

COMMONWEALTH OF MASSACHUSETTS
Executive Office of Housing and Economic Development

OFFICE OF PERFORMANCE MANAGEMENT & OVERSIGHT
MASSACHUSETTS GROWTH CAPITAL CORPORATION

FISCAL 2015 ANNUAL REPORT

INTRODUCTION

The Massachusetts Growth Capital Corporation Fiscal 2015 Annual Report complies with the requirements of the Office of Performance Management Oversight created by Chapter 240 of the Acts of 2010 – An Act Relative to Economic Development Reorganization. It includes goals set for the year and the performance measurements by which to evaluate goals, programs, and initiatives.

AGENCY OVERVIEW

The mission of the Massachusetts Growth Capital Corporation is to foster the creation and preservation of jobs in small businesses, in firms owned by women, veterans and minorities, and through the promotion of economic development in underserved, gateway municipalities, as well as other low and moderate-income communities throughout the state.

MGCC provides a central resource at the state level that offers working capital loans, guarantees and targeted technical assistance to solve specific financial and operational problems.

To fulfill its mission, MGCC works with traditional financial institutions, other non-bank lenders, community development corporations and other non-profits to provide financing to preserve and enhance job creation.

MGCC seeks to strengthen the existing network of micro lenders across the state to ensure that all levels of financing requirements are addressed.

MGCC also manages a competitive technical assistance grant program to assist non-profits around the state to provide skilled assistance to small businesses in their regions. Additionally, a turn-around management assistance program is operated to provide financial, management and operational and problem solving to companies, either currently in the loan portfolio or to potential borrowers.

FISCAL YEAR 2015 ANNUAL REPORT

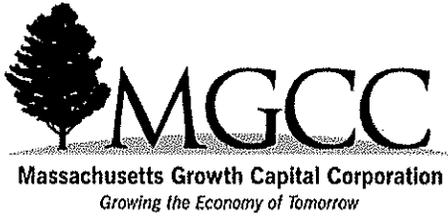
GOALS	STRATEGY	MEASUREMENTS
<p>Achieve greater penetration of underserved businesses to ensure working capital and management assistance availability is known.</p>	<p>Increase outreach efforts and marketing to raise public awareness of MGCC as a financing and business problem solving resource.</p>	<p>Exceed legislative mandates of target loan populations by 10% annually.</p> <p>Results Hired lender to concentrate in Gateway cities and underserved areas of the Commonwealth resulting in increased activity in these areas.</p> <p>Portfolio is comprised of the following categories: Minority owned businesses: 16.4% Women owned businesses: 15.6% Businesses in Gateway cities: 22%</p>
<p>Increase private sector financial institution interest in providing capital to meet needs of “higher risk” borrowers, as one source of job creation and maintenance.</p>	<p>Build upon relationship with East Boston Savings Bank by providing timely, informative reports, acceptable risk management of the loan portfolio and wider public relation activity.</p>	<p>Identify 3 to 5 additional private financial institutions which express clear interest in providing higher risk capital to support lending through MGCC.</p> <p>Result Partnerships with several banks for potential collaboration on the loan and technical assistance side.</p> <p>An agreement with MassHousing is underway for them to provide \$1MM in capital for MGCC to lend on their behalf for minority contractors on MassHousing projects.</p>
<p>Improve time management options for lenders to invest more time in loan origination and assessment of market needs, while maintaining robust portfolio management efforts.</p>	<p>Advertise for and hire an experienced portfolio manager to assume some of the responsibilities of portfolio management from lenders.</p>	<p>A Portfolio Manager is hired and assumes control monitoring selected companies in the portfolio, decreasing tardy submissions of financial information and operating information.</p> <p>Results Hired a Portfolio Manager to track portfolio companies ultimately freeing up lenders time to peruse new loans. Resulting in increased loan volume to 55 transactions totaling \$17MM from 49 transactions totaling \$13.5MM in FY 2014.</p>

<p>Reinforce culture of identifying shortest and near term solutions to borrowers’ financing issues in order to assist businesses to become bankable in the shortest time, and to re-circulate loan capital efficiently.</p>	<p>Propose and approve loans with shorter maturities and decline loan structures that essentially use MGCC financing as a substitute for equity.</p>	<p>Increase rate of loan pre-payments above current rate by 10 %.</p> <p>Results Although pre-payment didn’t increase during the year, several new products to address market needs were developed including the Snow Storm Loan Fund, Diversity Goal Support Contract Financing and traditional contract financing.</p>
<p>Expand economic and entrepreneurial opportunity in underserved communities, especially in Gateway cities.</p>	<p>Provide \$1.8 million in grants to non-profits that provide direct business assistance, with an emphasis on serving underserved populations and communities and provision of specifically needed professional services.</p>	<p>1200 small businesses will exhibit job growth, new business starts, sales growth, or gain access to working capital.</p> <p>50% or more of business owners will be from underserved demographics (M/WBE, non-native English speakers, veterans, low/moderate income unemployed individuals).</p> <p>Result 1,486 small businesses exhibited job growth, new business starts, sales growth or gained access to working capital. 56% of these businesses are women owned.</p> <p>87% of business owners will be from underserved demographics (M/WBE, non-native English speakers, veterans, low/moderate income unemployed individuals).</p>

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**GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

MASSACHUSETTS GROWTH CAPITAL CORPORATION

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June 30, 2015 and 2014

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Independent Auditor's Report

To the Board of Directors of
Massachusetts Growth Capital Corporation:

Report on the General Purpose Financial Statements

We have audited the accompanying general purpose financial statements of Massachusetts Growth Capital Corporation (a component unit of the Commonwealth of Massachusetts) which comprise the statements of net position as of June 30, 2015 and 2014, and the related statements of revenues and expenses, changes in net position and cash flows for the years then ended, and the related notes to the general purpose financial statements.

