions apply.

| Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.) | (a) Filing organization's totals | (b) Affiliated group totals |
|---|---|---|
| 1a Total lobbying expenditures to influence public opinion (grass roots lobbying) | | |
| b Total lobbying expenditures to influence a legislative body (direct lobbying) | | |
| c Total lobbying expenditures (add lines 1a and 1b) | | |
| d Other exempt purpose expenditures | 8,618,531. | |
| e Total exempt purpose expenditures (add lines 1c and 1d) | 8,618,531. | |
| f Lobbying nontaxable amount Enter the amount from the following table in both columns | 580,927. | |

| If the amount on line 1e, column (a) or (b) is: | The lobbying nontaxable amount is: |
|---|---|
| Not over $500,000 | 20% of the amount on line 1e |
| Over $500,000 but not over $1,000,000 | $100,000 plus 15% of the excess over $500,000 |
| Over $1,000,000 but not over $1,500,000 | $175,000 plus 10% of the excess over $1,000,000 |
| Over $1,500,000 but not over $17,000,000 | $225,000 plus 5% of the excess over $1,500,000. |
| Over $17,000,000 | $1,000,000. |

| | (a) | (b) |
|---|---|---|
| g Grassroots nontaxable amount (enter 25% of line 1f) | 145,232. | |
| h Subtract line 1g from line 1a If zero or less, enter -0- | 0. | |
| i Subtract line 1f from line 1c If zero or less, enter -0- | 0. | |

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ Yes ☐ No

**4-Year Averaging Period Under Section 501(h)**
**(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 2a through 2f on page 4.)**

**Lobbying Expenditures During 4-Year Averaging Period**

| Calendar year (or fiscal year beginning in) | (a) 2007 | (b) 2008 | (c) 2009 | (d) 2010 | (e) Total |
|---|---|---|---|---|---|
| 2a Lobbying nontaxable amount | 1,000,000. | 1,000,000. | 1,000,000. | 580,927. | 3,580,927. |
| b Lobbying ceiling amount (150% of line 2a, column(e)) | | | | | 5,371,391. |
| c Total lobbying expenditures | 8,319. | 10,000. | 150. | | 18,469. |
| d Grassroots nontaxable amount | 250,000. | 250,000. | 250,000. | 145,232. | 895,232. |
| e Grassroots ceiling amount (150% of line 2d, column (e)) | | | | | 1,342,848. |
| f Grassroots lobbying expenditures | | | | | |

**Part II-B** **Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).**

| | | (a) Yes | (a) No | (b) Amount |
|---|---|---|---|---|
| 1 | During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of: | | | |
| a | Volunteers? | | | |
| b | Paid staff or management (include compensation in expenses reported on lines 1c through 1i)? | | | |
| c | Media advertisements? | | | |
| d | Mailings to members, legislators, or the public? | | | |
| e | Publications, or published or broadcast statements? | | | |
| f | Grants to other organizations for lobbying purposes? | | | |
| g | Direct contact with legislators, their staffs, government officials, or a legislative body? | | | |
| h | Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means? | | | |
| i | Other activities? If "Yes," describe in Part IV | | | |
| j | Total. Add lines 1c through 1i | | | |
| 2a | Did the activities in line 1 cause the organization to be not described in section 501(c)(3)? | | | |
| b | If "Yes," enter the amount of any tax incurred under section 4912 | | | |
| c | If "Yes," enter the amount of any tax incurred by organization managers under section 4912 | | | |
| d | If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year? | | | |

**Part III-A** **Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).**

| | | | Yes | No |
|---|---|---|---|---|
| 1 | Were substantially all (90% or more) dues received nondeductible by members? | 1 | | |
| 2 | Did the organization make only in-house lobbying expenditures of $2,000 or less? | 2 | | |
| 3 | Did the organization agree to carryover lobbying and political expenditures from the prior year? | 3 | | |

**Part III-B** **Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) if BOTH Part III-A, lines 1 and 2 are answered "No" OR if Part III-A, line 3 is answered "Yes."**

| | | | |
|---|---|---|---|
| 1 | Dues, assessments and similar amounts from members | 1 | |
| 2 | Section 162(e) nondeductible lobbying and political expenditures **(do not include amounts of political expenses for which the section 527(f) tax was paid).** | | |
| a | Current year | 2a | |
| b | Carryover from last year | 2b | |
| c | Total | 2c | |
| 3 | Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues | 3 | |
| 4 | If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year? | 4 | |
| 5 | Taxable amount of lobbying and political expenditures (see instructions) | 5 | |

**Part IV** **Supplemental Information**

Complete this part to provide the descriptions required for Part I-A, line 1; Part I-B, line 4; Part I-C, line 5; and Part II-B, line 1i. Also, complete this part for any additional information.

**SCHEDULE D** (Form 990)

Department of the Treasury Internal Revenue Service

# Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

**2010**

Open to Public Inspection

Name of the organization: THE REINVESTMENT FUND, INC.

Employer identification number: 23-2331946

**Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.** Complete if the organization answered "Yes" to Form 990, Part IV, line 6

| | | (a) Donor advised funds | (b) Funds and other accounts |
|---|---|---|---|
| 1 | Total number at end of year | | |
| 2 | Aggregate contributions to (during year) | | |
| 3 | Aggregate grants from (during year) | | |
| 4 | Aggregate value at end of year | | |

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes ☐ No

**Part II Conservation Easements.** Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).

☐ Preservation of land for public use (e.g., recreation or education)

☐ Preservation of an historically important land area

☐ Protection of natural habitat

☐ Preservation of a certified historic structure

☐ Preservation of open space

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

| | | | Held at the End of the Tax Year |
|---|---|---|---|
| a | Total number of conservation easements | 2a | |
| b | Total acreage restricted by conservation easements | 2b | |
| c | Number of conservation easements on a certified historic structure included in (a) | 2c | |
| d | Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register | 2d | |

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ ____________

4 Number of states where property subject to conservation easement is located ▶ ____________

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶ ____________

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ $ ____________

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.**
Complete if the organization answered "Yes" to Form 990, Part IV, line 8

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenues included in Form 990, Part VIII, line 1 ▶ $ ____________

(ii) Assets included in Form 990, Part X ▶ $ ____________

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:

a Revenues included in Form 990, Part VIII, line 1 ▶ $ ____________

b Assets included in Form 990, Part X ▶ $ ____________

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets** *(continued)*

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):

a ☐ Public exhibition
b ☐ Scholarly research
c ☐ Preservation for future generations
d ☐ Loan or exchange programs
e ☐ Other

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

**Part IV Escrow and Custodial Arrangements.** Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☒ No

b If "Yes," explain the arrangement in Part XIV and complete the following table:

| | | | Amount |
|---|---|---|---|
| c | Beginning balance | 1c | 1,462,541. |
| d | Additions during the year | 1d | 686,655. |
| e | Distributions during the year | 1e | 799,844. |
| f | Ending balance | 1f | 1,349,352. |

2a Did the organization include an amount on Form 990, Part X, line 21? ☒ Yes ☐ No

b If "Yes," explain the arrangement in Part XIV.

**Part V Endowment Funds.** Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

| | (a) Current year | (b) Prior year | (c) Two years back | (d) Three years back | (e) Four years back |
|---|---|---|---|---|---|
| 1a Beginning of year balance | | | | | |
| b Contributions | | | | | |
| c Net investment earnings, gains, and losses | | | | | |
| d Grants or scholarships | | | | | |
| e Other expenditures for facilities and programs | | | | | |
| f Administrative expenses | | | | | |
| g End of year balance | | | | | |

2 Provide the estimated percentage of the year end balance held as:

a Board designated or quasi-endowment ▶ ______ %
b Permanent endowment ▶ ______ %
c Term endowment ▶ ______ %

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

| | | Yes | No |
|---|---|---|---|
| (i) unrelated organizations | 3a(i) | | |
| (ii) related organizations | 3a(ii) | | |
| b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R? | 3b | | |

4 Describe in Part XIV the intended uses of the organization's endowment funds.

**Part VI Land, Buildings, and Equipment.** See Form 990, Part X, line 10.

| Description of investment | (a) Cost or other basis (investment) | (b) Cost or other basis (other) | (c) Accumulated depreciation | (d) Book value |
|---|---|---|---|---|
| 1a Land | | | | |
| b Buildings | | | | |
| c Leasehold improvements | | 865,677. | 760,379. | 105,298. |
| d Equipment | | 806,146. | 636,326. | 169,820. |
| e Other | | 3,637,530. | 1,865,328. | 1,772,202. |
| **Total.** Add lines 1a through 1e. *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶ | | | | 2,047,320. |

**Part VII Investments - Other Securities.** See Form 990, Part X, line 12.

| (a) Description of security or category (including name of security) | (b) Book value | (c) Method of valuation. Cost or end-of-year market value |
|---|---|---|
| (1) Financial derivatives | | |
| (2) Closely-held equity interests | | |
| (3) Other | | |
| (A) INVESTMENTS IN MARKETABLE | | |
| (B) SECURITIES | 48,739,502. | COST |
| (C) | | |
| (D) | | |
| (E) | | |
| (F) | | |
| (G) | | |
| (H) | | |
| (I) | | |
| **Total.** (Col (b) must equal Form 990, Part X, col (B) line 12.) ▶ | 48,739,502. | |

**Part VIII Investments - Program Related.** See Form 990, Part X, line 13.

| (a) Description of investment type | (b) Book value | (c) Method of valuation: Cost or end-of-year market value |
|---|---|---|
| (1) | | |
| (2) | | |
| (3) | | |
| (4) | | |
| (5) | | |
| (6) | | |
| (7) | | |
| (8) | | |
| (9) | | |
| (10) | | |
| **Total.** (Col (b) must equal Form 990, Part X, col (B) line 13.) ▶ | | |

**Part IX Other Assets.** See Form 990, Part X, line 15.

| (a) Description | (b) Book value |
|---|---|
| (1) A/R-RELATED PARTY | 7,150,044. |
| (2) INVESTMENT IN SUBSIDIARIES | 958,734. |
| (3) OTHER - RENTAL SECURITY DEPOSIT | 9,213. |
| (4) OTHER INVESTMENTS | 1,932,459. |
| (5) REAL ESTATE OWNED | 9,428,781. |
| (6) | |
| (7) | |
| (8) | |
| (9) | |
| (10) | |
| **Total.** *(Column (b) must equal Form 990, Part X, col (B) line 15.)* ▶ | 19,479,231. |

**Part X Other Liabilities.** See Form 990, Part X, line 25

| 1. (a) Description of liability | (b) Amount |
|---|---|
| (1) Federal income taxes | |
| (2) RESERVE FUNDS PAYABLE | 849,324. |
| (3) LOANS FROM INTERESTED PERSONS | 206,766. |
| (4) | |
| (5) | |
| (6) | |
| (7) | |
| (8) | |
| (9) | |
| (10) | |
| (11) | |
| **Total.** *(Column (b) must equal Form 990, Part X, col (B) line 25.)* ▶ | 1,056,090. |

2. FIN 48 (ASC 740) Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740)

## Part XI Reconciliation of Change in Net Assets from Form 990 to Audited Financial Statements

| | | | |
|---|---|---|---|
| 1 | Total revenue (Form 990, Part VIII, column (A), line 12) | 1 | 23,883,024. |
| 2 | Total expenses (Form 990, Part IX, column (A), line 25) | 2 | 10,291,555. |
| 3 | Excess or (deficit) for the year Subtract line 2 from line 1 | 3 | 13,591,469. |
| 4 | Net unrealized gains (losses) on investments | 4 | <27,514.> |
| 5 | Donated services and use of facilities | 5 | |
| 6 | Investment expenses | 6 | |
| 7 | Prior period adjustments | 7 | |
| 8 | Other (Describe in Part XIV.) | 8 | <56,510.> |
| 9 | Total adjustments (net) Add lines 4 through 8 | 9 | <84,024.> |
| 10 | Excess or (deficit) for the year per audited financial statements. Combine lines 3 and 9 | 10 | 13,507,445. |

## Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

| | | | | | |
|---|---|---|---|---|---|
| 1 | *Total revenue, gains, and other support per audited financial statements* | | | 1 | |
| 2 | Amounts included on line 1 but not on Form 990, Part VIII, line 12. | | | | |
| a | Net unrealized gains on investments | 2a | | | |
| b | Donated services and use of facilities | 2b | | | |
| c | Recoveries of prior year grants | 2c | | | |
| d | Other (Describe in Part XIV ) | 2d | | | |
| e | Add lines **2a** through **2d** | | | 2e | |
| 3 | Subtract line **2e** from line **1** | | | 3 | |
| 4 | Amounts included on Form 990, Part VIII, line 12, but not on line **1**: | | | | |
| a | Investment expenses not included on Form 990, Part VIII, line 7b | 4a | | | |
| b | Other (Describe in Part XIV.) | 4b | | | |
| c | Add lines **4a** and **4b** | | | 4c | |
| 5 | Total revenue Add lines **3** and **4c.** *(This must equal Form 990, Part I, line 12 )* | | | 5 | |

## Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

| | | | | | |
|---|---|---|---|---|---|
| 1 | Total expenses and losses per audited financial statements | | | 1 | |
| 2 | Amounts included on line 1 but not on Form 990, Part IX, line 25: | | | | |
| a | Donated services and use of facilities | 2a | | | |
| b | Prior year adjustments | 2b | | | |
| c | Other losses | 2c | | | |
| d | Other (Describe in Part XIV.) | 2d | | | |
| e | Add lines **2a** through **2d** | | | 2e | |
| 3 | Subtract line **2e** from line **1** | | | 3 | |
| 4 | Amounts included on Form 990, Part IX, line 25, but not on line **1**: | | | | |
| a | Investment expenses not included on Form 990, Part VIII, line 7b | 4a | | | |
| b | Other (Describe in Part XIV.) | 4b | | | |
| c | Add lines **4a** and **4b** | | | 4c | |
| 5 | Total expenses. Add lines **3** and **4c.** *(This must equal Form 990, Part I, line 18 )* | | | 5 | |

## Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b; Part V, line 4, Part X, line 2, Part XI, line 8, Part XII, lines 2d and 4b; and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information

PART IV, LINE 2B: ESCROW ACCOUNTS FOR LENDING ACTIVITY

PART X, LINE 2: 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 TO COMPLY WITH THE PROVISIONS OF THIS GUIDANCE. CONSEQUENTLY, NO ACCRUAL FOR INTEREST AND PENALTIES WAS DEEMED NECESSARY FOR THE SIX MONTHS ENDED DECEMBER 31, 2010. THE ORGANIZATION FILES INCOME TAX RETURNS IN THE U.S. FEDERAL

**Part XIV Supplemental Information** *(continued)*

JURISDICTION. GENERALLY, THE ORGANIZATION IS NO LONGER SUBJECT TO INCOME TAX EXAMINATIONS BY THE U.S. FEDERAL, STATE OR LOCAL TAX AUTHORITIES FOR YEARS BEFORE 2007.

PART XI, LINE 8 - OTHER ADJUSTMENTS:

| | |
|---|---|
| BOOK/TAX DIFFERENCE ON GAIN/LOSS | -56,736. |
| MISCELLANEOUS | 226. |
| TOTAL TO SCHEDULE D, PART XI, LINE 8 | -56,510. |

**SCHEDULE I**
**(Form 990)**

Department of the Treasury
Internal Revenue Service

## Grants and Other Assistance to Organizations, Governments, and Individuals in the United States

**Complete if the organization answered "Yes" to Form 990, Part IV, line 21 or 22.**
**▶ Attach to Form 990.**

OMB No 1545-0047
**2010**
**Open to Public Inspection**

Name of the organization: THE REINVESTMENT FUND, INC.
**Employer identification number** 23-2331946

**Part I** **General Information on Grants and Assistance**

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? [X] Yes [ ] No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

**Part II** **Grants and Other Assistance to Governments and Organizations in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000 Part II can be duplicated if additional space is needed ▶ [ ]

| 1 (a) Name and address of organization or government | (b) EIN | (c) IRC section if applicable | (d) Amount of cash grant | (e) Amount of non-cash assistance | (f) Method of valuation (book, FMV, appraisal, other) | (g) Description of non-cash assistance | (h) Purpose of grant or assistance |
|---|---|---|---|---|---|---|---|
| ENERGY COORDINATING AGENCY<br>1924 ARCH ST.<br>PHILADELPHIA, PA 19103 | | | 6,617. | 0. | FMV - CASH | | RENEWABLE ENERGY EDUCATION - SDF |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

2 Enter total number of section 501(c)(3) and government organizations ▶

3 Enter total number of other organizations ▶ 1.

LHA **For Paperwork Reduction Act Notice, see the Instructions for Form 990.** **Schedule I (Form 990) (2010)**



032101 01-13-11

**Part III** **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22
Part III can be duplicated if additional space is needed.

| (a) Type of grant or assistance | (b) Number of recipients | (c) Amount of cash grant | (d) Amount of non-cash assistance | (e) Method of valuation (book, FMV, appraisal, other) | (f) Description of non-cash assistance |
|---|---|---|---|---|---|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

**Part IV** **Supplemental Information.** Complete this part to provide the information required in Part I, line 2, and any other additional information

SCHEDULE I, PART I, LINE 2: APPLICATIONS FOR GRANTS ARE RECEIVED AND PROCESSED BY THE APPLICABLE PROGRAM MANAGER. ONCE APPROVED, GRANT DISBURSEMENTS ARE PROCESSED BY THE FINANCE DEPARTMENT. ONGOING COMPLIANCE WITH THE GRANT TERMS ARE MONITORED AND MAINTAINED BY THE APPLICABLE PROGRAM MANAGER AND THE FINANCE DEPARTMENT.

**SCHEDULE J (Form 990)**

Department of the Treasury
Internal Revenue Service

# Compensation Information

**For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, line 23.**

▶ **Attach to Form 990.** ▶ **See separate instructions.**

OMB No 1545-0047

**2010**

**Open to Public Inspection**

Name of the organization: THE REINVESTMENT FUND, INC.

Employer identification number: 23-2331946

## Part I Questions Regarding Compensation

| | | | Yes | No |
|---|---|---|---|---|
| 1a | Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.<br>☐ First-class or charter travel ☐ Housing allowance or residence for personal use<br>☐ Travel for companions ☐ Payments for business use of personal residence<br>☐ Tax indemnification and gross-up payments ☐ Health or social club dues or initiation fees<br>☐ Discretionary spending account ☐ Personal services (e.g , maid, chauffeur, chef) | | | |
| b | If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain | 1b | | |
| 2 | Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a? | 2 | | |
| 3 | Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director. Check all that apply<br>☐ Compensation committee ☐ Written employment contract<br>☒ Independent compensation consultant ☒ Compensation survey or study<br>☐ Form 990 of other organizations ☒ Approval by the board or compensation committee | | | |
| 4 | During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization: | | | |
| a | Receive a severance payment or change-of-control payment from the organization or a related organization? | 4a | | X |
| b | Participate in, or receive payment from, a supplemental nonqualified retirement plan? | 4b | | X |
| c | Participate in, or receive payment from, an equity-based compensation arrangement?<br>If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III | 4c | | X |
| | **Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5-9.** | | | |
| 5 | For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of. | | | |
| a | The organization? | 5a | | X |
| b | Any related organization?<br>If "Yes" to line 5a or 5b, describe in Part III | 5b | | X |
| 6 | For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of: | | | |
| a | The organization? | 6a | | X |
| b | Any related organization?<br>If "Yes" to line 6a or 6b, describe in Part III. | 6b | | X |
| 7 | For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III | 7 | | X |
| 8 | Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53 4958-4(a)(3)? If "Yes," describe in Part III | 8 | | X |
| 9 | If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)? | 9 | | |

**Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use duplicate copies if additional space is needed

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii) Do not list any individuals that are not listed on Form 990, Part VII.

**Note.** The sum of columns (B)(i)-(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a

| (A) Name | | (B) Breakdown of W-2 and/or 1099-MISC compensation | | | (C) Retirement and other deferred compensation | (D) Nontaxable benefits | (E) Total of columns (B)(i)-(D) | (F) Compensation reported in prior Form 990 or Form 990-EZ |
|---|---|---|---|---|---|---|---|---|
| | | (i) Base compensation | (ii) Bonus & incentive compensation | (iii) Other reportable compensation | | | | |
| 1 JEREMY NOWAK | (i) | 249,200. | 0. | 1,050. | 0. | 30,146. | 280,396. | 0. |
| | (ii) | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| 2 MICHAEL M. CRIST | (i) | 202,434. | 0. | 19,081. | 0. | 7,371. | 228,886. | 0. |
| | (ii) | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| 3 DONALD HINKLE-BROWN | (i) | 225,575. | 0. | 8,268. | 0. | 20,608. | 254,451. | 0. |
| | (ii) | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| 4 MARGARET BERGER BRADLEY | (i) | 144,401. | 10,000. | 1,457. | 0. | 17,833. | 173,691. | 0. |
| | (ii) | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| 5 IRA GOLDSTEIN | (i) | 142,954. | 0. | 957. | 0. | 19,185. | 163,096. | 0. |
| | (ii) | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| 6 PATRICIA SMITH | (i) | 133,114. | 0. | 5,066. | 0. | 13,611. | 151,791. | 0. |
| | (ii) | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| 7 | (i) | | | | | | | |
| | (ii) | | | | | | | |
| 8 | (i) | | | | | | | |
| | (ii) | | | | | | | |
| 9 | (i) | | | | | | | |
| | (ii) | | | | | | | |
| 10 | (i) | | | | | | | |
| | (ii) | | | | | | | |
| 11 | (i) | | | | | | | |
| | (ii) | | | | | | | |
| 12 | (i) | | | | | | | |
| | (ii) | | | | | | | |
| 13 | (i) | | | | | | | |
| | (ii) | | | | | | | |
| 14 | (i) | | | | | | | |
| | (ii) | | | | | | | |
| 15 | (i) | | | | | | | |
| | (ii) | | | | | | | |
| 16 | (i) | | | | | | | |
| | (ii) | | | | | | | |

| SCHEDULE O (Form 990 or 990-EZ) Department of the Treasury Internal Revenue Service | **Supplemental Information to Form 990 or 990-EZ** Complete to provide information for responses to specific questions on Form 990 or 990-EZ or to provide any additional information. ▶ Attach to Form 990 or 990-EZ. | OMB No. 1545-0047 **2010** Open to Public Inspection |
|---|---|---|

| Name of the organization | Employer identification number |
|---|---|
| THE REINVESTMENT FUND, INC. | 23-2331946 |

FORM 990, PART I, LINE 1, DESCRIPTION OF ORGANIZATION MISSION:

THROUGH THE PROMOTION OF SOCIALLY AND ENVIRONMENTALLY RESPONSIBLE DEVELOPMENT. THE PRIMARY SERVICE AREA IS THE MID-ATLANTIC, INCLUDING THE STATES OF PENNSYLVANIA, NEW JERSEY, DELAWARE, MARYLAND, AND THE DISTRICT OF COLUMBIA. SOME POLICY AND INFORMATION INITIATIVES EXTEND NATIONALLY.

FORM 990, PART III, LINE 1, DESCRIPTION OF ORGANIZATION MISSION:

DELAWARE, MARYLAND, AND THE DISTRICT OF COLUMBIA. SOME POLICY AND INFORMATION INITIATIVES EXTEND NATIONALLY.

FORM 990, PART III, LINE 4D, OTHER PROGRAM SERVICES:

SUSTAINABLE DEVELOPMENT FUND

EXPENSES $ 162,999. INCLUDING GRANTS OF $ 22,197. REVENUE $ 174,907.

RENTAL ACTIVITIES

EXPENSES $ 719,328. INCLUDING GRANTS OF $ 0. REVENUE $ 680,051.

FORM 990, PART VI, SECTION A, LINE 4: THE ORGANIZATION HAS CHANGED THEIR YEAR END FROM JUNE 30, 2010 TO DECEMBER 31, 2010.

FORM 990, PART VI, SECTION B, LINE 11: THE ORGANIZATION HAS ENGAGED OUR INDEPENDENT ACCOUNTANTS RSM MCGLADREY, INC. TO PREPARE FORM 990 IN ACCORDANCE WITH OUR AUDITED FINANCIAL STATEMENTS. THE FORM 990 IS THEN REVIEWED BY MANAGEMENT, TRF'S FINANCE AND AUDIT COMMITTEE (WHICH IS A SUB-COMMITTEE OF THE FULL BOARD WITH FISCAL AND FIDUCIARY OVERSIGHT) AND IS

Name of the organization: THE REINVESTMENT FUND, INC.

Employer identification number: 23-2331946

MADE AVAILABLE TO THE FULL GOVERNING BODY.

FORM 990, PART VI, SECTION B, LINE 12C: COMPREHENSIVE CONFLICT OF INTEREST QUESTIONNAIRE IS DISTRIBUTED ANNUALLY TO ALL BOARD AND COMMITTEE MEMBERS. UPON RECEIPT OF THE QUESTIONNAIRE, ALL BOARD, COMMITTEE MEMBERS AND STAFF HAVE 60 DAYS TO RETURN THE COMPLETED QUESTIONNAIRE TO THE ORGANIZATION'S HUMAN RESOURCE DEPARTMENT. THE COMPLETED QUESTIONNAIRES ARE REVIEWED AND MONITORED BY THE HUMAN RESOURCE DEPARTMENT AND ANY POTENTIAL CONFLICTS ARE COMMUNICATED TO THE ORGANIZATION'S MANAGEMENT AND BOARD.

