JUSTINE PETERSEN HOUSING AND REINVESTMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE TOTALS FOR 2014)

Contents

Purk
& Associates, P.C.
CPAs and Business Advisors

Independent Auditors' Report

To the Board of Directors
Justine Petersen Housing and Reinvestment Corporation
and Subsidiaries
St. Louis, Missouri

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of *Justine Petersen Housing and Reinvestment Corporation* (a Missouri not-for-profit corporation) *and Subsidiaries* (collectively, the "Corporation"), which comprise the consolidated statement of financial position as of December 31, 2015 and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

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Opinion

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

Report on Summarized Comparative Information

We have previously audited the Corporation's 2014 consolidated financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated April 29, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 33 to 35 are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual entities, and it 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 consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional 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 consolidating 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 April 28, 2016, 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Purk & Associates, P.C.

St. Louis, MO
April 28, 2016

JUSTINE PETERSEN HOUSING AND REINVESTMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015 (WITH COMPARATIVE TOTALS FOR 2014)

	2015	2014
Assets		
Current Assets		
Cash	$ 900,571	$ 1,621,345
Restricted funds	1,758,527	1,518,006
Accounts and grants receivable	815,764	812,049
Interest receivable	297,511	193,214
Notes receivable, net - current portion	3,430,491	3,391,210
Other receivable	1,000,000	-
Prepaid expenses and other	14,267	9,514
Total Current Assets	8,217,131	7,545,338
Notes Receivable, net	11,338,505	7,281,281
Other Note Receivable	2,200,000	2,200,000
Property and Equipment	1,128,744	1,191,305
Rental Real Estate	4,903,951	4,977,333
Investment in Real Estate	691,840	1,023,349
Other	264,669	221,819
Total Assets	$ 28,744,840	$ 24,440,425

		2015		2014
Liabilities and Net Assets				
Current Liabilities				
Current portion of debt	$	5,506,907	$	3,524,024
Accounts payable and accrued expenses		218,038		277,177
Interest payable		27,208		60,397
Income taxes payable		8,450		62,155
Client repair funds		147,824		173,115
Tenant security deposits		16,454		16,399
Deferred revenue		176,124		438,447
Total Current Liabilities		6,101,005		4,551,714
Long-Term Liabilities				
Deferred income taxes		329,000		417,000
Long-term debt		14,169,150		12,346,252
Total Long-Term Liabilities		14,498,150		12,763,252
Total Liabilities		20,599,155		17,314,966
Net Assets				
Unrestricted				
Undesignated		7,145,685		6,923,802
Noncontrolling interest		1,000,000		-
Temporarily restricted		-		201,657
Total Net Assets		8,145,685		7,125,459
Total Liabilities and Net Assets	$	28,744,840	$	24,440,425

JUSTINE PETERSEN HOUSING AND REINVESTMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015 (WITH COMPARATIVE TOTALS FOR 2014)

	2015			2014
	Unrestricted	Temporarily Restricted	Total	[Comparative Totals Only]
Public Support and Revenues				
Contributions and grants	$ 2,054,041	$ 86,497	$ 2,140,538	$ 1,908,506
Donated services	143,212	-	143,212	148,103
Donated property	-	-	-	42,457
Program service fees				
Real estate brokerage income	4,080	-	4,080	1,086
Loan fees	797,582	-	797,582	819,593
Credit reporting fees	19,458	-	19,458	17,847
Administrative fees	582	-	582	6,871
Developer's fees	45,733	-	45,733	183,298
Bank referral fees	11,382	-	11,382	-
Rental income	272,147	-	272,147	232,068
Miscellaneous	145,060	-	145,060	66,328
Interest	1,311,450	-	1,311,450	912,655
Gain on sale of assets	-	-	-	5,208
	4,804,727	86,497	4,891,224	4,344,020
Net assets released from restrictions	288,154	(288,154)	-	-
Total Public Support and Revenues	5,092,881	(201,657)	4,891,224	4,344,020
Expenses				
Program Services:				
Housing	1,087,924	-	1,087,924	758,696
Economic development	3,390,798	-	3,390,798	2,907,629
Savings	148,291	-	148,291	79,212
Total Program Services	4,627,013	-	4,627,013	3,745,537
Supporting Activities:				
Management and general	185,662	-	185,662	178,776
Fundraising	58,323	-	58,323	31,111
Total Supporting Activities	243,985	-	243,985	209,887
Total Expenses	4,870,998	-	4,870,998	3,955,424
CHANGES IN NET ASSETS FROM OPERATIONS	221,883	(201,657)	20,226	388,596
CHANGES IN NET ASSETS FROM NONCONTROLLING INTEREST	1,000,000	-	1,000,000	-
Net Assets, Beginning of Year	6,923,802	201,657	7,125,459	6,736,863
Net Assets, End of Year	$ 8,145,685	$ -	$ 8,145,685	$ 7,125,459

JUSTINE PETERSEN HOUSING AND REINVESTMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015 (WITH COMPARATIVE TOTALS FOR 2014)

	2015							2014
	Program Services				Supporting Activities			
	Housing	Economic Development	Savings	Total Program Expenses	Management and General	Fundraising	Total	[Comparative Totals Only]
Salaries and wages	$ 160,907	$ 1,024,884	$ 78,237	$ 1,264,028	$ 100,138	$ 33,161	$ 1,397,327	$ 1,037,943
Payroll taxes	12,440	79,232	6,048	97,720	7,742	2,564	108,026	77,358
Employee benefits	15,148	82,424	6,292	103,864	8,053	2,667	114,584	63,503
Advertising	1,757	11,191	854	13,802	1,093	362	15,257	11,549
Client assistance	-	116,909	-	116,909	-	-	116,909	109,266
Conference and seminars	3,188	20,306	1,550	25,044	1,984	657	27,685	33,332
Credit report charges	4,219	26,878	2,052	33,149	2,626	870	36,645	32,662
Delivery and postage	2,241	14,278	1,090	17,609	1,395	462	19,466	15,163
Depreciation and amortization	14,385	91,623	6,994	113,002	10,026	1,891	124,919	107,771
Depreciation - rental real estate	214,649	-	-	214,649	-	-	214,649	210,611
Donated services	16,491	105,040	8,019	129,550	10,263	3,399	143,212	148,103
Dues and subscriptions	1,625	10,353	790	12,768	1,012	335	14,115	10,354
Equipment rental and maintenance	1,806	11,522	880	14,208	1,281	218	15,707	10,278
Impairment loss - investment in real estate	17,000	-	-	17,000	-	-	17,000	20,000
Impairment loss - rental real estate	-	-	-	-	-	-	-	30,000
Income taxes (benefit)	-	16,406	-	16,406	-	-	16,406	(3,385)
Insurance	43,101	12,436	949	56,486	1,157	460	58,103	27,486
Interest	6,884	502,270	5,299	514,453	-		514,453	411,984
Miscellaneous	365	892	68	1,325	82	34	1,441	41,713
Occupancy	9,168	58,399	4,458	72,025	5,706	1,890	79,621	49,921
Office supplies	11,743	47,519	3,623	62,885	4,979	1,195	69,059	75,098
Professional fees	38,647	191,560	14,623	244,830	20,961	5,804	271,595	440,385
Programmatic subsidized real estate loss	374,396	-	-	374,396	-	-	374,396	82,533
Provision for bad debts and loan losses	7,188	874,524	120	881,832	-	-	881,832	697,107
Recording fees	133	18,961	757	19,851	-	-	19,851	7,334
Rental real estate maintenance	90,875	-	-	90,875	-	-	90,875	127,457
Repairs and maintenance	1,318	8,385	640	10,343	819	271	11,433	16,778
Taxes and licenses	28,443	2,354	180	30,977	243	63	31,283	4,243
Telephone	2,580	16,424	1,254	20,258	1,605	531	22,394	21,614
Travel and training	7,227	46,028	3,514	56,769	4,497	1,489	62,755	37,263
Total 2015 Functional Expenses	$ 1,087,924	$ 3,390,798	$ 148,291	$ 4,627,013	$ 185,662	$ 58,323	$ 4,870,998	
Total 2014 Functional Expenses	$ 758,696	$ 2,907,629	$ 79,212	$ 3,745,537	$ 178,776	$ 31,111		$ 3,955,424

