



**NATIONAL COUNCIL ON AGRICULTURAL
LIFE AND LABOR RESEARCH, INC.
DOVER, DELAWARE**

**REPORT ON AUDIT
OF FINANCIAL STATEMENTS**

SEPTEMBER 30, 2016

NATIONAL COUNCIL ON AGRICULTURAL LIFE AND LABOR RESEARCH, INC.

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INDEPENDENT AUDITOR'S REPORT

January 23, 2017

To the Board of Directors
National Council on Agricultural Life and Labor Research, Inc.
Dover, Delaware

We have audited the accompanying financial statements of National Council on Agricultural Life and Labor ("NCALL") Research, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2016, and the related statements of activities, functional expenses, 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 Organization'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 Organization'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.

To the Board of Directors
National Council on Agricultural Life and Labor Research, Inc.

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 NCALL Research, Inc. as of September 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited NCALL Research, Inc.'s 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 14, 2016. In our opinion, the summarized comparative information presented herein as of and the for the year ended September 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2017, on our consideration of NCALL Research, Inc.'s internal control over financial reporting and on 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 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 NCALL Research, Inc.'s internal control over financial reporting and compliance.


BARBACANE, THORNTON & COMPANY LLP

NATIONAL COUNCIL ON AGRICULTURAL LIFE AND LABOR RESEARCH, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2016 AND 2015

	2016	2015
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,763,511	\$ 3,127,690
Cash and cash equivalents - Loan Fund	4,417,291	4,426,302
Accounts receivable	2,091	2,503
Grants receivable	152,570	222,970
Investments	1,385,476	1,379,783
Prepaid expense	1,032	38,148
Loans receivable, net of allowance for loan losses of \$326,415 for 2016 and \$521,555 for 2015	3,982,234	5,707,120
Total Current Assets	13,704,205	14,904,516
NONCURRENT ASSETS:		
Property and equipment	1,596,755	1,587,505
Less: Accumulated depreciation	(431,466)	(392,865)
Net property and equipment	1,165,289	1,194,640
Assets held for sale	88,015	20,500
Loans receivable, net of allowance for loan losses of \$973,585 for 2016 and \$728,445 for 2015	11,877,669	7,971,028
Investment	18,831	17,624
Total Noncurrent Assets	13,149,804	9,203,792
TOTAL ASSETS	\$ 26,854,009	\$ 24,108,308
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 57,962	\$ 9,686
Accrued wages	67,986	59,913
Accrued compensated absences	117,217	108,239
Accrued interest	2,556	2,556
Deferred revenue	22,048	100,917
Funds held for others	400,000	500,000
Capital lease payable	-	930
Notes payable for loan fund	3,900,000	1,550,000
Other current liabilities	23,128	9,304
Total Current Liabilities	4,590,897	2,341,545
NONCURRENT LIABILITIES:		
Notes payable for loan fund	10,025,000	10,525,000
Total Noncurrent Liabilities	10,025,000	10,525,000
TOTAL LIABILITIES	14,615,897	12,866,545
NET ASSETS		
Unrestricted:		
Undesignated	9,513,276	8,800,966
Designated for operating reserve	800,000	750,000
Designated for building reserve	120,000	120,000
Designated for working capital reserve	150,000	150,000
Designated for succession reserve	100,000	-
Designated for compensated absences	117,217	108,239
Total Unrestricted	10,800,493	9,929,205
Temporarily restricted	427,619	302,558
Permanently restricted	1,010,000	1,010,000
TOTAL NET ASSETS	12,238,112	11,241,763
TOTAL LIABILITIES AND NET ASSETS	\$ 26,854,009	\$ 24,108,308

The accompanying notes are an integral part of these financial statements.

NATIONAL COUNCIL ON AGRICULTURAL LIFE AND LABOR RESEARCH, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(With Summarized Totals for 2015)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	
				2016	2015
PUBLIC SUPPORT, REVENUE, AND GAINS					
Public Support:					
Grants and contracts	\$ 210,920	\$ 2,067,351	\$ 245,000	\$ 2,523,271	\$ 2,532,098
Contributions	217,709	416,504	-	634,213	430,957
Total Public Support	<u>428,629</u>	<u>2,483,855</u>	<u>245,000</u>	<u>3,157,484</u>	<u>2,963,055</u>
Revenue:					
Interest income - investments	10,764	-	-	10,764	9,539
Interest income - loans	791,050	-	-	791,050	659,556
Fee income	432,331	-	-	432,331	380,952
Rents	8,400	-	-	8,400	8,400
Other	14,208	-	-	14,208	5,829
Total Revenue	<u>1,256,753</u>	<u>-</u>	<u>-</u>	<u>1,256,753</u>	<u>1,064,276</u>
Gains:					
Unrealized gain on investments	1,127	-	-	1,127	-
Net assets released from restriction:					
Satisfaction of program restrictions	2,603,794	(2,358,794)	(245,000)	-	-
TOTAL PUBLIC SUPPORT, REVENUE, AND GAINS	<u>4,290,303</u>	<u>125,061</u>	<u>-</u>	<u>4,415,364</u>	<u>4,027,331</u>
EXPENSES AND LOSSES					
Program Services:					
Self-Help Housing	446,218	-	-	446,218	523,277
Farmworker Housing Technical Assistance	75,156	-	-	75,156	69,938
Farmworker Emergency Housing Assistance	20,165	-	-	20,165	14,937
Rural Community Development Initiative:					
Delaware	58,190	-	-	58,190	59,337
Maryland	-	-	-	-	70,296
Real Estate Development	111,528	-	-	111,528	-
Restoring Central Dover	192,744	-	-	192,744	52,896
Rural Innovation Fund	-	-	-	-	47,887
Housing Counseling	379,902	-	-	379,902	368,455
Foreclosure Prevention	152,491	-	-	152,491	147,917
National Foreclosure Mitigation Counseling	122,724	-	-	122,724	139,577
Stand By Me Financial Coaching	292,692	-	-	292,692	270,025
Loan Fund	888,550	-	-	888,550	875,050
Total Program Services	<u>2,740,360</u>	<u>-</u>	<u>-</u>	<u>2,740,360</u>	<u>2,639,592</u>
Support Services:					
Management and general	467,032	-	-	467,032	473,038
Development	139,758	-	-	139,758	200,665
Fundraising	71,865	-	-	71,865	69,934
Total Support Services	<u>678,655</u>	<u>-</u>	<u>-</u>	<u>678,655</u>	<u>743,637</u>
TOTAL EXPENSES	<u>3,419,015</u>	<u>-</u>	<u>-</u>	<u>3,419,015</u>	<u>3,383,229</u>
Unrealized loss on investments	-	-	-	-	973
TOTAL EXPENSES AND LOSSES	<u>3,419,015</u>	<u>-</u>	<u>-</u>	<u>3,419,015</u>	<u>3,384,202</u>
CHANGE IN NET ASSETS	871,288	125,061	-	996,349	643,129
NET ASSETS, BEGINNING OF YEAR	<u>9,929,205</u>	<u>302,558</u>	<u>1,010,000</u>	<u>11,241,763</u>	<u>10,598,634</u>
NET ASSETS, END OF YEAR	<u>\$10,800,493</u>	<u>\$ 427,619</u>	<u>\$ 1,010,000</u>	<u>\$12,238,112</u>	<u>\$11,241,763</u>

The accompanying notes are an integral part of these financial statements.

