State of Florida Audit Reporting Package
For

NEIGHBORHOOD LENDING PARTNERS, INC.
Tampa, Florida

For the Year Ended March 31, 2010

Reports

The following reports were delivered on June 30, 2010 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, 2010 and 2009 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
- Report on Compliance with Requirements Applicable to 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 Spruce Street
Tampa, Florida 33607

Contact Person Phone Number (813) 879-4525

Contact Person Email Address dreyes@nlp-inc.com

Fiscal Period Audited March 31, 2010

Date Auditor Delivered Audit Report to Entity June 30, 2010

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:

X A schedule of expenditures of State financial assistance (see AG 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.

X The auditor's report on the schedule of State financial assistance (see AG Rule 10.656(3)(d)2.)?

X The auditor's report on internal control and compliance related to major State projects (see AG Rule 10.656(3)(d)3.)?

X A schedule of findings and questioned costs (see AG Rule 10.656(3)(d)4.)?

X A summary schedule of prior audit findings (see AG 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.

X A corrective action plan (see AG 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.

x 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)?

x Is one paper copy and one electronic copy of the financial reporting package being submitted as required by Auditor General Rule 10.657(1)?

x 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 AG Rules 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 AG 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 (see AG Rule 10.656(3)(b)1.)?

____ The auditor's report on compliance and internal control based on an audit of the financial statements (see AG 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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Combined Statements of Financial Position at March 31, 2010 and 2009 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, 2010 and 2009 and For the Years Then Ended
With Supplementary Schedules for Fiscal 2010

(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, 2010 and 2009, 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, 2010 and 2009, 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 25, 2010 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, 2010 is presented for purposes of additional analysis as required by *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, 2010 and combining statement of activities for the year ended March 31, 2010 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. 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 25, 2010

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, 2010	At March 31, 2009
Assets		
Cash:		
Restricted	$ 8,767,006	7,302,127
Unrestricted	659,831	498,605
Total cash	9,426,837	7,800,732
Short-term investments - money market funds	403,752	359,433
Cash and cash equivalents	9,830,589	8,160,165
Investments, at market	-	252,220
Mortgage loans, net allowance for loan losses of $53,750 and $22,908 in 2010 and 2009	316,853	356,302
Mortgage loans, CDFI, net	11,377,169	12,147,361
Mortgage loans, FNMA	568,508	6,286,069
Mortgage loans, HHRP	5,752,463	5,782,300
Accrued interest receivable	188,616	191,570
Servicing fees receivable	39,791	48,028
Other receivables	182,040	523,838
Property and equipment, net	1,121,076	1,191,466
Foreclosed real estate	2,511,894	7,339,593
Other assets	130,759	105,058
Total assets	$ 32,019,758	42,383,970
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	547,858	468,632
Notes payable due to FNMA	568,508	6,286,069
Escrow deposits	6,911,740	6,106,455
Due to the City of St. Petersburg	1,881,900	1,866,544
Mortgage note payable	828,782	846,994
Due to member banks	2,532,881	7,448,215
Revolving line of credit	24,954	29,807
Deferred revenue	-	29,800
Total liabilities	13,296,623	23,082,516
Commitments and contingencies (Notes 11, 12 and 13)		
Net assets:		
Unrestricted	6,491,173	6,610,950
Temporarily restricted:		
CDFI Grants	5,951,990	6,394,346
Other Grants	6,210,055	6,230,440
Future loan programs	69,917	65,718
Total temporarily restricted	12,231,962	12,690,504
Total net assets	18,723,135	19,301,454
Total liabilities and net assets	$ 32,019,758	42,383,970

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	(442,356)	(364,540)
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	76,133	(76,133)	-
Total revenues	1,715,183	(458,542)	1,256,641
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
Interest expense	99,059	-	99,059
Travel	32,415	-	32,415
Other	186,807	-	186,807
Total expenses	1,834,960	-	1,834,960
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 Statement of Activities

