
Community Investment Corporation and Affiliates

Consolidated Financial Report
September 30, 2025

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Independent Auditor's Report

To the Board of Directors
Community Investment Corporation and Affiliates

Report on the Audits 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, 2025 and 2024 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, 2025 and 2024 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 audits 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 Audits 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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.

Auditor's Responsibilities for the Audits 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 audits 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.

To the Board of Directors
Community Investment Corporation and Affiliates

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2025 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2026 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.



January 26, 2026

Community Investment Corporation and Affiliates

Consolidated Statement of Financial Position

September 30, 2025 and 2024

	Community Investment Corporation	Community Initiatives, Inc.	CIC Government Investor, L.L.C.	CEPF, LLC	Eliminating Entries	2025	2024
Assets							
Cash and cash equivalents	\$ 10,198,471	\$ 1,918,214	\$ -	\$ 128,845	\$ -	\$ 12,245,530	\$ 8,002,925
Restricted cash	52,763,670	6,440,291	2,338,808	-	-	61,542,769	53,759,574
Restricted cash held for investor note purchase agreement loss sharing policy first loss fund	11,829,965	-	-	-	-	11,829,965	11,592,192
Investments in real estate, at fair value (Note 12)	4,420,000	-	-	3,697,102	(4,420,000)	3,697,102	3,838,866
Federal Home Loan Bank stock	696,202	-	-	-	-	696,202	696,202
Program and other receivables - Net:							
Grants receivable	-	2,456,978	-	-	-	2,456,978	2,599,719
Troubled Buildings Initiative	-	9,539,931	-	-	-	9,539,931	8,333,888
Other accounts receivable	460,604	-	-	-	-	460,604	1,632,658
Real estate held for sale (Note 4)	-	2,323,036	-	-	-	2,323,036	2,041,298
Other assets	539,492	-	-	-	(66,961)	472,531	838,294
Loans - Net of allowance for credit losses of \$10,619,458 and \$13,235,251 as of September 30, 2025 and 2024, respectively (Note 3)	286,635,030	1,187,098	-	-	-	287,822,128	273,619,515
Interest in CIC Mezzanine Investors, LLC	1,444,880	-	2,815,751	-	-	4,260,631	3,465,089
Right-of-use asset - Net - Operating lease asset (Note 5)	599,988	-	-	-	-	599,988	846,087
Property and equipment - Net (Note 6)	574,513	-	-	-	-	574,513	490,676
Total assets	\$ 370,162,815	\$ 23,865,548	\$ 5,154,559	\$ 3,825,947	\$ (4,486,961)	\$ 398,521,908	\$ 371,756,983
Liabilities and Net Assets							
Liabilities							
Escrow accruals and borrower reserves	\$ 16,881,516	\$ -	\$ -	\$ -	\$ -	\$ 16,881,516	\$ 11,105,349
Notes payable (Note 8)	65,688,607	-	-	-	-	65,688,607	54,349,844
Refundable grant	-	-	5,000,000	-	-	5,000,000	5,000,000
Investor notes payable (Note 8)	187,178,045	-	-	-	-	187,178,045	182,734,265
Grants payable	-	18,063,093	-	-	-	18,063,093	17,006,062
CMAP energy loan guarantees	3,392,792	-	-	-	-	3,392,792	3,392,762
Deferred revenue	28,355,538	1,250,000	-	-	-	29,605,538	26,980,909
Other liabilities	1,415,181	68,398	-	15,000	(66,961)	1,431,618	1,881,992
Lease liabilities - Operating	740,566	-	-	-	-	740,566	1,032,705
Total liabilities	303,652,245	19,381,491	5,000,000	15,000	(66,961)	327,981,775	303,483,888
Net Assets							
Without donor restrictions:							
Undesignated	60,540,800	4,484,057	154,559	3,810,947	(4,420,000)	64,570,363	61,560,307
Designated (Note 9)	2,969,770	-	-	-	-	2,969,770	3,421,446
With donor restrictions (Note 9)	3,000,000	-	-	-	-	3,000,000	3,291,342
Total net assets	66,510,570	4,484,057	154,559	3,810,947	(4,420,000)	70,540,133	68,273,095
Total liabilities and net assets	\$ 370,162,815	\$ 23,865,548	\$ 5,154,559	\$ 3,825,947	\$ (4,486,961)	\$ 398,521,908	\$ 371,756,983

