

NYC NEIGHBORHOOD CAPITAL CORPORATION

Unanimous Written Consent
of the Board of Directors
of NYC Neighborhood Capital Corporation

September 29, 2015

The Board of Directors (the “Board”) of NYC Neighborhood Capital Corporation (the “Corporation”), acting pursuant to Section 708(b) of the Not-for-Profit Corporation Law of the State of New York and the By-Laws of the Corporation, hereby acknowledges the recitals set forth below and adopts the resolutions set forth below.

NMTC Application

RESOLVED, that the Officers of the Corporation are hereby authorized and directed to complete, execute and submit such forms, applications, documents and instruments and to take such further actions as may be necessary, advisable or required to receive an allocation of authority to offer federal new markets tax credits.

FY2015 Audited Financial Statements, Independent Auditor’s Report and MD&A

RESOLVED, that the Board hereby approves the audited financial statements, independent auditor’s report and management’s discussion and analysis for the fiscal year ended June 30, 2015, all in substantially the forms attached hereto as Exhibit A.

FY2015 Investment Report

RESOLVED, that the Board hereby approves the Investment Report for the fiscal year ended June 30, 2015 (including all attachments, schedules and exhibits thereto) attached hereto as Exhibit B.

Acknowledgement of FY2015 Performance Measurements Report

WHEREAS, the Board acknowledges receipt of the Performance Measurements Report for the fiscal year ended June 30, 2015 attached hereto as Exhibit C.

Acknowledgement of FY2015 Board Self-Evaluation Survey Results

WHEREAS, the Board acknowledges receipt of the Board Self-Evaluation Survey Results for the fiscal year ended June 30, 2015 attached hereto as Exhibit D.

FY2015 PAAA Annual Report

RESOLVED, that the Board hereby authorizes and directs the Officers of the Corporation to complete, sign and deliver the Annual Report for the fiscal year ended June 30, 2015 (which is required under the Public Authorities Law of the State of New York) (the "PAAA Annual Report"), which PAAA Annual Report may be signed and submitted electronically to the applicable governmental authorities.

FY2015 NPCL Annual Report of the Board of Directors

RESOLVED, that the Board hereby approves the Annual Report of the Board of Directors for the fiscal year ended June 30, 2015 (which is required under the Not-for-Profit Corporation Law of the State of New York) attached hereto as Exhibit E (the "NPCL Annual Report").

RESOLVED, that the Officers of the Corporation are hereby authorized and directed to sign and deliver the NPCL Annual Report to the Members of the Corporation.

Consultant Agreement for NMTC Program Advisory Services

WHEREAS, the Corporation entered into that certain Consultant Agreement with United Fund Advisors, LLC (the "Consultant") on March 12, 2015 (the "Existing Consultant Agreement"), pursuant to which the Consultant agreed to provide certain consulting and advisory services to the Corporation.

WHEREAS, because the Corporation did not receive new markets tax credit allocation authority as a result of its Round 12 new markets tax credit allocation application submitted in October 2014, the Existing Consultant Agreement will automatically expire pursuant to its terms on the date that the Corporation's Round 13 new markets tax credit allocation application is submitted to CDFI Fund in final form.

WHEREAS, the Corporation desires to enter into a new Consultant Agreement with the Consultant, on terms substantially consistent with the Existing Consultant Agreement (the "New Consultant Agreement").

WHEREAS, the Consultant was procured on a sole source basis in accordance with the Corporation's Procurement Policy based on the Executive Director's determination that the Consultant is uniquely positioned to provide services based on its assistance under the Existing Consultant Agreement and its exclusive familiarity with the Corporation's business strategy, community objectives, management capacity and capitalization strategy.

RESOLVED, that the New Consultant Agreement, on terms substantially consistent with the Existing Consultant Agreement, is hereby approved, and that the Officers of the Corporation are hereby authorized to execute and deliver such New Consultant Agreement.

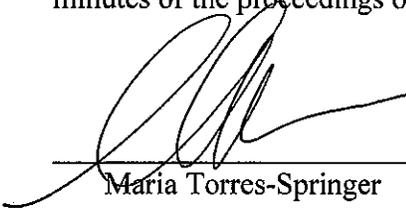
RESOLVED, that the Executive Director of the Corporation is hereby authorized to negotiate the terms and conditions of the New Consultant Agreement to accommodate any changes that he deems necessary or advisable to carry out the purposes for which the Corporation was established.

General Authority

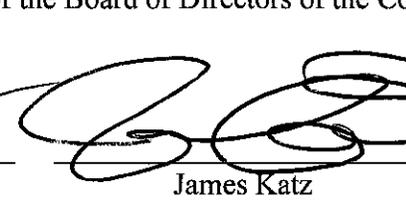
RESOLVED, that the Officers of the Corporation are hereby authorized and directed to execute such other documents, certificates, opinions and instruments and to take such further actions as may be necessary or advisable to carry out the purposes of the foregoing resolutions or necessary to administer the Corporation and its subsidiaries and to fulfill their respective corporate purposes.

[Signature Page Follows]

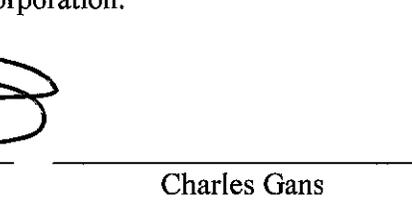
IN WITNESS WHEREOF, the undersigned directors of the Corporation have signed this Unanimous Written Consent as of the date first written above, and direct that it be filed with the minutes of the proceedings of the Board of Directors of the Corporation.



Maria Torres-Springer



James Katz



Charles Gans

Nathan Bliss

Miquela Craytor

Julie Stein

Elizabeth Verostek



Cynthia Keyser

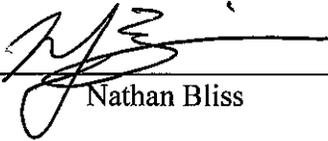
Kate Van Tassel

Sara Tranter

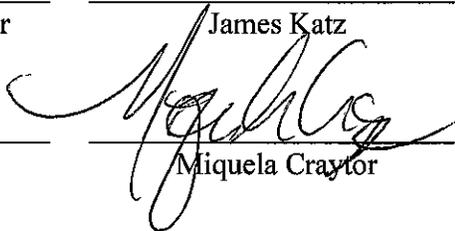
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_____ Sara Tranter		

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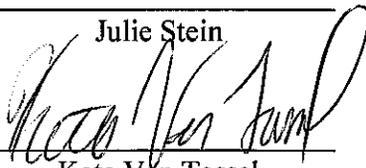
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Cynthia Keyser

Kate Van Tassel



Sara Tranter

Exhibit A

FY2015 Audited Financial Statements, Independent Auditor's Report and MD&A

Attached.

**NYC NEIGHBORHOOD CAPITAL CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
110 WILLIAM STREET
NEW YORK, NY 10038**

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

DRAFT

NYC NEIGHBORHOOD CAPITAL CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)

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Independent Auditor's Report

To the Board of Directors of
NYC Neighborhood Capital Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of NYC Neighborhood Capital Corporation, a component unit of The City of New York, which comprise the statement of net position as of June 30, 2015, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 financial position of NYC Neighborhood Capital Corporation as of June 30, 2015 and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management's Discussion and Analysis

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprised the Corporation's basic financial statements. The accompanying management's discussion and analysis ("MD&A") is presented for purposes of additional analysis, to supplement financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context, and although is not a required part of the basic financial statements is required by the Governmental Accounting Standards Board. We have applied certain limited procedures to the MD&A, in accordance with auditing standards generally accepted in 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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 Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, We have also issued our report dated September 24, 2015 on our consideration of NYC Neighborhood Capital Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and the compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering NYC Neighborhood Capital Corporation's internal control over financial reporting and compliance.

Ballo & Co.

New York, NY
September 24, 2015

NYC NEIGHBORHOOD CAPITAL CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)

Management’s Discussion and Analysis

The intent of providing management’s discussion and analysis is to provide readers with a comprehensive overview of the NYC Neighborhood Capital Corporation’s (“NYCNCC”) financial condition as of June 30, 2015 and the result of its operations for the year then ended. Management has prepared the financial statements and related footnote disclosures in accordance with accounting principles generally accepted in the United States of America. This management’s discussion and analysis should be used in conjunction with the audited financial statements and related footnotes of NYCNCC.

Background

NYCNCC, a component unit of The City of New York (“the City”), is a New York not-for-profit corporation that was established in July 2014. NYCNCC was formed for the purpose of serving as a qualified community development entity in federal new markets tax credit transactions. NYCNCC’s mission is to serve, and to provide investment capital to, low-income persons and low-income communities within the City, thereby assisting in executing the community and economic development and job creation objectives of the City.

Financial Condition

The fiscal year ended June 30, 2015 is the first year of NYCNCC’s operation. The following table summarizes NYCNCC’s financial position as of June 30, 2015:

	June 30, 2015
Current assets	\$ 79,420
Current liabilities	4,500
Total unrestricted net position	\$ <u>74,920</u>

NYC NEIGHBORHOOD CAPITAL CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)

Management's Discussion and Analysis

Operating Activities

Until NYCNCC receives federal new markets tax credit allocation authority from the Community Development Financial Institutions Fund of the U.S. Department of the Treasury ("CDFI Fund"), NYCNCC's operations will primarily be limited to applying for such authority. CDFI Fund awards federal new markets tax credit allocation authority to successful applicants on an annual basis based upon a competitive and vigorous application process.

