MMA CAPITAL MANAGEMENT, LLC
Form 10-Q
August 09, 2016
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from __________________ to __________________

Commission File Number 001-11981

MMA CAPITAL MANAGEMENT, LLC
(Exact name of registrant as specified in its charter)

Delaware	52-1449733
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3600 O'Donnell Street, Suite 600	
Baltimore, Maryland	(443) 263-2900
(Address of principal executive offices)	(Registrant's telephone number, including area code)
21224	
(Zip Code)	

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Shares, no par value	Nasdaq Capital Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files) Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer
Non-accelerated filer	Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

There were 6,099,535 shares of common shares outstanding at August 3, 2016.

MMA Capital Management, LLC
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Cautionary Statement Regarding Forward Looking Statements

This Quarterly Report on Form 10-Q for the period ending June 30, 2016 (this "Report") contains forward-looking statements intended to qualify for the safe harbor contained in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements often include words such as "may," "will," "should," "anticipate," "estimate," "expect," "project," "intend," "plan," "seek," "would," "could," and similar words or expressions and are made in connection with discussions of future operating or financial performance.

Forward-looking statements reflect our management's expectations at the date of this Report regarding future conditions, events or results. They are not guarantees of future performance. By their nature, forward-looking statements are subject to risks and uncertainties. Our actual results and financial condition may differ materially from what is anticipated in the forward-looking statements. There are many factors that could cause actual conditions, events or results to differ from those anticipated by the forward-looking statements contained in this Report. They include the factors discussed in Part 1, Item 1A. "Risk Factors" of the Company's Annual Report on Form 10-K for the year ended December 31, 2015 ("2015 Form 10-K").

Readers are cautioned not to place undue reliance on forward-looking statements in this Report or that we make from time to time, and to consider carefully the factors discussed in Part I, Item 1A. "Risk Factors" of the 2015 Form 10-K in evaluating these forward-looking statements. We do not undertake to update any forward-looking statements contained herein, except as required by law.

PART I – FINANCIAL INFORMATION

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Organization

MMA Capital Management, LLC, the registrant, was organized in 1996 as a Delaware limited liability company. Unless the context otherwise requires, and when used in this Report, the "Company," "MMA," "we," "our" or "us" refers to MMA Capital Management, LLC and its subsidiaries.

The Company partners with institutional capital to create and manage investments in affordable housing and renewable energy. The Company operates through three reportable segments – United States ("U.S.") Operations, International Operations and Corporate Operations.

U.S. Operations

Our U.S. Operations segment consists of three business lines: Leveraged Bonds, Low-Income Housing Tax Credits ("LIHTC") and Energy Capital and Other Investments (previously referred to as "Other Investments and Obligations" in the Company's 2015 Quarterly Reports on Form 10-Q).

In our Leveraged Bonds business line, we primarily own and manage bonds that finance affordable housing and infrastructure in the U.S. Within this business line, we manage most of the Company's bonds and associated financings. The bond portfolio is comprised primarily of multifamily tax-exempt bonds and total return swaps ("TRS") that are referenced to these types of bonds, but also includes other real estate related bond investments.

In our LIHTC business line, we primarily own and manage limited partner ("LP") and general partner ("GP") investments in affordable housing communities in the U.S. We provide asset management and administrative services to a limited liability company formed by the Company and a commercial bank ("TC Fund I") and have provided a limited guarantee of the tax credits expected to be generated by TC Fund I's portfolio of investments. As part of this business line, we have made other guarantees to third parties related to the receipt of tax credits and the performance of the underlying assets and we have loan receivables from, and an option to purchase, a tax credit asset manager.

In our Energy Capital and Other Investments business line, our wholly owned subsidiary MMA Energy Capital ("MEC") provides project capital to develop and build renewable energy systems primarily through a joint venture that we have with an alternative asset manager (our "Solar Joint Venture). Within this business line, we also manage equity investments in real estate, land and solar assets retained from the sale of legacy businesses.

