IFF and Subsidiaries

Consolidated Financial Report
December 31, 2021

Contents

RSM US LLP

Independent Auditor's Report

Board of Directors
IFF

Report on the Audit of the Financial Statements

Opinion
We have audited the consolidated financial statements of IFF and Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, 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, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of IFF and Subsidiaries as of December 31, 2021 and 2020, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of IFF and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about IFF and Subsidiaries' ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued when applicable).

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 IFF and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the IFF and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Supplementary Information
Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position and changes in net assets of the individual entities 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 consolidating information has been subjected to the auditing procedures applied in the audit 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.

Other Information Included in the Annual Report
Management is responsible for the other information included in the annual report. The other information comprises the summarized financial information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

RSM US LLP

Chicago, Illinois
April 21, 2022

IFF and Subsidiaries

Consolidated Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	**$ 66,613,374**	$ 35,370,449
Other restricted cash and interest-bearing deposits in banks	**13,360,988**	8,016,108
Department of Education restricted cash and interest-bearing deposits in banks	**20,317,445**	20,309,631
Total cash and cash equivalents including restricted cash	**100,291,807**	63,696,188
Grants receivable, other receivables, prepaids and deposits	**21,286,714**	14,669,697
Loans receivable, net	**413,971,533**	396,827,078
Accrued interest receivable	**2,149,705**	1,894,582
Properties owned by IFF and IFF's subsidiaries, net	**29,501,657**	31,521,604
Federal Home Loan Bank stock, at cost	**631,766**	630,000
Foreclosed assets, net	**1,941,289**	4,899,081
Furniture, equipment and leasehold improvements, net	**1,060,745**	1,302,601
Other assets	**226,314**	227,127
Capitalized finance costs, net	**6,399**	7,130
	$ 571,067,929	$ 515,675,088
Liabilities and Net Assets		
Liabilities:		
Accrued liabilities	**$ 8,753,764**	$ 4,305,495
Accrued interest payable	**3,722,318**	2,949,567
Deferred grant revenue	**18,988,568**	21,360,305
Investor Consortium collateral trust notes, net	**145,784,082**	132,442,386
Borrowings, net	**207,791,105**	188,756,507
Equity equivalent borrowings	**21,000,000**	20,835,000
Bond Guarantee Program borrowings, net	**20,502,041**	21,308,538
Loan participations payable	**309,774**	726,689
	426,851,652	392,684,487
Commitments and contingencies (Notes 5, 10, 11, 12 and 13)		
Net assets:		
Without donor restrictions	**79,924,492**	76,092,777
With donor restrictions	**64,291,785**	46,897,824
	144,216,277	122,990,601
	$ 571,067,929	$ 515,675,088

See notes to consolidated financial statements.

IFF and Subsidiaries

Consolidated Statements of Activities and Changes in Net Assets
Years Ended December 31, 2021 and 2020

	2021	2020
Net assets without donor restrictions—operating:		
Support and revenue:		
Corporations, foundations and individuals	**$ 115,083**	$ 16,246,620
Interest on loans	**24,173,943**	22,185,746
Consulting contract fees	**4,360,012**	2,332,490
Developer fees	**1,004,682**	225,000
Management and sponsor fees	**1,483,303**	1,547,407
Syndication fees	**200,000**	-
Loan fees	**122,399**	121,362
Other interest income	**54,016**	81,567
Rental income	**2,056,006**	2,172,267
Reimbursed professional fees	**165,775**	563,618
Realized gains on other assets	**17**	67,154
Unrealized losses on other assets	**(128)**	-
Forgiveness of debt	**970,591**	272,493
Net assets released from restrictions	**2,705,806**	2,586,397
Net assets released from restrictions—pass through grants	**24,320,309**	8,991,788
	61,731,814	57,393,909
Expenses:		
Salaries and benefits	**15,743,998**	13,164,867
Professional fees	**4,478,740**	1,960,004
Occupancy and office	**2,548,239**	2,375,103
Printing and marketing	**68,012**	38,829
Interest	**10,759,491**	10,694,435
Other operating	**1,314,955**	1,395,850
Provision for foreclosed assets	**400,000**	-
Pass through grants	**24,282,949**	8,554,148
Meetings and travel	**345,246**	297,709
Depreciation and amortization	**1,427,852**	1,508,716
Gain on sale of foreclosed assets	**(308,151)**	(92,686)
Gain on sale of properties, furniture and equipment	**(56,008)**	-
Income tax benefit	**(5,239)**	-
	61,000,084	39,896,975
Increase in net assets without donor restrictions—operating	**731,730**	17,496,934
Net assets without donor restrictions—capital:		
Support and revenue:		
Net assets released from restrictions—loan capital grants	**3,099,985**	2,555,223
Net assets released from restrictions—capital release of (provision for) loan losses	**(826,809)**	8,806,614
	2,273,176	11,361,837
Expenses:		
(Release of) provision for loan losses	**(826,809)**	8,806,614
Increase in net assets without donor restrictions—capital	**3,099,985**	2,555,223
Increase in net assets without donor restrictions	**3,831,715**	20,052,157

(Continued)

IFF and Subsidiaries

Consolidated Statements of Activities and Changes in Net Assets (Continued)
Years Ended December 31, 2021 and 2020

	2021	2020
Net assets with donor restrictions:		
Program and operating grants	**$ 38,010,066**	$ 11,663,084
Loan capital grants	**8,674,999**	9,298,628
Interest income	**8,187**	60,662
Net assets released from restrictions—operating	**(2,705,806)**	(2,586,397)
Net assets released from restrictions—pass through grants	**(24,320,309)**	(8,991,788)
Net assets released from restrictions—loan capital grants	**(3,099,985)**	(2,555,223)
Net assets released from restrictions—capital release of (provision for) loan losses	**826,809**	(8,806,614)
Increase (decrease) in net assets with donor restrictions	**17,393,961**	(1,917,648)
Increase in net assets	**21,225,676**	18,134,509
Net assets:		
Beginning of year	**122,990,601**	104,856,092
End of year	**$ 144,216,277**	$ 122,990,601

See notes to consolidated financial statements.

IFF and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Increase in net assets	$ 21,225,676	$ 18,134,509
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	1,372,975	1,465,591
Amortization expense for capitalized finance costs	54,877	43,125
Gain on the sale of foreclosed assets	(308,151)	(92,686)
(Release of) provision for loan losses	(826,809)	8,806,614
Provision for losses on foreclosed assets	400,000	-
Unrealized loss on other assets	128	-
Forgiveness of debt	(970,591)	(272,493)
Changes in assets and liabilities:		
Deferred loan fees	275,755	236,425
Grants receivable, other receivables, prepaids and deposits	(6,617,017)	(744,098)
Accrued interest receivable	(255,123)	(6,997)
Other assets	685	2,169
Accrued liabilities	4,481,379	(82,189)
Accrued interest payable	772,751	394,291
Net cash provided by operating activities	19,606,535	27,884,261
Cash flows from investing activities:		
Purchase of Federal Home Loan Bank Stock	(1,766)	-
Loan disbursements	(102,512,096)	(96,540,817)
Loan principal payments received	85,918,695	71,449,336
Sale of foreclosed assets	2,832,833	-
Purchases of equipment and leasehold improvements	(134,086)	(522,419)
Purchase of properties owned by IFF's subsidiaries	(360,598)	(418,395)
Sale of properties owned by IFF's subsidiaries	1,384,243	-
Net cash used in investing activities	(12,872,775)	(26,032,295)
Cash flows from financing activities:		
Proceeds from deferred revenue grants	398,826	5,705,585
Use of proceeds from deferred revenue grants	(2,770,563)	(4,695,611)
Proceeds from Investor Consortium collateral trust notes	44,573,287	-
Repayment of Investor Consortium collateral trust notes	(31,238,106)	(28,826,213)
Proceeds from borrowings, equity equivalent borrowings, bond guarantee borrowings and participations payable	42,895,000	75,418,425
Repayment of borrowings, equity equivalent borrowings, bond guarantee borrowings and participations payable	(23,959,298)	(42,531,226)
Finance costs paid	(37,287)	(82,258)
Net cash provided by financing activities	29,861,859	4,988,702
Increase in total cash and cash equivalents including restricted cash	36,595,619	6,840,668
Total cash and cash equivalents including restricted cash:		
Beginning of year	63,696,188	56,855,520
End of year	$ 100,291,807	$ 63,696,188
Supplemental disclosure of cash flow information:		
Interest paid on borrowings	$ 9,986,739	$ 10,306,876
Supplemental schedule of noncash investing activities:		
Real estate acquired in settlement of loans	$ -	$ 2,631,422

See notes to consolidated financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

IFF and Subsidiaries (IFF), an Illinois nonprofit corporation, is a community development financial institution (CDFI) serving nonprofit corporations in Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Ohio and Wisconsin. IFF makes affordable loans to nonprofit human service and community development agencies for the acquisition, construction, remodeling and renovation of facilities. IFF also makes loans to for profit housing developers in which there is an affordable housing component. 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, Grand Rapids, Michigan, Indianapolis, Indiana, Kansas City, Missouri, Milwaukee, Wisconsin and St. Louis, Missouri.

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

2819 Highland, LLC
5326 Hillside, LLC
Access Health & Housing, LLC
Access Housing, I MM, LLC
Access Peoria, LLC
Access West Cook I MM, LLC
Community Living Initiative, LLC
Detroit Learning Lab Northwest, LLC
Homan Square PSH, LLC (created in 2021)
Home First, LLC
Home First Illinois, LLC
IFF CILA Lease Program, LLC
IFF Development, LLC
IFF ECE Detroit, LLC
IFF ECE Detroit 2, LLC
IFF ECE Grand Rapids, LLC
IFF Hatchery, LLC
IFF Pay for Success I, LLC
IFF Pay for Success II, LLC
IFF Quality Seats – Broadway, LLC
IFF Real Estate Holdings, LLC
IFF Real Estate Services, LLC
IFF Rockford Market LLC
IFF Waukegan Market LLC
Illinois OREO, LLC
Missouri OREO, LLC
Neal School Development, LLC
Ohio OREO, LLC

IFF is the sole corporate member of the subsidiaries. IFF as used herein refers to IFF individually and collectively with its subsidiaries, as the context may require.

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 (dissolved in 2020)
IFF Capital V LLC (dissolved in 2020)
IFF Capital VI LLC (dissolved in 2021)
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
IFF Capital 20 LLC
IFF Capital 21 LLC
IFF Capital 22 LLC
IFF Capital 23 LLC
IFF Capital 24 LLC
IFF Capital 25 LLC
IFF Capital 26 LLC
IFF Capital 27 LLC
IFF Capital 28 LLC
IFF Capital 29 LLC
IFF Capital 32 LLC

Other limited liability companies:
Access Housing I, LLC
Access West Cook I, LLC

The accounts and activities of these limited liability companies above are not included in these consolidated financial statements. (See Note 20)

Significant accounting policies are described below.

Basis of accounting: These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). 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.

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 and changes in net assets present 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 and changes in net assets as increases to net assets released from restrictions.

IFF classifies net assets with donor restrictions into four subcategories (Note 14):

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.

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

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

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

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

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 which are not conditional and are 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 affordable 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. 37% and 33% of the loans receivable balance at December 31, 2021 and 2020, 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 returning 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 all non-impaired 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 less costs to sell. 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 lead 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 Quality Seats – Broadway, LLC, IFF Hatchery, LLC, Community Living Initiative, LLC, Access Peoria, LLC, Access Health & Housing, LLC, IFF ECE Detroit, LLC, IFF ECE Grand Rapids, LLC, and IFF ECE Detroit 2, 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 identified as of December 31, 2021 and 2020.

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 and changes in net assets.

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 changes in net assets 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. Net capitalized costs of $6,399 and $7,130 at December 31, 2021 and 2020, respectively, are reported net of accumulated amortization of $4,570 and $9,320 at December 31, 2021 and 2020, respectively.

Grant revenue: Government grants are generally considered to be conditional contributions and revenue is recognized in the period in which qualifying expenses are incurred and other grant requirements are met, in accordance with Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contribution Made.* The Organization has elected the simultaneous release policy for grants, which allows the Organization to recognize restricted conditional contributions directly in net assets without donor restrictions when the condition is met, which is generally when qualifying expenditures have been incurred. ASU 2018-08 clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., contribution) and for distinguishing between conditional and unconditional contributions. The ASU became effective in 2019 and resulted in a change from previous years in timing of recognition of certain grant revenue (Notes 6 and 9). Amounts received but not yet expensed in accordance with terms of the government grants or other grant agreements, including the unspent portion of conditional grant funds of $4,254,606 received in 2019 and 2020 from the U.S. Department of Treasury – CDFI Funds, are reported as deferred grant revenue in the consolidated statements of financial position.

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, improvements and budgeted professional fees, and IFF records grant revenue in net assets with donor restrictions when proceeds are received from the grantors. Amounts are released from restrictions when disbursements are made to the developers or agencies and a corresponding expense is recorded on the consolidated statements of activities and changes in net assets in pass through grants. Pass through grant revenue and expense includes grants received by IFF in connection with Chicago's Cultural Treasures program, which IFF then awards unconditional grants to organizations whose mission concerns BIPOC-related art. Such amounts totaled $14,630,000 during 2021. Pass through grant revenue and expense also includes a grant and project involving IFF subsidiary, Neal School Development, LLC. Related agreements are structured to make grant beneficiary, a school district, the owner of the improvements. These amounts totaled $7,483,397 and $2,703,822 for 2022 and 2021, respectively.

Support and revenue: Contributions from corporations, foundations and individuals are recorded as increases to net assets with donor restrictions or to net assets without donor restriction, depending on the existence or absence of 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. Conditional contributions are not recognized until the conditions on which they depend are substantially met. In the year ended December 31, 2020, IFF received a one-time $15,000,000 contribution without any donor restrictions from an individual for IFF to continue its mission. This contribution is recorded in the consolidated statements of activities and changes in net assets in the corporations, foundations, and individuals line item.

Other sources of revenue: The Company's revenue is significantly comprised of interest income on loans. In addition to interest income, IFF also has the following sources of revenue.

Consulting contract fees and developers fees: IFF provides real estate and research consulting services to other nonprofit organizations. The contracts include multiple promises which management reviews to determine where they represent multiple performance obligations. This review consists of determining where promises or groups of promises are capable of being distinct and distinct within the context of the contract. Most of IFF's contracts are considered to have a single performance obligation because IFF provides a significant service of integrating a set of tasks and components into a single contract. Revenue is recognized as a series over time as either customer is simultaneously consuming and receiving benefit, enhancing an asset the customer controls or there is no alternative use and IFF has an enforceable right to payment. 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.

Management and sponsor fees and syndication fees: IFF provides normal and routine management functions and coordinates the day-to-day business for various entities. IFF determines that the promise in these contracts is the overall management service and that the service performed each day is distinct and substantially the same. Although the individual activities that comprise the performance obligation vary throughout the day and from day-to-day, the nature of the overall promise to provide management service is the same from day-to-day. Therefore, revenue is recognized as a series of daily services that are individually satisfied over time because IFF provides benefits that are simultaneously received and consumed and uses a time-based measure of progress to recognize revenue as the performance obligation is satisfied.

