Our Legacy Since 1984:

GROWTH

INN
IMPACT

OVATION
The Low Income Investment Fund (LIIF) is a national
Our role is to bridge the gap between capital markets and low income communities. In so doing, we build more than buildings; we invest in human potential.
Joint Letter from Chairman and President

Dear Friends: As this year’s annual report graphically displays,
Our achievements can be explained in terms of the projects we financed, such as the 3,900 units of housing, the 4,300 child care spaces or the 330 spaces for school children that we supported. The year’s accomplishments can also be documented in financial terms, such as the 27 percent increase in LIIF’s net assets or the $40.4 million in financing we committed to community development projects. While these accomplishments are important, such numbers are insufficient indicators of our true impact on the lives of the individuals, families and communities that we serve.

In order to fully understand the value of our work, we must determine its impact on the lives of people—how did our work advance the life chances of the families we care about and serve? What does the creation of an additional affordable housing unit or an additional child care center mean in the daily lives of low income people? The pages of this report provide some initial answers to these questions. For example, we know that our work gives single moms like Stephanie Kasler (p. 11) the opportunity to “belong to a community.” And, that the pride of homeownership is sufficient to prompt Harlem resident Willy Roby (p. 9) to spend more than a year in temporary quarters in order to reoccupy the building he calls home.

These personal stories remind us of the purpose of our work, and encourage us to continue searching for innovative ways to bring capital to low income communities. For, at the end of the day, we measure our success by how we have improved the life chances of our nation’s poorest individuals and families.

Sincerely,

NICOLAS P. RETSINAS
Chairman of the Board

NANCY O. ANDREWS
President & CEO

fiscal year 2003 has been one of solid growth and impact for LIIF.
LIIF was founded in 1984 to help build healthy communities by encouraging investment in low income neighborhoods. Our mission is to alleviate poverty by delivering capital to impoverished communities throughout the United States.

Through a family of funds—the Affordable Buildings for Children’s Development (ABCD) Fund, the San Francisco Child Care Facilities Fund (CCFF), Making Space for Children, the New York Child Care Seed Fund and the Revolving Loan Fund (RLF)—LIIF encourages a comprehensive approach to the challenges that face low income communities.

Over its 19-year history, LIIF has provided $353 million in capital and technical assistance for projects benefiting low income neighborhoods. This capital has leveraged other investments of over $3 billion and has made a significant difference in the lives of many of the nation’s poorest families by supporting:

- 44,350 units of low income and special needs housing (75 percent of which serve the very poor);
- Nearly 12,000 child care spaces;
- 1,125 student spaces in schools; and
- More than 1.2 million square feet of commercial space.

Today, LIIF has access to approximately $191 million in capital to dedicate to community development projects. Approximately $95 million are assets on our balance sheet while the remaining $96 million is off-balance sheet capital, for which LIIF is the sole administrator. In fiscal year 2003 LIIF mobilized these assets to commit $40.4 million in financing to support 3,900 units of low income and special needs housing, 4,300 spaces of quality child care, and 330 student spaces in educational facilities.

LIIF’s success has depended upon maintaining an excellent staff, aggressive output and performance targets, and prudent financial management. Over the last 19 years, less than 0.16 percent of disbursed capital has been written-off. Moreover, LIIF’s lending operations are about 90 percent self-sufficient due to portfolio earnings, origination and servicing fees, and technical assistance contracts.

LIIF employs four main tools to assist community development organizations: direct lending (through its RLF, ABCD Fund and New York Child Care Seed Fund), packaged loans, program-specific capital grants and technical assistance.

LIIF plays a unique role in the CDFI industry, maximizing its impact by serving organizations that have the most difficulty obtaining conventional loans. Although LIIF’s lending may appear to carry a higher degree of risk than that of traditional financing entities, the expertise of its staff and the performance of its portfolio have earned the respect of other financial institutions—both CDFIs and more traditional lenders. Accordingly, LIIF’s commitment to a project, particularly in its early stages, can attract the support of more conventional lending institutions that are less familiar with community development financing.