Community Investment Corporation and Affiliates

Consolidated Schedule of Investments

September 30, 2025

Description of Investment	Industry	Investment Interest	Cost	Fair Value
7456 S Eberhart, LLC	Real estate joint venture	95% LLC membership interests	\$ 380,323	\$ 445,193
1804 Construction, LLC	Real estate debt investment	Non-interest bearing promissory note due at maturity March 4, 2026	931,743	528,675
DVH Properties & Development 101, LLC	Real estate joint venture	95% LLC membership interests	144,306	107,772
7800 Ridgeland, LLC	Real estate debt investment	Non-interest bearing promissory note due at maturity July 28, 2028	83,394	83,394
6807 Michigan Holding LLC	Real estate joint venture	95% LLC membership interests	618,659	734,940
United Strategies Holdings LLC	Real estate joint venture	95% LLC membership interests	309,312	121,009
Inspire Woodlawn LLC	Real estate joint venture	15.91% LLC membership interests	673,655	813,127
6959 Merrill LJ Promise LLC	Real estate joint venture	95% LLC membership interests	816,509	862,992
Total investments in real estate joint ventures			\$ 3,957,901	\$ 3,697,102

Community Investment Corporation and Affiliates

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

Community Investment Corporation and Affiliates

Consolidated Statement of Activities

Years Ended September 30, 2025 and 2024

	Community Investment Corporation	Community Initiatives, Inc.	CIC Government Investor, L.L.C.	CEPF, LLC	Eliminating Entries	2025	2024
Changes in Net Assets without Donor Restrictions							
Revenue:							
Interest income	\$ 6,882,873	\$ -	\$ -	\$ -	\$ -	\$ 6,882,873	\$ 6,532,807
Interest on investor notes payable	10,125,179	-	-	-	-	10,125,179	7,856,896
Servicing income	1,279,218	191,374	-	-	-	1,470,592	1,250,548
Fee income	924,232	-	-	-	-	924,232	1,017,383
Program income	2,155,248	629,746	-	47,900	(2,011,395)	821,499	1,165,369
Contributions	457,377	1,116,846	-	-	-	1,574,223	1,880,242
Net assets released from restrictions	291,342	-	-	-	-	291,342	149,991
Total revenue	22,115,469	1,937,966	-	47,900	(2,011,395)	22,089,940	19,853,236
Expenses:							
Program services	17,669,050	1,891,447	586	261,498	(2,011,395)	17,811,186	16,701,646
Support services	3,029,046	2,679	-	21,500	-	3,053,225	2,653,890
Total expenses	20,698,096	1,894,126	586	282,998	(2,011,395)	20,864,411	19,355,536
Increase (Decrease) in Net Assets without Donor Restrictions - Before nonoperating income (expense)							
	1,417,373	43,840	(586)	(235,098)	-	1,225,529	497,700
Nonoperating Income (Expense)							
Loan servicing income restricted for credit loss reimbursement	1,210,924	-	-	-	-	1,210,924	1,488,860
Investor Restricted Reserve provision for credit losses	(232,588)	-	-	-	-	(232,588)	(2,503,574)
Provision for loan losses	142,253	-	-	-	-	142,253	112,650
Contributions	-	-	-	-	-	-	15,000,000
Grant revenue	1,795,732	2,899,011	-	-	-	4,694,743	8,096,904
Grant expense	-	(2,807,011)	-	-	-	(2,807,011)	(4,419,841)
Change in fair value of investments in real estate	-	-	-	(734,762)	-	(734,762)	447,928
Other nonoperating income	184,693	-	153,195	-	-	337,888	-
Other nonoperating expenses	(1,278,596)	-	-	-	-	(1,278,596)	(736,269)
Total nonoperating income (expense)	1,822,418	92,000	153,195	(734,762)	-	1,332,851	17,486,658
Transfer of Net Assets							
	(460,000)	-	-	460,000	-	-	-
Increase (Decrease) in Net Assets without Donor Restrictions							
	2,779,791	135,840	152,609	(509,860)	-	2,558,380	17,984,358
Decrease in Net Assets with Donor Restrictions - Net assets released from restrictions							
	(291,342)	-	-	-	-	(291,342)	(149,991)
Increase (Decrease) in Net Assets							
	\$ 2,488,449	\$ 135,840	\$ 152,609	\$ (509,860)	\$ -	\$ 2,267,038	\$ 17,834,367