Management's Responsibility for the General Purpose Financial Statements

Management is responsible for the preparation and fair presentation of these general purpose 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 the general purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these general purpose 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 audits to obtain reasonable assurance about whether the general purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the general purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the general purpose 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 general purpose 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 general purpose 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 general purpose financial statements referred to above present fairly, in all material respects, the net position of Massachusetts Growth Capital Corporation as of June 30, 2015 and 2014, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 2 through 5 be presented to supplement the general purpose financial statements. Such information, although not a part of the general purpose financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the general purpose financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the general purpose financial statements, and other knowledge we obtained during our audit of the general purpose financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the general purpose financial statements as a whole. The accompanying supplemental information on pages 18 and 19 for the year ended June 30, 2015, is presented for purposes of additional analysis and is not a required part of the general purpose 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 general purpose financial statements. The information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the general purpose financial statements or to the general purpose 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 general purpose financial statements as a whole.

Alexander, Brown, Pinney & Co., P.C.

Boston, Massachusetts
November 6, 2015

MASSACHUSETTS GROWTH CAPITAL CORPORATION

Management's Discussion and Analysis
June 30, 2015 and 2014

Our discussion and analysis of Massachusetts Growth Capital Corporation's (MGCC) financial performance provides an overview of MGCC's financial activities for the year ended June 30, 2015. Please read it in conjunction with MGCC's general purpose financial statements, which begin on page 6.

Basic General Purpose Financial Statements

The financial activities for the year ended June 30, 2015, are included in a series of general purpose financial statements. In accordance with the Governmental Accounting Standards Board standard, *Basic Financial Statement – Management's Discussion and Analysis for State and Local Governments*, MGCC is considered a quasi-public entity that engages in only business-type activities. In accordance with this standard, MGCC issues a Statement of Net Position, a Statement of Revenues and Expenses, a Statement of Changes in Net Position, and a Statement of Cash Flows. These statements provide information about the financial activities of MGCC as a whole. Combining schedules showing the consolidation of specific restricted funds are included as supplemental information, presented on pages 18 and 19.

MGCC is a component unit of the Commonwealth of Massachusetts (the Commonwealth) that was formed on October 1, 2010, from the combination of two pre-existing entities, the Massachusetts Community Development Finance Corporation (MCDFC) and the Economic Stabilization Trust Fund (EST), as required by Chapter 40W of the Massachusetts General Laws. All assets, liabilities, and obligations from MCDFC and EST were transferred to MGCC as of October 1, 2010. The purpose of the merger was to expand upon the success and the mission of the predecessor entities and to recapitalize the merged organization. MGCC functions as a one-stop resource for debt and equity financing for small businesses, including woman and minority-owned businesses and community development efforts. The purpose of MGCC is to create and preserve jobs and promote economic development, especially in underserved, gateway municipalities, and low and moderate-income communities.

By the terms of its enabling legislation, MGCC is governed by a twelve member Board of Directors. The Board is chaired by the Secretary of Housing and Economic Development, with the Secretary of Administration and Finance (A&F) as a director, along with eleven other persons appointed by the Governor. Eleven members have been appointed and confirmed as of the date of this report.

MGCC operates on a June 30th fiscal year basis.

Statements of Net Position, Revenues and Expenses and Changes in Net Position

The Statement of Net Position and the Statement of Revenues and Expenses include all assets, liabilities, revenue and expenses of MGCC as a whole. This activity is recorded using the economic resources measurement focus and the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Under the accrual basis of accounting, revenue and expenses are recognized when earned or incurred regardless of when the cash is paid or received. Additionally, these statements report changes in MGCC's net position. MGCC's net position, difference between assets and liabilities, represents one way to measure MGCC's financial health or its financial position. You will also need to consider other non-financial factors when considering the overall financial health of MGCC.

MASSACHUSETTS GROWTH CAPITAL CORPORATION

Management's Discussion and Analysis
June 30, 2015 and 2014

Statements of Net Position, Revenues and Expenses and Changes in Net Position (Continued)

The Supplemental Statements of Revenues, Expenses and Changes in Net Position shown within this report account for four basic fund groups, which all are considered restricted in nature. Brief explanations of these fund categories are as follows:

MGCC: In its initial year, MGCC received \$15,000,000 in new capital from a transfer from the Emerging Technology Fund administered by Mass Development. Capital also included accumulated net resources from MCDFC and EST transferred on October 1, 2010. These funds are restricted for the general purposes of MGCC as outlined in its enabling legislation.

Transfer funding from the former EST included:

Federal Title IX Revolving Loan Fund #1: The fund was capitalized in fiscal year 1993 with a \$2,000,000 grant from the Economic Development Administration of the U.S. Department of Commerce (EDA). Additionally, a contractual match of \$667,000 was initially provided by the former EST, for a total capitalization of \$2,667,000.

Federal Title IX Revolving Loan Fund #2: The fund was capitalized in fiscal year 1998 with a \$2,000,000 grant from EDA. Additionally, a contractual match of \$667,000 was initially provided by the former EST, for a total capitalization of \$2,667,000.

State Small Business Credit Initiative: On September 27, 2010, the President of the United States signed into law the "*Small Business Jobs Act of 2010*" (the Act) to help increase credit availability for small businesses. The Act created the State Small Business Credit Initiative (SSBCI) and appropriated \$1.5 billion. Massachusetts' allocation is approximately \$22 million, of which approximately \$14 million is allocated for MGCC. As of June 30, 2015, MGCC has earned its entire allocation, with the receivable balance of \$4,789,304 expected to be received in fiscal year 2016. MGCC has matched the principal of loans made with SSBCI capital on a 50/50 basis.

The Federal Title IX Revolving Loan Funds and SSBCI are accounted for as separate components of restricted net position. The remaining net position is restricted within the mandates of MGCC enabling legislation.

MGCC has additional lending capacity through a line of credit that is maintained with East Boston Savings Bank for borrowings up to \$10,000,000.