Year Ended March 31, 2009

	Unrestricted	Temporarily Restricted	Total
Revenues:			
Grants	$ 10,000	(95,100)	(85,100)
Loan servicing fees	729,213	-	729,213
Loan facilitation fees	577,613	-	577,613
Interest income, mortgage loans	489,706	41,626	531,332
Interest income and other	123,641	-	123,641
Net assets released from restrictions	3,063,903	(3,063,903)	-
Total revenues	4,994,076	(3,117,377)	1,876,699
Expenses:			
Salaries and employee benefits	1,304,237	-	1,304,237
Professional fees	180,395	-	180,395
Rental and maintenance	42,031	-	42,031
Office	69,745	-	69,745
Depreciation and amortization	78,748	-	78,748
Provision for loan losses	666,945	-	666,945
Interest expense	321,451	-	321,451
Travel	29,290	-	29,290
Other	156,281	-	156,281
Total expenses	2,849,123	-	2,849,123
Increase (decrease) in net assets	2,144,953	(3,117,377)	(972,424)
Net assets at beginning of year	4,465,997	15,807,881	20,273,878
Net assets at end of year	$ 6,610,950	12,690,504	19,301,454

See accompanying Notes to Combined Financial Statements.

NEIGHBORHOOD LENDING PARTNERS, INC. AND AFFILIATES

Combined Statements of Cash Flows

	Year Ended March 31, 2010	2009
Cash flows from operating activities:		
Change in net assets	$ (578,319)	(972,424)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	70,390	78,746
Provision for loan losses	202,944	666,945
Amortization of deferred loan fees and costs, net	(1,644)	(4,510)
Noncash grant expense	442,356	-
Loss (gain) on investments	2,220	(970)
Decrease (increase) in accrued interest receivable	2,954	(49,851)
Decrease (increase) in servicing fees receivable	8,237	(6,604)
Decrease in support receivable from member banks	-	27,500
Decrease (increase) in other receivables	341,798	(53,655)
Increase in other assets	(25,701)	(3,466)
Increase in accounts payable and accrued expenses	79,226	27,510
Increase in escrow deposits	805,285	547,585
(Decrease) increase in due to member banks	(87,635)	108,390
(Decrease) increase in deferred revenue	(29,800)	29,800
Net cash provided by operating activities	1,232,311	394,996
Cash flows from investing activities:		
Proceeds from certificate of deposit	-	150,000
Proceeds from calls, maturities and sales of securities	250,000	-
Net additions of property and equipment	-	(1,664)
Net mortgage loan repayments	10,152	168,482
Net mortgage loan repayments (originations) - CDFI	155,833	(1,345,375)
Net mortgage loan repayments (originations) - HHRP	29,837	(2,116,774)
Net mortgage loan repayments (originations) - FNMA	5,717,561	(854,577)
Net cash provided by (used in) investing activities	6,163,383	(3,999,908)
Cash flows from financing activities:		
Net (decrease) increase in revolving line of credit	(4,853)	29,807
(Repayment) proceeds of loans from FNMA	(5,717,561)	854,577
Proceeds of loan from the City of St. Petersburg, net	15,356	351,354
Repayment of mortgage note payable	(18,212)	(17,099)
Net cash (used in) provided by financing activities	(5,725,270)	1,218,639
Net increase (decrease) in cash and cash equivalents	1,670,424	(2,386,273)
Cash and cash equivalents at beginning of year	8,160,165	10,546,438
Cash and cash equivalents at end of year	$ 9,830,589	8,160,165
Supplemental disclosure of cash flow information - Cash paid for interest	$ 99,059	321,451
Noncash transactions:		
Decrease in foreclosed real estate and due to member banks due to write-down of foreclosed real estate	$ 5,462,699	1,388,401
Increase in foreclosed real estate and due to member banks from foreclosure	$ 635,000	-
Noncash grant expense resulting from transfer of certain mortgage loans, CDFI to grantor in connection with return of restricted net assets to the grantor	$ 442,356	-

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 foreclosed real estate.

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 provide first mortgage loan commitment and funding capacity as provided under Loan Operating Agreements with each entity (the "Agreements"). Each member funds 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 March 31, 2010, NLPWF, NLPSF and NLPNF can 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. Other than amounts already committed, new loans under these Agreements are unlikely in the future (see Note 13).

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).

(continued)

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

Subsequent Events. Management has evaluated events occurring subsequent to the balance sheet date through June 25, 2010 (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.

Restricted Cash. 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.

At March 31, 2009, restricted cash represented $1,021,332 received from CDFI and $108,622 of principal, interest and risk fee payments received from borrowers and due to local jurisdictions under the CDFI Program and member banks. In addition, $65,718 was restricted for future loan programs. Also, restricted cash included $6,106,455 of escrow payments received from borrowers.

(continued)

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

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. Therefore, the Company reports its grants associated with CDFI as restricted support due to the terms and covenants included in the agreements (see Note 11). 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.