International Operations

We manage our International Operations segment through our wholly owned subsidiary, International Housing Solutions S.à r.l. ("IHS"). IHS's strategy is to raise, invest in and manage private real estate funds that invest in residential real estate. IHS currently manages three funds: the South Africa Workforce Housing Fund ("SAWHF"), which is a multi-investor fund and is fully invested; International Housing Solutions Residential Partners Partnership ("IHS Residential Partners"), which is a single-investor fund targeted at the emerging middle class in South Africa; and IHS Fund II ("IHS Fund II"), which is a multi-investor funds targeting investments in affordable housing, including green housing projects, within South Africa and Sub-Saharan Africa. MMA also owns a 60% interest in

IHS Property Management Proprietary Limited (“IHS PM”), which provides property management services to the properties of IHS-managed funds.

Corporate Operations

Our Corporate Operations segment is responsible for accounting, reporting, compliance and planning, which are fundamental to our success as a global fund manager and publicly traded company in the U.S.

Summary of Financial Performance

Common shareholders’ equity increased from $121.5 million at March 31, 2016 to $122.1 million at June 30, 2016. This change was driven by $5.1 million in net income that is allocable to common shareholders, $0.3 million in other comprehensive income that is allocable to common shareholders and $4.8 million in other reductions in common shareholders’ equity.

Diluted common shareholders’ equity per share increased to $19.62 at June 30, 2016, which represents a 5.4%, or $1.00 per share of book value, increase compared to what we reported at March 31, 2016. Purchases of common shares in the second quarter of 2016 accounted for a $0.12 increase in diluted common shareholders' equity per share, with the balance of growth in the Company's book value per share being primarily attributable to a net increase in the fair value of our investments in bonds.

Refer to "Balance Sheet Analysis" for more information about changes in common shareholders' equity and other components of our Consolidated Balance Sheets.

Refer to "Consolidated Results of Operations" for more information about changes in common shareholders' equity that is attributable to changes in net income that is allocable to common shareholders.

Balance Sheet Analysis

This section provides an overview of changes in our assets, liabilities and equity and should be read together with our consolidated financial statements, including the accompanying notes to the financial statements.

Table 1 provides a balance sheet summary for the periods presented. For presentational purposes, assets, liabilities and equity that are attributable to noncontrolling interest holders of consolidated funds and ventures ("CFVs") are presented in Table 1 as separate line items because the Company generally has a minimal ownership interest in these consolidated entities. For the periods presented, CFVs were comprised of consolidated property partnerships and certain LIHTC funds in which we guaranteed minimum yields on investment to investors and for which we agree to indemnify the purchaser of our GP interest in such funds from investor claims related to those guarantees ("Guaranteed Funds"). See Notes to Consolidated Financial Statements – Note 13, "Consolidated Funds and Ventures," for more information about CFVs.

Table 1: Balance Sheet Summary

(in thousands, except per share data)	At June 30, 2016	At March 31, 2016	At December 31, 2015 (5)	Change for 2Q 2016
Assets				
Cash and cash equivalents	$ 18,283	$ 36,941	$ 21,843	$ (18,658)
Restricted cash (without CFVs)	18,840	21,153	17,041	(2,313)
Bonds available for sale (1)	182,831	192,928	218,439	(10,097)
Investments in partnerships (without CFVs)	81,956	83,533	82,655	(1,577)
Other assets (without CFVs)	54,901	36,196	39,481	18,705
Assets of CFVs (2)	211,235	208,284	219,612	2,951
Total assets	$ 568,046	$ 579,035	$ 599,071	$ (10,989)
Liabilities and Noncontrolling Equity				
Debt (without CFVs)	$ 216,430	$ 218,273	$ 232,212	$ (1,843)
Accounts payable and accrued expenses	3,907	3,516	5,001	391
Other liabilities (without CFVs) (2)	21,673	21,115	19,318	558
Liabilities of CFVs (1)	48,116	47,034	46,319	1,082
Noncontrolling equity related to CFVs (3)	155,666	167,519	180,020	(11,853)
Noncontrolling equity related to IHS PM (4)	140	75	31	65
Total liabilities and noncontrolling equity	$ 445,932	$ 457,532	$ 482,901	$ (11,600)
Common Shareholders' Equity	$ 122,114	$ 121,503	$ 116,170	$ 611

