CHICAGO COMMUNITY LOAN FUND

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

For the Year Ended
December 31, 2012

CHICAGO COMMUNITY LOAN FUND

Annual Financial Report

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D&A
Desmond &Ahern, Ltd.
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Independent Auditor's Report

To the Board of Directors of
Chicago Community Loan Fund
Chicago, IL

We have audited the accompanying financial statements of Chicago Community Loan Fund (a non-profit organization), which comprise the statement of financial position as of December 31, 2012 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. The prior-year summarized comparative information has been derived from the Organization's 2011 financial statements in which we expressed an unqualified opinion on those financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chicago Community Loan Fund as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, as listed in the accompanying table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the 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.

Desmond & Ahern, Ltd.

May 1, 2013
Chicago, IL

CHICAGO COMMUNITY LOAN FUND
STATEMENT OF FINANCIAL POSITION
As of December 31, 2012 (with comparative totals for 2011)

	Operating					
	General	Technical Assistance	Total	Lending Capital	2012 Total All Funds	2011 Total All Funds
Assets						
Current Assets						
Cash and cash equivalents	$ 1,737,895	$ -	$ 1,737,895	$ 2,435,007	$ 4,172,902	$ 3,235,395
Certificates of deposit	-	-	-	500,000	500,000	1,811,437
Investments	-	-	-	10,266,648	10,266,648	9,067,241
Grants and contributions receivables	-	-	-	1,453,806	1,453,806	56,250
Interest receivable	208,568	-	208,568	-	208,568	155,451
Other receivables	183,072	-	183,072	257	183,329	18,998
Notes receivable net of allowance of $977,142	-	-	-	4,931,761	4,931,761	8,132,099
Prepaids and deposits	9,621	-	9,621	-	9,621	13,767
Interfund transactions	5,023,556	(319,041)	4,704,515	(4,704,515)	-	-
Total current assets	7,162,712	(319,041)	6,843,671	14,882,964	21,726,635	22,490,638
Long-Term Assets						
Notes receivable, net of allowance of $727,411	-	-	-	13,204,072	13,204,072	9,218,102
Office equipment, net of accumulated depreciation	85,580	-	85,580	-	85,580	56,390
Leasehold improvements, net of accumulated amortization	43,162	-	43,162	-	43,162	2,507
Total long-term assets	128,742	-	128,742	13,204,072	13,332,814	9,276,999
Total Assets	$ 7,291,454	$ (319,041)	$ 6,972,413	$ 28,087,036	$ 35,059,449	$ 31,767,637
Liabilities and Net Assets						
Current Liabilities						
Accounts payable	$ 107,374	$ -	$ 107,374	$ -	$ 107,374	$ 156,128
Accrued payroll	13,166	-	13,166	-	13,166	21,981
Refundable advances	250,000	-	250,000	1,877,313	2,127,313	400,000
Senior loans payable - current	-	-	-	2,208,153	2,208,153	1,433,983
Subordinated loans payable - current	-	-	-	100,000	100,000	1,600,000
Total current liabilities	370,540	-	370,540	4,185,466	4,556,006	3,612,092
Long-Term Liabilities						
Senior loans payable, less current portion	-	-	-	8,055,330	8,055,330	8,745,214
Subordinated loans payable, less current portion	-	-	-	8,300,000	8,300,000	7,200,000
Total long-term liabilities	-	-	-	16,355,330	16,355,330	15,945,214
Total liabilities	370,540	-	370,540	20,540,796	20,911,336	19,557,306
Net Assets						
Unrestricted						
Undesignated	6,056,812	(334,119)	5,722,693	-	5,722,693	3,731,485
Board designated (Note 7)	692,822	-	692,822	3,732,697	4,425,519	4,398,089
Total unrestricted net assets	6,749,634	(334,119)	6,415,515	3,732,697	10,148,212	8,129,574
Temporarily restricted	171,280	15,078	186,358	38,225	224,583	305,439
Permanently restricted	-	-	-	3,775,318	3,775,318	3,775,318
Total net assets	6,920,914	(319,041)	6,601,873	7,546,240	14,148,113	12,210,331
Total Liabilities and Net Assets	$ 7,291,454	$ (319,041)	$ 6,972,413	$ 28,087,036	$ 35,059,449	$ 31,767,637

See independent auditor's report and notes to financial statements.

CHICAGO COMMUNITY LOAN FUND
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2012 (with comparative totals for 2011)

	Operating					Lending Capital				
	Lending Operations		Technical Assistance							
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	2012 Total All Funds	2011 Total All Funds
Revenue and Support										
Grants and contributions	$ 240,549	$ 160,000	$ 36,500	$ 50,000	$ 487,049	$ -	$ 1,898,993	$ -	$ 2,386,042	$ 4,292,725
Donated services	518,764	-	-	-	518,764	-	-	-	518,764	230,051
Notes receivable interest income	1,003,337	3,387	-	-	1,006,724	-	-	-	1,006,724	1,012,162
Investment income	508,833	-	-	-	508,833	-	-	-	508,833	440,843
Net investment unrealized/realized gain (loss)	395,328	-	-	-	395,328	(219,703)	-	-	175,625	682,760
Loan closing fees	332,937	-	-	-	332,937	-	-	-	332,937	308,220
Contracted services and workshops	-	-	1,967	-	1,967	-	-	-	1,967	4,308
Special Events	200	-	-	-	200	-	-	-	200	102,250
Miscellaneous	159,220	-	-	-	159,220	-	-	-	159,220	-
Net assets released from restrictions - satisfaction of program restrictions	194,243	(194,243)	100,000	(100,000)	-	1,898,993	(1,898,993)	-	-	-
Total Public Support and Revenue	3,353,411	(30,856)	138,467	(50,000)	3,411,022	1,679,290	-	-	5,090,312	7,073,319
Expenses										
Program	1,967,308	-	159,127	-	2,126,435	421,675	-	-	2,548,110	2,468,523
Administrative	542,512	-	-	-	542,512	-	-	-	542,512	539,567
Fundraising	102,340	-	-	-	102,340	-	-	-	102,340	163,991
Total expenses	2,612,160	-	159,127	-	2,771,287	421,675	-	-	3,192,962	3,172,081
Change in Net Assets from Operations	741,251	(30,856)	(20,660)	(50,000)	639,735	1,257,615	-	-	1,897,350	3,901,238
Non-Operating Activities										
Recoveries on previously written-off loans	40,432	-	-	-	40,432	-	-	-	40,432	-
Total Non-Operating Activities	40,432	-	-	-	40,432	-	-	-	40,432	-
Change in Net Assets	781,683	(30,856)	(20,660)	(50,000)	680,167	1,257,615	-	-	1,937,782	3,901,238
Transfer between unrestricted funds	1,320,757	-	-	-	1,320,757	(1,320,757)	-	-	-	-
Net Assets, Beginning of Year	4,647,194	202,136	(313,459)	65,078	4,600,949	3,795,839	38,225	3,775,318	12,210,331	8,309,093
Net Assets, End of Year	$ 6,749,634	$ 171,280	$ (334,119)	$ 15,078	$ 6,601,873	$ 3,732,697	$ 38,225	$ 3,775,318	$ 14,148,113	$ 12,210,331

See independent auditor's report and notes to financial statements.

