

RED CAPITAL MARKETS, LLC

Statement of Cash Flows

Year ended March 31, 2016

Cash flows from operating activities:	
Net loss	\$ (706,977)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Unrealized gain on securities inventory	(46,517)
Amortization and impairment expense	486,817
Depreciation and amortization of fixed assets	235
Gain on derivative instruments, net	(467,447)
Changes in operating assets and liabilities:	
Purchases of securities inventory	(4,862,027,211)
Proceeds from paydowns and sales of securities inventory	4,867,791,482
Increase in restricted cash	(1,528,745)
Decrease in remarketing agent fees receivable	43,327
Increase in receivable - affiliate	(560,077)
Increase in other assets, net	(2,290)
Increase in accrued compensation	280,254
Decrease in deferred revenue	(30,000)
Decrease in accounts payable and accrued expenses	(39,697)
Decrease in accounts payable - affiliate	(474,370)
Increase in deferred application fees and borrower deposits	1,615,868
Increase in other liabilities	41,829
Net cash provided by operating activities	<u>4,376,481</u>
Cash flows from financing activities:	
Net repayments under line of credit	(44,490)
Net borrowings under line of credit – affiliate	<u>3,657,295</u>
Net cash provided by financing activities	<u>3,612,805</u>
Net increase in cash and cash equivalents	7,989,286
Cash and cash equivalents, beginning of year	<u>8,176,790</u>
Cash and cash equivalents, end of year	<u>\$ 16,166,076</u>
Supplemental disclosures of cash flow information:	
Cash paid during the period for:	
Interest to affiliate	\$ 54,615
Interest to third parties	142,604

See accompanying notes to financial statements.