FORM 990, PART VI, SECTION B, LINE 15: THE EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS DETERMINES THE COMPENSATION OF THE ORGANIZATION'S CEO THROUGH A VARIETY OF SOURCES, INCLUDING COMPETITOR DATA AND SURVEYS. ADDITIONALLY, THE ORGANIZATION HAS ENGAGED THE SERVICES OF AN INDEPENDENT CONSULTANT TO PROVIDE AN OPINION ON THE REASONABLENESS OF THE COMPENSATION PLAN FOR THE CEO AND THREE TOP MANAGEMENT OFFICIALS USING COMPARATIVE DATA AND SURVEY DATA. THE OPINION LETTER FOR THE CEO COMPENSATION IS SENT DIRECTLY TO THE CHAIRMAN OF THE BOARD. THE OPINION LETTER FOR THE THREE TOP MANAGEMENT OFFICIALS IS SENT DIRECTLY TO THE CEO.

FORM 990, PART VI, SECTION C, LINE 19: THE ORGANIZATION MAKES IT'S GOVERNING DOCUMENTS, CONFLICT OF INTEREST STATEMENT, FORM(S) 1023, 990 & 990T AND FINANCIAL STATEMENT AVAILABLE FOR PUBLIC INSPECTION UPON REQUEST THROUGH ITS OFFICES AT 1700 MARKET STREET, 19TH FLOOR, PHILADELPHIA, PA 19103. GOVERNING DOCUMENT REQUESTS ARE EVALUATED AND PROVIDED ON A CASE BY CASE BASIS. THE ORGANIZATION'S FINANCIAL STATEMENTS ARE ALSO AVAILABLE ON THE ORGANIZATION'S WEBSITE.

Name of the organization: THE REINVESTMENT FUND, INC.

Employer identification number: 23-2331946

FORM 990, PART XI, LINE 5, CHANGES IN NET ASSETS:

| | |
|---|---|
| NET UNREALIZED LOSSES ON INVESTMENTS: | -27,514. |
| BOOK/TAX DIFFERENCE ON GAIN/LOSS | -56,736. |
| MISCELLANEOUS | 226. |
| TOTAL TO FORM 990, PART XI, LINE 5 | -84,024. |

FORM 990, PART XI, LINE 2C: THIS PROCESS HAS NOT CHANGED FROM THE PRIOR PERIOD.

FORM 990, PART IV, LINE 26: THE ORGANIZATION OFFERS PROMISSORY NOTES TO THE GENERAL PUBLIC THROUGH A PROSPECTUS OFFERING REGISTERED WITH THE PENNSYLVANIA SECURITIES COMMISSION. THE TERMS AND CONDITIONS OF THE PROMISSORY NOTES ARE SET BY THE PROSPECTUS AND ARE THE SAME FOR EVERYONE. THE PROSPECTUS IS AVAILABLE TO THE GENERAL PUBLIC, INCLUDING BOARD MEMBERS, OFFICERS AND EMPLOYEES OF THE ORGANIZATION. AT YEAR END, VOTING BOARD MEMBERS AND OFFICERS OF THE ORGANIZATION HAD LOANS OUTSTANDING UNDER THE PROSPECTUS. BASED ON GUIDEANCE, PROVIDED FROM THE IRS, REGARDING DEBT OFFERED ON THE SAME TERMS AS OFFERED TO THE GENERAL PUBLIC, WE HAVE ANSWERED THIS QUESTION AS "NO" AND DID NOT COMPLETE SCHEDULE L. HOWEVER, IN GOOD FAITH WE HAVE PROVIDED INFORMATION REGARDING THE LOANS FROM "INTERESTED PERSONS" OUTSTANDING AS OF THE END OF THE YEAR BELOW:

INDIVDUAL: ROBERT KEITH

LOAN TO/FROM ORGANIZATION: TO

ORIGINAL PRINCIPAL AMOUNT: $100,000

BALANCE DUE: $104,046

Name of the organization: THE REINVESTMENT FUND, INC.

Employer identification number: 23-2331946

IN DEFAULT: NO

APPROVED BY BOARD OR COMMITTEE: NO

WRITTEN AGREEMENT: YES

INDIVDUAL: JAMES LYNCH

LOAN TO/FROM ORGANIZATION: TO

ORIGINAL PRINCIPAL AMOUNT: $25,000

BALANCE DUE: $27,725

IN DEFAULT: NO

APPROVED BY BOARD OR COMMITTEE: NO

WRITTEN AGREEMENT: YES

INDIVDUAL: MICHAEL CRIST

LOAN TO/FROM ORGANIZATION: TO

ORIGINAL PRINCIPAL AMOUNT: $11,000

BALANCE DUE: $12,532

IN DEFAULT: NO

APPROVED BY BOARD OR COMMITTEE: NO

WRITTEN AGREEMENT: YES

INDIVDUAL: WILLIAM STRAHAN

LOAN TO/FROM ORGANIZATION: TO

ORIGINAL PRINCIPAL AMOUNT: $9,000

BALANCE DUE: $9,810

IN DEFAULT: NO

APPROVED BY BOARD OR COMMITTEE: NO

WRITTEN AGREEMENT: YES

Name of the organization: THE REINVESTMENT FUND, INC.

Employer identification number: 23-2331946

INDIVDUAL: LEE CASPER

LOAN TO/FROM ORGANIZATION: TO

ORIGINAL PRINCIPAL AMOUNT: $10,000

BALANCE DUE: $10,000

IN DEFAULT: NO

APPROVED BY BOARD OR COMMITTEE: NO

WRITTEN AGREEMENT: YES

INDIVDUAL: CATHERINE CARR

LOAN TO/FROM ORGANIZATION: TO

ORIGINAL PRINCIPAL AMOUNT: $3,000

BALANCE DUE: $3,414

IN DEFAULT: NO

APPROVED BY BOARD OR COMMITTEE: NO

WRITTEN AGREEMENT: YES

INDIVDUAL: ANDREA ALLON

LOAN TO/FROM ORGANIZATION: TO

ORIGINAL PRINCIPAL AMOUNT: $2,500

BALANCE DUE: $2,685

IN DEFAULT: NO

APPROVED BY BOARD OR COMMITTEE: NO

WRITTEN AGREEMENT: YES

INDIVDUAL: JEREMY NOWAK

LOAN TO/FROM ORGANIZATION: TO

ORIGINAL PRINCIPAL AMOUNT: $4,000

BALANCE DUE: $4,662

Name of the organization: THE REINVESTMENT FUND, INC.

Employer identification number: 23-2331946

IN DEFAULT: NO

APPROVED BY BOARD OR COMMITTEE: NO

WRITTEN AGREEMENT: YES

INDIVDUAL: DONALD HINKLE-BROWN

LOAN TO/FROM ORGANIZATION: TO

ORIGINAL PRINCIPAL AMOUNT: $6,000

BALANCE DUE: $6,502

IN DEFAULT: NO

APPROVED BY BOARD OR COMMITTEE: NO

WRITTEN AGREEMENT: YES

INDIVDUAL: MARK ZANDI

LOAN TO/FROM ORGANIZATION: TO

ORIGINAL PRINCIPAL AMOUNT: $3,000

BALANCE DUE: $3,335

IN DEFAULT: NO

APPROVED BY BOARD OR COMMITTEE: NO

WRITTEN AGREEMENT: YES

INDIVDUAL: MARGARET BERGER-BRADLEY

LOAN TO/FROM ORGANIZATION: TO

ORIGINAL PRINCIPAL AMOUNT: $14,000

BALANCE DUE: $14,903

IN DEFAULT: NO

APPROVED BY BOARD OR COMMITTEE: NO

WRITTEN AGREEMENT: YES

Name of the organization: THE REINVESTMENT FUND, INC.

Employer identification number: 23-2331946

INDIVDUAL: JOYCE MILLER

LOAN TO/FROM ORGANIZATION: TO

ORIGINAL PRINCIPAL AMOUNT: $1,000

BALANCE DUE: $1,000

IN DEFAULT: NO

APPROVED BY BOARD OR COMMITTEE: NO

WRITTEN AGREEMENT: YES

INDIVDUAL: JOHN SUMMERS

LOAN TO/FROM ORGANIZATION: TO

ORIGINAL PRINCIPAL AMOUNT: $6,000

BALANCE DUE: $6,152

IN DEFAULT: NO

APPROVED BY BOARD OR COMMITTEE: NO

WRITTEN AGREEMENT: YES

FORM 990, PART V, LINE 2A: IN ORDER TO SIMPLIFY MANAGEMENT OF THE OVERALL ORGANIZATIONS PAYROLL SYSTEM AND MINIMISE PAYROLL COSTS, THE REINVESTMENT FUND ACTS AS THE COMMON PAY MASTER FOR ALL OF ITS RELATED ORGANIZATIONS.

SCHEDULE R
(Form 990)
Department of the Treasury
Internal Revenue Service

# Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047
**2010**
**Open to Public Inspection**

Name of the organization: THE REINVESTMENT FUND, INC.

Employer identification number: 23-2331946

**Part I** **Identification of Disregarded Entities** (Complete if the organization answered "Yes" to Form 990, Part IV, line 33 )

| (a) Name, address, and EIN of disregarded entity | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Total income | (e) End-of-year assets | (f) Direct controlling entity |
|---|---|---|---|---|---|
| TRF EDUCATION FUNDING, LLC - 23-2331946<br>1700 MARKET STREET, 19TH FLOOR<br>PHILADELPHIA, PA 19103 | INVESTMENT IN CHARTER SCHOOL FINANCING | DELAWARE | 0. | <46,650.> | N/A |
| TRF NMTC FUND, LLC - 02-0730746<br>1700 MARKET STREET, 19TH FLOOR<br>PHILADELPHIA, PA 19103 | INVESTMENT IN NMTC PARTNERSHIPS | DELAWARE | 210,700. | 490,730. | N/A |
| REINVESTMENT I, LLC - 27-2769688<br>1700 MARKET STREET, 19TH FLOOR<br>PHILADELPHIA, PA 19103 | OREO (WAREHOUSE) | PENNSYLVANIA | 0. | 283,805. | N/A |
| REINVESTMENT III UCCC, LP - 27-3283900<br>1700 MARKET STREET, 19TH FLOOR<br>PHILADELPHIA, PA 19103 | HOTEL AND RENTAL OPERATION | PENNSYLVANIA | 680,052. | 10,193,807. | N/A |

**Part II** **Identification of Related Tax-Exempt Organizations** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year )

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Exempt Code section | (e) Public charity status (if section 501(c)(3)) | (f) Direct controlling entity | (g) Section 512(b)(13) controlled entity? Yes | No |
|---|---|---|---|---|---|---|---|
| COLLABORATIVE LENDING INITIATIVE, INC. - 23-2765410, 1700 MARKET STREET, 19TH FLOOR, PHILADELPHIA, PA 19103 | LENDING AND COMMUNITY INVESTING | PENNSYLVANIA | 501(C)(3) | 9 | N/A | X | |
| TRF ENTERPRISE FUND, INC - 23-3010796<br>1700 MARKET STREET, 19TH FLOOR<br>PHILADELPHIA, PA 19103 | LENDING AND COMMUNITY INVESTING | PENNSYLVANIA | 501(C)(3) | 9 | N/A | X | |
| TRF PRIVATE EQUITY, INC. - 31-1481669<br>1700 MARKET STREET, 19TH FLOOR<br>PHILADELPHIA, PA 19103 | PRIVATE EQUITY | PENNSYLVANIA | 501(C)(3) | 9 | N/A | X | |
| TRF DEVELOPMENT PARTNERS, INC - 23-2671667<br>1700 MARKET STREET, 19TH FLOOR<br>PHILADELPHIA, PA 19103 | REAL ESTATE | PENNSYLVANIA | 501(C)(3) | 9 | N/A | X | |

**For Paperwork Reduction Act Notice, see the Instructions for Form 990.**

Schedule R (Form 990) 2010

032161
12-21-10 LHA

**Part I** **Continuation of Identification of Disregarded Entities**

| (a) Name, address, and EIN of disregarded entity | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Total income | (e) End-of-year assets | (f) Direct controlling entity |
|---|---|---|---|---|---|
| TRF NMTC FUND MANAGER, LLC - 27-3090164<br>1700 MARKET STREET, 19TH FLOOR<br>PHILADELPHIA, PA 19103 | INVESTMENT IN NMTC PARTNERSHIPS | DELAWARE | 23. | 576. | N/A |
| REINVESTMENT III, LLC - 27-2781162<br>1700 MARKET STREET, 19TH FLOOR<br>PHILADELPHIA, PA 19103 | INVESTMENT HOLDING COMPANY | PENNSYLVANIA | 0. | 0. | N/A |

**Part III Identification of Related Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Direct controlling entity | (e) Predominant income (related, unrelated, excluded from tax under sections 512-514) | (f) Share of total income | (g) Share of end-of-year assets | (h) Disproportionate allocations? Yes | (h) No | (i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065) | (j) General or managing partner? Yes | (j) No | (k) Percentage ownership |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| TRF URBAN GROWTH PARTNERS, LP - 23-3095855, 1700 MARKET STREET, 19TH FLOOR, PHILADELPHIA, PA 19103 | REDEVELOPMENT INVESTMENTS | DE | | RELATED / INVESTMENT | 108,577. | 362,157. | | X | <2,690.> | | X | 3.82% |
| PA ADVANCED INDUSTRIAL TECH, LP - 37-1432679, 40 WEST EVERGREEN AVENUE, PHILADELPHIA, PA 19118 | RENEWABLE / CLEAN ENERGY INVESTMENTS / DEVELOPMENT | PA | | RELATED | 11,350. | 1,078,395. | | X | N/A | | X | 90.35% |
| OH BEL-AIR PARTNERS, L.P. - 20-0459281, 150 S. INDEPENDENCE MALL WEST, ST 1025, PHILADELPHIA, PA 19106 | REDEVELOPMENT ACTIVITIES INCLUDING RENTAL | PA | | RELATED | 69,955. | 1,091,313. | | X | N/A | | X | 89.32% |
| OH CHELTEN PARTNERS, L.P. - 20-0459342, 150 S. INDEPENDENCE MALL WEST, ST 1025, PHILADELPHIA, PA 19106 | REDEVELOPMENT ACTIVITIES INCLUDING RENTAL | PA | | RELATED | <73,819.> | 1,311,601. | | X | N/A | | X | 100% |

**Part IV Identification of Related Organizations Taxable as a Corporation or Trust** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Direct controlling entity | (e) Type of entity (C corp, S corp, or trust) | (f) Share of total income | (g) Share of end-of-year assets | (h) Percentage ownership |
|---|---|---|---|---|---|---|---|
| REINVESTMENT II, LLC - 27-2769757 1700 MARKET STREET, 19TH FLOOR PHILADELPHIA, PA 19103 | RENTAL PROPERTY | PA | | C CORP | 256,366. | 5,555,966. | 100% |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

**Part III** Continuation of Identification of Related Organizations Taxable as a Partnership

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Direct controlling entity | (e) Predominant income (related, unrelated, excluded from tax under sections 512-514) | (f) Share of total income | (g) Share of end-of-year assets | (h) Disproportionate allocations? Yes | (h) No | (i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065) | (j) General or managing partner? Yes | (j) No | (k) Percentage ownership |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| TRF NMTC FUND I, LP - 20-2051873, 1700 MARKET STREET, 19TH FLOOR, PHILADELPHIA, PA 19103 | REDEVELOPMENT ACTIVITIES | PA | | RELATED | 8. | 14. | | X | N/A | X | | .01% |
| TRF NMTC FUND II, LP - 20-2051902, 1700 MARKET STREET, 19TH FLOOR, PHILADELPHIA, PA 19103 | REDEVELOPMENT ACTIVITIES | PA | | RELATED | 161. | 56,526. | | X | N/A | X | | .01% |
| TRF NMTC FUND III, LP - 20-2319640, 1700 MARKET STREET, 19TH FLOOR, PHILADELPHIA, PA 19103 | REDEVELOPMENT ACTIVITIES | PA | | RELATED | 7. | 1,009. | | X | N/A | X | | .01% |
| TRF NMTC FUND IV, LP - 20-2319705, 1700 MARKET STREET, 19TH FLOOR, PHILADELPHIA, PA 19103 | REDEVELOPMENT ACTIVITIES | PA | | RELATED | 230. | 343,934. | | X | N/A | X | | .01% |
| TRF NMTC FUND V, LP - 20-8485396, 1700 MARKET STREET, 19TH FLOOR, PHILADELPHIA, PA 19103 | REDEVELOPMENT ACTIVITIES | PA | | RELATED | 130. | 270. | | X | N/A | X | | .01% |
| TRF NMTC FUND VI, LP - 26-1523632, 1700 MARKET STREET, 19TH FLOOR, PHILADELPHIA, PA 19103 | REDEVELOPMENT ACTIVITIES | PA | | RELATED | 50. | 28,516. | | X | N/A | X | | .01% |
| TRF NMTC FUND VII, LP - 02-0730767, 1700 MARKET STREET, 19TH FLOOR, PHILADELPHIA, PA 19103 | REDEVELOPMENT ACTIVITIES | PA | | RELATED | 30. | 3,461. | | X | N/A | X | | .01% |
| TRF NMTC FUND VIII, LP - 26-3748346, 1700 MARKET STREET, 19TH FLOOR, PHILADELPHIA, PA 19103 | REDEVELOPMENT ACTIVITIES | PA | | RELATED | 11. | 12,147. | | X | N/A | X | | .01% |
| TRF NMTC FUND IX, LP - 26-3748406, 1700 MARKET STREET, 19TH FLOOR, PHILADELPHIA, PA 19103 | REDEVELOPMENT ACTIVITIES | PA | | RELATED | 5. | 3,872. | | X | N/A | X | | .01% |

**Part III** Continuation of Identification of Related Organizations Taxable as a Partnership

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Direct controlling entity | (e) Predominant income (related, unrelated, excluded from tax under sections 512-514) | (f) Share of total income | (g) Share of end-of-year assets | (h) Disproportionate allocations? Yes | (h) No | (i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065) | (j) General or managing partner? Yes | (j) No | (k) Percentage ownership |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| TRF NMTC FUND X, LP - 26-3748452, 1700 MARKET STREET, 19TH FLOOR, PHILADELPHIA, PA 19103 | REDEVELOPMENT ACTIVITIES | PA | | RELATED | 75. | 10,028. | | X | N/A | X | | .01% |
| TRF NMTC FUND XI, LP - 26-3748520, 1700 MARKET STREET, 19TH FLOOR, PHILADELPHIA, PA 19103 | REDEVELOPMENT ACTIVITIES | PA | | RELATED | 2. | 997. | | X | N/A | X | | .01% |
| TRF NMTC FUND XII, LP - 26-3748706, 1700 MARKET STREET, 19TH FLOOR, PHILADELPHIA, PA 19103 | REDEVELOPMENT ACTIVITIES | PA | | RELATED | 6. | 1,296. | | X | N/A | X | | .01% |
| TRF NMTC FUND XIII, LP - 26-3748763, 1700 MARKET STREET, 19TH FLOOR, PHILADELPHIA, PA 19103 | REDEVELOPMENT ACTIVITIES | PA | | RELATED | 19. | 5,324. | | X | N/A | X | | .01% |
| TRF NMTC FUND XIV, LP - 26-3748814, 1700 MARKET STREET, 19TH FLOOR, PHILADELPHIA, PA 19103 | REDEVELOPMENT ACTIVITIES | PA | | RELATED | 3. | 5,167. | | X | N/A | X | | .01% |
| TRF NMTC FUND XV, LP - 26-3749993, 1700 MARKET STREET, 19TH FLOOR, PHILADELPHIA, PA 19103 | REDEVELOPMENT ACTIVITIES | PA | | RELATED | 0. | 797. | | X | N/A | X | | .01% |
| CHASE NMTC TRF CHARTER SCHOOL INVESTMENT FUND - 27-2572626, 1700 MARKET STREET, 19TH FLOOR, PHILADELPHIA, PA | REDEVELOPMENT ACTIVITIES | DE | | RELATED | <28.> | 575. | | X | N/A | X | | .01% |

**Part V Transactions With Related Organizations** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35, 35a, or 36 )

| | | Yes | No |
|---|---|---|---|
| **Note.** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule | | | |
| 1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV? | | | |
| a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity | 1a | X | |
| b Gift, grant, or capital contribution to other organization(s) | 1b | X | |
| c Gift, grant, or capital contribution from other organization(s) | 1c | | X |
| d Loans or loan guarantees to or for other organization(s) | 1d | | X |
| e Loans or loan guarantees by other organization(s) | 1e | | X |
| f Sale of assets to other organization(s) | 1f | | X |
| g Purchase of assets from other organization(s) | 1g | | X |
| h Exchange of assets | 1h | | X |
| i Lease of facilities, equipment, or other assets to other organization(s) | 1i | | X |
| j Lease of facilities, equipment, or other assets from other organization(s) | 1j | | X |
| k Performance of services or membership or fundraising solicitations for other organization(s) | 1k | | X |
| l Performance of services or membership or fundraising solicitations by other organization(s) | 1l | | X |
| m Sharing of facilities, equipment, mailing lists, or other assets | 1m | | X |
| n Sharing of paid employees | 1n | | X |
| o Reimbursement paid to other organization for expenses | 1o | X | |
| p Reimbursement paid by other organization for expenses | 1p | X | |
| q Other transfer of cash or property to other organization(s) | 1q | X | |
| r Other transfer of cash or property from other organization(s) | 1r | | X |

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds

| (a) Name of other organization | (b) Transaction type (a-r) | (c) Amount involved | (d) Method of determining amount involved |
|---|---|---|---|
| (1) COLLABORATIVE LENDING INITIATIVE | B | 457. | CASH TRANSFER |
| (2) COLLABORATIVE LENDING INITIATIVE | O | 347,778. | CASH TRANSFER |
| (3) TRF ENTERPRISE FUND, INC. | A | 11,014. | CASH TRANSFER |
| (4) TRF ENTERPRISE FUND, INC. | Q | 236,940. | CASH TRANSFER |
| (5) TRF ENTERPRISE FUND, INC. | O | 129,085. | CASH TRANSFER |
| (6) TRF DEVELOPMENT PARTNERS, INC. | P | 295,039. | CASH TRANSFER |

**Part V** **Continuation of Transactions With Related Organizations** *(Schedule R (Form 990), Part V, line 2)*

| (a) Name of other organization | (b) Transaction type (a-r) | (c) Amount involved | (d) Method of determining amount involved |
|---|---|---|---|
| (7) TRF PRIVATE EQUITY. INC. | P | 281,172. | CASH TRANSFER |
| (8) | | | |
| (9) | | | |
| (10) | | | |
| (11) | | | |
| (12) | | | |
| (13) | | | |
| (14) | | | |
| (15) | | | |
| (16) | | | |
| (17) | | | |
| (18) | | | |
| (19) | | | |
| (20) | | | |
| (21) | | | |
| (22) | | | |
| (23) | | | |
| (24) | | | |

**Part VI Unrelated Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" to Form 990, Part IV, line 37 )

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships

| (a) Name, address, and EIN of entity | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Are all partners section 501(c)(3) organizations? | | (e) Share of end-of-year assets | (f) Disproportionate allocations? | | (g) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065) | (h) General or managing partner? | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Yes | No | | Yes | No | | Yes | No |
| | | | | | | | | | | |
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**Part VII** **Supplemental Information**

Complete this part to provide additional information for responses to questions on Schedule R (see instructions).

