The Form A and Form E Applications of
Retitle Insurance Company by A10 Capital LLC
OIC Docket No. 17-0369
SIMBA NUMBER: 1507579

EXHIBIT 8

Ex. F to Form A filing – A10 Capital LLC 2012 Financial Statement

Consolidated Financial Statements
December 31, 2012 and 2011

A10 Capital, LLC and Subsidiaries

EideBailly
CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Members and Management
A10 Capital, LLC and Subsidiaries
Boise, Idaho

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of A10 Capital, LLC and Subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2012 and 2011, and the related consolidated statements of operations, members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated 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 consolidated 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 consolidated financial statements.

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

877 W. Main St., Ste. 800 | Boise, ID 83702-5858 | T 208.344.7150 | F 208.344.7435 | EOE

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of A10 Capital, LLC and Subsidiaries as of December 31, 2012 and 2011, and the results of their operations and their cash flows of the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information
Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 19 through 21 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such informtion directly to the underlying acounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Eide Bailly LLP

Boise, Idaho
March 27, 2013

	2012	2011
Assets		
Cash	$ 5,304,753	$ 16,785
Restricted cash	30,559,218	7,685,736
Loans receivable	162,758,527	87,784,437
Interest receivable	1,005,840	633,582
Other receivables	91,490	107,797
Other assets	21,114	95,179
Securitization Costs, net of accumulated amortization of $464,051 and $0 respectively.	1,502,634	-
Capitalized commitment fee, net of accumulated amortization of $367,284 and $263,139, respectively	227,511	156,659
Capitalized costs on senior funding facility, net of accumulated amortization of $160,639 and $1,023,604, respectively	1,445,740	260,479
Furniture and Equipment, net	111,326	74,484
	$ 203,028,153	$ 96,815,138
Liabilities and Members' Equity		
Accounts payable	$ 109,366	$ 109,836
Interest payable	331,752	357,919
Accrued liabilities	1,028,386	60,937
Loan and escrow deposits	17,732,880	7,453,352
Due to bond investors	72,807,100	-
Senior funding facility	65,849,671	56,772,093
Senior member notes payable	-	3,943,000
Capital leases	-	25,177
Subordinate member notes payable	18,500,000	27,846,174
Total liabilities	176,359,155	96,568,488
Members' Equity	26,668,998	246,650
	$ 203,028,153	$ 96,815,138

	2012	2011
Interest Income		
Interest income	$ 9,433,567	$ 5,402,225
Earned loan fees, net of costs	1,638,600	993,184
Total interest income	11,072,167	6,395,409
Interest Expense		
Interest expense on senior funding facility	1,253,027	1,881,117
Interest expense to bond investors	2,402,216	-
Total interest expense	3,655,243	1,881,117
Net interest income	7,416,924	4,514,292
Fees and Other Income		
Other interest income	4,071	170
Management fees	128,582	213,117
Advisory fees	95,801	-
Total fees and other income	228,454	213,287
General and Administrative Expenses		
Salaries and benefits	2,448,648	1,462,078
Bonuses and commissions	1,197,390	375,941
Advertising, marketing, and research	257,608	129,545
Professional fees	721,322	220,307
Rent	206,126	205,363
Other	640,071	444,557
Total general and administrative expenses	5,471,165	2,837,791
Net Operating Income	2,174,213	1,889,788
Other Expenses and Payments to Members		
Depreciation and amortization	842,970	164,074
Loss on disposal of fixed assets	9,994	-
Membership units based compensation	-	13,194
Interest expense on subordinate member loans	1,975,463	1,606,234
Total other expenses and payments to members	2,828,427	1,783,502
Net (Loss) Income	$ (654,214)	$ 106,286

See Notes to Consolidated Financial Statements

Balance, December 31, 2010	$ 127,170
Membership units based compensation	13,194
Net income	106,286
Balance, December 31, 2011	246,650
Contributions	27,077,907
Distributions	(1,345)
Net loss	(654,214)
Balance, December 31, 2012	$ 26,668,998