JUSTINE PETERSEN HOUSING AND REINVESTMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015 (WITH COMPARATIVE TOTALS FOR 2014)

	2015	2014
Cash Flows From Operating Activities:		
Change in Net Assets	$ 20,226	$ 388,596
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	339,568	318,382
Deferred income taxes	(88,000)	(84,000)
Noncash donations of property	-	(42,457)
Programmatic subsidized real estate loss	374,396	82,533
Gain on sale of assets	-	(5,208)
Impairment loss - investment in real estate	17,000	20,000
Impairment loss - rental real estate	-	30,000
Provision for bad debts and loan losses	881,832	697,107
Change in assets and liabilities:		
Restricted funds	(240,521)	(241,253)
Accounts and grants receivable	(3,715)	(402,405)
Unconditional promises to give	-	15,000
Interest receivable	(104,297)	(69,548)
Prepaid expenses and other	(4,753)	2,531
Accounts payable and accrued expenses	(59,139)	70,597
Interest payable	(33,189)	43,539
Income taxes payable	(53,705)	55,620
Client repair funds	(25,291)	(6,743)
Tenant security deposits	55	499
Deferred revenue	(262,323)	322,497
Net Cash Provided by Operating Activities	758,144	1,195,287
Cash Flows from Investing Activities:		
Lending of notes receivable	(11,966,108)	(18,947,469)
Collections on notes receivable	6,987,771	13,826,439
Purchase of property and equipment	(9,799)	(27,147)
Purchase of rental real estate	(12,691)	(687,457)
Proceeds from sale of assets - rental real estate	-	53,256
Purchase of investment real estate	(501,179)	-
Proceeds from sale of assets - investment in real estate	312,716	79,273
Other	(73,098)	(244,505)
Net Cash Used in Investing Activities	(5,262,388)	(5,947,610)

CONSOLIDATED STATEMENT OF CASH FLOWS *(CONTINUED)*
FOR THE YEAR ENDED DECEMBER 31, 2015 (WITH COMPARATIVE TOTALS FOR 2014)

	2015	2014
Cash flows from Financing Activities:		
Proceeds from debt	$ 7,453,122	$ 6,605,266
Payments on debt	(3,669,652)	(1,955,440)
Net Cash Provided by Financing Activities	3,783,470	4,649,826
Net Decrease in Cash	(720,774)	(102,497)
Cash - Beginning of Year	1,621,345	1,723,842
Cash - End of Year	$ 900,571	$ 1,621,345

	2015	2014
Supplemental Disclosure of Cash Flow Information:		
Non-cash investing and financing activities:		
Acquisition of investment in real estate through donation	$ -	$ 42,457
Acquisition of vehicle with note payable	$ 22,311	$ -
Cash paid for:		
Income taxes paid	$ 158,111	$ 23,986
Interest paid	$ 520,842	$ 368,445

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements include the accounts of *Justine Petersen Housing and Reinvestment Corporation* ("Justine PETERSEN") and its subsidiaries (collectively the "Corporation"). All significant intercompany investments, transactions and account balances have been eliminated in the consolidation. Certain 2014 amounts have been reclassified to conform to the 2015 presentation.

Comparative Totals for the Year Ended December 31, 2014 (Comparative Totals Only)

The consolidated financial statements include certain summarized comparative information in total for the year ended December 31, 2014, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Corporation's consolidated financial statements for the year ended December 31, 2014, from which the summarized information was derived.

Organization

Justine PETERSEN, a Missouri not-for-profit corporation, was established in November 1996 to promote housing, savings and economic development of low and moderate income families to build assets and create enduring change. Justine PETERSEN has formed several subsidiaries to achieve its mission and maximize funding opportunities from various federal, state and local agencies.

The Corporation is named after the late Justine M. Petersen, who helped hundreds of low to moderate income families in the St. Louis area purchase their own homes. Ms. Petersen worked with local banks to develop loan products for good homebuyers who had been shut out of the homeownership process because of income or location preference.

Information on Justine PETERSEN's subsidiaries includes the following:

Subsidiaries	Acronym	Year	State	Ownership/Relationship
Great Rivers Community Capital, Inc.	GRCC	1999	MO	Wholly-owned subsidiary
Great Rivers Community Trust	GRCT	2001	MO	Not-for-profit subsidiary
Twenty First Homes, LP	TFH	2007	IL	99.99% owned subsidiary
Twenty First Homes Developers, NFP	TFHD	2007	IL	Wholly-owned NFP subsidiary (including 0.01% general partnership interest in TFH)
JP Emerging Markets Fund I, LLC	JPEM	2015	CO	Managing member

Great Rivers Community Capital, Inc. ("GRCC") was the first U.S. Department of the Treasury certified Community Development Financial Institution ("CDFI") in St. Louis. GRCC originates loans to low and moderate income individuals and families who are unable to access safe, affordable capital any place else. GRCC has its own board of directors; however, GRCC's operations are monitored by Justine PETERSEN's Board of Directors. GRCC is responsible for certain allocated overhead and administrative expenses, which is eliminated in consolidation.

Great Rivers Community Trust ("GRCT") was established to apply for tax credits through the Missouri Department of Economic Development and administer its Individual Development Account ("IDA") program. GRCT and Justine PETERSEN are governed by the same Board of Directors.

Twenty First Homes, LP ("TFH") was established to construct, own and manage 20 low income single family homes in Granite City, Illinois. TFH completed the construction of the homes in January 2011. Currently, Justine PETERSEN is the 99.99% limited partner, and the 0.01% general partner as listed below, is an entity solely owned by Justine PETERSEN.

Twenty First Homes Developers, NFP ("TFHD"), is a general partner to TFH, the limited partnership that owns the 20 low income single family residences in Granite City, Illinois previously mentioned.

JP Emerging Markets Fund I, LLC ("JPEM") was established to further the mission of Justine PETERSEN including investment activities related to economic development in low and moderate income areas or targeted redevelopment areas and other investments within certain geographic areas as determined by Justine PETERSEN. JPEM's initial members are Justine PETERSEN, who is the managing member, and Local Church Ministries Church Building and Loan Fund, who is a non-manager member. Non-manager member units do not have voting rights, except as otherwise agreed. Members share net income, gain, net loss, and distributions of JPEM in accordance with their percentage of units. The initial investments totaled $1,000,000 which was contributed subsequent to year end and is recorded as "other receivable" in the consolidated financial statements at December 31, 2015. There was no income reported and no distributions made during the year ended December 31, 2015. The interest of non-manager members in JPEM at December 31, 2015 of $1,000,000 is reflected as the 'non-controlling interest' portion of unrestricted net assets on the accompanying consolidated statement of financial position. JPEM shall dissolve and wind up its affairs at December 31, 2025 unless the operating agreement is amended to extend the term.

Basis of Accounting

The accompanying consolidated financial statements of the Corporation have been prepared on the accrual basis of accounting.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board ("FASB") ASC 958-205. Under FASB ASC 958-205, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

Concentration of Credit Risk

The Corporation considers all checking and savings accounts, which are available for the Corporation's operating needs, to be cash equivalents. The Corporation maintains cash deposits in various financial institutions. The account balances were insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000 per financial institution. At various times throughout the year ended December 31, 2015, balances may have exceeded these insured limits. The Corporation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Restricted Funds

Restricted funds represent cash and cash equivalents that are restricted by donors and/or granting governmental agencies. Restricted funds also include tenant security and escrow deposits. Per certain funding agencies, the Corporation is required to keep separate bank accounts.

Accounts and Grants Receivable

The Corporation provides an allowance for doubtful accounts equal to the estimated collection losses that will be incurred in collection of all receivables. The allowance is maintained at a level considered adequate to provide for potential account losses based on management's evaluation of the anticipated impact of current economic conditions, changes in character and size of the balance, past and expected future loss experience and other pertinent factors. Management is of the opinion that no allowance for accounts and grants receivable is necessary at December 31, 2015 and 2014.