LIIF is headquartered in Oakland, California, with offices in Los Angeles, Marin County, New York City and San Francisco. Its nationally focused work has served tens of thousands of individuals and families in 35 states.
Affordable housing is the centerpiece of LIIF’s lending programs. Over the years, LIIF has helped tens of thousands of families escape from homelessness or move out of unsafe and substandard homes by financing secure and affordable housing alternatives.
The lack of affordable housing is a powerful contributor to poverty. Nationwide, more than 14 million low income households spend approximately two-thirds of their income on housing. As a result, these families are often forced to make painful choices: pay for housing or food, housing or child care, housing or health care. Confronted with these choices, low income families must frequently settle for inadequate dwellings.

Support for affordable housing remains the cornerstone of LIIF’s work. Since its founding, LIIF’s financing and technical assistance have supported over 44,000 units of safe and affordable housing. Over the past few years, the volume of LIIF’s housing lending has grown dramatically, catapulting LIIF into the ranks of the country’s leading CDFIs. In fiscal year 2003, LIIF financed a total of $34.2 million for affordable housing, including $28.3 million in direct loans and $5.9 million in loans packaged for other institutions. These loans supported 3,900 units of affordable housing.

Approximately 75 percent of the families supported by LIIF-financed projects are very low income, surviving on 50 percent of average median income or less. In addition, one-third of LIIF’s projects support special-needs populations—such as battered women, the mentally ill or the homeless.

WILLY ROBY was President of the Board of the 537 W. 149th St. Cooperative in Harlem when a fire destroyed the building in 1999. Residents of the 35-unit apartment building, one of New York City’s first low income housing cooperatives, were forced to vacate the premises and find temporary shelter. LIIF provided the Cooperative with a $680,000 loan to renovate the building. LIIF’s loan helped the Cooperative to secure another $2 million in loan and grant financing from the City of New York’s Department of Housing Preservation and Development. Following the renovations, all but one of the former occupants moved back into the building they had called home since 1975. “It feels very, very good,” says Roby, a retired building mechanic. “We have a romance with this building and with each other,” Roby explains. “We’re neighbors. We’ve been through a lot together. We’ve met every challenge, and it’s made us proud. This is our home.”
Citizens Housing Corporation purchased land, with assistance from LIIF, for the development of a 125-unit multifamily residence in Vallejo, California. The Sereno Family Apartments provide much-needed affordable housing in rapidly growing Solano County, located north of San Francisco.

LIIF extended acquisition financing to Bridge Housing in 1998 to purchase the land that is now the site of the Grayson Creek Apartments in Pleasant Hill, California, located east of San Francisco.
To whom it may concern:

We are new tenants at Talega Apartments, and we just wanted to take the time to say “Thank You” to everyone who had something to do with this housing project becoming a reality.

We are infinitely grateful, this means so much to us, and changes our lives drastically for the better in so many ways. We can afford to live a humane life, and we have a new and beautiful apartment in a lovely area. It is more than we imagined in our wildest dreams, and we appreciate every bit of it. Best of all, I can now spend more time with school than ever before, because I don’t have to work such long hours just to pay rent. That means everything to me.

STEPHANIE KASLER used to juggle three part-time jobs along with her parenting responsibilities just to pay the rent on her tiny two-bedroom apartment in San Clemente, California. Not anymore. In February 2003, Stephanie and her two children—Zach, 12, and Baleigh, 9—moved into their spacious, three-bedroom, two-bath home in San Clemente at Talega Apartments, a complex that offers 186 high-quality homes for low income families. Financed in part by a $675,360 predevelopment loan from LIIF, Jamboree Housing Corporation developed Talega Apartments, San Clemente’s first-ever affordable housing development. “This has made such difference in our lives,” says Kasler. “We feel like we can belong to a community because we know we can afford to stay here.”

It is a wonderful community, with many resources available for families, and many healthy rules for our safety, peace, and protection. We cannot express our gratitude enough, but to give you an idea of how thankful we are, we now have two Thanksgiving days a year, one is the day we moved in here!