CHICAGO COMMUNITY LOAN FUND
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2012 (with comparative totals for 2011)

Functional Expenses	Lending Operations	Public Policy	Total Lending and Public Policy	Lending Capital	Technical Assistance	Total Program	Administrative	Fundraising	2012 Total	2011 Total
Salaries	$ 419,267	$ 31,713	$ 450,980	$ -	$ 86,784	$ 537,764	$ 263,669	$ 75,096	$ 876,529	$ 773,056
Payroll taxes and fringe benefits	107,452	6,980	114,432	-	17,863	132,295	86,573	16,331	235,199	250,879
Professional fees and consultants	194,773	-	194,773	-	24,935	219,708	72,149	350	292,207	242,582
Donated services	516,625	-	516,625	-	-	516,625	2,139	-	518,764	230,051
Rent, utilities, and related charges	35,876	3,205	39,081	-	11,428	50,509	20,635	7,075	78,219	73,417
Telephone	592	-	592	-	81	673	8,289	29	8,991	7,622
Insurance	1,679	55	1,734	-	1,243	2,977	2,391	164	5,532	5,071
Equipment rental and maintenance	5,964	-	5,964	-	1,828	7,792	9,575	29	17,396	12,484
Supplies	4,526	-	4,526	-	1,394	5,920	7,799	238	13,957	13,055
Postage and delivery	826	-	826	-	324	1,150	425	-	1,575	3,912
Printing	-	-	-	-	-	-	980	-	980	1,571
Marketing	2,100	-	2,100	-	650	2,750	26,362	512	29,624	36,772
Travel	7,649	-	7,649	-	3,428	11,077	9,920	-	20,997	26,436
Meetings	1,727	-	1,727	-	41	1,768	4,888	-	6,656	6,416
Staff development	4,352	-	4,352	-	-	4,352	5,722	-	10,074	8,551
Dues and subscriptions	5,572	-	5,572	-	4,410	9,982	12,551	-	22,533	13,716
Investment management and bank fees	35,947	-	35,947	-	12	35,959	-	-	35,959	43,777
Depreciation	11,349	830	12,179	-	4,706	16,885	8,304	2,491	27,680	32,560
Interest	568,249	-	568,249	-	-	568,249	141	-	568,390	585,049
Special Events	-	-	-	-	-	-	-	25	25	42,022
Real estate owned	-	-	-	2,190		2,190	-		2,190	14,552
Loan loss allowance	-	-	-	419,485	-	419,485	-	-	419,485	748,530
Total Expenses	$ 1,924,525	$ 42,783	$ 1,967,308	$ 421,675	$ 159,127	$ 2,548,110	$ 542,512	$ 102,340	$ 3,192,962	$ 3,172,081

See independent auditor's report and notes to financial statements.

CHICAGO COMMUNITY LOAN FUND
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2012 (with comparative totals for 2011)

	2012	2011
Cash Flows from Operating Activities		
Change in net assets	$ 1,937,782	$ 3,901,238
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	27,680	32,560
Loans charged-off	(610,119)	(1,340,200)
Provision for loan losses	419,485	748,530
Net realized/unrealized gain on investments	(175,625)	(682,760)
Decrease (increase) in		
Interest receivable	(53,117)	2,946
Grants and other receivables	(1,561,887)	109,524
Prepaids and deposits	4,146	2,200
Increase (decrease) in accounts payable and accrued expenses	(57,569)	128,609
Increase in refundable advances	1,727,313	282,301
Net cash provided by operating activities	1,658,089	3,184,948
Cash Flows from Investing Activities		
Certificates of deposit, net	1,311,437	(88,339)
Proceeds from sales and principal paydowns on investments	4,410,402	3,466,079
Purchase of investments	(5,434,184)	(5,159,750)
Proceeds from sale of property held for sell	-	90,001
Increase in notes receivable, net of repayment	(594,998)	(434,770)
Purchase of office equipment and leasehold improvements	(97,525)	(45,651)
Net cash used by investing activities	(404,868)	(2,172,430)
Cash Flows from Financing Activities		
Proceeds from senior loans payable	250,000	514,030
Proceeds from subordinated loans payable	1,100,000	1,000,000
Principal repayment of senior loans payable	(165,714)	(1,458,679)
Principal repayment of subordinated loans payable	(1,500,000)	-
Net cash (used) provided by financing activities	(315,714)	55,351
Net increase in cash and cash equivalents	937,507	1,067,869
Cash and cash equivalents, beginning of year	3,235,395	2,167,526
Cash and cash equivalents, end of year	4,172,902	3,235,395
Supplemental Disclosure of Cash Flow Information		
Interest paid (lending operations only)	$ 568,254	$ 557,081

See independent auditor's report and notes to financial statements.

Note 1 – Nature of Operations and Summary of Significant Accounting Policies

Organization
The Chicago Community Loan Fund (CCLF) was incorporated on January 9, 1991 in the State of Illinois as a 501(c)(3) corporation exempt from income taxes under the Internal Revenue Code. It provides flexible, affordable and responsible financing and technical assistance for community stabilization and development efforts and initiatives that benefit low- to moderate-income neighborhoods, families and individuals throughout metropolitan Chicago. CCLF is a federally certified Community Development Financial Institution (CDFI). CCLF's programs are as follows:

Lending – CCLF operates as a revolving loan fund, providing financing through its loan pool of lending capital for affordable housing, non-profit facility and office space, commercial and retail development and other activities. These projects promise high social impact through the production and preservation of affordable housing, job creation and other services for low- and moderate income individuals, families and communities.

Technical Assistance – CCLF's *Gateway to Community Development* program provides technical assistance to borrowers and non-borrowers through time sensitive development advice and referrals, a range of workshop topics, facilitated planning processes and support for sustainable building practices.

Public Policy – CCLF supports independent, nonpartisan research and discussion on economic and social public issues to educate leaders in a course of action to improve tomorrow in the public laws and resource allocations of today.

Method of Accounting
The accounts and financial statements are maintained on the accrual basis of accounting and, accordingly, reflect all significant accounts receivable, accounts payable and other liabilities.

Basis of Presentation
The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenue, expenses, and gains and losses are classified based on the existence or absence of donor and Board imposed restrictions. The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets, if applicable.

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents
Cash and cash equivalents consist primarily of demand deposits and money market accounts in federally insured and privately insured accounts. At December 31, 2012 and 2011, the Organization's cash balances exceeded federally insured limits by approximately $2,436,000 and $2,351,000, respectively. At December 31, 2012, there was also $50,078 of restricted cash pertaining to the Organization's Small Business Development Fund.

For purposes of the Statement of Financial Position and Statement of Cash Flows, the Organization considers all highly liquid debt instruments, if any, purchased with an original maturity of less than three months to be cash equivalents.

Certificates of Deposit
Urban Partnership Bank is the custodian of the certificates of deposits. The certificates of deposit have been issued through the Certificate of Deposit Account Registry Service (CDARS) by one or more FDIC-insured depository institutions.

Investments
Investments are carried at fair value. Realized and unrealized gains and losses are reflected in the Statement of Activities.

Notes Receivable
Notes receivable are stated at unpaid principal balances, less an allowance for loan losses. Interest on notes receivable is recognized over the term of the loan and is generally calculated using the simple-interest method on principal amounts outstanding.

