Community Investment Corporation and Affiliates

Consolidated Financial Report
September 30, 2024

Contents

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Independent Auditor's Report

To the Board of Directors
Community Investment Corporation and Affiliates

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Community Investment Corporation and Affiliates (the "Corporation"), which comprise the consolidated statement of financial position, including the consolidated schedule of investments, as of September 30, 2024 and 2023 and the related consolidated statements of activities, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as of September 30, 2024 and 2023 and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of the Corporation and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 2 to the consolidated financial statements, the Corporation adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments*, as of October 1, 2023. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

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

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

To the Board of Directors
Community Investment Corporation and Affiliates

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

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

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2024 consolidating information is presented for the purpose of additional analysis rather than to present the financial position, changes in net assets, functional expenses, and cash flows of the individual entities and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

To the Board of Directors
Community Investment Corporation and Affiliates

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2025 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's 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 the Corporation's internal control over financial reporting and compliance.

Plante & Moran, PLLC

January 22, 2025

Consolidated Statement of Financial Position

September 30, 2024 and 2023

	Community Investment Corporation	Community Initiatives, Inc.	CIC Government Investor, L.L.C.	CEPF, LLC	Eliminating Entries	2024	2023
Assets							
Cash and cash equivalents	$ 5,894,129	$ 1,600,789	$ -	$ 508,007	$ -	$ 8,002,925	$ 11,706,878
Restricted cash	42,702,551	8,261,600	2,795,423	-	-	53,759,574	50,645,472
Restricted cash held for investor note purchase agreement loss sharing policy first loss fund	11,592,192	-	-	-	-	11,592,192	9,608,277
Investments in real estate joint ventures, at fair value (Note 12)	-	-	-	3,838,866	-	3,838,866	1,231,640
Federal Home Loan Bank stock	696,202	-	-	-	-	696,202	696,202
Program and other receivables - Net:							
Grants receivable	-	2,599,719	-	-	-	2,599,719	2,907,163
Troubled Buildings Initiative	-	8,333,888	-	-	-	8,333,888	6,056,061
Other accounts receivable	1,632,658	-	-	-	-	1,632,658	1,438,330
Real estate held for sale (Note 4)	-	2,041,298	-	-	-	2,041,298	2,198,098
Other assets	2,207,460	-	-	-	(1,369,166)	838,294	306,910
Loans - Net of allowance for credit losses of $13,235,251 and $11,001,016 as of September 30, 2024 and 2023, respectively (Note 3)	272,516,540	1,102,975	-	-	-	273,619,515	244,394,950
Interest in CIC Mezzanine Investors, LLC	1,258,562	-	2,206,527	-	-	3,465,089	1,906,746
Right-of-use asset - Operating lease asset (Note 5)	846,087	-	-	-	-	846,087	1,080,790
Property and equipment - Net (Note 6)	490,676	-	-	-	-	490,676	498,620
Total assets	**$ 339,837,057**	**$ 23,940,269**	**$ 5,001,950**	**$ 4,346,873**	**$ (1,369,166)**	**$ 371,756,983**	**$ 334,676,137**
Liabilities and Net Assets							
Liabilities							
Escrow accruals and borrower reserves	$ 11,105,349	$ -	$ -	$ -	$ -	$ 11,105,349	$ 14,356,916
Notes payable (Note 8)	54,349,844	-	-	-	-	54,349,844	73,643,426
Refundable grant	-	-	5,000,000	-	-	5,000,000	5,000,000
Investor notes payable (Note 8)	182,734,265	-	-	-	-	182,734,265	146,480,796
Grants payable	-	17,006,062	-	-	-	17,006,062	13,180,150
CMAP energy loan guarantees	3,392,762	-	-	-	-	3,392,762	3,392,762
Deferred revenue	26,180,909	800,000	-	-	-	26,980,909	26,215,218
Other liabilities	1,439,101	1,785,991	-	26,066	(1,369,166)	1,881,992	988,909
Lease liabilities - Operating	1,032,705	-	-	-	-	1,032,705	1,303,880
Total liabilities	280,234,935	19,592,053	5,000,000	26,066	(1,369,166)	303,483,888	284,562,057
Net Assets							
Without donor restrictions:							
Undesignated	52,889,334	4,348,216	1,950	4,320,807	-	61,560,307	39,533,670
Designated (Note 9)	3,421,446	-	-	-	-	3,421,446	7,139,077
With donor restrictions (Note 9)	3,291,342	-	-	-	-	3,291,342	3,441,333
Total net assets	59,602,122	4,348,216	1,950	4,320,807	-	68,273,095	50,114,080
Total liabilities and net assets	**$ 339,837,057**	**$ 23,940,269**	**$ 5,001,950**	**$ 4,346,873**	**$ (1,369,166)**	**$ 371,756,983**	**$ 334,676,137**

See notes to consolidated financial statements.

Consolidated Schedule of Investments

September 30, 2024

Description of Investment	Industry	Investment Interest	Cost	Fair Value
7456 S Eberhart, LLC	Real estate joint venture	95% LLC membership interests	$ 380,323	$ 478,533
1804 Construction, LLC	Real estate joint venture	95% LLC membership interests	491,028	496,202
DVH Properties & Development 101, LLC	Real estate joint venture	95% LLC membership interests	177,474	208,287
7800 Ridgeland, LLC	Real estate joint venture	95% LLC membership interests	281,450	353,986
6807 Michigan Holding LLC	Real estate joint venture	95% LLC membership interests	618,659	676,808
United Strategies Holdings LLC	Real estate joint venture	95% LLC membership interests	309,312	338,472
Inspire Woodlawn LLC	Real estate joint venture	15.91% LLC membership interests	347,407	484,967
6959 Merrill LJ Promise LLC	Real estate joint venture	95% LLC membership interests	761,116	801,611
Total investments in real estate joint ventures			**$ 3,366,769**	**$ 3,838,866**

See notes to consolidated financial statements.

Consolidated Schedule of Investments

September 30, 2023

Description of Investment	Industry	Investment Interest	Cost	Fair Value
7456 S Eberhart, LLC	Real estate joint venture	95% LLC membership interests	$ 380,323	$ 398,249
1804 Construction, LLC	Real estate joint venture	95% LLC membership interests	408,295	408,295
DVH Properties & Development 101, LLC	Real estate joint venture	95% LLC membership interests	136,480	136,480
7800 Ridgeland, LLC	Real estate joint venture	95% LLC membership interests	282,373	288,616
Total investments in real estate joint ventures			**$ 1,207,471**	**$ 1,231,640**

See notes to consolidated financial statements.

