

NationalTM
Equity^{INC}
Fund 
an affiliate of LISC

2013
ANNUAL
REPORT

National Equity Fund, Inc.
120 S. Riverside Plaza
15th Floor
Chicago, IL 60606
Tel: (312) 360-0400

PRESIDENT'S ADDRESS



Year in Review from our President and CEO

NEF invested \$502 million of equity that created more than 3,500 affordable rental residences, creating 4,311 new jobs.

JOSEPH S. HAGAN
PRESIDENT & CEO

PROPERTIES



For more than 25 years, National Equity Fund, Inc. has played an integral role in creating affordable housing options, revitalizing communities and strengthening local economies.

Completed in 2013

Avalon Apartments	Los Angeles, CA
Beacon Place	Council Bluffs, IA
Bellevue Apartments	Bellevue, WA
Blackstone Valley Gateway II	Pawtucket, RI
Bud Bailey Apartments	Salt Lake City, UT
Charleston Replacement Housing 8	Charleston, WV
Citrus Circle	Corona, CA
Clifton Square Apartments	Indianapolis, IN
Creston Avenue Preservation	Bronx, NY
Crotona Park Residences	Bronx, NY
Day Street Apartments	Tujunga, CA
Delaware County Fairgrounds IV	Chester Township, PA
Downtown Terrace	Petersburg, IN
Elsie Mason Manor	Des Moines, IA
Englewood Lofts	Indianapolis, IN
Hayward Senior II	Hayward, CA
HELP Philadelphia IV	Philadelphia, PA
Impact Milwaukee	Milwaukee, WI
Kilpatrick Renaissance	Chicago, IL
Lace Factory Apartments	Kingston, NY
Lee Hill Apartments	Boulder, CO
Lincoln Park Lofts	Lincoln Park, MI
Lloyd House	Menominee, MI
Manor at Hancock Park	Lampasas, TX
Mija Town Homes	Los Angeles, CA
Moonlight Villas	Pacoima, CA
New Pershing Apartments	Los Angeles, CA
Nobles Square Apartments	Worthington, MN
NY & Mellon & Fendall	Washington, DC
Oakland Terrace	Jacksonville, FL
Odyssey Apartments	Denver, CO
Olmsted III	Dorchester, MA
Orange Tree Apartments	Oroville, CA
Parkway Vista Senior Community	Gardnerville, NV
Plymouth Place	Des Moines, IA
Prairie Village of LaPorte City	La Porte City, IA
Rieger Place	Sandusky, OH
Rolling Hills Apartments	Saint Paul, MN
Round Walk Village	Petaluma, CA
Samuel Tabas Apartments	Philadelphia, PA
Schomburg Place	New York, NY
Sequoia Apartments	Van Nuys, CA
South Shore Commons	Gary, IN
St. Alban's Park II	Saint Paul, MN
The Flagship Building	Des Moines, IA
The Four Sisters	Providence, RI
Three Rivers Village	Richland, WA
Town Hall Apartments	Chicago, IL
Uptown Lofts on Fifth	Pittsburgh, PA
Veterans New Beginnings	Chicago, IL
Wales Avenue Residence	Bronx, NY
Walla Walla Family Housing II	Walla Walla, WA
West 132nd Street	New York, NY

FINANCIALS



2013 Balance Sheet

National Equity Fund, Inc. and Subsidiaries

Special Purpose Consolidated Statements of Activities and Changes in Net Assets
Years Ended December 31, 2013 and 2012

	2013	2012
Assets		
Cash and Cash Equivalents	\$42,478,750	\$41,448,600
Restricted Cash Escrow	544,188	538,496
Notes and Other Receivables, Net	1,219,814	8,131,465
Notes and Other Receivables from Affiliates, Net	9,502,503	9,527,417
Due from Funds, Net	5,263,358	3,224,597
Temporary Investments in Project Partnerships, Net	43,601,753	53,050,292
Other Assets	1,186,786	1,423,909
Furniture, Equipment, Leasehold Improvements and Software	2,847,656	2,807,984
Less: Accumulated Depreciation and Amortization	<u>(2,655,628)</u>	<u>(2,375,266)</u>
Total Assets	<u>\$103,989,180</u>	<u>\$117,777,494</u>
Liabilities and Net Assets		
Accounts Payable and Accrued Expenses	\$4,798,719	\$6,900,176
Due to Affiliates	135,293	415,177
Service Fee Payable	1,375,000	1,400,000
Grant Payable to Parent	500,000	-
Note Payable	346,666	3,626,745
Capital Contributions Due to Temporary Investments in Project Partnerships	37,315,493	44,945,046
Deferred Revenue	<u>3,491,398</u>	<u>6,760,382</u>
Total Liabilities	47,962,569	64,047,526
Commitments and Contingencies		
Total Net Assets - Unrestricted	55,482,423	53,191,472
Total Net Assets - Temporarily Restricted	<u>544,188</u>	<u>538,496</u>
Total Net Assets	<u>56,026,611</u>	<u>53,729,968</u>
Total Liabilities and Net Assets	<u>\$103,989,180</u>	<u>\$117,777,494</u>

These financial statements account for NEF, Inc.'s general partner and managing member interests in limited partnerships and limited liability companies using the equity method of accounting rather than the consolidation method as required by Generally Accepted Accounting Principles (GAAP). In addition, the recording of pass-through income or losses from investments in limited partnerships or limited liability companies and their investees in which NEF has general partnership or managing member interests is limited to NEF's percentage interest in the limited partnerships or limited liability companies and their investees.

