LOS ANGELES LDC

A Community Development Financial Institution

Los Angeles LDC, Inc. and Subsidiaries
(Nonprofit Organizations)
Consolidated Financial Statements
As of and for the Years Ended September 30, 2017 and 2016
with Report of Independent Auditors

An independently owned member
RSM US Alliance
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Vasquez & Company LLP
Certified Public Accountants and Business Consultants

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(Nonprofit Organizations)
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Vasquez & Company LLP
Certified Public Accountants and Business Consultants

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Report of Independent Auditors

Board of Directors
Los Angeles LDC, Inc. and Subsidiaries

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Los Angeles LDC, Inc. and Subsidiaries (the Organization), which comprise the consolidated statements of financial position as of September 30, 2017 and 2016, and the related consolidated statements of activities and cash flows for the years then ended and the related notes to the consolidated financial statements (collectively, the financial statements).

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of September 30, 2017 and 2016, and the consolidated changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Information

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

Vasquez & Company LLP

Los Angeles, California
October 3, 2018

	September 30	
	2017	2016
ASSETS		
Cash and cash equivalents	**$ 1,684,828**	$ 1,186,015
Notes receivable, net	**-**	961,725
Prepaids and other assets	**294,080**	169,980
Property and equipment, net	**1,123,565**	1,140,508
Total assets	**$ 3,102,473**	$ 3,458,228
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	**$ 75,532**	$ 25,397
Notes payable	**3,100,000**	3,100,000
Total liabilities	**3,175,532**	3,125,397
Net assets (deficit)		
Unrestricted	**(73,059)**	332,831
Total net assets	**(73,059)**	332,831
Total liabilities and net assets	**$ 3,102,473**	$ 3,458,228

See notes to consolidated financial statements.

	Year ended September 30	
	2017	2016
Revenues and support		
Interest on loans	**$ 41,147**	$ 71,734
Grants and contributions	**47,500**	65,000
Interest on investments	**566**	553
Other income	**38,665**	22,331
Total revenues and support	**127,878**	159,618
Interest expense	**62,968**	60,676
Net revenues and support	**64,910**	98,942
Recovery from credit losses	**24,567**	1,305
Net revenues and support after recovery from credit losses	**89,477**	100,247
Operating expenses		
Salaries and wages	**233,852**	243,781
Facilities rent and utilities	**34,825**	31,766
Professional fees	**62,655**	82,501
Travel expenses	**10,959**	7,883
Repairs and maintenance	**23,943**	39,361
Insurance	**42,153**	14,559
Dues, membership and subscriptions	**20,253**	23,105
Administration	**22,259**	19,643
Advertising and public relations	**-**	3,060
Bank fees	**3,019**	2,750
Depreciation	**16,943**	16,943
Taxes and licenses	**15,195**	6,800
Miscellaneous	**9,311**	4,773
Total expenses	**495,367**	496,925
Change in net assets	**(405,890)**	(396,678)
Net assets (deficit)		
Beginning of year	**332,831**	729,509
End of year	**$ (73,059)**	$ 332,831

See notes to consolidated financial statements.

	Year ended September 30	
	2017	2016
Cash flows from operating activities		
Change in net assets:	**$ (405,890)**	$ (396,678)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Recovery from credit losses	**(24,567)**	(1,305)
Depreciation	**16,943**	16,943
Changes in assets and liabilities:		
Decrease (increase) in other assets	**-**	6,626
Decrease (increase) in prepaids and other assets	**(124,100)**	(44,980)
Increase (decrease) in accounts payable and accrued expenses	**50,135**	(21,297)
Net cash used in operating activities	**(487,479)**	(440,691)
Cash flows from investing activities		
Disbursements of notes receivable	**-**	(35,000)
Collections on notes receivable	**986,292**	47,777
Net cash provided by investing activities	**986,292**	12,777
Cash flows from financing activities		
Proceeds from notes payable	**-**	200,000
Net cash provided by financing activities	**-**	200,000
Change in cash and cash equivalents	**498,813**	(227,914)
Cash and cash equivalents - beginning of year	**1,186,015**	1,413,929
Cash and cash equivalents - end of year	**$ 1,684,828**	$ 1,186,015
Supplemental disclosures of cash flow information		
Interest paid	**$ 62,968**	$ 60,676

See notes to consolidated financial statements.

