THE CHICAGO COMMUNITY LOAN FUND
Chicago, Illinois

FINANCIAL STATEMENTS
December 31, 2014 and 2013

CliftonLarsonAllen

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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 statement of financial position as of December 31, 2014, and the related statements of activities, functional expenses, and cash flows for the year 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 the 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
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, 2014, 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 Matter

The 2013 financial statements of CCLF were audited by other auditors whose report dated May 2, 2014 expressed an unmodified opinion on those statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2015, on our consideration of CCLF'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 CCLF's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Oak Brook, Illinois
April 29, 2015

THE CHICAGO COMMUNITY LOAN FUND
STATEMENTS OF FINANCIAL POSITION
December 31, 2014 and 2013

ASSETS

	2014	2013
CURRENT ASSETS		
Cash and cash equivalents	$ 12,347,519	$ 5,215,109
Investments	6,737,964	9,251,939
Grants and contributions receivables	259,000	57,000
Interest receivable	329,759	328,996
Other receivables	39,531	68,754
Notes receivable, net of allowance of $650,288 in 2014 and $1,027,747 in 2013	8,513,229	7,525,662
Prepaids and deposits	19,915	9,864
Total current assets	28,246,917	22,457,324
LONG-TERM ASSETS		
Notes receivable, net of allowance of $1,463,356 in 2014 and $927,224 in 2013	31,646,007	21,423,706
Office equipment, net of accumulated depreciation	160,813	188,675
Leasehold improvements, net of accumulated depreciation	91,614	102,951
Total long-term assets	31,898,434	21,715,332
TOTAL ASSETS	$ 60,145,351	$ 44,172,656

LIABILITIES AND NET ASSETS

	2014	2013
CURRENT LIABILITIES		
Accounts payable	$ 274,646	$ 84,009
Accrued liabilities	109,491	12,918
Refundable advances	895,861	2,905,433
Interest payable	219,477	151,777
Notes payable - current	97,097	-
Senior loans payable - current	1,798,000	864,830
Subordinated loans payable - current	100,000	100,000
Total current liabilities	3,494,572	4,118,967
LONG-TERM LIABILITIES		
Notes payable	5,428,275	2,000,000
Senior loans payable, less current portion	24,166,111	15,198,399
Subordinated loans payable, less current portion	8,800,000	8,700,000
Total non-current liabilities	38,394,386	25,898,399
Total liabilities	41,888,958	30,017,366
NET ASSETS		
Unrestricted:		
Undesignated	10,962,572	3,926,389
Board designated	3,655,131	6,143,344
Total unrestricted net assets	14,617,703	10,069,733
Temporarily restricted	1,863,372	310,239
Permanently restricted	1,775,318	3,775,318
Total net assets	18,256,393	14,155,290
TOTAL LIABILITIES AND NET ASSETS	$ 60,145,351	$ 44,172,656

The accompanying notes are an integral part of the financial statements.

THE CHICAGO COMMUNITY LOAN FUND
STATEMENT OF ACTIVITIES
Year Ended December 31, 2014

	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	$ 457,854	$ 48,200	$ 250,000	$ 143,000	$ 19,000	$ 918,054	$ 888,949	$ 1,500,000	$ -	$ 3,307,003
HFFI Award	80,576	-	-	-	-	80,576	1,678,997	-	-	1,759,573
Donated services	851,073	-	-	-	-	851,073	-	-	-	851,073
Notes receivable interest income	2,363,867	-	-	-	-	2,363,867	-	9,133	-	2,373,000
Investment income	253,578	-	-	-	-	253,578	-	-	-	253,578
Net investment unrealized/realized gain (loss)	(12,731)	-	-	-	-	(12,731)	347,421	-	-	334,690
Loan closing fees	330,010	-	-	-	-	330,010	-	-	-	330,010
Contracted services and workshops	-	-	-	3,716	-	3,716	-	-	-	3,716
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Net assets released from restrictions - satisfaction of program restrictions	23,200	(23,200)	-	-	-	-	-	-	-	-
Total revenue and support	4,347,427	25,000	250,000	146,716	19,000	4,788,143	2,915,367	1,509,133	-	9,212,643
EXPENSES										
Program	2,968,382	-	164,970	173,898	-	3,307,250	702,413	-	-	4,009,663
Administrative	943,591	-	-	-	-	943,591	-	-	-	943,591
Fundraising	242,785	-	-	-	-	242,785	-	-	-	242,785
Total expenses	4,154,758	-	164,970	173,898	-	4,493,626	702,413	-	-	5,196,039
Change in net assets from operations	192,669	25,000	85,030	(27,182)	19,000	294,517	2,212,954	1,509,133	-	4,016,604
NON-OPERATING ACTIVITIES										
Recoveries on previously written off loans	84,499	-	-	-	-	84,499	-	-	-	84,499
CHANGE IN NET ASSETS	277,168	25,000	85,030	(27,182)	19,000	379,016	2,212,954	1,509,133	-	4,101,103
Transfers between unrestricted funds	7,053,876	-	-	-	-	7,053,876	(7,053,876)	-	-	-
Transfers between restricted and unrestricted funds	-	-	-	-	-	-	2,000,000	-	(2,000,000)	-
NET ASSETS, BEGINNING OF YEAR	5,193,177	45,000	(43,949)	(452,141)	65,078	4,807,165	5,372,646	200,161	3,775,318	14,155,290
NET ASSETS, END 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