NATIONAL COUNCIL ON AGRICULTURAL LIFE AND LABOR RESEARCH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(With Summarized Totals for 2015)

	Program Services			
	Farmworker Housing Technical Assistance	Farmworker Emergency Housing Assistance	Rural Community Development Initiative - DE	Restoring Central Dover
EXPENSES:				
Salaries	\$ 230,560			\$ 115,354
Payroll taxes	17,433	3,142	47,001	8,434
Pension	3,398	194	3,581	129
Other employee benefits	40,362	70	1,050	22,019
	7,969	799	4,823	12,054
Total Salaries and Related Expenses	291,753	4,205	56,455	145,936
Accounting and audit fees				
Consultant fees	51,956			
Consumables	377	29,795		12,800
Contributions to others		55		1,497
Credit report charges				200
Depreciation				
Dues/registration/training	9,180			
Equipment and maintenance	762	1,025	240	2,070
Insurance		1,060		258
Interest expense				
Internet and technical services	1,842			100
Janitorial services and supplies				
Legal fees				
Loan participation fees				
Marketing	3,530			
Miscellaneous				569
Office supplies				5,679
Printing and postage		209		366
Property tax/maintenance expenses	134		18	1,504
Provision for loan losses				
Publications				
Special projects				
Telephone	1,023	15,960		25,200
Travel and per diem	85,661		1,477	9,365
Utilities				
	446,218	20,165	58,190	192,744
Subtotal	75,156	3,460	10,155	33,978
Allocation of indirect costs	76,530			2,640
Allocation of occupancy costs	4,740	72	1,080	1,452
TOTAL EXPENSES	\$ 527,488	\$ 23,697	\$ 69,425	\$ 229,362

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NATIONAL COUNCIL ON AGRICULTURAL LIFE AND LABOR RESEARCH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(With Summarized Totals for 2015)

	Program Services					Total Program Services
	National	Foreclosure Prevention	National Forclosure Mitigation Counseling	Stand By Me Financial Coaching	Loan Fund	
EXPENSES:						
Salaries	\$ 284,498	\$ 100,464	\$ 73,241	\$ 188,086	\$ 273,239	\$ 1,421,940
Payroll taxes	21,300	7,015	5,087	13,321	19,399	103,140
Pension	7,037	2,917	2,074	5,175	3,848	27,614
Other employee benefits	36,099	23,678	19,640	45,223	54,569	267,235
Total Salaries and Related Expenses	348,934	134,074	100,042	251,805	351,055	1,819,929
Accounting and audit fees	-	-	-	-	7,850	7,850
Consultant fees	420	1,118	22,670	-	46,268	165,027
Consumables	1,287	218	-	619	1,525	5,578
Contributions to others	-	-	-	-	-	200
Credit report charges	9,266	-	-	19,180	-	28,446
Depreciation	-	-	-	-	-	-
Dues/registration/training	9,898	3,390	-	3,843	10,914	42,555
Equipment and maintenance	-	-	12	959	11	3,062
Insurance	-	-	-	52	11,600	11,652
Interest expense	-	-	-	-	365,196	365,196
Internet and technical services	256	256	-	256	7,837	10,547
Internet services and supplies	-	-	-	-	-	-
Janitorial services	-	-	-	-	7,514	7,514
Legal fees	-	-	-	-	9,624	10,870
Loan participation fees	1,246	-	-	-	-	-
Marketing	3,143	-	-	2,065	364	11,571
Miscellaneous	-	-	-	171	432	6,282
Office supplies	200	760	-	476	367	2,378
Printing and postage	519	368	-	888	235	3,666
Property tax/maintenance expenses	-	-	-	-	-	-
Provision for loan losses	-	-	-	-	50,000	50,000
Publications	-	-	-	-	-	-
Special projects	-	-	-	-	-	-
Telephone	675	280	-	2,476	1,855	41,160
Travel and per diem	4,058	12,027	-	9,902	15,903	140,568
Utilities	-	-	-	-	-	-
Subtotal	379,902	152,491	122,724	292,692	888,550	2,740,360
Allocation of indirect costs	67,617	26,732	21,719	50,557	98,475	421,562
Allocation of occupancy costs	6,960	3,360	4,116	1,632	8,832	35,520
TOTAL EXPENSES	\$ 454,479	\$ 182,583	\$ 148,559	\$ 344,881	\$ 995,857	\$ 3,197,442

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NATIONAL COUNCIL ON AGRICULTURAL LIFE AND LABOR RESEARCH, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 996,349	\$ 643,129
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	38,601	41,554
Provision for loan losses	50,000	205,000
Unrealized (gain) loss on investments	(1,127)	973
Increase in loans receivable	(2,231,755)	(2,583,404)
Decrease in accounts receivable	412	27,709
Decrease (Increase) in grants receivable	70,400	(35,509)
Decrease (Increase) in prepaid expense	37,116	(32,298)
Increase (Decrease) in accounts payable	48,276	(24,486)
Increase in accrued wages	8,073	2,153
Increase in accrued compensated absences	8,978	14,288
Increase in accrued interest	-	2,556
(Decrease) Increase in deferred revenue	(78,869)	1,264
(Decrease) Increase in funds held for others	(100,000)	500,000
Increase in other current liabilities	13,824	6,780
NET CASH USED BY OPERATING ACTIVITIES	(1,139,722)	(1,230,291)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale of investments	1,932,447	1,926,131
Purchase of investments	(1,938,220)	(1,931,970)
Increase in asset held for resale	(67,515)	(20,500)
Purchase of property and equipment	(9,250)	(36,441)
NET CASH USED BY INVESTING ACTIVITIES	(82,538)	(62,780)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term debt	2,150,000	2,500,000
Repayment of long-term debt	(300,000)	(200,000)
Repayment of capital lease	(930)	(2,232)
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,849,070	2,297,768
NET INCREASE IN CASH AND CASH EQUIVALENTS	626,810	1,004,697
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	7,553,992	6,549,295
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 8,180,802	\$ 7,553,992
CASH AND CASH EQUIVALENTS	\$ 3,763,511	\$ 3,127,690
CASH AND CASH EQUIVALENTS - LOAN FUND	4,417,291	4,426,302
	\$ 8,180,802	\$ 7,553,992
SUPPLEMENTAL INFORMATION:		
Interest paid	\$ 365,196	\$ 282,535
Taxes paid	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

NATIONAL COUNCIL ON AGRICULTURAL LIFE AND LABOR RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 GENERAL

The National Council on Agricultural Life and Labor ("NCALL") Research, Inc. was organized in 1955 as a nonprofit corporation and has been providing rural housing technical assistance and affordable housing services since 1976. NCALL Research, Inc. competes for funding in the form of contracts, grants, and cooperative agreements from the federal, state, and private sectors when it is available. The mission of the Organization, simply put, is:

"To promote affordable housing, improved communities, and sustainable development. To that end, we seek to:

- Educate and empower customers to achieve their housing goals and improve their finances.
- Develop affordable housing and strengthen the capacity of other nonprofit housing organizations.
- Provide innovative lending and services targeted to affordable housing and community development.
- Increase public awareness about housing needs and resources, and advocate for improved public policy."

NCALL Research, Inc. is governed by a 15-member Board of Directors from the Organization's service area.

NCALL Research, Inc. was chartered as a NeighborWorks America ("NWA") Organization in 2003. The affiliation with NWA requires ongoing reporting and regular management reviews. NCALL maintained its "exemplary" rating, and NWA last conducted a program review in August 2015 which resulted in NCALL exceeding or meeting all evaluation criteria. It also provides opportunities for grant and capital funding, along with training slots for NWA's training institutes. NCALL Research, Inc. is one of only two organizations within Delaware with the NeighborWorks designation.

