

Moving from

TRANSACTIONAL TO TRANSFORMATIONAL

From Joe Neri and the Board of Directors



TRANSFORMATION IS ALL AROUND US.

In 2014, we embraced a bold vision to transform low-income communities and special needs populations with comprehensive solutions. And in 2015, we started achieving that vision with impressive results across the Midwest.

Throughout Illinois, we are taking the lead on transformational community development projects. Our activities include converting vacant school buildings into new community uses and acquiring, developing, owning, and managing pivotal community assets, such as commercial buildings for grocery stores and affordable housing for persons with disabilities.

In the Detroit area, we are bringing together all of IFF's tools — from research and policy to real estate services and financing — to build a better early childhood care system. And in Indianapolis, Kansas City, and Minneapolis, we are doing the same to improve the K-12 education system and increase the number of quality schools in high-need neighborhoods.

The shift to transformational community development is possible because of our continued strong financial performance, which in 2015 included:

- Closing on 117 loans for \$95.5 million and growing our loan portfolio to \$246 million
- Delivering a record surplus of nearly \$1.5 million and reducing delinquencies to new lows
- Growing total managed assets to \$486 million and our net assets to \$83 million

In partnership with you — as an investor, foundation leader, or government official — IFF is finding community development solutions for low-income families and people with special needs.

Thank you for the trust you show in our vision and the investment you make in our mission to strengthen nonprofits and the communities they serve.

Joe Neri
Chief Executive Officer

Rodney Jones-Tyson
Board President

FROM OUR ROOTS IN ILLINOIS...

When a Save-A-Lot opened in Rockford, Illinois, the grocery store did more than provide 25 much-needed jobs for community members. It ended a food desert that had lasted a generation in the Ellis Heights neighborhood.

“As soon as people come in the door, the first thing they see is a nice variety of fruit and they go, ‘Oh wow,’” employee Terrell Garrett said. “The store has been a great addition to Ellis Heights. For 35 years, there’s been nothing right here in the neighborhood, not even a convenience store.”

Developed by IFF and the city of Rockford, the Save-A-Lot came out of discussions around HUD’s Choice Neighborhoods Initiative. IFF also financed and owns the store building, and Save-A-Lot is working with the city and local groups to promote healthy eating habits among families.

The city contributed land for \$1 and \$500,000 in tax increment financing toward the \$3 million project. Other funding includes \$2.5 million from IFF through the Illinois Fresh Food Fund, a state initiative to increase access to fresh food in underserved communities.

The Fund launched in 2012 with \$10 million in capital funds from the Illinois Department of Commerce and Economic Opportunity. IFF secured additional resources from banks and foundations.

The new Rockford Save-A-Lot is part of IFF’s commitment to develop or finance six grocery stores in neighborhoods with low access to fresh food through the Fund. When completed, the stores will yield \$36 million in total community investment.



...TO NEW CHALLENGES IN DETROIT AND BEYOND

After becoming a father, Carlo Sweeney had a vision to give Detroit youth in hard circumstances a fighting chance at a successful life. Sweeney — called Coach Khali by the kids — knows the challenges they face, having had friends who ended up in jail or died from street violence.

In 2007, Sweeney founded the Downtown Boxing Gym Youth Program, which develops good citizenship in urban boys and girls through a demanding boxing program, strong academic support, and volunteer work. All participants have graduated from high school, although many start the program while reading below grade level.

With a waiting list of over 450 kids throughout the city, the nonprofit bought a much larger building that allows it to increase staff up to

18 full-time positions. At its last location, the Downtown Boxing Gym Youth Program was at capacity serving 65 kids, with over 95 percent being minorities from financially struggling households.

IFF provided a \$362,000 loan to make improvements to the nonprofit’s new home, including roof repair and buildout of the space. For construction, the organization also received a \$100,000 grant from The Kresge Foundation.

“We have come so far,” Sweeney said. “The support and recognition our program has received has been nothing short of amazing. These are the hardest-working kids I have ever known, and I’m thrilled that our new location has become real for them.”



TRANSFORMING COMMUNITIES, EXTENDING OUR IMPACT

In 2015, IFF provided \$95.5 million in financing to nonprofits, housing developers, and grocery store operators across the Midwest. Our lending activities leveraged nearly \$335 million in total investment in low-income communities within the region.

