BRIDGEWAY CAPITAL, INC. AND AFFILIATES
Pittsburgh, Pennsylvania

Combined Financial Statements
and
Supplemental Financial Information
For the years ended September 30, 2016 and 2015

and Independent Auditors' Report Thereon

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INDEPENDENT AUDITORS' REPORT

To the Boards of Directors
Bridgeway Capital, Inc. and Affiliates
Pittsburgh, Pennsylvania

We have audited the accompanying combined financial statements of Bridgeway Capital, Inc. (Bridgeway Capital) and its affiliates, Bridgeway Capital Certified Development Company (CDC), Bridgeway Development Corporation (BDC), and 15CCD Corporation (15CCD) (collectively referred to as the Organization), which comprise the combined statements of financial position as of September 30, 2016 and 2015, and the related combined statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these combined 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 the combined 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 combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Organization as of September 30, 2016 and 2015, 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.

Other Matters
<u>Report on Supplementary Information</u>
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying combining statements of financial position as of September 30, 2016 and 2015, the combining statements of activities and changes in net assets and combining statements of functional expenses for the years ended September 30, 2016 and 2015, the combined statements of activities and changes in net assets for the years ended September 30, 2016 and 2015, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the combined 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 combined 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 January 20, 2017, on our consideration of the Organization'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 Organization's internal control over financial reporting and compliance.

Schneider Downs & Co., Inc.

Pittsburgh, Pennsylvania
January 20, 2017

BRIDGEWAY CAPITAL, INC. AND AFFILIATES

COMBINED STATEMENTS OF FINANCIAL POSITION

	September 30	
	2016	2015
ASSETS		
CURRENT ASSETS		
Loans receivable, net	$ 8,244,441	$ 5,895,518
Cash and cash equivalents	9,136,378	4,565,018
Cash and cash equivalents - restricted	562,215	3,692,813
Interest and fees receivable	266,173	256,227
Grants receivable	594,883	381,828
Investments	-	1,383,452
Other assets	398,594	248,128
Total Current Assets	19,202,684	16,422,984
LONG-TERM ASSETS		
Loans receivable, net	38,163,738	35,057,821
Investments	16,039,590	10,078,800
Cash and cash equivalents - restricted	1,640,879	1,955,458
Interest receivable	114,896	86,406
Other assets	107,685	75,540
Property, plant and equipment, net	6,787,397	4,226,511
Total Long-Term Assets	62,854,185	51,480,536
Total Assets	$82,056,869	$67,903,520
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 426,844	$ 951,608
Current maturities of notes payable, net	875,722	2,053,364
Total Current Liabilities	1,302,566	3,004,972
LONG-TERM LIABILITIES		
Notes payable, net	40,689,235	32,574,580
Agency funds	1,477,069	1,635,090
Fair value of interest rate swap	84,074	77,707
Total Long-Term Liabilities	42,250,378	34,287,377
Total Liabilities	43,552,944	37,292,349
NET ASSETS		
Lending:		
Unrestricted	26,534,671	23,884,979
Temporarily restricted	8,648,138	5,180,727
Permanently restricted	5,500	5,500
	35,188,309	29,071,206
Operating:		
Unrestricted	1,517,268	53,744
Temporarily restricted	1,798,348	1,486,221
	3,315,616	1,539,965
Total Net Assets	38,503,925	30,611,171
Total Liabilities And Net Assets	$82,056,869	$67,903,520

See notes to combined financial statements.

BRIDGEWAY CAPITAL, INC. AND AFFILIATES

COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND SUPPORT				
Loan interest income	$ 2,522,813	-	-	$ 2,522,813
Loan fee and rental income	604,933	-	-	604,933
Grants and contributions	2,269,108	$ 8,569,349	-	10,838,457
Investment income	319,295	-	-	319,295
Net realized and unrealized gains (losses) on investments	408,490	-	-	408,490
Net assets released from restrictions	4,789,811	(4,789,811)	-	-
Total Revenue And Support	10,914,450	3,779,538	-	14,693,988
PROGRAM AND GENERAL EXPENSES				
Program services	5,321,077	-	-	5,321,077
Management and general	1,342,327	-	-	1,342,327
Fundraising	131,463	-	-	131,463
Total Program And General Expenses	6,794,867	-	-	6,794,867
Increase In Net Assets From Operations	4,119,583	3,779,538	-	7,899,121
CHANGE IN FAIR VALUE OF INTEREST RATE SWAP	(6,367)	-	-	(6,367)
Changes In Net Assets	4,113,216	3,779,538	-	7,892,754
NET ASSETS				
Beginning of year	23,938,723	6,666,948	$5,500	30,611,171
End of year	$28,051,939	$10,446,486	$5,500	$38,503,925

2015			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
$ 2,326,044	-	-	$ 2,326,044
477,183	-	-	477,183
1,760,970	$4,346,739	-	6,107,709
315,332	-	-	315,332
(289,391)	-	-	(289,391)
4,241,681	(4,241,681)	-	-
8,831,819	105,058	-	8,936,877
4,680,227	-	-	4,680,227
1,373,142	-	-	1,373,142
158,300	-	-	158,300
6,211,669	-	-	6,211,669
2,620,150	105,058	-	2,725,208
(12,263)	-	-	(12,263)
2,607,887	105,058	-	2,712,945
21,330,836	6,561,890	$5,500	27,898,226
$23,938,723	$6,666,948	$5,500	$30,611,171

See notes to combined financial statements.

BRIDGEWAY CAPITAL, INC. AND AFFILIATES

COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 7,892,754	$ 2,712,945
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Provision for loan losses	785,766	824,128
Depreciation and amortization	226,555	91,956
Loss on disposal of property, plant and equipment	2,261	-
Net realized and unrealized (gains) losses on investments	(408,490)	289,391
Change in fair value of interest rate swap	6,367	12,263
Proceeds from sale of donated stock for restricted purposes	4,894,547	2,416,119
Changes in assets and liabilities:		
Grants, fees and interest receivable	(251,491)	539,484
Other assets	(182,611)	(82,295)
Accounts payable and accrued expenses	56,547	(43,526)
Net Cash Provided By Operating Activities	13,022,205	6,760,465
CASH FLOWS FROM INVESTING ACTIVITIES		
Loans receivable disbursed	(18,719,374)	(17,590,719)
Loans receivable repayments	12,478,768	6,155,875
Acquisition of property, plant and equipment	(2,757,543)	(2,413,032)
Changes in accounts payable related to the acquisition of property, plant and equipment	(581,311)	527,165
Proceeds from the sale of property, plant and equipment	1,080	-
Purchases of investments	(16,408,942)	(6,601,542)
Proceeds from sales of investments	7,345,547	4,575,498
Changes in agency funds	(158,021)	2,572
Changes in restricted cash and cash equivalents	3,445,177	(4,015,753)
Net Cash Used In Investing Activities	(15,354,619)	(19,359,936)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings on notes payable	8,307,600	11,125,000
Repayments on notes payable	(1,383,708)	(572,695)
Deferred financing costs	(20,118)	(545,254)
Net Cash Provided By Financing Activities	6,903,774	10,007,051
Net Increase (Decrease) In Cash And Cash Equivalents	4,571,360	(2,592,420)
CASH AND CASH EQUIVALENTS		
Beginning of year	4,565,018	7,157,438
End of year	$ 9,136,378	$ 4,565,018
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Cash paid during the year for interest	$ 1,162,313	$ 894,774

See notes to combined financial statements.

