SOUTHEAST COMMUNITY DEVELOPMENT FUND I, L.L.C.
REPORTS REQUIRED BY
FLORIDA SINGLE AUDIT ACT

For the year ended December 31, 2013

SOUTHEAST COMMUNITY DEVELOPMENT FUND I, L.L.C.

CONTENTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.650, RULES OF THE AUDITOR GENERAL

To the Members of
Southeast Community Development Fund I, L.L.C.:

Report on Compliance for Each Major State Project

We have audited the compliance of Southeast Community Development Fund I, L.L.C. (the "Company") with the types of compliance requirements described in the *Department of Financial Services'* State Projects Compliance Supplement, that could have a direct and material effect on each of the Company's major State projects for the year ended December 31, 2013. The Company's major State projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its major State projects.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's compliance based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and Chapter 10.650, Rules of the Auditor General. Those standards 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 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 on compliance for each major State project. However, our audit does not provide a legal determination on the Company's compliance with those requirements.

Opinion on Each Major State Project

In our opinion, the Company complied, in all material respects, with the types of requirements referred to above that could have a direct and material effect on each of its major State projects for the year ended, December 31, 2013.

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Report on Internal Control Over Compliance

Management of the Company is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the Company's internal control over compliance with the types of requirements that could have a direct and material effect on each major State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major State project and to test and report on internal control over compliance in accordance with 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 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 State project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or as combination of deficiencies, in internal control over compliance with the type of compliance requirement of a State project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and results of that testing based on the requirements of Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Novogradac & Company LLP

Cleveland, Ohio
April 15, 2014

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& COMPANY LLP®
CERTIFIED PUBLIC ACCOUNTANTS

To the Members of
Southeast Community Development Fund I, L.L.C.:

We have audited the financial statements of Southeast Community Development Fund I, L.L.C. ("the Company"), as of and for the fiscal year ended December 31, 2013, and have issued our report thereon dated February 7, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. We have issued our Independent Auditor's Report on Compliance for Each Major State Project and Report on Internal Control over Compliance Required by Chapter 10.650, Rules of the Auditor General, and Schedule of Findings and Questioned Costs – State Projects. Disclosures in those reports and schedule, which are dated April 15, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.650, Rules of the Auditor General, which requires disclosure in the management letter noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or State project amounts that is less than material but which warrants the attention of those charged with governance.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, and the Company's management and is not intended to be and should not be used by anyone other than these specified parties.

Novogradac & Company LLP

Cleveland, Ohio
April 15, 2014

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SOUTHEAST COMMUNITY DEVELOPMENT FUND I, L.L.C.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – STATE PROJECTS

Fiscal Year Ended December 31, 2013

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the Company's basic financial statements.

2. No significant deficiencies in internal control were disclosed during the audit of the financial statements.

3. No instances of noncompliance material to the financial statements of the Company were disclosed during the audit.

4. No significant deficiencies in internal control over a major State project were reported in the Independent Auditor's Report on Compliance with Requirements Applicable to Each Major State Project and on Internal Control Over Compliance in Accordance with Chapter 10.650, Rules of the Auditor General.

5. The auditor's report on compliance with requirements that could have a direct and material effect on each major State project for the Company expresses an unqualified opinion.

6. Our audit disclosed no findings required to be reported related to State projects required to be disclosed under Chapter 10.656, Rules of the Auditor General.

   The projects tested as major projects included the following:

State Project	State CSFA No.	Year
Department of Economic Opportunity	**40.020**	**2013**

7. The threshold for distinguishing Type A and Type B projects was $500,000 for major State projects.

B. FINDINGS – FINANCIAL STATEMENTS

There are no findings to the Company's financial statements as of December 31, 2013.

C. FINDINGS AND QUESTIONED COSTS –MAJOR STATE PROJECTS

There are no findings or questioned costs relating to the Florida Department of Economic Opportunity and their regulations over the state New Markets Development Program and the Department of Financial Services' State Projects Compliance Supplement.

D. OTHER ISSUES

The Supplemental Reports do not include the Summary Schedule of Prior Audit Findings because there were no prior audit findings related to State Projects and no Corrective Action Plan is required because there were no findings required to be reported under the Florida Single Audit Act.