The following table summarizes NYCNCC's operating activities for the fiscal year ended June 30, 2015:

	<u>June 30, 2015</u>
Operating revenues	\$ 125,000
Operating expenses	<u>50,102</u>
Operating income	74,898
Non-operating income	<u>22</u>
Change in net position	<u>\$ 74,920</u>

Operating revenues consist of a \$125,000 contribution made by Build NYC Resource Corporation, a not-for-profit local development corporation that is controlled by the City.

Operating expenses consist of start-up-costs, comprised mostly of consulting fees paid to United Fund Advisors, LLC, a financial services company that provides consulting services to new markets tax credit transaction participants, for services related to applying to CDFI Fund for federal new markets tax credit allocation authority.

NYC NEIGHBORHOOD CAPITAL CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)

STATEMENT OF NET POSITION
AS OF JUNE 30, 2015

	<u>Amount</u>
ASSETS	
Current assets	
Cash and cash equivalents (Note 3)	\$ <u>79,420</u>
Total Assets	\$ <u>79,420</u>
LIABILITIES	
Current liabilities	
Accounts payable and accrued expenses	\$ <u>4,500</u>
Total Liabilities	4,500
NET POSITION	
Unrestricted (Note 7)	<u>74,920</u>
Total Net Position	<u>74,920</u>
Total Liabilities and Net Position	\$ <u>79,420</u>

See Notes to Financial Statements

NYC NEIGHBORHOOD CAPITAL CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	Amount
Operating revenue	
Contribution from Build NYC Resource Corporation	\$ 125,000
Total operating revenue	125,000
Operating expenses	
Consulting fees	45,000
Other expenses	5,102
Total operating expenses	50,102
Operating income	74,898
Non-operating revenues (expenses)	
Interest income	22
Non-operating revenue	22
Change in net position	74,920
Net position, beginning of the year	-
Unrestricted net position, end of the year	\$ 74,920

See Notes to Financial Statements

NYC NEIGHBORHOOD CAPITAL CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	Amount
Cash flows from operating activities:	
Contribution received from Build NYC Resource Corporation	\$ 125,000
Consultant expense paid	(45,000)
Miscellaneous expenses paid	(602)
Net cash provided by operating activities	79,398
Cash flows from investing activities	
Interest income	22
Net cash provided by investing activities	22
Net increase in cash and cash equivalents	79,420
Cash and cash equivalents at the beginning of the year	-
Cash and cash equivalents at the end of the year	\$ 79,420
Reconciliation of net operating income to net cash provided by operating activities:	
Operating income	\$ 74,898
Adjustments to reconcile net operating income to net cash provided by operating activities:	
Increase in accounts payable and accrued expenses	4,500
Net cash provided by operating activities	\$ 79,398

See Notes to Financial Statements

NYC NEIGHBORHOOD CAPITAL CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

1. Organization and Nature of Business

The NYC Neighborhood Capital Corporation (“NYCNCC”) is a not-for-profit corporation incorporated in July 2014 under Section 402 of the Not-for-Profit Corporation Law of the State of New York for the following purposes: a) to make qualified low income community investments in the service area of the City of New York (“the City”), b) to operate as a qualified Community Development Entity (“CDE”) under the federal new markets tax credit program, c) to form and manage subsidiary limited liability companies which are certified as CDE’s to receive equity contributions which will be utilized primarily to make qualified low-income community investments and d) to engage in all activities consistent with the business of NYCNCC.

NYCNCC qualifies to meet the criteria established by the Governmental Accounting Standards Board (“GASB”) Statement No. 14 (“GASB No.14”) and is classified as a component unit (“CU”) of the City. CU’s are separate entities, which are incorporated into the City’s financial statements for reporting purposes.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared using the economic resource measurement focus and accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by Governmental Accounting Standards Board (GASB), Financial Accounting Standards Board (“FASB”) Statements and Interpretations and Accounting Principles Board Opinions, unless those pronouncements conflict with or contradict GASB pronouncements.

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. NYCNCC has determined that it functions as an enterprise fund as defined by GASB. The significant GASB standards followed by NYCNCC are described as follows:

NYC NEIGHBORHOOD CAPITAL CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

2. Summary of Significant Accounting Policies (Continued)

GASB Statement No. 34, Financial Statements and Management's Discussion and Analysis for State and Local Governments ("GASB No. 34"): This statement establishes relevant financial reporting requirements. It defines management's discussion and analysis, basic financial statements and required supplementary information ("RSI").

GASB Statement No. 37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus (GASB No. 37"). This statement is implemented simultaneously with GASB No. 34.

GASB Statement No. 38, Certain Financial Statement Note Disclosures ("GASB No. 38"): This statement is implemented simultaneously with GASB No. 34.

NYCNCC's policy for operating activities in the statement of revenues, expenses and changes in net position are those that generally result from exchange transactions such as contribution and fees. Certain other transactions are reported as non-operating activities in accordance with GASB Statement No. 35. These non-operating activities include interest income.

3. Cash and Cash Equivalents

At year end, NYCNCC's bank balance was \$79,420, deposited in JP Morgan Chase Bank, which was fully covered by the Federal Depository Insurance Corporation ("FDIC"). FDIC provides deposit insurance up to \$250,000.

4. Lease Commitments

NYCNCC occupies office space located at 110 William Street, New York, NY 10038, which is leased by the New York City Economic Development Corporation ("NYCEDC"). No in-kind values have been recognized in the financial statements.

5. Related Party Transaction

There are no related party transactions between NYCEDC and NYCNCC during this fiscal year. NYCNCC received administrative, financial, legal, and other services from NYCEDC free of charge with no in-kind value recognized in the financial statements.

NYC NEIGHBORHOOD CAPITAL CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

6. Subsequent Events Evaluation by Management

Management evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected in the financial statements. Such evaluation is performed through the date the financial statements were available to be issued, which was September 30, 2015 for these financial statements.

7. Unrestricted Net Position

GASB No. 34 requires that resources be classified for accounting purposes into the following net position categories: (a) Invested in capital assets, (b) Restricted Non-expendable, (c) Restricted Expendable and (d) Unrestricted. NYCNCC's net position is classified as unrestricted.

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

Independent Auditor's Report

Board of Directors of
NYC Neighborhood Capital Corporation:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the Standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of NYC Neighborhood Capital Corporation, a component unit of The City of New York, which comprise the statement of net position as of June 30, 2015 and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 24, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Ballo & Co.

New York, NY
September 24, 2015

Summary Financial Information

SUMMARY STATEMENT OF NET ASSETS

<u>Assets</u>	
Current Assets	
Cash and cash equivalents	\$79,420
Investments	\$0
Receivables, net	\$0
Other assets	\$0
Total Current Assets	\$79,420
Noncurrent Assets	
Restricted cash and investments	\$0
Long-term receivables, net	\$0
Other assets	\$0
Capital Assets	
Land and other nondepreciable property	\$0
Buildings and equipment	\$0
Infrastructure	\$0
Accumulated depreciation	\$0
Net Capital Assets	\$0
Total Noncurrent Assets	\$0
Total Assets	\$79,420

Summary Financial Information

SUMMARY STATEMENT OF NET ASSETS

Liabilities

Current Liabilities

Accounts payable	\$0
Pension contribution payable	\$0
Other post-employment benefits	\$0
Accrued liabilities	\$4,500
Deferred revenues	\$0
Bonds and notes payable	\$0
Other long-term obligations due within one year	\$0
Total Current Liabilities	\$4,500

Noncurrent Liabilities

Pension contribution payable	\$0
Other post-employment benefits	\$0
Bonds and notes payable	\$0
Long Term Leases	\$0
Other long-term obligations	\$0
Total Noncurrent Liabilities	\$0

Total Liabilities **\$4,500**

Net Asset (Deficit)

Net Asset

Invested in capital assets, net of related debt	\$0
Restricted	\$0
Unrestricted	\$79,420
Total Net Assets	\$79,420

Summary Financial Information

SUMMARY STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET ASSETS

Operating Revenues

Charges for services	\$0
Rental & financing income	\$0
Other operating revenues	\$125,000
Total Operating Revenue	\$125,000

Operating Expenses

Salaries and wages	\$0
Other employee benefits	\$0
Professional services contracts	\$45,000
Supplies and materials	\$0
Depreciation & amortization	\$0
Other operating expenses	\$5,102
Total Operating Expenses	\$50,102

Operating Income (Loss) **\$74,898**

Nonoperating Revenues

Investment earnings	\$22
State subsidies/grants	\$0
Federal subsidies/grants	\$0
Municipal subsidies/grants	\$0
Public authority subsidies	\$0
Other nonoperating revenues	\$0
Total Nonoperating Revenue	\$22

Summary Financial InformationSUMMARY STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET ASSETSNonoperating Expenses

Interest and other financing charges	\$0
Subsidies to other public authorities	\$0
Grants and donations	\$0
Other nonoperating expenses	\$0
Total Nonoperating Expenses	\$0
Income (Loss) Before Contributions	\$74,920
Capital Contributions	\$0
Change in net assets	\$74,920
Net assets (deficit) beginning of year	\$0
Other net assets changes	\$0
Net assets (deficit) at end of year	\$74,920

Exhibit B

FY2015 Investment Report

Attached.

