JUSTINE PETERSEN HOUSING AND REINVESTMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

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Independent Auditor's 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, 2018, 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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.

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, 2018, and the changes in its net assets, functional expenses, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Comparative Summarized

We have previously audited the Justine Petersen Housing and Reinvestment Corporation & Subsidiaries 2017 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 16, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules on pages 47-49 are presented for purposes of additional analysis of the consolidated financial statements and are 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 26, 2019, 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.

Brown Smith Wallace, LLP

St. Louis, Missouri
April 26, 2019

JUSTINE PETERSEN HOUSING AND REINVESTMENT CORPORATION AND SUBSIDIARIES

Consolidated Statements of Financial Position

December 31, 2018 and 2017

(See Independent Auditor's Report)

		2018		2017
ASSETS				
Current Assets				
Cash	**$**	**1,441,096**	$	832,044
Restricted funds		**3,208,568**		2,278,855
Accounts and grants receivable		**862,249**		570,386
Interest and fees receivable		**431,371**		567,489
Notes receivable, net - current portion		**5,015,500**		6,074,630
Other receivable		**3,690**		198,416
Prepaid expenses and other		**20,233**		19,292
Prepaid income tax		**104,990**		23,774
Total Current Assets		**11,087,697**		10,564,886
Notes receivable, net - long term portion		**10,461,524**		11,154,366
Other note receivable		**2,200,000**		2,200,000
Property and equipment, net		**1,079,012**		1,107,747
Rental real estate		**4,736,871**		5,188,652
Investment in real estate		**5,887,601**		4,665,956
Other assets		**119,456**		178,119
Investment in Good Life Growing		**82,192**		88,068
TOTAL ASSETS	**$**	**35,654,353**	$	35,147,794

The accompanying notes are an integral part of these consolidated financial statements.

JUSTINE PETERSEN HOUSING AND REINVESTMENT CORPORATION AND SUBSIDIARIES

Consolidated Statements of Financial Position - Continued

December 31, 2018 and 2017
(See Independent Auditor's Report)

	2018	2017
LIABILITIES AND NET ASSETS		
Current Liabilities		
Current portion of long-term debt	**$ 6,691,119**	$ 8,530,729
Accounts payable and accrued expenses	**527,498**	431,613
Interest payable	**243,378**	117,021
Client held funds	**233,615**	306,405
Tenant security deposits	**22,100**	21,045
Deferred revenue	**101,562**	46,096
Total Current Liabilities	**7,819,272**	9,452,909
Long-Term Liabilities		
Deferred income taxes	**195,000**	92,000
Long-term debt, non-current portion	**17,121,063**	15,970,836
Total Long-Term Liabilities	**17,316,063**	16,062,836
Total Liabilities	**25,135,335**	25,515,745
Net Assets		
Without Donor Restrictions		
Undesignated	**8,264,221**	8,153,173
Non-controlling interest	**1,700,000**	1,000,000
With Donor Restrictions	**554,797**	478,876
Total Net Assets	**10,519,018**	9,632,049
TOTAL LIABILITIES AND NET ASSETS	**$ 35,654,353**	$ 35,147,794

The accompanying notes are an integral part of these consolidated financial statements.

JUSTINE PETERSEN HOUSING AND REINVESTMENT CORPORATION AND SUBSIDIARIES

Consolidated Statements of Activities

For the Year Ended December 31, 2018 (with comparative totals for 2017)
(See Independent Auditor's Report)