Notes Receivable and Allowance for Credit Losses

Notes receivable are reported at the principal amounts outstanding, net of allowance for credit losses. The allowance for credit losses is increased by provisions charged to expense and reduced by accounts charged off, net of recoveries. The allowance of Justine PETERSEN and GRCC loan funds are maintained at a level considered adequate to provide for potential loan losses based on management's evaluation of the anticipated impact of current economic conditions, changes in the character and size of the balance, past and expected future loss experience and other pertinent factors. Past due status is determined based on contractual terms.

The Corporation's practice is to charge off any notes or portion of a note when the note is determined by management to be uncollectible due to the client's failure to meet repayment terms, the client's deteriorating or deteriorated financial condition, the depreciation of the underlying collateral, or for other reasons. Notes are placed on nonaccrual when management believes, after considering economic conditions, business conditions, and collection efforts that the notes are impaired or collection of interest is doubtful. Uncollected interest previously accrued is charged off or an allowance is established by a charge to interest income. Interest income on nonaccrual loans is recognized only to the extent cash payments are received.

Loan origination and commitment fees, as well as certain direct origination costs, are deferred and amortized as a yield adjustment over the lives of the related loans using the interest method. Amortization of deferred loan fees is discontinued when a loan is placed on nonaccrual status.

Interest on notes is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding.

Property and Equipment and Rental Real Estate

Property and equipment purchased by the Corporation are valued at cost. Donated property and equipment is recorded at fair market value at the date of the donation. Rental real estate is recorded at acquisition cost plus construction expenditures. Major additions and improvements are capitalized, while repairs and maintenance items are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

Property and Equipment	
Buildings	40 years
Equipment	3 - 7 years
Furniture and Fixtures	3 - 7 years
Rental Real Estate – Buildings	10 - 27.5 years

Investment in Real Estate

Land, homes, and other developmental costs are stated at cost, plus interest and real estate taxes incurred during the period of development and rehabilitation.

Asset Impairment Assessments

The Corporation reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying value of such assets may not be fully recoverable. Impairment is recognized to the extent that the sum of undiscounted estimated future cash flows expected to result from use of the assets is less than carrying value. If impairment is recognized, the carrying value of the impaired asset is reduced to its fair value.

Deferred Revenue

Deferred revenue consists of funds received by granting agencies for micro-lending activities and rehabbing activities that have not yet occurred and prepaid taxes on donated properties. Justine PETERSEN serves as the fiscal agent for the St. Louis Unbanked Task Force and another not-for-profit organization. Deferred revenue contains funding on behalf of these two entities that have not been expended.

Public Support and Revenues

The Corporation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. The Corporation reports temporarily restricted contributions as unrestricted support in the current year when the Corporation meets the donor restrictions in the same period.

The Corporation reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Corporation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Grants are generally recognized as income in the period that specific services are performed. However, certain grants may qualify as contributions, and accordingly, they are recognized as support when made.

Program service fees are recognized as services are performed.

Rental income is recognized in accordance with the terms set forth in the tenant leases on a monthly basis.

Donated Property

Various property, equipment and supplies are donated to the Corporation. These items are recorded as contributions at their respective estimated fair values at the date of donation.

Donated Services

The Corporation recognizes contributions for certain services received at the fair value of those services.

Those services, which are reflected as public support and expenses in the accompanying consolidated statements of activities, include the following:

	2015	2014
Accounting services	$ 30,000	$ 30,103
Legal	39,562	27,000
Education and counseling	73,650	91,000
	$ 143,212	$ 148,103

Description of Program Services and Supporting Activities

The following program services and supporting activities are included in the accompanying consolidated financial statements:

Program – Includes those expenditures that enable the Corporation to operate its programs:

Housing – assists low to moderate income families and individuals to address credit and other barriers to purchasing or refinancing a home through credit building products and services, budgeting, financial education, loan counseling, and homebuyer education.

Economic Development – counselors provide training, technical assistance and lending to micro-enterprises. As a U.S. Small Business Administration ("SBA") Micro-Loan Intermediary, Justine PETERSEN borrows money directly from the SBA and originates micro-enterprise loans under $50,000 per loan in accordance with its own underwriting guidelines to small business owners that may not be able to secure capital elsewhere. GRCC is a U.S. Department of Treasury certified Community Development Financial Institution. One of GRCC's loan products is the Emerging Markets Loan Fund. The mission of the Emerging Markets Loan Fund is to provide access to safe, affordable capital to small businesses overlooked by mainstream financial institutions. This loan pool is funded by local investors and the CDFI Fund.

Savings – coaches on how to take control of the financial future, build a strong credit profile and save on interest rates and financing fees.

Management and General – Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Corporation's program strategy; secure proper administrative functioning of the Board; and manage the financial and budgetary responsibility of the Corporation.

Fundraising – provide the structure necessary to encourage and secure private financial support from corporations, foundations and individuals.

Functional Expense Allocation

The costs associated with providing activities have been summarized on a functional basis. Certain of these expenses represent costs associated with multiple activities and require allocation among the program and supporting services benefited. Such allocations are based on relevant factors that represent management's best estimate of the costs of providing such activities.

Income Taxes

Justine PETERSEN and GRCT are not-for-profit organizations and are exempt from Federal and Missouri income taxes under Section 501(a) of the Internal Revenue Code as organizations described under Section 501(c)(3).

GRCC is a for-profit corporation and files a corporate income tax return. TFHD is an Illinois not-for-profit corporation and files a corporate income tax return. TFH is an Illinois limited partnership and files a partnership tax return. JPEM is a Colorado limited liability company and files a partnership tax return.

GRCC accounts for income taxes using the asset and liability approach. The asset and liability approach requires the recognition of deferred tax assets and liabilities for expected future tax consequences of temporary differences between the carrying amounts and the tax basis of the assets and liabilities. Deferred taxes are classified as current or noncurrent depending on the classification of the assets and liabilities to which they relate. Valuation allowances are established, if necessary, to reclassify the deferred tax asset to an amount more likely than not to be realized.

Management believes there are no uncertain tax positions as of December 31, 2015 and 2014. The Corporation's tax returns are subject to examination by the respective taxing authorities, generally for three years after they were filed.

Subsequent Events

Management has evaluated the impact on the consolidated financial statements of subsequent events through April 28, 2016, which is the date the consolidated financial statements were available to be issued.

2. RESTRICTED FUNDS

Restricted funds consist of the following:

	2015	2014
Note Receivable Cash Reserves (Note 3)		
Micro lending reserves	$ 908,795	$ 780,188
SBA required loan loss reserves	337,258	344,882
	1,246,053	1,125,070
Client Repair Funds	145,922	170,850
Escrow Deposits	140,843	126,740
Tenant Security Deposits	16,454	16,399
Other Reserves	209,255	78,947
	$ 1,758,527	$ 1,518,006

3. NOTES RECEIVABLE

The Corporation has notes receivable agreements with low to moderate income individuals and small businesses. The notes range from one to ten year terms and interest is charged at various rates. The notes are normally secured by the assets of the owner or borrower. Interest income on notes receivable was $1,311,450 and $912,655 for the years ended December 31, 2015 and 2014, respectively.

Notes receivable consist of the following at December 31:

	2015	2014
Business Loans		
Small Business Administration	$ 3,131,431	$ 3,448,818
CDFI	1,648,521	1,929,537
Micro-Enterprise	9,896,468	5,306,913
Subtotal	14,676,420	10,685,268
Mortgage Loans	92,880	120,826
Other Loans	599,174	363,353
Total	15,368,474	11,169,447
Less: Allowance for Credit Losses	599,478	496,956
	$ 14,768,996	$ 10,672,491

The above are presented in the consolidated statements of financial position as follows:

	2015	2014
Notes Receivable - Current Portion	$ 3,430,491	$ 3,391,210
Notes Receivable	11,338,505	7,281,281
	$ 14,768,996	$ 10,672,491

Changes in the allowance for loan losses are as follows:

	Year Ended December 31, 2015				2014
	Business	Mortgage	Other	Total	Totals
Balance, Beginning	$ 448,572	$ 45,851	$ 2,533	$ 496,956	$ 491,317
Provision for Loan Losses	889,646	(18,868)	111,955	982,733	702,447
Recoveries	64,885	2,355	1,892	69,132	44,294
Loans Charged Off	(855,723)	(778)	(92,842)	(949,343)	(741,102)
Balance, Ending	$ 547,380	$ 28,560	$ 23,538	$ 599,478	
Totals 2014	$ 448,572	$ 45,851	$ 2,533		$ 496,956

In addition to the allowance for loan losses, the Corporation maintains required cash reserves of $1,246,053 and $1,125,070 as of December 31, 2015 and 2014, respectively (Note 2) to cover loan losses.