	2012	2011
Operating Activities		
Net income (loss)	$ (654,214)	$ 106,286
Adjustments to reconcile net income (loss) to net cash (used for) from operating activities		
Amortization of capitalized costs on senior funding facility	291,951	262,608
Amortization of securitization costs	464,451	-
Amortization of commitment fees	58,314	-
Amortization of loan fees, net of costs	(619,663)	(530,223)
Amortization of discount on bonds	12,870	
Depreciation	28,254	22,679
Reinvested interest	6,974	27,109
Membership units based compensation	-	13,194
Loss on disposal of equipment	9,994	-
Changes in assets and liabilities		
Interest receivable	(372,258)	(337,583)
Other receivables	16,307	(107,797)
Other assets	74,065	(84,179)
Accounts payable	(470)	37,387
Interest payable	(26,167)	171,436
Accrued liabilities	967,449	(13,880)
Net Cash (used for) from Operating Activities	257,857	(432,963)
Investing Activities		
Loans funded	(112,961,969)	(53,671,241)
Loan payments received	37,683,666	18,175,000
Origination fees received	1,932,684	1,136,146
Cash paid for loans originated	(1,008,808)	(591,532)
Proceeds from sale of equipment	9,266	-
Purchase of equipment	(105,345)	(16,542)
Net Cash used for Investing Activities	(74,450,506)	(34,968,169)

	2012	2011
Financing Activities		
Loan and escrow deposits	10,279,528	3,622,286
Payment on member payable	-	(27,083)
Proceeds from bond investors	87,981,492	-
Payments on due to bond investors	(15,187,262)	-
Proceeds from senior lending facility	99,316,133	63,263,508
Payments on senior lending facility	(90,238,555)	(39,426,138)
Proceeds from senior member notes payable	13,492,838	-
Payments on senior member notes payable	(17,435,838)	-
Proceeds from subordinate member notes payable	-	11,693,000
Payments on subordinate member notes payable	(9,353,148)	(575,111)
Payments on capital lease	(4,188)	(8,070)
Distributions to members	(1,345)	-
Proceeds from member contributions	27,077,907	-
Payments of debt issuance costs	(1,606,378)	-
Payments of securitization costs	(1,967,085)	-
Net Cash from Financing Activities	102,354,099	38,542,392
Net Change in Cash	28,161,450	3,141,260
Cash, Beginning of Year	7,702,521	4,561,261
Cash, End of Year	$ 35,863,971	$ 7,702,521
Reconciliation of Cash to the Balance Sheet		
Cash	$ 5,304,753	$ 16,785
Restricted cash	30,559,218	7,685,736
	$ 35,863,971	$ 7,702,521
Supplemental Disclosure of Cash Flow Information		
Interest paid	$ (1,660,587)	$ 3,288,806
Noncash investing and financing activities		
Reinvested interest on notes payable	$ 6,974	$ 27,109
Value recorded on trade-in of capital lease equipment exchanged for new equipment	$ 20,989	$ -

Note 1 - Summary of Significant Accounting Policies

Organization

The Company was formed as a Delaware LLC on June 15, 2007. The Company is a full service finance company specializing in the origination of small to middle market commercial mortgages on a nationwide basis. The Company's core product, a mini-perm loan (also known as a bridge loan), features an intermediate term of 3-5 years that is often used to finance properties not yet in a position to obtain longer-term, permanent financing.

Principles of Consolidation

The consolidated financial statements include the accounts of A10 Capital, LLC and its 100% owned subsidiaries A10 Capital II, LLC, A10 Capital Reserve Company, LLC, and A10 REIT, LLC which owns 100% of A10 Securitization 2012-1, LLC and A10 Revolving Asset Financing I, LLC. All significant intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

For purposes of the consolidated statement of cash flows, cash and cash equivalents includes checking and money market funds. Cash is held in two separate financial institutions and the bank balance totaled $11,715,066 and $7,362,510 as of December 31, 2012 and 2011, respectively, of which $231,922 and $172,384 was uninsured by the Federal Deposit Insurance Corporation for the years then ended. The remaining restricted cash consists of money market accounts which are not insured by the Federal Deposit Insurance Corporation.