	2018			2017
	Net Assets Without Donor Restrictions	**Net Assets With Donor Restrictions**	**Total**	(Comparative Totals Only)
Public Support and Revenues				
Contributions and grants	**$ 3,248,277**	**$ 1,803,122**	**$ 5,051,399**	$ 4,053,000
Donated services	**140,884**	**-**	**140,884**	144,083
Donated property	**-**	**-**	**-**	1,078,000
Program service fees				
Real estate brokerage income	**16,257**	**-**	**16,257**	15,317
Loan and administrative fees	**1,226,843**	**-**	**1,226,843**	819,964
Credit reporting fees	**8,262**	**-**	**8,262**	11,922
Developer's fees	**12,775**	**-**	**12,775**	100,825
Rental income	**338,547**	**-**	**338,547**	317,391
Miscellaneous	**94,655**	**-**	**94,655**	208,654
Interest	**1,676,261**	**-**	**1,676,261**	1,703,971
Loss on disposal of assets	**(21,465)**	**-**	**(21,465)**	-
Loss on investment in Good Life Growing	**(5,877)**	**-**	**(5,877)**	-
	6,735,419	**1,803,122**	**8,538,541**	8,453,127
Net assets released from restrictions	**1,727,201**	**(1,727,201)**	**-**	-
Total public support and revenues	**8,462,620**	**75,921**	**8,538,541**	8,453,127
Expenses				
Program services:				
Housing	**1,025,782**	**-**	**1,025,782**	1,274,150
Economic development	**6,417,522**	**-**	**6,417,522**	5,783,027
Savings	**504,585**	**-**	**504,585**	441,466
Total Program Services	**7,947,889**	**-**	**7,947,889**	7,498,643
Supporting Activities:				
Management and general	**211,428**	**-**	**211,428**	162,595
Fundraising	**85,379**	**-**	**85,379**	68,298
Total Supporting Activities	**296,807**	**-**	**296,807**	230,893
Total expenses before income taxes	**8,244,696**	**-**	**8,244,696**	7,729,536
CHANGES IN NET ASSETS BEFORE INCOME TAXES	**217,924**	**75,921**	**293,845**	723,591
Income tax expense (benefit)	**106,876**	**-**	**106,876**	(40,093)
CHANGES IN NET ASSETS	**111,048**	**75,921**	**186,969**	763,684
Net assets at beginning of year	**9,153,173**	**478,876**	**9,632,049**	8,868,365
Contributed capital	**700,000**	**-**	**700,000**	-
Net assets at end of year	**$ 9,964,221**	**$ 554,797**	**$ 10,519,018**	$ 9,632,049

The accompanying notes are an integral part of these consolidated financial statements.

JUSTINE PETERSEN HOUSING AND REINVESTMENT CORPORATION AND SUBSIDIARIES

Consolidated Statements of Functional Expenses

For the Year Ended December 31. 2018 (with comparative totals for 2017)
(See Independent Auditor's Report)

	2018							2017
	Program Services				Supporting Services			
	Housing	Economic Development	Savings	Total Program Expenses	Admin	Fund Raising	Total	(Comparative Totals Only)
Salaries and wages	$ 172,736	$ 1,337,896	$ 228,600	$ 1,739,232	$ 90,959	$ 39,864	$ 1,870,055	$ 1,674,929
Payroll taxes	12,357	101,554	16,353	130,264	7,344	2,852	140,460	131,184
Employee benefits	17,070	141,000	22,591	180,661	10,145	3,939	194,745	150,269
Advertising	1,850	15,208	2,449	19,507	1,100	427	21,034	48,814
Client assistance	-	119,309	-	119,309	-	-	119,309	77,830
Conferences and seminars	6,694	55,012	8,858	70,564	3,978	1,545	76,087	47,326
Credit report charges	2,780	22,845	3,679	29,304	1,652	641	31,597	33,500
Delivery and postage	2,115	17,423	2,799	22,337	1,257	488	24,082	29,817
Depreciation and amortization	17,996	118,052	19,438	155,486	8,730	3,390	167,606	142,892
Depreciation - rental real estate	236,554	-	-	236,554	-	-	236,554	201,404
Donated services	12,394	101,862	16,402	130,658	7,366	2,860	140,884	144,083
Dues and subscriptions	1,525	12,528	2,018	16,071	906	352	17,329	10,592
Equipment rental and maintenance	3,802	31,248	5,032	40,082	2,260	877	43,219	34,639
Impairment and programmatic subsidized real estate loss	228,339	-	-	228,339	-	-	228,339	585,496
Insurance	8,003	26,813	4,432	39,248	1,990	773	42,011	33,310
Interest	9,638	1,012,265	14,813	1,036,716	-	-	1,036,716	842,801
Miscellaneous	3,918	7,653	1,447	13,018	650	252	13,920	4,597
Occupancy	6,939	57,028	9,183	73,150	4,124	1,601	78,875	103,125
Office supplies	10,936	89,647	14,308	114,891	6,426	2,495	123,812	100,631
Professional fees	88,358	726,180	116,934	931,472	55,762	20,391	1,007,625	760,487
Provisions for bad debts and loan losses	5,447	2,329,928	120	2,335,495	-	-	2,335,495	2,237,659
Recording fees	10	523	33	566	-	-	566	719
Rental real estate maintenance	156,653	-	-	156,653	-	-	156,653	176,488
Repairs and maintenance	621	5,110	822	6,553	369	143	7,065	15,321
Taxes and licenses	9,610	11,076	1,784	22,470	801	311	23,582	48,279
Telephone	2,989	24,569	3,956	31,514	1,777	690	33,981	28,457
Travel and training	6,448	52,793	8,534	67,775	3,832	1,488	73,095	64,887
Total Expenses before Income Taxes	1,025,782	6,417,522	504,585	7,947,889	211,428	85,379	8,244,696	7,729,536
Income tax expense (benefit)	-	106,876	-	106,876	-	-	106,876	(40,093)
Total 2018 Functional Expenses	$ 1,025,782	$ 6,524,398	$ 504,585	$ 8,054,765	$ 211,428	$ 85,379	$ 8,351,572	
Total 2017 Functional Expenses	$ 1,274,150	$ 5,742,934	$ 441,466	$ 7,458,550	$ 162,595	$ 68,298		$ 7,689,443

