L201500800010 CSL Received Date: 01/08/2015

Audited Financial Statements, Supplementary Information, and Compliance Reports

THE SUPPORT CENTER

Years Ended June 30, 2014 and 2013

L201500800010 CSL Received Date: 01/08/2015

Audited Financial Statements, Supplementary Information, and Compliance Reports

THE SUPPORT CENTER

Years Ended June 30, 2014 and 2013

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ROMEO, WIGGINS & COMPANY, L.L.P. *Certified Public Accountants*

RW & Co.

Geoffrey E. Wiggins
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J. Kelly Lanier
Joseph L. Hill, Jr.

Independent Auditors' Report

Board of Directors
The Support Center
Raleigh, North Carolina

Report on the Financial Statements
We have audited the accompanying financial statements of The Support Center (a nonprofit organization), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, functional expenses, 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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 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 audits 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.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Support Center as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditors' Report--Continued

Other Matters

Supplementary Information
Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of federal and state awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards,* we have also issued our report dated December 9, 2014, on our consideration of The Support Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Support Center's internal control over financial reporting and compliance.

Romeo, Wiggins & Company, L.L.P.

Raleigh, North Carolina
December 9, 2014

	2014	2013
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 4,170	$ 9,441
Advances of CDFI funds	0	779,769
Capacity grants payable	0	387,765
Accrued salaries	19,400	16,111
Accrued vacation	31,990	21,651
Other accrued expenses	3,005	2,685
Notes payable	4,522,830	3,138,325
TOTAL LIABILITIES	4,581,395	4,355,747
NET ASSETS		
Unrestricted net assets:		
Available for general use	3,315,307	2,269,974
Board-designated:		
Contingency reserve	514,328	364,328
Mortgage loan deposits	1,048,205	1,215,000
Small business lending	3,367,653	1,106,355
Property and equipment, net	83,218	65,871
Total unrestricted net assets	8,328,711	5,021,528
Temporarily restricted net assets	4,025,788	4,821,186
TOTAL NET ASSETS	12,354,499	9,842,714
TOTAL LIABILITIES AND NET ASSETS	$ 16,935,894	$ 14,198,461

Statement of Activities

THE SUPPORT CENTER

Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Total
SUPPORT, REVENUES, AND OTHER INCOME:			
Grant income	$ 2,548,021	$ 1,855,869	$ 4,403,890
Contributions	9,710		9,710
Capital Access Program	1,503		1,503
Special events revenue	19,101		19,101
Dividend income	46,228	41	46,269
Mortgage interest	22,495		22,495
Loan closing revenue	13,825	313	14,138
Business loan interest	388,853	58,741	447,594
Origination fees	59,814		59,814
Membership fees	17,250		17,250
Misc. income	16,147		16,147
Rental income	2,782		2,782
Gain on sale of donated property	4,379		4,379
Net assets released from restrictions due to satisfaction of:			
Purpose restrictions	2,689,122	(2,689,122)	0
Time restrictions	21,240	(21,240)	0
TOTAL SUPPORT, REVENUES, AND OTHER INCOME	5,860,470	(795,398)	5,065,072
EXPENSES:			
Program services	2,165,974		2,165,974
Support services:			
Management and general	374,447		374,447
Fundraising	12,866		12,866
Total support services	387,313		387,313
TOTAL EXPENSES	2,553,287	0	2,553,287
CHANGE IN NET ASSETS	3,307,183	(795,398)	2,511,785
Net assets, beginning of year	5,021,528	4,821,186	9,842,714
NET ASSETS, END OF YEAR	$ 8,328,711	$ 4,025,788	$ 12,354,499

See independent auditors' report and notes to financial statements.

Statement of Activities

THE SUPPORT CENTER

Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Total
SUPPORT, REVENUES, AND OTHER INCOME:			
Grant income	$ 2,543,021	$ 1,316,482	$ 3,859,503
Contributions	42,894		42,894
Donated property	57,203		57,203
Special events revenue	33,213		33,213
Dividend income	94,675	19	94,694
Mortgage interest	47,338		47,338
Loan closing revenue	3,920	485	4,405
Business loan interest	138,163	28,750	166,913
Origination fees	32,516		32,516
US DOT fees	1,500		1,500
Membership fees	16,800		16,800
Misc. income	11,257		11,257
Rental income	11,994		11,994
Net assets released from restrictions due to satisfaction of:			
Purpose restrictions	2,300,042	(2,300,042)	0
Time restrictions	78,345	(78,345)	0
TOTAL SUPPORT, REVENUES, AND OTHER INCOME	5,412,881	(1,032,651)	4,380,230
EXPENSES:			
Program services	3,215,601		3,215,601
Support services:			
Management and general	316,935		316,935
Fundraising	29,817		29,817
Total support services	346,752		346,752
TOTAL EXPENSES	3,562,353	0	3,562,353
CHANGE IN NET ASSETS	1,850,528	(1,032,651)	817,877
Net assets, beginning of year	3,171,000	5,853,837	9,024,837
NET ASSETS, END OF YEAR	$ 5,021,528	$ 4,821,186	$ 9,842,714

See independent auditors' report and notes to financial statements.