GAAP financial statements are available by contacting Alex Denja, CFO at adenja@nefinc.org.

FINANCIALS

2013 Income Statement

National Equity Fund, Inc. and Subsidiaries

Special Purpose Consolidated Statements of Activities and Changes in Net Assets
Years Ended December 31, 2013 and 2012

Revenues	2013	2012
Syndication Fee Income	\$21,057,259	\$26,448,521
Asset Management Fee Income	14,488,934	13,832,553
Interest Income	271,201	398,949
New Markets Support Company Cost Reimbursement	3,082,008	2,746,467
Miscellaneous Income	1,013,310	1,603,710
Total Revenues	39,912,712	45,030,200
Expenses		
Personnel	21,795,673	22,890,319
Professional Services	2,945,459	2,649,478
Office and Administrative	6,202,869	6,258,890
Legal	970,817	1,505,475
Service Fees	1,650,000	1,940,000
Sponsor Grants	332,710	115,000
Provision for Loss on Receivables	592,200	484,398
Provision for Loss on Investments in Project Partnerships	-	377,654
Other	284,861	79,876
Depreciation and Amortization	341,480	397,255
Total Expenses	35,116,069	36,698,345
Change in Net Assets Before Grant to Parent	4,796,643	8,331,855
Grant to Parent (Note 8)	2,500,000	4,600,000
Change in Net Assets	2,296,643	3,731,855
Net Assets – Unrestricted, December 31, 2012 and 2011	53,191,472	49,681,005
Net Assets – Restricted, December 31, 2012 and 2011	538,496	317,108
Net Assets, December 31, 2013 and 2012	\$56,026,611	\$53,729,968

See accompanying notes to the special purpose consolidated financial statements.

NEF BOARD OF DIRECTORS



Larry Dale
Chairman



Michael Rubinger
Vice Chairman

Our Board

Larry Dale,
Chairman
Retired

Michael Rubinger,
Vice Chairman
President and CEO
Local Initiatives Support Corporation

Zachary Boyers
Chairman and CEO
US Bancorp Community
Development Corp.

Andrew Ditton
Managing Director
Citi Community Capital

Helen Dunlap
President
Independent Housing
Consultant

Eldridge Edgcombe
Retired SVP
Federal Home Loan Bank
of Chicago

Printice Gary
Managing Partner
Carleton Residential
Properties

Joseph Hagan
President and CEO
National Equity Fund, Inc.

John Lindell
Retired Partner
KPMG LLP

Mike Mantle
Senior Advisor
Morgan Stanley

Michael May
Independent Consultant &
Chairman at Large
Gold Multi-Family Council ULI

John Mealey
Executive Director
Coachella Valley Housing
Coalition

Herbert Morse
Retired

Elizabeth Pugh
Retired EVP and CFO
Local Initiatives Support
Corporation

Edward Sigler
SVP
Chase Community
Development Real Estate

Sindy Spivak
SVP
Bank of America

INVESTORS & SPONSORS



OUR PARTNERS

Extraordinary things
happen when you have
great partners

2013 Investors

Bank of America	JP Morgan Chase
Bank of New York Mellon	KeyBank
Bank of the West	Morgan Stanley
BMO Harris Bank	Met Life
Boston Private Bank & Trust Company	Opus Bank
Capital One	RBS Citizens
Cashmere Valley Bank	Silicon Valley Bank
City National Bank	SunTrust Bank
Columbia State Bank	TD Bank
Comerica Bank	US Bank
Exchange Bank	Washington Federal
Fifth Third Bank	Wells Fargo Bank
Goldman Sachs	

2013 Sponsors

A Community of Friends	New Pisgah Missionary Baptist Church
Abbey Road, Inc.	Newbury Development Co.
Ability Housing of Northeast Florida, Inc.	OMNI Development Corporation
ACTION-Housing, Inc.	Pawtucket Citizens Development Corporation
Alan Ives Construction	Pennrose Properties, Inc.
Black & White Investments, LLC	Petaluma Ecumenical Properties
Boulder Housing Partners	Phoenix Family Housing
Buckeye Community Hope Foundation	Pike County Progress Partners, Inc.
Burbank Housing Development Corporation	Plymouth Place, LLC
C & C Construction Services, Inc.	Prestwick Development Company
Carmel Senior Housing, Inc.	Promesa HDFC
Eden Housing, Inc.	Renaissance Realty Group, Inc.
Edgewater Systems for Balanced Living	Rural Ulster Preservation Company
Englewood Development Company, Inc.	Skid Row Housing Trust
Federation Housing, Inc.	SOME (So Others Might Eat)
Flaherty & Collins	Southwest Minnesota Housing Partnership
Heartland Housing, Inc.	The Alexander Company, Inc.
HELP USA	The Empowerment Program, Inc.
Housing Authority of the County of Salt Lake	The Low Income Housing Institute
Impact Seven, Inc.	Twin Cities Housing Development Corporation
L.A. Family Housing	UP Development
Leela Enterprises, Inc.	Volunteers of America-Greater New York
Lena Park CDC	Walla Walla Housing Authority
Little Tokyo Service Center CDC	Wayne-Metropolitan Community Action Agency
Lutheran Social Services of Minnesota	West Harlem Group Assistance, Inc.
N.Y. Residential Property Works, Inc.	Woda Development of Ohio, LLC
NeighborWorks Omaha	Workforce Housing Advisors
New Beginnings Housing, LLC	