MASSACHUSETTS GROWTH CAPITAL CORPORATION

Management's Discussion and Analysis
June 30, 2015 and 2014

Condensed Financial Information

Assets total \$51,404,636. The major components are:

Cash and Cash Equivalents: MGCC began the fiscal year with a total of \$27,847,407 in cash. At June 30, 2015, cash totaled \$25,759,507, of which \$68,819 was restricted. The net decrease in cash of \$2,087,900 was generally due to loan disbursements outpacing repayments.

Loans Receivable: Loan receivables at June 30, 2015, totaled \$22,350,092, a net decrease of \$2,335,227 from the previous year's \$24,685,319. The large decrease was due to write-offs totaling \$3,683,338. During the fiscal year, MGCC received \$10,634,519 in principal repayments, including early payoffs of \$4,359,261, and closed thirty-five loans and guarantees totaling \$11,982,631.

In the prior fiscal year, principal repayments totaled \$13,317,513, including \$5,145,765 in early payoffs, with forty loans and guarantees closed totaling \$13,088,071.

The loan loss reserve decreased \$2,135,920 to \$1,801,186. The decrease was due to the write-off of \$3,683,338 in impaired loans.

Accounts Receivable: MGCC will receive the final SSBCI tranche of funding, \$4,789,304 in fiscal year 2016, which is included in accounts receivable.

Liabilities total \$340,519. The major components are:

Technical Assistance, Capacity Building and Educational Program: The Technical Assistance, Capacity Building and Educational Program targets minority and women construction contractors and minority and women professional services (design and engineering) firms; provided that access to the program shall be open to any small business that meets the participation criteria.

Beginning in October 2013, project responsibilities for the program were transferred to the Executive Office of Administration and Finance, due to the results of the audit. During the current fiscal year, a total of \$595,682 was disbursed, leaving a balance of \$68,819 at June 30, 2015. MGCC maintains the bank account and makes all disbursements per memos approved by the Executive Office of Administration and Finance.

Accounts Payable and Accrued Expenses: Accounts payable and accrued expenses at June 30, 2015, totaled \$271,700 compared to \$173,623 for the prior year. The increase of \$98,077 was due to an increase in accounts payables, specifically technical assistance grants to Community Development Corporations and a reimbursement of \$9,477 to the Department of Unemployment Assistance from a prior year.

Revenues: Operating revenues for the year ended June 30, 2015, totaled \$2,410,658 compared to \$2,774,336 for the prior year, a net decrease of \$363,678. The majority of the decrease was in interest income from loans, \$336,675. This decrease was due to the continued trend of early payoffs and reduced loan volume in the first half of the year.

Expenses: Expenses for the year ended June 30, 2015, totaled \$2,963,701 compared to \$2,916,110 for the prior year, a net increase of \$47,591. The majority of the increases were in payroll, severance, legal, consulting, and information technology, however, these expenses were offset with decreases in medical insurance, portfolio costs, accounting and audit fees, and technical assistance.

MASSACHUSETTS GROWTH CAPITAL CORPORATION

Management's Discussion and Analysis
June 30, 2015 and 2014

Analysis of Significant Variations between Original and Budgeted Amounts

Revenues ended the year less than the budget by a net of \$635,594. Portfolio interest income and fees were off budget by \$696,191. This decrease was mainly in interest income from loans and was reduced by an increase in investment interest of \$45,440 and other revenue items not budgeted for, \$15,156. This was principally due to the continued trend of early repayments and reduced loan volume in the first half of the year.

Our overall loan portfolio ended the year at \$22,350,092, a net decrease of \$2,335,227 from last year's ending balance of \$24,685,319. The decrease is due to loan write-offs of \$3,683,338. These loan write-offs are principally associated with borrowers that have not met their payment obligations, and management has determined that the collectability of the balances on these loans is highly unlikely. However, the loan volume is up slightly due to a strong second half of lending and a reduction of the early payoffs. The first half of the year showed weak loan demand and many early pay offs, this is consistent with the traditional banks being more aggressive on the credit side as they needed to increase their volume of lending. This is further evidenced by twenty-two (22) of MGCC's loans being repaid early through bank borrowings. We continue to see an increased demand for loans as the economy slowly expands and business owners cautiously expand their businesses.

During the year MGCC, created a "Snow Storm Loan Fund" which provided micro-loans to small business negatively impacted by the severe winter weather in 2014. Through partnering with community-based organizations we reached out to the "main street" businesses and provided 40 companies with \$341,500 in working capital loans to assist them surviving the interruption in their operations caused by the weather.

Total actual operating expenses were higher than the budget by \$217,349. This is principally due to higher payroll expenses associated with severance packages for three employees that were laid off in reaction to slow loan demand. Additionally, legal expenses were over budget by \$40,157 due to the costs associated with defaulting loans, and information technology was over budget by \$13,145 due to the costs associated with the Commonwealth of Massachusetts Open Checkbook online reporting system.

MGCC had net non-operating items that increased the change in net position by \$3,321,346 compared to a net decrease of \$45,837 per the budget. The major variance is the SSBCI funding of \$4,644,024 in receivables being offset by the increase in the reserve for bad loans of \$1,577,355.

MGCC received the \$2,000,000 Technical Assistance and Training grant in December 2014, and issued \$1,742,723 in grants and charged \$137,602 in administrative costs.

Subsequent Event: MGCC has been approved for an additional \$2,000,000 in Technical Assistance and Training grants for fiscal year 2016. We expect the contract in September with quarterly funding to follow.

The balance of the SSBCI funding, \$4,789,304, will be disbursed after the US Treasury completes a one-day review in early September.

