NATIONAL COMMUNITY
INVESTMENT FUND AND AFFILIATE

YEARS ENDED DECEMBER 31, 2011 AND 2010

NATIONAL COMMUNITY INVESTMENT FUND AND AFFILIATE

YEARS ENDED DECEMBER 31, 2011 AND 2010

CONTENTS

Independent Auditors' Report

Board of Trustees
National Community Investment Fund and Affiliate
Chicago, Illinois

We have audited the accompanying consolidated statement of financial position of National Community Investment Fund and Affiliate (NCIF) as of December 31, 2011 and the related consolidated statements of activities and cash flows for the year then ended. These consolidated financial statements are the responsibility of NCIF's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The consolidated financial statements of NCIF as of December 31, 2010 and for the year then ended were audited by other auditors whose report dated April 26, 2011, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of National Community Investment Fund and Affiliate as of December 31, 2011 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Ostrow Reisin Berk & Abrams, LTD.

April 26, 2012

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NATIONAL COMMUNITY INVESTMENT FUND AND AFFILIATE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31,	2011	2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,192,143	$ 3,629,551
Interest receivable	28,301	36,275
Accounts and dividends receivable	33,803	106,559
Prepaid expenses	39,289	33,705
Total current assets	3,293,536	3,806,090
Investments (Note 4)	4,517,193	4,304,426
Equipment, net of accumulated depreciation (Note 2)	17,010	7,616
Loans receivable (net of allowance for loan losses of $28,814 in 2011 and $61,987 in 2010) (Note 7)	1,299,963	1,451,036
Equity investments in Community Development Financial Institutions (CDFIs) (Note 6)	12,158,033	11,348,472
Investment in NCIF Capital, LLC	9,339	6,492
Deferred loan fees, net of accumulated amortization	15,000	18,750
Security deposit	4,515	
Total assets	$ 21,314,589	$ 20,942,882

See notes to consolidated financial statements.

NATIONAL COMMUNITY INVESTMENT FUND AND AFFILIATE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

December 31,	2011	2010
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current portion of notes payable (Note 8)	$ 640,000	$ 640,000
Accounts payable and accrued expenses	279,580	184,411
Total current liabilities	919,580	824,411
Long-term liabilities:		
Long-term debt - contractual principal (Note 8)	16,059,515	16,699,515
Discount for below-market interest rate (Note 8)	(2,846,160)	(3,562,535)
Total long-term liabilities	13,213,355	13,136,980
Total liabilities	14,132,935	13,961,391
Net assets:		
Unrestricted	4,335,494	3,418,956
Temporarily restricted (Note 12)	2,846,160	3,562,535
Total net assets	7,181,654	6,981,491
Total liabilities and net assets	$ 21,314,589	$ 20,942,882

See notes to consolidated financial statements.

NATIONAL COMMUNITY INVESTMENT FUND AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES

Years ended December 31,	2011	2010
Revenue:		
Interest and dividend income	$ 299,402	$ 380,812
New Markets Tax Credits fee income (Note 13)	1,787,397	1,021,337
Other earned revenue	112,854	105,701
Net assets released from restrictions - grants (Note 12)		750,000
Total revenue	2,199,653	2,257,850
Expenses:		
Personnel related expenses	525,429	107,629
Fund Advisor fees and expenses		752,555
Interest expense - contractual	171,750	176,592
Professional services	164,704	134,028
Trustees' fees	65,000	65,000
Travel	69,309	21,385
Occupancy expenses	49,866	3,713
Insurance	37,674	34,141
Membership dues and fees	30,310	35,590
Depreciation (Note 2)	2,807	129
Loan losses (recovery)	(16,173)	(28,043)
Other expenses	92,163	46,454
Total expenses	1,192,839	1,349,173
Change in unrestricted net assets before loss on equity CDFI investments, gain on investments and interest amortization	1,006,814	908,677
Loss on equity CDFI investments, net of lender and Fund Advisor incentives	(169,393)	(1,172,237)
Gain on investments	79,117	36,151
Change in unrestricted net assets before interest amortization	916,538	(227,409)

See notes to consolidated financial statements.