Rental income: IFF also receives rental income on the properties it has developed and owns.

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

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 included in occupancy and office expense on the consolidated statements of activities and changes in net assets. 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 $22,301 and $28,476 for 2021 and 2020, 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 consolidated financial statements. Under this guidance, IFF may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of IFF and various positions related to the potential sources of unrelated business taxable income. There were no unrecognized unrelated business tax benefits identified or recorded as liabilities for the reporting periods presented herein. In 2021, IFF received a refund of unrelated business income taxes paid in 2019 from the State of Illinois. This expense recovery is recorded in the consolidated statements of activities and change in net assets as an income tax benefit.

Access Housing I MM, LLC and Access West Cook I MM, LLC are taxed as a C-corporations and each files forms 1120 in the U.S. federal jurisdiction and the state of Illinois.

Various LLC’s 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.

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

Recent accounting pronouncements: 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 consolidated statements 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 2020-05, ASU 2016-02 is effective for fiscal years beginning after December 15, 2021. IFF is currently evaluating the impact on the adoption of this guidance on the consolidated financial statements.

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

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the consolidated statements of activities as the amounts expected to be collected change. With the subsequent issuance of ASU 2019-10, *Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815) and Leases (Topic 842) Effective Dates,* in November 2019, ASU 2016-13 is effective for fiscal years beginning after December 15, 2022. ASU 2016-13 is effective for IFF's year ending December 31, 2023. IFF does not intend to early adopt. IFF is currently evaluating the impact of adopting this new guidance on the consolidated financial statements.

IFF Pay for Success I, LLC: This subsidiary serves as the program administrator for a social impact bonds (SIBs) program with the City of Chicago to fund early childhood education services at Chicago Public School (CPS) sites. SIBs 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 SIB 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 and for the years ended December 31, 2021 and 2020, the three investors have lent $16,349,484 of the $17,000,000 committed to the program. No loan repayments were made for the years ended December 31, 2021 and 2020. These amounts are included in borrowings on the consolidated statements of financial position. 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 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. SIBs 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 SIB 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. A $1,500,000 financing vehicle had been established, but it expired in June 2020. There were no draws on this financing. This investor has 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.

Neal School Development, LLC: This subsidiary is developing the new Neal Middle School for North Chicago Community Unit School District No 187. The approximately 95,000 square foot new school will accommodate up to 625 students and replaces the existing middle school located at 1905 Argonne Drive, North Chicago, Illinois. It is expected that the new school will open in the Fall of 2022.

IFF Real Estate Holdings, LLC: This subsidiary is the parent LLC under which properties owned by IFF and IFF Subsidiaries will be organized. IFF Real Estate Holdings, LLC aggregates capital sources which, in turn, are invested as loans or equity in development projects in existing or to be formed LLCs.

COVID-19: The World Health Organization declared the coronavirus (COVID-19) to be a public health emergency on January 30, 2020. The spread of COVID-19 is altering the behavior of businesses and people in a manner that is having negative effects on local, regional and global economies. The extent to which COVID-19 impacts IFF in the future will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak, new information that may emerge concerning the severity of COVID-19, the actions taken to contain COVID-19 or treat its impact and the impact of each of these items on the economy and financial markets in the United States. In particular, the continued spread of COVID-19 could adversely impact IFF’s financial condition and results of activities.

Subsequent events: IFF has evaluated subsequent events for potential recognition and/or disclosure through April 21, 2022, the date these consolidated financial statements were available for issuance.

Note 2. Other Restricted Cash and Interest-Bearing Deposits

Several grant and loan agreements require cash to be held in separate interest-bearing accounts. This cash is restricted in its use and maintained in separate accounts, which were as follows at December 31, 2021 and 2020:

	2021	2020
Investor Consortium reserves	$ 2,988,562	$ 2,729,079
Energy efficient loan loss reserve	5,848	11,772
Bond risk share reserve and collateralization reserve	6,129,981	2,932,649
Chicago Federal Home Loan Bank reserve	2,392,574	542,574
Home First Illinois, LLC property reserves	1,105,935	1,066,490
Access Peoria, LLC property reserves	501,260	494,957
Community Living Initiative, LLC property reserves	236,828	238,587
Total	$ 13,360,988	$ 8,016,108

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. The 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. The 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. The Chicago Federal Home Loan Bank reserve relates to 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. 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 2021 and 2020 were $371 and $426, 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 $8,185 and $60,634 in 2021 and 2020, 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, 2021 and 2020:

	2021	2020
Pledged—$8 million DOE grant	$ 7,794,597	$ 7,226,438
Pledged—$10 million DOE grant	7,328,407	5,913,628
Pledged—$2 million DOE grant	2,016,350	2,049,650
Total pledged	17,139,354	15,189,716
Unpledged—$8 million DOE grant	711,173	1,277,652
Unpledged—$10 million DOE grant	2,430,166	3,839,155
Unpledged—$2 million DOE grant	36,752	3,108
Total unpledged	3,178,091	5,119,915
Total	$ 20,317,445	$ 20,309,631

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, 2021, 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, 2021 and 2020, consisted of the following:

	2021	2020
Grants receivable	$ 11,933,939	$ 6,533,530
Contract and other receivables	8,597,442	7,342,553
Prepaids and deposits	755,333	793,614
	$ 21,286,714	$ 14,669,697

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

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

	2021	2020
Amounts receivable and deposits/realizable in less than one year	$ 11,462,487	$ 7,281,779
Amounts receivable and deposits/realizable in one to five years	4,916,000	2,977,933
Amounts receivable and deposits/realizable in over five years	4,473,392	4,086,670
	20,851,879	14,346,382
Prepaids	434,835	323,315
	$ 21,286,714	$ 14,669,697

A foundation grant which provides funding to support construction of a new elementary building for a Lake County, Illinois school district is conditional upon qualifying expenses being incurred. Conditional amounts expected to be received but not yet recognized as grant revenue total approximately $27,817,000 and $35,300,000 at December 31, 2021 and 2020, respectively.

Note 5. Loans Receivable

Loans receivable at December 31, 2021 and 2020, were comprised of the following:

	2021	2020
Facility	$ 272,955,031	$ 265,654,954
Affordable housing	90,977,558	91,373,303
Equipment and vehicle	2,491,982	2,895,464
Pre-development	13,405,676	8,741,481
Other	49,919,571	45,612,042
	429,749,818	414,277,244
Allowance for loan losses	(14,423,288)	(16,370,924)
Deferred loan fees, net	(1,354,997)	(1,079,242)
Loans receivable, net	$ 413,971,533	$ 396,827,078

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 years ended December 31, 2021 and 2020, loan origination fees totaled $1,072,245 and $916,092, respectively, while the estimated cost to originate the loans was $439,976 and $356,248, respectively. IFF accreted $356,514 and $323,418, respectively, as a level yield adjustment for the years ended December 31, 2021 and 2020. The yield adjustment is recorded in the consolidated statements of activities and changes in net assets in interest on loans.

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, 2021, approximately 66% of outstanding facility loans are collateralized with mortgages in a first position lien and 7% are collateralized by mortgages with second position liens and 1% are not secured. The remaining 26% are collateralized by leasehold mortgages, UCCs and other liens. At December 31, 2020, approximately 68% of outstanding facility loans are collateralized with mortgages in a first position lien and 9% are collateralized by mortgages with second position liens and 1% are not secured. The remaining 22% 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, 2021, approximately 90% of outstanding affordable housing loans are collateralized with mortgages in a first position lien and 4% are collateralized by mortgages with second position liens. The remaining 6% are collateralized by other liens or unsecured. At December 31, 2020, approximately 90% of outstanding affordable housing loans are collateralized with mortgages in a first position lien and 8% are collateralized by mortgages with second position liens. The remaining 2% are collateralized by other liens or unsecured.

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, 2021, approximately 62% of outstanding equipment and vehicle loans are collateralized with a UCC or vehicle title, 26% are collateralized with mortgages in a first position lien and 10% are collateralized by mortgages with second position liens. The remaining 2% are not secured. At December 31, 2020, approximately 59% of outstanding equipment and vehicle loans are collateralized with a UCC or vehicle title, 25% are collateralized with mortgages in a first position lien and 14% are collateralized by mortgages with second position liens. The remaining 2% are 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, 2021, approximately 42% of outstanding pre-development loans are collateralized with mortgages in a first position lien and 56% are collateralized by other liens. The remaining 2% are unsecured. At December 31, 2020, approximately 38% of outstanding pre-development loans are collateralized with mortgages in a first position lien and 3% are collateralized by other liens. The remaining 59% 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, 2021, approximately 81% of outstanding other loans are collateralized by other liens, 12% are collateralized by mortgages in a first position lien and the remaining 7% are collateralized by mortgages in second position lien, leasehold mortgages, UCCs or unsecured. At December 31, 2020, approximately 82% of outstanding other loans are collateralized by other liens, 7% are collateralized by mortgages in a first position lien and the remaining 11% are collateralized by mortgages in second position lien, leasehold mortgages, UCCs 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, 2021 and 2020:

	Current	31-60 Days Past Due	61-90 Days Past Due	90+ Days Past Due	Total	Nonaccruing Loans
December 31, 2021:						
Facility	$ 272,770,737	$ 184,294	$ -	$ -	$ 272,955,031	$ 6,656,026
Affordable housing	90,977,558	-	-	-	90,977,558	191,016
Equipment and vehicle	2,491,982	-	-	-	2,491,982	127,564
Pre-development	13,405,676	-	-	-	13,405,676	-
Other	49,919,571	-	-	-	49,919,571	1,731,942
	$ 429,565,524	$ 184,294	$ -	$ -	$ 429,749,818	$ 8,706,548
Nonaccruing loans	$ 8,706,548	$ -	$ -	$ -	$ 8,706,548	

	Current	31-60 Days Past Due	61-90 Days Past Due	90+ Days Past Due	Total	Nonaccruing Loans
December 31, 2020:						
Facility	$ 263,175,717	$ -	$ -	$ 2,479,237	$ 265,654,954	$ 12,293,090
Affordable housing	90,840,137	533,166	-	-	91,373,303	246,307
Equipment and vehicle	2,895,464	-	-	-	2,895,464	123,751
Pre-development	7,747,626	993,855	-	-	8,741,481	993,855
Other	45,612,042	-	-	-	45,612,042	2,010,787
	$ 410,270,986	$ 1,527,021	$ -	$ 2,479,237	$ 414,277,244	$ 15,667,790
Nonaccruing loans	$ 12,194,698	$ 993,855	$ -	$ 2,479,237	$ 15,667,790	

IFF utilizes an internal asset classification system as a means of reporting problem and potential problem loans. Under its risk rating system, IFF classifies problem and potential problem loans as Watch List, Problem Asset 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 a loan past due 30 days or which 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.

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, 2021 and 2020:

	General Portfolio	Watch List	Problem Asset	Doubtful	Total
December 31, 2021:					
Facility	$ 249,881,117	$ 11,023,140	$ 1,476,500	$ 10,574,274	$ 272,955,031
Affordable housing	89,105,114	1,626,411	55,018	191,015	90,977,558
Equipment and vehicle	2,269,448	-	-	222,534	2,491,982
Pre-development	12,411,821	993,855	-	-	13,405,676
Other	41,069,592	4,307,453	4,176	4,538,350	49,919,571
	$ 394,737,092	$ 17,950,859	$ 1,535,694	$ 15,526,173	$ 429,749,818
Current	$ 394,552,798	$ 17,950,859	$ 1,535,694	$ 15,526,173	$ 429,565,524
Past Due 31-60 Days	184,294	-	-	-	184,294
Past Due 61-90 Days	-	-	-	-	-
Past Due 90 + Days	-	-	-	-	-
	$ 394,737,092	$ 17,950,859	$ 1,535,694	$ 15,526,173	$ 429,749,818

	General Portfolio	Watch List	Problem Asset	Doubtful	Total
December 31, 2020:					
Facility	$ 241,936,186	$ 5,185,415	$ 4,116,477	$ 14,416,876	$ 265,654,954
Affordable housing	89,247,485	1,879,511	-	246,307	91,373,303
Equipment and vehicle	2,517,418	254,295	-	123,751	2,895,464
Pre-development	7,747,626	993,855	-	-	8,741,481
Other	43,031,200	545,000	-	2,035,842	45,612,042
	$ 384,479,915	$ 8,858,076	$ 4,116,477	$ 16,822,776	$ 414,277,244
Current	$ 383,946,749	$ 7,864,221	$ 4,116,477	$ 14,343,539	$ 410,270,986
Past Due 31-60 Days	533,166	993,855	-	-	1,527,021
Past Due 61-90 Days	-	-	-	-	-
Past Due 90 + Days	-	-	-	2,479,237	2,479,237
	$ 384,479,915	$ 8,858,076	$ 4,116,477	$ 16,822,776	$ 414,277,244

Note 5. Loans Receivable (Continued)

Activity in the allowance for loan losses for the years ended December 31, 2021 and 2020, was as follows:

	Facility	Affordable Housing	Equipment and Vehicle	Pre-Development	Other	Total
December 31, 2021:						
Beginning balance	$ 15,205,406	$ 686,897	$ 212,353	$ 45,971	$ 220,297	$ 16,370,924
(Release of) provision for loan losses	(2,620,027)	279,302	9,494	90,820	1,413,602	(826,809)
Charge-offs	(1,679,217)	-	-	-	-	(1,679,217)
Recoveries	558,390	-	-	-	-	558,390
Ending balance	$ 11,464,552	$ 966,199	$ 221,847	$ 136,791	$ 1,633,899	$ 14,423,288
Allowance for loan losses:						
Allocated	$ 2,310,823	$ 38,256	$ 131,940	$ -	$ 679,315	$ 3,160,334
General	9,153,729	927,943	89,907	136,791	954,584	11,262,954
	$ 11,464,552	$ 966,199	$ 221,847	$ 136,791	$ 1,633,899	$ 14,423,288
Loans:						
Impaired loans	$ 10,574,274	$ 191,016	$ 222,534	$ -	$ 4,538,349	$ 15,526,173
Non-impaired loans	262,380,757	90,786,542	2,269,448	13,405,676	45,381,222	414,223,645
	$ 272,955,031	$ 90,977,558	$ 2,491,982	$ 13,405,676	$ 49,919,571	$ 429,749,818

	Facility	Affordable Housing	Equipment and Vehicle	Pre-Development	Other	Total
December 31, 2020:						
Beginning balance	$ 9,280,907	$ 1,199,852	$ 347,891	$ 470,466	$ 448,297	$ 11,747,413
Provision for loan losses	10,107,602	(512,955)	(135,538)	(424,495)	(228,000)	8,806,614
Charge-offs	(4,185,603)	-	-	-	-	(4,185,603)
Recoveries	2,500	-	-	-	-	2,500
Ending balance	$ 15,205,406	$ 686,897	$ 212,353	$ 45,971	$ 220,297	$ 16,370,924
Allowance for loan losses:						
Allocated	$ 5,369,312	$ 88,621	$ 123,751	$ -	$ -	$ 5,581,684
General	9,836,094	598,276	88,602	45,971	220,297	10,789,240
	$ 15,205,406	$ 686,897	$ 212,353	$ 45,971	$ 220,297	$ 16,370,924
Loans:						
Impaired loans	$ 14,416,876	$ 246,307	$ 123,751	$ -	$ 2,035,842	$ 16,822,776
Non-impaired loans	251,238,078	91,126,996	2,771,713	8,741,481	43,576,200	397,454,468
	$ 265,654,954	$ 91,373,303	$ 2,895,464	$ 8,741,481	$ 45,612,042	$ 414,277,244