Fiscal Year 2016 Outlook

Fiscal year 2016 will continue the positive trend established in the fourth quarter of fiscal year 2015. Lending activity is robust as pipeline, approvals and loan closings have increased. Expenses continue to be controlled and the impact of 2015 cuts will be felt in 2016 and any increased spending will be supported by revenues generated. A positive cash flow outlook for MGCC is anticipated in fiscal year 2016.

MASSACHUSETTS GROWTH CAPITAL CORPORATION

Statements of Net Position
June 30, 2015 and 2014

Assets	2015	2014
Current Assets:		
Cash and cash equivalents	\$ 25,690,688	\$ 27,182,906
Restricted cash	68,819	664,501
Accounts receivable	4,813,783	195,067
Current portion of loans receivable, net of allowance for uncollectible loans of approximately \$345,000 and \$770,000 at June 30, 2015 and 2014, respectively	3,987,329	4,054,090
Accrued interest receivable on loans, net of allowance for uncollectible amounts of approximately \$49,000 and \$180,000 at June 30, 2015 and 2014, respectively	200,132	245,662
Prepaid expenses and other	65,115	92,302
Total current assets	34,825,866	32,434,528
Loans Receivable, net of current portion and allowance for uncollectible loans of approximately \$1,456,000 and \$3,170,000 at June 30, 2015 and 2014, respectively	16,561,577	16,694,123
Capital Assets, net	17,193	5,287
Total assets	\$ 51,404,636	\$ 49,133,938
Liabilities and Net Position		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 271,700	\$ 173,623
Special program escrow liability	68,819	664,501
Total current liabilities	340,519	838,124
Net Position:		
Restricted - State Small Business Credit Initiative	13,881,528	9,155,966
Restricted - Federal Title IX RLF	4,001,739	3,916,097
Restricted by enabling legislation	33,180,850	35,223,751
Total net position	51,064,117	48,295,814
Total liabilities and net position	\$ 51,404,636	\$ 49,133,938

The accompanying notes are an integral part of these general purpose statements.

MASSACHUSETTS GROWTH CAPITAL CORPORATION

Statements of Revenues and Expenses
For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating Revenues:		
Interest income on loans	\$ 1,808,413	\$ 2,145,088
Management and other fees	360,797	426,090
Interest income on cash reserves	238,441	176,196
Other revenue	3,007	26,962
	<u>2,410,658</u>	<u>2,774,336</u>
Operating Expenses:		
Employee compensation	2,317,457	2,243,107
Professional fees	266,120	269,929
Occupancy	185,923	189,234
Information technology	31,482	19,550
Supplies	22,794	21,409
Travel	22,754	20,370
Telephone	19,312	19,599
Meetings	18,522	14,844
Printing and postage	16,093	13,652
Other expenses	15,565	20,998
Insurance	13,372	12,685
Portfolio and credit administration	9,981	40,919
Maintenance and repair	6,916	8,874
Dues and memberships	6,656	4,992
Depreciation	6,414	9,677
Advertising	4,340	6,271
	<u>2,963,701</u>	<u>2,916,110</u>
Changes in net position from operations before loan loss recovery (provision)	(553,043)	(141,774)
Loan Loss Recovery (Provision), net	<u>(1,579,955)</u>	<u>34,825</u>
Changes in net position from operations	<u>(2,132,998)</u>	<u>(106,949)</u>
Non-Operating Revenue (Expense):		
State appropriation	6,644,024	-
Grant expense	(1,742,723)	(1,200,000)
	<u>4,901,301</u>	<u>(1,200,000)</u>
Changes in net position	<u>\$ 2,768,303</u>	<u>\$ (1,306,949)</u>

The accompanying notes are an integral part of these general purpose statements.

MASSACHUSETTS GROWTH CAPITAL CORPORATION

Statements of Changes in Net Position
For the Years Ended June 30, 2015 and 2014

Net Position, June 30, 2013	\$ 49,602,763
Changes in net position	<u>(1,306,949)</u>
Net Position, June 30, 2014	48,295,814
Changes in net position	<u>2,768,303</u>
Net Position, June 30, 2015	<u><u>\$ 51,064,117</u></u>

The accompanying notes are an integral part of these general purpose statements.

MASSACHUSETTS GROWTH CAPITAL CORPORATION

Statements of Cash Flows
For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Receipts of interest income	\$ 2,062,448	\$ 2,417,504
Receipts of management and other fees	379,755	416,530
Other revenue	3,007	26,962
Employee compensation	(2,317,042)	(2,236,133)
Payments for supplies and services	(514,981)	(678,626)
	<u>(386,813)</u>	<u>(53,763)</u>
Net cash used in operating activities before state appropriation and grant expense		
	(386,813)	(53,763)
State appropriation	2,000,000	-
Grant expense	(1,742,723)	(1,200,000)
	<u>(129,536)</u>	<u>(1,253,763)</u>
Net cash used in operating activities		
	(129,536)	(1,253,763)
Cash Flows from Investing Activities:		
Loans disbursed	(11,982,631)	(13,088,071)
Loan recoveries	3,750	383,391
Proceeds from loan repayments	10,634,519	13,317,513
Special program disbursement	(595,682)	(671,723)
Acquisition of property and equipment	(18,320)	-
	<u>(1,958,364)</u>	<u>(58,890)</u>
Net cash used in investing activities		
	(1,958,364)	(58,890)
Cash Flow from Financing Activity:		
State appropriation	-	4,589,484
	<u>-</u>	<u>4,589,484</u>
Net Change in Cash and Cash Equivalents	(2,087,900)	3,276,831
Cash and Cash Equivalents:		
Beginning of year	<u>27,847,407</u>	<u>24,570,576</u>
End of year	<u>\$ 25,759,507</u>	<u>\$ 27,847,407</u>
Cash Flows from Operating Activities:		
Changes in net position	\$ 2,768,303	\$ (1,306,949)
Adjustments to reconcile changes in net position to net cash and cash equivalents used in operating activities:		
Depreciation	6,414	9,677
Net loan loss (recovery) provision	1,579,955	(34,825)
Changes in operating assets and liabilities:		
Accounts receivable	(4,625,066)	(9,560)
Accrued interest receivable	15,594	96,220
Prepaid expenses and other	27,187	(20,231)
Accounts payable and accrued expenses	98,077	11,905
	<u>98,077</u>	<u>11,905</u>
Net cash used in operating activities	<u>\$ (129,536)</u>	<u>\$ (1,253,763)</u>

The accompanying notes are an integral part of these general purpose statements.