Accrual of interest on a loan is discontinued when the Organization believes the collection of interest is doubtful. Income is subsequently recognized only to the extent cash payments are received until, in management's judgment, the borrower's ability to make periodic interest and principal payments is apparent, in which case the loan is returned to accrual status.

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

Allowance for Loan Losses

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. Loan losses are charged against the allowance when management believes the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to Lending Operations.

The Organization's allowance for loan losses is that amount considered adequate to absorb probable losses in the portfolio based on management's evaluations of the size and current risk characteristics of the loan portfolio. Such evaluations consider prior loss experience, the risk rating distribution of the portfolio, the impact of current internal and external influences on credit loss and the levels of nonperforming loans. The Organization's policy is to maintain the reserve for loan losses at a minimum of 5% of total loans outstanding.

Specific allowances for loan losses are established for impaired loans on an individual basis. A loan is considered impaired when, based on current information and events, it is probable that the Organization will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. The specific allowance established for these loans is based on a thorough analysis of the most probable source of repayment or the estimated fair value of the underlying collateral.

General allowances are established for loans rated A and B (rating categories are A, B, C and D). In this process, general allowance factors are based on an analysis of historical charge-off experience and expected losses given default derived from the Organization's internal risk rating process. These factors are developed and applied to the portfolio in terms of loan rating categories. The qualitative factors associated with the allowances are subjective and require a high degree of management judgment. These factors include the credit quality statistics, recent economic uncertainty, losses incurred from recent events, and lagging data.

Under certain circumstances, the Organization will provide borrowers relief through loan restructurings. A restructuring of debt constitutes a troubled debt restructuring (TDR) if the Organization for economic or legal reasons related to the borrower's financial difficulties grants a concession to the borrower that it would not otherwise consider. TDR concessions may include reduction of interest rates, extension of maturity dates, forgiveness of principal and/or interest due, or acceptance of other assets in full or partial satisfaction of the debt. The Organization considers all aspects of the restructuring to determine whether it has granted a concession to the borrower.

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

An insignificant delay in payment resulting from a restructuring is not deemed to be a concession and would not be considered to be a TDR. In addition, extensions of credit for certain pre-development and construction loan repayment delays are not considered to be a TDR.

The Organization has concluded that the impairment impact of troubled debt restructurings on its loan portfolio is not significant to the financial statements. As such, these impairments are not individually tracked but rather are adequately included in the loss allowance provided on a pooled basis for the loan portfolio.

The Organization maintains a general valuation allowance for different risk rating categories. Management evaluates these on a collective basis due to the nature of the portfolio. These portfolio segments and their risk characteristics are described as follows:

Pre-Development: These loans are offered to eligible non-profit organizations engaged in a community-based housing or economic development project and to disadvantaged or minority-owned for-profit firms engaged in a housing or economic development project which would benefit low- to moderate-income families and individuals. The maximum term of these loans is two years. Collateral consists primarily of first mortgages (valid first lien on property), preferred and personal guaranties (generally unsecured); or other collateral such as cash, letters of credit, and a first- or second-position lien on other property. Risks associated with these loans include project and construction, market, repayment, collateral and security, and management risk.

Construction: These loans are offered to eligible non-profit organizations engaged in a community-based housing or economic development project and to disadvantaged or minority-owned for-profit firms engaged in a housing or economic development project which would benefit low- to moderate-income families and individuals. The maximum term of these loans is two years. Collateral consists primarily of first mortgages (valid first lien on property) and personal guaranties (generally unsecured), though other collateral such as cash, letters of credit, and second-position property lien is accepted. Risks associated with these loans include project and construction, market, repayment, collateral and security, and management risk.

Cooperative Housing: Offered to eligible low-income and limited equity housing cooperatives, with a maximum loan term of up to 15 years (with up to a 30 year maximum amortization). Collateral consists primarily of first mortgages (valid first lien on property) and personal guaranties (generally unsecured). Collateral such as cash, letters of credit, and a second-position lien on property are also accepted. Risks associated with these loans include market, repayment, collateral, security, and management risk.

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

Mini-Permanent Mortgage: These loans are offered to eligible non-profit organizations engaged in a community- based housing or economic development project and to disadvantaged or minority-owned for-profit firms engaged in a housing or economic development project which would benefit low- to moderate-income families and individuals. The maximum term of these loans is 15 years (with up to a 30 year maximum amortization). Collateral consists primarily of first mortgages (valid first lien on property) and personal guaranties (generally unsecured). Other collateral such as cash, letters of credit, and a second-position lien on property is accepted. Risks associated with these loans include market, repayment, collateral, security, and management risk.

Equipment and Working Capital: Offered to eligible organizations engaged in a community-based social service, housing or economic development project, with a maximum loan term of 5 years. Collateral consists primarily of first priority liens on equipment or a combination of first- or second-position liens on property along with guaranties, and other collateral including cash and letters of credit. Risks associated with these loans include market, repayment, collateral, and security risks.

Permanent Financing: These loans are offered to eligible organizations engaged in Low Income Housing Tax Credit (LIHTC) housing projects. The maximum required term of these loans is 30 years; exceptional approval for a term longer than 15 years is obtained from both the Loan Committee and the Board of Directors. Collateral consists primarily of first mortgages (valid first lien on property) and personal guaranties, although cash, letters of credit, and second position on property lien are also accepted. Risks associated with these loans include market, repayment, collateral, security, and management risk.

The Organization assigns a risk rating to loans and periodically performs detailed internal reviews of such loans over certain thresholds to reevaluate credit risks and to assess the overall collectability of the portfolio. During the internal reviews, management analyzes the financial condition of borrowers and guarantors, trends in the industries in which the borrowers operate and the fair values of collateral securing the loans. These credit quality indicators are used to assign a risk rating to each individual loan. The risk ratings can be grouped into the following major categories, defined as follows:

A (Excellent Quality): an excellent quality loan is a credit with no existing or known potential weaknesses deserving of management's close attention. There is no present or potential risk of collection identifiable and it conforms in all respects to established underwriting policy standards.

B (Satisfactory Quality): a satisfactory quality loan remains acceptable and is performing, but either the borrower of the loan has a measure of risk that places it in the lower range of quality. Loans in this classification have the ability to repay in the normal course of business, but have risk factors that may have significant impact on the borrower. Satisfactory credit is considered credit worthy.

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

C (Special Mention/Watch): a special mention/watch credit is inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Assets so classified must have a well defined weakness or weaknesses that jeopardize the payment of the debt. They are characterized by the distinct possibility that the Organization will sustain some loss if the deficiencies are not corrected.

D (Substandard/Doubtful): a loan classified as substandard/doubtful has all of the weaknesses inherent in a loan classified as special mention/watch, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable and improbable. The possibility of loss is extremely high, but because of certain important and reasonably specific pending factors, which may work to the advantage and strengthening of the asset, and which are expected to be completed within a relative short period of time, its classification as an estimated loss is deferred until more exact status may be determined.