NCALL Research, Inc. was certified as a Community Development Financial Institution ("CDFI") during fiscal year 2005 by the U.S. Department of Treasury. As of September 30, 2016, this certification was in good standing.

As a CDFI, NCALL Research, Inc. chose to participate in the Comprehensive Ratings for CDFI Investments ("Aeris") review and rating process. The process was a positive experience and yielded a substantial report and current rating of AA+2 for impact performance, financial strength, and policy work.

NCALL Research, Inc.'s Board of Directors undertook strategic planning during September 2016 yielding a current three-year plan for the Organization for fiscal years 2017-2019.

NATIONAL COUNCIL ON AGRICULTURAL LIFE AND LABOR RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

In accordance with the section of the Financial Accounting Standards Board's Accounting Standards Codification ("FASB ASC") regarding financial statements of not-for-profit organizations, NCALL Research, Inc. is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, NCALL Research, Inc. is required to present a statement of cash flows.

Recognition of Donor Restrictions

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Temporarily Restricted Net Assets

This type of net assets includes funds restricted by funding sources. NCALL Research, Inc. reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Permanently Restricted Net Assets

Permanently restricted net assets are subject to donor-imposed restrictions that will not terminate. Funds are held in perpetuity while the income is available for general use.

Cash and Cash Equivalents

For purposes of the statement of cash flows, NCALL Research, Inc. considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments

In accordance with the FASB ASC, investments are reported at fair value. Donated securities also are reported at fair market value as of the date of receipt. All realized and unrealized gains and losses arising from fluctuations in market values, sales, or other disposition of assets are accounted for in the class of net assets that owns the assets.

NATIONAL COUNCIL ON AGRICULTURAL LIFE AND LABOR RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Grants and Accounts Receivable

Grants and accounts receivable are stated at unpaid balances. Receivables are considered impaired if full principal payments are not received in accordance with the payment terms. Grants and accounts receivable are considered by management to be fully collectible and, accordingly, no allowance for grants and accounts receivable losses has been recorded as of September 30, 2016 and 2015.

Loans Receivable

Loans receivable represent funds advanced to qualified nonprofit organizations that have a primary mission of affordable housing and/or community development. Loans are stated at unpaid principal balances less an allowance for loan losses. The allowance for loan losses is estimated to be five percent of the outstanding loan balance plus any amounts known to be uncollectible and additional amounts determined by management based on the loan's internal risk rating. Past due status is determined based on contractual terms.

Loans are considered impaired if full principal or interest payments are not anticipated in accordance with the contractual terms. Loans are written off as a charge to the allowance for loan losses when, in management's estimation, it is probable that the receivable is worthless. Loan security is outlined in the promissory notes.

Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding. Loan origination and commitment fees are not material to the financial statements and are recognized as revenue when the loan closes.

Loans receivable are placed on nonaccrual status when management believes, after considering economic conditions, business conditions, and collection efforts, that the loans are impaired or collection of interest is doubtful. Uncollected interest previously accrued is charged off or an allowance is established by a charge to provision for loan losses. Interest income on nonaccrual loans is recognized only to the extent cash payments are received.

Assets Held for Sale

Assets held for sale are valued at the lower of cost or market. Toward the end of fiscal year 2016, NCALL Research, Inc. began construction of its first "for sale" home within the Restoring Central Dover footprint. During the year, lots were purchased and additional new homes will be started in fiscal year 2017.

Property and Equipment

NCALL Research, Inc. capitalizes all expenditures for property in excess of \$5,000. Property and equipment are stated at cost at date of acquisition or fair market value at date of donation. Property and equipment are depreciated on the straight-line method over the estimated

NATIONAL COUNCIL ON AGRICULTURAL LIFE AND LABOR RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

service lives of the respective assets. Estimated service lives for furniture and equipment are five to ten years. The estimated service lives for the buildings and building improvements are 30 to 50 years. Expenditures for maintenance, repairs, minor renewals, and betterments which do not improve or extend the useful life of the respective asset are expensed.

Income Taxes

NCALL Research, Inc. is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to NCALL Research, Inc.'s tax-exempt purpose may be subject to taxation as unrelated business income.

Generally accepted accounting principles prescribe rules for the recognition, measurement, classification, and disclosure in the financial statements of uncertain tax positions taken or expected to be taken in NCALL Research, Inc.'s tax returns. Management has determined that NCALL Research, Inc. does not have any uncertain tax positions or associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that NCALL Research, Inc.'s tax returns will not be challenged by the taxing authorities and that NCALL Research, Inc. will not be subject to additional tax, penalties, and interest as a result of such challenge.

Advertising

NCALL Research, Inc. expenses the production costs of advertising when incurred. Advertising expense is classified as marketing expense in the statement of functional expenses.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Prior Year Financial Statements

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with NCALL Research, Inc.'s financial statements for the year ended September 30, 2015, from which the summarized information was derived.

NATIONAL COUNCIL ON AGRICULTURAL LIFE AND LABOR RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 3 PROGRAM ACTIVITIES

A description of NCALL Research, Inc.'s programs are listed below and on the pages that follow.

RHS Self-Help Housing Technical and Management Assistance Contract (Self-Help Housing)

NCALL Research, Inc. is funded by the Rural Housing Service, USDA, to provide technical and management assistance and training to new and operating self-help housing grantees throughout the 21-state northeast region. The region extends from Virginia north to New England and west to Minnesota. NCALL Research, Inc. is responsible for providing technical and management assistance in construction, accounting, scheduling, and housing development to local self-help housing programs. NCALL Research, Inc. also is called upon to conduct training, publish newsletters, and help resolve problems. NCALL Research, Inc. operated under option year four of a contract award effective November 1, 2011. NCALL Research, Inc. is awaiting a new contract solicitation in fiscal year 2017.

Farmworker Housing Technical Assistance/Farmworker Emergency Housing Assistance

NCALL Research, Inc. is a member of the Southeast Housing Consortium ("SEHC"), which is a group of nonprofit organizations specializing in rural and farmworker housing. Members of the SEHC are subgrantees of a grant awarded by the U.S. Department of Labor ("DOL") Employment and Training Administration, operated under the authority of the Workforce Investment Act ("WIA"), Section 167. Florida Non-Profit Housing, Inc. ("FNPH") serves as grantee/lead agency for the SEHC, with responsibility for monitoring subgrantee activities. The SEHC's goals are to eliminate substandard housing and alleviate excessive housing cost for agricultural workers. Under the allowable activities of the grant program, NCALL Research, Inc. provides technical assistance to nonprofit organizations who develop or preserve farmworker housing in Delaware, Maryland, and Virginia. Services can include packaging housing financing, providing asset management services, and problem solving. A smaller DOL grant through FNPH is for direct housing assistance to farmworkers and is identified as Farmworker Emergency Housing Assistance.

Real Estate Development

Real Estate Development, which includes the development and construction of single-family housing and multi-family apartments, is a new line of business that has been in the planning for a couple years. Towards the end of fiscal year 2016, NCALL Research, Inc. began construction of its first "for-sale" home within the Restoring Central Dover footprint. During the year, lots were purchased and additional new homes will be started in fiscal year 2017. NCALL Research, Inc. continues to successfully package LIHTC apartment projects and associated financing for other nonprofit owners. The single and multi-family housing work is supported by developer fees and grants.

NATIONAL COUNCIL ON AGRICULTURAL LIFE AND LABOR RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 3 PROGRAM ACTIVITIES (cont'd)

Rural Community Development Initiative - Delaware

NCALL Research, Inc. competed for and received a three-year USDA Rural Community Development Initiative grant during 2014 to provide organizational development and rental housing development assistance to Better Homes of Seaford and Millsboro Housing for Progress in Delaware. This grant began in September 2014.