Statement of Functional Expenses

THE SUPPORT CENTER

Year Ended June 30, 2014

	Program Services	Support Services	Total
PERSONNEL:			
Salaries	$ 549,919	$ 155,105	$ 705,024
Employee benefits	71,409	20,141	91,550
Payroll taxes	47,619	13,431	61,050
Total personnel	668,947	188,677	857,624
OTHER EXPENSES:			
Interest expense	71,023		71,023
Marketing and newsletter	5,292	1,493	6,785
Bank fees	9,372		9,372
Telephone	14,621	4,123	18,744
Audit fees	16,673	4,702	21,375
Contract services	370,208	104,420	474,628
Subscriptions, sponsorships and dues	20,824	5,875	26,699
Staff travel	53,757	15,162	68,919
Seminars, conferences, and workshops	12,249	2,112	14,361
Board meeting expenses	2,774	1,311	4,085
Office supplies and expenses	12,048	3,264	15,312
Printing and copying	11,171	3,151	14,322
Software	6,659	1,876	8,535
Office occupancy	74,011	21,040	95,051
Insurance and bonding	6,545	1,847	8,392
Postage	2,197	620	2,817
Allowance for losses on at-risk deposits	166,795		166,795
Allowance for losses on loans	553,453		553,453
Loan servicing fees	1,942		1,942
Legal expenses	13,389	3,776	17,165
Staff development	21,247	5,993	27,240
Rental properties expense	3,094		3,094
Fundraising expense		12,866	12,866
Loss on disposal of donated properties	18,141		18,141
Miscellaneous expenses	11,798		11,798
Total other expenses	1,479,283	193,631	1,672,914
Total operating expenses before depreciation	2,148,230	382,308	2,530,538
Depreciation	17,744	5,005	22,749
TOTAL EXPENSES	$ 2,165,974	$ 387,313	$ 2,553,287

See independent auditors' report and notes to financial statements.

Statement of Functional Expenses

THE SUPPORT CENTER

Year Ended June 30, 2013

	Program Services	Support Services	Total
PERSONNEL:			
Salaries	$ 548,134	$ 154,602	$ 702,736
Employee benefits	70,894	19,996	90,890
Payroll taxes	50,078	14,124	64,202
Total personnel	669,106	188,722	857,828
OTHER EXPENSES:			
Capacity grants	1,410,525		1,410,525
Interest expense	38,260		38,260
Marketing and newsletter	9,912	2,796	12,708
Bank fees	5,927		5,927
Telephone	12,258	3,457	15,715
Audit fees	16,501	4,654	21,155
Contract services	190,834	53,826	244,660
Subscriptions, sponsorships and dues	17,722	5,000	22,722
Staff travel	48,014	13,542	61,556
Seminars, conferences, and workshops	8,951	1,543	10,494
Board meeting expenses	5,148	2,433	7,581
Office supplies and expenses	13,442	3,642	17,084
Printing and copying	3,907	1,102	5,009
Software	1,459	411	1,870
Office occupancy	66,563	18,923	85,486
Insurance and bonding	6,873	1,939	8,812
Postage	1,883	531	2,414
Allowance for losses on at-risk deposits	450,000		450,000
Allowance for losses on loans	163,080		163,080
Loan servicing fees	1,616		1,616
Legal expenses	5,596	1,578	7,174
Staff development	26,891	7,585	34,476
Rental properties expense	9,150		9,150
Fundraising expense		29,817	29,817
Miscellaneous expenses	13,368		13,368
Total other expenses	2,527,880	152,779	2,680,659
Total operating expenses before depreciation	3,196,986	341,501	3,538,487
Depreciation	18,615	5,251	23,866
TOTAL EXPENSES	$ 3,215,601	$ 346,752	$ 3,562,353

See independent auditors' report and notes to financial statements.

Statements of Cash Flows

THE SUPPORT CENTER

Years Ended June 30, 2014 and 2013

	2014	2013
OPERATING ACTIVITIES		
Change in net assets	$ 2,511,785	$ 817,877
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Donated properties	0	(46,158)
Net loss on disposal of donated properties	13,762	0
Depreciation	22,749	23,866
Amortization of discount on notes payable	11,675	13,369
Increase (decrease) in reserve on at-risk deposits	(193,164)	(210,508)
Increase (decrease) in loan loss reserves (loans receivable)	507,816	393,787
Increase (decrease) in loan loss reserves (other assets)	(45,217)	(35,766)
Changes in operating assets and liabilities:		
Other receivables	6,985	18,982
Accounts payable and accrued expenses	8,676	17,430
Advances of CDFI funds	(779,769)	(168,629)
Capacity grants payable	(387,765)	100,159
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,677,533	924,409
INVESTING ACTIVITIES		
Decrease (increase) in committed loan support funds, net	519,029	(1,666,348)
Decrease in other committed support funds, net	1,787,827	2,487,464
Revolving loans funded	(6,716,572)	(2,946,576)
Principal payments received on revolving loans	954,680	643,166
Purchases of fixed assets	(40,096)	(5,182)
Proceeds on sale of donated properties	32,396	0
Payments/settlements against mortgages purchased from GCCU	167,099	156,291
Costs incurred to prepare OREO properties for sale	(7,057)	(10,114)
NET CASH USED IN INVESTING ACTIVITIES	(3,302,694)	(1,341,299)
FINANCING ACTIVITIES		
Proceeds from new borrowings	2,063,942	1,156,500
Principal payments of borrowings	(691,112)	(150,000)
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,372,830	1,006,500
NET CHANGE IN CASH AND CASH EQUIVALENTS	(252,331)	589,610
Cash and cash equivalents (operating funds), beginning of year	2,367,639	1,778,029
CASH AND CASH EQUIVALENTS (OPERATING FUNDS), END OF YEAR	$ 2,115,308	$ 2,367,639
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	$ 54,763	$ 38,260
NONCASH INVESTING AND FINANCING ACTIVITIES		
Reclassification of purchased mortgage loans to OREO property	0	(178,416)
Donated properties (included in other assets)	0	(46,158)

See independent auditors' report and notes to financial statements.

Notes to Financial Statements

THE SUPPORT CENTER

Years Ended June 30, 2014 and 2013

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization: The Support Center is a statewide nonprofit and certified Community Development Financial Institution. Our mission is to foster economic development in underserved communities by providing capital, business services and policy research to support small businesses. Our vision is to create economic opportunity for all people.

In 2010, The Support Center launched its Small Business Revolving Loan Fund Program (SBRLF), targeting underserved communities and populations that find it difficult to access capital. The Support Center also provides financial training and technical assistance to start-ups and existing businesses and lending services to community-based organizations.

