IFF and Subsidiaries

Consolidated Financial Report
December 31, 2018

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Contents

Independent Auditor's Report

To the Board of Directors
IFF and Subsidiaries

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of IFF and Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, financial statements).

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IFF and Subsidiaries as of December 31, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter
Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating information as presented as supplementary information is presented for purposes of additional analysis rather than to present the financial position and changes in net assets of the individual subsidiaries and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

Chicago, Illinois
April 19, 2019

IFF and Subsidiaries

Consolidated Statements of Financial Position
December 31, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	**$ 42,295,433**	$ 41,201,356
Other restricted cash and interest-bearing deposits in banks	**7,749,968**	11,171,402
Department of Education (DOE) restricted cash and interest-bearing deposits in banks	**19,961,088**	17,784,581
Grants receivable, other receivables, prepaids and deposits	**9,162,519**	7,371,842
Loans receivable, net	**341,063,653**	318,968,068
Accrued interest receivable	**1,475,616**	1,399,560
Properties owned by IFF and IFF's subsidiaries, net	**37,218,376**	40,356,282
Federal Home Loan Bank stock, at cost	**315,000**	315,000
Foreclosed assets, net	**2,986,859**	2,507,659
Furniture, equipment and leasehold improvements, net	**1,037,874**	994,988
Other assets	**230,281**	227,248
Capitalized finance costs, net	**10,694**	12,521
	$ 463,507,361	$ 442,310,507
Liabilities and Net Assets		
Liabilities:		
Accrued liabilities	**$ 4,759,274**	$ 4,730,177
Accrued interest payable	**2,135,256**	1,923,098
Deferred grant revenue	**13,626,323**	14,155,443
Investor Consortium collateral trust notes, net	**140,991,942**	142,665,320
Borrowings, net	**151,837,255**	137,195,835
Equity equivalent borrowings, net	**24,827,603**	22,222,927
Bond Guarantee Program borrowings, net	**22,860,175**	23,601,397
Loan participations payable	**323,745**	425,850
	361,361,573	346,920,047
Commitments and contingencies (Notes 5 and 13)		
Net assets:		
Without donor restrictions	**52,366,807**	43,184,334
With donor restrictions	**49,778,981**	52,206,126
	102,145,788	95,390,460
	$ 463,507,361	$ 442,310,507

See notes to financial statements.

IFF and Subsidiaries

Consolidated Statements of Activities and Changes in Net Assets
Years Ended December 31, 2018 and 2017

	2018	2017
Net assets without donor restrictions - operating:		
Support and revenue:		
Corporations, foundations and individuals	**$ 219,625**	$ 404,236
Interest on loans	**17,748,966**	16,337,608
Consulting contract fees	**2,619,569**	3,401,785
Developer fees	**1,011,629**	781,832
Management and sponsor fees	**1,497,276**	1,092,086
Syndication fees	**1,238,384**	1,802,424
Loan fees	**12,000**	311,525
Other interest income	**197,706**	106,746
Rental income	**1,956,660**	1,703,547
Reimbursed professional fees	**469,667**	692,109
Unrealized gains on other assets	**175**	52
Forgiveness of debt	**736,453**	-
Net assets released from restrictions	**4,435,948**	3,075,838
Net assets released from restrictions - Pass through grants	**4,181,754**	7,372,352
	36,325,812	37,082,140
Expenses:		
Salaries and benefits	**10,940,563**	10,373,937
Professional fees	**2,540,095**	3,262,183
Occupancy and office	**2,199,467**	2,025,041
Printing and marketing	**116,751**	87,011
Interest	**10,242,412**	9,188,271
Other operating	**882,644**	726,205
Pass through grants	**4,181,754**	7,372,352
Meetings and travel	**892,166**	638,570
Depreciation and amortization	**1,386,520**	1,265,070
Gain on sale of foreclosed assets	**(177,989)**	(30,075)
Loss (gain) on sale of properties, furniture and equipment	**11,002**	(252,858)
Income tax	**22,459**	108
	33,237,844	34,655,815
Increase in net assets without donor restrictions - operating	**3,087,968**	2,426,325
Net assets without donor restrictions - capital:		
Support and revenue:		
Net assets released from restrictions - loan capital grants	**6,094,505**	4,697,773
Net assets released from restrictions - capital provision for (release of) loan losses	**3,316,681**	(993,409)
	9,411,186	3,704,364
Expenses:		
Provision for (release of) loan losses	**3,316,681**	(993,409)
Increase in net assets without donor restrictions - capital	**6,094,505**	4,697,773
Increase in net assets without donor restrictions	**9,182,473**	7,124,098

IFF and Subsidiaries

Consolidated Statements of Activities and Changes in Net Assets (Continued)
Years Ended December 31, 2018 and 2017

	2018	2017
Net assets with donor restrictions:		
Program and operating grants	**$ 11,380,639**	$ 10,235,952
Loan capital grants	**4,006,905**	9,450,000
Interest income	**214,199**	76,043
Net assets released from restrictions - operating	**(4,435,948)**	(3,075,838)
Net assets released from restrictions - Pass through Grants	**(4,181,754)**	(7,372,352)
Net assets released from restrictions - loan capital grants	**(6,094,505)**	(4,697,773)
Net assets released from restrictions - capital (provision for) release of loan losses	**(3,316,681)**	993,409
(Decrease) increase in net assets with donor restrictions	**(2,427,145)**	5,609,441
Increase in net assets	**6,755,328**	12,733,539
Net assets:		
Beginning of year	**95,390,460**	82,656,921
End of year	**$ 102,145,788**	$ 95,390,460

See notes to financial statements.

IFF and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Increase in net assets	$ 6,755,328	$ 12,733,539
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	1,309,895	1,219,790
Amortization expense for capitalized finance costs	76,625	45,280
Gain on the sale of properties owned by IFF's subsidiaries	-	(251,461)
Gain on the sale of foreclosed assets	(177,989)	(30,075)
Provision for loan losses	3,316,681	(993,409)
Unrealized gain on other assets	(175)	(52)
Loss on sale of furniture, equipment and leasehold improvements	11,002	-
Forgiveness of debt	(736,453)	-
Changes in assets and liabilities:		
Deferred loan fees	438,243	-
Grants receivable, other receivables, prepaids and deposits	(511,420)	(3,795,592)
Accrued interest receivable	(76,056)	(64,889)
Other assets	(2,858)	(4,737)
Accrued liabilities	72,086	(585,046)
Accrued interest payable	212,158	323,436
Net cash provided by operating activities	10,687,067	8,596,784
Cash flows from investing activities:		
Net change in Department of Education restricted cash and interest-bearing deposits in banks	(2,176,507)	62,122
Net change in other restricted cash and interest-bearing deposits in banks	3,421,434	(588,413)
Sale of Federal Home Loan Bank Stock	-	112,000
Loan disbursements	(89,263,377)	(81,307,546)
Loan principal payments received	62,693,668	56,753,235
Sale of foreclosed assets	375,000	-
Purchase of foreclosed assets	-	(871,097)
Net purchases of equipment and leasehold improvements	(405,220)	(112,423)
Purchase of properties owned by IFF's subsidiaries	(3,739,728)	(4,738,399)
Sale of properties owned by IFF's subsidiaries	4,641,641	1,293,216
Net cash used in investing activities	(24,453,089)	(29,397,305)
Cash flows from financing activities:		
Proceeds from deferred revenue grants	-	11,115
Use of proceeds from deferred revenue grants	(529,120)	(497,132)
Proceeds from Investor Consortium collateral trust notes	27,031,693	45,476,026
Repayment of Investor Consortium collateral trust notes	(28,694,807)	(23,721,497)
Proceeds from borrowings, equity equivalent borrowings, bond guarantee borrowings and participations payable	43,968,403	17,221,955
Repayment of borrowings, equity equivalent borrowings, bond guarantee borrowings and participations payable	(26,873,277)	(8,669,051)
Finance costs paid	(42,793)	(32,234)
Net cash provided by financing activities	14,860,099	29,789,182
Increase in cash and cash equivalents	1,094,077	8,988,661
Cash and cash equivalents:		
Beginning of year	41,201,356	32,212,695
End of year	$ 42,295,433	$ 41,201,356
Supplemental disclosure of cash flow information:		
Interest paid on borrowings	$ 10,030,254	$ 8,864,835
Supplemental schedule of noncash investing activities:		
Real estate acquired in settlement of loans	$ 719,200	$ 1,396,562
Sales of foreclosed assets financed by IFF	$ -	$ 500,000

See notes to financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

IFF and Subsidiaries (IFF), an Illinois nonprofit corporation, is a community development financial institution (CDFI) serving nonprofit corporations in Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Ohio and Wisconsin. IFF makes below-market rate loans to nonprofit human service and community development agencies for the acquisition, construction, remodeling and renovation of facilities. IFF is also engaged in real estate development for nonprofit corporations and provides development planning, financial and technical assistance. In addition, IFF undertakes research and public policy activities on behalf of the nonprofit corporations in its target market. IFF brings all of its skills, expertise and resources in finance, real estate, research and policy, to a comprehensive community development approach in low-income communities. Activities are primarily conducted from IFF's headquarters in Chicago (Illinois) with additional offices in Columbus (Ohio), Detroit (Michigan), Indianapolis (Indiana), Kansas City (Missouri), Milwaukee (Wisconsin) and St. Louis (Missouri). IFF closed its Minneapolis (Minnesota) office in October 2017.

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

IFF Real Estate Services, LLC
IFF Housing, LLC
IFF Development, LLC (created in 2018)
2819 Highland, LLC (created in 2018)
3423 Michigan Ave., LLC (created 2018)
4731 Delmar LLC
5326 Hillside, LLC (created in 2017)
IFF NMTC Senior Lender, LLC
Home First Illinois, LLC
IFF CILA Lease Program, LLC
IFF Pay for Success I, LLC
IFF Pay for Success II, LLC (created in 2017)
IFF Waukegan Market LLC
IFF Rockford Market LLC
IFF Von Humboldt, LLC
IFF Quality Seats – Broadway, LLC
IFF Hatchery, LLC
Home First, LLC
Community Living Initiative, LLC
Access Peoria, LLC
Access Housing I MM, LLC
Access West Cook I MM, LLC
Chatham 79th Street, LLC (created in 2018)
Access Southwest Chicago I, LLC (created in 2017)
Access Southwest Chicago I MM, LLC (created in 2017)
Detroit Learning Lab Northwest, LLC (created in 2018)

IFF is the sole corporate member of the subsidiaries. "IFF" as used herein refers to IFF individually and collectively with its subsidiaries.

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

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

New Markets Tax Credit LLCs:
IFF Capital III LLC
IFF Capital IV LLC
IFF Capital V LLC
IFF Capital VI LLC
IFF Capital VII LLC
IFF Capital VIII LLC
IFF Capital IX LLC
IFF Capital X LLC
IFF Capital XI LLC
IFF Capital XII LLC
IFF Capital XIII LLC
IFF Capital XIV LLC
IFF Capital XV LLC
IFF Capital XVI LLC
IFF Capital XVII LLC
IFF Capital XVIII LLC
IFF Capital 19 LLC (active in 2018)
IFF Capital 20 LLC (active in 2017)
IFF Capital 21 LLC (active in 2017)
IFF Capital 22 LLC (active in 2017)
IFF Capital 23 LLC (active in 2017)
IFF Capital 24 LLC (active in 2017)
IFF Capital 25 LLC (active in 2017)
IFF Capital 26 LLC (active in 2018)
IFF Capital 27 LLC (active in 2018)
IFF Capital 28 LLC (active in 2018)
IFF Capital 29 LLC (active in 2018)
Chase NMTC Erie Elementary Investment Fund LLC
Access Housing I, LLC
Access West Cook I, LLC (active in 2018)

The accounts and activities of these limited liability companies above are not included in these financial statements, see Note 20.

Significant accounting policies are described below.

Basis of accounting: These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenue and assets are recognized when earned, and expenses and liabilities are recognized when incurred. IFF follows accounting and reporting standards applicable to nonprofit organizations.

For fiscal year 2018, IFF adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance and cash flows.

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

For financial reporting purposes, IFF classifies its activities as net assets without donor restrictions, or net assets with donor restrictions based on the existence or absence of donor-imposed restrictions, as follows:

Without donor restrictions: Net assets that are not subject to donor-imposed restrictions are reported as net assets without donor restrictions. Items that affect (increase or decrease) this net asset category include revenue and expenses associated with the core activities of IFF. The consolidated statements of activities presents net assets without donor restrictions' support and revenue and expenses as operating activities.

With donor restrictions: IFF reports gifts of cash, grants and other assets as net assets with donor restrictions if they are received with donor stipulations limiting the use of the donated assets. When a restriction is satisfied, net assets with donor restrictions are transferred to net assets without donor restrictions and are reported in the consolidated statement of activities as increases to net assets released from restrictions.

IFF classifies net assets with donor restrictions into four subcategories:

Department of Education Grant for Credit Enhancement – net assets include grant funds received from the Department of Education restricted for the credit enhancement program activities.

Loan issuance – net assets include capital grants whose purpose is to fund the issuance of loans and to help restore IFF for losses attributable to loans.

Grants for Specific Programs - net assets include amounts restricted for program activities or grant funds with donor-imposed time restrictions.

Perpetual in nature - net assets include grant funds that are to be held in perpetuity. IFF does not have any perpetual in nature net assets with donor restrictions.

The change of this ASU did not impact IFF's net asset balance, change in net assets, or cash flows for the year ended December 31, 2017.

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

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

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

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

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

Other restricted cash and interest-bearing deposits: Several grant and loan agreements require cash to be held in separate interest-bearing accounts. This cash is restricted in its use and for those accounts that are from grant agreements, the interest earned on the cash becomes part of the restricted grant funds. Management believes that IFF is not exposed to significant credit risk on these balances in excess of federally insured limits.

Department of Education (DOE) restricted cash and interest-bearing deposits in banks: Restricted cash and interest-bearing deposits in banks related to the Department of Education Grant for Credit Enhancement are restricted for use in a certain program and are, therefore, included in net assets with donor restrictions. Restricted interest-bearing deposits in banks mature within one year and are generally recorded at cost. Management believes that IFF is not exposed to significant credit risk on these balances in excess of federally insured limits.

Grants receivable, other receivables, prepaids and deposits: Grants receivable are recorded in connection with amounts due from individuals, foundations and governmental agencies. Other receivables are generally recorded in connection with consulting contract fees due from unaffiliated nonprofit corporations. No allowance for uncollected receivables has been established because management considers all grants and other receivables to be fully collectible. Prepaids are expenditures paid for in one accounting period, but for which the underlying assets will not be consumed until a future period. IFF's prepaids consist of rent, insurance premiums, postage, maintenance contracts, lease commissions, subscriptions, consultants and taxes. Deposits are security deposits IFF has made to landlords for the various office spaces IFF rents per the lease agreements.

Loans receivable: IFF makes below-market rate loans to nonprofit agencies for capital projects. The loan portfolio consists principally of first and second mortgages on real property. Loan maturities are generally up to 15 years. Loans are secured, when possible, by a mortgage and are repaid on a monthly basis based on a repayment schedule, which includes principal and/or interest. Loans are stated at the amount of unpaid principal, reduced by an allowance for loan losses, and any unamortized deferred fees or costs on originated loans. Loan origination fees, net of certain direct origination costs, are deferred and amortized as a level yield adjustment over the respective term of the loan. Interest on loans is accrued over the term of the loan based on the amount of principal outstanding. 29 percent and 31 percent of the loans receivable balance at December 31, 2018 and 2017, respectively, consisted of borrowers making monthly interest-only payments.

The accrual of interest on loans is discontinued at the time the loan is 90 days past due unless the credit is well-secured and in the process of collection. Past due status is based on contractual terms of the loan. In all cases, loans are placed on nonaccrual of interest or charged-off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged-off is reversed against interest income. The interest on these loans is accounted for on the cash basis or cost recovery method, until qualifying for return to accrual status. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current, the borrower has made at least six consecutive payments in accordance with terms of its agreement and future payments are reasonably assured. Loans renegotiated in troubled debt restructurings are those loans on which concessions in terms have been granted because of a borrower's financial difficulty.

Allowance for loan losses: The allowance for loan losses is established as losses are estimated to occur through a provision for loan losses charged to earnings. Loans are charged against the allowance for loan losses when management believes the uncollectibility of the principal is confirmed. Subsequent recoveries, if any, are credited to the allowance.

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

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

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

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

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

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

Properties under development or owned by IFF subsidiaries: Aggregate property acquisitions and improvement costs in connection with IFF and IFF's subsidiaries of Home First Illinois, LLC, IFF CILA Lease Program, LLC, IFF Waukegan Market, LLC, IFF Rockford Market, LLC, IFF Von Humboldt, LLC, IFF Quality Seats – Broadway, LLC, IFF Hatchery, LLC, Community Living Initiative, LLC, Access Peoria, LLC, Access West Cook I MM, LLC and Chatham 79th Street, LLC are capitalized on the consolidated statements of financial position as an asset. Depreciation is computed using the straight-line method over the estimated useful lives of the properties, when placed in service.

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

Federal Home Loan Bank Stock: IFF, as a member of the Federal Home Loan Bank of Chicago (FHLBC), is required to maintain an investment in capital stock of the FHLBC. FHLBC stock does not have a readily determinable fair value as ownership is restricted and there is no ready market for sales of this stock. As a result, this stock is carried at cost and evaluated periodically by management for impairment. Management reviews for impairment based on the ultimate recoverability of the cost basis in the FHLBC stock. No impairment was noted as of December 31, 2018 and 2017.

