THE CHICAGO COMMUNITY LOAN FUND

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

THE CHICAGO COMMUNITY LOAN FUND
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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Chicago Community Loan Fund
Chicago, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of The Chicago Community Loan Fund (CCLF), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the 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.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 upon the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Board of Trustees
The Chicago Community Loan Fund

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CCLF as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2017, on our consideration of Chicago Community Loan Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Chicago Community Loan Fund's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Oak Brook, Illinois
April 26, 2017

THE CHICAGO COMMUNITY LOAN FUND
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 12,905,299	$ 14,210,628
Funds Held for Others	48,106	179,931
Investments	9,034,943	8,911,310
Grants and Contributions Receivables	40,000	15,000
Interest Receivable	345,127	281,790
Other Receivables	32,998	11,063
Notes Receivable, Net of Allowance of $467,897 in 2016 and $480,615 in 2015	6,909,279	8,420,822
Prepaids and Deposits	34,603	35,506
Total Current Assets	29,350,355	32,066,050
LONG-TERM ASSETS		
Notes Receivable, Net of Allowance of $2,501,528 in 2016 and $1,714,973 in 2015	42,235,528	32,420,360
Investment in Limited Liability Companies	997	-
Office Equipment, Net of Accumulated Depreciation	115,072	133,422
Leasehold Improvements, Net of Accumulated Depreciation	76,465	80,988
Total Long-Term Assets	42,428,062	32,634,770
Total Assets	$ 71,778,417	$ 64,700,820

See accompanying Notes to Financial Statements.

	2016	2015
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 188,934	$ 235,690
Accrued Liabilities	113,785	47,456
Refundable Advances	3,362,509	954,846
Funds Held for Others	48,106	179,931
Interest Payable	69,107	37,944
Notes Payable - Current	386,333	1,300,509
Senior Loans Payable - Current	4,717,699	4,477,875
Subordinated Loans Payable - Current	4,200,000	1,100,000
Total Current Liabilities	13,086,473	8,334,251
LONG-TERM LIABILITIES		
Notes Payable, Less Current Portion	12,567,666	7,462,350
Senior Loans Payable, Less Current Portion	19,864,580	21,260,846
Subordinated Loans Payable, Less Current Portion	4,700,000	7,800,000
Total Long-Term Liabilities	37,132,246	36,523,196
Total Liabilities	50,218,719	44,857,447
NET ASSETS		
Unrestricted:		
Undesignated	8,122,667	6,307,163
Board Designated	10,007,640	9,008,648
Total Unrestricted Net Assets	18,130,307	15,315,811
Temporarily Restricted	1,654,073	2,752,244
Permanently Restricted	1,775,318	1,775,318
Total Net Assets	21,559,698	19,843,373
Total Liabilities and Net Assets	$ 71,778,417	$ 64,700,820

THE CHICAGO COMMUNITY LOAN FUND
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

	Operating						Lending Capital			
	Lending Operations		Economic Development	Technical Assistance						
	Unrestricted	Temporarily Restricted	Unrestricted	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT										
Grants and Contributions	$ 354,788	$ 15,000	$ 175,000	$ 174,837	$ -	$ 719,625	$ 1,900,000	$ -	$ -	$ 2,619,625
Donated Services	802,140	-	-	-	-	802,140	-	-	-	802,140
Notes Receivable Interest Income	3,177,217	-	-	-	-	3,177,217	-	17,419	-	3,194,636
Investment Income	384,504	-	-	-	-	384,504	-	-	-	384,504
Net Investment Unrealized/Realized Gain (Loss)	39,864	-	-	-	-	39,864	(289,468)	-	-	(249,604)
Loan Processing Income	285,480	-	-	-	-	285,480	-	-	-	285,480
Special Events	321,225	-	-	-	-	321,225	-	-	-	321,225
Contracted Services and Workshops	-	-	-	3,439	-	3,439	-	-	-	3,439
Sub Allocation Revenue	400,000	-	-	-	-	400,000	-	-	-	400,000
Asset Management Fee	14,861	-	-	-	-	14,861	-	-	-	14,861
Miscellaneous	75,837	-	-	-	-	75,837	-	-	-	75,837
Net Assets Transferred to Temporarily Restricted	-	-	-	-	-	-	(384,410)	384,410	-	-
Net Assets Released from Restrictions - Satisfaction of Program Restrictions	15,000	(15,000)	-	-	-	-	1,500,000	(1,500,000)	-	-
Total Revenue and Support	5,870,916	-	175,000	178,276	-	6,224,192	2,726,122	(1,098,171)	-	7,852,143
EXPENSES										
Program	3,406,664	-	143,868	201,027	-	3,751,559	749,496	-	-	4,501,055
Administrative	1,155,196	-	-	-	-	1,155,196	-	-	-	1,155,196
Fundraising	532,029	-	-	-	-	532,029	-	-	-	532,029
Total Expenses	5,093,889	-	143,868	201,027	-	5,438,784	749,496	-	-	6,188,280
Change in Net Assets from Operations	777,027	-	31,132	(22,751)	-	785,408	1,976,626	(1,098,171)	-	1,663,863
NONOPERATING ACTIVITIES										
Recoveries on Previously Written off Loans	52,462	-	-	-	-	52,462	-	-	-	52,462
CHANGE IN NET ASSETS	829,489	-	31,132	(22,751)	-	837,870	1,976,626	(1,098,171)	-	1,716,325
Transfers Between Unrestricted Funds	1,172,173	-	-	-	-	1,172,173	(1,172,173)	-	-	-
Net Assets - Beginning of Year	8,133,452	45,000	179,008	(657,184)	65,078	7,765,354	7,660,535	2,642,166	1,775,318	19,843,373
NET ASSETS - END OF YEAR	$ 10,135,114	$ 45,000	$ 210,140	$ (679,935)	$ 65,078	$ 9,775,397	$ 8,464,988	$ 1,543,995	$ 1,775,318	$ 21,559,698

See accompanying Notes to Financial Statements.