2015 marked the second year of IFF's five-year strategic plan, one of whose primary goals is for us to provide comprehensive community development in new ways. We completed over 60 real estate projects and now provide these consulting services in seven metro areas. We also continue to team with partners such as Polk Bros. Foundation to help Chicago-area nonprofits with their real estate needs.

Through our Investor Consortium, we raised another \$37 million in capital. Since 2004, 28 financial institutions have supported IFF's lending by investing over \$196 million with no net losses. Last year, IFF also deployed \$52 million in new markets tax credits for major projects in Illinois and Ohio with high economic impact.

And, building on partnerships with other community development financial institutions, IFF opened an office in Minneapolis, Minnesota, to provide real estate services and laid the groundwork for a new lending office in Columbus, Ohio. As a result, in 2016, we now have offices in seven states.



ILLINOIS

In addition to the Chicago metro area, we also helped nonprofits in Elgin, Rockford, Springfield, and other parts of the state, as well as allocated \$38.6 million in new markets tax credits for four high-impact projects. Other highlights:

- 39 loans for \$33 million closed
- IFF's community development work included buying the vacant Von Humboldt school building in Chicago for redevelopment in 2016
- Through the Illinois Fresh Food Fund, we financed and developed grocery stores in Rockford, Waukegan, and East St. Louis
- Home First completed construction on 54 homes for persons with disabilities



INDIANA

In 2015, we completed eight real estate projects. We also continue our work in the Indy East Promise Zone, having provided three loans and completed four real estate projects over the years. Other highlights:

- Six loans for \$4.5 million closed
- We provided real estate services and an equipment loan for Marion Academy, which strives to keep kids in Indianapolis out of the juvenile system
- Another key project was providing a loan for Meadow Park Apartments, which brings more affordable and supportive housing for residents in Clinton, a central Indiana community



IOWA

Since 2006, we have provided financing to 13 nonprofits and housing developers in the state. Other highlights:

- Most recently, in 2015, we closed on a \$300,000 loan for Elsie Mason Manor, an affordable housing development in Des Moines
- 20 loans for \$8.7 million have closed since 2006
- C Fresh Market celebrated its second anniversary as the only full-service grocery store in Des Moines' River Bend neighborhood; IFF provided a loan to buy and renovate the building in 2013





MICHIGAN

We had another strong year of lending in Michigan and also worked with nonprofits in communities outside of Detroit, including Grand Rapids, Flint, and Muskegon. Other highlights:

- 26 loans for \$18.2 million closed in our second year of lending in Michigan
- 2 studies on highest-need areas for child care — in Detroit and Macomb, Oakland, and Out Wayne counties — were completed
- To play a leading role in early child care and education initiatives in the Detroit area, we formed partnerships with The Kresge Foundation, the W.K. Kellogg Foundation, and the Skillman Foundation



MINNESOTA

We launched our real estate services office this past December and continue to provide lending through our partnership with Nonprofits Assistance Fund. Other highlights:

- Three loans totaling \$1.5 million closed
- A schools study on Minneapolis' highest-need areas for quality schools was completed
- To encourage the growth of quality charter schools, we are working with Minnesota Comeback, a coalition of education and philanthropic leaders



MISSOURI

IFF reached a \$50 million lending milestone in St. Louis since bringing its services to the city in 2006. Other highlights:

- 12 loans for \$7.8 million closed
- Key projects were providing loans to Hawthorn Leadership School for Girls and St. Louis College Prep to acquire and renovate facilities
- Through grants from The Ewing Marion Kauffman Foundation, we are supporting quality charter schools in Kansas City through research, financing, and real estate consulting and development



OHIO

Even before launching our office in 2016 to offer financing, we had a presence in the state through our partnership with Cincinnati Development Fund. Other highlights:

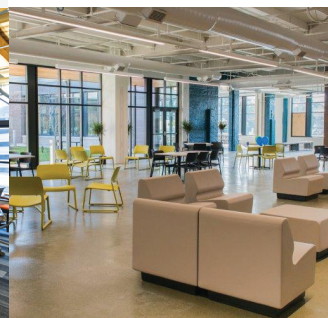
- 14 loans for \$8 million closed in our first year of lending in Ohio
- New markets tax credits totaling \$13.5 million were allocated to the Salvation Army of Greater Cleveland and for Market Square at Findlay Market in Cincinnati
- We celebrated the grand opening of the Shelterhouse's David and Rebecca Barron Center for Men, a homeless shelter in Cincinnati supported through IFF new markets tax credits




WISCONSIN

In Milwaukee, IFF saw completion of St. Ann for Intergenerational Care and Sojourner Family Peace Center, two high-impact projects we supported through new markets tax credits. Other highlights:

- 15 loans for \$20 million closed
- A key project was providing a loan for the Gerald L. Ignace Indian Health Center to relocate to the old Goldman's department store building on historic Mitchell Street in Milwaukee
- Another key project in Milwaukee was providing a loan for 4C for Children to buy its first home, a larger space that allows the agency to train more providers for quality child care programs



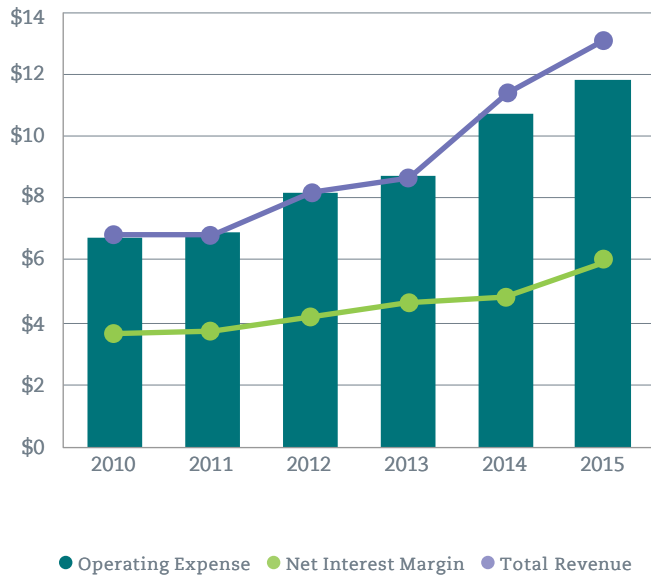
A background image showing two young children, a girl on the left and a boy on the right, both smiling. They are engaged in a science experiment, pouring liquid from a small container into a larger graduated cylinder. The image has a purple overlay.

“When I approached IFF,
the conversations were
about 4C’s mission, history,
and future instead of just
about loan terms and the
bottom line.”