Community Investment Corporation and Affiliates

Consolidated Statement of Changes in Net Assets

Years Ended September 30, 2025 and 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Balance - October 1, 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
Net increase (decrease)	2,558,380	(291,342)	2,267,038
Balance - September 30, 2025	\$ 67,540,133	\$ 3,000,000	\$ 70,540,133

Community Investment Corporation and Affiliates

Consolidated Statement of Functional Expenses

Years Ended September 30, 2025 and 2024

	Program Services	Support Services	2025	Program Services	Support Services	2024
Interest	\$ 11,471,951	\$ -	\$ 11,471,951	\$ 9,675,439	\$ -	\$ 9,675,439
Compensation and benefits	4,963,384	2,052,700	7,016,084	5,929,783	1,738,762	7,668,545
Rent	330,343	191,614	521,957	329,961	192,707	522,668
Utilities	32,585	18,902	51,487	26,522	15,490	42,012
Equipment and maintenance	217,252	126,016	343,268	205,802	120,195	325,997
Depreciation	84,501	49,015	133,516	90,948	53,116	144,064
Travel	79,505	46,117	125,622	77,140	45,052	122,192
Supplies	37,090	21,512	58,602	40,907	23,567	64,474
Professional fees	309,114	384,409	693,523	218,819	402,904	621,723
Program and staff development	285,461	162,940	448,401	106,325	62,097	168,422
 Total operating expenses	 17,811,186	 3,053,225	 20,864,411	 16,701,646	 2,653,890	 19,355,536
Grant expense	2,807,011	-	2,807,011	4,419,841	-	4,419,841
Other nonoperating expenses	930,578	348,018	1,278,596	525,703	210,566	736,269
 Total expenses	 <u>\$ 21,548,775</u>	 <u>\$ 3,401,243</u>	 <u>\$ 24,950,018</u>	 <u>\$ 21,647,190</u>	 <u>\$ 2,864,456</u>	 <u>\$ 24,511,646</u>

Community Investment Corporation and Affiliates

Consolidated Statement of Cash Flows

Years Ended September 30, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Increase in net assets	\$ 2,267,038	\$ 17,834,367
Adjustments to reconcile increase in net assets to net cash, cash equivalents, and restricted cash from operating activities:		
Depreciation	133,516	144,064
Investor Restricted Reserve provision for credit losses	232,588	2,503,574
Provision for credit losses	(142,253)	(112,650)
Gain on sale of real estate owned for CII programs	(612,698)	(1,019,498)
Change in fair value of investments in real estate	734,762	(447,928)
Net changes in operating assets and liabilities:		
Program and other receivables	108,752	(2,164,711)
Other assets	212,568	(531,384)
Escrow and borrower reserves payable	5,776,167	(3,251,567)
Grants payable	1,057,031	3,825,912
Deferred revenue	2,624,629	765,691
Other liabilities	(496,384)	856,611
Net cash, cash equivalents, and restricted cash provided by operating activities	11,895,716	18,402,481
Cash Flows from Investing Activities		
Net change in loans	(14,292,948)	(31,290,841)
Purchase of investments in real estate	(822,356)	(2,159,298)
Proceeds from sale of investments in real estate	229,358	-
Purchase of properties for CII programs	(3,084,570)	(6,483,676)
Proceeds from sale of real estate owned for CII programs	3,415,530	7,659,974
Purchase of interest in CIC Mezzanine Investors, LLC	(642,347)	(1,558,343)
Purchase of property and equipment	(217,353)	(136,120)
Net cash, cash equivalents, and restricted cash used in investing activities	(15,414,686)	(33,968,304)
Cash Flows from Financing Activities		
Net proceeds from (repayment of) notes payable	11,338,763	(19,293,582)
Net proceeds from investor notes payable	4,443,780	36,253,469
Net cash, cash equivalents, and restricted cash provided by financing activities	15,782,543	16,959,887
Net Increase in Cash, Cash Equivalents, and Restricted Cash		
Cash, Cash Equivalents, and Restricted Cash - Beginning of year	12,263,573	1,394,064
Cash, Cash Equivalents, and Restricted Cash - End of year	73,354,691	71,960,627
\$ 85,618,264	\$ 73,354,691	
Consolidated Statement of Financial Position Classification of Cash, Cash Equivalents, and Restricted Cash		
Cash and cash equivalents	\$ 12,245,530	\$ 8,002,925
Restricted cash	61,542,769	53,759,574
Restricted cash held for investor note purchase agreement loss sharing policy first loss fund	11,829,965	11,592,192
Total cash, cash equivalents, and restricted cash	\$ 85,618,264	\$ 73,354,691
Supplemental Cash Flow Information - Cash paid for interest	\$ 11,401,587	\$ 9,471,224