Consolidated Statement of Activities

Years Ended September 30, 2024 and 2023

	Community Investment Corporation	Community Initiatives, Inc.	CIC Government Investor, L.L.C.	CEPF, LLC	Eliminating Entries	2024	2023
Changes in Net Assets without Donor Restrictions							
Revenue:							
Interest income	$ 6,532,807	$ -	$ -	$ -	$ -	$ 6,532,807	$ 5,517,840
Interest on investor notes payable	7,856,896	-	-	-	-	7,856,896	6,534,499
Servicing income	1,087,265	163,283	-	-	-	1,250,548	1,173,110
Fee income	1,017,383	-	-	-	-	1,017,383	948,215
Program income	2,435,854	1,033,776	-	64,537	(2,368,798)	1,165,369	904,216
Contributions	869,113	1,011,129	-	-	-	1,880,242	2,253,735
Net assets released from restrictions	149,991	-	-	-	-	149,991	8,667
Total revenue	19,949,309	2,208,188	-	64,537	(2,368,798)	19,853,236	17,340,282
Expenses:							
Program services	16,598,878	2,138,008	558	333,000	(2,368,798)	16,701,646	14,631,050
Support services	2,621,776	-	-	32,114	-	2,653,890	2,159,456
Total expenses	19,220,654	2,138,008	558	365,114	(2,368,798)	19,355,536	16,790,506
Increase (Decrease) in Net Assets without Donor Restrictions - Before nonoperating income (expense)	728,655	70,180	(558)	(300,577)	-	497,700	549,776
Nonoperating Income (Expense)							
Loan servicing income restricted for loan loss reimbursement	1,488,860	-	-	-	-	1,488,860	1,538,520
Investor Restricted Reserve provision for loan losses	(2,503,574)	-	-	-	-	(2,503,574)	(1,858,128)
Provision for loan losses	112,650	-	-	-	-	112,650	(357,240)
Contributions	15,000,000	-	-	-	-	15,000,000	-
Grant revenue	3,585,063	4,511,841	-	-	-	8,096,904	2,651,325
Grant expense	-	(4,419,841)	-	-	-	(4,419,841)	(2,651,325)
Change in fair value of investments in real estate joint ventures	-	-	-	447,928	-	447,928	24,169
Other nonoperating expenses	(736,269)	-	-	-	-	(736,269)	(232,817)
Total nonoperating income (expense)	16,946,730	92,000	-	447,928	-	17,486,658	(885,496)
Transfer of Net Assets	(4,420,000)	-	-	4,420,000	-	-	-
Increase (Decrease) in Net Assets without Donor Restrictions	13,255,385	162,180	(558)	4,567,351	-	17,984,358	(335,720)
Changes in Net Assets with Donor Restrictions							
Contributions	-	-	-	-	-	-	450,000
Net assets released from restrictions	(149,991)	-	-	-	-	(149,991)	(8,667)
(Decrease) Increase in Net Assets with Donor Restrictions	(149,991)	-	-	-	-	(149,991)	441,333
Increase (Decrease) in Net Assets	$ 13,105,394	$ 162,180	$ (558)	$ 4,567,351	$ -	$ 17,834,367	$ 105,613

See notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

Years Ended September 30, 2024 and 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Balance - October 1, 2022	$ 47,008,467	$ 3,000,000	$ 50,008,467
Net (decrease) increase	(335,720)	441,333	105,613
Balance - September 30, 2023	46,672,747	3,441,333	50,114,080
Cumulative effect of change in accounting principle - Adoption of ASC 326	324,648	-	324,648
Net increase (decrease)	17,984,358	(149,991)	17,834,367
Balance - September 30, 2024	**$ 64,981,753**	**$ 3,291,342**	**$ 68,273,095**

Consolidated Statement of Functional Expenses

Years Ended September 30, 2024 and 2023

	Program Services	Support Services	2024	Program Services	Support Services	2023
Interest	$ 9,675,439	$ -	$ 9,675,439	$ 8,143,853	$ -	$ 8,143,853
Compensation and benefits	5,929,783	1,738,762	7,668,545	5,094,580	1,524,452	6,619,032
Rent	329,961	192,707	522,668	369,583	176,140	545,723
Utilities	26,522	15,490	42,012	24,499	11,676	36,175
Equipment and maintenance	205,802	120,195	325,997	182,906	87,171	270,077
Depreciation	90,948	53,116	144,064	100,156	47,733	147,889
Travel	77,140	45,052	122,192	50,251	23,949	74,200
Supplies	40,907	23,567	64,474	43,949	20,948	64,897
Professional fees	218,819	402,904	621,723	219,387	201,761	421,148
Program and staff development	106,325	62,097	168,422	401,886	65,626	467,512
Total operating expenses	16,701,646	2,653,890	19,355,536	14,631,050	2,159,456	16,790,506
Grant expense	4,419,841	-	4,419,841	2,651,325	-	2,651,325
Other nonoperating expenses	525,703	210,566	736,269	226,434	6,383	232,817
Total expenses	**$ 21,647,190**	**$ 2,864,456**	**$ 24,511,646**	**$ 17,508,809**	**$ 2,165,839**	**$ 19,674,648**

Consolidated Statement of Cash Flows

Years Ended September 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Increase in net assets	$ 17,834,367	$ 105,613
Adjustments to reconcile increase in net assets to net cash, cash equivalents, and restricted cash from operating activities:		
Depreciation	144,064	147,889
Investor Restricted Reserve provision for loan losses	2,503,574	1,858,128
Provision for loan losses	(112,650)	357,240
Gain on sale of real estate owned for CII programs	(1,019,498)	(843,461)
Change in fair value of investments in real estate joint ventures	(447,928)	(24,169)
Net changes in operating assets and liabilities:		
Program and other receivables	(2,164,711)	(4,390,331)
Other assets	(531,384)	23,900
Escrow and borrower reserves payable	(3,251,567)	(2,883,282)
Grants payable	3,825,912	2,772,386
CMAP energy loan guarantees	-	(62,261)
Deferred revenue	765,691	6,005,201
Other liabilities	856,611	(55,960)
Net cash, cash equivalents, and restricted cash provided by operating activities	18,402,481	3,010,893
Cash Flows from Investing Activities		
Net change in loans	(31,290,841)	4,497,638
Purchase of investments in real estate joint ventures	(2,159,298)	(1,207,471)
Net change in Federal Home Loan Bank stock	-	(60,202)
Purchase of properties for CII programs	(6,483,676)	(5,469,584)
Proceeds from sale of real estate owned for CII programs	7,659,974	5,952,403
Purchase of interest in CIC Mezzanine Investors, LLC	(1,558,343)	(640,572)
Purchase of property and equipment	(136,120)	(182,877)
Net cash, cash equivalents, and restricted cash (used in) provided by investing activities	(33,968,304)	2,889,335
Cash Flows from Financing Activities		
Net (repayment of) proceeds from notes payable	(19,293,582)	17,121,205
Net proceeds from (repayment of) investor notes payable	36,253,469	(18,315,325)
Net cash, cash equivalents, and restricted cash provided by (used in) financing activities	16,959,887	(1,194,120)
Net Increase in Cash, Cash Equivalents, and Restricted Cash	1,394,064	4,706,108
Cash, Cash Equivalents, and Restricted Cash - Beginning of year	71,960,627	67,254,519
Cash, Cash Equivalents, and Restricted Cash - End of year	**$ 73,354,691**	**$ 71,960,627**
Consolidated Statement of Financial Position Classification of Cash, Cash Equivalents, and Restricted Cash		
Cash and cash equivalents	$ 8,002,925	$ 11,706,878
Restricted cash	53,759,574	50,645,472
Restricted cash held for investor note purchase agreement first loss fund	11,592,192	9,608,277
Total cash, cash equivalents, and restricted cash	**$ 73,354,691**	**$ 71,960,627**
Supplemental Cash Flow Information - Cash paid for interest	$ 9,471,224	$ 8,486,424

See notes to consolidated financial statements.

Note 1 - Nature of Business

Community Investment Corporation (CIC) was incorporated in May 1973 as a nonprofit organization whose funders include certain financial institutions in the Chicago metropolitan area, as well as other corporations and foundations. CIC's mission is to be a leading force in affordable housing and neighborhood revitalization through innovative financing, programs, and policy leadership in the six-county Chicago metropolitan area. CIC generates income primarily through the origination, placement (on a limited recourse basis), and servicing of loans through its lending programs.

Community Initiatives, Inc. (CII) was incorporated in July 2002 as a nonprofit affiliate, for the primary purpose to hold and service troubled properties. The board of directors of CII is controlled by CIC.

CIC Government Investor, L.L.C. (GOV) is a single-member limited liability company formed by CIC in November 2018 to support the Opportunity Investment Fund Program, which makes low-cost mezzanine loans to multifamily rental property owners.

CEPF, LLC (CEPF) is a single-member limited liability company formed by CIC in November 2022 as a pilot program. CEPF was formed to make real estate investments through joint ventures of multifamily rental and/or for-sale residential projects in low- and moderate-income communities.