NOTE 1 - ORGANIZATION

The accompanying combined financial statements include the accounts of Bridgeway Capital, Inc. (Bridgeway Capital) and its affiliates, Bridgeway Capital Certified Development Company (CDC), Bridgeway Development Corporation (BDC) and 15CCD Corporation (15CCD), collectively referred to as the Organization.

All material intercompany accounts have been eliminated in the combination.

Bridgeway Capital, a Pennsylvania nonprofit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, was founded in 1990 and strives to make western Pennsylvania a thriving region for all by providing capital and educational opportunities to entrepreneurs and growing small businesses to create new businesses and new jobs, to nonprofits to help sustain and expand the services they provide, and to community development organizations that are working to revitalize distressed communities. Most of Bridgeway Capital's loans benefit low-income people in western Pennsylvania through employment opportunities at the small businesses that Bridgeway Capital finances, through the services provided by its nonprofit borrowers or through the real estate projects undertaken by Bridgeway Capital's community development borrowers. Bridgeway Capital is a member of the Opportunity Finance Network (OFN) and is certified as a Community Development Financial Institution by the U.S. Department of the Treasury and accredited by the Commonwealth of Pennsylvania Community Development Bank.

CDC is a Pennsylvania nonprofit corporation exempt from income taxes under Section 501(c)(4) of the Internal Revenue Code and was founded in 2003. It is certified by the U.S. Small Business Administration (SBA). CDC works in conjunction with the SBA to conduct a Certified Development Company 504 Lending Program, which is designed to foster economic development, create or preserve job opportunities and stimulate growth, expansion and modernization of small businesses, by providing long-term financing for the acquisition, construction or renovation of owner-occupied real estate or the acquisition of equipment. Bridgeway Capital provides all staffing, management and underwriting services to the CDC pursuant to an annual management contract.

BDC is a Pennsylvania nonprofit corporation, wholly owned by Bridgeway Capital, established in August 2012 for the purpose of owning a commercial rental real estate building as a space for small businesses and nonprofit companies in a low-income community. BDC was converted to a nonprofit corporation during fiscal 2015 and is exempt from income taxes under Internal Revenue Code Section 501(c)(2).

15CCD is a Pennsylvania nonprofit corporation, wholly owned by Bridgeway Capital, established in July 2014 for the purpose of engaging in commercial real estate development activities, principally in low-income communities. 15CCD was converted to a nonprofit corporation during fiscal 2015 and the Organization has not yet applied for exemption from federal income tax.

The Organization offers five primary loan products used to benefit low-income people: 1) entrepreneur, 2) growth, 3) nonprofit loans, 4) SBA 504 loans and 5) community development loans. Entrepreneur and growth borrowers are prospective or existing small businesses that demonstrate the motivation to launch or expand businesses but are unable to obtain financing from conventional sources. Nonprofit organizations obtain loans from Bridgeway Capital to fill capital gaps due to the nonprofit sector's structural barriers in accessing conventional debt, investment capital or equity markets. SBA 504 borrowers are small businesses seeking long-term, fixed-rate financing to acquire fixed assets for expansion or modernization that promotes business growth and job creation. SBA 504 loans are made in conjunction with a participating bank and are funded by the SBA through the sale of debentures. Community development borrowers seek patient capital that is unavailable from traditional sources to finance predevelopment and development costs for affordable housing, commercial real estate and community facilities projects, principally in low income communities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied by management in the preparation of the accompanying combined financial statements follows:

Basis of Accounting - The combined financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Loans Receivable and Allowance for Loan Losses - Bridgeway Capital evaluates the creditworthiness of potential borrowers on a case-by-case basis. The amount of collateral obtained, if deemed necessary by Bridgeway Capital upon extension of credit, is based on management's credit evaluation. Collateral held varies but may include accounts receivable, inventory and property and equipment.

Loans receivable are stated at the amount management expects to collect from outstanding balances, representing unpaid principal less an allowance for loan losses. Amounts due are presented net of any loan participations by other lenders. At September 30, 2016 and 2015, there was one significant concentration of credit risk to an individual borrower in the amount of $4,816,000 where Bridgeway Capital made a leveraged loan as part of a New Markets Tax Credit (NMTC) transaction involving the commercial rental building owned by BDC. See Note 12 for details on this transaction and its effect on these combined financial statements.

The accrual of interest on loans is discontinued at the time the loan is 90 days past due unless the credit is well-secured and in the active process of collection. Loans are placed on nonaccrual or charged-off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged-off in the current year is reversed against interest income, and uncollected interest income recorded in previous years is charged-off against the allowance for loan losses. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual status. Loans are returned to accrual status when all principal and interest amounts contractually due are brought current and future payments are reasonably assured.

An allowance for loan losses is established through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes collection of a loan balance is unlikely or when the value is deemed to be impaired. Subsequent recoveries of these loan losses are added back to the allowance at the time of receipt. There were no impaired loans as of September 30, 2016 and 2015.

The allowance for loan losses is evaluated quarterly by management. The allowance is based upon payment performance criteria and management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and prevailing economic conditions.

The determination of the adequacy of the allowance for loan losses is based on estimates that are sensitive to significant changes in the economic environment and market conditions. While management uses all available information to estimate losses on loans, it is reasonably possible that adjustments in the carrying amounts of loans may be necessary in the near term based on changes in local economic conditions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents - The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The majority of cash and cash equivalents are on deposit with five financial institutions located in western Pennsylvania. Account balances at September 30, 2016 and 2015 exceeded the Federal Deposit Insurance Corporation (FDIC) limit. The Organization believes it has placed these cash investments with high-credit-quality financial institutions and does not believe it is exposed to any significant credit risk on its cash and cash equivalents.

Restricted Cash and Cash Equivalents - Restricted cash and cash equivalents represent cash on hand related to the agency funds held by the Organization as well as cash on hand related to the New Markets Tax Credit financing obtained for the substantial renovation of the commercial rental building owned by BDC.

Grants Receivable - Grants receivable represent amounts due from the SBA, the USDA and various foundations under grant agreements. The grants receivable are expected to be collected within the next year and are recorded at their estimated future net realizable value.

Investments - Investments are recorded at fair value. Realized and unrealized gains and losses on investments are reflected in unrestricted revenue and support on the combined statements of activities and changes in net assets.

Bridgeway Capital follows a matched funding investment policy in order to reduce liquidity risk to investors. Under this policy, a portion of the investments Bridgeway Capital purchases are high-quality, fixed-income investments whose maturity dates are matched with notes payable maturing within the next three years. The current portion of fixed-income investments maturing within the next fiscal year approximated $0 and $1,383,000, as of September 30, 2016 and 2015, respectively. It is Bridgeway Capital’s policy to classify all other investments as long-term, due to the Organization’s intended use to ultimately convert these investments into long-term loans receivable.

Bridgeway Capital has investments in money market funds (classified as cash and cash equivalents in the combined statement of financial position), corporate bonds, mutual funds, government securities, equity securities and mortgage-backed securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities could occur in the near term and those changes could materially affect the amounts reported in the combined statements of financial position.