SOUTHEAST COMMUNITY DEVELOPMENT FUND I, L.L.C.
SCHEDULE OF EXPENDITURES AND STATE FINANCIAL ASSISTANCE

Fiscal Year End December 31, 2013

STATE AGENCY	State CSFA No.	Grant Number	Project Expenditures
Department of Economic Opportunity			
Direct Projects			
Florida New Markets Development Program			
Qualified Low-Income Community Investment	40.020	N/A	$ 8,599,999
			$ 8,599,999

Pursuant to the State of Florida New Markets Tax Credit statute (the "Florida Statute"), the Company applied for and received the authority to issue up to $10,000,000 in Florida qualified equity investments or qualified debt securities ("Florida QEIs") in 2010. Under the Florida Statute, the purchaser of a qualified debt security will be allowed to claim Florida new markets tax credits ("Florida NMTCs") over seven periods spanning six years and one day for any long-term debt security issued by the Company that is designated as a Florida QEI within the meaning of the Florida Statute and has at least 85% of its cash purchase price used by the issuer to make qualified low-income community investments ("Florida QLICIs"). Pursuant to the Company's approval from the State of Florida on December 20, 2010 to issue up to $10,000,000 of Florida QEIs, the Company designated the advances under the Loan made by the Lender in the aggregate amount of $10,000,000 as Florida QEIs. During 2011, the Company made a loan and equity investment totaling $8,599,999 that constitute Florida QLICIs. As of December 31, 2013, $8,599,999 constitute Florida QLICIs.

SOUTHEAST COMMUNITY DEVELOPMENT FUND I, L.L.C.
FINANCIAL STATEMENTS

For the years ended December 31, 2013 and 2012
with
Report of Independent Auditors

SOUTHEAST COMMUNITY DEVELOPMENT FUND I, L.L.C.

CONTENTS

Report of Independent Auditors

To the Members of
Southeast Community Development Fund I, L.L.C.:

Report on Financial Statements

We have audited the accompanying financial statements of Southeast Community Development Fund I, L.L.C. (the "Company"), a Delaware limited liability company, which comprise the balance sheets as of December 31, 2013 and 2012, and the related statements of operations, changes in members' equity (deficit) and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southeast Community Development Fund I, L.L.C. as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-matter

As discussed in Note 2, the Company's financial statements include a nonmarketable investment valued at $2,906,667 and $2,499,999 at December 31, 2013 and 2012, respectively. This value has been estimated by the Managing Member in the absence of readily ascertainable market values. We have reviewed the procedures employed by the Managing Member and have inspected underlying documentation, and, under the circumstances, we believe the procedures are reasonable and the documentation appropriate. However, because of the uncertainty inherent in any valuation, the estimated value may differ from the value that would have been used had a ready market for the securities existed, and the differences (increasing or decreasing the value assigned) could be material. Our opinion is not modified with respect to that matter.

Novogradac & Company LLP

Cleveland, Ohio
February 7, 2014

SOUTHEAST COMMUNITY DEVELOPMENT FUND I, L.L.C.

BALANCE SHEETS

December 31, 2013 and 2012

	2013	2012
ASSETS		
Current assets		
Cash and cash equivalents	$ 84,763	$ 90,078
Due from related party	25,566	25,566
Interest receivable - qualified active low-income community business	278	278
Total current assets	110,607	115,922
Long-term assets		
Note receivable - qualified active low-income community business	6,100,000	6,100,000
Investment in qualified active low-income community business	2,906,667	2,499,999
Note receivable	1,400,000	1,400,000
Interest receivable	25,271	15,836
Total long-term assets	10,431,938	10,015,835
Total assets	$ 10,542,545	$ 10,131,757
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Accrued interest	$ 25,556	$ 106,111
Due to related party	785	24,733
Total current liabilities	26,341	130,844
Long-term liabilities		
Notes payable	10,000,000	10,000,000
Total long-term liabilities	10,000,000	10,000,000
Total liabilities	10,026,341	10,130,844
Members' equity	516,204	913
Total liabilities and members' equity	$ 10,542,545	$ 10,131,757

see accompanying notes

SOUTHEAST COMMUNITY DEVELOPMENT FUND I, L.L.C.