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

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

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

Capitalized finance costs: Capitalized finance costs consist of legal fees and related costs from IFF leases which are amortized using the straight-line method over 5 to 15 years, depending on the term of the related lease. Costs are reported net of accumulated amortization of $12,625 and $10,798 at December 31, 2018 and 2017, respectively.

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

Support and revenue: Contributions are recorded as increases to net assets with donor restrictions or net assets with donor restriction, depending on the existence and/or nature of any donor restrictions, in the period received. Contributions restricted for use in the loan program are classified as net assets with donor restrictions – loan issuance. When a restriction expires, net assets with donor restrictions are reported as net assets released from restrictions, and reclassified as increases to net assets without donor restrictions.

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

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

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

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

Advertising: IFF expenses advertising costs as they are incurred. Advertising expenses, included in printing and marketing, were $61,740 and $46,068 for 2018 and 2017, respectively.

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

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

IFF NMTC Senior Lender is taxed as a C-corporation and files forms 1120 in the U.S. federal jurisdiction and the state of Missouri and form E-234 in the city of St. Louis. Access Housing ME MM, LLC is taxed as a C-corporation and files forms 1120 in the U.S. federal jurisdiction and the state of Illinois. Access West Cook I MM, LLC is taxed as a C-corporation and files forms 1120 in the U.S. federal jurisdiction and the state of Illinois. For the year ended December 31, 2018, Access West Cook I, LLC is taxed as a partnership and files forms 1065 in the U.S. federal jurisdiction and the state of Illinois. For the year ended December 31, 2017, Access West Cook I, LLC, 100 percent owned by Access West Cook I MM, LLC is consolidated and included on Access West Cook I MM, LLC tax returns.

Home First Illinois, LLC, IFF CILA Lease Program, LLC, IFF Pay for Success I, LLC, IFF Pay for Success II, LLC, IFF Waukegan Market, LLC, IFF Rockford Market, LLC, IFF Von Humboldt, LLC, IFF Quality Seats – Broadway, LLC, IFF Hatchery, LLC, Home First, LLC, Community Living Initiative, LLC, Access Peoria, LLC, Chatham 79th Street, LLC, Access Southwest Chicago I, LLC, Access Southwest Chicago I MM, LLC, Detroit Learning Lab Northwest, LLC, IFF Housing, LLC, IFF Real Estate Services, LLC, IFF Development, LLC, 2819 Highland, LLC, 3423 Michigan Ave., LLC, 4731 Delmar LLC and 5326 Hillside, LLC are disregarded as separate entities for income tax purposes and are, therefore, included within IFF's Internal Revenue Service (IRS) form 990. IFF files IRS form 990 in the U.S. federal jurisdiction and Form AG990-IL for the state of Illinois.

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

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

Reclassification: Certain amounts in the 2017 financial statements have been reclassified to conform to the current year presentation, with no impact on net assets or changes in net assets as previously reported.

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

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

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

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This ASU requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases. The guidance requires that a lessee recognize in the statement of financial position a liability to make lease payments and the right-of-use asset representing its right to use the underlying asset for the lease term. The liability will be equal to the present value of lease payments. The asset will be based on the liability, subject to adjustment such as initial direct cost. For statement of activity purposes, the guidance still requires leases to be classified as either operating or finance. With the subsequent issuance of ASU 2018-10, *Codification Improvements to Topic 842*, *Leases*, to clarify, improve, and correct errors in the new leasing guidance codified in ASC 842. These improvements were issued in a separate ASU from the Codification improvements issued in ASU 2018-09 to ensure that stakeholders are aware of the amendments and to expedite the improvements. The clarification addresses the rate implicit in the lease, impairment of the net investment in the lease, lessee reassessment of lease classification, lessor reassessment of lease term and purchase options, variable payments that depend on an index or rate and certain transaction adjustments. With the subsequent issuance of ASU 2018-11, *Leases (Topic 842)*, *Target Improvements*, to give entities another option for transition and to provide lessors with a practical expedient and to clarify, improve and correct errors in the new leasing guidance codified in ASC 842. The transition option allows entities to not apply the new leases standard in the comparative periods they present in their financial statements in the year of adoption. The practical expedient provides lessors with an option to not separate non-lease components from the associated lease components when certain criteria are met and requires them to account for the combined component in accordance with the new revenue standard if the associated non-lease components are the predominant components. The guidance will be effective for IFF for fiscal years beginning after December 15, 2019, and early adoption is permitted. IFF does not intend to early adopt. IFF is currently evaluating the impact on the adoption of this guidance on its financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of activities as the amounts expected to be collected change. With the subsequent issuance of ASU 2018-19, *Codification Improvements to Topic 326, Financial Instruments---Credit Losses,* the ASU is effective for fiscal years beginning after December 15, 2021. ASU 2016-13 is effective for IFF's year ending December 31, 2022. Early adoption is permitted for fiscal years beginning after December 15, 2021. IFF does not intend to early adopt. IFF is currently evaluating the impact of adopting this new guidance on its financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. ASU 2016-15 provides guidance on how certain cash receipts and cash payments should be presented and classified in the statement of cash flows with the objective of reducing existing diversity in practice with respect to these items. ASU 2016-15 is effective for annual periods beginning after December 15, 2018. ASU 2016-15 will be effective for IFF on January 1, 2019. ASU 2016-15 requires a retrospective transition method. However, if it is impracticable to apply the amendments retrospectively for some of the issues, the amendments for those issues would be applied prospectively as of the earliest date practicable. IFF is currently evaluating the impact the adoption of this guidance will have on its consolidated statements of cash flows.

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

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

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarifies the guidance used by entities other than not-for-profits to identify and account for contributions made. The ASU has different effective dates for resource recipients and resource providers. Where the organization is the resource recipient, the ASU is applicable to contributions received for annual periods beginning after December 15, 2018. Where the organization is a resource provider, the ASU is effective for annual periods beginning after December 15, 2018. Where the organization is a resource provider, the ASU is effective for annual periods beginning after December 15, 2019. IFF is currently evaluating the impact of the adoption of this guidance on its financial statements. The adoption of ASU 2018-08 is not expected to have a material impact on IFF's financial statements.

In July 2018, the FASB issued ASU 2018-09, *Codification Improvements*, which makes changes to clarify the Codification, corrects unintended application of guidance, and makes minor improvements to the Codification that are not expected to have a significant effect on current accounting practice. The transition and effective date guidance in ASU 2018-09 is based on the facts and circumstances of each amendment.

IFF Pay for Success I, LLC: This subsidiary serves as the program administrator for a Social Impact Bonds (SIBs) program with the City of Chicago to fund early childhood education services at Chicago Public School (CPS) sites. Social Impact Bonds allow government entities to write contracts that only pay out if specified target outcomes are achieved. Under the SIB model, investors provide the upfront capital necessary to operate a preventative intervention, in this case early childhood education services. The government then repays investors based on actual performance and observed success. The amount of the repayment is tied to the savings the government realizes from avoiding a negative or costly long-term outcome, in this case the cost of special education services. IFF serves as program administrator for the Social Impact Bond with a primary responsibility to oversee the flow of funds from investors to CPS, and coordinate repayment. IFF Pay for Success I, LLC is the borrowing entity that receives funds from the investors and lends these funds to the City of Chicago under a loan and contract agreement. IFF Pay for Success I, LLC also manages the contracts for two third-party firms that will evaluate the success of the program and that will audit performance at each Child Parent Center (CPC) site. As of December 31, 2018 and 2017, the three investors have lent $16,349,484 and $14,261,940, respectively, of the $17,000,000 committed to the program. Loan repayments consisted of $857,114 and $997,648 for the years ended December 31, 2018 and 2017, respectively. These amounts are included in borrowings on the consolidated statements of financial condition. These investors have no recourse to IFF Pay for Success I, LLC except for only the "success payments" that are paid by the city.

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

IFF Pay for Success II, LLC: This subsidiary serves as the program administrator for a Social Impact Bonds (SIBs) program with the Spectrum Health Hospitals and the State of Michigan Department of Health and Human Services to fund the Spectrum Health Strong Beginnings project which is to improve and promote the health and well-being of low income, high-risk mothers and their children, improving parental skills, and overall engagement, thereby reducing the incidences of preterm birth, infant mortality, special education usage and improving the productivity and lifetime earning potential of parents and children. Social Impact Bonds allow government entities to write contracts that only pay out if specified target outcomes are achieved. Under this SIB model, investors and grantors provide the upfront capital necessary to operate a preventative intervention, in this case incidences of preterm births, infant mortality and special education usage. The government then repays investors and Spectrum Health Hospitals based on actual performance and observed success. The amount of the repayment is tied to the savings the government realizes from avoiding a negative or costly long-term outcome, in this case the cost of health care and special education services. IFF serves as program administrator for the Social Impact Bond with a primary responsibility to oversee the flow of funds from investors and Spectrum Health Hospitals, and coordinate repayment. IFF Pay for Success II, LLC is the borrowing entity that receives funds from the investors and gives these funds to Spectrum Health Hospitals under pay for success agreement. As of December 31, 2018 and 2017, no loan financing vehicle has been established. When established, this investor will have no recourse to IFF Pay for Success II, LLC except for only the “success payments” that are paid by the state. IFF Pay for Success II, LLC also manages the contracts for a third-party firm that will evaluate the success of the program.

Subsequent events: IFF has evaluated subsequent events for potential recognition and/or disclosure through April 19, 2019, the date these financial statements were available for issuance.

Note 2. Other Restricted Cash and Interest-Bearing Deposits

Several grant and loan agreements require cash to be held in separate interest-bearing accounts. This cash is restricted in its use and maintained in separate accounts, which were as follows at December 31, 2018 and 2017:

	2018	2017
Investor Consortium reserves	$ 3,120,186	$ 2,959,270
Energy efficient loan loss reserve	19,882	94,710
Bond risk share reserve and collateralization reserve	2,995,879	2,459,360
Home First Illinois, LLC property reserves	1,052,961	1,010,471
Access Peoria, LLC property reserves	514,671	524,239
Community Living Initiative, LLC property reserves	46,389	45,645
Illinois Fresh Food Fund (IFFF)	-	2,001,163
Transit-Oriented Development Loan Fund (TOD)	-	2,076,544
Total	$ 7,749,968	$ 11,171,402

Note 2. Other Restricted Cash and Interest-Bearing Deposits (Continued)

Investor Consortium reserves relates to Investor Consortium collateral trust notes, which are restricted for use as loss reserve in accordance with the Investor Consortium loan sales. Energy efficient loan loss reserve relates to the Chicago Metropolitan Agency for Planning (CMAP) Energy Efficiency program with IFF, which is restricted for loan loss reserves on qualified energy efficient loans made by IFF. Bond risk share reserve and collateralization reserve relates to the Bond Guarantee Program, which requires overcollateralization in a shared pool and cash collateral when loans' pledges are less than the outstanding borrowings. Home First Illinois, LLC property reserves relates to the various reserve accounts maintained for the Illinois Accessible Housing Initiative Program with the Illinois Housing Development Authority (IHDA). Access Peoria, LLC property reserves relates to the various reserve accounts maintained for the Access Peoria program with the IHDA. Community Living Initiative, LLC property reserves relates to the various reserve accounts maintained for the Community Living Initiative program with the IHDA. Illinois Fresh Food Fund (IFFF) includes proceeds received from the Illinois Department of Commerce and Economic Opportunity (DCEO) for this program. The DCEO grant period ended in 2018 and the funds became unrestricted. IFF was required to return $396,401 back to DCEO as it had not used these grant proceeds. This corresponding expense is recorded on the consolidated statements of activities in professional fees. Transit-Oriented Development (TOD) Loan Fund relates to proceeds received from the Village of Oak Park and Housing and Urban Development (HUD) for establishing this fund. A qualifying loan was made in 2018 using this fund. Restricted interest-bearing deposits are held in money market accounts and are carried at cost.

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

In 2005, IFF was awarded an $8,000,000 grant by the United States Department of Education (DOE) to enable IFF to facilitate long-term financing for charter schools. It also received a similar $10,000,000 grant in 2007 and a $2,000,000 grant in 2018. Grant funds are restricted for the purpose of providing credit enhancement support to bond or loan financing obligations of qualified charter schools. Performance agreements govern the use of the grants, set goals and objectives for the project, and permit IFF to recover certain personnel and administrative costs. Recoverable expenses for these grant projects in 2018 and 2017 were $203 and $118,302, respectively. Grant proceeds are maintained in DOE-permitted bank accounts. Interest earned on the grant proceeds are to be reinvested for future credit support. Interest earned was $176,710 and $56,180 in 2018 and 2017, respectively. The grant funds including interest thereon, as well as pledged amounts, are included in net assets with donor restrictions.

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

Funds pledged by IFF for credit enhancement are associated with specific financing arrangements and are available to cure charter school payment defaults and delinquencies (if any), reducing the credit risk to the investor of any individual project. Unpledged funds have not yet been assigned to specific financing agreements and are available to be used to credit enhance future qualifying credits. Pledged and unpledged amounts under the grants, the cash for which is maintained in separate accounts, were as follows at December 31, 2018 and 2017:

	2018	2017
Pledged - $8 million DOE grant	$ 5,096,313	$ 5,435,225
Pledged - $10 million DOE grant	8,134,270	7,551,175
Pledged - $2 million DOE grant	1,207,128	-
Total pledged	14,437,711	12,986,400
Unpledged - $8 million DOE grant	2,056,620	2,855,526
Unpledged - $10 million DOE grant	2,663,249	1,942,655
Unpledged - $2 million DOE grant	803,508	-
Total unpledged	5,523,377	4,798,181
Total	$ 19,961,088	$ 17,784,581

Recourse to IFF with regard to any bonds or loan financing issued is limited to the grant funds pledged in support of individual or pooled bond issues or loan financing (bonds or the loan financing are not an obligation of IFF). As of December 31, 2018, there have not been any payment defaults or delinquencies requiring utilization of the pledged funds.

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

The total grants receivable, other receivables, prepaids and deposits at December 31, 2018 and 2017, consisted of the following:

	2018	2017
Grants receivable	$ 1,904,168	$ 3,440,467
Contract and other receivables	6,325,654	3,079,625
Prepaids and deposits	932,697	851,750
	$ 9,162,519	$ 7,371,842

Note 4. Grants Receivable, Other Receivables, Prepaids and Deposits (Continued)

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

	2018	2017
Amounts receivable and deposits / realizable in less than one year	$ 4,621,620	$ 5,784,187
Amounts receivable and deposits / realizable in one to five years	898,551	797,574
Amounts receivable and deposits / realizable in over five years	3,228,384	500,000
	8,748,555	7,081,761
Prepaids	413,964	290,081
	$ 9,162,519	$ 7,371,842

Note 5. Loans Receivable

Loans receivable at December 31, 2018 and 2017, were comprised of the following:

	2018	2017
Facility	$ 227,505,173	$ 217,621,063
Affordable housing	71,771,894	57,703,379
Equipment and vehicle	3,502,848	4,611,543
Pre-development	7,161,488	6,172,119
Other	42,169,425	42,712,976
	352,110,828	328,821,080
Allowance for loan losses	(10,608,932)	(9,853,012)
Accumulated deferred loan fees, net	(438,243)	-
Loans receivable, net	$ 341,063,653	$ 318,968,068

Loans that management has the intent to hold for the foreseeable future or until maturity or pay-off generally are reported at their outstanding unpaid principal balances adjusted for the allowance for loan losses and any unamortized deferred fees or costs on originated loans. For the year ended December 31, 2018, loan origination fees totaled $851,769 while the estimated cost to originate the loans was $360,294. IFF amortized $53,232 as a level yield adjustment for the year ended December 31, 2018. The yield adjustment is recorded in the consolidated statements of activities in interest on loans. As of and for the year ended December 31, 2017, there were no fees or costs that were deferred or amortized.

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

Note 5. Loans Receivable (Continued)

Facility related loan credit is extended to borrowers for facility acquisition, construction, renovation/ rehabilitation, leased improvements and refinancing to expand programming. This also can be for facility improvement for major maintenance and repairs. At December 31, 2018, approximately 72 percent of outstanding facility loans are collateralized with mortgages in a first position lien and 11 percent are collateralized by mortgages with second position liens and 1 percent are not secured. The remaining 16 percent are collateralized by leasehold mortgages, UCCs and other liens. At December 31, 2017, approximately 74 percent of outstanding facility loans are collateralized with mortgages in a first position lien and 12 percent are collateralized by mortgages with second position liens. The remaining 14 percent are collateralized by leasehold mortgages, UCCs and other liens.

Affordable housing loan credit is extended for the acquisition, construction, renovation/rehabilitation for single family or multi-family homes. At December 31, 2018, approximately 86 percent of outstanding affordable housing loans are collateralized with mortgages in a first position lien and 11 percent are collateralized by mortgages with second position liens, and 1 percent are not secured. The remaining 2 percent are collateralized by other liens. At December 31, 2017, approximately 91 percent of outstanding affordable housing loans are collateralized with mortgages in a first position lien and 4 percent are collateralized by mortgages with second position liens, and 2 percent are not secured. The remaining 3 percent are collateralized by other liens.