THE CHICAGO COMMUNITY LOAN FUND
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

	Operating						Lending Capital			
	Lending Operations		Economic Development	Technical Assistance						
	Unrestricted	Temporarily Restricted	Unrestricted	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT										
Grants and Contributions	$ 679,301	$ 15,000	$ 191,015	$ 90,000	$ -	$ 975,316	$ 361,051	$ 1,000,000	$ -	$ 2,336,367
Donated Services	601,029	-	-	-	-	601,029	-	-	-	601,029
Notes Receivable Interest Income	2,882,807	-	-	-	-	2,882,807	-	24,520	-	2,907,327
Investment Income	292,182	-	-	-	-	292,182	-	-	-	292,182
Net Investment Unrealized/Realized Gain (Loss)	33,604	-	-	-	-	33,604	(144,400)	-	-	(110,796)
Loan Processing Income	381,855	-	-	-	-	381,855	-	-	-	381,855
Contracted Services and Workshops	3,320	-	-	-	-	3,320	-	-	-	3,320
Miscellaneous	12,004	-	-	-	-	12,004	-	-	-	12,004
Net Assets Released from Restrictions - Satisfaction of Program Restrictions	131,648	(40,000)	-	19,000	(19,000)	91,648	-	(91,648)	-	-
Total Revenue and Support	5,017,750	(25,000)	191,015	109,000	(19,000)	5,273,765	216,651	932,872	-	6,423,288
EXPENSES										
Program	3,241,326	-	53,088	286,861	-	3,581,275	96,119	-	-	3,677,394
Administrative	1,000,938	-	-	-	-	1,000,938	-	-	-	1,000,938
Fundraising	210,438	-	-	-	-	210,438	-	-	-	210,438
Total Expenses	4,452,702	-	53,088	286,861	-	4,792,651	96,119	-	-	4,888,770
Change in Net Assets from Operations	565,048	(25,000)	137,927	(177,861)	(19,000)	481,114	120,532	932,872	-	1,534,518
NONOPERATING ACTIVITIES										
Recoveries on Previously Written off Loans	52,462	-	-	-	-	52,462	-	-	-	52,462
CHANGE IN NET ASSETS	617,510	(25,000)	137,927	(177,861)	(19,000)	533,576	120,532	932,872	-	1,586,980
Transfers Between Unrestricted Funds	(5,008,279)	-	-	-	-	(5,008,279)	5,008,279	-	-	-
Net Assets - Beginning of Year	12,524,221	70,000	41,081	(479,323)	84,078	12,240,057	2,531,724	1,709,294	1,775,318	18,256,393
NET ASSETS - END OF YEAR	$ 8,133,452	$ 45,000	$ 179,008	$ (657,184)	$ 65,078	$ 7,765,354	$ 7,660,535	$ 2,642,166	$ 1,775,318	$ 19,843,373

See accompanying Notes to Financial Statements.

THE CHICAGO COMMUNITY LOAN FUND
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016

	Lending Operations	Public Policy	Total Lending Operations and Public Policy	Lending Capital	Technical Assistance	Economic Development	Total Program	Administrative	Fundraising	Total
Salaries	$ 695,122	$ 49,203	$ 744,325	$ -	$ 26,658	$ 85,978	$ 856,961	$ 665,477	$ 148,631	$ 1,671,069
Payroll Taxes and Fringe Benefits	223,448	11,429	234,877	-	4,987	22,606	262,470	149,437	29,146	441,053
Professional Fees and Consultants	294,941	-	294,941	-	154,219	1,550	450,710	106,509	-	557,219
Donated Services	750,936	-	750,936	-	-	8,720	759,656	18,507	23,977	802,140
Rent, Utilities, and Related Charges	67,467	1,991	69,458	-	7,978	5,396	82,832	36,699	6,264	125,795
Telephone	2,400	-	2,400	-	-	1,200	3,600	12,805	1,200	17,605
Insurance	1,689	65	1,754	-	193	3,090	5,037	9,848	3,122	18,007
Equipment Rental and Maintenance	4,862	-	4,862		501	481	5,844	9,433	538	15,815
Supplies	4,418	-	4,418	-	812	540	5,770	10,685	1,173	17,628
Postage and Delivery	1,370	-	1,370	-	7	8	1,385	922	425	2,732
Printing	648	-	648	-	-	358	1,006	4,457	-	5,463
Marketing	8,826	-	8,826	-	2,112	391	11,329	35,140	3,734	50,203
Travel	18,124	274	18,398	-	1,876	4,175	24,449	31,889	6,221	62,559
Meetings	490	-	490	-	-	-	490	7,614	1,380	9,484
Staff Development	8,789	-	8,789	-	-	7,569	16,358	13,182	1,762	31,302
Dues and Subscriptions	21,284	-	21,284	-	288	325	21,897	17,799	2,267	41,963
Investment Management and Bank Fees	46,899	-	46,899	-	42	127	47,068	9,308	526	56,902
Depreciation	22,574	903	23,477	-	1,354	1,354	26,185	15,803	3,160	45,148
Interest	1,168,512	-	1,168,512	-	-	-	1,168,512	(318)	-	1,168,194
Real Estate Owned	-	-	-	661	-	-	661	-	-	661
Loan Loss Allowance	-	-	-	748,835	-	-	748,835	-	-	748,835
Special Events Direct Cost	-	-	-	-	-	-	-	-	298,503	298,503
TOTAL FUNCTIONAL EXPENSES	$ 3,342,799	$ 63,865	$ 3,406,664	$ 749,496	$ 201,027	$ 143,868	$ 4,501,055	$ 1,155,196	$ 532,029	$ 6,188,280

See accompanying Notes to Financial Statements.