Community Investment Corporation and Affiliates

Notes to Consolidated Financial Statements

September 30, 2025 and 2024

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.

Cash and 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, 2025 and 2024 was approximately \$7,750,000 and \$7,177,000, 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.

Community Investment Corporation and Affiliates

Notes to Consolidated Financial Statements

September 30, 2025 and 2024

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 2025 and 2024, the Corporation deposited all contributions received from the INPA investors and the Corporation's contractual contribution into the INPA first loss fund. The investor 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, 2025 and 2024.

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, 2025 and 2024, 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 investments in real estate joint ventures 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, 2025 and 2024, the Corporation has not recorded a provision for doubtful accounts, as it is the opinion of management that grants receivable are collectible in full.

Community Investment Corporation and Affiliates

Notes to Consolidated Financial Statements

September 30, 2025 and 2024

Note 2 - Significant Accounting Policies (Continued)

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 in receivership by CII as of year end. The receivable balance is reduced when buildings in the program are sold.

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 \$344,000 and \$374,000 at September 30, 2025 and 2024, 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.

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.

Community Investment Corporation and Affiliates

Notes to Consolidated Financial Statements

September 30, 2025 and 2024

Note 2 - Significant Accounting Policies (Continued)

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 \$82,873 and \$69,168 at September 30, 2025 and 2024, respectively, and was reported in other assets on the consolidated statement of financial position.

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 2025 and 2024. Unfunded commitments to CIC Mezzanine Investors, LLC for the Corporation as of September 30, 2025 were \$2,478,009.

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.

Community Investment Corporation and Affiliates

Notes to Consolidated Financial Statements

September 30, 2025 and 2024

Note 2 - Significant Accounting Policies (Continued)

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.

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 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 recorded as incurred and 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.

Community Investment Corporation and Affiliates

Notes to Consolidated Financial Statements

September 30, 2025 and 2024

Note 2 - Significant Accounting Policies (Continued)

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.

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, 2025 and 2024, the Corporation is eligible to receive and recognize \$245,981 and \$2,265,251, 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).

Community Investment Corporation and Affiliates

Notes to Consolidated Financial Statements

September 30, 2025 and 2024

Note 2 - Significant Accounting Policies (Continued)

Subsequent Events

The consolidated financial statements and related disclosures include evaluation of events up through and including January 26, 2026, 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:

	2025	2024
Investor program loans:		
Multifamily program	\$ 177,201,665	\$ 169,804,047
1-4 single-family program	10,430,912	13,520,831
Portfolio loans - Multifamily	109,528,230	102,258,240
Other loans:		
CII developer line of credit	1,187,098	1,102,975
Energy	68,144	133,269
Community development	25,537	32,050
General board of pension	-	3,354
	<hr/>	<hr/>
Total loans	298,441,586	286,854,766
Less allowance for credit losses	<hr/>	<hr/>
	10,619,458	13,235,251
	<hr/>	<hr/>
Net loans	<hr/>	<hr/>
	<hr/>	<hr/>
	<hr/>	<hr/>
	<hr/>	<hr/>

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. Under the 1-4 single-family INPA loan program, eligible loans were funded and pledged through the origination and issuance termination dates, which expired on March 15, 2025 and September 15, 2025, respectively, and were not extended. Under the multifamily INPA loan program, eligible loans can be funded and pledged through the origination and issuance termination dates, which were extended to March 15, 2030 and September 15, 2030, respectively.

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.

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 were funded by the Corporation's net assets or certain grant funds.

