IFF and Subsidiaries

Consolidated Financial Report
December 31, 2016

Contents

Independent Auditor's Report

To the Board of Directors
IFF

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of IFF and Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, financial statements).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IFF and Subsidiaries as of December 31, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the 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 audits 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 financial statements as a whole.

RSM US LLP

Chicago, Illinois
April 27, 2017

IFF and Subsidiaries

Consolidated Statements of Financial Position
December 31, 2016 and 2015

	2016	2015
Assets		
Cash and cash equivalents	**$ 32,212,695**	$ 23,879,908
Other restricted cash and interest-bearing deposits in banks	**10,582,989**	7,393,907
Department of Education (DOE) restricted cash and interest-bearing deposits in banks	**17,846,703**	17,986,010
Grants receivable, other receivables, prepaids and deposits	**3,576,250**	3,885,921
Loans receivable, net	**294,316,910**	244,479,364
Accrued interest receivable	**1,334,671**	1,063,908
Properties owned by IFF and IFF's subsidiaries, net	**37,544,878**	26,602,151
Federal Home Loan Bank stock, at cost	**427,000**	350,000
Foreclosed assets, net	**640,000**	1,900,100
Furniture, equipment and leasehold improvements, net	**1,215,287**	1,226,262
Capitalized finance costs, net	**14,349**	16,176
Other assets	**222,459**	220,524
	$ 399,934,191	$ 329,004,231
Liabilities and Net Assets		
Liabilities:		
Accrued liabilities	**$ 5,245,298**	$ 2,985,596
Accrued interest payable	**1,599,662**	1,302,433
Deferred grant revenue	**14,641,460**	13,455,515
Investor Consortium collateral trust notes, net	**120,923,388**	94,514,756
Borrowings, net	**134,319,397**	99,117,804
Equity equivalent borrowings, net	**22,139,250**	22,212,574
Bond Guarantee Program borrowings, net	**17,732,725**	11,654,061
Loan participations payable	**676,090**	988,579
	317,277,270	246,231,318
Commitments and contingencies (Notes 5 and 12)		
Net assets:		
Unrestricted	**36,060,236**	34,610,694
Temporarily restricted	**46,596,685**	48,162,219
	82,656,921	82,772,913
	$ 399,934,191	$ 329,004,231

See notes to consolidated financial statements.

IFF and Subsidiaries

Consolidated Statements of Activities and Changes in Net Assets
Years Ended December 31, 2016 and 2015

	2016	2015
Unrestricted - operating:		
Support and revenue:		
Corporations, foundations and individuals	**$ 265,940**	$ 368,743
Interest on loans	**14,303,936**	11,637,230
Consulting contract fees	**1,946,604**	1,536,976
Developer fees	**184,879**	367,328
Management and sponsor fees	**742,824**	437,197
Syndication fees	**780,000**	2,100,000
Loan fees	**540,637**	316,430
Other interest income	**58,334**	31,050
Rental income	**1,733,201**	830,693
Reimbursed professional fees	**180,458**	178,673
Unrealized gains (losses) on other assets and DOE restricted cash	**118**	(44)
Net assets released from restrictions	**3,458,139**	2,082,336
Net assets released from restrictions - Pass through Grants	**5,718,232**	9,489,636
	29,913,302	29,376,248
Expenses:		
Salaries and benefits	**9,070,134**	7,374,233
Professional fees	**2,019,151**	1,337,453
Occupancy and office	**2,317,596**	2,298,354
Printing and marketing	**79,516**	86,749
Interest	**7,344,760**	6,031,166
Other operating	**600,236**	619,797
Pass through grants	**5,718,232**	5,820,522
Meetings and travel	**511,003**	455,601
Depreciation and amortization	**1,172,304**	589,771
Gain on sale of foreclosed assets	**(116,881)**	(203,946)
Income tax (benefit) expense	**(64)**	542
	28,715,987	24,410,242
Increase in unrestricted net assets - operating	**1,197,315**	4,966,006
Unrestricted - capital:		
Support and revenue:		
Net assets released from restrictions - loan capital grants	**252,227**	4,949,887
Net assets released from restrictions - capital (provision for loan losses)	**1,460,051**	233,065
	1,712,278	5,182,952
Expenses:		
Provision for loan losses	**1,460,051**	233,065
Increase in unrestricted net assets - capital	**252,227**	4,949,887
Increase in unrestricted net assets	**1,449,542**	9,915,893

IFF and Subsidiaries

Consolidated Statements of Activities and Changes in Net Assets (Continued)
Years Ended December 31, 2016 and 2015

	2016	2015
Temporarily restricted:		
Program and operating grants	**$ 8,800,945**	$ 6,101,319
Loan capital grants	**500,000**	5,150,000
Interest income	**22,170**	26,188
Net assets released from restrictions - operating	**(3,458,139)**	(2,082,336)
Net assets released from restrictions - Pass through Grants	**(5,718,232)**	(9,489,636)
Net assets released from restrictions - loan capital grants	**(252,227)**	(4,949,887)
Net assets released from restrictions - capital (provision for loan losses)	**(1,460,051)**	(233,065)
Decrease in temporarily restricted net assets	**(1,565,534)**	(5,477,417)
(Decrease) increase in net assets	**(115,992)**	4,438,476
Net assets:		
Beginning of year	**82,772,913**	78,334,437
End of year	**$ 82,656,921**	$ 82,772,913

See notes to consolidated financial statements.

IFF and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended December 31, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
(Decrease) increase in net assets	**$ (115,992)**	$ 4,438,476
Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	**1,122,858**	541,143
Amortization expense for capitalized finance costs	**49,446**	48,628
Gain on the sale of foreclosed assets	**(116,151)**	(203,346)
Provision for loan losses	**1,460,051**	233,065
Unrealized (gain) loss on other assets and DOE restricted cash	**(118)**	44
Gain on sale of furniture, equipment and leasehold improvements	**(730)**	(600)
Changes in assets and liabilities:		
Grants receivable, other receivables, prepaids and deposits	**309,671**	843,661
Accrued interest receivable	**(270,763)**	(201,442)
Other assets	**(1,817)**	(213,436)
Accrued liabilities	**2,120,953**	896,953
Accrued interest payable	**297,229**	479,028
Net cash provided by operating activities	**4,854,637**	6,862,174
Cash flows from investing activities:		
Net change in Department of Education restricted cash and interest-bearing deposits in banks	**139,307**	139,566
Net change in other restricted cash and interest-bearing deposits in banks	**(3,189,082)**	5,302,946
Purchases of Federal Home Loan Bank Stock	**(77,000)**	-
Loan disbursements	**(107,428,498)**	(80,561,992)
Loan principal payments received	**57,313,219**	42,817,096
Sale of foreclosed assets	**332,682**	205,085
Net purchases of equipment and leasehold improvements	**(320,831)**	(919,008)
Purchase of properties owned by IFF and subsidiaries	**(11,733,049)**	(10,300,185)
Net cash used in investing activities	**(64,963,252)**	(43,316,492)
Cash flows from financing activities:		
Proceeds from deferred revenue grants	**1,770,419**	5,772,823
Use of proceeds from deferred revenue grants	**(584,474)**	(290,512)
Proceeds from Investor Consortium collateral trust notes	**46,467,491**	37,622,277
Repayment of Investor Consortium collateral trust notes	**(20,049,878)**	(11,062,564)
Proceeds from borrowings, equity equivalent borrowings, bond guarantee borrowings and participations payable	**73,750,357**	47,957,221
Repayment of borrowings, equity equivalent borrowings, bond guarantee borrowings and participations payable	**(32,871,584)**	(32,445,859)
Finance costs paid	**(40,929)**	(63,684)
Net cash provided by financing activities	**68,441,402**	47,489,702
Increase in cash and cash equivalents	**8,332,787**	11,035,384
Cash and cash equivalents:		
Beginning of year	**23,879,908**	12,844,524
End of year	**$ 32,212,695**	$ 23,879,908
Supplemental disclosure of cash flow information:		
Interest paid on borrowings	**$ 7,047,531**	$ 5,552,137
Supplemental schedule of noncash investing activities:		
Real estate acquired in settlement of loans	**$ 240,000**	$ 240,100
Sales of foreclosed assets financed by IFF	**$ 1,422,318**	$ 1,904,001

See notes to consolidated financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

IFF and Subsidiaries (IFF), an Illinois nonprofit corporation, is a community development financial institution (CDFI) serving nonprofit corporations in Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Ohio and Wisconsin. IFF makes below-market rate loans to nonprofit human service and community development agencies for the acquisition, construction, remodeling and renovation of facilities. IFF is also engaged in real estate development for nonprofit corporations and provides development planning, financial, and technical assistance. In addition, IFF undertakes research and public policy activities on behalf of the nonprofit corporations in its target market. IFF brings all of its skills, expertise and resources in finance, real estate, research and policy, to a comprehensive community development approach in low-income communities. Activities are primarily conducted from IFF's headquarters in Chicago (Illinois) with additional offices in Columbus (Ohio), Detroit (Michigan), Indianapolis (Indiana), Milwaukee (Wisconsin), Minneapolis (Minnesota), and St. Louis (Missouri). IFF opened its Minneapolis (Minnesota) office in November 2015 and the Columbus (Ohio) office in January 2016. IFF also has a staff person located in Kansas City (Missouri) that started in June 2016.

IFF conducts its activities in conjunction with its subsidiaries as follows:

IFF Real Estate Services, LLC
IFF Housing, LLC
4731 Delmar LLC (created in 2016)
IFF NMTC Senior Lender, LLC
Home First Illinois, LLC
IFF CILA Lease Program, LLC
IFF Pay for Success I, LLC
IFF Waukegan Market LLC
IFF Rockford Market LLC
IFF Von Humboldt, LLC (created in 2015)
IFF Quality Seats – Broadway, LLC (created in 2016)
IFF Hatchery, LLC (created in 2016)
Home First, LLC
Community Living Initiative, LLC
Access Peoria, LLC
Access Housing I MM, LLC
Access Housing I, LLC (through August 30, 2015)
Access West Cook I MM, LLC (created in 2015)
Access West Cook I, LLC (created in 2015)

IFF is the sole corporate member of the subsidiaries. IFF and the subsidiaries included in the consolidated financial statements are referred to individually and collectively as "IFF."

In addition, IFF has ownership interest in the following limited liability companies:

IFF Capital III LLC
IFF Capital IV LLC
IFF Capital V LLC
IFF Capital VI LLC
IFF Capital VII LLC
IFF Capital VIII LLC
IFF Capital IX LLC
IFF Capital X LLC (active in 2015)
IFF Capital XI LLC (active in 2015)
IFF Capital XII LLC (active in 2015)
IFF Capital XIII LLC (active in 2016)
IFF Capital XIV LLC (active in 2015)

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

IFF Capital XV LLC (active in 2015)
IFF Capital XVI LLC (active in 2015)
IFF Capital XVII LLC (active in 2016)
IFF Capital XVIII LLC (active in 2016)
Chase NMTC Erie Elementary Investment Fund LLC
Access Housing I, LLC (after August 30, 2015)

The accounts and activities of these limited liability companies are not included in these consolidated financial statements.

IFF Pay for Success I, LLC: This subsidiary serves as the program administrator for a Social Impact Bonds (SIBs) program with the City of Chicago to fund early childhood education services at Chicago Public School (CPS) sites. Social Impact Bonds allow government entities to write contracts that only pay out if specified target outcomes are achieved. Under the SIB model, investors provide the upfront capital necessary to operate a preventative intervention, in this case early childhood education services. The government then repays investors based on actual performance and observed success. The amount of the repayment is tied to the savings the government realizes from avoiding a negative or costly long-term outcome, in this case the cost of special education services. IFF serves as program administrator for the Social Impact Bond with a primary responsibility to oversee the flow of funds from investors to CPS, and coordinate repayment. IFF Pay for Success I, LLC is the borrowing entity that receives funds from the investors and lends these funds to City of Chicago under a loan and contract agreement. IFF Pay for Success I, LLC also manages the contracts for two third-party firms that will evaluate the success of the program and that will audit performance at each Child Parent Center (CPC) site. As of December 31, 2016 and 2015, the three investors have lent $9,620,597 and $5,108,221, respectively, of the $17,000,000 committed to the program, which is included in borrowings on the consolidated statements of financial condition. These investors have no recourse to IFF Pay for Success I, LLC only the “success payments” that are paid.

Significant accounting policies are described below.

Basis of accounting: These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenue and assets are recognized when earned, and expenses and liabilities are recognized when incurred. IFF follows accounting and reporting standards applicable to nonprofit organizations. For financial reporting purposes, IFF classifies its activities as unrestricted, temporarily, or permanently restricted based on the existence or absence of donor-imposed restrictions, as follows:

Unrestricted: Net assets that are not subject to donor-imposed restrictions. Items that affect (increase or decrease) this net asset category include revenue and expenses associated with the core activities of IFF. The consolidated statements of activities presents unrestricted support and revenue and expenses as either operating or capital, depending on the nature of the item. Capital activities are primarily related to grants intended for loans and provisions for loan losses.

Temporarily Restricted: IFF reports gifts of cash, grants and other assets as temporarily restricted if they are received with donor stipulations limiting the use of the donated assets. When a restriction is satisfied, temporarily restricted net assets are transferred to unrestricted net assets and are reported in the consolidated statements of activities as net assets released from restrictions.

Permanently Restricted: Net assets subject to donor-imposed restrictions which require that they be maintained permanently (in perpetuity) by IFF. IFF does not have any permanently restricted net assets.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Principles of consolidation: Accounting guidance on reporting of related entities requires nonprofit organizations with a controlling and economic interest in other organizations to consolidate those other organizations. Accordingly, the consolidated financial statements include the activities and accounts of the subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Various affiliated limited liability companies do not meet the criteria requiring consolidation and are therefore not included in the consolidated financial statements.

Accounting policies: IFF follows accounting standards established by the Financial Accounting Standards Board (FASB) to ensure consistent reporting of financial position, results of activities, and cash flows. References to generally accepted accounting principles in these disclosures are to the *FASB Accounting Standards Codification*™, sometimes referred to as the Codification or ASC.

Cash and cash equivalents: IFF considers all highly liquid deposit accounts in banks, including interest-bearing accounts with original maturities of three months or less at date of acquisition, to be cash and cash equivalents. IFF maintains bank deposit accounts that, at times, may exceed federally insured limits. IFF has not experienced any losses in such accounts. Management believes that IFF is not exposed to significant credit risk on cash and cash equivalents.

Department of Education restricted cash and interest-bearing deposits in banks: Restricted cash and interest-bearing deposits in banks related to the Department of Education Grant for Credit Enhancement are restricted for use in a certain program and are, therefore, included in temporarily restricted net assets. Restricted interest-bearing deposits in banks mature within one year and are generally recorded at cost.

Other restricted cash and interest-bearing deposits: Several grant and loan agreements require cash to be held in separate interest bearing accounts. This cash is restricted in its use and for those accounts that are from grant agreements, the interest earned on the cash becomes part of the restricted grant funds.

Grants and other receivables: Grants receivable are recorded in connection with amounts due from individuals, foundations and governmental agencies. Other receivables are generally recorded in connection with consulting contract fees due from unaffiliated nonprofit corporations. No allowance for uncollected receivables has been established because management considers all grants and other receivables to be fully collectible.

Loans receivable: IFF makes below-market rate loans to nonprofit agencies for capital projects. The loan portfolio consists principally of first and second mortgages on real property. Loan maturities are generally up to 15 years. Loans are secured, when possible, by a mortgage and are repaid on a monthly basis based on a repayment schedule, which includes principal and/or interest. Loans are stated at the amount of unpaid principal, reduced by an allowance for loan losses. Interest on loans is accrued over the term of the loan based on the amount of principal outstanding.

