State of Florida Audit Reporting Package
For

NEIGHBORHOOD LENDING PARTNERS, INC.
Tampa, Florida

For the Year Ended March 31, 2011

Reports

The following reports were delivered on June 29, 2011 to Neighborhood Lending Partners, Inc.:

- Auditor General – Florida Single Audit Act – Nonprofit and For-Profit Entities Audit Report Package Submittal Checklist (Section 215.97, Florida Statutes)
- Combined Statements of Financial Position at March 31, 2011 and 2010 and Combined Statements of Activities and Cash Flows for the Years Then Ended and Supplemental Schedule of Expenditures of Federal Awards and State Financial Assistance
- Summary Schedule of Prior Audit Findings
- Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Combined Financial Statements Performed in Accordance with Government Auditing Standards
- Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and State Project and on Internal Control Over Compliance in Accordance with OMB Circular A-133
- Schedule of Findings and Questioned Costs
- Corrective Action Plan

AUDITOR GENERAL

FLORIDA SINGLE AUDIT ACT – NONPROFIT AND FOR-PROFIT ENTITIES FINANCIAL REPORTING PACKAGE SUBMITTAL CHECKLIST (SECTION 215.97, FLORIDA STATUTES)

Entity Name Neighborhood Lending Partners, Inc.

Entity Type (Nonprofit, For-Profit) Nonprofit

Contact Person Name and Title Debra Reyes, President

Contact Person Mailing Address 3615 West Spruce Street
Tampa, FL 33607

Contact Person Phone Number (813) 879-4525

Contact Person Email Address dreyes@NLP-INC.com

Fiscal Period Audited March 31, 2011

Date Auditor Delivered Audit Report to Entity June 29, 2011

Does the financial reporting package include the following items required by Auditor General Rule 10.656(3):

Required for State single audits as defined by Section 215.97(2)(w), Florida Statutes, and project-specific audits as defined by Section 215.97(2)(v), Florida Statutes:

Yes — A schedule of expenditures of State financial assistance as described in Auditor General Rule 10.656(3)(d)1.? **NOTE:** The schedule of expenditures of State financial assistance, when applicable, is required to be combined with the schedule of expenditures of Federal awards.

Yes — The auditor's report on the schedule of State financial assistance as described in Auditor General Rule 10.656(3)(d)2.?

Yes — The auditor's report on internal control and compliance related to major State projects as described in Auditor General Rule 10.656(3)(d)3.?

Yes — A schedule of findings and questioned costs as described in Auditor General Rule 10.656(3)(d)4.?

Yes — A summary schedule of prior audit findings as described in Auditor General Rule 10.656(3)(d)5.? **NOTE:** If a schedule of prior audit findings is not presented because there are no prior audit findings to be reported, this should be stated in the schedule of findings and questioned costs.

Yes — A corrective action plan as described in Auditor General Rule 10.656(3)(d)6.?

______ — The management letter defined in Auditor General Rule 10.654(1)(e), and, if applicable, a written statement of explanation or rebuttal, including corrective action to be taken, concerning the deficiencies cited in the management letter (see AG Rule 10.656(3)(e))? **NOTE:** If a management letter is not presented because there are no items related to State financial assistance required to be reported in the management letter, this should be stated in the schedule of findings and questioned costs.

Yes — Are all of the above elements of the financial reporting package included in a ***single document*** as required by Auditor General Rule 10.656(3)?

Yes — Is ***one*** paper copy and ***one*** electronic copy of the financial reporting package being submitted as required by Auditor General Rule 10.657(1)? **NOTE:** There are no provisions in the statutes for any extension for filing the financial reporting package.

Yes — Is the electronic copy named using all lower case letters as follows? [fiscal year] [name of entity].pdf. For example, the converted document for the 2007-08 fiscal year for "Example Nonprofit" entity should be named 2008 example nonprofit.pdf.

Yes — Is the financial reporting package being submitted within 45 days after receipt of the financial reporting package from the auditor, but no later than 9 months after the end of the fiscal year as required by Auditor General Rule 10.657(2)?

Required only for State single audits as defined by Section 215.97(2)(w), Florida Statutes:

________ The annual financial statements described in Auditor General Rule 10.655, as applicable, together with related notes to the financial statements (see Auditor General Rule 10.656(3)(f))?

________ Required supplementary information (RSI) such as the Management's Discussion and Analysis, or the Budgetary Comparison Schedule required as RSI if not presented as part of the financial statements (see Auditor General Rule 10.655(3))? **NOTE:** This applies only to nonprofit organizations that are determined to be governmental entities.

________ The auditor's report on the financial statements as described in Auditor General Rule 10.656(3)(b)1.?

________ The auditor's report on compliance and internal control based on an audit of the financial statements as described in Auditor General Rule 10.656(3)(b)2.?

________ If applicable, the auditor's reports and related financial information required pursuant to the Federal *Single Audit Act Amendments of 1996*, OMB Circular A-133, or other applicable Federal law (see AG Rule 10.656(3)(c))?

This checklist should accompany the financial reporting package. It is suggested that you retain a copy of the checklist for your files. Do not hesitate to contact this office if assistance or clarification is needed regarding reporting requirements. Our telephone and fax numbers, and electronic addresses, are as follows:

Address –
Auditor General
Local Government Audits/342
Claude Pepper Building, Room 401
111 West Madison Street
Tallahassee, FL 32399-1450

Telephone: (850) 487-9031
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Web site Address: www.myflorida.com/audgen

Combined Statements of Financial Position at March 31, 2011 and 2010 and Combined Statements of Activities and Cash Flows for the Years Then Ended and Supplemental Schedule of Expenditures of Federal Awards and State Financial Assistance

Neighborhood Lending Partners, Inc.