Restricted Cash

Restricted cash and cash equivalents relate to borrower related escrows on loans financed for payment of taxes, insurance, capital improvements, tenant improvements, etc. In addition, the Company holds a reserve account for the payment of future advance obligations.

Capitalized Securitization Costs

The Company entered into a securitization transaction in 2012, to finance its loan portfolio. As part of the transaction, its loans were contributed to the Company's wholly owned subsidiary, A10 REIT, LLC, a qualified special purpose entity. A10 REIT formed A10 Securitization 2012-1, LLC, a Delaware limited liability company and Securitization Subsidiary ("A10 Securitization"), whose sole member is A10 REIT. A10 Securitization issued approximately $88 million of investment grade rated bonds to finance loan receivables totaling $89.3 million that it acquired from A10 REIT. The financing is non-recourse to A10 REIT and A10 Capital. A10 Capital continues to service the loans in A10 Securitization pursuant to a servicing agreement. In conjunction with the A10 Securitization, the Company incurred expenses of approximately $2.0 million. These costs are amortized over the average life of the underlying loans.

Capitalized Costs on Senior Funding Facility

Capitalized costs related to obtaining the senior funding facility include origination and other fees and legal expenses. These costs are amortized over the life of the commitment.

Loans Receivable and Allowance for Loan Losses

Loans are stated at unpaid principal balances, less the allowance for loan losses and net deferred loan fees.

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectibility of the loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectibility 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 the underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The Company did not have any recorded investment in impaired loans, for which allowances were determined in accordance with accounting standards. There were also no loans that were past due and no allowance for loan loss was deemed necessary as of December 31, 2012 and 2011.

Deferred Origination Fees

Loan fees and certain direct loan origination costs are deferred, and the net fee or cost is recognized as an adjustment to interest income using the interest method over the contractual life of the loans, adjusted for estimated prepayments based on the Company's historical prepayment experience. Amortization for the years ended December 31, 2012 and 2011 was $619,663 and $530,223, respectively.

Furniture and Equipment

Furniture and equipment is stated at cost. Depreciation is computed by the straight-line method for financial reporting purposes over the estimated useful lives of 4 to 7 years for furniture and equipment. Depreciation expense attributed to the Company for the year ended December 31, 2012 and 2011 was $28,254 and $22,679, respectively.

Marketing Costs

The Company expenses marketing costs as they are incurred. Marketing costs primarily consist of costs associated with sourcing new commercial mortgage applications. Marketing expenses were $138,586 and $93,829 as of December 31, 2012 and 2011, respectively.

Revenue Recognition

Interest income on the notes receivable is recognized as it is earned.

Income Taxes

The Company is treated as a partnership for federal and state income tax purposes. Consequently, federal and state income taxes are not payable by, or provided by the Company. Members are taxed individually on their shares of the Company's earnings. The Company's net income or loss is allocated among the members in accordance with the operating agreement of the Company. As of December 31, 2012 and 2011, the Company believes that the unrecognized tax benefit accrual was zero in accordance with FASB ASC Topic 740 (previously Financial Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*).

The Company will accrue any unrecognized tax benefits, unrecognized tax expenses or penalties if any such items should be incurred. The Company is no longer subject to Federal and State tax examinations by tax authorities for years before 2009.

Reclassifications

Certain 2011 amounts have been reclassified to conform to the 2012 presentation.

Note 2 - Restricted Cash

Restricted cash at years ended December 31, 2012 and 2011, consisted of the following:

	2012	2011
Loss Reserve	$ -	$ 422,384
Collection accounts	1,924,112	-
Fund reserve account	11,033,546	-
Wells Fargo escrow	12,147,463	6,943,061
National Bank escrow	3,500,000	320,291
US Bank escrow	1,952,917	-
Other	1,180	-
	$ 30,559,218	$ 7,685,736

Note 3 - Loans Receivable

Loans receivable at years ended December 31, 2012 and 2011, consisted of the following:

	2012	2011
Commercial loans receivable secured by real estate	$ 163,898,688	$ 88,620,386
Net deferred origination costs	(1,140,161)	(835,949)
Allowance for loan losses	-	-
Loans receivable, net	$ 162,758,527	$ 87,784,437

All loans receivable as of December 31, 2012 and 2011 were current.