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 process of collection. Past due status is based on contractual terms of the loan. In all cases, loans are placed on nonaccrual of interest or charged-off at an earlier date if collection of principal or interest is considered doubtful.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

All interest accrued but not collected for loans that are placed on nonaccrual or charged-off is reversed against interest income. 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 the principal and interest amounts contractually due are brought current, the borrower has made at least six consecutive payments in accordance with terms of its agreement and future payments are reasonably assured. Loans renegotiated in troubled debt restructurings are those loans on which concessions in terms have been granted because of a borrower's financial difficulty.

Allowance for loan losses: The allowance for loan losses is established as losses are estimated to occur through a provision for loan losses charged to earnings. Loans are charged against the allowance for loan losses when management believes the uncollectibility of the principal 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 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. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance consists of allocated and general components. The allocated component relates to loans that are specifically identified and classified as impaired. For those loans that are classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers nonclassified loans and is based on historical charge-off experience and expected loss given default derived from IFF's internal risk rating process. Other adjustments may be made to the allowance for pools of loans after an assessment of internal or external influences on credit quality that are not fully reflected in the historical loss or risk rating data.

Loans are considered impaired when, based on current information and events, it is probable that IFF will not be able to collect all amounts due according to the contractual terms of the agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. The impairment is measured based on the present value of expected future cash flows or, alternatively, the observable market price of the loans or the fair value of the collateral. However, for those loans that are collateral-dependent and for which management has determined foreclosure is probable, the measure of impairment of those loans is to be based on the fair value of the collateral. The amount of impairment, if any, and any subsequent changes are included in the allowance for loan losses.

Troubled debt restructurings: A loan is classified as a troubled debt restructuring when a borrower is experiencing financial difficulties that leads to a borrower's inability to adhere to the terms of the loan agreement. In these instances, IFF grants concessions to the borrower which may include rate reductions, principal forgiveness, extension of maturity date, temporary adjustments for interest-only payments, capitalization of interest and/or other actions intended to minimize potential losses. Performance prior to the restructuring is considered when assessing whether the borrower can meet the new terms and may result in the loan being returned to accrual at the time of the restructuring or after a shorter performance period.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Transfers of financial assets: Transfers of financial assets are accounted for as sales only when the control over the financial assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from IFF - put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership, (2) the transferee obtains the right, free of conditions that constrain it from taking advantage of the right, to pledge or exchange the transferred assets, and (3) IFF does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity or the ability to unilaterally cause the holder to return specific assets.

Properties under development or owned by IFF subsidiaries: Aggregate property acquisitions and improvement costs in connection with IFF and IFF's subsidiaries of Home First Illinois, LLC, IFF CILA Lease Program, LLC, IFF Waukegan Market, LLC, IFF Rockford Market, LLC, Community Living Initiative, LLC, Access Peoria, LLC, IFF Von Humboldt, LLC, IFF Hatchery, LLC, Access West Cook I MM, LLC, IFF Quality Seats – Broadway, LLC, and Access Housing I, LLC (through August 30, 2015), are capitalized on the consolidated statements of financial position as an asset. Depreciation will be computed using the straight-line method over the estimated useful lives of the properties, when placed in service.

Federal Home Loan Bank Stock: IFF, as a member of the Federal Home Loan Bank of Chicago (FHLBC), is required to maintain an investment in capital stock of the FHLBC. FHLBC stock does not have a readily determinable fair value as ownership is restricted and there is no ready market for sales of this stock. As a result, this stock is carried at cost and evaluated periodically by management for impairment. Management reviews for impairment based on the ultimate recoverability of the cost basis in the FHLBC stock. No impairment was noted as of December 31, 2016 and 2015.

Foreclosed assets: Assets acquired through or in lieu of loan foreclosure are held for sale and are initially recorded at fair value less cost to sell at the date of foreclosure establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and changes in the valuation allowance are included in operating expenses on the consolidated statements of activities.

Furniture, equipment and leasehold improvements: Furniture, equipment and leasehold improvements are recorded at cost. Disbursements for additions and improvements to existing property in amounts over $1,500 are capitalized, while general maintenance and repairs are charged to expense. The cost and accumulated depreciation of items sold or retired are removed from the property and equipment account and any gain or loss upon disposition is recognized at that time. Provisions for depreciation are computed using the straight-line method over the five year estimated useful lives of the assets for furniture, equipment and software. The provision for depreciation of leasehold improvements has been computed using the lesser of the estimated useful life of the asset or the life of the lease.

Other assets: Capital contributions paid in exchange for managing member interests in certain limited liability companies are included in other assets on the consolidated statements of financial position, and are evaluated each quarter to adjust to IFF's equity balance in which IFF's share of the net income of the affiliates is recognized as income in IFF's consolidated statements of activities and added to the investment account, and distributions, if any, received from the affiliates are treated as a reduction of the investment account. IFF does not control these limited liability companies due to various rights held by other members.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Capitalized finance costs: Capitalized finance costs consist of legal fees and related costs from IFF leases which are amortized using the straight-line method over 5 to 15 years, depending on the term of the related lease. Costs are reported net of accumulated amortization of $8,970 and $7,143 at December 31, 2016 and 2015, respectively.

Sources of revenue: IFF receives a majority of its revenue from interest income on loans and from corporate, foundation and government grants. In accordance with the terms of the government grants, revenue is recognized as income in the contract period in which services are provided. Unearned revenue is reported as deferred in the consolidated statements of activities until earned in accordance with terms of the government grants or other agreements. IFF also receives consulting contract fees, which are in connection with providing real estate and research consulting services to nonprofits. These fees are recognized either when agreed-upon milestones per the contract are achieved or monthly on an expense reimbursement basis not to exceed the contract amount. IFF also receives rental income on the properties it has developed and owns.

Unrestricted and restricted support and revenue: Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions, in the period commitments are made by the donor. Contributions restricted for use in the loan program are classified as temporarily restricted. When a restriction expires, temporarily restricted net assets are reported as net assets released from restrictions, and reclassified to unrestricted net assets.

Pass through grant revenue and expense: IFF has received several grants in which a portion of the grant proceeds have been passed through to developers or other agencies for acquisition and improvement costs or other professional fees. Grantors fund the costs of the acquisition and improvements and budgeted professional fees, and IFF records temporarily restricted grant revenue when proceeds are received from the grantors. Amounts are released from restrictions when disbursements are made to the developers or agencies and a corresponding expense is recorded on the consolidated statements of activities in Pass through Grants.

Functional expenses: Operating expenses directly identified with a functional area are charged to that area and, where these expenses affect more than one area, they are allocated on the basis of ratios estimated by management.

Rentals and expenses: Base rentals due under IFF's leased facilities, net of rental incentives received, are recognized as rental expense on a ratable or straight-line basis over the lease term. The deferred rent liability, included in accrued liabilities on the consolidated statements of financial position, includes rental incentives received and is being amortized over the term of the lease as a reduction of rental expense.

Advertising: IFF expenses advertising costs as they are incurred. Advertising expenses, included in printing and marketing, were $43,682 and $27,714 for 2016 and 2015, respectively.

Income taxes: IFF is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and applicable state law, except for taxes pertaining to unrelated business income, if any.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

In accordance with the accounting standard on *Accounting for Uncertainty in Income Taxes*, IFF addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under this guidance, IFF may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of IFF and various positions related to the potential sources of unrelated business taxable income. There were no unrecognized unrelated business tax benefits identified or recorded as liabilities during 2016 and 2015. IFF is generally no longer subject to examination by the Internal Revenue Service and related state taxing authorities for years before 2013.

IFF files forms 990 in the U.S. federal jurisdiction and the state of Illinois. Access Peoria, LLC, Community Living Initiative, LLC, Home First, LLC, Home First Illinois, LLC, IFF CILA Lease Program, LLC, IFF Hatchery, LLC, IFF Housing, LLC, IFF Pay for Success I, LLC, IFF Quality Seats – Broadway, LLC, IFF Real Estate Services, LLC, IFF Rockford Market, LLC, IFF Von Humboldt LLC, IFF Waukegan Market, LLC, and 4731 Delmar LLC are disregarded as separate entities for income tax purposes and are, therefore, included within IFF's forms 990.

IFF NMTC Senior Lender is taxed as a C-corporation and files forms 1120 in the U.S. federal jurisdiction and the state of Missouri and form E-234 in the city of St. Louis. Access Housing I MM, LLC is taxed as a C-corporation and files forms 1120 in the U.S. federal jurisdiction and the state of Illinois. Access West Cook I MM, LLC is taxed as a C-corporation and files forms 1120 in the U.S. federal jurisdiction and the state of Illinois. Access West Cook I, LLC, 100 percent owned by Access West Cook I MM, LLC is consolidated and included on Access West Cook I MM, LLC tax returns.

Estimates: In preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions affecting the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The determination of the allowance for loan losses and fair value of foreclosed assets are material estimates that are particularly susceptible to significant change in the near term.

Reclassification: Certain amounts in the 2015 consolidated financial statements have been reclassified to conform to the 2016 presentation, with no impact on changes in net assets.

Recent accounting pronouncements: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606),* requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace the most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. Early adoption is not permitted. The updated standard will be effective for annual reporting periods beginning after December 15, 2018. IFF has not yet selected a transition method and the adoption of 2014-09 is not expected to have a material effect on IFF's consolidated financial statements or disclosures.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

In February 2015, the FASB issued ASU 2015-02, *Amendments to the Consolidation Analysis (Topic 810),* intending to improve targeted areas of consolidation guidance for legal entities such as limited partnerships, limited liability corporations, and securitization structures (collateralized debt obligations, collateralized loan obligations and mortgage-backed security transactions). The requirements are effective for fiscal years beginning after December 15, 2016. Early adoption is permitted, including adoption in an interim period. ASU 2015-02 may be applied retrospectively in previously issued financial statements for one or more years with a cumulative-effect adjustment to retained earnings as of beginning of the first year restated. The adoption of 2015-02 is not expected to have a material effect on IFF's consolidated financial statements or disclosures.

In April 2015, the FASB issued ASU 2015-03, *Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs.* This ASU requires that debt issuance costs related to a recognized debt liability be presented in the statement of financial position as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. IFF adopted this ASU for the financial statements as of December 31, 2016 and the adoption of this standard did not have a material effect on IFF's consolidated financial statements or disclosures.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities,* which makes limited amendments to the guidance on the classification and measurement of financial instruments. The new standard revises an entity's accounting related to (1) the classification and measurement of investments in equity securities and (2) the presentation of certain fair value changes for financial liabilities measured at fair value. It also amends certain disclosure requirements associated with the fair value of financial instruments. The amendments require equity investments to be measured at fair value, with changes in fair value recognized in net income. For financial liabilities that an entity has elected to measure at fair value in accordance with the fair value option, the amendments require an entity to present separately in other comprehensive income the portion of the change in fair value that results from a change in instrument-specific credit risk. IFF elected to early adopt for the year ended December 31, 2015, the amendment that no longer requires disclosure of fair value of financial instruments that are not measured at fair value and, as such, these disclosures are not included herein. The remainder of the guidance is effective for annual periods beginning after December 15, 2018. Upon adoption, entities will be required to make a cumulative-effect adjustment to the statement of financial position as of the beginning of the first reporting period in which the guidance is effective. Adoption of the remainder of this standard is not expected to have a material effect on IFF's consolidated financial statements or disclosures.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This ASU requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases. The guidance requires that a lessee recognized in the statement of financial position a liability to make lease payments and the right-of-use asset representing its right to use the underlying asset for the lease term. The liability will be equal to the present value of lease payments. The asset will be based on the liability, subject to adjustment such as initial direct cost. For statement of activity purpose, the guidance still requires leases to be classified as either operating or finance. The guidance will be effective for IFF for fiscal years beginning after December 15, 2019, and early adoption is permitted. IFF is currently evaluating the impact on the adoption of this guidance on IFF's consolidated financial statements.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of income as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. ASU 2016-13 is effective for IFF as of December 31, 2021. Early adoption is permitted for fiscal years beginning after December 15, 2018. IFF does not intend to early adopt. IFF is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, “net assets with donor restrictions” and “net assets without donor restrictions”, and expands disclosures about the nature and amount of any donor restrictions. ASU 2016-14 is effective for annual periods beginning after December 15, 2017, with early adoption permitted. IFF is currently evaluating the impact the adoption of this guidance will have on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. ASU 2016-15 provides guidance on how certain cash receipts and cash payments should be presented and classified in the statement of cash flows with the objective of reducing existing diversity in practice with respect to these items. ASU 2016-15 is effective for annual periods, and interim periods within those years, beginning after December 15, 2017. ASU 2016-15 will be effective for IFF on January 1, 2019. Early adoption is permitted. ASU 2016-15 requires a retrospective transition method. However, if it is impracticable to apply the amendments retrospectively for some of the issues, the amendments for those issues would be applied prospectively as of the earliest date practicable. IFF is currently evaluating the impact the adoption of this guidance will have on its consolidated statements of cash flows.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force),* which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. ASU 2016-18 will be effective for IFF beginning on January 1, 2019. ASU 2016-18 must be applied using a retrospective transition method with early adoption permitted. IFF does not intend to early adopt. The adoption of ASU 2016-18 is not expected to have a material impact on the consolidated financial statements.

Subsequent events: IFF has evaluated subsequent events for potential recognition and/or disclosure through April 27, 2017, the date these consolidated financial statements were available for issuance.

Note 2. Other Restricted Cash and Interest-Bearing Deposits

Several grant and loan agreements require cash to be held in separate interest bearing accounts. This cash is restricted in its use and maintained in separate accounts, which were as follows at December 31, 2016 and 2015:

	2016	2015
Investor Consortium reserves	$ 3,199,799	$ 2,331,386
Energy efficient loan loss reserve	105,905	191,584
Bond risk share reserve and collateralization reserve	1,843,365	357,000
Home First Illinois, LLC property reserves	1,008,611	975,149
Access Peoria, LLC property reserves	449,168	431,502
Community Living Initiative, LLC property reserves	13,008	-
Illinois Fresh Food Fund (IFFF)	1,890,202	1,036,426
Transit-Oriented Development Loan Fund (TOD)	2,072,931	2,070,860
Total	$ 10,582,989	$ 7,393,907

Investor Consortium reserves relates to Investor Consortium collateral trust notes, which are restricted for use as loss reserve in accordance with the Investor Consortium loan sales. Energy efficient loan loss reserve relates to the Chicago Metropolitan Agency for Planning (CMAP) Energy Efficiency program with IFF, which is restricted for loan loss reserves on qualified energy efficient loans made by IFF. Bond risk share reserve and collateralization reserve relates to the Bond Guarantee Program, which requires overcollateralization in a shared pool and cash collateral when loans' pledges are less than the outstanding borrowings. Home First Illinois, LLC property reserves relates to the various reserve accounts maintained for the Illinois Accessible Housing Initiative Program with the Illinois Housing Development Authority (IHDA). Access Peoria, LLC property reserves relates to the various reserve accounts maintained for the Access Peoria program with the Illinois Housing Development Authority (IHDA). Community Living Initiative, LLC property reserves relates to the various reserve accounts maintained. Illinois Fresh Food Fund (IFFF) includes proceeds received from the Illinois Department of Commerce and Economic Opportunity (DCEO) for this program. Transit-Oriented Development (TOD) Loan Fund relates to proceeds received from the Village of Oak Park and Housing and Urban Development (HUD) for establishing this fund. Restricted interest-bearing deposits are held in money market accounts and are carried at cost.