# CONSOLIDATING

# FINANCIAL

# STATEMENTS

# The Reinvestment Fund, Inc.
# and Affiliates

Consolidated Financial Report
December 31, 2010

**The Reinvestment Fund, Inc. and Affiliates**

**Contents**

McGladrey & Pullen, LLP
Certified Public Accountants

McGladrey

## Independent Auditor's Report on the Consolidated Financial Statements

To the Board of Directors
The Reinvestment Fund, Inc. and Affiliates
Philadelphia, Pennsylvania

We have audited the accompanying consolidated statement of financial position of The Reinvestment Fund, Inc and Affiliates (the "Organization") as of December 31, 2010, and the related consolidated statements of activities and cash flows for the six months then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the financial statements of Reinvestment III UCCC, LP, a consolidated subsidiary, which statements reflect total assets and total revenue and support constituting 4% and 3%, respectively, as of and for the six months ended December 31, 2010, of the related consolidated totals. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Reinvestment III UCCC, LP, is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Reinvestment Fund, Inc. and Affiliates as of December 31, 2010, and the changes in their net assets and their cash flows for the six months then ended in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

Blue Bell, Pennsylvania
April 22, 2011

## The Reinvestment Fund, Inc. and Affiliates

### Consolidated Statement of Financial Position
### December 31, 2010

| | |
|---|---|
| **Assets** | |
| Current Assets | |
| Cash and cash equivalents | $ 13,758,399 |
| Grants and contributions receivable | 1,068,000 |
| Investments in marketable securities | 41,650,203 |
| Loans and leases, less allowance for losses of $4,286,974 | 61,467,244 |
| Other | 2,256,599 |
| Restricted cash, cash equivalents and certificate of deposit | 20,514,501 |
| | 140,714,946 |
| Noncurrent Assets | |
| Grants and contributions receivable | 307,500 |
| Investments in marketable securities | 14,541,717 |
| Program investments | 336,500 |
| Loans and leases, less allowance for losses of $5,740,133 | 82,618,832 |
| Investments in limited partnerships | 1,255,051 |
| Private equity investments | 2,835,500 |
| Equipment, leasehold improvements and software, net | 2,047,322 |
| Other real estate held for sale | 13,834,866 |
| Property held for development or sale, net | 5,824,404 |
| Other | 910,867 |
| | 124,512,559 |
| **Total Assets** | $ 265,227,505 |
| **Liabilities and Net Assets** | |
| Current Liabilities | |
| Accounts payable and accrued expenses | $ 1,081,148 |
| Grants payable | 18,480 |
| Escrow payable and due to third parties | 3,675,012 |
| Other | 508,564 |
| Loans payable, current portion | 40,662,441 |
| | 45,945,645 |
| Noncurrent Liabilities | |
| Loans payable, less current maturities | 117,335,793 |
| **Total Liabilities** | 163,281,438 |
| Commitments and Contingencies (Note 19) | |
| Net Assets | |
| Unrestricted | 10,278,972 |
| Unrestricted - Contractually limited as to use | 10,240,838 |
| Non-controlling interest in consolidated subsidiaries | 8,036,911 |
| Total Unrestricted | 28,556,721 |
| Temporarily restricted | 19,669,062 |
| Temporarily restricted - Contractually limited as to use | 963,496 |
| Total Temporarily restricted | 20,632,558 |
| Permanently restricted | 52,756,788 |
| **Total Net Assets** | 101,946,067 |
| **Total Liabilities and Net Assets** | $ 265,227,505 |

*See Notes to Consolidated Financial Statements*

**The Reinvestment Fund, Inc. and Affiliates**

**Consolidated Statement of Activities**

**For the Six Months Ended December 31, 2010**

| | Unrestricted | | Temporarily | Permanently | |
|---|---|---|---|---|---|
| | Controlling | Non-Controlling | Restricted | Restricted | Total |
| **Financial Activity** | | | | | |
| Financial Income | | | | | |
| Interest income from | | | | | |
| Marketable securities | $ 151,307 | $ - | $ 54,557 | $ - | $ 205,864 |
| Loans and leases | 4,414,324 | - | - | - | 4,414,324 |
| Private equity investments | 5,260 | 47,302 | - | - | 52,562 |
| Investment gains, net | | | | | |
| Marketable securities | - | - | 410 | - | 410 |
| Program investments | 7,500 | - | - | - | 7,500 |
| Private equity investments | 307,204 | 2,762,532 | - | - | 3,069,736 |
| Loan and lease fees | 256,184 | - | 12,000 | - | 268,184 |
| Asset management fee | 584,746 | - | - | - | 584,746 |
| Total Financial Income | 5,726,525 | 2,809,834 | 66,967 | - | 8,603,326 |
| Financial Expense | | | | | |
| Interest expense | 2,509,683 | - | - | - | 2,509,683 |
| Investment losses, net | | | | | |
| Marketable securities | 50,658 | - | - | - | 50,658 |
| Equity losses in limited partnerships | 162,841 | - | - | - | 162,841 |
| Provision for loan and lease losses | 830,247 | - | - | - | 830,247 |
| Total Financial Expense | 3,553,429 | - | - | - | 3,553,429 |
| Net Financial Income | 2,173,096 | 2,809,834 | 66,967 | - | 5,049,897 |
| **Revenue and Support** | | | | | |
| Grants and contributions | 35,086 | - | 3,150,000 | 12,876,266 | 16,061,352 |
| Program services and fees | 2,521,460 | - | - | - | 2,521,460 |
| Other income | 936,418 | - | - | - | 936,418 |
| Net assets released from restrictions | 2,246,322 | - | (2,246,322) | - | - |
| Total Revenue and Support | 5,739,286 | - | 903,678 | 12,876,266 | 19,519,230 |
| **Program and General Expenses and Other Decreases** | | | | | |
| Program and General Expenses | | | | | |
| Program - Lending and Community Investing | 3,081,103 | - | - | - | 3,081,103 |
| Program - Private Equity | 201,751 | 16,545 | - | - | 218,296 |
| Program - Sustainable Development Fund | 162,999 | - | - | - | 162,999 |
| Program - Policy Solutions | 502,658 | - | - | - | 502,658 |
| Program - PolicyMap | 1,048,158 | - | - | - | 1,048,158 |
| Program - Development Partners | 498,840 | - | - | - | 498,840 |
| Management and general | 1,892,090 | - | - | - | 1,892,090 |
| Total Program and General Expenses | 7,387,599 | 16,545 | - | - | 7,404,144 |
| Other Decreases | | | | | |
| Net charges related to revolving loan fund | - | - | - | 499,917 | 499,917 |
| Total Other Decreases | - | - | - | 499,917 | 499,917 |
| Total Expenses and Other Decreases | 7,387,599 | 16,545 | - | 499,917 | 7,904,061 |
| **Change in net assets - unrestricted** | 524,783 | 2,793,289 | - | - | 3,318,072 |
| **Change in net assets - restricted** | - | - | 970,645 | 12,376,349 | 13,346,994 |
| **Total change in net assets** | 524,783 | 2,793,289 | 970,645 | 12,376,349 | 16,665,066 |
| **Net assets, beginning** | 19,995,027 | 5,243,622 | 19,661,913 | 40,380,439 | 85,281,001 |
| **Net assets, ending** | $ 20,519,810 | $ 8,036,911 | $ 20,632,558 | $ 52,756,788 | $ 101,946,067 |

*See Notes to Consolidated Financial Statements.*

**The Reinvestment Fund, Inc. and Affiliates**

**Consolidated Statement of Cash Flows**
**For the Six Months Ended December 31, 2010**

| | |
|---|---|
| **Cash Flows from Operating Activities** | |
| Change in net assets | $ 16,665,066 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Provision for loan and lease losses | 830,247 |
| Net charges related to revolving loan fund | 499,917 |
| Gains in private equity investments, net | (3,069,736) |
| Depreciation and amortization | 575,490 |
| Deferred loan and lease fees, net | (6,379) |
| Investment losses in marketable securities, net | 50,248 |
| Investment gains in program investments, net | (7,500) |
| Non-cash grant support | (8,000) |
| *Decrease in equity earnings in limited partnerships* | 162,841 |
| (Increase) decrease in: | |
| Grants and contributions receivable | 6,274,500 |
| Restricted cash and cash equivalents | (5,869,843) |
| Property held for development or sale | (278,698) |
| Other | 1,287,900 |
| Increase (decrease) in. | |
| Accounts payable and accrued expenses | 212,338 |
| Grants payable | (1,073,918) |
| Recoverable grant payable | (12,000,000) |
| Escrow payable and due to third parties | (443,024) |
| Other | (336,979) |
| **Net cash provided by operating activities** | 3,464,470 |
| **Cash Flows from Investing Activities** | |
| Purchases of marketable securities | (38,125,045) |
| Proceeds from maturities of marketable securities | 40,737,572 |
| Proceeds from sale/maturity of Certificate of Deposit Account Registry Service | 10,149,217 |
| Proceeds from maturities of program investments | 64,500 |
| Proceeds from disposition of private equity investments | 5,843,589 |
| Purchases of limited partnerships | (2,091) |
| Cash disbursements on loans receivable | (27,327,984) |
| Cash receipts on loans receivable | 19,224,937 |
| Cash disbursements on leases receivable | (1,784,380) |
| Principal payments received under leases | 1,950,456 |
| Additions of equipment, leasehold improvements and software | (987,040) |
| Purchase of other real estate held for sale | (21,486) |
| **Net cash provided by investing activities** | 9,722,245 |
| **Cash Flows from Financing Activities** | |
| Proceeds from issuance of loans payable | 6,801,334 |
| Principal payments on loans payable | (14,419,643) |
| Reinvested interest on investors payable | 37,294 |
| Assignment of debt to homebuyers | (434,605) |
| **Net cash used in financing activities** | (8,015,620) |
| **Net increase in cash and cash equivalents** | 5,171,095 |
| **Cash and cash equivalents, beginning** | 8,587,304 |
| **Cash and cash equivalents, ending** | $ 13,758,399 |

(Continued)

*See Notes to Consolidated Financial Statements*

**Consolidated Statement of Cash Flows (Continued)**
**For the Six Months Ended December 31, 2010**

| | | |
|---|---|---|
| **Supplemental Disclosure of Cash Flow Information:** | | |
| Cash paid for interest | $ | 2,771,726 |
| **Supplemental Schedule of Non-Cash Investing and Financing Activities:** | | |
| *Conversion of loans payable into grant support* | $ | 8,000 |
| **Assets Acquired and Liabilities Assumed in Connection with the Assignment and Assumption Agreement under Reinvest II** | | |
| Other real estate owned | $ | 4,406,085 |
| Due from third party | | 960,328 |
| Loan payable (TRF portion) | | (3,246,228) |
| Other real estate owned (participants portion) | | 2,120,185 |
| Loan payable (participants portion) | | (2,120,185) |
| Net assets acquired during formation | $ | - |
| **Assets Acquired and Liabilities Assumed in Connection with the Master Settlement and Assignment Agreement under Reinvest III** | | |
| Restricted deposits | $ | 863,525 |
| Assets held for sale | | 9,140,000 |
| Accounts receivable | | 28,605 |
| Notes payable | | (9,991,069) |
| Deferred revenue | | (41,061) |
| Net assets acquired during formation | $ | - |

*See Notes to Consolidated Financial Statements*

## Note 1. Summary of Significant Accounting Policies

Description of Organization and Activities

Founded in 1985, The Reinvestment Fund, Inc. ("TRF") builds wealth and opportunity for low-wealth people and places through the promotion of socially and environmentally responsible development TRF and Affiliates listed below (collectively the "Organization") are affiliated organizations, related by common Board members and management, operating as a unified organization with focused vision, strategy, and management systems The Organization's principal sources of revenue and support are interest income and loan fees earned from its investing and lending activities, grants and contributions, and program services and fees Effective July 1, 2010, the Organization changed their reporting year end from June 30 to December 31, and as such, these financial statements reflect the activity for the six months ended December 31, 2010.

Description of each entity and its operation is summarized below.

*The Reinvestment Fund, Inc.:* TRF is a Pennsylvania not-for-profit entity exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") In pursuit of its mission, TRF finances housing, community facilities, schools, commercial real estate, business development and sustainable energy projects using loan, equity and other financing tools. It supports its financing with a strong research and policy analysis capacity that has become a highly regarded source of unbiased information for public officials and private investors Most of TRF's financing programs extend throughout the mid-Atlantic region Nationally, TRF's public policy expertise helps clients create actionable solutions and TRF's online data and mapping tool, PolicyMap com, provides a platform for sharing data and analysis.

*Collaborative Lending Initiative, Inc.:* Collaborative Lending Initiative, Inc ("CLI") is a Pennsylvania not-for-profit entity exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. CLI increases the flow of conventional credit into construction projects that benefit low-wealth people and places

*TRF Private Equity, Inc:* TRF Private Equity, Inc. ("Private Equity") is a Pennsylvania not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code Private Equity directly or indirectly owns 100% of the partnership interests of the general partner of TRF Urban Growth Partners, L.P ("UGP") In accordance with the partnership agreement, management of the Partnership is vested in Private Equity. UGP is a Delaware limited partnership private equity fund created to provide debt and equity to new and expanding businesses which provide quality job opportunities for low and middle-income workers in the mid-Atlantic region including Pennsylvania, New Jersey, Delaware, Maryland and Washington, D C In accordance with appropriate accounting pronouncement, UGP has been consolidated with Private Equity, the general partner As of December 31, 2010, DVCRF Ventures, L P ("DVCRF") was terminated and net assets were transferred to a liquidation trust.

*TRF Enterprise Fund, Inc.:* TRF Enterprise Fund, Inc ("EFI") is a Pennsylvania for-profit non-stock business corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, wholly owned by TRF. EFI is incorporated to enable it to achieve its charitable purpose of being a Small Business Administration ("SBA") Non-Bank Participating Lender EFI provides urban-based entrepreneurs access to credit that they currently do not have, to increase services and job opportunities in under-served communities and to provide ownership and wealth creation opportunities, especially to minority and female entrepreneurs In accordance with federal law, EFI is regulated by the Pennsylvania Department of Banking and is licensed to do business under the Consumer Discount Company Act.

*TRF NMTC Fund, LLC:* TRF NMTC Fund, LLC ("NMTC") is a Delaware limited liability company, wholly owned by TRF. NMTC was formed as a result of TRF receiving an allocation of New Market Tax Credits from the U S Department of the Treasury that obtains equity investments from investors and makes investments in Qualified Active Low-Income Community Businesses ("QALICB") as defined in the operating agreement

*TRF Development Partners, Inc.:* TRF Development Partners, Inc. is a Pennsylvania not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. TRF Development Partners, Inc together with its wholly owned subsidiaries, TRF Development Partners-Baltimore, LLC and subsidiaries, TRF Development Partners-Philadelphia, LLC ,TRF DP Ridge Avenue, LLC, TRF Development Partners-Chester, LLC and TRF DP Scotland Commons, Inc. (collectively "Development Partners") uses TRF's data resources and development plans to help it assemble land and participate in real estate transactions in designated communities, concentrating in areas where it has a compelling mission interest

**Note 1. Summary of Significant Accounting Policies (Continued)**

Description of Organization and Activities (Continued)

*TRF Education Funding, LLC:* TRF Education Funding, LLC ("Education Funding") is a Delaware limited liability company, wholly owned by TRF Education Funding was formed to manage TRF's investment in the Charter School Financing Partnership, LLC ("CSFP") CSFP was formed to facilitate, encourage and assist in the financing of charter school facilities.

*Reinvestment I, LLC, Reinvestment II, LLC and Reinvestment III, LLC:* Reinvestment I, LLC ("Reinvest I"), Reinvestment II, LLC ("Reinvest II") and Reinvestment III, LLC ("Reinvest III") are Pennsylvania limited liability companies, each wholly owned by TRF. These entities were formed to acquire and manage distressed real properties and to prepare properties for sale

The Organization has six major programs, three of which make up the Organization's financing programs, two providing public information and analysis, and the final one developing real estate:

1) *Lending and Community Investing:* Encompasses TRF's financing of homes, schools, supermarkets and other projects that benefit low-wealth people and places and is the core lending function of the Organization

2) *Private Equity.* Represents the Organization's activities as manager of two Private Equity funds, DVCRF and UGP.

3) *Sustainable Development Fund ("SDF"):* Represents an energy-related fund that uses loans, investments and grants to augment the Organization's existing energy conservation and community investing efforts. SDF was created by the parties to the PECO Energy Company ("PECO Energy") restructuring proceeding and approved by the Pennsylvania Public Utility Commission ("PUC") in May 1998 (Note 16)..

4) *Policy Solutions:* Conducts policy, data and social impact analyses that advance TRF's mission and effect system change, on behalf of TRF as well as public and philanthropic clients

5) *PolicyMap:* Provides an online data and mapping tool that provides broad access to data, reports and analytics useful for social investment strategies.

6) *Development Partners:* Participates in real estate transactions to create opportunity for disadvantaged families by directing capital into distressed urban neighborhoods in a way that encourages additional private investment and reconnects the places and people it serves to a broader and more dynamic socioeconomic system.

Principles of Consolidation: The consolidated financial statements include the accounts of TRF, CLI, Private Equity and Subsidiaries, EFI, NMTC, Development Partners and Subsidiaries, Education Funding, Reinvest I, Reinvest II, Reinvest III and Reinvestment III UCCC, LP ("Reinvest III"). All significant intra-organization accounts and transactions have been eliminated in consolidation.

Non-Controlling Interest in Consolidating Subsidiaries: Non-controlling interest represents the equity interests in consolidated subsidiaries, exclusive of any of TRF's limited partner interest Effective July 1, 2010, the Organization adopted FASB Accounting Standards Update ("ASU") 2010-07, *Not-for-Profit Entities (Topic 958) Not-for-Profit Entities: Mergers and Acquisitions*. Non-controlling interests are presented in accordance with this guidance.

Use of Estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and support and expenses during the reporting period. Actual results could differ from those estimates

Cash and Cash Equivalents: The Organization considers all highly liquid instruments purchased with an original maturity date of three months or less to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows excludes restricted cash

## Note 1. Summary of Significant Accounting Policies (Continued)

Restricted Cash, Cash Equivalents and Certificate of Deposit Restricted cash, cash equivalents and certificate of deposit includes cash and cash equivalents held in escrow, cash received from certain lenders and grantors, and cash pledged to a bank. The use of such amounts is restricted by the related underlying loan or grant agreements.

The escrow cash accounts include reserve accounts held for borrowers and intended for specific purposes. In the event of a cash flow shortfall, the operating reserve is designated for operating expenses of the project and the debt reserve is designated for principal payments. Interest reserves are designated for monthly interest payments on specific loans. Repair and replacement reserves are designated for capital improvements.

Valuation of Investments in Marketable Securities, Program Investments and Private Equity Investments: The Organization determines the fair value of each investment at the statement of financial position date. The 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 and fair value measurements are separately disclosed by level within the fair value hierarchy.

Fair value is best determined based upon quoted market prices. However, in many instances, 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 based on estimates 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.

The recent fair value guidance provides a consistent definition of fair value, which focuses 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. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires 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 Inputs:

1) Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 Inputs:

1) Quoted prices for similar assets or liabilities in active markets.
2) Quoted prices for identical or similar assets or liabilities in markets that are not active.
3) Inputs other than quoted prices that are observable, either directly or indirectly, for the term of the asset or liability (e.g., interest rates, yield curves, credit risks, prepayment speeds or volatilities) or "market corroborated inputs "

Level 3 Inputs:

1) Prices or valuation techniques that require inputs that are both unobservable (i e. supported by little or no market activity) and that are significant to the fair value of the assets or liabilities
2) These assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

## Note 1. Summary of Significant Accounting Policies (Continued)

Valuation of Investments in Marketable Securities, Program Investments and Private Equity Investments (Continued): Investments for which prices are not observable are generally private investments in the equity and debt securities of operating companies. Fair value of private investments is based on Level 3 inputs and is determined by reference to public market or private transactions or valuations for comparable companies or assets in the relevant asset class when such amounts are available In the absence of a principle market (public market) the Organization determines the most advantageous market in which the Organization would sell their investment. Typically the Organization expects to exit their investment through a sale of the investment. Valuations of the underlying investments are completed to compute the fair value for each class of security owned by the Organization. Generally these valuations are derived by multiplying a key performance metric of the investee company's asset (e.g. EBITDA) by the relevant valuation multiple observed for comparable companies or transactions, adjusted by management for differences between the investment and the referenced comparable.

If the fair value of private investments held cannot be valued by reference to observable valuation measures for comparable companies, then the primary analytical method used to estimate the fair value of such private investments is the discounted cash flow method. A sensitivity analysis is applied to the estimated future cash flows using various factors depending on investment, including assumed growth rate (in cash flows), capitalization rates (for determining terminal values) and appropriate discount rates to determine a range of reasonable values. The valuation based on the inputs determined to be the most probable is used as the fair value of the investment.

The determination of fair value using these methodologies takes into account consideration of a range of factors, including but not limited to the price at which the investment was acquired, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance and financing transactions subsequent to the acquisition of the investment These valuation methodologies involve a significant degree of judgment by the Organization.

*Investments in Marketable Securities:* Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position Any unrealized gains or losses are reported in the statement of activities as a change in unrestricted net assets, unless explicit donor intent or law restricts their use. Investments are recorded at fair value and are classified as Level 1, 2, or 3, accordingly (Note 21).

*Program Investments / Private Equity Investments:* Program investments and private equity investments are recorded at estimated fair value since no public market exists for the investments (Level 3) Fair value is determined in good faith by the management of the Organization by taking into consideration the cost of the securities, prices of recent significant placements of securities by the same issuer, subsequent developments concerning the companies to which the securities relate, any financial data and projections of such companies provided to management, and such other factors as management may deem relevant.

Due to the fact that no public market currently exists for these types of investments, it is reasonably possible that the relevant factors considered in determining the estimate of fair value may change within the next year As a result, it is possible that the estimated values may differ significantly from the amount that might be ultimately realized in the near term and the difference could be material.

Investments in Limited Partnerships: Non-controlling investments in limited partnerships are accounted for under the equity method of accounting under which the Organization's share of net income or loss is recognized in the statement of activities and added or subtracted from the investment account, and distributions received are treated as a reduction of the investment account.

Loans and Leases 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. The Organization accounts for loan origination fees, net of direct origination costs. These fees are deferred and amortized using the effective interest method over the respective lives of the related loans and were recorded as an adjustment to loan fee revenue.

## Note 1. Summary of Significant Accounting Policies (Continued)

Loans and Leases Receivable (Continued)

*Leases:* All of the Organization's leases are classified and accounted for as direct financing leases

Under the direct financing method of accounting for leases, the total lease payments receivable under the lease contracts and the estimated unguaranteed residual value of the leased equipment, net of unearned income, and an allowance for lease losses, are recorded as a net investment in direct financing leases and the unearned income is recognized each month as it is earned so as to provide a constant periodic rate of return on the unrecovered investment.

*Non-Accrual of Loans and Leases:* The accrual of interest on outstanding loans or leases is discontinued at the time the loan or lease is 90 days delinquent unless the credit is well secured and in process of collection All interest accrued but not collected for is reversed against interest income. In all cases, loans and leases are placed on non-accrual or charged-off at an earlier date if collection of principal or interest is considered doubtful.

Allowance for Loan and Lease Losses: The allowance for loan and lease losses is a valuation reserve that management believes will be adequate to absorb possible losses on existing loans and leases that may become uncollectible. It is established through a provision for loan and lease losses charged to expense. In addition, loans and leases deemed to be uncollectible are charged against the allowance. Subsequent recoveries, if any, are credited to the allowance. Loans in the Fresh Food Financing Initiative Program deemed to be uncollectable are recorded through a decrease in permanently restricted net assets. 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 However, the allowance 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 are classified impaired. For such loans, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value (less cost of disposal) of that loan The general component covers loans not deemed impaired and is based on historical loss experience adjusted for qualitative factors. These include internal factors such as trends in policies, underwriting standards, charge-offs, non-accruals and credit management processes, as well as external factors such as national and local economic conditions and industry trends. Any unallocated component of the allowance is minimal and reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and general losses in the portfolio.

A loan or lease is considered impaired when, based on current information and events, it is probable that the Organization will 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 or lease 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, if the loan is collateral dependent, the present value of expected future cash flows discounted at the loans effective interest rate or the loan's observable market price

Loans where the borrower is in financial difficulty and where the Organization has made a concession it would not otherwise consider, are deemed troubled debt restructurings ("TDRs") and included in impaired loans Impairment on TDRs is measured by the present value of expected future cash flows under the restructuring agreement.

Property Held for Development or Sale: Property held for development or sale is stated at cost or estimated net realizable value, whichever is lower. Cost includes land, land approval and improvement costs, direct construction costs, construction overhead costs and other indirect costs of development and construction. Housing construction and related costs are charged to cost of housing sales generally under the specific identification method

**Note 1. Summary of Significant Accounting Policies (Continued)**

Other Assets: Other assets include accounts due from third parties and prepaid expenses

Other Real Estate for Sale: The Organization accounts for other real estate for sale at the estimated fair value at the date the real estate is transferred. The fair value is calculated using the appraisal value less estimated costs to sell and any deficiency in value is recorded against the allowance for loan losses at the date of the transfer. Subsequent to the transfer date, costs to maintain or protect the assets i.e. insurance, utilities, taxes, etc, will be expensed as incurred, while valuation adjustments are provided through a charge against current period earnings.

Transfers of Financial Assets: Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Organization, (2) the transferee obtains the right to pledge or exchange the transferred assets and no condition both constrains the transferee from taking advantage of that right and provides more than a trivial benefit for the transferor, and (3) the transferor does not maintain effective control over the transferred assets through either (a) an agreement that both entitles and obligates the transferor to repurchase or redeem the assets before maturity or (b) the ability to unilaterally cause the holder to return specific assets, other than through a cleanup call.

Contributions: The Organization accounts for contributions 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 that the donor requires to be used to acquire long-lived assets are reported as temporarily restricted support. When long-lived asset restrictions expire (that is, when the economic benefits of the acquired assets are used up), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions over the estimated useful lives

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-free 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.

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

Equipment, Leasehold Improvements and Software: Equipment, leasehold improvements and software consists of furniture and equipment, leasehold improvements and software development costs that are stated at cost and depreciated using the straight-line method over the estimated lives of the related assets, which range from three to twelve years. Leasehold improvements are stated at cost and depreciated using the straight-line method over the shorter of the useful life or expected lease term. Software development costs are stated at cost and amortized using the straight-line method over the estimated useful life Application development costs incurred to develop internal use software are capitalized and amortized over the expected useful life of the software application. Activities that are considered application development include design of software configuration and interfaces, coding, installation of hardware, and testing All other expenses incurred to develop internal use software are expensed as incurred. The Organization capitalizes fixed assets with a cost greater than $500 and useful life greater than one year.

## Note 1. Summary of Significant Accounting Policies (Continued)

Accounting for Uncertainty in Income Taxes. The Organization is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization 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 tax for the six months ended December 31, 2010.

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 to comply with the provisions of this guidance. Consequently, no accrual for interest and penalties was deemed necessary for the six months ended December 31, 2010. The Organization files income tax returns in the U.S. federal jurisdiction. Generally, the Organization is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2007.

Recent Accounting Pronouncements

1 Accounting Standards Update ("ASU") No. 2010-06, *Fair Value Measurements and Disclosures (Topic 820)-Improving Disclosures about Fair Value Measurements* – This ASU affects all entities that are required to make disclosures about recurring and nonrecurring fair value measurements under FASB ASC Topic 820, originally issued as FASB Statement No. 157, *Fair Value Measurements* The ASU requires certain new disclosures and clarifies two existing disclosure requirements. The new disclosures and clarifications of existing disclosures became effective on July 1, 2010, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010 The new guidance did not and is not expected to have a material impact on the Organization's consolidated financial statements.