THE CHICAGO COMMUNITY LOAN FUND
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015

	Lending Operations	Public Policy	Total Lending Operations and Public Policy	Lending Capital	Technical Assistance	Economic Development	Total Program	Administrative	Fundraising	Total
Salaries	$ 630,629	$ 46,527	$ 677,156	$ -	$ 47,343	$ 16,500	$ 740,999	$ 575,339	$ 144,403	$ 1,460,741
Payroll Taxes and Fringe Benefits	190,273	8,675	198,948	-	14,508	4,451	217,907	168,064	28,520	414,491
Professional Fees and Consultants	290,222	-	290,222	-	207,318	23,410	520,950	45,133	1,045	567,128
Donated Services	594,695	-	594,695	-	-	-	594,695	6,334	-	601,029
Rent, Utilities, and Related Charges	61,850	1,997	63,847	-	11,482	3,233	78,562	38,870	7,874	125,306
Telephone	2,400	-	2,400	-	100	300	2,800	12,536	1,200	16,536
Insurance	2,296	92	2,388	-	179	738	3,305	5,275	1,625	10,205
Equipment Rental and Maintenance	4,535	-	4,535	-	49	56	4,640	11,741	313	16,694
Supplies	5,562	-	5,562	-	522	213	6,297	6,533	1,244	14,074
Postage and Delivery	1,733	-	1,733	-	-	-	1,733	909	352	2,994
Printing	481	-	481	-	241	351	1,073	1,647	257	2,977
Marketing	2,930	-	2,930	-	180	-	3,110	37,411	5,782	46,303
Travel	14,615	-	14,615	-	2,211	2,127	18,953	36,527	9,478	64,958
Meetings	310	-	310	-	-	-	310	6,118	1,179	7,607
Staff Development	9,027	-	9,027	-	72	1,255	10,354	13,241	2,000	25,595
Dues and Subscriptions	9,436	-	9,436	-	50	224	9,710	14,753	1,052	25,515
Investment Management and Bank Fees	189,277	-	189,277	-	83	-	189,360	2,405	137	191,902
Depreciation	20,573	1,300	21,873	-	2,523	230	24,626	17,591	3,977	46,194
Interest	1,151,891	-	1,151,891	-	-	-	1,151,891	511	-	1,152,402
Real Estate Owned	-	-	-	9,866	-	-	9,866	-	-	9,866
Loan Loss Allowance	-	-	-	86,253	-	-	86,253	-	-	86,253
TOTAL FUNCTIONAL EXPENSES	$ 3,182,735	$ 58,591	$ 3,241,326	$ 96,119	$ 286,861	$ 53,088	$ 3,677,394	$ 1,000,938	$ 210,438	$ 4,888,770

See accompanying Notes to Financial Statements.

THE CHICAGO COMMUNITY LOAN FUND
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 1,716,325	$ 1,586,980
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	45,148	46,194
Provision for Loan Losses	748,835	86,253
Net Realized and Unrealized Losses on Investments	249,602	110,796
Effects of Changes in Operating Assets and Liabilities:		
Grants and Contributions Receivables	(25,000)	244,000
Interest Receivable	(63,337)	47,969
Other Receivables	(21,935)	28,468
Prepaids and Deposits	903	(15,591)
Accounts Payable and Accrued Expenses	19,573	(23,860)
Refundable Advances	2,407,663	58,985
Interest Payable	31,163	(39,187)
Net Cash Provided by Operating Activities	5,108,940	2,131,007
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales and Principal Paydowns on Investments	2,407,945	2,121,796
Purchase of Investments	(2,781,195)	(4,405,938)
Investment in CDE LLCs	(1,000)	-
Distributions from CDE LLCs	18	-
Increase in Notes Receivable, Net of Repayment	(9,052,460)	(768,199)
Purchase of Office Equipment and Leasehold Improvements	(22,275)	(8,177)
Net Cash Used by Investing Activities	(9,448,967)	(3,060,518)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Senior Loans Payable	2,025,000	505,000
Proceeds from Notes Payable	5,500,000	5,000,000
Principal Payments on Notes Payable	(379,561)	(166,440)
Net Change in Line of Credit	(929,299)	(1,596,073)
Principal Repayment of Senior Loans Payable	(3,181,442)	(730,390)
Net Cash Provided by Financing Activities	3,034,698	3,012,097
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,305,329)	2,082,586
Cash and Cash Equivalents - Beginning of Year	14,210,628	12,128,042
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 12,905,299	$ 14,210,628
SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION		
Interest Paid (Lending Operations Only)	$ 1,168,512	$ 1,151,891

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 (IRC). 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 Operations and Capital – CCLF operates as a revolving loan fund, providing financing through its loan pool of lending capital for affordable housing, nonprofit 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- to moderate-income individuals, families, and communities.

Technical Assistance – CCLF's *Gateway to Community Development* program provides technical assistance to borrowers and nonborrowers 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.

Economic Development – CCLF is historically a niche lender: one that meets the financing and technical assistance needs that are unmet in the low- to moderate-income communities. The 2012 - 2016 strategic plan has directed a course of collaborative relationships, exploration of available programs new to CCLF and the co-creation of programs to build and/or rehabilitate commercial real estate. This program is designed to research and finance such opportunities.

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. CCLF 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates in Preparing Financial Statements

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. Significant estimates that are particularly susceptible to change in a short period of time relate to the determination of valuation of investments and the allowance for loan losses. 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, 2016 and 2015, CCLF's cash balances exceeded federally insured limits by $635,988 and $1,850,395, respectively. There were also $225,770 and $153,941 of restricted cash pertaining to CCLF's Small Business Development Fund and $330,000 and $1,500,000 of restricted cash to be used exclusively for loan loss reserves at December 31, 2016 and 2015, respectively.

For purposes of the statements of financial position and statements of cash flows, CCLF considers all highly liquid debt instruments, if any, purchased with an original maturity of less than three months to be cash equivalents.

Investments

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

Investment in Limited Liability Companies

CCLF accounts for its investment in limited liability companies (CDE LLCs) using the equity method of accounting. Under the equity method, the investment is recorded at cost, and increased or decreased by CCLF's share of the limited liability companies' income or losses, and increased or decreased by the amount of any contributions made or distributions received. CCLF holds a 0.01% membership interest in two limited liability companies created for the New Markets Tax Credit Program as of December 31, 2016. See Note 16.

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 CCLF 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 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 is established through a provision for loan losses which is charged to expense. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to Lending Operations.

CCLF'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.

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 CCLF 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 1 through 3 (rating categories are 1 through 6). In this process, general allowance factors are based on an analysis of historical charge-off experience and expected losses given default derived from CCLF's internal risk rating process. These factors are developed and applied to the portfolio in terms of loan rating categories.