Equipment and vehicle loan credit is available for service owned vehicles, computers, furnishings and medical equipment. IFF generally requires the borrower to have an existing loan relationship with IFF. These loans are often cross-collateralized with the other existing loans of the borrower held by IFF. At December 31, 2018, approximately 69 percent of outstanding equipment and vehicle loans are collateralized with a UCC or vehicle title, 5 percent are collateralized with mortgages in a first position lien and 21 percent are collateralized by mortgages with second position liens. The remaining 5 percent are collateralized by leasehold mortgage or not secured. At December 31, 2017, approximately 61 percent of outstanding equipment and vehicle loans are collateralized with a UCC or vehicle title, 2 percent are collateralized with mortgages in a first position lien and 35 percent are collateralized by mortgages with second position liens. The remaining 2 percent are collateralized by leasehold mortgage or not secured.

Pre-development credit is provided to affordable housing developers to finance up-front project requirements such as site control, architectural, legal and financing costs. At December 31, 2018, approximately 25 percent of outstanding pre-development loans are collateralized with mortgages in a first position lien and 10 percent are collateralized by other liens. The remaining 65 percent are unsecured. At December 31, 2017, approximately 31 percent of outstanding pre-development loans are collateralized with mortgages in a first position lien and 12 percent are collateralized by other liens. The remaining 57 percent are unsecured.

Other loans receivable consists of working capital loans, leverage loans for New Markets Tax Credit transactions and other short-term loans secured by mortgages and vehicles or other assets. IFF generally requires the borrower to have an existing loan relationship with IFF. These loans are often cross-collateralized with the other existing loans of the borrower held by IFF. At December 31, 2018, approximately 85 percent of outstanding other loans are collateralized by other liens, 9 percent are collateralized by mortgages in a first position lien and the remaining 6 percent are collateralized by mortgages in second position lien, leasehold mortgages, UCCs or unsecured. At December 31, 2017, approximately 87 percent of outstanding other loans are collateralized by other liens, 8 percent are collateralized by mortgages in a first position lien and the remaining 5 percent are collateralized by leasehold mortgages or unsecured.

Note 5. Loans Receivable (Continued)

The following tables present the contractual aging of the recorded investment in past due loans by loan segment as of December 31, 2018 and 2017:

	Current	31 - 60 Days Past Due	61 - 90 Days Past Due	90+ Days Past Due	Total	Nonaccruing Loans
December 31, 2018:						
Facility	$ 224,748,267	$ 14,088	$ -	$ 2,742,818	$ 227,505,173	$ 7,725,008
Affordable housing	71,771,894	-	-	-	71,771,894	246,896
Equipment and vehicle	3,199,311	185,995	-	117,542	3,502,848	245,587
Pre-development	7,161,488	-	-	-	7,161,488	210,961
Other	41,981,058	-	-	188,367	42,169,425	188,367
	$ 348,862,018	$ 200,083	$ -	$ 3,048,727	$ 352,110,828	$ 8,616,819
Nonaccruing loans	$ 5,554,004	$ 14,088	$ -	$ 3,048,727	$ 8,616,819	

	Current	31 - 60 Days Past Due	61 - 90 Days Past Due	90+ Days Past Due	Total	Nonaccruing Loans
December 31, 2017:						
Facility	$ 217,381,087	$ -	$ -	$ 239,976	$ 217,621,063	$ 3,230,685
Affordable housing	57,703,379	-	-	-	57,703,379	285,751
Equipment and vehicle	4,419,537	-	-	192,006	4,611,543	192,006
Pre-development	6,172,119	-	-	-	6,172,119	234,961
Other	42,712,976	-	-	-	42,712,976	-
	$ 328,389,098	$ -	$ -	$ 431,982	$ 328,821,080	$ 3,943,403
Nonaccruing loans	$ 3,511,421	$ -	$ -	$ 431,982	$ 3,943,403	

IFF utilizes an internal asset classification system as a means of reporting problem and potential problem loans. In 2018, IFF updated its risk rating system from a scale of 100 to 500 to a scale of 1 to 8. Under the new scale, loans that were classified as “Watch List” are now classified as “Above Average Risk” and are not considered potential problem loans. For the year ended December 31, 2018, IFF classifies problem and potential problem loans as “Watch List”, “Problem Asset” and “Doubtful”. For the year ended December 31, 2017, IFF classified problem and potential problem loans as “Watch List”, “Substandard” and “Doubtful”.

Watch List loans include those characterized by the distinct possibility that IFF will sustain some loss if the deficiencies are not corrected. These loans are in default due to non-payment or other events such as one or more changes in borrower’s financial performance, management or programs for which if uncorrected can put the borrower at financial risk. Further, Watch List loans can include loan past due 30 days or has a history of late payment. Loans classified as Problem Asset have all the weaknesses inherent in those classified as Watch List with the added characteristic that the weaknesses present make collection or liquidation in full, based on currently existing facts, conditions and values, highly questionable and improbable. Loans classified as Doubtful have all the weaknesses inherent in those classified as Problem Asset with added characteristic that loans are 90 days past due or have a history of late payments, full payoff is doubtful and the borrower is not responsive or does not follow an acceptable workout plan which can include the sale of the collateral, deed in lieu or a forbearance agreement.

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

Note 5. Loans Receivable (Continued)

The following tables present the risk category of loan segment based on the most recent analysis performed and the contractual aging as of December 31, 2018 and 2017:

	General Portfolio	Above Average Risk	Watch List	Problem Asset	Doubtful	Total
December 31, 2018:						
Facility	$ 172,346,262	$ 40,435,792	$ 1,943,643	$ 4,179,047	$ 8,600,429	$ 227,505,173
Affordable housing	65,191,166	5,054,245	1,224,416	-	302,067	71,771,894
Equipment and vehicle	1,919,909	961,882	375,470	-	245,587	3,502,848
Pre-development	5,984,413	966,114	-	-	210,961	7,161,488
Other	40,293,483	1,647,575	40,000	-	188,367	42,169,425
	$ 285,735,233	$ 49,065,608	$ 3,583,529	$ 4,179,047	$ 9,547,411	$ 352,110,828
Current	$ 285,735,233	$ 48,980,608	$ 3,482,534	$ 4,179,047	$ 6,484,596	$ 348,862,018
Past Due 31-60 Days	-	85,000	100,995	-	14,088	200,083
Past Due 61-90 Days	-	-	-	-	-	-
Past Due 90 + Days	-	-	-	-	3,048,727	3,048,727
	$ 285,735,233	$ 49,065,608	$ 3,583,529	$ 4,179,047	$ 9,547,411	$ 352,110,828

	General Portfolio	Watch List	Substandard	Doubtful	Total
December 31, 2017:					
Facility	$ 172,712,068	$ 26,624,147	$ 14,867,468	$ 3,417,380	$ 217,621,063
Affordable housing	54,248,643	2,063,224	1,105,761	285,751	57,703,379
Equipment and vehicle	2,959,469	1,144,618	315,450	192,006	4,611,543
Pre-development	5,907,158	30,000	-	234,961	6,172,119
Other	40,032,984	2,639,992	40,000	-	42,712,976
	$ 275,860,322	$ 32,501,981	$ 16,328,679	$ 4,130,098	$ 328,821,080
Current	$ 275,860,322	$ 32,501,981	$ 16,328,679	$ 3,698,116	$ 328,389,098
Past Due 31-60 Days	-	-	-	-	-
Past Due 61-90 Days	-	-	-	-	-
Past Due 90 + Days	-	-	-	431,982	431,982
	$ 275,860,322	$ 32,501,981	$ 16,328,679	$ 4,130,098	$ 328,821,080

Note 5. Loans Receivable (Continued)

Activity in the allowance for loan losses for the years ended December 31, 2018 and 2017, was as follows:

	Facility	Affordable Housing	Equipment and Vehicle	Pre-Development	Other	Total
December 31, 2018:						
Beginning balance	$ 8,264,548	$ 471,571	$ 155,879	$ 916,718	$ 44,296	$ 9,853,012
Provision for loan losses	3,405,085	(126,483)	115,824	(447,182)	369,437	3,316,681
Charge-offs	(2,624,206)	-	-	(2,000)	-	(2,626,206)
Recoveries	65,445	-	-	-	-	65,445
Ending balance	$ 9,110,872	$ 345,088	$ 271,703	$ 467,536	$ 413,733	$ 10,608,932
Allowance for loan losses:						
Allocated	$ 4,431,000	$ 109,915	$ 191,919	$ 210,961	$ 188,367	$ 5,132,162
General	4,679,872	235,173	79,784	256,575	225,366	5,476,770
	$ 9,110,872	$ 345,088	$ 271,703	$ 467,536	$ 413,733	$ 10,608,932
Loans:						
Impaired loans	$ 8,600,429	$ 302,067	$ 245,587	$ 210,961	$ 188,367	$ 9,547,411
Non-impaired loans	218,904,744	71,469,827	3,257,261	6,950,527	41,981,058	342,563,417
	$ 227,505,173	$ 71,771,894	$ 3,502,848	$ 7,161,488	$ 42,169,425	$ 352,110,828

	Facility	Affordable Housing	Equipment and Vehicle	Pre-Development	Other	Total
December 31, 2017:						
Beginning balance	$ 8,767,433	$ 1,004,171	$ 329,282	$ 732,233	$ 90,390	$ 10,923,509
Provision for loan losses	(448,843)	(532,600)	(150,357)	184,485	(46,094)	(993,409)
Charge-offs	(149,740)	-	(23,046)	-	-	(172,786)
Recoveries	95,698	-	-	-	-	95,698
Ending balance	$ 8,264,548	$ 471,571	$ 155,879	$ 916,718	$ 44,296	$ 9,853,012
Allowance for loan losses:						
Allocated	$ 1,991,634	$ 122,083	$ 101,175	$ 234,961	$ -	$ 2,449,853
General	6,272,914	349,488	54,704	681,757	44,296	7,403,159
	$ 8,264,548	$ 471,571	$ 155,879	$ 916,718	$ 44,296	$ 9,853,012
Loans:						
Impaired loans	$ 4,275,149	$ 367,440	$ 192,006	$ 234,961	$ -	$ 5,069,556
Non-impaired loans	213,345,914	57,335,939	4,419,537	5,937,158	42,712,976	323,751,524
	$ 217,621,063	$ 57,703,379	$ 4,611,543	$ 6,172,119	$ 42,712,976	$ 328,821,080

Note 5. Loans Receivable (Continued)

Impaired loan information as of December 31, 2018 and 2017, is as follows:

	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated	Average Recorded Investment	Interest Income Recognized	Cash Basis Interest Income Recognized
December 31, 2018:						
With no related allowance recorded:						
Facility	$ 3,029,232	$ 3,029,232	$ -	$ 1,717,907	$ 267,052	$ 261,597
Affordable housing	192,152	192,152	-	216,647	3,372	3,142
Equipment and vehicle	-	-	-	196,689	27,220	27,220
Pre-development	-	-	-	7,500	1,342	1,342
Other	-	-	-	-	-	-
	3,221,384	3,221,384	-	2,138,743	298,986	293,301
With an allowance recorded:						
Facility	5,571,197	5,571,197	4,431,000	5,080,911	141,921	141,921
Affordable housing	109,915	109,915	109,915	115,492	-	-
Equipment and vehicle	245,587	245,587	191,919	197,668	4,580	4,580
Pre-development	210,961	210,961	210,961	221,461	-	-
Other	188,367	188,367	188,367	62,789	6,375	6,375
	6,326,027	6,326,027	5,132,162	5,678,321	152,876	152,876
	$ 9,547,411	$ 9,547,411	$ 5,132,162	$ 7,817,064	$ 451,862	$ 446,177

	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated	Average Recorded Investment	Interest Income Recognized	Cash Basis Interest Income Recognized
December 31, 2017:						
With no related allowance recorded:						
Facility	$ 641,204	$ 641,204	$ -	$ 663,987	$ 57,641	$ 55,583
Affordable housing	245,357	245,357	-	269,212	4,668	4,327
Equipment and vehicle	-	-	-	-	-	-
Pre-development	-	-	-	-	-	-
Other	-	-	-	-	-	-
	886,561	886,561	-	933,199	62,309	59,910
With an allowance recorded:						
Facility	3,633,945	3,633,945	1,991,634	4,540,722	117,451	114,043
Affordable housing	122,083	122,083	122,083	126,393	-	-
Equipment and vehicle	192,006	192,006	101,175	216,367	6,141	6,141
Pre-development	234,961	234,961	234,961	245,294	-	-
Other	-	-	-	-	-	-
	4,182,995	4,182,995	2,449,853	5,128,776	123,592	120,184
	$ 5,069,556	$ 5,069,556	$ 2,449,853	$ 6,061,975	$ 185,901	$ 180,094

Note 5. Loans Receivable (Continued)

Four loans and two loans were modified during the years ended December 31, 2018 and 2017, respectively, which were identified as troubled debt restructurings. These modifications resulted in one or a combination of the following: temporary adjustments for interest-only payments, release of collateral and partial deferral of interest. The pre and post modification balance of the loans modified in 2018 were $1,415,333 and $1,432,947, respectively. The pre and post modification balance of the loan modified in 2017 were $710,098 and $713,614, respectively. There were no charge-offs recorded for the years ended December 31, 2018 and 2017, as a result of these modifications.

At December 31, 2018 and 2017, there were $4,516,828 and $3,423,022 of loans identified as troubled debt restructurings, respectively. At December 31, 2018 and 2017, the allowance for loan losses allocated for troubled debt restructurings were $2,211,907 and $1,656,710, respectively. At December 31, 2018 and 2017, there were $786,428 and $181,662, respectively, of these troubled debt restructurings that were 90 days or more delinquent. At December 31, 2018, there were $14,088 of these troubled debt restructurings that were 31-60 days delinquent. There were no troubled debt restructurings that were 31-60 days delinquent at December 31, 2017.

Loans carried at $183,250,611 and $185,051,261 were pledged to secure borrowings as of December 31, 2018 and 2017, respectively.

At December 31, 2018, scheduled loan receipts due in the next year for the entire loan portfolio are expected to be approximately $31,281,130.

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

IFF's undisbursed loan commitments as of December 31, 2018 and 2017, were $49,630,062 and $74,004,165, respectively. See Notes 10 and 11 for a summary of undrawn debt commitments that would be used to fund undisbursed loans.

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

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

Properties owned by IFF and IFF's subsidiaries at December 31, 2018 and 2017, were comprised of the following:

	1 - 4 Units	Group Homes	School Campus	Grocery Stores	Other	Total
December 31, 2018:						
Home First Illinois, LLC	$ 14,505,884	$ -	$ -	$ -	$ -	$ 14,505,884
IFF CILA Lease Program, LLC	-	2,062,975	-	-	-	2,062,975
IFF Waukegan Market LLC	-	-	-	3,405,461	-	3,405,461
IFF Rockford Market LLC	-	-	-	3,009,872	-	3,009,872
Community Living Initiative, LLC	-	3,384,206	-	-	-	3,384,206
Access Peoria, LLC	3,409,247	-	-	-	-	3,409,247
IFF Von Humboldt, LLC	-	-	3,608,538	-	-	3,608,538
IFF Hatchery, LLC	-	-	-	-	328,905	328,905
Chatham 79th Street, LLC	-	-	-	-	476,619	476,619
IFF Quality Seats - Broadway, LLC	-	-	6,119,888	-	-	6,119,888
	17,915,131	5,447,181	9,728,426	6,415,333	805,524	40,311,595
Less accumulated depreciation	(1,954,964)	(346,009)	(266,602)	(525,644)	-	(3,093,219)
	$ 15,960,167	$ 5,101,172	$ 9,461,824	$ 5,889,689	$ 805,524	$ 37,218,376

	1 - 4 Units	Group Homes	School Campus	Grocery Stores	Other	Total
December 31, 2017:						
Home First Illinois, LLC	$ 13,981,430	$ -	$ -	$ -	$ -	$ 13,981,430
IFF CILA Lease Program, LLC	-	2,062,975	-	-	-	2,062,975
IFF Waukegan Market LLC	-	-	-	3,405,461	-	3,405,461
IFF Rockford Market LLC	-	-	-	3,009,872	-	3,009,872
Community Living Initiative, LLC	-	3,055,121	-	-	-	3,055,121
Access Peoria, LLC	3,409,247	-	-	-	-	3,409,247
IFF Von Humboldt, LLC	-	-	3,456,423	-	-	3,456,423
IFF Hatchery, LLC	-	-	-	-	2,148,169	2,148,169
Access West Cook I MM, LLC	2,711,460	-	-	-	-	2,711,460
IFF Quality Seats - Broadway, LLC	-	-	5,252,607	-	-	5,252,607
	20,102,137	5,118,096	8,709,030	6,415,333	2,148,169	42,492,765
Less accumulated depreciation	(1,413,979)	(205,070)	(156,286)	(361,148)	-	(2,136,483)
	$ 18,688,158	$ 4,913,026	$ 8,552,744	$ 6,054,185	$ 2,148,169	$ 40,356,282

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

LLC completed the renovations in 2016 and all 70 units were available to be rented. In 2018, no properties were sold. In 2017, five properties were sold with a cost basis of $1,137,515 and accumulated depreciation of $95,760. Sales proceeds were $1,293,216, resulting in a gain on the sale of property of $251,461. This gain is recorded in the consolidated statements of activities in gain on sale of property and equipment. The LLC incurred rehabbed cost of $524,454 during 2018. Five new properties were purchased and rehabbed for a cost of $933,206 during 2017. Four of the properties were ready to be rented as of the year end December 31, 2018. Depreciation expense taken on the units rented for the years ended December 31, 2018 and 2017, was $453,568 and $470,060, respectively. Accumulated depreciation on the properties for the years ended December 31, 2018 and 2017, was $1,692,714 and $1,239,146, respectively.