2 FASB ASC Topic 860, "*Transfers and Servicing* " New authoritative accounting guidance under ASC Topic 860, "Transfers and Servicing," amends prior accounting guidance to enhance reporting about transfers of financial assets, including securitizations, and where companies have continuing exposure to the risks related to transferred financial assets. The new authoritative accounting guidance eliminates the concept of a "qualifying special-purpose entity" and changes the requirements for derecognizing financial assets The new authoritative accounting guidance also requires additional disclosures about all continuing involvements with transferred financial assets including information about gains and losses resulting from transfers during the period. The new authoritative accounting guidance under ASC Topic 860 was effective for the Organization on July 1, 2010 and did not have a significant impact on the consolidated financial statements.

3 FASB ASC Topic 310, "*Receivables.*" New authoritative accounting guidance (Accounting Standards Update No. 2010-20) under ASC Topic 310, "*Receivables*", amends the current disclosures required by ASC Topic 310. As a result of these amendments, an entity is required to disaggregate by portfolio segment or class certain existing disclosures and provide certain new disclosures about its loans receivables and related allowance for credit losses. The disclosures as of the end of a reporting period are effective for non-public entities for reporting periods ending on or after December 15, 2011. The Organization expects this new disclosure guidance to significantly expand the credit quality disclosures in the consolidated financial statements but have no impact on the Organization's financial condition or results of operations.

4. New authoritative accounting guidance (Accounting Standards Update No. 2011-02) under ASC Topic 310 "Receivables" amends prior accounting guidance for creditors that restructure receivables that fall within ASC Subtopic 310-40 "Receivables – Troubled Debt Restructurings " The amendments clarify the guidance on a creditor's evaluation of whether it has granted a concession and whether a debtor is experiencing financial difficulties to facilitate the determination of whether a restructuring constitutes a troubled debt restructuring ("TDR") In addition, the amendments clarify that a creditor is precluded from using the effective interest rate test in the debtor's guidance on restructuring of payables when evaluating whether a restructuring constitutes a TDR. For non-public entities, these amendments are effective for annual reporting periods ending on or after December 15, 2012, including interim periods within those annual periods. Early adoption is permitted for any interim period of the fiscal year of adoption. The Organization is evaluating the impact this new guidance will have on the consolidated financial statements.

## Note 2. Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents at December 31, 2010 consisted of the following:

| | | |
|---|---|---|
| Fresh Food Financing Initiative ("FFFI") | $ | 7,029,806 |
| Escrow payable and due to third parties | | 3,686,431 |
| Pennsylvania Green Energy Loan Fund ("GELF") | | 18,033 |
| SDF programs | | 1,520,620 |
| United States Department of Education ("US ED") funds for charter school lending programs | | 1,282,535 |
| Charter School Loan Fund for credit enhancements | | 6,176,621 |
| *Greenworks Loan Fund* | | 800,455 |
| | $ | 20,514,501 |

## Note 3. Investments in Marketable Securities

Investments at December 31, 2010 consisted of the following:

| | | |
|---|---|---|
| Investments in marketable securities: | | |
| Debt and Mortgage-backed securities: | | |
| Federal Farm Credit Bank | $ | 4,143,748 |
| Federal Home Loan Bank | | 5,072,327 |
| Federal Home Loan Mortgage Company | | 15,617,695 |
| Federal National Mortgage Association | | 19,989,412 |
| U.S. Treasury Notes and Bills | | 10,576,146 |
| Other government sponsored enterprises | | 734,780 |
| Corporate debt securities | | 57,812 |
| | $ | 56,191,920 |
| Included in the above are: | | |
| Investments in marketable securities restricted as to use: | | |
| US ED funds for charter school lending programs | $ | 14,553,268 |
| SDF programs | | 5,473,691 |
| GELF | | 12,001,658 |
| | $ | 32,028,617 |

Investment net losses of $50,248 were included on the consolidated statement of activities under the investments captions as of December 31, 2010.

Expenses relating to investment income, including custodial and advisory fees amounted to $36,995 for the period ended December 31, 2010. These expenses have been netted against interest income from marketable securities in the respective consolidated statement of activities.

## Note 4. Program Investments

Program investments at December 31, 2010 consisted of the following:

| | | |
|---|---|---|
| The Community Development Trust, Inc. | $ | 336,500 |

### Note 5. Grants, Contributions Receivable and Grant Revenue

Grants and contributions receivable at December 31 consisted of the following

| | |
|---|---|
| Lending and Community Investing | $ 957,500 |
| Policy Solutions | 150,000 |
| PolicyMap | 150,000 |
| Development Partners | 118,000 |
| | $ 1,375,500 |

Grants and contributions receivable are due in the normal course of the Organization's operations and are unsecured.

During the six months ended December 31, 2010, TRF recognized $12,000,000 in grant revenue upon satisfaction of the grant matching requirement. This grant was awarded from the PA Department of Environmental Protection funded with The American Recovery and Reinvestment Act's State Energy Program ("SEP") allocation This grant supports GELF, a statewide revolving loan program. The grant represents approximately 61% of total revenue and support.

### Note 6. Concentration of Credit Risk

The Organization maintains cash in various financial institutions with insurance provided by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000 for interest bearing accounts and unlimited insurance for non-interest bearing accounts. At times during the year ended December 31, 2010, the Organization had cash balances in excess of the FDIC limits. At December 31, 2010, cash balances in excess of FDIC limits approximated $1,737,000. At December 31, 2010, total cash equivalents include short-term money market funds of approximately $117,000 which are separately collateralized by securities held by the financial institution. All other cash equivalents represent short-term government holdings.

At December 31, 2010, most of the Organization's loans receivable were due from various nonprofit organizations, charter schools, supermarkets, and housing developers primarily in the greater Philadelphia region Additionally, at December 31, 2010, the Organization's portfolio of housing, supermarkets, and charter school loans constituted 22.8%, 21.6%, and 25.2% of total loans outstanding, respectively. As such, the ability of the Organization's borrowers to honor their contracts is dependent upon the viability of the nonprofit organizations, supermarkets, charter schools and the real estate sectors in this region.

### Note 7. Loans and Leases Receivable

Loans and leases receivable at December 31 consisted of the following·

| | |
|---|---|
| Housing | $ 34,845,351 |
| Community facilities | 42,451,982 |
| Commercial real estate | 69,175,987 |
| Energy and small business | 7,275,747 |
| Deferred loan fees | 364,116 |
| | 154,113,183 |
| Allowance for loan and lease losses | (10,027,107) |
| | $ 144,086,076 |

Housing loans finance a diverse group of borrowers including nonprofit community-based organizations, nonprofit and for-profit developers, and special needs housing providers through term, construction, acquisition, and predevelopment lending. Housing pre-development loans receivable totaled $2,541,861 for the six months ended December 31, 2010. The housing predevelopment loans carry interest rates of 0.00% to 5% and are funded primarily from donor-restricted contributions.

Community Facilities loans include loans to charter schools, day-care centers, other not-for-profit organizations, and loans to promote energy efficiency.

### Note 7. Loans and Leases Receivable (Continued)

Commercial Real Estate ("CRE") loans include loans to supermarket operators and loans to finance other commercial (non-residential) real estate.

Energy and small business loans and leases include small business loans, some with portions guaranteed by the Small Business Administration, and loans and leases originated by SDF. This category includes leases receivable totaled $1,231,187 as of December 31, 2010. The leases expire over a seven year period. At December 31, 2010, total minimum lease payments receivable were $1,443,587.

Outstanding loans other than pre-development loans have annual interest rates ranging from 1.00% to 8 65%. At December 31, 2010, approximately 18% of these loans receivable have variable interest rates which are indexed to the prime rate and/or London Interbank Offered Rate ("LIBOR") The remaining loans have a fixed rate. Loans and leases receivable have various maturities through 2037.

Certain loans receivable are pledged against loans payable as more fully described in Note 14.

Information about impaired loans and non-accrual loans as of December 31 is as follows:

| | | |
|---|---|---|
| Impaired loans with a valuation allowance | $ | 14,247,258 |
| Impaired loans without a valuation allowance | | 4,064,885 |
| Total impaired loans | $ | 18,312,143 |
| Related allowance for loan losses | $ | 2,200,022 |
| Non-accrual loans (included in total impaired loans) | $ | 15,310,499 |
| Sum of the average balance of impaired loans | $ | 19,736,388 |
| Interest income recognized on impaired loans | $ | 111,214 |
| Interest income (included above) that is recognized on a cash basis on impaired loans | $ | 3,792 |

Total impaired loans include TDR's in the aggregate amount of $5,995,996 as of December 31, 2010

TRF's exposure with respect to impaired loans is reduced by $111,204 as of December 31, 2010 for amounts guaranteed by the SBA.

### Note 8. Allowance for Losses

The following table presents the changes in the allowance for losses at December 31, 2010:

| | | |
|---|---|---|
| Balance at July 1 | $ | 10,491,585 |
| Add: Provision | | |
| Unrestricted | | 830,247 |
| Net reduction in permanently restricted net assets | | 499,917 |
| | | 1,330,164 |
| Recoveries | | 535,746 |
| Less: Charge-offs | | (2,330,388) |
| | | (464,478) |
| Balance at December 31 | $ | 10,027,107 |

## Note 8. Allowance for Losses (Continued)

Net reduction in permanently restricted net assets of $499,917 includes the charge-offs of $1,013,515, less recoveries of $513,598 related to the revolving loan program, recorded through a decrease in permanently restricted net assets (Note 15) for the six months ended December 31, 2010.

## Note 9. Investments in Limited Partnerships

Investments in limited partnerships are accounted for under the equity method and at December 31, 2010 consisted of the following:

| | |
|---|---|
| New Markets Tax Credit Program | |
| TRF NMTC Fund I, L.P. | $ 13 |
| TRF NMTC Fund II, L.P. | - |
| TRF NMTC Fund III, L.P. | 1,010 |
| TRF NMTC Fund IV, L.P. | 3,934 |
| TRF NMTC Fund V, L.P. | - |
| TRF NMTC Fund VI, L.P. | 1,596 |
| TRF NMTC Fund VII, L.P. | 675 |
| TRF NMTC Fund VIII, L.P. | 898 |
| TRF NMTC Fund IX, L.P. | 747 |
| TRF NMTC Fund X, L.P. | 1,937 |
| TRF NMTC Fund XI, L.P. | 996 |
| TRF NMTC Fund XII, L.P. | 1,295 |
| TRF NMTC Fund XIII, L.P | 1,032 |
| TRF NMTC Fund XIV, L.P. | 1,001 |
| TRF NMTC Fund XV, L.P. | 565 |
| | 15,699 |
| Other | |
| Charter School Capital Access Program, LLC (a) | 26,643 |
| Charter School Financing Partnership (b) | (46,750) |
| Chase NMTC TRF Charter School Investment Fund, LLC (c) | 159 |
| Octavia Hill Bel-Air Partners, L.P. (d) | 82,173 |
| Octavia Hill Chelten Partners, L.P. (e) | 110,037 |
| Pennsylvania Advanced Industrial Technology, L.P. (f) | 1,067,090 |
| | 1,239,352 |
| | $ 1,255,051 |

**Note 9. Investments in Limited Partnerships (Continued)**

New Markets Tax Credit Program: During fiscal years 2010, 2009, 2007 and 2005, TRF received a New Markets Tax Credit Program ("Program") allocation of $90,000,000, $75,000,000, $75,000,000 and $38,500,000, respectively. Pursuant to the requirements of the Program, administered by the Community Development Financial Institution Fund ("CDFI Fund"), a division of the US Department of Treasury, TRF formed a for-profit entity TRF NMTC Fund, LLC ("NMTC"). NMTC is the general partner in TRF NMTC Fund I, L.P. through TRF NMTC Fund XV, L P., (collectively the "NMTC Funds") with a 0 01% ownership interest in each entity. The Organization does not consolidate the NMTC Funds due to the rights granted to the limited partners as defined in the partnership agreements The limited partners' rights, in the partnership agreement, overcome the presumption of control of the general partner. The information below, as it relates to the total assets, liabilities and net income amounts, is for information purposes and is not consolidated in TRF's financial statements. The Organization received fees of approximately $511,000 for the six months ended December 31, 2010, for administrative services performed for the NMTC Funds. These amounts are included in asset management fees on the statement of activities. In connection with the formation of TRF NMTC Fund XIII, L P TRF NMTC Fund XIV, L.P. and TRF NMTC Fund XV, L.P., the Organization received fees of approximately $1,706,000 during the six months ended December 31, 2010. These amounts are included in program services and fees on the consolidated statement of activities. In fiscal years 2011 through 2049, TRF and NMTC expect to receive additional fees from NMTC Funds, in part, for ongoing reporting on compliance within the requirements of the Program, as defined in the Program agreement.

Selected financial information as of December 31, 2010 for each of the NMTC funds is as follows

| | Total Assets | Total Liabilities | Net Income (Loss) |
|---|---|---|---|
| TRF NMTC Fund I, L.P. | $ 5,029,326 | $ - | $ 44,428 |
| TRF NMTC Fund II, L.P. | 21,408,924 | 66,475 | 844,816 |
| TRF NMTC Fund III, L.P. | 10,067,965 | - | (17,395) |
| TRF NMTC Fund IV, L.P. | 39,658,899 | 340,000 | 1,165,954 |
| TRF NMTC Fund V, L.P. | 9,993,465 | 30,000 | (6,301,823) |
| TRF NMTC Fund VI, L.P. | 15,980,012 | 26,920 | 258,381 |
| TRF NMTC Fund VII, L.P. | 6,753,736 | 2,792 | 172,034 |
| TRF NMTC Fund VIII, L.P. | 8,987,745 | 11,250 | 56,121 |
| TRF NMTC Fund IX, L.P. | 7,466,418 | 3,125 | 24,106 |
| TRF NMTC Fund X, L.P. | 19,471,169 | 96,230 | 386,242 |
| TRF NMTC Fund XI, L.P. | 9,958,034 | - | 5,643 |
| TRF NMTC Fund XII, L.P. | 12,956,733 | - | 41,721 |
| TRF NMTC Fund XIII, L.P. | 10,327,479 | 4,292 | 192,122 |
| TRF NMTC Fund XIV, L.P. | 10,016,154 | 4,167 | 32,724 |
| TRF NMTC Fund XV, L.P. | 5,483,391 | 232 | 2,094 |
| Total | $ 193,559,450 | $ 585,483 | $ (3,092,832) |

Other:

a) Charter School Capital Access Program, LLC ("CCAP") is a limited liability company formed for the purpose of implementing a credit enhancement program for charter school debt financing made possible by a $6,400,000 equity grant from the US ED TRF's financial exposure as a member of CCAP is limited to capital contributed. As of December 31, 2010, TRF has $0 capital contributed Under the operating agreement, any earnings on the equity grant are excluded from operating income and any remaining operating income is allocated 50.00% to TRF. At December 31, 2010, CCAP reported total assets of $13,413,446, total liabilities of $11,451,801, and members' equity of $1,961,645. CCAP reported a net loss of $231,858 for the calendar year through December 31, 2010. The net income, other than income attributed to earnings on the grant, is allocated 50 00% to TRF, and losses allocated to TRF for the calendar year through December 31, 2010 was $839. Due to the reduced size of the CCAP facility, on March 1, 2010, $4,700,000 for the US ED equity grant (approved by US ED and CCAP lenders) was released from CCAP. TRF received 50 00% of these released funds to be used in support of the charter school lending program

**Note 9. Investments in Limited Partnerships (Continued)**

b) Charter School Financing Partnership ("CSFP") is a limited liability company organized to facilitate the financing of charter schools by aggregating pools of loans, including those with external credit enhancements, which are then stratified by risk-return and maturity characteristics and sold to investors in the form of bonds. In February 2008, TRF purchased $60,000 in Class "A" units, which represents a 20% voting interest in CSFP. The company was formed in November 2007 As of December 31, 2010, CSFP reported total assets of $17,921,486, total liabilities of $17,912,702 and members' equity of $8,784. For the year ended December 31, 2010, CSFP reported a net loss of $149,111. TRF recorded a decrease of equity earnings during the period ending December 31, 2010 of $27,126 TRF's obligation to CSFP to fund the shortfall in their capital account is expected to be honored.

c) Chase NMTC TRF Charter School Investment Fund, LLC ("Chase Charter School Fund") was formed to make a Qualified Equity Investments ("QEI") in a Certified Development Entity ("CDE") in accordance with the terms of the NMTC program pursuant to Section 45D of the IRC In exchange for its QEI, the Chase Charter School Fund receives NMTC and cash distributions on its investment The .01% managing member of the Chase Charter School Fund is TRF Fund Manager, LLC which is wholly owned by TRF. The Chase Charter School Fund has committed $50,000,000 in QEI to the CDE. As of December 31, 2010, $5,650,000 has been advanced to the CDE. At December 31, 2010, the Chase Charter School Fund reported total assets of $5,513,521, total liabilities of $4,178,805, and members' equity of $1,334,716. For the year ended December 31, 2010, the Chase Charter School Fund reported net loss of $31.

d) Octavia Hill Bel-Air Partners, L.P. ("Bel-Air") is a limited partnership formed for the purpose of purchasing and operating multifamily residential rental buildings. TRF's non-controlling limited partnership interest in Bel-Air represents 76% of the total contributed capital in the partnership. Per the partnership agreement, the general partner is allocated the first $125,000 of losses, thereafter, TRF will be allocated 80.25% of net income or 89 32% of losses. TRF recorded a decrease in equity earnings of $70,695 for the period ending December 31, 2010. At December 31, 2010, Bel-Air reported total assets of $1,808,038, total liabilities of $1,722,363, and partners' equity of $85,675. For the year ended December 31, 2010, Bel-Air reported net loss of $84,594.

e) Octavia Hill Chelten Partners, L P ("Chelten Arms") is a limited partnership formed for the purpose of purchasing and operating a housing rental building TRF's non-controlling limited partnership interest in Chelten Arms represents 76% of the total contributed capital in the partnership Per the partnership agreement, the general partner is allocated the first $75,000 of losses; thereafter, TRF will be allocated 80.25% of net income or 84.05% of losses. TRF recorded a decrease in equity earnings of $59,022 for the period ending December 31, 2010. At December 31, 2010, Chelten Arms reported total assets of $1,369,833, total liabilities of $1,278,418, and partners' equity of $91,415 For the year ended December 31, 2010, Chelten Arms reported net loss of $71,359

f) Pennsylvania Advanced Industrial Technology Fund, L P ("PAIT") is a limited partnership formed to provide managerial and capital investments in early stage renewable and/or clean energy companies TRF's limited partnership interest in PAIT represents 90% of the total partnership at December 31, 2010. TRF accounts for its investment in PAIT under the equity method and accordingly, recorded a decrease in equity earnings of $5,476 for the period ending December 31, 2010. Total committed capital to PAIT is $2,000,000, of which $1,970,069 has been called and paid through December 31, 2010, including $0 paid in the period ending December 31, 2010. At December 31, 2010, PAIT reported total assets and partners' equity of $1,179,989 PAIT reported a net loss of $6,111 for the calendar year through December 31, 2010.

## Note 10. Private Equity Investments

The Private Equity investments are held by UGP. Private Equity serves as the Management Company to UGP to provide general and administrative services and general consulting services in connection with UGP's investment activities. The term of the partnership agreement is ten years from the final closing date, December 31, 2002, as defined in the partnership agreement, unless extended by the General Partner for up to two consecutive one-year periods with the approval of the Limited Partners Advisory Committee. At December 31, 2010, the fair value of the Organization's investment in UGP was $893,733

Private equity investments at December 31, 2010, at estimated fair value (Note 1), consisted of the following:

| | Balance at July 1, 2010 | Purchases & Capitalized Interest | Sales, Repayments & Dispositions | Valuation Adjustments | Balance at December 31, 2010 |
|---|---|---|---|---|---|
| Flagzone, LLC (a) | $ 3,473,853 | $ - | $ (3,473,853) | $ - | $ - |
| MidAtlanticBroadband, Inc. (b) | 1,200,000 | - | - | 1,300,000 | 2,500,000 |
| Ricochet Manufacturing Company, Inc. (c) | 335,500 | - | - | - | 335,500 |
| Sun & Earth, Inc (d) | 600,000 | - | - | (600,000) | - |
| | $ 5,609,353 | $ - | $ (3,473,853) | $ 700,000 | $ 2,835,500 |

a) Flagzone, LLC, located in Pottstown, PA, is a manufacturer and distributor of U S., State, foreign, and decorative and custom flags and banners. The investment was comprised of preferred A and B units, mezzanine units and promissory notes. In December 2010, the investment was sold, realizing a gain of $2,369,736.

b) MidAtlanticBroadband, Inc., located in Baltimore, MD, is a facilities based provider of telecommunication services. The investment at December 31, 2010 is comprised of subordinated debt with an aggregate cost of $2,500,000 and warrants to purchase 4,386,375 shares of common stock at an exercise price of $0.01 per share. Estimated fair value of the investment at December 31, 2010 is $2,500,000. During the six months ended December 31, 2010, UGP recorded unrealized gains of $1,300,000 on its investment.

c) Ricochet Manufacturing Company, Inc., located in Philadelphia, PA, is the leading designer and manufacturer of clothing intended to provide protection against exposure to blood borne viruses (pathogens) for the EMS market The Investment in Ricochet Manufacturing at December 31, 2010 is comprised of 6,093,599 shares of Series "C" preferred stock, convertible into common stock, as defined, with a cost of $3,289,024 and estimated fair value of $0, 2,000,000 shares of Series "D" preferred stock, convertible into common stock, as defined, with a cost of $500,000 and estimated fair value of $0, 3,125,000 shares of Series "E" preferred stock, convertible into common stock, as defined, with a cost of $500,000 and estimated fair value of $0; unsecured promissory notes due on demand with a cost and estimated fair value of $335,500, warrants to subscribe for 4,361 shares of Series "A" convertible preferred stock expire September 2013 These warrants may be exercised at $0.01 per share, subject to adjustment. These warrants have not been separately valued but have been considered determining the estimated fair value of the investment.

d) Sun & Earth, Inc. manufactures the leading brand of all-natural cleaning products from its plant in Norristown, PA. The Sun & Earth brand presently includes six different liquid cleaning product categories. The Investment at December 31, 2010 is comprised of subordinated debt with an aggregate cost of $600,000 and estimated fair value of $0, 6,749 shares of class "A" common stock with a cost of $1,417,367 and an estimated fair value of $0; 2,396,972 shares of class "C" preferred stock with a cost of $830,235 and estimated fair value of $0 and warrants to purchase 83,650 shares of class "A" common stock. The warrants have not been separately valued but have been considered in determining the estimated fair value of the investment. During the six months ended December 31, 2010, UGP recorded unrealized losses of $600,000 on its investment in Sun & Earth, Inc

**Note 11. Equipment, Leasehold Improvements and Software, net**

Equipment, leasehold improvements and software, net at December 31, 2010 consisted of the following

| | |
|---|---|
| Office furniture, equipment and software | $ 1,635,659 |
| Leasehold improvements | 865,677 |
| Software development | 2,808,018 |
| Accumulated depreciation | (3,262,032) |
| | $ 2,047,322 |

Depreciation and amortization expense of $575,490 was recorded for the six months ended December 31, 2010

**Note 12. Property Held for Development or Sale**

Property held for development or sale at December 31, 2010 consisted of the following residential projects.

| | |
|---|---|
| Preston Place, net of subsidy of $235,681 at December 31, 2010 | $ 2,321,179 |
| City Arts | 81,285 |
| School House Square, net of subsidy of $1,376,669 at December 31, 2010 | 3,868,544 |
| Impairment writedown | (446,604) |
| | $ 5,824,404 |

Home sales by project, which are included in program services and fees in the Consolidated Statement of Activities, for the six months ended December 31, 2010 were as follows:

| | |
|---|---|
| Home sales | $ 1,677,183 |
| Fees and interest | 180,870 |
| Subsidies | 954,524 |
| Cost of homes sold | (2,679,424) |
| | $ 133,153 |

Preston Place is a project concentrated in the Oliver community of Baltimore, Maryland, City Arts is concentrated in the Greenmount West neighborhood of Baltimore, Maryland and the School House Square project is concentrated in Neptune, New Jersey.

**Note 13. Other Real Estate Held for Sale**

The Organization holds titles to three real estate properties totaling $13,834,866 at December 31, 2010. These properties were assigned to entities as described below.

Reinvest I holds title to a commercial property with an estimated fair value of $288,781 as of December 31, 2010.

During the year, Reinvest II assumed title to a commercial property that housed a charter school with an estimated fair value of $4,406,085 as of December 31, 2010, along with the amount due from the third party entity of $960,328 and related notes payable of $5,366,413. The property generated rental income of approximately $256,000 for the six months ended December 31, 2010 which is included in other income on the statement of activities.

## Note 13. Other Real Estate Held for Sale (Continued)

During the year, Reinvest III assumed a property, including a 60 room hotel, 14,000 square feet of retail space and 57 residential apartment units with an estimated fair value of $9,140,000 along with notes payable of $9,991,069 as of December 31, 2010 The property generated revenue and net losses from the hotel and rental operations totaling approximately $680,000 and $39,000, respectively, for the six months ended December 31, 2010 which is included in other income on the statement of activities.