Under certain circumstances, CCLF will provide borrowers relief through loan restructurings. A restructuring of debt constitutes a troubled debt restructuring (TDR) if CCLF, 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. CCLF considers all aspects of the restructuring to determine whether it has granted a concession to the borrower.

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 predevelopment and construction loan repayment delays are not considered to be a TDR.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Loan Losses (Continued)

CCLF has concluded that the impairment impact of troubled debt restructurings on its loan portfolio is not material 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.

CCLF 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 nonprofit organizations engaged in a community-based housing or economic development project and to 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 nonprofit organizations engaged in a community-based housing or economic development project and to 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.

Mini-permanent mortgage – These loans are offered to eligible nonprofit organizations engaged in a community-based housing or economic development project and to 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 – These loans are offered to eligible organizations engaged in a community-based social service, housing or economic development project, with a maximum loan term of five years. Collateral consists primarily of first priority liens on equipment or a combination of first or second position liens on property along with personal guaranties, and other collateral including cash and letters of credit. Risks associated with these loans include market, repayment, collateral, and security risks.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Loan Losses (Continued)

Permanent financing – These loans are offered to eligible organizations engaged in Low Income Housing Tax Credit (LIHTC) 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 (board). Collateral consists primarily of first mortgages (valid first lien on property) and personal guaranties (generally unsecured), 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.

CCLF 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:

1. ***Minimal risk*** – High degree of stability. Predictable cash flows and the statement of financial position shows excellent liquidity.
2. ***Moderate risk*** – Assets and cash flow are reasonably good. Demonstrated ability to repay debts with no negative trends.
3. ***Acceptable risk*** – Project is in development or has limited capital. Liquidity is lower than average. Primary and secondary sources of repayment are considered adequate to lower than average.
4. ***Watch list/special mention*** – Credits with potential short-term weaknesses that deserve management's close attention.
5. ***Substandard*** – Assets that are inadequately protected by net worth, paying capacity of the borrower or collateral pledged. Well-defined weakness jeopardizes the collection of the debt.
6. ***Doubtful*** – Assets in this grade exhibit serious risks that may hinder the collection of the full loan balance. It may not be possible to calculate exactly what the loss may be, but the probability of some loss is greater than 50%. All loans in this grade will be placed on nonaccrual.

Property and Equipment

Property and equipment purchases of $500 or more are stated at cost. Expenditures for repairs and maintenance are charged to expense as incurred, whereas renewals and betterments that extend the lives of the property are capitalized. CCLF provides for depreciation on the straight-line method at rates designed to depreciate the costs of assets over estimated useful lives of 10 years or the remaining term of the lease for leasehold improvements and 3 to 10 years for hardware, software and furniture and equipment.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

CCLF reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

Support and Revenue

CCLF 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 statements of activities as net assets released from restrictions

CCLF 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, CCLF reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. For the years ended December 31, 2016 and 2015, CCLF did not receive any such gifts.

Donated Services

Contributions of services are recognized if the services received (a) create or enhance nonfinancial 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, 2016 and 2015, CCLF received and recognized certain donated legal, marketing, and payroll processing services valued at $802,140 and $601,029, respectively.

In-Kind Contributions

In addition to receiving cash contributions, CCLF may receive in-kind contributions from donors. In accordance with generally accepted accounting principles, CCLF 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 years ended December 31, 2016 and 2015, CCLF did not receive any in-kind contributions.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Tax Status

CCLF is exempt from federal income tax under Section 501(c)(3) of the IRC. In addition, CCLF qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation. CCLF determined that it was not required to record a liability related to uncertain tax positions.

Deferred Rent Obligation

Deferred rent obligation is reflected in Accrued Liabilities on the statement of financial position. CCLF amortizes the deferred rent obligation using the straight-line method over the term of the lease. The difference between the rent expense recorded and the amount paid is charged to the deferred rent obligation reflected in Accrued Liabilities on the statement of financial position.

Subsequent Events

Management evaluated subsequent events through April 26, 2017, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2016, but prior to April 26, 2017, that provided additional evidence about conditions that existed at December 31, 2016, have been recognized in the financial statements for the year ended December 31, 2016. Events or transactions that provided evidence about conditions that did not exist at December 31, 2016, but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended December 31, 2016.

NOTE 2 FAIR VALUE MEASUREMENT

Accounting principles generally accepted in the United States of America define fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in CCLF's principal or most advantageous market in an orderly transaction between market participants on the measurement date.

Accounting principles generally accepted in the United States of America establish 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.

NOTE 2 FAIR VALUE MEASUREMENT (CONTINUED)

- *Level 2* – Significant other observable inputs other than 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).

Assets and Liabilities Measured on a Recurring Basis

Assets and liabilities measured at fair value on a recurring basis are summarized below:

December 31, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets - U.S. Agency Securities	$ -	$ 604,304	$ -
Assets - Municipal Debt	-	8,430,639	-
Total	$ -	$ 9,034,943	$ -
December 31, 2015			
Assets - U.S. Agency Securities	$ -	$ 2,800,871	$ -
Assets - Municipal Debt	-	6,110,439	-
Total	$ -	$ 8,911,310	$ -

NOTE 3 PROPERTY HELD FOR SALE

At December 31, 2015, CCLF had one property held for sale with no recorded or estimated fair value. The property was sold in 2015. Expenses incurred for managing and maintaining properties held for sale, including insurance, utilities, maintenance, real estate taxes, and various legal fees, amounted to $661 and $9,866 for the years ended December 31, 2016 and 2015, respectively.

NOTE 4 LOAN COMMITMENTS AND CREDIT RISK

Loan Commitments

CCLF has loan commitments and undrawn portions of construction and pre-development loans of approximately $9,368,000 and $9,366,000 at December 31, 2016 and 2015, 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.