Restoring Central Dover

NCALL Research, Inc. is the lead organization for a neighborhood planning and revitalization initiative for downtown Dover and chairs the 30-person steering committee. Plan development took place during 2014. The implementation phase started mid-fiscal year 2015 with a Wells Fargo Regional Foundation Implementation Grant. Implementation of the plan is being carried out by NCALL Research, Inc., the steering committee, and six work groups in the areas of housing, safety, economic development, youth and adult services, resident engagement, and transportation/infrastructure.

Housing Counseling

NCALL Research, Inc. is funded by grants and fees from a variety of financial institutions and governmental entities to assist low and moderate-income families to become first-time homebuyers throughout Delaware. The education and counseling provided by NCALL Research, Inc. enables families to become more knowledgeable about the homebuying and mortgage approval process, while helping families prepare financially for the step to homeownership. NCALL Research, Inc. assists qualified families to obtain affordable home mortgage financing, including down payment and settlement assistance. The program also assists families with budget and financial management, submission of mortgage applications, understanding homeownership responsibilities, and the settlement process through group workshop sessions and individual counseling.

Foreclosure Prevention

NCALL Research, Inc. began its mortgage default and foreclosure prevention services within Delaware in 2008 and is funded primarily through fees through DSHA. Services included regular prevention workshops along with individual counseling, offering remedies and support. NCALL Research, Inc. assists families in seeking modified mortgages that are more affordable and sustainable. The Organization participates in Delaware's Foreclosure Mediation Program.

NATIONAL COUNCIL ON AGRICULTURAL LIFE AND LABOR RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 3 PROGRAM ACTIVITIES (cont'd)

National Foreclosure Mitigation Counseling

NeighborWorks America provides funding support for foreclosure prevention work through its National Foreclosure Mitigation Counseling ("NFMC"). NCALL Research, Inc. applies for funding directly to NeighborWorks when it has a competitive funding round. For fiscal year 2016, NCALL Research, Inc. was funded under NFMC rounds nine and ten. Funding is provided by reimbursements for levels of counseling services on a fee basis.

Stand By Me Financial Coaching

NCALL Research, Inc. was selected by United Way of Delaware in March 2012 to be the nonprofit provider of financial coaching services for Kent County, Delaware under the Stand By Me financial coaching program implemented by the Delaware Financial Empowerment Partnership. As such, NCALL Research, Inc. hires financial coaches to work with a variety of venues within Kent County, such as Dover Downs serving its employees, Delaware Technical & Community College serving students, and Public Housing serving the residents. NCALL Research, Inc. signs an annual memorandum of understanding with United Way of Delaware for each year, which is providing the majority of funding for this service.

Loan Fund

During fiscal year 2005, NCALL Research, Inc. became certified as a Community Development Financial Institution and a Community Development Entity by the U.S. Department of Treasury. These certifications reflect the authority of the Loan Fund to offer additional products and services to better address the affordable housing, community development, and nonprofit credit needs of its customer base. A committee of six NCALL Research, Inc. Board Members or Board-approved appointees oversees the Loan Fund and is responsible for recommending policies and the loan approval process. NCALL's Board of Directors is responsible for Loan Fund governance. NCALL Research, Inc. has been actively seeking capital, investment, and loan participations while building Loan Fund infrastructure to address the substantial community development demand. Experienced staff managing the fund includes a loan fund director, manager, servicer, and loan officer. A substantial AERIS rating of AA+2 along with strategic planning in 2016 for FY 2017-2019 is benefiting capitalization and expansion.

NOTE 4 INVESTMENTS

Investments consist of certificates of deposit with original maturities of more than three months. The value of these investments as of September 30, 2016 and 2015 amounted to \$1,385,476 and \$1,379,783, respectively. Interest accrues at rates ranging from 0.07 percent to 1.3 percent. All certificates of deposit were due within one year as of September 30, 2016 and 2015.

NATIONAL COUNCIL ON AGRICULTURAL LIFE AND LABOR RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 4 INVESTMENTS (cont'd)

NCALL Research, Inc. is also invested in the Delaware Community Foundation investment pool. The value of these investments as of September 30, 2016 and 2015 amounted to \$18,831 and \$17,624, respectively.

NOTE 5 ALLOWANCE FOR LOAN LOSSES

For the year ended September 30, 2016, the change in the allowance for loan losses is as follows:

Allowance for loan losses at October 1, 2015	\$ 1,250,000
Adjustment to increase the allowance for loan losses	<u>50,000</u>
Allowance for loan losses at September 30, 2016	<u>\$ 1,300,000</u>

For the year ended September 30, 2015, the change in the allowance for loan losses is as follows:

Allowance for loan losses at October 1, 2014	\$ 1,045,000
Adjustment to increase the allowance for loan losses	<u>205,000</u>
Allowance for loan losses at September 30, 2015	<u>\$ 1,250,000</u>

The ending balance in the allowance for loan losses is attributed to loans that have been evaluated collectively. As of September 30, 2016 and 2015, \$2,031,931 and \$0, respectively, of the loans receivable were 31 to 60 days past due.

As necessary, adjustments are made to NCALL Research, Inc.'s method of estimating the allowance for loan losses.

NOTE 6 CREDIT QUALITY OF LOANS RECEIVABLE

NCALL Research, Inc. monitors the credit quality of its loans receivable by assessing the collection experience of existing borrowers, the creditworthiness of new borrowers, and the sufficiency of collateral related to the receivables. Loan security is outlined in the promissory notes.

NATIONAL COUNCIL ON AGRICULTURAL LIFE AND LABOR RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 6 CREDIT QUALITY OF LOANS RECEIVABLE (cont'd)

Each loan is risk rated when approved. The risk rating is reviewed annually after approval and closing. Loans will be reviewed more frequently if they are/become rated below Adequate or have performance issues. The risk ratings are consistent with community development lending standards and are: Good, Standard, Adequate, Watch, Sub-standard, and Doubtful/OREO. NCALL Research, Inc.'s standard Loss Loan Reserve ("LLR") is five percent against all portfolios outstanding. Special, additional reserves are defined with each rating below, where appropriate.

The internal risk ratings are as follows:

Good

The loan request, and the borrower, exceeds underwriting criteria related to: quality of collateral, strength of loan repayment, supportive market conditions, and a strong financial condition. An additional allowance is not required for this rating.

Standard

The loan request and the borrower meet all of the underwriting criteria: quality of collateral, strength of loan repayment, supportive market condition, and an acceptable financial condition. An additional allowance is not required for this rating.

Adequate

The loan request and the borrower meet the underwriting criteria with the understanding that there may be some weaknesses with certain criteria that would be offset by other criteria. Some weaknesses may be created by market issues, or given the size and type of borrower. These criteria do not mean that the borrower or project is weak; this situation is typical with community development projects. There may be loan policy exceptions which may prevent the loan from being rated Good or Standard, and additional loan monitoring may occur.

An additional allowance is not required for this rating, but additional performance measures may be recommended that are not allowance related.

Watch

The loan request and the borrower no longer meet all the underwriting criteria, so there are one or more weaknesses to address. A specific financial loss may not be expected at this time, so the rating pertains to time and effort to offset weaknesses. The loan may, or may not, be late with its payments. A Watch rating is for shorter terms, with the expectation that the rating improves or deteriorates within six to twelve months of the Watch rating. An additional allowance of up to 25 percent of the amount may be recommended for the Watch-rated loan.