STATEMENTS OF OPERATIONS

For the years ended December 31, 2013 and 2012

	2013	2012
REVENUE		
Interest income - qualified active low-income community business	$ 101,429	$ 101,707
Total revenue	101,429	101,707
EXPENSES		
General and administrative fees	3,902	4,781
Professional fees	10,500	10,500
Total expenses	14,402	15,281
Net operating income	87,027	86,426
OTHER INCOME (EXPENSE)		
Interest income	122,985	70,617
Unrealized gain on investment	406,668	-
Interest expense	(101,389)	(101,667)
Net other income (expense)	428,264	(31,050)
Net income	$ 515,291	$ 55,376

see accompanying notes

SOUTHEAST COMMUNITY DEVELOPMENT FUND I, L.L.C.
STATEMENTS OF CHANGES IN MEMBERS' EQUITY (DEFICIT)
For the years ended December 31, 2013 and 2012

	Common Unit Holders		Preferred Unit Holder	
	Advantage Capital Community Development Fund, L.L.C.	Advantage Capital Florida NMTC Investor I, L.L.C.	Advantage Capital Florida NMTC Partners VIII, LLC	Total Members' Equity (Deficit)
Balance, January 1, 2012	$ -	$ -	$ (463)	$ (463)
Operating distributions	-	-	(54,000)	(54,000)
Net income	1	54	55,321	55,376
Balance, December 31, 2012	1	54	858	913
Net income	5	510	514,776	515,291
Balance, December 31, 2013	$ 6	$ 564	$ 515,634	$ 516,204

see accompanying notes

SOUTHEAST COMMUNITY DEVELOPMENT FUND I, L.L.C.
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Net income	$ 515,291	$ 55,376
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Unrealized gain on investment reported at fair value	(406,668)	-
Changes in operating assets and liabilities:		
Increase in interest receivable - qualified active low-income community business	-	(278)
Increase in interest receivable - other	(9,435)	(15,836)
Increase in due from related party	-	(21,954)
(Decrease) increase in accrued interest	(80,555)	101,667
(Decrease) increase in due to related party	(23,948)	15,092
Net cash (used in) provided by operating activities	(5,315)	134,067
Cash flows from investing activities:		
Funding of notes receivable	-	(1,400,000)
Net cash used in investing activities	-	(1,400,000)
Cash flows from financing activities:		
Operating distributions - Preferred Unit Holder	-	(54,000)
Net cash used in financing activities	-	(54,000)
Net decrease in cash and cash equivalents	(5,315)	(1,319,933)
Cash and cash equivalents at beginning of year	90,078	1,410,011
Cash and cash equivalents at end of year	$ 84,763	$ 90,078
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	$ 181,944	$ -

see accompanying notes

1. Organization and purpose

Southeast Community Development Fund I, L.L.C. (the "Company") is a Delaware limited liability company that was formed on August 10, 2010. The initial members were Advantage Capital Community Development Fund, L.L.C. ("ACCDF"), Steven T. Stull ("Stull") and Michael T. Johnson ("Johnson"). Pursuant to the Amended and Restated Limited Liability Company Operating Agreement dated December 30, 2010, Stull and Johnson withdrew and the Company admitted an investor member, Advantage Capital Florida NMTC Investor I, L.L.C. ("FL NMTC Investor I"). The Company appointed ACCDF as managing member ("Managing Member"). Pursuant to the Second Amended and Restated Limited Liability Company Agreement dated December 16, 2011 (the "Operating Agreement") the Company admitted a new investor member, Advantage Capital Florida NMTC Partners VIII, LLC ("FL NMTC Partners VIII" or the "Preferred Unit Holder"). Pursuant to the Operating Agreement, FL NMTC Investor I and ACCDF (the "Common Unit Holders") each received a partial return of their capital contributions, and each has retained ownership of common units. Pursuant to the Operating Agreement, ACCDF continued as Managing Member. The Common Unit Holders and the Preferred Unit Holder are collectively referred to as the "Members."

The Company applied for and received certification from the US Treasury's Community Development Financial Institutions Fund ("CDFI Fund") as a qualified Community Development Entity ("CDE") in accordance with Internal Revenue Code Section 45D and Treasury Regulations hereunder. The primary purpose of the Company is to serve or provide investment capital for low-income communities or low-income persons in the Company's Service Area (as further defined in the Operating Agreement) consistent with the New Markets Tax Credit ("NMTC") Program. To help fulfill its primary mission, the Company makes capital or equity investments in, or loans to, qualified active low-income community businesses, ("QALICBs"), as defined in Internal Revenue Code Section 45D. The loans to or investments in QALICBs are intended to be qualified low-income community investments ("QLICIs") under the NMTC Program.