Property, Plant and Equipment - Property, plant and equipment acquired are recorded at lower of cost or fair value. Depreciation is provided by the straight-line method over the estimated useful lives of the assets. The estimated useful lives of rental buildings and improvements range from 20 to 25 years. The estimated useful lives of office furniture and equipment range from 3 to 10 years. Depreciation expense recognized for 2016 and 2015 was approximately $193,000 and $85,000, respectively.

The rental building and improvements comprise a commercial property, which is stated at cost. Costs to complete construction are held in construction in progress. Once completed, these costs are reclassified into rental buildings and improvements, and are depreciated using the straight-line method over 20 to 25 years. Rental revenue recognized by the Organization for 2016 and 2015 was approximately $306,000 and $152,000, respectively.

Impairment of Long-Lived Assets - Management of the Organization reviews the carrying amount of land, buildings and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset might not be recoverable. Management considers the undiscounted cash flow expected to be generated by the use of the asset and its eventual disposition to determine when, and if, impairment has occurred. Any write-downs due to impairment are charged to the combined statement of activities and changes in net assets at the time impairment is identified. No such write-downs were required in 2016 and 2015.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition and Net Asset Restrictions - Contractual revenue is recognized when earned under the terms of the contracts. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence or nature of any donor restrictions.

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (i.e., when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statements of activities and changes in net assets as net assets released from restrictions.

The Organization categorizes contributions and net assets as operating or lending based on management's anticipated use of those funds and in accordance with donor restrictions. Contributions and net assets that are restricted or designated for use in making loans or awarding grants are classified as lending net assets. Contributions and net assets that are not restricted or designated for use in program-specific lending activities are classified as operating net assets.

Temporarily restricted net assets for lending include the portion of grants received for program-specific lending that has not yet been loaned. The funds are restricted until loans have been made that satisfy the programmatic restriction imposed by the donor, and when those loans are repaid, the funds become unrestricted net assets. Permanently restricted net assets include a grant received for lending on which the donor has placed a permanent program-related restriction. In 2016, approximately $1,105,000 of temporarily restricted net assets were released and used to support operating programs and approximately $3,685,000 was released and used for lending purposes. In 2015, approximately $947,000 of temporarily restricted net assets were released and used to support operating programs, and approximately $3,294,000 was released and used for lending purposes.

Temporarily restricted net assets for operations include approximately $157,000 and $120,000 from unexpended portions of grants from the SBA for the provision of technical assistance to Bridgeway Capital's borrowers, approximately $1,590,000 and $1,312,000 from unexpended portions of grants from foundations for operating programs and approximately $51,000 and $54,000 from fee revenue related to future events as of September 30, 2016 and 2015, respectively. The funds are restricted until they have been expended according to the grant budget approved by the SBA, foundation or until the future events have occurred.

Agency Funds - Agency funds represents assets transferred to the Organization by a third party and committed to be used by an unaffiliated beneficiary. The agency funds' restricted cash and respective liabilities are considered long-term based upon contractual terms and expected usage of the funds.

Derivative Financial Instruments - The Organization uses derivatives to manage risk related to interest rate movements. The Organization's interest rate risk management strategy is to stabilize cash flow requirements by maintaining interest rate contracts to convert variable-rate debt to a fixed rate. The Organization is exposed to credit losses from counterparty (its lending bank) nonperformance, but does not anticipate any losses from its agreements, which are with a major financial institution.

Derivative financial instruments are to be recognized in the financial statements and measured at fair value regardless of the purpose or intent for holding them. Changes in the fair value of derivative financial instruments used for hedging purposes by nonprofit organizations are recognized annually in income. The Organization reflects changes in the fair value of its interest rate swap in nonoperating income (loss) on the combined statements of activities and changes in net assets.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Organization follows the Financial Accounting Standards Board (FASB) Accounting Standards Codification (Codification) topic on Income Taxes, which prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in combined financial statements. The Organization's combined statements of financial position at September 30, 2016 and 2015 do not include any liabilities associated with uncertain tax positions; further, the Organization has no unrecognized tax benefits. The Organization would accrue interest and penalties related to unrecognized tax benefits in income tax expense, if any were to be incurred. The Organization is no longer subject to examination of its tax returns for fiscal years before 2013.

Fair Value Measurement - The Organization has implemented the provisions of the FASB Codification topic Fair Value Measurements and Disclosures, which established a framework for measuring fair value and expanded disclosures related to fair value measurements. The Organization applies the provision of the Fair Value Measurements and Disclosures topic to its recurring measurements. (See Note 11.)

Recent Accounting Pronouncements - In August 2016, the FASB completed Phase I of its Presentation of Financial Statements of Not-for-Profit Entities and issued Accounting Standards Update (ASU) No. 2016-14 Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14), which is intended to simplify and improve not-for-profit financial reporting. Specifically, the new guidance:

- Revises net asset classification to two classes (net assets with donor restrictions and net assets without donor restrictions) instead of the previous three, while maintaining the requirement to report total net assets and changes in the classes of and total net assets.

- Continues to allow for a choice between the direct and indirect method of reporting operating cash flows; however, presentation of the indirect reconciliation is no longer required if using the direct method.

- Enhances disclosures for:

  - Self-imposed limits on the use of resources without donor-imposed restrictions.

  - Composition of net assets with donor restrictions, and how the restrictions affect the use of resources.

  - Qualitative disclosures on how a not-for-profit manages its available liquid resources, to meet cash needs for general expenditures within one year of the balance sheet date.

  - Quantitative disclosures that communicate the availability of financial assets to meet cash needs for general expenditures within one year of the balance sheet date.

  - Methods used to allocate costs among program and support functions.

- Requires the presentation of expenses by nature as well as function, including an analysis of expenses showing the relationship between functional and natural classification for all expenses.

- Requires net presentation of investment expenses against investment return on the statement of activities and eliminates the requirement to disclose investment expenses that have been netted.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Requires the use of, in the absence of explicit donor stipulations, the placed-in-service approach for reporting expiration of restrictions on gifts of cash or other assets to be used to acquire or construct a long-lived asset and reclassification of amounts from net assets with donor restrictions to net assets without donor restrictions for such long-lived assets that have been placed in service as of the beginning of the period of adoption (thus eliminating the current option to release the donor-imposed restrictions over the estimated useful life of the acquired asset).

ASU 2016-14 is effective for fiscal years beginning after December 15, 2017 with early application permitted. The Organization is currently evaluating the impact this standard will have on its financial statements.

The FASB issued ASU No. 2014 09 to the Revenue from Contracts with Customers (Topic 606) (ASU 2014-09), which is the result of a joint project of FASB and the International Accounting Standards Board to clarify the principles for recognizing revenue and to develop a common revenue standard for use in the United States and internationally. ASU 2014 09 supersedes the revenue recognition requirements in Topic 605 of the Codification and most industry-specific guidance throughout the Industry Topics of the Codification. ASU 2014-09 enhances comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets, reduces the number of requirements an entity must consider for recognizing revenue, and requires improved disclosures to help users of financial statements better understand the nature, amount, timing, and uncertainty of revenue that is recognized. ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2018. ASU 2014-09 requires either retrospective application by restating each prior period presented in the financial statements, or retrospective application by recording the cumulative effect on prior reporting periods to beginning retained earnings in the year that the standard becomes effective. The Organization is currently assessing the impact that ASU 2014-09 will have on its combined financial statements.