I know we speak for many people when we say that it is a wonderful thing that all of you have done, and it shows how much you care about people and the community. We want to personally thank everyone involved in this humanitarian endeavor.
Because affordable, quality child care is integral both to the ability of low income parents to work or go to school and to the readiness of low income children to enter kindergarten, LIIF offers loans, grants and technical assistance to licensed child care providers.
LIIF’s first child care initiative was the San Francisco Child Care Facilities Fund (CCFF). Launched in 1998 to address the critical shortage of child care spaces in San Francisco, CCFF has supported over 8,000 child care spaces in the city since its inception. CCFF combines financial assistance with training to ensure that child care providers have the management tools necessary to offer quality care over the long term. This past year, LIIF expanded the reach of its child care work into other communities, supporting innovative child care projects in New York City and throughout the state of California. In January 2003, LIIF launched the New York Child Care Seed Fund, a program providing early funding and technical assistance to child care providers serving New York City’s low income children. Over its first two years of operations, the Seed Fund expects to train 100 child care providers and support 900 child care slots. In fiscal year 2003, the Seed Fund hosted two workshops for a total of 51 providers on the legal, physical and financial aspects of developing child care center facilities in New York City. The Seed Fund also awarded three planning grants totaling $46,000 and supporting 189 child care slots. January 2003 also marked the launch of LIIF’s Affordable Buildings for Children’s Development (ABCD) Fund, a statewide child care initiative in California (see page 15).
A child’s early educational experiences greatly affect his or her cognitive development. Without quality child care, children suffer a severe disadvantage; they miss opportunities to fulfill his or her potential. LIIF works to ensure that high-quality care is accessible to all children.
In 2003, LIIF expanded its child care activities with the launch of the Affordable Buildings for Children's Development (ABCD) Fund. The ABCD Fund is the financing component of the ABCD Initiative—a program created by the David and Lucile Packard Foundation to develop a financing system for child care facilities throughout California. The Initiative will provide support in four key areas: capital delivery, technical assistance and capacity development, advocacy, and facilities development support.

The Packard Foundation has committed $14.5 million to LIIF in grants and program-related investments to launch the ABCD Fund. Other foundations and financial institutions have also expressed interest or made preliminary commitments to invest in the Fund. LIIF's goal is to assemble $30 million to $40 million of private capital and philanthropic investment in the ABCD Fund for the purpose of financing nearly 10,000 spaces of quality child care in California over the next 10 years.

In fiscal year 2003, the ABCD Fund committed 6 loans totaling $2.6 million and five planning grants totaling $87,500. Together, these funds will support 742 quality child care spaces.

Based on LIIF’s early success with the ABCD Fund, in the spring of this year the Packard Foundation asked LIIF to assume lead responsibility for the entire ABCD Initiative.
Limited resources and overcrowding have created a crisis in many low income school districts. Without a quality education, children’s ability to succeed is severely crippled. Therefore, LIIF developed a strategic education initiative that seeks to fund high-quality charter schools in low income areas.
Although the charter school movement is relatively young, it is growing rapidly—particularly in California, which accounts for approximately one-fifth of the nearly 2,700 charter schools operating nationwide. In low income neighborhoods, charter schools frequently become pivotal community resources, revitalizing neglected or abandoned buildings, providing key supplemental services such as health or extended day care, attracting families and capital back into neglected neighborhoods, and fostering the development of community organizations and leaders. ❧ LIIF now has five years of experience financing charter school facilities. Over this time frame, LIIF has provided $5.5 million to seven charter schools, supporting 1,125 charter school spaces and investing in human potential by transforming the educational opportunities of low income communities. In fact, to the best of our knowledge, LIIF has provided more facility loans to charter schools than any other CDFI headquartered in California. Recipients of LIIF’s charter school financing include start-up and existing schools, schools that receive assistance from management companies, and independently managed schools. LIIF is currently exploring the development of a dedicated capital pool to further encourage private investment in charter schools (see page 19).
Educational reform is one of our country’s most pressing issues. In low opportunities for their children. Charter schools offer these families an
LIIF is currently exploring several promising partnerships with community-based charter school organizations, while also working to establish a pool of private capital for charter school facility financing. This parallel strategy will allow LIIF to effectively channel private funding to charter schools, thereby creating educational opportunities for low income students in poorly performing areas throughout California.