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

IHDA grant funds are secured by a non-interest-bearing mortgage on each property. LLC is required to comply with the terms of the grant and regulatory agreements, and grant amounts are required to be repaid to the IHDA only upon the occurrence of a default, but otherwise are to be forgiven by the IHDA on dates 30 years after property acquisition. LLC intends to hold and manage the properties for the 30-year term and believes there is reasonable assurance that it will meet the terms of the forgiveness which is to hold the properties for the 30-year period and use the facilities for the disadvantaged; therefore, will recognize grant amounts as revenue ratably over the expected life of each property, once placed in service and in proportion to depreciation expense. The unamortized grant amounts are therefore recorded as a deferred revenue liability on the consolidated statements of financial position. LLC records grant amounts received, accumulating $12,614,170, as of each December 31, 2018 and 2017, respectively, as deferred revenue and amortizes amounts to revenue ratably over the expected life of the properties, once placed in service. Amounts amortized into revenue for 2018 and 2017 were $385,850 and $352,824, respectively. LLC recorded grant revenue with donor restrictions in the years ended December 31, 2018 and 2017, totaling $385,850 and $396,122, respectively, for developing the properties, establishing reserves, and for other certain property and project costs. These amounts are released from restriction when utilized for the restricted purpose. For the years ended December 31, 2018 and 2017, $405,063 and $423,019, respectively, were released from restrictions.

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

IFF Real Estate Services Department had acquired and developed 6 group homes by the end of 2014, and these houses have been sold to IFF CILA Lease Program, LLC and leased to a third party, the group home operator. These properties will be depreciated over 40 years using the straight-line method. Depreciation expense taken on the group homes was $51,574 for each of the years ended December 31, 2018 and 2017. As of December 31, 2018 and 2017, net property costs were $1,806,331 and $1,857,905, respectively. Accumulated depreciation on the properties for the years ended December 31, 2018 and 2017, was $256,644 and $205,070, respectively.

IFF Waukegan Market, LLC financed and developed a full-service grocery store to provide access to healthy food in Waukegan, Illinois. It used financing from IFF and grant funds received from the Illinois Department of Commerce and Economic Opportunity (DCEO) for the Illinois Fresh Food Fund (IFFF) program. Save-A-Lot and Save-A-Lot Licensee lease and manage the grocery store. For each of the years ended December 31, 2018 and 2017, total accumulated property costs were $3,405,461. This property is depreciated over 39 years using the straight-line method. Depreciation expense taken on the grocery store for the years ended December 31, 2018 and 2017, was $87,320 and $87,319, respectively. As of December 31, 2018 and 2017, net property costs were $3,143,503 and $3,230,823, respectively. Accumulated depreciation on the property for the years ended December 31, 2018 and 2017, was $261,958 and $174,638, respectively.

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

IFF Rockford Market LLC financed and developed a full-service grocery store to provide access to healthy food in Rockford, Illinois. It used financing from IFF and grant funds received from the DCEO for the IFFF program and from the City of Rockford. Save-A-Lot and Save-A-Lot Licensee lease and manage the grocery store. For each of the years ended December 31, 2018 and 2017, total accumulated property costs were $3,009,872. This property is depreciated over 39 years using the straight-line method. Depreciation expense taken for each of the years ended December 31, 2018 and 2017, was $77,176. As of December 31, 2018 and 2017, net property costs were $2,746,186 and $2,823,362, respectively. Accumulated depreciation on the property for the years ended December 31, 2018 and 2017, was $263,686 and $186,510, respectively.

Community Living Initiative, LLC is financing, developing and owning group homes throughout Illinois to lease them to State selected and monitored service providers. The first phase of this project will consist of 7 homes and will be funded from a loan from IHDA and loans from IFF. For the years ended December 31, 2018 and 2017, total accumulated property costs were $3,384,206 and $3,055,121, respectively. Community Living Initiative, LLC incurred rehab costs of $329,085 and $1,159,838 for the years ended December 31, 2018 and 2017, respectively. As of December 31, 2018 and 2017, five homes and four homes, respectively, has been rented out. The properties are depreciated over 39 years using the straight-line method. Depreciation expense taken for the year ended December 31, 2018, was $89,365. No depreciation was taken for the year ended December 31, 2017. As of December 31, 2018 and 2017, net property costs were $3,294,841 and $3,055,121, respectively. Accumulated depreciation on the property for the year ended December 31, 2018, was $89,365. There was no accumulated depreciation on the property for the year ended December 31, 2017.

Access Peoria, LLC developed eight accessible duplexes on vacant lots in Peoria, Illinois. Funding for this program came from Local Initiatives Support Corporation (LISC) using National Foreclosure Settlement funds from the Illinois Attorney General, a Community Development Block Grant from the IHDA, City of Peoria, and several other funders. IHDA grant funds are secured by a non-interest-bearing mortgage on each property. Access Peoria, LLC is required to comply with the terms of the grant and regulatory agreements, and grant amounts are required to be repaid to IHDA only upon the occurrence of a default, but otherwise are to be forgiven by IHDA on dates 30 years after property acquisition. IHDA grants received in connection with the program are in effect forgivable loans. Access Peoria, LLC intends to hold and manage the properties for the 30-year term and believes there is reasonable assurance that it will meet the terms of the forgiveness. The unamortized grant amounts are therefore recorded as a deferred revenue liability on the consolidated statements of financial position. Access Peoria, LLC records grant amounts received, accumulating $2,577,638, as of December 31, 2018 and 2017, respectively, as deferred revenue and amortizes amounts to revenue ratably over the expected life of the properties, once placed in service. The unamortized grant amounts are therefore recorded as a deferred revenue liability on the consolidated statements of financial position. Amounts amortized into revenue for 2018 and 2017 were $66,094 and $67,132, respectively. All sixteen units are available to be rented by the end of December 31, 2018 and 2017. For the years ended December 31, 2018 and 2017, 16 and 14 units, respectively, were rented out. Access Peoria, LLC recorded grant revenue with donor restrictions in the years ended December 31, 2018 and 2017, totaling $66,094 and $67,132, respectively, for developing the properties, establishing reserves, and for other certain property and project costs. These amounts are released from restriction when utilized for the restricted purpose. For the years ended December 31, 2018 and 2017, $1,443,618 and $67,132, respectively, were released from restrictions. The properties are depreciated over 39 years using the straight-line method. Depreciation expense taken for the years ended December 31, 2018 and 2017, was $87,417 and $88,791, respectively. As of December 31, 2018 and 2017, net property costs were $3,146,997 and $3,234,414, respectively. Accumulated depreciation on the properties for the years ended December 31, 2018 and 2017, was $262,250 and $174,833, respectively.

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

IFF Von Humboldt, LLC is financing, developing and owning and repurposing the former DeDuprey/Von Humboldt main school building site in Chicago. It is working with and identifying several partners for the project. A partner was identified in late 2018 who took ownership on February 28, 2019. Through a competitive real estate bid process with the Chicago Board of Education of the City of Chicago, IFF Von Humboldt LLC purchased this site for the purpose of repurposing the site into housing targeted to school teachers, with a mix of studios, one- and two-bedroom units at an affordable rate with the balance made available to the general public. Other key components include space dedicated to educational uses aligned with the principles of the Community as a Campus model created by the PRCC/Alternative Schools Network and the Center for Educational Excellence Model created by the Seawall Development Group. IFF Von Humboldt, LLC incurred acquisition and rehab costs of $152,115 and $146,724 for the years ended December 31, 2018 and 2017, respectively. As of December 31, 2018 and 2017, total accumulated acquisition and development costs were $3,608,538 and $3,456,423, respectively. The property is still under development and no depreciation expense has been taken for the years ended December 31, 2018 and 2017.

IFF Hatchery, LLC is to develop and build a new food business incubator with two partners in Chicago's East Garfield Park community. Called the Hatchery, the 100,000-square-foot facility will be designed to serve 50-75 young or growing food and beverage companies in need of food-grade, flexible space. Funding sources will include its partners' equity, New Markets Tax Credits (NMTCs), Tax Increment Financing (TIF) money, debt and donations. IFF will serve as developer for the three-year project. The public-private partnership, which brings together government, corporate and nonprofit resources, will create jobs and provide tax revenue for the community. IFF Hatchery, LLC incurred acquisition and rehab costs of $538,233 and $701,536 for the years ended December 31, 2018 and 2017, respectively. In 2018, all but 2 parcels of land were sold at cost for $2,357,497 to the controlling entity. As of December 31, 2018 and 2017, total accumulated acquisition and development costs were $328,905 and $2,148,169, respectively. No depreciation expense has been taken for the years ended December 31, 2018 and 2017, as the properties are under development.

Chatham 79th Street, LLC was created in 2018 to acquire and redevelop a vacant commercial building at 630-640 E. 79th Street in Chicago, Illinois on behalf of the Chicago Cook Workforce Partnership (CCWP). IFF acted as developer and interim owner acquiring the property, structuring the financing, procuring professional services and overseeing design. As anticipated, the property was acquired by the project partner(s) on March 6th of 2019 at cost. IFF will continue to play the role of developer through project completion which is anticipated by September 2019. As of December 31, 2018, total accumulated acquisition and development costs were $476,619. No depreciation expense has been taken for the year ended December 31, 2018.

IFF Quality Seats – Broadway, LLC was created in 2016 to finance and own a former office building that it rehabbed into a charter school located in Kansas City, Missouri. The 38,750 square foot building was built in 1954 as a three story office building with a finished lower level. The building is leased to a charter school operator and is currently serving students in the K-4 grades. For the years ended December 31, 2018 and 2017, property costs incurred were $6,119,888 and $5,252,607, respectively. This property is depreciated over 39 years using the straight-line method. Depreciation expense taken for the years ended December 31, 2018 and 2017, was $110,316 and $110,320, respectively. As of December 31, 2018 and 2017, net property costs were $5,853,286 and $5,096,321, respectively. Accumulated depreciation on the property for the years ended December 31, 2018 and 2017, was $266,602 and $156,286, respectively. The school opened in the fall of 2016.

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

Access West Cook I MM, LLC was created when Home First, LLC was awarded an allocation of Low-Income Housing Tax Credits from the IHDA to acquire and develop 50 units of integrated rental housing for people with disabilities across the communities in Illinois of Bellwood, Berwyn, Forest Park and Maywood. These communities are members of the West Cook County Housing Collaborative. It was expected that approximately nineteen vacant, foreclosed two- to four-flats will be acquired and fully rehabilitated. Approximately five new buildings will be constructed on vacant land, designed to complement existing housing stock. At least 10 percent of units will be accessible for wheelchair users, and all units will incorporate energy star appliances and other features to promote energy efficiency. Committed financing sources for this $18 million project include Low Income Housing Tax Credits (LIHTC), HUD Choice Communities Challenge Grant TOD Funds, Cook County HOME Funds, Federal Home Loan Bank of Chicago AHP Grant, and IFF loans. Access West Cook I MM, LLC incurred rehabbed cost of $851,941 and $1,595,065 for the years ended December 31, 2018 and 2017, respectively. As of December 31, 2018, the properties were sold at cost for $3,563,401 and transferred to Access West Cook I, LLC, which is the entity with the equity partner that is receiving the LIHTC benefit. Access West Cook I, LLC still owes $1,279,257 of this purchase price to Access West Cook I MM, LLC. This receivable is recorded in the consolidated statements of financial position in grants receivable, other receivables, prepaids and deposits. Total property costs incurred were $2,711,460 as of December 31, 2017. No depreciation expense has been taken for the years ended December 31, 2018 and 2017.

Note 7. Foreclosed Assets

An analysis of foreclosed assets as of December 31, 2018 and 2017, was as follows:

	2018	2017
Foreclosed assets, beginning	$ 2,507,659	$ 640,000
Acquired through or in lieu of foreclosure	719,200	1,396,562
Purchase of foreclosed assets	-	871,097
Sale proceeds of foreclosed assets not financed by IFF	(375,000)	-
Sale proceeds of foreclosed assets financed by IFF	-	(500,000)
Gain on sales	135,000	-
Deferred gain on sales, net of change in valuation allowance	-	100,000
Foreclosed assets, ending	$ 2,986,859	$ 2,507,659

Two properties make up the balances for the years ended December 31, 2018 and 2017. One new property was added each year during 2018 and 2017, into foreclosed assets. IFF also purchased the remaining 50 percent interest of the foreclosed asset added in 2017 from a lender who held a priority interest in the collateral/property. There was no purchase of foreclosed assets in 2018. One property was sold during each of the years 2018 and 2017. IFF recorded a net gain of $135,000 on the sale of foreclosed properties in 2018. The gain is recorded in the consolidated statements of activities in gain on sale of foreclosed assets. There was no net gain recorded on the sale of foreclosed properties in 2017. IFF also recorded a deferred gain of $100,000 on the sale of one property in 2017. There was not a deferred gain recorded on the sale of one property in 2018. The deferred gain is recorded in the consolidated statements of financial position in accrued liabilities. IFF recognized $42,989 and $30,075 in 2018 and 2017, respectively, from the deferred gains recorded. The gain is recorded in the consolidated statements of activities in gain on sale of foreclosed assets.

Rent collected on foreclosed assets for 2018 and 2017 was $174,000 and $54,000, respectively. These amounts are recorded in the consolidated statements of activities as rental income. Foreclosed asset expenses, which are recorded in the consolidated statements of activities in other operating expenses, were $78,795 and $44,482 for 2018 and 2017, respectively.

Note 8. Furniture, Equipment and Leasehold Improvements

Furniture, equipment and leasehold improvements at December 31, 2018 and 2017, were comprised as follows:

	2018	2017
Furniture, equipment and software	$ 4,065,180	$ 3,686,110
Leasehold improvements	754,924	757,722
	4,820,104	4,443,832
Less accumulated depreciation and amortization	(3,782,230)	(3,448,844)
	$ 1,037,874	$ 994,988

Depreciation and amortization expenses for 2018 and 2017 were $351,332 and $332,722, respectively. IFF retired furniture and lease hold improvements in 2018 totaling $26,150 and $2,798, respectively. IFF recorded a loss of $9,929 and $1,073 in 2018 on the retired furniture and lease improvements, respectively. IFF sold one piece of equipment in 2017 which resulted in a gain of $1,397. These losses and gain are recorded in the consolidated statements of activities in loss (gain) on sale of properties, furniture and equipment. The piece of equipment sold in 2017 had not been capitalized. New additions in 2018 and 2017 consisted of furniture and equipment of $405,220 and $112,423, respectively.

Note 9. Deferred Grant Revenue

IFF's subsidiaries have received grant funds from the Illinois Housing Development Authority (IHDA) and the City of Rockford to help finance various properties. Grant and regulatory agreements restrict the use of the funds, set objectives and requirements for the projects. Grant funds are secured by a non-interest bearing mortgage on each property. IFF's subsidiaries is required to comply with the terms of the grant and regulatory agreements, and grant amounts are required to be repaid to IHDA or the City of Rockford only upon the occurrence of a default, but otherwise are to be forgiven by IHDA or the City of Rockford on dates 30 years and 5 years, respectively, after property acquisition. IFF's subsidiaries intend to hold and manage the properties for the 30-year term and 5-year term and believes there is reasonable assurance that they will meet the terms of the forgiveness which is to hold the properties for the 30-year period and 5-year period and use the facilities for the purpose intended; therefore, will recognize grant amounts as revenue ratably over the expected life of each property, once placed in service and in proportion to depreciation expense. Grants received in connection with the program are in effect forgivable loans. The unamortized grant amounts are therefore recorded as a deferred revenue liability on the consolidated statements of financial position.

Note 9. Deferred Grant Revenue (Continued)

Deferred grant revenue at December 31, 2018 and 2017, were comprised of the following:

	Home First Illinois, LLC	IFF Rockford Market, LLC	Access Peoria, LLC	Total
December 31, 2018:				
IHDA deferred grant revenue	$ 12,614,170	$ -	$ 2,577,638	$ 15,191,808
City of Rockford deferred grant revenue	-	500,000	-	500,000
	12,614,170	500,000	2,577,638	15,691,808
Less accumulated amounts amortized to revenue	(1,603,520)	(263,685)	(198,280)	(2,065,485)
	$ 11,010,650	$ 236,315	$ 2,379,358	$ 13,626,323

	Home First Illinois, LLC	IFF Rockford Market, LLC	Access Peoria, LLC	Total
December 31, 2017:				
IHDA deferred grant revenue	$ 12,614,170	$ -	$ 2,577,638	$ 15,191,808
City of Rockford deferred grant revenue	-	500,000	-	500,000
	12,614,170	500,000	2,577,638	15,691,808
Less accumulated amounts amortized to revenue	(1,217,670)	(186,509)	(132,186)	(1,536,365)
	$ 11,396,500	$ 313,491	$ 2,445,452	$ 14,155,443

Note 10. Borrowings, Equity Equivalent Borrowings and Bond Guarantee Program Borrowings

Borrowings and bond guarantee program borrowings indicated with an * are secured by loans and/or other assets of IFF. All other borrowings are unsecured. Equity equivalent borrowings are subordinated to IFF's other borrowings. The interest rate as of December 31, 2018, is listed for borrowings where the Annual Rate is a variable. Per the borrowing agreements, if the interest payment date or maturity date is on a Saturday, Sunday, or public holiday, then such payment may be made on the next succeeding business day.

