



Strengthening nonprofits and  
the communities they serve.

*Sharing a mission of change*

**Five Year Financial Forecast**

**2015 - 2019**

**IFF**  
**Five Year Financial Forecast**  
**Base Case**

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## **Introduction**

The 2015 Financial Forecast reflects the continued implementation of the 2014–2018 Strategic Plan, which is focused on the Broader and Deeper pillars of our growth strategy:

### Broader

The Strategic Plan called for IFF to expand beyond its five state footprint of Illinois, Indiana, Missouri, Wisconsin and Iowa to encompass the entire twelve-state Midwest region by 2018. In January 2014, we opened a Detroit office with two staff. Additionally in 2014, through in part a grant from JPMorgan Chase, we entered into formal alliances with the Cincinnati Development Fund to expand IFF lending into the greater Cincinnati and Dayton markets of Ohio, and with the Nonprofit Assistance Fund in Minneapolis to begin lending across the state of Minnesota.

In 2015, we have substantially increased our work in Michigan (in lending, real estate consulting, and research) and now have a local staff of six. We also re-energized our commitment to Missouri, Kansas and Southern Illinois with the hiring of a new Executive Director and adding a real estate project manager to our St. Louis office. At the same time, we have laid the groundwork for an eventual Ohio office through our customary due diligence efforts, and this exploratory work has already led to 16 loans approved in Ohio. We expect to open an office there in mid-2016. We have also witnessed increased loan opportunities both in Indiana and pockets of Kentucky (Louisville, Covington) that are essentially reached by our core Midwest markets. To meet these opportunities we have posted a new Director of Lending position for our Indianapolis office to complement our Director of Real Estate Services, Indiana. Lastly, as a reflection of our core research, real estate, and capital solutions work in the charter school sector, we have been asked to open a Real Estate Services office in Minneapolis and have received significant grant support to staff that office. Loan volumes and other income/expenses from each of these offices are reflected in the Forecast.

While we have not determined in what form we will serve the plain states (Nebraska and the Dakotas), we do expect to be lending to nonprofits in those states by 2017.

### Deeper

The Deeper component of the Strategic Plan consists of three main elements:

1. The creation of a new department, Community Strategies, to undertake proactive real estate development projects and draw on IFF capital to leverage new investment from investors.

2. The reorganization of our lending program under a new department, Capital Solutions, which brings together all loan products with special financing initiatives and vehicles including New Markets Tax Credits, equity investments in real estate, credit enhancement, loan packaging, as well as a more focused team dedicated to portfolio management. This consolidation resulted in both record disbursements in 2014, levels which continue throughout the 2015 forecast horizon, and a significant improvement in asset quality.
3. Our Deeper work also includes our development work in both housing for persons with disabilities (Home First) and affordable housing.

## **Key Assumptions**

### General

Two macro-level assumptions impact each of our lines of business:

- A modestly rising interest rate environment after 2015 based on a forecast provided by JPMorgan Chase;
- Accommodation of our staff growth, includes the September 2015 move to the CNA Center in Chicago, modest expansions of space in our Detroit and Indianapolis offices, and new offices in Minneapolis and Ohio.

Each line of business in turn has its own set of assumptions:

### Capital Solutions

- Loan growth of about 12% annually in the five states we've had a longer presence in (Illinois, Wisconsin, Iowa, Indiana, Missouri);
- Continued robust lending across Michigan, increasing from projected 2015 disbursements of \$9.7 million (\$13.3 million approved) to \$28.5 million in 2019;
- Loan disbursements in Ohio growing from \$2.7 million in 2015 (principally through our alliance with Cincinnati Development Fund, and then complemented by direct lending into other regions of Ohio) to \$16 million in 2019;
- Moderate growth in Minnesota through our alliance with Nonprofit Assistance Fund;
- Lending in the Plains States commencing in 2017;
- Continued success in receiving New Markets Tax Credit allocations – following allocations awarded to IFF of \$43 million and \$50 million, respectively, in 2014 and 2015, we forecast \$30 million allocations for 2016, 2017 and 2019. These amounts are lower than our recent allocations but do assume greater continuity of awards than we've historically achieved;
- Continued improvement in asset quality to levels witnessed before the Great Recession – net charge offs as a percent of total loans falling from 1.00% in 2014 to .50% for 2015 - 2019 (compared to a high of 1.52% in 2008, and 0.25% for the first six months of 2015);

- No change in methodology for maintaining loan loss reserves – the reserve for the general portfolio is based on IFF’s three year historical loss rate; as a result, the Forecast anticipates adding \$14.5 million to the loan loss reserves, reflecting the growth in loans receivable and forecasted charge-off projections.

### Real Estate Services

- We continue to see high levels of demand for our real estate advisory services to nonprofits across our geography. We have 16 real estate professionals based in Chicago, two in Detroit, and one each in Indianapolis, St. Louis and Milwaukee. In the near term, we will be opening an office in Minneapolis staffed by one person but growing in subsequent years.
- As revenues are directly correlated to staff hours available, revenues are anticipated to increase as we add staff, when demand exists. Moreover, we factor in small annual increases to our hourly billing rate to account for inflationary wage pressures.

### Home First

In addition to its five active projects, which includes a \$15 million LIHTC transaction that closed in August, the Forecast anticipates submitting:

- An Illinois LIHTC application this year (closes next year);
- Two LIHTC applications in 2016 (one in Illinois and one in Milwaukee), which would close in 2017;
- Two LIHTC applications in 2017 (one in Illinois and one in St Louis or Detroit), which would close in 2018.

### Affordable Housing

The Forecast anticipates modest growth across three types of housing work:

1. Housing projects where IFF works with nonprofits;
2. Housing projects that partner with Community Strategies or other IFF programs;
3. Packaging LIHTC or other housing finance applications for nonprofits.

### Community Strategies

In addition to current grant-funded pre-development work on comprehensive community development projects, the Forecast assumes:

- The opening of two grocery stores developed and owned by IFF in high need communities, funded with a portion of the Illinois Fresh Food Fund grant;
- The development and repurposing of two Chicago Public School facilities, beginning with the Von Humboldt school building which IFF has already been named as the winning bidder;
- Anticipated development projects in IFF major markets from a pipeline of potential projects.

## Research

- Includes continuing success in obtaining and completing Charter School studies in IFF's geographic footprint;
- Includes one major Early Childhood Care and Education study per year;
- Anticipates that already completed studies will generate contracts to update studies from prior periods.

## **Balance Sheet and Funding Assumptions**

As a result of new, diverse federal and state debt and grants, New Markets Tax Credits (NMTCs), and a changing product mix, IFF's financial statements and financial plans have become more complex. IFF's housing work has attracted funds from a number of government programs including from the state of Illinois, Cook County, the city of Chicago's Neighborhood Stabilization Program funds, a U.S. Department of Housing and Urban Development award for transit-oriented development, and a Low Income Housing Tax Credit award from the Illinois Housing Development Authority to provide scattered accessible housing for individuals with disabilities. Two additional Illinois awards were a grant of \$15 million to acquire homes for Home First Illinois and a \$4.2 million grant for affordable housing in West Suburban Cook County from the Illinois Department of Commerce and Economic Opportunity. We received in 2012 a \$10 million state grant under the Illinois Fresh Food Fund, to finance the development of grocery stores in food deserts, a portion of which is being used for IFF to develop and own two grocery stores. The store in Rockford, IL just opened and the one in Waukegan is slated to open later this year.

### **Sources of Funds:**

Investor Consortium: The Investor Consortium is our most important funding source, providing highly beneficial long-term capital to match the terms of IFF's standard loans. This program has provided over \$195 million through 2015 since its inception in 2004 through the sale of collateral trust notes to investors. This structure provides security to investors (zero cumulative losses since the consortium program began in 2004) and since the debt is limited recourse to IFF it does not count against our leverage ratio covenants with recourse lenders. The Forecast assumes an additional \$150 million in consortium note issuances over the 2016-2019 timeline. To the extent that consortium participation goals are not achieved and growth is funded through more conventional institutional debt, the pressure on leverage ratios will increase.

Institutional Borrowings: Borrowing increases significantly in the Forecast, largely due to the assumption that 48 percent of the growth is funded through recourse debt. These borrowings are comprised of below-market rate debt from banks (CRA investments) as well as low-rate debt from religious institutions.

CDFI Bond Guarantee Program: IFF was awarded up to \$25 million of borrowing capacity from the US Treasury Department. We anticipate drawing down \$15 million in 2015 and the additional \$10 million in 2016. We do not expect to apply for additional funding in any future rounds of funding requests, unless there are significant changes to the program.

Federal Home Loan Bank: IFF joined the Federal Home Loan Bank of Chicago in 2011 and is able to borrow up to 60% of pledged collateral, which is comprised of affordable housing loans. In this Forecast, approximately 37 percent of the incremental portfolio value of housing loans is funded through the FHLB. This affordable and long-term source of funds grows to \$19 million by 2019. Additionally, IFF received \$10 million of long-term funding from the FHLB Community Investment Fund to support housing and economic development loans in low-income communities throughout Illinois and Wisconsin.

Foundation PRIs: We have conservatively assumed \$1 million per year in new foundation PRIs.

Equity Equivalent Investments: The forecast anticipates that we will not renew the U. S. Treasury Small Business Loan Fund \$8.3 million Equity Equivalent Investment when the program reprices from 2% to 9% interest in 2019. As a result of this and the increased level of recourse debt, the leverage ratio decreases from 42.0% at year-end 2014 to 30.8% in 2019, which is still comfortably above policy.

The change in mix of funding sources can be seen in the table below:

|   | <u>Percentage of Total Loans Payable</u> |             |
|---|--|-------------|
|   | <u>2014</u>                              | <u>2019</u> |
| Investor Consortium Collateral Trust Notes        | 37.1%                                    | 47.5%       |
| Institutional Borrowings                          | 34.7                                     | 30.0        |
| CDFI Bond Guarantee Program                       | 0.0                                      | 5.5         |
| Federal Home Loan Bank/ Community Investment Fund | 6.5                                      | 7.3         |
| Foundation PRIs                                   | 12.4                                     | 5.3         |
| Equity Equivalent Investments                     | <u>9.3</u>                               | <u>4.4</u>  |
| Total   | 100.0 %                                  | 100.0%      |

The overall cost of debt capital ranges from 2.90 percent to 3.72 percent.

Net Assets: The Forecast assumes operating surpluses fuel net asset growth. In addition, it is projected that IFF will receive \$2.0 million per year in new unrestricted equity grants for 2016-2019 (CDFI Financial Assistance awards).