## Note 14. Loans Payable

Loans payable at December 31 consisted of the following:

| Lender | Balance | Maturity Date | Interest rate |
|---|---|---|---|
| **Government** | | | |
| *Government* | | | |
| MD DHCD | $ 1,435,163 | 02/2018 - 12/2020 | 0 0% - 2.0% |
| NJHMFA | 2,013,405 | 02/2014 | 0 0% |
| Other fixed rate | 688,888 | 07/2011 - 11/2014 | 0 0% - 4.09% |
| Other variable rate | 447,363 | 06/2011 | 2.5% |
| Total | 4,584,819 | | |
| **Financial institutions, partnerships, and corporations** | | | |
| *Financial Institutions & Partnerships* | | | |
| Fresh Food Financing Initiative fixed rate | 1,375,355 | 12/2012 - 07/2016 | 3.73% - 5 75% |
| Fresh Food Financing Initiative variable rate | 3,373,352 | 08/2013 - 12/2016 | 1.51% - 1.54% |
| CLI | 2,355,624 | 06/2014 | 1.75% - 4.0% |
| Fannie Mae | 6,121,901 | 06/2012 | 0 49% |
| NMTC Program activities | 53,764,773 | 09/2013 - 12/2016 | 1 0% - 6 54% |
| Other fixed rate | 38,132,956 | 12/2010 - 09/2019 | 2% - 7.15% |
| Other variable rate | 2,547,277 | 03/2011 - 08/2018 | 0.05% - 4.99% |
| *Corporations* | 6,913,044 | 12/2010 - 07/2019 | 0 0% - 5 0% |
| Total | 114,584,282 | | |
| **Foundations, religious, and civic organizations** | | | |
| *Foundations fixed rate* | 14,281,196 | 03/2011 - 06/2018 | 0.0% - 5 0% |
| *Foundations variable rate* | 2,550,000 | 09/2016 - 06/2018 | 0.05% |
| *Religious fixed rate* | 6,566,041 | 12/2010 - 12/2025 | 0.0% - 5.50% |
| *Religious variable rate* | 1,200,000 | 08/2017 - 06/2019 | 0.05% |
| *Civic fixed rate* | 8,305,721 | 06/2011 - 12/2020 | 2.0% - 5.72% |
| *Civic variable rate* | 200,000 | 01/2017 | 0 05% |
| Total | 33,102,958 | | |
| **Individuals** | | | |
| *Individuals* | 5,726,175 | 12/2010 - 06/2025 | 0.0% - 5 75% |
| Total loans payable | 157,998,234 | | |
| Less: Current portion | 40,662,441 | | |
| Long-term portion | $ 117,335,793 | | |

**Note 14. Loans Payable (Continued)**

TRF's variable rate loans have base rates of Wall Street Journal Prime ("Prime") rate, 30 day LIBOR rate, 90 day LIBOR rate, 30 day US Treasury rate and 12 month LIBOR rate. The Prime rate was 3.25% at December 31, 2010. The 90 day LIBOR Rate was 0.30% at December 31, 2010. The 30 day LIBOR rate was 0.26% at December 31, 2010. The 12 month LIBOR rate was 0.91% at December 31, 2010. The 30 day US Treasury rate was .15% at December 31, 2010.

During the year, certain Development Partners-Baltimore subscription noteholders were modified where the interest rate would be reduced from 2% to 10 basis points below the US Treasury rate as of the close of business on the first business day of each calendar quarter The rate would then reset on a quarterly basis and be calculated using simple interest. The rate will remain in effect until December 31, 2012, whereby it will return back to 2%.

**Government debt includes amounts due to government agencies and their affiliates as follows:**

MD DHCD – In total, TRF and Development Partners have five conditionally forgivable loans with the Maryland Department of Housing and Community Development ("MD DHCD") Upon meeting the conditions stated in the loan agreements, MD DHCD will forgive the loans by the maturity date in 2020. These loans were advanced to further community development work in the Baltimore area.

NJHMFA – Development Partners has a conditionally forgivable loan with New Jersey Housing and Mortgage Finance Agency ("NJHMFA") Upon meeting the conditions stated in the loan agreement, NJHMFA will forgive the loan by maturity date in 2014 This loan was advanced to assist in the financing of community development work in Neptune, New Jersey.

*Government - Other loans of $1,136,251 consist of 4 loans ranging in amounts from $107,000 to $447,000* at December 31, 2010.

**Financial institutions, Partnerships, and Corporations include amounts due to banks and other financial institutions as follows:**

Fresh Food Financing Initiative - TRF has a credit facility with a group of syndicated lenders, in which JPMC acts as the lead agent. This facility supports the Fresh Food Financing Initiative Program and was created to finance 80.00% of lending activity for qualified supermarket loans receivable. Funding of these loans is contingent upon the remaining 20.00% being financed using grant funds As of June 2009, the credit facility feature expired, however the facility continues to finance the term loans until the end borrower loans mature. As of December 31, 2010, the loans payable are secured by their prospective loans receivable of approximately $6,045,000.

CLI has a credit facility with an interim lender (JPMC) and a group of syndicated lenders, in which JPMC acts as the agent. The arrangement provides the following:

An interim lender commitment, with JPMC of $10,000,000, which expires on June 30, 2011. No amounts were outstanding under this commitment as of December 31, 2010.

Syndicated lender commitments, with 11 banks which expire on June 30, 2014 The aggregate amount of these commitments as of December 31, 2010 is $23,550,000.

The CLI credit facility has variable interest rates ranging from Prime Rate minus 1.50% to Prime Rate plus 0.50%.

Fannie Mae – TRF has a $10,000,000 revolving credit facility with Fannie Mae whose purpose is to make project level loans to third parties which meet the specific criteria as defined in the credit agreement. The agreement also stipulates that at least 25% of the credit facility proceeds must be used to finance projects within Fannie Mae's geographic target areas. The Fannie Mae facility has a variable interest rate of 90 day LIBOR rate plus 0 20%. In July 2010, due to discontinuation of Fannie Mae's lending program, this agreement was re-negotiated and reduced from a $25,000,000 to a $10,000,000 revolving credit facility with a revised maturity date of June 30, 2012.

**Note 14. Loans Payable (Continued)**

NMTC Program Activities:

In connection with its NMTC program activities, TRF has borrowings totaling approximately $43,774,000 whose proceeds were used to finance NMTC eligible loans with balances outstanding of approximately $43,555,000. As a condition of the program, TRF has assigned to the lenders a lien on and security interest in all of TRF's rights, title, and interest to the related loans receivable

The following are loans payable to related parties:

Merrill Lynch - TRF has a loan payable with Merrill Lynch originated as a pass-through loan to TC-TRF QEI, LLC (borrower) in support of TRF's NMTC program. As of December 31, 2010, the loans payable were $7,027,225, secured by loans receivable of approximately $7,024,000.

NMTC Fund X, LP - TRF has four related party loans with NMTC Fund X, LP. These loans were used as pass-through loans to supermarket borrowers in support of our NMTC program This re-lending was necessary to facilitate a guarantee from the PA Department of Community and Economic Development ("DCED") As of December 31, 2010, the loans payable were $10,877,000 secured by their prospective loans receivable of approximately $10,877,000.

NMTC Fund V, LP, - On September 3, 2010, Reinvest III was assigned the debt of University Crossing at Chester Commons, LP, a borrower of NMTC Fund V, LP. The debt was written down to the "as-is" value of the property of $9,991,069. The loan is secured by the Property and an assignment of rents and leases. The original loan bears interest at a fixed rate of 6.54% and matures on September 21, 2014, at which point all outstanding principal and interest is due. This loan is expected to be settled upon the sale of related property.

Financial Institutions - Other loans of $40,680,233 consists of 50 loans payable ranging in amount from $25,000 to $5,000,000 at December 31, 2010.

Corporations – The Organization has 18 fixed rate loans ranging from $1,000 to $5,000,000 at December 31, 2010.

**Foundations, Religious and Civic debt includes the following:**

Foundations – The Organization has 25 fixed rate loans and 6 variable rate loans with foundations ranging in amount from $1,000 to $4,000,000 at December 31, 2010.

Religious – The Organization has 123 fixed rate loans and 2 variable rate loans with religious organizations ranging in amount from $1,000 to $2,110,000 at December 31, 2010.

Civic – The Organization has 23 fixed rate loans and 1 variable rate loan with civic organizations ranging in amount from $1,000 to $1,650,000 at December 31, 2010.

**Individuals** – The Organization has 550 fixed rate loans with individuals ranging in amount from $300 to $250,000 at December 31, 2010.

The Organization has certain debt agreements that contain financial covenants requiring the Organization to maintain minimum cash and investment balances and certain financial ratios. As of December 31, 2010, TRF was out of compliance with certain financial covenants and received waivers from the affected lenders for the covenant violations. However, for financial statement presentation approximately $18,200,000 was reclassified from noncurrent to current loans payable.

**Note 14. Loans Payable (Continued)**

Aggregate maturities for loans payable at December 31, 2010 are as follows.

| | |
|---|---|
| 2011 | $ 40,662,441 |
| 2012 | 21,874,113 |
| 2013 | 7,450,110 |
| 2014 | 38,340,594 |
| 2015 | 8,832,101 |
| Thereafter | 40,838,875 |
| | $ 157,998,234 |

As of December 31, 2010 the Organization has available undrawn debt facilities of approximately.

| Lender | Total Debt Facility | Debt Facility Type | Available undrawn at December 31, 2010 |
|---|---|---|---|
| JP Morgan Chase (agent) | $ 23,550,000 | Syndicated bank revolving line of credit | $ 21,194,377 |
| Fannie Mae | 10,000,000 | Term loan facility | 3,878,100 |
| ING | 12,000,000 | Line of credit | 10,070,000 |
| MetLife | 5,000,000 | Non-revolving line of credit | 3,000,000 |
| Susquehanna Bank | 4,783,000 | Revolving line of credit | 4,335,340 |
| NJHMFA | 4,783,000 | Revolving line of credit | 4,335,340 |
| NJEDA | 3,000,000 | Non-revolving line of credit | 3,000,000 |
| K. Hovnanian | 1,800,000 | Non-revolving line of credit | 600,000 |
| City of Baltimore | 1,150,000 | Non-revolving line of credit | 968,255 |
| NJEDA | 1,000,000 | Non-revolving line of credit | 1,000,000 |
| State of Maryland - DHCD | 300,000 | Non-revolving line of credit | 234,837 |
| | $ 67,366,000 | | $ 52,616,249 |

**Note 15. Net Assets**

Unrestricted net assets include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or by board designation. At December 31, 2010, unrestricted net assets of $10,240,838 were contractually limited as to use by SDF.

Temporarily restricted net assets are those net assets whose use by the Organization is limited by donor to be used for a specified purpose (purpose restrictions) or restricted to be used in a later period or after a specified date (time restrictions)

**Note 15. Net Assets (Continued)**

*Temporarily restricted net assets at December 31 consisted of the following*

| | |
|---|---|
| Purpose Restricted | |
| Lending and Community Investing | $ 18,744,887 |
| Sustainable Development Fund - Contractually limited as to use | 963,496 |
| Policy Solutions | 99,104 |
| PolicyMap | 345,895 |
| Development Partners | 162,500 |
| | 20,315,882 |
| Time Restricted | |
| Long-lived assets | 316,676 |
| | $ 20,632,558 |

Temporarily restricted for Lending and Community Investing includes $15,831,839 for the six months ended December 31, 2010 that TRF received from the US ED plus earned interest, to leverage funds through credit enhancement initiatives in order to assist charter schools in using private sector capital to acquire, construct, or renovate charter school facilities.

Permanently restricted net assets represent grants and contributions received subject to donor restrictions that are primarily for use in the Organization's permanent revolving loan funds Charge-offs in the revolving loan fund of $1,013,515 were offset by a partial recovery in the amount of $513,598 for FFFI loans that had been charged off in a prior period.

During the six months ended December 31, 2010, $11,700,000 of permanently restricted revenue was recognized as match requirements were met on the PA Department of Environmental Protection award that was funded with The American Recovery and Reinvestment Act's State Energy Program ("SEP') allocation This grant supports GELF, a statewide revolving loan program. During the six months ended December 31, 2010, the Organization received $865,504 to fund the City of Philadelphia's PAID GAP financing program, and $302,400 to fund the PIDC's Greenworks loan program In addition, the Organization received contributions of $8,362 for the six months ended December 31, 2010 to be used for the permanent revolving loan fund

Income earned from grants and contributions is recorded within unrestricted, temporarily restricted or permanently restricted net assets, as defined in individual agreements.

**Note 16. Sustainable Development Fund**

SDF is a separate fund of TRF. SDF is guided by a seven-member Board of Directors nominated by the parties to the PECO Energy restructuring and approved by the PUC SDF's Board provides oversight to SDF's activities including input to, review and approval of business plans, annual program plans and operating budgets.

In connection with the creation of SDF, SDF agreed to comply with certain contractual restrictions on the use of the Fund's available net assets. As such, all net assets of SDF are considered contractually limited as to use All Fund receipts, including contributions, principal repayments and interest earnings on loans made by the Fund, earnings on equity and near equity investments, and interest earnings, are required to be maintained in SDF. SDF is authorized to make disbursements for loans, equity and near equity investments, grants and approved annual operating program expenses. The Fund is also subject to certain annual reporting requirements.

On October 20, 2000, Philadelphia's PECO Energy Company and the Unicom Corporation of Chicago merged to form the Exelon Corporation. As a result of the merger, Exelon agreed to accelerate the payments otherwise due to SDF based on electricity consumption in the PECO Energy service territory. Exelon paid SDF a lump sum payment of $9,980,000 on January 1, 2001, representing estimated collections based on electricity consumption during the period January 1, 2001 through December 31, 2006

### Note 16. Sustainable Development Fund (Continued)

In connection with the merger agreement, Exelon made contributions to SDF, over a five year period from October 20, 2000 to January 1, 2005, for the following purposes

1) Photovoltaic Project - Contribution of $4,000,000 to fund a four year photovoltaic (solar electricity) project to purchase, install, finance and/or write down the cost of the minimum number of rooftop units in each year of the project.

2) New Pennsylvania Wind Facilities - Contribution of $12,000,000 for the development of new wind powered generation projects in Pennsylvania.

3) Renewable Education - Contribution of $2,500,000 to help fund consumer education on electricity from renewable sources, including environmental, financial and technical considerations.

During the period ended December 31, 2010, net assets released from restriction for SDF totaled $44,124. SDF did not incur any fundraising expenses.

Audited financial statements for SDF are available at TRF's offices

### Note 17. Fundraising Expenses

The management and general category includes fundraising expenses, which are approximately $5,950 for the six months ended December 31, 2010.

### Note 18. Commitments and Contingencies

The Organization leases its offices and certain office equipment under non-cancelable operating leases. In January 2011, the Organization entered into a long term agreement to lease office space at 1700 Market Street. The Organization's future annual minimum payments under these leases, net of sublease income, are as follows:

| | |
|---|---|
| 2011 | $ 508,966 |
| 2012 | 673,536 |
| 2013 | 686,888 |
| 2014 | 634,172 |
| 2015 | 553,779 |
| Thereafter | 6,438,322 |
| | $ 9,495,663 |

Rent expense, net of subleases, was $168,098 for the year ended December 31, 2010

At December 31, 2010, SDF had approximately $213,000 in conditional grants committed to third parties Disbursements under these commitments are expected to occur in the next fiscal year or when the conditions as defined in the grant agreements are substantially met.

At December 31, 2010, the Organization had approximately $24,400,000 of loans closed but not yet disbursed and $7,200,000 of loan commitments, net of participations. Loan commitments represent arrangements to lend funds at specified interest rates and contain fixed expiration dates or other termination clauses.

TRF acts as guarantor for any loans outstanding under the CLI credit facility; however, the maximum amount TRF is obligated to pay shall not exceed 50.00% of the aggregate loan balance. The maximum dollar amount that TRF is liable for under this agreement as of December 31, 2010 is approximately $1,178,000.

At December 31, 2010, the Organization had committed capital to UGP in the amount of $4,850,000, of which $2,788,750 has been called and paid. During the remaining term of the partnership, the General Partner does not intend to call more than 80% of the total committed capital.

## Note 18. Commitments and Contingencies (Continued)

At December 31, 2010, TRF had committed capital to PAIT in the amount of $2,000,000, of which $1,970,069 has been called and paid.

At December 31, 2010, TRF had unconditional outstanding letters of credit totaling approximately $2,200,000 These letters of credit have maturity dates ranging from January 2011 to March 2014.

During the year ended June 30, 2009, in connection with the NMTC program, TRF NMTC Fund VII, LP ("Lender") issued three notes to The Learning Community Charter School ("Debtor") TRF ("Guarantor") unconditionally guarantees the punctual payment of all sums due on one of these notes in the amount of $4,840,750 plus any expenses of collection of the note including reasonable attorneys' fees This guaranty requires that the Lender cause the full depletion of the US ED proceeds held by TRF in the amount of $974,850 held by TRF as restricted cash, prior to pursuing any remedy against the Guarantor. These US ED proceeds also secure the Debtor's obligations under the note

## Note 19. Retirement Plan

The Organization offers all eligible employees the opportunity to participate in a 401(k) tax deferred plan whereby employees may elect to contribute through payroll deduction amounts subject to statutory maximums The 2010 plan provided for a discretionary match of 50.00% of employees' contributions not to exceed 6 00% of employees' compensation. The Organization contributed $77,367 for the six months ended December 31, 2010.

## Note 20. Fair Value Measurements

The Organization recorded certain assets, such as investments in marketable securities, program investments, and private equity investments at fair value on an ongoing basis and reported at fair value at every reporting date. These are disclosed below under fair value on a recurring basis. Assets that are not recorded at fair value on an ongoing basis, but under certain circumstances, such as impairments, residential property held for sale, rental property held for sale, and OREO are disclosed below under fair value on nonrecurring basis.

*Fair Value on a Recurring Basis*

Investment in Marketable Securities. The fair value of investment in marketable securities is the market value based on quoted market prices, when available (Level 1) If listed prices or quotes are not available, fair value is based upon quoted market prices for similar or identical assets or other observable inputs (Level 2); or fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the investment (Level 3).

Program investments: The fair value of program investments is based on mark-to-market valuation information available to the general partner and program managers as of December 31, 2010.

Private equity investments: The fair value of private equity investments is determined in good faith by the management of the Organization by taking into consideration the cost of the securities, prices of recent significant placements of securities by the same issuer, subsequent developments concerning the companies to which the securities relate, any financial data and projections of such companies provided to management, and such other factors as management may deem relevant.

## Note 20. Fair Value Measurements (Continued)

*Fair Value on a Recurring Basis (Continued)*

The following presents the assets and liabilities reported on the Statement of Financial Position at their fair value as of December 31 by level.

| | Total | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| Investments in marketable securities: | | | | |
| Debt and Mortgage-backed securities: | | | | |
| Federal Farm Credit Bank | $ 4,143,748 | $ - | $ 4,143,748 | $ - |
| Federal Home Loan Bank | 5,072,327 | 176,281 | 4,896,046 | - |
| Federal Home Loan Mortgage Company | 15,617,695 | - | 15,617,695 | - |
| Federal National Mortgage Association | 19,989,412 | 1,809,700 | 18,179,712 | - |
| U.S. Treasury Notes and Bills | 10,576,146 | 10,576,146 | - | - |
| Other government sponsored enterprises | 734,780 | - | 734,780 | - |
| Corporate debt securities | 57,812 | - | - | 57,812 |
| Program investments | 336,500 | - | - | 336,500 |
| Private equity investments | 2,835,500 | - | - | 2,835,500 |
| Total assets | $ 59,363,920 | $ 12,562,127 | $ 43,571,981 | $ 3,229,812 |

The change in Level 3 assets and liabilities measured at fair value on a recurring basis are summarized as follows:

| | Investments in Marketable Securities | Program Investments | Private Equity Investments |
|---|---|---|---|
| Balance, June 30, 2010 | $ 51,875 | $ 393,500 | $ 5,609,353 |
| Total net gains included in change in net assets | 5,938 | 500 | 3,069,736 |
| Purchases and sales, net | - | (57,500) | (5,843,589) |
| Balance, December 31, 2010 | $ 57,813 | $ 336,500 | $ 2,835,500 |

The net gains (losses) in Level 3, realized and unrealized, above are reported in the Statement of Activities as follows:

| | Investments in Marketable Securities | Program Investments | Private Equity Investments |
|---|---|---|---|
| Total realized gains included in net gains above | $ - | $ 500 | $ 2,369,736 |
| Change in unrealized gains relating to assets still held at December 31, 2010 | $ 5,938 | $ - | $ 700,000 |

**Note 20. Fair Value Measurements (Continued)**

*Fair Value on a Nonrecurring Basis*

Impaired loans: The fair value of impaired loans is determined based on the loan's observable market price or the fair value of the collateral if the loan is collateral dependent. The valuation allowance for impaired loans is included in the allowance for losses in the statement of financial position. The valuation allowance for impaired loans at December 31, 2010 was $2,200,022.

Residential property held for development or sale: The fair value of residential property held for development or sale is determined in good faith by the management of the Organization by taking into consideration the current real estate market, units owned verse city owned property, and such other factors as management may deem relevant. The valuation allowance at December 31, 2010 was $446,604.

Other real estate held for sale: The fair value of other real estate held for sale is determined by the net realizable value of the real estate as of the reporting date. Such fair value is established by current appraised values adjusted for reasonable disposition costs. The appraised value may be discounted based on management's review and changes in market conditions (level 3) inputs.

| | Total | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| Impaired loans, net of specific reserves of $2,200,022 | $ 16,412,121 | $ - | $ - | $ 16,412,121 |
| Property held for development or sale, net of specific reserve of $446,604 | 5,824,404 | - | - | 5,824,404 |
| Other real estate held for sale | 13,834,866 | - | - | 13,834,866 |
| | $ 36,071,391 | $ - | $ - | $ 36,071,391 |

**Fair Value of Financial Instruments**

The Organization's methodology for estimating the fair value of financial assets and liabilities that are measured on a recurring or nonrecurring basis are discussed above.

The table below represents the carrying value and fair value of the Organization's other financial instruments The fair value represents management's best estimates based on a range of methodologies and assumptions

Cash and cash equivalents: The carrying amount of cash and cash equivalents approximates fair value

*Investment in marketable securities: Fair value of investment in marketable securities is described above*

Program investments: Fair value of program investments is described above.

Loans and leases other than impaired loans, net of allowance: The fair value of loans and leases in the portfolio is determined by segregating the portfolio by type as loans and leases having a fixed interest rate, loans and leases having an adjustable interest rate, and impaired loans.

The fair value of fixed interest rate loans is estimated by discounting the future cash flows, both principal and interest, using current market rates for expected financings within the Organization's market that reflect the credit, collateral and interest rate risk inherent in the loan

Adjustable interest rate loans and leases have an interest rate tied to a standard market interest rate and move with the market Hence these loans and leases are considered by management to be at fair value.

Fair value of impaired loans is described above.

## Note 20. Fair Value Measurements (Continued)

### Fair Value of Financial Instruments (continued)

Private equity investments: Fair value of private equity investments is described above

Property held for development or sale: Fair value of residential property held for development or sale is described above.

Loans payable: Fair value of loans payable in the portfolio is determined by segregating the portfolio by type as loans payable having a fixed rate and loans payable having an adjustable rate and discounting future cash flows using a weighted average discount rate consistent with weighted average term to maturity as follows.

