



ANNUAL REPORT

Extraordinary things happen
when you have great partners,
and **2015** was a remarkable year.



I am pleased to report that 2015 was a big year for National Equity Fund. We closed on \$970 million for a total of 106 projects. That's a significant increase from 2014's \$663 million and 76 projects.

We found a smarter way to work through the organizational changes that we made within our originations and project management teams as well as underwriting. And our focus on smaller funds has yielded the outcome we had expected and planned for, closing numerous small funds instead of concentrating on just a few large ones.

Numbers we thought might be out of reach a couple of years ago were achieved because of the efforts of the entire NEF team. We worked hard, supported each other and exceeded the goal that had been set. And because of that we are a force in the industry. Like we publicize, our people have a reputation for innovation and know-how and we work in the affordable housing industry because we are committed to providing opportunities where people have access to safe sustainable housing.

That commitment resulted in 9,082 more homes for individuals and families, seniors and people with disabilities, youth transitioning out of foster care and farm workers to name just some of the people who are now living and thriving because of our efforts. Our Bring them HOMES initiative, which was created in 2012 to provide veterans with supportive housing climbed to 3,954 in 2015.

The first few months of 2016 have been encouraging and we are confident that we can maintain our momentum in creating another extraordinary year.

Joseph Hagan
President and CEO



BOARD OF DIRECTORS

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Retired Managing Director
Citigroup

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National Equity Fund, Inc.
Chicago, IL

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KPMG, LLP

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Cantor Commercial Real Estate
New York, NY

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Rochester, NY

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U.S. Bancorp Community Development Corporation
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President & CEO
Local Initiatives Support Corporation
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Independent Housing Consultant
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President and CEO
Mercy Housing
Denver, CO

Michael Hearne
CFO
Local Initiatives Support Corporation
New York, NY

Mike Mantle
Senior Advisor
Morgan Stanley
New York, NY

Patrick Nash
Retired Managing Director
JPMorgan Capital Corporation

Sindy Spivak
Senior Vice President
Bank of America
Los Angeles, CA

2015 DEVELOPER PARTNERS

3d Development Group, LLC
A Safe Haven
Abilene Housing Authority
ADVOCAP, Inc.
AHDVS
Ansonia Properties, LLC
Avalon Housing, Inc.
Avenue Community Development Corporation
Beacon Interfaith Housing Collaborative
Belmont Arthur Avenue Local Development Corporation
Belmont Housing Resources for WNY
Buckeye Community Hope Foundation
C&C Development Company, LLC
Carleton Residential Properties
Carlson Construction, Inc.
Catholic Charities Housing Services
Central City Concern
Cesar Chavez Foundation
Christian Church Homes
Churchill Residential, Inc.
Coachella Valley Housing Coalition
Coalition On Temporary Shelter
Colliers International
CommonBond Communities
Communities First, Inc.
Compass Housing Alliance
Connor Management & Real Estate, LLC
CT Development
Cypress Hills Local Development Corporation
Daveri Development Group, LLC
Desert Ridge Investments
DeWitt Churches United
DMA Development Company, LLC
Domus Corporation
JGV | Inc.
Kilday Operating, LLC
L+M Development Partners, Inc.
La Frontera Partners, Inc.
Lakeview Health Services, Inc.
Lightengale Group
Low Income Housing Institute
Macoupin County Housing Authority
MBD Community Housing Corp.
Mercy Housing Lakefront
MidPen Housing Corporation
Multi-Service Center
Mutual Housing Association of Greater Hartford, Inc.
National Preservation Housing Partners
Native American Connections, Inc.
New Beginnings Housing, LLC
Newbury Management Company
Norstar Development USA, L.P.
Office of Rural and Farmworker Housing
Omni Development Corporation
Pacific Crest Affordable Housing
Peabody Properties, Inc.
Phoenix East Revitalization Corporation
POKO Partners, LLC
Pratt Area Community Council
Satellite Affordable Housing Associates
Scott Canel & Associates
SKA Marin
Skid Row Housing Trust
So Others Might Eat
Southern Nevada Regional Housing Authority
Southern Tier Environments for Living, Inc.
Southwest Minnesota Housing Partnership
St. Nicks Alliance

Dwelling Place of Grand Rapids, Inc.
Englewood CDC
Express Development, Inc.
Flaherty & Collins Properties
Full Circle Communities, Inc.
Garrett County Community Action Committee, Inc.
Genesis Companies, LLC
Geneva Housing Authority
Gorman & Company, Inc.
Guardian Real Estate Services
Helping Hands Housing Services, Inc.
HIP Housing, Inc.
Housing Authority of Cook County
Housing Authority of the City of McKinney
Impact Seven, Inc.
Inner City Christian Federation