Audited Combined Financial Statements

At March 31, 2011 and 2010 and For the Years Then Ended With Supplementary Schedules for Fiscal 2011

(Together with Independent Auditors' Report)

HACKER, JOHNSON & SMITH PA

Fort Lauderdale
Fort Myers
Orlando
Tampa

Certified Public Accountants

Unqualified Opinion on the Combined Financial Statements and Supplementary Schedules

Independent Auditors' Report

Neighborhood Lending Partners, Inc.
Tampa, Florida:

We have audited the accompanying combined statements of financial position of Neighborhood Lending Partners, Inc. and Affiliates (the "Company") at March 31, 2011 and 2010, and the related combined statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Company at March 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated June 27, 2011 on our consideration of the Company'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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance for the year ended March 31, 2011 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations and Chapter 10.650 Rules of the Audit General* and is not a required part of the basic combined financial statements. In addition, the combining statement of financial position at March 31, 2011 and combining statement of activities for the year ended March 31, 2011 are presented for purposes of additional analysis of the combined financial statements rather than to present the financial position and changes in net assets of the individual companies. 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. All such supplemental information has been subjected to the auditing procedures applied in the audit of the basic combined financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic combined financial statements taken as a whole.

Hacker, Johnson & Smith PA

HACKER, JOHNSON & SMITH PA
Tampa, Florida
June 27, 2011

500 North Westshore Boulevard, Post Office Box 20368, Tampa, Florida 33622-0368, (813) 286-2424
A Registered Public Accounting Firm

NEIGHBORHOOD LENDING PARTNERS, INC. AND AFFILIATES

Combined Statements of Financial Position

	At March 31, 2011	2010
Assets		
Cash:		
Restricted	$ 9,174,185	8,767,006
Unrestricted	575,429	659,831
Total cash	9,749,614	9,426,837
Short-term investments - money market funds	402,148	403,752
Cash and cash equivalents	10,151,762	9,830,589
Mortgage loans, net allowance for loan losses of $26,637 and $53,750 in 2011 and 2010	441,415	316,853
Mortgage loans, CDFI, net	11,488,937	11,377,169
Mortgage loans, FNMA	-	568,508
Mortgage loans, HHRP	5,704,266	5,752,463
Accrued interest receivable	190,198	188,616
Servicing fees receivable	38,346	39,791
NSP 2 receivables	3,465,489	-
Other receivables	135,445	182,040
Property and equipment, net	1,094,026	1,121,076
Foreclosed real estate	125,978	2,511,894
Other assets	128,860	130,759
Total assets	$ 32,964,722	32,019,758
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	242,955	547,858
NSP 2 payables	3,498,054	-
Notes payable due to FNMA	-	568,508
Escrow deposits	7,299,152	6,911,740
Due to the City of St. Petersburg	1,870,603	1,881,900
Mortgage note payable	809,379	828,782
Due to member banks	287,303	2,532,881
Revolving line of credit	8,773	24,954
Total liabilities	14,016,219	13,296,623
Commitments and contingencies (Notes 11, 12 and 13)		
Net assets:		
Unrestricted	6,393,943	6,491,173
Temporarily restricted:		
CDFI Grants	6,330,045	5,951,990
Other Grants	6,210,055	6,210,055
Future loan programs	14,460	69,917
Total temporarily restricted	12,554,560	12,231,962
Total net assets	18,948,503	18,723,135
Total liabilities and net assets	$ 32,964,722	32,019,758

See accompanying Notes to Combined Financial Statements.

NEIGHBORHOOD LENDING PARTNERS, INC. AND AFFILIATES

Combined Statement of Activities

Year Ended March 31, 2011

	Unrestricted	Temporarily Restricted	Total
Revenues:			
NSP 2 Grants	$ -	22,685,081	22,685,081
Other grants	-	750,000	750,000
Loan servicing fees	872,509	-	872,509
Loan facilitation fees	429,264	-	429,264
Interest income, mortgage loans	166,653	52,930	219,583
Interest income and other	28,393	-	28,393
Net assets released from restrictions	23,165,413	(23,165,413)	-
Total revenues	24,662,232	322,598	24,984,830
Expenses:			
NSP 2 expenses	22,685,081	-	22,685,081
Salaries and employee benefits	929,034	-	929,034
Professional fees	149,399	-	149,399
Rental and maintenance	36,082	-	36,082
Office	70,070	-	70,070
Depreciation and amortization	46,634	-	46,634
Provision for loan losses	147,339	-	147,339
Bad debt loss - SHIP provider	371,945	-	371,945
Interest expense	53,370	-	53,370
Travel	41,310	-	41,310
Other	229,198	-	229,198
Total expenses	24,759,462	-	24,759,462
Change in net assets	(97,230)	322,598	225,368
Net assets at beginning of year	6,491,173	12,231,962	18,723,135
Net assets at end of year	$ 6,393,943	12,554,560	18,948,503

See accompanying Notes to Combined Financial Statements.

NEIGHBORHOOD LENDING PARTNERS, INC. AND AFFILIATES

Combined Statement of Activities

Year Ended March 31, 2010

	Unrestricted	Temporarily Restricted	Total
Revenues:			
Grants	$ 77,816	-	77,816
Loan servicing fees	876,938	-	876,938
Loan facilitation fees	383,112	-	383,112
Interest income, mortgage loans	282,913	59,947	342,860
Interest income and other	18,271	-	18,271
Net assets released from restrictions	518,489	(518,489)	-
Total revenues	2,157,539	(458,542)	1,698,997
Expenses:			
Salaries and employee benefits	996,925	-	996,925
Professional fees	144,538	-	144,538
Rental and maintenance	38,136	-	38,136
Office	63,746	-	63,746
Depreciation and amortization	70,390	-	70,390
Provision for loan losses	202,944	-	202,944
Return of SHIP provider funds	442,356	-	442,356
Interest expense	99,059	-	99,059
Travel	32,415	-	32,415
Other	186,807	-	186,807
Total expenses	2,277,316	-	2,277,316
Decrease in net assets	(119,777)	(458,542)	(578,319)
Net assets at beginning of year	6,610,950	12,690,504	19,301,454
Net assets at end of year	$ 6,491,173	12,231,962	18,723,135

See accompanying Notes to Combined Financial Statements.