Note 5. Loans Receivable (Continued)

Impaired loan information as of December 31, 2021 and 2020, 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, 2021:						
With no related allowance recorded:						
Facility	$ 6,524,163	$ 6,524,163	$ -	$ 7,848,207	$ 704,637	$ 686,903
Affordable housing	115,859	115,859	-	143,055	24,208	24,208
Equipment and vehicle	-	-	-	-	-	-
Pre-development	-	-	-	-	-	-
Other	1,731,942	1,731,942	-	1,887,955	168,547	155,413
	8,371,964	8,371,964	-	9,879,217	897,392	866,524
With an allowance recorded:						
Facility	4,050,111	4,050,111	2,310,823	3,476,461	461,255	450,396
Affordable housing	75,157	75,157	38,256	81,574	-	-
Equipment and vehicle	222,534	222,534	131,940	143,783	29,719	29,254
Pre-development	-	-	-	-	-	-
Other	2,806,407	2,806,407	679,315	2,338,673	168,384	168,384
	7,154,209	7,154,209	3,160,334	6,040,491	659,358	648,034
	$ 15,526,173	$ 15,526,173	$ 3,160,334	$ 15,919,708	$ 1,556,750	$ 1,514,558

	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated	Average Recorded Investment	Interest Income Recognized	Cash Basis Interest Income Recognized
December 31, 2020:						
With no related allowance recorded:						
Facility	$ 7,813,158	$ 7,813,158	$ -	$ 7,726,327	$ 923,481	$ 888,558
Affordable housing	157,686	157,686	-	176,614	6,836	6,836
Equipment and vehicle	-	-	-	-	-	-
Pre-development	-	-	-	248,464	45,386	45,386
Other	2,035,842	2,035,842	-	1,616,192	23,954	23,954
	10,006,686	10,006,686	-	9,767,597	999,657	964,734
With an allowance recorded:						
Facility	6,603,718	6,603,718	5,369,312	7,804,216	196,999	196,999
Affordable housing	88,621	88,621	88,621	92,930	-	-
Equipment and vehicle	123,751	123,751	123,751	183,001	8,552	8,552
Pre-development	-	-	-	133,054	-	-
Other	-	-	-	-	-	-
	6,816,090	6,816,090	5,581,684	8,213,201	205,551	205,551
	$ 16,822,776	$ 16,822,776	$ 5,581,684	$ 17,980,798	$ 1,205,208	$ 1,170,285

Note 5. Loans Receivable (Continued)

Three loans and five loans were modified during the years ended December 31, 2021 and 2020, 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 2021 were $1,694,609, respectively. The pre and post modification balance of the loans modified in 2020 were $5,802,490 and $5,860,951, respectively. There were no charge-offs recorded for the years ended December 31, 2021 and 2020, as a result of these modifications.

At December 31, 2021 and 2020, there were $8,429,696 and $11,068,188 of loans identified as troubled debt restructurings, respectively. At December 31, 2021 and 2020, the allowance for loan losses allocated for troubled debt restructurings was $1,960,706 and $3,972,522, respectively. At December 31, 2021 and 2020, none of these troubled debt restructurings are delinquent.

Loans carried at $191,055,170 and $183,729,961 were pledged to secure borrowings as of December 31, 2021 and 2020, respectively.

At December 31, 2021, scheduled loan receipts due in the next year for the entire loan portfolio are expected to be approximately $47,413,146.

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 position. 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, 2021 and 2020, were $104,485,025 and $107,832,807, 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, 2021 and 2020, were comprised of the following:

	1-4 Units	Group Homes	School Campus	Grocery Stores	Early Childhood Education Centers	Land	Total
December 31, 2021:							
Home First Illinois, LLC	$ 14,476,023	$ -	$ -	$ -	$ -	$ -	$ 14,476,023
IFF CILA Lease Program, LLC	-	381,135	-	-	-	-	381,135
IFF Waukegan Market LLC	-	-	-	3,405,461	-	-	3,405,461
IFF Rockford Market LLC	-	-	-	3,009,872	-	-	3,009,872
Community Living Initiative, LLC	-	3,477,696	-	-	-	-	3,477,696
Access Peoria, LLC	3,409,247	-	-	-	-	-	3,409,247
IFF Hatchery, LLC	-	-	-	-	-	328,905	328,905
IFF Quality Seats - Broadway, LLC	-	-	6,116,289	-	-	-	6,116,289
Access Health & Housing, LLC	313,371	-	-	-	-	-	313,371
IFF ECE Detroit, LLC	-	-	-	-	182,013	-	182,013
IFF ECE Grand Rapids, LLC	-	-	-	-	248,633	-	248,633
IFF ECE Detroit 2, LLC	-	-	-	-	3,197	-	3,197
	18,198,641	3,858,831	6,116,289	6,415,333	433,843	328,905	35,351,842
Less accumulated depreciation	(3,666,362)	(414,975)	(749,717)	(1,019,131)	-	-	(5,850,185)
	$ 14,532,279	$ 3,443,856	$ 5,366,572	$ 5,396,202	$ 433,843	$ 328,905	$ 29,501,657

	1-4 Units	Group Homes	School Campus	Grocery Stores	Early Childhood Education Centers	Land	Total
December 31, 2020:							
Home First Illinois, LLC	$ 14,476,023	$ -	$ -	$ -	$ -	$ -	$ 14,476,023
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	-	3,477,696	-	-	-	-	3,477,696
Access Peoria, LLC	3,409,247	-	-	-	-	-	3,409,247
IFF Hatchery, LLC	-	-	-	-	-	328,905	328,905
IFF Quality Seats - Broadway, LLC	-	-	6,116,289	-	-	-	6,116,289
Access Health & Housing, LLC	167,825	-	-	-	-	-	167,825
IFF ECE Detroit, LLC	-	-	-	-	52,643	-	52,643
IFF ECE Grand Rapids, LLC	-	-	-	-	166,148	-	166,148
	18,053,095	5,540,671	6,116,289	6,415,333	218,791	328,905	36,673,084
Less accumulated depreciation	(3,095,884)	(610,356)	(590,605)	(854,635)	-	-	(5,151,480)
	$ 14,957,211	$ 4,930,315	$ 5,525,684	$ 5,560,698	$ 218,791	$ 328,905	$ 31,521,604

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. For the years ended December 31, 2021 and 2020, 66 units and 62 units, respectively, were rented out. Depreciation expense taken on the units rented for the years ended December 31, 2021 and 2020, was $483,061. As of December 31, 2021 and 2020, net property costs were $11,334,161 and $11,817,222, respectively. Accumulated depreciation on the properties for the years ended December 31, 2021 and 2020, was $3,141,862 and $2,658,801, 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, prior to 2019, LLC recognized grant amounts as revenue ratably over the expected life of each property, once placed in service and in proportion to depreciation expense. With the adoption of ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contribution Made,* in 2019, grant revenue is no longer recognized ratably. Grant revenue will not be recognized until the end of the 30-year forgiveness period. The unamortized grant amounts are recorded as a deferred revenue liability on the consolidated statements of financial position. LLC has recorded grant amounts received, accumulating $12,614,170, as of both December 31, 2021 and 2020, as deferred revenue. No amounts were amortized into revenue for 2021 and 2020. For the years ended December 31, 2021 and 2020, there were no release of restrictions.

IFF Community Integrated Living Arrangement (CILA) 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. In 2021, 5 of the properties with a net cost basis of $1,384,243 were sold for net proceeds of $1,438,251, resulting in a net gain of $54,008. This gain is recorded in the consolidated statements of activities and changes in net assets in gain on sale of properties and equipment. For each of the years ended December 31, 2021 and 2020, total accumulated property costs were $381,135 and $2,062,975, respectively. Depreciation expense taken on the group homes was $13,044 and $51,719 for the years ended December 31, 2021 and 2020, respectively. As of December 31, 2021 and 2020, net property costs were $305,702 and $1,702,989, respectively. Accumulated depreciation on the properties for the years ended December 31, 2021 and 2020, was $75,433 and $359,986, 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, 2021 and 2020, 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, 2021 and 2020, was $87,320 and $87,319, respectively. As of December 31, 2021 and 2020, net property costs were $2,881,544 and $2,968,864, respectively. Accumulated depreciation on the property for the years ended December 31, 2021 and 2020, was $523,917 and $436,597, 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, 2021 and 2020, 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, 2021 and 2020, was $77,176. As of December 31, 2021 and 2020, net property costs were $2,514,658 and $2,591,834, respectively. Accumulated depreciation on the property for the years ended December 31, 2021 and 2020, was $495,214 and $418,038, respectively.

Community Living Initiative, LLC financed, developed, and owns group homes throughout Illinois to lease them to state selected and monitored service providers. The first phase of this project consists of seven homes and is funded from a loan from IHDA and loans from IFF. For each of the years ended December 31, 2021 and 2020, total accumulated property costs were $3,447,696. No rehab costs were incurred for the year ened December 31, 2021. Rehab cost incurred for the year ended December 31, 2020 was $31,779. As of December 31, 2021 and 2020, all seven homes have been rented out. The properties are depreciated over 39 years using the straight-line method. Depreciation expense taken for the years ended December 31, 2021 and 2020, was $89,172 and $85,759, respectively. As of December 31, 2021 and 2020, net property costs were $3,138,154 and $3,227,326, respectively. Accumulated depreciation on the property for the years ended December 31, 2021 and 2020, was $339,542 and $250,370, respectively.

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 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, 2021 and 2020, as deferred revenue and amortized amounts to revenue ratably over the expected life of the properties, once placed in service through 2018. With the adoption of ASU 2018-08 in 2019, grant revenue is no longer recognized ratably. Grant revenue will not be recognized until the end of the 30-year forgiveness period. The unamortized grant amounts are recorded as a deferred revenue liability on the consolidated statements of financial position. No amount was amortized into revenue for 2021 and 2020. For each of the years ended December 31, 2021 and 2020, 16 units were rented out. The properties are depreciated over 39 years using the straight-line method. Depreciation expense taken for each of the years ended December 31, 2021 and 2020, was $87,417. As of December 31, 2021 and 2020, net property costs were $2,884,747 and $2,972,164, respectively. Accumulated depreciation on the properties for the years ended December 31, 2021 and 2020, was $524,500 and $437,083, respectively.

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

IFF Hatchery, LLC developed and built a new food business incubator with two partners in Chicago's East Garfield Park community. Called the Hatchery, the 100,000-square-foot facility was designed to serve 50 to 75 young or growing food and beverage companies in need of food-grade, flexible space. Funding sources include its partners' equity, New Markets Tax Credits (NMTCs), Tax Increment Financing (TIF) money, debt and donations. IFF served 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 owns a couple of parcels that have not been developed. No additional costs were incurred for the years ended December 31, 2021 and 2020. As of December 31, 2021 and 2020, total accumulated acquisition and development costs were $328,905. No depreciation expense has been taken for the years ended December 31, 2021 and 2020, as the properties are land.

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-5 grades. No additional costs were incurred for the years ended December 31, 2021 and 2020. As of December 31, 2021 and 2020, total accumulated acquisition and development costs were $6,116,289. This property is depreciated over 39 years using the straight-line method. Depreciation expense taken for each of the years ended December 31, 2021 and 2020, was $159,112. As of December 31, 2021 and 2020, net property costs were $5,366,572 and $5,525,684, respectively. Accumulated depreciation on the property for the years ended December 31, 2021 and 2020, was $749,717 and $590,605, respectively. The school opened in the fall of 2016.

Access Health & Housing, LLC was created in 2020 to create 20 units of permanent supportive housing in the Community of Maywood, Illinois. Funding was committed by the Illinois Housing Development in January 2020 to provide majority funding for the development of the project. Additional funds will be committed from Trinity Health, the Harry and Jeannette Weinberg Foundation and other sources. Access Health & Housing incurred property costs of $145,546 and $167,825 for the years ended December 31, 2021 and 2020, respectively. The properties are still being developed.

IFF ECE Detroit, LLC was created in 2020 to develop and build a new early childhood education center in Detroit, Michigan. IFF ECE Detroit will act as developer and landlord leasing the space to a high-quality early childhood provider with the goal of selling the property to the provider tenant within a 10-year period as the provider strengthens financial and operational wherewithal over time. Property costs of $129,370 and $52,643 were incurred for the years end December 31, 2021 and 2020, respectively. The property is still being developed.

IFF ECE Grand Rapids, LLC was created in 2020 to develop and build a new early childhood education center in Grand Rapids, Michigan. IFF ECE Grand Rapids will act as developer and landlord leasing the space to a high-quality early childhood provider with the goal of selling the property to the provider tenant within a 10-year period as the provider strengthens financial and operational wherewithal over time. Property costs of $82,485 and $166,148 were incurred for the years ended December 31, 2021 and 2020, repectively. The property is still being developed

IFF ECE Detroit 2, LLC was created in 2021 to develop and build a new early childhood education center in Detroit, Michigan. IFF ECE Detroit 2 will act as developer and landlord leasing the space to a high-quality early childhood provider with the goal of selling the property to the provider tenant within a 10-year period as the provider strengthens financial and operational wherewithal over time. Property costs of $3,197 were incurred for the year ended December 31, 2021. The property is still being developed.

Note 7. Foreclosed Assets

An analysis of foreclosed assets as of December 31, 2021 and 2020, was as follows:

	2021	2020
Foreclosed assets, beginning	$ 4,899,081	$ 2,267,659
Acquired through or in lieu of foreclosure	-	2,631,422
Provision for losses on foreclosed assets	(400,000)	-
Sale proceeds of foreclosed assets not financed by IFF	(2,832,833)	-
Gain on sales	275,041	-
Foreclosed assets, ending	$ 1,941,289	$ 4,899,081

Three and six properties make up the balances as of ended December 31, 2021 and 2020, respectively. No new properties were added during 2021 into foreclosed assets. Five new properties were added during 2020 into foreclosed assets. Four properties were sold during the year 2021. One of these properties was a partial of one of the properties held at year end 2020. No properties were sold during the year 2020. IFF recorded a net gain of $275,041 on the sale of foreclosed properties in 2021. The gain is recorded in the consolidated statements of activities and changes in net assets in gain on sale of foreclosed assets. IFF recognized $33,110 and $92,686 in 2021 and 2020, respectively, from deferred gains. The gain is recorded in the consolidated statements of activities and changes in net assets in gain on sale of foreclosed assets.

Rent collected on foreclosed assets for 2021 and 2020 was $184,699 and $172,140, respectively. These amounts are recorded in the consolidated statements of activities and changes in net assets as rental income. Foreclosed asset expenses, which are recorded in the consolidated statements of activities and changes in net assets in other operating expenses, were $249,064 and $138,729 for 2021 and 2020, respectively.