NYC NEIGHBORHOOD CAPITAL CORPORATION
INVESTMENT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Comprehensive Investment Guidelines Policy

Attached hereto as Schedule I is the Investment Guidelines Policy of NYC Neighborhood Capital Corporation (the “Corporation”), as approved by the Corporation’s Board of Directors on May 27, 2015 (the “Investment Guidelines Policy”).

Investment Objectives

By way of summary, the investment objectives set forth in the Investment Guidelines Policy are as follows: preservation of capital; maintenance of liquidity and maximization of return.

Annual Independent Audit

The results of the annual independent audit (including the independent accountant’s audit report) for the fiscal year ended June 30, 2015 are attached hereto as Schedule II.

Investment Income Record

Investment income from interest earned on bank accounts, certificates of deposits and securities was \$22 for the fiscal year ended June 30, 2015.

Fees, Commissions and Other Charges

The Corporation did not pay any fees, commissions or other charges to an investment banker, broker, agent, dealer or advisor rendering investment associated services during the fiscal year ended June 30, 2015.

Schedule I to Investment Report

NYC NEIGHBORHOOD CAPITAL CORPORATION INVESTMENT GUIDELINES POLICY

Adopted May 27, 2015

I. PURPOSE

The purpose of this Investment Guidelines Policy (this “Policy”) is to establish procedures and guidelines regarding the investing, monitoring and reporting of the Funds (as defined below) of NYC Neighborhood Capital Corporation (“NYCNCC”).

II. GENERAL PROVISIONS

A. Scope of Policy

This Policy applies to the funds of NYCNCC, which for purposes of this Policy and the guidelines stated herein, consist of all moneys and other financial resources available for deposit and investment by NYCNCC on its own behalf and for its own account (collectively, the “Funds”). As used herein, the defined term “Funds” shall not include the proceeds of equity contributions received by NYCNCC from third party investors for use in connection with federal new markets tax credit program projects.

B. Investment Objectives

The Funds shall be managed to accomplish the following objectives:

1. *Preservation of Principal* – The single most important objective of NYCNCC’s investment program is the preservation of the principal of the Funds.
2. *Maintenance of Liquidity* – The Funds shall be managed in such a manner that assures that funds are available as needed to meet immediate and/or future operating requirements of NYCNCC.
3. *Maximize Return* – The Funds shall be managed in such a fashion as to maximize income through the purchase of Permitted Investments (hereinafter defined), taking into account the other investment objectives.

III. IMPLEMENTATION OF GUIDELINES

The Chief Financial Officer of NYCNCC or, if under the direction of the Chief Financial Officer, the Treasurer of NYCNCC or an Assistant Treasurer of NYCNCC (the “Designated Officers”), are each hereby authorized to invest the Funds. The Designated Officers shall be responsible for the prudent investment of the Funds and for the implementation of the investment

program and the establishment of investment procedures and a system of controls to regulate the activities of subordinate staff, consistent with this Policy.

IV. AUTHORIZED INVESTMENTS

A. The Designated Officers may invest the Funds in the following securities (collectively, the “Securities”):

1. *U.S.A.* Obligations or securities issued by the United States.
2. *Federal Agency Obligations.* Obligations or securities issued by any agency or instrumentality of the United States if guaranteed, as to principal and interest, by the United States.
3. *Commercial Paper.* Debt obligations with a maturity of no greater than 270 days and with ratings that are the highest ratings issued by at least two rating agencies approved by the Comptroller of the State of New York.
4. *Bankers’ Acceptances* of banks with worldwide assets in excess of \$50 million that are rated with the highest categories of the leading bank rating services and regional banks also rated within the highest categories.
5. *Certificates of Deposit and Time Deposits* with New York banks, including minority-owned banks. All such certificates of deposit in these banks must be Federal Deposit Insurance Corporation (“FDIC”) insured; provided, however, that if and to the extent such certificates of deposits or time deposits are not FDIC insured, such Securities shall comply with all other applicable requirements of the General Municipal Law of the State of New York, including, but not limited to, requirements as to the collateralization of deposits of funds in excess of the amounts insured by the FDIC.
6. *Other investments* approved by the Comptroller of New York City for the investment of City funds.

B. NYCNCC shall instruct its Agents (as such term is defined in Part X of this Policy) to obtain competitive quotes for each purchase or sale of Securities, other than governmental Securities, when such transaction equals or exceeds \$2,500,000 in amount.

The Treasurer of NYCNCC shall maintain, or cause to be maintained, proper books and records of all Securities held by or for NYCNCC and for all transactions pertinent thereto. Such books and records shall at least identify the Security, the fund for which held, and the place where kept; and the entries made therein shall show the competitive quotes obtained therefor, the date of sale or other disposition, and the amount realized therefrom.

C. In addition to investments in Securities, NYCNCC may deposit Funds needed for operational expenses and Funds awaiting investment or disbursement in the following funds and accounts (collectively, the “Deposit Accounts”):

1. High quality no-load money market mutual funds that restrict their investments to short term, highly rated money market instruments.
2. Other interest bearing accounts, if permitted by applicable laws, rules and regulations, with New York City financial institutions designated by the New York City Banking Commission or such other financial institutions approved by the Deputy Mayor for Housing and Economic Development or his or her successor in function.

V. WRITTEN CONTRACTS

NYCNCC shall enter into written contracts pursuant to which investments are made which conform with the requirements of this Policy and Section 2925(3)(c) of the Public Authorities Law unless the Board of Directors determines by resolution that a written contract containing such provisions is not practical or that there is not a regular business practice of written contracts containing such provisions with respect to a specific investment or transaction, in which case the Board of Directors shall adopt procedures covering such investment or transaction.

VI. DIVERSIFICATION

The investment portfolio for the Funds shall be structured diversely to reduce the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer or a specific type of security. The maximum percentage of the total portfolio permitted in the indicated type of eligible security is as follows:

REFERENCE	SECURITY	MAXIMUM
IV.A.1	U.S.A.	100% maximum
IV.A.2	Federal Agency	100% maximum
IV.A.3	Commercial Paper	40% maximum
IV.A.4	Bankers Acceptances	25% maximum
IV.A.5	Certificates of Deposit; Time Deposits	45% maximum
IV.A.6	Other Investments Approved by	A percentage

	NYC Comptroller for City Funds	deemed prudent by the CFO
--	--------------------------------	------------------------------

VII. MAXIMUM MATURITY

Maintenance of adequate liquidity to meet the cash flow needs of NYCNCC is essential. Accordingly, the portfolio will be structured in a manner that ensures sufficient cash is available to meet anticipated liquidity needs. Selection of investment maturities must be consistent with cash requirements in order to avoid the forced sale of securities prior to maturity.

For purposes of this Policy, assets of the portfolio shall be segregated into two categories based on expected liquidity needs and purposes – Cash Equivalents and Investments. Assets categorized as Cash Equivalents will be invested in permitted investments maturing in ninety (90) days or less or in Deposit Accounts. Assets categorized as Investments will be invested in permitted investments with a stated maturity of no more than two (2) years from the date of purchase.

VIII. MONITORING AND ADJUSTING THE INVESTMENT PORTFOLIO

Those responsible for the day-to-day management of the portfolio will routinely monitor the contents of the portfolio, the available markets and the relative values of competing instruments, and will adjust the portfolio as necessary to meet the requirements and goals of this Policy. It is recognized and understood that the non-speculative active management of portfolio holdings may cause a loss on the sale of an owned investment.

IX. INTERNAL CONTROLS

The Designated Officers shall establish and be responsible for monitoring a system of internal controls governing the administration and management of the portfolio. Such controls shall be designed to prevent and control losses of the portfolio funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by any personnel.

X. ELIGIBLE BROKERS, AGENTS, DEALERS, INVESTMENT ADVISORS, INVESTMENT BANKERS AND CUSTODIANS

The following are the standards for the qualifications of brokers, agents, dealers, investment advisors, investment bankers and custodians:

A. Brokers, Agents and Dealers

The categories of firms listed below are the categories from which NYCNCC may select firms to purchase and sell Securities (as selected, an “Agent”). Factors to be considered by

NYCNCC in selecting Agents from these categories shall include the following: size and capitalization; quality and reliability; prior experience generally and prior experience with NYCNCC specifically; and level of expertise for the transactions contemplated.

1. any bank or trust company organized and/or licensed under the laws of the United States, which is authorized to do business in New York State;
2. any bank or trust company organized and/or licensed under the laws of any state of the United States, which is authorized to do business in New York State;
3. any broker-dealer licensed and/or permitted to provide services under federal law and, when necessary, qualified to do business in New York State.

B. Investment Advisors

In addition to the requirements set forth in “A” preceding, any Agent selected by NYCNCC to be an investment advisor shall be registered with the SEC under the Investment Advisors Act of 1940.

C. Investment Bankers

In addition to the requirements set forth in “A” preceding, any Agent selected by NYCNCC to serve as a senior managing underwriter for negotiated sales must be registered with the SEC.

D. Custodians

In addition to the requirements set forth in “A” preceding, any Agent selected by NYCNCC to be a custodian shall have capital and surplus of not less than \$50,000,000.

XI. REPORTING

A. Quarterly

The Designated Officers shall prepare and deliver to the Board of Directors once for each quarter of NYCNCC’s fiscal year a report setting forth a summary of new investments made during that quarter, the inventory of existing investments and the selection of investment bankers, brokers, agents, dealers, investment advisors and auditors.