JACK MCCOMMON
4C FOR CHILDREN

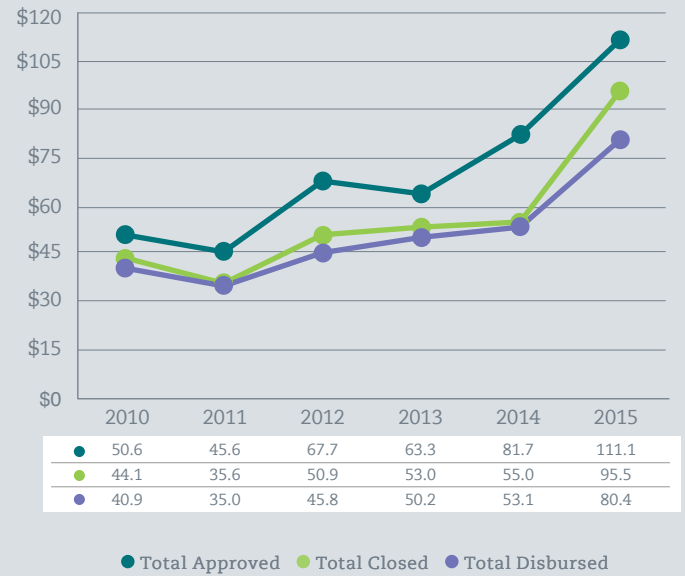
FINANCIAL PERFORMANCE

In Millions



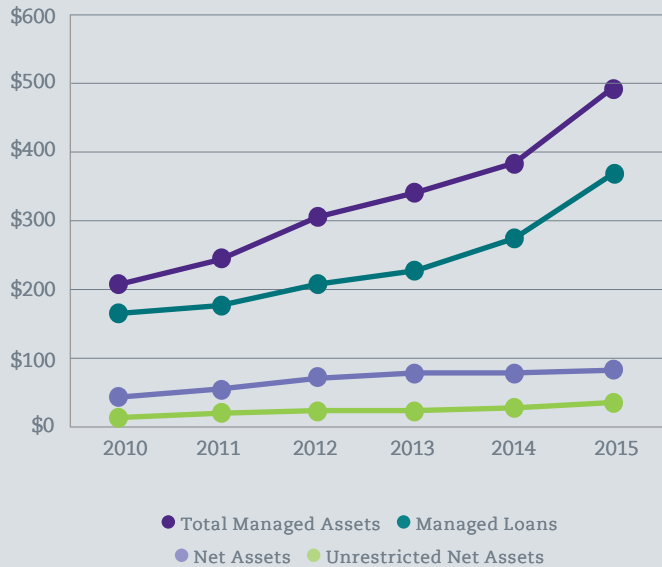
ANNUAL LOAN ACTIVITY

In Millions



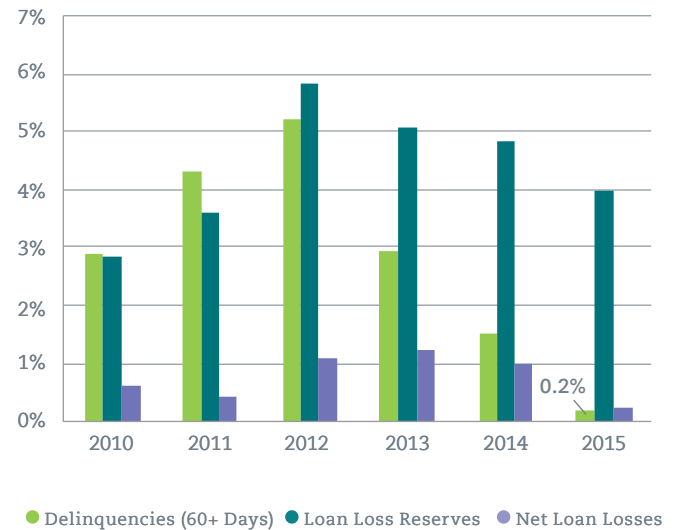
FINANCIAL POSITION

In Millions

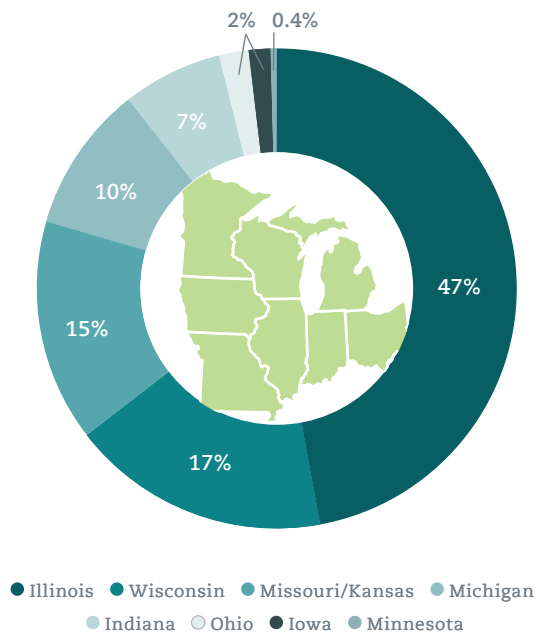


DELINQUENCY AND LOAN LOSS HISTORY

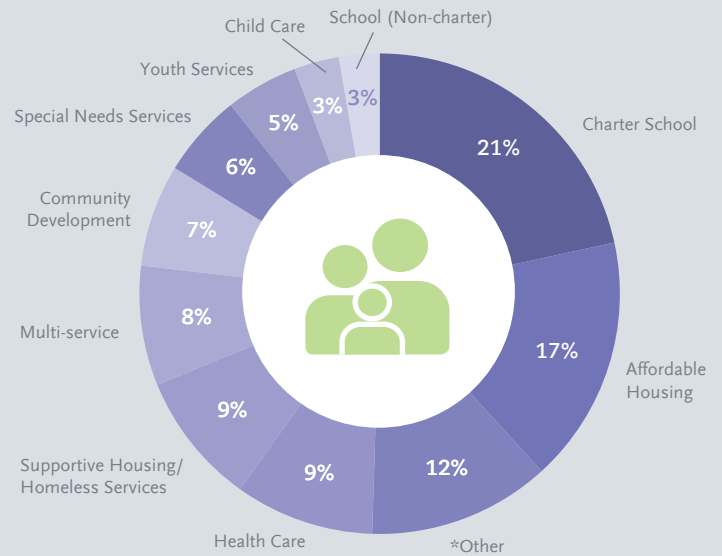
Percent of Portfolio



CURRENT PORTFOLIO BY STATE

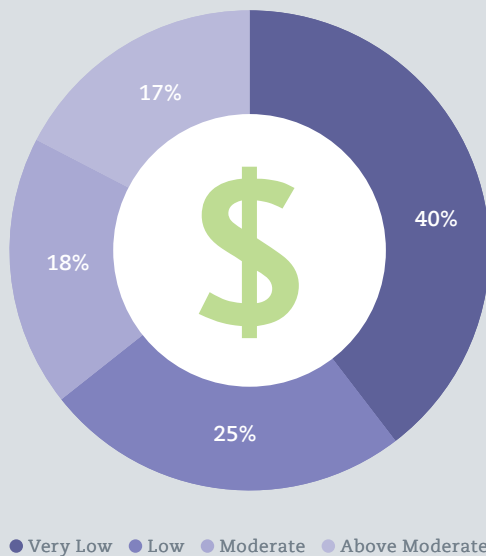


CURRENT PORTFOLIO BY SECTOR

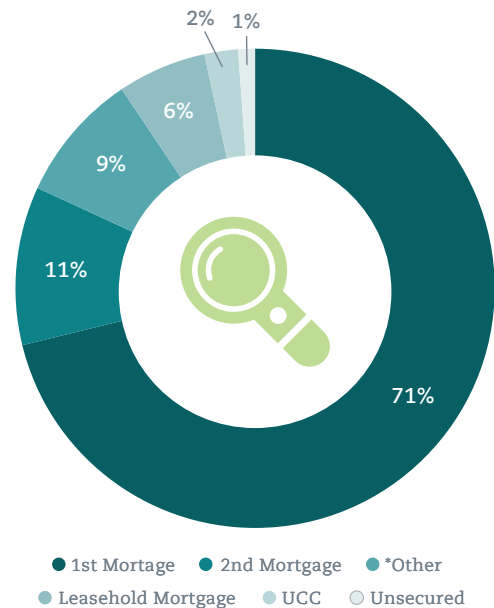


*includes arts and culture, adult education, senior services, healthy food, and legal services.

CURRENT PORTFOLIO BY TRACT INCOME LEVEL



CURRENT PORTFOLIO BY COLLATERAL TYPE

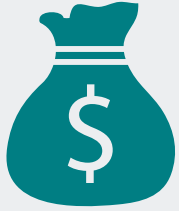


*includes guarantees, deposit accounts, capital campaign proceeds, and vehicle titles.

Graphs reflect percent of dollars in IFF current portfolio of loans as of December 31, 2015.

“IFF provides a level of real estate expertise that is really significant for our grantees, and understands nonprofits and their inherent challenges and strengths.”

FRANK BAIOCCHI
POLK BROS. FOUNDATION



117

Loans closed



3,713

Jobs created or
maintained



1,736,079

Clients served by
IFF borrowers



3,258

Student slots created



16,115

New patient visits



899

Housing units
created or preserved



1,506,012

Square feet of real estate
developed by IFF financing



\$95,543,020

Total closed loan amount

FUNDERS AND INVESTORS

INVESTOR CONSORTIUM

- American Chartered Bank
- Bank of America
- Barrington Bank and Trust
- BMO Harris Bank
- Busey Bank
- Byline Bank
- Citizens Bank
- Evergreen Bank Group
- FDIC (formerly Midwest Bank and Trust)
- FDIC (formerly Park National Bank and Trust)
- First Bank
- First Eagle Bank
- First Savings Bank of Hegewisch
- First Bank and Trust
- First Midwest
- Jacksonville Savings Bank
- Mission Investment Fund
- MB Financial Bank
- Northern Trust
- PNC
- The PrivateBank
- State Farm Bank, FSB
- TIAA-CREF Trust Company, FSB
- Town Bank
- U.S. Bank
- Wintrust Financial Group of Banks