The $3 million grant LIIF received in 2002 from the U.S. Department of Education allows LIIF to provide credit enhancement to a banking and real estate world that is largely unfamiliar with charter school lending. LIIF will combine this resource with its understanding of community development, the experience of its strategic partners in the field of education, and the support of its extensive contacts in the financial community to create a capital pool specifically for charter school financing. As with much of its lending, LIIF will take second position behind banks on charter school loans, enabling them to participate in projects they would otherwise turn down. This strategy will help close the capital gap for many projects. Thus, LIIF will be able to leverage private sector funding for charter school facilities and deliver low cost capital to community-based charter school projects to the benefit of low income children.

Eventually, LIIF hopes that this work will facilitate stronger relationships between educational organizations and financial institutions, and ultimately create a replicable model for efficiently directing private sector capital to charter schools.
LIIF is grateful to the many people who have supported us during the past year. Your ongoing partnership inspires us to serve even more families and communities in the year ahead.
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JP Morgan Chase Community Development Group
Bernard Deasy
Merritt Community Capital
Steven Payne
GMACCM Affordable Housing Division
Mary Kaiser
California Community Reinvestment Corporation
Michael D. Lappin
Community Preservation Corporation
Daniel B. Lopez
Daniel B. Lopez & Associates
John K. Stewart
The John Stewart Company
Kathryn L. Wilson
Attorney at Law

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Wells Fargo
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Sister Lillian Murphy
Mercy Housing Corporation
Erin S. Gore
Bank of America Securities
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Enterprise Foundation

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Representing Treasurer Susan Leal
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Family Child Care Provider
Michelle Blakely
Miriam and Peter Haas Fund
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Department of Children, Youth & Their Families
Juno Duenas
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Susan Humbert-Rico
Community Care Licensing, State of California

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Wu Yee Children’s Services
Rosemary Kennedy
Family Child Care Association
Sally Large
Child Care Planning & Advisory Council
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Michele Rutherford
Department of Human Services
Susan Shelton
Visitacion Valley Community Center
Diana Shortall
San Francisco Fire Department
Sara Sutherland
Children’s Council of San Francisco
Maria Luz Torre
Parent Voices
Jans Wan
Children’s Council of San Francisco
Kathleen White
City College of San Francisco
Joe Wilson
Coleman Advocates
Harry Ja Wong
Asian Neighborhood Design
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Jim Wunderman
Providian Financial Corporation

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Canal Community Alliance
Noni Ramos
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Marin County School Linked Services
Tina Warren
Marin County Child Care
Kay Wernert
Marin Head Start

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Citibank Nonprofit Financial Services Group
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Deutsche Bank
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Merrill Lynch Community Development Company, LLC