B. Annually

1. *Independent Audit* – NYCNCC’s independent accountants shall conduct an annual audit of NYCNCC’s investments for each fiscal year of NYCNCC, the results of which shall be made available to the Board of Directors at the time of its annual review and approval of this Policy.

2. *Investment Report* – Annually, the Treasurer or, if under the direction of the Treasurer, an Assistant Treasurer, shall prepare and the Board of Directors shall review and approve an Investment Report, which shall include:

- a. This Policy and amendments thereto since the last report;
- b. An explanation of this Policy and any amendments made since the last report;
- c. The independent audit report required by paragraph 1 above;
- d. The investment income record of NYCNCC for the fiscal year; and
- e. A list of fees, commissions or other charges paid to each investment banker, broker, agent, dealer and advisor rendering investment associated services to NYCNCC since the last report.

The Investment Report shall be submitted to the Mayor and the Comptroller of the City of New York and to the New York State Department of Audit and Control. Copies of the report shall also be made available to the public upon reasonable request.

XII. APPLICABILITY

Nothing contained in this Policy shall be deemed to alter, affect the validity of, modify the terms of or impair any contract or agreement for investment of the Funds, made or entered into in violation of, or without compliance with, the provisions of this Policy.

XIII. CONFLICT OF LAW

In the event that any portion of this Policy is in conflict with any State, City or Federal law, that law will prevail.

XIV. PRIOR AUTHORIZATIONS NOT SUPERSEDED

This Policy does not supersede or replace the following authorizations: (i) powers and other authorizations provided to the Chief Financial Officer and the Treasurer of NYCNCC in the By-Laws of NYCNCC and (ii) the powers and other authorizations provided in any prior resolutions adopted by NYCNCC's Board of Directors, including the banking resolutions adopted on August 6, 2014.

XV. MWBEs

NYCNCC shall seek to encourage participation by minority and women-owned business enterprises (i.e., "MWBEs") in providing financial services to NYCNCC.

Schedule II to Investment Report

RESULTS OF ANNUAL INDEPENDENT AUDIT

Attached.

**NYC NEIGHBORHOOD CAPITAL CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
110 WILLIAM STREET
NEW YORK, NY 10038**

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

DRAFT

NYC NEIGHBORHOOD CAPITAL CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)

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Independent Auditor's Report

To the Board of Directors of
NYC Neighborhood Capital Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of NYC Neighborhood Capital Corporation, a component unit of The City of New York, which comprise the statement of net position as of June 30, 2015, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 financial position of NYC Neighborhood Capital Corporation as of June 30, 2015 and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management's Discussion and Analysis

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprised the Corporation's basic financial statements. The accompanying management's discussion and analysis ("MD&A") is presented for purposes of additional analysis, to supplement financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context, and although is not a required part of the basic financial statements is required by the Governmental Accounting Standards Board. We have applied certain limited procedures to the MD&A, in accordance with auditing standards generally accepted in 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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 Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, We have also issued our report dated September 24, 2015 on our consideration of NYC Neighborhood Capital Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and the compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering NYC Neighborhood Capital Corporation's internal control over financial reporting and compliance.

Ballo & Co.

New York, NY
September 24, 2015

NYC NEIGHBORHOOD CAPITAL CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)

Management's Discussion and Analysis

The intent of providing management's discussion and analysis is to provide readers with a comprehensive overview of the NYC Neighborhood Capital Corporation's ("NYCNCC") financial condition as of June 30, 2015 and the result of its operations for the year then ended. Management has prepared the financial statements and related footnote disclosures in accordance with accounting principles generally accepted in the United States of America. This management's discussion and analysis should be used in conjunction with the audited financial statements and related footnotes of NYCNCC.

Background

NYCNCC, a component unit of The City of New York ("the City"), is a New York not-for-profit corporation that was established in July 2014. NYCNCC was formed for the purpose of serving as a qualified community development entity in federal new markets tax credit transactions. NYCNCC's mission is to serve, and to provide investment capital to, low-income persons and low-income communities within the City, thereby assisting in executing the community and economic development and job creation objectives of the City.

Financial Condition

The fiscal year ended June 30, 2015 is the first year of NYCNCC's operation. The following table summarizes NYCNCC's financial position as of June 30, 2015:

	<u>June 30, 2015</u>
Current assets	\$ 79,420
Current liabilities	<u>4,500</u>
Total unrestricted net position	<u>\$ 74,920</u>

NYC NEIGHBORHOOD CAPITAL CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)

Management's Discussion and Analysis

Operating Activities

Until NYCNCC receives federal new markets tax credit allocation authority from the Community Development Financial Institutions Fund of the U.S. Department of the Treasury ("CDFI Fund"), NYCNCC's operations will primarily be limited to applying for such authority. CDFI Fund awards federal new markets tax credit allocation authority to successful applicants on an annual basis based upon a competitive and vigorous application process.

The following table summarizes NYCNCC's operating activities for the fiscal year ended June 30, 2015:

	<u>June 30, 2015</u>
Operating revenues	\$ 125,000
Operating expenses	<u>50,102</u>
Operating income	74,898
Non-operating income	<u>22</u>
Change in net position	<u>\$ 74,920</u>

Operating revenues consist of a \$125,000 contribution made by Build NYC Resource Corporation, a not-for-profit local development corporation that is controlled by the City.

Operating expenses consist of start-up-costs, comprised mostly of consulting fees paid to United Fund Advisors, LLC, a financial services company that provides consulting services to new markets tax credit transaction participants, for services related to applying to CDFI Fund for federal new markets tax credit allocation authority.

NYC NEIGHBORHOOD CAPITAL CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)

STATEMENT OF NET POSITION
AS OF JUNE 30, 2015

	<u>Amount</u>
ASSETS	
Current assets	
Cash and cash equivalents (Note 3)	\$ <u>79,420</u>
Total Assets	\$ <u>79,420</u>
LIABILITIES	
Current liabilities	
Accounts payable and accrued expenses	\$ <u>4,500</u>
Total Liabilities	4,500
NET POSITION	
Unrestricted (Note 7)	<u>74,920</u>
Total Net Position	<u>74,920</u>
Total Liabilities and Net Position	\$ <u>79,420</u>

See Notes to Financial Statements

NYC NEIGHBORHOOD CAPITAL CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	Amount
Operating revenue	
Contribution from Build NYC Resource Corporation	\$ 125,000
Total operating revenue	125,000
Operating expenses	
Consulting fees	45,000
Other expenses	5,102
Total operating expenses	50,102
Operating income	74,898
Non-operating revenues (expenses)	
Interest income	22
Non-operating revenue	22
Change in net position	74,920
Net position, beginning of the year	-
Unrestricted net position, end of the year	\$ 74,920

See Notes to Financial Statements

NYC NEIGHBORHOOD CAPITAL CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	Amount
Cash flows from operating activities:	
Contribution received from Build NYC Resource Corporation	\$ 125,000
Consultant expense paid	(45,000)
Miscellaneous expenses paid	(602)
Net cash provided by operating activities	79,398
Cash flows from investing activities	
Interest income	22
Net cash provided by investing activities	22
Net increase in cash and cash equivalents	79,420
Cash and cash equivalents at the beginning of the year	-
Cash and cash equivalents at the end of the year	\$ 79,420
Reconciliation of net operating income to net cash provided by operating activities:	
Operating income	\$ 74,898
Adjustments to reconcile net operating income to net cash provided by operating activities:	
Increase in accounts payable and accrued expenses	4,500
Net cash provided by operating activities	\$ 79,398

See Notes to Financial Statements

NYC NEIGHBORHOOD CAPITAL CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

1. Organization and Nature of Business

The NYC Neighborhood Capital Corporation (“NYCNCC”) is a not-for-profit corporation incorporated in July 2014 under Section 402 of the Not-for-Profit Corporation Law of the State of New York for the following purposes: a) to make qualified low income community investments in the service area of the City of New York (“the City”), b) to operate as a qualified Community Development Entity (“CDE”) under the federal new markets tax credit program, c) to form and manage subsidiary limited liability companies which are certified as CDE’s to receive equity contributions which will be utilized primarily to make qualified low-income community investments and d) to engage in all activities consistent with the business of NYCNCC.

NYCNCC qualifies to meet the criteria established by the Governmental Accounting Standards Board (“GASB”) Statement No. 14 (“GASB No.14”) and is classified as a component unit (“CU”) of the City. CU’s are separate entities, which are incorporated into the City’s financial statements for reporting purposes.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared using the economic resource measurement focus and accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by Governmental Accounting Standards Board (GASB), Financial Accounting Standards Board (“FASB”) Statements and Interpretations and Accounting Principles Board Opinions, unless those pronouncements conflict with or contradict GASB pronouncements.

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. NYCNCC has determined that it functions as an enterprise fund as defined by GASB. The significant GASB standards followed by NYCNCC are described as follows:

NYC NEIGHBORHOOD CAPITAL CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

2. Summary of Significant Accounting Policies (Continued)

GASB Statement No. 34, Financial Statements and Management's Discussion and Analysis for State and Local Governments ("GASB No. 34"): This statement establishes relevant financial reporting requirements. It defines management's discussion and analysis, basic financial statements and required supplementary information ("RSI").

GASB Statement No. 37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus (GASB No. 37"). This statement is implemented simultaneously with GASB No. 34.