Note 3. Department of Education (DOE) Restricted Cash and Interest-Bearing Deposits in Banks

In 2005, IFF was awarded an $8,000,000 grant by the United States Department of Education (DOE) to enable IFF to facilitate long-term financing for charter schools. It also received a similar $10,000,000 grant in 2007. Grant funds are restricted for the purpose of providing credit enhancement support to bond or loan financing obligations of qualified charter schools. Performance agreements govern the use of the grants, set goals and objectives for the project, and permit IFF to recover certain personnel and administrative costs. Recoverable expenses for these grant projects in 2016 and 2015 were $154,477 and $153,256, respectively. Grant proceeds are maintained in DOE-permitted bank accounts. Interest earned on the grant proceeds are to be reinvested for future credit support. Interest earned was $15,170 and $13,646 in 2016 and 2015, respectively. The grant funds including interest thereon, as well as pledged amounts, are included in temporarily restricted net assets.

Note 3. Department of Education (DOE) Restricted Cash and Interest-Bearing Deposits in Banks (Continued)

Funds pledged by IFF for credit enhancement are associated with specific financing arrangements and are available to cure charter school payment defaults and delinquencies (if any), reducing the credit risk to the investor of any individual project. Unpledged funds have not yet been assigned to specific financing agreements and are available to be used to credit enhance future qualifying credits. Pledged and unpledged amounts under the grants, the cash for which is maintained in separate accounts, were as follows at December 31, 2016 and 2015:

	2016	2015
Pledged - $8 million DOE grant	$ 7,351,957	$ 7,350,594
Pledged - $10 million DOE grant	7,600,611	7,646,903
Total pledged	14,952,568	14,997,497
Unpledged - $8 million DOE grant	923,984	929,012
Unpledged - $10 million DOE grant	1,970,151	2,059,501
Total unpledged	2,894,135	2,988,513
Total	$ 17,846,703	$ 17,986,010

Recourse to IFF with regard to any bonds or loan financing issued is limited to the grant funds pledged in support of individual or pooled bond issues or loan financing (bonds or the loan financing are not an obligation of IFF). As of December 31, 2016, there have not been any payment defaults or delinquencies requiring utilization of the pledged funds.

Note 4. Grants Receivable, Other Receivables, Prepaids and Deposits

The total grants receivable, other receivables, prepaids and deposits at December 31, 2016 and 2015, consisted of the following:

	2016	2015
Grants receivable	$ 618,610	$ 1,928,089
Contract and other receivables	2,063,095	1,133,202
Prepaids and deposits	894,545	824,630
	$ 3,576,250	$ 3,885,921

The anticipated collection or realization of receivables, prepaids and deposits were as follows:

	2016	2015
Amounts receivable / realizable in less than one year	$ 2,567,509	$ 2,954,446
Amounts receivable / realizable in one to five years	458,691	331,425
Amounts receivable / realizable in over five years	550,050	600,050
	$ 3,576,250	$ 3,885,921

Note 5. Loans Receivable

Loans receivable at December 31, 2016 and 2015, were comprised of the following:

	2016	2015
Facility	$216,687,084	$179,561,077
Affordable housing	47,280,983	41,959,034
Equipment and vehicle	4,990,480	4,420,366
Pre-development	4,211,166	4,407,726
Other	32,070,706	23,930,850
	305,240,419	254,279,053
Allowance for loan losses	(10,923,509)	(9,799,689)
Loans receivable, net	$294,316,910	$244,479,364

All loans are underwritten after evaluating the borrower's operations. As part of the underwriting process IFF examines current and projected cash flows to determine the ability of the borrower to repay its obligations as agreed. All loans are primarily based on the identified cash flows of the borrower and though collateral is obtained to secure the loans; it is not a primary factor in the underwriting decision. The cash flows of the borrower, however, may not be as expected, and the collateral securing these loans may fluctuate in value. Most loans are secured by the assets being financed or other business assets such as accounts receivable or inventory. However, some short-term loans may be made on an unsecured basis.

Facility related loan credit is extended to borrowers for facility acquisition, construction, renovation/ rehabilitation, leased improvements and refinancing to expand programming. This also can be for facility improvement for major maintenance and repairs. Approximately 74 percent of outstanding facility loans are collateralized with mortgages in a first position lien and 12 percent are collateralized by mortgages with second position liens. The remaining 14 percent are collateralized by leasehold mortgages, UCCs and other liens.

Affordable housing loan credit is extended for the acquisition, construction, renovation/rehabilitation for single family or multi-family homes. Approximately 90 percent of outstanding affordable housing loans are collateralized with mortgages in a first position lien and 6 percent are collateralized by mortgages with second position liens. The remaining 4 percent are collateralized by other liens.

Equipment and vehicle loan credit is available for service owned vehicles, computers, furnishings and medical equipment. IFF generally requires the borrower to have an existing loan relationship with IFF. These loans are often cross-collateralized with the other existing loans of the borrower held by IFF.

Approximately 75 percent outstanding equipment and vehicle housing loans are collateralized with a UCC or vehicle title, 3 percent are collateralized with mortgages in a first position lien and 18 percent are collateralized by mortgages with second position liens. The remaining 4 percent are collateralized by leasehold mortgage or not secured.

Pre-development credit is provided to affordable housing developers to finance up-front project requirements such as site control, architectural, legal and financing costs. Approximately 29 percent of outstanding pre-development loans are collateralized with mortgages in a first position lien and 20 percent are collateralized by other liens. The remaining 51 percent are unsecured.

Note 5. Loans Receivable (Continued)

Other loans receivable consist of working capital loans, leverage loans for New Market Tax Credit transactions and other short-term loans secured by mortgages and vehicles or other assets. IFF generally requires the borrower to have an existing loan relationship with IFF. These loans are often cross-collateralized with the other existing loans of the borrower held by IFF. Approximately 82 percent of outstanding other loans are collateralized by other liens, 14 percent are collateralized by mortgages in a first position lien and the remaining 4 percent are collateralized by leasehold mortgages or unsecured.

The following table presents the contractual aging of the recorded investment in past due loans by loan segment as of December 31, 2016 and 2015:

	Current	31 - 60 Days Past Due	61 - 90 Days Past Due	90+ Days Past Due	Total	Nonaccruing Loans
December 31, 2016:						
Facility	$ 214,939,707	$ 1,519,392	$ -	$ 227,985	$ 216,687,084	$ 2,005,422
Affordable housing	47,093,058	-	-	187,925	47,280,983	315,907
Equipment and vehicle	4,889,830	14,544	-	86,106	4,990,480	289,629
Pre-development	4,211,166	-	-	-	4,211,166	257,136
Other	32,070,706	-	-	-	32,070,706	-
	$ 303,204,467	$ 1,533,936	$ -	$ 502,016	$ 305,240,419	$ 2,868,094
Nonaccruing loans	$ 2,346,686	$ 19,392	$ -	$ 502,016	$ 2,868,094	

	Current	31 - 60 Days Past Due	61 - 90 Days Past Due	90+ Days Past Due	Total	Nonaccruing Loans
December 31, 2015:						
Facility	$ 178,429,837	$ 706,841	$ -	$ 424,399	$ 179,561,077	$ 3,713,482
Affordable housing	41,897,313	-	-	61,721	41,959,034	344,428
Equipment and vehicle	4,416,532	-	-	3,834	4,420,366	270,904
Pre-development	4,407,726	-	-	-	4,407,726	307,961
Other	23,930,850	-	-	-	23,930,850	91,872
	$ 253,082,258	$ 706,841	$ -	$ 489,954	$ 254,279,053	$ 4,728,647
Nonaccruing loans	$ 4,238,693	$ -	$ -	$ 489,954	$ 4,728,647	

IFF utilizes an internal asset classification system as a means of reporting problem and potential problem loans. Under its risk rating system, IFF classifies problem and potential problem loans as “Watch List,” “Substandard,” and “Doubtful”.

Substandard loans include those characterized by the distinct possibility that IFF will sustain some loss if the deficiencies are not corrected. Loans classified as Doubtful have all the weaknesses inherent in those classified as Substandard with the added characteristic that the weaknesses present make collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable and improbable.

Loans that do not currently expose IFF to sufficient risk to warrant classification in one of the aforementioned categories, but possess an element of weakness that deserve management’s close attention are deemed to be Watch List. Risk ratings are updated any time the situation warrants.

Note 5. Loans Receivable (Continued)

The following tables present the risk category of loan segment based on the most recent analysis performed and the contractual aging as of December 31, 2016 and 2015:

	General Portfolio	Watch List	Substandard	Doubtful	Total
December 31, 2016:					
Facility	$ 195,169,078	$ 11,205,409	$ 8,164,330	$ 2,148,267	$ 216,687,084
Affordable housing	43,676,128	3,182,032	106,916	315,907	47,280,983
Equipment and vehicle	3,576,323	1,124,528	-	289,629	4,990,480
Pre-development	2,501,037	1,208,800	244,193	257,136	4,211,166
Other	31,772,342	224,283	-	74,081	32,070,706
	$ 276,694,908	$ 16,945,052	$ 8,515,439	$ 3,085,020	$ 305,240,419
Current	$ 276,680,364	$ 16,945,052	$ 7,015,439	$ 2,563,612	$ 303,204,467
Past Due 31-60 Days	14,544	-	1,500,000	19,392	1,533,936
Past Due 61-90 Days	-	-	-	-	-
Past Due 90 + Days	-	-	-	502,016	502,016
	$ 276,694,908	$ 16,945,052	$ 8,515,439	$ 3,085,020	$ 305,240,419

	General Portfolio	Watch List	Substandard	Doubtful	Total
December 31, 2015:					
Facility	$ 160,451,088	$ 10,487,186	$ 5,888,331	$ 2,734,472	$ 179,561,077
Affordable housing	38,924,848	2,057,332	976,854	-	41,959,034
Equipment and vehicle	2,679,869	1,317,515	152,078	270,904	4,420,366
Pre-development	4,099,765	-	-	307,961	4,407,726
Other	23,583,978	255,000	-	91,872	23,930,850
	$ 229,739,548	$ 14,117,033	$ 7,017,263	$ 3,405,209	$ 254,279,053
Current	$ 229,739,548	$ 14,016,310	$ 6,349,424	$ 2,976,976	$ 253,082,258
Past Due 31-60 Days	-	100,723	606,118	-	706,841
Past Due 61-90 Days	-	-	-	-	-
Past Due 90 + Days	-	-	61,721	428,233	489,954
	$ 229,739,548	$ 14,117,033	$ 7,017,263	$ 3,405,209	$ 254,279,053

Note 5. Loans Receivable (Continued)

Activity in the allowance for loan losses for the years ended December 31, 2016 and 2015, was as follows:

	Facility	Affordable Housing	Equipment and Vehicle	Pre-Development	Other	Total
December 31, 2016:						
Beginning balance	$ 7,872,453	$ 711,516	$ 249,599	$ 879,241	$ 86,880	$ 9,799,689
Provision for loan losses	1,224,949	292,655	79,683	(147,008)	9,772	1,460,051
Charge-offs	(329,969)	-	-	-	(6,262)	(336,231)
Recoveries	-	-	-	-	-	-
Ending balance	$ 8,767,433	$ 1,004,171	$ 329,282	$ 732,233	$ 90,390	$ 10,923,509
Allowance for loan losses:						
Allocated	$ 1,523,036	$ 176,020	$ 187,868	$ 257,136	$ -	$ 2,144,060
General	7,244,397	828,151	141,414	475,097	90,390	8,779,449
	$ 8,767,433	$ 1,004,171	$ 329,282	$ 732,233	$ 90,390	$ 10,923,509
Loans:						
Impaired loans	$ 3,068,215	$ 422,823	$ 289,629	$ 257,136	$ 74,081	$ 4,111,884
Non-impaired loans	213,618,869	46,858,160	4,700,851	3,954,030	31,996,625	301,128,535
	$ 216,687,084	$ 47,280,983	$ 4,990,480	$ 4,211,166	$ 32,070,706	$ 305,240,419

	Facility	Affordable Housing	Equipment and Vehicle	Pre-Development	Other	Total
December 31, 2015:						
Beginning balance	$ 7,771,903	$ 795,613	$ 347,085	$ 1,142,579	$ 56,187	$ 10,113,367
Provision for loan losses	479,060	(84,097)	(97,486)	(95,105)	30,693	233,065
Charge-offs	(378,760)	-	-	(168,233)	-	(546,993)
Recoveries	250	-	-	-	-	250
Ending balance	$ 7,872,453	$ 711,516	$ 249,599	$ 879,241	$ 86,880	$ 9,799,689
Allowance for loan losses:						
Allocated	$ 1,521,608	$ -	$ 137,369	$ 307,961	$ 6,262	$ 1,973,200
General	6,350,845	711,516	112,230	571,280	80,618	7,826,489
	$ 7,872,453	$ 711,516	$ 249,599	$ 879,241	$ 86,880	$ 9,799,689
Loans:						
Impaired loans	$ 4,210,218	$ 406,396	$ 270,904	$ 307,961	$ 91,872	$ 5,287,351
Non-impaired loans	175,350,859	41,552,638	4,149,462	4,099,765	23,838,978	248,991,702
	$ 179,561,077	$ 41,959,034	$ 4,420,366	$ 4,407,726	$ 23,930,850	$ 254,279,053

Note 5. Loans Receivable (Continued)

Impaired loan information as of December 31, 2016 and 2015, is as follows:

	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated	Average Recorded Investment	Interest Income Recognized	Cash Basis Interest Income Recognized
December 31, 2016:						
With no related allowance recorded:						
Facility	$ 276,774	$ 276,774	$ -	$ 452,422	$ 38,154	$ 34,250
Affordable housing	187,739	187,739	-	198,740	-	-
Equipment and vehicle	-	-	-	-	-	-
Pre-development	-	-	-	-	-	-
Other	74,081	74,081	-	84,261	3,917	3,496
	538,594	538,594	-	735,423	42,071	37,746
With an allowance recorded:						
Facility	2,791,441	2,791,441	1,523,036	2,986,572	107,869	100,180
Affordable housing	235,084	235,084	176,020	254,185	5,851	5,405
Equipment and vehicle	289,629	289,629	187,868	332,638	24,660	24,251
Pre-development	257,136	257,136	257,136	273,559	-	-
Other	-	-	-	1,044	-	-
	3,573,290	3,573,290	2,144,060	3,847,998	138,380	129,836
	$ 4,111,884	$ 4,111,884	$ 2,144,060	$ 4,583,421	$ 180,451	$ 167,582

	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated	Average Recorded Investment	Interest Income Recognized	Cash Basis Interest Income Recognized
December 31, 2015:						
With no related allowance recorded:						
Facility	$ 1,773,610	$ 1,773,610	$ -	$ 991,476	$ 82,786	$ 80,561
Affordable housing	406,396	406,396	-	389,462	5,519	5,519
Equipment and vehicle	-	-	-	-	-	-
Pre-development	-	-	-	-	-	-
Other	85,610	85,610	-	93,611	-	-
	2,265,616	2,265,616	-	1,474,549	88,305	86,080
With an allowance						
recorded:	2,436,608	2,436,608	1,521,608	2,563,963	62,433	59,834
Facility	-	-	-	-	-	-
Affordable housing	270,904	270,904	137,369	295,154	16,102	16,102
Equipment and vehicle	307,961	307,961	307,961	394,878	1,421	1,421
Pre-development	6,262	6,262	6,262	4,697	-	-
Other	3,021,735	3,021,735	1,973,200	3,258,692	79,956	77,357
	$ 5,287,351	$ 5,287,351	$ 1,973,200	$ 4,733,241	$ 168,261	$ 163,437

Note 5. Loans Receivable (Continued)

One loan and six loans were modified during the years ended December 31, 2016 and 2015, respectively, which were identified as troubled debt restructurings. These modifications resulted in one or a combination of the following: temporary adjustments for interest-only payments, release of collateral, capitalized interest and partial deferral of interest. The pre and post modification balance of the loans modified in 2016 were $147,601. The pre and post modification balance of the loans modified in 2015 were $1,522,444 and $1,551,352, respectively. There were no charge–offs recorded for the years ended December 31, 2016 and 2015 as a result of these modifications.