The following table provides aging information on the Corporation's past due and accruing loans, in addition to the balances of loans on nonaccrual status, at December 31, 2015 and 2014.

	December 31, 2015					
	Current	30-89 Days Past Due	90 Days Past Due And Still Accruing	Non-Accrual	Total	2014 Totals
Business Loans	$ 12,623,528	$ 1,078,695	$ 400,995	$ 573,202	$ 14,676,420	$ 10,685,268
Mortgage Loans	92,880	-	-	-	92,880	120,826
Other Loans	508,016	44,027	47,131	-	599,174	363,353
Totals 2015	$ 13,224,424	$ 1,122,722	$ 448,126	$ 573,202	$ 15,368,474	
Totals 2014	$ 10,049,774	$ 310,452	$ 310,010	$ 499,211		$ 11,169,447

A loan is considered impaired when, based on currently available information, it is probable that the Corporation will not collect all of the principal and interest contractually required by the loan agreement. Impaired loans include loans placed on nonaccrual status. All impaired loans are evaluated for an asset-specific allowance for credit losses. An allowance for credit losses on impaired loans is recognized when the recorded investment in the loan exceeds the estimated cash flows expected to be received from the borrower, discounted using the original effective interest rate of the loan.

The following table provides additional information about impaired (non-accrual) loans held by the Corporation at December 31, 2015 and 2014, segregated between loans for which an allowance for credit losses has been provided and loans for which no allowance has been provided:

	December 31, 2015			
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Interest Income Recognized
Business Loans	$ 549,778	$ 549,778	$ 137,445	$ -
Mortgage Loans	-	-	-	-
Other Loans	23,424	23,424	23,424	-
Totals 2015	$ 573,202	$ 573,202	$ 160,869	$ -
Totals 2014	$ 499,211	$ 499,211	$ 124,802	

Impaired loans totaled $573,202 and $499,211 at December 31, 2015 and 2014, respectively, and are comprised of loans on non-accrual status and loans which have been restructured. The restructured loans have been extended to borrowers who are experiencing financial difficulty and who have been granted a concession. Upon maturity, the loans renewed at interest rates judged not to be market rates for new debt with similar risk, and as a result were classified as troubled debt restructurings. These loans totaled $461,038 and $446,276 at December 31, 2015 and 2014, respectively.

When the Corporation modifies a loan, management evaluates any possible impairment based on the present value of expected future cash flows, discounted at the contractual interest rate of the original loan agreement, except when the sole (remaining) source of repayment for the loan is in operation or liquidation of the collateral. In these cases, management uses the current fair value of the collateral, less selling costs, instead of discounted cash flows. If management determines that the value of the modified loan is less than the recorded investment in the loan (net of previous charge-offs, deferred loan fees or costs and unamortized premium or discount), impairment is recognized by segment or class of loan, as applicable, through an allowance estimate or a charge-off to the allowance. Segment and class status is determined by the loan's classification at origination.

The following tables include the recorded investment and number of modifications for modified loans during the years ended December 31, 2015 and 2014. The Corporation reports the recorded investment in the loans prior to a modification and also the recorded investment in the loans after the loans were modified. There were no troubled debt restructurings within the last year where a concession has been made, that then defaulted in the current reporting period.

	December 31, 2015		
	Number of Modifications	Recorded Investment Prior to Modification	Recorded Investment After Modification
Business Loans	32	$ 461,038	$ 461,038
Mortgage Loans	-	-	-
Other Loans	-	-	-
Totals 2015	32	$ 461,038	$ 461,038
Totals 2014	13	$ 446,276	$ 446,276

The following table shows the balance in the allowance for loan losses at December 31, 2015 and 2014, and the related loan balance, disaggregated on the basis of impairment methodology. Loans evaluated include loans on non-accrual status, which are individually evaluated for impairment, and other loans deemed to have similar risk characteristics, which are collectively evaluated.

	Business	Mortgage	Other	Total
December 31, 2015				
Allowance for loan losses				
Individually evaluated for impairment	$ 137,445	$ -	$ 23,424	$ 160,869
Collectively evaluated for impairment	$ 409,935	$ 28,560	$ 114	$ 438,609
Loans outstanding, net of allowance				
Individually evaluated for impairment	$ 412,333	$ -	$ -	$ 412,333
Collectively evaluated for impairment	$ 13,716,707	$ 64,320	$ 575,636	$ 14,356,663
December 31, 2014				
Allowance for loan losses				
Individually evaluated for impairment	$ 124,802	$ -	$ -	$ 124,802
Collectively evaluated for impairment	$ 323,770	$ 45,851	$ 2,533	$ 372,154
Loans outstanding, net of allowance				
Individually evaluated for impairment	$ 374,409	$ -	$ -	$ 374,409
Collectively evaluated for impairment	$ 9,862,287	$ 74,975	$ 360,820	$ 10,298,082

The following table provides information about the credit quality of the loan portfolio, using the Corporation's internal rating system as an indicator. The internal rating system is a series of grades reflecting management's risk assessment, based on its analysis of the borrower's financial condition.

Credit risk grades are refreshed each quarter as they become available, at which time management analyzes the resulting scores, as well as other external statistics and factors, to track loan performance. The “average or lower risk” category consists of a range of loan grades that reflect increasing, though still acceptable risk. Movement of risk through the various grade levels in the “average or lower risk” category is monitored for early identification of credit deterioration. The “higher than average risk” rating is attached to loans where the borrower exhibits material negative financial trends due to borrower specific or systemic conditions that if left uncorrected, threaten its capacity to meet its debt obligations. It is a transitional grade that is closely monitored for improvement or deterioration. Troubled debt restructures are included in “high risk or impaired loans” category. The “restructured loans” category includes all loans that have been restructured at the request of the borrower and consent of management except troubled debt restructures which are included in the “high risk or impaired loans” category.

	December 31, 2015				2014
	Business	**Mortgage**	**Other**	**Total**	**Totals**
Average or Lower Risk	$ 11,924,586	$ 92,880	$ 559,061	$ 12,576,527	$ 9,601,442
High Risk or Impaired Loans	573,202	-	-	573,202	499,211
Restructured Loans	2,178,632	-	40,113	2,218,745	1,068,794
Totals 2015	$ 14,676,420	$ 92,880	$ 599,174	$ 15,368,474	
Totals 2014	$ 10,685,268	$ 120,826	363,353		$ 11,169,447

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2015	2014
Land	$ 65,000	$ 65,000
Buildings	1,306,396	1,298,596
Equipment	4,080	4,080
Furniture and fixtures	334,464	334,464
Vehicles	33,732	9,421
	1,743,672	1,711,561
Less: Accumulated depreciation	(614,928)	(520,256)
Property and equipment, net	$ 1,128,744	$ 1,191,305

Depreciation expense was $94,671 and $85,085 during 2015 and 2014, respectively.

5. RENTAL REAL ESTATE

Justine PETERSEN owns and manages rental housing to promote safe, affordable rental housing in low and moderate income areas. The houses donated are recorded at the estimated fair market value at the time of the donation. Purchased properties are recorded at cost plus costs to improve, which management believes approximates market after improvements.

Rental real estate consists of the following at December 31:

		2015		2014
Land	$	132,486	$	132,486
Buildings		6,066,245		5,924,977
		6,198,731		6,057,463
Less: Accumulated impairment losses		(225,036)		(225,036)
Less: Accumulated depreciation		(1,069,744)		(855,094)
Rental real estate, net	$	4,903,951	$	4,977,333

Depreciation expense was $214,649 and $210,611 during 2015 and 2014, respectively.

6. INVESTMENT IN REAL ESTATE

Investment in real estate includes land and homes that have been donated to Justine PETERSEN or purchased properties for renovation and sale to contribute to the quality of owner-occupied housing in low and moderate income areas. These properties have been classified as available-for-sale as the Corporation does not intend to hold them. The properties are recorded at cost and/or donated value plus improvements, which management believes approximates market after improvements.