Note 4 - Credit Quality of Loans Receivable

In 2012, the Company converted from a subjective to an objective risking rating system. The new system grades loans on a scale of 1 to 6 using numerous quantitative factors including LTV, quality/condition, debt yield, rent roll trends, and local market conditions. The Company generally underwrites new loans to a risk rating of 3 or lower. Loans with a risk grade of 5 or 6 are considered distressed loans.

The following table is a broad description of each objective risk grade category:

1 = Better than average risk
2 = Average risk
3 = Acceptable risk
4 = Potential weakness
5 = Modest loss possible
6 = Material loan loss possible

The information used to risk-rate the commercial loan portfolio in the 2012 column of the accompanying table was updated as of December 31, 2012 using the new objective risk rating system. The information in the 2011 column was updated as of December 31, 2011 and was based on the prior subjective risk rating system. The Company has no loans as of December 31, 2012 and 2011 that were considered troubled debt restructurings.

Commercial Loans

Risk Rating	2012 Number of Loans	2012 Current Outstanding Balance	2012 % of Current Pool	2011 Number of Loans	2011 Current Outstanding Balance	2011 % of Current Pool
1	0	$ -	0.0%	1	$ 7,292,838	8.3%
2+	3	7,121,661	4.4%	0	-	0.0%
2	10	25,338,731	14.8%	7	25,720,797	29.0%
2-	19	77,462,537	48.0%	0	-	0.0%
3+	8	30,910,372	20.5%	0	-	0.0%
3	8	23,065,387	12.3%	24	55,606,751	62.7%
3-	0	-	0.0%	0	-	0.0%
4+	0	-	0.0%	0	-	0.0%
4	0	-	0.0%	0	-	0.0%
4-	0	-	0.0%	0	-	0.0%
5	0	-	0.0%	0	-	0.0%
6	0	-	0.0%	0	-	0.0%
	48	$ 163,898,688	100.0%	32	$ 88,620,386	100.0%

Note 5 - Notes and Bonds Payable

Notes and bonds payable consist of the following at December 31, 2012 and 2011:

	2012	2011
Due to bond investors, Class A	$ 61,240,735	$ -
Due to bond investors, Class B	7,204,938	-
Due to bond investors, Class C	3,202,379	-
Due to bond investors, Class D	1,200,685	-
Discount on bonds	(41,637)	-
Senior funding facility	65,849,671	56,772,093
Senior member notes payable	-	3,943,000
Total senior debt	138,656,771	60,715,093
Total subordinated secured notes payable	18,500,000	27,846,174
Total debt obligations	$ 157,156,771	$ 88,561,267

Maturities in future years are:

2013	$ 35,382,720
2014	27,376,735
2015	21,547,645
2016	7,000,000
2017	-
Thereafter	65,849,671
Total	$ 157,156,771

A10 Securitization issued $88 million of investment grade rated bonds to finance loans receivable totaling $89.3 million. The bonds will mature in April 2024; however, if certain requirements are met, the Company can pay down principal as they receive prepayments on the underlying loans. The bonds are secured by a first lien on the underlying loans. As of December 31, 2012 and 2011, the outstanding balance was $72,807,100 and $0, respectively. The interest rates on the bonds are fixed and range from 3.49% to 8.00%. Interest expense was $2,402,016 and $0, respectively, for the years ended December 31, 2012 and 2011.

The Company previously entered into a $100 million senior funding facility with a national bank to finance a portion of its loan portfolio. The funding facility was secured by a first lien on the Company's loan portfolio and all of its assets. As of December 31, 2011, $56,772,093 had been drawn upon this facility. During 2012, this senior funding facility was paid down to $0 and ultimately replaced. Interest expense was $811,956 and $1,881,117, respectively, for the years ended December 31, 2012 and 2011.