NATIONAL COMMUNITY INVESTMENT FUND AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES (CONTINUED)

Years ended December 31,	2011	2010
Net assets released from restrictions:		
Interest - amortization of discount (Note 12)	$ **716,375**	$ 773,443
Expense:		
Interest - amortization of discount	**(716,375)**	(773,443)
Change in unrestricted net assets	**916,538**	(227,409)
Temporarily restricted net assets:		
Grant income		750,000
Interest discount		530,458
Net assets released from restrictions:		
Interest - amortization of discount (Note 12)	**(716,375)**	(773,443)
Grants and other (Note 12)		(750,000)
Change in temporarily restricted net assets	**(716,375)**	(242,985)
Change in net assets	**200,163**	(470,394)
Net assets, beginning of year	**6,981,491**	7,451,885
Net assets, end of year	$ **7,181,654**	$ 6,981,491

See notes to consolidated financial statements.

NATIONAL COMMUNITY INVESTMENT FUND AND AFFILIATE

CONSOLIDATED STATEMENT OF CASH FLOWS

Years ended December 31,	2011	2010
Cash flows from operating activities:		
Change in net assets	$ 200,163	$ (470,394)
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	2,807	129
Recovery of loan losses	(16,173)	(28,043)
Discount amortization on below-market interest rate loans	716,375	773,443
Discount on below-market interest rate loans		(530,458)
Amortization of investment premiums	428	519
Gain on investments	(79,117)	(36,151)
Write down of equity investments in CDFI	80,000	608,791
Loss on equity investments in CDFIs	89,393	563,446
Change in operating assets and liabilities:		
Interest receivable	7,974	25,069
Accounts and dividends receivable	72,756	(61,621)
Prepaid expenses	(5,584)	(616)
Deferred loan fees	3,750	3,750
Security deposit	(4,515)	
Accounts payable and accrued expenses	95,169	98,885
Due to Fund Advisor		(21,476)
Cash provided by operating activities	1,163,426	925,273
Cash flows from investing activities:		
Repayments from CDFIs	167,245	382,958
Loans issued to CDFIs		(500,000)
Equity investments in CDFIs	(1,025,000)	(1,750,000)
Proceeds from sales of equity in CDFIs	46,040	
Investment in LLC	(2,847)	(1,480)
Net purchases of certificates of deposit	(1,140,440)	(1,259,093)
Purchases of investments	(500,000)	(3,650,343)
Proceeds from paydowns on investments	6,369	40,817
Proceeds from sales and maturities of investments	1,500,000	6,293,010
Purchase of fixed assets	(12,201)	(7,745)
Cash used in investing activities	(960,834)	(451,876)

See notes to consolidated financial statements.

NATIONAL COMMUNITY INVESTMENT FUND AND AFFILIATE

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Years ended December 31,	2011	2010
Cash flows from financing activity:		
Principal paid on notes payable	$ (640,000)	$ (640,000)
Cash used in financing activity	(640,000)	(640,000)
Change in cash and cash equivalents	(437,408)	(166,603)
Cash and cash equivalents, beginning of year	3,629,551	3,796,154
Cash and cash equivalents, end of year	$ 3,192,143	$ 3,629,551
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	$ 171,750	$ 176,592

See notes to consolidated financial statements.

1. Organization

The National Community Investment Fund (referred to as NCIF), an independent trust was founded in December 1995. NCIF's mission is to increase the number and capacity of domestic, depository Community Development Financial Institutions (CDFIs) that are both effective agents of local community development in distressed markets and sound financial institutions.