Basis of Accounting: The accompanying financial statements are presented on the accrual basis of accounting.

Display of Net Assets by Class: The accompanying financial statements have been prepared in conformity with the disclosure and display requirements of FASB ASC 958-205, 210, 225. Accordingly, the Organization's financial statements present the following two classes of net assets: (a) unrestricted net assets and (b) temporarily restricted net assets. Temporarily restricted net assets are created only by donor-imposed restrictions on their use. All other net assets, including Board-designated or appropriated amounts, are legally unrestricted and are reported as part of the unrestricted class. In the event the Organization receives net assets that contain permanent, donor-imposed restrictions, it will present a third category of net assets.

Promises to Give: Unconditional promises to give are recognized as support or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Recognition of Support: The accompanying financial statements have been prepared in conformity with the provisions of FASB ASC 958-605. Funding awards are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Certain of the Organization's grants are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon satisfaction of the time and/or purpose restrictions. Support from loan assistance programs is recognized upon closing of the funded loans or upon incurrence of other qualifying expenditures. State awards of $2,543,021 funded monthly/quarterly for general operating purposes were recorded directly to unrestricted support for the years ended June 30, 2014 and 2013.

Cash Equivalents: The Organization generally considers its *operating funds* to be cash equivalents. Operating funds at June 30, 2014 and 2013 consist primarily of amounts held in a share checking account. Refer also to *Note H--Fair Value Measurements.*

Mortgages Purchased from GCCU: The Organization has provided a loan loss reserve of $63,080 and $108,297 as of June 30, 2014 and 2013, respectively, based on management's estimate of losses to be incurred on delinquent mortgage loans purchased from Generations Community Credit Union. The loans are partially collateralized by the mortgaged property. Foreclosed loans are carried as *other real estate owned (OREO) property* at face value of the loan plus costs incurred to prepare the property for sale. Refer also to *Note E--Mortgages Purchased from GCCU* and *Note H--Fair Value Measurements.*

Committed Loan Support Funds: Committed loan support funds include a money market share account, certificate of deposit and checking (and share checking) accounts with various banks and CDCUs. These funds are available for small business loans, and may be subject to certain restrictions of the donor or creditor agency. Refer also to *Note B--Committed Loan Support Funds* and *Note H--Fair Value Measurements.*

Notes to Financial Statements--Continued

THE SUPPORT CENTER

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- Continued

Other Committed Support Funds: Other committed support funds include secondary capital deposits (2013), share account deposits, share term certificates, and certificates of deposit (2013) with various banks and CDCUs. Share term certificates and certificates of deposit are carried at face value plus accrued earnings thereon. Other committed support funds are recorded net of an allowance for losses on at-risk funds. Refer also to *Note C--Other Committed Support Funds* and *Note H--Fair Value Measurements.*

Loans Receivable: The Support Center underwrites and processes loan applications, processes funding and holds loans in portfolio, with CDCUs originating and servicing the loans. Terms and rates of loans vary depending upon the borrower's capital requirements and management's assessment of risk. Reserves for loan losses are based on management's review of portfolio performance or as otherwise required by the grantor or loan fund sponsor. Loans are secured by the borrower; however, the realizable value of the borrower's collateral is generally dependent upon the operating results of the borrower's small business. Loans may also be secured under guaranteed loan programs. Refer also to *Note D--Loans Receivable.*

Property and Equipment: Property and equipment are recorded at cost at the date of purchase or at fair market value at the date of donation. In the absence of donor stipulations regarding how long the contributed assets must be used, contributions of property and equipment are recorded as unrestricted. Depreciation is computed over the estimated useful lives of the respective assets on a straight-line basis. Purchases of fixed assets of greater than $1,000 are capitalized, with purchases below that threshold expensed as incurred.

Fair Value of Financial Instruments: The carrying values of operating funds, accounts receivable, payables and accrued expenses are considered to approximate the fair values of such at June 30, 2014 and 2013, due to the short-term maturity of these financial instruments.

Committed loan support funds, other committed funds, and mortgages purchased from GCCU are carried at fair value as further described in *Note H--Fair Value Measurements.*

Loans receivable are carried at face value, less a loan loss reserve. Management believes the carrying value of loans receivable approximates the fair value of such based on current rates for financial instruments with similar terms and remaining maturities.

Mortgages purchased from GCCU are carried at the principal amount due from borrowers, less a loan loss reserve. Accrued interest is not included in the carrying value since all mortgages were more than 120 days past due when purchased. Management believes the net carrying value of mortgages receivable is the best estimate of the fair value of such given the lack of comparable market data for properties similar to those securing the mortgages.

Notes payable are carried at face value. Management believes the carrying value of notes payable approximates the fair value of such based on current rates for financial instruments with similar terms and remaining maturities.

Functional Allocation of Expenses: The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly thereto. Certain indirect expenses are allocated to programs based on estimated usage and/or benefit.

Use of Estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from these estimates. Refer also to *Notes C, D, and E* herein as pertains to certain significant estimates.