Property and Equipment

Expenditures for property and equipment and items which substantially increase the useful lives of existing assets are capitalized at cost. The Organization provides for depreciation on the straight-line method at rates designed to depreciate the costs of assets over estimated useful lives or term of the lease as follows:

Leasehold improvements	10 years
Furniture and equipment	3 - 10 years

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and detailed in the Statement of Functional Expenses included in the supplementary information. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Donated Services

Contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

During the years ended December 31, 2012 and 2011, the Organization received and recognized certain donated legal, payroll and strategic planning services (2011 only) valued at $518,764 and $230,051, respectively.

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

In-Kind Contributions
In addition to receiving cash contributions, the Organization may receive in-kind contributions from donors. In accordance with generally accepted accounting principles, the Organization will record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly record a corresponding donation by a like amount. For the year ended December 31, 2012, the Organization did not receive any in-kind contributions. For the year ended December 31, 2011, the Organization received in-kind direct benefit contributions valued at $17,000 for its 20th Anniversary Celebration benefit.

Support and Revenue
The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Significant Concentrations
During the year ended December 31, 2012, the Organization received 61% of its grants and contribution revenue from the Community Development Financial Institutions Fund (CDFI Fund). During the year ended December 31, 2011, the Organization received 47 % and 37% of its grants and contribution revenue from the JP Morgan Chase and the CDFI Fund, respectively. Future levels of program activities are dependent on continued funding as well as the continued support of private individuals, religious organizations, foundations and corporations.

Income Tax Status
Chicago Community Loan Fund was granted an exemption from federal income taxes by the Internal Revenue Service pursuant to the provisions of Internal Revenue Code Section 501(c)(3). The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1). The tax exempt purpose of the Organization and the nature in which it operates is described in the first paragraph of Note 1. The Organization continues to operate in compliance with its tax exempt purpose. The Organization's annual information and income tax returns filed with the federal and state governments are subject to examination for the statutory period.

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

Reclassifications
Certain amounts previously reported in the 2011 financial statements have been reclassified to conform to the 2012 presentation.

Note 2 – Investments

Investments at December 31, 2012 consist of U.S. Agency securities and municipal debt.

Note 3 – Fair Value Measurement

Generally Accepted Accounting Principles defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in Chicago Community Loan Fund's principal or most advantageous market in an orderly transaction between market participants on the measurement date.

Generally Accepted Accounting Principles establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other then Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The fair value of debt and equity investments that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs) or by quoted market prices of similar securities with similar due dates or matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on securities' relationship to other benchmark quoted securities (Level 2 inputs).

Note 3 – Fair Value Measurement (cont.)

Assets and Liabilities Measured on a Recurring Basis
Assets and liabilities measured at fair value on a recurring basis are summarized below:

	Fair Value Measurements at December 31, 2012		
	Level 1	Level 2	Level 3
Assets - U.S. Agency securities	$ 749,176	$ -	$ -
Assets - municipal debt	9,517,472	-	-

	Fair Value Measurements at December 31, 2011		
	Level 1	Level 2	Level 3
Assets - U.S. Agency securities	$ 2,418,266	$ -	$ -
Assets - municipal debt	6,065,865	-	-
Assets - corporate debt	583,110	-	-

Note 4 – Notes Receivable – Loan Fund

Notes receivable at December 31, 2012 and 2011 are comprised of the following:

	December 31, 2012		
	Current	Long-Term	Total
Principal amount	$ 5,908,903	$ 13,931,483	$ 19,840,386
Reserve for loan loss	(977,142)	(727,411)	(1,704,553)
Net notes receivable	$ 4,931,761	$ 13,204,072	$ 18,135,833

	December 31, 2011		
	Current	Long-Term	Total
Principal amount	$ 8,931,412	$ 10,313,976	$ 19,245,388
Reserve for loan loss	(799,313)	(1,095,874)	(1,895,187)
Net notes receivable	$ 8,132,099	$ 9,218,102	$ 17,350,201

Note 4 – Notes Receivable – Loan Fund (cont.)

Expected repayment maturities of notes receivable are as follows:

Maturity	Principal Amount
2013	$ 5,908,903
2014	3,509,444
2015	2,313,833
2016	1,337,032
2017	1,755,559
Thereafter	5,015,615
	$ 19,840,386

The allowance for loan losses (ALL) activity by risk rating category is as follows:

	Co-op	Mini-Perm	Pre-Devel.	Constr/Rehab	Equip/Working Capital	Permanent Financing	Total
Reserve for Loan Losses							
Balance, January 1, 2011	$ 115,261	$1,200,047	$ 921,302	$ 243,147	$ 144	$ 6,956	$ 2,486,857
Provision for loans losses	(2,419)	293,591	407,319	46,472	3,813	(246)	748,530
Loans charged-off	-	(900,000)	(440,200)	-	-	-	(1,340,200
Recoveries of loans previously charged-off	-	-	-	-	-	-	
Balance, December 31, 2011	112,842	593,638	888,421	289,619	3,957	6,710	1,895,187
Provision for loans losses	115,501	269,037	(26,771)	54,674	4,999	2,045	419,48[illegible]
Loans charged-off	-	-	(469,788)	(140,331)	-	-	(610,119
Recoveries of loans previously charged-off	-	-	-	-	-	-	
Balance, December 31, 2012	$ 228,343	$ 862,675	$ 391,862	$ 203,962	$ 8,956	$ 8,755	$ 1,704,55[illegible]

Note 4 – Notes Receivable – Loan Fund (cont.)

The breakdown for the allowance for loan losses by loan portfolio segment at year end is as follows:

December 31, 2012 ALL Evaluation	Co-op	Mini-Perm	Pre-Devel.	Constr/Rehab	Equip/Working Capital	Permanent Financing	Total
Individually evaluated for impairment	$ -	$ 594,203	$ 345,582	$ -	$ -	$ -	$ 939,78[illegible]
Collectively evaluated for impairment	228,343	268,472	46,280	203,962	8,956	8,755	764,76[illegible]
Total at December 31, 2012	$ 228,343	$ 862,675	$ 391,862	$ 203,962	$ 8,956	$ 8,755	$ 1,704,55[illegible]
December 31, 2011 ALL Evaluation							
Individually evaluated for impairment	$ 11,589	$ 478,182	$ 782,108	$ 138,872	$ -	$ -	$ 1,410,75[illegible]
Collectively evaluated for impairment	101,253	115,456	106,313	150,747	3,957	6,710	484,43[illegible]
Total at December 31, 2011	$ 112,842	$ 593,638	$ 888,421	$ 289,619	$ 3,957	$ 6,710	$ 1,895,18[illegible]

The associated loan balances in relation to the category breakdown for the allowance for loan losses at year end is as follows:

December 31, 2012 Loan Balances in relation to ALL Evaluation	Co-op	Mini-Perm	Pre-Devel.	Constr/Rehab	Equip/Working Capital	Permanent Financing	Total
Individually evaluated for impairment	$ -	$1,184,215	$ 892,684	$ -	$ -	$ -	$ 2,076,89[illegible]
Collectively evaluated for impairment	5,188,122	6,287,281	1,150,910	4,729,013	197,111	211,050	17,763,48[illegible]
Total at December 31, 2012	$5,188,122	$7,471,496	$ 2,043,594	$ 4,729,013	$ 197,111	$ 211,050	$ 19,840,38[illegible]
December 31, 2011 Loan Balances in relation to ALL Evaluation							
Individually evaluated for impairment	$ -	$1,113,103	$ 1,892,394	$ 208,128	$ -	$ -	$ 3,213,62[illegible]
Collectively evaluated for impairment	3,685,384	3,514,705	3,037,524	5,460,892	112,665	220,593	16,031,76[illegible]
Total at December 31, 2011	$3,685,384	$4,627,808	$ 4,929,918	$ 5,669,020	$ 112,665	$ 220,593	$ 19,245,38[illegible]

Note 4 – Notes Receivable – Loan Fund (cont.)