NCIF was created through joint efforts between Bank of America and ShoreBank Corporation. Bank of America provided NCIF's initial capital in the form of a $15 million loan. NCIF raised additional grants and loans from the Ford Foundation, the John D. and Catherine T. MacArthur Foundation, MBNA American Bank, NA (which merged with Bank of America effective January 1, 2006), Washington Mutual Community Development, Inc. (which was purchased by JPMorgan Chase in 2008) and the CDFI Fund. To expand its geographical territory and investment activity in CDFIs, NCIF is seeking additional capital from bank and other institutional investors.

Through November 30, 2010, ShoreBank Corporation (Fund Advisor) advised NCIF on market development, investment recommendations and for general administration. On September 30, 2010, NCIF Management LLC (NCIFMLLC) was created as a wholly-owned subsidiary of NCIF for the purposes of employing staff. Beginning December 1, 2010, NCIFMLLC was retained by NCIF, under a Service Agreement set to expire on December 31, 2015, to provide investment advisory, administrative and management services to NCIF. NCIF is the sole member of NCIFMLLC and NCIFMLLC is treated as a disregarded entity for tax purposes. All activities are consolidated in these financial statements and all references to NCIF refer to the consolidated entity, unless otherwise designated.

In November 2002, NCIF formed NCIF Capital, LLC as a limited liability company in the state of Delaware. NCIF Capital, LLC's purpose is to act as the managing member in one or more limited liability companies that are certified as Community Development Entities (CDEs) that are or will be set up for raising and deploying capital under CDFI Fund's New Markets Tax Credits (NMTC) program. As of December 31, 2011 and 2010, NCIF owns 100% of NCIF Capital, LLC. The carrying value of NCIF's investment at December 31, 2011 and 2010 approximates NCIF's underlying equity in the net equity of NCIF Capital, LLC. See Note 13 for further detail on NMTC activities.

2. Summary of significant accounting policies

Basis of accounting:

The accompanying consolidated financial statements of NCIF have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of presentation:

NCIF's net assets are classified into three classes: unrestricted, temporarily restricted and permanently restricted – according to the existence or absence of donor-imposed restrictions. Unrestricted net assets are not subject to donor-imposed restrictions. Temporarily restricted net assets are subject to donor-imposed restrictions that either expire by passage of time or can be fulfilled and removed by actions of NCIF. Permanently restricted net assets are subject to donor-imposed restrictions to be maintained permanently by NCIF; only the income generated from certain grants may be available for operations. NCIF did not have any permanently restricted net assets at December 31, 2011 and 2010.

Principles of consolidation:

The accompanying consolidated financial statements include the accounts of NCIF and NCIFMLLC. All intercompany balances and transactions have been eliminated in consolidation.

Income tax status:

NCIF is exempt from federal income taxes as a result of its status as a non-profit organization as described under Section 501(c)(4) of the Internal Revenue Code. NCIF is the sole member and 100% owner of NCIFMLLC, which is treated as a disregarded entity for tax purposes. NCIF has adopted guidance issued by the Financial Accounting Standards Board (FASB) with respect to accounting for uncertain tax positions. No provision has been made for income taxes in the accompanying consolidated financial statements.

Cash and cash equivalents:

For the purpose of the consolidated statement of cash flows, NCIF considers all highly liquid investments with an initial maturity of three months or less when purchased to be cash equivalents.

Investments:

Investments consist of widely traded U.S. government obligations, U.S. government agency securities, mortgage-backed securities, municipal bonds and corporate notes and are carried at fair value. Changes in the fair value of investments owned at the end of the year are recorded as unrealized net gains (losses). The gains and losses on investments sold during the year are recorded as realized net gains (losses) for the year. Realized and unrealized gains or losses are combined and reflected in the consolidated statement of activities as gain (loss) on investments. Certificates of deposit are carried at cost, which approximates fair value.

2. Summary of significant accounting policies (continued)

Equipment:

Equipment is stated at cost. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets. Total depreciation expense for the years ended December 31, 2011 and 2010 was $2,807 and $129, respectively.