MASSACHUSETTS GROWTH CAPITAL CORPORATION

Notes to General Purpose Financial Statements
June 30, 2015 and 2014

1. OPERATIONS AND NONPROFIT STATUS

Massachusetts Growth Capital Corporation (MGCC) is a component unit of the Commonwealth of Massachusetts (the Commonwealth) formed on October 1, 2010, under Chapter 40W of the Massachusetts General Laws. Chapter 40W effectively merged two pre-existing entities, Massachusetts Community Development Finance Corporation (MCDFC) and Economic Stabilization Trust Fund (EST). MGCC is exempt from Federal and state income taxes. The purpose of the legislation was to expand upon the success and the mission of the predecessor entities and to recapitalize the new organization. MGCC functions as a one-stop resource for debt and equity financing for small businesses. The purpose of MGCC is to create and preserve jobs and promote economic development throughout the Commonwealth, with special attention paid to small business needs in underserved areas, gateway cities and low and moderate-income communities.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – GASB Standards

The accompanying general purpose financial statements were prepared on the accrual basis of accounting. Because MGCC is a quasi-public corporation, its accounting policies and general purpose financial statement presentation is governed by standards issued by the Governmental Accounting Standards Board (GASB). MGCC has adopted GASB accounting standard for *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments*. This standard outlines financial reporting requirements for state and local governments. MGCC is considered a special purpose government organization that conducts only business-type activities within the meaning of this standard and, therefore, only has enterprise funds within its proprietary fund. MGCC has no governmental funds. As such, MGCC is not required to present government-wide financial statements, but rather only the accompanying fund general purpose financial statements. In applying the provisions of this standard, organizations like MGCC can use standards applicable to proprietary fund accounting, and are not required to follow the provisions of governmental fund accounting.

MGCC follows the GASB standard, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. MGCC has elected to apply the provisions of all relevant pronouncements of Financial Accounting Standards Board (FASB) that do not conflict with or contradict GASB codifications. References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC) and the GASB Codification.

Loans Receivable and Allowance for Uncollectible Loans

Loans receivable are stated net of an allowance for uncollectible loans (see Notes 4 and 5). Interest on loans is calculated by using the simple interest method on monthly balances of the principal amount outstanding. The allowance for uncollectible loans is established through a provision for loan losses charged to operations. The allowance is an amount that management believes will be adequate to absorb expected losses on existing loans that may become uncollectible. Management evaluates loan collectability through consideration of factors such as previous loss experience, performance of individual loans in accordance with contract terms, financial strength and cash flows of the borrower, realizable values of collateral, and current economic conditions that may affect the borrower's ability to repay.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, cash and cash equivalents consist of checking, money market and savings accounts.

MASSACHUSETTS GROWTH CAPITAL CORPORATION

Notes to General Purpose Financial Statements
June 30, 2015 and 2014

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Cash

Restricted cash includes the cash related to a special program escrow (see Note 9).

Capital Assets and Depreciation

Purchased capital assets are comprised of furniture and equipment and are recorded at cost. Renewals and betterments are capitalized, while repairs and maintenance are expensed as incurred. Depreciation is computed using the straight-line method over three to seven years.

Advertising Costs

MGCC expenses advertising costs as they are incurred.

Revenue Recognition

Revenues from interest on loans and on cash and other sources are recorded as earned on the accrual basis of accounting. Loan loss recoveries are recorded in the year of recovery when cash has been received or collection is assured. Loan origination fees are reported as revenue upon close of the loan. All other revenue is recorded as earned.

Grant Expense

Grant expense consists of competitive grants given to nonprofit providers of technical assistance to micro and small businesses throughout Massachusetts. The grants were funded through the initial capitalization of MGCC through its enabling legislation and a \$2,000,000 grant from the Commonwealth included in state appropriation in the accompanying statement of revenues and expenses for the year ended June 30, 2015. Subsequent to year-end, MGCC was awarded an additional \$2,000,000 appropriation by the Commonwealth for fiscal year 2016.

Estimates

The preparation of general purpose financial statements in accordance with U.S. GAAP 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 general purpose financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Classification of Net Position

MGCC's financial resources are restricted as follows:

State Small Business Credit Initiative - The fund was capitalized in fiscal year 2012 with funds received from the Commonwealth. MGCC is to receive \$13,932,072 over a three-year period. MGCC has matched the principal of loans made with this capital on a 50/50 basis. Total funds earned to date by MGCC were \$13,932,072 and \$9,288,048 as of June 30, 2015 and 2014, respectively. As of June 30, 2015 and 2014, \$4,789,304 and \$145,280, respectively, of these funds are included in accounts receivable. The net position balance was \$13,881,528 and \$9,155,966 as of June 30, 2015 and 2014, respectively.

MASSACHUSETTS GROWTH CAPITAL CORPORATION

Notes to General Purpose Financial Statements
June 30, 2015 and 2014

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification of Net Position (Continued)

Federal Title IX Revolving Loan Fund (RLF) #1 - The fund was capitalized in 1993 with a \$2,000,000 grant from the Economic Development Administration of the U.S. Department of Commerce (EDA). Additionally, a contractual match of \$667,000 was initially provided by the former EST, for a total capitalization of \$2,667,000. The net position balance was \$1,677,355 and \$1,624,572 as of June 30, 2015 and 2014, respectively.