		2015		2014
Investment in real estate	$	728,840	$	1,043,349
Less: Accumulated impairment losses		(37,000)		(20,000)
Investment in real estate, net	$	691,840	$	1,023,349

7. DEBT

Lines of credit with banks and long-term debt consisted of the following at December 31:

		2015		2014
Justine PETERSEN				
Line of credit of $48,000 with a bank, due November 2014, extended to May 2015, interest and principal payable on due date at prime rate, secured by real property and related rents.	$	-	$	15,523
Unsecured line of credit of $65,000 with a bank, due October 2014, extended to April 2015, interest and principal payable on due date at prime rate.		-		32,289
Line of credit of $25,000 with a bank, due December 2014, extended to December 2015, interest and principal payable on due date at prime rate, secured by real property.		-		25,000

	2015	2014
Justine PETERSEN (Continued)		
Line of credit of $750,000 (initially) with a bank, due August 2014, payable in monthly interest only payments which are calculated at prime rate. Renewed August 2014, October 2014, and July 2015 with increased line up to $1,250,000, due August 2016.	1,246,673	946,285
Line of credit of $110,000 with a bank, due date is open-ended, interest and principal payable on due date at prime rate, secured by real property and related rents. Refinanced in 2016. (See Note 16).	7,998	1,045
Line of credit of $750,000 with USDA, due October 2043, monthly interest of 1% until October 2017 at which time monthly principal and interest will be due at an amount to fully amortize the balance by the due date, secured by real and personal property.	750,000	542,713
Line of credit of $100,000 with a bank, due May 2016, interest and principal payable on due date at prime rate, secured by real property.	99,985	-
Unsecured line of credit of $500,000 with a bank, due September 2016, interest payments due monthly beginning October 2015 at prime rate, principal plus all accrued unpaid interest on due date.	97,259	-
Unsecured line of credit of $300,000 with a bank, due August 2016, interest payments due monthly beginning September 2015 at prime rate, principal plus all accrued unpaid interest on due date.	200,000	-
Unsecured line of credit of $50,000 with a bank, due July 2016, interest payments due monthly beginning August 2015 at prime rate, principal plus all accrued unpaid interest on due date.	50,000	-
Line of credit of $500,000 with USDA, due October 2045, monthly interest of 1% until October 2018 at which time monthly principal and interest will be due at an amount to fully amortize the balance by the due date, secured by real and personal property.	47,630	-
Unsecured line of credit of $250,000 with a bank, due November 2019, monthly interest of 4.50% until December 2015 at which time monthly principal and interest of $5,708 commences until the earlier of payment in full or November 2019.	58,771	-

	2015	2014
Justine PETERSEN (Continued)		
Line of credit of $100,000 with a bank, due September 2020, monthly interest of 4.00% until October 2016 at which time monthly principal and interest of $2,260 will commence through maturity, secured by deposit accounts with lender.	39,181	-
Line of credit of $500,000 with a bank, due July 2016, monthly interest calculated at LIBOR plus 200 basis points, secured by all current and future loans made from proceeds of this loan.	81,600	-
Unsecured line of credit of $100,000 with a bank, due October 2018, quarterly interest of 3.75% until October 2016 at which time monthly principal and interest of $2,249 will commence through maturity.	35,550	-
Line of credit of $821,147 with a bank, due August 2016, interest and principal payable on due date at prime rate plus .50%, secured by personal property.	821,147	-
Unsecured line of credit of $250,000 with a bank, due January 2018, interest payments due monthly beginning August 2015 at prime rate, principal plus all accrued unpaid interest due on due date.	-	-
Line of credit of $250,000 with a bank, due July 2020, monthly interest of 3.25% until August 2016 at which time monthly principal and interest of $5,539 will commence through maturity; secured by real and personal property.	-	-
Unsecured note of $450,000 payable to a foundation, semi-annual interest only payments until due date in May 2015, interest at 4.50%.	-	450,000
Unsecured promissory note of $5,000 with an individual, matured June 2015, interest at 3%.	-	5,080
Unsecured promissory note of $773,670 with a bank, matured September 2015, payable in interest and principal on due date, interest at 3.75%.	-	773,670
Unsecured notes payable to a foundation, due March 2017 payable in quarterly interest only payments which are calculated at 3%.	300,000	300,000
Unsecured note of $35,000 with a trust, due July 2015, interest and principal payable on due date, interest at 3%.	35,499	37,688

	2015	2014
Justine PETERSEN (Continued)		
Promissory note of $865,800 with a bank, due March 2022, payable in monthly installments of $5,670 including interest at 4.84%, secured by deed of trust and guaranteed by Justine PETERSEN.	758,000	788,449
Promissory note of $500,000 with a community development company, due March 2022, payable in interest and principal on due date, interest at 3.75%, secured by loan document between GRCC and Justine PETERSEN.	469,572	491,511
Promissory note of $1,000,000 with a community development company, due July 2016, payable in interest and principal on due date, interest at 3.894%, secured by loan document between GRCC and Justine PETERSEN.	797,894	897,128
Promissory note of $250,000 with a bank, due February 2016, payable in monthly payments of $5,566, interest at 3.25%, secured by real and personal property.	5,637	71,082
Unsecured promissory note of $250,000 with a bank, due January 2017, payable in monthly installments of $5,700, including interest at 4.5%.	66,476	130,344
Unsecured promissory note of $150,000 with a bank, due August 2017, payable in monthly installments of $3,425, including interest at 4.5%.	65,707	102,866
Unsecured promissory note of $250,000 with a bank, due December 2018, payable in monthly installments of $4,497, including interest at 3%.	154,560	202,987
Unsecured promissory note of $12,000 with an individual, principal and interest due January 2016, interest at 3%.	12,000	12,360
Two unsecured promissory notes of $20,000 each with an individual, principal and interest due April 2018, interest at 0%.	40,000	40,000
Unsecured promissory note of $25,000 with an individual, principal and interest due April 2018, interest at 2%.	25,000	25,333
Two unsecured promissory notes of $20,000 each (one renewed in 2015) with an individual, principal and interest due August 2016 and October 2017, respectively, interest at 3%.	41,014	41,208

	2015	2014
Justine PETERSEN (Continued)		
Unsecured promissory note of $10,000 with an individual, principal and interest due September 2016, interest at 3%.	10,622	10,377
Unsecured promissory note of $10,000 with an individual, principal and interest due November 2021, interest at 0%.	10,000	-
SBA notes payable, secured by notes receivable, at the following rates and payments, as adjusted, according to the terms of the note. (a)		
Interest at 2.5%, due January 2016, payable in monthly payments of $2,719 including interest.	3,782	38,032
Interest at 1.25%, due July 2016, payable in monthly payments of $4,747 including interest.	40,016	110,460
Interest at 3%, due August 2017, payable in monthly payments of $6,330 including interest.	123,905	194,622
Interest at 0.875%, due December 2018, payable in monthly payments of $5,019 including interest.	179,649	237,760
Interest at 1.75%, due February 2021, payable in monthly payments of $2,510 including interest.	155,540	185,660
Interest at 0.625% until July 2014 then became 0%, due July 2021, payable in monthly payments of $6,945 including interest.	467,776	551,116
Interest at 1%, due June 2022, payable in monthly payments of $4,630 including interest.	365,568	416,660
Interest at 0%, due May 2023, payable in monthly payments of $11,574.	1,030,093	1,168,982
Interest at 0%, due December 2022, payable in monthly payments of $3,496.	295,046	336,975
Interest at 0%, due July 2025, payable in monthly payments of $11,574 beginning July 2016.	500,000	-

(a) Payments on SBA loans adjust according to the terms and conditions of each note.