Loans receivable:

NCIF seeks to lend money to relatively high-risk, growing depository institutions that demonstrate a high social impact. The types of loans that NCIF provides include working capital loans for expansion, acquisition of existing assets or creation of affiliated development companies. Loan maturities vary with the needs of the recipient and are secured, when possible, by the assets of the business being financed.

Loans receivable are stated at the principal amount outstanding, net of unearned discount and loan origination fees. The accrual of interest is discontinued whenever principal or interest has been in default ninety consecutive days or more, unless the loan is in process of collection as determined by management. At December 31, 2011 and 2010, there were no nonaccrual loans. Loan fees and direct loan origination costs are deferred and amortized over the term of the loan as a yield adjustment.

Allowance for loan losses:

An allowance for loan losses has been established to provide for those loans which may not be repaid in their entirety. The allowance is increased by provisions for loan losses charged to expense and decreased by charge-offs, net of recoveries. Although a loan is charged off by management when deemed uncollectible, collection efforts continue and future recoveries may occur.

The allowance is maintained by management at a level considered adequate to cover losses that are deemed possible based on past industry loss experience, general economic conditions, information about specific borrower situations including their financial position and other factors and estimates which are subject to change over time. Estimating the risk of loss and amount of loss on any loan is necessarily subjective and ultimate losses may vary from current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known. NCIF experienced a charge-off of $17,000 for the year ended December 31, 2011. NCIF did not experience any charge-offs for the year ended December 31, 2010. Loans considered to be impaired are reduced to the present value of expected future cash flows by allocating a portion of the allowance for loan losses to such loans. NCIF did not consider any loans to be impaired at December 31, 2011 and 2010.

2. Summary of significant accounting policies (continued)

Equity investments in CDFIs:

NCIF also makes noncontrolling equity investments in CDFIs. Most of these investments are not readily marketable and, accordingly, are recorded at historical cost, net of any reductions for permanent declines in value. However, for those few investments which have readily available market prices and trade actively on a public exchange, the carrying amount is fair value, net of any incentives payable to the lenders.

Contributions:

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions. Temporarily restricted net assets relate to NCIF's program to expand investments in CDFIs. See Note 12.

Use of estimates:

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires the management of NCIF to make estimates and assumptions that affect certain reported amounts and disclosures. NCIF's estimated allowance for loan losses is particularly sensitive to change in the near term. Accordingly, actual results could differ from these estimates.

3. Concentration of credit risk

As of December 31, 2011, NCIF's cash balances were held in fully-insured accounts or were held in other accounts which did not exceed insurable limits. As of December 31, 2010, NCIF's cash balances were held in fully-insured NOW accounts or were held in other accounts which did not exceed insurable limits.

4. Investments

Investments are stated at fair value. Fair values as of December 31, 2011 and 2010 are summarized as follows:

December 31,		**2011**		2010
Mortgage-backed securities	$	**31,588**	$	40,456
U.S. government agencies/municipal bonds		**1,667,750**		2,586,555
Certificates of deposit		**2,817,855**		1,677,415
Total	$	**4,517,193**	$	4,304,426

5. Fair value measurements

Financial Accounting Standards Board Accounting Standards Codification 820 (FASB ASC 820) *Fair Value Measurements and Disclosures* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1	Inputs to valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that NCIF has the ability to access.
Level 2	Inputs to the valuation methodology include: • quoted prices for similar assets or liabilities in active markets; • quoted prices for identical or similar assets or liabilities in inactive markets; • inputs other than quoted prices that are observable for the asset or liability; • inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

5. Fair value measurements (continued)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2011 and 2010.

Mortgage-backed and government securities: The fair values of debt investments are determined by quoted market prices of similar securities with similar due dates or matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2 inputs).

Certificates of deposit: Fair values are estimated to approximate deposit account balances, payable on demand, as no discounts for credit quality or liquidity were determined to be applicable (Level 2 inputs).