Common shares outstanding	6,196	6,480	6,589	(284)
Common shareholders' equity per common share	$ 19.71	$ 18.75	$ 17.63	$ 0.96
Diluted common shareholders' equity	$ 128,925	$ 127,286	$ 121,117	$ 1,639
Diluted common shares outstanding	6,571	6,835	6,948	(264)
Diluted common shareholders' equity per common share	$ 19.62	$ 18.62	$ 17.43	$ 1.00

(1) The Company consolidated a partnership in the second quarter of 2016 that was the obligor of one of the Company’s investments in bonds. As a result, the Company’s investment in bonds and the related debt obligation of the partnership, both of which had a carrying value of $13.0 million as of June 30, 2016, were eliminated in consolidation.

(2) Assets of CFVs exclude $8.8 million, $10.1 million and $10.4 million as of June 30, 2016, March 31, 2016 and December 31, 2015, respectively, of net assets; and other liabilities of MMA exclude $8.8 million, $10.1 million and $10.4 million as of June 30, 2016, March 31, 2016 and December 31, 2015, respectively, of net liabilities. These assets and liabilities were eliminated in consolidation and primarily represent prepaid guarantee fees (CFVs) and deferred guarantee fees (MMA).

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(3) Represents the amount of equity attributable to noncontrolling interest holders in the CFVs and reported through Noncontrolling interests in CFVs on the Company's Consolidated Balance Sheets.
(4) Represents the amount of equity balance attributable to the noncontrolling interest holder in IHS PM and reported through Noncontrolling interests in CFVs and IHS PM on the Company's Consolidated Balance Sheets.
(5) Certain amounts have been revised. See Notes to Consolidated Financial Statements – Note 1, "Summary of Significant Accounting Policies" for more information.

Common Shareholders' Equity

Table 2 summarizes the changes in common shareholders' equity for the periods presented.

Table 2: Changes in Common Shareholders' Equity

(in thousands)	For the three months ended June 30, 2016	2015 (1)	Change	For the six months ended June 30, 2016	2015 (1)	Change
Net income allocable to common shareholders (see Table 5)	$ 5,130	$ 7,291	$ (2,161)	$ 21,735	$ 7,453	$ 14,282
Other comprehensive income (loss) allocable to common shareholders (see Table 3)	265	(180)	445	(9,420)	1,263	(10,683)
Other changes in common shareholders' equity (see Table 4)	(4,784)	(4,335)	(449)	(6,371)	(4,921)	(1,450)
Net change in common shareholders' equity	$ 611	$ 2,776	$ (2,165)	$ 5,944	$ 3,795	$ 2,149

(1) Certain amounts have been revised. See Notes to Consolidated Financial Statements – Note 1, "Summary of Significant Accounting Policies" for more information.

Other Comprehensive Income (Loss) Allocable to Common Shareholders

Table 3 summarizes other comprehensive income (loss) that is allocable to common shareholders for the periods presented.

Table 3: Other Comprehensive Income (Loss) Allocable to Common Shareholders

(in thousands)	For the three months ended June 30, 2016	2015 (1)	Change	For the six months ended June 30, 2016	2015 (1)	Change
Bond related activity:						
Increase in bond values due to market conditions	$ 3,106	$ 1,296	$ 1,810	$ 5,768	$ 2,373	$ 3,395
Increase in accumulated other comprehensive ("AOCI") due to equity in losses from lower tier property partnerships ("LTPPs") (see Table 13)	1,354	1,698	(344)	2,483	2,667	(184)

Reclassification of net unrealized gains on sold bonds into net income		(3,395)	3,395	(2,055)	(3,866)	1,811
Reclassification of unrealized losses to operations due to impairment		179	(179)		179	(179)
Reclassification of unrealized bonds gains into net income due to consolidation or real estate foreclosure (see Table 5)	(4,205)		(4,205)	(15,647)		(15,647)
Other comprehensive income (loss) related to bond activity	255	(222)	477	(9,451)	1,353	(10,804)
Foreign currency translation adjustment	10	42	(32)	31	(90)	121
Other comprehensive income (loss) allocable to common shareholders	$ 265	$ (180)	$ 445	$ (9,420)	$ 1,263	$ (10,683)

(1) Certain amounts have been revised. See Notes to Consolidated Financial Statements – Note 1, “Summary of Significant Accounting Policies” for more information.