Ownership rights are segregated into two classes: the Common Units and the Preferred Units. The Company has issued 10,000 Common Units to the Common Unit Holders and 10,000 Preferred Units to the Preferred Unit Holder. At December 31, 2013 and 2012, the respective ownership rights of each class of units are as follows:

Member	Common Units	Preferred Units
Advantage Capital Community Development Fund, L.L.C.	100	-
Advantage Capital Florida NMTC Investor I, L.L.C.	9,900	-
Advantage Capital Florida NMTC Partners VIII, LLC	-	10,000
Total Units	10,000	10,000

1. Organization and purpose (continued)

Pursuant to the Operating Agreement, the Preferred Unit Holder is required to make capital contributions in the amount of $10,000. ACCDF and FL NMTC Investor I, as Common Unit Holders, were required to make net capital contributions of $1 and $9, respectively. As of December 31, 2013 and 2012, the Common Unit Holders and Preferred Unit Holder had made their required capital contributions. No additional capital is required of the Preferred Unit Holder or Common Unit Holders.

Net income and losses are allocated in accordance with the Operating Agreement. Net income is allocated first, to the Members to the extent that the amount of cumulative net losses previously allocated to each Member exceeds the amount of cumulative net income previously allocated to each Member; and second, 99.9% to the Preferred Unit Holder and 0.1% to the Common Unit Holder(s), in accordance with each Member's respective Sharing Percentage (as defined in the Operating Agreement). Net losses are allocated first, to the Members in proportion to each Member's respective Capital Account Balance (as defined in the Operating Agreement) until each Member's respective Capital Account Balance has been reduced to zero; and second, to the Common Unit Holders in accordance with their respective Sharing Percentages.

Operating distributions are made at the discretion of the Managing Member and in accordance with the Operating Agreement. For the years ended December 31, 2013 and 2012, the Company had made operating distributions to the Preferred Unit Holder of $0 and $54,000, respectively. For the years ended December 31, 2013 and 2012, there were no operating distributions made to the Common Unit Holders.

2. Summary of Significant Accounting Policies and Nature of Operations

Basis of accounting
The Company prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Cash and cash equivalents
Cash and cash equivalents include all cash balances and highly liquid investments with maturities of three months or less at the date of acquisition.

Concentration of credit risk
The Company maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes they are not exposed to any significant credit risk on these accounts.

2. Summary of Significant Accounting Policies and Nature of Operations (continued)

Economic concentrations

Substantially all of the Company's operations are derived from the loans made to and equity investments in QALICBs. Future operations could be affected by changes in economic or other conditions that would affect the underlying QALICB.

Use of estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Fair value measurements

The Company applies the accounting provisions related to fair value measurements. These provisions define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, establish a hierarchy that prioritizes the information used in developing fair value estimates and require disclosure of fair value measurements by level within the fair value hierarchy. The hierarchy gives the highest priority to quoted prices in active markets (Level 1 measurements) and the lowest priority to unobservable data (Level 3 measurements), such as the reporting entity's own data. These provisions also provide valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flows) and the cost approach (cost to replace the service capacity of an asset or replacement cost).

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of valuation hierarchy are defined as follows:

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

Level 2: Inputs other than quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3: Unobservable inputs that reflect the Company's own assumptions.

2. Summary of Significant Accounting Policies and Nature of Operations (continued)

Fair value measurements (continued)
Assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of certain assets and liabilities and their classifications within the fair value hierarchy.

Entities are permitted to choose to measure financial instruments and certain other items at fair value and establish presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities.