NEIGHBORHOOD LENDING PARTNERS, INC. AND AFFILIATES

Combined Statements of Cash Flows

	Year Ended March 31, 2011	2010
Cash flows from operating activities:		
Change in net assets	$ 225,368	(578,319)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	46,634	70,390
Provision for loan losses	147,339	202,944
Provision for loan losses- SHIP provider	371,945	-
Amortization of deferred loan fees and costs, net	(8,015)	(1,644)
Loss on investments	-	2,220
(Increase) decrease in accrued interest receivable	(1,582)	2,954
Decrease in servicing fees receivable	1,445	8,237
Decrease in other receivables	46,595	341,798
Increase in NSP 2 payables, net of NSP 2 receivables	32,565	-
Decrease (increase) in other assets	1,899	(25,701)
(Decrease) increase in accounts payable and accrued expenses	(304,903)	79,226
Increase in escrow deposits	387,412	805,285
Proceeds from sale of foreclosed real estate	2,101,250	-
Decrease in due to member banks	(1,960,912)	(87,635)
Decrease in deferred revenue	-	(29,800)
Net cash used in provided by operating activities	1,087,040	789,955
Cash flows from investing activities:		
Proceeds from calls, maturities and sales of securities	-	250,000
Net mortgage loan (originations) repayments	(97,700)	10,152
Net mortgage loan (originations) repayments - CDFI	(649,899)	598,189
Net mortgage loan repayments - HHRP	48,197	29,837
Net mortgage loan repayments - FNMA	568,508	5,717,561
Purchase of property and equipment	(19,584)	-
Net cash (used in) provided by investing activities	(150,478)	6,605,739
Cash flows from financing activities:		
Net decrease in revolving line of credit	(16,181)	(4,853)
Repayment of notes payable due to FNMA	(568,508)	(5,717,561)
(Repayment) proceeds of loan from the City of St. Petersburg, net	(11,297)	15,356
Repayment of mortgage note payable	(19,403)	(18,212)
Net cash used in financing activities	(615,389)	(5,725,270)
Net increase in cash and cash equivalents	321,173	1,670,424
Cash and cash equivalents at beginning of year	9,830,589	8,160,165
Cash and cash equivalents at end of year	$ 10,151,762	9,830,589
Supplemental disclosure of cash flow information - Cash paid for interest	$ 53,370	99,059
Noncash transactions:		
Decrease in foreclosed real estate and due to member banks due to write-down of foreclosed real estate	$ 284,666	5,462,699
Increase in foreclosed real estate and due to member banks from foreclosure	$ -	635,000

See accompanying Notes to Combined Financial Statements.

(1) Organization and Summary of Significant Accounting Policies

Organization. Prior to November 29, 2001, Neighborhood Lending Partners, Inc. ("NLP") was a private not-for-profit organization established to arrange for financing and provide technical assistance to facilitate the development of affordable housing in nineteen counties located in the West Florida area, and to otherwise support community development and redevelopment needs. NLP lessened the burden of government jurisdictions by working with public agencies to achieve maximum leverage of public and private dollars and provided technical assistance to project sponsors.

On November 29, 2001, the name of NLP was changed to Neighborhood Lending Partners of West Florida, Inc. ("NLPWF") and on the same date a new NLP was incorporated which became the parent affiliated company for NLPWF. All services previously provided by NLP are now provided by NLPWF. On February 19, 2002, Neighborhood Lending Partners of South Florida, Inc. ("NLPSF") was incorporated, which is also an affiliate of NLP, to provide the same services as NLPWF in four South Florida counties.

On December 22, 2003, NLP formed a new affiliate called Neighborhood Lending Partners of North Florida, Inc. ("NLPNF") to provide the same services as NLPWF and NLPSF in forty-four North Florida counties. NLPNF began operations on April 27, 2004.

On January 25, 2008, NLPSF formed two single purpose limited liability companies called NLP Plaza La Isabella, LLC ("NLPPI") and NLP Puerto Real, LLC ("NLPPR"). In addition, on September 9, 2008 NLPWF formed NLP Town and Country, LLC ("NLPTC"). The sole purpose of these entities is to hold and dispose of foreclosed real estate. NLPPR and NLPTC had no activity as of March 31, 2011.

The only activity of NLP is the operations of its affiliates. NLP, NLPWF, NLPSF and NLPNF are combined due to common control.

A consortium of member banks of NLPWF, NLPSF and NLPNF provided first mortgage loan commitment and funding capacity as provided under Loan Operating Agreements with each entity (the "Old Agreements"). Through December 31, 2008 each member funded its proportionate share of a loan based on its proportionate share of the loan pool, subject to minimum funding criteria. Under the Agreements in place as of December 31, 2008, NLPWF, NLPSF and NLPNF could fund loans through two methods, participation loans or portfolio loans. Participation loans are loans where NLPWF, NLPSF or NLPNF have sold the loans directly to its members while portfolio loans are loans that NLPWF, NLPSF or NLPNF have put on its books as mortgage loans receivables and are funded through corresponding notes payable to member banks. Subsequent to December 31, 2008, participation by member banks was on a voluntary loan by loan basis (see Note 13).

(continued)

(1) Organization and Summary of Significant Accounting Policies, Continued

Organization, Continued. Also NLPWF receives funding under grants from the Community Development Financial Institutions Fund ("CDFI"), State Housing Initiatives Partnership ("SHIP") funds and Hurricane Housing Recovery Program ("HHRP") funds from local jurisdictions in which NLPWF operates. These funds are used to provide second or third mortgage loans in housing developments that provide for low-income families and residents and for residents with "special housing needs" (see Note 11).

In addition, the Company received a grant from Neighborhood Stabilization Program 2 ("NSP 2"). These funds are used to assist in the redevelopment and rehabilitation of abandoned and foreclosed properties (See Note 14).