Note 2 - Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of CIC and its affiliates, CII, GOV, and CEPF (collectively, the "Corporation"). All material intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation

The consolidated financial statements of the Corporation have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Reclassification

Certain 2023 amounts have been reclassified to conform to the 2024 presentation, including the presentation of restricted cash, changes in net assets, and functional expenses.

Cash Equivalents

The Corporation considers all investments with an original maturity of three months or less when purchased to be cash equivalents. The total amount of bank deposits (checking and savings accounts) that were insured by the Federal Deposit Insurance Corporation (FDIC) as of September 30, 2024 and 2023 was approximately $7,177,000 and $6,942,000, respectively.

Restricted Cash

Restricted cash is held or invested in various bank accounts and restricted from general operating use.

Restricted cash under CIC consists of (1) advance payments by borrowers for taxes and insurance and remittances of borrowers' principal and interest payments, which are then paid to the Corporation's investors, whose investments are reflected in notes payable; (2) loan servicing income and other payments received by the Corporation in accordance with the Investor Note Purchase Agreements; and (3) grant funds received from the City of Chicago, Illinois that are restricted by the City of Chicago, Illinois for their related program use.

Restricted cash under CII and GOV consists of grant funds received from the City of Chicago, Illinois that are restricted by the City of Chicago, Illinois for their related program use.

Note 2 - Significant Accounting Policies (Continued)

Investor Note Purchase Agreement Loss Sharing First Loss Fund

As reported in the consolidated statement of financial position, a portion of the restricted cash is held for the Investor Note Purchase Agreement (INPA) Loss Sharing Policy first loss fund. This fund relates to the investor multifamily and 1-4 single-family loan programs, which are further described in Note 3. Under the INPA Loss Sharing Policy, the first loss fund was established by the Corporation to reimburse noteholders for losses of principal on notes funded by the investors. Initial funds were deposited by the Corporation into restricted cash accounts. In addition, the Corporation deposits a portion of the monthly collection of the loan servicing fees into the investor first loss fund. The Corporation will reimburse noteholders for losses of loan principal up to the balance of funds available in the investor first loss fund. The Corporation informs investors of any loans that are delinquent on a monthly basis and recommends them for nonaccrual status. The Corporation is not obligated to reimburse for losses incurred that exceed the balance of the INPA first loss fund, and any unused funds would be retained by the Corporation. During 2024 and 2023, the amounts deposited into the INPA first loss fund were the maximum allowed under the INPA Loss Sharing Policy, and the first loss funds exceeded any net charge-offs related to the INPA loan programs. Accordingly, no losses were passed through to the investors participating in the multifamily and 1-4 single-family INPA loan programs during the years ended September 30, 2024 and 2023.

As reported in Note 3, an allowance for credit losses (ACL) is separately measured and recorded for the expected losses in the INPA multifamily and 1-4 single family loans and the ACL amount associated with these loans may deviate from the accumulated balance of the first loss fund.

Investments in Real Estate Joint Ventures

Investments in real estate joint ventures are recorded at fair value. As of September 30, 2024 and 2023, none of the investments in real estate joint ventures had readily available market value and are included in Level 3 of the fair value hierarchy. Significant judgment is required in determining fair values. Estimated fair values may differ significantly from the values that would have been used had a ready market for the investment securities existed, and the differences could be material.

The difference between contributions made and the estimated fair value is recorded as a gain or loss within other nonoperating income (expense) in the consolidated statement of activities as the change in fair value of investments in real estate joint ventures.

Federal Home Loan Bank Stock

The Corporation, as a member of the Federal Home Loan Bank of Chicago (FHLB), is required to maintain an investment in the capital stock of the FHLB. No ready market exists for the stock, and it has no quoted market value. The stock is redeemable at par by the FHLB and, therefore, is carried at cost and periodically evaluated for impairment. The Corporation records dividends in income on the ex-dividend date.

Grants Receivable

Grants receivable are carried at original invoice value. Grants receivable primarily consist of amounts owed from the City of Chicago Department of Housing related to the Troubled Buildings Initiative program. The Corporation closely reviews all outstanding accounts receivable for collection. As of September 30, 2024 and 2023, the Corporation has not recorded a provision for doubtful accounts, as it is the opinion of management that grants receivable are collectible in full.

Troubled Buildings Initiative Receivables

Under the Troubled Buildings Initiative program, with the City of Chicago Department of Housing and/or as a court-appointed receiver for identified troubled buildings, CII funds repairs of buildings. The receivable balance represents costs incurred on the buildings held by CII as of year end. The receivable balance is reduced when buildings in the program are sold.

Note 2 - Significant Accounting Policies (Continued)

Other Accounts Receivable

Other accounts receivable consist primarily of loan foreclosure and legal costs incurred by the Corporation for certain investor program and portfolio loans in the process of foreclosure, liquidation, or other status of collection. The Corporation expects these costs to be receivable through collection, liquidation of loan collateral, or reimbursement under the investor loan program INPA Loss Sharing Policy, if applicable. A reserve is established for any uncollectible costs the Corporation does not expect to receive. The allowance for credit losses associated with uncollectible receivables totaled approximately $374,000 and $370,000 at September 30, 2024 and 2023, respectively, and is included in the other accounts receivable balance reported on the consolidated statement of financial position.

Real Estate Held for Sale

Real estate acquired through, or in lieu of, loan foreclosure is held for sale and initially recorded at the lower of fair value less costs to dispose or the recorded investment in the loan. Subsequent to foreclosure, valuations are periodically performed by management, and the assets are carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and changes in the valuation allowance are included in other operating expenses.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at their outstanding unpaid principal balances, adjusted for charge-offs, the allowance for credit losses, and any deferred fees or costs on originated loans. Loan origination fees charged to borrowers approximate the Corporation's cost to originate the loans and are recognized as income when received.

Accrual of interest on loans is discontinued at the time the loan is 90 days delinquent unless the credit is well secured and in the process of collection. In all cases, loans are placed on nonaccrual or charged off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income. Any interest payments received on nonaccrual loans are accounted for as a reduction to the unpaid principal balance of the nonaccrual loan for financial reporting purposes. If a loan is returned to accrual, the interest payments previously received continue to be reported as a reduction of the unpaid principal balance until the loan is paid off, at which time the interest payments are recognized in interest income.

Adoption of New Accounting Pronouncements

On October 1, 2023, the Corporation adopted Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The ASU includes changes to the accounting and measurement of financial assets, including the Corporation's loans, by requiring the Corporation to recognize an allowance for all expected losses over the life of the financial asset at origination. This is different from the previous practice where an allowance was not recognized until the losses were considered probable. The Corporation adopted the standard using a modified retrospective transition method and recorded an increase to net assets of $324,648 as of October 1, 2023 to reduce the allowance for credit losses.

On October 1, 2023, the Corporation adopted ASU No. 2022-02, *Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures*. The amendments in this update eliminated the accounting guidance and related disclosures for troubled debt restructurings (TDRs) by credits in Subtopic 310-40, *Receivables - Troubled Debt Restructurings by Creditors*. They also enhance the disclosure requirements for certain loan refinancings and restructurings by credits when a borrower is experiencing financial difficulty.

Note 2 - Significant Accounting Policies (Continued)

Allowance for Credit Losses

The allowance for credit losses is an estimate of the expected credit losses on loans. Loan losses are charged against the ACL when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the ACL. Changes in the ACL are recorded through the provision for credit losses.

The ACL methodology consists of measuring expected losses for loans on a collective (pool) basis when similar risk characteristics exist, or by individually evaluating loans with unique risk characteristics. The loan portfolio is composed primarily of mortgage loans collateralized by multifamily and single-family rental properties in the Chicago metropolitan area. The collectively evaluated loan segments were selected based on the type of loan program and type of collateral. The ACL for these segments is measured using the weighted-average remaining maturity (WARM) method. The WARM method utilizes historical loss experience data over a selected lookback period, across comparable data sets and applies projected loss rates over the expected remaining term, taking into consideration assumptions for prepayment and adjustments for any reasonable and supportable forecasts or current condition qualitative factors.