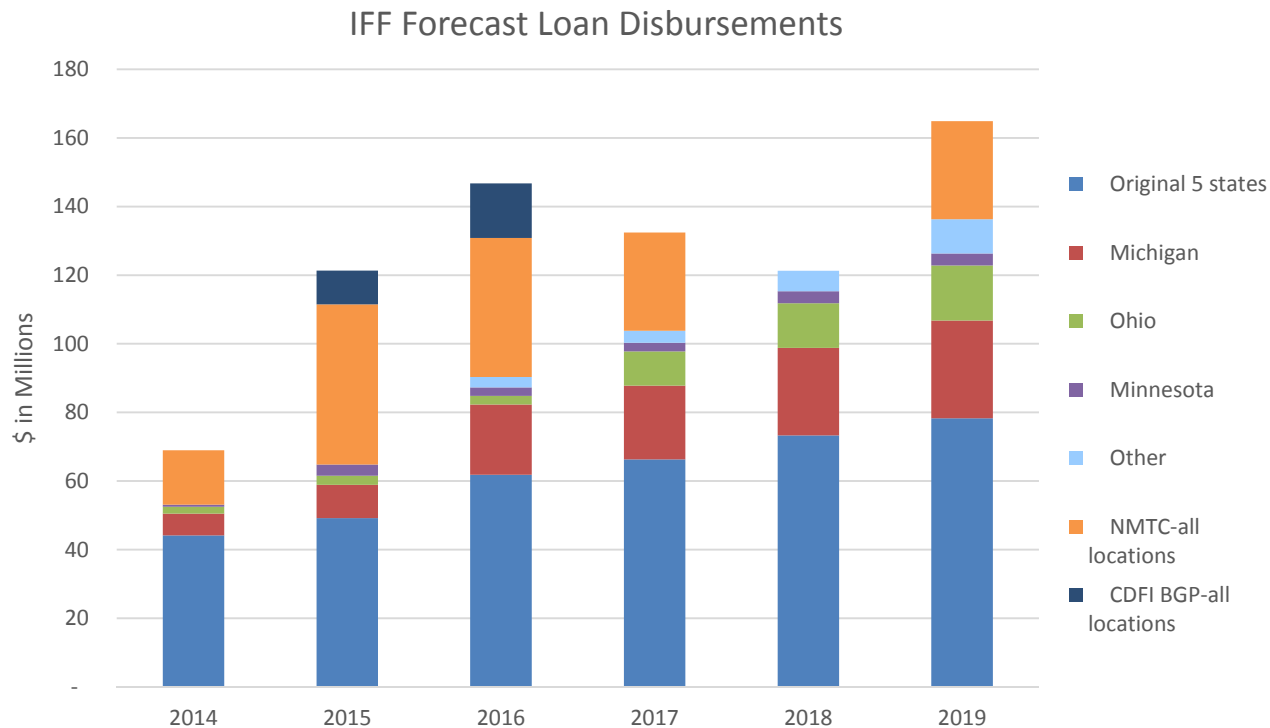
The leverage ratio is maintained above 25 percent over the Forecast timeline—a result of positive net operating surplus generated from IFFs business units and the successful deployment of NMTC allocations.

## Use of Funds:

Loans Receivable: The Forecast anticipates consolidated loan growth from the 2014 year-end portfolio of \$216 million to \$451 million by year-end 2019 (excluding \$180 million in off-balance sheet NMTC loans). Loan disbursements including New Markets can be found in the chart below.

Projections include growth in all major loan products, including charter schools, community health centers, affordable and supportive housing, and human services agencies. The Forecast also includes \$25 million of longer duration loans funded through the CDFI Bond Guarantee Program.

Over the last few years, Illinois and Chicago metro area lending rate of growth has been lower than that of other geographic areas, largely due to the Illinois state budget crisis. However, the Illinois Fresh Food Fund and several other targeted products, along with an anticipated recovery from the budget crisis, support the Forecast's assumption that Illinois lending will increase over the years 2014-2019. This is further supported by several opportunities in Chicago that are made possible through IFF's new Community Strategies department and the Director of Lending, Metropolitan Chicago position that we created in early 2014. The chart below highlights the source of Forecast disbursements.





In the Forecast, across all states, IFF's standard loan, the 15-year fully amortizing mortgage loan, continues to dominate in both number of loans and dollar volume. The Forecast projects that charter school lending will increase from \$42 million at year-end 2012 to \$78 million at year-end 2019.

Allowances for Loan Losses: The reserve for the general portfolio is based on IFF's three-year loss history, ranging from 4.57 percent in 2014 to 3.30 percent in 2019. The reserve for loans in the Investor Consortium is maintained at 2 percent in addition to a cash reserve of 2 percent held by the trustee.

A specific identified reserve is held for loans classified with a risk rating of 5. Detail on the portfolio by sector is provided in the Forecast.

### **Additional Commentary of Statement of Activity Assumptions**

Consulting Fees: Consulting fees grow at a compound growth rate of 33 percent over the Forecast period, reflecting the maturity of IFF's Real Estate Services division's consulting business and the comprehensive approach from the Community Strategies division as both business lines become self-sufficient over the Forecast horizon. Additionally, revenues generated through IFF's Home First and Affordable Housing units contribute to this growth.

Pass-Through Grants: 2015 includes \$6.1 million for Housing Related Programs and \$3.2 million for the Healthy Food Finance Initiative, which are either pass-through funds or support the acquisition of residential property that will remain on IFF's books a short time. The housing program pass through grants are forecasted to remain at \$5.4 million from 2016 – 2019.

Staffing: The Forecast includes staff growth from the current level of 76 (plus ten open positions) to 103, reflecting growth throughout IFF business units and strengthening administration, IT, and other support units. Staffing increases, coupled with average merit increases, result in compound growth rate of 11.8 percent in salary and benefit expenses. Operating expenses include costs associated with expanded office space in Chicago, Detroit and Indianapolis as well new offices in Minneapolis and Ohio.

#### *Year-end Staff by Location*

|                | 2014      | 2015      | 2016      | 2017      | 2018       | 2019       |
|----------------|-----------|-----------|-----------|-----------|------------|------------|
| Chicago        | 61        | 73        | 74        | 76        | 80         | 81         |
| St. Louis / KC | 3         | 4         | 5         | 5         | 5          | 5          |
| Detroit        | 3         | 7         | 8         | 9         | 9          | 10         |
| Ohio           | 0         | 0         | 1         | 1         | 1          | 1          |
| Indianapolis   | 1         | 2         | 2         | 2         | 3          | 3          |
| Minneapolis    | 0         | 2         | 3         | 4         | 4          | 4          |
| Milwaukee      | 2         | 2         | 2         | 2         | 2          | 2          |
|                | <u>70</u> | <u>90</u> | <u>95</u> | <u>99</u> | <u>104</u> | <u>106</u> |

**In conclusion, this Forecast shows that IFF is projected to remain on strong financial footing through annual surpluses, net asset growth, and diversified sources of capital for lending.** This diversity is necessary and also opportunistic, and documents that IFF is in a strong position to respond to the needs of low-income communities by proactively designing programs for and with funders and investors, particularly those seeking an experienced partner such as IFF.

This Forecast, along with IFF's current and future strategic plans, will continue to guide the organization's Board and leadership in achieving its vision and mission in the Midwest.

**IFF Five Year Forecast  
Summary**

|  | 12/31/2014            | 12/31/2015            | 12/31/2016            | 12/31/2017            | 12/31/2018            | 12/31/2019            |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>IFF CONSOLIDATED STATEMENT OF POSITION</b>                    |                       |                       |                       |                       |                       |                       |
| <b>IFF Consolidated Statement of Position</b>                    |                       |                       |                       |                       |                       |                       |
| <b>Assets</b>  |                       |                       |                       |                       |                       |                       |
| Cash and Cash Equivalents  | \$ 11,312,689         | \$ 14,851,614         | \$ 8,448,594          | \$ 8,347,064          | \$ 8,400,249          | \$ 8,738,083          |
| Interest-bearing Deposits in Financial Institutions              | 250,631               | 250,632               | 250,632               | 250,632               | 250,632               | 250,632               |
| FHLB-Chicago Stock   | 350,000               | 454,200               | 573,900               | 704,600               | 843,800               | 966,300               |
| Investor Consortium Reserve                                      | 1,381,710             | 1,896,483             | 2,250,199             | 3,002,027             | 3,487,539             | 4,248,290             |
| Loans Receivable - IFF   | 208,786,832           | 243,470,468           | 301,791,893           | 350,135,226           | 401,971,711           | 450,721,359           |
| IFF NMTC Senior Lender Investment/Loan Receivable                | 6,785,103             | 6,733,971             | 6,733,971             | 6,733,971             | -                     | -                     |
| <b>Gross Loans Receivable</b>                                    | 215,571,935           | 250,204,439           | 308,525,864           | 356,869,197           | 401,971,711           | 450,721,359           |
| Allowance for Loan Loss Reserves                                 | (10,113,367)          | (10,019,170)          | (11,095,684)          | (12,490,770)          | (14,109,211)          | (15,852,670)          |
| <b>Net Loans Receivable</b>                                      | \$ 205,458,568        | \$ 240,185,269        | \$ 297,430,180        | \$ 344,378,428        | \$ 387,862,501        | \$ 434,868,689        |
| IFF Loans to Subsidiaries  | 502,304               | 3,400,000             | 4,400,000             | 4,400,000             | 4,400,000             | 4,400,000             |
| Community Strategies Held Assets                                 | 1,460,864             | 2,810,000             | 3,976,667             | 6,396,111             | 8,508,241             | 9,182,966             |
| Properties Owned by IFF subsidiaries                             | 15,063,640            | 15,580,695            | 22,119,839            | 24,399,839            | 29,299,839            | 31,699,839            |
| Restricted Investments-Dept. of Education Grant, held by Trustee | 18,125,620            | 18,168,759            | 18,212,001            | 18,255,345            | 18,298,793            | 18,342,344            |
| Other Receivables and Assets                                     | 25,198,349            | 25,176,188            | 20,303,351            | 20,529,299            | 19,781,294            | 19,057,788            |
| <b>Total Assets</b>  | <b>\$ 275,872,641</b> | <b>\$ 322,773,841</b> | <b>\$ 377,965,362</b> | <b>\$ 430,663,345</b> | <b>\$ 481,132,888</b> | <b>\$ 531,754,931</b> |
| <b>Liabilities</b>   |                       |                       |                       |                       |                       |                       |
| Investor Consortium Collateral Trust Notes                       | 68,099,734            | 96,550,360            | 111,245,211           | 138,602,369           | 163,560,496           | 191,470,536           |
| Total Federal Home Loan Bank Borrowings                          | 12,000,000            | 19,083,253            | 21,477,952            | 24,091,861            | 26,876,681            | 29,325,771            |
| Foundation Program Related Investments                           | 22,757,414            | 22,729,914            | 22,699,914            | 21,649,914            | 21,579,914            | 21,489,914            |
| Institutional Borrowings   | 65,842,516            | 57,550,221            | 74,489,886            | 92,669,751            | 106,004,349           | 126,202,652           |
| Equity Equivalent Investments                                    | 17,144,000            | 18,819,000            | 20,819,000            | 21,819,000            | 23,569,000            | 17,775,000            |
| CDFI Bond Guarantee Program                                      | -                     | 12,854,369            | 24,498,227            | 23,756,196            | 23,015,978            | 22,256,121            |
| <b>Total Loans payable</b>                                       | 185,843,664           | 227,587,118           | 275,230,191           | 322,589,093           | 364,606,418           | 408,519,994           |
| Other Liabilities  | 11,694,540            | 12,794,540            | 19,601,828            | 21,782,061            | 26,445,009            | 28,934,469            |
| <b>Total Liabilities</b>   | 197,538,204           | 240,381,658           | 294,832,018           | 344,371,153           | 391,051,427           | 437,454,463           |
| <b>Net Assets</b>  | <b>78,334,437</b>     | <b>82,392,182</b>     | <b>83,133,344</b>     | <b>86,292,192</b>     | <b>90,081,460</b>     | <b>94,300,467</b>     |
| <b>Total Liabilities &amp; Net Assets</b>                        | <b>\$ 275,872,641</b> | <b>\$ 322,773,841</b> | <b>\$ 377,965,362</b> | <b>\$ 430,663,345</b> | <b>\$ 481,132,888</b> | <b>\$ 531,754,931</b> |