Income taxes
Income taxes on Company income are levied on the Members at the member level. Accordingly, all profits and losses of the Company are recognized by each member on its respective tax return.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Company to report information regarding its exposure to various tax positions taken by the Company. Management has determined whether any tax positions have met the recognition threshold and has measured the Company's exposure to those tax positions. Management believes that the Company has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Company are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Revenue and interest recognition
The Company recognizes revenue from interest income, dividends, realized and unrealized gains or losses on its investments. Interest on the loans and investments to QALICBs is calculated using the simple-interest method on principal amounts outstanding and is recognized when earned. The interest rates on the loans may be affected by the tax attributes of the NMTC Program and the legal restrictions established by the CDFI Fund. The accrual of interest is discontinued when, in management's opinion, the borrower may be unable to make payments as they become due. If the accrual of interest is discontinued, all unpaid accrued interest is reversed. Interest income is subsequently recognized only to the extent cash payments are received and the principal balance is believed collectible.

2. Summary of Significant Accounting Policies and Nature of Operations (continued)

Notes receivable and allowance for loan losses
The notes receivable – qualified active low-income community business balance is stated at the amount of unpaid principal, reduced by loan discounts and unearned loan fees and the allowance for loan losses. Loan origination and commitment fees as well as certain direct origination costs, are deferred and recognized into income ratably over the term of the loan. Amortization of deferred loan fees is discontinued when a loan is placed on nonaccrual status.

The allowance is increased by a provision for loan losses, which is charged to expense, and reduced by charge-offs, net of recoveries. Management's periodic evaluation of the adequacy of the allowance is based on the Company's quarterly evaluation of specific loans to determine the existence of adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and current economic conditions. Although management uses available information to recognize losses on loans, because of uncertainties associated with local economic conditions, collateral values, and future cash flows on impaired loans, it is reasonably possible that a material change could occur in the allowance for loan losses in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

The Company considers a loan impaired when, based on current information or factors, it is probable that the Company will not collect the principal and interest payments according to the loan agreement. Management considers many factors in determining whether a loan is impaired, such as payment history and value of collateral. Loans that are contractually delinquent less than 90 days are generally not considered impaired, unless the borrower has claimed bankruptcy or the Company has received specific information concerning the loan impairment. The Company reviews delinquent loans to determine impaired accounts. The Company measures impairment on its notes receivable – qualified active low-income community on a specific loan basis.

If a loan is impaired, a portion of the allowance is allocated so that the loan is reported, net, at the present value of estimated futures cash flows using the loan's existing rate or at the fair value of collateral if repayment is expected solely from the collateral. There were no impaired loans as of December 31, 2013 and 2012.

2. Summary of Significant Accounting Policies and Nature of Operations (continued)

Notes receivable and allowance for loan losses (continued)
The Company's notes receivable - qualified active low-income community business consists of loans to operating businesses and other entities pursuant to the NMTC program. The Company's key credit quality indicators are the financial performance of the underlying borrowers and value of the collateral as determined on a quarterly basis. Notes receivable – qualified active low-income community business that are 90 days or more past due, based on the contractual terms, are classified on nonaccrual status. Loans may also be placed on nonaccrual when management believes, after considering economic conditions, business conditions, and collection efforts, that the loans are impaired or collection of interest is doubtful. Uncollectible interest previously accrued is charged off, or an allowance is established by a charge to interest income. Interest income on nonaccrual loans is recognized only to the extent cash payments are received and the principal balance is believed to be collectible. There were no notes receivable past due or on nonaccrual status as of December 31, 2013 and 2012.

A loan previously classified on nonaccrual status will resume accruing interest based on the contractual terms of the loan when payments on the loan become current. Loans may also resume accruing interest if management no longer believes a loan is impaired or the collection of principal and interest is no longer in doubt.

Investments in qualified active low-income community businesses
Pursuant to Accounting Standards Codification No. 820 "Fair Value Measurements and Disclosures" ("ASC 820"), the Company's management elected to apply the fair value option for the accounting of all of its equity investments in QALICBs. The elections were made upon the initial recognition of such investments in the financial statements. The election was made because the Company's management believes it improves financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex accounting provisions.

Investments in QALICBs are generally non-marketable investments in privately-held companies. The fair value as of December 31, 2013 and 2012 has been estimated by the Company's management. The Company generally determines fair value using a market or income approach. In determining fair value, the Company considers a variety of factors including, recent significant private placements of the same issuer, changes in financial position of the investee company, historical and projected cash flows and industry multiples on earnings before depreciation, taxes and amortization.

Substantially all of the Company's investments have been classified within level 3 as they have unobservable inputs since they trade infrequently or not at all. When observable prices are not available for these securities, the Company's Managing Member uses one or more valuation techniques (e.g., the market approach, the income approach, or the cost approach) for which sufficient and reliable data is available.