Investments. Investments in debt securities are measured at fair value in the accompanying combined statements of financial position. Gains and losses on investments are recognized as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulation or by law.

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.

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, where as 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, 2010 and 2009, includes $20,987 and $108,622, respectively related to loan payments for loans sold to the member banks. In addition, at March 31, 2010 and 2009 due to member banks includes $2,511,894 and $7,339,593, 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 $383,112 and $577,613 for the years ended March 31, 2010 and 2009, respectively on loans originated by the Company for member banks.

Loan Servicing Fees. Loan servicing fees totaled $876,938 and $729,213 for the years ended March 31, 2010 and 2009, respectively. The servicing portfolio totaled approximately $109,909,000 and $167,667,000 at March 31, 2010 and 2009, respectively.

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.

(continued)

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

Fair Value Measurements, Continued.

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 Assets. 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.

(continued)

(2) Allowance for Loan Losses

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

	Year Ended March 31, 2010	2009
Beginning balance	$ 121,305	122,825
Provision for loan losses	202,944	666,945
Charge-offs	-	(668,465)
Ending balance [1]	$ 324,249	121,305

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

(3) Property and Equipment, Net

Property and equipment consists of the following:

	At March 31, 2010	2009
Land	$ 153,032	153,032
Building	1,072,220	1,072,220
Furniture and fixtures	148,716	148,716
Equipment	70,140	100,299
Total, at cost	1,444,108	1,474,267
Less accumulated depreciation and amortization	(323,032)	(282,801)
Property and equipment, net	$ 1,121,076	1,191,466

(continued)

(4) Foreclosed Real Estate

During the year ended March 31, 2010, three projects which were funded by member banks entered into foreclosure proceedings. In addition, during the year ended March 31, 2008, two projects which were funded by member banks entered 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. The Company expects to recover all costs incurred from member banks at the time of sale of the properties. Net proceeds will be distributed to the member banks that funded the projects. Such distributions will be net of costs incurred by the Company and any unpaid property taxes. At March 31, 2010 and 2009, the amount due to member banks, net of costs incurred was $2,447,621 and $6,946,650, 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 are as follows:

	At March 31, 2010	At March 31, 2009
Note payable at LIBOR plus .90%.	$ 568,508	6,286,069

(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 September 2015. The note payable is collateralized by a building with a net book value of $1,104,294 at March 31, 2010. Principal payments are as follows:

Year Ended March 31,	Amount
2011	$ 20,076
2012	21,368
2013	22,742
2014	24,205
2015	740,391
Total principal payments	$ 828,782

(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, 2010 and 2009 was $24,954 and $29,807, respectively.

(continued)

(8) Related Party Transactions and Concentrations of Credit Risk

The Company had $9,830,589 and $8,160,165 on deposit with member banks in general operating accounts, payroll accounts, escrow accounts and short-term investment accounts as of March 31, 2010 and 2009, 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 $67,430 and $68,812 to the plan during the years ended March 31, 2010 and 2009, 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. 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,	
	2010	**2009**
Mortgage loans	$ 11,757,996	12,360,734
Less:		
Allowance for loan losses	(270,499)	(98,496)
Unamortized loan fees and costs, net	(110,328)	(114,877)
	$ 11,377,169	12,147,361

(continued)

(11) Community Development Financial Institutions Program, Continued

There were no impaired loans, nonaccrual loans or loans past due ninety days or more and still accruing interest at March 31, 2009. At March 31, 2010, there were two impaired loans, that are also the only nonaccrual loans, with total outstanding principal balance of $294,423. There were no loans past due ninety days or more and still accruing interest at March 31, 2010. A specific reserve of $213,085 was recorded with respect to these loans as of March 31, 2010. The average investment in impaired loans was $0 and there was no interest income recognized or recorded with respect to impaired loans during the year ended March 31, 2010.

Temporarily restricted net assets relating to the CDFI program is as follows:

Name	At March 31, 2010	At March 31, 2009
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	857,120	857,120
Total	3,116,890	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
Pasco County	-	442,356
Total	2,635,100	3,077,456
CDFI – 2003	-	-
Matching funds-		
Hernando County	200,000	200,000
Total	200,000	200,000
Temporarily restricted net assets – CDFI grants	$ 5,951,990	6,394,346

(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 Cities 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, 2010 and 2009, 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,	
	2010	**2009**
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
Other grants	-	20,385
Temporarily restricted net assets - other grants	$ 6,210,055	6,230,440

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

At March 31, 2010, the Company had total loan commitments of $3,044,596 relating to loans to be funded by the Company with loans from member banks and loans where the Company arranges the financing which is funded by member banks, of which $2,500,000 is within the member loan pool and $544,596 is funded by a single member bank outside of the loan pool.