The fair value on fixed rate loans payable is estimated by discounting the future cash flows, both principal and interest, through their weighted average months to maturity, using a weighted average interest rate for expected issuances within the Organization's market

Adjustable interest rate loans payable has an interest rate tied to a standard market index and moves with the market. Hence this debt is considered by management to be at fair value

| | Carrying Amount | Fair Value |
|---|---|---|
| Assets | | |
| Cash and cash equivalents | $ 13,417,473 | $ 13,417,473 |
| Investments in marketable securities | 56,191,920 | 56,191,920 |
| Program investments | 336,500 | 336,500 |
| Loans and leases, less allowance for losses | 144,086,076 | 143,423,001 |
| Private equity investments | 5,609,353 | 5,609,353 |
| Total Assets | $ 219,641,322 | $ 218,978,247 |
| Liabilities | | |
| Loans payable | $ 157,998,234 | $ 158,483,424 |

## Note 21. Subsequent Events

The Organization's management has evaluated subsequent events through April 22, 2011, the date the financial statements were issued and has determined that no recognized or non-recognized subsequent events warrants inclusion or disclosure in the financial statements, except as noted in Note 18 as of December 31, 2010

McGladrey & Pullen, LLP
Certified Public Accountants

McGladrey

## Independent Auditor's Report on Supplementary Information

To the Board of Directors
The Reinvestment Fund, Inc. and Affiliates
Philadelphia, Pennsylvania

Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The consolidating (and other supplementary) information is presented for purposes of additional analysis of the basic consolidated financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual organizations. The consolidating (and other supplementary) information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, based upon our audit and the report of other auditors as explained in our report on the basic financial statements on page 1, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

McGladrey & Pullen, LLP

Blue Bell, Pennsylvania
April 22, 2011

The Reinvestment Fund, Inc and Affiliates (Excluding SDF)

Consolidating Statement of Financial Position
December 31 2010

| | TRF | CLI | Private Equity | EFI | NMTC | Development Partners | Education Funding | Reinvest I | Reinvest II | Reinvest III | Fund Manager LLC | Eliminations & Reclassifications | Total | SDF | Total (excluding SDF) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | | | | | | | | |
| Current Assets | | | | | | | | | | | | | | | |
| Cash and cash equivalents | $ 4 442 925 | $ 177 290 | $ 7 211 908 | $ 58 954 | $ 108 405 | $ 1 268 141 | $ - | $ - | $ 149 456 | $ 340 928 | $ 394 | $ - | $ 13 758 399 | $ - | $ 13 758 399 |
| Grants and contributions receivable | 950 000 | - | - | - | - | 118 000 | - | - | - | - | - | - | 1 068 000 | - | 1 068 000 |
| Investments in marketable securities | 37 665 817 | - | - | - | - | 3 984 386 | - | - | - | - | - | - | 41 650 203 | 3 417 914 | 38 232 289 |
| Accounts receivable - related parties | 145 800 | 15 579 | - | 20 203 | - | - | 100 | - | - | - | - | (181 682) | - | 5 979 | (5 979) |
| Loans and leases | 63 023 807 | 2 701 160 | - | 112 806 | - | - | - | - | - | - | - | (83 555) | 65 754 218 | 507 293 | 65 246 925 |
| Allowance for losses | (4 210 301) | (106 578) | - | (10 377) | - | - | - | - | - | - | - | 40 282 | (4 288 974) | (16 816) | (4 270 158) |
| Other | 1 252 237 | 1 905 | 11 580 | 904 | 368 946 | 570 661 | - | (4 976) | 47 463 | 95 240 | 23 | (85 364) | 2 256 599 | 18 748 | 2 239 851 |
| Restricted cash cash equivalents and certificate of deposit | 18 420 523 | 865 444 | 550 056 | - | - | 9 530 | - | - | 51 307 | 617 641 | - | - | 20 514 501 | 1 520 619 | 18 993 882 |
| | 121 690 808 | 3 654 800 | 7 773 524 | 182 490 | 475 351 | 5 950 718 | 100 | (4 976) | 248 226 | 1 053 807 | 417 | (310 319) | 140 714 946 | 5 451 737 | 135 263 209 |
| Noncurrent Assets | | | | | | | | | | | | | | | |
| Grants and contributions receivable | 307 500 | - | - | - | - | - | - | - | - | - | - | - | 307 500 | - | 307 500 |
| Investments in marketable securities | 11 073 685 | - | - | - | - | 3 468 032 | - | - | - | - | - | - | 14 541 717 | 2 055 777 | 12 485 940 |
| Program investments | 336 500 | - | - | - | - | - | - | - | - | - | - | - | 336 500 | - | 336 500 |
| Due from related parties | 7 182 439 | - | - | - | - | - | - | - | - | - | - | (7 182 439) | - | - | - |
| Loans and leases | 92 664,287 | 75 951 | - | 369 380 | - | - | - | - | - | - | - | (4 750 653) | 88 358 965 | 2 846 784 | 85 512 181 |
| Allowance for losses | (6 134 418) | (2 980) | - | (45 874) | - | - | - | - | - | - | - | 443 139 | (5 740 133) | (94 364) | (5 645 769) |
| Investments in limited partnerships | 1 288 263 | - | - | - | 15 379 | - | (48,750) | - | - | - | 159 | - | 1 255 051 | 1 067 090 | 187 961 |
| Private equity investments | 340 908 | - | 2 835 500 | - | - | - | - | - | - | - | - | (340 908) | 2 835 500 | - | 2 835 500 |
| Investments in consolidated subsidiaries | 1 528 691 | - | - | - | - | - | - | - | - | - | - | (1 528 691) | - | - | - |
| Other real estate held for sale | - | - | - | - | - | - | - | 288 781 | 4 406 085 | 9 140 000 | - | - | 13 834 866 | - | 13,834 866 |
| Equipment, leasehold improvements and software net | 2 047 322 | - | - | - | - | - | - | - | - | - | - | - | 2 047 322 | - | 2 047 322 |
| Property held for development or sale net | - | - | - | - | - | 5 824 404 | - | - | - | - | - | - | 5 824 404 | - | 5 824 404 |
| Other | 9 212 | - | - | - | - | - | - | | 901 655 | - | - | - | 910 867 | - | 910 867 |
| | 110 642 389 | 72 971 | 2 835 500 | 323 506 | 15 379 | 9 292 436 | (46 750) | 288 781 | 5 307 740 | 9 140 000 | 159 | (13 359 552) | 124 512 569 | 5 875 287 | 118 637 272 |
| **Total Assets** | $ 232 333 197 | $ 3 727 771 | $ 10 609 024 | $ 505 996 | $ 490 730 | $ 15 243 154 | $ (46 650) | $ 283 805 | $ 5 555 968 | $ 10 193 807 | $ 576 | $ (13 669 871) | $ 265 227 505 | $ 11 327 024 | $ 253 900 481 |
| **Liabilities and Net Assets** | | | | | | | | | | | | | | | |
| Current Liabilities | | | | | | | | | | | | | | | |
| Accounts payable and accrued expenses | $ 881 892 | $ 6 488 | $ 21 259 | $ 2 027 | $ - | $ 230 164 | $ - | $ 85 | $ 20 245 | $ 118 988 | $ - | $ - | $ 1 081 148 | $ 35 862 | $ 1 045 286 |
| Grants payable | 18 480 | - | - | - | - | - | - | - | - | - | - | - | 18 480 | 18 480 | - |
| Escrow payable and due to third parties | 2 134,804 | 865 444 | 550 056 | - | - | 9 530 | - | - | 51 307 | 63 871 | - | - | 3 675 012 | 68 348 | 3 606 664 |
| Accounts payable - related parties | - | - | - | - | 86 530 | - | - | 32 309 | 3 387 | 59 056 | 500 | (181 782) | - | - | - |
| Other | 445 943 | 216 | - | - | - | 6 594 | - | - | 141 175 | - | - | (85 364) | 508 564 | - | 508 564 |
| Loans payable current portion | 39 767 714 | - | - | 83 555 | - | 894 727 | - | - | - | - | - | (83 555) | 40 662 441 | - | 40 662 441 |
| | 43 048 833 | 872 148 | 571 315 | 85 582 | 86 530 | 1 141 015 | - | 32 394 | 216 114 | 241 915 | 500 | (350 701) | 45 945 845 | 122,690 | 45 822 955 |
| Noncurrent Liabilities | | | | | | | | | | | | | | | |
| Due to related parties | - | - | 3 820 990 | - | - | 3 361 449 | - | - | - | - | - | (7 182 439) | - | - | - |
| Loans payable less current maturities | 91 413 768 | 2 355 623 | - | 319 262 | - | 12 640 313 | - | - | 5 366 413 | 9 991 069 | - | (4 750 653) | 117 335 793 | - | 117 335 793 |
| | 91 413 768 | 2 355 623 | 3 820 990 | 319 262 | - | 16 001 762 | - | - | 5 366 413 | 9 991 069 | - | (11 933 092) | 117 335 793 | - | 117 335 793 |
| **Total Liabilities** | 134 462 599 | 3 227 771 | 4 392 305 | 404 844 | 86 530 | 17 142 777 | - | 32 394 | 5 582 527 | 10 232 984 | 500 | (12 283 793) | 163 281 438 | 122 690 | 163 158 748 |
| Commitments and Contingencies | | | | | | | | | | | | | | | |
| Paid in capital | - | - | - | 985 000 | (1 532 691) | - | 60 100 | 267 395 | 100 | 1 | 100 | 219 995 | - | - | - |
| Earnings/(Deficit) | - | - | - | (883 848) | 1 936 891 | - | (108 750) | (15 984) | (26 661) | (393) | (24) | (903 231) | - | - | - |
| Net Assets | | | | | | | | | | | | | | | |
| Unrestricted | 14 718 640 | 500 000 | (2 476 826) | - | - | (2 062 123) | - | - | - | - | - | (400 719) | 10 278 972 | - | 10 278 972 |
| Unrestricted-Contractually limited as to use | 10 240 838 | - | - | - | - | - | - | - | - | - | - | - | 10 240 838 | 10 240 838 | - |
| Non-Controlling Interest in consolidating subsidiaries | - | - | 8 377 819 | - | - | - | - | | - | (38 785) | - | (302 123) | 8 036 911 | - | 8 036 911 |
| Total Unrestricted | 24 959 478 | 500 000 | 5 900 993 | 101 152 | 404 200 | (2 062 123) | (46 650) | 251 411 | (26 561) | (39 177) | 76 | (1 386 078) | 28 556 721 | 10 240 838 | 18 315 883 |
| Temporarily restricted | 19 506 562 | - | - | - | - | 162 500 | - | - | - | - | - | - | 19 669 062 | - | 19 669 062 |
| Temporarily restricted - Contractually limited as to use | 963 496 | - | - | - | - | - | - | - | - | - | - | - | 963 496 | 963 496 | - |
| Total Temporarily Restricted | 20 470 058 | - | - | - | - | 162 500 | - | - | - | - | - | - | 20 632 558 | 963 496 | 19 669 062 |
| Permanently restricted | 52 441 062 | - | 315 726 | - | - | - | - | - | - | - | - | - | 52 756 788 | - | 52 756 788 |
| Total Net Assets | 97 870 598 | 500 000 | 6 216 719 | 101 152 | 404 200 | (1 899 623) | (46 650) | 251 411 | (26 561) | (39 177) | 76 | (1 386 078) | 101 946 067 | 11 204 334 | 90 741 733 |
| **Total Liabilities and Net Assets** | $ 232 333 197 | $ 3 727 771 | $ 10 609 024 | $ 505 996 | $ 490 730 | $ 15 243 154 | $ (46 650) | $ 283 805 | $ 5 555 966 | $ 10 193 807 | $ 576 | $ (13 669 871) | $ 265 227 505 | $ 11 327 024 | $ 253 900 481 |

The Reinvestment Fund Inc and Affiliates (Excluding SDF)

Consolidating Statement of Activities
For the Six Months Ended December 31 2010

| | TRF | CU | Private Equity | EFI | NMTC | Development Partners | Education Funding | Reinvest I | Reinvest II | Reinvest III | Fund Manager LLC | Eliminations & Reclassifications | Total | SDF | Total (excluding SDF) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Financial Activity** | | | | | | | | | | | | | | | |
| Financial Income | | | | | | | | | | | | | | | |
| Interest income from | | | | | | | | | | | | | | | |
| Marketable securities | $ 191 536 | $ - | $ - | $ - | $ - | $ 14 328 | $ - | $ - | $ - | $ - | $ - | $ - | $ 205 864 | $ 18 505 | $ 187 359 |
| Loans and leases | 4 419 383 | 76,275 | - | 12 253 | - | - | - | - | - | - | - | (93 587) | 4 414 324 | 91 103 | 4 323 221 |
| Private equity investments | - | - | 52 562 | - | - | - | - | - | - | - | - | - | 52 562 | - | 52 562 |
| Investment gains net | | | | | | | | | | | | | | | |
| Marketable securities | - | - | - | - | - | 2 433 | - | - | - | - | - | (2 023) | 410 | - | 410 |
| Program investments | 7 500 | - | - | - | - | - | - | - | - | - | - | - | 7 500 | - | 7 500 |
| Private equity investments | 118 485 | - | 3 069 736 | - | - | - | - | - | - | - | - | (118 485) | 3 069 736 | - | 3 069 736 |
| Equity gains in limited partnerships | - | - | - | - | 320 | - | - | - | - | - | - | (320) | - | - | - |
| Loan and lease fees | 250,463 | 31 205 | - | (13,484) | - | - | - | - | - | - | - | - | 268 184 | 2 299 | 265 885 |
| Asset management fee | 544 341 | - | - | - | 210 380 | - | - | - | - | - | 23 | (169 998) | 584 746 | - | 584 746 |
| Total Financial Income | 5,531 708 | 107 480 | 3 122 298 | (1 231) | 210,700 | 16,761 | - | - | - | - | 23 | (384 413) | 8,603 326 | 111 907 | 8 491 419 |
| Financial Expense | | | | | | | | | | | | | | | |
| Interest expense | 2 382 992 | 70 002 | - | 11 014 | - | (1 913) | - | - | 141 175 | - | - | (93 587) | 2 509,683 | - | 2,509 683 |
| Asset management fee | - | - | - | - | 169 998 | - | - | - | - | - | - | (169 998) | - | - | - |
| Investment losses, net | | | | | | | | | | | | | | | |
| Marketable securities | 52 681 | - | - | - | - | - | - | - | - | - | - | (2 023) | 50 658 | 4,714 | 45 944 |
| Equity losses in limited partnerships | 136 032 | - | - | - | - | - | 27 126 | - | - | - | 3 | (320) | 162,841 | 5,476 | 157 365 |
| Equity losses in consolidated subsidiaries | 68 649 | - | - | - | - | - | - | - | - | - | - | (68 649) | - | - | - |
| Provision for loan and lease losses | 1,178,339 | (8 685) | - | 79,403 | - | - | - | - | - | - | - | (418,810) | 830,247 | (29,066) | 859 313 |
| Total Financial Expense | 3 818,693 | 61 317 | - | 90,417 | 169 998 | (1 913) | 27 126 | - | 141 175 | - | 3 | (753 387) | 3 553 429 | (18 876) | 3 572 305 |
| Net Financial Income | 1,713,015 | 46,163 | 3 122,298 | (91,648) | 40 702 | 18,674 | (27,126) | - | (141 175) | - | 20 | 368,974 | 5 049,897 | 130 783 | 4 919 114 |
| **Revenue and Support** | | | | | | | | | | | | | | | |
| Grants and contributions | 15 947 952 | - | - | - | - | 527 442 | - | - | - | - | - | (414 042) | 16 061 352 | - | 16 061 352 |
| Program services and fees | 2 273,255 | 7 101 | - | - | - | 241 561 | - | - | - | - | - | (457) | 2 521 460 | - | 2 521,460 |
| Other income | - | - | - | - | - | - | - | - | 256 366 | 680 052 | - | - | 936,418 | - | 936 418 |
| Total Revenue and Support | 18 221 207 | 7 101 | - | - | - | 769 003 | - | - | 256 366 | 680,052 | - | (414 499) | 19,519,230 | - | 19,519,230 |
| **Program and General Expenses and Other Decreases** | | | | | | | | | | | | | | | |
| Program and General Expenses | | | | | | | | | | | | | | | |
| Program - Lending and Community Investing | 2,142 331 | 53 284 | - | 18 585 | 671 | - | - | 15,984 | 131 352 | 719 329 | 44 | (457) | 3,081 103 | - | 3 081 103 |
| Program - Private Equity | - | - | 218 296 | - | - | - | - | - | - | - | - | - | 218 296 | - | 218 296 |
| Program - Sustainable Development Fund | 162 999 | - | - | - | - | - | - | - | - | - | - | | 162 999 | 162 999 | - |
| Program - Policy Solutions | 502 658 | - | - | - | - | - | - | - | - | - | - | - | 502 658 | - | 502 658 |
| Program - PolicyMap | 1 048 158 | - | - | - | - | | - | - | - | - | - | - | 1 048,158 | - | 1 048 158 |
| Program - Development Partners | - | - | - | - | - | 498 840 | - | - | - | - | - | - | 498 840 | - | 498 840 |
| Management and general | 2 070 614 | - | 95,960 | - | - | 129 058 | - | - | 10 500 | - | - | (414 042) | 1 892 090 | 22 540 | 1 869 550 |
| Total Program and General Expenses | 5,926 760 | 53 284 | 314 256 | 18 585 | 671 | 627 898 | - | 15 984 | 141 852 | 719 329 | 44 | (414 499) | 7 404 144 | 185 539 | 7 218 605 |
| Other Decreases | | | | | | | | | | | | | | | |
| Charges related to revolving loan fund | 499 917 | - | - | - | - | - | - | - | - | - | - | - | 499 917 | - | 499 917 |
| Forgiveness of debt from related parties | - | - | - | (119 290) | - | (25 407) | - | - | - | - | - | 144,697 | - | - | - |
| Total Other Decreases | 499,917 | - | - | (119 290) | - | (25 407) | - | - | - | - | - | 144 697 | 499,917 | - | 499 917 |
| Total Expenses and Other Decreases | 6 426 677 | 53,264 | 314 256 | (100 705) | 671 | 602 491 | - | 15 984 | 141 852 | 719 329 | 44 | (269 802) | 7 904 061 | 185 539 | 7 718 522 |
| **Net income (loss)** | - | - | - | 9,057 | 40 031 | - | (27 126) | (15 984) | (26 661) | (39 277) | (24) | 59 984 | - | - | - |
| **Change in net assets** | 13 507 545 | - | 2 808 042 | - | - | 185 188 | - | - | - | - | - | 164,293 | 16 665,066 | (54 756) | 16 719 822 |
| **Capital contributions (distributions), net** | - | - | - | - | (55 000) | - | - | - | 100 | 100 | 100 | 54 700 | - | - | - |
| **Change in net assets** | 13 507 545 | - | 2 808 042 | 9 057 | (14 969) | 185 186 | (27 126) | (15 984) | (26 561) | (39 177) | 76 | 278 977 | 16 665 066 | (54 756) | 16 719 822 |
| **Net assets, beginning** | 84 363,053 | 500 000 | 3 408 677 | 92 095 | 419 169 | (2 084 809) | (19 524) | 267 395 | - | - | - | (1 665 055) | 85 281 001 | 11 259 090 | 74 021 911 |
| **Net assets, ending** | $ 97 870 598 | $ 500 000 | $ 6 216 719 | $ 101 152 | $ 404 200 | $ (1 899 623) | $ (48 650) | $ 251 411 | $ (26 561) | $ (39 177) | $ 76 | $ (1 386 078) | $ 101,946,067 | $ 11 204 334 | $ 90 741 733 |

**TRF Private Equity, Inc. and Affiliates**

**Consolidating Statement of Financial Position**
**December 31, 2010**

| | DVCRF Ventures Capital, LP | DVCRF Ventures GP, LLC | TRF UG Capital, LP | TRF UG GP, LLC | TRF UGP, LP | TRF Private Equity, Inc | Eliminations & Reclassifications | Total |
|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | |
| Current Assets | | | | | | | | |
| Cash and cash equivalents | $ 100 | $ - | $ 500 | $ - | $ 6,090,183 | $ 1,121,125 | $ - | $ 7,211,908 |
| Other | - | - | - | - | 11,560 | - | - | 11,560 |
| Restricted cash and cash equivalents | - | - | - | - | 550,056 | - | - | 550,056 |
| | 100 | - | 500 | - | 6,651,799 | 1,121,125 | - | 7,773,524 |
| Noncurrent Assets | | | | | | | | |
| Private equity investments | - | 100 | 552,824 | 5,928 | 2,835,500 | 553,424 | (1,112,276) | 2,835,500 |
| **Total Assets** | $ 100 | $ 100 | $ 553,324 | $ 5,928 | $ 9,487,299 | $ 1,674,549 | $ (1,112,276) | $ 10,609,024 |
| **Liabilities and Net Assets** | | | | | | | | |
| Current Liabilities | | | | | | | | |
| Accounts payable and accrued expenses | $ - | $ - | $ - | $ - | $ 6,600 | $ 14,659 | $ - | $ 21,259 |
| Escrow payable and due to third parties | - | - | - | - | 550,056 | - | - | 550,056 |
| | - | - | - | - | 556,656 | 14,659 | - | 571,315 |
| **Noncurrent Liabilities** | | | | | | | | |
| Due to related parties | - | - | - | - | - | 3,820,990 | - | 3,820,990 |
| **Total Liabilities** | - | - | - | - | 556,656 | 3,835,649 | - | 4,392,305 |
| Commitments and Contingencies | | | | | | | | |
| Partners' Capital (Net Assets) | | | | | | | | |
| General partner | 100 | 100 | 5,928 | 5,928 | 552,824 | - | (564,880) | - |
| Limited partner | - | - | 547,396 | - | 8,377,819 | - | (8,925,215) | - |
| Total Partners' capital (Net Assets) | 100 | 100 | 553,324 | 5,928 | 8,930,643 | - | (9,490,095) | - |
| Net Assets | | | | | | | | |
| Unrestricted | - | - | - | - | - | (2,476,826) | - | (2,476,826) |
| Non-Controlling Interest | - | - | - | - | - | - | 8,377,819 | 8,377,819 |
| Total Unrestricted | - | - | - | - | - | (2,476,826) | 8,377,819 | 5,900,993 |
| Temporarily restricted | - | - | - | - | - | - | - | - |
| Total Temporarily restricted | - | - | - | - | - | - | - | - |
| Permanently restricted | - | - | - | - | - | 315,726 | - | 315,726 |
| **Total Net Assets** | 100 | 100 | 553,324 | 5,928 | 8,930,643 | (2,161,100) | (1,112,276) | 6,216,719 |
| **Total Liabilities and Net Assets** | $ 100 | $ 100 | $ 553,324 | $ 5,928 | $ 9,487,299 | $ 1,674,549 | $ (1,112,276) | $ 10,609,024 |

**TRF Private Equity, Inc. and Affiliates**

**Consolidating Statement of Activities**
**Year Ended December 31, 2010**

| | DVCRF Ventures Capital, LP | DVCRF Ventures GP, LLC | TRF UG Capital, LP | TRF UG GP, LLC | TRF UGP, LP | TRF Private Equity, Inc | Eliminations & Reclassifications | Total |
|---|---|---|---|---|---|---|---|---|
| **Financial Activity** | | | | | | | | |
| Financial Income | | | | | | | | |
| Interest income from | | | | | | | | |
| Marketable securities | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Private equity investments | - | - | 192,138 | 1,921 | 3,122,298 | 192,138 | (386,197) | 3,122,298 |
| Asset management fee | - | - | - | - | - | - | - | - |
| Total Financial Income | - | - | 192,138 | 1,921 | 3,122,298 | 192,138 | (386,197) | 3,122,298 |
| Financial Expense | | | | | | | | |
| Asset management fee | - | - | - | - | - | - | - | - |
| Investment losses, net | | | | | | | | |
| Private equity investments | - | - | - | - | - | - | - | - |
| Equity losses in private equity investments | - | - | - | - | - | - | - | - |
| Total Financial Expense | - | - | - | - | - | - | - | - |
| Net Financial Income | - | - | 192,138 | 1,921 | 3,122,298 | 192,138 | (386,197) | 3,122,298 |
| **Revenue and Support** | | | | | | | | |
| Program services and fees | - | - | - | - | - | - | - | - |
| Total Revenue and Support | - | - | - | - | - | - | - | - |
| **Program and General Expenses** | | | | | | | | |
| Program and General Expenses | | | | | | | | |
| Program - Private Equity | - | - | - | - | 18,386 | 199,910 | - | 218,296 |
| Management and general | - | - | - | - | - | 95,960 | - | 95,960 |
| Total Program and General Expenses | - | - | - | - | 18,386 | 295,870 | - | 314,256 |
| **Net loss** | - | - | 192,138 | 1,921 | 3,103,912 | - | (3,297,971) | - |
| **Change in net assets** | - | - | - | - | - | (103,732) | 2,911,774 | 2,808,042 |
| **Capital contribution** | 446,600 | 2,233 | - | - | - | - | (448,833) | - |
| **Change in net assets** | 446,600 | 2,233 | 192,138 | 1,921 | 3,103,912 | (103,732) | (835,030) | 2,808,042 |
| **Net assets, beginning** | (446,500) | (2,133) | 361,186 | 4,007 | 5,826,731 | (2,057,368) | (277,246) | 3,408,677 |
| **Net assets, ending** | $ 100 | $ 100 | $ 553,324 | $ 5,928 | $ 8,930,643 | $ (2,161,100) | $ (1,112,276) | $ 6,216,719 |

**TRF Development Partners, Inc. and Affiliates**

**Consolidating Statement of Financial Position**
**December 31, 2010**

| | TRF Development Partners, Inc | TRF DP-Baltimore, LLC & Subsidiary | TRF DP-Philadelphia, LLC | TRF DP-Ridge Avenue, LLC | TRF DP-Chester, LLC | TRF DP-Scotland Commons, Inc | Eliminations & Reclassifications | Total |
|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | |
| Current Assets | | | | | | | | |
| Cash and cash equivalents | $ 684,558 | $ 251,160 | $ 240,481 | $ 91,942 | $ - | $ - | $ - | $ 1,268,141 |
| Grants and contributions receivable | 118,000 | - | - | - | - | - | - | 118,000 |
| Investments in marketable securities | 540,430 | 3,443,956 | - | - | - | - | - | 3,984,386 |
| Other | 1,386,578 | 416,586 | 97,192 | 51,794 | - | 100 | (1,381,589) | 570,661 |
| Restricted cash and cash equivalents | - | 8,530 | - | 1,000 | - | - | - | 9,530 |
| | 2,729,566 | 4,120,232 | 337,673 | 144,736 | - | 100 | (1,381,589) | 5,950,718 |
| Noncurrent Assets | | | | | | | | |
| Investments in marketable securities | 555,793 | 2,912,239 | - | - | - | - | - | 3,468,032 |
| Investments in consolidated subsidiaries | (1,725,801) | - | - | - | - | - | 1,725,801 | - |
| Property held for development or sale, net | - | 2,012,796 | - | 3,868,544 | - | - | (56,936) | 5,824,404 |
| | (1,170,008) | 4,925,035 | - | 3,868,544 | - | - | 1,668,865 | 9,292,436 |
| **Total Assets** | $ 1,559,558 | $ 9,045,267 | $ 337,673 | $ 4,013,280 | $ - | $ 100 | $ 287,276 | $ 15,243,154 |
| **Liabilities and Net Assets** | | | | | | | | |
| Current Liabilities | | | | | | | | |
| Accounts payable and accrued expenses | $ 40,696 | $ 26,256 | $ 27,536 | $ 135,676 | $ - | $ - | $ - | $ 230,164 |
| Escrow payable and due to third parties | - | 8,530 | - | 1,000 | - | - | - | 9,530 |
| Accounts payable - related parties | 100 | - | 537,500 | 843,989 | - | - | (1,381,589) | - |
| Other | - | 6,000 | - | 594 | - | - | - | 6,594 |
| Loans payable, current portion | - | - | - | 894,727 | - | - | - | 894,727 |
| | 40,796 | 40,786 | 565,036 | 1,875,986 | - | - | (1,381,589) | 1,141,015 |
| Noncurrent Liabilities | | | | | | | | |
| Due to related parties | 3,361,449 | - | - | - | - | - | - | 3,361,449 |
| Loans payable, less current maturities | - | 10,226,908 | - | 2,413,405 | - | - | - | 12,640,313 |
| | 3,361,449 | 10,226,908 | - | 2,413,405 | - | - | - | 16,001,762 |
| **Total Liabilities** | 3,402,245 | 10,267,694 | 565,036 | 4,289,391 | - | - | (1,381,589) | 17,142,777 |
| Commitments and Contingencies | | | | | | | | |
| Paid-in-Capital | - | 65,471 | 610,716 | 60,000 | 1,675 | 100 | (737,962) | - |
| Accumulated Deficit | - | (1,287,898) | (838,079) | (336,111) | (1,675) | - | 2,463,763 | - |
| Net Assets | | | | | | | | |
| Unrestricted | (2,005,187) | - | - | - | - | - | (56,936) | (2,062,123) |
| Total Unrestricted | (2,005,187) | (1,222,427) | (227,363) | (276,111) | - | 100 | 1,668,865 | (2,062,123) |
| Temporarily restricted | 162,500 | - | - | - | - | - | - | 162,500 |
| Total Temporarily restricted | 162,500 | - | - | - | - | - | - | 162,500 |
| **Total Net Assets** | (1,842,687) | (1,222,427) | (227,363) | (276,111) | - | 100 | 1,668,865 | (1,899,623) |
| **Total Liabilities and Net Assets** | $ 1,559,558 | $ 9,045,267 | $ 337,673 | $ 4,013,280 | $ - | $ 100 | $ 287,276 | $ 15,243,154 |