Community Investment Corporation and Affiliates

Notes to Consolidated Financial Statements

September 30, 2025 and 2024

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

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

In the ordinary course of business, the Corporation has granted loans to certain real estate investment joint ventures of CEPF, LLC amounting to approximately \$4,891,099 and \$5,880,000 as of years ended September 30, 2025 and 2024, respectively, which are reported as portfolio loans within the multifamily loan segment.

The Corporation's activity in the allowance for credit losses for the years ended September 30, 2025 and 2024, by loan segment, is summarized below:

	September 30, 2025		September 30, 2025			
	Investor Program Loans		Portfolio Loans			
	Multifamily Program	1-4 Single-family Program	Multifamily	1-4 Single-family Program	Other Loans	Total
Beginning balance	\$ 9,276,937	\$ 1,538,527	\$ 2,419,787	\$ -	\$ -	\$ 13,235,251
Charge-offs	(1,531,614)	(1,107,843)	(144,060)	-	-	(2,783,517)
Recoveries	-	77,389	-	-	-	77,389
Provision	203,480	29,108	(142,253)	-	-	90,335
Ending balance	<u>\$ 7,948,803</u>	<u>\$ 537,181</u>	<u>\$ 2,133,474</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,619,458</u>

	September 30, 2024		September 30, 2024			
	Investor Program Loans		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 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	<u>\$ 9,276,937</u>	<u>\$ 1,538,527</u>	<u>\$ 2,419,787</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,235,251</u>

The board of directors has designated certain net assets without donor restrictions as a reserve for certain loans in the other loans segment as of September 30, 2025 and 2024, 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.

Community Investment Corporation and Affiliates

Notes to Consolidated Financial Statements

September 30, 2025 and 2024

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

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.

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, 2025 and 2024:

	September 30, 2025						
	Pass	Acceptable	Special Mention	Substandard	Doubtful	Loss	Ending Balance
Investor program loans:							
Multifamily program	\$ 163,176,763	\$ 5,992,472	\$ 5,131,182	\$ 497,096	\$ 2,404,152	\$ -	\$ 177,201,665
1-4 single-family program	10,227,608	-	-	-	203,304	-	10,430,912
Portfolio loans - Multifamily	69,898,461	27,552,892	9,300,835	376,893	2,399,149	-	109,528,230
Other loans:							
CII developer line of credit	1,187,098	-	-	-	-	-	1,187,098
Energy	12,142	52,415	3,587	-	-	-	68,144
Community development	25,537	-	-	-	-	-	25,537
Total	\$ 244,527,609	\$ 33,597,779	\$ 14,435,604	\$ 873,989	\$ 5,006,605	\$ -	\$ 298,441,586

Community Investment Corporation and Affiliates

Notes to Consolidated Financial Statements

September 30, 2025 and 2024

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

	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	<u>\$ 234,116,428</u>	<u>\$ 29,457,663</u>	<u>\$ 10,680,827</u>	<u>\$ 1,649,926</u>	<u>\$ 10,949,922</u>	<u>\$ -</u>	<u>\$ 286,854,766</u>

Age Analysis of Past-due Loans

The Corporation's age analysis of past-due loans at September 30, 2025 and 2024 by loan segment and class is summarized below:

	September 30, 2025					
	30-59 Days Past Due	60-89 Days Past Due	90 or More Days	Current	Total Loans	
Investor program loans:						
Multifamily program	\$ 190,687	\$ 497,096	\$ 2,218,200	\$ 174,295,682	\$ 177,201,665	
1-4 single-family program	-	-	203,304	10,227,608	10,430,912	
Portfolio loans - Multifamily	27,904	376,893	2,399,149	106,724,284	109,528,230	
Other loans:						
CII developer line of credit	-	-	-	1,187,098	1,187,098	
Energy	-	-	-	68,144	68,144	
Community development	-	-	-	25,537	25,537	
Total	<u>\$ 218,591</u>	<u>\$ 873,989</u>	<u>\$ 4,820,653</u>	<u>\$ 292,528,353</u>	<u>\$ 298,441,586</u>	
	September 30, 2024					
	30-59 Days Past Due	60-89 Days Past Due	90 or More Days	Current	Total Loans	
Investor program loans:						
Multifamily program	\$ 1,634,659	\$ 1,761,141	\$ 3,953,692	\$ 162,454,555	\$ 169,804,047	
1-4 single-family program	-	-	1,642,308	11,878,523	13,520,831	
Portfolio loans - Multifamily	699,206	-	4,804,031	96,755,003	102,258,240	
Other loans:						
CII developer line of credit	-	-	-	1,102,975	1,102,975	
Energy	-	-	116,000	17,269	133,269	
Community development	-	-	-	32,050	32,050	
General board of pension	-	-	-	3,354	3,354	
Total	<u>\$ 2,333,865</u>	<u>\$ 1,761,141</u>	<u>\$ 10,516,031</u>	<u>\$ 272,243,729</u>	<u>\$ 286,854,766</u>	