The accompanying notes are an integral part of the financial statements.

THE CHICAGO COMMUNITY LOAN FUND
STATEMENT OF ACTIVITIES
Year Ended December 31, 2013

	Operating							Lending Capital			
	Lending Operations		Economic Development		Technical Assistance						
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT											
Grants and contributions	$ 399,157	$ 358,597	$ 210	$ -	$ 34,000	$ 50,000	$ 841,964	$ -	$ 193,283	$ -	$ 1,035,247
Donated services	462,805	-	-	-	-	-	462,805	-	-	-	462,805
Notes receivable interest income	1,520,138	-	-	-	-	-	1,520,138	-	27,419	-	1,547,557
Investment income	421,526	-	-	-	-	-	421,526	-	-	-	421,526
Net investment unrealized/realized gain (loss)	51,370	-	-	-	-	-	51,370	(680,038)	-	-	(628,668)
Loan closing fees	354,531	-	-	-	-	-	354,531	-	-	-	354,531
Contracted services and workshops	-	-	-	75,000	4,728	-	79,728	-	-	-	79,728
Miscellaneous	17	-	-	-	2,000	-	2,017	-	-	-	2,017
Net assets released from restrictions - satisfaction of program restrictions	484,877	(484,877)	75,000	(75,000)	-	-	-	58,766	(58,766)	-	-
Total revenue and support	3,694,421	(126,280)	75,210	-	40,728	50,000	3,734,079	(621,272)	161,936	-	3,274,743
EXPENSES											
Program	2,026,411	-	119,159	-	158,750	-	2,304,320	256,985	-	-	2,561,305
Administrative	595,035	-	-	-	-	-	595,035	-	-	-	595,035
Fundraising	183,438	-	-	-	-	-	183,438	-	-	-	183,438
Total expenses	2,804,884	-	119,159	-	158,750	-	3,082,793	256,985	-	-	3,339,778
Change in net assets from operations	889,537	(126,280)	(43,949)	-	(118,022)	50,000	651,286	(878,257)	161,936	-	(65,035)
NON-OPERATING ACTIVITIES											
Recoveries on previously written off loans	72,212	-	-	-	-	-	72,212	-	-	-	72,212
CHANGE IN NET ASSETS	961,749	(126,280)	(43,949)	-	(118,022)	50,000	723,498	(878,257)	161,936	-	7,177
Transfer between unrestricted funds	(2,518,206)	-	-	-	-	-	(2,518,206)	2,518,206	-	-	-
NET ASSETS, BEGINNING 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
NET ASSETS, END OF YEAR	$ 5,193,177	$ 45,000	$ (43,949)	$ -	$ (452,141)	$ 65,078	$ 4,807,165	$ 5,372,646	$ 200,161	$ 3,775,318	$ 14,155,290

The accompanying notes are an integral part of the financial statements.

