

**EMVEST MORTGAGE FUND LLC
(A LIMITED LIABILITY COMPANY)
BALANCE SHEET
JUNE 30, 2005**

ASSETS

Current Assets

Cash in Bank	\$ 2,361,371
Loan Origination Fees Receivable	4,600
Accrued Interest Receivable	<u>125,000</u>

Total Current Assets \$ 2,490,971

Loan Portfolio

Mortgage Loans held (net of origination fees)	\$ 12,983,362	
Allowance for Foreclosed Assets	<u>(267,935)</u>	\$ 12,715,427

Other Assets

Bond - Certificate of Deposit	<u>\$ 10,000</u>
-------------------------------	------------------

Total Other Assets 10,000

Total Assets \$ 15,216,398

LIABILITIES AND EQUITY

Current Liabilities

Notes Payable Collateralized	\$ 230,000
Accrued Expenses - Attorney for Receiver	\$ 14,561
Accrued Expenses - Receiver	<u>\$ 83,205</u>

Total Current Liabilities \$ 327,766

Total Members' Equity 14,888,632

Total Liabilities and Members' Equity \$ 15,216,398

**EMVEST MORTGAGE FUND LLC
(A LIMITED LIABILITY COMPANY)
INCOME STATEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2005**

Revenue	
Interest Income	\$ 930,681
Loan Origination Fees	<u>\$ 187,869</u>
Total Revenue	\$ 1,118,550
Operating Expenses	
Accounting - Receiver	\$ 33,323
Attorney Expenses - Receiver	27,466
Bank Service Charges	457
Business Operations - Receiver	44,521
Collateral Loan Interest	112,958
Court Appearances - Receiver	9,669
Dues & Subscriptions	125
Fee Application - Receiver	8,833
Foreclosed Asset Expense	293,439
Inspection	160
Insurance	1,307
Interest - Other	2,840
Licenses, Fees & Permits	553
Litigation Consulting - Receiver	23,936
Litigation Response - Receiver	29,727
Loan Servicing - Receiver	8,158
Loan Servicing Fees - Unified Mortgage	62,362
Membership Dues	500
Miscellaneous	88
Notary Fees	30
Office Expense (Copies, Postage, etc.)	7,363
Payroll Processing Fees	324
Rent	5,458
Tax Issues - Receiver	22,660
Taxes - State	6,800
Telephone	<u>936</u>
Total Operating Expenses	\$ 703,993
Net Ordinary Income	414,557
Other Income/(Expense)	
Other Income	11,260
Other Expense	<u>1,411</u>
Net Other Income/(Expense)	<u>9,849</u>
Net Income	<u><u>\$ 424,406</u></u>

**EMVEST MORTGAGE FUND LLC
(A LIMITED LIABILITY COMPANY)
STATEMENT OF MEMBERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2005**

Members' Equity at January 1, 2005	\$ 15,269,624
Capital Contributions - 2005	-
Net Income - Y-T-D 2005	424,406
Distributions - 2005	(346,541)
Withdrawals- 2005	(458,855)
Syndication Costs - 2005	-
Rounding	(2)
Members' Equity at June 30, 2005	<u><u>\$ 14,888,632</u></u>

**EMVEST MORTGAGE FUND LLC
(A LIMITED LIABILITY COMPANY)
RECAP OF NET INCOME AND DISTRIBUTIONS
FOR THE YEARS 2002 THROUGH 2004**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>Y-T-D 6/30/2005</u>	<u>Totals</u>
Net Income	97,702	520,460	721,953	424,406	1,764,521
Distributions to Members	<u>(124,574)</u>	<u>(908,462)</u>	<u>(1,570,242) *</u>	<u>(346,541)</u>	<u>(2,949,819)</u>
Excess Member Distributions over Income	<u>\$(26,872)</u>	<u>\$(388,002)</u>	<u>\$ (848,289)</u>	<u>\$ 77,865</u>	<u>\$(1,185,298)</u>

*Eleven months of distributions only. Dec. 1st distribution not made. If Dec. 1st distribution had been made, deficit would have been approximately \$175,000 higher.