2. Summary of Significant Accounting Policies and Nature of Operations (continued)

Investments in qualified active low-income community businesses (continued)
Within level 3, the use of the market approach generally consists of using comparable market transactions, while the use of the income approach generally consists of the net present value of the estimated future cash flows, adjusted as appropriate for liquidity, credit, market and/or other risk factors. Because of the inherent uncertainty of valuation of investments without an active market, the estimated values may differ significantly from values that would have been used had a ready market for the investments existed, and the differences could be material.

The Company's investments in the nonmarketable investments are generally considered to be nonmarketable until the time they are registered for public sale. Such nonmarketable investments are carried at estimated fair value as determined by the Company's Managing Member. Because of the inherent uncertainty of valuation in the nonmarketable investments, those estimated values may differ significantly from the values that would have been used had a ready market for the investments existed and the differences could be material.

The Company has determined that the QALICB is a variable interest entity and the Company is not the primary beneficiary. As a result, the Company is not required to consolidate its investment in the QALICB. This conclusion was based on the determination that the Company does not have the power to direct the activities that most significantly impact the QALICB's economic performance.

The Company's maximum exposure to loss as a result of its involvement with the investment remains limited to the Company's investment balance. During the years ended December 31, 2013 and 2012, the Company provided no explicit or implicit financial or other support to the QALICB that was not previously contractually required or intended.

Subsequent events
Subsequent events have been evaluated through February 7, 2014, which is the date the financial statements were available to be issued, and there are no subsequent events requiring disclosure.

3. Note Receivable – Qualified Active Low-Income Community Business

At December 31, 2013 and 2012, note receivable – qualified active low-income community business consisted of the following:

Borrower	Interest Rate	Maturity	Face Amount	Carrying Value
Prioria Robotics, Inc.	1.640%	1/1/2018	$ 6,100,000	$ 6,100,000
	Total		$ 6,100,000	$ 6,100,000

The loan made by the Company to Prioria Robotics, Inc. is intended to qualify as a Florida QLICI under the Florida Statute (as defined below).

4. Investment in Qualified Active Low-Income Community Business

As of December 31, 2013, investment in Prioria Robotics, Inc. ("Prioria") consisted of the following:

Investment	Type	Number of Shares	Original Cost	Fair Value
Prioria Robotics, Inc.	Class C Preferred Exchangeable Stock	934,098 shares	$ 2,499,999	$ 2,906,667
		Total	$ 2,499,999	$ 2,906,667

As of December 31, 2012, investment in Prioria Robotics, Inc. ("Prioria") consisted of the following:

Investment	Type	Number of Shares	Original Cost	Fair Value
Prioria Robotics, Inc.	Class C Preferred Exchangeable Stock	934,098 shares	$ 2,499,999	$ 2,499,999
		Total	$ 2,499,999	$ 2,499,999

4. Investment in Qualified Active Low-Income Community Business (continued)

At December 31, 2013 and 2012, the investment in QALICB was determined using significant unobservable inputs (Level 3 Inputs). The reconciliation of investment in Prioria measured at fair value using Level 3 Inputs is as follows:

Balance - January 1, 2012	$ 2,499,999
Purchases during the year	-
Unrealized gains (losses) included in earnings	-
Transfers into (out of) Level 3 Input	-
Balance - December 31, 2012	2,499,999
Purchases during the year	-
Unrealized gains (losses) included in earnings	406,668
Transfers into (out of) Level 3 Input	-
Balance - December 31, 2013	$ 2,906,667

The investment made by the Company to Prioria Robotics, Inc. is intended to qualify as a Florida QLICI under the Florida Statute (as defined below).

5. Note Receivable

On May 22, 2012 the Company lent Marquette Investments, LLC ("Marquette"), an affiliate of the Managing Member, $1,000,000 under a promissory note dated as of such date, and lent Marquette an additional $400,000 under a promissory note dated as of July 16, 2012. The notes are unsecured and accrue interest at rates defined in the promissory notes. Any amounts of accrued interest and any outstanding principal shall be repaid in full at the maturity date of December 31, 2017. As of December 31, 2013 and 2012, the aggregate outstanding principal balance of the notes was $1,400,000 for both years. Interest income earned on the notes for the years ended December 31, 2013 and 2012 was $122,985 and $70,617, respectively. As of December 31, 2013 and 2012, interest receivable on the notes was $25,271 and $15,836, respectively.