To replace the senior funding facility above, the Company entered into a $150 million senior funding facility with a global bank to finance a portion of its loan portfolio. This funding facility has a seven year term and matures in October 2019. The funding facility is secured by a first lien on the underlying loans. As of December 31, 2012 and 2011, $65,849,671 and $0, respectively, had been drawn upon this facility. Amounts borrowed bear interest at a defined base rate plus a premium. Interest expense was $441,071 and $0, respectively, for the years ended December 31, 2012 and 2011.

The Members of the Company contributed capital in the form of senior member notes, the proceeds of which are used exclusively by the Company's wholly owned subsidiary, A10 Capital II, to fund loans. As of December 31, 2011, the Members of the Company had committed to contribute $11.5 million of capital in the form of senior member notes, of which approximately $3.9 million had been drawn on to finance the issuance of the notes receivable outstanding as of December 31, 2011. During 2012, the senior member notes were paid off in full.

The Members of the Company contributed capital in the form of subordinate member notes, the proceeds of which are used exclusively by the Company as haircut capital to fund its loan portfolio. As of December 31, 2012 and 2011, the Members of the Company had committed to contribute approximately $18.5 million and $28 million of capital in the form of subordinate member notes, of which approximately $18.5 million and $28 million had been drawn on to finance the issuance of the note receivable outstanding as of December 31, 2012 and 2011. The maturity of the subordinate member notes loans range from April 16, 2013 through January 31, 2016. Amounts borrowed bear interest at a defined base rate plus a premium. Interest expense was $1,975,463 and $1,606,234 for the years ended December 31, 2012 and 2011. The subordinate member notes are secured by all assets of A10 Capital, LLC, tangible or intangible.

Note 6 - Operating Leases

The Company leases office space and office equipment under operating lease agreements. Rent expense was $206,126 and $205,363 for the years ended December 31, 2012 and 2011, respectively. The schedule of future minimum operating lease payments as of December 31, 2012, is summarized as follows:

Years ending December 31,		
2013	$	177,879
2014		78,993
2015		24,223
2016		8,768
	$	289,863

Minimum lease payments in this schedule exclude rentals under renewal options, which, as of December 31, 2012, are not reasonably assured of being exercised.

Note 7 - Members' Equity

On March 27, 2012, the Company entered into an agreement with certain affiliates of H.I.G. Capital ("H.I.G."), which contemplates $100 million of equity financing. The Company received a $28.4 million equity infusion on April 16, 2012 from H.I.G. In addition, the agreement contemplates that H.I.G. would from time to time provide additional equity financings to the Company up to $70 million in the aggregate in its sole discretion. H.I.G. is a leading global private investment firm with over $10 billion of capital under management. H.I.G.'s family of funds includes funds that invest in private equity, growth equity, debt, real estate and public equities. In conjunction with this transaction, the Company incurred expenses of approximately $3.4 million.

In connection with the H.I.G. equity financing above, the Company also received a $1,600,000 equity infusion on April 16, 2012 from the Company's senior management and other investors.

In order to facilitate the above transaction, the founding Members transferred all of their membership units in the Company to A10 Equity Holdings, LLC. A10 Equity Holdings, LLC was granted members units in the Company based upon an agreed upon fair value of the Company.

Class A Preferred Membership Units

As of December 31, 2011, the Company had authorized 59,496,640 Class A member units. These units had been purchased by members with a portion of them being granted to key employees as discussed below. As part of the transaction discussed above, these units were transferred to A10 Equity Holdings, LLC during 2012 and the equity structure was redesigned. Effective as of April 16, 2012, the Company authorized and issued 4,130 Class A Preferred Membership Units.

The membership units granted to employees were immediately vested; however they are subject to forfeiture if the terms of the employment contract and unit vesting agreement were not met. As permitted by ASC 718, Stock Compensation, the Company accounts for membership unit awards based upon the fair value of the units initially contributed by the Company. Under the pronouncement, the Company is required to recognize compensation expense for awards granted.

The Company previously granted 10,000,000 units to employees. The units had a fair value of $0.06 per unit at the grant date. Total compensation cost associated with these units of $600,000 is to be recognized over a four year service period that began at grant date. As of December 31, 2011, all of the units had vested. Compensation expense recognized during 2011 was $13,194. As of December 31, 2012, there is no remaining compensation expense to be recognized.