The qualitative factors applied to the collectively evaluated loan segments consist of adjustments for current economic conditions and certain portfolio or environmental risk factors, such as loan risk rating and delinquency trends in the portfolio or other relevant external market conditions. These qualitative risk factors are reviewed and assessed by management on an ongoing basis and account for a significant component of the total ACL recorded.

The ACL is measured at the loan level for individually evaluated loans (IELs). Individual evaluations are generally performed for loans with significant credit risk, such as loans rated substandard, doubtful or loss, and loans on nonaccrual status. If a loan is determined to be collateral dependent or meets the criteria to apply the collateral-dependent practical expedient, expected credit losses are determined based on the fair value of the collateral at the reporting date less costs to sell, as appropriate. Management will also apply a qualitative adjustment factor to the analysis of certain IELs based on actual historical loss-given-default experience observed among the Corporation's previously defaulted loans. These qualitative adjustments are reviewed and assessed by management for each IEL on an ongoing basis and account for a significant component of the total ACL recorded.

The Corporation has elected not to include accrued interest receivable in the calculation of expected credit losses. Accrued interest receivable on loans totaled $69,168 and $100,054 at September 30, 2024 and 2023, respectively, and was reported in other assets on the consolidated statement of financial position.

Prior to the implementation of ASU No. 2016-13 on October 1, 2023, the allowance for credit losses was subject to the guidance included in ASC 310 and ASC 450. Under that guidance, the Corporation was required to use an incurred loss methodology to estimate credit losses that were estimated to be incurred or inherent in the loan portfolio. Additionally, loans that were identified as impaired under the definition of ASC 310 were required to be assessed on an individual basis. The allowance for credit losses and resulting provision expense levels for comparative periods presented were estimated in accordance with these requirements and were evaluated on a regular basis by management based upon review of the collectibility of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and prevailing economic conditions.

Under the incurred loss methodology, the allowance consists of both specific and general reserve components. The specific component relates to loans that are classified as either doubtful, substandard, or special mention. For such loans that are also classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general reserve component covers nonclassified loans and is based on historical loss experience adjusted for qualitative factors.

Note 2 - Significant Accounting Policies (Continued)

A loan is considered impaired when, based on current information and events, it is probable the Corporation will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis for commercial and construction loans by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent.

Prior to the adoption of ASU No. 2022-02 on October 1, 2023, a troubled debt restructuring of a loan was undertaken to improve the likelihood that the loan will be repaid in full under the modified terms in accordance with a reasonable repayment schedule and is classified as impaired. All modified loans are evaluated to determine whether the loan should be reported as a troubled debt restructuring. A loan is a TDR when the Corporation, for economic or legal reasons related to the borrower's financial difficulties, grants a concession to the borrower by modifying or renewing a loan under terms that the Corporation would not otherwise consider. To make this determination, the Corporation must determine whether (a) the borrower is experiencing financial difficulties and (b) the Corporation granted the borrower a concession. This determination requires consideration of all of the facts and circumstances surrounding the modification. An overall general decline in the economy or some level of deterioration in a borrower's financial condition does not inherently mean the borrower is experiencing financial difficulties.

Interest in CIC Mezzanine Investors, LLC

Investments in limited liability companies in which the Corporation has more than a minor interest (generally 3 to 5 percent) are accounted for using the equity method. Under the equity method, the investment is carried at cost and adjusted for the Corporation's proportionate share of undistributed earnings or losses. Impairment losses due to a decline in the value of the investment that is other than temporary are recognized when incurred. The Corporation currently has an investment in CIC Mezzanine Investors, LLC. No impairment losses were recognized for 2024 and 2023.

Leases

The Corporation has an operating lease for its office space. The Corporation recognizes expense for operating leases on a straight-line basis over the lease term. The Corporation made a policy election not to separate lease and nonlease components; therefore, all payments are included in the calculation of the right-of-use asset and lease liability.

The Corporation has operating leases for storage and parking with a lease term of one year or less that the Corporation elected to account for as short-term leases. As these leases are short-term leases, they are not included in the right-of-use asset and lease liability.

The Corporation elected to use the risk-free rate as the discount rate for calculating the right-of-use asset and lease liability in place of the incremental borrowing rate.

Property and Equipment

Property and equipment are recorded at cost. Depreciation of furniture and equipment is being computed under the straight-line method over the estimated useful lives of the assets. Costs of maintenance and repairs are charged to expense when incurred.

Note 2 - Significant Accounting Policies (Continued)

Escrow Accruals and Borrower Reserves

Funds held in the escrow accrual and borrower reserve accounts, as presented on the consolidated statement of financial position, consist of (1) proceeds from loan payments under the INPA yet to be remitted, (2) cash received from borrowers that will be used to pay tax and insurance payments, and (3) construction loan reserves maintained. Borrower escrow amounts are held in separate cash accounts and are included in restricted cash on the consolidated statement of financial position. Accrual and reserve amounts are relieved upon payment by the Corporation.

Refundable Grant

A grant was received from the City of Chicago, Illinois for GOV's investment in CIC Mezzanine Investors, LLC. The grant is held as a liability in its entirety, as any funds returned to GOV as investment returns from the investment fund are refundable to the City of Chicago, Illinois. Grant revenue can be recognized to cover any losses incurred in the fund.

Grants Payable

Grants payable primarily represent payments received to administer the City of Chicago's Troubled Buildings Initiative and Heat Receiver program. Payments received as reimbursement for the Corporation's services as a receiver in these programs are to be either reinvested in the programs or paid back to the City of Chicago, Illinois upon its request.

CMAP Energy Loan Guarantees

The Chicago Metropolitan Agency for Planning funded a grant to the Corporation in the year ended September 30, 2011. The grant is to guarantee no losses will be experienced from retrofit energy loans originated by the Corporation. Per the grant agreement, as loan payments are made, a portion of the proceeds are to be reinvested in the program. These payments, as well as the original funding received from the grant, are kept in a segregated cash account and are included in restricted cash and total liabilities on the consolidated statement of financial position.

Deferred Revenue

Deferred revenue consists of various grant funding received but not yet expended. Liabilities are relieved upon use of grant funds by the Corporation.

Other Liabilities

Funds held in the other liabilities accounts, as presented on the consolidated statement of financial position, consist of general operating accounts payable, including compensation or other expense accruals. Liabilities are relieved upon payment by the Corporation.

Board-designated Net Assets

Board-designated net assets are net assets without donor restrictions designated by the board. These designations are based on board actions, which can be altered or revoked at a future time by the board.

Classification of Net Assets

Net assets of the Corporation are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Corporation.

Note 2 - Significant Accounting Policies (Continued)

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Transfer of net assets is recognized on the consolidated statement of activities for CIC's contribution to its subsidiary, CEPF.

Contributions

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the period in which the gift is received are both reported as contributions without donor restrictions.

Grant Revenue

Grant revenue consists of cost-reimbursable grants received from federal and local governments, financial institutions, or other donors that are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts that have been awarded but not yet recognized as revenue are treated as conditional contributions and are not reflected in the accompanying consolidated financial statements. As of September 30, 2024 and 2023, the Corporation is eligible to receive and recognize $2,265,251 and $8,899,965, respectively, of these conditional contributions upon the occurrence of future qualifying expenses.