THE CHICAGO COMMUNITY LOAN FUND
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2014

	Lending Operations	Public Policy	Total Lending Operations and Public Policy	Lending Capital	Technical Assistance	Economic Development	Total Program	Administrative	Fundraising	Total
Salaries	$ 653,135	$ 43,469	$ 696,604	$ -	$ 108,788	$ -	$ 805,392	$ 457,308	$ 145,044	$ 1,407,744
Payroll taxes and fringe benefits	186,751	8,343	195,094	-	31,424	-	226,518	112,117	32,668	371,303
Professional fees and consultants	205,253	-	205,253	-	6,485	162,631	374,369	50,322	1,463	426,154
Donated services	685,650	-	685,650	-	-	-	685,650	165,423	-	851,073
Rent, utilities, and related charges	65,605	3,218	68,823	-	13,104	2,147	84,074	36,744	15,566	136,384
Telephone	1,184	-	1,184	-	117	-	1,301	10,833	1,433	13,567
Insurance	2,358	86	2,444	-	259	-	2,703	3,500	1,148	7,351
Equipment rental and			-							
maintenance	3,561	-	3,561	-	885	-	4,446	7,800	856	13,102
Supplies	4,511	-	4,511	-	1,844	162	6,517	9,441	2,279	18,237
Postage and delivery	1,039	-	1,039	-	-	-	1,039	792	395	2,226
Printing	1,078	-	1,078	-	881	-	1,959	1,498	-	3,457
Marketing	8,767	-	8,767	-	146	-	8,913	19,259	26,849	55,021
Travel	12,266	-	12,266	-	4,466	-	16,732	24,826	5,731	47,289
Meetings	952	-	952	-	-	30	982	3,872	347	5,201
Staff development	4,871	-	4,871	-	1,054	-	5,925	9,092	2,109	17,126
Dues and subscriptions	10,092	-	10,092	-	266	-	10,358	14,101	1,911	26,370
Investment management and bank fees	47,473	-	47,473	-	35	-	47,508	-	76	47,584
Depreciation	24,281	1,388	25,669	-	4,144	-	29,813	16,322	4,910	51,045
Interest	993,051	-	993,051	-	-	-	993,051	341	-	993,392
Real estate owned	-	-	-	3,863	-	-	3,863	-	-	3,863
Loan loss allowance	-	-	-	698,550	-	-	698,550	-	-	698,550
TOTAL FUNCTIONAL EXPENSES	$ 2,911,878	$ 56,504	$ 2,968,382	$ 702,413	$ 173,898	$ 164,970	$ 4,009,663	$ 943,591	$ 242,785	$ 5,196,039

The accompanying notes are an integral part of the financial statements.

THE CHICAGO COMMUNITY LOAN FUND
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2013

	Lending Operations	Public Policy	Total Lending Operations and Public Policy	Lending Capital	Technical Assistance	Economic Development	Total Program	Administrative	Fundraising	Total
Salaries	$ 484,784	$ 31,594	$ 516,378	$ -	$ 97,308	$ -	$ 613,686	$ 319,520	$ 129,018	$ 1,062,224
Payroll taxes and fringe benefits	127,135	6,214	133,349	-	28,393	53	161,795	94,913	24,683	281,391
Professional fees and consultants	118,499	5,000	123,499	-	7,742	118,657	249,898	47,883	225	298,006
Donated services	459,805	-	459,805	-	-	-	459,805	3,000	-	462,805
Rent, utilities, and related charges	41,958	2,981	44,939	-	10,642	37	55,618	26,797	10,381	92,796
Telephone	2,200	-	2,200	-	135	-	2,335	11,454	42	13,831
Insurance	2,240	27	2,267	-	296	-	2,563	3,816	215	6,594
Equipment rental and			-							
maintenance	4,839	-	4,839	-	645	-	5,484	8,926	145	14,555
Supplies	2,899	-	2,899	-	2,072	6	4,977	5,913	2,598	13,488
Postage and delivery	1,343	-	1,343	-	207	-	1,550	1,102	219	2,871
Printing	497	-	497	-	244	-	741	1,034	3,544	5,319
Marketing	3,035	-	3,035	-	862	-	3,897	5,963	4,923	14,783
Travel	15,781	-	15,781	-	3,425	299	19,505	19,290	1,201	39,996
Meetings	1,494	-	1,494	-	64	107	1,665	6,672	75	8,412
Staff development	9,346	-	9,346	-	1,089	-	10,435	7,555	1,325	19,315
Dues and subscriptions	11,684	-	11,684	-	-	-	11,684	14,091	704	26,479
Investment management and bank fees	43,952	-	43,952	-	41	-	43,993	72	78	44,143
Depreciation	23,865	508	24,373	-	5,585	-	29,958	16,756	4,062	50,776
Interest	624,731	-	624,731	-	-	-	624,731	278	-	625,009
Real estate owned	-	-	-	6,567	-	-	6,567	-	-	6,567
Loan loss allowance	-	-	-	250,418	-	-	250,418	-	-	250,418
TOTAL FUNCTIONAL EXPENSES	$ 1,980,087	$ 46,324	$ 2,026,411	$ 256,985	$ 158,750	$ 119,159	$ 2,561,305	$ 595,035	$ 183,438	$ 3,339,778

The accompanying notes are an integral part of the financial statements.