The Agreements provided a total loan commitment capacity of $111,015,464 as of March 31, 2010. The capacity of the member loan pool had the following usage:

	NLPSF	NLPWF	NLPNF
Participation loans:			
Closed and funded	$ 20,027,452	55,145,385	32,236,278
Closed, but not yet funded	-	1,106,349	-
Subtotal for participation loans	20,027,452	56,251,734	32,236,278
Member loans committed, but not yet closed	2,500,000	-	-
Total member loan pool capacity	$ 22,527,452	56,251,734	32,236,278

(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 the Neighborhood Stabilization Program 2 ("NSP2"). 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 NSP2 requirements to determine funding arrangements and allocations. The Company will administer the funds and oversee the NSP2 activities as defined by the grant. The purpose of NSP2 is to assist in the redevelopment and rehabilitation of abandoned and foreclosed properties. The NSP2 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 will be reimbursed by HUD for qualified grant expenditures up to the award amount. As of March 31, 2010 there has not been any activity with respect to this Agreement other than 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, 2010

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	$ 67,816
State Projects:			
State Housing Incentive Program			
Passed through the following jurisdiction:			
City of St. Petersburg	52.901	*	$ 26,506
Polk County	52.901	*	10,330
Total expenditures of state financial assistance			$ 36,836

* 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, 2010

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, 2010

	NLP	NLPWF	NLPSF	NLPNF	NLPPI	NLPPR	NLPTC	Eliminations	Combined
Assets									
Cash:									
Restricted	$ (237)	5,385,955	2,772,222	609,066	-	-		-	8,767,006
Unrestricted	-	631,334	11,037	17,460	-	-	-		659,831
Total cash	(237)	6,017,289	2,783,259	626,526	-	-	-	-	9,426,837
Short-term investments	-	403,752	-	-	-	-	-		403,752
Cash and cash equivalents	(237)	6,421,041	2,783,259	626,526	-	-	-	-	9,830,589
Mortgage loans, net	-	209,134	99,000	8,719	-	-	-	-	316,853
Mortgage loans, CDFI, net	-	11,377,169	-	-	-	-	-	-	11,377,169
Mortgage loans, FNMA, net	-	-	-	568,508	-	-	-	-	568,508
Mortgage loans, HHRP, net	-	5,752,463	-	-	-	-	-	-	5,752,463
Accrued interest receivable	-	181,745	2,492	4,379	-	-	-	-	188,616
Servicing fees receivable	-	31,285	8,506	-	-	-	-	-	39,791
Other receivables	73,525	324,482	61,397	4,000	-	-	-	(281,364)[b]	182,040
Property and equipment, net	1,121,076	-	-	-	-	-	-	-	1,121,076
Investment in affiliates	18,560,061	-	-	-	-	-	-	(18,560,061)[a]	-
Foreclosed real estate	-	-	-	-	1,613,593	485,549	412,752	-	2,511,894
Other assets	93,235	37,524	-	-	-	-	-	-	130,759
Total assets	$ 19,847,660	24,334,843	2,954,654	1,212,132	1,613,593	485,549	412,752	(18,841,425)	32,019,758
Liabilities and Net Assets									
Liabilities:									
Accounts payable and accrued expenses	295,743	152,772	318,413	62,294	-	-	-	(281,364)[b]	547,858
Escrow deposits	-	3,815,940	2,486,829	608,971	-	-	-	-	6,911,740
Due to the City of St. Petersburg	-	1,881,900	-	-	-	-	-	-	1,881,900
Mortgage note payable	828,782	-	-	-	-	-	-	-	828,782
Note payable due to FNMA	-	-	-	568,508	-	-	-	-	568,508
Revolving line of credit	-	6,546	18,408	-	-	-	-	-	24,954
Due to member banks	-	20,987	-	-	1,613,593	485,549	412,752	-	2,532,881
Total liabilities	1,124,525	5,878,145	2,823,650	1,239,773	1,613,593	485,549	412,752	(281,364)	13,296,623
Net assets:									
Unrestricted	6,491,173	6,224,736	131,004	(27,641)	-	-	-	(6,328,099)[a]	6,491,173
Temporarily restricted:									
CDFI Grants	5,951,990	5,951,990	-	-	-	-	-	(5,951,990)[a]	5,951,990
Other grants	6,210,055	6,210,055	-	-	-	-	-	(6,210,055)[a]	6,210,055
Future loan programs	69,917	69,917	-	-	-	-	-	(69,917)[a]	69,917
Total temporarily restricted	12,231,962	12,231,962	-	-	-	-	-	(12,231,962)[a]	12,231,962
Total net assets	18,723,135	18,456,698	131,004	(27,641)	-	-	-	(18,560,061)	18,723,135
Total liabilities and net assets	$ 19,847,660	24,334,843	2,954,654	1,212,132	1,613,593	485,549	412,752	(18,841,425)	32,019,758