**IFF Five Year Forecast  
Summary**

|   | 12/31/2014            | 12/31/2015            | 12/31/2016            | 12/31/2017            | 12/31/2018            | 12/31/2019            |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>IFF STAND ALONE LINE OF BUSINESS PROJECTIONS</b> |                       |                       |                       |                       |                       |                       |
| <b>IFF - Line of Business Unit Performance</b>      |                       |                       |                       |                       |                       |                       |
| <b>Capital Solutions</b>                            |                       |                       |                       |                       |                       |                       |
| Total Revenue                                       | \$ 9,678,781          | \$ 9,107,938          | \$ 9,545,322          | \$ 11,005,056         | \$ 11,889,362         | \$ 12,961,389         |
| Total Operating Expenses                            | 5,741,078             | 5,762,776             | 5,573,865             | 5,941,398             | 6,206,902             | 6,545,000             |
| Operating Surplus                                   | <b>\$ 3,937,703</b>   | <b>\$ 3,345,162</b>   | <b>\$ 3,971,457</b>   | <b>\$ 5,063,658</b>   | <b>\$ 5,682,461</b>   | <b>\$ 6,416,390</b>   |
| <b>Real Estate Consulting and Owners Rep</b>        |                       |                       |                       |                       |                       |                       |
| Total Revenue                                       | \$ 1,982,545          | \$ 2,534,199          | \$ 3,326,315          | \$ 4,144,819          | \$ 4,817,044          | \$ 5,086,892          |
| Total Operating Expenses                            | 2,470,882             | 3,011,340             | 3,599,330             | 4,062,602             | 4,367,480             | 4,587,710             |
| Operating Surplus                                   | <b>\$ (488,337)</b>   | <b>\$ (477,142)</b>   | <b>\$ (273,015)</b>   | <b>\$ 82,217</b>      | <b>\$ 449,564</b>     | <b>\$ 499,182</b>     |
| <b>Home First</b>                                   |                       |                       |                       |                       |                       |                       |
| Total Revenue                                       | \$ 467,590            | \$ 1,143,610          | \$ 1,035,720          | \$ 1,931,312          | \$ 1,875,000          | \$ 1,875,000          |
| Total Operating Expenses                            | 745,503               | 654,204               | 765,185               | 760,401               | 848,875               | 737,594               |
| Operating Surplus                                   | <b>\$ (277,913)</b>   | <b>\$ 489,406</b>     | <b>\$ 270,535</b>     | <b>\$ 1,170,911</b>   | <b>\$ 1,026,125</b>   | <b>\$ 1,137,406</b>   |
| <b>Affordable Housing</b>                           |                       |                       |                       |                       |                       |                       |
| Total Revenue                                       | \$ 6,888,249          | \$ 6,595,321          | \$ 5,871,575          | \$ 6,126,841          | \$ 6,218,365          | \$ 6,247,913          |
| Total Operating Expenses                            | 6,984,960             | 6,404,440             | 5,659,257             | 5,672,467             | 5,806,273             | 5,854,762             |
| Operating Surplus                                   | <b>\$ (96,711)</b>    | <b>\$ 190,881</b>     | <b>\$ 212,318</b>     | <b>\$ 454,374</b>     | <b>\$ 412,092</b>     | <b>\$ 393,151</b>     |
| <b>Community Strategies</b>                         |                       |                       |                       |                       |                       |                       |
| Total Revenue                                       | \$ 1,665,262          | \$ 4,184,743          | \$ 1,119,761          | \$ 1,220,464          | \$ 1,159,723          | \$ 1,036,541          |
| Total Operating Expenses                            | 2,044,306             | 4,271,051             | 1,038,750             | 1,136,200             | 1,154,388             | 1,144,111             |
| Operating Surplus                                   | <b>\$ (379,044)</b>   | <b>\$ (86,308)</b>    | <b>\$ 81,012</b>      | <b>\$ 84,264</b>      | <b>\$ 5,336</b>       | <b>\$ (107,570)</b>   |
| <b>Research</b>                                     |                       |                       |                       |                       |                       |                       |
| Total Revenue                                       | \$ 276,634            | \$ 687,500            | \$ 532,500            | \$ 601,000            | \$ 658,300            | \$ 663,300            |
| Total Operating Expenses                            | 439,935               | 624,048               | 556,891               | 563,607               | 587,038               | 602,436               |
| Operating Surplus                                   | <b>\$ (163,301)</b>   | <b>\$ 63,453</b>      | <b>\$ (24,391)</b>    | <b>\$ 37,393</b>      | <b>\$ 71,262</b>      | <b>\$ 60,864</b>      |
| <b>Supporting Organizations</b>                     |                       |                       |                       |                       |                       |                       |
| Total Revenue                                       | \$ 619,744            | \$ 622,830            | \$ 1,263,559          | \$ 1,808,253          | \$ 1,811,989          | \$ 1,858,351          |
| Total Operating Expenses                            | 2,365,204             | 2,539,785             | 3,739,115             | 3,839,003             | 3,626,486             | 3,691,320             |
| Operating Surplus                                   | <b>\$ (1,745,460)</b> | <b>\$ (1,916,955)</b> | <b>\$ (2,475,555)</b> | <b>\$ (2,030,750)</b> | <b>\$ (1,814,497)</b> | <b>\$ (1,832,970)</b> |

IFF Stand Alone  
Statement of Position  
Five Year Financial Forecast  
IFF Stand Alone Data