Sunnyside Housing Authority
SWAP, Inc.
The Alden Foundation
The Caleb Group
The Commonwealth Companies
The Thresholds
Trinity Services, Inc.
Turnstone Development Corp.
TWG Development, LLC
UP Development, LLC
VeriGreen Development, LLC
W.O.R.K.S.
West Harlem Group Assistance, Inc.
Will County Housing Development Corporation
Windover Construction, Inc.
Wisconsin Redevelopment



2015 INVESTORS

Ally Bank
Associated Bank
Bank of America
BBVA Compass
Bank of New York Mellon
Boston Private Bank & Trust Company
Capital One
Cathay Bank
Citi Group
RBS Citizens
City National Bank
Comerica Bank
First Niagara Bank
HomeStreet Bank

JPMorgan Chase
KeyBank
Morgan Stanley
People's United Bank
The PrivateBank
State Farm
SunTrust Bank
Silicon Valley Bank
TD Bank
U.S. Bank
Washington Federal
Webster Bank
Wells Fargo Bank

NATIONAL EQUITY FUND, INC. AND SUBSIDIARIES**Special Purpose Consolidated Statements of Financial Position****December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Cash and Cash Equivalents	\$ 39,785,112	\$ 44,327,113
Restricted Cash	4,842,347	1,027,341
Notes and Other Receivables, Net	7,771,186	3,791,694
Notes and Other Receivables from Affiliates, Net	12,804,529	7,951,751
Due from Funds, Net	3,916,310	6,503,785
Temporary Investments in Project Partnerships and Funds, Net	69,302,383	55,031,742
Other Assets	2,064,161	1,107,469
Assets Held for Sale	2,748,543	-
Furniture, Equipment, Leasehold Improvements and Software	6,689,547	6,315,022
Less: Accumulated Depreciation and Amortization	<u>(3,422,284)</u>	<u>(2,869,297)</u>
Total Assets	<u>\$ 146,501,834</u>	<u>\$ 123,186,620</u>
<u>Liabilities and Net Assets</u>		
Accounts Payable and Accrued Expenses	\$ 15,893,701	\$ 9,810,242
Payable Related to Assets Held for Sale	168,543	-
Due to Affiliates	108,436	137,950
Service Fee Payable	275,000	90,000
Grant Payable to Parent	1,400,000	1,000,000
Notes Payable	174,943	2,260,805
Capital Contributions Due to Temporary Investments in Project Partnerships and Funds	62,058,875	48,100,889
Deferred Revenue	<u>5,350,592</u>	<u>4,092,029</u>
Total Liabilities	85,430,090	65,491,915
Commitments and Contingencies		
Total Net Assets - Unrestricted	60,020,029	56,667,364
Total Net Assets - Temporarily Restricted	<u>1,051,715</u>	<u>1,027,341</u>
Total Net Assets	<u>61,071,744</u>	<u>57,694,705</u>
Total Liabilities and Net Assets	<u>\$ 146,501,834</u>	<u>\$ 123,186,620</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.

NATIONAL EQUITY FUND, INC. AND SUBSIDIARIES**Special Purpose Consolidated Statements of Activities and Changes in Net Assets****Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<u>Revenues</u>		
Syndication Fee Income	\$ 27,824,686	\$ 23,870,590
Asset Management Fee Income	14,949,786	14,569,336
Interest Income	260,191	152,057
New Markets Support Company Cost Reimbursement	3,415,707	3,297,522
Miscellaneous Income	1,699,373	1,378,353
Total Revenues	<u>48,149,743</u>	<u>43,267,858</u>
<u>Expenses</u>		
Personnel	27,726,532	24,265,437
Professional Services	3,616,194	3,513,343
Office and Administrative	5,405,951	5,929,081
Legal	996,966	977,609
Service Fees	695,000	295,000
Sponsor Grants	169,000	132,500
Provision for Loss on Receivables	379,144	208,357
Depreciation and Amortization	619,190	278,437
Total Expenses	<u>39,607,977</u>	<u>35,599,764</u>
Gain on Settlement of Bond	<u>2,235,273</u>	<u>-</u>
Change in Net Assets Before Grant to Parent	10,777,039	7,668,094
Grant to Parent	<u>7,400,000</u>	<u>6,000,000</u>
Change in Net Assets	<u>3,377,039</u>	<u>1,668,094</u>
Net Assets - Unrestricted, December 31, 2014 and 2013	56,667,364	55,482,423
Net Assets - Temporarily Restricted, December 31, 2014 and 2013	<u>1,027,341</u>	<u>544,188</u>
Net Assets, December 31, 2015 and 2014	<u>\$ 61,071,744</u>	<u>\$ 57,694,705</u>