Subsequent Events - The Organization has evaluated subsequent events through January 20, 2017, the date on which the combined financial statements were available to be issued.

NOTE 3 - LOANS RECEIVABLE

Loans receivable at September 30 consist of the following:

	2016	2015
Outstanding principal	$ 48,850,715	$ 43,108,778
Less - Loan loss reserve	2,442,536	2,155,439
	46,408,179	40,953,339
Less - Current portion, net of loan loss reserve	8,244,441	5,895,518
Loans receivable, net of current portion	$ 38,163,738	$ 35,057,821

Net loans receivable outstanding at September 30, 2016 and 2015 include loans funded through the use of Small Business Administration loans (Note 7) and totaled approximately $1,218,000 and $1,282,000 at September 30, 2016 and 2015, respectively.

NOTE 3 - LOANS RECEIVABLE (Continued)

The total recorded loans on nonaccrual status were approximately $2,066,000 and $2,097,000 at September 30, 2016 and 2015, respectively, and the total recorded loans past due 90 days or more and still accruing interest were approximately $531,000 and $-0- at September 30, 2016 and 2015, respectively.

Approximate aggregate maturities of the loans receivable at September 30, 2016 are as follows:

Fiscal Year Ending September 30	Amount
2017	$ 8,678,000
2018	5,158,000
2019	4,842,000
2020	3,114,000
2021	4,069,000
Thereafter	22,990,000
	$ 48,851,000

Activity in the reserve for loan losses is summarized for the years ended September 30 as follows:

	2016	2015
Balance, beginning of year	$ 2,155,439	$ 1,591,777
Recoveries	157,720	80,128
Charge-offs	(656,389)	(340,594)
Provision charged to current expense	785,766	824,128
Balance, end of year	$ 2,442,536	$ 2,155,439

NOTE 4 - CASH AND INVESTMENTS

Cash and investments held at September 30 are available as follows:

	2016	2015
Designated by management for:		
Lending	$ 11,447,556	$ 7,768,700
Operations	3,508,732	1,659,092
Agency funds	1,477,069	1,635,090
Restricted cash held for capital expenditures	476,293	3,666,813
Restricted cash held - other	249,732	346,368
Assets from third parties held for lending	9,938,523	6,326,446
Held for loan loss reserve	281,157	273,032
	$ 27,379,062	$ 21,675,541

NOTE 5 - INVESTMENTS

Investments at September 30 consisted of the following:

	2016		2015	
	Fair Value	Cost	Fair Value	Cost
Current portion:				
Corporate and bond funds	-	-	$ 1,035,980	$ 1,072,143
U.S. government bond	-	-	347,472	353,018
Total current portion	-	-	1,383,452	1,425,161
Noncurrent portion:				
Equity securities	$ 2,174,262	$ 1,944,899	1,481,185	1,362,163
Corporate and bond funds	3,253,988	3,218,692	2,596,466	2,605,819
Domestic taxable bonds	5,159,386	5,088,481	3,183,436	3,209,439
International taxable bonds	67,971	71,402	18,432	20,209
Mortgage-backed bonds	2,506,431	2,534,159	1,787,656	1,865,575
U.S. government bond	2,877,552	2,880,225	1,011,625	1,012,883
Total noncurrent portion	16,039,590	15,737,858	10,078,800	10,076,088
	$ 16,039,590	$ 15,737,858	$ 11,462,252	$ 11,501,249

The fixed-income securities held by the Organization with fixed maturity dates at September 30 that are included within corporate and bond funds, mortgage-backed bonds and U.S. government bonds above are as follows:

	2016	2015
Due in one year or less	-	$ 1,383,000
Due in one to five years	$ 2,990,000	1,092,000
Due in five to ten years	455,000	690,000
Thereafter	818,000	1,017,000
	$ 4,263,000	$ 4,182,000

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at September 30 consisted of the following:

	2016	2015
Land	$ 893,974	$ 708,002
Rental buildings and improvements	5,989,709	1,649,830
Office furniture and equipment	388,673	299,398
Construction in progress	11,582	1,889,178
	7,283,938	4,546,408
Less - Accumulated depreciation	496,541	319,897
	$ 6,787,397	$ 4,226,511

NOTE 7 - NOTES PAYABLE

Notes payable at September 30 consisted of the following:

	Interest Rates	Effective Interest Rates	Maturity Dates	Note Balance 2016	2015
*Commercial Banks					
Various Financial Institutions - Multiple	2.00% to 5.32%	Same ***	Sep. 2019- Oct 2027	$25,132,600	$20,500,000
*Federal Government Agencies					
**U.S. Department of Agriculture	1.00%	Same	Apr. 2031	84,314	114,022
**U.S. Small Business Administration	3.75%	Same	Sep. 2017	96,681	189,635
**U.S. Small Business Administration	1.25%	Same	Sep. 2019	259,239	343,579
**U.S. Small Business Administration	0.38%	Same	Jan. 2021	379,345	466,014
**U.S. Small Business Administration	0.38%	Same	Jun. 2024	746,463	300,000
U.S. Treasury Small Business Lending Fund	2.00%	Same	Sep. 2019	1,820,000	1,820,000
*Limited Partnerships					
Pittsburgh Urban Initiatives Sub-CDE 13, LP	0.72%	0.82%	Dec. 2049	5,760,000	5,760,000
PNC CDE 50, LP	0.72%	1.11%	Dec. 2049	1,000,000	1,000,000
*Nonprofit Organizations					
Anonymous Foundation	3.00%	Same	Jun. 2022	850,000	850,000
Anonymous Foundation	3.00%	Same	Jun. 2023	400,000	400,000
Anonymous Foundation	0.00%	Same	Jan. 2017	500,000	-
Opportunity Finance Network	4.00%	Same	Jan. 2016	1,000,000	300,000
Opportunity Finance Network	4.50%	Same	Jan. 2016	1,000,000	-
Private Investors					
Anonymous	4.00%	Same	Jul. 2023	10,000	10,000
Religious Organizations					
Anonymous - Multiple	0.00% to 4.00%	Same	Dec. 2016- Jul. 2021	282,000	282,000
*State and Local Government Agencies					
Commonwealth of Pennsylvania - Multiple	1.00% to 1.50%	Same	Aug. 2019- Sep. 2026	1,769,000	2,830,500
Erie County Games Revenue Authority	3.0%	Same	Jan. 2026	1,000,000	-
				42,089,642	35,165,750
Less - Deferred financing costs				524,685	537,806
				41,564,957	34,627,944
Less - Current portion of notes payable, net of deferred financing costs				875,722	2,053,364
Notes payable, net of current portion and deferred financing costs				$40,689,235	$32,574,580

* The notes payable in these categories were not issued through a prospectus or private placement memorandum, and none of the counterparties to these notes are considered to be related parties under ASC 850-10.

** Borrowings under the SBA and U.S. Department of Agriculture notes payable are secured by the related cash held by the Organization and loans outstanding that were funded from the proceeds of these notes. All other borrowings are unsecured.

*** At September 30, 2016, two notes payable to commercial banks totaling $6,500,000 had effective interest rates that were approximately 20 to 25 basis points higher than their stated interest rates but still fell within the interest rate range for the category.