**TRF Development Partners, Inc. and Affiliates**

**Consolidating Statement of Activities**
**Year Ended December 31, 2010**

| | TRF Development Partners, Inc | TRF DP-Baltimore, LLC & Subsidiary | TRF DP-Philadelphia, LLC | TRF DP-Ridge Avenue, LLC | TRF DP-Chester, LLC | TRF DP-Scotland Commons, Inc | Eliminations & Reclassifications | Total |
|---|---|---|---|---|---|---|---|---|
| **Financial Activity** | | | | | | | | |
| Financial Income | | | | | | | | |
| Interest income from | | | | | | | | |
| Marketable securities | $ 1,816 | $ 13,094 | $ - | $ - | $ (677) | $ - | $ 95 | $ 14,328 |
| Investment gains, net | | | | | | | | |
| Marketable securities | - | - | - | - | 2,528 | | (95) | 2,433 |
| *Asset management fee* | 255,000 | - | - | - | - | - | (255,000) | - |
| Total Financial Income | 256,816 | 13,094 | - | - | 1,851 | - | (255,000) | 16,761 |
| Financial Expense | | | | | | | | |
| *Interest expense* | - | (7,612) | - | - | 5,699 | - | - | (1,913) |
| Investment losses, net | | | | | | | | |
| Equity losses in consolidated subsidiaries | 253,611 | - | - | - | - | - | (253,611) | - |
| Total Financial Expense | 253,611 | (7,612) | - | - | 5,699 | - | (253,611) | (1,913) |
| Net Financial Income | 3,205 | 20,706 | - | - | (3,848) | - | (1,389) | 18,674 |
| **Revenue and Support** | | | | | | | | |
| Grants and contributions | 527,442 | - | - | - | - | - | - | 527,442 |
| Program services and fees | 214,978 | (21,407) | 40,000 | 4,000 | - | - | 3,990 | 241,561 |
| Total Revenue and Support | 742,420 | (21,407) | 40,000 | 4,000 | - | - | 3,990 | 769,003 |
| **Program and General Expenses** | | | | | | | | |
| Program and General Expenses | | | | | | | | |
| Program - Development Partners | 435,371 | 132,051 | 110,304 | 76,014 | 100 | - | (255,000) | 498,840 |
| Management and general | 129,058 | - | - | - | - | - | - | 129,058 |
| *Total Program and General Expenses* | 564,429 | 132,051 | 110,304 | 76,014 | 100 | - | (255,000) | 627,898 |
| Other Decreases | | | | | | | | |
| Forgiveness of debt from related parties | - | - | - | - | (25,407) | - | - | (25,407) |
| Total Other Decreases | - | - | - | - | (25,407) | - | - | (25,407) |
| Total Expenses and Other Decreases | 564,429 | 132,051 | 110,304 | 76,014 | (25,307) | - | (255,000) | 602,491 |
| **Net loss** | - | (132,752) | (70,304) | (72,014) | 21,459 | - | 257,601 | 3,990 |
| **Change in net assets** | 181,196 | - | - | - | - | - | - | 181,196 |
| **Capital contributions (distributions), net** | - | - | 7,620 | - | - | 100 | (7,720) | - |
| **Change in net assets** | 181,196 | (132,752) | (62,684) | (72,014) | 21,459 | 100 | 249,881 | 185,186 |
| **Net assets, beginning** | (2,023,883) | (1,089,675) | (164,679) | (204,097) | (21,459) | - | 1,418,984 | (2,084,809) |
| **Net assets, ending** | $ (1,842,687) | $ (1,222,427) | $ (227,363) | $ (276,111) | $ - | $ 100 | $ 1,668,865 | $ (1,899,623) |

**The Reinvestment Fund, Inc. and Affiliates**

**Consolidated Schedules of Functional Expenses**
**Year Ended December 31, 2010**

| | 2010 | | | | | |
|---|---|---|---|---|---|---|
| | Personnel | Occupancy | Professional Services | General & Administrative | Grants | Total |
| Program - Lending and Communtiy Investing | $ 1,739,007 | $ 386,158 | $ 652,919 | $ 303,019 | $ - | $ 3,081,103 |
| Program - Private Equity | 155,771 | 24,627 | 37,173 | 725 | - | 218,296 |
| Program - Sustainable Development Fund | 73,513 | 12,105 | 53,465 | 1,719 | 22,197 | 162,999 |
| Program - Policy Solutions | 385,850 | 68,476 | 32,688 | 15,644 | - | 502,658 |
| Program - PolicyMap | 286,616 | 504,163 | 243,281 | 14,098 | - | 1,048,158 |
| Program - Development Partners | 280,584 | 62,223 | 135,846 | 20,187 | - | 498,840 |
| Management and general | 1,007,890 | 188,456 | 666,492 | 29,252 | - | 1,892,090 |
| | $ 3,929,231 | $ 1,246,208 | $ 1,821,864 | $ 384,644 | $ 22,197 | $ 7,404,144 |

## Corporation Tax Information Bulletin Relating to the Not-For-Profit Exemption from the Capital Stock/Foreign Franchise Tax as Applied to a Single Member Limited Liability Company (LLC) or Business Trust.

PENNSYLVANIA DEPARTMENT OF REVENUE
ISSUED SEPTEMBER 20, 2007

CORPORATION TAX BULLETIN 2007-01

SUBJECTIVITY OF A SINGLE MEMBER LIMITED LIABILITY COMPANY (LLC) OR BUSINESS TRUST TO THE CAPITAL STOCK/FOREIGN FRANCHISE TAX.

Section 601 of the Tax Reform Code of 1971 provides for an exemption from the Capital Stock/Foreign Franchise Tax for entities that are tax-exempt organizations under Internal Revenue Code § 501. In addition, entities organized as not-for-profit organizations that would qualify as tax-exempt organizations under Internal Revenue Code § 501 are also exempt from the Capital Stock/Foreign Franchise Tax.

When a Limited Liability Company or Business Trust is a disregarded entity for federal income tax purposes these entities are not required to obtain federal tax-exempt status separate from the entity reporting the activity of the Limited Liability Company or Business Trust. In addition, the Commonwealth of Pennsylvania does not specifically provide for a Limited Liability Company or Business Trust to organize on a not-for-profit basis.

The purpose of this bulletin is to clarify the Pennsylvania Department of Revenue's position on the subjectivity of these single member Limited Liability Companies and Business Trusts to the Capital Stock/Foreign Franchise Tax.

To qualify as a not-for-profit entity the Articles of Organization, Trust Agreement, or By-Laws must specifically state that the Limited Liability Company or Business Trust is organized as a not-for-profit entity and limit the activity of the entity to those of a not-for-profit or tax exempt organization. A copy of the Articles of Organization or Trust Agreement and a copy of the By-Laws must be provided to the Bureau of Corporation Taxes.

To support a position that the entity would qualify as a tax-exempt organization under IRC § 501 the following information must be provided:

I. If the member is a tax-exempt organization under IRC § 501 and the Limited Liability Company or Business Trust does not generate unrelated business income:

    If the entity is a Limited Liability Company, a copy of the Certificate of Organization and written Operating Agreement.

    If the entity is a Business Trust, a copy of the Trust Agreement.

A copy of the By-Laws for the Limited Liability Company or Business Trust.

A copy of the letter received from the Internal Revenue Service approving the member's status as a tax exempt organization under IRC § 501.

A copy of the federal return filed by the member.

Consolidating statements showing the inclusion of the LLC or Business Trust in the federal return filed by the member.

II. If the member is not a tax-exempt organization under IRC § 501 or if the member is a tax exempt organization under IRC § 501 and the Limited Liability Company or Business Trust generates unrelated business income:

If the entity is a Limited Liability Company, a copy of the Certificate of Organization and written Operating Agreement.

If the entity is a Business Trust, a copy of the Trust Agreement.

A copy of the By-Laws for the Limited Liability Company or Business Trust

A copy of the Articles of Incorporation, Certificate of Organization and Operating Agreement, or Trust Agreement and a copy of the By-Laws for the member.

A completed pro forma application for Federal tax-exempt status (Form 1023 or Form 1024) along with all supporting documentation which would have been required by the Internal Revenue Service if the Limited Liability Company or Business Trust would have filed this application on its own behalf.

If the Limited Liability Company or the Business Trust generates unrelated business income, please provide specific federal tax authority that proves that the Limited Liability Company or Business Trust would still qualify for a federal tax exemption.

# CERTIFICATE

# OF

# FORMATION

EXHIBIT K
[Certificate of Formation of the Fund Manager]

# *Delaware*



*The First State*

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "TRF FUND MANAGER, LLC", FILED IN THIS OFFICE ON THE TWENTY-SECOND DAY OF JUNE, A.D. 2010, AT 2:29 O'CLOCK P.M.

SECRETARY'S OFFICE DELAWARE

Jeffrey W Bullock, Secretary of State

4839472 8100

AUTHENTICATION: 8071454

100679212

DATE: 06-23-10

You may verify this certificate online
at corp.delaware.gov/authver.shtml

State of Delaware
Secretary of State
Division of Corporations
Delivered 02:48 PM 06/22/2010
FILED 02:29 PM 06/22/2010
SRV 100679212 - 4839472 FILE

# STATE *of* DELAWARE
# LIMITED LIABILITY COMPANY
# CERTIFICATE *of* FORMATION
*of*
# TRF Fund Manager, LLC

Pursuant to the Delaware Limited Liability Company Act, the undersigned hereby forms a limited liability company with the following terms:

FIRST: The name of the limited liability company is TRF Fund Manager, LLC (the "limited liability company").

SECOND: The address of the limited liability company's registered office in the State of Delaware is 615 South DuPont Highway, in the city of Dover, Delaware 19901, County of Kent. The name of its registered agent at such address is National Corporate Research, Ltd.

**IN WITNESS WHEREOF,** the undersigned hereby affirms under penalties of perjury the facts stated herein are true as of the 22nd day of June, 2010.

Steven Dinolfo, Authorized Person

State of Delaware
Secretary of State
Division of Corporations
Delivered 03:41 PM 07/01/2010
FILED 03:38 PM 07/01/2010
SRV 100710584 - 4839472 FILE

# STATE OF DELAWARE
# CERTIFICATE OF AMENDMENT

1. Name of Limited Liability Company: TRF Fund Manager, LLC

2. The Certificate of Formation of the limited liability company is hereby amended as follows:

The name and address of the Registered Agent is hereby changed to:
The Corporation Trust Company
Corporation Trust Center
1209 Orange Street
Wilmington, Delaware 19801
County of New Castle

**IN WITNESS WHEREOF**, the undersigned have executed this Certificate on the 1st day of July, A.D. 2010.

By: [signature]
Authorized Person(s)

Name: Steven Dinolfo
Print or Type

# CERTIFICATE

# OF

# GOOD STANDING

EXHIBIT M
[Certificate of Good Standing of the Fund Manager]

# Delaware



*The First State*

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "TRF FUND MANAGER, LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE TWENTY-FOURTH DAY OF JUNE, A.D. 2010.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE NOT BEEN ASSESSED TO DATE.

SECRETARY'S OFFICE DELAWARE 1793

Jeffrey W Bullock, Secretary of State

4839472 8300

AUTHENTICATION: 8076699

100688315

DATE: 06-24-10

You may verify this certificate online at corp.delaware.gov/authver.shtml

# OPERATING

# AGREEMENT

EXHIBIT L
[Operating Agreement of the Fund Manager]

**LIMITED LIABILITY COMPANY AGREEMENT**
**OF**
**TRF FUND MANAGER, LLC**

**A DELAWARE LIMITED LIABILITY COMPANY**

The undersigned sole member (the "Member"), upon the filing of the certificate of formation, formed a limited liability company pursuant to and in accordance with the Delaware Limited Liability Company Act (the "Act"), as amended from time to time, and hereby declares the following to be the Limited Liability Company Agreement (the "Operating Agreement") of such limited liability company:

1. Name. The name of the limited liability company is TRF Fund Manager, LLC (the "Company").

2. Term. The term of the Company shall have commenced June 22, 2010, the date the Certificate of Formation for the Company was filed with the Delaware Secretary of State.

3. Purposes. The purpose for which the Company has been formed is to engage in any lawful act or activity for which limited liability companies may be organized under the Act. The Company shall not engage in any other business except as provided in this Operating Agreement.

4. Powers. The Company shall have all the powers of a limited liability company formed under the Act and not prohibited by the Act or this Operating Agreement.

5. Office. The registered office of the Company in the State of Delaware shall be Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle, State of Delaware 19801.

6. Member. The name and the business address of the Member is as follows:

The Reinvestment Fund, Inc.
718 Arch Street, Suite 300N
Philadelphia, PA 19106

7. Capital Contributions. The Member agrees to make capital contributions to the Company (the "Capital Contribution") in exchange for a 100% Membership Interest in the Company (the "Membership Interest"). Such Capital Contribution shall consist of the assets described on Schedule A attached hereto, which Schedule may be amended from time to time without amendment to this Operating Agreement. The Member is not required to make any contribution of property or money to the Company in excess of its Capital Contribution.

8. Management. The business and affairs of the Company shall be managed by the Member. The Member shall have the complete discretion, power and authority in the management and control of the business of the Company, shall make all decisions affecting the

business of the Company and shall take all such actions as the Member deems necessary or appropriate to accomplish the purposes of the Company and to exercise all of the powers of the Company. The Member hereby designates the Member's Executive Director and Financial Officer as authorized representatives of the Company, to execute and deliver any agreement in the name of and on behalf of the Company and in the name of and on behalf of the Member, as the sole member of the Company.

9. Election to be recognized as a taxpayer. Neither the Member nor the Company presently seeks to file an election for the Company to be recognized as a taxpayer separate and apart from the Member. The Company may elect to file an election for the Company to be recognized as a taxable subsidiary corporation of the Member for federal income tax purposes only upon the written direction of the Member.

10. Distributions. The Company shall make distributions to the Member at the times and in the aggregate amounts determined by the Member.

11. Assignments. The Member may assign all or any part of its Membership Interest at any time, and, unless the Member otherwise provides, any transferee shall become a substituted member ("Substituted Member") automatically. In such event, this Operating Agreement shall be amended in accordance with Section 19 hereof to reflect the new member(s).

12. Dissolution. The Company shall dissolve, and its affairs shall be wound up, upon the earliest to occur of (a) the written direction of the Member or (b) an event of dissolution of the Company under the Act.

13. Distributions upon Dissolution. Upon the occurrence of an event set forth in Section 12 hereof, all members shall be entitled to receive, after paying or making reasonable provision for all of the Company's creditors to the extent required by the Act, the remaining funds of the Company.

14. Withdrawal. The Member may withdraw from the Company at any time.

15. Limited Liability. The Member shall not have any liability for the obligations of the Company except to the extent required by the Act.

16. Officers and Authorized Representative. The Company shall have those officers, and holding those titles and duties, as determined by the Member. Any person holding the office or title of Executive Vice President of the Member shall be authorized to act on behalf of the Company as its "Authorized Representative".

17. Indemnification. To the fullest extent permitted by applicable law, the Member, any affiliate of the Member, any officers, directors, shareholders, members, partners or employees of the affiliate of the Member, and any officer, employee or expressly authorized agent of the Company or its affiliates (collectively "Covered Person"), shall be entitled to indemnification from the Company for any loss, damage, claim or liability incurred by such Covered Person by reason of any act or omission performed, or omitted to be performed, or alleged to be performed or omitted to be performed, by such Covered Person in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of authority

conferred on such Covered Person by this Operating Agreement, except that no Covered Person shall be entitled to be indemnified in respect of any loss, damage, claim or liability incurred by such Covered Person by reason of his gross negligence, actual fraud or willful misconduct with respect to such acts or omissions.

18. Separability of Provisions. Each provision of this Operating Agreement shall be considered separate and severable, and if for any reason any provision or provisions herein are determined to be invalid, unenforceable or illegal under any existing or future law, such invalidity, unenforceability or illegality shall not impair the operation of or effect those portions of this Operating Agreement which are valid, enforceable and legal.

19. Amendment. This Agreement may be amended only in a writing signed by the Member, or in the event the Member transfers 100% of its Membership Interest to a Substituted Member by the Substituted Member.

20. Governing Law. This Agreement shall be governed by and construed under the laws of the State of Delaware, excluding any conflicts of laws rule or principle that might refer the governance or construction of this Agreement to the law of another jurisdiction.

21. Certificate of Formation. Steven Dinolfo, as an "authorized person" within the meaning of the Act, executed, delivered and filed a Certificate of Formation for the Company (the "Certificate") with the Delaware Secretary of State (such filing being hereby approved and ratified in all respects). Such Certificate was amended upon the filing of a Certificate of Amendment with the Delaware Secretary of State on July 1, 2010, amending the name and address of the Registered Agent. For the limited purposes of filing the Certificate, filing of such Certificate of Amendment and applying for a federal employer identification number, Steven Dinolfo was empowered to be serve as "authorized person" of the Company. Upon the completion of all of the filings identified in this Section 21, Steven Dinolfo's power as an "authorized person" ceased and the Member thereupon became the designated "authorized person" and the Member shall continue as the designated "authorized person" within the meaning of the Act.

**[Remainder of page intentionally blank; Signature page follows]**

**IN WITNESS WHEREOF**, the undersigned has caused this Operating Agreement of TRF Fund Manager, LLC, to be executed as of July 1, 2010.

Member:

The Reinvestment Fund, Inc.,
a Pennsylvania nonprofit corporation

By: ____________________
Donald Hinkle-Brown
Its: Executive Vice President

Schedule A

Member Capital Contributions

| Member | Capital Contribution | Percentage Of Ownership |
|---|---|---|
| The Reinvestment Fund, Inc. | $100 | 100% |

FIRST AMENDMENT TO
TRF FUND MANAGER, LLC,
OPERATING AGREEMENT

This First Amendment to TRF Fund Manager, LLC, Operating Agreement (this "Amendment") is dated as of January 1, 2012, by and between by The Reinvestment Fund, Inc., a Pennsylvania nonprofit corporation (the "Member").

RECITALS

A. The Member is the sole member and manager of TRF Fund Manager, LLC, a Delaware limited liability company (the "Company"). The Company is operating pursuant to that certain Operating Agreement dated as of July 1, 2010 (the "Operating Agreement").

B. The Member desires to revise the stated scope of activities that may be conducted by the Company.

NOW, THEREFORE, the Member, intending to be legally bound, agrees as follows:

1. All terms used in this Amendment but not defined herein shall have the meaning set forth in the Operating Agreement.

2. Inserted following Section 21 of the Operating Agreement shall be a new section, Section 22, which shall read as follows:

> "22. Permitted Activities. Any activities undertaken by the Company must be (i) in accord with the purpose of the Company as set forth in Section 3 hereof and (ii) within the activities permitted to be undertaken by (i.e., restricted and limited to the exempt functions of) the Member, The Reinvestment Fund, Inc."

3. This Amendment shall be construed and enforced in accordance with the laws of Delaware.

4. Except as amended hereby, all of the terms and provisions contained in the Operating Agreement remain in full force and effect.

[Signature Page Follows]

IN WITNESS WHEREOF, the Member hereby affixes its signature to this First Amendment to TRF Fund Manager, LLC, Operating Agreement as of the day and year first written above.

**Member:**

The Reinvestment Fund, Inc.,
a Pennsylvania nonprofit corporation

By: ______________________
Donald Hinkle-Brown
Its: President and CEO

# MEMBER'S

# BY-LAWS

# BYLAWS

# OF

# THE REINVESTMENT FUND, INC.

(a Pennsylvania Nonprofit Corporation)

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## ARTICLE I

### Offices and Fiscal Year

Section 1.01. Registered Office. The registered office of the corporation in the Commonwealth of Pennsylvania shall be at 718 Arch Street, Suite 300 North, Philadelphia, Pennsylvania 19106, until otherwise established by a vote of a majority of the board of directors in office, and a statement of such change is filed in the Department of State; or until changed by an appropriate amendment of the articles of the corporation.

Section 1.02. Fiscal Year. The fiscal year of the corporation shall end on the last day of June in each year.

## ARTICLE II

### Board of Directors

Section 2.01. Powers; Personal Liability.

(a) The board of directors shall have full power to conduct, manage, and direct the business and affairs of the corporation; and all powers of the corporation are hereby granted to and vested in the board of directors.

(b) A director of the corporation shall not be personally liable, as such, for monetary damages for any action taken, or any failure to take any action, unless the director has breached or failed to perform the duties of his or her office under 15 Pa.C.S. Subch. 57B and the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness. The provisions of this subsection shall not apply to the responsibility or liability of a director pursuant to any criminal statute or the liability of a director for the payment of taxes pursuant to local, state or federal law.

Section 2.02. Qualification and Selection.

Each director of the corporation shall be a natural person of full age, but need not be a resident of Pennsylvania. Directors elected to a full term shall be selected annually by majority vote of the directors present at a meeting at which a quorum is present. Nominees to become members of the board shall be persons who are, or are associated with, current or potential investors in or borrowers from the corporation, or who possess various professional or other skills necessary or desirable for the effective functioning of the corporation. The corporation shall seek to achieve broad diversity in the composition of the board of directors and shall make all reasonable attempts to achieve this goal.

Section 2.03. Number and Term of Office. The board of directors shall consist of such number of directors not less than 11 nor more than 32 as may be determined from time to time by resolution of the board of directors. Each director shall hold office for three years and until a successor shall have been elected and qualified, except in the event of death, resignation or removal.

Section 2.04. Organization. At every meeting of the board of directors, the chairman of the board, if there be one, or, in the case of a vacancy in the office or absence of the chairman of the board, one of the following officers present in the order stated: the vice chairman of the board, if there be one, the president/chief executive officer, or a chairman chosen by a majority of the directors present, shall preside, and the secretary, or, in the absence of the secretary, an assistant secretary, or, in the absence of the secretary and the assistant secretaries, any person appointed by the chairman of the meeting, shall act as secretary.

Section 2.05. Resignations. Any director of the corporation may resign at any time by giving written notice to the chairman or the secretary of the corporation. Such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 2.06. Vacancies.

(a) The board of directors may declare vacant the office of a director if such director is declared of unsound mind by an order of court, or convicted of felony, or for any other proper cause, or if within 60 days after notice of selection, the director does not accept such office either in writing or by attending a meeting of the board of directors.

(b) Any vacancy or vacancies in the board of directors because of death, resignation, removal in any manner, disqualification, an increase in the number of directors, or any other cause, may be filled by a majority of the remaining members of the board of directors though less than a quorum, at any regular or special meeting; and each person so elected shall be a director to serve for the balance of the unexpired term.

Section 2.07. Place of Meeting. Meetings of the board of directors may be held at such place as the board of directors may from time to time appoint, or as may be designated in the notice of the meeting.

Section 2.08. Regular Meetings. Regular meetings of the board of directors shall be held at such time and place as shall be designated from time to time by resolution of the board of directors. If the date fixed for any such regular meeting be a legal holiday under the laws of the State where such meeting is to be held, then the same shall be held on the next succeeding business day, not a Saturday, or at such other time as may be determined by resolution of the board of directors. At such meetings, the directors shall transact such business as may properly be brought before the meeting. Notice of regular meetings need not be given unless otherwise required by law or these bylaws.

Section 2.09. Special Meetings. Special meetings of the board of directors shall be held whenever called by the president/chief executive officer or by two or more of the directors. Notice of each such meeting shall be given to each director by telephone or in writing at least 24 hours (in the case of notice by telephone) or 48 hours (in the case of notice by facsimile or e-mail transmission) or five days (in the case of notice by mail) before the time at which the meeting is to be held. Every such notice shall state the time and place of the meeting.

Section 2.10. Quorum, Manner of Acting, and Adjournment. A majority of the directors in office shall be present at each meeting in order to constitute a quorum for the transaction of business. Every director shall be entitled to one vote. Except as otherwise specified in the articles or these bylaws or provided by statute, the acts of a majority of the directors present at a meeting at which a quorum is present shall be the acts of the board of directors. In the absence of a quorum, a majority of the directors present and voting may adjourn the meeting from time to time until a quorum is present. The directors shall act only as a board and the individual directors shall have no power as such, except that any action which may be taken at a meeting of the directors may be taken without a meeting, if a consent or consents in writing setting forth the action so taken shall be signed by all of the directors in office and shall be filed with the secretary of the corporation.

Section 2.11. Executive, Finance and Other Board Committees.