Subsequent Events. Management has evaluated events occurring subsequent to the balance sheet date through June 27, 2011 (the financial statement issuance date), determining no events require additional disclosure in these combined financial statements.

Basis of Presentation. The accompanying combined financial statements include NLP, NLPWF, NLPSF, NLPNF, NLPPI, NLPPR and NLPTC (collectively the "Company"). All significant intercompany accounts and transactions have been eliminated.

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America. The following summarizes the more significant of these policies and practices.

Estimates. The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America 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 combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation. The Company 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, the expenses are required to be reported by their functional classification. All expenses of the Company are program services relating to lending activities.

(continued)

(1) Organization and Summary of Significant Accounting Policies, Continued

Restricted Cash. At March 31, 2011, restricted cash represented $1,666,683 received from CDFI and $161,325 of principal, interest and risk fee payments received from borrowers and due to local jurisdictions under the CDFI Program and member banks. In addition, $14,460 was restricted for future loan programs. Also, restricted cash included $7,299,152 of escrow payments received from borrowers. Restricted cash related to the NSP 2 grant was $32,565.

At March 31, 2010, restricted cash represented $1,764,362 received from CDFI and $20,987 of principal, interest and risk fee payments received from borrowers and due to local jurisdictions under the CDFI Program and member banks. In addition, $69,917 was restricted for future loan programs. Also, restricted cash included $6,911,740 of escrow payments received from borrowers.

Grants. Grants received are recognized as revenue in the period received at their fair values. The Company also distinguishes between grants received that increase permanently restricted net assets, temporarily restricted net assets and unrestricted net assets. It also requires recognition of the expiration of donor imposed restrictions in the period in which the restrictions expire. When the grant restriction expires, that is, when the stipulated time restriction ends and the purpose of the 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 restrictions. The grants received from counties and cities in connection with the CDFI program will always be classified as temporarily restricted net assets (see Note 11). CDFI program funds are required to be used primarily for affordable housing and economic development.

Cash and Cash Equivalents. Cash and cash equivalents consist of cash on deposit in financial institutions with original maturities of less than three months.

Loans. Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are reported at their outstanding principal adjusted for any charge-offs, the allowance for loan losses, and any deferred fees or costs on originated loans.

Loan origination fees and certain direct origination costs are capitalized and recognized as an adjustment of the yield of the related loan. Commitment fees are capitalized and amortized over the commitment and loan term using the level yield method. If the commitment expires unexercised, the unamortized fee is recognized in revenue.

The allowance for loan losses on loans made under the CDFI program and loans not funded through corresponding notes payable to member banks is increased by charges to operations and decreased by charge-offs (net of recoveries). Management's periodic evaluation of the adequacy of the allowance is based on the Company's past loan loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral, and current economic conditions.

(continued)

(1) Organization and Summary of Significant Accounting Policies, Continued

Loans, Continued. For mortgage loans originated by the Company whose funding is provided by member banks through loans to the Company under the Agreements, the Company does not maintain an allowance for mortgage loan losses because the loans are the sole collateral for the notes payable to member banks. The notes are without recourse to the Company. Any losses on the loans will be absorbed by the member banks in proportion to their relative funding percentage.

Transfer of Financial Assets. Transfers of financial assets or a participating interest in an entire financial asset are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity. A participating interest is a portion of an entire financial asset that (1) conveys proportionate ownership rights with equal priority to each participating interest holder (2) involves no recourse (other than standard representations and warranties) to, or subordination by, any participating interest holder, and (3) does not entitle any participating interest holder to receive cash before any other participating interest holder.

Property and Equipment. Land is carried at cost. Building, furniture, fixtures and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the respective assets.

Foreclosed Real Estate. Property acquired in foreclosure or deed in lieu of foreclosure is carried at the lower of estimated fair value or the cost of the loan. Costs related to the development or improvement of the property are capitalized, whereas those related to holding the property are charged to expense, unless they are recoverable from member banks. Valuations are periodically performed by management and losses are charged to operating activities if the carrying amount exceeds the estimated fair value.

Due to Member Banks. Due to member banks at March 31, 2011 and 2010, includes $161,325 and $20,987, respectively related to loan payments for loans sold to the member banks. In addition, at March 31, 2011 and 2010 due to member banks includes $125,978 and $2,511,894, respectively, related to amounts due to member banks in connection with certain foreclosed real estate. These amounts are expected to be repaid upon sale of the real estate (see Note 4).

Loan Facilitation Fees. Loan facilitation fees totaled $429,264 and $383,112 for the years ended March 31, 2011 and 2010, respectively on loans originated by the Company for member banks.

Loan Servicing Fees. Loan servicing fees totaled $872,509 and $876,938 for the years ended March 31, 2011 and 2010, respectively. The servicing portfolio totaled approximately $117,202,000 and $109,909,000 at March 31, 2011 and 2010, respectively.

(continued)

(1) Organization and Summary of Significant Accounting Policies, Continued

Fair Value Measurements. Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The hierarchy describes three levels of inputs that may be used to measure fair value:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities that are not active; and model-driven valuations whose inputs are observable or whose significant value drivers are observable. Valuations may be obtained from, or corroborated by, third-party pricing services.

Level 3: Unobservable inputs to measure fair value of assets and liabilities for which there is little, if any market activity at the measurement date, using reasonable inputs and assumptions based upon the best information at the time, to the extent that inputs are available without undue cost and effort.

The following describes valuation methodologies used for assets measured at fair value:

Impaired Loans. Estimates of fair value are determined based on a variety of information, including the use of available appraisals, estimates of market value by licensed appraisers or local real estate brokers and the knowledge and experience of the Company's management related to values of properties in the Company's market areas. Management takes into consideration the type, location and occupancy of the property as well as current economic conditions in the area the property is located in assessing estimates of fair value. Accordingly, fair value estimates for impaired loans are classified as Level 3.