The following table shows the loan portfolio allocated by management's internal risk ratings at December 31, 2012 and 2011:

	2012	2011
Risk Rating		
A - Excellent Quality	$ 9,956,699	$ 8,241,597
B - Satisfactory Quality	7,595,698	7,790,166
C - Special Mention/Watch	1,190,892	1,382,199
D - Substandard/Doubtful	1,097,097	1,831,426
Total	$ 19,840,386	$ 19,245,388

The following table shows the loan portfolio segments allocated by payment activity at December 31, 2012 and 2011. Loans are deemed performing if they are less than 90 days delinquent and still accruing interest.

	Credit Risk Profile by Payment Activity						
December 31, 2012	Co-op	Mini-Perm	Pre-Devel.	Constr/Rehab	Equip/Working Capital	Permanent Financing	Total
Payment Activity							
Performing	$ 5,188,122	$ 6,691,076	$ 1,726,917	$ 4,729,013	$ 197,111	$ 211,050	$ 18,743,28
Non-performing	-	780,420	316,677	-	-	-	1,097,09
Total	$ 5,188,122	$ 7,471,496	$ 2,043,594	$ 4,729,013	$ 197,111	$ 211,050	$ 19,840,38
December 31, 2011							
Payment Activity							
Performing	$ 3,685,384	$ 4,088,431	$ 3,711,199	$ 5,460,892	$ 112,665	$ 220,593	$ 17,279,16
Non-performing	-	539,377	1,218,719	208,128	-	-	1,966,22
Total	$ 3,685,384	$ 4,627,808	$ 4,929,918	$ 5,669,020	$ 112,665	$ 220,593	$ 19,245,38

Note 4 – Notes Receivable – Loan Fund (cont.)

The following table shows an aging analysis of the loan portfolio by time past due at December 31, 2012 and 2011:

	Accruing Interest			Non-Accrual		
	Current	30 - 89 Days Past Due	90 Days or More Past Due	90 Days or More Past Due	Other Non-Accrual Loans	Total Loans
December 31, 2012						
Co-op	$ 5,188,122	$ -	$ -	$ -	$ -	$ 5,188,122
Mini-Perm	6,691,076	-	-	539,377	241,043	7,471,496
Pre-Development	1,726,917	-	-	-	316,677	2,043,594
Construction/Rehab	4,729,013	-	-	-	-	4,729,013
Equipment/Working Capital	197,111	-	-	-	-	197,111
Permanent Financing	211,050	-	-	-	-	211,050
Total	$ 18,743,289	$ -	$ -	$ 539,377	$ 557,720	$ 19,840,386
December 31, 2011						
Co-op	$ 3,685,384	$ -	$ -	$ -	$ -	$ 3,685,384
Mini-Perm	4,088,431	-	539,377	-	-	4,627,808
Pre-Development	3,711,199	-	399,848	818,871	-	4,929,918
Construction/Rehab	5,460,892	-	-	208,128	-	5,669,020
Equipment/Working Capital	112,665	-	-	-	-	112,665
Permanent Financing	220,593	-	-	-	-	220,593
Total	$ 17,279,164	$ -	$ 939,225	$ 1,026,999	$ -	$ 19,245,388

Interest income forgone on non-accrual loans totaled $88,438 and $74,394 for the year ended December 31, 2012 and 2011, respectively.

Note 4 – Notes Receivable – Loan Fund (cont.)

The following table presents information related to impaired loans at December 31, 2012 and 2011:

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
December 31, 2012					
With an Allowance Recorded					
Co-op	$ -	$ -	$ -	$ -	$ -
Mini-Perm	780,420	780,420	525,055	742,442	-
Pre-Development	316,677	316,677	158,338	286,227	-
Construction/Rehab	-	-	-	-	-
Equipment/Working Capital	-	-	-	-	-
Permanent Financing	-	-	-	-	-
Total	$ 1,097,097	$ 1,097,097	$ 683,393	$ 1,028,669	$ -
December 31, 2011					
With an Allowance Recorded					
Co-op	$ -	$ -	$ -	$ -	$ -
Mini-Perm	-	-	-	-	-
Pre-Development	818,871	818,871	480,229	819,781	1,066
Construction/Rehab	208,128	208,128	114,470	208,128	-
Equipment/Working Capital	-	-	-	-	-
Permanent Financing	-	-	-	-	-
Total	$ 1,026,999	$ 1,026,999	$ 594,699	$ 1,027,909	$ 1,066

CHICAGO COMMUNITY LOAN FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

Note 4 – Notes Receivable – Loan Fund (cont.)

The Organization has no commitments to lend additional funds to borrowers with loans whose terms have been modified in troubled debt restructurings or whose loans are in non-accrual.

	Modifications as of December 31, 2012		
	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Troubled Debt Restructurings			
Co-op	0	$ -	$ -
Mini-Perm	1	464,196	453,044
Pre-Development	2	489,279	534,279
Construction/Rehab	0	-	-
Equipment/Working Capital	0	-	-
Permanent Financing	0	-	-
	3	$ 953,475	$ 987,323

	Modifications as of December 31, 2011		
	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Troubled Debt Restructurings			
Co-op	0	$ -	$ -
Mini-Perm	2	203,065	203,065
Pre-Development	2	181,464	176,464
Construction/Rehab	0	-	-
Equipment/Working Capital	0	-	-
Permanent Financing	0	-	-
	4	$ 384,529	$ 379,529

Note 5 – Long-Term Debt and Line of Credit

CCLF enters into loan agreements with institutions and individuals to raise the capital necessary to issue loans for community development projects. While loans are generally unsecured, CCLF manages its capital according to stringent guidelines established by the Opportunity Finance Network (OFN), the national trade association for CDFIs.

At December 31, 2012, long-term debt consisted of the following:

	Principal Amount	Interest Rate	Scheduled Maturity Dates
Senior Loans Payable			
Private foundations	$ 2,300,000	2% to 4.5%	January 2013 to November 2016
Financial institutions and corporations	5,359,900	2% to 4%	April 2013 to September 2018
Religious organizations	1,742,253	2% to 4%	April 2013 to December 2017
Individuals	636,330	0% to 3%	December 2012 to December 2017
Other	225,000	4.25%	December 2014
	10,263,483		
Less current portion	(2,208,153)		
Net long-term, senior loans payable	$ 8,055,330		

At December 31, 2011, long-term debt consisted of the following:

	Principal Amount	Interest Rate	Scheduled Maturity Dates
Senior Loans Payable			
Private foundations	$ 2,300,000	0% to 4.5%	September 2012 to December 2015
Financial institutions and corporations	5,278,382	0% to 4%	February 2012 to September 2019
Religious organizations	1,887,985	0% to 4%	December 2011 to December 2015
Individuals	487,830	0% to 3%	June 2005 to June 2016
Other	225,000	4.25%	December 2014
	10,179,197		
Less current portion	(1,433,983)		
Net long-term, senior loans payable	$ 8,745,214		

Subordinated Loans Payable

Since 1997, CCLF has entered into loan agreements with financial institutions and private foundations to enable CCLF to issue longer-term community loans. These loans are unsecured and are subordinate and junior in right of payment to all other obligations of CCLF.