NOTE PROGRAM

Financial Institutions

- Bank of America
- BMO Harris Bank
- Cathay Bank
- Central Bank of Kansas City
- Evergreen Bank Group
- Federal Home Loan Bank of Chicago
- Guaranty Bank
- JPMorgan Chase
- North Shore Bank
- Northern Trust
- PNC
- TIAA-CREF Trust Company, FSB
- TIKVA Grassroots Empowerment Fund
- Village Bank and Trust
- Wells Fargo Bank

Foundations

- Blowitz-Ridgeway Foundation
- Calvert Foundation
- John D. and Catherine T. MacArthur Foundation
- The Kresge Foundation
- Living Cities
- Opportunity Finance Network
- The Walton Family Foundation
- Wisconsin Preservation Fund

Religious Institutions

- Adrian Dominican Sisters
- The Benedictine Sisters of Chicago
- Deaconess Foundation
- Everence Community Investments
- Institute of the Blessed Virgin Mary
- Mercy Investment Services
- Mount St. Scholastica
- Our Lady of Victory Missionary Sisters
- Portico Benefit Services
- Religious Communities Investment Fund
- Seton Enablement Fund
- Sinsinawa Dominican Sisters
- Sisters of Charity of Nazareth, KY
- Sisters of the Holy Name of Jesus and Mary U.S.-Ontario Province
- Sisters of the Most Precious Blood of O'Fallon, MO
- Sisters of St. Francis, Clinton, Iowa
- Sisters of St. Joseph of Carondelet, St. Louis Province
- Sisters, Servants of the Immaculate Heart of Mary
- Trinity Health

FUNDERS

- Bank of America
- BMO Harris Bank
- The Chicago Community Trust
- The Coleman Foundation
- Comerica Bank
- Community Foundation for Southeast Michigan
- Enterprise Community Partners
- The Ewing Marion Kauffman Foundation
- Finnegan Family Foundation
- First Midwest Bank

- Greater Milwaukee Foundation Fitch Research Fund
- Guaranty Bank
- John D. and Catherine T. MacArthur Foundation
- JPMorgan Chase
- The Kresge Foundation
- MB Financial
- Northern Trust
- Pierce and Associates
- PNC
- Polk Bros. Foundation
- The PrivateBank
- The Skillman Foundation
- TIAA-CREF Trust Company, FSB
- U.S. Bank
- The Walton Family Foundation
- W.K. Kellogg Foundation

GOVERNMENT

- Chicago Metropolitan Agency for Planning
- Chicago Public Schools
- Cook County – Community Development Block Grant
- Illinois Attorney General
- Illinois Department of Commerce and Economic Opportunity
- Illinois Housing Development Authority
- Indiana Department of Education
- U.S. Department of Education
- U.S. Department of Housing and Urban Development
- U.S. Department of Treasury – CDFI Fund
- U.S. Department of Treasury – Small Business Loan Fund

NEW MARKETS TAX CREDITS

- Capital One
- JPMorgan Chase
- PNC
- U.S. Bank



Illinois

333 South Wabash Ave.
Suite 2800
Chicago, IL 60604
312 629 0060

Indiana

The Platform
202 East Market St.
Indianapolis, IN 46204
317 860 6900

Michigan

3011 West Grand Blvd.
Suite 1715
Detroit, MI 48202
313 309 7825

Minnesota

527 Marquette Ave.
Suite 1150
Minneapolis, MN 55402
612 814 0310

Missouri

911 Washington Ave.
Suite 203
St. Louis, MO 63101
314 588 8840

Ohio

500 South Front St.
Suite 125
Columbus, OH 43215
614 484 1811

Wisconsin

215 North Water St.
Suite 225
Milwaukee, WI 53202
414 563 1100as

IFF is an equal
opportunity provider.



Strengthening
nonprofits and
the communities
they serve.



Sharing a mission of change