	2015	2014
Unsecured promissory note of $500,000 with a bank, due May 2024, quarterly interest at 3% until May 2022 at which time $100,000 principal is due, another $100,000 due May 2023, then the remainder due at maturity.	500,000	500,000

	2015	2014
Justine PETERSEN (Continued)		
Unsecured promissory note of $75,000 with a bank, due May 2019, monthly interest and principal payments of $1,383, interest at 4%.	51,672	65,860
Unsecured promissory note of $300,000 with a bank, due November 2017, quarterly interest at 3.25% until maturity.	300,000	300,000
Promissory note of $400,000 with a not-for-profit corporation, due at a date to be determined based on timing of renovation completion and disbursements, interest only payments until 2nd full month after renovations are complete or loan fully disbursed. Then payments of prinicipal and interest of $3,216, interest at 5.25%, secured by 1st mortgage lien on certain properties.	209,385	137,200
Promissory note of $2,000,000 with a not-for-profit corporation, due March 2022, quarterly interest at 5%, secured by a promissory note. (See Note 15).	2,000,000	2,000,000
Unsecured promissory note of $250,000 with a bank, due October 2017, monthly interest and principal payments of $6,945, interest at 3.75%.	155,677	237,657
Unsecured promissory note of $500,000 with a bank, due January 2019, monthly interest and principal payments of $11,708, interest at 4.55%.	389,619	499,426
Promissory note of $250,000 with a bank, due November 2018, payable in monthly principal and interest payments of $7,359, interest calculated at .5% over prime, secured by real and personal property.	243,240	-
Unsecured promissory note of $1,000,000 with a bank, due June 2018, quarterly interest at 3.00% until maturity.	1,000,000	-
Unsecured promissory note of $200,000 with Madison County Community Development, due June 2020, quarterly interest at 3.00%, until maturity.	200,000	-
Unsecured promissory note of $250,000 with a bank, due April 2020, payable in monthly principal and interest payments of $4,526, interest at 3.25%.	219,015	-
Unsecured promissory note of $500,000 with a bank, due April 2018, interest and principle payable at due date at 2.00%.	500,000	-

	2015	2014
Justine PETERSEN (Continued)		
Promissory note of $250,000 with a bank, due November 2016, interest and principle payable at due date at 3.75%, secured by Security Agreement dated February 14, 2011.	250,000	-
Vehicle loan of $22,311 with a dealer, due July 2021, payable in monthly payments of $310, interest at 4.98%, secured by financed vehicle.	20,762	-
	15,528,520	12,923,348
GRCC		
Line of credit of $150,000 with a bank, due March 2014, extended to March 2018, payable in monthly interest only payments at 4%; secured by notes receivable.	-	25,865
Unsecured line of credit of $250,000 with a bank, due June 2020, monthly interest of 4.55% until July 2015 at which time monthly principal and interest of $4,666 will commence until maturity.	227,569	71,772
Line of credit of $750,000 with a bank, due January 2019, monthly interest of 5.00% until April 2016 at which time monthly principal and interest payments will commence through the maturity date; secured by a Commercial Pledge and Security Agreement.	250,000	-
Unsecured line of credit of $500,000 with a bank, due June 2021, monthly interest of 4.55% until June 2016 at which time monthly principal and interest of $9,333 will commence through maturity.	413,421	-
Line of credit of $150,000 with a bank, due February 2016, payable in monthly interest only payments at 4.00% until due date, secured by Security Agreement dated February 12, 2015.	-	-
Unsecured note payable to bank, due December 2016, payable in quarterly interest only payments which are caclulated at 1%.	200,000	200,000
Unsecured note payable to U.S. Department of the Treasury, due May 2022, payable in quarterly interest only payments which are calculated at 1%.	500,000	500,000
Unsecured note payable to bank, due December 2017, payable in monthly principal and interest payments of $5,927, interest at 4.25%.	152,000	200,000

		2015		2014
GRCC (Continued)				
Unsecured note payable to bank, due December 2017, payable in monthly principal and interest payments of $8,891, interest at 4.25%.		228,000		300,000
Promissory note of $3,000,000 with a company, due April 2032, quarterly interest at 1% until fully advanced then monthly interest. $2,600,000 principal due April 2022, remaining principal due at maturity, secured by all current and future loans made from proceeds of this loan.		1,177,051		634,677
		3,148,041		1,932,314
TFH				
Promissory note of $400,000 with Madison County Community Development, due March 2030, payable only if the project has positive cash flow, interest at 1%, secured by deed of trust.		400,000		400,000
Promissory note of $670,000 with Illinois Housing Development Authority ("IHDA"), due April 2031, payable in monthly installments of $1,767 including interest at 1%, secured by deed of trust. (See Note 13).		599,496		614,614
		999,496		1,014,614
		19,676,057		15,870,276
Less: Current Maturities		5,506,907		3,524,024
	$	14,169,150	$	12,346,252

Maturities of long-term debt over the next five years and thereafter are as follows:

2016	$	5,506,907
2017		2,251,908
2018		2,864,537
2019		860,159
2020		797,710
Thereafter		7,394,836
	$	19,676,057

8. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

		2015		2014
Purpose Restricted	$	-	$	201,657
Time Restricted		-		-
	$	-	$	201,657

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

		2015		2014
Purpose Restricted	$	288,154	$	328,343
Time Restricted		-		15,000
	$	288,154	$	343,343

9. GRANTS AND CONTRIBUTIONS

Grants and contributions consist of the following:

		2015		2014
Grants				
Federal (includes direct and passed through other agencies)				
U.S. Department of Housing and Urban Development (HCAP)	$	35,194	$	24,271
U.S. Department of Housing and Urban Development (Section 8)		9,833		15,644
U.S. Department of Housing and Urban Development (HOME)		264,669		16,264
U.S. Department of Housing and Urban Development (CDBG)		138,088		200,000
Small Business Administration - Microloan Program		788,688		725,689
Small Business Administration - PRIME		118,854		20,471
U.S. Department of the Treasury (NFMC Grant)		47,569		99,300
U.S. Department of the Treasury (Hardest Hit Fund)		(1,950)		30,400
		1,400,945		1,132,039
State and Local		120,553		123,237
		1,521,498		1,255,276
Contributions		619,040		653,230
	$	2,140,538	$	1,908,506

HCAP – Housing Counseling Assistance Program
HOME – Home Investment Partnership
CDBG – Community Development Block Grant
NFMC – National Foreclosure Mitigation Counseling

10. INCOME TAXES

Income tax expense (benefit) consists of the following at December 31:

		2015		2014
Current				
U.S. Federal	$	87,956	$	62,622
State and local		16,450		17,993
		104,406		80,615
Deferred Tax Provision		(88,000)		(84,000)
	$	16,406	$	(3,385)

The difference between income tax expense (benefit) and the amount computed by applying the statutory tax rate to income before income taxes for GRCC relates primarily to the differences in the graduated rates.

Deferred tax assets and liabilities, which are reported in the accompanying consolidated statement of financial position, consist of the following:

		2015		2014
Deferred Tax Assets (Liabilities)				
Allowance for doubtful accounts and loans losses	$	94,000	$	72,000
Depreciation		(7,000)		(10,000)
Basis reduction in loans receivable related to CDFI grant		(416,000)		(479,000)
		(329,000)		(417,000)
Less: Valuation allowance		-		-
	$	(329,000)	$	(417,000)

11. LEASE COMMITMENTS

The Corporation leases certain equipment under various operating lease agreements. The leases are non-cancelable and expire on various dates through 2018.

At December 31, 2015, future minimum lease payments under these non-cancelable operating leases are as follows:

Year		Amount
2016	$	15,340
2017		2,628
2018		657
	$	18,625

Rent expense under operating leases was $45,440 and $39,443 for the years ended December 31, 2015 and 2014, respectively.

12. RELATED PARTY TRANSACTIONS

The Corporation has issued several SBA and micro-enterprise loans to companies that are partially or wholly-owned by various related parties. Total outstanding SBA loan balances were $5,027 and $25,267 and total outstanding micro-enterprise loan balances were $266,944 and $59,236 at December 31, 2015 and 2014, respectively.

13. CONTINGENCIES

Certain revenues received by the Corporation are subject to compliance audits by appropriate government authorities. The findings of these audits could result in additional liabilities to the Corporation. However, management believes that the Corporation has complied with the provisions of each contract and the effect of such findings, if any, would not have a material impact on the consolidated financial statements.

The Corporation, from time to time, is involved in litigation in the ordinary course of business. The Corporation is not party to any lawsuit or proceeding which, in the opinion of management, is individually or in the aggregate, likely to have a material adverse effect on the consolidated statement of financial position.