GASB Statement No. 38, Certain Financial Statement Note Disclosures ("GASB No. 38"): This statement is implemented simultaneously with GASB No. 34.

NYCNCC's policy for operating activities in the statement of revenues, expenses and changes in net position are those that generally result from exchange transactions such as contribution and fees. Certain other transactions are reported as non-operating activities in accordance with GASB Statement No. 35. These non-operating activities include interest income.

3. Cash and Cash Equivalents

At year end, NYCNCC's bank balance was \$79,420, deposited in JP Morgan Chase Bank, which was fully covered by the Federal Depository Insurance Corporation ("FDIC"). FDIC provides deposit insurance up to \$250,000.

4. Lease Commitments

NYCNCC occupies office space located at 110 William Street, New York, NY 10038, which is leased by the New York City Economic Development Corporation ("NYCEDC"). No in-kind values have been recognized in the financial statements.

5. Related Party Transaction

There are no related party transactions between NYCEDC and NYCNCC during this fiscal year. NYCNCC received administrative, financial, legal, and other services from NYCEDC free of charge with no in-kind value recognized in the financial statements.

NYC NEIGHBORHOOD CAPITAL CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

6. Subsequent Events Evaluation by Management

Management evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected in the financial statements. Such evaluation is performed through the date the financial statements were available to be issued, which was September 30, 2015 for these financial statements.

7. Unrestricted Net Position

GASB No. 34 requires that resources be classified for accounting purposes into the following net position categories: (a) Invested in capital assets, (b) Restricted Non-expendable, (c) Restricted Expendable and (d) Unrestricted. NYCNCC's net position is classified as unrestricted.

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

Independent Auditor's Report

Board of Directors of
NYC Neighborhood Capital Corporation:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the Standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of NYC Neighborhood Capital Corporation, a component unit of The City of New York, which comprise the statement of net position as of June 30, 2015 and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 24, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Ballo & Co.

New York, NY
September 24, 2015

Exhibit C

**NYC NEIGHBORHOOD CAPITAL CORPORATION
PERFORMANCE MEASUREMENTS REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

List of Performance Measurements (as adopted by the Board on May 27, 2015)

- Number of total jobs in connection with projects (current fiscal year and previous fiscal year)
- Amount of private investment leveraged (current fiscal year and previous fiscal year)

Performance Measurements Report

Because NYC Neighborhood Capital Corporation (the “Corporation”) did not receive an allocation of authority for federal new markets tax credits in the fiscal year ended June 30, 2015, the Corporation did not engage in any projects and there were no jobs or private investment to report.

Exhibit D

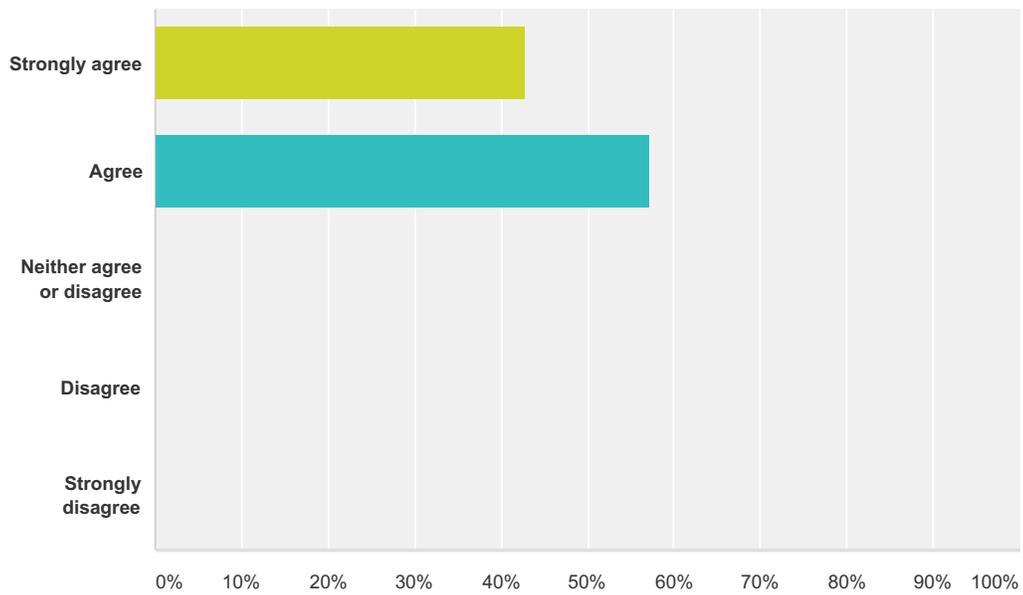
FY2015 Board Self-Evaluation Survey Results

Attached.

NYCNCC staff prepared a self-evaluation survey for its Board of Directors. The survey was distributed electronically to NYCNCC board members on Tuesday, July 27, 2015. As of September 8, 2015, 70% of the NYCNCC board members (7 out of 10) responded to the survey. Following this page are the results of the survey.

Q1 Board members have a shared understanding of the mission and purpose of NYC Neighborhood Capital Corporation (NYCNCC).

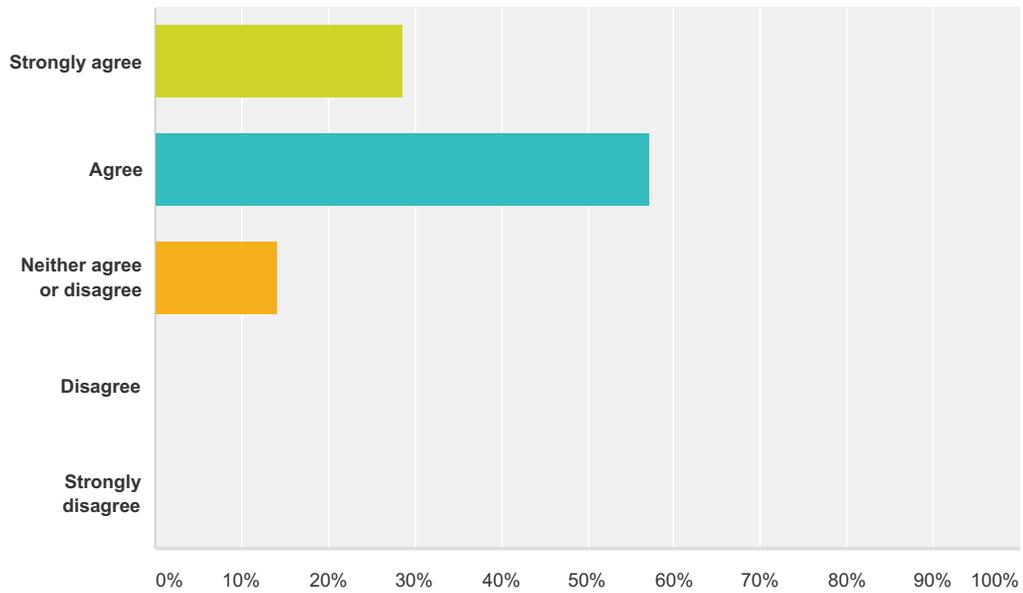
Answered: 7 Skipped: 0



Answer Choices	Responses	Count
Strongly agree	42.86%	3
Agree	57.14%	4
Neither agree or disagree	0.00%	0
Disagree	0.00%	0
Strongly disagree	0.00%	0
Total		7

Q2 The policies, practices and decisions of the Board are always consistent with this mission.

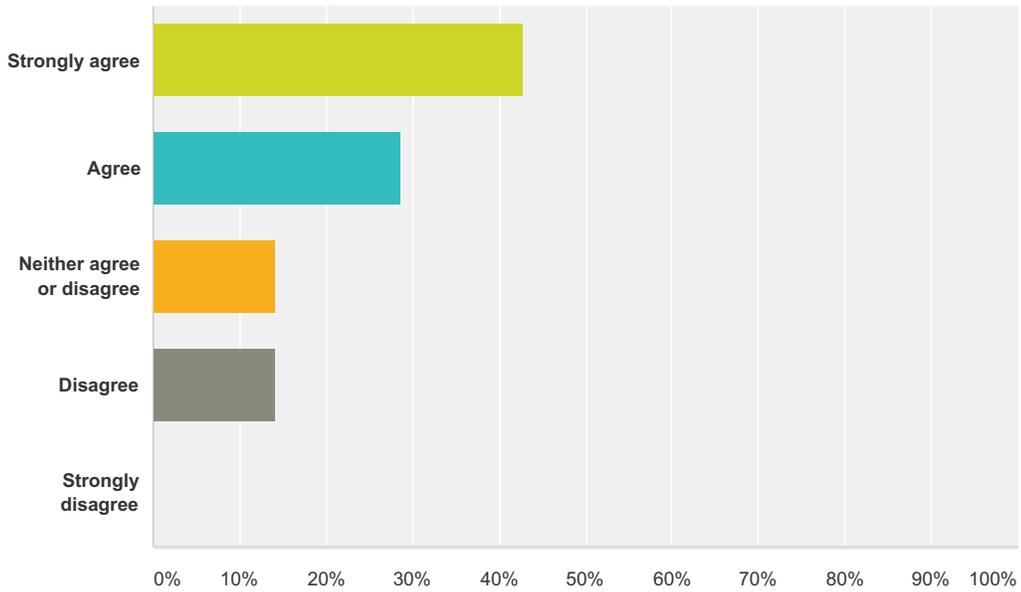
Answered: 7 Skipped: 0



Answer Choices	Responses
Strongly agree	28.57% 2
Agree	57.14% 4
Neither agree or disagree	14.29% 1
Disagree	0.00% 0
Strongly disagree	0.00% 0
Total	7

Q3 Board members comprehend their role and fiduciary responsibilities and hold themselves and each other to these principles.