Other comprehensive income (loss) that is allocable to common shareholders for the six months ended June 30, 2016 declined compared to amounts reported for the six months ended June 30, 2015 primarily as a result of (i) the financial statement consolidation of a partnership in the second quarter of 2016 that resulted in the derecognition of an investment in bonds and for which $4.2 million of unrealized holding gains were reclassified out of AOCI and into our Consolidated Statements of Operations and (ii) the foreclosure and sale in the first quarter of 2016 of a multifamily property that secured a nonperforming bond investment and that prompted the reclassification of unrealized bond holding gains out of AOCI and into our Consolidated Statements of Operations upon the derecognition of the Company's investment in bonds.

Other Changes in Common Shareholders' Equity

Table 4 summarizes other changes in common shareholders' equity for the periods presented.

Table 4: Other Changes in Common Shareholders' Equity

	For the three months ended June 30,			For the six months ended June 30,		
(in thousands)	2016	2015	Change	2016	2015	Change
Common share repurchases	$ (4,776)	$ (4,100)	$ (676)	$ (6,544)	$ (4,668)	$ (1,876)
Purchases of shares in a subsidiary (including price adjustments on prior purchases)	(45)	(388)	343	(45)	(547)	502
Director and employee share awards	37	153	(116)	218	294	(76)
Other changes in common shareholders' equity	$ (4,784)	$ (4,335)	$ (449)	$ (6,371)	$ (4,921)	$ (1,450)

Other changes in common shareholders' equity reported for both the three months and six months ended June 30, 2016 declined compared to that reported for the three months and six months ended June 30, 2015 primarily as a result of an increase in the average price at which the Company purchased its common shares during such reporting periods.

Consolidated Results of Operations

This section provides a comparative discussion of our Consolidated Results of Operations for the three months and six months ended June 30, 2016 and 2015 and should be read in conjunction with our financial statements, including the accompanying notes. See "Critical Accounting Policies and Estimates" for more information concerning the most significant accounting policies and estimates applied in determining our results of operations.

Net Income Allocable to Common Shareholders

Table 5 summarizes net income allocable to common shareholders for the periods presented.

Table 5: Net Income Allocable to Common Shareholders

(in thousands)	For the three months ended June 30, 2016	2015 (1)	Change	For the six months ended June 30, 2016	2015 (1)	Change
Net interest income (see Table 6)	$ 3,039	$ 3,573	$ (534)	$ 6,181	$ 7,866	$ (1,685)
Fee and other income (see Table 7)	3,215	3,696	(481)	5,754	7,137	(1,383)
Operating and other expenses:						
Other interest expense (see Table 8)	(1,075)	(1,708)	633	(2,117)	(4,904)	2,787
Operating expenses (see Table 9)	(6,314)	(7,287)	973	(12,577)	(12,673)	96
Net gains on bonds, loans, derivatives, real estate and other assets (see Table 10)	1,452	10,342	(8,890)	4,545	11,910	(7,365)
Net gains transferred into net income from AOCI due to consolidation or real estate foreclosure (see Table 3)	4,205		4,205	15,647		15,647
Equity in income from unconsolidated funds and ventures (see Table 11)	2,126	20	2,106	6,587	93	6,494
Net loss allocated to common shareholders related to CFVs (see Table 13)	(1,501)	(1,367)	(134)	(2,236)	(2,005)	(231)
Net income allocated to IHS PM minority interest holder (see Table 11)	(66)		(66)	(109)		(109)
Net income to common shareholders from continuing operations before income taxes	5,081	7,269	(2,188)	21,675	7,424	14,251
Income tax expense	(34)	(61)	27	(106)	(132)	26
Net income to common shareholders from discontinued operations, net of tax	83	83		166	161	5
Net income allocable to common shareholders	$ 5,130	$ 7,291	$ (2,161)	$ 21,735	$ 7,453	$ 14,282

(1) Certain amounts have been revised. See Notes to Consolidated Financial Statements – Note 1, “Summary of Significant Accounting Policies” for more information.