Foreclosed Real Estate. The Company's foreclosed real estate is recorded at lower of cost or fair market value less estimated costs to sell. Estimates of fair values are determined based on a variety of information, including the use of available appraisals, estimates of market value by licensed appraisers or local real estate brokers and the knowledge and experience of the Company's management related to values of properties in the Company's market areas. Management takes into consideration the type, location and occupancy of the property as well as current economic conditions in the area the property is located in assessing estimates of fair value. Accordingly, the fair values estimates for foreclosed real estate are classified as Level 3.

Reclassifications. Certain amounts in the 2010 financial statements have been reclassified to conform to the 2011 presentation.

(continued)

(2) Allowance for Loan Losses

A summary of the activity in the allowance for loan losses is as follows:

	Year Ended March 31, 2011	2010
Beginning balance	$ 324,249	121,305
Provision for loan losses	147,339	202,944
Charge-offs	(294,423)	-
Ending balance [1]	$ 177,165	324,249

[1] Includes the allowance for loan losses for mortgage loans and mortgage loans, CDFI (see Note 11).

In addition, during the year ended March 31, 2011 the Company charged off a loan of $371,945 related to a loan funded by a SHIP provider. The SHIP provider released certain temporarily restricted net assets from restrictions in the same amount as this loss.

(3) Property and Equipment, Net

Property and equipment consists of the following:

	At March 31, 2011	2010
Land	$ 153,032	153,032
Building	1,072,220	1,072,220
Furniture and fixtures	148,716	148,716
Equipment	89,723	70,140
Total, at cost	1,463,691	1,444,108
Less accumulated depreciation and amortization	(369,665)	(323,032)
Property and equipment, net	$ 1,094,026	1,121,076

(continued)

(4) Foreclosed Real Estate

During the year ended March 31, 2010, three projects which were funded by member banks entered into foreclosure proceedings. As a result of the foreclosures, the Company obtained title to the properties and also incurred costs in connection with holding the properties. During the year ended March 31, 2011, net proceeds totaling $2,101,250 were distributed to the member banks that funded the projects. Such distributions were net of costs incurred by the Company and any unpaid property taxes. At March 31, 2011 and 2010, the amount included in due to member banks that was related to foreclosed real estate totaled $125,228 and $2,447,621, respectively.

(5) Note Payable to Fannie Mae

In fiscal 2008, the Company entered into revolving credit arrangement with Fannie Mae for up to $10,000,000 for the construction of multi-family projects. The credit arrangement with Fannie Mae was collateralized by the assignment of the related notes and mortgages and was funded prior to funding by the member banks. The revolving credit arrangement expired May 31, 2010 and the balance outstanding at March 31, 2010 was repaid to Fannie Mae. Also the member banks guaranteed the notes and agreed to fund the permanent loans at the end of the construction period. The amounts were as follows:

	At March 31,	
	2011	2010
Note payable at LIBOR plus .90%.	$ -	568,508

(6) Mortgage Note Payable

The Company has a note payable outstanding with a member bank for the funding of their main office building. The note is payable in monthly principal and interest payments totaling $5,947 through November 2015 at which time the unpaid balance is due. The note payable is collateralized by a building with a net book value of $923,788 at March 31, 2011. Principal payments are as follows:

Year Ended March 31,	Amount
2012	$ 21,368
2013	22,742
2014	24,205
2015	25,762
2016	715,302
Total principal payments	$ 809,379

(7) Revolving Line of Credit

The Company has a $1 million revolving line of credit with a bank. The line of credit bears interest at LIBOR plus 1.5% and is collateralized by the Company's unrestricted cash balances at the bank. The balance outstanding at March 31, 2011 and 2010 was $8,773 and $24,954, respectively.

(continued)

(8) Related Party Transactions and Concentrations of Credit Risk

The Company had $10,151,762 and $9,830,589 on deposit with member banks in general operating accounts, payroll accounts, escrow accounts and short-term investment accounts as of March 31, 2011 and 2010, respectively.

(9) Tax Status

NLP, based on its Internal Revenue Service determination letter, dated November 13, 1997, is a publicly supported organization exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the accompanying combined financial statements do not include any provision for income taxes.

(10) Retirement Plan

The Company has a profit sharing plan established in accordance with the provisions of Section 401(k) of the Internal Revenue Code. The profit sharing plan is available to all employees electing to participate after meeting certain length of service requirements. The Company contributed $60,507 and $67,430 to the plan during the years ended March 31, 2011 and 2010, respectively.

(11) Community Development Financial Institutions Program

In fiscal years 2003, 2002 and 1997, the Company was awarded grants, subject to certain conditions, in the amounts of $1,067,000, $2,000,000 and $2,500,000, respectively, from the CDFI which were matched with grants from ten of the local jurisdictions in which operations are conducted (Hernando, Hillsborough, Pasco, Pinellas, Highlands, Sumter, Sarasota and Polk Counties and the Cities of St. Petersburg and Sarasota). The matching funds were provided from the local allocations from the State of Florida's SHIP Funds. All funds, except for those received from the City of St. Petersburg 1997 grant agreement, are used as a revolving loan fund to provide second or third mortgage loans that are needed to meet gap financing requirements in housing developments for low-income families and residents and for "special needs" housing. In addition, in fiscal year 2011 the Company was awarded a $750,000 grant, which is not subject to the matching requirements. To obtain financing under the program a minimum of 20% of the units must be reserved for individuals and families earning 50% or less than the area median income. Mortgage loans, CDFI, are as follows:

	At March 31,	
	2011	2010
Mortgage loans	$ 11,741,779	11,757,996
Less:		
Allowance for loan losses	(150,528)	(270,499)
Unamortized loan fees and costs, net	(102,314)	(110,328)
	$ 11,488,937	11,377,169

(continued)

(11) Community Development Financial Institutions Program, Continued

At March 31, 2011 and 2010, there were one and two impaired loans, respectively, that are also the only nonaccrual loans, with total outstanding principal balance of $68,166 and $294,423, respectively. There were no loans past due ninety days or more and still accruing interest at March 31, 2011 and 2010. A specific reserve of $68,166 and $213,085 was recorded with respect to these loans as of March 31, 2011 and 2010, respectively. The average investment in impaired loans was approximately $324,000 and $0 and there was no interest income recognized or recorded with respect to impaired loans during the years ended March 31, 2011 and 2010, respectively.