NATIONAL COUNCIL ON AGRICULTURAL LIFE AND LABOR RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 6 CREDIT QUALITY OF LOANS RECEIVABLE (cont'd)

Sub-Standard

The loan and the borrower are in default, and there is an expectation that financial loss may occur, or already has done so. When the loan reaches 90 days past due, it will be placed on nonaccrual status. If the loan cannot be cured within a reasonable time (within six months from the receipt of this rating), staff will prepare a plan of action for the review and approval of the Loan Fund Committee. A plan may include: restructuring the loan; charge-off, an extension for other repayment sources, etc. It may take 12-18 months to cure the loan after the plan of action has been approved. An allowance for loan losses of up to 50 percent of the loan amount may be considered with this rating.

Doubtful/Other Real Estate Owned ("OREO")

The loan and borrower continue to be in default, and there is no expectation of a repayment strategy. Disposition and charge-off actions are recommended by staff to the Loan Fund Committee. Approval for the charge-off process (time and amount) is required. An allowance for loan losses of up to 100 percent of the loan amount will be considered with this rating.

The information used to internally rate loans receivable was updated as of September 30, 2016.

As of September 30, 2016 and 2015, loans were split between the following portfolio segments:

	<u>2016</u>	<u>2015</u>
Affordable Housing	\$ 9,575,287	\$ 6,820,745
Community Facilities	7,584,616	8,107,403
Total Loans Receivable, Gross	<u>17,159,903</u>	<u>14,928,148</u>
Allowance for Loan Losses	<u>(1,300,000)</u>	<u>(1,250,000)</u>
TOTAL	<u>\$ 15,859,903</u>	<u>\$ 13,678,148</u>

As of September 30, 2016, the loan ratings and amounts by portfolio segment were as follows:

	Good	Standard	Adequate	Watch	Sub- Standard	Total
Affordable Housing	\$ -	\$ 731,864	\$ 7,683,423	\$ 1,160,000	\$ -	\$ 9,575,287
Community Facilities	-	1,299,390	5,535,226	750,000	-	7,584,616
Total Loans Receivable, Gross	<u>\$ -</u>	<u>\$ 2,031,254</u>	<u>\$13,218,649</u>	<u>\$ 1,910,000</u>	<u>\$ -</u>	<u>\$17,159,903</u>

NATIONAL COUNCIL ON AGRICULTURAL LIFE AND LABOR RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 6 CREDIT QUALITY OF LOANS RECEIVABLE (cont'd)

As of September 30, 2015, the loan ratings and amounts by portfolio segment were as follows:

	Good	Standard	Adequate	Watch	Sub-Standard	Total
Affordable Housing	\$ -	\$ 616,755	\$ 5,088,775	\$ 1,115,215	\$ -	\$ 6,820,745
Community Facilities	68,000	1,427,957	5,861,446	750,000	-	8,107,403
Total Loans Receivable, Gross	\$ 68,000	\$ 2,044,712	\$ 10,950,221	\$ 1,865,215	\$ -	\$ 14,928,148

As of September 30, 2016, the loan aging by portfolio segment was as follows:

	Current	31-60 Days Past Due	61-90 Days Past Due	91+ Days Past Due	Total
Affordable Housing	\$ 7,543,356	\$ 2,031,931	\$ -	\$ -	\$ 9,575,287
Community Facilities	7,584,616	-	-	-	7,584,616
Total Loans Receivable, Gross	\$ 15,127,972	\$ 2,031,931	\$ -	\$ -	\$ 17,159,903

The amount that is 31 - 60 days past due consists of one loan expected to be collected by March 31, 2017.

As of September 30, 2015, the loan aging by portfolio segment was as follows:

	Current	31-60 Days Past Due	61-90 Days Past Due	91+ Days Past Due	Total
Affordable Housing	\$ 6,820,745	\$ -	\$ -	\$ -	\$ 6,820,745
Community Facilities	8,107,403	-	-	-	8,107,403
Total Loans Receivable, Gross	\$ 14,928,148	\$ -	\$ -	\$ -	\$ 14,928,148

NOTE 7 LOANS RECEIVABLE SOLD WITHOUT RECOURSE

NCALL Research, Inc. has sold loans receivable to financial institutions with no recourse to the Organization. The outstanding balance of the no-recourse loans at September 30, 2016 and 2015 was \$7,677,206 and \$8,161,715, respectively.

NCALL Research, Inc. sold a loan participation in the amount of \$400,000 (\$399,828 and \$400,000 balance at September 30, 2016 and 2015, respectively) to Partners for the Common Good. Until the loan balance is less than \$768,300, NCALL Research, Inc. agrees to take first loss of \$65,000 in the event of default. The loan matures on June 1, 2020.

NATIONAL COUNCIL ON AGRICULTURAL LIFE AND LABOR RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 7 LOANS RECEIVABLE SOLD WITHOUT RECOURSE (cont'd)

NCALL Research, Inc. sold a loan participation in the amount of \$900,000 (\$387,981 and \$0 balance at September 30, 2016 and 2015, respectively) to Partners for the Common Good and Artisan's Bank. Once fully disbursed, the total loan outstanding will be \$1,300,000 (NCALL Research, Inc.'s and participants' combined total), of which NCALL Research, Inc. agrees to take first loss of \$200,000 in the event of default. The loan matures on November 1, 2017.

NCALL Research, Inc. sold a loan participation in the amount of \$2,850,000 (\$2,843,680 and \$0 balance at September 30, 2016 and 2015, respectively) to Partners for the Common Good and the Bank of Delmarva (total loan amount of \$3,500,000), of which NCALL Research, Inc. agrees to take first loss of \$510,200 in the event of default.

NCALL Research, Inc. sold a loan participation in the amount of \$2,350,000 (\$2,350,000 and \$0 balance at September 30, 2016 and 2015, respectively) to Partners for the Common Good and Barclays Bank (total loan amount of \$2,700,000), of which NCALL Research, Inc. agrees to take first loss of \$14,400 in the event of default.

NCALL Research, Inc. services, administers, and collects the receivables on behalf of the purchaser. NCALL Research, Inc. has not recognized a servicing asset or liability because it is impracticable to estimate its fair value.

NOTE 8 OPERATING LEASES

NCALL Research, Inc. leases space to tenants. The schedule of future minimum leases to be received is as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2017	<u>\$ 4,200</u>

Rental income for each year ended September 30, 2016 and 2015 totaled \$8,400.

NOTE 9 INDIRECT COSTS

As required by federal funding sources, in accordance with Office of Management and Budget Guidelines, NCALL Research, Inc. maintains separate accounts to identify indirect costs. While most costs (direct costs) can be identified as pertaining to a specific program, other costs (indirect costs) actually apply to more than one program. These costs are accumulated in an "indirect cost pool," then allocated semi-monthly to grants and contracts based upon a predetermined rate of 21 percent for 2016 and 2015 of total direct costs. This provisional

NATIONAL COUNCIL ON AGRICULTURAL LIFE AND LABOR RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 9 INDIRECT COSTS (cont'd)

indirect cost rate has been carefully developed to allocate costs in a consistent, equitable, and reasonable manner and has been approved by NCALL Research, Inc.'s cognizant agency, the U.S. Department of Interior. The allocation on pages 5 through 7 is shown to assist funding sources in determining the total cost of each program.