Capitalized finance costs, which is a contra liability amount, consist of legal fees and related costs incurred in acquiring the loans payable. These costs are amortized using the straight-line method over 3 to 25 years, depending on the term of the related loans payable. Borrowings are reported net of the net cost of the financing fees of $98,579 and $142,675 at December 31, 2018 and 2017, respectively. Amortization expense for the years ended December 31, 2018 and 2017, was $54,649 and $25,643, respectively. New finance costs incurred for the year ended December 31, 2018 was $10,553. There were no new finance costs incurred for the year ended December 31, 2017. IFF retired $172,734 of capitalized finance cost in 2018 as the corresponding loans payable were paid off. There were no retirements in 2017. Cumulative totals of finance costs, which are those not net of accumulated amortization, are $167,341 and $329,523 for the years ended December 31, 2018 and 2017, respectively.

Note 10. Borrowings, Equity Equivalent Borrowings and Bond Guarantee Program Borrowings (Continued)

IFF borrowings consisted of the following:

		Scheduled Repayments				Principal Balance at December 31, 2018	Principal Balance at December 31, 2017
		Principal		Interest			
Lender	Maturity Date	Amount	Due	Annual Rate	Due		
ARC Chicago, LLC (Benefit Chicago)	8/3/2027	$ 1,650,000 1,650,000 1,700,000	8/3/2025 8/3/2026 8/3/2027	3.000%	Quarterly	$ 5,000,000	$ 2,500,000
Bank of America	11/7/2018	$ 3,000,000	11/07/18	3.750%	Quarterly	-	3,000,000
Bank of America	12/15/2023	$ 2,000,000 1,500,000 1,125,820	12/15/20 12/15/22 12/15/23	1.000%	Quarterly	4,625,820	4,625,820
Basilian Fathers of Toronto	4/1/2020	Balance	Maturity	3.000%	Annual	100,000	100,000
The Blowitz-Ridgeway Foundation	7/1/2018	$ 5,000	Quarterly	2.750%	Quarterly	-	10,000
The Blowitz-Ridgeway Foundation	7/31/2019	$ 5,000	Quarterly	2.750%	Quarterly	10,000	30,000
The Blowitz-Ridgeway Foundation	6/1/2020	$ 5,000	Quarterly	2.750%	Quarterly	25,000	45,000
The Blowitz-Ridgeway Foundation	6/1/2021	$ 5,000	Quarterly	2.750%	Quarterly	50,000	70,000
The Blowitz-Ridgeway Foundation	6/30/2022	$ 5,000	Quarterly	2.750%	Quarterly	70,000	90,000
The Blowitz-Ridgeway Foundation	9/30/2023	$ 5,000	Quarterly	2.750%	Quarterly	95,000	-
Calvert Impact Capital	6/19/2020	Balance	Maturity	2.750%	Quarterly	6,700,000	6,700,000
Central Bank of Kansas City CDE VIII, LLC	11/30/2033	Per schedule	Annually	5.10937%	Annually	-	7,767,096
Chase New Markets Corporation	4/28/2018	Balance	Maturity	4.000%	Monthly	-	9,500,000
JPMorgan Chase Bank	12/6/2021	$ 555,557	Monthly starting 1/1/2019	4.053%	Monthly	19,444,444	20,000,000
		Total carried forward				36,120,264	54,437,916

Note 10. Borrowings, Equity Equivalent Borrowings and Bond Guarantee Program Borrowings (Continued)

		Scheduled Repayments				Principal Balance at December 31, 2018	Principal Balance at December 31, 2017
		Principal		Interest			
Lender	Maturity Date	Amount	Due	Annual Rate	Due		
		Total brought forward				$ 36,120,264	$ 54,437,916
JPMorgan Chase Bank	7/18/2023	$ 277,778	Monthly starting 8/1/2020	4.9375%	Monthly	10,000,000	-
Circle of Service Foundation	9/30/2020	Amortized over fifteen years	Quarterly	3.000%	Quarterly	176,365	273,080
Circle of Service Foundation	3/31/2021	Amortized over fifteen years	Quarterly	3.000%	Quarterly	225,010	320,258
Community First Fund Federal Home Loan Bank	10/8/2024	Balance	Maturity	2.350%	Monthly	10,000,000	10,000,000
Deaconess Foundation	12/31/2017	Balance	Maturity	3.000%	Quarterly	-	250,000
Deaconess Foundation	1/31/2021	Balance	Maturity	3.000%	Quarterly	400,000	-
*Federal Home Loan Bank	5/30/2023	Balance	Maturity	2.640%	Monthly	2,000,000	2,000,000
*Federal Home Loan Bank	8/25/2031	Balance	Maturity	2.570%	Monthly	5,000,000	5,000,000
Goldman Sachs Social Impact Fund, LP	12/31/2027	Per schedule	Maturity	5.000%	Per schedule	6,061,024	5,636,080
BMO Harris Bank	10/1/2019	$ 31,250	Quarterly	3.250%	Quarterly	93,750	218,750
Illinois Housing Development Authority	4/1/2033	To be forgiven	1/15 of Balance Annually starting 4/1/2019	None	NA	1,947,129	1,566,270
The Kresge Foundation	4/30/2022	Per schedule	Quarterly	3.000%	Quarterly	2,085,090	2,641,658
The Kresge Foundation	9/27/2026	Per schedule	Quarterly	2.000%	Quarterly	3,000,000	3,000,000
Living Cities Catalyst Fund LLC	3/15/2018	$ 1,500,000	3/15/2018	3.500%	Quarterly	-	1,500,000
Ann & Robert H. Lurie Chilren's Hospital of Chicago	12/13/2023	Balance	Maturity	2.500%	Quarterly	130,000	-
		Total carried forward				77,238,632	86,844,012

Note 10. Borrowings, Equity Equivalent Borrowings and Bond Guarantee Program Borrowings (Continued)

		Scheduled Repayments				Principal	Principal
		Principal		Interest		Balance at	Balance at
	Maturity			Annual		December 31,	December 31,
Lender	Date	Amount	Due	Rate	Due	2018	2017
		Total brought forward				$ 77,238,632	$ 86,844,012
Mercy Investment Services, Inc.	12/31/2018	Balance	Maturity	3.000%	Quarterly	-	1,000,000
Mercy Investment Services, Inc.	12/31/2023	Balance	Maturity	3.500%	Quarterly	1,500,000	-
The Northern Trust Company	12/31/2027	Per schedule	Maturity	2.000%	Per schedule	4,509,678	4,205,347
The Northern Trust Company	5/12/2021	Balance	Maturity	2.000%	Semi-annually	4,500,000	4,500,000
The Northern Trust Company	11/4/2021	Balance	Maturity	2.000%	Semi-annually	5,000,000	5,000,000
Opportunity Finance Network	3/29/2019	Balance	Maturity	3.000%	Quarterly	5,000,000	5,000,000
PNC Bank	11/8/2021	Balance	Maturity	2.775%	Monthly	4,000,000	4,000,000
Portico Benefit Services	11/1/2020	Balance	Maturity	2.750%	Quarterly	1,000,000	1,000,000
Pritzker Family Foundation	12/31/2027	Per schedule	Maturity	5.000%	Per schedule	3,924,020	3,422,865
Religious Communities Impact Fund, Inc.	3/15/2023	Balance	Maturity	3.000%	Quarterly	300,000	300,000
Rotary Charities of Traverse City	6/25/2023	Balance	Maturity	2.000%	Semi-annually	500,000	-
Rush University Medical Center	8/22/2020	Balance	Maturity	2.500%	Quarterly	1,000,000	1,000,000
Rush University Medical Center	12/13/2023	Balance	Maturity	2.500%	Quarterly	130,000	-
Seton Enablement Fund	4/1/2023	Per schedule	Semi-annually	3.000%	Semi-annually	113,114	141,254
Sinsinawa Dominicans Inc.	6/30/2018	Balance	Maturity	2.000%	Annually	-	30,000
Sinsinawa Dominicans Inc.	6/30/2021	Balance	Maturity	2.000%	Annually	30,000	-
Sisters of Saint Dominic, Congregation of the Most Holy Rosary of Adrian, MI	8/15/2018	Balance	Maturity	3.000%	Quarterly	-	100,000
		Total carried forward				108,745,444	116,543,478

Note 10. Borrowings, Equity Equivalent Borrowings and Bond Guarantee Program Borrowings (Continued)

		Scheduled Repayments					
		Principal		Interest			
Lender	Maturity Date	Amount	Due	Annual Rate	Due	Principal Balance at December 31, 2018	Principal Balance at December 31, 2017
		Total brought forward				$ 108,745,444	$ 116,543,478
Sisters of Saint Dominic, Congregation of the Most Holy Rosary of Adrian, MI	9/30/2019	Balance	Maturity	3.000%	Quarterly	-	150,000
Sisters of Saint Dominic, Congregation of the Most Holy Rosary of Adrian, MI	8/15/2023	Balance	Maturity	3.000%	Quarterly	250,000	-
TIAA-CREF Trust Company, FSB	5/28/2019	Balance	Maturity	4.250%	Monthly	10,000,000	10,000,000
Trinity Health	6/30/2019	Balance	Maturity	2.500%	Quarterly	1,000,000	1,000,000
Trinity Health	6/14/2020	Balance	Maturity	2.500%	Quarterly	1,000,000	1,000,000
Twain XX LLC	3/20/2020	Balance	Maturity	3.25%	Quarterly	250,000	250,000
Twain XX LLC	3/20/2020	Balance	Maturity	3.25%	Quarterly	250,000	250,000
U.S. Bank N.A.	10/5/2023	$ 119,048	Monthly starting 11/1/2021	4.750%	Monthly	10,000,000	-
Walton Family Foundation	12/31/2025	$ 4,000,000	Maturity	None	N/A	4,000,000	4,000,000
Walton Family Foundation	12/31/2025	$ 3,000,000	Maturity	None	N/A	3,000,000	3,000,000
Walton Family Foundation	12/31/2025	$ 1,000,000	Maturity	None	N/A	1,000,000	-
Wells Fargo Bank, N.A.	6/5/2021	$ 10,000,000	Maturity	4.97413%	Monthly	10,000,000	-
Wisconsin Preservation Fund	10/1/2024	Balance	Maturity	None	N/A	75,000	75,000
Woodforest National Bank	11/5/2018	Balance	Maturity	2.750%	Quarterly	-	1,000,000
Woodforest National Bank	6/5/2020	Balance	Maturity	2.750%	Quarterly	2,300,000	-
Total borrowings						151,870,444	137,268,478
Less accumulated unamortized financing fees						(33,189)	(72,643)
Total borrowings, net						$ 151,837,255	$ 137,195,835

Note 10. Borrowings, Equity Equivalent Borrowings and Bond Guarantee Program Borrowings (Continued)

IFF equity equivalent borrowings consisted of the following:

		Scheduled Repayments				Principal Balance at	Principal Balance at
		Principal		Interest			
Lender	Maturity Date	Amount	Due	Annual Rate	Due	December 31, 2018	December 31, 2017
The Benedictine Sisters of Chicago	3/17/2019	Balance	Maturity	3.000%	Quarterly	$ 50,000	$ 50,000
Benedictine Sisters of the Sacred Heart	8/15/2023	Balance	Maturity	3.000%	Quarterly	50,000	-
Cathay Bank	10/14/2021	Balance	Maturity	3.250%	Quarterly	500,000	500,000
Congregation of the Sisters of St. Joseph, Inc.	7/1/2023	Balance	Maturity	3.000%	Quarterly	100,000	-
Evergreen Bank Group	3/8/2022	Balance	Maturity	3.000%	Quarterly	500,000	500,000
Goldman Family Foundation	12/8/2019	Balance	Maturity	2.000%	Quarterly	200,000	200,000
BMO Harris Bank	12/15/2019	Balance	Maturity	3.250%	Quarterly	1,250,000	1,250,000
BMO Harris Bank	6/30/2020	Balance	Maturity	2.000%	Quarterly	500,000	500,000
First Savings Bank of Hegewisch	2/9/2021	Balance	Maturity	3.000%	Quarterly	200,000	200,000
Institute of the Blessed Virgin Mary	4/30/2023	Balance	Maturity	3.000%	Quarterly	100,000	50,000
MacArthur Foundation	1/1/2022	Balance	Maturity	3.000%	Quarterly	250,000	250,000
MacArthur Foundation	1/1/2022	Balance	Maturity	3.000%	Quarterly	1,000,000	1,000,000
MacArthur Foundation	1/1/2022	Balance	Maturity	3.000%	Quarterly	1,000,000	1,000,000
Marquette Bank	5/31/2021	Balance	Maturity	2.000%	Quarterly	200,000	200,000
Mount St. Scholastica	12/22/2020	Balance	Maturity	3.000%	Quarterly	50,000	50,000
Nazareth Literacy Benevolent Institution/ dba Sisters of Charity of Nazareth	11/6/2023	Balance	Maturity	3.000%	Quarterly	150,000	100,000
North Shore Bank FSB	5/1/2023	Balance	Maturity	3.000%	Quarterly	50,000	50,000
Our Lady of Victory Missionary Sisters, Inc.	12/2/2018	Balance	Maturity	3.000%	Annually	-	57,000
		Total carried forward				6,150,000	5,957,000

Note 10. Borrowings, Equity Equivalent Borrowings and Bond Guarantee Program Borrowings (Continued)

		Scheduled Repayments				Principal	Principal
		Principal		Interest		Balance at	Balance at
	Maturity			Annual		December 31,	December 31,
Lender	Date	Amount	Due	Rate	Due	2018	2017
		Total brought forward				$ 6,150,000	$ 5,957,000
St. Viator High School	4/27/2022	Balance	Maturity	3.000%	Quarterly	150,000	150,000
St. Viator High School	6/15/2023	Balance	Maturity	3.000%	Quarterly	150,000	-
Sisters of Charity of Leavenworth	1/16/2023	Balance	Maturity	3.000%	Quarterly	50,000	-
Sisters of Most Precious Blood/St. Mary's Institute of O'Fallon	9/27/2023	Balance	Maturity	3.000%	Quarterly	50,000	50,000
Sisters of Most Precious Blood/St. Mary's Institute of O'Fallon	1/20/2022	Balance	Maturity	3.000%	Quarterly	50,000	50,000
Sisters of St. Dominic - Racine Dominicans	3/1/2023	Balance	Maturity	2.000%	Quarterly	60,000	-
Sisters of St. Francis Clinton, Iowa	6/5/2023	Balance	Maturity	3.000%	Quarterly	50,000	50,000
Sisters of St. Francis Clinton, Iowa	6/1/2022	Balance	Maturity	3.000%	Quarterly	100,000	100,000
Sisters of St. Francis Clinton, Iowa	1/1/2023	Balance	Maturity	3.000%	Quarterly	150,000	-
Sisters of St. Joseph of Carondelet	6/30/2019	Balance	Maturity	3.000%	Quarterly	50,000	50,000
Sisters of the Holy Names of Jesus and Mary U.S. - Ontario Province Corporation	4/27/2020	Balance	Maturity	3.000%	Quarterly	250,000	250,000
Sisters of the Resurrection	5/1/2022	Balance	Maturity	3.000%	Quarterly	250,000	250,000
Sisters, Servants of the Immaculate Heart of Mary	3/3/2021	Balance	Maturity	3.000%	Quarterly	25,000	25,000
		Total carried forward				7,535,000	6,932,000

Note 10. Borrowings, Equity Equivalent Borrowings and Bond Guarantee Program Borrowings (Continued)

Lender	Maturity Date	Scheduled Repayments – Principal – Amount	Scheduled Repayments – Principal – Due	Scheduled Repayments – Interest – Annual Rate	Scheduled Repayments – Interest – Due	Principal Balance at December 31, 2018	Principal Balance at December 31, 2017
		Total brought forward				$ 7,535,000	$ 6,932,000
Small Business Lending Fund US Treasury	9/15/2019	Balance	Maturity	2.000%	Quarterly	8,294,000	8,294,000
U.S. Bancorp CDC	10/4/2021	Balance	Maturity	3.000%	Quarterly	2,000,000	-
Village Bank & Trust	9/19/2022	Balance	Maturity	3.250%	Quarterly	1,000,000	1,000,000
Wells Fargo Community Investment Holdings, LLC	6/19/2030	$ 125,000	Quarterly starting 10/1/2028	2.000%	Quarterly	1,000,000	1,000,000
Wells Fargo Community Investment Holdings, LLC	12/24/2025	Balance	Maturity	2.500%	Quarterly	5,000,000	5,000,000
Total equity equivalent borrowings						24,829,000	22,226,000
Less accumulated unamortized financing fees						(1,397)	(3,073)
Total equity equivalent borrowings, net						$ 24,827,603	$ 22,222,927

IFF Bond Guarantee Program borrowings consist of:

Lender	Maturity Date	Principal Amount	Principal Due	Annual Rate	Interest Due	December 31, 2018	December 31, 2017
*U.S. Treasury CDFI Fund	6/15/2040	Per schedule	Quarterly	2.829%	Quarterly	$ 4,914,516	$ 5,077,726
*U.S. Treasury CDFI Fund	9/17/2040	Per schedule	Quarterly	2.720%	Quarterly	5,774,889	5,966,329
*U.S. Treasury CDFI Fund	3/15/2041	Per schedule	Quarterly	2.110%	Quarterly	2,964,790	3,067,845
*U.S. Treasury CDFI Fund	9/16/2041	Per schedule	Quarterly	2.381%	Quarterly	3,046,018	3,145,420
*U.S. Treasury CDFI Fund	9/16/2041	Per schedule	Quarterly	2.950%	Quarterly	4,686,356	4,828,266
*U.S. Treasury CDFI Fund	9/15/2042	Per schedule	Quarterly	2.738%	Quarterly	1,537,599	1,582,770
Total Bond Guarantee Program borrowings						22,924,168	23,668,356
Less accumulated unamortized financing fees						(63,993)	(66,959)
Total Bond Guarantee Program borrowings, net						$ 22,860,175	$ 23,601,397

Note 10. Borrowings, Equity Equivalent Borrowings and Bond Guarantee Program Borrowings (Continued)

IFF is subject to several loan covenants, which among other items, require minimum net asset, liquidity, allowance for loan losses, leverage and collateral levels. IFF is in compliance with these covenants as of December 31, 2018 and 2017.