[a] to eliminate investment in affiliates
[b] to eliminate intercompany receivables and payables

Supplementary Schedule

NEIGHBORHOOD LENDING PARTNERS, INC. AND AFFILIATES

Combining Statement of Activities

For the Year Ending March 31, 2010

	NLP	NLPWF	NLPSF	NLPNF	NLPPI	NLPPR	NLPTC	Eliminations	Combined
Revenues:									
Grants	$ -	(364,540)	-	-	-	-	-	-	(364,540)
Loan servicing fees	157,713	532,135	113,372	231,431	-	-	-	(157,713)[c]	876,938
Loan facilitation fees	-	105,325	206,482	71,305	-	-	-	-	383,112
Interest income, mortgage loans	-	287,617	3,396	51,847	-	-	-	-	342,860
Interest income and other	(574,514)	16,157	783	1,331	-	-	-	574,514[a]	18,271
Total revenues	(416,801)	576,694	324,033	355,914	-	-	-	416,801	1,256,641
Expenses:									
Salaries and employee benefits	157,713	577,191	103,969	158,052	-	-	-	-	996,925
Professional fees	-	66,520	55,303	22,715	-	-	-	-	144,538
Rental and maintenance	-	25,510	7,797	4,829	-	-	-	-	38,136
Office	-	43,357	12,988	7,401	-	-	-	-	63,746
Depreciation and amortization	-	49,726	10,332	10,332	-	-	-	-	70,390
Provision for loan losses	-	202,944	-	-	-	-	-	-	202,944
Interest expense	-	39,761	17,716	41,582	-	-	-	-	99,059
Travel	-	13,571	13,076	5,768	-	-	-	-	32,415
Other	3,805	142,373	103,108	95,234	-	-	-	(157,713)[c]	186,807
Total expenses	161,518	1,160,953	324,289	345,913	-	-	-	(157,713)[c]	1,834,960
(Decrease) increase in net assets	(578,319)	(584,259)	(256)	10,001	-	-	-	574,514[a]	(578,319)
Net assets at beginning of year	19,301,454	19,040,957	131,260	(37,642)	-	-	-	(19,134,575)[b]	19,301,454
Net assets at end of year	$ 18,723,135	18,456,698	131,004	(27,641)	-	-	-	(18,560,061)[b]	18,723,135

[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 25, 2010

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, 2009.

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, 2010, and have issued our report thereon dated June 25, 2010. 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.

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

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 25, 2010

Report on Compliance with Requirements Applicable to Each Major Federal Program and State Project and on Internal Control Over Compliance in Accordance With OMB A-133

Report on Compliance with Requirements Applicable to 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 are applicable to its major federal programs and state projects for the year ended March 31, 2010. 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, 2010.

Internal Control Over Compliance

The 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 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 would not necessarily identify all deficiencies in internal control 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 25, 2010

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, 2010

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
X Material weaknesses identified?	____yes__X__ no
X 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:	
X Material weaknesses identified?	____ yes __X__ no
X 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

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

State Awards

Internal control over major state project:	
X Material weaknesses identified?	____ yes _X_ no
X 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*
52.902	Hurricane Housing Relief Program
52.901	State Housing Incentive Program

Dollar threshold used to distinguish between type A and type B programs: $100,000

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

Neighborhood Lending
Partners, Inc.

Corrective Action Plan

June 25, 2010

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, 2010.

3615 West Spruce Street • Tampa, FL 33607
813.879.4525 • Fax: 813.873.9767 • www.nlp-inc.com