NOTE 10 PROPERTY AND EQUIPMENT

As of September 30, 2016 and 2015, property and equipment consisted of the following:

	<u>2016</u>	<u>2015</u>
Land	\$ 250,000	\$ 250,000
Buildings	1,233,307	1,233,307
Furniture and equipment	113,448	104,198
Accumulated depreciation	<u>(431,466)</u>	<u>(392,865)</u>
TOTAL	<u>\$ 1,165,289</u>	<u>\$ 1,194,640</u>

NOTE 11 TEMPORARILY RESTRICTED NET ASSETS

Net assets were temporarily restricted by donors for the following programs:

	<u>September 30</u>	
	<u>2016</u>	<u>2015</u>
Self-Help Housing	\$ 234,216	\$ 143,713
Real Estate Development	80,032	-
Restoring Central Dover	112,265	156,765
Farmworker Housing Technical Assistance	<u>1,106</u>	<u>2,080</u>
	<u>\$ 427,619</u>	<u>\$ 302,558</u>

NOTE 12 BOARD-DESIGNATED NET ASSETS

In fiscal year 2011, the Board established an operating reserve to stabilize NCALL Research, Inc.'s finances and to provide a rainy day reserve. Use of this reserve requires authorization from the Board. As of September 30, 2016 and 2015, the value of this reserve was \$800,000 and \$750,000, respectively.

NATIONAL COUNCIL ON AGRICULTURAL LIFE AND LABOR RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 12 BOARD-DESIGNATED NET ASSETS (cont'd)

The Board established a building reserve to provide funding for future repairs made to the buildings in Dover and Georgetown. As of September 30, 2016 and 2015, the value of this reserve was \$120,000.

The Board established a working capital reserve to provide funding for sufficient cash flow while awaiting reimbursement of expenditures. As of September 30, 2016 and 2015, the value of this reserve was \$150,000.

The Board established a reserve to provide funding for future employee compensated absence liabilities. As of September 30, 2016 and 2015, the value of this reserve was \$117,217 and \$108,239, respectively.

The Board established a succession reserve to provide funding for future costs associated with succession planning. As of September 30, 2016 and 2015, the value of this reserve was \$100,000 and \$0, respectively.

NOTE 13 PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets were restricted as follows:

	September 30	
	<u>2016</u>	<u>2015</u>
NeighborWorks America capital grant	\$ 1,000,000	\$ 1,000,000
Delaware Community Foundation Trust	<u>10,000</u>	<u>10,000</u>
	<u>\$ 1,010,000</u>	<u>\$ 1,010,000</u>

NeighborWorks America capital grants are restricted for making loans and for capital projects. The capital grants are permanently restricted although proceeds on capital projects, or interest earned, over and above the corpus may be transferred to unrestricted net assets for furthering NCALL Research, Inc.'s mission. However, should NCALL Research, Inc. become defunct, all remaining grant funds, interest earnings, capital projects proceeds, and the loan and capital projects portfolios representing the use of these funds will revert to NeighborWorks America.

In September 2016, NeighborWorks America released from restriction \$245,000 in current year grant funds previously classified as permanently restricted net assets by NCALL Research, Inc. Accordingly, this amount has been shown as net assets released from restriction in the statement of activities.

NATIONAL COUNCIL ON AGRICULTURAL LIFE AND LABOR RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 13 PERMANENTLY RESTRICTED NET ASSETS (cont'd)

NCALL Research, Inc. was the beneficiary of a trust administered by the Delaware Community Foundation. The permanently restricted amount in this fund is \$10,000. Amounts above \$10,000 are not restricted. The assets of the trust are included in the statement of financial position of NCALL Research, Inc. at fair value.

NOTE 14 PENSION/RETIREMENT PLAN

NCALL Research, Inc. sponsors an Internal Revenue Code Section 401(k) retirement plan. All full-time employees are eligible to contribute to the plan after completing one year of employment, with NCALL Research, Inc. matching employee contributions up to \$1,200 for the calendar year.

The total pension expense for 2016 and 2015 was \$31,920 and \$33,894, respectively.

NOTE 15 COMPENSATED ABSENCES

NCALL Research, Inc. allows employees to accumulate unused annual leave to be paid upon retirement or leaving employment. The balance in this account as of September 30, 2016 and 2015 was \$117,217 and \$108,239, respectively.

NOTE 16 CONCENTRATIONS

NCALL Research, Inc. received 20 and 22 percent of its total revenue and public support from the U.S. Department of Agriculture during the years ended September 30, 2016 and 2015, respectively.

NCALL Research, Inc. received 18 and 12 percent of its total revenue and public support from NeighborWorks America during the years ended September 30, 2016 and 2015, respectively.

NOTE 17 LONG-TERM DEBT

Notes Payable for Loan Fund

In December 2005, NCALL Research, Inc. entered into an unsecured note agreement with Wells Fargo Regional Community Development Corporation in the amount of \$250,000. In 2016, the loan was increased by \$100,000 to \$350,000 and the maturity date extended from December 16, 2015 to December 16, 2025. This note bears interest at a fixed rate of 2.0 percent. Semi-annual installments of accrued interest are due and payable on March 31 and September 30 of each year, with the entire unpaid balance of principal due in full on December 16, 2025. As of September 30, 2016 and 2015, the outstanding balance on this note was \$350,000 and \$250,000, respectively.

NATIONAL COUNCIL ON AGRICULTURAL LIFE AND LABOR RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 17 LONG-TERM DEBT (cont'd)

In September 2008, NCALL Research, Inc. entered into an unsecured note agreement with Bank of America in the amount of \$1,000,000. The note bears interest at a fixed rate of 4.0 percent. Accrued interest is due on January 1, April 1, July 1, and October 1 of each year. NCALL Research, Inc. made the scheduled principal payment of \$300,000 in September 2016. Another principal payment of \$300,000 is due in September 2017, with the remaining principal of \$400,000 due in September 2018. As of September 30, 2016 and 2015, the outstanding amount of this note was \$700,000 and \$1,000,000, respectively.

In December 2010, NCALL Research, Inc. entered into an unsecured revolving line of credit agreement with the Delaware State Housing Authority in the amount of \$375,000. Any outstanding balance against this line of credit will bear interest at a fixed rate of 3.0 percent. Accrued interest is payable on January 1, April 1, July 1, and October 1 of each year, with the entire unpaid principal balance due in full on December 6, 2020. As of September 30, 2016 and 2015, the outstanding amount of this note was \$375,000.

In September 2011, NCALL Research, Inc. entered into an unsecured note agreement with PNC Bank in the amount of \$1,250,000. The note bears interest at a fixed rate of 3.25 percent. Accrued interest is payable on March 1, June 1, September 1, and December 1 of each year, with the entire unpaid principal balance due in full on December 13, 2016 (previously September 14, 2016). As of September 30, 2016 and 2015, the outstanding amount of this note was \$1,000,000.

In March 2012, NCALL Research, Inc. entered into an unsecured note agreement with AIG Federal Savings Bank (this loan is now held by Artisans' Bank; all terms and conditions remain the same) in the amount of \$350,000. The note bears interest at a fixed rate of 3.0 percent. Accrued interest is payable on January 1, April 1, July 1, and October 1 of each year, with the entire unpaid principal balance due in full on March 28, 2017. As of September 30, 2016 and 2015, the outstanding amount of this note was \$350,000.

In April 2012, NCALL Research, Inc. entered into an unsecured note agreement with Barclays Bank Delaware in the amount of \$1,250,000. The loan was increased by \$1,250,000 to \$2,500,000 during 2016. The note bears interest at a fixed rate of 3.25 percent. Accrued interest is due on January 1, April 1, July 1, and October 1 of each year, with the entire unpaid principal balance due in full on March 11, 2023. As of September 30, 2016 and 2015, the outstanding amount of this note was \$2,500,000 and \$1,250,000, respectively.