Note 8. Furniture, Equipment and Leasehold Improvements

Furniture, equipment and leasehold improvements at December 31, 2021 and 2020, were comprised as follows:

	2021	2020
Furniture, equipment and software	$ 2,263,446	$ 2,245,374
Leasehold improvements	706,847	756,709
	2,970,293	3,002,083
Less accumulated depreciation and amortization	(1,909,548)	(1,699,482)
	$ 1,060,745	$ 1,302,601

Note 8. Furniture, Equipment and Leasehold Improvements, (Continued)

Depreciation and amortization expenses for 2021 and 2020 were $375,942 and $432,292, respectively. IFF retired furniture and leasehold improvements in 2021 totaling $116,020 and $49,862, respectively. IFF retired furniture and leasehold improvements in 2020 totaling $172,888 and $5,150, respectively. A gain of $2,000 on the sale of equipment was recorded in 2021. No gains or losses were recorded in 2020. Gains are recorded in the consolidated statements of activities and changes in net assets in loss on sale of properties, furniture and equipment. New additions in 2021 and 2020 consisted of furniture and equipment of $134,086 and $217,673, respectively. There were no new additons of leasehold improvements in 2021. New additions in 2020 of leasehold improvements was $304,746.

Note 9. Deferred Grant Revenue

IFF's subsidiaries have received grant funds from the 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 are 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 believe 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. IFF's subsidiaries recognized grant amounts as revenue ratably over the expected life of each property, once placed in service and in proportion to depreciation expense through 2018. In 2019, with the adoption of ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contribution Made,* grant revenue is no longer recognized ratably over the expected life of each property, but instead will be recognized at the end of the 5-year or 30-year forgiveness period. 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. This accounting change in 2019 resulted in IFF's subsidiaries no longer being able to amortize and recognize grant revenue.

In 2021, IFF received conditional grant funds of $398,826 from one other grantor in which the grant agreements contained conditions and barriers that must be met before the grant can be recognized as revenue. IFF recognized $2,770,563 as grant revenue as qualifying expenses were incurred. This recognition of grant revenue is recorded in the consolidated statements of activities and changes in net assets in loan capital grants or program and operating grants.

In 2020, IFF received conditional grant funds of $5,000,000 from the US Department of Treasury—CDFI Fund and $705,585 from one other grantor in which the grant agreements contained conditions and barriers that must be met before the grant can be recognized as revenue. IFF recognized $4,695,611 as grant revenue as qualifying expenses were incurred. This recognition of grant revenue is recorded in the consolidated statements of activities and changes in net assets in loan capital grants or program and operating grants.

Note 9. Deferred Grant Revenue, (Continued)

Deferred grant revenue at December 31, 2021 and 2020, was comprised of the following:

	IFF	Home First Illinois, LLC	IFF Rockford Market, LLC	Access Peoria, LLC	Total
December 31, 2021:					
IHDA deferred grant revenue	$ -	$ 12,614,170	$ -	$ 2,577,638	$ 15,191,808
City of Rockford deferred grant revenue	-	-	500,000	-	500,000
U.S. Treasury—CDFI Fund deferred grant revenue	13,525,000	-	-	-	13,525,000
Other grantors deferred grant revenue	1,546,201	-	-	-	1,546,201
	15,071,201	12,614,170	500,000	2,577,638	30,763,009
Less accumulated amounts recognized as revenue	(9,708,956)	(1,603,520)	(263,685)	(198,280)	(11,774,441)
	$ 5,362,245	$ 11,010,650	$ 236,315	$ 2,379,358	$ 18,988,568

	IFF	Home First Illinois, LLC	IFF Rockford Market, LLC	Access Peoria, LLC	Total
December 31, 2020:					
IHDA deferred grant revenue	$ -	$ 12,614,170	$ -	$ 2,577,638	$ 15,191,808
City of Rockford deferred grant revenue	-	-	500,000	-	500,000
U.S. Treasury—CDFI Fund deferred grant revenue	13,525,000	-	-	-	13,525,000
Other grantors deferred grant revenue	1,147,375	-	-	-	1,147,375
	14,672,375	12,614,170	500,000	2,577,638	30,364,183
Less accumulated amounts recognized as revenue	(6,938,393)	(1,603,520)	(263,685)	(198,280)	(9,003,878)
	$ 7,733,982	$ 11,010,650	$ 236,315	$ 2,379,358	$ 21,360,305

Note 10. 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, 2021.

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 $159,953 and $166,468 at December 31, 2021 and 2020, respectively. Amortization expense for the years ended December 31, 2021 and 2020, was $25,472 and $20,301, respectively. New finance costs incurred for the years ended December 31, 2021 and 2020, were $18,957 and $6,724, respectively. IFF retired $43,669 and $90,413 of fully amortized capitalized finance cost in 2021 and 2020, respectively, as the corresponding Investor Consortium Collateral Trust Notes were paid off by IFF. Cumulative totals of finance costs, which are those not net of accumulated amortization, are $272,579 and $297,291 for the years ended December 31, 2021 and 2020, respectively.

Note 10. 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, 2021	Principal Balance at December 31, 2020
Sale 2007-1	10/15/2022	3.000%	$ -	$ 392,807
Sale 2008-1	10/15/2023	3.000%	267,462	502,776
Sale 2009-1	10/15/2024	3.000%	790,606	1,710,438
Sale 2010-1	7/15/2025	3.380%	373,676	547,697
Sale 2011-1	7/15/2026	3.250%	-	704,809
Sale 2012-1	10/15/2027	3.440%	1,963,954	2,985,268
Sale 2013-1	1/15/2029	3.259%	3,292,097	4,107,265
Sale 2014-1	1/15/2030	3.263%	2,908,030	3,623,626
Sale 2015-1	4/15/2030	3.111%	2,527,595	6,214,547
Sale 2015-2	7/15/2030	3.119%	6,166,439	8,177,197
Sale 2016-1	4/15/2031	3.000%	5,277,647	7,420,875
Sale 2016-2	10/15/2031	3.083%	4,983,071	5,721,985
Sale 2016-3	1/15/2032	3.203%	4,593,156	6,080,613
Sale 2017-1	7/15/2032	3.253%	7,962,824	10,824,116
Sale 2017-2	1/15/2033	3.521%	6,600,570	7,933,428
Sale 2018-1	4/15/2033	3.575%	4,832,210	5,222,043
Sale 2018-2	10/15/2033	3.587%	7,570,776	14,194,546
Sale 2019-1	7/15/2034	3.844%	14,850,754	15,759,777
Sale 2019-2	1/15/2035	3.867%	15,770,390	17,877,262
Sale 2021-1	1/15/2036	3.815%	19,001,940	-
Sale 2021-2	1/15/2037	3.817%	24,314,715	-
Single member Sale 2017-1	11/10/2031	3.000%	6,408,958	7,020,870
Single member Sale 2019-1	7/15/2026	3.101%	5,487,165	5,586,909
Total Investor Consortium collateral trust notes			145,944,035	132,608,854
Less accumulated unamortized financing fees			(159,953)	(166,468)
Total Investor Consortium collateral trust notes, net			$ 145,784,082	$ 132,442,386

(a) Participating banks in the Investor Consortium are Advantage National Bank, American Chartered Bank, Associated Community Development Bank, Bank of America, Barrington Bank and Trust, Beverly Bank and Trust, BMO Harris Bank, Byline Bank, Carrollton 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 National Nebraska CDC, First Savings Bank of Hegewisch, Hinsdale Bank and Trust, The Huntington Community Development Corporation, Lake Forest Bank and Trust, Lakeside Bank, Level One Bank, Libertyville Bank and Trust, Midwest BankCentre, Mission Investment Fund of the Evangelical Lutheran Church in America, MUFG Union Bank, N.A., Northbrook Bank and Trust, The Northern Trust Bank, North Shore Community Bank and Trust, Old Plank Trail Community Bank and Trust, PNC Bank, Providence Bank & Trust, St. Charles Bank and Trust, Simmons Bank, State Bank of the Lakes, State Farm Mutual, Stifel Bank & Trust, TD Bank, N.A., TIAA-CREF Trust Company FSB, Town Bank, Twain XX LLC, US Bank, Village Bank and Trust, Wheaton Bank and Trust, and Wintrust Financial.

Note 10. 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% cash reserve held, for each series, by the trustee. A 3% cash reserve is held by the investor in the single member note sale 2017-1. If the balance of the cash reserve falls below 2% for any series or 3% in the single member note sale 2017-1, 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%. As of December 31, 2021 and 2020, all of the reserves were at the required 2% or 3%. 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, 2021 and 2020, was $2,988,562 and $2,729,079 at cost, respectively, which represents fair value.

There were no charge-offs and no losses recorded by the investors for the years ended December 31, 2021 and 2020.

As of December 31, 2021, the scheduled principal reduction of Investor Consortium Collateral Trust Notes is as follows:

2022	$ 17,568,967
2023	15,200,866
2024	11,546,663
2025	10,986,579
2026	9,659,860
Thereafter	80,981,100
	$ 145,944,035

Undrawn commitments in the Investor Consortium Program at December 31, 2021 and 2020, were $26,549,248 and $23,663,081, respectively.

Note 11. 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, 2021, 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 $167,843 and $178,918 at December 31, 2021 and 2020, respectively. Amortization expense for the years ended December 31, 2021 and 2020, were $29,405 and $22,824, respectively. New finance costs incurred for the years ended December 31, 2021 and 2020, were $18,330 and $75,534, respectively. IFF retired $39,674 of fully amortized capitalized finance cost in 2021 as the corresponding borrowings and equity equivalent borrowings were paid off by IFF. There were no retirements of capitalized finance costs in 2020. Cumulative totals of finance costs, which are those not net of accumulated amortization, are $240,805 and $262,149 for the years ended December 31, 2021 and 2020, respectively.

Note 11. Borrowings, Equity Equivalent Borrowings and Bond Guarantee Program Borrowings (Continued)

IFF borrowings consisted of the following:

		Scheduled Repayments					
		Principal		Interest		Principal Balance at	Principal Balance at
Lender	Maturity Date	Amount	Due	Annual Rate	Due	December 31, 2021	December 31, 2020
Advocate Aurora Health, Inc	4/15/2026	Balance	Maturity	2.000%	Quarterly	$ 5,000,000	$ -
Ann Arbor Area Community Foundation	1/21/2026	Balance	Maturity	1.500%	Semi-annually	490,000	-
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	5,000,000
ARC Chicago, LLC (Benefit Chicago)	11/1/2029	$ 3,300,000 3,300,000 3,400,000	11/1/2027 11/1/2028 11/1/2029	3.000%	Quarterly	10,000,000	10,000,000
American Medical Association	1/13/2025	Balance	Maturity	2.500%	Quarterly	1,000,000	1,000,000
Bank of America	12/15/2023	$ 1,500,000 1,125,820	12/15/2022 12/15/2023	1.000%	Quarterly	2,625,820	2,625,820
*Bank of America	5/28/2035	$ 2,000,000	Annually Starting 1/1/2031	2.000%	Quarterly	10,000,000	10,000,000
*Bank of America	12/21/2035	$ 800,000	Annually Starting 1/1/2031	1.730%	Quarterly	4,000,000	4,000,000
The Blowitz-Ridgeway Foundation	6/1/2021	$ 5,000	Quarterly	2.750%	Quarterly	-	10,000
The Blowitz-Ridgeway Foundation	6/30/2022	$ 5,000	Quarterly	2.750%	Quarterly	10,000	30,000
The Blowitz-Ridgeway Foundation	9/30/2023	$ 5,000	Quarterly	2.750%	Quarterly	35,000	55,000
The Blowitz-Ridgeway Foundation	8/31/2024	$ 5,000	Quarterly	2.750%	Quarterly	50,000	70,000
The Blowitz-Ridgeway Foundation	9/30/2025	$ 5,000	Quarterly	2.750%	Quarterly	75,000	95,000
The Blowitz-Ridgeway Foundation	9/30/2026	$ 5,000	Quarterly	2.400%	Quarterly	95,000	-
JPMorgan Chase Bank	9/10/2025	$ 1,500,000	Quarterly starting 12/5/2022	2.698%	Monthly	30,000,000	30,000,000
Circle of Service Foundation	3/31/2021	Amortized over fifteen years	Quarterly	3.000%	Quarterly	-	25,755
The Chicago Community Foundation	10/1/2024	Balance	Maturity	2.000%	Quarterly	300,000	-
		Total carried forward				68,680,820	62,911,575

Note 11. 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	2021	2020
		Total brought forward				$ 68,680,820	$ 62,911,575
Community First Fund Federal Home Loan Bank	10/8/2024	Balance	Maturity	2.350%	Monthly	10,000,000	10,000,000
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
*Federal Home Loan Bank	7/23/2024	Balance	Maturity	2.050%	Monthly	3,500,000	3,500,000
*Federal Home Loan Bank	7/24/2034	Balance	Maturity	2.870%	Monthly	3,500,000	3,500,000
Max M. & Majorie S. Fisher Foundation	1/13/2025	Balance	Maturity	1.000%	Semi-annually	500,000	500,000
Grand Haven Area Community Foundation	4/23/2026	Balance	Maturity	2.000%	Semi-annually	1,500,000	-
Grand Rapids Community Foundation	1/13/2025	Balance	Maturity	2.750%	Semi-annually	500,000	500,000
Goldman Sachs Social Impact Fund, LP	12/31/2027	Per schedule	Maturity	5.000%	Per schedule	5,612,421	5,612,421
Illinois Housing Development Authority	4/1/2033	To be forgiven	1/15 of Balance Annually starting 4/1/2019	None	NA	2,150,444	2,340,188
W.K. Kellogg Foundation	7/31/2030	Balance	Maturity	1.000%	Quarterly	1,500,000	1,500,000
The Kresge Foundation	4/30/2022	Per schedule	Quarterly	3.000%	Quarterly	312,043	920,809
The Kresge Foundation	9/27/2026	Per schedule	Quarterly	2.000%	Quarterly	3,000,000	3,000,000
Ann & Robert H. Lurie Children's Hospital of Chicago	12/13/2023	Balance	Maturity	2.500%	Quarterly	130,000	130,000
Mercy Investment Services, Inc.	12/31/2023	Balance	Maturity	2.500%	Quarterly	1,500,000	1,500,000
Missionary Sisters of the Sacred Heart	4/1/2025	Balance	Maturity	3.000%	Quarterly	250,000	250,000
		Total carried forward				109,635,728	103,564,993