6. Notes Payable

On December 30, 2010, the Company entered into a Loan and Security Agreement (the "Loan Agreement") with FL NMTC Partners VIII, in the aggregate principal amount of $10,000,000. Under the terms of the Loan Agreement, FL NMTC Partners VIII made two loan advances in the amount of $5,000,000 each, evidenced by two separate Term Notes (collectively, the "Loan"). The Loan accrues interest at a rate equal to 1.00% per annum. The outstanding principal balance and any accrued interest are due and payable on January 1, 2018 (the "Maturity Date"). The Loan is not permitted to be partially prepaid or paid in full prior to the Maturity Date. The Loan is collateralized by substantially all of the assets of the Company.

Interest expense incurred on the Loan for the years ended December 31, 2013 and 2012 was $101,389 and 101,667, respectively. Accrued interest on the Loan as of December 31, 2013 and 2012 was $25,556 and $106,111, respectively.

7. Related Party Transactions

Due from related party
During 2013 and 2012, Advantage Capital Payment Agent L.L.C. ("ACPA"), an affiliate of the Managing Member, collected debt service payments on behalf of the Company. As of each of December 31, 2013 and 2012, $25,566 was owed to the Company.

Due to related party
During 2013 and 2012, Advantage Capital Management Corporation ("ACMC"), an affiliate of the Managing Member, advanced funds to the Company for operating expenses. These advances do not accrue interest. As of December 31, 2013 and 2012, $785 and $24,733, respectively, was owed to ACMC.

8. New Markets Tax Credits

Pursuant to the State of Florida New Markets Tax Credit statute (the "Florida Statute"), Advantage Capital Community Development Fund Mississippi II, L.L.C. (the "Original Florida Allocatee"), an affiliate of the Managing Member, applied for and received the authority to issue up to $40,000,000 in Florida qualified equity investments or qualified debt securities ("Florida QIs") in 2010. Under the Florida Statute, the purchaser of a Florida QI will be allowed to claim Florida new markets tax credits ("Florida NMTCs") over seven periods spanning six years and one day for Florida QIs issued by the Company provided at least 85% of its cash purchase price is used by the Company to make qualified low-income community investments ("Florida QLICIs"). On December 20, 2010, the Original Florida Allocatee received an amendment letter ("Amendment Letter") from the State of Florida reallocating $30,000,000 of its allocation to certain affiliates of the Original Florida Allocatee. As a result of this Amendment Letter, the Company was allocated $10,000,000 of Florida QIs. The Company designated the advances under the Loan made by FL NMTC Partners VIII in the aggregate amount of $10,000,000 as Florida QIs.

In order to qualify for these Florida NMTCs, the Company must comply with the requirements of the Florida Statute and related guidelines. Failure to comply with the requirements could result in the recapture of the Florida NMTCs that have been previously claimed as well as the loss of any future Florida NMTC. Recapture of the Florida NMTCs may be caused by: [1] an amount of the federal Tax Credits available with respect to a Florida QI being recaptured under Internal Revenue Code section 45D if any, or [2] the Company's redeeming or making a principal repayment with respect to the Florida QI prior to the seventh anniversary of the issuance of such Florida QI.

Since receipt of the Florida NMTCs by FL NMTC Partners VIII are subject to the Company's compliance with certain requirements, there can be no assurance that the aggregate amount of the Florida NMTCs will be realized and failure to meet all such requirements may result in generating a lesser amount of Florida NMTCs than the expected amount.

The Company's Managing Member has established an advisory board to provide insight and guidance for the Company's activities ("Advisory Board"). The Advisory Board also ensures that the Company maintains accountability to the residents of low-income communities in accordance with the Internal Revenue Code Section 45D(c)(1)(B). The Managing Member may also establish committees of the Advisory Board and the committees will establish procedures by which they will solicit feedback from the residents of the low-income communities that they represent as to the investment and training needs of those particular low-income communities and the success of the Company in addressing such needs. The Advisory Board and each committee shall organize such information for presentation to the Managing Member and use it to generate suggestions and guidance for use by the Company.