Concentration of Credit Risk

CCLF 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 5 NOTES RECEIVABLE – LOAN FUND

Notes receivable at December 31, 2016 and 2015 are comprised of the following:

December 31, 2016	Current	Long-Term	Total
Unpaid Principal Amount	$ 7,377,176	$ 44,737,056	$ 52,114,232
Allowance for Loan Losses	(467,897)	(2,501,528)	(2,969,425)
Net Notes Receivable	$ 6,909,279	$ 42,235,528	$ 49,144,807

December 31, 2015	Current	Long-Term	Total
Unpaid Principal Amount	$ 8,901,437	$ 34,135,333	$ 43,036,770
Allowance for Loan Losses	(480,615)	(1,714,973)	(2,195,588)
Net Notes Receivable	$ 8,420,822	$ 32,420,360	$ 40,841,182

Expected repayment maturities of notes receivable as of December 31 are as follows:

	Principal Amount	
Maturity	2016	2015
Within One Year	$ 7,377,176	$ 8,901,437
One to Two Years	10,119,564	1,866,902
Two to Three Years	2,839,317	4,867,532
Three to Four Years	8,794,761	6,191,736
Four to Five Years	5,734,420	4,810,733
Thereafter	17,248,994	16,398,430
Total	$ 52,114,232	$ 43,036,770

NOTE 5 NOTES RECEIVABLE – LOAN FUND (CONTINUED)

The allowance for loan losses (ALL) activity by loan portfolio segment is as follows:

	Mini-Permanent Mortgage	Pre-Development	Construction	Equipment and Working Capital	Permanent Financing	Total
Reserve for Loan Losses						
Balance - January 1, 2015	$ 1,018,884	$ 631,047	$ 381,175	$ 74,809	$ 7,729	$ 2,113,644
Provision for (Benefit from) Loan Losses	24,382	(225,411)	325,019	804	403	125,197
Loans charged-off	-	-	-	(43,253)	-	(43,253)
Balance - December 31, 2015	1,043,266	405,636	706,194	32,360	8,132	2,195,588
Provision for (Benefit from) Loan Losses	899,681	209,009	(345,427)	12,104	(1,530)	773,837
Loans Charged-off	-	-	-	-	-	-
Balance - December 31, 2016	$ 1,942,947	$ 614,645	$ 360,767	$ 44,464	$ 6,602	$ 2,969,425

NOTE 5 NOTES RECEIVABLE – LOAN FUND (CONTINUED)

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

December 31, 2016 ALL Evaluation	Mini-Permanent Mortgage	Pre-Development	Construction	Equipment and Working Capital	Permanent Financing	Total
Evaluated for Impairment:						
Risk Rating 1 - 4	$ 1,248,795	$ 543,462	$ 360,767	$ 32,812	$ 6,602	$ 2,192,438
Risk Rating 5 - 6	694,152	71,183	-	11,652	-	776,987
Balance - December 31, 2016	$ 1,942,947	$ 614,645	$ 360,767	$ 44,464	$ 6,602	$ 2,969,425

December 31, 2015 ALL Evaluation	Mini-Permanent Mortgage	Pre-Development	Construction	Equipment and Working Capital	Permanent Financing	Total
Evaluated for Impairment:						
Risk Rating 1 - 4	$ 957,459	$ 356,791	$ 706,194	$ 32,360	$ 8,132	$ 2,060,936
Risk Rating 5 - 6	85,807	48,845	-	-	-	134,652
Balance - December 31, 2015	$ 1,043,266	$ 405,636	$ 706,194	$ 32,360	$ 8,132	$ 2,195,588

NOTE 5 NOTES RECEIVABLE – LOAN FUND (CONTINUED)

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

December 31, 2016 Loan Balances in Relation to ALL Evaluation	Mini-Permanent Mortgage	Pre-Development	Construction	Equipment and Working Capital	Permanent Financing	Total
Evaluated for Impairment:						
Risk Rating 1 - 4	$ 31,689,824	$ 10,852,291	$ 7,252,196	$ 656,838	$ 166,434	$ 50,617,583
Risk Rating 5 - 6	1,117,801	355,606	-	23,242	-	1,496,649
Total - December 31, 2016	$ 32,807,625	$ 11,207,897	$ 7,252,196	$ 680,080	$ 166,434	$ 52,114,232

December 31, 2015 Loan Balances in Relation to ALL Evaluation	Mini-Permanent Mortgage	Pre-Development	Construction	Equipment and Working Capital	Permanent Financing	Total
Evaluated for Impairment:						
Risk Rating 1 - 4	$ 23,215,147	$ 4,575,517	$ 14,127,069	$ 584,553	$ 178,635	$ 42,680,921
Risk Rating 5 - 6	165,917	189,932	-	-	-	355,849
Total - December 31, 2015	$ 23,381,064	$ 4,765,449	$ 14,127,069	$ 584,553	$ 178,635	$ 43,036,770

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

Risk Rating	2016	2015
1 - Minimal Risk	$ 5,834,691	$ 6,935,151
2 - Moderate Risk	28,123,389	19,096,767
3 - Acceptable Risk	12,716,482	14,426,444
4 - Watchlist/Special Mention	3,943,021	2,222,559
5 - Substandard	1,000,437	189,932
6 - Doubtful	496,212	165,917
Total	$ 52,114,232	$ 43,036,770

NOTE 5 NOTES RECEIVABLE – LOAN FUND (CONTINUED)

The following table shows the loan portfolio segments allocated by payment activity at December 31, 2016 and 2015. Loans are generally deemed performing if they are less than 90 days delinquent and still accruing interest.