Note 11. 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	2021	2020
		Total brought forward				$ 109,635,728	$ 103,564,993
The Northern Trust Company	12/31/2027	Per schedule	Maturity	2.000%	Per schedule	4,082,795	4,082,795
The Northern Trust Company	5/12/2021	Balance	Maturity	1.000%	Semi-annually	-	4,500,000
The Northern Trust Company	11/4/2021	Balance	Maturity	1.000%	Semi-annually	-	5,000,000
The Northern Trust Company	8/7/2022	Balance	Maturity	0.250%	Semi-annually	5,000,000	5,000,000
The Northern Trust Company	6/25/2026	Balance	Maturity	2.000%	Semi-annually	4,500,000	-
The Northern Trust Company	11/19/2026	Balance	Maturity	2.000%	Semi-annually	5,000,000	-
Opportunity Finance Network	3/31/2022	Balance	Maturity	3.000%	Quarterly	3,750,000	3,750,000
Opportunity Finance Network	3/31/2031	Balance	Maturity	3.000%	Quarterly	10,000,000	-
PNC Bank	2/8/2022	Balance	Maturity	2.775%	Monthly	4,000,000	4,000,000
PNC Bank	4/1/2031	$ 500,000	Quarterly starting 4/5/2026	1.838%	Quarterly	10,000,000	-
Pritzker Family Foundation	12/31/2027	Per schedule	Maturity	5.000%	Per schedule	3,924,020	3,924,020
Providence Bank & Trust	6/25/2025	Per schedule	Maturity	1.000%	Monthly	-	780,846
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	500,000
Rush University Medical Center	12/13/2023	Balance	Maturity	2.500%	Quarterly	130,000	130,000
Rush University Medical Center	8/22/2024	Balance	Maturity	2.000%	Quarterly	1,000,000	1,000,000
Rush University Medical Center	1/13/2025	Balance	Maturity	2.500%	Quarterly	2,000,000	2,000,000
		Total carried forward				163,822,543	138,532,654

Note 11. Borrowings, Equity Equivalent Borrowings and Bond Guarantee Program Borrowings (Continued)

Lender	Maturity Date	Scheduled Repayments: Principal Amount	Principal Due	Interest Annual Rate	Interest Due	Principal Balance at December 31, 2021	Principal Balance at December 31, 2020
		Total brought forward				$ 163,822,543	$ 138,532,654
Seton Enablement Fund	4/1/2023	Per schedule	Semi-annually	3.000%	Semi-annually	39,401	64,707
Sinsinawa Dominicans Inc.	6/30/2021	Balance	Maturity	2.000%	Annually	-	30,000
Sinsinawa Dominicans Inc.	6/30/2024	Balance	Maturity	2.000%	Annually	30,000	-
Sisters of Saint Dominic, Congregation of the Most Holy Rosary of Adrian, MI	8/15/2023	Balance	Maturity	2.000%	Quarterly	250,000	250,000
Starbucks Corporation	6/30/2027	$ 1,125,000	Annually Starting 6/30/2025	2.000%	Annual	3,375,000	3,375,000
Trinity Health	6/30/2024	Balance	Maturity	2.500%	Quarterly	1,000,000	1,000,000
U.S. Bank N.A.	10/5/2023	$ 119,048	Monthly starting 11/1/2021	4.750%	Monthly	8,761,905	9,000,000
U.S. Bank N.A.	8/2/2024	$ 119,048	Monthly starting 9/1/2022	3.620%	Monthly	9,000,000	9,000,000
U.S. Bank N.A.	6/3/2025	$ 83,333	Monthly starting 6/1/2023	2.260%	Monthly	7,000,000	7,000,000
Walton Family Foundation	12/31/2025	Balance	Maturity	None	N/A	4,000,000	4,000,000
Walton Family Foundation	12/31/2025	Balance	Maturity	None	N/A	3,000,000	3,000,000
Walton Family Foundation	12/31/2025	Balance	Maturity	None	N/A	1,000,000	1,000,000
Wells Fargo Bank, N.A.	6/5/2021	Balance	Maturity	2.52325%	Monthly	-	10,000,000
Wells Fargo Bank, N.A.	8/2/2030	$ 500,000	Quarterly starting 10/1/2028	2.50000%	Quarterly	4,000,000	-
Wisconsin Preservation Fund	10/1/2024	Balance	Maturity	None	N/A	75,000	75,000
Woodforest National Bank	6/5/2023	Balance	Maturity	3.000%	Quarterly	2,300,000	2,300,000
Youthbridge Community Foundation	3/31/2023	Balance	Maturity	3.000%	Quarterly	250,000	250,000
Total borrowings						207,903,849	188,877,361
Less accumulated unamortized financing fees						(112,744)	(120,854)
Total borrowings, net						$ 207,791,105	$ 188,756,507

Note 11. Borrowings, Equity Equivalent Borrowings and Bond Guarantee Program Borrowings (Continued)

IFF equity equivalent borrowings consisted of the following:

		Scheduled Repayments				Principal	Principal
		Principal		Interest		Balance at	Balance at
Lender	Maturity Date	Amount	Due	Annual Rate	Due	December 31, 2021	December 31, 2020
The Benedictine Sisters of Chicago	3/17/2024	Balance	Maturity	3.000%	Quarterly	$ 100,000	$ 100,000
Benedictine Sisters of the Sacred Heart	8/15/2023	Balance	Maturity	None	NA	50,000	50,000
Cathay Bank	10/14/2022	Balance	Maturity	3.250%	Quarterly	500,000	500,000
Citizens Bank, N.A.	11/1/2025	Balance	Maturity	2.000%	Semi-annually	3,000,000	3,000,000
Congregation of the Sisters of St. Joseph, Inc.	7/1/2023	Balance	Maturity	0.750%	Quarterly	100,000	100,000
Evergreen Bank Group	3/8/2022	Balance	Maturity	3.000%	Quarterly	500,000	500,000
First Savings Bank of Hegewisch	8/30/2024	Balance	Maturity	3.000%	Quarterly	400,000	400,000
Goldman Family Foundation	12/31/2024	Balance	Maturity	1.000%	Quarterly	500,000	500,000
BMO Harris Bank	12/15/2021	Balance	Maturity	3.250%	Quarterly	-	1,250,000
BMO Harris Bank	6/30/2021	Balance	Maturity	2.000%	Quarterly	-	500,000
BMO Harris Bank	10/1/2028	Balance	Maturity	3.000%	Quarterly	1,750,000	-
Institute of the Blessed Virgin Mary	4/30/2023	Balance	Maturity	3.000%	Quarterly	100,000	100,000
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	5/31/2022	Balance	Maturity	2.000%	Quarterly	200,000	200,000
Risa & Timothy McMahon	4/1/2026	Balance	Maturity	2.650%	Quarterly	200,000	-
Mount St. Scholastica	12/22/2025	Balance	Maturity	None	NA	50,000	50,000
Nazareth Literacy Benevolent Institution/ dba Sisters of Charity of Nazareth	11/6/2023	Balance	Maturity	0.500%	Quarterly	150,000	150,000
North Shore Bank FSB	5/1/2023	Balance	Maturity	3.000%	Quarterly	50,000	50,000
Opus Foundation	6/10/2027	$ 250,000	Annually starting 6/30/2024	2.250%	Quarterly	1,000,000	1,000,000
		Total carried forward				10,900,000	10,700,000

Note 11. Borrowings, Equity Equivalent Borrowings and Bond Guarantee Program Borrowings (Continued)

		Scheduled Repayments				Principal Balance at	Principal Balance at
		Principal		Interest			
Lender	Maturity Date	Amount	Due	Annual Rate	Due	December 31, 2021	December 31, 2020
		Total brought forward				$ 10,900,000	$ 10,700,000
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	150,000
Sisters of Charity of Leavenworth	1/16/2023	Balance	Maturity	None	NA	50,000	50,000
Sisters of Most Precious Blood/St. Mary's Institute of O'Fallon	9/27/2023	Balance	Maturity	0.500%	Quarterly	50,000	50,000
Sisters of Most Precious Blood/St. Mary's Institute of O'Fallon	1/20/2022	Balance	Maturity	0.500%	Quarterly	50,000	50,000
Sisters of St. Dominic - Racine Dominicans	3/1/2021	Balance	Maturity	2.000%	Quarterly	-	60,000
Sisters of St. Francis Clinton, Iowa	6/1/2022	Balance	Maturity	1.000%	Quarterly	100,000	100,000
Sisters of St. Francis Clinton, Iowa	1/1/2023	Balance	Maturity	1.000%	Quarterly	150,000	150,000
Sisters of St. Francis Clinton, Iowa	6/5/2023	Balance	Maturity	1.000%	Quarterly	50,000	50,000
Sisters of St. Joseph of Carondelet	6/30/2024	Balance	Maturity	3.000%	Quarterly	50,000	50,000
Sisters of the Holy Names of Jesus and Mary U.S. - Ontario Province Corporation	5/1/2025	Balance	Maturity	2.000%	Quarterly	250,000	250,000
Sisters, Servants of the Immaculate Heart of Mary	3/3/2025	Balance	Maturity	2.000%	Quarterly	50,000	25,000
U.S. Bancorp CDC	10/4/2024	Balance	Maturity	3.000%	Quarterly	2,000,000	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
		Total carried forward				16,000,000	15,835,000

Note 11. Borrowings, Equity Equivalent Borrowings and Bond Guarantee Program Borrowings (Continued)

		Scheduled Repayments				Principal Balance at	Principal Balance at
		Principal		Interest			
Lender	Maturity Date	Amount	Due	Annual Rate	Due	December 31, 2021	December 31, 2020
		Total brought forward				$ 16,000,000	$ 15,835,000
Wells Fargo Community Investment Holdings, LLC	12/18/2025	Balance	Maturity	2.500%	Quarterly	5,000,000	5,000,000
Total equity equivalent borrowings						$ 21,000,000	$ 20,835,000
IFF Bond Guarantee Program borrowings consist of:							
*U.S. Treasury CDFI Fund	6/15/2040	Per schedule	Quarterly	2.829%	Quarterly	$ 4,393,537	$ 4,571,987
*U.S. Treasury CDFI Fund	9/17/2040	Per schedule	Quarterly	2.720%	Quarterly	5,165,252	5,373,853
*U.S. Treasury CDFI Fund	3/15/2041	Per schedule	Quarterly	2.110%	Quarterly	2,641,034	2,751,174
*U.S. Treasury CDFI Fund	9/16/2041	Per schedule	Quarterly	2.381%	Quarterly	2,731,794	2,838,965
*U.S. Treasury CDFI Fund	9/16/2041	Per schedule	Quarterly	2.950%	Quarterly	4,231,920	4,387,745
*U.S. Treasury CDFI Fund	9/15/2042	Per schedule	Quarterly	2.738%	Quarterly	1,393,603	1,442,878
Total Bond Guarantee Program borrowings						20,557,140	21,366,602
Less accumulated unamortized financing fees						(55,099)	(58,064)
Total Bond Guarantee Program borrowings, net						$ 20,502,041	$ 21,308,538

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, 2021 and 2020.

As of December 31, 2021, the required principal reduction of all the above borrowings is as follows:

2022	$ 23,853,846
2023	26,612,711
2024	3,516,377
2025	47,417,727
2026	23,094,028
Thereafter	125,126,253
	$ 249,620,942

Included in this amount is $2,150,444 of borrowings from IHDA who provided financing for the Community Living Initiatives, LLC's group homes. These interest-free loans will be forgiven at various times through April 2034.

Undrawn commitments at December 31, 2021 and 2020, were $13,213,613 and $3,607,217, respectively.

Note 12. Loan Participations Payable

IFF entered into participation agreements with Nonprofits Assistance Fund (NAF), Cincinnati Development Fund (CDF), Partners for the Common Good (PCG), and Chicago Community Loan Fund (CCLF) 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 partner's participation interest in the loan. The current balance of the loans receivable as of December 31, 2021 and 2020, was $1,101,989 and $1,877,457, respectively. IFF loan participations payable consisted of the following:

		Scheduled Repayments				Principal	Principal
		Principal		Interest		Balance at	Balance at
Lender	Maturity Date	Amount	Due	Annual Rate	Due	December 31, 2021	December 31, 2020
Nonprofits Assistance Fund	5/1/2021	Per schedule & Balance at Maturity	Monthly	6.000%	Monthly	$ -	$ 25,462
Cincinnati Development Fund	1/1/2022	Per schedule & Balance at Maturity	Monthly	5.375%	Monthly	1,112	20,960
Cincinnati Development Fund	5/1/2022	Per schedule & Balance at Maturity	Monthly	5.375%	Monthly	16,662	55,267
Partners for the Common Good	1/1/2023	Per schedule & Balance at Maturity	Quarterly	7.000%	Quarterly	116,800	250,000
Chicago Community Loan Fund	1/1/2023	Per schedule & Balance at Maturity	Quarterly	7.125%	Quarterly	175,200	375,000
Total loan participations payable						$ 309,774	$ 726,689

As of December 31, 2021, the scheduled principal reduction of loan participations payable is as follows:

2022	$ 17,774
2023	292,000
	$ 309,774

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), Columbus office space (through July 2025), Detroit office space (through August 2027), Grand Rapids office space (through February 2029), Indianapolis office space (through May 2024), Kansas City office space (through May 2025), Milwaukee office space (through December 2022) and St. Louis office space (through January 2032), which provides for base rentals (recognized on a straight-line basis) plus a prorated share of real estate taxes and operating expenses. A deferred rent liability, representing the cumulative amount by which rental expense recognized exceeds cash paid, totaled $1,346,742 and $1,390,379 at December 31, 2021 and 2020, respectively, and is included in accrued liabilities on the consolidated statements of financial position.

Note 13. Operating Leases (Continued)

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

2022	$ 1,318,165
2023	1,333,683
2024	1,321,033
2025	1,270,878
2026	1,248,138
Thereafter	3,985,106
	$ 10,477,003

The total rent expense for the years ended December 31, 2021 and 2020, was as follows:

	2021	2020
Chicago, net of sub-lease revenue	$ 929,460	$ 913,020
Columbus	36,570	30,753
Grand Rapids	2,600	-
Detroit, net of sub-lease revenue	258,709	253,231
Indianapolis	60,545	58,599
Kansas City	48,552	41,815
Milwaukee	36,921	29,363
St. Louis	23,569	22,682
	$ 1,396,926	$ 1,349,463

Note 14. Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2021 and 2020, were available for the following purposes:

	2021	2020
Department of Education Grant for Credit Enhancement	$ 20,317,445	$ 20,309,631
Loan issuance	20,178,966	13,900,613
Grants for specific programs	23,795,374	12,687,580
	$ 64,291,785	$ 46,897,824

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, depending on the specific grant. 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. Grant for specific programs are as follows at December 31, 2021 and 2020:

Note 14. Net Assets with Donor Restrictions (Continued)

	2021	2020
Net assets with donor restrictions for specific programs:		
Core Business Solutions:		
Capital Solution Programs	$ 382,100	$ 813,967
Real Estate Solutions Programs	1,767,390	1,976,287
Social Impact Accelerator (SIA):		
Development	5,303,058	4,037,156
Early Childhood Services	5,180,410	1,887,126
Research and Evaluation	11,026,692	2,703,576
School Services	14,225	30,175
SIA Executive	10,500	-
Universal Access	-	1,130,000
Corporate Communications	110,999	45,203
Management and General	-	64,090
	$ 23,795,374	$ 12,687,580

In 2021 and 2020, net assets were released from donor restrictions by incurring expenses satisfying the purpose or expiration of time restrictions as follows:

	2021	2020
Net assets released from restrictions:		
Time and performance restrictions (operating)	$ 2,705,806	$ 2,586,397
Performance restrictions—Pass through Grants (operating)	24,320,309	8,991,788
Loan capital grants (capital)	3,099,985	2,555,223
(Decrease) Increase to provision for loan losses (capital)	(826,809)	8,806,614
	$ 29,299,291	$ 22,940,022

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, 2021 and 2020, were $572,419 and $461,305, respectively.