THE CHICAGO COMMUNITY LOAN FUND
STATEMENT OF CASH FLOWS
Year Ended December 31, 2014
With Comparative Totals for December 31, 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 4,101,103	$ 7,177
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	51,045	50,776
Provision for loan losses	698,550	250,418
Net realized and unrealized losses (gains) on investments	(333,098)	628,668
Effects of changes in operating assets and liabilities:		
Grants and contributions receivables	(202,000)	1,511,381
Interest receivable	(763)	(120,428)
Other receivables	29,223	-
Prepaids and deposits	(10,051)	(243)
Accounts payable and accrued expenses	287,210	(23,613)
Decrease in refundable advances	(2,009,572)	778,120
Interest payable	67,700	151,777
Net cash provided by operating activities	2,679,347	3,234,033
CASH FLOWS FROM INVESTING ACTIVITIES		
Maturity of certificates of deposit	-	500,000
Proceeds from sales and principal paydowns on investments	4,214,468	3,789,207
Purchase of investments	(1,367,395)	(3,403,166)
Increase in notes receivable, net of repayment	(11,908,418)	(11,063,953)
Purchase of office equipment and leasehold improvements	(11,846)	(213,660)
Net cash used in investing activities	(9,073,191)	(10,391,572)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from senior loans payable	10,228,382	6,675,000
Proceeds from subordinated loans payable	100,000	3,000,000
Proceeds from notes payable	4,406,381	2,000,000
Principal payments on notes payable	(881,009)	-
Principal repayment of senior loans payable	(327,500)	(875,254)
Principal repayment of subordinated loans payable	-	(2,600,000)
Net cash provided by financing activities	13,526,254	8,199,746
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,132,410	1,042,207
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,215,109	4,172,902
CASH AND CASH EQUIVALENTS, END OF YEAR	$12,347,519	$ 5,215,109
SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid (lending operations only)	$ 993,051	$ 624,873

The accompanying notes are an integral part of the 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 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.

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. 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, 2014 and 2013, CCLF's cash balances exceeded federally insured limits by $4,000,708 and $4,709,547, respectively. At December 31, 2014 and 2013, there was also $221,069 and $161,679 of restricted cash pertaining to CCLF's Small Business Development Fund, respectively.

For purposes of the Statement of Financial Position and Statement 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.

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.

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. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Allowance for Loan Losses (continued)

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. CCLF'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 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. 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, 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.

CCLF 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Allowance for Loan Losses (continued)

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, 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 non-accrual.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 for leasehold improvements and three to 10 years for furniture and equipment.

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 Statement 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, 2014 and 2013, CCLF did not receive any such gifts.

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, 2014 and 2013, CCLF received and recognized certain donated legal, marketing and payroll processing services valued at $851,073 and $462,805, respectively.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2014 and 2013 CCLF did not receive any in-kind contributions.

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. 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.

The federal and state returns of CCLF for the years ended 2011, 2012, and 2013 are subject to examination by the Internal Revenue Service and state taxing authorities, generally for three years after filing.

Reclassifications

Certain comparative amounts previously reported in the 2013 financial statements have been reclassified to conform to the 2014 presentation.

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:

NOTE 2 - FAIR VALUE MEASUREMENT (continued)

- 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).

Assets and Liabilities Measured on a Recurring Basis

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

December 31, 2014	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	$ -	$ 889,365	$ -
Assets - municipal debt	-	5,848,599	-
Total	$ -	$ 6,737,964	$ -
December 31, 2013			
Assets - U.S. agency securities	$ -	$ 397,448	$ -
Assets - municipal debt	-	8,854,491	-
Total	$ -	$ 9,251,939	$ -

NOTE 3 - PROPERTY HELD FOR SALE

At December 31, 2014 and 2013, CCLF 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, maintenance, real estate taxes, and various legal fees, amounted to $3,863 and $6,567 for the years ended December 31, 2014 and 2013, 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 $10,174,000 and $9,576,000 at December 31, 2014 and 2013, 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, 2014 and 2013 are comprised of the following:

December 31, 2014	Current	Long-Term	Total
Principal amount	$ 9,163,517	$ 33,109,363	$ 42,272,880
Reserve for loan loss	(650,288)	(1,463,356)	(2,113,644)
Net notes receivable	$ 8,513,229	$ 31,646,007	$ 40,159,236

NOTE 5 - NOTES RECEIVABLE - LOAN FUND (continued)

December 31, 2013	Current	Long-Term	Total
Principal amount	$ 8,553,409	$ 22,350,930	$ 30,904,339
Reserve for loan loss	(1,027,747)	(927,224)	(1,954,971)
Net notes receivable	$ 7,525,662	$ 21,423,706	$ 28,949,368

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

	Principal Amount	
Maturity	**2014**	**2013**
Within one year	$ 9,163,517	$ 8,553,409
One through two years	2,929,263	2,389,106
Two through three years	2,012,069	1,567,166
Three through four years	3,551,662	2,356,400
Four through five years	8,471,714	3,701,303
Thereafter	16,144,655	12,336,955
Total	$ 42,272,880	$ 30,904,339

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 Rehab	Equipment and Working Capital	Permanent Financing	Total
Reserve for Loan Losses						
Balance, January 1, 2013	$ 1,091,018	$ 391,862	$ 203,962	$ 8,956	$ 8,755	$ 1,704,553
Provision for (benefit from) loans losses	307,158	(67,391)	(12,086)	23,787	(1,050)	250,418
Balance, December 31, 2013	1,398,176	324,471	191,876	32,743	7,705	1,954,971
Provision for (benefit from) loan losses	167,376	306,576	189,299	42,066	(7,267)	698,050
Loans charged-off	(539,377)	-	-	-	-	(539,377)
Balance, December 31, 2014	$ 1,026,175	$ 631,047	$ 381,175	$ 74,809	$ 438	$ 2,113,644

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

December 31, 2014 ALL Evaluation	Mini-Permanent Mortgage	Pre-Development	Construction Rehab	Equipment and Working Capital	Total
Evaluated for impairment:					
Levels 1 - 3	$ 877,566	$ 101,903	$ 360,037	$ 30,142	$ 1,369,686
Levels 4 - 6	148,609	529,144	21,138	44,667	743,958
Balance, December 31, 2014	$ 1,026,175	$ 631,047	$ 381,175	$ 74,809	$ 2,113,644

NOTE 5 - NOTES RECEIVABLE - LOAN FUND (continued)

December 31, 2013 ALL Evaluation	Mini-Permanent Mortgage	Pre-Development	Construction Rehab	Equipment and Working Capital	Permanent Financing	Total
Evaluated for impairment:						
Grade 1 - 3	$ 704,678	$ 39,662	$ 111,876	$ 32,743	$ 7,705	$ 896,664
Grade 4 - 6	693,498	284,809	80,000	-	-	1,058,307
Balance, December 31, 2013	$ 1,398,176	$ 324,471	$ 191,876	$ 32,743	$ 7,705	$ 1,954,971

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

December 31, 2014 Loan Balances in Relation to ALL Evaluation	Mini-Permanent Mortgage	Pre-Development	Construction Rehab	Equipment and Working Capital	Total
Evaluated for impairment:					
Levels 1 - 3	$ 25,542,797	$ 2,333,543	$ 10,055,276	$ 624,723	$ 38,556,339
Levels 4 - 6	332,502	3,335,980	-	48,059	3,716,541
Total at December 31, 2014	$ 25,875,299	$ 5,669,523	$ 10,055,276	$ 672,782	$ 42,272,880

NOTE 5 - NOTES RECEIVABLE - LOAN FUND (continued)

December 31, 2013 Loan Balances in Relation to ALL Evaluation	**Mini-Permanent Mortgage**	**Pre-Development**	**Construction Rehab**	**Equipment and Working Capital**	**Permanent Financing**	**Total**
Evaluated for impairment:						
Levels 1 - 3	$ 21,480,566	$ 1,001,123	$ 4,550,901	$ 693,732	$ 200,899	$ 27,927,221
Levels 4 - 6	1,164,056	1,013,062	800,000	-	-	2,977,118
Total at December 31, 2013	$ 22,644,622	$ 2,014,185	$ 5,350,901	$ 693,732	$ 200,899	$ 30,904,339

The following table shows the loan portfolio allocated by management's internal risk ratings at December 31, 2014 and 2013:

	2014	**2013**
Risk rating		
1 - Minimal risk	$ 9,410,479	$ 10,326,400
2 - Moderate risk	18,958,821	12,660,367
3 - Acceptable risk	10,187,039	4,940,454
4 - Watch/special mention	2,944,493	1,636,558
5 - Substandard	558,072	560,139
6 - Doubtful	213,976	780,421
Total	$ 42,272,880	$ 30,904,339

NOTE 5 - NOTES RECEIVABLE - LOAN FUND (continued)

The following table shows the loan portfolio segments allocated by payment activity at December 31, 2014 and 2013. 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, 2014	**Mini-Permanent Mortgage**	**Pre-Development**	**Construction Rehab**	**Equipment and Working Capital**	**Permanent Financing**	**Total**
Payment activity:						
Performing	$ 25,709,382	$ 5,669,523	$ 10,055,276	$ 624,723	$ -	$ 42,058,904
Non-performing	165,917	-	-	48,059	-	213,976
Total	$ 25,875,299	$ 5,669,523	$ 10,055,276	$ 672,782	$ -	$ 42,272,880
December 31, 2013						
Payment activity:						
Performing	$ 21,864,201	$ 2,014,185	$ 5,350,901	$ 693,732	$ 200,899	$ 30,123,918
Non-performing	780,421	-	-	-	-	780,421
Total	$ 22,644,622	$ 2,014,185	$ 5,350,901	$ 693,732	$ 200,899	$ 30,904,339

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, 2014 and 2013:

	Accruing Interest			Non-Accrual	
December 31, 2014	**Current**	**30 - 89 Days Past Due**	**90 Days or More Past Due**	**90 Days or More Past Due**	**Total Loans**
Mini-permanent mortgage	$ 25,709,382	$ -	$ -	$ 165,917	$ 25,875,299
Pre-development	5,669,523	-	-	-	5,669,523
Construction rehab	10,055,276	-	-	-	10,055,276
Equipment and working capital	624,723	-	-	48,059	672,782
Permanent financing	-	-	-	-	-
Total	$ 42,058,904	$ -	$ -	$ 213,976	$ 42,272,880
December 31, 2013					
Mini-permanent mortgage	$ 21,864,201	$ -	$ -	$ 780,421	$ 22,644,622
Pre-development	2,014,185	-	-	-	2,014,185
Construction rehab	5,350,901	-	-	-	5,350,901
Equipment and working capital	693,732	-	-	-	693,732
Permanent financing	200,899	-	-	-	200,899
Total	$ 30,123,918	$ -	$ -	$ 780,421	$ 30,904,339

Interest income forgone on non-accrual loans totaled $16,177 and $52,893 for the years ended December 31, 2014 and 2013, respectively.

NOTE 5 - NOTES RECEIVABLE - LOAN FUND (continued)

The following table presents information related to impaired loans (levels 4 - 6) at December 31, 2014 and 2013:

December 31, 2014	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment
With an allowance recorded:				
Mini-permanent mortgage	$ 332,502	$ 332,502	$ 94,613	$ 376,492
Pre-development	3,335,980	3,335,980	517,225	3,401,444
Equipment and working capital	48,059	48,059	43,253	49,029
Total	$ 3,716,541	$ 3,716,541	$ 655,091	$ 3,826,965
December 31, 2013				
With an allowance recorded:				
Mini-permanent mortgage	$ 1,164,055	$ 1,164,055	$ 693,498	$ 1,174,135
Pre-development	1,013,063	1,013,063	284,809	1,058,418
Equipment and working capital	800,000	800,000	800,000	800,000
Total	$ 2,977,118	$ 2,977,118	$ 1,778,307	$ 3,032,553

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.

NOTE 5 - NOTES RECEIVABLE - LOAN FUND (continued)

The following table represents impaired loans classified as troubled debt restructurings for the years ended December 31, 2014 and 2013:

December 31, 2014	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Troubled debt restructurings:			
Mini-permanent mortgage	2	$ 362,412	$ 362,412
Pre-development	2	400,478	400,478
Total	4	$ 762,890	$ 762,890
December 31, 2013			
Troubled debt restructurings:			
Mini-permanent mortgage	2	$ 445,300	$ 445,300
Pre-development	2	447,601	447,601
Total	4	$ 892,901	$ 892,901

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.