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the consolidated statement of functional expenses. The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries and related expenses are allocated on the basis of time and effort. Other nonpersonnel expenses utilized by all employees, such as occupancy, utilities, supplies, and training, are allocated on the basis of time and effort or employee headcount. Interest and grant expenses are not allocated, as they are directly related to programs. Costs have been allocated between the various program and support services based on estimates determined by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Operating and Nonoperating Activities

Operating revenue and expenses are those directly related to the purpose and primary mission of the Corporation. As a result, other activities, including loan servicing income restricted for loan losses, provisions for credit losses, government grant income and disbursements, other grant disbursements, and unrealized gains or losses on investments in real estate joint ventures, are separate, project-specific activities. These activities are reported as nonoperating revenue and expenses.

Income Taxes

The Corporation is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

Note 2 - Significant Accounting Policies (Continued)

Loss Contingencies

Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. In October 2023, the Corporation was named a defendant in a lawsuit, alleging breach of contract and seeking damages up to $3,000,000. The case is currently in the discovery phase, and the Corporation is vigorously defending itself against these claims. The Corporation filed a motion to dismiss the case in December 2024, and the Corporation has not recorded a liability for this matter as of September 30, 2024 or 2023.

Subsequent Events

The consolidated financial statements and related disclosures include evaluation of events up through and including January 22, 2025, which is the date the consolidated financial statements were available to be issued.

Note 3 - Loans and Allowance for Credit Losses

A summary of the balances of loans is as follows:

	2024	2023
Investor program loans:		
Multifamily program	$ 169,804,047	$ 136,896,590
1-4 single-family program	13,520,831	10,218,271
Portfolio loans:		
Multifamily	102,258,240	101,709,279
1-4 single-family	-	4,182,336
Other loans:		
CII developer line of credit	1,102,975	1,279,788
Energy	133,269	1,106,010
Community development	32,050	-
General board of pension	3,354	3,692
Total loans	286,854,766	255,395,966
Less allowance for credit losses	13,235,251	11,001,016
Net loans	$ 273,619,515	$ 244,394,950

Through the INPA multifamily and the 1-4 single-family loan programs (investor program loans), the Corporation originates mortgage loans collateralized by multifamily and single-family rental properties in the Chicago metropolitan area. These loans are owned by the Corporation, and will be pledged as collateral to secure the Limited-Recourse Collateral Trust Notes (INPA notes) purchased by certain financial institutions described in Note 8. Eligible loans can be funded under the multifamily and 1-4 single-family INPA loan programs through March 15, 2025 and such loans can be pledged to the INPA through September 15, 2025.

Under the terms of the INPAs, holders of the INPA notes have an obligation to advance note principal for any eligible loans offered by the Corporation to be pledged to the INPA program, up to certain commitment amounts. Loans approved under the loan programs become eligible to pledge to the INPA when construction is complete and the loans are not in default. Additionally, for the multifamily loan program, the loan program becomes eligible when the project has achieved the required debt service coverage ratio threshold.

Note 3 - Loans and Allowance for Credit Losses (Continued)

Many loans in the multifamily and 1-4 single-family INPA loan programs were originated as portfolio loans, which were made to approved developers of multifamily rental properties. The term of the loan covers the construction and development period and time needed until certain economic conditions have been met to allow the property to be pledged to the INPA investor program.

CII developer line of credit loans provide streamlined financing to smaller developers acquiring distressed 1-4 unit properties for rehabilitation preservation. The loans are repaid when the rehabilitation construction is completed and sufficient financing is secured by the developer.

Energy loans are primarily funded to provide low-interest loans for borrowers wishing to increase the energy efficiency of their real estate. Energy loans may be funded by the Corporation's net assets or certain grant funds.

Community development loans are funded by the Corporation through operations for certain initiatives and are intended to be held in the portfolio.

General board of pension loans relate to the Corporation's one percent retained ownership interest in a pool of general board of pension loans. The Corporation provides an additional guarantee of 9 percent of losses of principal on this pool of loans.

In the ordinary course of business, the Corporation has granted loans to certain real estate investment joint ventures of CEPF, LLC amounting to approximately $5,880,000 and $2,031,000 as of September 30, 2024 and 2023, respectively, which are reported as portfolio loans within the multifamily loan segment.

The Corporation's activity in the allowance for credit losses for the September 30, 2024 and 2023, by loan segment, is summarized below:

	September 30, 2024 Investor Program Loans		September 30, 2024 Portfolio Loans			
	Multifamily Program	1-4 Single-family Program	Multifamily	1-4 Single-family Program	Other Loans	Total
Beginning balance	$ 8,316,408	$ 1,081,838	$ 1,581,858	$ 20,912	$ -	$ 11,001,016
Adoption of ASC Topic 326	(1,132,959)	(205,355)	1,013,666	-	-	(324,648)
Charge-offs	(366,160)	-	(84,000)	-	-	(450,160)
Recoveries	559,632	58,487	-	-	-	618,119
Provision	1,900,016	603,557	(91,737)	(20,912)	-	2,390,924
Ending balance	$ 9,276,937	$ 1,538,527	$ 2,419,787	$ -	$ -	$ 13,235,251

Note 3 - Loans and Allowance for Credit Losses (Continued)

	September 30, 2023 Investor Program Loans		September 30, 2023 Portfolio Loans			
	Multifamily Program	1-4 Single-family Program	Multifamily	1-4 Single-family Program	Other Loans	Total
Beginning balance	$ 6,400,191	$ 1,322,155	$ 1,272,127	$ 4,895	$ -	$ 8,999,368
Charge-offs	-	(299,946)	(31,492)	-	-	(331,438)
Recoveries	117,718	-	-	-	-	117,718
Provision	1,798,499	59,629	341,223	16,017	-	2,215,368
Ending balance	$ 8,316,408	$ 1,081,838	$ 1,581,858	$ 20,912	$ -	$ 11,001,016
Ending allowance balance attributable to loans:						
Individually evaluated for impairment	$ 899,818	$ 298,811	$ 117,354	$ -	$ -	$ 1,315,983
Collectively evaluated for impairment	7,416,590	783,027	1,464,504	20,912	-	9,685,033
Ending allowance balance	$ 8,316,408	$ 1,081,838	$ 1,581,858	$ 20,912	$ -	$ 11,001,016
Loans:						
Individually evaluated for impairment	$ 5,045,046	$ 2,073,815	$ 5,194,828	$ -	$ 116,000	$ 12,429,689
Collectively evaluated for impairment	131,851,544	8,144,456	96,514,451	4,182,336	2,273,490	242,966,277
Total loans	$ 136,896,590	$ 10,218,271	$ 101,709,279	$ 4,182,336	$ 2,389,490	$ 255,395,966

In addition to the allowance for credit losses above, the board of directors has designated certain net assets without donor restrictions as a reserve for certain loans as of September 30, 2024 and 2023, as disclosed in Note 9.

Credit Quality Disclosures

The Corporation categorized each loan into credit risk categories based on current financial information, overall debt service coverage, comparison against industry averages, collateral coverage, historical payment experience, and current economic trends. The Corporation uses the following definitions for credit risk ratings:

Pass

Credits not covered by the below definitions are pass credits, which are projects that are progressing and performing as originally structured in the expected time frame. These credits are not considered to be adversely rated.

Acceptable

An acceptable asset has a minor issue that has been identified by management that may affect the repayment of the loan by the primary source and/or within the loan term. This credit risk category also includes any portfolio loans in the construction and development period.

Special Mention

Loans classified as special mention, or watch credits, have a potential weakness or weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.

Note 3 - Loans and Allowance for Credit Losses (Continued)

Substandard

A substandard asset is experiencing a substantial impairment, and attempts to correct the problem have failed and/or guarantor cash infusions are required to sustain the project. Collection of the assets in this category are primarily considered dependent on the liquidation of collateral.

Doubtful

A doubtful asset has the same weaknesses exhibited by substandard loans, one or more of which will make collection or liquidation in full, on the basis of currently existing facts, highly questionable and improbable.