NOTE 7 - NOTES PAYABLE (Continued)

At September 30, 2016 and 2015, borrowings from commercial banks consisted of twenty and eighteen fixed rate loans, respectively and one and zero variable rate loans, respectively. Borrowings from religious organizations consisted of twelve and twelve fixed rate loans, respectively. Borrowings from state government agencies consisted of four and five fixed rate loans, respectively.

Amortization expense of financing costs recognized for 2016 and 2015 was approximately $33,000 and $7,000, respectively. The current portion of deferred financing costs presented as a reduction to the current portion of notes payable for 2016 and 2015 was approximately $35,000 and $32,000, respectively.

Approximate aggregate payments due on the notes payable as of September 30, 2016 are as follows:

Fiscal Year Ending September 30	Amount
2017	$ 910,000
2018	398,000
2019	3,271,000
2020	7,377,000
2021	9,319,000
Thereafter	20,815,000
	$ 42,090,000

Bridgeway Capital follows a matched funding policy in order to reduce liquidity risk to investors. Under this policy, notes payable maturing within three years are matched on both face value and maturity with high-quality, fixed-income investments.

Bridgeway Capital has an interest rate swap agreement with a bank. Under the swap, Bridgeway Capital agrees to pay fixed rates of interest of 4.85% on its notes and to receive a variable rate based upon London InterBank Offered Rate (0.525% at September 30, 2016) on approximately $2,500,000 notional amount of indebtedness. The contract matures on March 16, 2020.

The interest expense for the Organization was $1,192,000 and $921,000 for the years ended September 30, 2016 and 2015, respectively.

The Organization is required to maintain various financial and operational covenants, including certain levels of reserves for loan losses, related to the various outstanding notes, none of which the Organization was in violation of at September 30, 2016 and 2015.

NOTE 8 - RETIREMENT PLAN

Bridgeway Capital maintains a 401(k) retirement plan, which operates in accordance with the “safe harbor” provisions of Section 401(k)(12) and/or Section 401(m)(11) of the Internal Revenue Code. Under the plan, participants may elect to contribute a portion of their compensation up to Internal Revenue Service limits. This plan is open to all Bridgeway Capital employees. Retirement expense totaled approximately $129,000 and $108,000 for 2016 and 2015, respectively.

NOTE 9 - OPERATING LEASES

The Organization leases its office facilities and other office equipment under operating leases with terms of 36 to 72 months, which expire at various times through July 2022. Total rent expense under these leases was approximately $170,000 and $148,000 in 2016 and 2015, respectively. Approximate future minimum rentals for these leases at September 30, 2016 are as follows:

Fiscal Year Ending September 30	Amount
2017	$ 197,000
2018	192,000
2019	196,000
2020	199,000
2021	202,000
Thereafter	169,000
	$ 1,155,000

NOTE 10 - COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Organization has commitments, lawsuits, claims and contingent liabilities. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Organization's combined financial statements.

Commitments to extend credit are agreements to lend to an organization as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses. Since some of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Loan commitments outstanding were approximately $4,640,000 and $6,327,000 at September 30, 2016 and 2015, respectively.

As of September 30, 2016, the Organization has an opportunity to receive $87,750 in grant funding from the Pennsylvania Department of Community and Economic Development upon satisfying certain conditions. This funding is expected to be received in fiscal year 2017.

As of September 30, 2016, the Organization has an opportunity to receive $1,000,000 in grant funding from the Pennsylvania Department of Community and Economic Development upon satisfying certain conditions. This funding is expected to be received in fiscal year 2017.

As of September 30, 2016, the Organization has an opportunity to receive $800,000 in grant funding from the Department of Health and Human Services Office of Community Services upon satisfying certain conditions. This funding is expected to be received in fiscal year 2017 or 2018.

As of September 30, 2016, the Organization has an opportunity to receive $174,696 in grant funding from the Goldman Sachs Foundation upon satisfying certain conditions. This funding is expected to be received in fiscal years 2017 and 2018.

NOTE 10 - COMMITMENTS AND CONTINGENCIES (Continued)

As of September 30, 2016, the Organization has $475,000 available from a $1,250,000 term loan commitment from the United States Small Business Administration. The commitment is available through June 2017, unless an extension is requested and approved by the lender.

As of September 30, 2016, the Organization has $4,000,000 available from a term loan commitment from Banc of America Community Development Corporation. The loan is available through June 2017.

As of September 30, 2016, the Organization has $250,000 available from a term loan commitment from Pennsylvania Community Development Bank, a department of the Commonwealth of Pennsylvania. The commitment is available through June 2017.

As of September 30, 2016, the Organization has $1,000,000 available from a $2,000,000 line-of-credit commitment from Citizens Bank of Pennsylvania. The line of credit is available through April 2020.

As of September 30, 2016, the Organization has $1,000,000 available from a $4,000,000 equity equivalent investment commitment from PNC Community Development Company in the form of a term loan. The loan was available through and fully drawn on in December 2016.

As of September 30, 2016, the Organization has $2,000,000 available from a line-of-credit commitment from Key Bank (formerly First Niagara Bank). The line of credit is available through September 2018.

As of September 30, 2016, the Organization has $4,367,400 available from a $5,000,000 term loan commitment from Goldman Sachs Bank. The commitment is available through October 2018.

As of September 30, 2016, the Organization has $15,000,000 available from a term loan agreement from the CDFI Bond Guarantee Program through Opportunity Finance Network as the qualified issuer. The loan is available through September 2020.

NOTE 11 - FAIR VALUE MEASUREMENT

The framework for measuring fair value provides for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date, giving the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3). The lowest level of input that is significant to a fair value measurement in its entirety determines the applicable level in the fair value hierarchy.

The three levels of inputs that may be used to measure fair value are defined as:

Level 1 - Inputs to the valuation methodology are based on unadjusted quoted prices in an active market for identical assets or liabilities.

Level 2 - Inputs to the valuation methodology are based on quoted prices for similar assets or liabilities in active markets, or quoted prices in markets that are not active for which significant inputs are observable, either directly or indirectly.

Level 3 - Inputs to the valuation methodology are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. Inputs reflect the Organization's best estimate of what market participants would use in valuing the asset or liability at the measurement date.

There have been no changes in the methodologies used at September 30, 2016 and 2015.

NOTE 11 - FAIR VALUE MEASUREMENT (Continued)

The Organization's financial instruments consist primarily of cash and cash equivalents, loans and other receivables, investments, accounts payable, interest rate swap and notes payable.

The carrying amount of the Organization's cash and cash equivalents, other receivables, accounts payable and agency funds approximates their fair value due to the short-term nature of such instruments.

The carrying amount of the Organization's interest rate swap and notes payable approximates fair value at September 30, 2016 and 2015, since the interest rates are either market-based and are generally adjusted periodically or represent rates that the Organization would be able to obtain in the current market. Loans receivable are recorded at their net realizable value, which management believes approximates fair value.