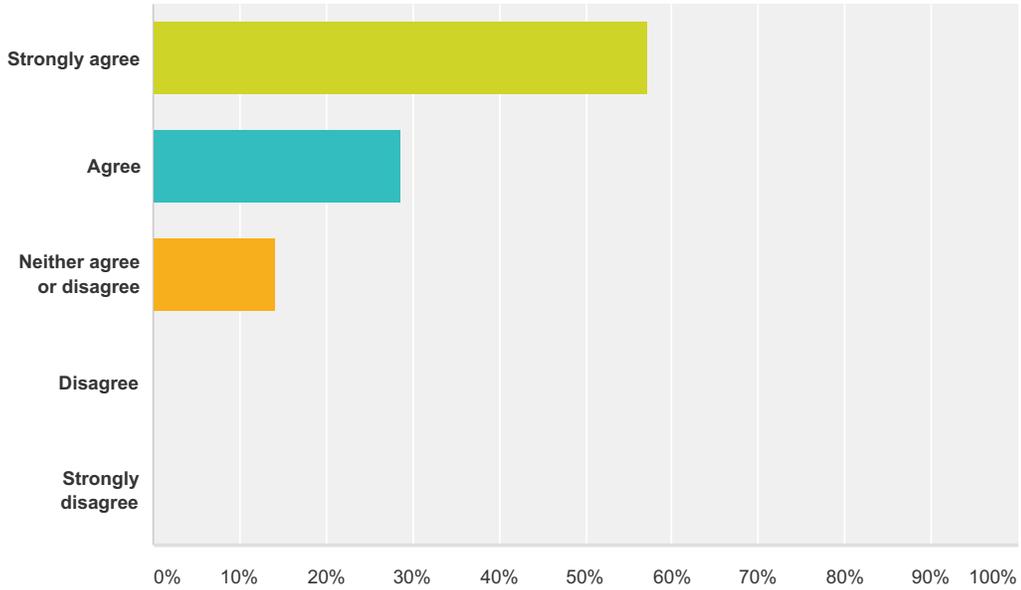
Answered: 7 Skipped: 0



Answer Choices	Responses
Strongly agree	42.86% 3
Agree	28.57% 2
Neither agree or disagree	14.29% 1
Disagree	14.29% 1
Strongly disagree	0.00% 0
Total	7

Q4 The Board has adopted policies, by-laws and practices for the effective governance, management and operations of NYCNCB and reviews these annually.

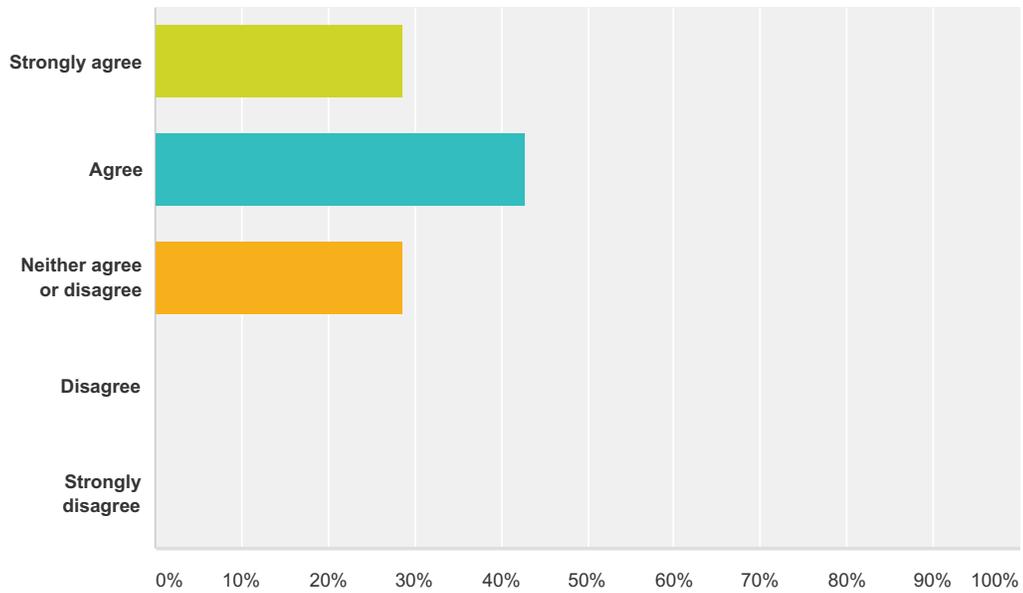
Answered: 7 Skipped: 0



Answer Choices	Responses	Count
Strongly agree	57.14%	4
Agree	28.57%	2
Neither agree or disagree	14.29%	1
Disagree	0.00%	0
Strongly disagree	0.00%	0
Total		7

Q5 The Board sets clear and measurable performance goals for NYCNCC that contribute to accomplishing its mission.

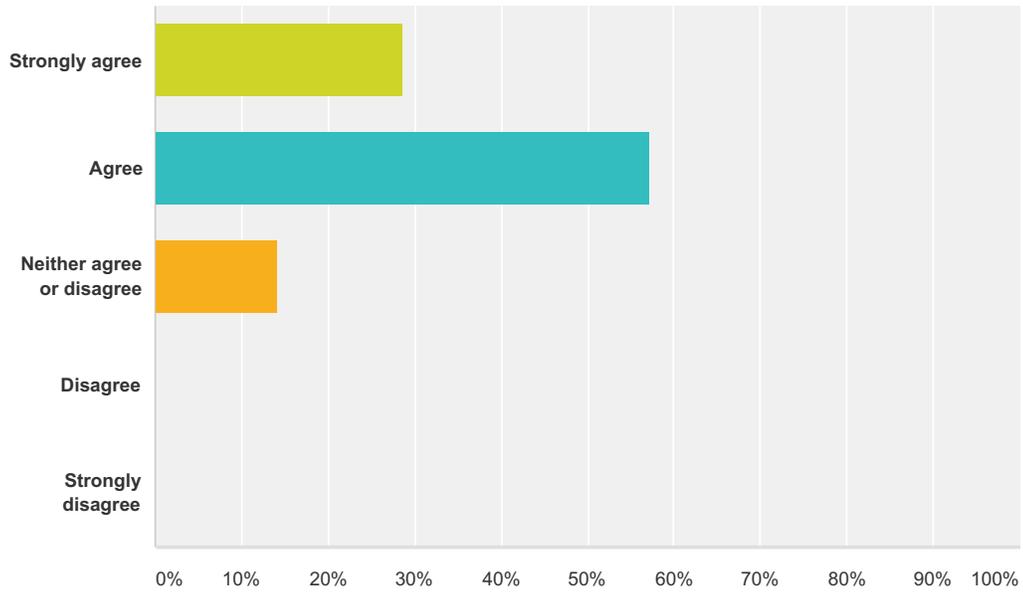
Answered: 7 Skipped: 0



Answer Choices	Responses
Strongly agree	28.57% 2
Agree	42.86% 3
Neither agree or disagree	28.57% 2
Disagree	0.00% 0
Strongly disagree	0.00% 0
Total	7

Q6 The decisions made by Board members are arrived at through independent judgement and deliberation, free of political influence, pressure or self-interest.

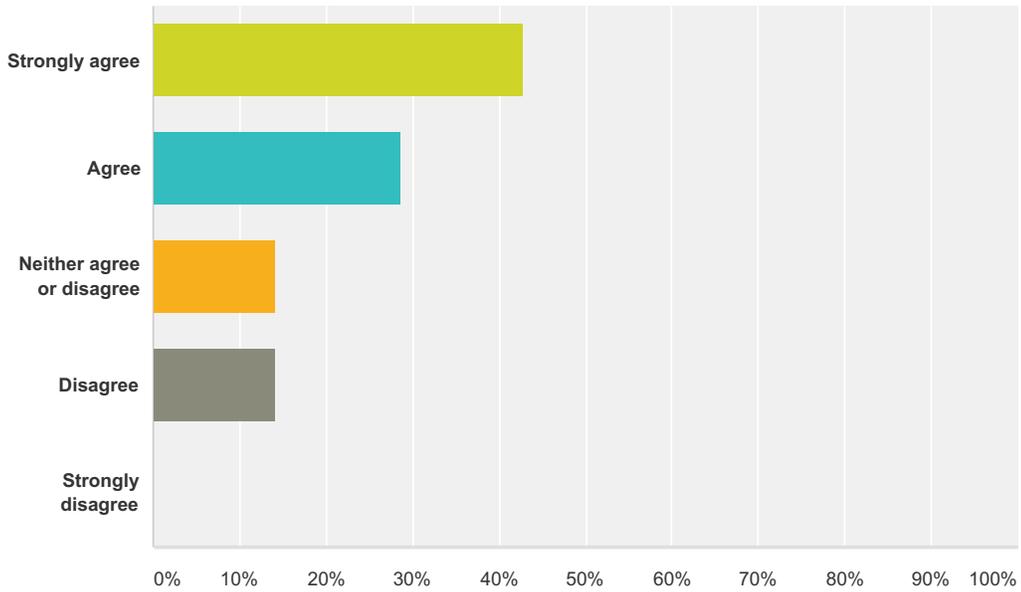
Answered: 7 Skipped: 0



Answer Choices	Responses
Strongly agree	28.57% 2
Agree	57.14% 4
Neither agree or disagree	14.29% 1
Disagree	0.00% 0
Strongly disagree	0.00% 0
Total	7

Q7 Individual Board members communicate effectively with executive staff so as to be well informed on the status of all important issues.