	Credit Risk Profile by Payment Activity					
December 31, 2016	Mini-Permanent Mortgage	Pre-Development	Construction	Equipment and Working Capital	Permanent Financing	Total
Payment Activity:						
Performing	$ 32,311,413	$ 11,207,897	$ 7,252,196	$ 680,080	$ 166,434	$ 51,618,020
Nonperforming	496,212	-	-	-	-	496,212
Total	$ 32,807,625	$ 11,207,897	$ 7,252,196	$ 680,080	$ 166,434	$ 52,114,232
December 31, 2015						
Payment Activity:						
Performing	$ 23,215,147	$ 4,765,449	$ 14,127,069	$ 584,553	$ 178,635	$ 42,870,853
Nonperforming	165,917	-	-	-	-	165,917
Total	$ 23,381,064	$ 4,765,449	$ 14,127,069	$ 584,553	$ 178,635	$ 43,036,770

NOTE 5 NOTES RECEIVABLE – LOAN FUND (CONTINUED)

The following table shows an aging analysis of the loan portfolio by time past due at December 31, 2016 and 2015:

	Accruing Interest			Non-Accrual	
December 31, 2016	Current	30 - 89 Days Past Due	90 Days or More Past Due	90 Days or More Past Due	Total Loans
Mini-Permanent Mortgage	$ 32,311,413	$ -	$ -	$ 496,212	$ 32,807,625
Pre-Development	11,207,897	-	-	-	11,207,897
Construction	7,252,196	-	-	-	7,252,196
Equipment and Working Capital	656,838	-	23,242	-	680,080
Permanent Financing	166,434	-	-	-	166,434
Total	$ 51,594,778	$ -	$ 23,242	$ 496,212	$ 52,114,232
December 31, 2015					
Mini-Permanent Mortgage	$ 23,215,147	$ -	$ -	$ 165,917	$ 23,381,064
Pre-Development	4,749,690	15,759	-	-	4,765,449
Construction	14,127,069	-	-	-	14,127,069
Equipment and Working Capital	561,311	23,242	-	-	584,553
Permanent Financing	178,635	-	-	-	178,635
Total	$ 42,831,852	$ 39,001	$ -	$ 165,917	$ 43,036,770

Interest income forgone on nonaccrual loans totaled $14,919 and $10,092 for the years ended December 31, 2016 and 2015, respectively.

NOTE 5 NOTES RECEIVABLE – LOAN FUND (CONTINUED)

The following table presents information related to impaired loans (risk rating 4 – 6) at December 31, 2016 an 2015:

December 31, 2016	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment
With an Allowance Recorded:				
Mini-Permanent Mortgage	$ 1,296,740	$ 1,296,740	$ 701,625	$ 825,226
Pre-Development	355,606	355,606	71,183	376,688
Equipment and Working Capital	23,242	23,242	11,621	11,621
Total	$ 1,675,588	$ 1,675,588	$ 784,429	$ 1,213,535
December 31, 2015				
With an Allowance Recorded:				
Mini-Permanent Mortgage	$ 353,712	$ 353,712	$ 94,007	$ 343,107
Pre-Development	189,932	189,932	48,845	374,002
Equipment and Working Capital	-	-	-	24,029
Total	$ 543,644	$ 543,644	$ 142,852	$ 741,138

Impaired loans include loans in troubled debt restructurings where concessions have been granted to borrowers experiencing financial difficulties. These concessions could include a reduction of interest rate on the loan, payment extensions, forbearance, or other actions intended to maximize collection.

The following table represents impaired loans classified as troubled debt restructurings for the years ended December 31, 2016 and 2015:

December 31, 2016	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Troubled Debt Restructurings:			
Mini-Permanent Mortgage	2	$ 344,856	$ 344,856
Total	2	$ 344,856	$ 344,856
December 31, 2015			
Troubled Debt Restructurings:			
Mini-Permanent Mortgage	2	$ 353,712	$ 353,712
Pre-Development	1	15,759	15,759
Total	3	$ 369,471	$ 369,471

NOTE 6 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.

Long-term debt consisted of the following:

December 31, 2016	Principal Amount	Interest Rate	Scheduled Maturity Dates
Senior Loans Payable:			
Private Foundations	$ 3,200,000	1% to 3%	January 2017 to January 2027
Financial Institutions and Corporations	19,008,274	2% to 4%	March 2017 to December 2024
Religious Organizations	1,022,500	0.5%-3%	May 2017 to June 2023
Individuals	1,126,505	0% to 3%	May 2017 to December 2020
Other	225,000	4.25%	January 2018
Subtotal	24,582,279		
Less: Current Portion	(4,717,699)		
Net Long-Term, Senior Loans Payable	$ 19,864,580		
December 31, 2015			
Senior Loans Payable:			
Private Foundations	$ 3,520,000	2% to 3%	July 2016 to May 2019
Financial Institutions and Corporations	20,008,274	2% to 4%	April 2016 to December 2024
Religious Organizations	835,000	0.5%-3%	December 2015 to December 2020
Individuals	1,150,447	0% to 3%	December 2015 to December 2020
Other	225,000	4.25%	January 2018
Subtotal	25,738,721		
Less: Current Portion	(4,477,875)		
Net Long-Term, Senior Loans Payable	$ 21,260,846		

NOTE 6 LONG-TERM DEBT AND LINE OF CREDIT (CONTINUED)

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.

Subordinated loans payable are as follows:

December 31, 2016	Principal Amount	Interest Rate	Scheduled Maturity Dates
Subordinated Loans Payable:			
Financial Institutions	$ 8,600,000	2% to 3%	June 2017 to August 2021
Federal Government (CDFI Fund)	300,000	2.09%	December 2018
Subtotal	8,900,000		
Less: Current Portion	(4,200,000)		
Net Long-Term, Subordinated Loans Payable	$ 4,700,000		
December 31, 2015			
Subordinated Loans Payable:			
Financial Institutions	$ 8,600,000	2% to 3%	June 2016 to April 2019
Federal Government (CDFI Fund)	300,000	2.09%	December 2018
Subtotal	8,900,000		
Less: Current Portion	(1,100,000)		
Net Long-Term, Subordinated Loans Payable	$ 7,800,000		

NOTE 6 LONG-TERM DEBT AND LINE OF CREDIT (CONTINUED)

Future anticipated loan maturities at December 31, 2016 are as follows:

Year Ending December 31,	Senior	Subordinate	Total
2017	$ 4,717,699	$ 4,200,000	$ 8,917,699
2018	4,086,875	3,300,000	7,386,875
2019	6,635,205	400,000	7,035,205
2020	867,500	-	867,500
2021	750,000	1,000,000	1,750,000
Thereafter	7,525,000	-	7,525,000
Total	$ 24,582,279	$ 8,900,000	$ 33,482,279

CCLF is subject to certain debt covenants, as specified in the individual debt agreements. As of December 31, 2016 and 2015, CCLF had met their financial covenants.