As of December 31, 2018, the required principal reduction of all the above borrowings is as follows:

2019	$ 33,833,106
2020	25,431,902
2021	38,602,245
2022	11,335,347
2023	18,875,318
Thereafter	71,545,694
	$ 199,623,612

Included in this amount is $1,947,129 of borrowings from Illinois Housing Development Authority (IHDA) who provided financing for the Community Living Initiatives, LLC's group homes. These zero percent loans will be forgiven over 15 years starting in April 2019.

Undrawn commitments at December 31, 2018 and 2017, were $8,633,693 and $13,456,991, respectively.

Note 11. Investor Consortium Collateral Trust Notes

IFF entered into borrowing agreements (the Investor Consortium Program) whereby investors purchase participation in trust notes collateralized by IFF loans which, in turn, are usually secured by a first or second mortgage on the underlying collateral. The interest rate is the blended interest rate as of December 31, 2018.

Capitalized finance costs, which is a contra-liability amount, consist of legal fees and related costs incurred in acquiring the loans payable. These costs are amortized using the straight-line method over 15 years, which is the term of each Investor Consortium Trust Note. Notes are reported net of the net cost of the financing fees of $176,533 and $166,269 at December 31, 2018 and 2017, respectively. Amortization expense for the years ended December 31, 2018 and 2017, was $21,976 and $19,637, respectively. New finance costs incurred for the years ended December 31, 2018 and 2017, were $32,240 and $32,234, respectively. Cumulative totals of finance costs, which are those not net of accumulated amortization, are $353,535 and $321,295 for the years ended December 31, 2018 and 2017, respectively.

Note 11. Investor Consortium Collateral Trust Notes (Continued)

Investor Consortium Collateral Trust Notes consisted of the following:

Investor Consortium [a] Series	Maturity Date	Interest Rate	Principal Balance at December 31, 2018	Principal Balance at December 31, 2017
Sale 2004-1	1/15/2020	3.000%	$ 307,459	$ 469,383
Sale 2005-1	10/15/2020	3.000%	282,161	501,518
Sale 2006-1	10/15/2021	3.000%	907,930	1,479,334
Sale 2007-1	10/15/2022	3.000%	1,257,122	1,811,762
Sale 2008-1	10/15/2023	3.000%	964,894	1,597,703
Sale 2009-1	10/15/2024	3.144%	2,556,280	2,943,526
Sale 2010-1	7/15/2025	3.481%	887,358	1,602,264
Sale 2011-1	7/15/2026	3.653%	2,194,568	2,490,564
Sale 2012-1	10/15/2027	3.118%	5,650,581	7,059,211
Sale 2013-1	1/15/2029	3.349%	5,744,387	7,076,850
Sale 2014-1	1/15/2030	3.364%	6,816,568	8,941,861
Sale 2015-1	4/15/2030	3.216%	9,929,779	11,595,460
Sale 2015-2	7/15/2030	3.212%	10,986,320	13,269,091
Sale 2016-1	4/15/2031	3.294%	13,038,247	15,048,803
Sale 2016-2	10/15/2031	3.462%	7,052,276	8,561,739
Sale 2016-3	1/15/2032	3.395%	7,993,462	13,756,981
Sale 2017-1	7/15/2032	3.251%	16,011,508	19,878,503
Sale 2017-2	1/15/2033	3.492%	13,825,380	14,753,168
Sale 2018-1	4/15/2033	3.562%	6,271,310	-
Sale 2018-2	10/15/2033	3.645%	19,200,623	-
Single member Sale 2017-1	11/10/2031	3.237%	9,290,262	9,993,868
Total Investor Consortium collateral trust notes			141,168,475	142,831,589
Less accumulated unamortized financing fees			(176,533)	(166,269)
Total Investor Consortium collateral trust notes, net			**$ 140,991,942**	**$ 142,665,320**

(a) Participating banks in the Investor Consortium are Advantage National Bank, Associated Community Development Bank, Bank of America, Barrington Bank and Trust, Beverly Bank and Trust, Busey Bank, BMO Harris Bank, Byline Bank, CIBC Bank N.A., Citizens Bank, Commerce Bank, Crystal Lake Bank and Trust, Evergreen Bank Group, Fifth Third Bank CDC, First Bank, First Bank and Trust, First Bank of Highland Park, First Eagle Bank, First Midwest Bank, First Savings Bank of Hegewisch, Hinsdale Bank and Trust, Jacksonville Savings Bank, Lake Forest Bank and Trust, Lakeside Bank, Libertyville Bank and Trust, MB Financial, Midwest BankCentre, Mission Investment Fund of the Evangelical Lutheran Church in America, Northbrook Bank and Trust, The Northern Trust Bank, North Shore Community Bank and Trust, Old Plank Trail Community Bank and Trust, PNC Bank, Reliance Bank, TD Bank, N.A., St. Charles Bank and Trust, State Bank of the Lakes, State Farm Bank FSB, Stifel Bank & Trust, TIAA-CREF Trust Company FSB, Town Bank, Twain XX LLC, Urban Partnership Bank, US Bank, Village Bank and Trust, Wheaton Bank and Trust, and Wintrust Financial.

Note 11. Investor Consortium Collateral Trust Notes (Continued)

Quarterly contractual repayment of each trust note series is limited to the proceeds of payments on the collateralized IFF loans and a 2 percent cash reserve held, for each series, by the trustee. A 3 percent cash reserve is held by the investor in the single member note sale. If the balance of the cash reserve falls below 2 percent for any series or 3 percent in the single member note sale, IFF is required to contribute a portion of its servicing fees to the reserve each quarter until the reserve again reaches the 2 or 3 percent. As of December 31, 2018 and 2017, all of the reserves were at the required 2 or 3 percent. The reserve funds are maintained in money market accounts. The balance of the reserves for the collateral trust notes, included in other restricted cash and interest-bearing deposits, at December 31, 2018 and 2017, was $3,120,186 and $2,959,270 at cost, respectively, which represents fair value. Included in this amount at December 31, 2018, was $190,397 for loans that were bought out of the consortium and paid to the investors subsequent to December 31, 2018. There were no additional funds in the reserve balance at December 31, 2017.

There were no charge-offs and no losses recorded by the investors for the years ended December 31, 2018 and 2017.

As of December 31, 2018, the scheduled principal reduction of Investor Consortium collateral trust notes is as follows:

2019	$ 15,668,855
2020	11,880,570
2021	11,564,854
2022	13,241,112
2023	11,270,573
Thereafter	77,542,511
	$ 141,168,475

Undrawn commitments in the Investor Consortium Program at December 31, 2018 and 2017, were $25,639,423 and $3,567,595, respectively.

Note 12. Loan Participations Payable

IFF entered into participation agreements with Nonprofits Assistance Fund (NAF), and Cincinnati Development Fund (CDF) with respect to underlying notes, in which one of the partners purchased an interest in each loan. IFF has the obligation to pass through payments with respect to interest at various rates and all principal payments pursuant to such participation interest during the life of the agreements. Provided that no event of default exists on the underlying loan at the maturity of the agreement, IFF has a further obligation to purchase the partners participation interest in the loan. The current balance of the loans receivable as of December 31, 2018 and 2017, was $1,473,533 and $1,575,187, respectively. IFF loan participations payable consisted of the following:

		Scheduled Repayments				Principal	Principal
		Principal		Interest		Balance at	Balance at
	Maturity			Annual		December 31,	December 31,
Lender	Date	Amount	Due	Rate	Due	2018	2017
Nonprofits Assistance Fund	5/1/2021	Per schedule & Balance at Maturity	Monthly	6.000%	Monthly	$ 139,214	$ 191,183
Cincinnati Development Fund	1/1/2022	Per schedule & Balance at Maturity	Monthly	5.375%	Monthly	57,600	74,498
Cincinnati Development Fund	5/1/2022	Per schedule & Balance at Maturity	Monthly	5.375%	Monthly	126,931	160,169
Total loan participations payable						$ 323,745	$ 425,850

As of December 31, 2018, the scheduled principal reduction of loan participations payable is as follows:

2019	$ 108,875
2020	113,610
2021	83,556
2022	17,704
	$ 323,745

Note 13. Operating Leases

IFF is obligated under leases for its Chicago office space (through September 2030), its old Chicago office space (through June 2020), Detroit office space (through August 2022), Columbus office space (through April 2019), Indianapolis office space (through May 2024), Kansas City office space (through December 2019), Milwaukee office space (through December 2021) and St. Louis office space (through March 2019), which provides for base rentals (recognized on a straight-line basis) plus a prorated share of real estate taxes and operating expenses. IFF terminated its Minneapolis office space lease in November 2018. A deferred rent liability, representing the cumulative amount by which rental expense recognized exceeds cash paid, totaled $1,530,968 and $1,647,740 at December 31, 2018 and 2017, respectively, and is included in accrued liabilities on the consolidated statements of financial position.

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

2019	$ 1,344,874
2020	1,141,420
2021	1,021,934
2022	983,428
2023	924,826
Thereafter	6,210,588
	$ 11,627,070

The total rent expense for the years ended December 31, 2018 and 2017, were as follows:

	2018	2017
Chicago, net of sub-lease revenue	$ 988,842	$ 860,756
Columbus	22,814	21,741
Detroit	83,107	73,838
Indianapolis	18,263	16,800
Kansas City	14,720	-
Milwaukee	26,123	27,428
Minneapolis, net of sub-lease revenue	8,020	29,172
St. Louis	20,702	20,611
	$ 1,182,591	$ 1,050,346

Note 14. Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2018 and 2017, were available for the following purposes:

	2018	2017
Department of Education Grant for Credit Enhancement	$ 19,961,088	$ 17,784,581
Loan issuance	18,045,964	22,627,377
Grants for Specific Programs	11,771,929	11,794,168
	$ 49,778,981	$ 52,206,126

Department of Education Grant for Credit Enhancement involves those funds received from the Department of Education restricted for the credit enhancement program activities, see Note 3.

IFF receives certain capital grants whose purpose is to fund the issuance of loans and to help restore IFF for losses attributable to loans. Amounts received are recorded as revenue with donor restrictions, and are released from restrictions when IFF records loan provisions (allowance for loan losses) or disburses qualified loans. Release from restrictions are reversed when there are recoveries or reductions in loan provisions. Grant amounts received which are not yet utilized are included in net assets with donor restrictions, listed above as Loan issuance.

Grants for Specific Programs are restricted to cover program delivery expenses and general operating functions of IFF, which could include salary and benefits, program costs, overhead and other expenses. These net assets may be restricted for the program delivery expenses of a particular program or may be general operating support which carries a time restriction.

The breakdown of net assets with donor restrictions by program for the years ended December 31, 2018 and 2017:

	2018	2017
Net assets with donor restrictions for specific programs:		
Core Business Solutions		
Capital Solution Programs	$ 2,417,434	$ 3,797,960
Real Estate Solutions Programs	1,530,488	2,392,213
Social Impact Accelerator (SIA)		
Development	4,162,293	3,137,202
Early Childhood Services	3,044,145	1,632,876
Research and Evaluation	399,523	676,679
School Services	30,618	61,672
SIA Executive	2,800	8,100
Corporate Communications	23,904	62,290
Management and General	160,724	25,176
	$ 11,771,929	$ 11,794,168

Note 14. Net Assets with Donor Restrictions (Continued)

In 2018 and 2017, net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions as follows:

	2018	2017
Net assets released from restrictions:		
Time and performance restrictions (operating)	$ 4,435,948	$ 3,075,838
Performance restrictions - Pass through Grants (operating)	4,181,754	7,372,352
Loan capital grants (capital)	6,094,505	4,697,773
Increase (decrease) to provision for loan losses (capital)	3,316,681	(993,409)
	$ 18,028,888	$ 14,152,554

A reduction in the provision or allowance for loan losses during 2017 resulted in a reversal of amounts previously released from restrictions, as reflected above.

Note 15. Employee Benefit Plan

The IFF 401(k) Profit Sharing Plan is a defined contribution retirement plan for the benefit of IFF's employees. Full-time eligible employees may make discretionary contributions to the Plan, and IFF may make discretionary or matching contributions. IFF's contributions for the years ended December 31, 2018 and 2017, was $336,329 and $338,458, respectively.

Note 16. Functional Expense Classifications

The costs of providing program and other activities have been summarized on a functional basis. The functional expenses present the natural classification of detail of expenses by function, including supporting services. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that cannot be directly attributed to a specific program area are charged to individual program areas based on the most appropriate allocation base. IFF bases the allocation of these expenses on a full time equivalent (FTE) count and for personnel costs, on the basis of the employee's time dedicated to each program. Core Business Solutions programs include Capital Solutions Executive, Capital Solutions (lending) and Real Estate Solutions (consulting). Social Impact Accelerator (SIA) programs include Development, Early Childhood Services, Research and Evaluation, School Services, SIA Executive and Universal Access.

Note 16. Functional Expense Classifications (Continued)

IFF's expenses without donor restrictions for the years ended December 31, 2018 and 2017, reported on a functional basis are as follows:

	Program Services				Support Services			
	Core Business Solutions	SIA	Policy and Corporate Communication	Total Program Services	Management and General	Resource Development (fundraising)	Total Support Services	Total
December 31, 2018								
Salaries and benefits	$ 6,790,476	$ 2,566,382	$ 433,192	$ 9,790,050	$ 948,386	$ 202,127	$ 1,150,513	$ 10,940,563
Professional fees	1,838,129	445,826	88,743	2,372,698	131,389	36,008	167,397	2,540,095
Occupancy and office	775,629	952,736	59,944	1,788,309	366,261	44,897	411,158	2,199,467
Printing and marketing	34,570	40,386	33,313	108,269	6,831	1,651	8,482	116,751
Interest	10,242,412	-	-	10,242,412	-	-	-	10,242,412
Other operating	467,054	251,987	29,489	748,530	118,974	15,140	134,114	882,644
Pass through Grants	2,996,393	1,185,361	-	4,181,754	-	-	-	4,181,754
Meetings and travel	443,032	296,890	65,171	805,093	67,717	19,356	87,073	892,166
Depreciation and amortization	235,980	1,045,315	12,611	1,293,906	83,155	9,459	92,614	1,386,520
Gain on sale of foreclosed assets	(177,989)	-	-	(177,989)	-	-	-	(177,989)
Loss on sale of properties, furniture and equipment	-	-	-	-	11,002	-	11,002	11,002
Income tax expense (benefit)	(141)	-	-	(141)	22,600	-	22,600	22,459
Provision for loan losses	3,316,681	-	-	3,316,681	-	-	-	3,316,681
Total expenses	$ 26,962,226	$ 6,784,883	$ 722,463	$ 34,469,572	$ 1,756,315	$ 328,638	$ 2,084,953	$ 36,554,525

	Program Services				Support Services			
	Core Business Solutions	SIA	Policy and Corporate Communication	Total Program Services	Management and General	Resource Development (fundraising)	Total Support Services	Total
December 31, 2017								
Salaries and benefits	$ 6,698,305	$ 2,004,398	$ 466,850	$ 9,169,553	$ 1,013,156	$ 191,228	$ 1,204,384	$ 10,373,937
Professional fees	2,142,569	538,605	114,549	2,795,723	392,235	74,225	466,460	3,262,183
Occupancy and office	805,967	904,658	74,880	1,785,505	188,406	51,130	239,536	2,025,041
Printing and marketing	18,646	15,451	31,675	65,772	20,164	1,075	21,239	87,011
Interest	9,188,271	-	-	9,188,271	-	-	-	9,188,271
Other operating	339,908	303,529	33,272	676,709	35,674	13,822	49,496	726,205
Pass through Grants	6,529,123	843,229	-	7,372,352	-	-	-	7,372,352
Meetings and travel	342,913	123,146	21,670	487,729	138,007	12,834	150,841	638,570
Depreciation and amortization	242,826	967,640	14,076	1,224,542	30,516	10,012	40,528	1,265,070
Gain on sale of foreclosed assets	(30,075)	-	-	(30,075)	-	-	-	(30,075)
Gain on sale of properties, furniture and equipment	(1,397)	(251,461)	-	(252,858)	-	-	-	(252,858)
Income tax expense	108	-	-	108	-	-	-	108
Release of provision for loan losses	(993,409)	-	-	(993,409)	-	-	-	(993,409)
Total expenses	$ 25,283,755	$ 5,449,195	$ 756,972	$ 31,489,922	$ 1,818,158	$ 354,326	$ 2,172,484	$ 33,662,406

Certain amounts in the 2017 functional expense classification table have been reclassified to conform to the current year presentation. The reclassification was between Core Business Solutions - Real Estate Solutions program and SIA. The same functional category line item did not change, and the Program Services and Support Services totals remained the same with this reclassification.