At December 31, 2016 and 2015, there were $3,152,542 and $3,837,100 of loans identified as troubled debt restructurings, respectively. At December 31, 2016 and 2015, there were $128,167 and $196,214, respectively, of these troubled debt restructurings that were 90 days or more delinquent.

Loans carried at $155,623,647 and $121,107,899 were pledged to secure borrowings as of December 31, 2016 and 2015, respectively.

At December 31, 2016, scheduled loan receipts due in the next year are expected to be approximately $15,460,337.

IFF is party to financial instruments with off-balance-sheet risk in the normal course of operations to meet the financing needs of its borrowers. These financial instruments include commitments to extend credit. They involve, to varying degrees, elements of credit risk in excess of the amount recognized in the consolidated statements of financial condition. IFF's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit is represented by the contractual amount of those instruments. IFF uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

IFF's undisbursed loan commitments as of December 31, 2016 and 2015 were $55,596,471 and $76,819,593, respectively. See Notes 9 and 10 for a summary of undrawn debt commitments that would be used to fund undisbursed loans

Commitments to extend credit are agreements to lend to a borrower as long as there is no violation of any condition established in the loan contract. IFF evaluates each borrower’s creditworthiness on a case-by-case basis. The amount of collateral obtained is based on management's credit evaluation of the borrower.

Note 6. Properties Owned by IFF and IFF's Subsidiaries

Properties owned by IFF and IFF's subsidiaries at December 31, 2016 and 2015, were comprised of the following:

	1 - 4 Units	Group Homes	School Campus	Grocery Stores	Other	Total
December 31, 2016:						
Home First Illinois, LLC	$ 14,174,624	$ -	$ -	$ -	$ -	$ 14,174,624
IFF CILA Lease Program, LLC	-	2,062,975	-	-	-	2,062,975
IFF Waukegan Market LLC	-	-	-	3,405,461	-	3,405,461
IFF Rockford Market LLC	-	-	-	3,009,872	-	3,009,872
Community Living Initiative, LLC	-	1,895,284	-	-	-	1,895,284
Access Peoria, LLC	3,409,247	-	-	-	-	3,409,247
IFF Von Humboldt, LLC	-	-	3,309,699	-	-	3,309,699
IFF Hatchery, LLC	-	-	-	-	1,446,633	1,446,633
Access West Cook I MM, LLC	1,116,395	-	-	-	-	1,116,395
IFF Quality Seats - Broadway, LLC	-	-	5,061,691	-	-	5,061,691
	18,700,266	3,958,259	8,371,390	6,415,333	1,446,633	38,891,881
Less accumulated depreciation	(950,888)	(153,496)	(45,966)	(196,653)	-	(1,347,003)
	$ 17,749,378	$ 3,804,763	$ 8,325,424	$ 6,218,680	$ 1,446,633	$ 37,544,878

	1 - 4 Units	Group Homes	School Campus	Grocery Stores	Other	Total
December 31, 2015:						
Home First Illinois, LLC	$ 13,373,116	$ -	$ -	$ -	$ -	$ 13,373,116
IFF CILA Lease Program, LLC	-	2,062,975	-	-	-	2,062,975
IFF Waukegan Market LLC	-	-	-	3,236,265	-	3,236,265
IFF Rockford Market LLC	-	-	-	2,940,497	-	2,940,497
Community Living Initiative, LLC	-	373,824	-	-	-	373,824
Access Peoria, LLC	1,869,796	-	-	-	-	1,869,796
IFF Von Humboldt, LLC	-	-	3,207,359	-	-	3,207,359
IFF Hatchery, LLC	-	-	-	-	95,000	95,000
	15,242,912	2,436,799	3,207,359	6,176,762	95,000	27,158,832
Less accumulated depreciation	(429,627)	(101,921)	-	(25,133)	-	(556,681)
	$ 14,813,285	$ 2,334,878	$ 3,207,359	$ 6,151,629	$ 95,000	$ 26,602,151

In 2011, Home First Illinois, LLC was awarded a $5,000,000 grant by IHDA to enable Home First Illinois to purchase and rehabilitate 20 properties under the Illinois Accessible Housing Initiative program. In 2013, it was awarded another $10,000,000 to purchase and rehabilitate 50 properties. Grant and regulatory agreements restrict the use of the funds, set objectives and requirements for the projects, and provide IFF with funds for its holding costs and direct costs. When improvements are complete, Home First Illinois will rent the units to qualified individuals and manage the properties through a management company.

Home First Illinois completed the renovations in 2016 and all 70 units were available to be rented. Depreciation expense taken on the units rented for the years ended December 31, 2016 and 2015, was $435,219 and $265,380, respectively.

Note 6. Properties Owned by IFF and IFF's Subsidiaries (Continued)

IHDA grant funds are secured by a non-interest bearing mortgage on each property. Home First Illinois is required to comply with the terms of the grant and regulatory agreements, and grant amounts are required to be repaid to IHDA only upon the occurrence of a default, but otherwise are to be forgiven by IHDA on dates 30 years after property acquisition. Home First Illinois intends to hold and manage the properties for the 30-year term and believes there is reasonable assurance that it will meet the terms of the forgiveness which is to hold the properties for the thirty year period and use the facilities for the disadvantaged; therefore, will recognize grant amounts as revenue ratably over the expected life of each property, once placed in service and in proportion to depreciation expense. The unamortized grant amounts are therefore recorded as a deferred revenue liability on the consolidated statements of financial position. Home First Illinois records grant amounts received, accumulating $12,603,055 and $11,569,986, as of December 31, 2016 and 2015, respectively, as deferred revenue and amortizes amounts to revenue ratably over the expected life of the properties, once placed in service. Amounts amortized into revenue for 2016 and 2015 were $435,219 and $265,380, respectively. Home First Illinois recorded temporarily restricted grant revenue in the years ended December 31, 2016 and 2015, totaling $464,056 and $381,492, respectively, for developing the properties, establishing reserves, and for other certain property and project costs. These amounts are released from restriction when utilized for the restricted purpose. For the years ended December 31, 2016 and 2015, $529,329 and $434,698, respectively, were released from restrictions.

IFF CILA (Community Integrated Living Arrangement) Lease Program, LLC works with a third party to acquire property to be used as group homes for people with developmental disabilities. An agreement to purchase up to 10 homes has been made. IFF Real Estate Services, LLC purchases and develops the homes and then sells them to IFF CILA Lease Program, LLC, who leases them to the third party, whose intent is to purchase the facilities when economically feasible. The affiliate is typically able to secure State of Illinois funding for all clients prior to beginning operations in a newly-purchased and renovated home. From the point of site purchase, the average time to securing funding and occupying a home is 90 days. Individuals receive assistance for all their activities of daily living from a professional in-home support team on a 24/7 basis. Clients living in the affiliate's residential homes receive funding from the State of Illinois Department of Human Services. This funding, combined with the client's public aid and social security income, comprises the affiliate's support for site operations and maintenance. Individuals utilizing the homes in this program experience the responsibilities of community living and enjoy ample opportunities for personal growth. Services and supports are tailored to meet each individual's specific needs and wishes.

IFF Real Estate Services Department had acquired and developed 6 group homes by the end of 2014, and these houses have been sold to IFF CILA Lease Program, LLC and leased to a third party, the group home operator. These properties will be depreciated over 40 years using the straight-line method. Depreciation expense taken on the group homes was $51,574 for each of the years ended December 31, 2016 and 2015. For the years ended December 31, 2016 and 2015, net property costs were $1,909,479 and $1,961,054, respectively.

IFF Waukegan Market, LLC financed and developed a full service grocery store to provide access to healthy food in Waukegan, Illinois. It used financing from IFF and grant funds received from the Illinois Department of Commerce and Economic Opportunity (DCEO) for the Illinois Fresh Food Fund (IFFF) program. Save-A-Lot and Save-A-Lot Licensee lease and manage the grocery store. For the years ended December 31, 2016 and 2015, total accumulated property costs were $3,405,461 and $3,236,265, respectively. This property is depreciated over 39 years using the straight-line method. Depreciation expense taken on the grocery store for the year ended December 31, 2016 was $87,319. No depreciation expense was taken for the year ended December 31, 2015 as the store opened in January 2016. For the years ended December 31, 2016 and 2015, net property costs were $3,318,142 and $3,236,265, respectively.

Note 6. Properties Owned by IFF and IFF's Subsidiaries (Continued)

IFF Rockford Market LLC financed and developed a full service grocery store to provide access to healthy food in Rockford, Illinois. It used financing from IFF and grant funds received from the Illinois Department of Commerce and Economic Opportunity (DCEO) for the Illinois Fresh Food Fund (IFFF) program and from the City of Rockford. Save-A-Lot and Save-A-Lot Licensee lease and manage the grocery store. For the years ended December 31, 2016 and 2015, total accumulated property costs were $3,009,872 and $2,940,497, respectively. This property is depreciated over 39 years using the straight-line method. Depreciation expense taken for the years ended December 31, 2016 and 2015 was $84,201 and $25,133, respectively. For the years ended December 31, 2016 and 2015, net property costs were $2,900,538 and $2,915,364, respectively. The store opened in September 2015.

Community Living Initiative, LLC is financing, developing and owning group homes throughout Illinois to lease them to State selected and monitored service providers. The first phase of this project will consist of 10 homes and will be funded from a loan from the Illinois Housing Development Authority and loans from IFF. For the years ended December 31, 2016 and 2015, total accumulated property costs were $1,895,284 and $373,824, respectively. For the years ended December 31, 2016 and 2015, five and two homes have been purchased, respectively, in these years. For the year ended December 31, 2016, one home has been completed and rented out. No depreciation was taken for the years ended December 31, 2016 and 2015.

Access Peoria, LLC developed eight accessible duplexes on vacant lots in Peoria, Illinois. Funding for this program came from Local Initiatives Support Corporation (LISC) using National Foreclosure Settlement funds from the Illinois Attorney General, a Community Development Block Grant from the Illinois Housing Development Authority (IHDA), City of Peoria, and several other funders. IHDA grant funds are secured by a non-interest bearing mortgage on each property. Access Peoria is required to comply with the terms of the grant and regulatory agreements, and grant amounts are required to be repaid to IHDA only upon the occurrence of a default, but otherwise are to be forgiven by IHDA on dates 30 years after property acquisition. IHDA grants received in connection with the program are in effect forgivable loans. Access Peoria intends to hold and manage the properties for the 30-year term and believes there is reasonable assurance that it will meet the terms of the forgiveness. The unamortized grant amounts are therefore recorded as a deferred revenue liability on the consolidated statements of financial position. Access Peoria records grant amounts received, accumulating $2,577,638 and $1,840,288, as of December 31, 2016 and 2015, respectively, as deferred revenue and amortizes amounts to revenue ratably over the expected life of the properties, once placed in service. The unamortized grant amounts are therefore recorded as a deferred revenue liability on the consolidated statements of financial position. Amounts amortized into revenue for 2016 were $65,054. No amounts were amortized into revenue for 2015. All units are available to be rented by the end of December 31, 2016. Access Peoria recorded temporarily restricted grant revenue in the years ended December 31, 2016 and 2015, totaling $416,288 and $61,214, respectively, for developing the properties, establishing reserves, and for other certain property and project costs. These amounts are released from restriction when utilized for the restricted purpose. For the years ended December 31, 2016 and 2015, $100,353 and $24,871, respectively, were released from restrictions. The properties are depreciated over 39 years using the straight-line method. Depreciation expense taken for the year ended December 31, 2016, was $86,042. No depreciation was taken for the year ended December 31, 2015. For the years ended December 31, 2016 and 2015, net property costs were $3,323,205 and $1,869,796, respectively.

Note 6. Properties Owned by IFF and IFF's Subsidiaries (Continued)

IFF Von Humboldt, LLC is financing, developing and owning and repurposing the former DeDuprey/Von Humboldt main school building site in Chicago. It is working with and identifying several partners for the project. Through a competitive real estate bid process with the Chicago Board of Education of the City of Chicago, IFF Von Humboldt LLC purchased this site for the purpose of repurposing the site into housing targeted to school teachers with a mix of studios, one- and two-bedroom units at an affordable rate with the balance made available to the general public. Other key components include space dedicated to educational uses aligned with the principles of the Community as a Campus model created by the PRCC/Alternative Schools Network and the Center for Educational Excellence Model created by the Seawall Development Group. As of December 31, 2016 and 2015, total accumulated acquisition and development costs were $3,309,699 and $3,207,359, respectively. The property is still under development.

IFF Hatchery, LLC is to develop and build a new food business incubator with two partners in Chicago's East Garfield Park community. Called the Hatchery, the 100,000-square-foot facility will be designed to serve 50-75 young or growing food and beverage companies in need of food-grade, flexible space. Funding sources will include its partners' equity, New Markets Tax Credits (NMTCs), Tax Increment Financing (TIF) money, debt and donations. IFF will serve as developer for the two-year project. The public-private partnership, which brings together government, corporate and nonprofit resources, will create jobs and provide tax revenue for the community. As of December 31, 2016 and 2015, total accumulated acquisition and development costs were $1,446,633 and $95,000, respectively. The property is still under development.

Access West Cook I MM, LLC was created when Home First, LLC was awarded an allocation of Low-Income Housing Tax Credits from IHDA to acquire and develop 50 units of integrated rental housing for people with disabilities across the communities in Illinois of Bellwood, Berwyn, Forest Park and Maywood. These communities are members of the West Cook County Housing Collaborative. It is expected that approximately nineteen vacant, foreclosed two-to four flats will be acquired and fully rehabilitated. Approximately five new buildings will be constructed on vacant land, designed to complement existing housing stock. At least 10 percent of units will be accessible for wheelchair users, and all units will incorporate energy star appliances and other features to promote energy efficiency. Committed financing sources for this $18 million project include Low Income Housing Tax Credits (equity investor partner to be determined), HUD Choice Communities Challenge Grant TOD Funds, Cook County HOME Funds, Federal Home Loan Bank of Chicago AHP Grant, and IFF loans. As of December 31, 2016, seven properties have been acquired and total project costs incurred are $1,116,395. There was no activity and depreciation expense incurred in 2015.

IFF Quality Seats – Broadway, LLC was created in 2016 to finance and own a former office building that it rehabbed into a charter school located in Kansas City, Missouri. The 38,750 square foot building was built in 1954 as a three story office building with a finished lower level. The building is leased to a charter school operator and is currently serving students in the K-2 grades. For the year ended December 31, 2016, property costs incurred were $5,061,691. This property is depreciated over 39 years using the straight-line method. Depreciation expense taken for the year ended December 31, 2016 was $45,996. For the year ended December 31, 2016, net property costs were $5,015,725. The school opened in the fall of 2016 and there were no property costs and depreciation expense incurred in 2015.