**EMVEST MORTGAGE FUND LLC
(A LIMITED LIABILITY COMPANY)
RECAP OF MEMBERS' EQUITY
FOR THE YEARS ENDING 12/31 - 2002 THROUGH 2004**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>Y-T-D 6/30/2005</u>	<u>3 Year Period</u>
Members' Equity at Beginning of Year	-0-	\$ 3,774,359	\$ 10,646,176	\$ 15,269,624	\$-0-
Capital Contributions	\$ 4,215,807	8,080,495	8,014,408	-	\$ 20,310,710
Net Income	97,702	520,460	721,953	424,406	1,764,521
Distributions to Members	(124,574)	(908,462)	(1,570,242)	(346,541)	(2,949,819)
Withdrawals of Members	(182,734)	(426,570)	(2,140,175)	(458,855)	(3,208,334)
Syndication Costs (a)	<u>(231,842)</u>	<u>(394,106)</u>	<u>(402,496)</u>	<u>-</u>	<u>(1,028,444)</u>
Members' Equity at End of Year	<u>\$ 3,774,359</u>	<u>\$ 10,646,176</u>	<u>\$ 15,269,624</u>	<u>\$ 14,888,634</u>	<u>\$ 14,888,634</u>

(a) Per American Institute of Certified Public Accountants, Technical Practice Aids Section # 7200.07 Accounting for Syndication Costs of Limited Partnerships:

"Organization costs of a corporation are normally considered to be the initial legal and other fees paid to incorporate a business in a particular state and are normally an immaterial amount.

The expenses referred to in the inquiry are similar in nature to stock issue costs such as underwriting discounts, professional fees and other expenses clearly and directly attributable to receiving proceeds of the shares issued by a corporation. These costs would be a reduction of paid-in-capital in an offering of stock. Accordingly, these costs should be a reduction of capital contributed by the partners in a limited partnership."

(b) Per order of the court, withdrawals of member is only based upon hardship.

**EMVEST MORTGAGE FUND LLC
(A LIMITED LIABILITY COMPANY)**

December 31, 2004

June 30, 2005

ASSETS

Current Assets

Cash in Bank	\$	4,142,260	\$	2,361,371
Loan Origination Fee Receivable	\$		\$	4,600
Accrued Interest Receivable		125,000		125,000

Total Current Assets

	\$	4,267,260	\$	2,490,971
--	----	-----------	----	-----------

Loan Portfolio

		16,203,821		12,983,362
--	--	------------	--	------------

Allowance for Doubtful Accounts

		-		(267,935)
--	--	---	--	-----------

Other Assets

Bond - Certificate of Deposit	\$	10,000	\$	10,000
Software - Net of Amortization		9,939		-

Total Other Assets

		19,939		10,000
--	--	--------	--	--------

Total Assets

	\$	20,491,020	\$	15,216,398
--	-----------	-------------------	-----------	-------------------

LIABILITIES AND EQUITY

Current Liabilities

Notes Payable Collateralized	\$	5,062,000	\$	230,000
Accounts Payable	\$	117,226		
Accrued Expenses - Attorney for Receiver				14,561
Interest Payable		42,169		

Total Current Liabilities

	\$	5,221,395	\$	244,561
--	----	-----------	----	---------

Total Members' Equity

		15,269,625		14,971,837
--	--	------------	--	------------

Total Liabilities and Members' Equity

	\$	20,491,020	\$	15,216,398
--	-----------	-------------------	-----------	-------------------

Emvest Mortgage Fund, LLC
Schedule of Allowance for Foreclosed Assets
June 30, 2005

<u>Loan #</u>	<u>Face of Loan and Advances</u>	<u>Amount to Make an Allowance for</u>	<u>Carrying Value after Allowance</u>
PNL0683	19,460	19,460	-
PNL1260	18,878	18,878	-
PNL2131	49,738	49,738	-
PNL2984	23,754	23,754	-
PNL4406	17,854	17,854	-
PNL5002	25,847	25,847	-
E20846	<u>264,930</u>	<u>112,404</u>	<u>152,526</u>
Total	420,461.00	267,935	152,526