The Organization's assets and (liabilities) that are measured at fair value on a recurring basis at September 30 are as follows:

	2016			
	Level 1	Level 2	Level 3	Total
Equities:				
Domestic	$ 980,542	-	-	$ 980,542
International	881,466	-	-	881,466
Absolute return	177,386	-	-	177,386
Real estate	65,015	-	-	65,015
Infrastructure	41,943	-	-	41,943
Business development companies	27,910	-	-	27,910
Corporate bonds and bond funds	3,253,988	-	-	3,253,988
Domestic taxable bonds	5,159,386	-	-	5,159,386
International taxable bonds	67,971	-	-	67,971
Mortgage-backed bonds	-	$ 2,506,431	-	2,506,431
U.S. government bonds	-	2,877,552	-	2,877,552
Total investments	10,655,607	5,383,983	-	16,039,590
Interest rate swap	-	(84,074)	-	(84,074)
	$ 10,655,607	$ 5,299,909	-	$ 15,955,516

NOTE 11 - FAIR VALUE MEASUREMENT (Continued)

	2015			
	Level 1	Level 2	Level 3	Total
Equities:				
Domestic	$ 680,805	-	-	$ 680,805
International	558,880	-	-	558,880
Absolute return	112,373	-	-	112,373
Real estate	68,844	-	-	68,844
Infrastructure	35,650	-	-	35,650
Business development companies	24,633	-	-	24,633
Corporate bonds and bond funds	2,596,466	$ 1,035,980	-	3,632,446
Domestic taxable bonds	3,183,436	-	-	3,183,436
International taxable bonds	18,432	-		18,432
Mortgage-backed bonds	-	1,787,656	-	1,787,656
U.S. government bonds	-	1,359,097	-	1,359,097
Total investments	7,279,519	4,182,733		11,462,252
Interest rate swap	-	(77,707)	-	(77,707)
	$ 7,279,519	$ 4,105,026	-	$ 11,384,545

The fair value of investments categorized as Level 1 includes investments in common stock and mutual funds, the fair value of which are based on quoted market prices for identical securities traded in active markets that are readily and regularly available to the Organization.

Included in Level 2 were corporate bonds and bond funds, mortgage-backed bonds, U.S. government bonds and interest rate swap. Fair value of bonds is based upon quoted market prices for similar securities in active markets; for identical or similar assets in inactive markets; and inputs that are derived from observable market data. The fair value of the interest rate swap is determined using widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of the derivative. This analysis reflects the contractual terms of the derivative, including the period to maturity, and while there are no quoted prices in active markets, it uses observable market-based inputs, including interest rate curves.

NOTE 12 - NEW MARKETS TAX CREDIT FINANCING

In July of 2015, the Organization participated in a New Markets Tax Credit (NMTC) transaction pursuant to Section 45D of the Internal Revenue Code. The purpose of the transaction was to finance the substantial renovation of the commercial rental building at 7800 Susquehanna Street in Pittsburgh, PA, which is owned by BDC. A NMTC transaction assists an eligible business in making investments in certain communities. The leveraged structure for the purpose of generating the NMTCs was used. Details of the NMTC transactions are as follows:

> PNC Community Partners, Inc. (PNC CP) and Pittsburgh Urban Initiatives, LLC (PUI) each provided a portion of their NMTC allocation from the Community Development Financial Institutions Fund of the Department of the Treasury (CDFI Fund) to BDC totaling $7,000,000.

NOTE 12 - NEW MARKETS TAX CREDIT FINANCING (Continued)

Bridgeway Capital acted as the leverage lender by loaning $4,816,000 of the $7,000,000 to 7800 Susquehanna Investment Fund, LLC (Susquehanna Fund), which is wholly owned by PNC New Markets Investment Partners, LLC (PNC NMIP).

PNC NMIP loaned the remaining $2,184,000 of the $7,000,000 to Susquehanna Fund.

Susquehanna Fund made qualified equity investments (QEI) of $6,000,000 in Pittsburgh Urban Initiatives Sub-CDE 13, LP and $1,000,000 in PNC CDE 50, LP. These two certified community development entities (Sub-CDEs) generate the NMTCs from the allocations, and are each 99.99% owned by Susquehanna Fund through the QEIs and 0.01% owned by PUI and PNC CP respectively.

The two Sub-CDEs utilized $6,760,000 of the QEIs to make qualified low-income community investments (QLICIs) in BDC. (See Note 7.)

After the seven-year NMTC compliance period expires on December 31, 2021, it is anticipated through an option agreement that Bridgeway Capital will be given the option to purchase a 100% interest in Susquehanna Fund from PNC NMIP for $1,000.

Given the structure of the NMTC transaction and the various ownership interests described, management has taken the position that while BDC is a beneficiary of this transaction by way of below-market financing, BDC is not the primary beneficiary. The primary beneficiary in this transaction is the receiver of the tax credits created through the allocations.

Since BDC is determined to not be the primary beneficiary of the transaction and holds no ownership or voting interests in Susquehanna Fund or either of the Sub-CDEs, activities from those entities are not consolidated in these combined financial statements. Accordingly, interest income and expense associated with the leverage loan and QLICIs have not been eliminated in these combined financial statements.

SUPPLEMENTAL FINANCIAL INFORMATION

BRIDGEWAY CAPITAL, INC. AND AFFILIATES

COMBINING STATEMENTS OF FINANCIAL POSITION

	September 30, 2016					
	Bridgeway Capital	BDC	CDC	15CCD	Eliminations	Total
ASSETS						
CURRENT ASSETS						
Loans receivable, net	$ 8,244,441	-	-	-	-	$ 8,244,441
Cash and cash equivalents	8,653,066	$ 173,810	$19,093	$290,409	-	9,136,378
Cash and cash equivalents - Restricted	-	562,215	-	-	-	562,215
Interest and fees receivable	1,504,693	14,724	-	-	$(1,253,244)	266,173
Grants receivable	594,883	-	-	-	-	594,883
Investments	-	-	-	-	-	-
Other assets	196,220	161,391	1,333	39,650	-	398,594
Total Current Assets	19,193,303	912,140	20,426	330,059	(1,253,244)	19,202,684
LONG-TERM ASSETS						
Loans receivable, net	38,163,738	-	-	-	-	38,163,738
Investments	16,758,864	-	-	-	(719,274)	16,039,590
Cash and cash equivalents - Restricted	1,477,069	163,810	-	-	-	1,640,879
Interest receivable	114,896	-	-	-	-	114,896
Other assets	-	-	-	107,685	-	107,685
Property, plant and equipment, net	142,334	6,566,471	-	323,592	(245,000)	6,787,397
Total Long-Term Assets	56,656,901	6,730,281	-	431,277	(964,274)	62,854,185
Total Assets	$75,850,204	$7,642,421	$20,426	$761,336	$(2,217,518)	$82,056,869
LIABILITIES AND NET ASSETS/(DEFICIT)						
CURRENT LIABILITIES						
Accounts payable and accrued expenses	$ 344,667	$1,184,442	$88,007	$ 62,972	$(1,253,244)	$ 426,844
Current maturities of notes payable, net	885,434	(9,712)	-	-	-	875,722
Total Current Liabilities	1,230,101	1,174,730	88,007	62,972	(1,253,244)	1,302,566
LONG-TERM LIABILITIES						
Notes payable, net	34,242,454	6,446,781	-	-	-	40,689,235
Agency funds	1,477,069	-	-	-	-	1,477,069
Fair value of interest rate swap	84,074	-	-	-	-	84,074
Total Long-Term Liabilities	35,803,597	6,446,781	-	-	-	42,250,378
Total Liabilities	37,033,698	7,621,511	88,007	62,972	(1,253,244)	43,552,944
NET ASSETS/(DEFICIT)						
Lending:						
Unrestricted	26,534,671	-	-	-	-	26,534,671
Temporarily restricted	8,648,138	-	-	-	-	8,648,138
Permanently restricted	5,500	-	-	-	-	5,500
	35,188,309	-	-	-	-	35,188,309
Operating:						
Unrestricted	1,829,849	20,910	(67,581)	698,364	(964,274)	1,517,268
Temporarily restricted	1,798,348	-	-	-	-	1,798,348
	3,628,197	20,910	(67,581)	698,364	(964,274)	3,315,616
Total Net Assets/(Deficit)	38,816,506	20,910	(67,581)	698,364	(964,274)	38,503,925
Total Liabilities And Net Assets/(Deficit)	$75,850,204	$7,642,421	$20,426	$761,336	$(2,217,518)	$82,056,869