Loss

A loss asset is considered uncollectible and of such little value that the continuance as a bankable asset is not warranted.

The following table presents the amortized cost basis of loans by credit quality indicator and class as of September 30, 2024 and 2023:

	September 30, 2024						
	Pass	Acceptable	Special Mention	Substandard	Doubtful	Loss	Ending Balance
Investor program loans:							
Multifamily program	$ 153,008,406	$ 7,502,605	$ 3,255,526	$ 1,649,926	$ 4,387,584	$ -	$ 169,804,047
1-4 single-family program	11,011,881	866,642	-	-	1,642,308	-	13,520,831
Portfolio loans - Multifamily	68,879,824	21,088,416	7,369,970	-	4,920,030	-	102,258,240
Other loans:							
CII developer line of credit	1,102,975	-	-	-	-	-	1,102,975
Energy	77,938	-	55,331	-	-	-	133,269
Community development	32,050	-	-	-	-	-	32,050
General board of pension	3,354	-	-	-	-	-	3,354
Total	$ 234,116,428	$ 29,457,663	$ 10,680,827	$ 1,649,926	$ 10,949,922	$ -	$ 286,854,766

	September 30, 2023						
	Pass	Acceptable	Special Mention	Substandard	Doubtful	Loss	Ending Balance
Investor program loans:							
Multifamily program	$ 126,684,825	$ 3,825,959	$ 1,340,760	$ 436,060	$ 4,281,035	$ 327,951	$ 136,896,590
1-4 single-family program	7,153,679	856,116	134,661	837,995	1,235,820	-	10,218,271
Portfolio loans:							
Multifamily	65,328,108	27,598,077	6,085,092	234,508	2,463,494	-	101,709,279
1-4 single-family	4,182,336	-	-	-	-	-	4,182,336
Other loans:							
CII developer line of credit	1,279,788	-	-	-	-	-	1,279,788
Energy	990,010	-	-	-	116,000	-	1,106,010
General board of pension	3,692	-	-	-	-	-	3,692
Total	$ 205,622,438	$ 32,280,152	$ 7,560,513	$ 1,508,563	$ 8,096,349	$ 327,951	$ 255,395,966

Note 3 - Loans and Allowance for Credit Losses (Continued)

Age Analysis of Past-due Loans

The Corporation's age analysis of past due loans at September 30, 2024 and 2023, by loan segment and class, is summarized below:

	September 30, 2024					
	30-59 Days Past Due	60-89 Days Past Due	90 or More Days	Total	Current	Total Loans
Investor program loans:						
Multifamily program:	$ 1,634,659	$ 1,761,141	$ 3,953,692	$ 7,349,492	$ 162,454,555	$ 169,804,047
1-4 single-family program	-	-	1,642,308	1,642,308	11,878,523	13,520,831
Portfolio loans - Multifamily	699,206	-	4,804,031	5,503,237	96,755,003	102,258,240
Other loans:						
CII developer line of credit	-	-	-	-	1,102,975	1,102,975
Energy	-	-	116,000	116,000	17,269	133,269
Community development	-	-	-	-	32,050	32,050
General board of pension	-	-	-	-	3,354	3,354
Total	$ 2,333,865	$ 1,761,141	$ 10,516,031	$ 14,611,037	$ 272,243,729	$ 286,854,766

	September 30, 2023					
	30-59 Days Past Due	60-89 Days Past Due	90 or More Days	Total	Current	Total Loans
Investor program loans:						
Multifamily program	$ 2,825,339	$ 1,804,768	$ 3,416,249	$ 8,046,356	$ 128,850,234	$ 136,896,590
1-4 single-family program	-	-	1,642,308	1,642,308	8,575,963	10,218,271
Portfolio loans:						
Multifamily	1,475,941	-	5,194,827	6,670,768	95,038,511	101,709,279
1-4 single-family	-	-	-	-	4,182,336	4,182,336
Other loans:						
CII developer line of credit	-	-	-	-	1,279,788	1,279,788
Energy	-	-	116,000	116,000	990,010	1,106,010
General board of pension	-	-	-	-	3,692	3,692
Total	$ 4,301,280	$ 1,804,768	$ 10,369,384	$ 16,475,432	$ 238,920,534	$ 255,395,966

C*ollateral-dependent Loans*

The following table presents the amortized cost basis of collateral-dependent loans by collateral type and class of financing receivable:

	As of September 30, 2024			
	Commercial Real Estate	Residential Real Estate	Other	Total
Investor program loans:				
Multifamily	$ 6,037,510	$ -	$ -	$ 6,037,510
1-4 single-family	-	1,642,308	-	1,642,308
Portfolio loans - Multifamily	4,804,031	-	-	4,804,031
Other loans - Energy	116,000	-	-	116,000
Total	$ 10,957,541	$ 1,642,308	$ -	$ 12,599,849

The extent to which collateral secures the collateral-dependent financial assets above varies by asset, and, in certain cases, the value of the underlying collateral may not exceed the amortized cost of the financial asset. There have been no significant changes in the collateral that secures these financial assets.

Note 3 - Loans and Allowance for Credit Losses (Continued)

Impaired Loans

Prior to the adoption of ASU No. 2016-13 on October 1, 2023, a loan was considered impaired when, based on current information and events, it is probable the Corporation will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Impaired loans, by loan segment and class, are as follows at September 30, 2023:

	As of and for the Year Ended September 30, 2023				
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment for the Year	Interest Income Recognized for the Year
With no related allowance recorded:					
Investor program loans:					
Multifamily program	$ 4,010,893	$ 4,010,893	$ -	$ 3,336,877	$ 101,178
1-4 single-family program	837,995	837,995	-	418,998	49,885
Portfolio loans - Multifamily	4,722,448	4,722,448	-	3,473,872	1,470
Other loans - Energy	116,000	116,000	-	97,434	-
Total with no related allowance recorded	9,687,336	9,687,336	-	7,327,181	152,533
With an allowance recorded:					
Investor program loans:					
Multifamily program	1,034,153	1,034,153	899,818	1,206,491	-
1-4 single-family program	1,235,820	1,235,820	298,811	1,385,793	-
Portfolio loans - Multifamily	472,380	472,380	117,354	-	-
Total with an allowance recorded	2,742,353	2,742,353	1,315,983	2,592,284	-
Total	$ 12,429,689	$ 12,429,689	$ 1,315,983	$ 9,919,465	$ 152,533

For the purpose of the disclosure above, recorded investment represents the borrower's unpaid principal balance less partial charge-offs to date.

Nonaccrual Loans

The Corporation's loans on nonaccrual status at September 30, 2024 and 2023, by loan segment and class, are summarized below:

	2024			2023
	Nonaccrual Loans with No ACL	Total Nonaccrual Loans	Interest Income Recognized During the Period on Nonaccrual Loans	Total Nonaccrual Loans
Investor program loans:				
Multifamily program	$ -	$ 3,953,691	$ 20,477	$ 3,416,249
1-4 single-family program	-	1,642,308	-	1,642,308
Portfolio loans - Multifamily	-	5,479,180	-	5,194,827
Other loans - Energy	-	116,000	-	116,000
Total	$ -	$ 11,191,179	$ 20,477	$ 10,369,384

Note 3 - Loans and Allowance for Credit Losses (Continued)

Loan Modifications

During the year ended September 30, 2024, the Corporation granted one modification to a borrower experiencing financial difficulty. The financial effect of the modification was a concession to interest only for a period of approximately 24 months that will result in an other-than-insignificant payment delay in the collection of principal. The loan is in the multifamily portfolio loan segment and had an amortized cost basis of approximately $1,980,000 as of September 30, 2024. The payment status of the loan was current as of September 30, 2024, and there were no payment defaults experienced during the period following the modification.