The accompanying notes are an integral part of these consolidated financial statements.

JUSTINE PETERSEN HOUSING AND REINVESTMENT CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2018 and 2017
(See Independent Auditor's Report)

	2018	2017
Cash flows from operating activities:		
Changes in net assets	**$ 186,969**	$ 763,684
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**404,160**	344,296
Amortization of deferred financing fees	**31,998**	31,998
Deferred income taxes	**103,000**	(148,000)
Non-cash donations of property	**-**	(1,078,000)
Impairment and subsidized programmatic real estate loss	**228,339**	585,496
Loss on investment in Good Life Growing	**5,877**	-
Loss on disposal of assets	**21,465**	-
Provisions for bad debts and loan losses	**2,335,495**	2,237,659
Change in assets and liabilities:		
Restricted funds	**(929,713)**	1,214,509
Accounts and grants receivable	**(291,863)**	19,826
Interest & fees receivable	**136,118**	(130,125)
Other receivables	**(3,690)**	(198,416)
Prepaid expenses and other assets	**(941)**	(8,098)
Accounts payable and accrued expenses	**95,885**	178,416
Interest payable	**126,357**	(8,718)
Prepaid income tax	**(81,216)**	(23,774)
Income taxes payable	**-**	(42,377)
Client held funds	**(72,790)**	124,975
Tenant security deposits	**1,055**	(910)
Deferred revenue	**55,466**	(167,254)
Net cash provided by operating activities	**2,351,971**	3,695,187
Cash flows from investing activities:		
Lending of notes receivable	**(12,957,974)**	(10,595,437)
Collections on notes receivable	**12,572,867**	7,845,606
Website and portal development	**(52,306)**	(101,333)
Purchase of property and equipment	**(27,897)**	(104,651)
Purchase of rental real estate	**(51,710)**	(343,710)
Purchase of investment real estate	**(1,647,396)**	(2,391,214)
Proceeds from sale of assets - rental real estate	**256,589**	131,157
Proceeds from sale of assets - investment in real estate	**186,290**	606,607
Other investments	**-**	(88,068)
Net cash used in investing activities	**(1,721,537)**	(5,041,043)

The accompanying notes are an integral part of these consolidated financial statements.

JUSTINE PETERSEN HOUSING AND REINVESTMENT CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows - Continued

For the Years Ended December 31, 2018 and 2017
(See Independent Auditor's Report)

		2018		2017
Cash flows from financing activities:				
Capital contributed - noncontrolling interest		**700,000**		-
Proceeds from long-term debt		**5,016,506**		6,126,857
Payments on long-term debt		**(5,737,888)**		(5,098,967)
Net cash provided by (used in) financing activities		**(21,382)**		1,027,890
Net increase (decrease) in cash		**609,052**		(317,966)
Cash - beginning of year		**832,044**		1,150,010
Cash - end of year	**$**	**1,441,096**	$	832,044

Supplemental disclosure of cash flow information:

Non-cash investing and financing activities:				
Acquisition of investment in real estate through donation	**$**	**-**	$	1,078,000
Cash paid for:				
Income taxes	**$**	**81,297**	$	150,284
Interest	**$**	**982,151**	$	851,519

The accompanying notes are an integral part of these consolidated financial statements.

Note A - Summary of Significant Accounting Policies

Organization

Justine PETERSEN, a Missouri not-for-profit corporation, was established in 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 and 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.

Basis of Presentation

The consolidated financial statements include the accounts of Justine Petersen Housing and Reinvestment Corporation ("Justine PETERSEN" or "JPHRC") and its subsidiaries (collectively the "Corporation"). All significant intercompany investments, transactions and account balances have been eliminated in the consolidation. Certain 2017 amounts have been reclassified to conform to the 2018 presentation.

Comparative Totals

The consolidated financial statements include certain summarized comparative information in total for the year ended December 31, 2017, 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, 2017 from which the summarized information was derived.