Notes to Financial Statements--Continued

THE SUPPORT CENTER

NOTE B--COMMITTED LOAN SUPPORT FUNDS (including a subsequent event)

Committed loan support funds consist of funds from the following sources at June 30:

	2014	2013
Small Business Lending:		
SEDA – for TSC lending	$ 1,219,994	$ 2,371,072
TSC loan fund	107,977	141,580
PNC Bank	393,920	238,121
CDFI	1,636,971	976,849
Other (formerly CDFI, Board-designated)	0	907,700
USDA IRP (Intermediary Relending Program)	312,973	340,163
IRP reserve deposit	60,005	30,001
Bank of America	0	494,974
SBA ILP (Intermediary Loan Program)	149,765	368,585
SBA reserve deposit	50,029	37,013
Opportunity Finance Network	348	20,000
Triangle Community Foundation	300,000	0
Wells Fargo Loan Fund	500,000	0
Mercy Investment Services	499,887	0
Other:		
First Bank	250,000	75,000
First Citizens	115,837	115,677
	$ 5,597,706	$ 6,116,735

Subsequent Event: The Organization was subsequently awarded $1,000,000 of additional loan funds under a financial assistance award from the CDFI Fund. Refer also to subsequent events described in *Note G--Notes Payable.*

NOTE C--OTHER COMMITTED SUPPORT FUNDS (including subsequent events)

Other committed support funds of $197,909 and $1,771,500 at June 30, 2014 and 2013, respectively, include State Economic Development Assistance Funds (SEDA) and secondary capital deposits at CDCUs, both of which are generally considered at-risk funds. SEDA funds held by credit unions may serve as collateral for small business loans. The secondary capital deposits are equity infusions into the credit unions in which they are deposited. Losses on credit union loans or income position can have an adverse effect on these deposits. During fiscal 2013-2014, The Support Center closed its secondary capital accounts and withdrew certain SEDA deposits held by CDCUs, when no longer subject to withdrawal restrictions. The Organization expects to use these funds for making loans and providing technical assistance to small businesses in under-served communities. The Support Center has provided an allowance of $12,521 and $124,595 at June 30, 2014 and 2013, respectively, on these funds that remain at risk.

Other committed support funds also include $173,257 and $387,493 at June 30, 2014 and 2013, respectively, held by State Employees Credit Union (SECU) as security against potential losses on mortgages of $3,500,000 purchased by SECU from Generations Community Credit Union (GCCU) during fiscal 2011-2012. The mortgages are secured first by a $500,000 reserve funded by GCCU; secondly, by a $700,000 reserve funded by The Support Center (of which approximately $327,000 had been used to fund losses as of June 30, 2014); and lastly, by a $500,000 reserve funded by Self-Help Credit Union. The Support Center has provided an allowance of $173,257 and $221,760 at June 30, 2014 and 2013, respectively, on these at-risk investments.

Notes to Financial Statements--Continued

THE SUPPORT CENTER

NOTE C--OTHER COMMITTED SUPPORT FUNDS (including subsequent events) -- Continued

Significant Estimate: The allowance for at-risk funds at June 30, 2014, is an estimate based on management's consideration of the performing (or nonperforming) status of the loans secured by these deposits, taking into account subsequent changes in status. The Support Center believes the allowance adequately provides for potential losses on at-risk funds; however, it is at least reasonably possible that management's estimate of potential losses may change significantly in the near term. Refer also to *Note H* as pertains to fair value measurements.

NOTE D--LOANS RECEIVABLE

Loans receivable at June 30 were funded with proceeds from the following sources:

	2014	2013
USDA-IRP	$ 983,849	$ 501,590
CDFI	2,425,954	1,253,435
SBA-ILP	912,909	636,821
SEDA	2,591,316	874,680
PNC Bank	1,077,295	258,239
TSC loan fund	1,378,778	196,460
USDA	73,013	0
Fifth Third	23,971	0
Opportunity Finance Network	16,033	0
Less: Loan loss reserve	(983,016)	(507,787)
	$ 8,500,102	$ 3,213,438

USDA–Intermediary Relending Program (IRP): Loans receivable of $983,849 at June 30, 2014, have terms ranging from two to fifteen years, bear interest at rates ranging from 6.0% to 8.5%, and are recorded net of a reserve for losses of $61,680. The program requires the Organization to maintain reserves of at least six percent of outstanding loans. No write-offs were taken against these loans during the years ended June 30, 2014 and 2013, and no loans are considered past due at June 30, 2014. Refer to *Note G--Notes Payable* as pertains to pay-back of the loan funds.

Community Development Financial Institutions (CDFI) Loans Receivable Loans receivable of $2,425,954 at June 30, 2014, have terms ranging from two to fifteen years, bear interest at rates ranging from 6.5% to 8.5%, and are recorded net of a reserve for losses of $293,215. The Support Center took write-offs of $45,638 and $25,000 against these loans for the years ended June 30, 2014 and 2013, respectively. Loans receivable of $35,735 are considered past due at June 30, 2014.

SBA Intermediary Lending Pilot (ILP) Program: Loans receivable of $912,909 at June 30, 2014, have terms ranging from one to fifteen years, bear interest at rates ranging from 6.75% to 8.5%, and are recorded net of a reserve for losses of $50,000. The program requires the Organization to maintain reserves of at least five percent of outstanding loans. The Support Center took write-offs of $0 and $44,293 against these loans for the years ended June 30, 2014 and 2013, respectively. No loans are considered past due at June 30, 2014. Refer to *Note G--Notes Payable* as pertains to pay-back of the loan funds.

PNC Bank/Guaranteed Loan Programs: In August 2013, The Support Center entered into a line-of-credit agreement with PNC Bank whereby the Organization may borrow up to $1,500,000 to increase loan capital for the SBA Community Advantage Pilot Loan Program (CA) and certain other guaranteed loan programs.

Loans receivable of $543,626 at June 30, 2014, are partially guaranteed by the CA program. These loans have terms ranging from seven to ten years, bear interest at rates ranging from 7.0% to 7.5%, and are recorded net of a reserve for losses of $4,955 at June 30, 2014. The program requires the Organization to maintain reserves of at least five percent of the outstanding amount of the unguaranteed portion of the CA loan portfolio, plus at least 3% of the guaranteed portion of each CA loan sold to the secondary market. Guaranteed loans outstanding approximated

Notes to Financial Statements--Continued

THE SUPPORT CENTER

NOTE D--LOANS RECEIVABLE -- Continued

$428,674 at June 30, 2014 (with no loans sold to the secondary market), resulting in a required minimum reserve of approximately $5,748. The Organization deposited additional funds to its CA reserve account on July 7, 2014, bringing the account balance to $9,985, in keeping with CA's minimum reserve requirements. No write-offs were taken against these loans and no loans are considered past due at June 30, 2014.