Note 5 – Long-Term Debt and Line of Credit (cont.)

At December 31, 2012, subordinated loans payable are as follows:

	Principal Amount	Interest Rate	Scheduled Maturity Dates
Subordinated Loans Payable			
Financial institutions	$ 8,100,000	2% to 4%	June 2013 to June 2018
Federal government (CDFI Fund)	300,000	2.09%	December 2018
	8,400,000		
Less current portion	(100,000)		
Net long-term subordinated loans payable	$ 8,300,000		

At December 31, 2011, subordinated loans payable are as follows:

	Principal Amount	Interest Rate	Scheduled Maturity Dates
Subordinated Loans Payable			
Financial institutions	$ 8,500,000	2% to 4%	December 2011 to September 2019
Federal government (CDFI Fund)	300,000	2.09%	December 2018
	8,800,000		
Less current portion	(1,600,000)		
Net long-term subordinated loans payable	$ 7,200,000		

Future anticipated loan maturities at December 31, 2012 are as follows:

	Senior	Subordinate	Total
2013	$ 2,208,153	$ 100,000	$ 2,308,153
2014	830,830	-	830,830
2015	2,252,000	-	2,252,000
2016	754,500	1,000,000	1,754,500
2017	218,000	4,400,000	4,618,000
Thereafter	4,000,000	2,900,000	6,900,000
	$ 10,263,483	$ 8,400,000	$ 18,663,483

The Organization is subject to certain debt covenants, as specified in the individual debt agreements. As of December 31, 2012 and 2011, the Organization had met the required covenants.

Note 5 – Long-Term Debt and Line of Credit (cont.)

The Organization had a $5,000,000 revolving line of credit with PNC Bank through June 30, 2012 with two extension options for a period of twelve months each available at the nine month anniversary of the loan closing for the line of credit. Advances under this revolving credit line were limited to the Neighborhood Stabilization Program II (NSP II) Loan Pool to consist of 100% eligible notes receivable. Such advance rates were subject to the loan pool and periodic audits conducted by the Bank. The line was collateralized by the NSP II receivables financed with this credit. Interest was calculated at one month fully absorbed LIBOR plus 1.75 basis points fluctuating daily and was payable monthly. This line of credit was never drawn down and CCLF did not seek renewal.

The Organization has an unsecured $1,000,000 line of credit with HSBC Bank through May 31, 2014. Draws under the line of credit are to be used primarily to support affordable housing and economic development energy efficiency and preservation projects in Lake County, Illinois but, as of March 15, 2013, can also be used to support the Organization's other energy efficiency and preservation projects with no geographic restrictions. Any balance outstanding at May 31, 2014 shall convert to a 36-month term loan with principal due on May 31, 2017. Interest is payable monthly at a per annum rate of 3%. At December 31, 2012, no draws had been made on this line.

The Organization has a $2,000,000 loan agreement with State Farm Mutual Automobile Insurance Company (State Farm) with a term of ten years at an interest rate of 4%, maturing July 31, 2020. The agreement provides for an interest-only revolving term loan during the first five years with interest payable quarterly. Beginning on August 1, 2015, quarterly payments of interest and principal will be made to fully amortize the outstanding balance at maturity. The funds will be used for a proprietary pre-development loan fund for various projects in the Chicago metropolitan area, subject to State Farm's approval. At December 31, 2012, no draws had been made on this revolving term loan.

Note 6 – Leases

During 2012, the Organization renewed its non-cancellable operating lease expiring in July of 2022 for its main office facility. The new lease reflects CCLF's expanded footprint, increasing its office space by 1,365 square feet for a total square footage of 4,500 square feet. Rental expense for the lease totaled $72,774 and $68,859 for the years ended December 31, 2012 and 2011, respectively.

Future minimum lease payments under this operating lease at December 31, 2012 are as follows:

2013	$ 91,946
2014	94,221
2015	96,494
2016	98,774
2017	101,049
Thereafter	491,969
	$ 974,453

Note 7 – Board Designated Funds

CCLF's Board of Directors has elected to establish an operating reserve fund. At December 31, 2012 and 2011, unrestricted net assets of $692,822 and $602,250, respectively, have been so designated, which represents 25% of total combined annual expenses of all funds excluding loan loss provisions and impairments on real estate owned. It is CCLF's intent to maintain the reserve at a minimum of 25% of total annual expenses.

Furthermore, the Board has designated $3,732,697 and $3,795,839 to lending capital to support existing note commitments at December 31, 2012 and 2011, respectively.

Note 8 – Temporarily Restricted Net Assets

At December 31, 2012 and 2011, net assets were temporarily restricted for the following purposes:

	2012	2011
Community lending programs	$ 38,225	$ 38,225
Staffing costs	88,418	113,102
Foreclosure prevention	15,078	15,078
Better understanding of market demands	30,000	30,000
Techincal assistance	-	50,000
Common area costs	2,784	2,784
Revolving loan fund	50,078	-
Future periods	-	56,250
	$ 224,583	$ 305,439

Note 9 – Permanently Restricted Net Assets

Permanently restricted net assets represent donations to the lending capital fund which are to be maintained as permanent lending capital. The permanent lending capital is not intended to be a permanent source of income for the maintenance of the Organization. Therefore, the Chicago Community Loan Fund permanently restricted net assets are not endowments and not subject to UPMIFA.

Note 10 – Loan Commitments and Credit Risk

Loan Commitments

CCLF has loan commitments and un-drawn portions of construction and pre-development loans of approximately $8,377,256 and $8,062,870 at December 31, 2012 and 2011, respectively. Since certain commitments to fund loans may expire without being used, the amount does not necessarily represent future cash commitments. In addition, commitments to extend credit are agreements to lend as long as there is no violation of any condition established in the contract. These commitments are not reflected in the financial statements.

Note 10 – Loan Commitments and Credit Risk (cont.)

Concentration of Credit Risk
The Organization generally grants collateralized loans to borrowers as outlined in Note 1. Although CCLF has a diverse loan portfolio, a substantial portion of its debtor's ability to repay their obligations is dependent upon the local economic conditions.

Note 11 – Related Party Transactions

One Board member provided donated payroll processing services to the Organization amounting to $2,139 and $2,500 for the years ended December 31, 2012 and 2011, respectively.

During the years ended December 31, 2012 and 2011, the Organization had loaned funds to the following related non-profit organizations:

Chicago Metropolitan Housing Development Corporation
The Executive Director of this organization is a Board member of CCLF. In 2008, a $250,000 loan was issued at 6% interest, maturing in 2013, with required monthly payments of interest and principal, and a final balloon payment due at maturity. The loan was repaid as scheduled on March 1, 2013. The outstanding balance on this loan at December 31, 2012 and 2011 was $232,804 and $236,695, respectively.