Federal Title IX Revolving Loan Fund (RLF) #2 - The fund was capitalized in fiscal year 1998 with a \$2,000,000 grant from EDA. Additionally, a contractual match of \$667,000 was initially provided by the former EST, for a total capitalization of \$2,667,000. The net position balance was \$2,324,384 and \$2,291,525 as of June 30, 2015 and 2014, respectively.

Restricted by Enabling Legislation - The remaining net position is deemed restricted in accordance with GASB for purposes included within Chapter 40W, MGCC's enabling legislation. The net position balance was \$33,180,850 and \$35,223,751 as of June 30, 2015 and 2014, respectively.

Fair Value Measurements

MGCC follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that MGCC would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

MGCC uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of MGCC. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

- Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.
- Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

MASSACHUSETTS GROWTH CAPITAL CORPORATION

Notes to General Purpose Financial Statements
June 30, 2015 and 2014

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Subsequent events have been evaluated through November 6, 2015, which is the date the general purpose financial statements were available to be issued. Events that met the criteria for recognition or disclosure have been included in the accompanying general purpose financial statements (see page 11).

Guarantees

MGCC may issue guarantees to public or private entities for the purpose of causing such entities to provide financing to a business. A collateral requirement on the guarantees is determined on an individual basis by MGCC's Board of Directors. As of June 30, 2015 and 2014, MGCC had seven and six outstanding guarantees with values of \$1,555,000 and \$1,380,000, respectively. These guarantees will expire at various times through August 2016.

Massachusetts Municipal Depository Trust Investments

MGCC holds investments in the Massachusetts Municipal Depository Trust (MMDT) in the amount of \$2,434,085 and \$3,025,045 at June 30, 2015 and 2014, respectively. MMDT is an investment program, founded in 1977 under the supervision of the State Treasurer of the Commonwealth, in which municipalities may pool excess cash for investment. MMDT was established to provide professionally managed investment funds to meet the investment needs of the Commonwealth and its political subdivisions. MGCC invests in MMDT's Cash Portfolio and Short-Term Bond Fund and these investments are considered to be cash and cash equivalents.

The table below represents funds held by MMDT. The MMDT - cash portfolio is managed independently and MGCC cannot influence how investments are allocated among the categories, which is disclosed as follows as of June 30:

<u>Securities With an Effective Maturity of:</u>	<u>Percentage of Total Net Position</u>	
	<u>2015</u>	<u>2014</u>
1 - 30 Days	54.1%	53.5%
31 - 90 Days	31.0	27.7
91 - 180 Days	11.5	11.7
181 - Days or more	<u>3.4</u>	<u>7.1</u>
Total	<u>100.0%</u>	<u>100.0%</u>

3. Capital Assets

Capital assets is comprised of furniture and equipment and consists of the following:

	<u>Balance June 30, 2013</u>	<u>2014 Additions</u>	<u>Balance June 30, 2014</u>	<u>2015 Additions</u>	<u>2015 Disposals</u>	<u>Balance June 30, 2015</u>
Cost	\$ 152,752	\$ -	\$ 152,752	\$ 18,320	\$ (106,408)	\$ 64,664
Accumulated Depreciation	<u>137,788</u>	<u>9,677</u>	<u>147,465</u>	<u>6,414</u>	<u>(106,408)</u>	<u>47,471</u>
Capital assets, net	<u>\$ 14,964</u>	<u>\$ (9,677)</u>	<u>\$ 5,287</u>	<u>\$ 11,906</u>	<u>\$ -</u>	<u>\$ 17,193</u>

MASSACHUSETTS GROWTH CAPITAL CORPORATION

Notes to General Purpose Financial Statements
June 30, 2015 and 2014

4. LOANS RECEIVABLE

MGCC functions as a one-stop resource for debt financing for small businesses, including woman and minority-owned business and community development efforts. MGCC's main function to date has been to provide working capital debt financing. MGCC makes loans of \$100,000 to \$1,000,000 for working capital, capital equipment and acquisition costs. Standard terms for these loans include interest at the *Wall Street Journal's* prime rate plus 5%. The loans include both variable and fixed rate amortizing loans with up to five year maturities. The loans are also primarily secured by subordinated liens on assets ensuring that MGCC can maximize any traditional financing alternatives. During fiscal year 2015, MGCC implemented a winter emergency loan to help businesses with the harsh weather conditions. Emergency loans were made between \$5,000 and \$10,000 with a 5% interest rate and a three year maturity date.

There were 145 and 120 loans receivable outstanding at June 30, 2015 and 2014, respectively, including 39 winter emergency loans totaling \$336,500 as of June 30, 2015. Loans receivable are stated net of allowance for losses as follows at June 30:

	<u>2015</u>	<u>2014</u>
Principal outstanding	\$ 22,350,092	\$ 24,685,319
Less - allowance for loan losses (see Note 5)	<u>1,801,186</u>	<u>3,937,106</u>
Loans receivable, net	<u>\$ 20,548,906</u>	<u>\$ 20,748,213</u>

Future payments of principal of loans receivable are due as follows:

<u>Year Ending June 30,</u>	
2016	\$ 4,343,191
2017	\$ 4,356,664
2018	\$ 3,610,450
2019	\$ 2,622,022
2020	\$ 1,652,059
2021-2025	\$ 5,765,706

5. ALLOWANCE FOR LOSSES

MGCC provides an allowance for expected loan and interest losses (see Notes 2 and 4). The allowance is based on MGCC's loan rating policy, which is updated periodically for changes related to individual loans receivable. The loan and interest loss allowance consists of the following as of June 30:

	<u>2015</u>		<u>2014</u>	
	<u>Loans</u>	<u>Interest</u>	<u>Loans</u>	<u>Interest</u>
Balance, beginning of year	\$ 3,937,106	\$ 179,854	\$ 5,160,793	\$ 284,764
Net provision for losses	1,547,418	29,937	446,886	(98,320)
Write-offs	<u>(3,683,338)</u>	<u>(160,608)</u>	<u>(1,670,573)</u>	<u>(6,590)</u>
Balance, end of year	<u>\$ 1,801,186</u>	<u>\$ 49,183</u>	<u>\$ 3,937,106</u>	<u>\$ 179,854</u>

MGCC writes off loan balances when amounts are determined to be uncollectible. Several larger loan balances from six companies are included in the fiscal year 2015 write-offs above, along with other smaller write-offs.