CCLF had 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. Any balance outstanding at May 31, 2014 converted to a 48-month term loan with principal due on May 31, 2018. Interest is payable monthly at a per annum rate of 3%. As of December 31, 2016 and 2015, the outstanding balance was $1,000,000 with accrued interest totaling $-0-.

CCLF has a $2,000,000 loan agreement with State Farm Mutual Automobile Insurance Company (State Farm) with a term of 10 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 are being 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. As of December 31, 2016 and 2015, $1,453,999 and $1,833,560 were drawn down with accrued interest totaling $-0- and $-0-, respectively.

During 2014, CCLF entered into a $3,000,000 line of credit with PNC Bank, N.A. through March 27, 2016 with interest at 2.02% exclusively for NSP financing. During 2016, the line of credit was renewed with a maturity date of June 24, 2017. As of December 31, 2016 and 2015, $-0- and $864,594 were drawn down with accrued interest totaling $-0- and $-0-, respectively.

During 2015, CCLF entered into a $1,500,000 line of credit with PNC Bank, N.A. through March 27, 2016 with interest at 2.02% exclusively for NSP financing. The line of credit matured during 2016. As of December 31, 2015, $64,705 was drawn down with accrued interest totaling $-0-.

NOTE 6 LONG-TERM DEBT AND LINE OF CREDIT (CONTINUED)

During 2015, CCLF entered into a $5,000,000 term loan agreement with Federal Home Loan Bank of Chicago with a term of ten years at an interest rate of 2.41%, maturing June 4, 2025. The agreement provides for an interest-only revolving term loan during the first ten years with interest payable quarterly. Outstanding principal shall be due on the maturity date. The funds will be used for commercial real estate, community facility and affordable housing loan programs benefiting low to moderate communities and/or low to moderate individuals. As of December 31, 2016 and 2015, the outstanding balance was $5,000,000 with accrued interest totaling $-0-.

During 2016, CCLF entered into a $5,500,000 loan agreement with the Opportunity Finance Network through the CDFI Bond Guarantee Program with a term of 20 years at an interest rate of 2.21%, maturing June 16, 2036. The agreement provides for interest payable quarterly. The funds will be used for the lending program. As of December 31, 2016, the outstanding balance is $5,500,000 with accrued interest totaling $-0-.

Future loan maturities at December 31, 2016 on the above four notes payable are as follows:

Year Ending December 31,	Amount
2017	$ 386,333
2018	1,461,536
2019	658,633
2020	493,644
2021	257,303
Thereafter	9,696,550
Total	$ 12,953,999

NOTE 7 REFUNDABLE ADVANCES

During 2016, CCLF received a $3,490,000 Pro Neighborhoods grant from Chase Bank. At December 31, 2016, $2,460,000 was recorded as a refundable advance.

During 2015, CCLF received a $125,000 grant from the CitiBank Low Income Investment Fund to advance the Partners in Progress Quarterback Initiative. This grant is conditional upon restrictions set forth in the agreement. During 2016 and 2015, $52,337 and $66,015 were recognized as revenue, respectively. As of December 31, 2016 and 2015, $6,648 and $58,985 remains as a refundable advance, respectively.

During 2012, CCLF received a $3,000,000 Healthy Food Financing Initiative Financial Assistance grant from the CDFI Fund. At December 31, 2012, $2,000,000 had been received and was recorded as a refundable advance. The remaining $1,000,000 was received in 2013. During 2016 and 2015, $-0- was recognized as revenue. As of December 31, 2016 and 2015, $895,861 remains as a refundable advance.

NOTE 8 BOARD DESIGNATED FUNDS

CCLF's board has elected to establish an operating reserve fund. At December 31, 2016 and 2015, unrestricted net assets of $1,542,652 and $1,348,113, 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 this reserve at a minimum of 25% of total annual expenses.

Furthermore, the board has designated $8,464,988 and $7,660,535 to lending capital to support existing note commitments at December 31, 2016 and 2015, respectively.

NOTE 9 TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2016 and 2015, net assets were temporarily restricted for the following purposes:

	2016	2015
Community Lending Programs	$ 38,225	$ 38,225
Loan Loss Reserves	1,330,000	2,500,000
Foreclosure Prevention	15,078	15,078
Better Understanding of Market Demands	30,000	30,000
Revolving Loan Fund	225,770	153,941
Time Restricted	15,000	15,000
Total	$ 1,654,073	$ 2,752,244

For the years ended December 31, 2016 and 2015, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Purpose and time restrictions accomplished are as follows for the years ended December 31:

	2016	2015
SBDF - City Funds Lending Operations	$ -	$ 91,648
JP Morgan Chase Bank - Lending Operations	1,500,000	-
Time Restriction Met	15,000	59,000
Total	$ 1,515,000	$ 150,648

NOTE 10 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 CCLF. Therefore, CCLF permanently restricted net assets are not endowments and not subject to UPMIFA.

NOTE 11 EMPLOYEE BENEFIT PLAN

CCLF offers a Simplified Employee Pension (SEP) plan as a benefit to its employees with more than one year of service. CCLF 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. CCLF's policy is to fund pension costs as accrued. For the years ended December 31, 2016 and 2015, CCLF contributed 6% of wages to this plan totaling $82,101 and $81,907, respectively.

NOTE 12 RELATED PARTY TRANSACTIONS

The Law Project coordinated $750,936 and $601,029 in donated legal services and was paid $15,000 for certain legal services during the years ended December 31, 2016 and 2015, respectively. The executive director of the Law Project is a board member of CCLF.

During the years ended December 31, 2016 and 2015, CCLF had senior and subordinated loans from the following organizations that employed a board member of CCLF when the loans were originated:

<u>The PrivateBank</u>

On June 30, 2014, CCLF received a senior loan from The PrivateBank and Trust Company for $1,000,000 at an interest rate of 2.25%. The loan is scheduled to mature on June 30, 2019 with a final payment of $1,000,000. A managing director of The PrivateBank is a board member of CCLF. As of December 31, 2016 and 2015, the outstanding balance on this senior loan was $1,000,000. CCLF paid The PrivateBank approximately $23,000 in interest expense during 2016 and 2015.

<u>Board Member</u>

As of December 31, 2016 and 2015, CCLF 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 matures on June 30, 2018 with a final payment of $5,000.