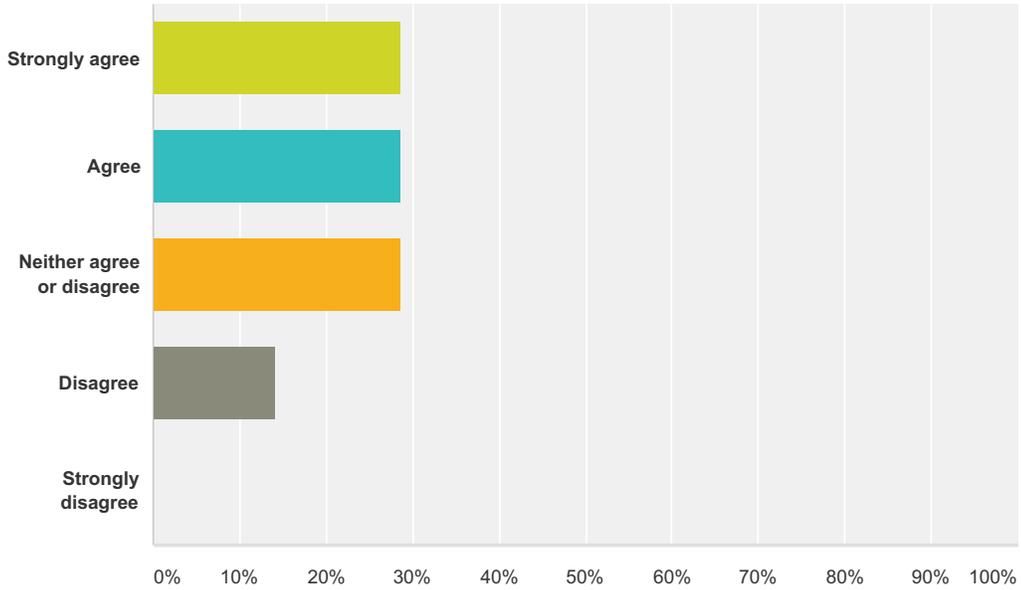
Answered: 7 Skipped: 0



Answer Choices	Responses	Count
Strongly agree	42.86%	3
Agree	28.57%	2
Neither agree or disagree	14.29%	1
Disagree	14.29%	1
Strongly disagree	0.00%	0
Total		7

Q8 Board members are knowledgeable about NYCNCC's programs, financial statements, reporting requirements, and other transactions.

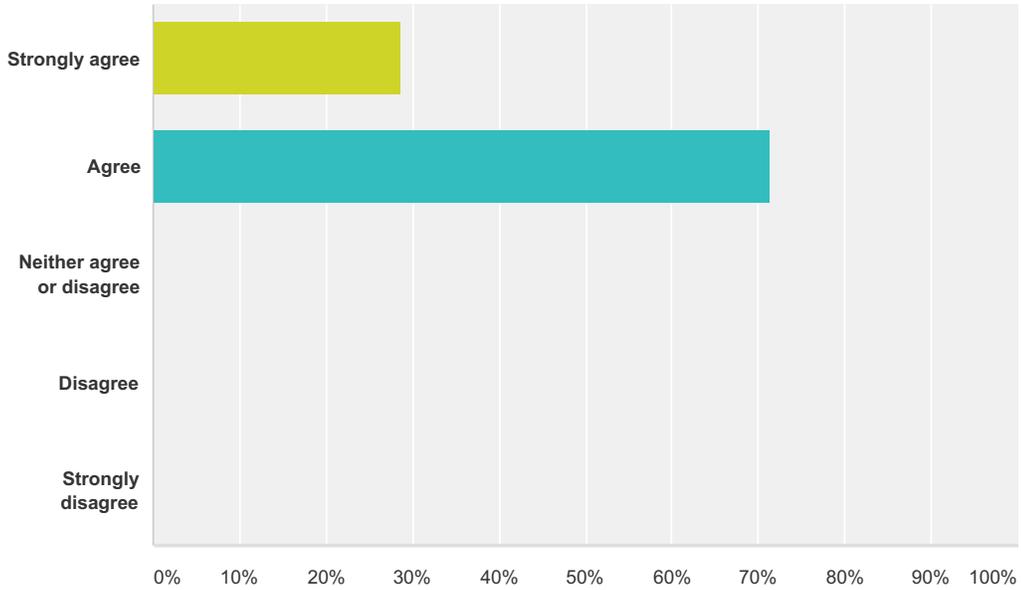
Answered: 7 Skipped: 0



Answer Choices	Responses
Strongly agree	28.57% 2
Agree	28.57% 2
Neither agree or disagree	28.57% 2
Disagree	14.29% 1
Strongly disagree	0.00% 0
Total	7

Q9 The Board knows the statutory obligations of NYCNCC and if NYCNCC is in compliance with state law.

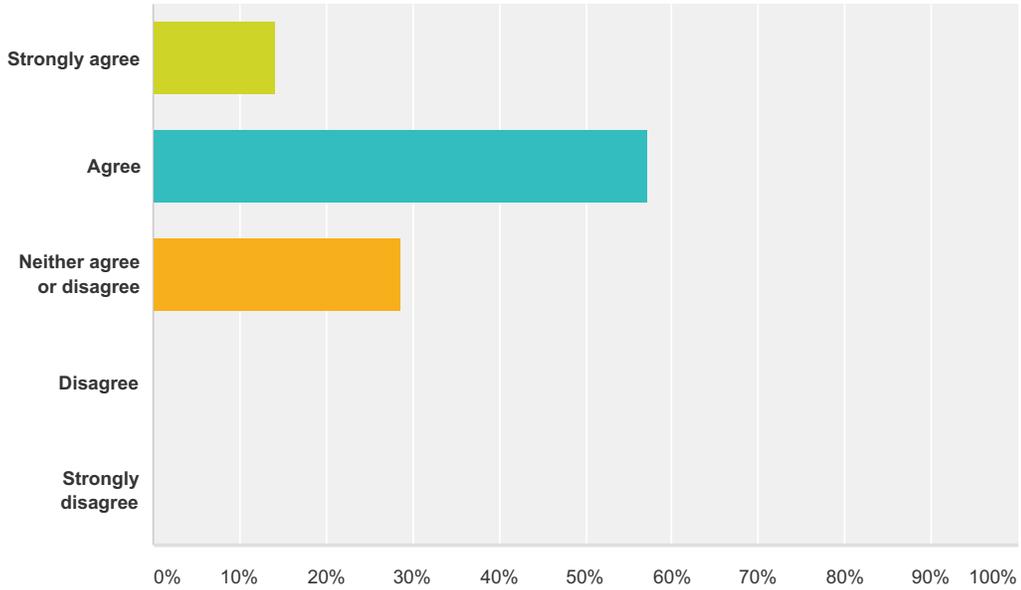
Answered: 7 Skipped: 0



Answer Choices	Responses	
Strongly agree	28.57%	2
Agree	71.43%	5
Neither agree or disagree	0.00%	0
Disagree	0.00%	0
Strongly disagree	0.00%	0
Total		7

Q10 Board and committee meetings facilitate open, deliberate and thorough discussion, and the active participation of members.

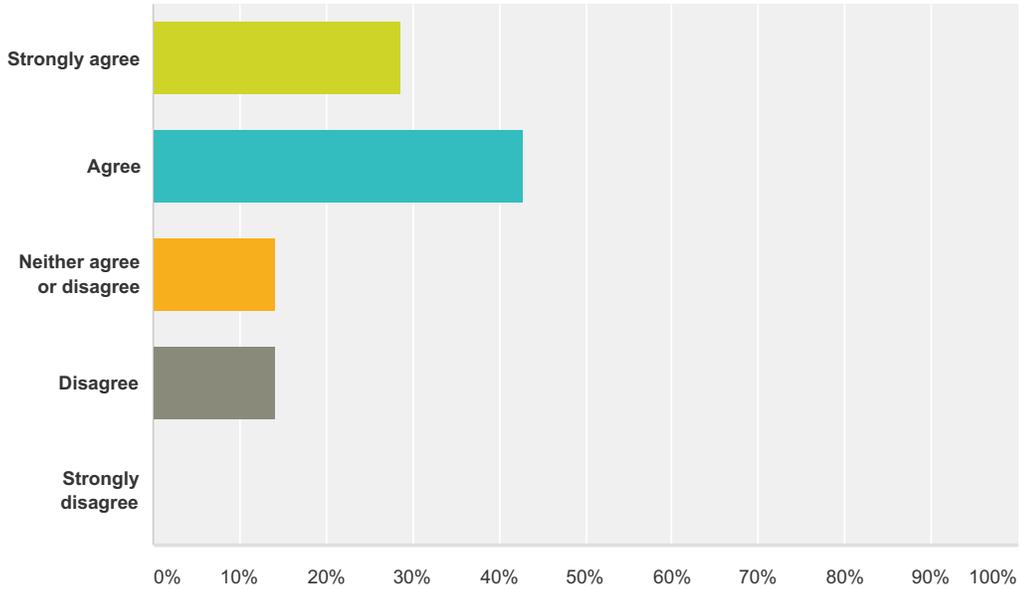
Answered: 7 Skipped: 0



Answer Choices	Responses	Count
Strongly agree	14.29%	1
Agree	57.14%	4
Neither agree or disagree	28.57%	2
Disagree	0.00%	0
Strongly disagree	0.00%	0
Total		7

Q11 Board members have sufficient opportunity to research, discuss, question and prepare before decisions are made and votes taken.