Troubled Debt Restructurings

Prior to the adoption of ASU No. 2022-02 on October 1, 2023, a modification of a loan constituted a troubled debt restructuring when the borrower was experiencing financial difficulty and the modification constituted a concession. The Corporation offered various types of concessions when modifying a loan; however, forgiveness of principal was rarely granted.

The following table presents information related to loans modified in a TDR during the year ended September 30, 2023:

	2023		
	Number of Contracts	Premodification Outstanding Recorded Investment	Post-modification Outstanding Recorded Investment
Investor program loans - 1-4 single-family program	3	$ 1,062,082	$ 452,938

There were no loans modified as troubled debt restructurings within the previous 12 months that became 30 days or more past due during the year ended September 30, 2023.

Note 4 - Real Estate Held For Sale

CII purchases multifamily and 1-4 unit properties that failed at other lending institutions. These mortgages are purchased at a discount and under the assumption that they are not interest-bearing assets and are, therefore, not considered impaired. The Corporation completes foreclosure to obtain title, and resells the property. The ongoing costs of preserving and converting the assets to real estate owned are capitalized as part of the balance of the purchased properties. At September 30, 2024 and 2023, the Corporation has $2,041,298 and $2,198,098, respectively, invested in these properties.

Property values indicate that all costs and fees will be recovered on the sale of the properties to new owners. For the years ended September 30, 2024 and 2023, the Corporation recognized project fee income of approximately $1,019,000 and $843,000, respectively, on the sales of these properties, which is recorded as program income on the consolidated statement of activities.

Note 5 - Leases

The Corporation leases office space under a noncancelable lease expiring in 2027. The right-of-use asset and related lease liability have been calculated using a discount rate of 4.1 percent. The lease requires the Corporation to pay taxes, insurance, utilities, and maintenance costs. Total rent expense under the lease as of September 30, 2024 and 2023 was $522,668 and $545,723, respectively.

Note 5 - Leases (Continued)

Future minimum annual commitments under these operating leases are as follows:

Years Ending September 30	Amount
2025	$ 328,698
2026	338,520
2027	348,690
Total	1,105,260
Less amount representing interest	72,555
Present value of net minimum lease payments	$ 1,032,705

Expenses recognized under these leases for the years ended September 30, 2024 and 2023 consist of the following:

	2024	2023
Lease cost:		
Operating lease cost	$ 282,659	$ 282,659
Short-term lease cost	5,438	28,893
Variable lease cost	234,571	234,171
Total lease cost	$ 522,668	$ 545,723
Other information - Cash paid for amounts included in the measurement of lease liabilities - Operating cash flows from operating leases	$ 319,129	$ 309,792

Note 6 - Property and Equipment

Property and equipment are summarized as follows:

	2024	2023	Depreciable Life - Years
Leasehold improvements	$ 271,389	$ 271,389	10
Office equipment	18,311	1,035,695	3-5
Transportation equipment	33,607	57,218	5
Computer equipment and software	980,132	882,216	3-5
Total cost	1,303,439	2,246,518	
Accumulated depreciation	812,763	1,747,898	
Net property and equipment	$ 490,676	$ 498,620	

Depreciation expense for 2024 and 2023 was $144,064 and $147,889, respectively.

Note 7 - Line of Credit

In September 2021, the Corporation entered into a line of credit agreement with Associated Bank for available borrowings of up to the lesser of $12,500,000 or 65 percent of the balance of eligible loans (as defined in the line of credit agreement) with a maturity of date of September 9, 2023. Interest on borrowings was payable monthly at a rate of 2.75 percent plus the greater of (i) the 30-day London Interbank Offered Rate (LIBOR) or (ii) 0.50 percent.

The agreement was amended in September 2023 modifying the following significant terms: (i) reducing total available borrowings to $10,000,000, (ii) modifying the interest rate to the sum of (a) 2.50 percent plus (b) the variable interest benchmark index rate, and (iii) extending the maturity date through September 9, 2024.

Effective September 9, 2024, the agreement was amended modifying the following significant terms: (i) modifying the interest rate to the sum of (a) 2.25 percent plus (b) the variable interest benchmark index rate and (ii) extending the maturity date through September 9, 2027.

The line of credit is collateralized by mortgage loans not otherwise pledged and that satisfy certain eligibility requirements. Under the agreement with the bank, the Corporation is subject to certain covenants. No borrowings were outstanding as of September 30, 2024 or 2023.

Note 8 - Notes Payable

Notes payable consisted of the following as of September 30:

	2024	2023
Investor notes payable - INPA nonrecourse collateral pass-through notes	$ 182,734,265	$ 146,480,796
Notes payable:		
FHLB advances	14,749,844	29,810,093
FHLB program-related investment	10,500,000	10,500,000
MacArthur Foundation notes	5,000,000	8,333,333
Banc of America CDC program-related investment	14,100,000	15,000,000
Northern Trust program-related investment	5,000,000	5,000,000
Woodlawn program-related investment notes	5,000,000	5,000,000
Total notes payable	54,349,844	73,643,426
Total	$ 237,084,109	$ 220,124,222

INPA Limited-Recourse Collateral Trust Notes

Under the INPA multifamily and 1-4 single loan programs, mortgage loans are funded from the proceeds of these Limited-Recourse Collateral Trust Notes (INPA Notes) purchased by certain financial institutions. These limited recourse collateral pass-through notes are collateralized by the specific groups of mortgage loans described in Note 3. The mortgage loans that secure the INPA loan programs bear interest rates ranging from 3.0 percent to 7.5 percent. Monthly repayments of principal and interest on the INPA notes are made from collections of principal and interest payments received on the underlying mortgage loans pledged to secure the INPA notes. The Corporation is not obligated to remit delinquent principal and interest payments from the underlying mortgage loans. Any losses realized on the loans pledged to the INPA notes are generally reimbursed to the noteholders through the INPA first loss fund, as established by the INPA Loss Sharing Policy.

The investor multifamily loan program was renewed in March 2020 for five years. At September 30, 2024 and 2023, the Corporation had remaining unfunded commitments from financial institutions to purchase limited recourse collateral pass-through notes totaling $180,830,776 and $192,405,296, respectively. The current limited recourse collateral trust note purchase agreement expires on March 15, 2025.

Note 8 - Notes Payable (Continued)

The investor 1-4 single-family loan program was launched in November 2013 and is intended to provide long-term financing for investor-owned 1-4 unit buildings in neighborhoods that have suffered from foreclosure and abandonment. At September 30, 2024 and 2023, the Corporation had remaining unfunded commitments from financial institutions to purchase nonrecourse collateral pass-through notes totaling $24,241,665 and $27,744,615, respectively. The limited recourse collateral trust note purchase agreement was most recently amended in March 2020 and expires on March 15, 2025.

FHLB Advances and Program-related Investment

The Corporation entered into an agreement to receive a program-related investment (PRI) from the Federal Home Loan Bank in the amount of $9,000,000 during the year ended September 30, 2015, maturing in February 2025 and bearing interest at 2.01 percent. This agreement was amended effective March 3, 2022, increasing the principal balance to $10,500,000, maturing in March 2032, and bearing interest at 1.86 percent.

During fiscal year 2015, CIC became a member of the Federal Home Loan Bank of Chicago. As a result of becoming a member under a contract with FHLB, CIC now has the ability to pledge qualifying mortgages to FHLB and then draw advances against this pledged collateral at various sets of terms that are chosen at the time an advance is taken. As of September 30, 2024 and 2023, CIC had $14,749,844 and $29,810,093, respectively, in advances outstanding. CIC pledges multifamily loan program loans held by CIC prior to being sold under the INPA. The terms of the loan are determined at the time of the advance. As of September 30, 2024, interest rates for each advance ranged from 1.19 to 4.83 percent, and, as of September 30, 2023, interest rates ranged from 0.44 to 5.55 percent. As of September 30, 2024, maturity dates ranged from November 2024 to August 2038.