Net Interest Income

Net interest income represents interest income earned on our investment in bonds, loans and other interest-earning assets less our cost of funding associated with short-term borrowings and long-term debt that we use to finance such assets.

Table 6 summarizes net interest income for the periods presented.

Table 6: Net Interest Income

(in thousands)	For the three months ended June 30, 2016	2015 (1)	Change	For the six months ended June 30, 2016	2015 (1)	Change
Interest income:						
Interest on bonds	$ 2,705	$ 3,281	$ (576)	$ 5,959	$ 7,307	$ (1,348)
Interest on loans and short-term investments	886	803	83	1,323	1,544	(221)
Total interest income	3,591	4,084	(493)	7,282	8,851	(1,569)
Asset related interest expense:						
Bond related debt	(335)	(379)	44	(630)	(705)	75
Notes payable and other debt, non-bond related	(217)	(132)	(85)	(471)	(280)	(191)
Total interest expense	(552)	(511)	(41)	(1,101)	(985)	(116)
Net interest income	$ 3,039	$ 3,573	$ (534)	$ 6,181	$ 7,866	$ (1,685)

(1) Certain amounts have been revised. See Notes to Consolidated Financial Statements – Note 1, "Summary of Significant Accounting Policies" for more information.

Net interest income reported for the three months ended June 30, 2016 declined compared to that reported for the three months ended June 30, 2015 primarily as a result of the sale or redemption of certain bond holdings.

Net interest income reported for the six months ended June 30, 2016 declined compared to that reported for the six months ended June 30, 2015 primarily as a result of (i) the sale or redemption of certain bond holdings, (ii) the full redemption of a bridge loan in the second quarter of 2015 and (iii) a decrease in the amount of unscheduled principal payments received on two bond investments received during the six months ended June 30, 2016 compared to that received for the six months ended June 30, 2015.

Fee and Other Income

Fee and Other Income includes income on our preferred stock investment, asset management fees and reimbursements as well as other miscellaneous income.

Table 7 summarizes fee and other income for the periods presented.

Table 7: Fee and Other Income

(in thousands)	For the three months ended June 30, 2016	2015	Change	For the six months ended June 30, 2016	2015	Change
Asset management fees and reimbursements	$ 2,261	$ 1,575	$ 686	$ 4,153	$ 2,996	$ 1,157
Other income	954	810	144	1,601	1,533	68
Income on preferred stock investment		1,311	(1,311)		2,608	(2,608)
Fee and other income	$ 3,215	$ 3,696	$ (481)	$ 5,754	$ 7,137	$ (1,383)

Fee and other income reported for the three months ended June 30, 2016 declined compared to that reported for the three months ended June 30, 2015 primarily as a result of the redemption of the Company's investment in preferred stock in the fourth quarter of 2015. This decline was partially offset by an increase in asset management fees and reimbursements that was driven primarily by $0.4 million of fees relating to IHS PM and $0.2 million in reimbursements that were received in the second quarter of 2016 from our Solar Joint Venture.

Fee and other income reported for the six months ended June 30, 2016 declined compared to that reported for the six months ended June 30, 2015 primarily as a result of the redemption of the Company's investment in preferred stock in the fourth quarter of 2015. This decline was partially offset by an increase in asset management fees and reimbursements that was driven primarily by additional fees of $0.9 million relating to IHS PM and an additional $0.5 million in reimbursements from our Solar Joint Venture that were received during the six months ended 2016.

Other Interest Expense

Other interest expense represents our cost of funding associated with senior and subordinated debt that does not finance our interest earning assets.

Table 8 summarizes other interest expense for the periods presented.