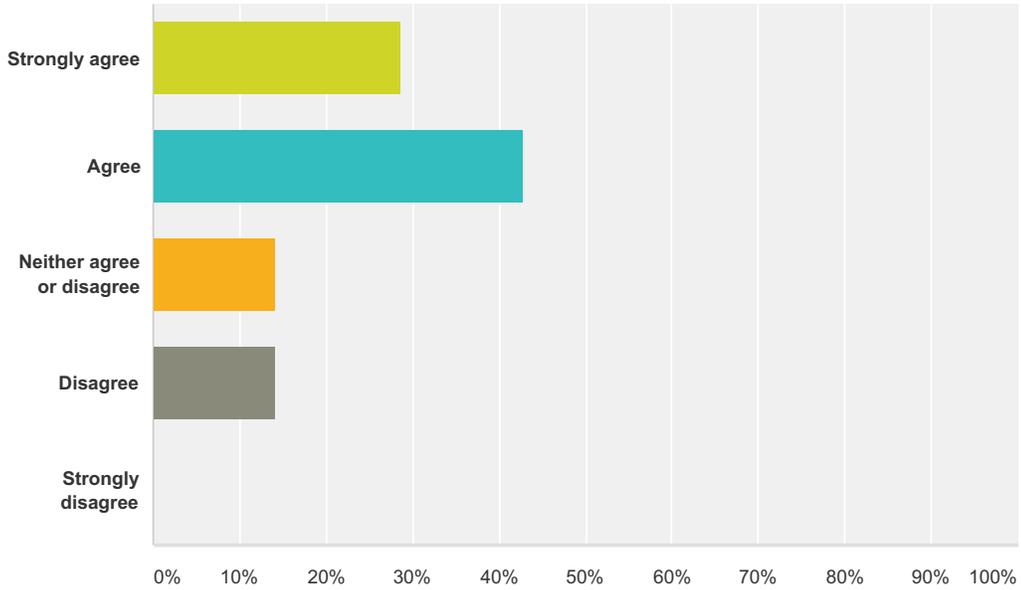
Answered: 7 Skipped: 0



Answer Choices	Responses
Strongly agree	28.57% 2
Agree	42.86% 3
Neither agree or disagree	14.29% 1
Disagree	14.29% 1
Strongly disagree	0.00% 0
Total	7

Q12 Individual Board members feel empowered to delay votes, defer agenda items, or table actions if they feel additional information or discussion is required.

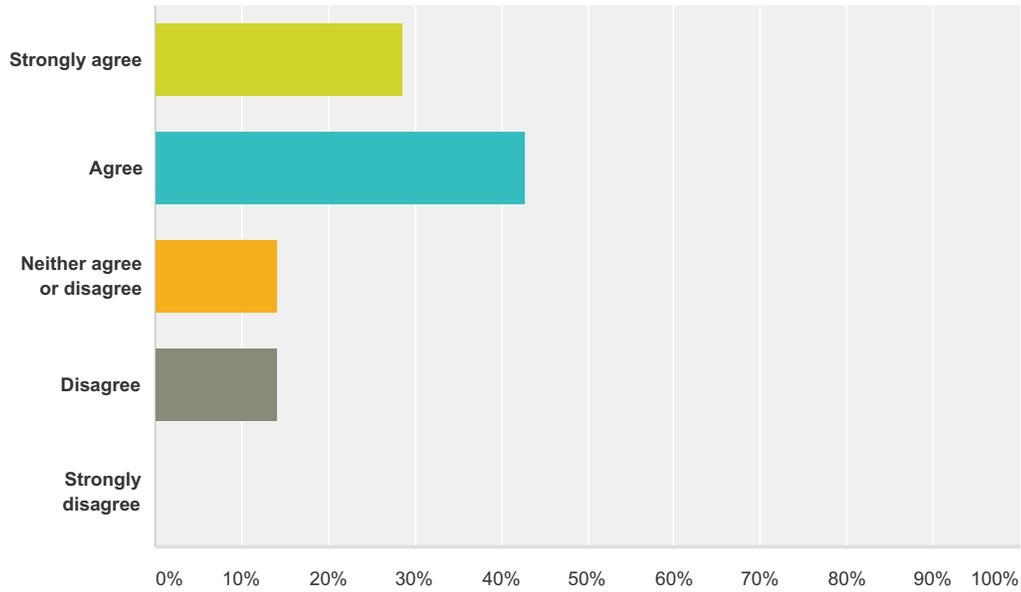
Answered: 7 Skipped: 0



Answer Choices	Responses
Strongly agree	28.57% 2
Agree	42.86% 3
Neither agree or disagree	14.29% 1
Disagree	14.29% 1
Strongly disagree	0.00% 0
Total	7

Q13 The Board exercises appropriate oversight of the CEO and other executive staff, including setting performance expectations and reviewing performance annually.

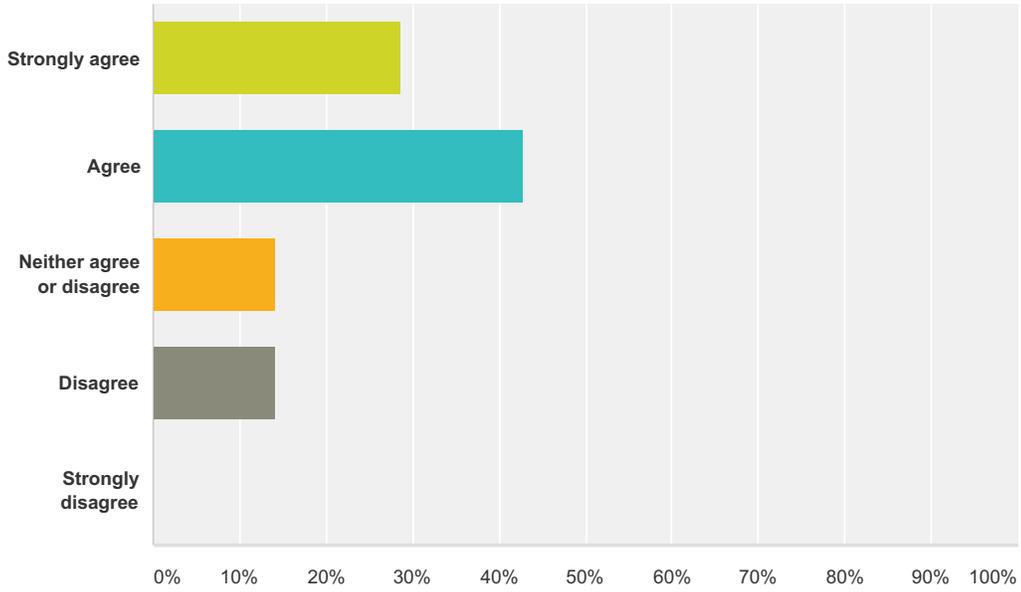
Answered: 7 Skipped: 0



Answer Choices	Responses
Strongly agree	28.57% 2
Agree	42.86% 3
Neither agree or disagree	14.29% 1
Disagree	14.29% 1
Strongly disagree	0.00% 0
Total	7

Q14 The Board has identified the areas of most risk to NYCNCC and works with management to implement risk mitigation strategies before problems occur.

Answered: 7 Skipped: 0



Answer Choices	Responses
Strongly agree	28.57% 2
Agree	42.86% 3
Neither agree or disagree	14.29% 1
Disagree	14.29% 1
Strongly disagree	0.00% 0
Total	7

Exhibit E

FY2015 NPCL Annual Report

Attached.

**Annual Report of the Board of Directors
of NYC Neighborhood Capital Corporation ("NYCNCC")
for the Fiscal Year Ended June 30, 2015**

TO: The Members of NYCNCC

The Board of Directors of NYCNCC respectfully submits for your information the following report relating to NYCNCC for the twelve-month fiscal period ended June 30, 2015:

1. Attached hereto are the audited financial statements of NYCNCC for the fiscal year ended June 30, 2015, which has been certified by, and includes an audit report from, Ballo & Co., Certified Public Accountants. Such attachments show in appropriate detail the financial information required to be provided to the Members of NYCNCC pursuant to Section 519 of the Not-for-Profit Corporation Law of the State of New York.
2. The number of Members of NYCNCC as of September 29, 2015 is ten.
3. The number of Members of NYCNCC was zero as of July 28, 2014 (the date of formation), eleven as of August 6, 2014 (the date that the By-Laws of NYCNCC were adopted) and ten as of June 30, 2015 (the last day of the fiscal year).
4. The names and addresses of the current Members of NYCNCC may be found in the minute book of NYCNCC, which is kept at 110 William Street, 6th Floor, New York, New York 10038.

Dated September 29, 2015
New York, New York



Jeffrey Lee, Executive Director



Spencer Hobson, Treasurer