Loans receivable of $73,117 at June 30, 2014 are partially guaranteed (up to 75%) by the U.S. Department of Transportation Short Term Lending Program.

Refer to *Note G--Notes Payable* as pertains to pay-back of the PNC loan funds.

Loans Purchased from Self-Help Credit Union (Self-Help): In April 2014, the Organization purchased loans receivable of $431,686 from Self-Help Credit Union. The loans were originated by Generations Community Credit Union. The loans have terms ranging from two to thirty years and bear interest ranging from 8.0% to 11.5%. At June 30, 2014, approximately $365,169 is outstanding on these loans, of which $34,853 is considered past due.

Other Loans Receivable: Other loans receivable of $4,178,494 at June 30, 2014, have terms ranging from one to seven years, bear interest at rates ranging from 5.0% to 8.75%, and are recorded net of a reserve for losses of $573,166. Write-offs of $32,586 and $47,269 were taken against these loans for the years ended June 30, 2014 and 2013, respectively. At June 30, 2014, approximately $552,494 of these loan balances are considered past due.

Significant Estimate: The Support Center has provided loan loss reserves at June 30, 2014 and 2013 based on management's estimate of uncollectible loans. Management believes the reserves adequately provide for potential losses; however, it is at least reasonably possible that management's estimate of potential losses may change significantly in the near term.

Principal maturities of loans receivable approximate the following at June 30, 2014:

Years Ending June 30	
2015	$ 1,232,632
2016	2,516,145
2017	943,824
2018	796,614
2019	1,178,648
Thereafter	2,815,255
	$ 9,483,118

NOTE E--MORTGAGES PURCHASED FROM GCCU

On April 30, 2010, The Support Center agreed to purchase certain delinquent mortgage loans from Generations Community Credit Union (GCCU) in order to enhance GCCU's ability to provide responsible financial products and services to its members, many of whom are residents of low-wealth communities. The Support Center paid $1,282,884 for the loans based on the aggregate principal balance owed on the loans. Given that the borrowers' payments on the loans were 120 days or more past due when purchased, significant losses are expected to be realized on these loans. GCCU shall indemnify The Support Center against 50% of all Losses for each Mortgage Loan for a period of five years from the Mortgage Loan Sale Date.

An OREO property (held as collateral) was sold to fund payments on foreclosed mortgages during the years ended June 30, 2014 and 2013. The Support Center charged losses of $45,216 and $35,767 for the same respective periods against its loan loss reserve due to collateral shortfalls on these mortgages. At June 30, 2014 and 2013, $319,749 and $322,505, respectively, were held as outstanding loans, with $184,054 and $339,808, respectively, held as available-for-sale OREO properties. (Mortgages purchased from GCCU are included in *other assets* in the accompanying statements of financial position.)

Notes to Financial Statements--Continued

THE SUPPORT CENTER

NOTE E--MORTGAGES PURCHASED FROM GCCU--Continued

Significant Estimate: The Support Center has established a loan loss reserve of $63,080 and $108,297 as of June 30, 2014 and 2013, respectively, based on management's estimate of losses to be incurred on these delinquent mortgage loans. The reserve is an estimate based on management's consideration of updates provided by GCCU based on its servicing efforts. The Support Center believes the reserve adequately provides for potential losses on loans receivable; however, it is at least reasonably possible that management's estimate of potential losses may change significantly in the near term.

NOTE F--CONCENTRATIONS OF RISK

Credit Risk: The Support Center maintains operating deposits and other support funds at financial institutions as follows at June 30:

	2014	2013
Generations Community Credit Union **	$ 3,332	$ 1,509,127
Latino Community Credit Union	1,384,801	3,599,463
Greater Kinston Credit Union	206,096	208,698
State Employees' Credit Union	173,257	387,230
Branch, Banking & Trust	1,468,164	2,459,791
Self-Help Credit Union	2,808,562	1,952,168
Triangle Community Foundation	300,000	0
PNC Bank	877,683	5,000*
Wells Fargo	500,000	0
First Citizens Bank & Trust	365,615	521,276
Other	0	5,478*
	$ 8,087,510	$ 10,648,231

*as restated to conform to the current year presentation
**On April 1, 2014, GCCU merged with Self Help Credit Union

The Support Center's deposit accounts are generally eligible for up to $250,000 of insurance coverage per bank (credit union) provided by the Federal Deposit Insurance Corporation (National Credit Union Administration). Deposits in excess of federally insured limits approximated $6,033,000 at June 30, 2014.

The Support Center is also exposed to credit risk with regard to certain at-risk support funds (*Note C*), loans receivable (*Note D*), and delinquent mortgage loans purchased from GCCU (*Note E*).

The Support Center's management monitors the financial condition and credit ratings of the aforementioned financial institutions on an ongoing basis, and has considered such, in estimating the allowance for at-risk support funds (*Note C*) and delinquent mortgage loans purchased from GCCU (*Note E*), and in estimating the fair value of The Support Center's holdings as of June 30, 2014 and 2013 *(Note H)*.

Support Risk: Awards from the North Carolina General Assembly provided approximately 50% and 58% of The Support Center's total support, revenues, and other income for the years ended June 30, 2014 and 2013, respectively. The Organization was eliminated from the State's budget for fiscal 2014-2015; however, management expects to receive at least $300,000 under a Competitive Grant Program established for non-profits in the Department of Commerce. This funding is expected to be recurring. The Support Center's management is pursuing alternative sources of support, while also taking steps to reduce operating costs, to ensure the sustainability of the Organization.