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

Long-term debt consisted of the following:

December 31, 2014	Principal Amount	Interest Rate	Scheduled Maturity Dates
Senior loans payable:			
Private foundations	$ 4,020,000	2% to 4.3%	December 2015 to May 2019
Financial institutions and corporations	19,909,900	2% to 4%	April 2015 to December 2024
Religious organizations	900,000	1.5% to 3%	December 2015 to June 2019
Individuals	909,211	0% to 3%	January 2015 to June 2020
Other	225,000	4.25%	January 2015
	25,964,111		
Less current portion	(1,798,000)		
Net long-term, senior loans payable	$ 24,166,111		
December 31, 2013			
Senior loans payable:			
Private foundations	$ 3,190,000	2% to 4.3%	January 2014 to December 2016
Financial institutions and corporations	10,459,899	2% to 4%	June 2014 to September 2019
Religious organizations	1,557,500	1.5% to 3%	June 2014 to September 2019
Individuals	630,830	0% to 3%	December 2013 to December 2017
Other	225,000	4.25%	December 2014
	16,063,229		
Less current portion	(864,830)		
Net long-term, senior loans payable	$ 15,198,399		

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, 2014	Principal Amount	Interest Rate	Scheduled Maturity Dates
Subordinated loans payable:			
Financial institutions	$ 8,600,000	2% to 3%	June 2016 to December 2018
Federal government (CDFI Fund)	300,000	2.09%	December 2018
	8,900,000		
Less current portion	(100,000)		
Net long-term, subordinated loans payable	$ 8,800,000		
December 31, 2013			
Subordinated loans payable:			
Financial institutions	$ 8,500,000	2% to 3%	June 2014 to December 2018
Federal government (CDFI Fund)	300,000	2.09%	December 2018
	8,800,000		
Less current portion	(100,000)		
Net long-term, subordinated loans payable	$ 8,700,000		

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

Future anticipated loan maturities at December 31, 2014 are as follows:

	Senior	Subordinate	Total
2015	$ 1,798,000	$ 100,000	$ 1,898,000
2016	4,726,000	1,000,000	5,726,000
2017	3,289,424	4,400,000	7,689,424
2018	2,806,500	3,300,000	6,106,500
2019	6,351,687	100,000	6,451,687
Thereafter	6,992,500	-	6,992,500
Total	$ 25,964,111	$ 8,900,000	$ 34,864,111

CCLF is subject to certain debt covenants, as specified in the individual debt agreements. As of December 31, 2014 and 2013, 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 in Lake County, Illinois, but as of March 15, 2013 can also be used to support CCLF's other energy efficiency and preservation projects with no geographic restrictions. At December 31, 2013, no draws had been made on this line. 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%. At December 31, 2014, the outstanding balance is $1,000,000 with accrued interest totaling $2,500.

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 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, 2014, $2,000,000 was drawn down with accrued interest totaling $20,000. At December 31, 2013, $2,000,000 was drawn down with accrued interest totaling $16,520.

During 2014, CCLF entered into a $3,000,000 line of credit with PNC Bank, N.A. through March 27, 2018 with interest is at 2.38%. At December 31, 2014, $2,525,372 was drawn down with accrued interest totaling $5,009.

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

Future loan maturities at December 31, 2014 on the above three notes payable are as follows:

2015	$ 97,097
2016	371,274
2017	386,350
2018	3,927,409
2019	418,361
Thereafter	324,881
Total	$ 5,525,372

NOTE 7 - CONDITIONAL PROMISE TO RECEIVE

At December 31, 2013, CCLF had a conditional promise to receive $1,538,000 through the JPMorgan Chase Foundation CDFI Collaboratives program. The promise is conditional upon the completion of certain milestones per the grant agreement. As a result of this condition, certain amounts of this promise are not yet recognized as an asset in the Statement of Financial Position.

NOTE 8 - REFUNDABLE ADVANCE

During 2013, CCLF received a $250,000 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. At December 31, 2013, $250,000 was recorded as a refundable advance. As of December 31, 2014, the full amount had been disbursed.

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. As of December 31, 2014, $2,104,139 was recognized as revenue and $895,861 is recorded as a refundable advance.

NOTE 9 - BOARD DESIGNATED FUNDS

CCLF's board has elected to establish an operating reserve fund. At December 31, 2014 and 2013, unrestricted net assets of $1,123,407 and $770,698, 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.