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Citizen’s Committee for Children
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Ben Esner, Independence Community Foundation
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Patricia Magnuson, The Enterprise Foundation
Linda Manley, Lawyers Alliance for New York
Mihai Radu, Lauster & Radu
David Raynor, Leviticus Alternatives Fund
Silvia Kuper Saferstein, Therapy & Learning Center
Suzanne Z. Sennett, New York State Office of Children & Family Services, Bureau of Child Care
Anne Shkuda, United Neighborhood Houses
Deborah A. Smith, JP Morgan Chase, Corporate Social Responsibility
David Umansky, Greenpoint Manufacturing & Design Corporation – Civic Builders
Letisha Wadsworth, Child Development Support Corporation
LIIF Customers
California
Affordable Housing Associates
Arbor Trailer Park Residents Association
Asociacion Campesina "Lazaro Cardenas," Inc.
Association for Community Housing Solutions
B S Broadway Village II, L.P.
Bayview Community Development Corporation
Beyer Boulevard Apartments, L.P.
Burbank Housing Development Corporation
Casa Velasco Associates, L.P.
Civic Center Barrio Housing Corporation
Community Housing Opportunities Corporation
Compass Community Services
Cornerstone Community Development Corporation
Court Street Apartments, L.P.
Dorado Senior Apartments, L.P.
E Center
EAH, Inc.
East L.A. Community Corporation
East Oakland Community Project
Eastmont Court, Inc.
Environmental Charter High School
Glide Economic Development Corporation
HACSC Fairgrounds Family Associates, A California Limited Partnership
Homes for Life Foundation
Larkin Street Youth Services
Livable Places, Inc.
Lompoc Housing Assistance Corporation
Los Angeles Community Design Center
Los Angeles Housing Partnership, Inc.
Little Tokyo Service Center (LTSC) Community Development Corporation
Metro Villas Housing Partners
National Farmworkers Service Center, Inc.
Nikkei Village Housing Corporation
Oakland Community Housing, Inc.
Point Reyes Development Company, LLC
Prototypes, A Center for Innovation in Health, Mental Health & Social Services
Pueblo Nuevo Development
Resources for Community Development
Sacramento Mutual Housing Association
Saint Vincent's Day Home, Inc.
Single Room Occupancy Housing Corporation
Solutions Family Center Limited Partnership
Transitional Living & Community Support
Trinity Escondido I, L.P.
Vintage Crest Senior Apartments, L.P.
Wakeland Housing & Development Corporation
Wilshire Court Partners
New York
Arise & Build
Arts & Business Council, Inc.
Broad-Park Development Corporation, Inc.
The Bushwick Information, Coordinating & Action Committee, Inc.
Care for the Homeless
Greyston Foundation, Inc.
Housing Works, Inc.
The Lesbian, Gay, Bisexual & Transgender Community Center
Marc After School Program, Inc.
Mutual Housing Association of South Central Connecticut, Inc.
Pratt Area Community Council, Inc.
Southside United Housing Development Fund Corporation (Los Sures)
Westhab, Inc.
LIIF Partners General Support
Bank of the West
Craig Burke & Molly Lazarus
California Bank & Trust
California Federal Bank
Citigroup Foundation
Christopher Donahue
Fannie Mae Foundation
William Randolph Hearst Foundation
The F. B. Heron Foundation
MetLife Foundation
The David & Lucile Packard Foundation
Michael & Ann Parker
The Penney Family Fund
Lee & Perry Smith Fund
Washington Mutual Foundation
New York Office Support
The Bank of Tokyo – Mitsubishi Foundation, Inc.
GreenPoint Foundation
HSBC Bank USA
JP Morgan Chase Foundation
Manufacturers & Traders Trust
Ridgewood Savings Bank
Taconic Foundation
Northern California Office Support
Evelyn & Walter Haas, Jr. Fund
Marin Community Foundation
The Mechanics Bank
Meyer & Friedman Fund
Swig Foundation
Wells Fargo Foundation
Southern California Office Support
Downey Savings & Loan Association
Homeland Foundation
HSBC Bank USA
Manufacturers Bank
Union Bank of California
Wells Fargo Foundation
Child Care Support
The City & County of San Francisco
Evelyn & Walter Haas, Jr. Fund
Miriam & Peter Haas Fund
JP Morgan Chase Foundation
Marin Children & Families Commission
Marin Community Foundation
New York State Office of Children & Family Services
The David & Lucile Packard Foundation
Quality Child Care Initiative
The Morris Stulsaft Foundation
The Laura B. Volger Foundation
Capital Grants to Child Care
The City & County of San Francisco
Evelyn & Walter Haas, Jr. Fund
Miriam & Peter Haas Fund
The David & Lucile Packard Foundation
Providian Financial