Equity investments in CDFIs: The fair values of equity investments in CDFIs that are readily marketable are determined by obtaining quoted prices on nationally recognized security exchanges (Level 1 inputs).

Assets measured on a recurring basis:

Assets measured at fair value on a recurring basis at December 31, 2011:

	Level 1	Level 2	Total
Assets:			
Mortgage-backed securities		**$ 31,588**	**$ 31,588**
U.S. government agencies/municipal bonds		**1,667,750**	**1,667,750**
Certificates of deposit		**2,817,855**	**2,817,855**
Equity investments in CDFIs	**$ 1,030,687**		**1,030,687**
	$ 1,030,687	**$ 4,517,193**	**$ 5,547,880**

5. Fair value measurements (continued)

Assets measured on a recurring basis: (continued)

Assets measured at fair value on a recurring basis at December 31, 2010:

	Level 1	Level 2	Total
Assets:			
Mortgage-backed securities		$ 40,456	$ 40,456
U.S. government agencies/municipal bonds		2,586,555	2,586,555
Certificates of deposit		1,677,415	1,677,415
Equity investments in CDFIs	$ 166,126		166,126
	$ 166,126	$ 4,304,426	$ 4,470,552

6. Equity investments in Community Development Financial Institutions (CDFIs)

In accordance with FASB ASC 958-325, *Not-for-Profit Entities – Investments – Other* and as discussed in Note 2, NCIF's equity investments in CDFIs that are not readily marketable are carried at historical cost, net of any reductions for permanent impairments. Determination of whether there is a permanent impairment is based on a review of available indicators including book value, prices on OTC bulletin boards and comparable arms length transactions. As of December 31, 2011 and 2010, NCIF held $11,127,346 and $11,182,346 in equity investments in CDFIs that are not readily marketable, respectively. For the years ended December 31, 2011 and 2010, NCIF recognized $80,000 and $608,791 of permanent impairment reductions on its equity investments in CDFIs, respectively.

7. Loans receivable and allowance for loan losses

December 31,	2011	2010
Total loans receivable	$ 1,328,777	$ 1,513,023

Changes in the allowance for loan losses are as follows:

Years ended December 31,	2011	2010
Balance, beginning of year	$ 61,987	$ 90,030
Loan loss applied to allowance	(17,000)	
Recovery of loan losses	(16,173)	(28,043)
Balance, end of year	$ 28,814	$ 61,987
Loans receivable, net of allowance for loan losses	$ 1,299,963	$ 1,451,036

8. Long-term debt

Long-term debt consisted of the following:

December 31,	2011	2010
1% note payable to Bank of America Community Development Corporation, due December 14, 2015, quarterly principal payments of $160,000 plus accrued interest.	**$ 13,699,515**	$ 14,339,515
1% EQ2 note, payable to JPMorgan Chase Bank (formerly Washington Mutual Community Development Inc.), originally due May 1, 2010. During 2010, the note was extended through May 1, 2015; payments of interest only on a quarterly basis, to the extent of NCIF's available cash flow. Interest for any period which exceeds available cash flow is deferred until the next interest period.	**3,000,000**	3,000,000
Total long-term debt	**16,699,515**	17,339,515
Current portion	**(640,000)**	(640,000)
Discount for imputed interest on below-market interest rate loans; see * below.	**(2,846,160)**	(3,562,535)
Total long-term debt, net of current portion and discount for imputed interest	**$ 13,213,355**	$ 13,136,980

*A discount on below-market interest rate loans is imputed using interest rates ranging from 5% to 6.75% and included in temporarily restricted contribution revenue in the year the loan is issued. The discount represents the cumulative amount of net revenue that has been recognized due to below-market interest rate loans. Each year, as the interest expense is recognized, the discounted amount is amortized to expense.