September 30, 2015					
Bridgeway Capital	BDC	CDC	15CCD	Eliminations	Total
$ 5,895,518	-	-	-	-	$ 5,895,518
4,119,570	$ 428,009	$ 14,585	$ 2,854	-	4,565,018
-	3,692,813	-	-	-	3,692,813
1,907,134	44,644	-	-	$(1,695,551)	256,227
381,828	-	-	-	-	381,828
1,383,452	-	-	-	-	1,383,452
164,376	81,468	792	1,492	-	248,128
13,851,878	4,246,934	15,377	4,346	(1,695,551)	16,422,984
35,057,821	-	-	-	-	35,057,821
10,326,978	-	-	-	(248,178)	10,078,800
1,635,090	320,368	-	-	-	1,955,458
86,406	-	-	-	-	86,406
-	-	-	75,540	-	75,540
80,414	4,098,477	-	137,620	(90,000)	4,226,511
47,186,709	4,418,845	-	213,160	(338,178)	51,480,536
$61,038,587	$8,665,779	$ 15,377	$217,506	$(2,033,729)	$67,903,520
$ 430,822	$1,929,346	$ 98,587	$278,404	$(1,785,551)	$ 951,608
2,063,076	(9,712)	-	-	-	2,053,364
2,493,898	1,919,634	98,587	278,404	(1,785,551)	3,004,972
26,137,511	6,437,069	-	-	-	32,574,580
1,635,090	-	-	-	-	1,635,090
77,707	-	-	-	-	77,707
27,850,308	6,437,069	-	-	-	34,287,377
30,344,206	8,356,703	98,587	278,404	(1,785,551)	37,292,349
23,884,979	-	-	-	-	23,884,979
5,180,727	-	-	-	-	5,180,727
5,500	-	-	-	-	5,500
29,071,206	-	-	-	-	29,071,206
136,954	309,076	(83,210)	(60,898)	(248,178)	53,744
1,486,221	-	-	-	-	1,486,221
1,623,175	309,076	(83,210)	(60,898)	(248,178)	1,539,965
30,694,381	309,076	(83,210)	(60,898)	(248,178)	30,611,171
$61,038,587	$8,665,779	$ 15,377	$217,506	$(2,033,729)	$67,903,520

The independent auditors' report should be read with these combining financial statements.

BRIDGEWAY CAPITAL, INC. AND AFFILIATES

COMBINING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016					
	Bridgeway Capital	BDC	CDC	15CCD	Eliminations	Total
REVENUES AND SUPPORT						
Loan interest income	$ 2,522,813	-	-	-	-	$ 2,522,813
Loan fee and rental income	532,676	$305,750	$ 71,148	-	$ (304,641)	604,933
Grants and contributions	10,838,457	-	-	-	-	10,838,457
Investment income	315,248	4,047	-	-	-	319,295
Net realized and unrealized gains (losses) on investments	6,926	-	-	-	401,564	408,490
Total Revenue And Support	14,216,120	309,797	71,148	-	96,923	14,693,988
PROGRAM AND GENERAL EXPENSE						
Program services	4,687,239	604,727	28,538	$ 60,214	(59,641)	5,321,077
Management and general	1,268,926	43,236	26,981	3,184	-	1,342,327
Fundraising	131,463	-	-	-	-	131,463
Total Program And General Expenses	6,087,628	647,963	55,519	63,398	(59,641)	6,794,867
Increase (Decrease) In Net Assets From Operations	8,128,492	(338,166)	15,629	(63,398)	156,564	7,899,121
CHANGE IN FAIR VALUE OF INTEREST RATE SWAP	(6,367)	-	-	-	-	(6,367)
Changes In Net Assets	8,122,125	(338,166)	15,629	(63,398)	156,564	7,892,754
EQUITY CONTRIBUTION	-	50,000	-	822,660	(872,660)	-
Total Change In Net Assets	8,122,125	(288,166)	15,629	759,262	(716,096)	7,892,754
NET ASSETS/(DEFICIT)						
Beginning of year	30,694,381	309,076	(83,210)	(60,898)	(248,178)	30,611,171
End of year	$38,816,506	$ 20,910	$ (67,581)	$ 698,364	$ (964,274)	$38,503,925

2015					
Bridgeway Capital	BDC	CDC	15CCD	Eliminations	Total
$ 2,358,540	$ 22,167	-	-	$ (54,663)	$ 2,326,044
304,439	151,582	$ 103,489	-	(82,327)	477,183
6,107,709	-	-	-	-	6,107,709
313,642	1,690	-	-	-	315,332
(663,042)	-	-	-	373,651	(289,391)
8,421,288	175,439	103,489	-	236,661	8,936,877
4,222,891	412,789	56,454	$ 58,366	(70,273)	4,680,227
1,275,110	70,518	20,107	7,407	-	1,373,142
158,300	-	-	-	-	158,300
5,656,301	483,307	76,561	65,773	(70,273)	6,211,669
2,764,987	(307,868)	26,928	(65,773)	306,934	2,725,208
(12,263)	-	-	-	-	(12,263)
2,752,724	(307,868)	26,928	(65,773)	306,934	2,712,945
-	480,746	-	10,000	(490,746)	-
2,752,724	172,878	26,928	(55,773)	(183,812)	2,712,945
27,941,657	136,198	(110,138)	(5,125)	(64,366)	27,898,226
$30,694,381	$309,076	$ (83,210)	$ (60,898)	$ (248,178)	$30,611,171

The independent auditors' report should be read with these combining financial statements.