Table 8: Other Interest Expense

	For the three months ended June 30,			For the six months ended June 30,		
(in thousands)	2016	2015	Change	2016	2015	Change
Subordinated debt	$ (1,061)	$ (1,398)	$ 337	$ (2,103)	$ (4,050)	$ 1,947
Notes payable and other debt	(14)	(310)	296	(14)	(854)	840
Other interest expense	$ (1,075)	$ (1,708)	$ 633	$ (2,117)	$ (4,904)	$ 2,787

Amounts reported for the three months and six months ended June 30, 2016 declined compared to that reported for the three months and six months ended June 30, 2015 primarily as a result of a decrease in our cost of funding associated with MMA Financial Holdings, Inc. ("MFH") subordinated debt, which was restructured during the second quarter of 2015. The reported decline in other interest expense was also partially attributable to the paydown of certain debt outstanding that was used to fund the Company's investment in preferred stock, which was redeemed in full in the fourth quarter of 2015.

Operating Expenses

Operating expenses include salaries and benefits, general and administrative expense, professional fees and other miscellaneous expenses.

Table 9 summarizes operating expenses for the periods presented.

Table 9: Operating Expenses

(in thousands)	For the three months ended June 30, 2016	2015	Change	For the six months ended June 30, 2016	2015	Change
Salaries and benefits	$ (3,919)	$ (3,911)	$ (8)	$ (7,999)	$ (7,183)	$ (816)
General and administrative	(655)	(773)	118	(1,355)	(1,636)	281
Professional fees	(1,005)	(881)	(124)	(2,440)	(2,025)	(415)
Other expenses	(735)	(1,722)	987	(783)	(1,829)	1,046
Operating expenses	$ (6,314)	$ (7,287)	$ 973	$ (12,577)	$ (12,673)	$ 96

Operating expenses reported for the three months and six months ended June 30, 2016 declined compared to that reported for the three months and six months ended June 30, 2015 primarily due to $1.0 million of nonrecurring expenses that we incurred in the second quarter of 2015 relating to the restructuring of MFH subordinate debt. The impact of this decline for the six months ended June 30, 2016 compared to that reported for the six months ended June 30, 2015 was partially offset by (i) a $0.3 million increase in stock-based compensation expense that was driven by an increase in the market price for the Company's common stock, (ii) a $0.6 million increase in cash-based compensation expense that was driven by an increase in employee headcount and (iii) a $0.5 million increase in professional fees primarily as a result of incremental audit fees that were incurred in the first quarter of 2016 in connection with the Company's change in reporting status as an accelerated filer and that required our independent registered accountant to issue an audit report on the effectiveness on our internal controls over financial reporting at December 31, 2015.

Net Gains on Bonds, Loans, Derivatives, Real Estate and Other Assets

Net gains on bonds, loans, derivatives, real estate and other assets includes realized gains or losses associated with the sale of such assets and the early redemption of bonds and loans. Such amounts also include unrealized holding gains or losses associated with our derivative instruments that result from fair value adjustments.

Table 10 summarizes net gains on bonds, loans, derivatives, real estate and other assets for the periods presented.

Table 10: Net Gains on Bonds, Loans, Derivatives, Real Estate and Other Assets

(in thousands)	For the three months ended June 30, 2016	2015	Change	For the six months ended June 30, 2016	2015	Change
Net gains on bonds	$ 28	$ 3,792	$ (3,764)	$ 2,323	$ 4,375	$ (2,052)
Net gains on loans	6		6	6		6

Net gains on derivatives	1,418	928	490	2,085	1,913	172
Net gains on real estate		5,622	(5,622)	116	5,622	(5,506)
Net gains on other assets				15		15
Total net gains	$ 1,452	$ 10,342	$ (8,890)	$ 4,545	$ 11,910	$ (7,365)

Net gains on bonds, loans, derivatives, real estate and other assets that were reported for the three months and six months ended June 30, 2016 declined compared to that reported for the three months and six months ended June 30, 2015 primarily due to (i) $5.1 million of net gains on real estate associated with the sale of an affordable multifamily property during the second quarter of 2015 and (ii) $3.8 million net gains on bonds due to the redemption of a bond investment during the second quarter of 2015. For the six months ended June 30, 2016, the effect of transactions that caused a decline in net gains reported was partially offset by $2.3 million of net gains associated with the sale or redemption of two investments in bonds during the first quarter of 2016.