(a) The board of directors may, by resolution adopted by a majority of the directors in office, establish an Executive Committee, a Finance Committee and one or more other committees of the board. Each such committee shall consist solely of two or more directors of the corporation, except that the Executive Committee shall consist of at least five directors. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member, and the alternate or alternates, if any, designated for such member, of any committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not the member or members constitute a quorum, may unanimously appoint another director to act at the meeting in the place of any such absent or disqualified member. Each committee of the board shall serve at the pleasure of the board.

(b) The Executive Committee shall have and exercise all of the powers and authority of the board of directors in the management of the business and affairs of the corporation, except that the Executive Committee shall not have any power or authority as to the following:

(1) The filling of vacancies in the board of directors.

(2) The adoption, amendment or repeal of the bylaws.

(3) The amendment or repeal of any resolution of the board.

(c) The Finance Committee shall have and exercise all of the powers and authorities of the board of directors in the management of the financial affairs of the corporation, including, but not limited to, overseeing the financial condition of the corporation, budget development and revisions and setting fiscal policy for the Corporation.

(d) A majority of the directors in office designated to a committee, or directors designated to replace them as provided in this section, shall be present at each meeting to constitute a quorum for the transaction of business and the acts of a majority of the directors in office designated to a committee or their replacements shall be the acts of the committee.

(e) Each committee shall keep regular minutes of its proceedings and report such proceedings periodically to the board of directors.

(f) Sections 2.08, 2.09, and 2.10 shall be applicable to committees of the board of directors.

Section 2.12. Other Committees. The board of directors may, by resolution adopted by a majority of directors in office, establish one or more other committees, each committee to consist of two or more members, at least one of whom shall be a director of the corporation. No such committee shall, pursuant to resolution of the board of directors or otherwise, exercise any of the powers or authority vested by these bylaws or the Nonprofit Corporation Law of 1988 in the board of directors as such, but may make recommendations to the board of directors, the Executive Committee or the Finance Committee concerning the exercise of such powers and authority.

Section 2.13. Interested Directors or Officers; Quorum. No contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for such reason, or solely because the director or officer is present at or participates in the meeting of the board of directors which authorizes the contract or transaction, or solely because his, her or their votes are counted for such purpose, if:

(1) The material facts as to such relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors and the board in good faith authorizes the

contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors are less than a quorum; or

(2) The contract or transaction is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors.

Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors which authorizes a contract or transaction specified in this section.

Section 2.14. Compensation, Expenses. No director shall receive any compensation for his or her services as a member of the board of directors; provided, however, that any director may be reimbursed for actual expenses, including travel expenses, reasonably incurred by the director in the performance of his or her duties as a director.

## ARTICLE III

### Notice - Waivers - Meetings

Section 3.01. Notice, What Constitutes. Whenever written notice is required to be given to any person under the provisions of the articles, these bylaws, or the Nonprofit Corporation Law of 1988, it may be given to the person, either personally or by sending a copy thereof by first class or express mail, postage prepaid, or courier services, charges prepaid, or by facsimile or e-mail transmission to his or her address (or to his or her facsimile number or e-mail address) supplied by the person to the corporation for the purpose of notice. If the notice is sent by mail, or courier service, it shall be deemed to have been given to the person entitled thereto when deposited in the United States mail or courier service for delivery to that person or, in the case of facsimile or e-mail, when dispatched. A notice of meeting shall specify the place, day and hour of the meeting and any other information required by law or these bylaws.

Section 3.02. Waivers of Notice.

(a) Whenever any written notice is required to be given under the provisions of the articles, these bylaws, or the Nonprofit Corporation Law of 1988, a waiver thereof in writing, signed by the person or persons entitled to the notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of the notice. Except as otherwise required by Section 6.06, neither the business to be transacted at nor the purpose of a meeting need be specified in the waiver of notice of such meeting.

(b) Attendance of a person at any meeting shall constitute a waiver of notice of the meeting, except where a person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting was not lawfully called or convened.

Section 3.03. Modification of Proposal Contained in Notice. Whenever the language of a proposed resolution is included in a written notice of a meeting required to be given under the articles or these bylaws or the Nonprofit Corporation Law of 1988, the meeting considering the resolution may without further notice adopt it with such clarifying or other amendments as do not enlarge its original purpose.

Section 3.04. Conference Telephone Meetings. One or more persons may participate in a meeting of the incorporators, the board or a committee of the board by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this section shall constitute presence in person at the meeting.

## ARTICLE IV

### Officers

Section 4.01. Number, Qualifications and Designation.

(a) The officers of the corporation shall be a president/chief executive officer, a chief operating officer, a secretary, a treasurer, and such other officers as may be elected in accordance with the provisions of Section 4.03. Any number of offices may be held by the same person. The president/chief executive officer, the secretary and the treasurer shall be natural persons of full age. The board of directors may elect from among the members of the board a chairman of the board and a vice chairman of the board who shall be officers of the corporation.

(b) In lieu of the standards of conduct otherwise provided by law, officers of the corporation shall be subject to the same standards of conduct, including standards of care and loyalty and rights of justifiable reliance, as shall at the time be applicable to directors of the corporation. An officer of the corporation shall not be personally liable, as such, to the corporation for monetary damages for any action taken, or any failure to take any action, unless the officer has breached or failed to perform the duties of his or her office under the articles of incorporation, these bylaws, or the applicable provisions of law and the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness. The provisions of this subsection shall not apply to the responsibility or liability of an officer pursuant to any criminal statute or for the payment of taxes pursuant to local, state or federal law.

Section 4.02. Election and Term of Office. The officers of the corporation, except those elected by delegated authority pursuant to Section 4.03, shall be elected annually by the board of directors, and each such officer shall hold office until the next annual organization meeting of directors and until a successor shall have been elected and qualified, or until death, resignation, or removal.

Section 4.03. Subordinate Officers, Committees and Agents. The board of directors may from time to time elect such other officers and appoint such committees, employees or other agents as the business of the corporation may require, including one or more assistant secretaries, and one or more assistant treasurers, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in these bylaws, or as the board of directors may from time to time determine. The board of directors may delegate to any officer or committee the power to elect subordinate officers and to retain or appoint employees or other agents, or committees thereof, and to prescribe the authority and duties of such subordinate officers, committees, employees or other agents.

Section 4.04. Resignations. Any officer or agent may resign at any time by giving written notice to the board of directors, or to the president/chief executive officer or the secretary of the corporation. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4.05. Removal. Any officer, committee, employee or other agent of the corporation may be removed, either for or without cause, by the board of directors or other authority which elected, retained or appointed such officer, committee or other agent whenever in the judgment of such authority the best interests of the corporation will be served thereby, but such removal shall be without prejudice to the contract rights of any person so removed.

Section 4.06. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause, shall be filled by the board of directors or by the officer or committee to which the power to fill such office has been delegated pursuant to Section 4.03, as the case may be, and if the office is one for which these bylaws prescribe a term, shall be filled for the unexpired portion of the term.

Section 4.07. General Powers. All officers of the corporation, as between themselves and the corporation, shall have such authority and perform such duties in the management of the corporation as may be determined by resolutions or orders of the board of directors, or, in the absence of controlling provisions in resolutions or orders of the board of directors, as may be provided in these bylaws.

Section 4.08. The Chairman and Vice Chairman of the Board. The chairman of the board or in the absence of the chairman, the vice chairman of the board, shall preside, at all meetings of the members of the board of directors, and shall perform such other duties as may from time to time be requested by the board of directors.

Section 4.09. The President/Chief Executive Officer. The president/chief executive officer shall be the chief executive officer of the corporation and shall have general supervision over the activities and operations of the corporation, subject, however, to the control of the board of directors and the chairman. The president/chief executive officer shall sign, execute, and acknowledge, in the name of the corporation, deeds, mortgages, bonds, contracts or other instruments, authorized by the board of directors, except in cases where the signing and execution thereof shall be expressly delegated by the board of directors, or by these bylaws, to some other officer or agent of the corporation; and, in general, shall perform all duties incident to the office of president, and such other duties as from time to time may be assigned by the board of directors or the chairman.

Section 4.10. The Chief Operating Officer. The chief operating officer shall carry out such duties and responsibilities as from time to time may be assigned by the president/chief executive officer, the board of directors or the chairman.

Section 4.11. The Secretary. The secretary or an assistant secretary shall attend all meetings of the board of directors and shall record all the votes of the directors and the minutes of the meetings of the board of directors and of committees of the board in a book or books to be kept for that purpose; shall see that notices are given and records and reports properly kept and filed by the corporation as required by law; shall be the custodian of the seal of the corporation and see that it is affixed to all documents to be executed on behalf of the corporation under its seal; and, in general, shall perform all duties incident to the office of secretary, and such other duties as may from time to time be assigned by the board of directors, the chairman or the president/chief executive officer.

Section 4.12. The Treasurer. The treasurer or an assistant treasurer shall have or provide for the custody of the funds or other property of the corporation; shall collect and receive or provide for the collection and receipt of moneys earned by or in any manner due to or received by the corporation; shall deposit all funds in his or her custody as treasurer in such banks or other places of deposit as the board of directors may from time to time designate; shall, whenever so required by the board of directors, render an account showing all transactions as treasurer, and the financial condition of the corporation; and, in general, shall discharge such other duties as may from time to time be assigned by the board of directors, the chairman or the president/chief executive officer.

Section 4.13. Officers' Bonds. Any officer shall give a bond for the faithful discharge of the duties of the office in such sum, if any, and with such surety or sureties as the board of directors shall require.

Section 4.14. Salaries. The salary of the president/chief executive officer shall be fixed from time to time by the board of directors. The salaries or other compensation of any other officers, employees and other agents shall be fixed from time to time by the officer or committee to which the power to elect such officers or to retain or appoint such employees or other agents has been delegated pursuant to Section 4.03. No officer shall be prevented from receiving such salary or other compensation by reason of the fact that the officer is also a director of the corporation.

## ARTICLE V

### Indemnification of Directors, Officers and Other Authorized Representatives

Section 5.01. Scope of Indemnification.

(a) The corporation shall indemnify an indemnified representative against any liability incurred in connection with any proceeding in which the indemnified representative may be involved as a party or otherwise, by reason of the fact that such person is or was serving in an indemnified capacity, including, without limitation, liabilities resulting from any actual or alleged breach or neglect of duty, error, misstatement or misleading statement, negligence, gross negligence or act giving rise to strict or products liability, except:

(1) where such indemnification is expressly prohibited by applicable law;

(2) where the conduct of the indemnified representative has been finally determined:

(i) to constitute willful misconduct or recklessness within the meaning of 15 Pa.C.S. § 5713 or any superseding provision of law sufficient in the circumstances to bar indemnification against liabilities arising from the conduct; or

(ii) to be based upon or attributable to the receipt by the indemnified representative from the corporation of a personal benefit to which the indemnified representative is not legally entitled; or

(3) to the extent such indemnification has been finally determined to be otherwise unlawful.

(b) If an indemnified representative is entitled to indemnification in respect of a portion, but not all, of any liabilities to which such person may be subject, the corporation shall indemnify such indemnified representative to the maximum extent for such portion of the liabilities.

(c) The termination of a proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the indemnified representative is not entitled to indemnification.

(d) For purposes of this Article:

(1) "indemnified capacity" means any and all past, present and future service by an indemnified representative in one or more capacities as a director, officer, employee or agent of the corporation, or, at the request of the corporation, as a director, officer, employee, agent, fiduciary or director of another domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust, employee benefit plan or other entity or enterprise;

(2) "indemnified representative" means any and all directors and officers of the corporation and any other person designated as an indemnified representative by the board of directors of the corporation, (which may, but need not, include any person serving at the request of the corporation, as a director, officer, employee, agent, fiduciary or director of another domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust, employee benefit plan or other entity or enterprise);

(3) "liability" means any damage, judgment, amount paid in settlement, fine, penalty, punitive damages, excise tax assessed with respect to an employee benefit plan, or cost or expense of any nature (including, without limitation, attorneys' fees and disbursements); and

(4) "proceeding" means any threatened, pending or completed action, suit, appeal or other proceeding of any nature, whether civil, criminal, administrative or investigative, whether formal or informal, and whether brought by or in the right of the corporation, a class of its security holders, if any, or otherwise.

Section 5.02. Proceedings Initiated by Indemnified Representatives. Notwithstanding any other provision of this Article, the corporation shall not indemnify under this Article an indemnified representative for any liability incurred in a proceeding initiated (which shall not be deemed to include counter-claims or affirmative defenses) or participated in as an intervenor or amicus curiae by the person seeking indemnification unless such initiation of or participation in the proceeding is authorized, either before or after its commencement, by the affirmative vote of a majority of the directors in office. This section does not apply to reimbursement of expenses incurred in successfully prosecuting or defending the rights of an indemnified representative granted by or pursuant to this Article.

Section 5.03. Advancing Expenses. The corporation shall pay the expenses (including attorneys' fees and disbursements) incurred in good faith by an indemnified representative in advance of the final disposition of a proceeding described in Section 5.01 or the initiation of or participation in which is authorized pursuant to 5.02 upon receipt of an undertaking by or on behalf of the indemnified representative to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the corporation pursuant to this Article. The financial ability of an indemnified representative to repay an advance shall not be a prerequisite to the making of such advance.

Section 5.04. Securing of Indemnification Obligations. To further effect, satisfy or secure the indemnification obligations provided herein or otherwise, the corporation may maintain insurance, obtain a letter of credit, act as self-insurer, create a reserve, trust, escrow, cash collateral or other fund or account, enter into indemnification agreements, pledge or grant a security interest in any assets or properties of the corporation, or use any other mechanism or arrangement whatsoever in such amounts, at such costs, and upon such other terms and conditions as the board of directors shall deem appropriate. Absent fraud, the determination of the board of directors with respect to such amounts, costs, terms and conditions shall be conclusive and shall not be subject to voidability.

Section 5.05. Payment of Indemnification. An indemnified representative shall be entitled to indemnification within 30 days after a written request for indemnification has been delivered to the secretary of the corporation.

Section 5.06. Contribution. If the indemnification provided for in this Article or otherwise is unavailable for any reason in respect of any liability or portion thereof, the corporation shall contribute to the liabilities to which the indemnified representative may be subject in such proportion as is appropriate to reflect the intent of this Article or otherwise.

Section 5.07. Mandatory Indemnification of Directors, Officers, etc. To the extent that a directors, officer, employee or agent of the corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in 15 Pa.C.S. § 5741 or § 5742 or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses actually and reasonably incurred by such person in connection therewith.

Section 5.08. Contract Rights; Amendment or Repeal. All rights under this Article shall be deemed a contract between the corporation and the indemnified representative pursuant to which the corporation and each indemnified representative intend to be legally bound. Any repeal, amendment or modification hereof shall be prospective only and shall not affect any rights or obligations then existing.

Section 5.09. Scope of Article. The rights granted by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification, contribution or advancement of expenses may be entitled under any statute, agreement, vote of disinterested directors or otherwise, both as to action in an official capacity and as to action in any other capacity. The indemnification, contribution and advancement of expenses provided by or granted pursuant to this Article shall continue as to a person who has ceased to be an indemnified representative in respect of matters arising prior to such time, and shall inure to the benefit of the heirs, executors, administrators and personal representatives of such a person.

Section 5.10. Reliance on Provisions. Each person who shall act as an indemnified representative of the corporation shall be deemed to be doing so in reliance upon the rights of indemnification, contribution and advancement of expenses provided by this Article.

Section 5.11. Interpretation. The provisions of this Article are intended to constitute bylaws authorized by 15 Pa.C.S. § 5746(a).

## ARTICLE VI

### Miscellaneous

Section 6.01. Corporate Seal. The corporation shall have a corporate seal in the form of a circle containing the name of the corporation, the year of incorporation and such other details as may be approved by the board of directors.

Section 6.02. Checks. All checks, notes, bills of exchange or other orders in writing shall be signed by such one or more officers or employees of the corporation as the board of directors may from time to time designate.

Section 6.03. Contracts. Except as otherwise provided in these bylaws, the board of directors may authorize any officer or officers, agent or agents, to enter into any contract or to execute or deliver any instrument on behalf of the corporation, and such authority may be general or confined to specific instances.

Section 6.04. Deposits. All funds of the corporation shall be deposited from time to time to the credit of the corporation in such banks, trust companies, or other depositaries as the board of directors may approve or designate, and all such funds shall be withdrawn only upon authorization of such one or more officers or employees of the corporation as the board of directors shall from time to time designate.

Section 6.05. Annual Report of Directors. The board of directors shall direct the president/chief executive officer and treasurer to present at the annual meeting of the board a report showing in appropriate detail the following:

(1) The assets and liabilities, including the trust funds, of the corporation as of the end of the fiscal year immediately preceding the date of the report.

(2) The principal changes in assets and liabilities including trust funds, during the year immediately preceding the date of the report.

(3) The revenue or receipts of the corporation, both unrestricted and restricted to particular purposes, for the year immediately preceding the date of the report, including separate data with respect to each trust fund held by or for the corporation.

(4) The expenses or disbursements of the corporation, for both general and restricted purposes, during the year immediately preceding the date of the report, including separate data with respect to each trust fund held by or for the corporation.

The annual report of the board of directors shall be filed with the minutes of the annual meeting of the board.

Section 6.06. Amendment of Bylaws. These bylaws may be amended or repealed, or new bylaws may be adopted, by vote of a majority of the board of directors of the corporation in office at any regular or special meeting of directors. Such proposed amendment, repeal or new bylaws, or a summary thereof, shall be set forth in any notice of such meeting, whether regular or special.

# MEMBER'S

# DETERMINATION

# LETTER

Number 9919-439 Filed with the Department of State on MAR 1 2 1999

Entity Number 955092

ACTING Secretary of the Commonwealth

# ARTICLES OF AMENDMENT-DOMESTIC NONPROFIT CORPORATION

DSCB:15-5915 (Rev 90)

In compliance with the requirements of 15 Pa.C.S. § 5915 (relating to articles of amendment), the undersigned nonprofit corporation, desiring to amend its articles, hereby states that:

1. The name of the corporation is: **DELAWARE VALLEY COMMUNITY REINVESTMENT FUND, INC.**

2. The (a) address of this corporation's current registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is (the Department is hereby authorized to correct the following information to conform to the records of the Department):

| | | | | |
|---|---|---|---|---|
| (a) **924 Cherry Street** | **Philadelphia** | **PA** | **19107** | **Philadelphia*** |
| Number and Street | City | State | Zip | County |

(b) c/o: *
Name of Commercial Registered Office Provider — County

For a corporation represented by a commercial registered office provider, the county in (b) shall be deemed the county in which the corporation is located for venue and official publication purposes.

3. The statute by or under which it was incorporated is: the Nonprofit Corporation Law of 1988

4. The date of its incorporation is: **February 4, 1985**

5. (Check, and if appropriate complete, one of the following):

_X_ The amendment shall be effective upon filing these Articles of Amendment in the Department of State.

__ The amendment shall be effective on: * Date at * Hour

6. **(Check one of the following):**

__ The amendment was adopted by the members (or shareholders) pursuant to 15 Pa.C.S. § 5914(a).

_X_ The amendment was adopted by the board of directors pursuant to 15 Pa.C.S. § 5914(b).

7. (Check, and if appropriate complete, one of the following):

_X_ The amendment adopted by the corporation, set forth in full, is as follows:

The name of the corporation is hereby changed to: **THE REINVESTMENT FUND, INC. and**

The registered office address is hereby changed to: **718 Arch Street, Suite 3000 North, Philadelphia, PA 19106 Philadelphia County**

__ The amendment adopted by the corporation is set forth in full in Exhibit A attached hereto and made a part hereof.

MAR 12 99

PA DEPT. OF STATE

Doc. #156214 v 01 03/11/99 12:36 PM

DSCB·15-5915 (Rev 90)-2 9919- 440

8. (Check, if the amendment restates the Articles):

___ The restated Articles of Incorporation supersede the original Articles and all amendments thereto.

IN TESTIMONY WHEREOF, the undersigned corporation has caused these Articles of Amendment to be signed by a duly authorized officer thereof this 26 day of February, 1999.

DELAWARE VALLEY COMMUNITY REINVESTMENT FUND, INC.
(Name of Corporation)

BY: ______________________
(Signature)

TITLE: JEREMY NOWAK, CEO

# MEMBER'S

# FEDERAL

# RETURN

Form **8868** (Rev January 2011) Department of the Treasury Internal Revenue Service

# Application for Extension of Time To File an Exempt Organization Return

▶ File a separate application for each return.

OMB No. 1545-1709

- If you are filing for an **Automatic 3-Month Extension, complete only Part I** and check this box ▶ [X]
- If you are filing for an **Additional (Not Automatic) 3-Month Extension, complete only Part II** (on page 2 of this form).

**Do not complete Part II unless** you have already been granted an automatic 3-month extension on a previously filed Form 8868.

**Electronic filing (e-file).** You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time. You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit *www.irs.gov/efile* and click on *e-file for Charities & Nonprofits*.

**Part I** **Automatic 3-Month Extension of Time.** Only submit original (no copies needed).

A corporation required to file Form 990-T and requesting an automatic 6-month extension - check this box and complete Part I only ▶ [ ]

*All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.*

| Type or print | Name of exempt organization | Employer identification number |
|---|---|---|
| File by the due date for filing your return See instructions | THE REINVESTMENT FUND, INC. | 23-2331946 |
| | Number, street, and room or suite no. If a P.O. box, see instructions. CAST IRON BUILDING, 718 ARCH STREET, NO. 300N | |
| | City, town or post office, state, and ZIP code. For a foreign address, see instructions. PHILADELPHIA, PA 19106-1591 | |

Enter the Return code for the return that this application is for (file a separate application for each return) 0 1

| Application Is For | Return Code | Application Is For | Return Code |
|---|---|---|---|
| Form 990 | 01 | Form 990-T (corporation) | 07 |
| Form 990-BL | 02 | Form 1041-A | 08 |
| Form 990-EZ | 03 | Form 4720 | 09 |
| Form 990-PF | 04 | Form 5227 | 10 |
| Form 990-T (sec. 401(a) or 408(a) trust) | 05 | Form 6069 | 11 |
| Form 990-T (trust other than above) | 06 | Form 8870 | 12 |

- The books are in the care of ▶ MICHAEL M. CRIST 718 ARCH ST. - PHILADELPHIA, PA 19106-1591

  Telephone No. ▶ (215)574-5800 FAX No. ▶
- If the organization does not have an office or place of business in the United States, check this box ▶ [ ]
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) ______ . If this is for the whole group, check this box ▶ [ ] . If it is for part of the group, check this box ▶ [ ] and attach a list with the names and EINs of all members the extension is for.

**1** I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until AUGUST 15, 2011 , to file the exempt organization return for the organization named above. The extension is for the organization's return for:

▶ [ ] calendar year ______ or

▶ [X] tax year beginning JUL 1, 2010 , and ending DEC 31, 2010

**2** If the tax year entered in line 1 is for less than 12 months, check reason: [ ] Initial return [ ] Final return [X] Change in accounting period

| | | | |
|---|---|---|---|
| **3a** | If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions. | 3a | $ 0. |
| **b** | If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit. | 3b | $ 0. |
| **c** | **Balance due.** Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions. | 3c | $ 0. |

**Caution.** If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

- If you are filing for an **Additional (Not Automatic) 3-Month Extension, complete only Part II** and check this box ▶ [X]

**Note.** Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868

- If you are filing for an **Automatic 3-Month Extension, complete only Part I** (on page 1).

**Part II** **Additional (Not Automatic) 3-Month Extension of Time.** Only file the original (no copies needed).

Type or print

File by the extended due date for filing your return See instructions

| Name of exempt organization | Employer identification number |
|---|---|
| THE REINVESTMENT FUND, INC. | 23-2331946 |
| Number, street, and room or suite no. If a P.O box, see instructions | |
| CAST IRON BUILDING, 718 ARCH STREET, NO. 300N | |
| City, town or post office, state, and ZIP code. For a foreign address, see instructions. | |
| PHILADELPHIA, PA 19106-1591 | |

Enter the Return code for the return that this application is for (file a separate application for each return) 0 1

| Application Is For | Return Code | Application Is For | Return Code |
|---|---|---|---|
| Form 990 | 01 | | |
| Form 990-BL | 02 | Form 1041-A | 08 |
| Form 990-EZ | 03 | Form 4720 | 09 |
| Form 990-PF | 04 | Form 5227 | 10 |
| Form 990-T (sec 401(a) or 408(a) trust) | 05 | Form 6069 | 11 |
| Form 990-T (trust other than above) | 06 | Form 8870 | 12 |

**STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.**

- The books are in the care of ▶ MICHAEL M. CRIST 718 ARCH ST, STE 300N - PHILADELPHIA, PA 19106-1591

Telephone No ▶ (215)574-5800 FAX No ▶

- If the organization does not have an office or place of business in the United States, check this box ▶ [ ]
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) ______ If this is for the whole group, check this box ▶ [ ]. If it is for part of the group, check this box ▶ [ ] and attach a list with the names and EINs of all members the extension is for

4 I request an additional 3-month extension of time until NOVEMBER 15, 2011

5 For calendar year ______, or other tax year beginning JUL 1, 2010, and ending DEC 31, 2010

6 If the tax year entered in line 5 is for less than 12 months, check reason: [ ] Initial return [ ] Final return [X] Change in accounting period

7 State in detail why you need the extension
ADDITIONAL TIME IS NEEDED TO FILE A COMPLETE AND ACCURATE RETURN.

| | | | |
|---|---|---|---|
| 8a | If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits See instructions | 8a | $ 0. |
| b | If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868. | 8b | $ 0. |
| c | **Balance due.** Subtract line 8b from line 8a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System) See instructions. | 8c | $ 0. |

## Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature ▶ Title ▶ ACCOUNTANT Date ▶ 7/29/2011



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