Note 7. Foreclosed Assets

An analysis of foreclosed assets as of December 31, 2016 and 2015, was as follows:

	2016	2015
Foreclosed assets, beginning	$ 1,900,100	$ 3,473,312
Acquired through or in lieu of foreclosure	240,000	240,100
Sale proceeds of foreclosed assets not financed by IFF	(332,682)	(205,085)
Sale proceeds of foreclosed assets financed by IFF	(1,422,318)	(1,904,001)
Gain on sales	114,900	203,346
Deferred gain on sales, net of change in valuation allowance	140,000	92,428
Foreclosed assets, ending	$ 640,000	$ 1,900,100

Two and three properties, respectively, make up the balances for the years ended December 31, 2016 and 2015. One new property was added each year during 2016 and 2015, into foreclosed assets. Two and three properties were sold during 2016 and 2015, respectively. IFF recorded a net gain of $114,900 and $203,346 on the sale of foreclosed properties in 2016 and 2015, respectively. The gain is recorded in the consolidated statements of activities in gain on sale of property and equipment. IFF also recorded a deferred gain of $140,000 and $92,428 on the sale of one property in 2016 and 2015, respectively. The deferred gains are recorded in the consolidated statements of financial position in accrued liabilities. IFF recognized $1,251 in 2016 from the deferred gain recorded in 2015. This gain is recorded in the consolidated statements of activities in gain on sale of property and equipment.

Activity in the valuation allowance as of December 31, 2016 and 2015, consisted of:

	2016	2015
Beginning balance	$ 66,588	$ 121,720
Reductions from sales proceeds financed by IFF	(66,588)	-
Reductions from sales proceeds not financed by IFF	-	(55,132)
Ending balance	$ -	$ 66,588

Rent collected on foreclosed assets for 2016 and 2015 was $377,262 and $160,731, respectively. These amounts are recorded in the consolidated statements of activities as rental income. Foreclosed asset expenses, which are recorded in the consolidated statements of activities in other operating expenses, were $103,872 and $88,478 for 2016 and 2015, respectively.

Note 8. Furniture, Equipment and Leasehold Improvements

Furniture, equipment and leasehold improvements at December 31, 2016 and 2015, were comprised as follows:

	2016	2015
Furniture, equipment and software	$ 3,573,687	$ 3,490,491
Leasehold improvements	757,722	662,646
	4,331,409	4,153,137
Less accumulated depreciation and amortization	(3,116,122)	(2,926,875)
	$ 1,215,287	$ 1,226,262

Depreciation and amortization expenses for 2016 and 2015 were $332,534 and $199,056, respectively. IFF retired furniture and equipment with a net book value of zero in 2016 and 2015 totaling $143,287 and $10,305, respectively. IFF sold one piece of furniture in 2016 which resulted in a gain of $730 and one piece of equipment and one piece of furniture which resulted in a gain of $600 in 2015. These gains are recorded in the consolidated statements of activities in gain on sale of property and equipment. New additions in 2016 consisted of furniture and equipment of $226,483 and leasehold improvements of $95,076. New additions in 2015 consisted of furniture and equipment of $698,668 and leasehold improvements of $220,940.

Note 9. Borrowings, Equity Equivalent Borrowings and Bond Guarantee Program Borrowings

Borrowings and bond guarantee program borrowings indicated with an * are secured by loans and/or other assets of IFF. All other borrowings are unsecured. Equity Equivalent Investments are subordinated to IFF's other borrowings. The interest rate as of December 31, 2016, is listed for borrowings where the Annual Rate is a variable.

Capitalized finance costs, which is a contra liability amount, consist of legal fees and related costs incurred in acquiring the loans payable. These costs are amortized using the straight-line method over 3 to 25 years, depending on the term of the related loans payable. Borrowings are reported net of the net cost of the financing fees of $168,318 and $183,990 at December 31, 2016 and 2015, respectively. Amortization expense for the years ended December 31, 2016 and 2015 are $29,192 and $27,237 respectively. New finance costs incurred for the years ended December 31, 2016 and 2015 were $13,520 and $73,124, respectively. Cumulative totals of finance costs, which are those not net of accumulated amortization, are $329,523 and $316,003 for the years ended December 31, 2016 and 2015, respectively.

Note 9. Borrowings, Equity Equivalent Borrowings and Bond Guarantee Program Borrowings (Continued)

IFF borrowings consisted of the following:

Lender	Maturity Date	Scheduled Repayments Principal Amount	Principal Due	Interest Annual Rate	Interest Due	Principal Balance at December 31, 2016	Principal Balance at December 31, 2015
Bank of America	11/7/2018	$ 2,500,000 3,000,000	11/07/17 11/07/18	3.750%	Quarterly	$ 5,500,000	$ 8,000,000
Bank of America	12/15/2023	$ 2,000,000 1,500,000 1,125,820	12/15/20 12/15/22 12/15/23	1.000%	Quarterly	4,625,820	4,625,820
The Blowitz-Ridgeway Foundation	7/1/2016	$ 5,000	Quarterly	2.750%	Quarterly	-	10,000
The Blowitz-Ridgeway Foundation	7/1/2017	$ 5,000	Quarterly	2.750%	Quarterly	10,000	30,000
The Blowitz-Ridgeway Foundation	7/1/2018	$ 5,000	Quarterly	2.750%	Quarterly	30,000	50,000
The Blowitz-Ridgeway Foundation	7/31/2019	$ 5,000	Quarterly	2.750%	Quarterly	50,000	70,000
The Blowitz-Ridgeway Foundation	6/1/2020	$ 5,000	Quarterly	2.750%	Quarterly	65,000	85,000
The Blowitz-Ridgeway Foundation	6/1/2021	$ 5,000	Quarterly	2.750%	Quarterly	90,000	-
Calvert Social Investment Foundation	6/19/2020	Balance	Maturity	2.750%	Quarterly	6,700,000	6,700,000
Central Bank of Kansas City CDE VIII, LLC	11/30/2033	Per schedule	Annually starting 12/1/18	5.10937%	Annually	7,767,096	7,767,096
Chase New Markets Corporation	4/28/2018	Balance	Maturity	4.000%	Monthly	9,500,000	9,500,000
JPMorgan Chase Bank	12/16/2021	Per schedule	Monthly starting 1/1/2019	4.053%	Monthly	20,000,000	-
Circle of Service Foundation	9/30/2020	Amortized over fifteen years	Quarterly	3.000%	Quarterly	366,947	458,050
Circle of Service Foundation	3/31/2021	Amortized over fifteen years	Quarterly	3.000%	Quarterly	412,703	502,425
		Total carried forward				55,117,566	37,798,391

Note 9. Borrowings, Equity Equivalent Borrowings and Bond Guarantee Program Borrowings (Continued)

		Scheduled Repayments				Principal Balance at	Principal Balance at
		Principal		Interest			
Lender	Maturity Date	Amount	Due	Annual Rate	Due	December 31, 2016	December 31, 2015
		Total brought forward				$ 55,117,566	$ 37,798,391
Community First Fund Federal Home Loan Bank	10/8/2024	Balance	Maturity	2.350%	Monthly	10,000,000	10,000,000
Deaconess Foundation	12/31/2017	Balance	Maturity	3.000%	Quarterly	250,000	250,000
Everence Community Investments, Inc.	8/15/2016	Balance	Maturity	3.000%	Quarterly	-	500,000
*Federal Home Loan Bank	5/30/2023	Balance	Maturity	2.640%	Monthly	2,000,000	2,000,000
*Federal Home Loan Bank	8/25/2031	Balance	Maturity	2.570%	Monthly	5,000,000	-
Goldman Sachs Social Impact Fund, LP	12/31/2027	Per schedule	Maturity	5.000%	Per schedule	4,233,063	2,247,617
Harris Trust and Savings Bank (BMO Harris)	10/1/2019	$ 31,250	Quarterly	3.250%	Quarterly	343,750	500,000
Illinois Housing Development Authority	4/1/2033	To be forgiven	1/15 Annually starting 5/1/2018	None	NA	570,814	-
The Kresge Foundation	4/30/2022	Per Schedule	Quarterly	3.000%	Quarterly	3,181,826	3,706,089
The Kresge Foundation	9/30/2026	Per Schedule	Quarterly	2.000%	Quarterly	3,000,000	-
Living Cities Catalyst Fund LLC	3/15/2018	$ 1,500,000 1,500,000	3/15/2017 3/15/2018	3.500%	Quarterly	3,000,000	3,000,000
Mercy Investment Services, Inc.	12/31/2018	Balance	Maturity	3.000%	Quarterly	1,000,000	1,000,000
The Northern Trust Company	1/3/2016	Balance	Maturity	2.000%	Quarterly	-	2,500,000
The Northern Trust Company	1/2/2017	Balance	Maturity	3.000%	Semi-annually	-	2,000,000
		Total carried forward				87,697,019	65,502,097

Note 9. Borrowings, Equity Equivalent Borrowings and Bond Guarantee Program Borrowings (Continued)

Lender	Maturity Date	Scheduled Repayments – Principal – Amount	Scheduled Repayments – Principal – Due	Scheduled Repayments – Interest – Annual Rate	Scheduled Repayments – Interest – Due	Principal Balance at December 31, 2016	Principal Balance at December 31, 2015
		Total brought forward				$ 87,697,019	$ 63,502,097
The Northern Trust Company	12/31/2027	Per schedule	Maturity	2.000%	Per schedule	3,078,591	1,634,631
The Northern Trust Company	5/12/2021	Balance	Maturity	2.000%	Semi-annually	4,500,000	-
The Northern Trust Company	11/4/2021	Balance	Maturity	2.000%	Semi-annually	5,000,000	-
Opportunity Finance Network	3/29/2019	Balance	Maturity	3.000%	Quarterly	5,000,000	5,000,000
PNC Bank	11/3/2021	Balance	Maturity	2.775%	Quarterly	4,000,000	4,000,000
Portico Benefit Services	11/1/2020	Balance	Maturity	2.750%	Quarterly	1,000,000	1,000,000
Pritzker Family Foundation	12/31/2027	Per schedule	Maturity	5.000%	Per schedule	2,308,943	1,225,973
Religious Communities Investment Fund, Inc.	3/15/2018	Balance	Maturity	3.000%	Quarterly	300,000	300,000
Seton Enablement Fund	4/1/2018	Per Schedule	Semi-annually	3.000%	Semi-annually	173,489	204,778
Sisters of Saint Dominic, Congregation of the Most Holy Rosary of Adrian, MI	8/15/2018	Balance	Maturity	3.000%	Quarterly	100,000	100,000
Sisters of Saint Dominic, Congregation of the Most Holy Rosary of Adrian, MI	9/30/2019	Balance	Maturity	3.000%	Quarterly	150,000	150,000
Sinsinawa Domincans Inc	6/30/2018	Balance	Maturity	1.000%	Annually	30,000	30,000
TIAA-CREF Trust Company, FSB	5/28/2019	Balance	Maturity	3.375%	Monthly	10,000,000	10,000,000
Trinity Health	6/30/2019	Balance	Maturity	2.500%	Quarterly	1,000,000	1,000,000
Trinity Health	6/14/2020	Balance	Maturity	2.500%	Quarterly	1,000,000	1,000,000
		Total carried forward				125,338,042	89,147,479

Note 9. Borrowings, Equity Equivalent Borrowings and Bond Guarantee Program Borrowings (Continued)

Lender	Maturity Date	Scheduled Repayments – Principal – Amount	Principal – Due	Interest – Annual Rate	Interest – Due	Principal Balance at December 31, 2016	Principal Balance at December 31, 2015
		Total brought forward				$ 125,338,042	$ 91,147,479
Walton Family Foundation	12/17/2019	$ 1,000,000 2,000,000 2,000,000	12/31/17 12/31/18 12/31/19	None	N/A	5,000,000	5,000,000
Walton Family Foundation	11/30/2021	$ 1,000,000 2,000,000	11/30/20 11/30/21	None	N/A	3,000,000	3,000,000
Wisconsin Preservation Fund	10/1/2024	Balance	Maturity	None	N/A	75,000	75,000
Woodforest National Bank	11/5/2018	Balance	Maturity	2.750%	Quarterly	1,000,000	-
Total borrowings:						134,413,042	99,222,479
Less accumulated unamortized financing fees:						(93,645)	(104,675)
Total borrowings, net:						$ 134,319,397	$ 99,117,804
The Benedictine Sisters of Chicago	3/17/2019	Balance	Maturity	3.000%	Quarterly	$ 50,000	$ 50,000
Thomas Bennigon	1/14/2018	Balance	Maturity	3.000%	Quarterly	100,000	100,000
Cathay Bank	10/14/2021	Balance	Maturity	3.250%	Quarterly	500,000	500,000
Evergreen Bank Group	3/8/2017	Balance	Maturity	3.000%	Quarterly	500,000	500,000
Goldman Family Foundation	12/1/2019	Balance	Maturity	2.000%	Quarterly	200,000	-
Guaranty Bank	3/1/2017	Balance	Maturity	3.000%	Quarterly	250,000	250,000
Guaranty Bank	3/1/2017	Balance	Maturity	3.000%	Quarterly	250,000	250,000
Harris Trust and Savings Bank (BMO Harris)	12/15/2019	Balance	Maturity	3.250%	Quarterly	1,250,000	1,250,000
Harris Trust and Savings Bank (BMO Harris)	6/30/2020	Balance	Maturity	2.000%	Quarterly	500,000	500,000
Institute of the Blessed Virgin Mary	6/24/2018	Balance	Maturity	3.000%	Quarterly	50,000	50,000
		Total carried forward				3,650,000	3,450,000

Note 9. Borrowings, Equity Equivalent Borrowings and Bond Guarantee Program Borrowings (Continued)

		Scheduled Repayments				Principal	Principal
		Principal		Interest		Balance at	Balance at
	Maturity			Annual		December 31,	December 31,
Lender	Date	Amount	Due	Rate	Due	2016	2015
		Total brought forward				$ 3,650,000	$ 3,450,000
MacArthur Foundation	1/1/2022	Balance	Maturity	3.000%	Quarterly	250,000	750,000
MacArthur Foundation	1/1/2022	Balance	Maturity	3.000%	Quarterly	1,000,000	1,000,000
MacArthur Foundation	1/1/2022	Balance	Maturity	3.000%	Quarterly	1,000,000	1,000,000
Marquette Bank	5/31/2021	Balance	Maturity	2.000%	Quarterly	200,000	-
Mount St. Scholastica	12/22/2020	Balance	Maturity	3.000%	Quarterly	50,000	50,000
Nazareth Literacy Benevolent Institution/ dba Sisters of Charity of Nazareth	11/6/2018	Balance	Maturity	3.000%	Quarterly	100,000	100,000
North Shore Bank FSB	5/9/2018	Balance	Maturity	3.000%	Quarterly	50,000	50,000
Our Lady of Victory Missionary Sisters, Inc.	12/2/2018	Balance	Maturity	3.000%	Annually	25,000	25,000
Sisters of Most Precious Blood/St. Mary's Institute of O'Fallon	9/27/2018	Balance	Maturity	3.000%	Quarterly	50,000	50,000
Sisters of St. Francis Clinton, Iowa	6/1/2017	Balance	Maturity	3.000%	Quarterly	100,000	100,000
Sisters of St. Francis Clinton, Iowa	6/5/2018	Balance	Maturity	3.000%	Quarterly	50,000	50,000
Sisters of St. Joseph of Carondelet	6/30/2019	Balance	Maturity	3.000%	Quarterly	50,000	50,000
Sisters of the Holy Names of Jesus and Mary U.S. - Ontario Province Corporation	4/27/2020	Balance	Maturity	3.000%	Quarterly	250,000	250,000
Sisters, Servants of the Immaculate Heart of Mary	3/31/2021	Balance	Maturity	3.000%	Quarterly	25,000	-
Small Business Lending Fund US Treasury	9/15/2019	Balance	Maturity	2.000%	Quarterly	8,294,000	8,294,000
		Total carried forward				15,144,000	15,219,000

Note 9. Borrowings, Equity Equivalent Borrowings and Bond Guarantee Program Borrowings (Continued)

Lender	Maturity Date	Scheduled Repayments – Principal – Amount	Principal – Due	Interest – Annual Rate	Interest – Due	Principal Balance at December 31, 2016	Principal Balance at December 31, 2015
		Total brought forward				$ 15,144,000	$ 15,219,000
Village Bank & Trust	9/19/2017	Balance	Maturity	3.250%	Quarterly	1,000,000	1,000,000
Wells Fargo Bank	4/1/2018	Balance	Maturity	2.000%	Quarterly	1,000,000	1,000,000
Wells Fargo Bank	12/24/2025	Balance	Maturity	2.500%	Quarterly	5,000,000	5,000,000
Total equity equivalent borrowings:						22,144,000	22,219,000
Less accumulated unamortized financing fees:						(4,750)	(6,426)
Total equity equivalent borrowings, net:						$ 22,139,250	$ 22,212,574
*U.S. Treasury CDFI Fund	6/15/2040	Per Schedule	Quarterly	2.829%	Quarterly	$ 5,237,157	$ 5,391,742
*U.S. Treasury CDFI Fund	9/17/2040	Per Schedule	Quarterly	2.720%	Quarterly	6,153,506	6,335,208
*U.S. Treasury CDFI Fund	3/15/2041	Per Schedule	Quarterly	2.110%	Quarterly	3,169,097	-
*U.S. Treasury CDFI Fund	9/16/2041	Per Schedule	Quarterly	2.381%	Quarterly	3,242,888	-
Total bond guarantee program borrowings:						17,802,648	11,726,950
Less accumulated unamortized financing fees:						(69,923)	(72,889)
Total bond guarantee program borrowings, net:						$ 17,732,725	$ 11,654,061

IFF is subject to several loan covenants, which among other items, require minimum net asset, liquidity, allowance for loan losses, leverage and collateral levels. IFF is in compliance with these covenants as of December 31, 2016 and 2015.