During 2010 an additional 4,496,640 of units were granted to members that are considered fully vested. The Units granted had a fair value of $0.06 per unit at the grant date based on similar Class A member unit sales that occurred during 2010. These units were granted as part of a subordinate loan agreement and were capitalized based on the fair value as a commitment fee and amortized over the life of the subordinate loan agreement.

Class B Membership Units

Effective as of September 1, 2010 the Company established the A10 Capital, LLC Equity Incentive Plan. The purpose of this plan is to assist in attracting and retaining key employees, and to provide such persons with long-term incentives and rewards for superior performance and maximizing value for the benefit of the Company's members. In conjunction with the plan, the Company created 10,278,819 Class B membership units during 2010. These units are non-voting, non-saleable, non-transferable, economic interest units under the formal operating agreement. The Class B units are not entitled to distributions until Class A members have distributions that are equal to or greater than three times their invested capital. The Class B units are subject to forfeiture until certain time in service is achieved and/or a liquidity event occurs. As part of the transaction discussed above, these units were transferred to A10 Equity Holdings, LLC during 2012.

Effective as of April 16, 2012, the Company granted 99 Class B Economic Interest Units (Class B units) to certain key employees. These units are non-voting economic interest units under the formal operating agreement. The Class B units are subject to vesting as follows: (i) 50% of such Class B units issued shall vest ratably over four years from the date of grant, on each of the first four anniversaries of such date of grant, with acceleration upon a Change of Control of the Company, (ii) an additional 25% of such Class B units issued shall vest upon the H.I.G. members having achieved a return equal to three times their invested capital, and (iii) the final 25% of such Class B units shall vest upon the H.I.G. members having achieved a return equal to five times their invested capital. The estimated fair value of these grants is zero as of December 31, 2012. No corresponding compensation expense was recorded associated with the Class B units granted.

Equity Phantom Equity Plan

Effective May 1, 2008, the Company established an Equity Participation Plan (the Plan) to provide deferred compensation to its employees, as determined by management. Employees (participants) are granted rights to a bonus pool that is based upon the value of a certain number of Class A membership units. Under the Plan, payments to participants are only made once dividends have been declared to members. As of December 31, 2011 and December 31, 2012, no dividends had been declared to members and therefore no liability was recorded.

Note 8 - Fair Value of Financial Instruments

Effective January 1, 2012, the Company adopted the provisions of FASB ASC 825-10, "Disclosures about Fair Value of Financial Instruments," for financial assets and financial liabilities. FASB ASC 825-10, requires disclosure of fair value information about financial instruments, whether or not recognized in the consolidated balance sheets. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instruments. Certain financial instruments and all nonfinancial instruments are excluded from these disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Company.

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Cash

The carrying amount of the cash and restricted cash approximates fair value.

Loans

Most loans are variable-rate loans that re-price frequently and have no significant change in credit risk so the fair values approximate carrying values. There were no nonperforming loans as of December 31, 2012 and 2011.

Accrued Interest Receivable and Payable

The carrying amount of the accrued interest receivable and accrued interest payable approximates fair value.

Borrowings

The estimated fair value approximates carrying value for short-term borrowings. The fair value of long-term fixed-rate borrowings is estimated using quoted market prices, if available, or by discounting future cash flows using current interest rates for similar financial instruments. The estimated fair value approximates carrying value.

Commitments to Extend Credit

The estimated fair value of the commitments to extend credit represents the Company's potential unfunded commitments.