Equity in Income from Unconsolidated Funds and Ventures

Equity in income from unconsolidated funds and ventures includes our portion of the income (loss) associated with certain funds and ventures in which we have an equity interest.

Table 11 summarizes equity in income from unconsolidated funds and ventures for the periods presented.

Table 11: Equity in Income from Unconsolidated Funds and Ventures

(in thousands)	For the three months ended June 30, 2016	2015	Change	For the six months ended June 30, 2016	2015	Change
U.S. real estate partnerships	$ 692	$ (43)	$ 735	$ 3,499	$ (51)	$ 3,550
Solar Joint Venture	1,495		1,495	3,308		3,308
IHS	(61)	63	(124)	(220)	144	(364)
Equity in income from unconsolidated funds and ventures	$ 2,126	$ 20	$ 2,106	$ 6,587	$ 93	$ 6,494

Equity in income from unconsolidated funds and ventures that were reported for the three months ended June 30, 2016 increased compared to that reported for the three months ended June 30, 2015 primarily due to (i) $1.5 million of equity in income from the Solar Joint Venture that we established in the third quarter of 2015 and (ii) $0.6 million of equity in income from the sale of real estate in the second quarter of 2016 that was owned by a partnership in which the Company held a 98.99% limited partner interest.

Equity in income from unconsolidated funds and ventures that were reported for the six months ended June 30, 2016 increased compared to that reported for the six months ended June 30, 2015 primarily due to (i) $3.3 million of equity in income from the Solar Joint Venture that we established in the third quarter of 2015, (ii) $2.7 million of equity in income from the sale of real estate in the first quarter of 2016 that was owned by a partnership in which the Company held a 50% limited partner interest and (iii) $0.6 million of equity in income from the sale of real estate in the second quarter of 2016 that was owned by a partnership in which the Company held a 98.99% limited partner interest.

Net Loss from CFVs Allocable to Common Shareholders

Table 12 allocates the net loss from CFVs to noncontrolling interests in CFVs and common shareholders for the periods presented.

Table 12: Net Loss from CFVs Allocable to Common Shareholders

(in thousands)	For the three months ended June 30, 2016	2015	Change	For the six months ended June 30, 2016	2015	Change
Revenue from CFVs	$ 726	$ 133	$ 593	$ 1,545	$ 200	$ 1,345
Expense from CFVs	(9,014)	(9,014)		(17,382)	(18,330)	948
Net losses related to CFVs	(598)		(598)	(598)		(598)
Equity in losses from LTPPs of CFVs	(4,937)	(6,654)	1,717	(10,623)	(12,347)	1,724
Net loss from CFVs	(13,823)	(15,535)	1,712	(27,058)	(30,477)	3,419
Net loss from CFVs allocable to noncontrolling interest in CFVs (1)	12,322	14,168	(1,846)	24,822	28,472	(3,650)

Net loss from CFVs allocable to common shareholders	$ (1,501)	$ (1,367)	$ (134)	$ (2,236)	$ (2,005)	$ (231)

(1) Excludes $66 and $109 of net gain allocable to the minority interest holder in IHS PM for the three months and six months ended June 30, 2016. These amounts are excluded from this presentation because IHS PM related activity is not included within lines 1 through 4 above. There were no losses allocable to the minority interest holder in IHS PM for the three months and six months ended June 30, 2015.

Table 13 further attributes the reported net loss from CFVs that is allocable to common shareholders for the periods presented.

Table 13: Net Loss from CFVs Allocable to Common Shareholders

	For the three months ended June 30,			For the six months ended June 30,		
(in thousands)	2016	2015	Change	2016	2015	Change
Guarantee fees	$ 331	$ 331	$	$ 662	$ 662	$
Interest income	65		65	65		65
Equity in losses from LTPPs	(1,354)	(1,698)	344	(2,483)	(2,667)	184
Equity in income from consolidated property partnerships	55		55	118		118
Other expenses	(598)					