NOTE 1 NATURE OF THE ORGANIZATION

Los Angeles LDC, Inc. (LDC) and Subsidiaries (the Organization) is a not-for-profit community development financial services corporation organized to promote community development by initiating, sponsoring, promoting and carrying out plans, policies and activities that promote the creation and retention of jobs by expanding businesses and revitalizing economically distressed communities primarily throughout the State of California. The Organization (as defined in Note 2) provides direct loans, investments and technical assistance to businesses, real estate developers, not-for-profit service providers and other targeted borrowers operating in specific investment areas.

The Organization is a Community Development Financial Institution (CDFI). It is authorized to make commercial loans under a Commercial Finance Lenders license by the California Department of Business Oversight.

Since 1980, the Organization has operated capital access programs that originate and manage loans to eligible borrowers located in low income, underserved communities, or targeted populations which have a history of having greater difficulty in obtaining loans or investments to finance growth, expansion, revitalization, capital assets or other needs. As loan repayments are received, they are used to replenish the Organization's lending capital or retire commercial borrowings so that additional loans may be made. Loans are collateralized by real estate, equipment and other collateral, and bear interest at the prevailing market rate.

In 1999, the Organization assumed the management of the Southern California Business Development Corporation (SCBDC) subsequently purchased the community development loan portfolio of the SCBDC, a multi-bank community development corporation. Since August 1999, the Organization has borrowed up to $3,400,000 from SCBDC, which will be used to make additional community development loans, as defined under the Community Reinvestment Act (CRA), to eligible borrowers.

In 2002, the Organization was certified as a CDFI by the CDFI Fund program. This certification requires the Organization to have a primary mission of promoting community development and maintaining other requirements as set forth in the CDFI Fund Regulation A 12CFR Part 1805 and is more fully described in 12CFR Section 1805.201. During the years ended September 30, 2017 and 2016, the Organization did not receive any funds relating to the CDFI Fund program and its CDFI Fund certification has expired.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of LDC and its wholly-owned subsidiaries, 504 ACE Loan Fund II (2006), LLC and LDC Management Services, LLC (collectively, the Organization). All significant intercompany accounts and transactions are eliminated in consolidation.

- 504 ACE Loan Fund II (2006), LLC: This is a wholly-owned subsidiary of LDC that was organized in December 2001 to promote access to capital and community development in geographically targeted areas with underserved populations of low-income residents. This subsidiary was previously named EZ Credit LLC.

- LDC Management Services, LLC: This is a wholly-owned subsidiary of LDC that was organized in March 2002 to provide management services to various investment funds on behalf of LDC and its investors. The 504 ACE Loan Fund I (2004), LLC, in which it has a 10% ownership interest, is the first investment fund it is managing.

Basis of Accounting

The accompanying consolidated financial statements are presented utilizing the accrual basis of accounting.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three (3) classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Organization did not have any permanently restricted or temporarily restricted net assets at September 30, 2017 and 2016.

Revenue Recognition

Loan fees are recognized as revenue when the related loan is provided. Interest income on loans, net of participations sold, is recorded as earned from the date the borrower signs the promissory note to the date the note is paid off or to the end of the reporting period. Grants and contributions are recognized as revenue in the period received.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all cash accounts not subject to withdrawal restrictions and certificates of deposit with original maturities of ninety (90) days or less to be cash or cash equivalents.

Investments

Investments in marketable securities are recorded at fair value.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimated Fair Value of Financial Instruments
Financial instruments included in the Organization's consolidated statements of financial position include cash and cash equivalents, investments, notes receivable, line of credit, loan participations, and notes payable.

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and require enhanced disclosures about fair value measurements. Fair value is the amount that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date (i.e. the exit price).