MacArthur Foundation Notes

The first note was entered into in the year ended September 30, 2012 for $5,000,000, maturing on October 1, 2021 and bearing interest at 1.00 percent. Effective March 1, 2021, the note was amended calling for repayment in three equal installments due annually, beginning on October 1, 2022 through October 1, 2024. The outstanding balance of this note was $3,333,333 on September 30, 2023 and was paid off in 2024.

The second note was entered into in the year ended September 30, 2014 for $5,000,000, maturing on December 1, 2028 and bearing interest at 1.00 percent. No principal payments are required until maturity. The outstanding balance of this note was $5,000,000 as of both September 30, 2024 and 2023.

Banc of America Community Development Company, LLC (CDC) Program-related Investment

In December 2022, the Corporation entered into a promissory note with Banc of America CDC in the amount of $15,000,000, maturing in December 2025 and bearing interest at 3.50 percent. The purpose of this borrowing was to fund lending activities related to single room occupied loans. The outstanding balance of this note was $14,100,000 and $15,000,000 as of September 30, 2024 and 2023, respectively. Borrowings are subject to certain covenants.

Northern Trust Program-related Investment

In February 2020, the Corporation issued a long-term unsecured investment bond to The Northern Trust Company in the amount of $5,000,000, bearing an interest rate of 2 percent, due semiannually, with a scheduled maturity date in February 2025. Effective July 1, 2021, the note was amended to reduce the interest rate to 1.00 percent. The purpose of this borrowing was to fund lending activities. The outstanding balance of this note was $5,000,000 as of September 30, 2024 and 2023.

Note 8 - Notes Payable (Continued)

Woodlawn Program-related Investments

In September 2020, the City of Chicago, Illinois passed the Woodlawn Housing Preservation Ordinance (the "Ordinance"), which sets forth an overall housing and economic development strategy for the Woodlawn community. Acknowledging the ongoing development pressures and affordability challenges facing the community, the main goals for the Ordinance include protecting residents from displacement and creating quality rental and for-sale housing opportunities to promote inclusive income diversity.

In May 2021, the Corporation entered into a program funding agreement consisting of six promissory notes with various financial institutions for a total of $5,000,000 to fund low-cost construction financing projects in accordance with the Ordinance set by the City of Chicago, Illinois. The promissory notes are payable in full at their maturity on May 3, 2028 and bear interest at 1.00 percent. The outstanding balance of these notes was $5,000,000 as of September 30, 2024 and 2023.

Note 9 - Net Assets

Net assets without donor restrictions consist of the following as of September 30:

	2024	2023
Board-designated net assets:		
General Board of Pension Loss Fund	$ 29,862	$ 32,655
Energy Loss Fund	718,616	718,616
Other nonoperating funds	2,672,968	6,387,806
Total board-designated net assets	3,421,446	7,139,077
Undesignated net assets	61,560,307	39,553,670
Total unrestricted net assets	$ 64,981,753	$ 46,692,747

Net assets with donor restrictions as of September 30 are available for the following purposes:

	2024	2023
Subject to expenditures for a specified purpose:		
CAP Magnet Fund Committed	$ 3,000,000	$ 3,000,000
Energy Grant Program	291,342	441,333
Total subject to expenditures for a specified purpose	$ 3,291,342	$ 3,441,333

Note 10 - Employee Benefit Plan

The Corporation sponsors a 401(k) plan for substantially all employees. Under the plan, the Corporation makes annual contributions on behalf of each employee in the amount of 6 percent of the employee's annual total compensation. In addition, eligible employees may contribute to the plan through payroll deferrals, which the Corporation matches with an amount equal to 1 percent of the salary deferral for every 2 percent of the deferral by the employee, up to a maximum of 2 percent. Contributions to the plan totaled $432,443 and $350,507 for the years ended September 30, 2024 and 2023, respectively.

Note 11 - Off-balance-sheet Activities

Credit-related Financial Instruments

The Corporation is a party to credit-related financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated statement of financial position.

Note 11 - Off-balance-sheet Activities (Continued)

The Corporation's exposure to credit loss is represented by the contractual amount of these commitments. The Corporation follows the same credit policies in making commitments as it does for on-balance-sheet instruments.

The Corporation had financial instruments outstanding whose contract commitment amounts represent credit risk but are considered unconditionally cancelable by the Corporation. These instruments consisted of approximately $11,866,000 and $14,594,000 of commitments to fund loans that have been approved but not closed and approximately $7,316,000 and $9,351,000 of unfunded commitments related to construction loans as of September 30, 2024 and 2023, respectively.

Note 12 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Corporation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management’s own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Corporation’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The Corporation has assets that, under certain conditions, are subject to measurement at fair value on a nonrecurring basis. The Corporation has estimated the fair values of these assets based primarily on Level 3 inputs, as described above. Assets measured at fair value on a nonrecurring basis as of September 30, 2024 totaled approximately $7,661,000 and consist of certain collateral-dependent loans with an individually evaluated allocation of the allowance for credit losses. Assets measured at fair value on a nonrecurring basis as of September 30, 2023 totaled approximately $1,426,000 and consist of certain loans that were considered impaired and have a specific allocation of the allowance for loan losses. The Corporation estimates the fair value of these loans based on the value of the collateral, generally real estate, securing these loans. Appraised values may be discounted based on management's historical knowledge, changes in market conditions from the time of valuation, or other qualitative factors applied. The numerical range of unobservable inputs for these valuation assumptions is not meaningful to the disclosures.

Note 12 - Fair Value Measurements (Continued)

The following table presents information about the Corporation's assets measured at fair value on a recurring basis at September 30, 2024 and 2023:

	Assets Measured at Fair Value on a Recurring Basis at September 30, 2024			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at September 30, 2024
Assets - Investments in real estate joint ventures	$ -	$ -	$ 3,838,866	$ 3,838,866

	Assets Measured at Fair Value on a Recurring Basis at September 30, 2023			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at September 30, 2023
Assets - Investments in real estate joint ventures	$ -	$ -	$ 1,231,640	$ 1,231,640

The valuation of investments in real estate joint ventures include unadjusted prices from recent transactions or third-party valuations. No disclosure of unobservable inputs has been made as of September 30, 2024 or 2023 because all Level 3 fair value determinations are based on nonquantitative unobservable inputs. Purchases of real estate joint venture Level 3 investments were $2,159,298 and $1,207,471 as of September 30, 2024 and 2023, respectively. There were no transfers in or out of Level 3 investments as of September 30, 2024 or 2023.

Note 13 - Liquidity and Availability of Resources

The Corporation has approximately $4,400,000 and $3,900,000 of financial assets available within one year of September 30, 2024 and 2023 to meet cash needs for general expenditure consisting of cash as of 2024 and 2023, respectively. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the consolidated statement of financial position date.

The Corporation excludes approximately $3,400,000 and $7,100,000 as of September 30, 2024 and 2023, respectively, of board-designated net assets that could be undesignated by the board if needed for general operating use. The Corporation also excludes unrestricted cash received from CII, program and other receivables, and the current balance of CIC portfolio loans receivable from consideration of available liquidity, as funds received from these sources are reinvested in the related CII and loan programs.

The Corporation's goal is to maintain financial assets on hand to meet 90 days of normal operating expenses, which are on average approximately $4,700,000. During 2023 and 2024, the Corporation has built up its available cash, which surpasses its goal to meet 90 days of normal operating expenses. This goal meets the minimum standard across the country for nondepository Community Development Financial Institutions (CDFI) to maintain 90 days of normal operating expenses. The Corporation structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 13 - Liquidity and Availability of Resources (Continued)

The Corporation has a committed line of credit in the amount of $10,000,000 at September 30, 2024 and 2023, which it could draw upon if needed to meet general expenditure liquidity requirements, as discussed in Note 7.