	2012		2011	
	Book Value	Fair Value	Book Value	Fair Value
Financial Assets				
Cash and restricted cash	$ 35,863,971	$ 35,863,971	$ 7,702,521	$ 7,702,521
Loans, net	162,758,527	162,758,527	87,784,437	87,784,437
Accrued interest receivable	1,005,840	1,005,840	633,582	633,582
Total financial assets	$ 199,628,338	$ 199,628,338	$ 96,120,540	$ 96,120,540
Financial Liabilities				
Due to bond investors	$ 72,807,100	$ 72,807,100	$ -	$ -
Senior funding facility	65,849,671	65,849,671	56,772,093	56,772,093
Senior member notes payable	-	-	3,943,000	3,943,000
Subordinate member notes payable	18,500,000	18,500,000	27,846,174	27,846,174
Accrued interest payable	331,752	331,752	357,919	357,919
Total financial liabilities	$ 157,488,523	$ 157,488,523	$ 88,919,186	$ 88,919,186
Unrecognized Financial Instruments				
Commitments to extend credit	$ -	$ 49,638,912	$ -	$ 31,140,614

Note 9 - Related Party Transactions

As of December 31, 2012 and 2011, $18,500,000 and $31,789,174 was outstanding for subordinate member note commitments with related parties.

The Company receives a management fee from A10 Defensive Opportunity Fund I, LP based on each Limited Partners' original commitment and each Limited Partners' and General Partners' net funded commitment. The management fee received in 2012 and 2011 was $128,582 and $213,117, respectively.

Note 10 - Subsequent Events

Subsequent events were considered through March 27, 2013.

Note 11 - Commitments to Extend Credit

In the normal course of business, the Company makes various loan commitments that are not presented in the accompanying consolidated financial statements. Those commitments primarily involve lease-up facilities in which the Company commits to fund the cost of existing borrower' tenant improvements and leasing commissions on newly signed leases at underlying properties. Prior to advancing funds on such lease-up facilities, the Company has the right to approve new leases and related costs in its sole and absolute discretion. In most cases, the new leases create exponentially more incremental value in the collateral than the amount advanced under the lease-up facilities. In limited cases, the Company commits to advance additional funds to existing borrowers if the underlying property exceeds certain performance thresholds, such as a net operating income hurdle. If such performance thresholds are met, there is typically exponentially more incremental value created in the property than the amount advanced under such commitment. Not all of the loan commitments are expected to be drawn upon. Therefore, the total commitment amounts do not necessarily represent future cash requirements. Outstanding commitments at December 31, 2012 and 2011 related entirely to existing loan receivable balances amounted to $49,638,912 and $31,140,614, respectively. The Company does not issue commitment letters to new loan applicants.

Supplementary Information
December 31, 2012

A10 Capital, LLC and Subsidiaries

A10 Capital, LLC and Subsidiaries

Consolidated Balance Sheet

December 31, 2012

	A10 REIT, LLC					
	A10 Securitization 2012-1, LLC	A10 RAF 1, LLC	Total	A10 Capital, LLC	Eliminations	Consolidated
Assets						
Cash	$ 104,644	$ -	$ 104,644	$ 5,200,109	$ -	$ 5,304,753
Restricted cash	12,250,646	707,191	12,957,837	17,601,381	-	30,559,218
Loans receivable	69,353,025	94,545,663	163,898,688	(1,140,161)	-	162,758,527
Interest receivable	519,686	486,154	1,005,840	-	-	1,005,840
Other receivables	1,856	25,165	27,021	64,469	-	91,490
Investment in subsidiary	-	-	-	36,817,100	(36,817,100)	-
Due from related party	5,769,680	6,731,995	12,501,675	-	(12,501,675)	-
Other assets	-	-	-	21,114	-	21,114
Securitization costs, net of accumulated amortization of $464,051	1,502,634	-	1,502,634	-	-	1,502,634
Capitalized commitment fee, net of accumulated amortization of $367,286	-	-	-	227,511	-	227,511
Capitalized costs on senior funding facility, net of accumulated amortization of $160,638	-	1,445,740	1,445,740	-	-	1,445,740
Furniture and Equipment, net	-	-	-	111,326	-	111,326
	$ 89,502,171	$ 103,941,908	$ 193,444,079	$ 58,902,849	$ (49,318,775)	$ 203,028,153
Liabilities						
Accounts payable	$ -	$ 29,450	$ 29,450	$ 79,916	$ -	$ 109,366
Interest payable	130,116	107,279	237,395	94,357	-	331,752
Due to related party	-	-	-	12,501,675	(12,501,675)	-
Accrued liabilities	-	-	-	1,028,386	-	1,028,386
Loan and escrow deposits	5,234,132	12,366,248	17,600,380	132,500	-	17,732,880
Due to bond investors	72,807,100	-	72,807,100	-	-	72,807,100
Senior funding facility	-	65,849,671	65,849,671	-	-	65,849,671
Subordinate member notes payable	-	-	-	18,500,000	-	18,500,000
Total liabilities	78,171,348	78,352,648	156,523,996	32,336,834	(12,501,675)	176,359,155
Members' Equity	11,330,823	25,589,260	36,920,083	26,566,015	(36,817,100)	26,668,998
	$ 89,502,171	$ 103,941,908	$ 193,444,079	$ 58,902,849	$ (49,318,775)	$ 203,028,153