The updates require enhanced disclosures about financial instruments that are measured and reported at fair value. The updates establish a fair value hierarchy that prioritizes and ranks the level of market price observability used in measuring fair value. Market price observability is impacted by a number of factors, including the type of instrument, the characteristics specific to the instrument, and the state of the marketplace (including the existence and transparency of transactions between market participants). Instruments with readily available actively quoted prices or for which fair value can be measured from actively quoted prices in an orderly market will generally have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories based on inputs:

Level 1 Quoted prices are available in active markets for identical instruments as of the reporting date.

Level 2 Pricing inputs are observable for the instruments, either directly or indirectly, as of the reporting date, but are other than quoted prices in active markets as in Level 1. Fair value is determined through observable trading activity reported at net asset value or through the use of models or other valuation methodologies.

Level 3 Pricing inputs are unobservable for the instruments and include situations where there is little, if any, market activity for the instruments. The inputs into the determination of fair value require significant judgment or estimation by the Organization.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given instrument is based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the instrument.

Notes Receivable and Related Allowance for Losses
Notes receivable are recorded in the accompanying consolidated financial statements at face value, less payments received and funds not yet disbursed. Interest on these loans is accrued monthly as earned, except where a reasonable doubt exists as to the collectibility of the interest, in which case the accrual of income is discontinued. Cash receipts are allocated between interest earned and principal payment of the loan. Lending fees and costs are deferred and amortized over the life of the loan.

Loan losses are charged against the allowance for losses. Provisions for losses are based on management's judgment as to the need to absorb known and inherent risks in the loan portfolio. Accounts are charged off against the allowance when the Organization believes they are uncollectible. Receivables are considered past due or delinquent based on contractual terms.

The Organization acts as the lead lender for certain community development loans. The Organization and the participants record their proportionate share of the loans on their respective accounting records.

Property and Equipment
Purchases of property and equipment over $300 with a useful life greater than three (3) years are capitalized. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the consolidated statements of activities. The estimated service life of the assets for depreciation purposes may be different than their actual economic useful lives. Fully depreciated assets are retained in the accounts until their retirement.

The Organization reviews the carrying amount of its property and equipment for possible impairments when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Management assessed that the Organization’s property and equipment are not impaired.

Allocation of Expenses
The costs of providing direct loans and technical assistance to the Organization's borrowers have been summarized on a natural classification basis in the consolidated statements of activities. Management estimates the administrative costs were approximately $163,471 and $164,022 for the years ended September 30, 2017 and 2016.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal and State Income Taxes

The Organization is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation code and is generally not subject to federal or state income taxes. However, the Organization is subject to income taxes on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purposes for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the consolidated financial statements taken as a whole.

FASB Accounting Standards Codification (ASC) Topic 740-10-45, *Income Taxes – Other Presentation*, prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It requires that an organization recognize in the financial statements the impact of the tax position if that position will more likely than not be sustained on audit, based on the technical merits of the position. As of and for the year ended September 30, 2017 and 2016, the Organization had no material unrecognized tax benefits or tax penalties or interest.

There are currently no audits for any tax periods in progress. The Organization’s management believes it is no longer subject to income tax examination for calendar years prior to 2012.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include determination of loan receivable allowance and depreciation. Actual results could differ from those estimates.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk - consist principally of cash and cash equivalents and notes receivable. The Organization places its cash balances with reputable financial institutions. Concentrations of credit risk with respect to notes receivable are limited because of the large number of customers composing its loan portfolio, regular monitoring and collateral requirements. The Organization places its investments in reputable financial institutions and monitors their credit ratings periodically.

Custodial Credit Risk

Custodial credit risk is the risk that the Organization will not be able to (a) recover deposits if the depository financial institution fails, or (b) recover the value of investments or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Custodial Credit Risk

Financial instruments that potentially subject the Organization to credit risk are cash deposits with banks and other financial institutions that are in excess of the federally insured limit of $250,000. As of September 30, 2017 and 2016, the Organization has a total of $481,577 and $275,242, respectively, deposit accounts with banks that exceeded the Federal Deposit Insurance Corporation insured limit. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

The Organization holds investments in the form of short-term money market investments. The management and Board of Directors routinely review market values of such investments.

NOTE 3 CASH AND CASH EQUIVALENTS

The Organization maintains its cash balances in several banks and financial institutions in Southern California.