Note 16. Functional Expense Classifications

The costs of providing program and other activities have been summarized below on a functional basis. The schedule below presents the natural classification 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 Core Business Solutions Executive, Capital Solutions (lending) and Real Estate Solutions (consulting). Social Impact Accelerator (SIA) programs include Comprehensive Place Based Initiatives, Development, Early Childhood Services, Hope Starts Here, 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, 2021 and 2020, reported on a functional basis are as follows:

	Program Services				Support Services			
	Core Business Solutions	SIA	External Affairs and Corporate Communication	Total Program Services	Management and General	Resource Development (fundraising)	Total Support Services	Total
December 31, 2021:								
Salaries and benefits	$ 9,001,641	$ 4,594,522	$ 557,207	$ 14,153,370	$ 1,310,594	$ 280,034	$ 1,590,628	$ 15,743,998
Professional fees	3,316,086	868,063	155,681	4,339,830	124,017	14,893	138,910	4,478,740
Occupancy and office	931,706	1,040,485	46,685	2,018,876	483,313	46,050	529,363	2,548,239
Printing and marketing	16,481	7,652	37,431	61,564	5,655	793	6,448	68,012
Interest	10,744,491	15,000	-	10,759,491	-	-	-	10,759,491
Other operating	749,363	328,809	28,306	1,106,478	191,315	17,162	208,477	1,314,955
Provision for foreclosed assets	400,000	-	-	400,000	-	-	-	400,000
Pass through grants	845,736	23,405,713	31,500	24,282,949	-	-	-	24,282,949
Meetings and travel	137,169	141,513	7,107	285,789	54,636	4,821	59,457	345,246
Depreciation and amortization	215,792	1,099,211	8,464	1,323,467	95,921	8,464	104,385	1,427,852
Gain on sale of foreclosed assets	(308,151)	-	-	(308,151)	-	-	-	(308,151)
Gain on sale of properties, furniture and equipment	-	(54,008)	-	(54,008)	(2,000)	-	(2,000)	(56,008)
Income tax benefit	-	-	-	-	(5,239)	-	(5,239)	(5,239)
Total expenses (operating)	26,050,314	31,446,960	872,381	58,369,655	2,258,212	372,217	2,630,429	61,000,084
Release of loan losses	(826,809)	-	-	(826,809)	-	-	-	(826,809)
Total expenses	$ 25,223,505	$ 31,446,960	$ 872,381	$ 57,542,846	$ 2,258,212	$ 372,217	$ 2,630,429	$ 60,173,275

	Program Services				Support Services			
	Core Business Solutions	SIA	External Affairs and Corporate Communication	Total Program Services	Management and General	Resource Development (fundraising)	Total Support Services	Total
December 31, 2020:								
Salaries and benefits	$ 8,098,663	$ 3,176,807	$ 435,219	$ 11,710,689	$ 1,217,918	$ 236,260	$ 1,454,178	$ 13,164,867
Professional fees	1,221,119	489,095	135,388	1,845,602	78,667	35,735	114,402	1,960,004
Occupancy and office	822,366	1,018,668	53,341	1,894,375	428,681	52,047	480,728	2,375,103
Printing and marketing	16,597	5,222	12,954	34,773	3,476	580	4,056	38,829
Interest	10,689,310	5,125	-	10,694,435	-	-	-	10,694,435
Other operating	874,367	316,718	44,124	1,235,209	141,093	19,548	160,641	1,395,850
Pass through grants	1,850,470	6,703,678	-	8,554,148	-	-	-	8,554,148
Meetings and travel	159,434	81,160	11,479	252,073	39,713	5,923	45,636	297,709
Depreciation and amortization	226,942	1,156,164	12,255	1,395,361	101,100	12,255	113,355	1,508,716
Gain on sale of foreclosed assets	(92,686)	-	-	(92,686)	-	-	-	(92,686)
Total expenses (operating)	23,866,582	12,952,637	704,760	37,523,979	2,010,648	362,348	2,372,996	39,896,975
Provision for loan losses	8,806,614	-	-	8,806,614	-	-	-	8,806,614
Total expenses	$ 32,673,196	$ 12,952,637	$ 704,760	$ 46,330,593	$ 2,010,648	$ 362,348	$ 2,372,996	$ 48,703,589

Note 17. Liquidity and Availability of Financial Resources

Financial assets available for general operating use within one year of the consolidated statement of financial position date, comprise the following for years ended December 31, 2021 and 2020:

	2021	2020
Cash and cash equivalents	$ 66,613,374	$ 35,370,449
Current portion of grants receivable, other receivables, prepaids and deposits	11,462,487	7,281,779
Current portion of loans receivable	47,413,146	38,901,012
Accrued interest receivable	2,149,706	1,894,582
	127,638,713	83,447,822
Less amounts not available to be used within one year:		
Net assets with donor restrictions - loan issuance	(20,178,966)	(13,900,613)
	$ 107,459,747	$ 69,547,209

A portion of the financial assets above include certain amounts restricted by donors for various purposes which uses are considered by IFF to be part of its general expenditures.

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 $39,762,861 as of December 31, 2021. (Notes 10 and 11)

Other sources of liquidity include 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.

Note 18. Fair Value of Financial Instruments (Continued)

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

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

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

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

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, 2021			
	Totals	Level 1	Level 2	Level 3
Investment in limited liability companies	$ 225,301	$ -	$ -	$ 225,301
	$ 225,301	$ -	$ -	$ 225,301

	Fair Value Measurements at December 31, 2020			
	Totals	Level 1	Level 2	Level 3
Investment in limited liability companies	$ 226,115	$ -	$ -	$ 226,115
	$ 226,115	$ -	$ -	$ 226,115

As of December 31, 2021 and 2020, 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, 2021			
	Totals	Level 1	Level 2	Level 3
Assets				
Impaired loans	$ 12,365,839	$ -	$ -	$ 12,365,839
Foreclosed assets	1,941,289	-	-	1,941,289
	$ 14,307,128	$ -	$ -	$ 14,307,128

	Fair Value Measurements at December 31, 2020			
	Totals	Level 1	Level 2	Level 3
Assets				
Impaired loans	$ 11,241,092	$ -	$ -	$ 11,241,092
Foreclosed assets	4,899,081	-	-	4,899,081
	$ 16,140,173	$ -	$ -	$ 16,140,173

Impaired loans: Impaired loans are evaluated and valued at the time the loan is identified as impaired, at the lower of cost or fair value. Impaired loans measured at fair value at December 31, 2021 and 2020, 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 38% and 40% of IFF's borrowers are located in the Chicago metropolitan area as of December 31, 2021 and 2020, respectively. A breakdown of the sector of borrowers at December 31, 2021 and 2020, were comprised of the following:

	2021		2020	
Affordable housing	$ 109,352,923	25%	$ 103,127,088	25%
Charter school	93,958,518	22%	73,345,741	18%
Health care	36,833,481	9%	46,877,388	11%
Community development	34,729,795	8%	21,187,691	5%
Education - other	29,480,501	7%	30,199,508	7%
Multi-service	24,804,206	6%	29,002,545	7%
Other	15,841,014	4%	16,772,520	4%
Arts and culture	14,070,112	3%	13,704,374	3%
Universal access services	12,710,282	3%	15,195,981	4%
Workforce development (job training)	11,722,788	3%	11,781,289	3%
Education - private (non charter)	11,111,638	3%	10,561,139	3%
Housing (other)	10,882,964	2%	10,568,676	3%
Youth services	10,763,485	2%	17,083,140	4%
Early childhood education (child care)	7,766,813	2%	9,634,385	2%
Healthy foods	5,721,298	1%	5,235,779	1%
	$ 429,749,818	100%	$ 414,277,244	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, $80,000,000 allocation in 2016, and a $50,000,000 allocation in 2021. 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, 2021, all the allocations have been allocated except for $45,000,000 of the 2021 allocation. It is expected that this remaining allocation will be allocated out in 2022.

IFF is the managing member and has a stated ownership interest of .01% 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, 2021 and 2020, IFF’s ownership value in these New Markets Tax Credit LLCs was $16,842 and $17,528, 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 these are recorded on the consolidated statements of activities and changes in net assets in management and sponsor fees. The total of this revenue for 2021 and 2020 was $1,003,250 and $1,096,488, 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, 2021 and 2020, 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% in Access Housing I, LLC. IFF's investment is recorded in the consolidated statements of financial position in other assets. As of December 31, 2021 and 2020, IFF's ownership value in this LLC was $208,459 and $208,587, respectively.

IFF provides certain services to the LLC, as provided in the operating agreement. For the year ended December 31, 2021, IFF received a developer fee of $83,093. IFF did not receive a developer fee in the year ended December 31, 2020. This fee income is recorded on the consolidated statements of activities and changes in net assets 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, 2021 and 2020, 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 0.01% in Access West Cook I, LLC. As of December 31, 2021, IFF has not made an equity investment in this entity.

IFF provides certain services to the LLC, as provided in the operating agreement. For the year ended December 31, 2021, IFF received a developer fee of $684,119. IFF did not receive a developer fee in the year ended December 31, 2020. This fee income is recorded on the consolidated statements of activities and changes in net assets 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, 2021 and 2020, no liability is recorded because of such event.

Supplementary Information

IFF and Subsidiaries

Consolidating Statement of Financial Position
December 31, 2021
(See Independent Auditor's Report)

	IFF*	IFF Pay for Success I, LLC	IFF Pay for Success II, LLC	Combined Development LLCs	Eliminations	Consolidated
Assets						
Cash and cash equivalents	$ 61,760,132	$ 292,603	$ 61,213	$ 4,499,426	$ -	$ 66,613,374
Other restricted cash and interest-bearing deposits in banks	11,516,965	-	-	- 1,844,023	-	13,360,988
Department of Education restricted cash and interest-bearing deposits in banks	20,317,445	-	-	- -	-	20,317,445
Total cash and cash equivalents including restricted cash	93,594,542	292,603	61,213	6,343,449	-	100,291,807
Grants receivable, other receivables, prepaids and deposits	20,760,604	2,136,288	1,038,246	- 2,050,780	(4,699,204)	21,286,714
Loans receivable, net	405,951,807	13,619,236	-	1,500,000	(7,099,510)	413,971,533
Accrued interest receivable	2,177,298	-	-	-	(27,593)	2,149,705
Properties owned by IFF and IFF's subsidiaries, net	-	-	-	29,501,657	-	29,501,657
Federal Home Loan Bank stock, at cost	631,766	-	-	-	-	631,766
Foreclosed assets, net	1,941,289	-	-	-	-	1,941,289
Furniture, equipment and leasehold improvements, net	1,036,905	-	-	23,840	-	1,060,745
Capitalized finance costs, net	6,399	-	-	-	-	6,399
Other assets	2,283,372	-	-	630,515	(2,687,573)	226,314
	$ 528,383,982	$ 16,048,127	$1,099,459	$ 40,050,241	$ (14,513,880)	$ 571,067,929
Liabilities and Net Assets						
Liabilities:						
Accrued liabilities	$ 7,038,160	$ 292,603	$1,099,459	$ 2,838,333	$ (2,514,791)	$ 8,753,764
Accrued interest payable	1,586,030	2,136,288	-	27,593	(27,593)	3,722,318
Deferred grant revenue	5,362,245	-	-	13,626,323	-	18,988,568
Investor Consortium collateral trust notes, net	145,784,082	-	-	-	-	145,784,082
Borrowings, net	190,521,425	13,619,236	-	12,934,367	(9,283,923)	207,791,105
Equity equivalent borrowings, net	21,000,000	-	-	-	-	21,000,000
Bond Guarantee Program borrowings, net	20,502,041	-	-	-	-	20,502,041
Loan participations payable	309,774	-	-	-	-	309,774
	392,103,757	16,048,127	1,099,459	29,426,616	(11,826,307)	426,851,652
Net assets:						
Without donor restrictions	71,989,176	-	-	7,460,316	475,000	79,924,492
With donor restrictions	64,291,049	-	-	475,736	(475,000)	64,291,785
Member's equity:						
Capital contributions	-	-	-	2,687,573	(2,687,573)	-
	136,280,225	-	-	10,623,625	(2,687,573)	144,216,277
	$ 528,383,982	$ 16,048,127	$1,099,459	$ 40,050,241	$ (14,513,880)	$ 571,067,929

* Includes IFF Development, LLC, IFF Real Estate Services, LLC , Illinois OREO, LLC, Missouri OREO, LLC, Ohio OREO , LLC, 2819 Highland, LLC, and 5326 Hillside, LLC

IFF and Subsidiaries

Consolidating Statement of Financial Position
December 31, 2020
(See Independent Auditor's Report)

	IFF*	IFF Pay for Success I, LLC	IFF Pay for Success II, LLC	Combined Development LLCs	Eliminations	Consolidated
Assets						
Cash and cash equivalents	$ 30,906,255	$ 325,435	$ 80,483	$ 4,058,276	$ -	$ 35,370,449
Other restricted cash and				-		
interest-bearing deposits in banks	6,216,074	-	-	1,800,034	-	8,016,108
Department of Education restricted cash				-		
and interest-bearing deposits in banks	20,309,631	-	-	-	-	20,309,631
Grants receivable, other receivables,				-		
prepaids and deposits	15,566,849	1,570,054	-	1,058,205	(3,525,411)	14,669,697
Loans receivable, net	390,417,554	13,619,236	-	-	(7,209,712)	396,827,078
Accrued interest receivable	1,927,962	-	-	-	(33,380)	1,894,582
Properties owned by IFF and IFF's subsidiaries, net	-	-	-	31,521,604	-	31,521,604
Federal Home Loan Bank stock, at cost	630,000	-	-	-	-	630,000
Foreclosed assets, net	4,899,081	-	-	-	-	4,899,081
Furniture, equipment and leasehold improvements, net	1,246,382	-	-	56,219	-	1,302,601
Capitalized finance costs, net	7,130	-	-	-	-	7,130
Other assets	2,213,017	-	-	495,273	(2,481,163)	227,127
	$ 474,339,935	$ 15,514,725	$ 80,483	$ 38,989,611	$ (13,249,666)	$ 515,675,088
Liabilities and Net Assets						
Liabilities:						
Accrued liabilities	$ 3,790,995	$ 325,435	$ 80,483	$ 1,400,860	$ (1,292,278)	$ 4,305,495
Accrued interest payable	1,374,388	1,570,054	-	38,505	(33,380)	2,949,567
Deferred grant revenue	7,733,982	-	-	13,626,323	-	21,360,305
Investor Consortium collateral trust notes, net	132,442,386	-	-	-	-	132,442,386
Borrowings, net	171,297,083	13,619,236	-	13,283,033	(9,442,845)	188,756,507
Equity equivalent borrowings, net	20,835,000	-	-	-	-	20,835,000
Bond Guarantee Program borrowings, net	21,308,538	-	-	-	-	21,308,538
Loan participations payable	726,689	-	-	-	-	726,689
	359,509,061	15,514,725	80,483	28,348,721	(10,768,503)	392,684,487
Net assets:						
Without donor restrictions	67,935,265	-	-	7,719,872	437,640	76,092,777
With donor restrictions	46,895,609	-	-	439,855	(437,640)	46,897,824
Member's equity:						
Capital contributions	-	-	-	2,481,163	(2,481,163)	-
	114,830,874	-	-	10,640,890	(2,481,163)	122,990,601
	$ 474,339,935	$ 15,514,725	$ 80,483	$ 38,989,611	$ (13,249,666)	$ 515,675,088