Capital Grants to the RLF
MetLife Foundation

Loans Dedicated to the RLF
Ethel Ackley
Adrian Dominican Sisters
Ascension Health
Associated Sulpicians
Astoria Federal Savings & Loan Association
Bank Hapoalim
Bank of America
Bank of the West
Broadway United Church
California Federal Bank
California Housing Partnership Corporation
Calvert Social Investment Foundation
Catholic Healthcare West
CHRISTUS Health
Citicorp USA, Inc.
MaryAnn Cobb
Community Development Corporation
The Community Development Financial Institutions Fund
Community Development Inc.
Congregation of Sisters of Charity, Texas
CR Alternative Trust
Norman & Deirdre Cram
Dai Ichi Kangyo
Quinn Delaney
Diocese of Long Island
Dominican Sisters of Mission San Jose
Dominican Sisters of Springfield IL
Nancy Falk
Fannie Mae
Faulkner Trust
First Republic
Ford Foundation
Gadfly Trust
Global Ministries, UMC
Merry Beth Gong
The F. B. Heron Foundation
Victor & Lorraine Honig
HSBC Bank USA
JP Morgan Chase Bank
Kivel/Luckey
Cathy Kornblith
KP Alternative Trust
Janet Kranzberg
Lucky/Luckey Trusts
MacArthur Foundation
Manufacturers Bank
The Mechanics Bank
Mellon First Business Bank
MetLife Insurance Company
Metropolitan Life
Mizuho Corporate Bank, Ltd.
National Community Capital Association
NCB Development Corporation
Ninevah
Northern Trust Bank of California
James O’Neill & Kathy Mosier O’Neill
Pacific Union Bank
Pacific Western National Bank
David & Dorothy Perkins
K. Perls Trust
Kevin Pitcairn
Barbara Rhine
Ridgewood Savings Bank
Susan & David Russell
Erich & Hannah Sachs Foundation
Safra National Bank
Seton Enablement Fund – Sisters of Charity
Sue J. Siegel
Signature Bank
Silicon Valley Bank
Sisters of Charity Iowa, BVM
Sisters of Mercy, Burlingame
Sisters of Preservation, BVM
Sisters of St. Joseph
Sisters of the Holy Cross
SSM International Finance, Inc.
Sterling National Bank
Roselyne Swig
U.S. Trust Company N.A.
U.S. Trust Funding Exchange
Tanis Walters
Mark Weisman
Woodlands Investment Management Account

Notes Program
The Calvert Social Investment Foundation

The Community Development Financial Institutions Fund
Financial West Group
Paul Gundelfinger
Sarah Hruska
Joshua H. M. Langenthal
David Meely
Meeveen O’Conner
Charlotte Rieger
Saint Pious V Church
Arthur Schmitt
Dolores Taller

Loan Participants
Enterprise Foundation
Local Initiatives Support Coalition (LISC)
Mercy Loan Fund

Financing Arranged by LIIF
Marin Community Foundation

In-Kind Services
Department of Health & Human Services, Marin County
Ideas on Purpose
Integrated Brokerage Technology, Inc.
Lawyer’s Alliance
Morrison & Foerster, LLP
Powell, Goldstein, Frazer & Miller, LLP
Pratt Institute
Thelen Reid & Priest, LLP
Wilson, Sonsini, Goodrich & Rosati
### Statement of Financial Position

<table>
<thead>
<tr>
<th>Assets</th>
<th>2003</th>
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<td><strong>Assets</strong></td>
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<td>Current assets</td>
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<td>Property and equipment – net</td>
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<th>Liabilities and Net Assets</th>
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<td>Unearned revenue</td>
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<td>Notes payable, less current portion</td>
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<td><strong>Total liabilities</strong></td>
<td>$61,564,620</td>
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<tr>
<td><strong>Net Assets</strong></td>
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<td>Unrestricted</td>
<td>13,581,632</td>
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<td>Temporarily restricted—operations</td>
<td>1,894,498</td>
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<td>Temporarily restricted—RLF capital</td>
<td>5,608,641</td>
<td>6,713,388</td>
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<td>Temporarily restricted—CCFF capital</td>
<td>1,907,933</td>
<td>1,520,349</td>
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<tr>
<td>Temporarily restricted—education</td>
<td>3,015,532</td>
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</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>26,008,236</td>
<td>20,491,686</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>$87,572,856</td>
<td>$78,053,306</td>
</tr>
</tbody>
</table>