Community Investment Corporation and Affiliates

Notes to Consolidated Financial Statements

September 30, 2025 and 2024

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

Collateral-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, 2025			
	Commercial Real Estate	Residential Real Estate	Other	Total
Investor program loans:				
Multifamily	\$ 2,901,248	\$ -	\$ -	\$ 2,901,248
1-4 single-family	-	203,304	-	203,304
Portfolio loans - Multifamily	2,776,042	-	-	2,776,042
Total	\$ 5,677,290	\$ 203,304	\$ -	\$ 5,880,594

	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.

Nonaccrual Loans

The Corporation's loans on nonaccrual status at September 30, 2025; September 30, 2024; and October 1, 2023 by loan segment and class are summarized below:

	2025				2024				October 1, 2023	
	Interest Income Recognized During the Period on Nonaccrual Loans		Interest Income Recognized During the Period on Nonaccrual Loans		Interest Income Recognized During the Period on Nonaccrual Loans		Interest Income Recognized During the Period on Nonaccrual Loans			
	Nonaccrual Loans with No ACL	Total Nonaccrual Loans	Nonaccrual Loans with No ACL	Total Nonaccrual Loans	Nonaccrual Loans with No ACL	Total Nonaccrual Loans	Nonaccrual Loans with No ACL	Total Nonaccrual Loans	Total Nonaccrual Loans	
Investor program loans:										
Multifamily program	\$ -	\$ 2,218,200	\$ -	\$ -	\$ 3,953,691	\$ 20,477	\$ -	\$ 3,416,249		
1-4 single-family program	-	203,304	-	-	1,642,308	-	-	-	1,642,308	
Portfolio loans - Multifamily	-	2,399,149	-	-	5,479,180	-	-	-	5,194,827	
Other loans - Energy	-	-	-	-	116,000	-	-	-	116,000	
Total	\$ -	\$ 4,820,653	\$ -	\$ -	\$ 11,191,179	\$ 20,477	\$ -	\$ 10,369,384		

Community Investment Corporation and Affiliates

Notes to Consolidated Financial Statements

September 30, 2025 and 2024

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

Loan Modifications

During the year ended September 30, 2025, no modifications to borrowers experiencing financial difficulty were made. 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.

Note 4 - Real Estate Held For Sale

CII purchases multifamily and 1-4 unit properties that are typically distressed. These properties are typically purchased at a discount. 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, 2025 and 2024, the Corporation has \$2,323,036 and \$2,041,298, 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, 2025 and 2024, the Corporation recognized project fee income of approximately \$613,000 and \$1,019,000, 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 December 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.

Future minimum annual commitments under the operating lease are as follows:

Years Ending September 30	Amount
2026	\$ 338,520
2027	348,690
2028	<u>89,352</u>
Total	776,562
Less amount representing interest	<u>35,996</u>
Present value of net minimum lease payments	\$ <u>740,566</u>

Community Investment Corporation and Affiliates

Notes to Consolidated Financial Statements

September 30, 2025 and 2024

Note 5 - Leases (Continued)

Expenses recognized under the lease for the years ended September 30, 2025 and 2024 consist of the following:

	2025	2024
Lease cost:		
Operating lease cost	\$ 282,659	\$ 282,659
Short-term lease cost	7,020	5,438
Variable lease cost	<u>232,278</u>	<u>234,571</u>
Total lease cost	<u><u>\$ 521,957</u></u>	<u><u>\$ 522,668</u></u>
Other information - Cash paid for amounts included in the measurement of lease liabilities - Operating cash flows from operating leases	\$ 328,698	\$ 319,129