NOTE 4 FAIR VALUE MEASUREMENTS

Following is a description of the valuation methodologies used for assets measured at fair value.

Investments: consist of certificates of deposit held at a certified financial institution. Carrying amount approximates fair value because of their short-term maturity.

Loans, notes and line of credit: Valued at amortized cost, which approximates fair value because the loans bear interest at rates commensurate with loans of similar credit quality and duration as of year-end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets and liabilities measured at fair value as of September 30, 2017 and 2016:

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

2017

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 1,684,828	$ -	$ -	$ 1,684,828
Notes payable	-	-	(3,100,000)	(3,100,000)
Net	$ 1,684,828	$ -	$ (3,100,000)	$ (1,415,172)

2016

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 1,186,015	$ -	$ -	$ 1,186,015
Notes receivable	-	-	990,530	990,530
Notes payable	-	-	(3,100,000)	(3,100,000)
Net	$ 1,186,015	$ -	$ (2,109,470)	$ (923,455)

The following table sets forth a summary of changes in the fair value of the Organization's level 3 assets and liabilities for the year ended September 30, 2017.

Nature	Beginning Balance	Issuances	Settlements	Ending Balance
Notes receivable	$ 990,530	$ -	$ (990,530)	$ -
Notes payable	(3,100,000)	-	-	(3,100,000)
Net	$ (2,109,470)	$ -	$ (990,530)	$ (3,100,000)

The following table sets forth a summary of changes in the fair value of the Organization's level 3 assets and liabilities for the year ended September 30, 2016.

Nature	Beginning Balance	Issuances	Settlements	Ending Balance
Notes receivable	$ 1,003,307	$ 35,000	$ (47,777)	$ 990,530
Notes payable	(2,900,000)	(200,000)	-	(3,100,000)
Net	$ (1,896,693)	$ (165,000)	$ (47,777)	$ (2,109,470)

NOTE 5 NOTES RECEIVABLE AND ALLOWANCE FOR UNCOLLECTIBLE LOANS

At September 30, notes receivable consist of the following:

	2017	2016
Notes receivable	**$ -**	$ 990,530
Allowance for uncollectible loans	**-**	(28,805)
Notes receivable, net	**$ -**	$ 961,725

At September 30, 2016, notes receivable were composed of 5 loans. The loans are generally collateralized by trust deeds on real estate, generally bear interest at various rates ranging from approximately 5.5% to 10% per annum, and mature at various dates through 2022. The notes receivable were fully settled during the fiscal year 2017.

Recovery from uncollectible loans amounts to $24,567 and $1,305 for the years ended September 30, 2017 and 2016.

NOTE 6 PROPERTY AND EQUIPMENT

At September 30, property and equipment is composed of the following:

	2017	2016
Land	**$ 1,000,000**	$ 1,000,000
Building	**99,384**	99,384
Building improvements	**50,957**	50,957
Equipment	**68,783**	68,783
	1,219,124	1,219,124
Accumulated depreciation	**(95,559)**	(78,616)
Property and equipment, net	**$ 1,123,565**	$ 1,140,508

Provision for depreciation for the years ended September 30, 2017 and 2016 amounted to $16,943 for both years.

NOTE 7 NOTES PAYABLE

Notes payable consisted of promissory notes due to the Southern California Business Development Corporation (SCBDC) with interest payable in annual installments at 2% per annum. The principal balance is due at maturity on September 30, 2018, with an automatic extension of an additional year, unless the Organization delivers a written notice to SCBDC of its intention not to extend the maturity of the notes payable. The balance of the notes payable as of September 30, 2017 and 2016 amounted to $3,100,000.

NOTE 8 COMMITMENTS

Rent expense under operating leases amounted to $34,825 and $31,766 for the years ended September 30, 2017 and 2016, respectively.

NOTE 9 RETIREMENT PLANS

On June 27, 2011, the Board approved a Savings Incentive Match Plan of Small Employers (SIMPLE) Individual Retirement Account (IRA) plan in which the employees can contribute up to $11,000 per annum with a 3% matching contribution by the Organization. The Organization's matching contribution expense amounted to $6,000 both for the years ended September 30, 2017 and 2016.