MASSACHUSETTS GROWTH CAPITAL CORPORATION

Notes to General Purpose Financial Statements
June 30, 2015 and 2014

5. ALLOWANCE FOR LOSSES (Continued)

Net loan loss recovery includes the following as of June 30:

	<u>2015</u>	<u>2014</u>
Net provision for losses	\$ (1,577,355)	\$ (348,566)
Bad debt on fee receivables	(6,350)	-
Recoveries	<u>3,750</u>	<u>383,391</u>
Loan loss recovery (provision), net	<u>\$ (1,579,955)</u>	<u>\$ 34,825</u>

6. DEFERRED COMPENSATION AND RETIREMENT PLANS

MGCC has a deferred compensation plan which is qualified under Section 457(b) of the Internal Revenue Code. Employees can make voluntary contributions to the plan through salary reductions. MGCC does not contribute to this plan.

MGCC maintains an additional social security replacement plan for employees. This plan is eligible to all employees upon commencement of employment. MGCC makes monthly contributions equal to 11.2% of each participant's monthly compensation from inception of employment. Employees are immediately vested in the plan upon commencement of employment. Contributions made for the years ended June 30, 2015 and 2014, were \$199,410 and \$198,218, respectively, and are included in employee compensation in the accompanying statements of revenues and expenses.

7. COMMITMENTS AND OFF-BALANCE SHEET RISK

Lending and Guarantees

Commitments to originate loans are agreements to lend money, provided that there are no violations of any conditions established in the agreements. MGCC evaluates each request for financing on a case-by-case basis, including, but not limited to, eligibility as established by Chapter 40W of the Massachusetts General Laws, credit worthiness, collateral obtained, and any other prevailing economic factors. Once these commitments are made, MGCC is also subject to a degree of off-balance sheet risk, as MGCC has committed funds to an entity and such commitment is not recorded on the statements of net position as a liability. The performance of these entities could adversely affect the ability of MGCC to recover the committed investment. At June 30, 2015 and 2014, MGCC had commitments to lend of approximately \$7.5 million and \$5.7 million, respectively (see Note 4).

Facility Lease

MGCC leases office space in Charlestown, Massachusetts. The lease is for five years and began on October 1, 2012. The lease requires MGCC to maintain certain insurance coverage, and pay for its proportionate share of real estate taxes and operating expenses. Monthly rent payments under this agreement range from \$14,070 to \$15,946 over the term of the lease.

MGCC also had a short-term agreement to lease office space in Springfield, Massachusetts. Monthly rent payments under this lease agreement were \$450 through June 30, 2015.

MASSACHUSETTS GROWTH CAPITAL CORPORATION

Notes to General Purpose Financial Statements
June 30, 2015 and 2014

7. COMMITMENTS AND OFF-BALANCE SHEET RISK (Continued)

Facility Lease (Continued)

MGCC had a short-term agreement to lease office space in Worcester, Massachusetts through March 2014. Monthly rent payments for this lease were \$193. On September 30, 2014, MGCC signed a one year lease with the Worcester Regional Chamber of Commerce with the option for four additional terms. Monthly rent payments under this lease agreement are \$200.

Rent expense under these agreements was \$185,923 and \$175,576 for the years ended June 30, 2015, and 2014, respectively, and is included in occupancy in the accompanying statements of revenues and expenses.

Future minimum payments under long-term lease obligations are as follows:

<u>Year Ending June 30,</u>	
2016	\$ 182,572
2017	\$ 189,476
2018	\$ 47,838

8. CONCENTRATION OF CREDIT RISK

MGCC maintains its cash and cash equivalents balances in several banks in Massachusetts and MMDT (see Note 2) and is insured within the limits of the Federal Deposit Insurance Corporation (FDIC). At certain times, cash balances exceeded the insured amounts. As of June 30, 2015 and 2014, MGCC's exposure for uninsured funds was approximately \$25,200,000 and \$27,100,000, respectively. MGCC has not experienced any losses in such accounts and management believes the credit risk related to MGCC's cash and cash equivalents is not significant.

9. SPECIAL PROGRAM ESCROW

Technical Assistance, Capacity Building and Educational Program

MGCC entered into an agreement with the Executive Office of Administration and Finance (A&F) to manage a Technical Assistance, Capacity Building and Educational Program. This program is targeted to minority and women construction contractors and minority and women professional services firms. The program will be conducted for three years and will be divided into two groups; Tier I for firms with revenues under \$1,000,000 and Tier II for those firms with revenues under \$5,000,000. By agreement with A&F, MGCC received an annual fee of \$60,000 to manage this program.

Effective October 1, 2014, A&F assumed operational management of the program with MGCC acting solely as a fiscal agent and ending its right to the annual fee. For the year ended June 30, 2014, MGCC earned fees of \$15,000, which is included in management and other fees on the statement of revenues and expenses. There were no fees earned during fiscal year 2015.

The balance of these funds is presented as restricted cash and an offsetting liability in the accompanying statements of net position and totaled \$68,819 and \$664,501 as of June 30, 2015 and 2014, respectively.