In July 2012, NCALL Research, Inc. entered into an equity equivalent ("EQ2") investment agreement with Wells Fargo Community Investment Holdings in the amount of \$600,000. The agreement bears interest at a fixed rate of 2.0 percent. Accrued interest is payable on January 15, April 15, July 15, and October 15 of each year with the entire unpaid principal balance due in full on July 31, 2022. As of September 30, 2016 and 2015, the outstanding amount of this note was \$600,000.

NATIONAL COUNCIL ON AGRICULTURAL LIFE AND LABOR RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 17 LONG-TERM DEBT (cont'd)

In August 2012, NCALL Research, Inc. entered into an unsecured note agreement with HSBC Bank USA in the amount of \$2,000,000. The note bears interest at a fixed rate of 2.35 percent. Accrued interest is payable on January 1, April 1, July 1, and October 1 of each year, with the entire unpaid principal balance due in full on August 31, 2019. As of September 30, 2016 and 2015, the outstanding amount of this note was \$2,000,000.

In August 2012, NCALL Research, Inc. entered into an unsecured note agreement with TD Bank in the amount of \$1,000,000; and in May 2014, the note was amended to increase the available amount to \$1,500,000. The note bears interest at a variable rate of 2.25 percent above the LIBOR rate. Accrued interest is payable quarterly with the entire unpaid principal balance due in full on July 31, 2017. As of September 30, 2016 and 2015, the outstanding amount of this note was \$1,500,000.

In July 2014, NCALL Research, Inc. entered into an unsecured line of credit agreement with the Jessie Ball DuPont Religious, Charitable, and Educational Fund in the amount of \$1,500,000. Any outstanding balance against this line of credit will bear interest at a fixed rate of 1.5 percent. Accrued interest is payable on June 30 and December 31 of each year, with the entire unpaid principal balance due in full on July 29, 2021. As of September 30, 2016 and 2015, the outstanding amount of this note was \$1,500,000.

In August 2014, NCALL Research, Inc. entered into an unsecured line of credit agreement with Capital One, National Association in the amount of \$1,000,000. Any outstanding balance against this line of credit will bear interest at a fixed rate of 1.0 percent. Accrued interest is payable on January 1, April 1, July 1, and October 1 of each year, with the entire unpaid principal balance due in full on July 1, 2024. As of September 30, 2016 and 2015, the outstanding amount of this note was \$1,000,000.

In September 2014, NCALL Research, Inc. entered into an unsecured note agreement with Wilmington Savings Fund Society in the amount of \$750,000. The note bears interest at a fixed rate of 4.0 percent. Accrued interest is payable quarterly with the entire unpaid principal balance due in full on September 18, 2017. As of September 30, 2016 and 2015, the outstanding amount of this note was \$750,000.

In June 2015, NCALL Research, Inc. entered into an unsecured note agreement with the Opportunity Finance Network in the amount of \$1,000,000. The note bears interest at a fixed rate of 3.5 percent. Accrued interest is payable quarterly on March 31, June 30, September 30, and December 31, and the entire unpaid principal balance is due in full on June 30, 2018. As of September 30, 2016 and 2015, the outstanding amount of this note was \$1,000,000 and \$500,000, respectively.

In July 2016, NCALL Research, Inc. entered into an unsecured note agreement with The Domestic and Foreign Missionary Society of the Protestant Episcopal Church in the United States of America in the amount of \$300,000. The note bears interest at a fixed rate of 3.75 percent.

NATIONAL COUNCIL ON AGRICULTURAL LIFE AND LABOR RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 17 LONG-TERM DEBT (cont'd)

Accrued interest is payable quarterly on March 31, June 30, September 30, and December 31, and the entire unpaid principal balance is due in full on September 30, 2019. As of September 30, 2016, the outstanding amount of this note was \$300,000.

The maturity of the long-term debt is as follows:

Year Ending September 30,

2017	\$ 3,900,000
2018	1,400,000
2019	2,300,000
2020	-
2021	1,875,000
Thereafter	<u>4,450,000</u>
	<u>\$ 13,925,000</u>

NOTE 18 FUNDS HELD FOR OTHERS

Funds held for others (\$400,000 and \$500,000 as of September 30, 2016 and 2015, respectively) reflected in the statement of financial position represent funds received from Citi Community Development in accordance with the Department of Justice Settlement Agreement (Community Reinvestment and Neighborhood Stabilization, Annex Two, Section 4-D). These funds will be passed-through to the National Community Reinvestment Coalition ("NCRC") to support its GROWTH (Generating Real Opportunities for Work Through Housing) Initiative in Delaware. These funds were disbursed first to NCALL Research, Inc. due to its certification as a Community Development Financial Institution ("CDFI") with the infrastructure to disburse funds for real estate projects.

NOTE 19 COMMITMENTS

Loans closed but not disbursed as of September 30, 2016 were as follows:

<u>Loan Amount</u>	<u>Disbursed at 09/30/2016</u>	<u>Undisbursed</u>
<u>\$ 12,843,222</u>	<u>\$ 7,980,402</u>	<u>\$ 4,862,820</u>

As of September 30, 2016, NCALL Research, Inc. issued commitment letters to six potential borrowers for loans totaling \$3,450,000. All six loans are expected to close in the next fiscal year.

NATIONAL COUNCIL ON AGRICULTURAL LIFE AND LABOR RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 19 COMMITMENTS (cont'd)

On November 4, 2015, NCALL Research, Inc. issued a letter of credit in favor of Delaware State Housing Authority ("DSHA") as beneficiary at the request of Chandler Heights II, L.P., c/o Better Homes of Seaford, Inc. to guarantee amounts due DSHA in an amount not to exceed \$96,180. The letter of credit expires on May 4, 2017. As of September 30, 2016, NCALL Research, Inc. has not been called on this guarantee and considers the occurrence of such event remote.

On June 16, 2016, NCALL Research, Inc. issued a letter of credit in favor of The Sussex County Council as beneficiary at the request of Milford Housing Development Corporation for a construction contract completion guarantee in an amount not to exceed \$147,089. The letter of credit expires on December 16, 2016. This letter of credit can be extended for an additional year unless written notice is given to NCALL Research, Inc. 60 days prior to the expiration date of the intention not to extend the letter of credit. As of September 30, 2016, NCALL Research, Inc. has not been notified of non-completion of the construction contract.

On June 21, 2016, NCALL Research, Inc. issued a letter of credit in favor of The Sussex County Council as beneficiary at the request of Milford Housing Development Corporation for a construction contract completion guarantee in an amount not to exceed \$675,292. The letter of credit expires on June 21, 2018. As of September 30, 2016, NCALL Research, Inc. has not been notified of non-completion of the construction contract.

NOTE 20 CONCENTRATION OF CREDIT RISK

NCALL Research, Inc. maintains cash balances at one financial institution which may at times exceed the Federal Deposit Insurance Corporation ("FDIC") limit of \$250,000 per depositor. The bank balances that exceeded the FDIC limit as of September 30, 2016 and 2015 were \$6,389,105 and \$5,981,013, respectively. NCALL Research, Inc. has not experienced any losses in such accounts. Management of NCALL Research, Inc. believes it is not exposed to any significant credit risk on its cash balances.

NOTE 21 FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at September 30, 2016 and 2015 are as follows:

Fair Value Measurements at Reporting Date Using:

	<u>Fair Value</u>	<u>Level 2</u>
<u>September 30, 2016</u>		
Investment pool – DCF	\$ 18,831	\$ 18,831
Certificates of deposit	<u>1,385,476</u>	<u>1,385,476</u>
Total	<u>\$ 1,404,407</u>	<u>\$ 1,404,407</u>

NATIONAL COUNCIL ON AGRICULTURAL LIFE AND LABOR RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 21 FAIR VALUE MEASUREMENTS

Fair Value Measurements at Reporting Date Using:

	<u>Fair Value</u>	<u>Level 2</u>
<u>September 30, 2015</u>		
Investment pool – DCF	\$ 17,624	\$ 17,624
Certificates of deposit	<u>1,379,783</u>	<u>1,379,783</u>
Total	<u>\$ 1,397,407</u>	<u>\$ 1,397,407</u>

Level 1 – Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets.