Notes to Financial Statements--Continued

THE SUPPORT CENTER

NOTE G--NOTES PAYABLE (including subsequent events)

Notes payable consist of the following at June 30:

Description	2014	2013
First Citizens Bank loan, bearing interest at 1%, paid quarterly. $150,000 due in August each year and maturing August 2014. The note and accrued interest was paid in full in August 2014.	$ 150,000	$ 295,630
First Bank loan, bearing interest at 2%, paid quarterly. Secured by certain loan fund deposits and receivables. Principal due in full in December 2014.	250,000	242,695
USDA IRP loan, bearing interest at 1%. First three years require interest-only payments. Annual principal and interest payments are required beginning in November 2014. Note matures in 2040. Secured by IRP Fund deposits and receivables.	750,000	600,000
USDA IRP loan, bearing interest at 1%. First three years require interest-only payments. Principal and interest payments are required beginning in 2017. Note matures in 2030. Secured by IRP Fund deposits/receivables.	278,482	0
US SBA ILP loan, bearing interest at 1%. Principal and interest are deferred for first two years, with principal and interest payments to begin in 2013. Note matures in 2031. Secured by ILP deposits and receivables.	975,148	1,000,000
PNC Bank promissory note, bearing interest at 3%, paid quarterly from April 2013. Secured by certain loan fund deposits/receivables. Principal due in full upon maturity in January 2019.	500,000	500,000
PNC Bank line of credit, bearing interest at 3%, paid quarterly from November 2013. Principal due in two equal payments upon maturity in August of 2017 and 2018. Secured by certain loan fund deposits and receivables, plus a minimum deposit account with bank of $300,000. Further secured by certain guaranteed loan programs described in Note D. Approved to borrow up to $1,500,000.	619,200	0
Wells Fargo Community Investment Holdings promissory note, bearing interest at 2%, paid quarterly from May 2014. Principal due in full upon maturity in May 2024, unless extended to May 2026. Secured by certain loan deposits.	500,000	0
Mercy Investment Services promissory note, bearing interest at 3%, paid quarterly from August 2014. Principal due in full upon maturity in May 2019. Secured by certain loan deposits.	500,000	0
Bank of America promissory note, bearing interest at 3%, paid quarterly from September 2012. The note and accrued interest was paid in full in July 2013.	0	500,000
	4,522,830	3,138,325
Less: Current portion	454,682	199,981
Long-term portion	$4,068,148	$ 2,938,344

Notes to Financial Statements--Continued

THE SUPPORT CENTER

NOTE G--NOTES PAYABLE (including subsequent events) -- Continued

Interest expense totaled $71,023 and $38,260 for the years ended June 30, 2014 and 2013, respectively.

Principal maturities of notes payable approximate the following at June 30, 2014:

Years Ending June 30	
2015	$ 454,682
2016	78,160
2017	398,641
2018	408,056
2019	1,099,443
Thereafter	2,083,848
	$ 4,522,830

Subsequent Events: In July 2014, The Support Center received proceeds from a $500,000 revolving line with TD Bank that bears interest at 3% and requires interest-only payments until maturity in July 2017. The loan funds will be used for small business loans.

In August 2014, The Support Center received proceeds from a $500,000 note with Opportunity Finance Network that bears interest at 3.75%. The note requires quarterly payments of interest-only for the first three years and quarterly payments of principal and interest thereafter, based upon a fifteen-year amortization. A final balloon payment is due upon maturity in August 2019. The loan funds will be used for small business loans.

In September 2014, The Support Center received proceeds from a $500,000 note with the USDA RMAP program. The loan bears interest at 2% and carries a term not to exceed 20 years. Principal and interest payments are deferred for the initial two years, with interest accruing during that period. Monthly payments of principal and interest are required thereafter, based upon no more than an eighteen-year amortization. The proceeds will be used for loans made under the Rural Micro-Entrepreneur Assistance Program.

The USDA also subsequently awarded a $100,000 grant to The Support Center to provide business based training and technical assistance for rural micro-borrowers and potential micro-borrowers.

Notes to Financial Statements--Continued

THE SUPPORT CENTER

NOTE H--FAIR VALUE MEASUREMENTS

The Support Center applies U.S. generally accepted accounting principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP defines 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. GAAP also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value of financial instruments. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority.

The following represents assets and liabilities measured (and carried) at fair value on a recurring basis by The Support Center:

June 30, 2014	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Operating funds	$ 200,000	$ 0	$ 200,000	$ 0
Committed loan support funds	2,494,382	2,075,633	418,749	0
Other committed support funds	197,909	0	197,909	0
Loans receivable	9,483,118	0	9,483,118	0
Other assets:				
Mortgages from GCCU, net	444,055	0	0	444,055
Notes payable	4,522,830	0	4,522,830	0
Total	$ 17,342,294	$ 2,075,633	$ 14,822,606	$ 444,055

June 30, 2013	Fair Value	(Level 1)	(Level 2)	(Level 3)
Operating funds	$ 200,000	$ 0	$ 200,000	$ 0
Committed loan support funds	2,406,404	2,290,726	115,678	0
Other committed support funds	1,937,233	0	1,196,501	740,732
Loans receivable	3,721,225	0	3,721,225	0
Other assets:				
GKCU properties	46,158	0	0	46,158
Mortgages from GCCU, net	558,880	0	0	558,880
Notes payable	3,138,325	0	3,138,325	0
Total	$ 12,008,225	$ 2,290,726	$ 8,371,729	$ 1,345,770

Level 1: *Operating funds* and *committed loan support funds* include holdings in money market and money market share accounts, the carrying value of which approximates the fair value.

Level 2: *Operating funds, committed loan support funds*, and *other committed support funds* include holdings in share term certificates and certificates of deposit, the carrying values of which approximate the fair values based on current market rates for financial instruments of similar size and remaining maturities. The carrying value of *loans receivable* and *notes payable* approximates the fair value of such based on current borrowing rates for financial instruments with similar terms and remaining maturities.