8. Long-term debt (continued)

Future maturities of long-term debt are as follows:

Year ending December 31:		Amount
2012	$	640,000
2013		640,000
2014		640,000
2015		14,779,515
Total	$	16,699,515

9. Transactions with Manager /Fund Advisor

Through November 30, 2010, ShoreBank Corporation and affiliates functioned as the Fund Advisor for NCIF. Fees paid to the Fund Advisor and its affiliates for services including advisory, investment management and consulting totaled $777,455 in 2010.

On December 1, 2010, NCIF signed a Service Agreement with NCIFMLLC for the purpose of providing investment advisory, administrative and management services to NCIF. As referenced in Note 1, NCIFMLLC is a wholly-owned subsidiary of NCIF and fees paid to NCIFMLLC totaling $954,000 and $135,000 for the years ended December 31, 2011 and 2010, respectively, were eliminated for the purposes of these consolidated financial statements.

10. Functional expenses

The consolidated statement of activities includes the following functional expense categories:

Years ended December 31,		**2011**		2010
Fund advisory and investing	**$**	**811,210**	$	1,098,424
Grant related and special projects		**106,555**		44,848
General and administrative expenses		**271,444**		188,697
Fundraising		**3,630**		17,204
Total expenses	**$**	**1,192,839**	$	1,349,173

11. Accrued incentives on CDFI investments

Through November 30, 2010, the lenders and Fund Advisor participated in realized gains on sale of equity investments in CDFIs. The Service Agreement with NCIFMLLC does not provide for additional direct incentives to the Fund Advisor for any sales after December 1, 2010. As of December 31, 2011 and 2010, there were accumulated unrealized losses on NCIF's equity investments in CDFIs. Accordingly, there were no accrued incentives recorded for either year.

12. Temporarily restricted net assets

Temporarily restricted net assets are available for use in future periods as follows:

December 31,	**2011**	2010
Imputed interest on below-market interest rate loans	**$ 2,846,160**	$ 3,562,535

Temporarily restricted net assets were released from restrictions in 2011 and 2010 as follows:

Years ended December 31,	**2011**	2010
Imputed interest on below-market interest rate loans	**$ 716,375**	$ 773,443
CDFI Fund - Financial Assistance Award		$ 750,000

13. New Markets Tax Credits (NMTC) activities

NCIF has been awarded a total of $128 million in NMTC allocations across the 2003, 2008 and 2009 program years. NCIF earned fee income from all closed deals of $1,787,397 and $1,021,337 during the years ended December 31, 2011 and 2010, respectively. The fee income includes one-time sponsor fees and asset management fees payable annually over a period of seven years. During the year ended December 31, 2011, NCIF closed on three deals under its NMTC program. During the year ended December 31, 2010, NCIF closed on one deal under its NMTC program.

As of December 31, 2011 and 2010, NCIF had $41 million and $67 million in un-deployed allocations, respectively. As part of the NMTC program, NCIF provides customary recapture indemnities to its investors. Management believes the probability of these being invoked is considered remote.

14. Lease commitments

NCIFMLLC executed an operating lease agreement with a landlord on May 3, 2011 for office space in Chicago, Illinois. The lease is guaranteed by NCIF and is set to expire on May 31, 2016. The lease includes one 3-year renewal option. Future minimum annual lease payments under this operating lease are as follows:

Year ending December 31:	Amount
2012	$ 54,807
2013	55,890
2014	56,974
2015	58,058
2016	24,379
Total	$ 250,108

Rent expense under this lease (including real estate taxes) was approximately $50,000 for the year ended December 31, 2011.

During 2011, NCIFMLLC subleased part of the office space to two tenants – one lease is set to expire on May 31, 2012 and one lease that operates on a month-to-month basis.

15. Subsequent events

Management of NCIF has reviewed and evaluated subsequent events from December 31, 2011, the consolidated financial statement date, through April 26, 2012, the date the consolidated financial statements were available to be issued. No events have occurred during this period that would be required to be recognized and/or disclosed in these consolidated financial statements as required by generally accepted accounting principles.