NOTE 9 - BOARD DESIGNATED FUNDS (continued)

Furthermore, the board has designated $2,531,724 and $5,372,646 to lending capital to support existing note commitments at December 31, 2014 and 2013, respectively.

NOTE 10 - TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2014 and 2013, net assets were temporarily restricted for the following purposes:

	2014	2013
Community lending programs	$ 38,225	$ 38,225
Loan loss reserves	1,500,000	-
Foreclosure prevention	15,078	15,078
Better understanding of market demands	30,000	30,000
Revolving loan fund	221,069	211,936
Time restricted	59,000	15,000
Total	$ 1,863,372	$ 310,239

For the years ended December 31, 2014 and 2013, 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 30:

	2014	2013
Server upgrade	$ 8,200	$ -
Foundations for salary support	-	88,418
Common area costs	-	2,784
Transfers for lending operations	-	50,078
SBDA - city funds lending operations	-	127,313
HFFI - federal funds lending operations	-	151,284
Foundations for lending operations	-	65,000
SSMMA - consulting	-	75,000
Technical assistance	-	58,766
Time restriction met	15,000	-
Total	$ 23,200	$ 618,643

NOTE 11 - 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.

During 2014, the JPMorgan Chase Foundation allowed the release of $2,000,000 of permanently restricted funds previously received by CCLF during the year ended December 31, 2011.

NOTE 12 - 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, 2014 and 2013, CCLF contributed 6% of wages to this plan totaling $65,527 and $41,630, respectively.

NOTE 13 - RELATED PARTY TRANSACTIONS

One board member donated payroll processing services to CCLF estimated at a value of $2,555 and $3,000 for the years ended December 31, 2014 and 2013, respectively.

The Law Project coordinated $788,518 and $459,805 in donated legal services and was paid $15,000 for certain legal services during the years ended December 31, 2014 and 2013. The executive director of the Law Project is a board member of CCLF.

During the year ended December 31, 2014, 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. The outstanding balance on this senior loan at December 31, 2014 is $1,000,000. CCLF paid The PrivateBank approximately $11,676 in interest expense during 2014.

NOTE 13 - RELATED PARTY TRANSACTIONS (continued)

Board member

At December 31, 2014, 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.

Village Bank & Trust

On December 31, 2014, 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. The outstanding balance on this subordinated loan at December 31, 2014 was $325,000. CCLF paid The Village Bank & Trust approximately $8,125 in interest expense during 2014.

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. The outstanding balance on this senior loan at December 31, 2014 is $2,600,000. CCLF paid US Bancorp approximately $79,108 in interest expense during 2014.

PNC Bank

At December 31, 2014, CCLF had two outstanding loans with PNC Bank and one revolving line of credit. The first loan is 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 2.38%, scheduled to mature on October 23, 2017. The revolving line of credit is for $3,000,000 at an interest rate of the daily London Interbank Offered Rate (LIBOR) rate plus 175 basis points. At December 31, 2014, the line of credit had an outstanding balance of $2,525,372. A vice president of PNC Bank is a member of the loan committee of CCLF. CCLF paid PNC Bank approximately $128,820 in interest expense during 2014.

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. The outstanding balance on this subordinated loan at December 31, 2014 is $2,000,000 and CCLF paid BMO Harris approximately $50,000 in interest expense during 2014.

NOTE 14 - LEASES

CCLF leases its main office facility. CCLF is responsible for their share of operating expenses and taxes. Rental expense for the lease totaled $129,150 and $86,047 for the years ended December 31, 2014 and 2013, respectively.

2015	$ 96,494
2016	98,774
2017	101,049
2018	103,322
2019	105,597
Thereafter	283,050
Total	$ 788,286

NOTE 15 - SIGNIFICANT CONCENTRATIONS

During the year ended December 31, 2014, CCLF received 45% and 25% of its grants and contribution revenue from the CDFI Fund and JPMorgan Chase. During the year ended December 31, 2013, CCLF received 33%, 15% and 12% of its grants and contribution revenue from the CDFI Fund, Polk Brothers Foundation, and the City of Chicago for the Small Business Development Revolving Loan Program (SBDF). 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 16 - SUBSEQUENT EVENTS

Management evaluated subsequent events through April 29, 2015, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2014, but prior to April 29, 2015, that provided additional evidence about conditions that existed at December 31, 2014, have been recognized in the financial statements for the year ended December 31, 2014. Events or transactions that provided evidence about conditions that did not exist at December 31, 2014, 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, 2014.