Statement of Position

| ASSETS   |                       |                       |                       |                       |                       |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|  | 31-Dec-14             | 31-Dec-15             | 31-Dec-16             | 31-Dec-17             | 31-Dec-18             | 31-Dec-19             |
| Cash and Cash Equivalents  | \$ 11,312,689         | \$ 14,851,614         | \$ 8,448,594          | \$ 8,347,064          | \$ 8,400,249          | \$ 8,738,083          |
| Interest-bearing Deposits in Financial Institutions              | 250,631               | 250,632               | 250,632               | 250,632               | 250,632               | 250,632               |
| FHLB-Chicago Stock   | 350,000               | 454,200               | 573,900               | 704,600               | 843,800               | 966,300               |
| Investor Consortium Reserve                                      | 1,381,710             | 1,896,483             | 2,250,199             | 3,002,027             | 3,487,539             | 4,248,290             |
| <b>Subtotal</b>  | <b>13,295,030</b>     | <b>17,452,929</b>     | <b>11,523,325</b>     | <b>12,304,324</b>     | <b>12,982,220</b>     | <b>14,203,305</b>     |
| Loans Receivable, Gross  | 208,786,832           | 243,470,468           | 301,791,893           | 350,135,226           | 401,971,711           | 450,721,359           |
| Allowance for Loan Losses  | (10,113,367)          | (10,019,170)          | (11,095,684)          | (12,490,770)          | (14,109,211)          | (15,852,670)          |
| <b>Net Loans receivable</b>                                      | <b>198,673,465</b>    | <b>233,451,298</b>    | <b>290,696,209</b>    | <b>337,644,457</b>    | <b>387,862,501</b>    | <b>434,868,689</b>    |
| Illinois Healthy Food Fund Grant                                 | 8,123,299             | 4,400,000             | -                     | -                     | -                     | -                     |
| HUD - TOD Funds  | 2,038,860             | 2,038,860             | -                     | -                     | -                     | -                     |
| IFF Loans to Subsidiaries  | 502,304               | 3,400,000             | 4,400,000             | 4,400,000             | 4,400,000             | 4,400,000             |
| CDFI Bond Program Cash Reserve                                   | -                     | 385,631               | 750,000               | 750,000               | 750,000               | 750,000               |
| IFF NMTC Senior Lender Investment/Loan Receivable                | 6,785,103             | 6,733,971             | 6,733,971             | 6,733,971             | -                     | -                     |
| CMAP Energy Efficient Loan Loss Cash Reserve                     | 209,439               | 209,439               | 209,439               | 209,439               | 209,439               | 209,439               |
| Grants Receivable, Other Receivables and Deposits                | 9,122,407             | 11,762,000            | 11,762,000            | 11,762,000            | 10,762,000            | 9,762,000             |
| Restricted Investments-Dept. of Education Grant, held by Trustee | 18,125,620            | 18,168,759            | 18,212,001            | 18,255,345            | 18,298,793            | 18,342,344            |
| <b>Grants, NSP, Access Housing</b>                               | <b>44,907,032</b>     | <b>47,098,660</b>     | <b>42,067,411</b>     | <b>42,110,755</b>     | <b>34,420,232</b>     | <b>33,463,783</b>     |
| <b>Other Assets</b>  | <b>5,202,040</b>      | <b>6,331,541</b>      | <b>6,533,195</b>      | <b>6,759,143</b>      | <b>7,011,138</b>      | <b>7,287,632</b>      |
| <b>TOTAL ASSETS</b>  | <b>\$ 262,077,567</b> | <b>\$ 304,334,429</b> | <b>\$ 350,820,139</b> | <b>\$ 398,818,678</b> | <b>\$ 442,276,091</b> | <b>\$ 489,823,409</b> |
| LIABILITIES AND NET ASSETS                                       |                       |                       |                       |                       |                       |                       |
| <b>Loans payable</b>   |                       |                       |                       |                       |                       |                       |
| Investor Consortium Collateral Trust Notes                       | \$ 68,099,734         | \$ 96,550,360         | \$ 111,245,211        | \$ 138,602,369        | \$ 163,560,496        | \$ 191,470,536        |
| Institutional Borrowings   | 75,813,221            | 76,633,474            | 94,407,838            | 113,011,612           | 126,631,030           | 148,528,423           |
| Foundation PRIs  | 22,757,414            | 22,729,914            | 22,699,914            | 21,649,914            | 21,579,914            | 21,489,914            |
| CDFI Bond Program  | -                     | 12,854,369            | 24,498,227            | 23,756,196            | 23,015,978            | 22,256,121            |
| Equity Equivalent Investments                                    | 8,850,000             | 10,525,000            | 12,525,000            | 13,525,000            | 15,275,000            | 17,775,000            |
| UST Equity Debt Issuance   | 8,294,000             | 8,294,000             | 8,294,000             | 8,294,000             | 8,294,000             | -                     |
| <b>Subtotal Loans Payable</b>                                    | <b>183,814,369</b>    | <b>227,587,118</b>    | <b>273,670,191</b>    | <b>318,839,093</b>    | <b>358,356,418</b>    | <b>401,519,994</b>    |
| <b>Other Liabilities</b>   | <b>3,529,999</b>      | <b>3,497,340</b>      | <b>3,158,817</b>      | <b>2,829,605</b>      | <b>2,980,424</b>      | <b>3,145,159</b>      |
| <b>Total Liabilities</b>   | <b>\$ 187,344,368</b> | <b>\$ 231,084,458</b> | <b>\$ 276,829,008</b> | <b>\$ 321,668,698</b> | <b>\$ 361,336,842</b> | <b>\$ 404,665,153</b> |
| <b>Total Net Assets</b>  | <b>74,733,198</b>     | <b>73,249,970</b>     | <b>73,991,132</b>     | <b>77,149,980</b>     | <b>80,939,248</b>     | <b>85,158,255</b>     |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                          | <b>\$ 262,077,567</b> | <b>\$ 304,334,429</b> | <b>\$ 350,820,139</b> | <b>\$ 398,818,678</b> | <b>\$ 442,276,091</b> | <b>\$ 489,823,409</b> |
| Liquidity / Leverage   |                       |                       |                       |                       |                       |                       |
| Net Assets +   | 74,733,198            | 73,249,970            | 73,991,132            | 77,149,980            | 80,939,248            | 85,158,255            |
| Less DOE -   | (18,125,620)          | (18,168,759)          | (18,212,001)          | (18,255,345)          | (18,298,793)          | (18,342,344)          |
| Plus Allowance Loan Losses +                                     | 10,113,367            | 10,019,170            | 11,095,684            | 12,490,770            | 14,109,211            | 15,852,670            |
| <b>Adjusted Net Assets</b>                                       | <b>66,720,946</b>     | <b>65,100,381</b>     | <b>66,874,815</b>     | <b>71,385,405</b>     | <b>76,749,666</b>     | <b>82,668,582</b>     |
| Total Assets +   | 262,077,567           | 304,334,429           | 350,820,139           | 398,818,678           | 442,276,091           | 489,823,409           |
| Less DOE -   | (18,125,620)          | (18,168,759)          | (18,212,001)          | (18,255,345)          | (18,298,793)          | (18,342,344)          |
| Less Consortium Notes -  | (68,099,734)          | (96,550,360)          | (111,245,211)         | (138,602,369)         | (163,560,496)         | (191,470,536)         |
| Less Equity Equivalent Investments -                             | (8,850,000)           | (10,525,000)          | (12,525,000)          | (13,525,000)          | (15,275,000)          | (17,775,000)          |
| Less UST Equity Investment -                                     | (8,294,000)           | (8,294,000)           | (8,294,000)           | (8,294,000)           | (8,294,000)           | -                     |
| Plus Loan Guarantees +   | -                     | -                     | -                     | -                     | -                     | -                     |
| <b>Total Adjusted Assets</b>                                     | <b>158,708,213</b>    | <b>170,796,309</b>    | <b>200,543,928</b>    | <b>220,141,963</b>    | <b>236,847,802</b>    | <b>262,235,529</b>    |
| <b>Adjusted Net Assets / Total Adjusted Assets</b>               | <b>42.04%</b>         | <b>38.12%</b>         | <b>33.35%</b>         | <b>32.43%</b>         | <b>32.40%</b>         | <b>31.52%</b>         |
| <b>Covenant</b>  | <b>20.00%</b>         | <b>20.00%</b>         | <b>20.00%</b>         | <b>20.00%</b>         | <b>20.00%</b>         | <b>20.00%</b>         |

**IFF Stand Alone  
Statement of Activities  
Five Year Financial Forecast**

|  | 2014              | 2015              | 2016              | 2017              | 2018              | 2019              |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Revenue and Other Support - Operating</b>         |                   |                   |                   |                   |                   |                   |
| Interest on Loans                                    | 9,958,995         | 12,162,129        | 15,361,307        | 18,987,295        | 22,143,768        | 25,604,540        |
| Interest on Investments                              | 38,802            | 58,203            | 58,785            | 59,961            | 61,160            | 62,383            |
| Less: Interest Expense                               | (5,211,671)       | (6,555,287)       | (8,194,329)       | (9,998,771)       | (12,294,189)      | (15,136,251)      |
| <b>Net Financing Income</b>                          | <b>4,786,126</b>  | <b>5,665,046</b>  | <b>7,225,763</b>  | <b>9,048,485</b>  | <b>9,910,739</b>  | <b>10,530,672</b> |
| NMTC Fees  | 2,772,000         | 2,180,000         | 1,700,000         | 1,200,000         | 1,000,000         | 1,200,000         |
| NMTC Management Fees                                 | 201,333           | 507,830           | 963,339           | 1,155,110         | 1,150,110         | 1,307,735         |
| Social Impact Bond Fee/Specialized Financing Fees    | 72,989            | 65,000            | 115,000           | 230,000           | 430,000           | 680,000           |
| Rental Income  | 131,527           | 98,646            | 245,839           | 495,773           | 506,563           | 517,393           |
| Miscellaneous Fees                                   | 92,018            | 127,776           | 105,000           | 125,000           | 145,000           | 145,000           |
| Asset management Fees                                | 14,000            | 15,000            | 55,000            | 160,000           | 160,000           | 40,000            |
| Net Unrealized Gain or (Loss)                        | (1,317)           |                   |                   |                   |                   |                   |
| Developer Fees                                       | 352,962           | 962,546           | 1,140,720         | 2,276,312         | 2,280,000         | 2,280,000         |
| Consulting & Program Contract Fees                   | 1,298,095         | 3,133,575         | 3,458,744         | 4,502,576         | 5,140,799         | 5,515,025         |
| <b>Total Fee Income</b>                              | <b>4,933,607</b>  | <b>7,090,373</b>  | <b>7,783,642</b>  | <b>10,144,771</b> | <b>10,812,471</b> | <b>11,685,152</b> |
| Program and Operating Grants                         | 1,293,686         | 1,388,695         | 1,280,250         | 1,327,631         | 1,232,817         | 1,157,951         |
| Grants Released from Restrictions                    | -                 | 48,750            | 378,500           | 237,500           | 200,000           | 200,000           |
| Net Assets Released From Restrictions                | 9,287,044         | 10,074,547        | 5,440,482         | 5,440,482         | 5,440,482         | 5,440,482         |
| <b>Total Operating Income</b>                        | <b>20,300,463</b> | <b>24,267,410</b> | <b>22,108,637</b> | <b>26,198,869</b> | <b>27,596,510</b> | <b>29,014,258</b> |
| <b>Expenses - Operating</b>                          |                   |                   |                   |                   |                   |                   |
| Salaries and Benefits                                | 7,085,768         | 8,661,851         | 10,621,162        | 11,578,263        | 11,922,615        | 12,377,894        |
| Professional Fees                                    | 1,069,174         | 1,393,695         | 1,196,906         | 1,176,314         | 1,220,538         | 1,437,068         |
| Occupancy and Office                                 | 800,482           | 1,415,242         | 1,468,458         | 1,475,153         | 1,482,049         | 1,482,932         |
| Depreciation and Amortization                        | 241,077           | 282,579           | 449,823           | 451,791           | 453,819           | 453,819           |
| Net OREO (Gains) or Losses                           | 121,767           | -                 | -                 | -                 | -                 | -                 |
| Other Operating Expense                              | 883,276           | 805,313           | 1,142,990         | 1,187,550         | 1,216,597         | 1,226,702         |
| CDFI Bond Program Expense                            | -                 | 49,357            | 182,868           | 193,344           | 187,465           | 181,472           |
| Program Professional Fees                            | 24,937            | 25,685            | 26,456            | 27,249            | 28,067            | 28,909            |
| Pass Through Grants                                  | 9,287,044         | 10,074,547        | 5,440,482         | 5,440,482         | 5,440,482         | 5,440,482         |
| <b>Total Expenses - Operating</b>                    | <b>19,513,525</b> | <b>22,708,269</b> | <b>20,529,146</b> | <b>21,530,146</b> | <b>21,951,631</b> | <b>22,629,277</b> |
| <b>Change in Unrestricted Net Assets - Operating</b> | <b>786,937</b>    | <b>1,559,141</b>  | <b>1,579,491</b>  | <b>4,668,723</b>  | <b>5,644,878</b>  | <b>6,384,981</b>  |