Notes to Financial Statements--Continued

THE SUPPORT CENTER

NOTE H--FAIR VALUE MEASUREMENTS -- Continued

Level 3: Other committed support funds include share account deposits held by SECU as collateral for mortgages purchased from GCCU. At June 30, 2014, these deposits are carried at the stated value of $173,257 less a reserve for loan losses of $173,257. Given the delinquent status of the collateralized loans, management considers the fair value of these deposits to be based on Level 3 inputs. *Other committed support funds* at June 30, 2013, also include secondary capital deposits held by Generations Community Credit Union (GCCU). The carrying value of these deposits is considered to approximate the fair value of such; however, management considers the fair value of these deposits to be based on Level 3 inputs. The Organization held no secondary capital deposits at June 30, 2014. *Other assets* include mortgages purchased from GCCU, the fair value of which approximates principal due from borrowers, less a loan loss reserve. Given the delinquent status of these loans when purchased from GCCU and the lack of comparable market data for properties similar to those securing these mortgages, management considers the fair value of these outstanding mortgages to be based on Level 3 inputs. At June 30, 2013, *other assets* also include The Support Center's portion of certain land and residential properties donated by Greater Kinston Credit Union (GKCU). The donated properties are valued at fair value based on recent market activity for a similar property; however, given the lack of additional market data for similar properties, management considers the fair value of the donated properties to be based on Level 3 inputs. The properties were sold at a net loss of $13,762 during the year ended June 30, 2014.

Fair Value Measurements Using Significant Unobservable Inputs (Level 3):

Beginning balance, June 30, 2013	$ 1,345,770
Withdrew secondary capital deposits	(575,000)
Provided for losses on SECU deposits collateralizing GCCU mortgages	(165,732)
Sale of donated properties	(46,158)
Collections/write-off's against mortgages purchased from GCCU	(114,825)
Ending balance, June 30, 2014	$ 444,055

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while The Support Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a significantly different fair value measurement at the reporting date.

Notes to Financial Statements--Continued

THE SUPPORT CENTER

NOTE I--TEMPORARILY RESTRICTED NET ASSETS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by the donors as follows:

	Years Ended June 30, 2014	2013
State Economic Development Funds	$ 0	$ 300,000
Loan Funds	1,760,231	1,869,426
Secondary Capital	737,306	49,758
Other Program Services:		
Golden Leaf Inc.(*)	80,000	28,000
PNC Bank	29,985	14,930
Bank of America	30,000	0
Fifth Third Bank	50,000	0
Various other sources	0	37,928
Z. Smith Reynolds Foundation (internship program)	1,600	0
Z. Smith Reynolds Foundation (gen op)	21,240	78,345
	$ 2,710,362	$ 2,378,387

(*) $120,000 of the Golden Leaf award remains conditional at June 30, 2014, and will be recognized upon placement of small business loans in designated rural counties.

Temporarily restricted net assets are available for the following purposes at June 30:

	2014	2013
State Economic Development Funds	$ 3,938,532	$ 3,938,532
Loan Funds	64,256	63,623
Secondary Capital	0	737,306
Other Program Services:		
PNC Bank	22,585	30,070
Bank of America	0	30,000
Z. Smith Reynolds Foundation (gen op)	415	21,655
	$ 4,025,788	$ 4,821,186

Notes to Financial Statements--Continued

THE SUPPORT CENTER

NOTE J--OPERATING LEASES (including a subsequent event)

The Support Center leases its primary office space in Raleigh, North Carolina, under a lease scheduled to expire in April 2017. The Support Center also leases office space in Charlotte, North Carolina (month-to-month), and in Asheville, North Carolina (lease expiring in April 2016, with a two-year renewal option).

Rent expense under these leases approximated $95,051 and $85,486 for the years ended June 30, 2014 and 2013, respectively.

Subsequent Event: In November 2014, The Support Center signed an amended lease for its Raleigh office space, agreeing to extend the term through September 2020 and relocate its offices on or about February 1, 2015. The lease provides for Excused Rent equal to one-half of Base Rent due from the Relocation Date through the fourteenth consecutive full month following the Relocation Date.

Future minimum rentals required under the aforementioned leases, including the effects of the subsequent lease amendment, are as follows at June 30, 2014 :

Years Ending June 30	
2015	$ 80,192
2016	62,641
2017	90,659
2018	92,918
2019	95,243
Thereafter	122,403
	$ 544,056

NOTE K--EMPLOYEE BENEFIT PLAN

The Support Center adopted a 401(k) retirement plan effective July 1, 2009, with deferrals first permitted September 1, 2009. If employed on September 1, 2009, employees are immediately eligible for participation in the plan; otherwise, employees having attained age 21 and completed 12 consecutive months of service (or a Year of Service) are eligible for participation. The Support Center makes Safe Harbor matching contributions at the rate of 100% of a participant's elective deferrals up to 5% of the participant's Compensation for the plan year. Employer matching contributions totaled $22,204 and $19,231 for the years ended June 30, 2014 and 2013, respectively. The plan also provides for discretionary, nonelective employer contributions, though no such contributions were approved for the years ended June 30, 2014 and 2013.

NOTE L--TAX STATUS

The Support Center is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and the applicable state tax statutes. It has also been determined that The Support Center is not a private foundation as described in Section 509(a) of the Internal Revenue Code. Filings for tax years ending subsequent to June 30, 2010, remain open and subject to examination.

THE SUPPORT CENTER

NOTE M--CONTINGENCIES

Financial assistance from various awarding agencies is subject to special audit. Such audits could result in claims against The Support Center for disallowed costs or noncompliance with grantor restrictions. Management is aware of no disallowable costs or other instances of noncompliance with grantor restrictions that may have a direct and material effect on the accompanying financial statements. Consequently, no provision has been made for liabilities, if any, that may arise from special audits by grantor agencies.