Twenty First Homes

In January 2011, TFH finalized construction of 20 low income single family homes in Granite City, Illinois. Pursuant to several contractual agreements with federal and state agencies, TFH recognized $3,865,965 of grant revenues from the U.S. Treasury under Internal Revenue Code ("IRC") section 1602 under the Tax Credit Exchange Program ("TCEP"). These funds were used to pay off the bridge loans used to construct the facilities. In addition, TFH was eligible to receive $670,000 in loans from the Illinois Housing Development Authority ("IHDA") (Note 7). The contractual provisions associated with this project include ongoing compliance for 15 years for the federal funding and 20 years for the state funding.

In summary, TFH must meet the following minimum provisions required by federal and state laws:

1. Maintain either-
    a. at least 20% of available units as rent restricted and occupied by households earning up to 50% or less of the area median gross income; or
    b. 40% as rent restricted and occupied by those earning up to 60% or less of the area median gross income.
2. Restrict rents to 30% of the applicable income limitation above, either the 50% or 60% of area median gross income.
3. Maintain habitability standards.
4. Operate in compliance with the above requirements for a minimum of 15 years (20 years for state).

Projects not meeting the above requirements each year are subject to having their TCEP funds "recaptured," that is, repaid to the federal government for material non-compliance. As December 31, 2015, TFH is in compliance with the provisions.

Loan Guarantee

On November 15, 2013, Justine PETERSEN executed a commercial guaranty for Northwest Acquisition LLC. The loan was in the amount of $65,000. The balance at December 31, 2015 was $56,615.

On April 17, 2015, Justine PETERSEN executed a commercial guaranty for Tape 4 LLC. The loan was in the amount of $300,000. The balance at December 31, 2015 was $282,403.

14. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board ("FASB") *Accounting Standards Codification* ("ASC") 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Fair Value Measurements

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2 Fair Value Measurements

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Fair Value Measurements

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2015 and 2014.

Non-accrual loans and impaired real estate: Valued at the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Corporation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Corporation's assets at fair value as of December 31, 2015 and 2014:

	Level 1	Level 2	Level 3	Fair Value
December 31, 2015				
Asset				
Nonaccrual loans	$ -	$ -	$ 573,202	$ 573,202
Real estate - impaired	-	-	340,358	340,358
Balance, Ending	$ -	$ -	$ 913,560	$ 913,560
December 31, 2014				
Asset				
Nonaccrual loans	$ -	$ -	$ 499,211	$ 499,211
Real estate - impaired	-	-	357,358	357,358
Balance, Ending	$ -	$ -	$ 856,569	$ 856,569

Assets measured at fair value on a non-recurring basis using significant unobservable inputs (Level 3):

	Nonaccrual Loans	Real Estate-Impaired	Total
Balance on January 1, 2014	$ 575,868	$ 417,146	$ 993,014
Total losses included in earnings	-	(50,000)	(50,000)
Purchases, issuances, sales, and settlements			
Issuances	172,919	-	172,919
Settlements	(249,576)	(9,788)	(259,364)
Balance on December 31, 2014	499,211	357,358	856,569
Total losses included in earnings	-	(17,000)	(17,000)
Purchases, issuances, sales, and settlements			
Issuances	442,701	-	442,701
Settlements	(368,710)	-	(368,710)
Balance on December 31, 2015	$ 573,202	$ 340,358	$ 913,560

15. OTHER NOTE RECEIVABLE AND SALE OF NOTES RECEIVABLE

Other note receivable represents a $2,200,000 leverage loan promissory note receivable dated April 14, 2014 between Justine PETERSEN and an unrelated third party investment fund. The promissory note agreement requires quarterly interest payments, at an annual interest rate of 5%, through April 15, 2020, and quarterly payments of principal and interest thereafter through the maturity date of April 11, 2022.

The promissory note was entered into as part of a new market tax credit transaction whereby Justine PETERSEN borrowed $2,000,000 from an unrelated not-for-profit corporation (See Note 7) to provide the funds to lend under the terms of the promissory note. The proceeds from the promissory note agreement were used by the investment fund as part of its funding of an affiliate of the investment fund who, on April 14, 2014, purchased $2,640,000 of outstanding notes receivable from GRCC. The purchase of GRCC's notes receivable was recorded as a sale by GRCC. There was no gain or loss on the sale of the notes receivable. GRCC continues to process these notes receivable under a loan servicing agreement.

16. SUBSEQUENT EVENTS

On January 29, 2016, Justine PETERSEN entered into a $300,000 promissory note with a private investment fund. The note requires quarterly payments of interest only at 3% until January 29, 2021 when the accrued interest and principal become due.

On January 31, 2016, Justine PETERSEN entered into a $25,000 promissory note with a bank. The note matures on January 31, 2017 when all outstanding principal and interest becomes due. This note refinanced a note payable with a balance of $7,998 as of December 31, 2015 (See Note 7).

On February 1, 2016, Justine PETERSEN entered into a $250,000 promissory note with a bank. The note requires monthly payments of interest only at 3% until March 1, 2017 when monthly payments of principle and interest of $5,538 commence through the loan maturity date of February 1, 2021.

On February 11, 2016, Justine PETERSEN entered into a $100,000 promissory note with a bank. The note requires monthly payments of interest only at Prime plus 0.5% until March 11, 2017 when monthly payments of principle and interest of $2,260 commence through the loan maturity date of February 11, 2021.

On March 30, 2016, GRCC entered into a $250,000 promissory note with a bank. The note requires monthly payments of interest only at 5.95% until May 1, 2017 when monthly payments of principle and interest of $4,829 commence through the loan maturity date of April 1, 2022.

JUSTINE PETERSEN HOUSING AND REINVESTMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015 (WITH COMPARATIVE TOTALS FOR 2014)

	2015								2014
Assets	**JPHRC**	**GRCC**	**GRCT**	**JPEM**	**TFH**	**TFHD**	**Eliminations**	**Consolidated**	**[Comparative Totals Only]**
Current Assets									
Cash	$ 377,341	$ 499,908	$ 16,978	$ -	$ 6,344	$ -	$ -	$ 900,571	$ 1,621,345
Restricted funds	1,392,209	213,616	-	-	152,702	-	-	1,758,527	1,518,006
Accounts and grants receivable	741,102	63,814	-	-	10,848	-	-	815,764	812,049
Interest receivable	152,256	145,255	-	-	-	-	-	297,511	193,214
Notes receivable, net - current portion	1,978,825	1,451,666	-	-	-	-	-	3,430,491	3,391,210
Other Receivable	-	-	-	1,000,000	-	-	-	1,000,000	-
Prepaid expenses and other	7,681	-	-	-	6,586	-	-	14,267	9,514
Total Current Assets	4,649,414	2,374,259	16,978	1,000,000	176,480	-	-	8,217,131	7,545,338
Notes Receivable, Net	3,516,857	7,821,648	-		-	-	-	11,338,505	7,281,281
Other Note Receivable	2,200,000	-	-	-	-	-	-	2,200,000	2,200,000
Property and Equipment	1,103,845	24,899	-	-	-	-	-	1,128,744	1,191,305
Rental Real Estate	882,918	46,855	-	-	3,974,178	-	-	4,903,951	4,977,333
Investment in Real Estate	691,840	-	-	-	-	-	-	691,840	1,023,349
Other	-	264,669	-	-	-	-	-	264,669	221,819
Due from Subsidiaries	5,617,459	23,425	-	-	11,610	-	(5,652,494)	-	-
Investment in Subsidiaries	4,536,537	-	-	-	-	311	(4,536,848)	-	-
Total Assets	$ 23,198,870	$ 10,555,755	$ 16,978	$ 1,000,000	$ 4,162,268	$ 311	$ (10,189,342)	$ 28,744,840	$ 24,440,425
Liabilities And Net Assets									
Current Liabilities									
Current portion of debt	$ 4,956,706	$ 534,938	$ -	$ -	$ 15,263	$ -	$ -	$ 5,506,907	$ 3,524,024
Accounts payable and accrued expenses	149,757	46,068	1	-	22,212	-	-	218,038	277,177
Interest payable	11,642	8,478	-	-	7,088	-	-	27,208	60,397
Income taxes payable	-	8,450	-	-	-	-	-	8,450	62,155
Client repair funds	147,824	-	-	-	-	-	-	147,824	173,115
Tenant security deposits	4,595	-	-	-	11,859	-	-	16,454	16,399
Deferred revenue	176,124	-	-	-	-	-	-	176,124	438,447
Total Current Liabilities	5,446,648	597,934	1	-	56,422	-	-	6,101,005	4,551,714
Long-Term Liabilities									
Deferred income taxes	-	329,000	-	-	-	-	-	329,000	417,000
Long-term debt	10,571,814	2,613,103	-	-	984,233	-	-	14,169,150	12,346,252
Due to subsidiaries	35,034	5,617,460	-	-	-	-	(5,652,494)	-	-
Total Long-Term Liabilities	10,606,848	8,559,563	-	-	984,233	-	(5,652,494)	14,498,150	12,763,252
Total Liabilities	16,053,496	9,157,497	1	-	1,040,655	-	(5,652,494)	20,599,155	17,314,966
Net Assets									
Unrestricted									
Undesignated	7,145,374	-	16,977	-	-	311	(16,977)	7,145,685	6,923,802
Noncontrolling interest	-	-	-	-	-	-	1,000,000	1,000,000	-
Temporarily restricted	-	-	-	-	-	-	-	-	201,657
Members' capital	-	-	-	1,000,000	-	-	(1,000,000)	-	-
Common stock	-	10,000	-	-	-	-	(10,000)	-	-
Paid-in capital and partner capital	-	300,000	-	-	-	-	(300,000)	-	-
Equity	-	1,088,258	-	-	3,121,613	-	(4,209,871)	-	-
Total Net Assets	7,145,374	1,398,258	16,977	1,000,000	3,121,613	311	(4,536,848)	8,145,685	7,125,459
Total Liabilities and Net Assets	$ 23,198,870	$ 10,555,755	$ 16,978	$ 1,000,000	$ 4,162,268	$ 311	$ (10,189,342)	$ 28,744,840	$ 24,440,425