### Statement of Activities

#### Unrestricted Operations

<table>
<thead>
<tr>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unrestricted Operations</strong></td>
<td></td>
</tr>
<tr>
<td>Support and revenue</td>
<td></td>
</tr>
<tr>
<td>Fees</td>
<td></td>
</tr>
<tr>
<td>Loan origination</td>
<td>475,023</td>
</tr>
<tr>
<td>Loan packaging and servicing</td>
<td>268,213</td>
</tr>
<tr>
<td>Technical assistance and consulting</td>
<td>257,031</td>
</tr>
<tr>
<td>Contributions</td>
<td>193,901</td>
</tr>
<tr>
<td>Interest and investment income – net</td>
<td>4,260,886</td>
</tr>
<tr>
<td>Contributed services</td>
<td>229,806</td>
</tr>
<tr>
<td>Other</td>
<td>15,529</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>4,276,581</td>
</tr>
<tr>
<td><strong>Total support and revenue</strong></td>
<td>$9,977,070</td>
</tr>
<tr>
<td>Net unrealized gains on investments</td>
<td>211,278</td>
</tr>
<tr>
<td>Net realized gains/(losses)</td>
<td>1,191,190</td>
</tr>
<tr>
<td><strong>on investments</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total support, revenue and gains/(losses) on investments</strong></td>
<td>$11,379,538</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td></td>
</tr>
<tr>
<td>Direct lending</td>
<td>3,287,448</td>
</tr>
<tr>
<td>Loan packaging and servicing</td>
<td>203,193</td>
</tr>
<tr>
<td>Child Care Facilities Fund</td>
<td>2,235,808</td>
</tr>
<tr>
<td>Technical assistance and consulting</td>
<td>199,639</td>
</tr>
<tr>
<td>Total program expenses</td>
<td>5,926,088</td>
</tr>
<tr>
<td>Supporting services</td>
<td></td>
</tr>
<tr>
<td>Management and general</td>
<td>2,245,801</td>
</tr>
<tr>
<td>Fundraising</td>
<td>286,488</td>
</tr>
<tr>
<td>Total supporting activities</td>
<td>2,532,289</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>$8,458,377</td>
</tr>
<tr>
<td><strong>Change in net assets</strong></td>
<td>$2,921,161</td>
</tr>
<tr>
<td><strong>Contributions for capital purposes</strong></td>
<td>–</td>
</tr>
</tbody>
</table>

#### Temporarily Restricted

<table>
<thead>
<tr>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Temporarily Restricted</strong></td>
<td></td>
</tr>
<tr>
<td>Operations</td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>2,191,571</td>
</tr>
<tr>
<td>Interest income</td>
<td>–</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>(1,894,498)</td>
</tr>
<tr>
<td><strong>Change in temporarily restricted net assets – operations</strong></td>
<td>$297,070</td>
</tr>
<tr>
<td><strong>RLF capital</strong></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>300,000</td>
</tr>
<tr>
<td>Interest income</td>
<td>2,252</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>(1,406,999)</td>
</tr>
<tr>
<td><strong>Change in temporarily restricted net assets – RLF capital</strong></td>
<td>($1,104,747)</td>
</tr>
<tr>
<td><strong>CCFF capital</strong></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>1,362,615</td>
</tr>
<tr>
<td>Interest income</td>
<td>–</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>(975,031)</td>
</tr>
<tr>
<td><strong>Change in temporarily restricted net assets – CCFF capital</strong></td>
<td>$387,584</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>3,000,000</td>
</tr>
<tr>
<td>Interest income</td>
<td>15,529</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>–</td>
</tr>
<tr>
<td><strong>Change in temporarily restricted net assets – Education</strong></td>
<td>3,015,532</td>
</tr>
<tr>
<td><strong>Net assets at the beginning of the year</strong></td>
<td>$20,491,686</td>
</tr>
<tr>
<td><strong>Net assets at the end of the year</strong></td>
<td>$26,008,236</td>
</tr>
</tbody>
</table>
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