Note A - Summary of Significant Accounting Policies (Continued)

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
GRCCII, LLC	GR LLC	2016	MO	Wholly-owned subsidiary
Twenty First Homes, LP	TFH	2007	IL	99.9% 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 are 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.

GRCCII, LLC ("GR LLC") was established in 2016 to facilitate the purchase of a discounted note receivable. As of December 31, 2018, this is a disregarded entity and all activity has been moved to Justine PETERSEN.

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 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.

Note A - Summary of Significant Accounting Policies (Continued)

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 members are Justine PETERSEN, who is the managing member, and Local Church Ministries Church Building and Loan Fund, First Bank, and the Kerr Foundation, who are non-manager members. Non-manager member units do not have voting rights, except as otherwise agreed. Members share net income (loss) and distributions of JPEM in accordance with their percentage of units. The interest of non-manager members in JPEM at December 31, 2018 of $1,700,000 is reflected as the 'non-controlling interest' portion of net assets without donor restrictions 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 and Presentation

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

The Corporation is required to report information regarding its financial position and activities according to two classes of net assets – net assets without donor restrictions and net assets with donor restrictions as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor- (or certain grantor-) restrictions including those resources over which the Board of Directors has discretionary control.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or that will be satisfied by actions of the Corporation. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity by the Corporation. There were no net assets with donor restrictions that are perpetual in nature as of December 31, 2018.

Note A - Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of the 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 years ended December 31, 2018 and 2017, balance 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. For 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, 2018 and 2017.

Note A - Summary of Significant Accounting Policies (Continued)

Notes Receivable and Allowance for Credit Losses

Notes receivable are reported at the principal amounts outstanding, net allowances for credit losses. The allowance for credit losses is increased by provisions charged to expense and reduced by accounts charged off, net 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 status 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. 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:

Buildings	40 years
Equipment	3 – 7 years
Furniture and fixtures	3 – 7 years
Rental real estate – buildings	10 – 27.5 years

Note A - Summary of Significant Accounting Policies (Continued)

Investment in Real Estate

Land, homes, and other developmental costs are stated at cost, plus interest, labor 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. 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.

Deferred Financing Fees

Deferred financing fees are capitalized and amortized over the life of the related debt. If debt is retired early, the related unamortized deferred financing costs are written off in the period the debt is retired. Unamortized deferred financing fees are presented in the consolidated statement of financial position as a direct deduction from the face amount of the debt. Amortization is included with interest expense in the consolidated statement of activities. As of December 31, 2018 and 2017, respectively, the net carrying amount of deferred financing costs was $114,827 and $146,825. Interest expense pursuant to deferred financing fees was $31,998 for the years ended December 31, 2018 and 2017.

Note A - Summary of Significant Accounting Policies (Continued)

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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. The Corporation reports contributions with donor restrictions that are temporary in nature as support without donor restrictions 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 support without donor restrictions 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 and 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. Loan fees on the consolidated statement of activities include fees charged for loans serviced, but not owned, by the Corporation.

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.

Note A - Summary of Significant Accounting Policies (Continued)

Donated Property (Continued)

In 2017, three properties with a total appraised value of $1,978,000 were donated to the Corporation. One of the properties, however, included a note payable to the donor totaling $900,000. The resulting donated property revenue recognized in 2017 on the consolidated statement of activities totaled $1,078,000. These properties are included in investment in real estate on the consolidated statement of financial position. No donated property was received in 2018.

Donated Services

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

Those services, which are included in public support and revenues in the accompanying consolidated statements of activities, include the following:

	2018	2017
Accounting services	**$ 19,452**	$ 19,979
Legal	**40,500**	29,700
Education and counseling	**74,932**	86,464
Rent	**6,000**	6,000
Other	**-**	1,940
	$ 140,884	$ 144,083

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 – The Corporation 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.

Note A - Summary of Significant Accounting Policies (Continued)

Description of Program Services and Supporting Activities (Continued)

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

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

Functional Expense Allocation

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Certain of these expenses represent costs associated with multiple activities and require allocation, on a reasonable basis that is consistently applied, among the program and supporting services benefited. Except for expenses that can be directly attributed to a program, operating expenses are allocated on the basis of time and effort to the various programs, administrative and fundraising.

Note A - Summary of Significant Accounting Policies (Continued)

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 an organization 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. GR LLC is a limited liability company, wholly-owned by Justine PETERSEN, and is a disregarded entity for tax purposes. Its activity is reported on the Justine PETERSEN informational return.