* Includes IFF Development, LLC, IFF Real Estate Services, LLC , Illinois OREO, LLC, Missouri OREO, LLC, Ohio OREO , LLC, 2819 Highland, LLC, and 5326 Hillside, LLC

Development Subsidiaries

Consolidating Statement of Financial Position
December 31, 2021
(See Independent Auditor's Report)

	Home First, LLC	Access Housing I MM, LLC	Access West Cook I MM, LLC	Access Peoria, LLC	Community Living Initiative, LLC	Access Health & Housing, LLC	Home First Illinois, LLC	IFF CILA Lease Program, LLC	IFF Waukegan Market LLC	IFF Rockford Market LLC	IFF Quality Seats - Broadway, LLC	IFF Hatchery, LLC	Neal School Development, LLC	IFF Real Estate Holdings, LLC	IFF ECE Grand Rapids, LLC	IFF ECE Detroit, LLC	IFF ECE Detroit 2, LLC	Total Development LLCs Combined (1)
Assets																		
Cash and cash equivalents	$ 1,001,139	$ 1,697	$ 1,615	$ 88,345	$ 149,106	$ -	$ 138,813	$ 199,424	$ 504,504	$ 199,027	$ 310,143	$ 1,220	$ 890	$ 1,632,984	$ 270,047	$ 472	$ -	$ 4,499,426
Other restricted cash and interest-bearing deposits in banks	-	-	-	501,260	236,829	-	1,105,934	-	-	-	-	-	-	-	-	-	-	1,844,023
Grants receivable, other receivables, prepaids and deposits	-	-	27,904	9,498	12,381	-	87,780	992	4,951	61,095	93,001	-	-	22,625	1,500,000	-	230,553	2,050,780
Loans receivable, net	-	-	-	-	-	-	-	-	-	-	-	-	-	1,500,000	-	-	-	1,500,000
Properties owned by IFF and IFF's subsidiaries, net	-	-	-	2,884,747	3,138,154	313,371	11,334,161	305,702	2,881,544	2,514,658	5,366,572	328,905	-	-	248,633	182,013	3,197	29,501,657
Furniture, equipment and leasehold improvements, net	-	-	-	-	-	-	-	-	-	-	23,840	-	-	-	-	-	-	23,840
Other assets	238,043	208,459	-	-	-	-	-	-	-	-	-	-	-	184,013	-	-	-	630,515
	$ 1,239,182	$ 210,156	$ 29,519	$ 3,483,850	$ 3,536,470	$ 313,371	$ 12,666,688	$ 506,118	$ 3,390,999	$ 2,774,780	$ 5,793,556	$ 330,125	$ 890	$ 3,339,622	$ 2,018,680	$ 182,485	$ 233,750	$ 40,050,241
Liabilities and Net Assets																		
Liabilities:																		
Accrued liabilities	$ 116	$ 628	$ 26,506	$ 54,716	$ 49,885	$ 313,371	$ 63,425	$ 15,162	$ 74,167	$ 58,201	$ 41,916	$ 360,744	$ 154	$ 1,500,173	$ 45,266	$ 153	$ 233,750	$ 2,838,333
Accrued interest payable	-	-	-	-	4,120	-	-	1,078		3,571	18,824	-	-	-	-	-	-	27,593
Deferred grant revenue	-	-	-	2,379,358	-	-	11,010,650	-	-	236,315	-	-	-	-	-	-	-	13,626,323
Borrowings, net	1,000,000	-	-	-	2,974,319	-	1,184,414	304,320	-	857,075	3,614,239	-	-	1,500,000	1,500,000	-	-	12,934,367
	1,000,116	628	26,506	2,434,074	3,028,324	313,371	12,258,489	320,560	74,167	1,155,162	3,674,979	360,744	154	3,000,173	1,545,266	153	233,750	29,426,616
Net assets (deficit):																		
Without donor restrictions	202,816	(20,015)	(1,487)	1,046,776	507,146	-	408,199	185,558	3,315,832	1,618,618	237,323	(34,619)	-	(2,564)	(1,586)	(1,681)	-	7,460,316
With donor restrictions	-	-	-	-	-	-	-	-	-	-	-		736	-	475,000	-	-	475,736
Member's equity:																		
Capital contributions	36,250	229,543	4,500	3,000	1,000	-	-	-	1,000	1,000	1,881,254	4,000	-	342,013	-	184,013	-	2,687,573
	239,066	209,528	3,013	1,049,776	508,146	-	408,199	185,558	3,316,832	1,619,618	2,118,577	(30,619)	736	339,449	473,414	182,332	-	10,623,625
	$ 1,239,182	$ 210,156	$ 29,519	$ 3,483,850	$ 3,536,470	$ 313,371	$ 12,666,688	$ 506,118	$ 3,390,999	$ 2,774,780	$ 5,793,556	$ 330,125	$ 890	$ 3,339,622	$ 2,018,680	$ 182,485	$ 233,750	$ 40,050,241

(1) - There has been no activity in Detroit Learning Lab Northwest, LLC and Homan Square PSH, LLC, thus not shown on this statement.

Development Subsidiaries

Consolidating Statement of Financial Position
December 31, 2020
(See Independent Auditor's Report)

	Home First, LLC	Access Housing I MM, LLC	Access West Cook I MM, LLC	Access Peoria, LLC	Community Living Initiative, LLC	Access Health & Housing, LLC	Home First Illinois, LLC	IFF CILA Lease Program, LLC	IFF Waukegan Market LLC	IFF Rockford Market LLC	IFF Quality Seats - Broadway, LLC	IFF Hatchery, LLC	Neal School Development, LLC	IFF Real Estate Holdings, LLC	IFF ECE Grand Rapids, LLC	IFF ECE Detroit, LLC	Total Development LLCs Combined (1)
Assets																	
Cash and cash equivalents	$ 1,000,084	$ 477	$ 1,416	$ 64,220	$ 126,811	$ -	$ 82,353	$ 263,610	$ 463,034	$ 115,034	$ 278,897	$ 514	$ 2,355	$ 1,659,471	$ -	$ -	$ 4,058,276
Other restricted cash and interest-bearing deposits in banks	-	-	-	494,957	238,587	-	1,066,490	-	-	-	-	-	-	-	-	-	1,800,034
Grants receivable, other receivables, prepaids and deposits	-	-	448,786	6,747	15,296	-	100,601	5,511	5,486	107,841	96,445	-	-	-	271,492	-	1,058,205
Properties owned by IFF and IFF's subsidiaries, net	-	-	-	2,972,164	3,227,326	167,825	11,817,222	1,702,989	2,968,864	2,591,834	5,525,684	328,905	-	-	166,148	52,643	31,521,604
Furniture, equipment and leasehold improvements, net	-	-	-	-	-	-	-	-	-	-	56,219	-	-	-	-	-	56,219
Other assets	234,043	208,587	-	-	-	-	-	-	-	-	-	-	-	52,643	-	-	495,273
	$ 1,234,127	$ 209,064	$ 450,202	$ 3,538,088	$ 3,608,020	$ 167,825	$ 13,066,666	$ 1,972,110	$ 3,437,384	$ 2,814,709	$ 5,957,245	$ 329,419	$ 2,355	$ 1,712,114	$ 437,640	$ 52,643	$ 38,989,611
Liabilities and Net Assets																	
Liabilities:																	
Accrued liabilities	$ 112	$ 1,019	$ 447,202	$ 71,678	$ 51,459	$ 167,825	$ 53,142	$ 90,261	$ 74,839	$ 59,277	$ 39,190	$ 344,716	$ 140	$ -	$ -	$ -	$ 1,400,860
Accrued interest payable	-	-	-	-	4,181	-	-	6,011		3,682	19,506	-	-	5,125	-	-	38,505
Deferred grant revenue	-	-	-	2,379,358	-	-	11,010,650	-	-	236,315	-	-	-	-	-	-	13,626,323
Borrowings, net	1,000,000	-	-	-	3,176,437	-	1,233,133	1,744,730	-	883,647	3,745,086	-	-	1,500,000	-	-	13,283,033
	1,000,112	1,019	447,202	2,451,036	3,232,077	167,825	12,296,925	1,841,002	74,839	1,182,921	3,803,782	344,716	140	1,505,125	-	-	28,348,721
Net assets (deficit):																	
Without donor restrictions	204,265	(17,498)	-	1,084,052	373,443	-	769,741	131,108	3,361,545	1,630,788	205,379	(17,297)	-	(5,654)	-	-	7,719,872
With donor restrictions	-	-	-	-	-	-	-	-	-	-	-		2,215	-	437,640	-	439,855
Member's equity:																	
Capital contributions	29,750	225,543	3,000	3,000	2,500	-	-	-	1,000	1,000	1,948,084	2,000	-	212,643	-	52,643	2,481,163
	234,015	208,045	3,000	1,087,052	375,943	-	769,741	131,108	3,362,545	1,631,788	2,153,463	(15,297)	2,215	206,989	437,640	52,643	10,640,890
	$ 1,234,127	$ 209,064	$ 450,202	$ 3,538,088	$ 3,608,020	$ 167,825	$ 13,066,666	$ 1,972,110	$ 3,437,384	$ 2,814,709	$ 5,957,245	$ 329,419	$ 2,355	$ 1,712,114	$ 437,640	$ 52,643	$ 38,989,611

(1) - There has been no activity in 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, 2021
(See Independent Auditor's Report)

	IFF*	IFF Pay for Success I, LLC	IFF Pay for Success II, LLC	Combined Development LLCs	Eliminations	Consolidated
Net assets without donor restrictions - operating:						
Support and revenue:						
Corporations, foundations and individuals	$ 115,083	$ -	$ -	$ -	$ -	$ 115,083
Interest on loans	24,515,507	-	-	20,125	(361,689)	24,173,943
Consulting contract fees	2,065,106	591,234	1,766,032	-	(62,360)	4,360,012
Developer fees	1,004,682	-	-	-	-	1,004,682
Management and sponsor fees	1,576,905	-	-	-	(93,602)	1,483,303
Syndication Fees	200,000	-	-	-	-	200,000
Loan fees	122,399	-	-	-	-	122,399
Other interest income	53,126	-	-	890	-	54,016
Rental income	184,699	-	-	1,871,307	-	2,056,006
Reimbursed professional fees	-	8,400	83,977	73,398	-	165,775
Realized gains on other assets	17	-	-	-	-	17
Unrealized losses on other assets	-	-	-	(128)	-	(128)
Forgiveness of debt	780,846	-	-	238,465	(48,720)	970,591
Net assets released from restrictions	2,704,327	-	-	1,479	-	2,705,806
Net assets released from restrictions - pass through grants	16,836,912	-	-	- 7,483,397	-	24,320,309
	50,159,609	599,634	1,850,009	9,688,933	(566,371)	61,731,814
Expenses:						
Salaries and benefits	15,826,483	-	-	-	(82,485)	15,743,998
Professional fees	2,442,063	28,314	1,848,640	302,045	(142,322)	4,478,740
Occupancy and office	1,893,462	-	-	654,777	-	2,548,239
Printing and marketing	68,012	-	-	-	-	68,012
Interest	10,178,257	566,234	-	356,564	(341,564)	10,759,491
Other operating	1,131,467	5,086	1,369	177,033	-	1,314,955
Provision for foreclosed assets	400,000	-	-	-	-	400,000
Pass through grants	16,836,912	-	-	7,483,397	(37,360)	24,282,949
Meetings and travel	345,246	-	-	-	-	345,246
Depreciation and amortization	399,171	-	-	1,028,681	-	1,427,852
Gain on sale of foreclosed assets	(308,151)	-	-	-	-	(308,151)
Gain on sale of properties and equipment	(2,000)	-	-	(54,008)	-	(56,008)
Income tax benefit	(5,239)	-	-	-	-	(5,239)
	49,205,683	599,634	1,850,009	9,948,489	(603,731)	61,000,084
Increase (decrease) in net assets without donor restrictions - operating	953,926	-	-	(259,556)	37,360	731,730
Net assets without donor restrictions - capital:						
Support and revenue:						
Net assets released from restrictions - loan capital grants	3,099,985	-	-	-	-	3,099,985
Net assets released from restrictions - capital provision for loan losses	(826,809)	-	-	-	-	(826,809)
	2,273,176	-	-	-	-	2,273,176
Expenses:						
(Release of) provision for loan losses	(826,809)	-	-	-	-	(826,809)
Increase in net assets without donor restrictions - capital	3,099,985	-	-	-	-	3,099,985
Increase (decrease) in net assets without donor restrictions	4,053,911	-	-	(259,556)	37,360	3,831,715

(Continued)

IFF and Subsidiaries

Consolidating Statement of Activities and Changes in Net Assets (Continued)
Year Ended December 31, 2021
(See Independent Auditor's Report)

	IFF*	IFF Pay for Success I, LLC	IFF Pay for Success II, LLC	Combined Development LLCs	Eliminations	Consolidated
Net assets with donor restrictions:						
Program and operating grants	$ 30,526,669	$ -	$ -	$ 7,520,757	$ (37,360)	$ 38,010,066
Loan capital grants	8,674,999	-	-	-	-	8,674,999
Interest income	8,187	-	-	-	-	8,187
Net assets released from restrictions - operating	(2,704,327)	-	-	(1,479)	-	(2,705,806)
Net assets released from restrictions - pass through grants	(16,836,912)	-	-	(7,483,397)	-	(24,320,309)
Net assets released from restrictions - loan capital grants	(3,099,985)	-	-	-	-	(3,099,985)
Net assets released from restrictions - capital provision for loan losses	826,809	-	-	-	-	826,809
Increase (decrease) in net assets with donor restrictions	17,395,440	-	-	35,881	(37,360)	17,393,961
Increase (decrease) in net assets	21,449,351	-	-	(223,675)	-	21,225,676
Net assets/retained earnings:						
Beginning of year	114,830,874	-	-	8,159,727	-	122,990,601
End of year	136,280,225	-	-	7,936,052	-	144,216,277
Member's equity (capital contribution)	-	-	-	2,687,573	(2,687,573)	-
	$ 136,280,225	$ -	$ -	$ 10,623,625	$ (2,687,573)	$ 144,216,277

* Includes IFF Development, LLC, IFF Real Estate Services, LLC , Illinois OREO, LLC, Missouri OREO, LLC, Ohio OREO, LLC, 2819 Highland, LLC, and 5326 Hillside, LLC