NOTE 10 MERGER PLAN

On November 30, 2016, the Organization and SCBDC have reached an agreement to merge. This agreement will authorize the SCBDC to merge its operation into a LDC subsidiary – Main Street BIDCO Capital (under formation) DBA Main Street Capital (BIDCO) – a California Commercial Finance Lender. The Organization and BIDCO will be the surviving corporations. The agreement has been approved by the Board of Directors of the SCBDC and is subject the approval of the SCBDC Shareholders and Board of Directors of the Organization. In summary the Organization (1) will maintain a majority ownership (53%) in BIDCO to ensure the Organization retains its community development financial institution eligibility and continues to operate as a mission driven lender with a community reinvestment act focus by serving a majority of borrowers operating or located in low to moderate income census tracts; (2) SCBDC shareholders will receive a (47%) ownership of BIDCO and will occupy up to 4 seats on the Organization and/or its affiliates board of directors;

NOTE 10 MERGER PLAN (CONTINUED)

(3) A key consideration precedent requires BIDCO to assume the Organization's obligations under two promissory notes that collectively have a principal balance of $3,100,000 owed to the SCBDC and that the SCBDC will release the Organization from its obligations under such promissory notes**;** (4) the Merger will have the effect of terminating these promissory notes; (5) the Organization will expand its market to statewide; and (6) Main Street BIDCO, the Organization's commercial lending affiliate, will seek approval for the CA Department of Oversight for its Business and Industrial Development Corporation (BIDCO) designation and the US Small Business Administration as a participant in the 7(a) guaranteed lending program.

On June 29, 2018, the merger plan was not approved by a majority of shareholders of SCBDC. Consequently, the merger plan was terminated.

NOTE 11 SUBSEQUENT EVENTS

The Organization has evaluated events or transactions that occurred subsequent to September 30, 2017 through October 3, 2018, the date the accompanying consolidated financial statements were available to be issued, for potential recognition or disclosure in the consolidated financial statements and determined that no subsequent matters require disclosure or adjustment to the accompanying consolidated financial statements other than the matter described in Note 10.

SUPPLEMENTAL INFORMATION

Los Angeles LDC, Inc. and Subsidiaries
(A Nonprofit Organization)
Consolidating Schedule of Financial Position
September 30, 2017

	LDC	504 ACE Loan Fund II (2006), LLC	LDC Management Services, LLC	Eliminating Entries	Total
ASSETS					
Cash and cash equivalents	$ 1,671,912	$ 9,013	$ 3,903	$ -	$ 1,684,828
Property and equipment, net	1,123,565	-	-	-	1,123,565
Prepaids and other assets	294,080	-	-	-	294,080
Due from Affiliates	10,000	-	-	(10,000)	-
Total assets	$ 3,099,557	$ 9,013	$ 3,903	$ (10,000)	$ 3,102,473
LIABILITIES AND NET ASSETS					
Liabilities					
Accounts payable and accrued expenses	$ 75,532	$ -	$ -	$ -	$ 75,532
Due to LDC	-	9,013	3,903	(12,916)	-
Notes payable	3,100,000	-	-	-	3,100,000
Total liabilities	3,175,532	9,013	3,903	(12,916)	3,175,532
Net assets					
Unrestricted	(75,975)	-	-	2,916	(73,059)
Total net assets	(75,975)	-	-	2,916	(73,059)
Total liabilities and net assets	$ 3,099,557	$ 9,013	$ 3,903	$ (10,000)	$ 3,102,473

See report of independent auditors.