As of December 31, 2016, the required principal reduction of borrowings is as follows:

2017	$ 7,369,088
2018	23,125,503
2019	30,836,261
2020	15,251,917
2021	38,489,112
Thereafter	59,287,809
	$174,359,690

Undrawn commitments at December 31, 2016 and 2015, were $21,950,753 and $34,025,154, respectively.

Note 10. Investor Consortium Collateral Trust Notes

IFF entered into a borrowing agreement (the Investor Consortium Program) whereby investors purchase participation in trust notes collateralized by IFF loans which, in turn, are usually secured by a first or second mortgage on the underlying collateral. The interest rate is the blended interest rate as of December 31, 2016.

Capitalized finance costs, which is a contra-liability amount, consist of legal fees and related costs incurred in acquiring the loans payable. These costs are amortized using the straight-line method over 15 years, which is the term of each Investor Consortium Trust Notes. Notes are reported net of the net cost of the financing fees of $153,672 and $144,691 at December 31, 2016 and 2015, respectively. Amortization expense for the years ended December 31, 2016 and 2015, are $18,428 and $17,040 respectively. New finance costs incurred for the years ended December 31, 2016 and 2015, were $27,409 and $10,728, respectively. Cumulative totals of finance costs, which are those not net of accumulated amortization, are $289,061 and $261,652 for the years ended December 31, 2016 and 2015, respectively.

Investor Consortium Collateral Trust Notes consisted of the following:

Investor Consortium [(a)] Series	Maturity Date	Interest Rate	Principal Balance at December 31, 2016	Principal Balance at December 31, 2015
Sale 2004-1	1/15/2020	3.000%	$ 649,222	$ 881,189
Sale 2005-1	10/15/2020	3.000%	728,782	1,424,711
Sale 2006-1	10/15/2021	3.000%	2,131,416	2,862,441
Sale 2007-1	10/15/2022	3.000%	2,242,795	2,888,730
Sale 2008-1	10/15/2023	3.000%	2,077,518	3,668,090
Sale 2009-1	10/15/2024	3.058%	3,871,767	4,633,036
Sale 2010-1	7/15/2025	3.626%	1,832,297	2,050,273
Sale 2011-1	7/15/2026	3.693%	4,556,933	6,062,766
Sale 2012-1	10/15/2027	3.000%	7,994,062	9,055,319
Sale 2013-1	1/15/2029	3.257%	7,738,580	10,455,935
Sale 2014-1	1/15/2030	3.414%	11,261,742	14,096,078
Sale 2015-1	4/15/2030	3.233%	14,656,221	16,293,413
Sale 2015-2	7/15/2030	3.304%	17,046,431	20,287,466
Sale 2016-1	4/15/2031	3.246%	19,399,614	-
Sale 2016-2	10/15/2031	3.406%	10,275,456	-
Sale 2016-3	1/15/2032	3.395%	14,614,224	-
Total Investor Consortium collateral trust notes:			121,077,060	94,659,447
Less accumulated unamortized financing fees:			(153,672)	(144,691)
Total Investor Consortium collateral trust notes, net:			$ 120,923,388	$ 94,514,756

Note 10. Investor Consortium Collateral Trust Notes (Continued)

(a) Participating banks in the Investor Consortium are Advantage National Bank, American Chartered Bank (acquired by MB Financial), Associated Bank, Bank of America, Barrington Bank and Trust, Beverly Bank and Trust, Busey Bank, Byline Bank, Charter One Bank (acquired by RBS Citizens), Citizens Bank, Cole Taylor Bank (acquired by MB Financial), Crystal Lake Bank and Trust, Evergreen Bank Group, First Bank, First Bank and Trust, First Eagle Bank, First Midwest Bank, First Savings Bank of Hegewisch, Harris Trust & Savings Bank (BMO Harris), Hinsdale Bank and Trust, Jacksonville Savings Bank, Lake Forest Bank and Trust, Lakeside Bank, Libertyville Bank and Trust, M&I Community Development Corporation (acquired by BMO Harris), MB Financial, Midwest Bank and Trust Company (assumed by FDIC), Mission Investment Fund of the Evangelical Lutheran Church in America, The Northern Trust Bank, TIAA-CREF Trust Company, North Shore Community Bank and Trust, Northbrook Bank and Trust, Old Plank Trail Community Bank and Trust, Park National Bank and Trust (assumed by FDIC), PNC Bank, The PrivateBank, RBS Citizens (acquired by Citizens), Reliance Bank, Scottrade Bank, St. Charles Bank and Trust, State Bank of the Lakes, State Farm Bank, TIAA-CREF Trust Company FSB, Town Bank, Urban Partnership Bank, US Bank, Village Bank and Trust, Wheaton Bank and Trust, and Wintrust Financial.

Quarterly contractual repayment of each trust note series is limited to the proceeds of payments on IFF loans and a 2 percent cash reserve held, for each series, by the trustee. If the balance of the cash reserve falls below 2 percent for any series, IFF is required to contribute a portion of its servicing fees to the reserve each quarter until the reserve again reaches 2 percent. As of December 31, 2016 and December 31, 2015, all of the reserves were at the required 2 percent. The reserve funds are maintained in money market accounts. The balance of the reserves for the collateral trust notes, included in other restricted cash and interest-bearing deposits, at December 31, 2016 and 2015, was $3,199,799 and $2,331,386 at cost, respectively, which represents fair value. Included in this amount at December 31, 2016 was $778,093 for loans that were bought out of the consortium and paid to the investors subsequent to December 31, 2016. Included in this amount at December 31, 2015 was $438,176 for a loan that was bought out of the consortium and paid to the investors subsequent to December 31, 2015.

There were no charge-offs and no losses were recorded by the investors for the years ended December 31, 2016 and 2015.

As of December 31, 2016, the scheduled principal reduction of Investor Consortium collateral trust notes is as follows:

2017	$ 13,518,394
2018	12,342,823
2019	9,812,858
2020	9,569,731
2021	10,485,163
Thereafter	65,348,091
	$121,077,060

Undrawn commitments in the Investor Consortium Program at December 31, 2016 and 2015, were $7,130,148 and $26,097,638, respectively.

Note 11. Loan Participations Payable

IFF entered into participation agreements with Partners for the Common Good, Inc. (PCG), Nonprofits Assistance Fund (NAF), and Cincinnati Development Fund (CDF) with respect to underlying notes, in which one of the partners purchased an interest in each loan. IFF has the obligation to pass through payments with respect to interest at various rates and all principal payments pursuant to such participation interest during the life of the agreements. Provided that no event of default exists on the underlying loan at the maturity of the agreement, IFF has a further obligation to purchase the partners participation interest in the loan. The current balance of the loans receivable as of December 31, 2016 and 2015, was $1,872,900 and $2,546,726, respectively. IFF loan participations payable consisted of the following:

Lender	Maturity Date	Scheduled Repayments – Principal – Amount	Principal – Due	Interest – Annual Rate	Interest – Due	Principal Balance at December 31, 2016	Principal Balance at December 31, 2015
Partners for the Common Good	2/17/2016	Per Schedule & Balance at Maturity	Monthly	5.875%	Monthly	$ -	$ 390,451
Partners for the Common Good	9/23/2016	Per Schedule & Balance at Maturity	Monthly	6.000%	Monthly	-	165,237
Partners for the Common Good	9/28/2016	Per Schedule & Balance at Maturity	Monthly	6.375%	Monthly	-	432,891
Nonprofits Assistance Fund	5/1/2021	Per Schedule & Balance at Maturity	Monthly	6.000%	Monthly	240,133	-
Cincinnati Development Fund	1/1/2022	Per Schedule & Balance at Maturity	Monthly	5.375%	Monthly	257,128	-
Cincinnati Development Fund	5/1/2022	Per Schedule & Balance at Maturity	Monthly	5.375%	Monthly	178,829	-
Total loan participations payable:						$ 676,090	$ 988,579

As of December 31, 2016, the scheduled principal reduction of loan participations payable is as follows:

2017	$ 206,600
2018	111,762
2019	118,129
2020	124,862
2021	95,427
Thereafter	19,310
	$ 676,090

Note 12. Operating Leases

IFF is obligated under leases for its new Chicago office space (through September 2030), its old Chicago office space (through June 2020), Detroit office space (through August 2022), Minneapolis office space (through February 2019), and Columbus (through April 2019), which provides for base rentals (recognized on a straight-line basis) plus a prorated share of real estate taxes and operating expenses. In 2016 and 2015, IFF also took a $130,700 and $648,258, respectively, charge to record the present value of the difference between the expected cash flow from sub-leasing its old Chicago office space and the remaining lease payments for that location. This charge is included in the occupancy and office line item of the consolidated statements of activities. A deferred rent liability, representing the cumulative amount by which rental expense recognized exceeds cash paid, totaled $1,720,453 and $1,057,047 at December 31, 2016 and 2015, respectively, and is included in accrued liabilities of the consolidated statements of financial position. IFF is also obligated under office leases in Indianapolis (through January 2018), St. Louis (through December 2017), and Milwaukee (through December 2021). As of December 31, 2016, both the 6th and 7th floors of its old Chicago location had been sub-leased.

Future minimum lease payments (base rentals) by year are as follows:

2017	$ 1,307,714
2018	1,365,238
2019	1,366,216
2020	1,133,382
2021	903,151
Thereafter	7,928,942
	$ 14,004,643

The total rent expense for the years ended December 31, 2016 and 2015, were as follows:

	2016	2015
Chicago, net of sub-lease revenue	$ 1,157,635	$ 1,331,855
Columbus (started in February 2016)	20,411	-
Detroit	50,855	44,159
Indianapolis	16,720	13,677
Milwaukee	28,082	27,663
Minneapolis (started December 2015)	30,444	2,374
St. Louis	20,611	20,612
	$ 1,324,758	$ 1,440,340

Note 13. Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2016 and 2015, were available for the following purposes:

	2016	2015
Department of Education Grant for Credit Enhancement	$ 17,846,703	$ 17,986,010
Loan Issuance	16,881,741	18,094,019
Grants for Specific Programs	11,868,241	12,082,190
	$ 46,596,685	$ 48,162,219

IFF receives certain capital grants whose purpose is to fund the issuance of loans and to help restore IFF for losses attributable to loans. Amounts received are recorded as temporarily restricted revenue, and are released from restrictions when IFF records loan provisions or disburses qualified loans. Grant amounts received which are not yet utilized are included in temporarily restricted net assets, listed above as Loan Issuance.

In 2016 and 2015, net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions as follows:

	2016	2015
Net assets released from restrictions:		
Time and performance restrictions (operating)	$ 3,458,139	$ 2,082,336
Performance restrictions - Pass through Grants (operating)	5,718,232	9,489,636
Loan capital grants (capital)	252,227	4,949,887
Provision for loan losses (capital)	1,460,051	233,065
	$ 10,888,649	$ 16,754,924

Note 14. Employee Benefit Plan

The IFF 401(k) Profit Sharing Plan is a defined contribution retirement plan for the benefit of IFF's employees. Full-time eligible employees may make discretionary contributions to the Plan, and IFF may make discretionary or matching contributions. IFF's contributions for the years ended December 31, 2016 and 2015, was $274,346 and $208,962, respectively.

Note 15. Functional Expense Classifications

IFF's unrestricted expenses for the years ended December 31, 2016 and 2015, reported on a functional basis are as follows:

	2016	2015
Program expenses:		
Capital Solutions (Lending)	$ 15,752,709	$ 12,104,828
Real Estate Services	9,045,548	9,023,824
Community Development Initiatives	1,342,810	687,172
Corporate Communications and Public Affairs	736,055	681,382
Research	719,550	543,204
School Services	216,953	314,197
Early Childhood Services	147,784	-
	27,961,409	23,354,607
Supporting services	2,214,629	1,288,700
	$ 30,176,038	$ 24,643,307

Note 16. Fair Value of Financial Instruments

The accounting guidance on fair value measurements and disclosures defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under the guidance as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy under the guidance are described below:

Level 1. Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 assets primarily include equities and money market funds. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2. Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3. Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. IFF’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

IFF values the investments in the limited liability companies it has an ownership interest in. The following is a description of the valuation methodologies used for instruments at fair value:

Note 16. Fair Value of Financial Instruments (Continued)

Assets and liabilities recorded at fair value on a recurring basis: IFF measures certain assets and liabilities at fair value on a recurring basis in accordance with U.S. generally accepted accounting principles. These include assets that are measured at the fair market value at the end of the period. Assets measured at fair value on a recurring basis are included in the table below.

	Fair Value Measurements at December 31, 2016			
	Totals	Level 1	Level 2	Level 3
Investment in limited liability companies	$ 221,427	$ -	$ -	$ 221,427
	$ 221,427	$ -	$ -	$ 221,427

	Fair Value Measurements at December 31, 2015			
	Totals	Level 1	Level 2	Level 3
Investment in limited liability companies	$ 219,493	$ -	$ -	$ 219,493
	$ 219,493	$ -	$ -	$ 219,493

As of December 31, 2016 and 2015, there were no transfers between the levels.

Investments in Limited Liability Companies: Investments in limited liability companies are evaluated each quarter to adjust to IFF's equity balance, including other significant assumptions. Fair value is measured based on the value of IFF's equity percentage and classified as Level 3 in the fair value hierarchy.