Note 6 - Property and Equipment

Property and equipment are summarized as follows:

	2025	2024	Depreciable Life - Years
Leasehold improvements	\$ 271,389	\$ 271,389	10
Office equipment	84,031	18,311	3-5
Transportation equipment	33,607	33,607	5
Computer equipment and software	<u>1,138,414</u>	<u>980,132</u>	3-5
Total cost	1,527,441	1,303,439	
Accumulated depreciation	<u>952,928</u>	<u>812,763</u>	
Net property and equipment	<u><u>\$ 574,513</u></u>	<u><u>\$ 490,676</u></u>	

Depreciation expense for 2025 and 2024 was \$133,516 and \$144,064, respectively.

Note 7 - Line of Credit

In September 2021, the Corporation entered into a line of credit agreement with Associated Bank. The agreement has been subsequently amended and allows for available borrowings of the lesser of \$10,000,000 or 65 percent of the balance of eligible loans (as defined in the line of credit agreement) with a maturity of date of September 8, 2027. Interest on borrowings is payable monthly at a rate of the sum of (a) 2.25 percent plus (b) the variable interest benchmark index rate.

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, 2025 or 2024.

Community Investment Corporation and Affiliates

Notes to Consolidated Financial Statements

September 30, 2025 and 2024

Note 8 - Notes Payable

Notes payable consisted of the following as of September 30:

	2025	2024
Investor notes payable - INPA nonrecourse collateral pass-through notes	\$ 187,178,045	\$ 182,734,265
Notes payable:		
FHLB advances	17,188,607	14,749,844
FHLB program-related investment	10,500,000	10,500,000
MacArthur Foundation notes	5,000,000	5,000,000
Banc of America CDC program-related investment	12,000,000	14,100,000
Northern Trust program-related investment	10,000,000	5,000,000
Woodlawn program-related investment notes	5,000,000	5,000,000
First Eagle Bank program-related investment	2,000,000	-
North Lawndale program-related investment notes	4,000,000	-
	<hr/>	<hr/>
Total notes payable	65,688,607	54,349,844
	<hr/>	<hr/>
Total	<u>\$ 252,866,652</u>	<u>\$ 237,084,109</u>

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 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 2025 for five years. At September 30, 2025 and 2024, the Corporation had remaining unfunded commitments from financial institutions to purchase limited recourse collateral pass-through notes totaling \$160,313,681 and \$180,830,776, respectively. The current limited recourse collateral trust note purchase agreement expires on March 15, 2030.

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, the Corporation had remaining unfunded commitments from financial institutions to purchase nonrecourse collateral pass-through notes totaling \$24,241,665. The limited recourse collateral trust note purchase agreement was most recently amended in March 2020 and expired on March 15, 2025. Following expiration, INPA remains in effect through the latest maturity date of any of the underlying mortgage loans pledged to secure the INPA notes.

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 \$10,500,000, maturing in March 2032 and bearing interest at 1.86 percent.

Community Investment Corporation and Affiliates

Notes to Consolidated Financial Statements

September 30, 2025 and 2024

Note 8 - Notes Payable (Continued)

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, 2025 and 2024, CIC had \$17,188,607 and \$14,749,844, 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, 2025, interest rates for each advance ranged from 1.72 to 4.28 percent, and, as of September 30, 2024, interest rates ranged from 1.19 to 4.83 percent. As of September 30, 2025, maturity dates ranged from December 2025 through October 2029.

MacArthur Foundation Note

The 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 September 30, 2025 and 2024.

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 \$12,000,000 and \$14,100,000 as of September 30, 2025 and 2024, respectively. Borrowings are subject to certain covenants. Subsequent to September 30, 2025, the outstanding balance of the note was paid in full.

Northern Trust Program-related Investment

In February 2020, the Corporation was issued a long-term unsecured investment bond from The Northern Trust Company. The bond was subsequently amended in May 2025 for total borrowings of \$10,000,000, bearing an interest rate of 2.5 percent, due semiannually, with a scheduled maturity date in May 2030. The purpose of this borrowing was to fund lending activities. The outstanding balance of this bond was \$10,000,000 and \$5,000,000 as of September 30, 2025 and 2024, respectively.

Woodlawn Program-related Investment Notes

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, 2025 and 2024.