Note 17. Liquidity and Availability of Financial Resources

Financial assets available for general operating use without donor or other restrictions limiting their use within one year of the statement of financial position date, comprise the following for fiscal year ended December 31, 2018:

Cash and cash equivalents	$ 42,295,433
Current portion of grants receivable, other receivables, prepaids and deposits	4,621,620
Current portion of loans receivable	31,281,130
Accrued interest receivable	1,475,616
	$ 79,673,799

As part of IFF's internal cash management process, IFF aims to maintain operating liquidity balances of at least three months of operating expenses. In addition, IFF regularly monitors the availability of resources required to manage liquidity, using a rolling six-month cash reconciliation and forecast model encompassing, but not limited to, operating expenses, loan disbursements projections, debt servicing requirements, including maturing borrowings, and incoming loan principal and interest payments.

The cash reconciliation and forecasting model helps to support the management of the timing and use of commitments available to IFF, including its Investor Consortium note issuance program. This report is reviewed bi-monthly by management to manage liquidity judiciously.

This is further supported by IFFs annual budgeting process and five year forecast which project financing activity with detailed deployment and capital assumptions.

To supplement liquidity for mission related financing, IFF currently has available undrawn commitments totaling $34,273,116 as of December 31, 2018, see Notes 10 and 11.

Other sources of liquidity include a participation strategy when considering larger loans, IFF will engage other CDFIs and organizations to participate in co-lending arrangements.

Note 18. Fair Value of Financial Instruments

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

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

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

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

Note 18. Fair Value of Financial Instruments (Continued)

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

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

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

	Fair Value Measurements at December 31, 2018			
	Totals	Level 1	Level 2	Level 3
Investment in limited	$ 229,269	$ -	$ -	$ 229,269
liability companies	$ 229,269	$ -	$ -	$ 229,269

	Fair Value Measurements at December 31, 2017			
	Totals	Level 1	Level 2	Level 3
Investment in limited	$ 226,217	$ -	$ -	$ 226,217
liability companies	$ 226,217	$ -	$ -	$ 226,217

As of December 31, 2018 and 2017, there were no transfers between the levels.

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

Note 18. Fair Value of Financial Instruments (Continued)

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

	Fair Value Measurements at December 31, 2018			
	Totals	Level 1	Level 2	Level 3
Assets				
Impaired loans	$ 4,529,594	$ -	$ -	$ 4,529,594
Foreclosed assets	2,986,859	-	-	2,986,859
	$ 7,516,453	$ -	$ -	$ 7,516,453

	Fair Value Measurements at December 31, 2017			
	Totals	Level 1	Level 2	Level 3
Assets				
Impaired loans	$ 1,855,953	$ -	$ -	$ 1,855,953
Foreclosed assets	2,507,659	-	-	2,507,659
	$ 4,363,612	$ -	$ -	$ 4,363,612

Impaired loans: Impaired loans are evaluated and valued at the time the loan is identified as impaired, at the lower of cost or fair value. Impaired loans measured at fair value at December 31, 2018 and 2017, on the consolidated statements of financial position and included above represent those impaired loans where fair value was measured to be lower than the cost of the loan which represents impaired loans for which an allowance has been provided less the related allowance for loan losses and impaired loans that have been charged down to fair value. Fair value is measured based on the value of the collateral securing these loans or management’s discounted cash flow analysis and is classified as Level 3 in the fair value hierarchy.

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

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

Note 19. Concentration of Credit Risk

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

Note 19. Concentration of Credit Risk (Continued)

Approximately 39 percent and 38 percent of IFF's borrowers are located in the Chicago metropolitan area as of December 31, 2018 and 2017, respectively. A breakdown of the sector of borrowers at December 31, 2018 and 2017, were comprised of the following:

	2018		2017	
Affordable housing	$ 80,199,994	23%	$ 60,523,987	18%
Charter school	62,769,011	18%	61,853,069	19%
Health care	38,912,081	11%	39,178,494	12%
Other	25,977,903	7%	25,349,645	8%
Youth services	21,043,178	6%	23,547,698	7%
Education - other	20,594,269	6%	18,364,871	6%
Multi-service	18,301,744	5%	14,725,627	4%
Universal access services	17,045,016	5%	18,105,481	5%
Community development	16,582,248	5%	15,819,114	5%
Early childhood education (child care)	11,621,956	3%	6,878,215	2%
Housing (other)	10,868,158	3%	14,880,443	5%
Arts and culture	10,817,336	3%	11,488,172	3%
Healthy foods	6,372,845	2%	5,862,272	2%
Education - private (non charter)	5,930,271	2%	6,554,095	2%
Workforce development (job training)	5,074,818	1%	5,689,897	2%
	$ 352,110,828	100%	$ 328,821,080	100%

Note 20. Limited Liability Companies

New Markets Tax Credit LLCs:

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

IFF is the managing member and has a stated ownership interest of .01 percent to .10 percent in these New Markets Tax Credit LLCs. IFF's investment in these LLCs are recorded in the consolidated statements of financial position in other assets. As of December 31, 2018 and 2017, IFF's ownership value in these New Markets Tax Credit LLCs was $20,594 and $17,516, respectively.

IFF provides certain asset management and compliance oversight services to the New Markets Tax Credit LLCs, as provided in the respective operating agreements. IFF receives management fees from these New Markets Tax Credit LLCs and are recorded on the consolidated statements of activities in management and sponsor fees. The total of this revenue for 2018 and 2017 was $1,108,261 and $886,311, respectively.

Note 20. Limited Liability Companies (Continued)

As managing member in the New Markets Tax Credit LLCs, IFF is responsible for compliance with various regulations. Failure to comply could result in the recapture or loss of unallocated tax credits, as provided for in the Internal Revenue Code. IFF has indemnified the other investor members against all recapture liability and any other economic losses incurred by the members as a result of any such recapture event. As of December 31, 2018 and 2017, no liability is recorded because of such event.

Access Housing I, LLC:

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

IFF is the managing member and has a stated ownership interest of .01 percent in Access Housing I, LLC. IFF's investment is recorded in the consolidated statements of financial position in other assets. As of December 31, 2018 and 2017, IFF's ownership value in this LLC was $208,675 and $208,701, respectively.

IFF provides certain services to the LLC, as provided in the operating agreement. IFF received developer fee income of $635,085 and $248,442 in 2018 and 2017, respectively, from this LLC. This is recorded on the consolidated statements of activities in developer fees.

As managing member in this LLC, IFF is responsible for compliance with various regulations. Failure to comply could result in the recapture or loss of unallocated tax credits, as provided for in the Internal Revenue Code. IFF has indemnified the other investor member against all recapture liability and any other economic losses incurred by the member as a result of any such recapture event. As of December 31, 2018 and 2017, no liability is recorded because of such event.

Access West Cook I, LLC:

In 2018, Access Housing I, LLC (LLC) closed on the Low-Income Housing Tax Credit (LIHTC) deal with PNC Bank, National Association. This project assembled low-income housing tax credits, grants and loans to develop 50 units of integrated rental housing for people with disabilities, referred via the State Referral Network. The project combines new construction and rehabilitation on foreclosed sites.

IFF is the managing member and has a stated ownership interest of .01 percent in Access West Cook I, LLC. As of December 31, 2018, IFF has not made an equity investment in this entity.

IFF provides certain services to the LLC, as provided in the operating agreement. IFF received developer fee income of $195,020 in 2018 from this LLC. There was no developer fee income in 2017. This fee income is recorded on the consolidated statements of activities in developer fees.

As managing member in this LLC, IFF is responsible for compliance with various regulations. Failure to comply could result in the recapture or loss of unallocated tax credits, as provided for in the Internal Revenue Code. IFF has indemnified the other investor member against all recapture liability and any other economic losses incurred by the member as a result of any such recapture event. As of December 31, 2018, no liability is recorded because of such event.

Supplementary Information

IFF and Subsidiaries

Consolidating Statement of Financial Position
December 31, 2018
(See Independent Auditor's Report)

	IFF*	IFF NMTC Senior Lender, LLC	Home First Illinois, LLC	IFF CILA Lease Program, LLC	IFF Pay for Success I, LLC	IFF Pay for Success II, LLC	IFF Waukegan Market LLC	IFF Rockford Market LLC	IFF Von Humboldt, LLC	IFF Quality Seats - Broadway, LLC	IFF Hatchery, LLC	Home First, LLC	Community Living Initiative, LLC	Access Peoria, LLC	Access Housing I MM, LLC	Access West Cook I MM, LLC	Chatham 79th Street, LLC	Eliminations	Consolidated
Assets																			
Cash and cash equivalents	$ 39,598,416	$ -	$ 106,326	$ 229,888	$ 383,317	$ 45,261	$ 249,965	$ 115,857	$ 250,000	$ 259,793	$ 2,000	$ 1,000,245	$ 19,631	$ 8,309	$ 980	$ 1,664	$ 23,781	$ -	$ 42,295,433
Other restricted cash and interest-bearing deposits in banks	6,135,947	-	1,052,961	-	-	-	-	-	-	-	-	-	46,389	514,671	-	-	-	-	7,749,968
Department of Education restricted cash and interest-bearing deposits in banks	19,961,088	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19,961,088
Grants receivable, other receivables, prepaids and deposits	15,026,117	-	46,936	5,119	884,652	49,351	80,460	135,331	-	73,508	-	-	6,815	11,330	-	1,280,593	-	(8,437,693)	9,162,519
Loans receivable, net	334,272,941	-	-	-	14,494,722	-	-	-	-	-	-	-	-	-	-	-	-	(7,704,010)	341,063,653
Accrued interest receivable	1,511,694	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(36,078)	1,475,616
Properties owned by IFF and IFF's subsidiaries, net	-	-	12,813,170	1,806,331	-	-	3,143,503	2,746,186	3,608,538	5,853,286	328,905	-	3,294,841	3,146,997	-	-	476,619	-	37,218,376
Federal Home Loan Bank stock, at cost	315,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	315,000
Foreclosed assets, net	2,986,859	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,986,859
Furniture, equipment and leasehold improvements, net	978,943	-	-	-	-	-	-	-	-	58,931	-	-	-	-	-	-	-	-	1,037,874
Capitalized finance costs, net	10,694	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,694
Other assets	2,561,510	-	-	-	-	-	-	-	-	-	-	231,043	-	-	208,675	-	-	(2,770,947)	230,281
	$ 423,359,209	$ -	$ 14,019,393	$ 2,041,338	$ 15,762,691	$ 94,612	$ 3,473,928	$ 2,997,374	$ 3,858,538	$ 6,245,518	$ 330,905	$ 1,231,288	$ 3,367,676	$ 3,681,307	$ 209,655	$ 1,282,257	$ 500,400	$ (18,948,728)	$ 463,507,361
Liabilities and Net Assets																			
Liabilities:																			
Accrued liabilities	$ 3,759,899	$ -	$ 258,810	$ 89,282	$ 395,798	$ 94,612	$ 73,459	$ 61,263	$ 3,858,538	$ 29,620	$ 329,051	$ -	$ 589,160	$ 46,738	$ 508	$ 1,279,257	$ 400	$ (6,107,121)	$ 4,759,274
Accrued interest payable	1,263,085	-	-	6,309	872,171	-	-	4,604	-	20,748	-	-	4,417	-	-	-	-	(36,078)	2,135,256
Deferred grant revenue	-	-	11,010,650	-	-	-	-	236,315	-	-	-	-	-	2,379,358	-	-	-	-	13,626,323
Investor Consortium collateral trust notes, net	140,991,942	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	140,991,942
Borrowings, net	135,395,405	-	1,330,573	1,831,010	14,494,722	-	-	1,018,978	-	3,983,535	-	1,000,000	2,817,614	-	-	-	-	(10,034,582)	151,837,255
Equity equivalent borrowings, net	24,827,603	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24,827,603
Bond Guarantee Program borrowings, net	22,860,175	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22,860,175
Loan participations payable	323,745	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	323,745
	329,421,854	-	12,600,033	1,926,601	15,762,691	94,612	73,459	1,321,160	3,858,538	4,033,903	329,051	1,000,000	3,411,191	2,426,096	508	1,279,257	400	(16,177,781)	361,361,573
Net assets (deficit):																			
Without donor restrictions	44,869,599	-	709,031	114,737	-	-	3,399,469	1,675,214	-	201,461	(146)	205,538	(46,911)	1,252,211	-	-	-	(13,396)	52,366,807
With donor restrictions	49,067,756	-	710,329	-	-	-	-	-	-	-	-	-	896	-	-	-	-	-	49,778,981
Member's equity:																			
Capital contributions	-	-	-	-	-	-	1,000	1,000	-	2,010,154	2,000	25,750	2,500	3,000	222,543	3,000	500,000	(2,770,947)	-
Retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(13,396)	-	-	13,396	-
	93,937,355	-	1,419,360	114,737	-	-	3,400,469	1,676,214	-	2,211,615	1,854	231,288	(43,515)	1,255,211	209,147	3,000	500,000	(2,770,947)	102,145,788
	$ 423,359,209	$ -	$ 14,019,393	$ 2,041,338	$ 15,762,691	$ 94,612	$ 3,473,928	$ 2,997,374	$ 3,858,538	$ 6,245,518	$ 330,905	$ 1,231,288	$ 3,367,676	$ 3,681,307	$ 209,655	$ 1,282,257	$ 500,400	$ (18,948,728)	$ 463,507,361

* Includes IFF Real Estate Services, LLC, IFF Housing, LLC, IFF Development, LLC, 4731 Delmar LLC, 5326 Hillside, LLC, 2819 Highland, LLC and 3423 Michigan Ave., LLC
1 - There has been no activity in Access Southwest Chicago I, LLC, Access Southwest Chicago I MM, LLC, and Detroit Learning Lab Northwest, LLC, thus not shown on this statement.

IFF and Subsidiaries

Consolidating Statement of Financial Position
December 31, 2017
(See Independent Auditor's Report)

	IFF*	IFF NMTC Senior Lender, LLC	Home First Illinois, LLC	IFF CILA Lease Program, LLC	IFF Pay for Success I, LLC	IFF Pay for Success II, LLC	IFF Waukegan Market LLC	IFF Rockford Market LLC	IFF Von Humboldt, LLC	IFF Quality Seats - Broadway, LLC	IFF Hatchery, LLC	Home First, LLC	Community Living Initiative, LLC	Access Peoria, LLC	Access Housing I MM, LLC	Access West Cook I MM, LLC**	Eliminations	Consolidated
Assets																		
Cash and cash equivalents	$ 36,793,200	$ 367,315	$ 1,348,542	$ 217,209	$ 527,750	$ -	$ 155,593	$ 74,819	$ -	$ 642,940	$ 414	$ 1,000,321	$ 54,355	$ 15,652	$ 374	$ 2,872	$ -	$ 41,201,356
Other restricted cash and interest-bearing deposits in banks	9,591,047	-	1,010,471	-	-	-	-	-	-	-	-	-	45,645	524,239	-	-	-	11,171,402
Department of Education restricted cash and interest-bearing deposits in banks	17,784,581	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17,784,581
Grants receivable, other receivables, prepaids and deposits	23,224,951	2,902	139,919	5,450	562,249	86,000	81,978	192,498	-	-	533,390	693,017	11,303	-	-	-	(18,161,815)	7,371,842
Loans receivable, net	306,648,927	6,867,657	-	-	13,264,292	-	-	-	-	-	-	-	-	-	-	-	(7,812,808)	318,968,068
Accrued interest receivable	1,799,244	31,699	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(431,383)	1,399,560
Properties owned by IFF and IFF's subsidiaries, net	-	-	12,742,284	1,857,905	-	-	3,230,823	2,823,362	3,456,423	5,096,321	2,148,169	-	3,055,121	3,234,414	-	2,711,460	-	40,356,282
Federal Home Loan Bank stock, at cost	315,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	315,000
Foreclosed assets, net	2,507,659	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,507,659
Furniture, equipment and leasehold improvements, net	913,245	-	-	-	-	-	-	-	-	81,743	-	-	-	-	-	-	-	994,988
Capitalized finance costs, net	12,521	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,521
Other assets	4,052,610	-	-	-	-	-	-	-	-	-	-	229,043	-	-	208,701	-	(4,263,106)	227,248
	$ 403,642,985	$ 7,269,573	$ 15,241,216	$ 2,080,564	$ 14,354,291	$ 86,000	$ 3,468,394	$ 3,090,679	$ 3,456,423	$ 5,821,004	$ 2,681,973	$ 1,922,381	$ 3,166,424	$ 3,774,305	$ 209,075	$ 2,714,332	$ (30,669,112)	$ 442,310,507
Liabilities and Net Assets																		
Liabilities:																		
Accrued liabilities	$ 3,567,252	$ 2,675	$ 1,193,654	$ 94,319	$ 541,652	$ 86,000	$ 79,123	$ 66,934	$ 3,456,423	$ 232,233	$ 2,681,647	$ 800,649	$ 783,354	$ 40,390	$ 5,406	$ 2,711,332	$ (11,612,866)	$ 4,730,177
Accrued interest payable	1,374,751	395,641	-	6,448	548,347	-	-	5,032	-	21,313	-	-	2,948	-	-	-	(431,382)	1,923,098
Deferred grant revenue	-	-	11,396,500	-	-	-	-	313,491	-	-	-	-	-	2,445,452	-	-	-	14,155,443
Investor Consortium collateral trust notes, net	142,665,320	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	142,665,320
Borrowings, net	122,365,273	4,169,657	1,379,293	1,871,554	13,264,292	-	-	1,081,758	-	4,092,064	-	1,000,000	2,333,702	-	-	-	(14,361,758)	137,195,835
Equity equivalent borrowings, net	22,222,927	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22,222,927
Bond Guarantee Program borrowings, net	23,601,397	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23,601,397
Loan participations payable	425,850	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	425,850
	316,222,770	4,567,973	13,969,447	1,972,321	14,354,291	86,000	79,123	1,467,215	3,456,423	4,345,610	2,681,647	1,800,649	3,120,004	2,485,842	5,406	2,711,332	(26,406,006)	346,920,047
Net assets (deficit):																		
Without donor restrictions	37,304,572	-	558,962	108,243	-	-	3,388,271	1,622,464	-	180,878	(1,674)	97,982	43,768	(92,061)	-	-	(27,071)	43,184,334
With donor restrictions	50,115,643	-	712,807	-	-	-	-	-	-	-	-	-	152	1,377,524	-	-	-	52,206,126
Member's equity:																		
Capital contributions	-	2,711,797	-	-	-	-	1,000	1,000	-	1,294,516	2,000	23,750	2,500	3,000	220,543	3,000	(4,263,106)	-
Retained earnings	-	(10,197)	-	-	-	-	-	-	-	-	-	-	-	-	(16,874)	-	27,071	-
	87,420,215	2,701,600	1,271,769	108,243	-	-	3,389,271	1,623,464	-	1,475,394	326	121,732	46,420	1,288,463	203,669	3,000	(4,263,106)	95,390,460
	$ 403,642,985	$ 7,269,573	$ 15,241,216	$ 2,080,564	$ 14,354,291	$ 86,000	$ 3,468,394	$ 3,090,679	$ 3,456,423	$ 5,821,004	$ 2,681,973	$ 1,922,381	$ 3,166,424	$ 3,774,305	$ 209,075	$ 2,714,332	$ (30,669,112)	$ 442,310,507