<u>Village Bank & Trust</u>

On December 31, 2013, CCLF received a subordinated loan from Village Bank & Trust for $325,000 with an interest rate of 2.5%. The loan is scheduled to mature on December 30, 2018 with the option to roll over the investment. A senior vice president/chief credit officer of the Village Bank & Trust is a board member of CCLF. As of December 31, 2016 and 2015, the outstanding balance on this subordinated loan was $325,000. CCLF paid The Village Bank & Trust approximately $8,000 in interest expense during 2016 and 2015.

NOTE 12 RELATED PARTY TRANSACTIONS (CONTINUED)

US Bancorp

On June 30, 2008, CCLF received a senior loan from US Bancorp for $2,600,000 at an interest rate of 3%. The loan is scheduled to mature on August 31, 2018 with a final payment of $2,600,000. A board member of CCLF is a vice president in the community lending department at US Bancorp. As of December 31, 2016 and 2015, the outstanding balance on this senior loan was $2,600,000. CCLF paid US Bancorp approximately $79,000 and $78,000 in interest expense during 2016 and 2015, respectively.

PNC Bank

As of December 31, 2016 and 2015, CCLF had two outstanding loans with PNC Bank and two revolving lines of credit. The first loan is a subordinated loan for $2,000,000 at an interest rate of 3%, scheduled to mature on September 30, 2019 with a final payment of $2,000,000. The second loan is a senior loan for $3,000,000 at an interest rate of 2.25%, scheduled to mature on October 23, 2017. The revolving lines of credit are for $3,000,000 and 1,500,000 at interest rates of the daily London Interbank Offered Rate (LIBOR) rate plus 175 basis points. As of December 31, 2016 and 2015, the first line of credit had outstanding balances of $-0- and $864,594, respectively. As of December 31, 2016 and 2015, the second line of credit had outstanding balances of $-0- and $64,705, respectively. A vice president of PNC Bank is a member of the loan committee of CCLF. CCLF paid PNC Bank approximately $147,000 and $175,000 in interest expense during 2016 and 2015, respectively.

MB Financial Bank

On June 29, 2001, CCLF received a subordinated loan from MB Financial Bank for $100,000 at an interest rate of 3%. The loan is scheduled to mature on June 15, 2017 with a final payment of $100,000. The Vice President of Community Development is a board member of CCLF. As of December 31, 2016 and 2015, the outstanding balance on this subordinated loan was $100,000. CCLF paid MB Financial Bank approximately $3,000 in interest expense during 2016 and 2015.

BMO Harris Bank/Financial Group

During the year ended December 31, 2007, CCLF 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 the community development lending group for BMO Harris is a board member of CCLF. As of December 31, 2016 and 2015, the outstanding balance on this subordinated loan was $-0- and $2,000,000, respectively. CCLF paid BMO Harris approximately $50,000 in interest expense during 2016 and 2015.

NOTE 13 LEASES

CCLF leases its main office facility. CCLF is responsible for their share of operating expenses and taxes. Rental expense for the lease totaled $119,410 and $118,731 for the years ended December 31, 2016 and 2015, respectively.

Year Ending December 31,	Amount
2017	$ 101,049
2018	103,322
2019	105,597
2020	107,870
2021	110,150
Thereafter	65,030
Total	$ 593,018

NOTE 14 SIGNIFICANT CONCENTRATIONS

During the year ended December 31, 2016, CCLF received 76% of its grants and contributions from the CDFI Fund. During the year ended December 31, 2015, CCLF received 34% and 12% of its grants and contribution revenue from Bank of America 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.

NOTE 15 BOND GUARANTEE PROGRAM

On September 28, 2015, CCLF was one of seven Community Development Financial Institutions (CDFIs) that closed on a multi-party bond totaling $127 million. The $127 million issue is part of the U.S. Treasury's CDFI Fund's Bond Guarantee Program. This is the third year of the program which is designed to provide CDFIs with the long-term, reliable capital they need to spur development in low-income and under-resourced communities. CCLF closed on $28 million of the total bond and will use this new source of capital to expand its financing over the next two years in the rental housing, charter schools, commercial real estate and not-for-profit asset classes. There was no financial activity related to this program during 2015. During 2016, there were $5.5 million in funds distributed.

NOTE 16 NEW MARKETS TAX CREDIT PROGRAM

CCLF has been granted status by the United States Department of the Treasury as a certified Community Development Entity (CDE), under the New Markets Tax Credit Program (NMTC) administered by the CDFI Fund. During 2015, CCLF received allocations totaling $15,000,000 for this program. CCLF has formed four CDE's (collectively the CDE LLCs) for the NMTC allocations.

The CDE LLCs were formed as Illinois limited liability companies in which CCLF serves as the managing member with a 0.01% interest and unrelated investor members as regular members with a 99.99% interest. Two of the four CDE LLCs initiated operations during 2016. A third CDE LLC initiated operations during 2017. CCLF does not consolidate these entities due to the rights granted to the investor members as defined in the operating agreements. The investor members' rights overcome the presumption of control by the managing member.

The active CDE LLCs make qualified low-income community investments (QLICIs) within the meaning of the NMTC programs and IRC Section 45D. Agreements with investor members provide for cumulative qualified equity investments (QEIs) to make the QLICI from the active CDE LLCs. By making QLICIs, the CDE LLCs enable investor members to claim new markets tax credits over a seven-year credit period. CCLF earns upfront fees upon obtaining the allocation, establishing the CDE LLCs, and making sub-allocation to the CDE LLCs.

As projects are initiated, agreement terms are established with Investor Members that require CCLF to maintain certain covenants to avoid recapture of the NMTC and possible reimbursement of a portion of upfront fees it may receive. Management believes that it was in compliance with all such covenants.

At December 31, 2016 and 2015, CCLF's total investment in the CDE LLCs is $997 and $-0-, respectively, and is reflected as investment in limited liability companies on the statements of financial position. During the years ended December 31, 2016 and 2015, CCLF recognized sub-allocation and asset management fee revenues of approximately $415,000 and $-0-, respectively, from the CDE LLCs.

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