Level 2 – Financial assets valued using Level 2 inputs are based on quoted prices in markets that are not active or for which all significant inputs are unobservable, either directly or indirectly. The fair value of the investments with the Delaware Community Foundation are determined based on observable market factors not included in Level 1, such as quoted market prices for similar assets or liabilities in an active or nonactive market. NCALL Research, Inc.'s portion of the investment pool is valued by the Delaware Community Foundation on a monthly basis. The investments in the pool are actively traded and valued using quoted market prices. However, since the investments are pooled funds, they are designated as Level 2 investments.

Level 3 – Financial assets valued using Level 3 inputs are determined by valuation methodologies that are unobservable and significant to the fair value measurements.

NOTE 22 RELATED PARTY TRANSACTIONS

Each year, the Board of Directors conducts a formal process of discerning, disclosing, and monitoring potential conflicts of interest between its members. This same process extends to its staff and contractors.

The Loan Fund representatives at the committee and staff level adhere to a disclosure and conflict-of-interest policy in the event a customer or loan request comes in wherever there may be involvement with a loan fund committee member.

As of September 30, 2016 and 2015, NCALL Research, Inc. had outstanding loans totaling \$467,964 and \$266,370, respectively, to the Diamond State Community Land Trust, Inc. ("Diamond State"). The President of the Board of Directors of Diamond State is on the Board of Directors of NCALL Research, Inc. and serves as the Chair of the Loan Fund Committee. NCALL Research, Inc.'s policies require this individual to recuse himself from any matters regarding Diamond State.

NATIONAL COUNCIL ON AGRICULTURAL LIFE AND LABOR RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 22 RELATED PARTY TRANSACTIONS (cont'd)

As of September 30, 2016 and 2015, NCALL Research, Inc. had outstanding loans totaling \$215,642 and \$215,808, respectively, to the Dover Interfaith Mission for Housing, Inc. The President of the Board of Directors of Dover Interfaith Mission for Housing, Inc. is on the Board of Directors of NCALL Research, Inc.

As of September 30, 2016 and 2015, NCALL Research, Inc. had outstanding loans totaling \$653,096 and \$653,097, respectively, to Solid Rock Baptist Church. The Pastor of Solid Rock Baptist Church is on the Board of Directors of NCALL Research, Inc.

NOTE 23 SUBSEQUENT EVENTS

NCALL Research, Inc. has evaluated all subsequent events through January 23, 2017, the date the financial statements were available to be issued.

SINGLE AUDIT INFORMATION

INDEPENDENT AUDITOR'S
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

January 23, 2017

To the Board of Directors
National Council on Agricultural Life and Labor Research, Inc.
Dover, Delaware

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 National Council on Agricultural Life and Labor ("NCALL") Research, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 23, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered NCALL Research, Inc.'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 NCALL Research, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of NCALL'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of NCALL'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.

To the Board of Directors
National Council on Agricultural Life and Labor Research, Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether NCALL Research, Inc.'s financial statements are free from material misstatement, 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 statement amounts. However, providing an opinion on compliance with those 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 NCALL Research, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NCALL Research, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP

INDEPENDENT AUDITOR'S
REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTRC
OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE

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January 23, 2017

To the Board of Directors
National Council on Agricultural Life and Labor Research, Inc.
Dover, Delaware

Report on Compliance for Major Federal Program

We have audited National Council on Agricultural Life and Labor ("NCALL") Research, Inc.'s compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on NCALL Research, Inc.'s major federal program for the year ended September 30, 2016. NCALL Research, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and recommendations.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for NCALL Research, Inc.'s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about NCALL Research, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for its major federal program. However, our audit does not provide a legal determination of NCALL Research, Inc.'s compliance.

To the Board of Directors
National Council on Agricultural Life and Labor Research, Inc.

Opinion on Major Federal Program

In our opinion, NCALL Research, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2016.

Report on Internal Control Over Compliance

Management of NCALL Research, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered NCALL Research, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of NCALL Research, Inc.'s internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


BARBACANE, THORNTON & COMPANY LLP

**NATIONAL COUNCIL ON AGRICULTURAL LIFE AND LABOR RESEARCH, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

FEDERAL GRANTOR/PROJECT TITLE	SOURCE CODES	PASS- THROUGH NO.	CFDA NUMBER	EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS
<u>U.S. Department of Agriculture Rural Development</u>					
Self-Help Housing Technical and Management Assistance	D	N/A	10.420	\$ 847,425	\$ -
Rural Community Development Initiative	D	N/A	10.446	36,003	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE				<u>883,428</u>	<u>-</u>
<u>U.S. Department of Housing and Urban Development</u>					
<u>Passed through the City of Dover</u>					
Community Development Block Grant	I	N/A	14.218	5,500	-
<u>Passed through the Delaware State Housing Authority</u>					
Housing Counseling Grant	I	N/A	14.169	151,689	-
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				<u>157,189</u>	<u>-</u>
<u>U.S. Department of Labor</u>					
<u>Passed through Florida Non-Profit Housing, Inc.</u>					
National Farmworkers Job Program	I	N/A	17.264	114,929	-
TOTAL U.S. DEPARTMENT OF LABOR				<u>114,929</u>	<u>-</u>
<u>U.S. Department of the Treasury</u>					
<u>Passed through Neighborhood Reinvestment Corporation</u>					
National Foreclosure Mitigation Counseling Grant	I	N/A	21.000	136,769	-
Expendable Grant	I	N/A	21.000	424,200	-
Capital Grant	I	N/A	21.000	245,000	-
Total CFDA #21.000				<u>805,969</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF THE TREASURY				<u>805,969</u>	<u>-</u>
TOTAL FEDERAL EXPENDITURES				<u>\$ 1,961,515</u>	<u>\$ -</u>

SOURCE CODES:

- D - Direct Funding
- I - Indirect Funding

NATIONAL COUNCIL ON AGRICULTURAL LIFE AND LABOR RESEARCH, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A BASIS OF ACCOUNTING

All expenditures included in the schedule of expenditures of federal awards are presented on the basis that expenditures are reported to the respective federal grantor agencies. Accordingly, expenditures are recorded when the federal obligation is determined.

NOTE B FEDERAL EXPENDITURES

The schedule of expenditures of federal awards reflects federal expenditures for all individual grants which were active during the fiscal year.

NOTE C INDIRECT COST RATE

NCALL, Research, Inc. did not use the federal de minimis indirect cost rate of 10 percent on their federal grants for the year ended September 30, 2016.

**SCHEDULE OF
FINDINGS AND RECOMMENDATIONS**

NATIONAL COUNCIL ON AGRICULTURAL LIFE AND LABOR RESEARCH, INC.

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

PART A - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of auditor's report issued on compliance for major programs [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?

Yes No

Identification of major program:

CFDA Number

Name of Federal Program or Cluster

10.420

Self-Help Housing Technical and Management Assistance

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

Yes No

NATIONAL COUNCIL ON AGRICULTURAL LIFE AND LABOR RESEARCH, INC.

SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONT'D)

PART B - FINDINGS RELATED TO FINANCIAL STATEMENTS

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

PART C - FINDINGS RELATED TO FEDERAL AWARDS

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.