First Eagle Bank Program-related Investment

In October 2024, the Corporation entered into an unsecured loan with First Eagle Bank. The promissory note was entered into for borrowings of \$2,000,000, maturing on September 30, 2027 and bearing interest at 2.5 percent. No principal payments are required until maturity. The outstanding balance of this note was \$2,000,000 as of September 30, 2025.

Community Investment Corporation and Affiliates

Notes to Consolidated Financial Statements

September 30, 2025 and 2024

Note 8 - Notes Payable (Continued)

Wintrust North Lawndale Program-related Investment Notes

In March 2025, the Corporation entered into a program funding agreement consisting of six promissory notes with various financial institutions for a total of \$4,000,000 to increase the supply of affordable housing across the Chicagoland area, including North Lawndale neighborhood and other underserved areas. No principal payments are due until maturity on March 17, 2030. Promissory notes bear interest at 2.50 percent. The outstanding balance of these notes was \$4,000,000 as of September 30, 2025.

Chase New Markets Corporation Program-related Investment

Subsequent to September 30, 2025, the Corporation entered into a new multi-draw note payable agreement with Chase New Markets Corporation to increase lending to borrowers located in South and West Chicagoland area. The agreement allows the Corporation to draw up to \$10,000,000 through December 1, 2027. The principal balance will accrue monthly at a rate of 3.00 percent. Principal drawn will be payable in full on December 1, 2032.

Note 9 - Net Assets

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

	2025	2024
Board-designated net assets:		
General Board of Pension Loss Fund	\$ -	\$ 29,862
Energy Loss Fund	718,616	718,616
Other nonoperating funds	<u>2,251,154</u>	<u>2,672,968</u>
Total board-designated net assets	2,969,770	3,421,446
Undesignated net assets	<u>64,570,363</u>	<u>61,560,307</u>
Total unrestricted net assets	<u>\$ 67,540,133</u>	<u>\$ 64,981,753</u>

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

	2025	2024
Subject to expenditures for a specified purpose:		
CAP Magnet Fund Committed	\$ 3,000,000	\$ 3,000,000
Energy Grant Program	- <u>291,342</u>	<u>291,342</u>
Total subject to expenditures for a specified purpose	<u>\$ 3,000,000</u>	<u>\$ 3,291,342</u>

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 \$391,543 and \$432,443 for the years ended September 30, 2025 and 2024, respectively.

Community Investment Corporation and Affiliates

Notes to Consolidated Financial Statements

September 30, 2025 and 2024

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.

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 \$3,150,000 and \$11,866,000 of commitments to fund loans that have been approved but not closed and approximately \$6,603,000 and \$7,316,000 of unfunded commitments related to construction loans as of September 30, 2025 and 2024, 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, 2025 totaled approximately \$4,383,000 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, 2024 totaled approximately \$7,661,000 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.

Community Investment Corporation and Affiliates

Notes to Consolidated Financial Statements

September 30, 2025 and 2024

Note 12 - Fair Value Measurements (Continued)

The following tables present information about the Corporation's assets measured at fair value on a recurring basis at September 30, 2025 and 2024:

Assets Measured at Fair Value on a Recurring Basis at September 30, 2025				
	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, 2025
Assets - Investments in real estate	\$ -	\$ -	\$ 3,697,102	\$ 3,697,102
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	\$ -	\$ -	\$ 3,838,866	\$ 3,838,866

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, 2025 or 2024 because all Level 3 fair value determinations are based on nonquantitative unobservable inputs. Purchases of real estate joint venture Level 3 investments were \$822,356 and \$2,159,298 as of September 30, 2025 and 2024, respectively. There were no transfers in or out of Level 3 investments as of September 30, 2025 or 2024.

Note 13 - Liquidity and Availability of Resources

The Corporation has approximately \$9,200,000 and \$4,400,000 of financial assets available within one year of September 30, 2025 and 2024, respectively, to meet cash needs for general expenditure consisting of cash as of 2025 and 2024. 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 \$2,970,000 and \$3,400,000 as of September 30, 2025 and 2024, 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 \$5,100,000. During 2024 and 2025, 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.

The Corporation has a committed line of credit in the amount of \$10,000,000 at September 30, 2025 and 2024, upon which it could draw if needed to meet general expenditure liquidity requirements, as discussed in Note 7.