Assets and liabilities recorded at fair value on a nonrecurring basis: IFF may be required from time to time to measure certain assets and liabilities at fair value on a nonrecurring basis in accordance with U.S. generally accepted accounting principles. These include assets that are measured at the lower of cost or market that were recognized at fair value below cost at the end of the period. Assets measured at fair value on a nonrecurring basis are included in the table below.

	Fair Value Measurements at December 31, 2016			
	Totals	Level 1	Level 2	Level 3
Assets				
Impaired loans	$ 1,552,069	$ -	$ -	$ 1,552,069
Foreclosed assets	640,000	-	-	640,000
	$ 2,192,069	$ -	$ -	$ 2,192,069

	Fair Value Measurements at December 31, 2015			
	Totals	Level 1	Level 2	Level 3
Assets				
Impaired loans	$ 1,173,073	$ -	$ -	$ 1,173,073
Foreclosed assets	1,900,100	-	-	1,900,100
	$ 3,073,173	$ -	$ -	$ 3,073,173

Impaired loans: Impaired loans are evaluated and valued at the time the loan is identified as impaired, at the lower of cost or fair value. Impaired loans measured at fair value at December 31, 2016 and 2015, on the consolidated statements of financial position and included above represent those impaired loans where fair value was measured to be lower than the cost of the loan which represents impaired loans for which an allowance has been provided less the related allowance for loan losses or impaired loans that have been charged down to fair value. Fair value is measured based on the value of the collateral securing these loans or management's discounted cash flow analysis and is classified as Level 3 in the fair value hierarchy.

Note 16. Fair Value of Financial Instruments (Continued)

Collateral is mostly real estate and is determined based on appraisals by qualified licensed appraisers or through other valuation sources. Appraised and reported values may be discounted based on management's historical knowledge, changes in market conditions from the time of valuation, and/or management's expertise and knowledge of the client and client's business.

Foreclosed assets: Foreclosed assets, upon initial recognition, are measured and reported at fair value less estimated costs to sell through a charge-off to the allowance for loan losses based upon the fair value of the foreclosed asset. The fair value of foreclosed assets less estimated costs to sell, upon initial recognition, is estimated using Level 3 inputs based on customized discounting criteria.

Note 17. Concentration of Credit Risk

IFF holds cash equivalents and investments in money market funds, certificates of deposit, and Treasury funds, which management believes subjects IFF to limited credit risk. No collateral or other security has been pledged to support these cash equivalents and investments.

Approximately 35 percent of IFF's borrowers are located in the Chicago metropolitan area as of December 31, 2016 and 2015. A breakdown of the sector of borrowers at December 31, 2016 and 2015, were comprised of the following:

	2016		2015	
Charter school	$ 65,393,259	22%	$ 54,746,701	22%
Affordable housing	49,908,073	16%	40,748,666	16%
Health care	34,205,561	11%	22,364,036	9%
Community development	19,661,342	7%	16,919,631	7%
Youth services	18,867,281	6%	11,779,717	5%
Other	18,341,330	6%	14,732,113	6%
Special needs services	17,490,880	6%	13,643,354	5%
Supportive housing/Homeless services	16,730,462	6%	19,166,831	7%
Training and professional development	16,447,147	5%	11,197,801	4%
Multi-service	15,105,421	5%	22,564,211	9%
Child care	7,658,558	2%	7,415,651	3%
Sectors grouped together*	25,431,105	8%	19,000,341	7%
	$305,240,419	100%	$254,279,053	100%

*Includes arts and culture, healthy foods, job training, school (non-charter) and substance abuse

Note 18. Limited Liability Companies

In 2002, IFF was awarded $10,000,000 of federal tax credits from the New Markets Tax Credit Program of the U.S. Department of Treasury. It also received a $25,000,000 allocation in 2012, $43,000,000 allocation in 2014, $50,000,000 allocation in 2015, and an $80,000,000 allocation in 2016. IFF also received a $5,000,000 Illinois New Market Tax Credit in 2015. Upon receiving these allocations, various for-profit limited liability companies (LLCs) were established to facilitate the New Markets Tax Credit Program. As of December 31, 2016, all of the allocations have been allocated except for the $80,000,000 allocation received in late 2016. It is planned that this will be allocated out in 2017 and 2018.

IFF is the managing member and has a stated ownership interest of .01 percent to .10 percent in these LLCs. IFF's investment in these LLCs are recorded in the consolidated statements of financial position in other assets. As of December 31, 2016 and 2015, IFF's ownership value in these LLCs was $12,633 and $10,700, respectively.

IFF provides certain asset management and compliance oversight services to the LLCs, as provided in the respective operating agreements. IFF receives management fees from these LLCs and are recorded on the consolidated statements of activities in management and sponsor fees. The total of this revenue for 2016 and 2015 was $742,824 and $437,197, respectively.

As managing member in the New Market Tax Credit LLCs, IFF is responsible for compliance with various regulations. Failure to comply could result in the recapture or loss of unallocated tax credits, as provided for in the Internal Revenue Code. IFF has indemnified the other investor members against all recapture liability and any other economic losses incurred by the members as a result of any such recapture event. As of December 31, 2016 and 2015, no liability is recorded because of such event.

In 2015, Access Housing I, LLC closed on the Low-Income Housing Tax Credit (LIHTC) deal with PNC Bank, National Association. This project assembled low-income housing tax credits, grants, and loans to develop 25 two-to four flats for people with all types of disabilities, referred via the State Referral Network. The project combines new construction and rehabilitation on foreclosed sites.

IFF is the managing member and has a stated ownership interest of .01 percent in Access Housing I, LLC. IFF's investment in this LLC is recorded in the consolidated statements of financial position in other assets. As of December 31, 2016 and 2015, IFF's ownership value in this LLC was $208,794 and $208,793, respectively.

IFF provides certain services to the LLC, as provided in the operating agreement. IFF received developer fee income of $184,879 and 367,328 in 2016 and 2015, respectively, from this LLC. This is recorded on the consolidated statements of activities in developer fees. Management fees will not be earned until the units are rented.

As managing member in this LLC, IFF is responsible for compliance with various regulations. Failure to comply could result in the recapture or loss of unallocated tax credits, as provided for in the Internal Revenue Code. IFF has indemnified the other investor member against all recapture liability and any other economic losses incurred by the member as a result of any such recapture event. As of December 31, 2016 and 2015, no liability is recorded because of such event.

Supplementary Information

IFF and Subsidiaries

Consolidating Statement of Financial Position
December 31, 2016
(See Independent Auditor's Report)

	IFF*	IFF NMTC Senior Lender, LLC	Home First Illinois, LLC	IFF CILA Lease Program, LLC	IFF Pay for Success I, LLC	IFF Waukegan Market LLC	IFF Rockford Market LLC	IFF Von Humboldt, LLC	IFF Quality Seats - Broadway, LLC	IFF Hatchery, LLC	Home First, LLC	Community Living Initiative, LLC	Access Peoria, LLC	Access Housing I MM, LLC	Access West Cook I MM, LLC	Eliminations	Consolidated
Assets																	
Cash and cash equivalents	$ 29,608,595	$ 8,502	$ 84,506	$ 202,011	$ 326,018	$ 108,694	$ 55,956	$ -	$ 591,798	$ 747	$ 1,000,346	$ 24,907	$ 154,056	$ 659	$ 45,900	$ -	$ 32,212,695
Other restricted cash and interest-bearing deposits in banks	9,112,202	-	1,008,611	-	-	-	-	-	-	-	-	13,008	449,168	-	-	-	10,582,989
Department of Education restricted cash and interest-bearing deposits in banks	17,846,703	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17,846,703
Grants receivable, other receivables, prepaids and deposits	20,569,836	3,010	102,256	4,876	471,824	-	180,039	-	43,609	-	444,574	6,611	600	-	-	(18,250,985)	3,576,250
Loans receivable, net	281,227,472	6,837,663	-	-	9,620,597	-	-	-	-	-	-	-	-	-	-	(3,368,822)	294,316,910
Accrued interest receivable	1,353,699	29,994	-	-	-	-	-	-	-	-	-	-	-	-	-	(49,022)	1,334,671
Properties owned by IFF and IFF's subsidiaries, net	-	-	13,309,778	1,909,479	-	3,318,142	2,900,538	3,309,699	5,015,725	1,446,633	-	1,895,284	3,323,205	-	1,116,395	-	37,544,878
Federal Home Loan Bank stock, at cost	427,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	427,000
Foreclosed assets, net	640,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	640,000
Furniture, equipment and leasehold improvements, net	1,110,731	-	-	-	-	-	-	-	104,556	-	-	-	-	-	-	-	1,215,287
Capitalized finance costs, net	14,349	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,349
Other assets	4,040,202	-	-	-	-	-	-	-	-	-	226,043	-	-	208,794	-	(4,252,580)	222,459
	$ 365,950,789	$ 6,879,169	$ 14,505,151	$ 2,116,366	$ 10,418,439	$ 3,426,836	$ 3,136,533	$ 3,309,699	$ 5,755,688	$ 1,447,380	$ 1,670,963	$ 1,939,810	$ 3,927,029	$ 209,453	$ 1,162,295	$ (25,921,409)	$ 399,934,191
Liabilities and Net Assets																	
Liabilities:																	
Accrued liabilities	$ 3,918,567	$ 2,729	$ 462,105	$ 93,672	$ 326,018	$ 45,271	$ 45,745	$ 3,309,699	$ 4,385,698	$ 1,446,708	$ 552,206	$ 1,049,059	$ 63,698	$ 2,755	$ 1,161,295	$ (11,619,927)	$ 5,245,298
Accrued interest payable	1,127,838	35,130	-	6,582	471,824	-	5,439	-	-	-	-	1,872	-	-	-	(49,023)	1,599,662
Deferred grant revenue	-	-	11,738,209	-	-	-	390,667	-	-	-	-	-	2,512,584	-	-	-	14,641,460
Investor Consortium collateral trust notes, net	120,923,388	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	120,923,388
Borrowings, net	124,127,985	4,134,528	1,496,529	1,910,460	9,620,597	-	1,141,489	-	-	-	1,000,000	887,687	-	-	-	(9,999,878)	134,319,397
Equity equivalent borrowings, net	22,139,250	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22,139,250
Bond Guarantee Program borrowings, net	17,732,725	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17,732,725
Loan participations payable	676,090	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	676,090
	290,645,843	4,172,387	13,696,843	2,010,714	10,418,439	45,271	1,583,340	3,309,699	4,385,698	1,446,708	1,552,206	1,938,618	2,576,282	2,755	1,161,295	(21,668,828)	317,277,270
Net assets (deficit):																	
Unrestricted	30,814,887	-	75,036	105,652	-	3,380,565	1,552,193	-	78,998	(328)	98,007	(1,318)	(25,597)	-	-	(17,859)	36,060,236
Temporarily restricted	44,490,059	-	733,272	-	-	-	-	-	-	-	-	10	1,373,344	-	-	-	46,596,685
Member's equity:																	
Capital contributions	-	2,711,796	-	-	-	1,000	1,000	-	1,290,992	1,000	20,750	2,500	3,000	219,543	1,000	(4,252,581)	-
Retained earnings	-	(5,014)	-	-	-	-	-	-	-	-	-	-	-	(12,845)	-	17,859	-
	75,304,946	2,706,782	808,308	105,652	-	3,381,565	1,553,193	-	1,369,990	672	118,757	1,192	1,350,747	206,698	1,000	(4,252,581)	82,656,921
	$ 365,950,789	$ 6,879,169	$ 14,505,151	$ 2,116,366	$ 10,418,439	$ 3,426,836	$ 3,136,533	$ 3,309,699	$ 5,755,688	$ 1,447,380	$ 1,670,963	$ 1,939,810	$ 3,927,029	$ 209,453	$ 1,162,295	$ (25,921,409)	$ 399,934,191

* Includes IFF Real Estate Services, LLC , IFF Housing, LLC, and 4731 Delmar LLC

IFF and Subsidiaries

Consolidating Statement of Financial Position
December 31, 2015
(See Independent Auditor's Report)

	IFF*	IFF NMTC Senior Lender, LLC	Home First Illinois, LLC	IFF CILA Lease Program, LLC	IFF Pay for Success I, LLC	IFF Waukegan Market LLC	IFF Rockford Market LLC	IFF Von Humboldt, LLC	Home First, LLC	Community Living Initiative, LLC	Access Peoria, LLC	Access Housing I MM, LLC	**Access Housing I, LLC	Access West Cook I MM, LLC	Eliminations	Consolidated
Assets																
Cash and cash equivalents	$ 22,051,098	$ 6,790	$ 119,399	$ 164,245	$ 321,162	$ 47,095	$ 85,546	$ -	$ 1,000,596	$ 62,080	$ 21,369	$ 528	$ -	$ -	$ -	$ 23,879,908
Other restricted cash and interest-bearing deposits in banks	5,987,256	-	975,149	-	-	-	-	-	-	-	431,502	-	-	-	-	7,393,907
Department of Education restricted cash and interest-bearing deposits in banks	17,986,010	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17,986,010
Grants receivable, other receivables, prepaids and deposits	13,663,913	2,946	119,428	6,472	168,508	174,113	210,270	-	280,731	5,000	662,788	-	-	-	(11,408,248)	3,885,921
Loans receivable, net	235,707,827	6,809,432	-	-	5,108,221	-	-	-	-	-	-	-	-	-	(3,146,116)	244,479,364
Accrued interest receivable	1,080,212	28,230	-	-	-	-	-	-	-	-	-	-	-	-	(44,534)	1,063,908
Properties owned by IFF and IFF's subsidiaries, net	95,000	-	12,943,489	1,961,054	-	3,236,265	2,915,364	3,207,359	-	373,824	1,869,796	-	-	-	-	26,602,151
Federal Home Loan Bank stock, at cost	350,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	350,000
Foreclosed assets, net	1,900,100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,900,100
Furniture, equipment and leasehold improvements, net	1,226,262	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,226,262
Capitalized finance costs, net	16,176	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,176
Other assets	2,743,277	-	-	-	-	-	-	-	223,043	-	-	208,793	-	-	(2,954,589)	220,524
	$ 302,807,131	$ 6,847,398	$ 14,157,465	$ 2,131,771	$ 5,597,891	$ 3,457,473	$ 3,211,180	$ 3,207,359	$ 1,504,370	$ 440,904	$ 2,985,455	$ 209,321	$ -	$ -	$ (17,553,487)	$ 329,004,231
Liabilities and Net Assets																
Liabilities:																
Accrued liabilities	$ 2,522,193	$ 2,604	$ 1,009,965	$ 74,407	$ 181,595	$ 75,604	$ 4,763	$ 3,207,359	$ 367,328	$ 438,667	$ 83,132	$ 2,626	$ -	$ -	$ (4,984,647)	$ 2,985,596
Accrued interest payable	1,159,164	31,997	-	6,711	143,269	-	5,826	-	-	-	-	-	-	-	(44,534)	1,302,433
Deferred grant revenue	-	-	11,140,359	-	-	-	474,868	-	-	-	1,840,288	-	-	-	-	13,455,515
Investor Consortium collateral trust notes, net	94,514,756	-	-	-	-	-	-	-	-	-	-	-	-	-	-	94,514,756
Borrowings, net	94,009,584	4,102,530	1,321,070	1,947,795	5,108,221	-	1,198,321	-	1,000,000	-	-	-	-	-	(9,569,717)	99,117,804
Equity equivalent borrowings, net	22,212,574	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22,212,574
Bond Guarantee Program borrowings, net	11,654,061	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,654,061
Loan participations payable	988,579	-	-	-	-	-	-	-	-	-	-	-	-	-	-	988,579
	227,060,911	4,137,131	13,471,394	2,028,913	5,433,085	75,604	1,683,778	3,207,359	1,367,328	438,667	1,923,420	2,626	-	-	(14,598,898)	246,231,318
Net assets (deficit):																
Unrestricted	29,383,828	-	(110,737)	102,858	-	3,210,565	1,522,869	-	119,292	(263)	2,416	-	-	-	379,866	34,610,694
Temporarily restricted	46,362,392	-	796,808	-	164,806	170,304	3,533	-	-	-	1,056,619	-	-	-	(392,243)	48,162,219
Member's equity:																
Capital contributions	-	2,711,796	-	-	-	1,000	1,000	-	17,750	2,500	3,000	217,543	-	-	(2,954,589)	-
Retained earnings	-	(1,529)	-	-	-	-	-	-	-	-	-	(10,848)	-	-	12,377	-
	75,746,220	2,710,267	686,071	102,858	164,806	3,381,869	1,527,402	-	137,042	2,237	1,062,035	206,695	-	-	(2,954,589)	82,772,913
	$ 302,807,131	$ 6,847,398	$ 14,157,465	$ 2,131,771	$ 5,597,891	$ 3,457,473	$ 3,211,180	$ 3,207,359	$ 1,504,370	$ 440,904	$ 2,985,455	$ 209,321	$ -	$ -	$ (17,553,487)	$ 329,004,231