	LDC	504 ACE Loan Fund II (2006), LLC	LDC Management Services, LLC	Eliminating Entries	Total
ASSETS					
Cash and cash equivalents	$ 1,181,926	$ 4,089	$ -	$ -	$ 1,186,015
Notes receivable, net	961,725	-	-	-	961,725
Prepaids and other assets	169,980	-	-	-	169,980
Property and equipment, net	1,140,508	-	-	-	1,140,508
Investment in 504 ACE Loan Fund II (2006), LLC	4,227	-	-	(4,227)	-
Total assets	$ 3,458,366	$ 4,089	$ -	$ (4,227)	$ 3,458,228
LIABILITIES AND NET ASSETS					
Liabilities					
Accounts payable and accrued expenses	$ 25,397	$ -	$ -	$ -	$ 25,397
Due to LDC	-	4,089	-	(4,089)	-
Notes payable	3,100,000	-	-	-	3,100,000
Total liabilities	3,125,397	4,089	-	(4,089)	3,125,397
Net assets					
Unrestricted	332,969	-	-	(138)	332,831
Total net assets	332,969	-	-	(138)	332,831
Total liabilities and net assets	$ 3,458,366	$ 4,089	$ -	$ (4,227)	$ 3,458,228

See report of independent auditors.

	LDC	504 ACE Loan Fund II (2006), LLC	LDC Management Services, LLC	Eliminating Entries	Total
Revenues and support					
Interest on loans	$ 41,147	$ -	$ -	$ -	$ 41,147
Grants and contributions	47,500	-	-	-	47,500
Interest on investments	566	-	-	-	566
Other income	38,665	-			38,665
Total revenues and support	127,878	-	-	-	127,878
Interest expense	62,968	-	-	-	62,968
Net revenues and support	64,910	-	-	-	64,910
Recovery from credit losses	24,567	-	-	-	24,567
Net revenues and support after recovery from credit losses	89,477	-	-	-	89,477
Operating expenses					
Salaries and wages	233,852	-	-	-	233,852
Facilities rent and Utilities	34,825	-	-	-	34,825
Professional fees	62,655	-	-	-	62,655
Travel	10,959	-	-	-	10,959
Repairs and maintenance	23,943	-	-	-	23,943
Insurance	42,153	-	-	-	42,153
Dues, membership and subscriptions	20,253	-	-	-	20,253
Administration	22,259	-	-	-	22,259
Bank fees	3,019	-	-	-	3,019
Depreciation	16,943	-	-	-	16,943
Taxes and licenses	15,195	-	-	-	15,195
Miscellaneous	12,227	-	-	(2,916)	9,311
Total expenses	498,283	-	-	(2,916)	495,367
Change in net assets	(408,806)	-	-	2,916	(405,890)
Net assets (Deficit)					
Beginning of year	332,831	-	-	-	332,831
End of year	$ (75,975)	$ -	$ -	$ 2,916	$ (73,059)

	LDC	504 ACE Loan Fund II (2006), LLC	LDC Management Services, LLC	Eliminating Entries	Total
Revenues and support					
Interest on loans	$ 71,734	$ -	$ -	$ -	$ 71,734
Grants and contributions	65,000	-	-	-	65,000
Interest on investments	553	-	-	-	553
Other income	22,331	-	-	-	22,331
Total revenues and support	159,618	-	-	-	159,618
Interest expense	60,676	-	-	-	60,676
Net revenues and support	98,942	-	-	-	98,942
Recovery from credit losses	1,305	-	-	-	1,305
Net revenues and support after recovery from credit losses	100,247	-	-	-	100,247
Operating expenses					
Salaries and wages	243,781	-	-	-	243,781
Facilities rent and utilities	31,766	-	-	-	31,766
Professional fees	82,501	-	-	-	82,501
Travel	7,883	-	-	-	7,883
Repairs and maintenance	39,361	-	-	-	39,361
Insurance	14,559	-	-	-	14,559
Dues, membership and subscriptions	23,105	-	-	-	23,105
Administration	19,643	-	-	-	19,643
Advertising and public relations	3,060	-	-	-	3,060
Bank fees	2,750	-	-	-	2,750
Depreciation	16,943	-	-	-	16,943
Taxes and licenses	6,800	-	-	-	6,800
Miscellaneous	4,635	-	-	138	4,773
Total expenses	496,787	-	-	138	496,925
Change in net assets	(396,540)	-	-	(138)	(396,678)
Net assets					
Beginning of year	729,509	-	-	-	729,509
End of year	$ 332,969	$ -	$ -	$ (138)	$ 332,831

See report of independent auditors.

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