* Includes IFF Real Estate Services, LLC, IFF Housing, LLC, 4731 Delmar LLC and 5326 Hillside, LLC
** Includes Access West Cook I, LLC, Access Southwest Chicago I, LLC and Access Southwest Chicago I MM, LLC

IFF and Subsidiaries

Consolidating Statement of Activities and Changes in Net Assets
Year Ended December 31, 2018
(See Independent Auditor's Report)

	IFF*	IFF NMTC Senior Lender, LLC	Home First Illinois, LLC	IFF CILA Lease Program, LLC	IFF Pay for Success I, LLC	IFF Pay for Success II, LLC	IFF Waukegan Market LLC	IFF Rockford Market LLC	IFF Von Humboldt, LLC	IFF Quality Seats - Broadway, LLC	IFF Hatchery, LLC	Home First, LLC	Community Living Initiative, LLC	Access Peoria, LLC	Access Housing I MM, LLC	Access West Cook I MM, LLC	Chatham 79th Street, LLC	Eliminations	Consolidated
Net assets without donor restrictions - operating:																			
Support and revenue:																			
Corporations, foundations and individuals	$ 219,625	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 219,625
Interest on loans	18,168,958	382,818	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(802,810)	17,748,966
Consulting contract fees	1,940,752	-	-	-	638,817	40,000	-	-	-	-	-	-	-	-	-	-	-	-	2,619,569
Developer fees	903,997	-	-	-	-	-	-	-	-	-	-	830,105	-	-	-	-	-	(722,473)	1,011,629
Management and sponsor fees	1,643,265	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(145,989)	1,497,276
Syndication fees	1,238,384	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,238,384
Loan fees	12,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,000
Other interest income	183,805	-	133	-	-	-	-	5,223	-	-	-	-	-	8,545	-	-	-	-	197,706
Rental income	174,000	-	801,154	167,578	-	-	117,000	117,000	-	423,823	-	-	75,347	80,758	-	-	-	-	1,956,660
Reimbursed professional fees	-	-	-	-	260,332	62,017	83,069	55,107	-	-	-	-	9,142	-	-	-	-	-	469,667
Unrealized gains (losses) on other assets	201	-	-	-	-	-	-	-	-	-	-	-	-	-	(26)	-	-	-	175
Realized (losses) gains on other assets	(16,682)	16,682	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Forgiveness of debt	736,453	-	48,720	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(48,720)	736,453
Net assets released from restrictions	2,510,091	-	405,063	-	-	-	-	77,176	-	-	31,805	-	-	1,443,618	-	-	-	(31,805)	4,435,948
Net assets released from restrictions - Pass through Grants	4,181,754	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,181,754
	31,896,603	399,500	1,255,070	167,578	899,149	102,017	200,069	254,506	-	423,823	31,805	830,105	84,489	1,532,921	(26)	-	-	(1,751,797)	36,325,812
Expenses:																			
Salaries and benefits	10,962,542	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(21,979)	10,940,563
Professional fees	2,094,772	17,782	151,109	21,592	288,979	100,769	14,000	14,000	-	14,000	(2,247)	722,474	3,604	21,344	(4,901)	-	-	(917,182)	2,540,095
Occupancy and office	1,550,656	-	428,638	10,984	-	239	83,068	55,207	-	3,913	-	-	16,492	50,270	-	-	-	-	2,199,467
Printing and marketing	116,751	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	116,751
Interest	9,638,595	370,840	-	76,475	603,817	-	-	52,400	-	252,115	-	-	29,001	-	-	-	-	(780,831)	10,242,412
Other operating	726,262	822	71,686	459	6,353	1,009	4,483	2,973	-	82	719	75	36,706	29,618	1,397				882,644
Pass through Grants	4,181,754	-	-	-	-	-	-	-	-	-	31,805	-	-	-	-	-	-	(31,805)	4,181,754
Meetings and travel	892,166	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	892,166
Depreciation and amortization	406,970	-	453,568	51,574	-	-	87,320	77,176	-	133,130	-	-	89,365	87,417	-	-	-	-	1,386,520
Gain on sale of foreclosed assets	(177,989)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(177,989)
Loss on sale of properties, furniture and equipment	11,002	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,002
Income tax expense (benefit)	22,600	(141)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22,459
	30,426,081	389,303	1,105,001	161,084	899,149	102,017	188,871	201,756	-	403,240	30,277	722,549	175,168	188,649	(3,504)	-	-	(1,751,797)	33,237,844
Increase (decrease) in net assets without donor restrictions - operating	1,470,522	10,197	150,069	6,494	-	-	11,198	52,750	-	20,583	1,528	107,556	(90,679)	1,344,272	3,478	-	-	-	3,087,968
Net assets without donor restrictions - capital:																			
Support and revenue:																			
Net assets released from restrictions - loan capital grants	6,094,505	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,094,505
Net assets released from restrictions - capital (provision for loan losses)	3,316,681	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,316,681
	9,411,186	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,411,186
Expenses:																			
Provision for loan losses	3,316,681	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,316,681
Increase in net assets without donor restrictions - capital	6,094,505	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,094,505
Increase (decrease) in net assets without donor restrictions	7,565,027	10,197	150,069	6,494	-	-	11,198	52,750	-	20,583	1,528	107,556	(90,679)	1,344,272	3,478	-	-	-	9,182,473

IFF and Subsidiaries

Consolidating Statement of Activities and Changes in Net Assets (Continued)
Year Ended December 31, 2018
(See Independent Auditor's Report)

	IFF*	IFF NMTC Senior Lender, LLC	Home First Illinois, LLC	IFF CILA Lease Program, LLC	IFF Pay for Success I, LLC	IFF Pay for Success II, LLC	IFF Waukegan Market LLC	IFF Rockford Market LLC	IFF Von Humboldt, LLC	IFF Quality Seats - Broadway, LLC	IFF Hatchery, LLC	Home First, LLC	Community Living Initiative, LLC	Access Peoria, LLC	Access Housing I MM, LLC	Access West Cook I MM, LLC	Chatham 79th Street, LLC	Eliminations	Consolidated
Net assets with donor restrictions:																			
Program and operating grants	$ 10,851,519	$ -	$ 385,850	$ -	$ -	$ -	$ -	$ 77,176	$ -	$ -	$ 31,805	$ -	$ -	$ 66,094	$ -	$ -	$ -	$ (31,805)	$ 11,380,639
Loan capital grants	4,006,905	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,006,905
Interest income	196,720	-	16,735	-	-	-	-	-	-	-	-	-	744	-	-	-	-	-	214,199
Net assets released from restrictions - operating	(2,510,091)	-	(405,063)	-	-	-	-	(77,176)	-	-	(31,805)	-	-	(1,443,618)	-	-	-	31,805	(4,435,948)
Net assets released from restrictions - Pass through Grants	(4,181,754)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,181,754)
Net assets released from restrictions - loan capital grants	(6,094,505)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,094,505)
Net assets released from restrictions - capital (provision for loan losses)	(3,316,681)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,316,681)
(Decrease) increase in net assets with donor restrictions	(1,047,887)	-	(2,478)	-	-	-	-	-	-	-	-	-	744	(1,377,524)	-	-	-	-	(2,427,145)
Increase (decrease) in net assets	6,517,140	10,197	147,591	6,494	-	-	11,198	52,750	-	20,583	1,528	107,556	(89,935)	(33,252)	3,478	-	-	-	6,755,328
Net assets/retained earnings (deficit):																			
Beginning of year	87,420,215	(10,197)	1,271,769	108,243	-	-	3,388,271	1,622,464	-	180,878	(1,674)	97,982	43,920	1,285,463	(16,874)	-	-	-	95,390,460
End of year	$ 93,937,355	$ -	$ 1,419,360	$ 114,737	$ -	$ -	$ 3,399,469	$ 1,675,214	$ -	$ 201,461	$ (146)	$ 205,538	$ (46,015)	$ 1,252,211	$ (13,396)	$ -	$ -	$ -	$ 102,145,788

* Includes IFF Real Estate Services, LLC, IFF Housing, LLC, IFF Development, LLC, 4731 Delmar LLC, 5326 Hillside, LLC, 2819 Highland, LLC and 3423 Michigan Ave., LLC
1 - There has been no activity in Access Southwest Chicago I, LLC, Access Southwest Chicago I MM, LLC, and Detroit Learning Lab Northwest, LLC, thus not shown on this statement.

IFF and Subsidiaries

Consolidating Statement of Activities and Changes in Net Assets
Year Ended December 31, 2017
(See Independent Auditor's Report)

	IFF*	IFF NMTC Senior Lender, LLC	Home First Illinois, LLC	IFF CILA Lease Program, LLC	IFF Pay for Success I, LLC	IFF Pay for Success II, LLC	IFF Waukegan Market LLC	IFF Rockford Market LLC	IFF Von Humboldt, LLC	IFF Quality Seats - Broadway, LLC	IFF Hatchery, LLC	Home First, LLC	Community Living Initiative, LLC	Access Peoria, LLC	Access Housing I MM, LLC	Access West Cook I MM, LLC **	Eliminations	Consolidated
Net assets without donor restrictions - operating:																		
Support and revenue:																		
Corporations, foundations and individuals	$ 404,236	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 404,236
Interest on loans	16,561,395	409,079	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(632,866)	16,337,608
Consulting contract fees	2,451,483	-	-	-	530,969	407,333	-	-	-	-	-	-	12,000	-	-	-	-	3,401,785
Developer fees	861,359	-	-	-	-	-	-	-	-	-	533,390	248,442	-	-	-	-	(861,359)	781,832
Management and sponsor fees	1,275,996	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(183,910)	1,092,086
Syndication fees	1,802,424	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,802,424
Loan fees	352,706	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(41,181)	311,525
Other interest income	99,528	-	39	-	-	-	-	7,160	-	-	-	-	-	19	-	-	-	106,746
Rental income	56,475	-	751,919	166,842	-	-	117,000	117,000	-	391,500	-	-	27,104	75,707	-	-	-	1,703,547
Reimbursed professional fees	-	-	-	-	363,591	40,000	144,866	103,323	-	8,473	-	-	31,856	-	-	-	-	692,109
Unrealized gains (losses) on other assets	145	-	-	-	-	-	-	-	-	-	-	-	-	-	(93)	-	-	52
Forgiveness of debt	-	-	117,236	-	-	-	-	-	-	-	-	-	-	-	-	-	(117,236)	-
Net assets released from restrictions	2,508,511	-	423,019	-	-	-	-	77,176	-	-	418,195	-	-	67,132	-	-	(418,195)	3,075,838
Net assets released from restrictions -																		-
Pass through Grants	7,372,352	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,372,352
	33,746,610	409,079	1,292,213	166,842	894,560	447,333	261,866	304,659	-	399,973	951,585	248,442	70,960	142,858	(93)	-	(2,254,747)	37,082,140
Expenses:																		
Salaries and benefits	10,453,464	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(79,527)	10,373,937
Professional fees	2,492,180	17,650	118,004	20,998	396,320	447,333	17,249	14,000	-	61,775	533,390	248,442	(713)	17,065	2,650	-	(1,124,160)	3,262,183
Occupancy and office	1,393,134	-	315,087	10,541	-	-	135,013	84,913	-	9,701	-	-	8,127	68,525	-	-	-	2,025,041
Printing and marketing	87,011	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	87,011
Interest	8,697,302	395,642	-	78,119	490,969	-	-	55,469	-	86,953	-	-	16,682	-	-	-	(632,865)	9,188,271
Other operating	495,139	862	156,597	3,019	7,271	-	14,579	2,830	-	6,532	1,346	25	1,778	34,941	1,286	-	-	726,205
Pass through Grants	7,372,352	-	-	-	-	-	-	-	-	-	418,195	-	-	-	-	-	(418,195)	7,372,352
Meetings and travel	638,570	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	638,570
Depreciation and amortization	357,018	-	470,060	51,574	-	-	87,319	77,176	-	133,132	-	-	-	88,791	-	-	-	1,265,070
Gain on sale of foreclosed assets	(30,075)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(30,075)
Gain on sale of properties, furniture and equipment	(1,397)	-	(251,461)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(252,858)
Income tax expense	-	108	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	108
	31,954,698	414,262	808,287	164,251	894,560	447,333	254,160	234,388	-	298,093	952,931	248,467	25,874	209,322	3,936	-	(2,254,747)	34,655,815
Increase (decrease) in net assets without donor restrictions - operating	1,791,912	(5,183)	483,926	2,591	-	-	7,706	70,271	-	101,880	(1,346)	(25)	45,086	(66,464)	(4,029)	-	-	2,426,325
Net assets without donor restrictions - capital:																		
Support and revenue:																		
Net assets released from restrictions - loan capital grants	4,697,773	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,697,773
Net assets released from restrictions - capital (provision for loan losses)	(993,409)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(993,409)
	3,704,364	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,704,364
Expenses:																		
Provision for loan losses	(993,409)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(993,409)
Increase in net assets without donor restrictions - capital	4,697,773	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,697,773
Increase (decrease) in net assets without donor restrictions	6,489,685	(5,183)	483,926	2,591	-	-	7,706	70,271	-	101,880	(1,346)	(25)	45,086	(66,464)	(4,029)	-	-	7,124,098

IFF and Subsidiaries

Consolidating Statement of Activities and Changes in Net Assets (Continued)
Year Ended December 31, 2017
(See Independent Auditor's Report)

	IFF*	IFF NMTC Senior Lender, LLC	Home First Illinois, LLC	IFF CILA Lease Program, LLC	IFF Pay for Success I, LLC	IFF Pay for Success II, LLC	IFF Waukegan Market LLC	IFF Rockford Market LLC	IFF Von Humboldt, LLC	IFF Quality Seats - Broadway, LLC	IFF Hatchery, LLC	Home First, LLC	Community Living Initiative, LLC	Access Peoria, LLC	Access Housing I MM, LLC	Access West Cook I MM, LLC **	Eliminations	Consolidated
Net assets with donor restrictions:																		
Program and operating grants	$ 9,695,522	$ -	$ 396,122	$ -	$ -	$ -	$ -	$ 77,176	$ -	$ -	$ 418,195	$ -	$ -	$ 67,132	$ -	$ -	$ (418,195)	$ 10,235,952
Loan capital grants	9,450,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,450,000
Interest income	65,289	-	6,432	-	-	-	-	-	-	-	-	-	142	4,180	-	-	-	76,043
Net assets released from restrictions - operating	(2,508,511)	-	(423,019)	-	-	-	-	(77,176)	-	-	(418,195)	-	-	(67,132)	-	-	418,195	(3,075,838)
Net assets released from restrictions - Pass through Grants	(7,372,352)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,372,352)
Net assets released from restrictions - loan capital grants	(4,697,773)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,697,773)
Net assets released from restrictions - capital (provision for loan losses)	993,409	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	993,409
Increase (decrease) in net assets with donor restrictions	5,625,584	-	(20,465)	-	-	-	-	-	-	-	-	-	142	4,180	-	-	-	5,609,441
Increase (decrease) in net assets	12,115,269	(5,183)	463,461	2,591	-	-	7,706	70,271	-	101,880	(1,346)	(25)	45,228	(62,284)	(4,029)	-	-	12,733,539
Net assets/retained earnings (deficit):																		
Beginning of year	75,304,946	(5,014)	808,308	105,652	-	-	3,380,565	1,552,193	-	78,998	(328)	98,007	(1,308)	1,347,747	(12,845)	-	-	82,656,921
End of year	$ 87,420,215	$ (10,197)	$ 1,271,769	$ 108,243	$ -	$ -	$ 3,388,271	$ 1,622,464	$ -	$ 180,878	$ (1,674)	$ 97,982	$ 43,920	$ 1,285,463	$ (16,874)	$ -	$ -	$ 95,390,460

* Includes IFF Real Estate Services, LLC, IFF Housing, LLC, 4731 Delmar LLC and 5326 Hillside, LLC
** Includes Access West Cook I, LLC, Access Southwest Chicago I, LLC and Access Southwest Chicago I MM, LLC