**IFF Stand Alone  
Statement of Activities  
Five Year Financial Forecast**

|   | 2014               | 2015               | 2016               | 2017               | 2018               | 2019               |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Capital Activity</b>                                     |                    |                    |                    |                    |                    |                    |
| Loan Loss Allowance - Start                                 | 9,584,675          | 10,113,367         | 10,019,170         | 11,095,684         | 12,490,770         | 14,109,211         |
| Net Loan Write-offs   | 2,083,845          | 1,223,470          | 1,516,542          | 1,759,473          | 2,019,958          | 2,264,931          |
| Loan Loss Allowance - End                                   | 10,113,367         | 10,019,170         | 11,095,684         | 12,490,770         | 14,109,211         | 15,852,670         |
| Provision for Nonperforming Loans                           | (2,612,537)        | (1,129,272)        | (2,593,056)        | (3,154,559)        | (3,638,399)        | (4,008,391)        |
| Unrestricted Capital Grants                                 | -                  | 2,000,000          | 2,000,000          | 2,000,000          | 2,000,000          | 2,000,000          |
| Release of Loan Capital for Non Performing Loans            | 2,612,537          | 1,129,272          | 2,593,056          | 3,154,559          | 3,638,399          | 4,008,391          |
| <b>Change in Unrestricted Net Assets - Capital Funds</b>    | -                  | 2,000,000          | 2,000,000          | 2,000,000          | 2,000,000          | 2,000,000          |
| <b>Change in Unrestricted Net Assets</b>                    | <b>786,937</b>     | <b>3,559,141</b>   | <b>3,579,491</b>   | <b>6,668,723</b>   | <b>7,644,878</b>   | <b>8,384,981</b>   |
| <b>Changes in Temporarily Restricted Net Assets (TRNA):</b> |                    |                    |                    |                    |                    |                    |
| Program and Operating Grants                                | 8,974,309          | 7,429,693          | 6,414,435          | 6,351,671          | 6,394,859          | 6,379,518          |
| Capital Grants  | 190,000            | -                  | -                  | -                  | -                  | -                  |
| Interest on Investments (DOE Grant Funds)                   | 41,408             | 43,139             | 43,242             | 43,345             | 43,448             | 43,551             |
| Net Assets Released from Restrictions                       |                    |                    |                    |                    |                    |                    |
| Satisfaction of Program Restrictions for:                   |                    |                    |                    |                    |                    |                    |
| Operating Grants  | (1,293,686)        | (1,388,695)        | (1,280,250)        | (1,327,631)        | (1,232,817)        | (1,157,951)        |
| HUD/DCEO/AG Grants  | (3,322,598)        | (6,162,117)        | (5,422,700)        | (5,422,700)        | (5,422,700)        | (5,422,700)        |
| Illinois Healthy Food                                       | (1,539,394)        | (3,162,117)        |                    |                    |                    |                    |
| CILA  | (60,000)           |                    |                    |                    |                    |                    |
| Chase Collaboration   | (606,688)          | (673,000)          | -                  | -                  | -                  | -                  |
| Finnegan Family Foundation - SIB                            | (388,678)          |                    |                    |                    |                    |                    |
| CMAP/MacArthur  | (87,615)           |                    |                    |                    |                    |                    |
| NSP Property Transfers to Non Profits                       | (3,282,072)        | -                  | -                  | -                  | -                  | -                  |
| Capital Grants for Nonperforming Loans                      | (2,612,537)        | (1,129,272)        | (2,593,056)        | (3,154,559)        | (3,638,399)        | (4,008,391)        |
| <b>Change in Temporarily Restricted Net Assets (TRNA)</b>   | <b>(3,987,550)</b> | <b>(5,042,369)</b> | <b>(2,838,330)</b> | <b>(3,509,874)</b> | <b>(3,855,610)</b> | <b>(4,165,974)</b> |
| <b>Change In Net Assets</b>                                 | <b>(3,200,613)</b> | <b>(1,483,228)</b> | <b>741,161</b>     | <b>3,158,848</b>   | <b>3,789,268</b>   | <b>4,219,007</b>   |

**IFF Stand Alone  
Statement of Cash Flows  
Five Year Financial Forecast**

| <i>Cash Flows from Operating Activities:</i>  | 2014                | 2015                | 2016                | 2017                | 2018                | 2019                |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Net Financing Income  | 4,786,126           | 5,665,046           | 7,225,763           | 9,048,485           | 9,910,739           | 10,530,672          |
| Other Operating and Program Revenue   | 6,227,293           | 8,479,068           | 9,063,892           | 11,472,402          | 12,045,289          | 12,843,104          |
| Grants Released from Restrictions   | 9,287,044           | 10,123,297          | 5,818,982           | 5,677,982           | 5,640,482           | 5,640,482           |
| Net program Revenue and Support   | 20,300,463          | 24,267,410          | 22,108,637          | 26,198,869          | 27,596,510          | 29,014,258          |
| Program Expenses  | 19,513,525          | 22,708,269          | 20,529,146          | 21,530,146          | 21,951,631          | 22,629,277          |
| Operating Surplus   | 786,937             | 1,559,141           | 1,579,491           | 4,668,723           | 5,644,878           | 6,384,981           |
| Capital Contributions   | -                   | 2,000,000           | 2,000,000           | 2,000,000           | 2,000,000           | 2,000,000           |
| Change in Unrestricted Net Assets   | 786,937             | 3,559,141           | 3,579,491           | 6,668,723           | 7,644,878           | 8,384,981           |
| Change in Temporarily Restricted Net Assets   | (3,987,550)         | (5,042,369)         | (2,838,330)         | (3,509,874)         | (3,855,610)         | (4,165,974)         |
| <b>Change in Net Assets</b>   | <b>(3,200,613)</b>  | <b>(1,483,228)</b>  | <b>741,161</b>      | <b>3,158,848</b>    | <b>3,789,268</b>    | <b>4,219,007</b>    |
| <i>Adjustment to Reconcile Change in Net Assets<br/>to Net Cash Used by Operating Activities:</i> |                     |                     |                     |                     |                     |                     |
| Depreciation and Amortization   | 241,077             | 282,579             | 449,823             | 451,791             | 453,819             | 453,819             |
| Provision for Nonperforming Loans   | 2,612,537           | 1,129,272           | 2,593,056           | 3,154,559           | 3,638,399           | 4,008,391           |
| Pass Through NSP Property   | 3,282,072           | -                   | -                   | -                   | -                   | -                   |
| Net Realized and Unrealized (Gains)/Losses  | 121,767             | -                   | -                   | -                   | -                   | -                   |
| <i>Changes in Operating Assets and Liabilities:</i>   |                     |                     |                     |                     |                     |                     |
| (Increase) Decrease in Grants, Other Receivables and Deposits                                     | 1,489,127           | (2,639,593)         | -                   | -                   | 1,000,000           | 1,000,000           |
| (Increase) Decrease in Interest Receivable  | (77,997)            | (100,000)           | (100,000)           | (100,000)           | (100,000)           | (100,000)           |
| Reduction of Loans Receivable from Write-offs   | 2,083,845           | 1,223,470           | 1,516,542           | 1,759,473           | 2,019,958           | 2,264,931           |
| Increase (Decrease) in Accounts Payable and Accrued Liabilities                                   | 348,293             | -                   | -                   | -                   | -                   | -                   |
| Increase (Decrease) in Accrued Interest Payable   | (22,515)            | 51,352              | 175,877             | 172,388             | 150,819             | 164,735             |
| (Increase) Decrease in Other Property Owned   | 430,264             | 1,450,000           | (151,654)           | (175,947)           | (201,996)           | (226,493)           |
| <b>Net Cash from Operating Activities:</b>  | <b>7,307,858</b>    | <b>(86,149)</b>     | <b>5,224,806</b>    | <b>8,421,114</b>    | <b>10,750,268</b>   | <b>11,784,390</b>   |
| <i>Cash Flows from Investing Activities:</i>  |                     |                     |                     |                     |                     |                     |
| Loans Issued  | (58,512,025)        | (66,802,600)        | (90,300,000)        | (103,800,000)       | (121,300,000)       | (136,300,000)       |
| Loans Issued CDFI Bond Program  | -                   | (9,842,954)         | (15,907,046)        | -                   | -                   | -                   |
| Reduction of Loans Receivable from Repayments   | 32,293,320          | 48,454,677          | 52,886,452          | 54,192,962          | 64,848,939          | 72,016,503          |
| Loans issued HFI  | (502,304)           | -                   | -                   | -                   | -                   | -                   |
| (Increase) Decrease Consortium Reserve  | (21,595)            | 514,773             | 353,716             | 751,828             | 485,511             | 760,751             |
| (Increase) Decrease in Investments and Restricted Investments                                     | 1,477,530           | -                   | (2,038,860)         | -                   | -                   | -                   |
| (Increase) Decrease in Furniture and Equipment and Improvements                                   | (240,331)           | (2,480,000)         | 50,000              | 50,000              | 50,000              | 50,000              |
| Decrease (Increase) in CILA Property  | 315,438             | -                   | -                   | -                   | -                   | -                   |
| (Increase) Decrease in NSP Property   | (123,304)           | -                   | -                   | -                   | -                   | -                   |
| <b>Net Cash from Investing Activities:</b>  | <b>(25,313,271)</b> | <b>(30,156,104)</b> | <b>(54,955,738)</b> | <b>(48,805,210)</b> | <b>(55,915,550)</b> | <b>(63,472,746)</b> |
| <i>Cash Flows from Financing Activities:</i>  |                     |                     |                     |                     |                     |                     |
| Increase in Finance Costs   | (45,146)            | (35,000)            | (35,000)            | (35,000)            | (35,000)            | (35,000)            |
| Increase in FHLB Stock  | 143,100             | 104,200             | 119,700             | 130,700             | 139,200             | 122,500             |
| CDFI Bond Reserve   | -                   | -                   | -                   | -                   | -                   | -                   |
| Repayment of Loan Participations Payable  | (493,208)           | (32,135)            | (32,135)            | (32,135)            | (32,135)            | (32,134)            |
| Proceeds from Issuance of Loans Payable   | 26,652,032          | 5,449,952           | 22,575,000          | 25,875,000          | 50,175,000          | 41,175,000          |
| Proceeds from Consortium Note Issuance  | 15,195,249          | 37,148,498          | 25,000,000          | 40,000,000          | 40,000,000          | 45,000,000          |
| Proceeds from CDFI Bond Program   | -                   | 12,854,369          | 12,145,631          | -                   | -                   | -                   |
| Repayment of Loans Payable  | (30,725,033)        | (21,708,706)        | (16,445,284)        | (25,655,998)        | (45,028,599)        | (34,204,176)        |
| <b>Net Cash from Financing Activities:</b>  | <b>10,726,994</b>   | <b>33,781,178</b>   | <b>43,327,912</b>   | <b>40,282,567</b>   | <b>45,218,466</b>   | <b>52,026,190</b>   |
| Net Increase (Decrease) in Cash   | (7,278,419)         | 3,538,925           | (6,403,020)         | (101,529)           | 53,185              | 337,834             |
| Cash and Cash Equivalents, Beginning of Period  | 18,591,108          | 11,312,689          | 14,851,614          | 8,448,594           | 8,347,064           | 8,400,249           |
| Cash and Cash Equivalents, End of Period  | 11,312,689          | 14,851,614          | 8,448,594           | 8,347,064           | 8,400,249           | 8,738,083           |