Temporarily restricted net assets are as follows:

Name	At March 31, 2011	At March 31, 2010
CDFI - 1997	$ -	-
Matching funds:		
Pasco County	894,635	894,635
Hillsborough County	1,315,135	1,315,135
Pinellas County	50,000	50,000
Polk County	485,175	857,120
Total	2,744,945	3,116,890
CDFI – 2002	-	-
Matching funds:		
Hillsborough County	1,169,100	1,169,100
City and County of Sarasota	800,000	800,000
Polk County	666,000	666,000
Total	2,635,100	2,635,100
CDFI – 2003	-	-
Matching funds-		
Hernando County	200,000	200,000
CDFI – 2010	750,000	-
Temporarily restricted net assets – CDFI grants	$ 6,330,045	5,951,990

(continued)

(11) Community Development Financial Institutions Program, Continued

The matching funds received from the Counties and the City and County of Sarasota are classified as grants and will be maintained as revolving lines to be used for future lending under the program. All principal payments received from borrowers will be retained by the Company and used to fund subsequent loans in the respective counties or cities. All such subsequent loans will require approval of the specific County or City and must be in accordance with the provisions of the CDFI guidelines. Due to the requirement that the Counties and city approve all subsequent loans under these grants, such grants will be recorded as temporarily restricted net assets. The Company retains 50% of all interest collected, a portion of which is to be used for future loan programs and a portion to cover administration costs. The remaining 50% is remitted to the Counties and Cities.

At March 31, 2011 and 2010, principal and interest payments received from borrowers and interest earned but not yet collected from borrowers that is due to local jurisdictions is included in accounts payable and accrued expenses.

(12) Temporarily Restricted Net Assets – Other Grants

Temporarily restricted net assets – other grants consist of the following:

	At March 31,	
	2011	2010
DeSoto County - HHRP	$ 3,229,529	3,229,529
Polk County - HHRP	2,555,526	2,555,526
Polk County – SHIP Grant	425,000	425,000
Temporarily restricted net assets - other grants	$ 6,210,055	6,210,055

The amounts received under the HHRP program are classified as grants and will be maintained as revolving lines to be used for future lending under the program. All such subsequent loans will require approval of the specific County and must be in accordance with the provisions of the HHRP guidelines. Due to the requirement that the Counties approve all subsequent loans under these grants, such grants are recorded as temporarily restricted net assets. The Company retains 50% of all interest collected, a portion of which is to be used for future loan programs and a portion to cover administration costs. The remaining 50% is remitted to the Counties.

(continued)

(13) Commitments

Subsequent to December 31, 2008, participation by member banks was on a voluntary loan by loan basis. The amounts pledged, but not committed, as of April 1, 2011 were $6,000,000 for NLPNF, $7,351,000 for NLPSF, and $5,600,000 for NLPWF. At March 31, 2011, the Company had total loan commitments of $500,000 relating to a loan to be funded by the Company with a loan from a county.

The loans outstanding under the Old Agreements are as follows:

	NLPSF	NLPWF	NLPNF
Participation loans- Closed and funded	$ 8,108,608	53,450,796	22,141,864

(14) Neighborhood Stabilization Program 2

On February 11, 2010, the Company was awarded a grant, subject to certain conditions, in the amount of $50,000,000 from the Department of Housing and Urban Development ("HUD") under NSP 2. The Company was the lead applicant of a consortium consisting of Pasco County, Florida, Pinellas County, Florida and the Housing Finance Authority of Pinellas County. The Company has entered into agreements with the members of the consortium in accordance with the NSP 2 requirements to determine funding arrangements and allocations. The Company administers the funds and oversees the NSP 2 activities as defined by the grant. The purpose of NSP 2 is to assist in the redevelopment and rehabilitation of abandoned and foreclosed properties. The NSP 2 grant calls for expenditures of 50% of the total initial allocation within two years of the HUD award date and expenditures of 100% of the total initial allocation within three years of the HUD award date. The Company is reimbursed by HUD for qualified grant expenditures. As of March 31, 2011, there have been expenditures and reimbursements under the NSP 2 grant of $22,685,081. During the year ended March 31, 2010, the only activity related to NSP 2 was administrative expenses of $67,816.

NEIGHBORHOOD LENDING PARTNERS, INC. AND AFFILIATES

Schedule of Expenditures of Federal Awards and State Financial Assistance

For the Year Ended March 31, 2011

Federal/State Agency/Pass-Through Grantor/Program Title	CFDA/ CSFA Number	Award/ Contract Grant Number	Expenditures
Federal Project-			
Neighborhood Stabilization Program 2	14.218	B-09-CN-FL-0023	$ 22,685,081
Community Development Financial Institutions Fund	21.020	101FA008814	730,000
Total expenditures of Federal Awards			$ 23,415,081
State Projects:			
State Housing Incentive Program			
Passed through Polk County	52.901	*	$ 6,906

* Per discussion with a county representative, the contract/grant number is not known.

NEIGHBORHOOD LENDING PARTNERS, INC. AND AFFILIATES

Schedule of Expenditures of Federal Awards and State Financial Assistance, Continued

For the Year Ended March 31, 2011

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of Neighborhood Lending Partners, Inc. and is presented on the same basis as stated in Note 1, Summary of Significant Accounting Policies, in the accompanying combined financial statements. The information in this schedule is presented in accordance with the requirements of Audits of States, Local Governments, and Non-Profit Organizations and Rule 10.650 of the Auditor General.