CONSOLIDATING STATEMENT OF ACTIVITIES
DECEMBER 31, 2015 (WITH COMPARATIVE TOTALS FOR 2014)

	2015								2014
	JPHRC	GRCC	GRCT	JPEM	TFH	TFHD	Eliminations	Consolidated	[Comparative Totals Only]
Public Support and Revenues									
Contributions and grants	$ 2,140,538	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,140,538	$ 1,908,506
Donated services	143,212	-	-	-	-	-	-	143,212	148,103
Donated property	-	-	-	-	-	-	-	-	42,457
Program service fees									
Real estate brokerage income	4,080	-	-	-	-	-	-	4,080	1,086
Loan fees	371,460	426,122	-	-	-	-	-	797,582	819,593
Credit reporting fees	19,458	-	-	-	-	-	-	19,458	17,847
Administrative fees	567,822	-	-	-	-	-	(567,240)	582	6,871
Developer's fees	45,733	-	-	-	-	-	-	45,733	183,298
Bank referral fees	11,382	-	-		-	-	-	11,382	-
Rental income	138,280	6,090	-	-	127,777	-	-	272,147	232,068
Miscellaneous	135,935	7,865	-	-	1,260	-	-	145,060	66,328
Interest	616,539	699,076	-	-	-	-	(4,165)	1,311,450	912,655
Gain on sale of assets	-	-	-	-	-	-	-	-	5,208
Equity in earnings of subsidiaries	(175,222)	-	-	-	-	(16)	175,238	-	-
Total Public Support and Revenues	4,019,217	1,139,153	-	-	129,037	(16)	(396,167)	4,891,224	4,344,020
Expenses									
Program Services:									
Housing	805,870	83,811	-	-	290,422	-	(65,379)	1,114,724	758,696
Economic development	2,820,943	963,111	53	-	-	-	(420,109)	3,363,998	2,907,629
Savings	137,720	42,376	-	-	-	-	(31,805)	148,291	79,212
Total Program Services	3,764,533	1,089,298	53	-	290,422	-	(517,293)	4,627,013	3,745,537
Supporting Activities:									
Management and general	176,119	61,805	1,850	-	-	-	(54,112)	185,662	178,776
Fundraising	58,323	-	-	-	-	-	-	58,323	31,111
Total Supporting Activities	234,442	61,805	1,850	-	-	-	(54,112)	243,985	209,887
Total Expenses	3,998,975	1,151,103	1,903	-	290,422	-	(571,405)	4,870,998	3,955,424
CHANGES IN NET ASSETS FROM OPERATIONS	20,242	(11,950)	(1,903)	-	(161,385)	(16)	175,238	20,226	388,596
CHANGES IN NET ASSETS FROM LLC ACTIVITY	-	-	-	1,000,000	-	-	-	1,000,000	-
Net Assets, Beginning of Year	7,125,132	1,410,208	18,880	-	3,282,998	327	(4,712,086)	7,125,459	6,736,863
Net Assets, End of Year	$ 7,145,374	$ 1,398,258	$ 16,977	$ 1,000,000	$ 3,121,613	$ 311	$ (4,536,848)	$ 8,145,685	$ 7,125,459

JUSTINE PETERSEN HOUSING AND REINVESTMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATING SCHEDULE OF EXPENSES
DECEMBER 31, 2015 (WITH COMPARATIVE TOTALS FOR 2014)

	2015								2014
	JPHRC	GRCC	GRCT	JPEM	TFH	TFHD	Eliminations	Consolidated	[Comparative Totals Only]
Salaries and wages	$ 1,397,327	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,397,327	$ 1,037,943
Payroll taxes	108,026	-	-	-	-	-	-	108,026	77,358
Employee benefits	112,377	-	-	-	2,207	-	-	114,584	63,503
Administrative fees	-	567,240	-	-	-	-	(567,240)	-	-
Advertising	15,257	-	-	-	-	-	-	15,257	11,549
Client assistance	116,909	-	-	-	-	-	-	116,909	109,266
Conference and seminars	27,685	-	-	-	-	-	-	27,685	33,332
Credit report charges	36,645	-	-	-	-	-	-	36,645	32,662
Delivery and postage	19,466	-	-	-	-	-	-	19,466	15,163
Depreciation and amortization	79,661	45,258	-	-	-	-	-	124,919	107,771
Depreciation - rental real estate	36,834	1,708	-	-	176,107	-	-	214,649	210,611
Donated services	143,212	-	-	-	-	-	-	143,212	148,103
Dues and subscriptions	14,115	-	-	-	-	-	-	14,115	10,354
Equipment rental and maintenance	9,167	6,540	-	-	-	-	-	15,707	10,278
Impairment loss - investment in real estate	17,000	-	-	-	-	-	-	17,000	20,000
Impairment loss - rental real estate	-	-	-	-	-	-	-	-	30,000
Income taxes (benefit)	-	16,406	-	-	-	-	-	16,406	(3,385)
Insurance	19,400	1,185	-	-	37,518	-	-	58,103	27,486
Interest	416,859	95,747	-	-	6,012	-	(4,165)	514,453	411,984
Miscellaneous	1,441	-	-	-	-	-	-	1,441	41,713
Occupancy	79,621	-	-	-	-	-	-	79,621	49,921
Office supplies	50,355	14,362	53	-	4,289	-	-	69,059	75,098
Professional fees	244,572	16,602	1,850	-	8,571	-	-	271,595	440,385
Programmatic subsidized real estate loss	374,396	-	-	-	-	-	-	374,396	82,533
Provision for bad debts and loan losses	510,727	369,366	-	-	1,739	-	-	881,832	697,107
Recording fees	6,290	13,561	-	-	-	-	-	19,851	7,334
Rental real estate maintenance	62,392	2,578	-	-	25,905	-	-	90,875	127,457
Repairs and maintenance	11,433	-	-	-	-	-	-	11,433	16,778
Taxes and licenses	2,659	550	-	-	28,074	-	-	31,283	4,243
Telephone	22,394	-	-	-	-	-	-	22,394	21,614
Travel and training	62,755	-	-	-	-	-	-	62,755	37,263
Total 2015 Functional Expenses	$ 3,998,975	$ 1,151,103	$ 1,903	$ -	$ 290,422	$ -	$ (571,405)	$ 4,870,998	
Total 2014 Functional Expenses	$ 3,169,921	$ 838,158	$ 39	$ -	$ 299,139	$ -	$ (351,833)		$ 3,955,424