NASCO Properties, Inc.
A CCLF loan officer was on the Board of Directors of Campus Cooperative Development Corporation, an organization affiliated with NASCO Properties, Inc. In November 2012, the loan officer stepped down from the Board position. In 2008, a construction loan in the amount of $1,022,495 was approved to NASCO Properties, Inc. in the amount of $1,022,495 at an interest rate of 6.5% with required monthly payments of interest and principal. The loan is scheduled to mature in 2014 and a final balloon payment is due at maturity. The outstanding balance on this loan at December 31, 2012 and 2011 was $975,534 and $989,194, respectively.

Interfaith Housing Development Corporation
The President of CCLF is on the Board of Directors of Interfaith Housing Development Corporation. On November 17, 2011, a pre-development loan was approved to Interfaith Housing Development Corporation in the amount of $800,000 at an interest rate of 6% with required monthly payments of interest and principal. The loan was scheduled to mature on August 1, 2013. The outstanding balance on this loan at December 31, 2011 was $728,000. The loan was repaid in full before December 31, 2012.

The above loans all went through CCLF's rigorous loan committee process. The related party individuals had no decision-making role or influence in the approval process of these transactions. The lending interest rates charged and repayment terms are consistent with other loans issued during the respective year.

Note 11 – Related Party Transactions (cont.)

During the years ended December 31, 2012 and 2011, the Organization had senior and subordinated loans from the following organizations that employed a Board member of CCLF when the loans were originated:

Board Member
At December 31, 2012 and 2011, the Organization had a Board member that was an individual investor with a $5,000 loan outstanding to CCLF at an interest rate of 0%. The loan is scheduled to mature of June 30, 2013 with a final payment of $5,000.

Board Member
At December 31, 2011, the Organization had a Board member that was an individual investor with a $1,500 loan outstanding to CCLF at an interest rate of 0%. The loan was scheduled to mature on December 31, 2012 with a final payment of $1,500. At December 31, 2012, the loan matured and the Organization made the final payment of $1,500.

The PrivateBank
On June 30, 2009, the Organization received a senior loan from The PrivateBank for $50,000 at an interest rate of 3%. The loan is scheduled to mature on June 30, 2014 with a final payment of $50,000. A Managing Director of The PrivateBank is a Board member of CCLF. The outstanding balance on this senior loan at December 31, 2012 and 2011 was $50,000. The Organization paid The PrivateBank approximately $1,500 in interest expense during 2012 and 2011.

JP Morgan Chase
On November 1, 2004, the Organization received a subordinated loan from JP Morgan Chase for $1,500,000 at an interest rate of 2%. The loan matured on December 1, 2012, with a final payment of $1,500,000. A Senior Vice President for Community Development Banking is a Board member of the Organization. The outstanding balance on this subordinated loan at December 31, 2011 was $1,500,000 and the Organization paid JP Morgan Chase approximately $27,000 of interest during 2012 and $30,000 during 2011.

Charter One Bank
During 2010, the Organization received a senior loan from Charter One Bank for $2,000,000. The loan carries an interest rate of 2% per annum plus a LIBOR rate. If the LIBOR rate is below 2%, then the interest rate shall be 4%. The loan was originally scheduled to mature on January 13, 2013 with a final payment of $1,000,000 at maturity. The loan agreement was amended on January 22, 2013 to extend the maturity to April 13, 2013. Payments of $500,000 each were made on March 31, 2011 and December 31, 2011, respectively. A Senior Vice President/Division Head of Charter One Bank was a Board member of CCLF until the end of 2011. The outstanding balance on this senior loan at December 31, 2012 and 2011 was $1,000,000. The Organization paid Charter One Bank approximately $40,000 of interest during 2012 and $54,000 during 2011.

Note 11 – Related Party Transactions (cont.)

BMO Harris Bank/Financial Group

During the year ended December 31, 2007, the Organization received a subordinated loan from BMO Harris Bank/Financial Group for $2,000,000 at an interest rate of 2.5%. The loan is scheduled to mature on January 31, 2017 with a final payment of $2,000,000. A Managing Director in Community Development Lending is a Board member of the Organization. The outstanding balance on this subordinated loan at December 31, 2012 and 2011 was $2,000,000 and the Organization paid BMO Harris approximately $50,000 of interest during 2012 and 2011.

PNC Bank

On September 30, 2010, the Organization received a subordinated loan from PNC Bank for $2,000,000 at an interest rate of 3%. The loan is scheduled to mature on September 30, 2019 with a final payment of $2,000,000. A Vice President of PNC Bank is a member of a Board committee of the Organization. The outstanding balance on this subordinated loan at December 31, 2012 and 2011 was $2,000,000 and the Organization paid PNC Bank approximately $60,000 of interest during 2012 and 2011.

Note 12 – Employee Benefit Plan

The Organization offers a Simplified Employee Pension (SEP) plan as a benefit to its employees with more than one year of service. The Organization is not obligated to make contributions to the plan. At the Board's discretion, it may make contributions within the limits permitted under federal income tax rules. The Organization's policy is to fund pension costs as accrued. For the years ended December 31, 2012 and 2011, the Organization contributed 6% of wages to this plan totaling $34,380 and $38,582, respectively.

Note 13 – Property Held for Sale

At December 31, 2012 and 2011, the Organization had one property held for sale with no recorded or estimated fair value. Expenses incurred for managing and maintaining properties held for sale, including insurance, utilities, real estate taxes, and various legal fees, amounted to $2,190 and $14,552 for the years ended December 31, 2012 and 2011, respectively. During the year ended December 31, 2011, the Organization sold one property held for sale, recording a net gain on disposal of $9,023.

Note 14 – Refundable Advance

During 2011, the Organization received a $500,000 grant from the City of Chicago for the Small Business Development Revolving Loan Program. This grant is conditional upon disbursement of loan funds to small businesses. At December 31, 2011, $100,000 of revenue was recognized, with the remaining $400,000 recorded as refundable advance. At December 31, 2012, an additional $272,937 of revenue was recognized, with the remaining $127,313 recorded as refundable advance.

Note 14 – Refundable Advance (cont.)

The Organization also received a $3,000,000 Healthy Food Financing Initiative Financial Assistance grant from the CDFI Fund during 2012. At December 31, 2012, $2,000,000 had been received and was recorded as refundable advance.

Note 15 – Conditional Promise to Receive

At December 31, 2012, the Organization had a conditional promise to receive $1,000,000 from the CDFI Fund. The promise is conditional upon the completion of certain milestones per the grant agreement. As a result of this condition, this promise is not yet recognized as an asset in the Statement of Financial Position.

Note 16 – Subsequent Events

For the year ended December 31, 2012, the Organization's management has evaluated subsequent events through May 1, 2013 which is the date the financial statements were available to be issued. No subsequent events have been identified that are required to be disclosed at that date.