NEIGHBORHOOD LENDING PARTNERS, INC. AND AFFILIATES

Combining Statement of Financial Position

At March 31, 2011

	NLP	NSP 2	NLPWF	Total NLPWF	NLPSF	NLPPI	NLPNF	Eliminations	Combined
		NLPWF							
Assets									
Cash:									
Restricted	$ -	32,565	5,953,383	5,985,948	2,115,283	-	1,072,954	-	9,174,185
Unrestricted	46,358	-	498,655	498,655	14,106	-	16,310	-	575,429
Total cash	46,358	32,565	6,452,038	6,484,603	2,129,389	-	1,089,264	-	9,749,614
Short-term investments	-	-	402,148	402,148	-	-	-	-	402,148
Cash and cash equivalents	46,358	32,565	6,854,186	6,886,751	2,129,389	-	1,089,264	-	10,151,762
Mortgage loans, net	-	-	333,947	333,947	99,000	-	8,468	-	441,415
Mortgage loans, CDFI, net	-		11,488,937	11,488,937	-	-	-	-	11,488,937
Mortgage loans, HHRP	-	-	5,704,266	5,704,266	-	-	-	-	5,704,266
Accrued interest receivable	-	-	184,490	184,490	2,492	-	3,216	-	190,198
Servicing fees receivable	-	-	31,515	31,515	6,831	-	-	-	38,346
NSP 2 receivables	-	6,827,717	-	6,827,717	-	-	-	(3,362,228)[b]	3,465,489
Other receivables	75,087	-	378,036	378,036	12,552	-	16,676	(346,906)[b]	135,445
Property and equipment, net	1,094,026	-	-	-	-	-	-		1,094,026
Investment in affiliates	18,785,429	-	-	-	-	-	-	(18,785,429)[a]	-
Foreclosed real estate	-	-	-	-	-	125,978	-	-	125,978
Other assets	110,501		18,359	18,359	-	-	-	-	128,860
Total assets	$ 20,111,401	6,860,282	24,993,736	31,854,018	2,250,264	125,978	1,117,624	(22,494,563)	32,964,722
Liabilities and Net Assets									
Liabilities:									
Accounts payable and accrued expenses	353,519	-	122,882	122,882	68,772	-	44,688	(346,906)[b]	242,955
NSP 2 payables	-	6,860,282	-	6,860,282	-	-	-	(3,362,228)[b]	3,498,054
Escrow deposits	-	-	4,267,293	4,267,293	2,080,069	-	951,790	-	7,299,152
Due to the City of St. Petersburg	-	-	1,870,603	1,870,603	-	-	-	-	1,870,603
Mortgage note payable	809,379	-	-	-	-	-	-	-	809,379
Due to member banks	-	-	5,020	5,020	35,159	125,978	121,146	-	287,303
Revolving line of credit	-	-	-	-	8,773	-	-	-	8,773
Total liabilities	1,162,898	6,860,282	6,265,798	13,126,080	2,192,773	125,978	1,117,624	(3,709,134)	14,016,219
Net assets:									
Unrestricted	6,393,943	-	6,173,378	6,173,378	57,491	-	-	(6,230,869)[a]	6,393,943
Temporarily restricted:									
CDFI Grants	6,330,045	-	6,330,045	6,330,045	-	-	-	(6,330,045)[a]	6,330,045
Other grants	6,210,055	-	6,210,055	6,210,055	-	-	-	(6,210,055)[a]	6,210,055
Future loan programs	14,460	-	14,460	14,460	-	-	-	(14,460)[a]	14,460
Total temporarily restricted	12,554,560	-	12,554,560	12,554,560	-	-	-	(12,554,560)[a]	12,554,560
Total net assets	18,948,503	-	18,727,938	18,727,938	57,491	-	-	(18,785,429)	18,948,503
Total liabilities and net assets	$ 20,111,401	6,860,282	24,993,736	31,854,018	2,250,264	125,978	1,117,624	(22,494,563)	32,964,722

(a) to eliminate investment in affiliates
(b) to eliminate intercompany receivables and payables

NEIGHBORHOOD LENDING PARTNERS, INC. AND AFFILIATES

Combining Statement of Activities

For the Year Ending March 31, 2011

		NLPWF						
	NLP	NSP 2	NLPWF	Total NLPWF	NLPSF	NLPNF	Eliminations	Combined
Revenues:								
NSP 2 grants	$ -	25,996,749	-	25,996,749	-	-	(3,311,668)[c]	22,685,081
Other grants	430,986	-	750,000	750,000	-	-	(430,986)[c]	750,000
Loan servicing fees	133,322	-	525,493	525,493	94,265	240,251	(120,822)[c]	872,509
Loan facilitation fees	-	-	156,686	156,686	95,604	176,974	-	429,264
Interest income, mortgage loans	-	-	210,685	210,685	3,042	5,856	-	219,583
Interest income and other	(193,618)	-	14,916	14,916	653	824	205,618[a]	28,393
Total revenues	370,690	25,996,749	1,657,780	27,654,529	193,564	423,905	(3,657,858)	24,984,830
Expenses:								
NSP 2 expenses	-	25,996,749	-	25,996,749	-	-	(3,311,668)[c]	22,685,081
Salaries and employee benefits	145,322	-	564,263	564,263	95,620	244,651	(120,822)[c]	929,034
Professional fees	-	-	88,085	88,085	37,702	23,612	-	149,399
Rental and maintenance	-	-	27,258	27,258	4,212	4,612	-	36,082
Office	-	-	50,392	50,392	12,075	7,603	-	70,070
Depreciation and amortization	-	-	29,992	29,992	8,321	8,321	-	46,634
Provision for loan losses	-	-	147,339	147,339	-	-	-	147,339
Bad debt loss-SHIP provider	-	-	371,945	371,945	-	-	-	371,945
Interest expense	-	-	17,647	17,647	17,320	18,403	-	53,370
Travel	-	-	11,078	11,078	22,197	8,035	-	41,310
Other	-	-	78,542	78,542	69,629	81,027	-	229,198
Total expenses	145,322	25,996,749	1,386,541	27,383,290	267,076	396,264	(3,432,490)[c]	24,759,462
(Decrease) increase in net assets	225,368	-	271,239	271,239	(73,512)	27,641	(225,368)[a]	225,368
Net assets at beginning of year	18,723,135	-	18,456,698	18,456,698	131,004	(27,641)	(18,560,061)[b]	18,723,135
Net assets at end of year	$ 18,948,503	-	18,727,937	18,727,937	57,492	-	(18,785,429)[b]	18,948,503

(a) to eliminate increase (decrease) in net assets of affiliates
(b) to eliminate fund balance of affiliates
(c) to eliminate intercompany revenue and expenses

Summary Schedule of Prior Audit Findings

HACKER, JOHNSON & SMITH PA

Fort Lauderdale
Fort Myers
Orlando
Tampa

Certified Public Accountants

Summary Schedule of Prior Audit Findings

June 27, 2011

There were no prior audit findings or questioned costs relative to Federal awards identified in the audit of Neighborhood Lending Partners, Inc. for the year ended March 31, 2010.