IFF and Subsidiaries

Consolidating Statement of Activities and Changes in Net Assets
Year Ended December 31, 2020
(See Independent Auditor's Report)

	IFF*	IFF Pay for Success I, LLC	IFF Pay for Success II, LLC	Combined Development LLCs	Eliminations	Consolidated
Net assets without donor restrictions - operating:						
Support and revenue:						
Corporations, foundations and individuals	$ 16,246,620	$ -	$ -	$ -	$ -	$ 16,246,620
Interest on loans	22,592,636	-	-	-	(406,890)	22,185,746
Consulting contract fees	2,206,371	592,092	21,666	15,000	(502,639)	2,332,490
Developer fees	253,479	-	-	-	(28,479)	225,000
Management and sponsor fees	1,660,167	-	-	-	(112,760)	1,547,407
Loan fees	121,362	-	-	-	-	121,362
Other interest income	74,147	-	-	7,420	-	81,567
Rental income	172,140	-	-	2,000,127	-	2,172,267
Reimbursed professional fees	-	8,000	479,603	76,015	-	563,618
Realized gains on other assets	67,154	-	-	-	-	67,154
Forgiveness of debt	-	-	-	321,213	(48,720)	272,493
Net assets released from restrictions	2,584,929	-	-	1,468	-	2,586,397
Net assets released from restrictions - pass through grants	6,290,816	-	-	- 2,700,972	-	8,991,788
	52,269,821	600,092	501,269	5,122,215	(1,099,488)	57,393,909
Expenses:						
Salaries and benefits	13,680,986	-	-	-	(516,119)	13,164,867
Professional fees	1,270,283	27,749	500,025	338,426	(176,479)	1,960,004
Occupancy and office	1,720,117	-	-	654,986	-	2,375,103
Printing and marketing	38,829	-	-	-	-	38,829
Interest	10,122,218	567,092	-	412,015	(406,890)	10,694,435
Other operating	1,198,022	5,251	1,244	191,333	-	1,395,850
Pass through grants	6,290,816	-	-	2,700,972	(437,640)	8,554,148
Meetings and travel	297,709	-	-	-	-	297,709
Depreciation and amortization	435,269	-	-	1,073,447	-	1,508,716
Gain on sale of foreclosed assets	(92,686)	-	-	-	-	(92,686)
	34,961,563	600,092	501,269	5,371,179	(1,537,128)	39,896,975
Increase (decrease) in net assets without donor restrictions - operating	17,308,258	-	-	(248,964)	437,640	17,496,934
Net assets without donor restrictions - capital:						
Support and revenue:						
Net assets released from restrictions - loan capital grants	2,555,223	-	-	-	-	2,555,223
Net assets released from restrictions - capital provision for loan losses	8,806,614	-	-	-	-	8,806,614
	11,361,837	-	-	-	-	11,361,837
Expenses:						
Provision for loan losses	8,806,614	-	-	-	-	8,806,614
Increase in net assets without donor restrictions - capital	2,555,223	-	-	-	-	2,555,223
Increase (decrease) in net assets without donor restrictions	19,863,481	-	-	(248,964)	437,640	20,052,157

(Continued)

IFF and Subsidiaries

Consolidating Statement of Activities and Changes in Net Assets (Continued)
Year Ended December 31, 2020
(See Independent Auditor's Report)

	IFF*	IFF Pay for Success I, LLC	IFF Pay for Success II, LLC	Combined Development LLCs	Eliminations	Consolidated
Net assets with donor restrictions:						
Program and operating grants	$ 8,959,263	$ -	$ -	$ 3,141,461	$ (437,640)	$ 11,663,084
Loan capital grants	9,298,628	-	-	-	-	9,298,628
Interest income	60,662	-	-	-	-	60,662
Net assets released from restrictions - operating	(2,584,929)	-	-	(1,468)	-	(2,586,397)
Net assets released from restrictions - pass through grants	(6,290,816)	-	-	(2,700,972)	-	(8,991,788)
Net assets released from restrictions - loan capital grants	(2,555,223)	-	-	-	-	(2,555,223)
Net assets released from restrictions - capital provision for loan losses	(8,806,614)	-	-	-	-	(8,806,614)
(Decrease) increase in net assets with donor restrictions	(1,919,029)	-	-	439,021	(437,640)	(1,917,648)
Increase in net assets	17,944,452	-	-	190,057	-	18,134,509
Net assets/retained earnings:						
Beginning of year	96,886,422	-	-	7,969,670	-	104,856,092
End of year	114,830,874	-	-	8,159,727	-	122,990,601
Member's equity (capital contribution)	-	-	-	2,481,163	(2,481,163)	-
	$ 114,830,874	$ -	$ -	$ 10,640,890	$ (2,481,163)	$ 122,990,601

* Includes IFF Development, LLC, IFF Real Estate Services, LLC , Illinois OREO, LLC, Missouri OREO, LLC, Ohio OREO , LLC, 2819 Highland, LLC, and 5326 Hillside, LLC

Development Subsidiaries

Consolidating Statement of Activities and Changes in Net Assets
Year Ended December 31, 2021
(See Independent Auditor's Report)

	Home First, LLC	Access Housing I MM, LLC	Access West Cook I MM, LLC	Access Peoria, LLC	Community Living Initiative, LLC	Access Health & Housing, LLC	Home First Illinois, LLC	IFF CILA Lease Program, LLC	IFF Waukegan Market LLC	IFF Rockford Market LLC	IFF Quality Seats - Broadway, LLC	IFF Hatchery, LLC	Neal School Development, LLC	IFF Real Estate Holdings, LLC	IFF ECE Grand Rapids, LLC	IFF ECE Detroit, LLC	IFF ECE Detroit 2, LLC	Total Development LLCs Combined (1)
Net assets without donor restrictions - operating:																		
Support and revenue:																		
Interest on loans	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 20,125	$ -	$ -	$ -	$ 20,125
Other interest income	-	-	-	47	19	-	824	-	-	-	-	-	-	-	-	-	-	890
Rental income	-	-	-	147,129	119,888	-	825,375	41,591	140,000	128,250	469,074	-	-	-	-	-	-	1,871,307
Reimbursed professional fees	-	-	-	-	4,545	-	9,236	-	3,273	56,344	-	-	-	-	-	-	-	73,398
Unrealized losses on other assets	-	(128)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(128)
Forgiveness of debt	-	-	-	-	189,745	-	48,720	-	-	-	-	-	-	-	-	-	-	238,465
Net assets released from restrictions	-	-	-	-	-	-	-	-	-	-	-	-	1,479	-	-	-	-	1,479
Net assets released from restrictions - pass through grants	-	-	-	-	-	-	-	-	-	-	-	-	7,483,397	-	-	-	-	- 7,483,397
	-	(128)	-	147,176	314,197	-	884,155	41,591	143,273	184,594	469,074	-	7,484,876	20,125	-	-	-	9,688,933
Expenses:																		
Professional fees	-	475	-	23,991	5,994	-	224,822	2,663	14,700	14,700	14,700	-	-	-	-	-	-	302,045
Occupancy and office	-	-	-	20,946	11,158	-	471,355	4,857	80,701	56,332	-	9,428	-	-	-	-	-	654,777
Interest	-	-	-	-	49,777	-	-	18,639	-	43,468	229,680	-	-	15,000	-	-	-	356,564
Other operating	1,449	1,914	1,487	52,098	24,393	-	66,459	1,946	6,265	5,088	1,259	7,894	1,479	2,035	1,586	1,681	-	177,033
Pass through grants	-	-	-	-	-	-	-	-	-	-	-	-	7,483,397	-	-	-	-	7,483,397
Depreciation and amortization	-	-	-	87,417	89,172	-	483,061	13,044	87,320	77,176	191,491	-	-	-	-	-	-	1,028,681
Gain on sale of properties and equipment	-	-	-	-	-	-	-	(54,008)	-	-	-	-	-	-	-	-	-	(54,008)
	1,449	2,389	1,487	184,452	180,494	-	1,245,697	(12,859)	188,986	196,764	437,130	17,322	7,484,876	17,035	1,586	1,681	-	9,948,489
(Decrease) increase in net assets without donor restrictions - operating	(1,449)	(2,517)	(1,487)	(37,276)	133,703	-	(361,542)	54,450	(45,713)	(12,170)	31,944	(17,322)	-	3,090	(1,586)	(1,681)	-	(259,556)
Net assets with donor restrictions:																		
Program and operating grants	-	-	-	-	-	-	-	-	-	-	-	-	7,483,397	-	37,360	-	-	7,520,757
Net assets released from restrictions - operating	-	-	-	-	-	-	-	-	-	-	-	-	(1,479)	-	-	-	-	(1,479)
Net assets released from restrictions - pass through grants	-	-	-	-	-	-	-	-	-	-	-	-	(7,483,397)	-	-	-	-	(7,483,397)
Increase (decrease) in net assets with donor restrictions	-	-	-	-	-	-	-	-	-	-	-	-	(1,479)	-	37,360	-	-	35,881
(Decrease) increase in net assets	(1,449)	(2,517)	(1,487)	(37,276)	133,703	-	(361,542)	54,450	(45,713)	(12,170)	31,944	(17,322)	(1,479)	3,090	35,774	(1,681)	-	(223,675)
Net assets/retained earnings (deficit):																		
Beginning of year	204,265	(17,498)	-	1,084,052	373,443	-	769,741	131,108	3,361,545	1,630,788	205,379	(17,297)	2,215	(5,654)	437,640	-	-	8,159,727
End of year	202,816	(20,015)	(1,487)	1,046,776	507,146	-	408,199	185,558	3,315,832	1,618,618	237,323	(34,619)	736	(2,564)	473,414	(1,681)	-	7,936,052
Member's equity (capital contribution)	36,250	229,543	4,500	3,000	1,000	-	-	-	1,000	1,000	1,881,254	4,000	-	342,013	-	184,013	-	2,687,573
	$ 239,066	$ 209,528	$ 3,013	$ 1,049,776	$ 508,146	$ -	$ 408,199	$ 185,558	$ 3,316,832	$ 1,619,618	$ 2,118,577	$ (30,619)	$ 736	$ 339,449	$ 473,414	$ 182,332	$ -	$ 10,623,625

(1) - There has been no activity in Detroit Learning Lab Northwest, LLC and Homan Square PSH, LLC, thus not shown on this statement.

Development Subsidiaries

Consolidating Statement of Activities and Changes in Net Assets
Year Ended December 31, 2020
(See Independent Auditor's Report)

	Home First, LLC	Access Housing I MM, LLC	Access West Cook I MM, LLC	Access Peoria, LLC	Community Living Initiative, LLC	Access Health & Housing, LLC	Home First Illinois, LLC	IFF CILA Lease Program, LLC	IFF Waukegan Market LLC	IFF Rockford Market LLC	IFF Quality Seats - Broadway, LLC	IFF Hatchery, LLC	Neal School Development, LLC	IFF Real Estate Holdings, LLC	IFF ECE Grand Rapids, LLC	IFF ECE Detroit, LLC	Total Development LLCs Combined (1)
Net assets without donor restrictions - operating:																	
Support and revenue:																	
Consulting contract fees	$ -	$ -	$ -	$ -	$ -	$ -	$ 15,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 15,000
Other interest income	-	-	-	1,792	328	-	4,281	-	-	1,019	-	-	-	-	-	-	7,420
Rental income	-	-	-	131,339	119,888	-	852,286	168,707	138,083	120,750	469,074	-	-	-	-	-	2,000,127
Reimbursed professional fees	-	-	-	-	3,851	-	6,248	-	10,649	55,267	-	-	-	-	-	-	76,015
Forgiveness of debt	-	-	-	-	272,493	-	48,720	-	-	-	-	-	-	-	-	-	321,213
Net assets released from restrictions	-	-	-	-	-	-	-	-	-	-	-	-	1,468	-	-	-	1,468
Net assets released from restrictions -																	-
pass through grants	-	-	-	-	-	-	-	-	-	-	-	-	2,700,972	-	-	-	2,700,972
	-	-	-	133,131	396,560	-	926,535	168,707	148,732	177,036	469,074	-	2,702,440	-	-	-	5,122,215
Expenses:																	
Professional fees	-	-	-	19,759	8,491	-	246,080	22,096	14,000	14,000	14,000	-	-	-	-	-	338,426
Occupancy and office	-	-	-	45,127	9,668	-	449,260	11,667	80,143	56,207	-	2,914	-	-	-	-	654,986
Printing and marketing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	50,498	-	-	72,977	-	45,786	237,629	-	-	5,125	-	-	412,015
Other operating	1,198	1,921	-	52,258	23,470	-	93,632	1,965	5,723	4,791	1,236	3,142	1,468	529	-	-	191,333
Pass through grants	-	-	-	-	-	-	-	-	-	-	-	-	2,700,972	-	-	-	2,700,972
Meetings and travel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	87,417	85,759	-	483,061	51,719	87,319	77,176	200,996	-	-	-	-	-	1,073,447
	1,198	1,921	-	204,561	177,886	-	1,272,033	160,424	187,185	197,960	453,861	6,056	2,702,440	5,654	-	-	5,371,179
(Decrease) increase in net assets without donor restrictions - operating	(1,198)	(1,921)	-	(71,430)	218,674	-	(345,498)	8,283	(38,453)	(20,924)	15,213	(6,056)	-	(5,654)	-	-	(248,964)
Net assets with donor restrictions:																	
Program and operating grants	-	-	-	-	-	-	-	-	-	-	-	-	2,703,821	-	437,640	-	3,141,461
Net assets released from restrictions - operating	-	-	-	-	-	-	-	-	-	-	-	-	(1,468)	-	-	-	(1,468)
Net assets released from restrictions - pass through grants	-	-	-	-	-	-	-	-	-	-	-	-	(2,700,972)	-	-	-	(2,700,972)
Increase in net assets with donor restrictions	-	-	-	-	-	-	-	-	-	-	-	-	1,381	-	437,640	-	439,021
Increase (decrease) in net assets	(1,198)	(1,921)	-	(71,430)	218,674	-	(345,498)	8,283	(38,453)	(20,924)	15,213	(6,056)	1,381	(5,654)	437,640	-	190,057
Net assets/retained earnings (deficit):																	
Beginning of year	205,463	(15,577)	-	1,155,482	154,769	-	1,115,239	122,825	3,399,998	1,651,712	190,166	(11,241)	834	-	-	-	7,969,670
End of year	204,265	(17,498)	-	1,084,052	373,443	-	769,741	131,108	3,361,545	1,630,788	205,379	(17,297)	2,215	(5,654)	437,640	-	8,159,727
Member's equity (capital contribution)	29,750	225,543	3,000	3,000	2,500	-	-	-	1,000	1,000	1,948,084	2,000	-	212,643	-	52,643	2,481,163
	$ 234,015	$ 208,045	$ 3,000	$ 1,087,052	$ 375,943	$ -	$ 769,741	$ 131,108	$ 3,362,545	$ 1,631,788	$ 2,153,463	$ (15,297)	$ 2,215	$ 206,989	$ 437,640	$ 52,643	$ 10,640,890

(1) - There has been no activity in Detroit Learning Lab Northwest, LLC, thus not shown on this statement.