BRIDGEWAY CAPITAL, INC. AND AFFILIATES

COMBINING STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

2016

	Bridgeway Capital				BDC		
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Total
Personnel	$1,622,548	$ 739,954	$ 111,985	$2,474,487	-	-	-
Provision for loan losses	785,766	-	-	785,766	-	-	-
Investor interest	1,134,008	-	-	1,134,008	$ 58,384	-	$ 58,384
General and administrative	284,600	231,521	7,936	524,057	503,807	-	503,807
Professional and subcontracted services	212,833	253,414	5,004	471,251	42,536	$43,236	85,772
Occupancy	110,948	44,037	6,538	161,523	-	-	-
Grants	536,536	-	-	536,536	-	-	-
	$4,687,239	$1,268,926	$ 131,463	$6,087,628	$604,727	$43,236	$647,963

2015

	Bridgeway Capital				BDC		
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Total
Personnel	$1,837,425	$ 692,162	$ 118,715	$2,648,302	-	-	-
Provision for loan losses	757,421	-	-	757,421	-	-	-
Investor interest	910,218	-	-	910,218	$ 65,695	-	$ 65,695
General and administrative	237,294	183,674	6,972	427,940	300,993	-	300,993
Professional and subcontracted services	138,154	366,514	27,026	531,694	46,101	$70,518	116,619
Occupancy	100,320	32,760	5,587	138,667	-	-	-
Grants	242,059	-	-	242,059	-	-	-
	$4,222,891	$1,275,110	$ 158,300	$5,656,301	$412,789	$70,518	$483,307

2016							
CDC			15CCD				
Program Services	Management and General	Total	Program Services	Management and General	Total	Eliminations	Total Expenses
-	-	-	-	-	-	-	$2,474,487
-	-	-	-	-	-	-	785,766
-	-	-	-	-	-	-	1,192,392
$ 23,543	$13,351	$ 36,894	$11,214	-	$11,214	$ (59,641)	1,016,331
4,995	13,630	18,625	49,000	$3,184	52,184	-	627,832
-	-	-	-	-	-	-	161,523
-	-	-	-	-	-	-	536,536
$ 28,538	$26,981	$ 55,519	$60,214	$3,184	$63,398	$ (59,641)	$6,794,867

2015							
CDC			15CCD				
Program Services	Management and General	Total	Program Services	Management and General	Total	Eliminations	Total Expenses
-	-	-	-	-	-	-	$2,648,302
-	-	-	-	-	-	$ 66,707	824,128
-	-	-	-	-	-	(54,663)	921,250
$ 42,640	$ 9,557	$ 52,197	$ 1,866	-	$ 1,866	(82,317)	700,679
13,814	10,550	24,364	56,500	$7,407	63,907	-	736,584
-	-	-	-	-	-	-	138,667
-	-	-	-	-	-	-	242,059
$ 56,454	$20,107	$ 76,561	$58,366	$7,407	$65,773	$ (70,273)	$6,211,669

The independent auditors' report should be read with these combining financial statements.

BRIDGEWAY CAPITAL, INC. AND AFFILIATES

COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
REVENUES AND SUPPORT		
Loan interest income	$ 2,522,813	$ 2,326,044
Loan fee and rental income	604,933	477,183
Grants and contributions	10,838,457	6,107,709
Investment income	319,295	315,332
Net realized and unrealized gains (losses) on investments	408,490	(289,391)
Total Revenue And Support	14,693,988	8,936,877
PROGRAM AND GENERAL EXPENSE		
Program services	5,321,077	4,680,227
Management and general	1,342,327	1,373,142
Fundraising	131,463	158,300
Total Program And General Expenses	6,794,867	6,211,669
Increase In Net Assets From Operations	7,899,121	2,725,208
CHANGE IN FAIR VALUE OF INTEREST RATE SWAP	(6,367)	(12,263)
Changes In Net Assets	7,892,754	2,712,945
NET ASSETS		
Beginning of year	30,611,171	27,898,226
End of year	$38,503,925	$30,611,171

The independent auditors' report should be read with these combined financial statements.

REPORTING UNDER *GOVERNMENT AUDITING STANDARDS* AND UNIFORM GUIDANCE

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*

To the Boards of Directors
Bridgeway Capital, Inc. and Affiliates
Pittsburgh, Pennsylvania

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 combined financial statements of Bridgeway Capital, Inc. (Bridgeway Capital) and its affiliates, Bridgeway Capital Certified Development Company (CDC), Bridgeway Development Corporation (BDC), and 15CCD Corporation (15CCD), collectively referred to as the Organization, which comprise the combined statement of financial position as of September 30, 2016, and the related combined statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated January 20, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered the Organization'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 combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 combined 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 may 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 might exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's combined 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 the combined 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.

Schneider Downs & Co., Inc.

Pittsburgh, Pennsylvania
January 20, 2017

BRIDGEWAY CAPITAL, INC. AND AFFILIATES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity/ Identifying Number	Federal Expenditures
SMALL BUSINESS ADMINISTRATION			
Microloan Program (loans)	59.046	N/A	$ 402,613
Microloan Program - 2015 (TA)	59.046	SBAHQ-15-Y-00138	119,744
Microloan Program - 2016 (TA)	59.046	SBAHQ-16-Y-0055	52,607
Total Small Business Administration			574,964
DEPARTMENT OF THE TREASURY			
Community Development Financial Institutions Program - 2014 (FA)	21.020	141FA012561	459,440
Community Development Financial Institutions Program - 2014 (HFFI-FA)	21.020	141FA012561	396,637
Community Development Financial Institutions Program - 2015 (FA)	21.020	151FA013422	797,803
Community Development Financial Institutions Program - 2015 (HFFI-FA)	21.020	141FA013422	173,169
Total Department of the Treasury			1,827,049
Total Expenditures of Federal Awards			$ 2,402,013

This schedule should be read with the independent auditors' report on internal control.

BRIDGEWAY CAPITAL, INC. AND AFFILIATES

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of Bridgeway Capital, Inc. (Bridgeway Capital) and its affiliates, Bridgeway Capital Certified Development Company (CDC), Bridgeway Development Corporation (BDC) and 15CCD Corporation (15CCD), collectively referred to as the Organization, for the year ended September 30, 2016. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the combined financial position, changes in net assets or cash flows of the Organization.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Boards of Directors
Bridgeway Capital, Inc. and Affiliates
Pittsburgh, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited Bridgeway Capital, Inc. (Bridgeway Capital) and its affiliates', Bridgeway Capital Certified Development Company (CDC), Bridgeway Development Corporation (BDC), and 15CCD Corporation (15CCD) (collectively referred to as the Organization), compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Organization's major federal programs for the year ended September 30, 2016. The Organization'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 its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization'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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance 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 Organization'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 Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization 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 September 30, 2016.

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Report on Internal Control Over Compliance
Management of the Organization 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 Organization'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 the Uniform Guidance, 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 Organization'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.

Purpose of Report
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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Schneider Downs & Co., Inc.

Pittsburgh, Pennsylvania
January 20, 2017

BRIDGEWAY CAPITAL, INC. AND AFFILIATES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued:	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?		yes	X	no
Significant deficiency(ies) identified?		yes	X	no
Noncompliance material to financial statements noted?		yes	X	no

Federal Awards:

Internal control over major programs:				
Material weakness(es) identified?		yes	X	no
Significant deficiency(ies) identified?		yes	X	no
Type of auditors' report on compliance for major programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?		yes	X	no

Identification of major programs:

CFDA Numbers	Name of Federal Programs
21.020	Community Development Financial Institutions Program
59.046	Small Business Administration Program

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000			
Auditee qualified as low-risk auditee?		yes	X	no

SECTION II - FINANCIAL STATEMENT FINDINGS

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* requires reporting in a Uniform Guidance audit.

There were no findings in the current year required to be reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the audit findings required to be reported by the 2 CFR 200.516(a).

There were no findings in the current year required to be reported.

The independent auditors' report on compliance should be read with this schedule.

BRIDGEWAY CAPITAL, INC. AND AFFILIATES

SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Finding Number	Finding	Status
	There were no prior-year audit findings.	

The independent auditors' report on compliance should be read with this schedule.