500 North Westshore Boulevard, Post Office Box 20368, Tampa, Florida 33622-0368, (813) 286-2424
A Registered Public Accounting Firm

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Combined Financial Statements Performed in Accordance with Government Auditing Standards

HACKER, JOHNSON & SMITH PA

Fort Lauderdale
Fort Myers
Orlando
Tampa

Certified Public Accountants

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

The Board of Directors
Neighborhood Lending Partners, Inc.
Tampa, Florida:

We have audited the financial statements of Neighborhood Lending Partners, Inc. and Affiliates (the "Company"), as of and for the year ended March 31, 2011, and have issued our report thereon dated June 27, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Company's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control over financial reporting.

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 misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Company's financial statements are free of 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*.

This report is intended for the information of the Board of Directors, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hacker, Johnson & Smith PA

HACKER, JOHNSON & SMITH PA
Tampa, Florida
June 27, 2011

Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and State Project and on Internal Control Over Compliance in Accordance With OMB A-133

HACKER, JOHNSON & SMITH PA

Fort Lauderdale
Fort Myers
Orlando
Tampa

Certified Public Accountants

Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and State Project and on Internal Control Over Compliance in Accordance with OMB Circular A-133

The Board of Directors
Neighborhood Lending Partners, Inc.
Tampa, Florida:

Compliance

We have audited the compliance of Neighborhood Lending Partners, Inc. and Affiliates (the "Company") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the requirements described in the *Executive Office of the Governor's State Projects Compliance Supplement*, that could have a direct and material effect on each of the Company's major federal programs and state projects for the year ended March 31, 2011. The Company's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs and state projects is the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's compliance based on our audit.

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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.650, Rules of the Auditor General. Those standards, OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General, 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 or state project occurred. An audit includes examining, on a test basis, evidence about the Company'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. Our audit does not provide a legal determination on the Company's compliance with those requirements.

In our opinion, the Company complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs and state projects for the year ended March 31, 2011.

500 North Westshore Boulevard, Post Office Box 20368, Tampa, Florida 33622-0368, (813) 286-2424
A Registered Public Accounting Firm

Internal Control Over Compliance

Management of the Company is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs and state projects. In planning and performing our audit, we considered the Company's internal control over compliance with requirements that could have a direct and material effect on a major federal program or state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and chapter 10.650, Rules of the Auditor General, 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 the Company'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 or state project 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 or state project will not be prevented or detected and corrected on a timely basis.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of the Board of Directors, management, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hacker, Johnson & Smith PA

HACKER, JOHNSON & SMITH PA
Tampa, Florida
June 27, 2011

Schedule of Findings and Questioned Costs

HACKER, JOHNSON & SMITH PA

Fort Lauderdale
Fort Myers
Orlando
Tampa

Certified Public Accountants

Neighborhood Lending Partners, Inc.

Schedule of Findings and Questioned Costs

For the Year Ended March 31, 2011

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
• Material weaknesses identified?	____ yes _X_ no
• Reportable conditions identified that are not considered to be material weaknesses?	____ yes _X_ none reported
Noncompliance material to financial statements noted?	____ yes _X_ no

Federal Awards

Internal control over major program:	
• Material weaknesses identified?	____ yes _X_ no
• Reportable conditions identified that are not considered to be material weaknesses?	____ yes _X_ none reported
Type of auditors' report issued on compliance for major program:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	____ yes _X_ no

Identification of major program:

CFDA Number	*Name of Federal Program*
21.020	Community Development Financial Institutions Fund
14.218	Neighborhood Stabilization Program 2

Dollar threshold used to distinguish between type A and type B programs:	$300,000
Auditee qualified as low-risk auditee?	____ yes _X_ no

State Awards

Internal control over major state project:

- Material weaknesses identified? ____ yes _X_ no
- Reportable conditions identified that are not considered to be material weaknesses? ____ yes _X_ none reported

Type of auditors' report issued on compliance for major state project: Unqualified

Any audit findings disclosed that are required to be reported under Rule 10.650. ____ yes _X_ no

Identification of major project:

CSFA Number	*Name of State Program*
52.901	State Housing Incentive Program

Dollar threshold used to distinguish between type A and type B programs: $300,000

Section II – Financial Statement Findings

No reportable conditions, material weaknesses, or instances of noncompliance relating to the combined financial statements were identified that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards* or auditing standards generally accepted in the United States of America.

Section III – Federal and State Award Findings and Questioned Costs

No audit findings were identified that are required to be reported by section 510(a) of Circular A-133 or under Rule 10.650 of the Auditor General. No management letter is required under Rule 10.650 of the Auditor General.

If you have any questions please call Steve Kania at (813) 282-7228.

Very truly yours,

HACKER, JOHNSON & SMITH PA

Steve Kania

Stephen R. Kania

SRK/yea

Corrective Action Plan

NLP
Neighborhood Lending
Partners, Inc.

Corrective Action Plan

June 27, 2011

No corrective action plan is necessary because the auditors' did not identify any audit findings in connection with the audit of Neighborhood Lending Partners, Inc. for the year ended March 31, 2011.

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