NOTE N--SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 9, 2014, the date on which financial statements were available for issue. All subsequent events for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

SUPPLEMENTARY INFORMATION

Schedule of Federal and State Awards

THE SUPPORT CENTER

Year Ended June 30, 2014

Grantor/ Pass-through Grantor/ Program Title	CFDA/ Contract #	Federal Expenditures	State Awards Support	State Awards Expenditures
FEDERAL AWARDS:				
U.S. Department of Agriculture, Rural Development:				
Intermediary Relending Program (IRP)	10.767	$ 382,000 (*)		
Rural Business Enterprise Grant	10.769	75,000		
U.S. Small Business Administration:				
Intermediary Lending Pilot Program (ILP)	59.062	9,304		
U.S. Department of the Treasury:				
Community Development Financial Institutions Fund:				
Small business loans funded		1,468,565		
Allowance for loan loss reserves		140,270		
Other expenses		17,934		
	21.020	1,626,769 (*)		
TOTAL FEDERAL EXPENDITURES		$ 2,093,073		
STATE AWARDS:				
State of North Carolina Special Appropriation of State General Fund:				
North Carolina Department of Commerce:				
General operating purposes	NC Grant ID 43399		$ 2,543,021	$ 2,372,913
Loans committed / approved in fiscal 13-14, not yet drawn by borrower	NC Grant ID 43399			64,330
TOTAL STATE AWARDS			$ 2,543,021	$ 2,437,243 (*)

(*) Awards having compliance requirements that could have a direct and material effect on the Organization's financial statements.

See independent auditors' report and notes to schedule of federal and state awards.

Notes to Schedule of Federal and State Awards

THE SUPPORT CENTER

Year Ended June 30, 2014

NOTE A -- BASIS OF PRESENTATION

The accompanying schedule of federal and state awards includes the federal and state grant activity of The Support Center. Federal expenditures are presented on the accrual basis of accounting in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Loans funded under federal assistance programs are reported as expended when funded loans are closed or upon incurrence of other qualifying expenditures. Support from state awards is recognized on the accrual basis of accounting. (All support recognized from state awards was also received in fiscal 2013-2014.) Amounts pertaining to loans committed/approved during the year ended June 30, 2014, but not yet drawn by the borrower, are reported separately herein for tracking and State reporting purposes. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B – FEDERAL LOAN GUARANTEE PROGRAMS

At June 30, 2014, loans receivable of approximately $428,674 and $54,838 (excluding unguaranteed portion of loans) are guaranteed under the SBA Community Advantage Pilot Loan Program and the U.S. Department of Transportation Short Term Lending Program, respectively. No write-offs were taken against these loans for the year ended June 30, 2014.

COMPLIANCE REPORTS

L201500800010 CSL Received Date: 01/08/2015

RW & Co.

ROMEO, WIGGINS & COMPANY, L.L.P. *Certified Public Accountants*

Geoffrey E. Wiggins
Jeffrey S. Romeo
Angela B. Goodwin
J. Kelly Lanier
Joseph L. Hill, Jr.

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

Board of Directors
The Support Center
Raleigh, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Support Center (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 9, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Support Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Support Center's internal control. Accordingly, we do not express an opinion on the effectiveness of The Support Center's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Support Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Romeo, Wiggins & Company, L.L.P.

Raleigh, North Carolina
December 9, 2014

L201500800010 CSL Received Date: 01/08/2015

RW & Co.

ROMEO, WIGGINS & COMPANY, L.L.P. *Certified Public Accountants*

Geoffrey E. Wiggins
Jeffrey S. Romeo
Angela B. Goodwin
J. Kelly Lanier
Joseph L. Hill, Jr.

Independent Auditors' Report on Compliance
for Each Major Program and on Internal Control
Over Compliance Required by OMB Circular A-133

Board of Directors
The Support Center
Raleigh, North Carolina

Report on Compliance for Each Major Federal Program
We have audited The Support Center's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of The Support Center's major federal programs for the year ended June 30, 2014. The Support Center's major federal programs are identified in the summary of auditors' 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 federal programs.

Auditors' Responsibility
Our responsibility is to express an opinion on compliance for each of The Support Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Support Center'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 federal program. However, our audit does not provide a legal determination of The Support Center's compliance.

Opinion on Each Major Federal Program
In our opinion, The Support Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of The Support Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The Support Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Support Center's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Romeo, Wiggins & Company, L.L.P.

Raleigh, North Carolina
December 9, 2014

Schedule of Findings and Questioned Costs

The Support Center

Year Ended June 30, 2014

Section I - Summary of Auditors' Results

Type of auditors' report issued on financial statements:	*Unqualified*		
Internal control over financial reporting:			
♦ Material weakness(es) identified?	____ yes	_X_ no	
♦ Significant deficiency (ies) identified that are not considered to be material weaknesses?	____ yes	_X_ no	none reported
Noncompliance material to financial statements, as required to be reported in accordance with *Government Auditing Standards*.	____ yes	_X_ no	
Federal Awards			
Internal control over major federal award programs:			
♦ Material weakness(es) identified?	____ yes	_X_ no	
♦ Significant deficiency (ies) identified that are not considered to be material weaknesses?	____ yes	_X_ no	none reported
Noncompliance material to major federal award programs?	____ yes	_X_ no	
Type of auditors' report issued on compliance for major programs:	*Unqualified*		
Audit findings related to major programs, as required to be reported in accordance with section 510(a) of OMB Circular A-133?	____ yes	_X_ no	

Identification of major programs:

CFDA Number(s)	Program Name
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	

Schedule of Findings and Questioned Costs--Continued

The Support Center

Year Ended June 30, 2014

Section II - Financial Statement Findings

No such findings to report.

Section III - Federal Award Findings and Questioned Costs

No such findings to report.

Summary Schedule of Prior Audit Findings

The Support Center

Year Ended June 30, 2014

No federal award findings were reported in connection with the prior audit.