A10 Capital, LLC and Subsidiaries

Consolidated Statement of Operations

Year Ended December 31, 2012

	A10 REIT, LLC					
	A10 Securitization 2012-1, LLC	A10 RAF 1, LLC	Total	A10 Capital, LLC	Eliminations	Consolidated
Interest Income						
Interest income	$ 5,411,601	$ 1,195,842	$ 6,607,443	$ 2,826,124	$ -	$ 9,433,567
Earned loan fees, net of costs	205,060	85,488	290,548	1,348,052	-	1,638,600
Total interest income	5,616,661	1,281,330	6,897,991	4,174,176	-	11,072,167
Interest expense						
Interest expense on senior funding facility	-	441,071	441,071	811,956	-	1,253,027
Interest expense to bond investors	2,436,507	-	2,436,507	(34,291)	-	2,402,216
Total interest expense	2,436,507	441,071	2,877,578	777,665	-	3,655,243
Net interest income	3,180,154	840,259	4,020,413	3,396,511	-	7,416,924
Fees and Other Income						
Other interest income	288	-	288	3,783	-	4,071
Management fees	-	-	-	128,582	-	128,582
Servicing fees	-	-	-	160,091	(160,091)	-
Advisory fees	-	-	-	95,801	-	95,801
Total fees and other income	288	-	288	388,257	(160,091)	228,454
General and Administrative Expenses						
Salaries and benefits	-	-	-	2,448,648	-	2,448,648
Bonuses and commissions	-	-	-	1,197,390	-	1,197,390
Advertising, marketing, and research	-	-	-	257,608	-	257,608
Professional fees	50,000	59,127	109,127	612,195	-	721,322
Servicing Fees	131,696	28,395	160,091	-	(160,091)	-
Other	14,057	2,839	16,896	829,301	-	846,197
Total general and administrative expenses	195,753	90,361	286,114	5,345,142	(160,091)	5,471,165
Net Operating Income	2,984,689	749,898	3,734,587	(1,560,374)	-	2,174,213
Income from Subsidiaries	-	-	-	3,109,498	(3,109,498)	-
Other Expenses and Payments to Members						
Depreciation and amortization	464,451	160,638	625,089	217,881	-	842,970
Other	-	-	-	9,994	-	9,994
Interest expense on subordinate member loans	-	-	-	1,975,463	-	1,975,463
Total other expenses and payments to members	464,451	160,638	625,089	2,203,338	-	2,828,427
Net Income (Loss)	$ 2,520,238	$ 589,260	$ 3,109,498	$ (654,214)	$ (3,109,498)	$ (654,214)

	A10 REIT, LLC					
	A10 Securitization 2012-1, LLC	A10 RAF 1, LLC	Total	A10 Capital, LLC	Eliminations	Consolidated
Balance, December 31, 2011	$ -	$ -	$ -	$ 246,650	$ -	$ 246,650
Contributions	8,811,930	25,000,000	33,811,930	26,973,579	(33,707,602)	27,077,907
Distributions	(1,345)	-	(1,345)	-	-	(1,345)
Net income (loss)	2,520,238	589,260	3,109,498	(654,214)	(3,109,498)	(654,214)
Balance, December 31, 2012	$ 11,330,823	$ 25,589,260	$ 36,920,083	$ 26,566,015	$ (36,817,100)	$ 26,668,998