**IFF Stand Alone  
Five year Financial Forecast  
Business Units  
Five Year Financial Forecast**

| <b>Capital Solutions</b>   |                  |                   |                   |                   |                   |                   |
|--|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|  | <b>Forecast</b>  |                   |                   |                   |                   |                   |
|  | <b>2014</b>      | <b>2015</b>       | <b>2016</b>       | <b>2017</b>       | <b>2018</b>       | <b>2019</b>       |
| <b>Revenue</b>   |                  |                   |                   |                   |                   |                   |
| Loan Interest Income   | 9,958,995        | 12,162,129        | 15,361,307        | 18,987,295        | 22,143,768        | 25,604,540        |
| Investment Income (Net)  | 38,802           | 58,203            | 58,785            | 59,961            | 61,160            | 62,383            |
| <b>Financing Income</b>  | <b>9,997,797</b> | <b>12,220,332</b> | <b>15,420,092</b> | <b>19,047,256</b> | <b>22,204,927</b> | <b>25,666,923</b> |
| Gain on Discharge of Indebtedness  |                  |                   |                   |                   |                   |                   |
| Less: Interest Expense   | (5,211,671)      | (6,555,287)       | (8,194,329)       | (9,998,771)       | (12,294,189)      | (15,136,251)      |
| <b>Net Interest Income</b>   | <b>4,786,126</b> | <b>5,665,046</b>  | <b>7,225,763</b>  | <b>9,048,485</b>  | <b>9,910,739</b>  | <b>10,530,672</b> |
| Consulting Fees - Internal   | 8,915            | 8,915             | 8,915             | 8,915             | 8,915             | 8,915             |
| Capital LLC NMTC Fees  | 2,772,000        | 2,180,000         | 1,700,000         | 1,200,000         | 1,000,000         | 1,200,000         |
| Rental Income  | 131,527          | 98,646            | 100,619           | 102,631           | 104,684           | 106,777           |
| Specialized Financing Fees   | 388,678          | 65,000            | 115,000           | 230,000           | 430,000           | 680,000           |
| Loan Origination Fees  | 204,907          | 127,776           | 105,000           | 125,000           | 145,000           | 145,000           |
| Consulting Contract  | 8,820            | -                 | -                 | -                 | -                 | -                 |
| Program and Operating Grants   | 199,303          | 272,243           | 272,243           | 272,243           | 272,243           | 272,243           |
| <b>Total Fee Income</b>  | <b>3,714,150</b> | <b>2,752,580</b>  | <b>2,301,777</b>  | <b>1,938,789</b>  | <b>1,960,842</b>  | <b>2,412,935</b>  |
| Grants Released from Restrictions - CMAP   | 29,077           | 17,313            | 17,782            | 17,782            | 17,782            | 17,782            |
| IFF Grants - pass Through  | 765,226          | 673,000           | -                 | -                 | -                 | -                 |
| Grants Released from Restrictions  | 384,203          | -                 | -                 | -                 | -                 | -                 |
| <b>Contributed Income</b>  | <b>1,178,506</b> | <b>690,313</b>    | <b>17,782</b>     | <b>17,782</b>     | <b>17,782</b>     | <b>17,782</b>     |
| <b>Total Net Revenue</b>   | <b>9,678,781</b> | <b>9,107,938</b>  | <b>9,545,322</b>  | <b>11,005,056</b> | <b>11,889,362</b> | <b>12,961,389</b> |
| <b>Expenses</b>  |                  |                   |                   |                   |                   |                   |
| Salaries and Benefits  | 2,054,478        | 2,642,778         | 3,091,202         | 3,449,799         | 3,650,893         | 3,760,419         |
| Professional Fees  | 240,319          | 247,528           | 254,954           | 262,603           | 270,481           | 278,595           |
| NMTC Related Fees  | 430,000          | 407,500           | 250,000           | 187,500           | 195,000           | 382,500           |
| Consulting Internal  | 24,135           | -                 | -                 | -                 | -                 | -                 |
| Occupancy and Office   | 92,236           | 95,003            | 97,853            | 100,789           | 103,812           | 103,812           |
| CDFI Bond Guarantee Expenses   | -                | 49,357            | 182,868           | 193,344           | 187,465           | 181,472           |
| Other Operating  | 375,043          | 386,294           | 397,883           | 409,820           | 422,114           | 422,114           |
| Provision for foreclosed asset losses  | 134,117          | -                 | -                 | -                 | -                 | -                 |
| Depreciation and Amortization  | 54,241           | 55,868            | 57,545            | 59,271            | 61,049            | 61,049            |
| Net Assets Released IFFI/CMAP  | 1,182,981        | 690,313           | 17,782            | 17,782            | 17,782            | 17,782            |
| Overhead Allocation  | 1,153,528        | 1,188,134         | 1,223,778         | 1,260,491         | 1,298,306         | 1,337,255         |
| <b>Total Operating Expenses</b>  | <b>5,741,078</b> | <b>5,762,776</b>  | <b>5,573,865</b>  | <b>5,941,398</b>  | <b>6,206,902</b>  | <b>6,545,000</b>  |
| <b>Operating Surplus</b>   | <b>3,937,703</b> | <b>3,345,162</b>  | <b>3,971,457</b>  | <b>5,063,658</b>  | <b>5,682,461</b>  | <b>6,416,390</b>  |
| Capital Grants   | -                | 2,000,000         | 2,000,000         | 2,000,000         | 2,000,000         | 2,000,000         |
| Provision for Loan Losses  | (2,612,538)      | (1,129,272)       | (2,593,056)       | (3,154,559)       | (3,638,399)       | (4,008,391)       |
| <b>Net Asset Change</b>  | <b>1,325,165</b> | <b>4,215,890</b>  | <b>3,378,400</b>  | <b>3,909,098</b>  | <b>4,044,061</b>  | <b>4,407,998</b>  |
| <b>Self Sufficiency Ratio (1)</b>  | <b>129.03%</b>   | <b>139.75%</b>    | <b>136.50%</b>    | <b>136.99%</b>    | <b>134.70%</b>    | <b>132.76%</b>    |
| (1) Total Net Revenue + Capital Grants + Provision for Loan Losses + Interest Expense / Total Op Expenses + Interest Expense + Provision for Loan Losses |                  |                   |                   |                   |                   |                   |

**IFF Stand Alone  
Five year Financial Forecast  
Business Units  
Five Year Financial Forecast**

| Real Estate Consulting and Owners Rep                    |                  |                  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
|  | Forecast         |                  |                  |                  |                  |                  |
|  | 2014             | 2015             | 2016             | 2017             | 2018             | 2019             |
| <b>Revenue</b>   |                  |                  |                  |                  |                  |                  |
| RES Services   | 892,156          | 1,890,487        | 2,513,575        | 3,265,087        | 3,886,252        | 4,342,119        |
| Consulting Fees Internal                                 | 658,419          | 443,816          | 512,200          | 564,960          | 759,359          | 641,213          |
| Program and Operating Grants                             | 431,970          | 199,896          | 300,540          | 314,772          | 171,433          | 103,560          |
| Net Assets released from restrictions                    | -                | -                | -                | -                | -                | -                |
| <b>Total Revenue</b>                                     | <b>1,982,545</b> | <b>2,534,199</b> | <b>3,326,315</b> | <b>4,144,819</b> | <b>4,817,044</b> | <b>5,086,892</b> |
| <b>Expenses</b>  |                  |                  |                  |                  |                  |                  |
| Salaries and Benefits                                    | 1,532,762        | 1,986,351        | 2,543,591        | 2,975,191        | 3,247,446        | 3,442,470        |
| Professional Fees  | 17,570           | 18,097           | 18,640           | 19,199           | 19,775           | 20,369           |
| Occupancy and Office                                     | 83,166           | 94,723           | 97,565           | 100,492          | 103,506          | 103,506          |
| Consulting Fees Internal                                 | -                | -                | -                | -                | -                | -                |
| Depreciation and Amortization                            | 8,016            | 7,836            | 8,071            | 8,313            | 8,563            | 8,563            |
| Net asset pass through expenses                          | -                | -                | -                | -                | -                | -                |
| Other Operating  | 100,411          | 153,507          | 158,112          | 162,856          | 167,741          | 167,741          |
| Overhead Allocation                                      | 728,957          | 750,826          | 773,351          | 796,551          | 820,448          | 845,061          |
| <b>Total Operating Expenses</b>                          | <b>2,470,882</b> | <b>3,011,340</b> | <b>3,599,330</b> | <b>4,062,602</b> | <b>4,367,480</b> | <b>4,587,710</b> |
| <b>Operating Surplus</b>                                 | <b>(488,337)</b> | <b>(477,142)</b> | <b>(273,015)</b> | <b>82,217</b>    | <b>449,564</b>   | <b>499,182</b>   |
| <b>Self Sufficiency Ratio (Total Revenue/Op Expense)</b> | <b>80.24%</b>    | <b>84.16%</b>    | <b>92.41%</b>    | <b>102.02%</b>   | <b>110.29%</b>   | <b>110.88%</b>   |

| Home First Illinois                                      |                  |                  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
|  | Forecast         |                  |                  |                  |                  |                  |
|  | 2014             | 2015             | 2016             | 2017             | 2018             | 2019             |
| <b>Revenue</b>   |                  |                  |                  |                  |                  |                  |
| RES Services   | -                | -                | -                | -                | -                | -                |
| Developer Fee Income                                     | 348,562          | 962,546          | 960,720          | 1,856,312        | 1,800,000        | 1,800,000        |
| Consulting Fees Internal                                 | -                | -                | -                | -                | -                | -                |
| Program and Operating Grants                             | 59,028           | 121,064          | 75,000           | 75,000           | 75,000           | 75,000           |
| CILA net assets released from restrictions               | 60,000           | 60,000           | -                | -                | -                | -                |
| <b>Total Revenue</b>                                     | <b>467,590</b>   | <b>1,143,610</b> | <b>1,035,720</b> | <b>1,931,312</b> | <b>1,875,000</b> | <b>1,875,000</b> |
| <b>Expenses</b>  |                  |                  |                  |                  |                  |                  |
| Salaries and Benefits                                    | 119,647          | 158,056          | 239,913          | 249,152          | 256,627          | 264,326          |
| Professional Fees  | -                | 40,000           | 40,000           | 40,000           | 40,000           | 40,000           |
| Occupancy and Office                                     | 1,485            | 1,284            | 5,000            | 5,150            | 5,305            | 5,464            |
| Consulting Fees Internal                                 | 520,807          | 351,000          | 420,000          | 400,000          | 475,000          | 355,000          |
| Depreciation and Amortization                            | -                | -                | -                | -                | -                | -                |
| CILA flow through expenses                               | 60,000           | 60,000           | -                | -                | -                | -                |
| Other Operating  | 7,283            | 6,495            | 22,156           | 27,220           | 32,287           | 32,355           |
| Overhead Allocation                                      | 36,281           | 37,369           | 38,116           | 38,879           | 39,656           | 40,449           |
| <b>Total Operating Expenses</b>                          | <b>745,503</b>   | <b>654,204</b>   | <b>765,185</b>   | <b>760,401</b>   | <b>848,875</b>   | <b>737,594</b>   |
| <b>Operating Surplus</b>                                 | <b>(277,913)</b> | <b>489,406</b>   | <b>270,535</b>   | <b>1,170,911</b> | <b>1,026,125</b> | <b>1,137,406</b> |
| <b>Self Sufficiency Ratio (Total Revenue/Op Expense)</b> | <b>62.72%</b>    | <b>174.81%</b>   | <b>135.36%</b>   | <b>253.99%</b>   | <b>220.88%</b>   | <b>254.20%</b>   |