* Includes IFF Real Estate Services, LLC and IFF Housing, LLC
** No longer consolidated in Financial Statements

IFF and Subsidiaries

Consolidating Statement of Activities and Changes in Net Assets
Year Ended December 31, 2016
(See Independent Auditor's Report)

	IFF*	IFF NMTC Senior Lender, LLC	Home First Illinois, LLC	IFF CILA Lease Program, LLC	IFF Pay for Success I, LLC	IFF Waukegan Market LLC	IFF Rockford Market LLC	IFF Von Humboldt, LLC	IFF Quality Seats - Broadway, LLC	IFF Hatchery, LLC	Home First, LLC	Community Living Initiative, LLC	Access Peoria, LLC	Access Housing I MM, LLC	Access West Cook I MM, LLC	Eliminations	Consolidated
Unrestricted - operating:																	
Support and revenue:																	
Corporations, foundations and individuals	$ 265,940	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 265,940
Interest on loans	14,428,943	408,408	-	-	-	-	-	-	-	-	-	-	-	-	-	(533,415)	14,303,936
Consulting contract fees	1,576,049	-	-	-	368,555	-	-	-	-	-	184,879	2,000	-	-	-	(184,879)	1,946,604
Developer fees	813,774	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(628,895)	184,879
Management and sponsor fees	841,230	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(98,406)	742,824
Syndication fees	780,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	780,000
Loan fees	540,637	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	540,637
Other interest income	49,269	-	30	-	-	-	9,028	-	-	-	-	-	7	-	-	-	58,334
Rental income	380,037	-	756,085	166,389	-	115,114	117,000	-	153,337	-	-	2,464	42,775	-	-	-	1,733,201
Reimbursed professional fees	-	-	-	-	108,635	10,969	12,689	-	48,050	-	-	115	-	-	-	-	180,458
Unrealized gains on other assets and DOE restricted cash	117	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	118
Net assets released from restrictions	2,797,856	-	529,329	-	164,806	170,304	87,734	-	-	-	-	-	100,353	-	-	(392,243)	3,458,139
Net assets released from restrictions - Pass through Grants	5,718,232	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,718,232
	28,192,084	408,408	1,285,444	166,389	641,996	296,387	226,451	-	201,387	-	184,879	4,579	143,135	1	-	(1,837,838)	29,913,302
Expenses:																	
Salaries and benefits	9,699,030	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(628,896)	9,070,134
Professional fees	1,582,891	17,651	106,312	20,072	308,925	15,479	14,000	-	150	-	205,039	2,000	29,440	476	-	(283,284)	2,019,151
Occupancy and office	1,655,677	-	497,506	11,378	-	22,102	37,731	-	66,706	-	508	262	25,726	-	-	-	2,317,596
Printing and marketing	79,516	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	79,516
Interest	7,016,205	393,383	-	79,696	328,555	-	58,388	-	-	-	-	1,948	-	-	-	(533,415)	7,344,760
Other operating	495,102	923	60,634	875	4,516	1,487	2,806	-	62	328	617	1,424	29,940	1,522	-	-	600,236
Pass through Grants	5,718,232	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,718,232
Meetings and travel	511,003	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	511,003
Depreciation and amortization	372,477	-	435,219	51,574	-	87,319	84,202	-	55,471	-	-	-	86,042	-	-	-	1,172,304
Gain on sale of property and equipment	(116,881)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(116,881)
Income tax benefit	-	(64)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(64)
	27,013,252	411,893	1,099,671	163,595	641,996	126,387	197,127	-	122,389	328	206,164	5,634	171,148	1,998	-	(1,445,595)	28,715,987
Increase (decrease) in unrestricted net assets - operating	1,178,832	(3,485)	185,773	2,794	-	170,000	29,324	-	78,998	(328)	(21,285)	(1,055)	(28,013)	(1,997)	-	(392,243)	1,197,315
Unrestricted - capital:																	
Support and revenue:																	
Net assets released from restrictions - loan capital grants	252,227	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	252,227
Net assets released from restrictions - capital (provision for loan losses)	1,460,051	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,460,051
	1,712,278	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,712,278
Expenses:																	
Provision for loan losses	1,460,051	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,460,051
Increase in unrestricted net assets - capital	252,227	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	252,227
Increase (decrease) in unrestricted net assets	1,431,059	(3,485)	185,773	2,794	-	170,000	29,324	-	78,998	(328)	(21,285)	(1,055)	(28,013)	(1,997)	-	(392,243)	1,449,542

IFF and Subsidiaries

Consolidating Statement of Activities and Changes in Net Assets (Continued)
Year Ended December 31, 2016
(See Independent Auditor's Report)

	IFF*	IFF NMTC Senior Lender, LLC	Home First Illinois, LLC	IFF CILA Lease Program, LLC	IFF Pay for Success I, LLC	IFF Waukegan Market LLC	IFF Rockford Market LLC	IFF Von Humboldt, LLC	IFF Quality Seats - Broadway, LLC	IFF Hatchery, LLC	Home First, LLC	Community Living Initiative, LLC	Access Peoria, LLC	Access Housing I MM, LLC	Access West Cook I MM, LLC	Eliminations	Consolidated
Temporarily restricted:																	
Program and operating grants	$ 7,836,400	$ -	$ 464,056	$ -	$ -	$ -	$ 84,201	$ -	$ -	$ -	$ -	$ -	$ 416,288	$ -	$ -	$ -	$ 8,800,945
Loan capital grants	500,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	500,000
Interest income	19,633	-	1,737	-	-	-	-	-	-	-	-	10	790	-	-	-	22,170
Net assets released from restrictions - operating	(2,797,856)	-	(529,329)	-	(164,806)	(170,304)	(87,734)	-	-	-	-	-	(100,353)	-	-	392,243	(3,458,139)
Net assets released from restrictions - Pass through Grants	(5,718,232)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,718,232)
Net assets released from restrictions - loan capital grants	(252,227)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(252,227)
Net assets released from restrictions - capital (provision for loan losses)	(1,460,051)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,460,051)
(Decrease) increase in temporarily restricted net assets	(1,872,333)	-	(63,536)	-	(164,806)	(170,304)	(3,533)	-	-	-	-	10	316,725	-	-	392,243	(1,565,534)
(Decrease) increase in net assets	(441,274)	(3,485)	122,237	2,794	(164,806)	(304)	25,791	-	78,998	(328)	(21,285)	(1,045)	288,712	(1,997)	-	-	(115,992)
Net assets/retained earnings (deficit):																	
Beginning of year	75,746,220	(1,529)	686,071	102,858	164,806	3,380,869	1,526,402	-	-	-	119,292	(263)	1,059,035	(10,848)	-	-	82,772,913
End of year	$ 75,304,946	$ (5,014)	$ 808,308	$ 105,652	$ -	$ 3,380,565	$ 1,552,193	$ -	$ 78,998	$ (328)	$ 98,007	$ (1,308)	$ 1,347,747	$ (12,845)	$ -	$ -	$ 82,656,921

* Includes IFF Real Estate Services, LLC , IFF Housing, LLC, and 4731 Delmar LLC

IFF and Subsidiaries

Consolidating Statement of Activities and Changes in Net Assets
Year Ended December 31, 2015
(See Independent Auditor's Report)

	IFF*	IFF NMTC Senior Lender, LLC	Home First Illinois, LLC	IFF CILA Lease Program, LLC	IFF Pay for Success I, LLC	IFF Waukegan Market LLC	IFF Rockford Market LLC	IFF Von Humboldt, LLC	Home First, LLC	Community Living Initiative, LLC	Access Peoria, LLC	Access Housing I MM, LLC	**Access Housing I, LLC	Access West Cook I MM, LLC	Eliminations	Consolidated
Unrestricted - operating:																
Support and revenue:																
Corporations, foundations, and individuals	$ 159,950	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 208,793	$ -	$ -	$ -	$ -	$ -	$ -	$ 368,743
Interest on loans	11,727,412	405,610	-	-	-	-	-	-	-	-	-	-	-	-	(495,792)	11,637,230
Consulting contract fees	1,457,468	-	-	-	177,105	-	-	-	280,731	4,000	-	-	-	-	(382,328)	1,536,976
Developer fees	918,032	-	-	-	-	-	-	-	-	-	-	-	-	-	(550,704)	367,328
Management and sponsor fees	488,488	-	-	-	-	-	-	-	-	-	-	-	-	-	(51,291)	437,197
Syndication fees	2,100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,100,000
Loan fees	316,430	-	-	-	-	-	-	-	-	-	-	-	-	-	-	316,430
Other interest income	29,366	-	17	-	-	-	1,667	-	-	-	-	-	-	-	-	31,050
Rental income	162,231	-	461,035	165,786	-	-	40,572	-	-	-	1,069	-	-	-	-	830,693
Reimbursed professional fees	-	-	-	-	176,628	-	2,045	-	-	-	-	-	-	-	-	178,673
Unrealized losses on other assets and DOE restricted cash	(44)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(44)
Net assets released from restrictions	1,597,634	-	434,698	-	192,054	2,196,557	1,273,948	-	-	3,315	24,871	-	-	-	(3,640,741)	2,082,336
Net assets released from restrictions - Pass through Grants	9,489,636	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,489,636
	28,446,603	405,610	895,750	165,786	545,787	2,196,557	1,318,232	-	489,524	7,315	25,940	-	-	-	(5,120,856)	29,376,248
Expenses:																
Salaries and benefits	7,924,938	-	-	-	-	-	-	-	-	-	-	-	-	-	(550,705)	7,374,233
Professional fees	814,726	17,525	120,472	15,000	405,637	10,994	9,744	-	367,327	5,110	2,011	2,525	-	-	(433,618)	1,337,453
Occupancy and office	1,702,558	-	513,456	15,649	-	22,451	20,218	-	-	-	24,022	-	-	-	-	2,298,354
Printing and marketing	86,534	-	-	-	-	-	215	-	-	-	-	-	-	-	-	86,749
Interest	5,894,061	389,272	-	81,209	137,105	-	25,311	-	-	-	-	-	-	-	(495,792)	6,031,166
Other operating	564,709	759	42,431	1,292	3,045	1,306	1,315	-	958	1,304	2,404	1,413	(1,139)	-	-	619,797
Pass through Grants	9,489,636	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,669,114)	5,820,522
Meetings and travel	455,601	-	-	-	-	-	-	-	-	-	-	-	-	-	-	455,601
Depreciation and amortization	247,684	-	265,380	51,574	-	-	25,133	-	-	-	-	-	-	-	-	589,771
Gain on sale of property and equipment	(203,946)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(203,946)
Income tax expense	-	542	-	-	-	-	-	-	-	-	-	-	-	-	-	542
	26,976,501	408,098	941,739	164,724	545,787	34,751	81,936	-	368,285	6,414	28,437	3,938	(1,139)	-	(5,149,229)	24,410,242
Increase (decrease) in unrestricted net assets - operating	1,470,102	(2,488)	(45,989)	1,062	-	2,161,806	1,236,296	-	121,239	901	(2,497)	(3,938)	1,139	-	28,373	4,966,006
Unrestricted - capital:																
Support and revenue:																
Net assets released from restrictions - loan capital grants	4,949,887	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,949,887
Net assets released from restrictions - capital (provision for loan losses)	233,065	-	-	-	-	-	-	-	-	-	-	-	-	-	-	233,065
	5,182,952	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,182,952
Expenses:																
Provision for loan losses	233,065	-	-	-	-	-	-	-	-	-	-	-	-	-	-	233,065
Increase in unrestricted net assets - capital	4,949,887	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,949,887
Increase (decrease) in unrestricted net assets	6,419,989	(2,488)	(45,989)	1,062	-	2,161,806	1,236,296	-	121,239	901	(2,497)	(3,938)	1,139	-	28,373	9,915,893

IFF and Subsidiaries

Consolidating Statement of Activities and Changes in Net Assets (Continued)
Year Ended December 31, 2015
(See Independent Auditor's Report)

	IFF*	IFF NMTC Senior Lender, LLC	Home First Illinois, LLC	IFF CILA Lease Program, LLC	IFF Pay for Success I, LLC	IFF Waukegan Market LLC	IFF Rockford Market LLC	IFF Von Humboldt, LLC	Home First, LLC	Community Living Initiative, LLC	Access Peoria, LLC	Access Housing I MM, LLC	**Access Housing I, LLC	Access West Cook I MM, LLC	Eliminations	Consolidated
Temporarily restricted:																
Program and operating grants	$ 5,687,080	$ -	$ 381,492	$ -	$ -	$ 2,361,478	$ 1,275,854	$ -	$ -	$ 3,315	$ 61,214	$ -	$ -	$ -	$ (3,669,114)	$ 6,101,319
Loan capital grants	5,150,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,150,000
Interest income	26,174	-	10	-	-	-	-	-	-	-	4	-	-	-	-	26,188
Net assets released from restrictions - operating	(1,597,634)	-	(434,698)	-	(192,054)	(2,196,557)	(1,273,948)	-	-	(3,315)	(24,871)	-	-	-	3,640,741	(2,082,336)
Net assets released from restrictions - Pass through Grants	(9,489,636)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(9,489,636)
Net assets released from restrictions - loan capital grants	(4,949,887)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,949,887)
Net assets released from restrictions - capital (provision for loan losses)	(233,065)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(233,065)
(Decrease) increase in temporarily restricted net assets	(5,406,968)	-	(53,196)	-	(192,054)	164,921	1,906	-	-	-	36,347	-	-	-	(28,373)	(5,477,417)
Increase (decrease) in net assets	1,013,021	(2,488)	(99,185)	1,062	(192,054)	2,326,727	1,238,202	-	121,239	901	33,850	(3,938)	1,139	-	-	4,438,476
Net assets/retained earnings (deficit):																
Beginning of year	74,733,199	959	785,256	101,796	356,860	1,054,142	288,200	-	(1,947)	(1,164)	1,025,185	(6,910)	(1,139)	-	-	78,334,437
End of year	$ 75,746,220	$ (1,529)	$ 686,071	$ 102,858	$ 164,806	$ 3,380,869	$ 1,526,402	$ -	$ 119,292	$ (263)	$ 1,059,035	$ (10,848)	$ -	$ -	$ -	$ 82,772,913

* Includes IFF Real Estate Services, LLC and IFF Housing, LLC
** No longer consolidated in Financial Statements