SUPPLEMENTARY INFORMATION

CHICAGO COMMUNITY LOAN FUND
STATEMENT OF FINANCIAL POSITION
As of December 31, 2011

	Operating				
	General	Technical Assistance	Total	Lending Capital	Total All Funds
Assets					
Current Assets					
Cash and cash equivalents	$ 1,775,804	$ -	$ 1,775,804	1,459,591	$ 3,235,395
Certificates of deposit	-	-	-	1,811,437	1,811,437
Investments	-	-	-	9,067,241	9,067,241
Grants and contributions receivables	56,250	-	56,250	-	56,250
Interest receivable	155,451	-	155,451	-	155,451
Other receivables	11,590	-	11,590	7,408	18,998
Notes receivable net of allowance of $799,313	-	-	-	8,132,099	8,132,099
Prepaids and deposits	13,767	-	13,767	-	13,767
Interfund transactions	2,955,680	(248,381)	2,707,299	(2,707,299)	-
Total current assets	4,968,542	(248,381)	4,720,161	17,770,477	22,490,638
Long-Term Assets					
Notes receivable, net of allowance of $1,095,874	-	-	-	9,218,102	9,218,102
Office equipment, net of accumulated depreciation	56,390	-	56,390	-	56,390
Leasehold improvements, net of accumulated amortization	2,507	-	2,507	-	2,507
Total long-term assets	58,897	-	58,897	9,218,102	9,276,999
Total Assets	$ 5,027,439	$ (248,381)	$ 4,779,058	$ 26,988,579	$ 31,767,637
Liabilities and Net Assets					
Current Liabilities					
Accounts payable	$ 156,128	$ -	$ 156,128	$ -	$ 156,128
Accrued payroll	21,981	-	21,981	-	21,981
Refundable advances	-	-	-	400,000	400,000
Senior loans payable - current	-	-	-	1,433,983	1,433,983
Subordinated loans payable - current	-	-	-	1,600,000	1,600,000
Total current liabilities	178,109	-	178,109	3,433,983	3,612,092
Long-Term Liabilities					
Senior loans payable, less current portion	-	-	-	8,745,214	8,745,214
Subordinated loans payable, less current portion	-	-	-	7,200,000	7,200,000
Total long-term liabilities	-	-	-	15,945,214	15,945,214
Total liabilities	178,109	-	178,109	19,379,197	19,557,306
Net Assets					
Unrestricted					
Undesignated	4,044,944	(313,459)	3,731,485	-	3,731,485
Board designated	602,250	-	602,250	3,795,839	4,398,089
Total unrestricted net assets	4,647,194	(313,459)	4,333,735	3,795,839	8,129,574
Temporarily restricted	202,136	65,078	267,214	38,225	305,439
Permanently restricted	-	-	-	3,775,318	3,775,318
Total net assets	4,849,330	(248,381)	4,600,949	7,609,382	12,210,331
Total Liabilities and Net Assets	$ 5,027,439	$ (248,381)	$ 4,779,058	$ 26,988,579	$ 31,767,637

See independent auditor's report.

CHICAGO COMMUNITY LOAN FUND
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2011

	Operating					Lending Capital			
	Lending Operations		Technical Assistance						
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total All Funds
Revenue and Support									
Grants and contributions	$ 321,075	$ 226,250	$ 90,400	$ 30,000	$ 667,725	$ -	1,600,000	2,025,000	$ 4,292,725
Donated services	230,051	-	-	-	230,051	-	-	-	230,051
Notes receivable interest income	1,012,162	-	-	-	1,012,162	-	-	-	1,012,162
Investment income	440,843	-	-	-	440,843	-	-	-	440,843
Net investment unrealized/realized gain (loss)	56,766	-	-	-	56,766	625,994	-	-	682,760
Loan closing fees	308,220	-	-	-	308,220	-	-	-	308,220
Contracted services and workshops	-	-	4,308	-	4,308	-	-	-	4,308
Special Events	102,250	-	-	-	102,250	-	-	-	102,250
Net assets released from restrictions - satisfaction of program restrictions	206,191	(206,191)	-	-	-	1,600,000	(1,600,000)	-	-
Total Public Support and Revenue	2,677,558	20,059	94,708	30,000	2,822,325	2,225,994	-	2,025,000	7,073,319
Expenses									
Program	1,514,250	-	191,191	-	1,705,441	763,082	-	-	2,468,523
Administrative	539,567	-	-	-	539,567	-	-	-	539,567
Fundraising	163,991	-	-	-	163,991	-	-	-	163,991
Total expenses	2,217,808	-	191,191	-	2,408,999	763,082	-	-	3,172,081
Change in Net Assets	459,750	20,059	(96,483)	30,000	413,326	1,462,912	-	2,025,000	3,901,238
Transfer between unrestricted funds	1,451,842	-	-	-	1,451,842	(1,451,842)	-	-	-
Net Assets, Beginning of Year	2,735,602	182,077	(216,976)	35,078	2,735,781	3,784,769	38,225	1,750,318	8,309,093
Net Assets, End of Year	$ 4,647,194	$ 202,136	$ (313,459)	$ 65,078	$ 4,600,949	$ 3,795,839	$ 38,225	$ 3,775,318	$ 12,210,331

See independent auditor's report.

CHICAGO COMMUNITY LOAN FUND
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2011

	Lending Operations	Public Policy	Total Lending and Public Policy	Lending Capital	Technical Assistance	Total Program	Administrative	Fundraising	Total
Functional Expenses									
Salaries	$ 313,013	$ 37,220	$ 350,233	$ -	$ 110,104	$ 460,337	$ 230,829	$ 81,890	$ 773,056
Payroll taxes and fringe benefits	98,940	6,732	105,672	-	39,373	145,045	89,087	16,747	250,879
Professional fees and consultants	161,894	-	161,894	-	9,154	171,048	71,421	113	242,582
Donated services	186,423	-	186,423	-	-	186,423	43,628	-	230,051
Rent, utilities, and related charges	33,490	3,186	36,676	-	7,987	44,663	22,145	6,609	73,417
Telephone	255	-	255	-	356	611	6,981	30	7,622
Insurance	1,528	50	1,578	-	1,127	2,705	2,216	150	5,071
Equipment rental and maintenance	5,180	-	5,180	-	1,875	7,055	5,329	100	12,484
Supplies	2,741	-	2,741	-	2,466	5,207	7,486	362	13,055
Postage and delivery	995	-	995	-	1,809	2,804	675	433	3,912
Printing	-	-	-	-	1,401	1,401	170	-	1,571
Marketing	1,460	-	1,460	-	1,696	3,156	23,302	10,314	36,772
Travel	6,941	-	6,941	-	7,119	14,060	10,680	1,696	26,436
Meetings	1,477	-	1,477	-	231	1,708	4,662	46	6,416
Staff development	3,435	-	3,435	-	919	4,354	4,197	-	8,551
Dues and subscriptions	6,378	-	6,378	-	-	6,378	6,838	500	13,716
Investment management and bank fees	43,690	-	43,690	-	39	43,729	(1)	49	43,777
Depreciation	13,350	977	14,327	-	5,535	19,862	9,768	2,930	32,560
Interest	584,895	-	584,895	-	-	584,895	154	-	585,049
Special Events	-	-	-	-	-	-	-	42,022	42,022
Real estate owned	-	-	-	14,552	-	14,552	-	-	14,552
Loan loss allowance	-	-	-	748,530	-	748,530	-	-	748,530
Total Expenses	$ 1,466,085	$ 48,165	$ 1,514,250	$ 763,082	$ 191,191	$ 2,468,523	$ 539,567	$ 163,991	$ 3,172,081

See independent auditor's report.