**IFF Stand Alone  
Five year Financial Forecast  
Business Units  
Five Year Financial Forecast**

| <b>Affordable Housing</b>                                |                  |                  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
|  | <b>Forecast</b>  |                  |                  |                  |                  |                  |
|  | <b>2014</b>      | <b>2015</b>      | <b>2016</b>      | <b>2017</b>      | <b>2018</b>      | <b>2019</b>      |
| <b>Revenue</b>   |                  |                  |                  |                  |                  |                  |
| RES Services   | 81,301           | 191,088          | 130,000          | 145,000          | 176,250          | 215,213          |
| Consulting Fees Internal                                 | 60,442           | 156,000          | 65,000           | 65,000           | 65,000           | 65,000           |
| Developer Fee Income                                     | 4,400            | -                | 180,000          | 420,000          | 480,000          | 480,000          |
| Program and Operating Grants                             | 137,436          | 86,116           | 73,875           | 74,141           | 74,415           | 65,000           |
| NSP property transfers                                   | 3,282,072        | -                | -                | -                | -                | -                |
| Net Assets Released from restrictions                    | 3,322,598        | 6,162,117        | 5,422,700        | 5,422,700        | 5,422,700        | 5,422,700        |
| <b>Total Revenue</b>                                     | <b>6,888,249</b> | <b>6,595,321</b> | <b>5,871,575</b> | <b>6,126,841</b> | <b>6,218,365</b> | <b>6,247,913</b> |
| <b>Expenses</b>  |                  |                  |                  |                  |                  |                  |
| Salaries and Benefits                                    | 277,629          | 90,750           | 93,473           | 97,072           | 99,985           | 102,984          |
| Professional Fees  | 8,152            | 50,000           | 10,000           | 12,000           | 14,000           | 16,000           |
| Occupancy and Office                                     | 2,689            | 2,770            | 2,853            | 2,938            | 3,026            | 3,117            |
| Consulting Fees Internal                                 | 19,950           | 8,066            | 50,000           | 55,000           | 181,250          | 219,063          |
| Depreciation and Amortization                            | -                | -                | -                | -                | -                | -                |
| NSP property transfers                                   | 3,282,072        | -                | -                | -                | -                | -                |
| Net Asset pass through expenses                          | 3,322,598        | 6,162,117        | 5,422,700        | 5,422,700        | 5,422,700        | 5,422,700        |
| Other Operating  | (690)            | 16,000           | 4,000            | 5,000            | 6,000            | 10,000           |
| Overhead Allocation                                      | 72,560           | 74,737           | 76,232           | 77,756           | 79,312           | 80,898           |
| <b>Total Operating Expenses</b>                          | <b>6,984,960</b> | <b>6,404,440</b> | <b>5,659,257</b> | <b>5,672,467</b> | <b>5,806,273</b> | <b>5,854,762</b> |
| <b>Operating Surplus</b>                                 | <b>(96,711)</b>  | <b>190,881</b>   | <b>212,318</b>   | <b>454,374</b>   | <b>412,092</b>   | <b>393,151</b>   |
| <b>Self Sufficiency Ratio (Total Revenue/Op Expense)</b> | <b>98.62%</b>    | <b>102.98%</b>   | <b>103.75%</b>   | <b>108.01%</b>   | <b>107.10%</b>   | <b>106.72%</b>   |

| <b>Community Strategies</b>                              |                  |                  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
|  | <b>Forecast</b>  |                  |                  |                  |                  |                  |
|  | <b>2014</b>      | <b>2015</b>      | <b>2016</b>      | <b>2017</b>      | <b>2018</b>      | <b>2019</b>      |
| <b>Revenue</b>   |                  |                  |                  |                  |                  |                  |
| Contract Services  | 119,599          | 45,000           | 60,000           | 80,000           | 105,000          | 105,000          |
| Consulting Fees Internal                                 | 13,998           | -                | -                | -                | -                | -                |
| Developer Fee Income                                     | -                | 855,000          | 605,169          | 824,589          | 773,997          | 648,393          |
| Grant Income   | -                | 48,750           | 378,500          | 237,500          | 200,000          | 200,000          |
| Unrealized Gain (Loss)                                   | -                | -                | -                | -                | -                | -                |
| Program and Operating Grants                             | 92,270           | 73,876           | 76,092           | 78,375           | 80,726           | 83,148           |
| CILA Flow Through  | -                | -                | -                | -                | -                | -                |
| Net Assets Released IFFF                                 | 1,439,394        | 3,162,117        | -                | -                | -                | -                |
| Net Assets Released Other                                | -                | -                | -                | -                | -                | -                |
| <b>Total Revenue</b>                                     | <b>1,665,262</b> | <b>4,184,743</b> | <b>1,119,761</b> | <b>1,220,464</b> | <b>1,159,723</b> | <b>1,036,541</b> |
| <b>Expenses</b>  |                  |                  |                  |                  |                  |                  |
| Salaries and Benefits                                    | 413,858          | 524,466          | 638,346          | 662,930          | 682,818          | 703,303          |
| Professional Fees  | (29,732)         | 58,500           | 60,255           | 62,063           | 63,925           | 65,842           |
| Occupancy and Office                                     | 12,920           | 13,308           | 13,707           | 14,118           | 14,542           | 14,978           |
| Consulting Fees Internal                                 | 29,945           | 243,750          | 52,000           | 117,000          | 107,250          | 68,250           |
| Depreciation and Amortization                            | 1,279            | -                | -                | -                | -                | -                |
| CILA Flow Through  | -                | -                | -                | -                | -                | -                |
| Pass Through   | 1,439,394        | 3,162,117        | -                | -                | -                | -                |
| Other Operating  | 14,902           | 15,349           | 15,809           | 16,284           | 16,772           | 17,275           |
| Overhead Allocation                                      | 161,740          | 253,561          | 258,632          | 263,805          | 269,081          | 274,463          |
| <b>Total Operating Expenses</b>                          | <b>2,044,306</b> | <b>4,271,051</b> | <b>1,038,750</b> | <b>1,136,200</b> | <b>1,154,388</b> | <b>1,144,111</b> |
| <b>Operating Surplus</b>                                 | <b>(379,044)</b> | <b>(86,308)</b>  | <b>81,012</b>    | <b>84,264</b>    | <b>5,336</b>     | <b>(107,570)</b> |
| <b>Self Sufficiency Ratio (Total Revenue/Op Expense)</b> | <b>81.46%</b>    | <b>97.98%</b>    | <b>107.80%</b>   | <b>107.42%</b>   | <b>100.46%</b>   | <b>90.60%</b>    |

**IFF Stand Alone  
Five year Financial Forecast  
Business Units  
Five Year Financial Forecast**

| <b>Research</b>  |                  |                |                 |                |                |                |
|--|------------------|----------------|-----------------|----------------|----------------|----------------|
|  | <b>Forecast</b>  |                |                 |                |                |                |
|  | <b>2014</b>      | <b>2015</b>    | <b>2016</b>     | <b>2017</b>    | <b>2018</b>    | <b>2019</b>    |
| <b>Revenue</b>   |                  |                |                 |                |                |                |
| Consulting Fees  | 196,218          | 152,000        | 150,000         | 187,900        | 199,300        | 204,300        |
| Consulting Fees Internal                                 | 19,613           | -              | -               | -              | -              | -              |
| Program and Operating Grants                             | 60,803           | 535,500        | 382,500         | 413,100        | 459,000        | 459,000        |
| <b>Total Revenue</b>                                     | <b>276,634</b>   | <b>687,500</b> | <b>532,500</b>  | <b>601,000</b> | <b>658,300</b> | <b>663,300</b> |
| <b>Expenses</b>  |                  |                |                 |                |                |                |
| Salaries and Benefits                                    | 246,388          | 313,027        | 262,812         | 247,802        | 255,236        | 262,893        |
| Professional Fees  | 24,642           | 122,500        | 100,000         | 116,000        | 126,100        | 127,767        |
| Consulting Fees Internal                                 | 225              | -              | -               | -              | -              | -              |
| Depreciation   | 3,224            | 3,224          | 3,224           | 3,224          | 3,224          | 3,224          |
| Occupancy and Office                                     | 1,829            | 6,000          | 6,180           | 6,365          | 6,556          | 6,753          |
| Other Operating  | 29,509           | 43,800         | 45,114          | 46,467         | 47,861         | 49,297         |
| Overhead Allocation                                      | 134,119          | 135,497        | 139,562         | 143,749        | 148,061        | 152,503        |
| <b>Total Operating Expenses</b>                          | <b>439,935</b>   | <b>624,048</b> | <b>556,891</b>  | <b>563,607</b> | <b>587,038</b> | <b>602,436</b> |
| <b>Operating Surplus</b>                                 | <b>(163,301)</b> | <b>63,453</b>  | <b>(24,391)</b> | <b>37,393</b>  | <b>71,262</b>  | <b>60,864</b>  |
| <b>Self Sufficiency Ratio (Total Revenue/Op Expense)</b> | <b>62.88%</b>    | <b>110.17%</b> | <b>95.62%</b>   | <b>106.63%</b> | <b>112.14%</b> | <b>110.10%</b> |

| <b>Supporting Organization</b>     |                    |                    |                    |                    |                    |                    |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                    | <b>Forecast</b>    |                    |                    |                    |                    |                    |
|                                    | <b>2014</b>        | <b>2015</b>        | <b>2016</b>        | <b>2017</b>        | <b>2018</b>        | <b>2019</b>        |
| <b>Revenue</b>                     |                    |                    |                    |                    |                    |                    |
| Consulting Fees                    | 72,898             | -                  | -                  | -                  | -                  | -                  |
| NMTC Management Fees               | 201,333            | 507,830            | 963,339            | 1,155,110          | 1,150,110          | 1,307,735          |
| Asset Management Fees              | 14,000             | 15,000             | 55,000             | 160,000            | 160,000            | 40,000             |
| Sublet Rental income               | -                  | -                  | 145,220            | 393,143            | 401,879            | 410,616            |
| Grants Released from Restrictions  | 58,538             |                    |                    |                    |                    |                    |
| Other Revenues                     | (39,900)           |                    |                    |                    |                    |                    |
| Program and Operating Grants       | 312,875            | 100,000            | 100,000            | 100,000            | 100,000            | 100,000            |
| <b>Total Revenue</b>               | <b>619,744</b>     | <b>622,830</b>     | <b>1,263,559</b>   | <b>1,808,253</b>   | <b>1,811,989</b>   | <b>1,858,351</b>   |
| <b>Expenses</b>                    |                    |                    |                    |                    |                    |                    |
| Salaries and Benefits              | 2,441,005          | 2,946,422          | 3,751,825          | 3,896,317          | 3,729,611          | 3,841,500          |
| Professional Fees                  | 378,223            | 449,570            | 463,057            | 476,949            | 491,257            | 505,995            |
| Consulting Expense Internal        | 223,781            | 5,915              | 64,115             | 66,875             | 69,774             | 72,815             |
| Occupancy and Office               | 606,157            | 1,202,155          | 1,245,301          | 1,245,301          | 1,245,301          | 1,245,301          |
| Other Operating                    | 323,785            | 333,498            | 343,503            | 353,808            | 364,423            | 375,355            |
| Loss on Sale of Equipment/Property | 12,350             | (173,303)          | -                  | -                  | -                  | -                  |
| Depreciation and Amortization      | 174,317            | 215,651            | 380,984            | 380,984            | 380,984            | 380,984            |
| Overhead Allocation                | (1,794,415)        | (2,440,124)        | (2,509,671)        | (2,581,231)        | (2,654,864)        | (2,730,629)        |
| <b>Total Operating Expenses</b>    | <b>2,365,204</b>   | <b>2,539,785</b>   | <b>3,739,115</b>   | <b>3,839,003</b>   | <b>3,626,486</b>   | <b>3,691,320</b>   |
| <b>Operating Surplus</b>           | <b>(1,745,460)</b> | <b>(1,916,955)</b> | <b>(2,475,555)</b> | <b>(2,030,750)</b> | <b>(1,814,497)</b> | <b>(1,832,970)</b> |