MASSACHUSETTS GROWTH CAPITAL CORPORATION

Notes to General Purpose Financial Statements
June 30, 2015 and 2014

10. LINE OF CREDIT

MGCC maintains a revolving line of credit agreement with a bank for borrowings up to of \$10 million. Borrowings under the agreement are due on demand and interest is payable monthly at the bank's base lending rate (3.25% at June 30, 2015 and 2014) and will mature on December 31, 2015. The line of credit is secured by substantially all assets. As of June 30, 2015 and 2014, there were no outstanding balances under this agreement. MGCC must meet certain covenants as specified in the agreement. MGCC was in compliance with these covenants at June 30, 2015.

MASSACHUSETTS GROWTH CAPITAL CORPORATION

Supplemental Statement of Net Position
June 30, 2015

Assets	MGCC	State Small Business Credit Initiative	Federal Title IX Revolving Loan Fund #1	Federal Title IX Revolving Loan Fund #2	Total
Current Assets:					
Cash and cash equivalents	\$ 21,595,500	\$ 4,095,188	\$ -	\$ -	\$ 25,690,688
Restricted cash	68,819	-	-	-	68,819
Accounts receivable	8,521	4,802,412	125	2,725	4,813,783
Current portion of loans receivable, net of allowance for uncollectible loans of approximately \$345,000	1,596,646	1,834,936	219,565	336,182	3,987,329
Accrued interest receivable on loans, net of allowance for uncollectible amounts of approximately \$49,000	63,402	78,869	11,775	46,086	200,132
Prepaid expenses and other	65,115	-	-	-	65,115
Total current assets	23,398,003	10,811,405	231,465	384,993	34,825,866
Loans Receivable, net of current portion and allowance for uncollectible loans of approximately \$1,456,000	6,218,314	7,975,182	1,115,867	1,252,214	16,561,577
Capital Assets, net	17,193	-	-	-	17,193
Total assets	\$ 29,633,510	\$ 18,786,587	\$ 1,347,332	\$ 1,637,207	\$ 51,404,636
Liabilities and Net Position					
Current Liabilities:					
Accounts payable and accrued expenses	\$ 271,700	\$ -	\$ -	\$ -	\$ 271,700
Interfund (receivable) payable	(3,887,859)	4,905,059	(330,023)	(687,177)	-
Special program escrow liability	68,819	-	-	-	68,819
Total current liabilities	(3,547,340)	4,905,059	(330,023)	(687,177)	340,519
Net Position:					
Restricted - State Small Business Credit Initiative	-	13,881,528	-	-	13,881,528
Restricted - Federal Title IX RLF	-	-	1,677,355	2,324,384	4,001,739
Restricted by enabling legislation	33,180,850	-	-	-	33,180,850
Total net position	33,180,850	13,881,528	1,677,355	2,324,384	51,064,117
Total liabilities and net position	\$ 29,633,510	\$ 18,786,587	\$ 1,347,332	\$ 1,637,207	\$ 51,404,636

MASSACHUSETTS GROWTH CAPITAL CORPORATION

Supplemental Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2015

	<u>MGCC</u>	<u>State Small Business Credit Initiative</u>	<u>Federal Title IX Revolving Loan Fund #1</u>	<u>Federal Title IX Revolving Loan Fund #2</u>	<u>Total</u>
Operating Revenues:					
Interest income on loans	\$ 878,351	\$ 680,067	\$ 106,568	\$ 143,427	\$ 1,808,413
Management and other fees	99,698	208,824	24,325	27,950	360,797
Interest income on cash reserves	186,500	51,941	-	-	238,441
Other revenue	1,817	1,190	-	-	3,007
Total operating revenues	<u>1,166,366</u>	<u>942,022</u>	<u>130,893</u>	<u>171,377</u>	<u>2,410,658</u>
Operating Expenses:					
Employee compensation	2,177,940	79,866	35,951	23,700	2,317,457
Professional fees	192,033	46,246	12,463	15,378	266,120
Occupancy	166,509	-	8,867	10,547	185,923
Information technology	27,694	-	1,780	2,008	31,482
Supplies	20,190	-	1,206	1,398	22,794
Travel	18,735	1,326	1,252	1,441	22,754
Telephone	17,092	-	1,017	1,203	19,312
Meetings	16,372	-	988	1,162	18,522
Printing and postage	14,280	-	841	972	16,093
Other expenses	11,109	2,765	774	917	15,565
Insurance	11,968	-	640	764	13,372
Portfolio and credit administration	7,907	900	548	626	9,981
Maintenance and repair	6,192	-	330	394	6,916
Dues and memberships	5,922	-	329	405	6,656
Depreciation	5,769	-	295	350	6,414
Advertising	3,865	-	211	264	4,340
Total operating expenses	<u>2,703,577</u>	<u>131,103</u>	<u>67,492</u>	<u>61,529</u>	<u>2,963,701</u>
Changes in net position from operations before loan loss recovery (provision)	(1,537,211)	810,919	63,401	109,848	(553,043)
Loan Loss Recovery (Provision), net	<u>(975,610)</u>	<u>(516,738)</u>	<u>(10,618)</u>	<u>(76,989)</u>	<u>(1,579,955)</u>
Changes in net position from operations	<u>(2,512,821)</u>	<u>294,181</u>	<u>52,783</u>	<u>32,859</u>	<u>(2,132,998)</u>
Non-Operating Revenue (Expense):					
State appropriations	2,000,000	4,644,024	-	-	6,644,024
Grant expense	(1,742,723)	-	-	-	(1,742,723)
Total non-operating revenue (expense)	<u>257,277</u>	<u>4,644,024</u>	<u>-</u>	<u>-</u>	<u>4,901,301</u>
Changes in net position	(2,255,544)	4,938,205	52,783	32,859	2,768,303
Net Position, June 30, 2014	35,223,751	9,155,966	1,624,572	2,291,525	48,295,814
Transfers of net position	212,643	(212,643)	-	-	-
Net Position, June 30, 2015	<u>\$ 33,180,850</u>	<u>\$ 13,881,528</u>	<u>\$ 1,677,355</u>	<u>\$ 2,324,384</u>	<u>\$ 51,064,117</u>