**IFF Stand Alone  
Five Year Financial Forecast  
Loan Portfolio & Loss Allowance Statistics  
Five Year Financial Forecast**

|                                     | 2014           | 2015           | 2016           | 2017           | 2018           | 2019           |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Gross Loan Portfolio</b>         |                |                |                |                |                |                |
| Consortium Loan Portfolio           | \$ 66,975,640  | \$ 96,550,360  | \$ 111,245,211 | \$ 138,602,369 | \$ 163,560,496 | \$ 191,470,536 |
| Specifically Reserved Portfolio     | 3,807,315      | 5,112,880      | 6,337,630      | 7,352,840      | 8,441,406      | 9,465,149      |
| General Loan Portfolio              | 138,003,877    | 141,807,227    | 184,209,052    | 204,180,017    | 229,969,810    | 249,785,675    |
| Gross Loan Portfolio                | \$ 208,786,832 | \$ 243,470,468 | \$ 301,791,893 | \$ 350,135,226 | \$ 401,971,711 | \$ 450,721,359 |
| <b>Loan Loss Allowance</b>          |                |                |                |                |                |                |
| Consortium Loan Portfolio           | \$ 1,339,513   | \$ 1,931,007   | \$ 2,224,904   | \$ 2,772,047   | \$ 3,271,210   | \$ 3,829,411   |
| Specifically Reserved Portfolio     | 2,466,948      | 2,454,182      | 2,915,310      | 3,308,778      | 3,545,390      | 3,786,059      |
| General Loan Portfolio              | 6,306,906      | 5,633,980      | 5,955,470      | 6,409,944      | 7,292,610      | 8,237,200      |
| Total Loan Loss Allowance           | \$ 10,113,367  | \$ 10,019,170  | \$ 11,095,684  | \$ 12,490,770  | \$ 14,109,211  | \$ 15,852,670  |
| <b>Loan Loss Ratio</b>              |                |                |                |                |                |                |
| Consortium Loan Portfolio           | 2.00%          | 2.00%          | 2.00%          | 2.00%          | 2.00%          | 2.00%          |
| Specifically Reserved Portfolio     | 64.79%         | 48.00%         | 46.00%         | 45.00%         | 42.00%         | 40.00%         |
| General Loan Portfolio              | 4.57%          | 3.97%          | 3.23%          | 3.14%          | 3.17%          | 3.30%          |
| Total Portfolio Ratio               | 4.84%          | 4.12%          | 3.68%          | 3.57%          | 3.51%          | 3.52%          |
| Net Charge-offs                     | 2,083,845      | 1,223,470      | 1,516,542      | 1,759,473      | 2,019,958      | 2,264,931      |
| Net Charge-offs / Total Loans       | 1.00%          | 0.50%          | 0.50%          | 0.50%          | 0.50%          | 0.50%          |
| <b>Consortium Cash Reserve</b>      | \$ 1,381,710   | \$ 1,896,483   | \$ 2,250,199   | \$ 3,002,027   | \$ 3,487,539   | \$ 4,248,290   |
| <b>Consortium Reserve Ratio</b>     | 2.06%          | 1.96%          | 2.02%          | 2.17%          | 2.13%          | 2.22%          |
| <b>Summary Recap</b>                |                |                |                |                |                |                |
| Beginning Provision for Loan Losses | \$ 9,584,675   | \$ 10,113,367  | \$ 10,019,170  | \$ 11,095,684  | \$ 12,490,770  | \$ 14,109,211  |
| Net Write-offs                      | (2,083,845)    | (1,223,470)    | (1,516,542)    | (1,759,473)    | (2,019,958)    | (2,264,931)    |
| Provision for Loan Losses           | \$ 2,612,538   | \$ 1,129,272   | \$ 2,593,056   | \$ 3,154,559   | \$ 3,638,399   | \$ 4,008,391   |
| Ending Provision for Loan Losses    | \$ 10,113,367  | \$ 10,019,170  | \$ 11,095,684  | \$ 12,490,770  | \$ 14,109,211  | \$ 15,852,670  |
| Allowance for Loan Losses/Loans     | 4.84%          | 4.12%          | 3.68%          | 3.57%          | 3.51%          | 3.52%          |

|                                   |       |       |       |       |       |       |
|-----------------------------------|-------|-------|-------|-------|-------|-------|
| General Portfolio / Total Loans   | 3.02% | 2.31% | 1.97% | 1.83% | 1.81% | 1.83% |
| Specific Reserves / Total Loans   | 1.18% | 1.01% | 0.97% | 0.95% | 0.88% | 0.84% |
| Consortium Reserves / Total Loans | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |

**IFF Stand Alone  
Five Year Financial Forecast  
Financial and Operating Measurements  
Five Year Financial Forecast**

|  | 2014     | 2015        | 2016    | 2017      | 2018      | 2019      | Covenant |
|--|----------|-------------|---------|-----------|-----------|-----------|----------|
| <b><u>I. Leverage</u></b>  |          |             |         |           |           |           |          |
| Leverage Ratio (Adjusted Net Assets/Total Adjusted Assets)   | 42%      | 38%         | 33%     | 32%       | 32%       | 32%       | > 20%    |
| Net Assets / Total Assets <sup>(1)</sup>   | 29%      | 24%         | 21%     | 19%       | 18%       | 17%       | > 15%    |
| Adjusted Net Assets + Loan Loss Allowance/<br>Total Adjusted Assets + Loan Guarantees <sup>(2)</sup> | 27%      | 23%         | 20%     | 19%       | 18%       | 18%       | > 15%    |
| Debt / Adjusted Net Assets <sup>(3)</sup>  | 3.25     | 4.13        | 4.91    | 5.41      | 5.72      | 6.01      |          |
| Liens Against Purchased Funds <sup>(8)</sup>   | NA       | 25%         | 28%     | 26%       | 25%       | 23%       | < 35%    |
| Liens Against Total Adjusted Assets <sup>(9)</sup>   | NA       | 21%         | 24%     | 23%       | 22%       | 21%       | < 30%    |
| <b><u>II. Earnings</u></b>   |          |             |         |           |           |           |          |
| Loan Interest Income / Average Loans Receivable  | 5.01%    | 5.38%       | 5.63%   | 5.82%     | 5.89%     | 6.01%     |          |
| Interest Expense / Average Total Debt <sup>(4)</sup>   | 2.62%    | 2.90%       | 3.01%   | 3.07%     | 3.27%     | 3.55%     |          |
| Net Interest Margin <sup>(5)</sup>   | 2.39%    | 2.48%       | 2.63%   | 2.76%     | 2.62%     | 2.46%     |          |
| Loan Interest Income/Interest Expense  | 1.91     | 1.86        | 1.87    | 1.90      | 1.80      | 1.69      |          |
| Return on Average Financing Assets <sup>(6)</sup>  | 2.33%    | 2.45%       | 2.61%   | 2.77%     | 2.64%     | 2.48%     |          |
| <b><u>III. Asset Composition/Growth</u></b>  |          |             |         |           |           |           |          |
| Net Loans Receivable / Total Adjusted Assets   | 81.4%    | 81.6%       | 87.4%   | 88.7%     | 91.5%     | 92.2%     |          |
| Net Adjusted Asset Growth <sup>(7)</sup>   | (17,219) | (1,526,367) | 697,920 | 3,115,504 | 3,745,821 | 4,175,456 |          |
| <b><u>IV. Loan Payable Composition</u></b>   |          |             |         |           |           |           |          |
| Consortium Notes / Gross Loan Receivable   | 32.6%    | 39.7%       | 36.9%   | 39.6%     | 40.7%     | 42.5%     |          |
| Total FHLB Borrowings / Gross Loan Receivable  | 5.7%     | 7.8%        | 7.1%    | 6.9%      | 6.7%      | 6.5%      |          |
| Institutional Notes / Gross Loan Receivables   | 30.6%    | 23.6%       | 24.2%   | 25.4%     | 24.8%     | 26.4%     |          |
| CDFI Bond / Gross Loan Receivables   | 0.0%     | 5.3%        | 8.1%    | 6.8%      | 5.7%      | 4.9%      |          |
| Equity Equivalent Investments / Gross Loan Receivables   | 8.2%     | 7.7%        | 6.9%    | 6.2%      | 5.9%      | 3.9%      |          |
| Foundation Notes / Gross Loan Receivables  | 10.9%    | 9.3%        | 7.5%    | 6.2%      | 5.4%      | 4.8%      |          |
| Debt / Gross Loan Receivables  | 88.0%    | 93.5%       | 90.7%   | 91.1%     | 89.1%     | 89.1%     |          |

**Notes:**

(1) Net Assets and Total Assets include Department of Education (DOE) - restricted funds.

(2) Net Assets and Total Assets are adjusted to exclude Department of Education (DOE) - restricted funds.

(3) Debt is Loans Payable, i.e. Consortium, Institutional, and Foundation notes.

(4) Interest Expense / Average Total Debt is tantamount to cost of funds.

(5) Net Interest margin is Loan and Investment Interest Yield less Interest Expense Ratio.

(6) Return on Avg. Financing Assets is Net Financing Income divided by average Cash, Investments and Consortium Reserves plus average Net Loans Receivable.

(7) Net Adjusted Asset Growth includes CDFI and other Capital Grants.

(8) Collateral pledges as percent of Total Notes Payable Less Consortium Note Plus Unrestricted Net Assets

(9) Collateral Pledges as a percent of Adjusted Net Assets less notes in Consortium program