GRCC accounts for income taxes using the asset and liability approach. The asset and liability approach require the recognition of deferred tax assets and liabilities for expected future tax benefits and consequences of temporary differences between the carrying amounts and the tax basis of the assets and liabilities. Valuation allowances are established, if necessary, to reduce a 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, 2018 and 2017. The Corporation's tax returns are subject to examination by the respective taxing authorities, generally for three years after they were filed.

Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Justine PETERSEN implemented ASU 2016-14 and adjusted the presentation in these consolidated financial statements accordingly.

Note B - Restricted Funds

Restricted funds consist of the following:

	2018	2017
Note receivable cash reserves:		
Micro lending reserves	**$ 1,368,756**	$ 721,766
CA pilot program	**57,353**	25,584
Required loan loss reserves	**1,308,777**	1,014,817
	2,734,886	1,762,167
Client repair funds	**232,315**	305,352
Escrow deposits	**193,700**	182,975
Tenant security deposits	**11,675**	12,715
Other reserves	**35,992**	15,646
	$ 3,208,568	$ 2,278,855

Certain programs, including the SBA and CA pilot program, require the Corporation to maintain a prescribed minimum loan loss reserve fund in a segregated cash account. As of December 31, 2018 and 2017, the Corporation is in compliance with these requirements.

Note C - Notes Receivable

The Corporation has notes receivable agreements with low- to moderate-income individuals and small businesses. The maturity dates on the notes range from one to ten-year terms and interest is charged at various rates, ranging from 0% to 23%. The notes are normally secured by the assets of the owner or borrower. Interest income on notes receivable was $1,676,261 and $1,703,971 for the years ended December 31, 2018 and 2017, respectively.

Note C - Notes Receivable (Continued)

Notes receivable consist of the following at December 31:

	2018	2017
Business loans:		
Small business administration	**$ 3,379,815**	$ 3,895,124
CDFI	**1,597,412**	823,628
Micro-enterprise	**11,363,578**	13,029,533
Subtotal	**16,340,805**	17,748,285
Mortgage loans	**352,319**	369,021
Other loans	**633,486**	727,311
Total	**17,326,610**	18,844,617
Less: Discount on purchased note	**-**	234,035
Less: Allowance for loan losses	**1,849,586**	1,381,586
	$ 15,477,024	$17,228,996

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

	2018	2017
Notes receivable, net – current portion	**$ 5,015,500**	$ 6,074,630
Notes receivable, net – long-term portion	**10,461,524**	11,154,366
	$ 15,477,024	$17,228,996

Changes in the allowance for loan losses are as follows:

	Year Ended December 31, 2018				2017
	Business	**Mortgage**	**Other**	**Total**	Totals
Balance, beginning	**$ 1,293,137**	**$ 391**	**$ 88,058**	**$ 1,381,586**	$ 1,031,586
Provision for loan losses	**1,481,486**	**3,362**	**382,646**	**1,867,494**	1,884,886
Increase to allowance	**468,000**	**-**	**-**	**468,000**	350,000
Recoveries	**79,373**	**-**	**14,581**	**93,954**	102,870
Loans charged off	**(1,563,330)**	**(3,361)**	**(394,757)**	**(1,961,448)**	(1,987,756)
Balance, ending	**$ 1,758,666**	**$ 392**	**$ 90,528**	**$ 1,849,586**	
Totals 2017	$ 1,293,137	$ 391	$ 88,058		$ 1,381,586

Note C - Notes Receivable (Continued)

In addition to the allowance for loan losses, the Corporation maintains required cash reserves of $2,734,886 and $1,762,167 as of December 31, 2018 and 2017, respectively, (Note B) 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, 2018 and 2017.

	December 31, 2018					
	Current	**30-89 Days Past Due**	**90 Days Past Due and still Accruing**	**Non-Accrual**	**Total**	2017 Totals
Business loans	**$14,262,601**	**$ 901,196**	**$ 509,703**	**$ 667,305**	**$16,340,805**	$17,700,487
Mortgage loans	**222,445**	**103,421**	**26,453**	**-**	**352,319**	369,021
Other loans	**469,653**	**121,325**	**42,508**	**-**	**633,486**	775,109
Totals 2018	**$14,954,699**	**$ 1,125,942**	**$ 578,664**	**$ 667,305**	**$17,326,610**	
Totals 2017	$15,574,839	$ 1,479,350	$ 1,118,072	$ 672,356		$18,844,617

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, 2018 and 2017, segregated between loans for which an allowance for credit losses has been provided and loans for which no allowance has been provided:

Note C - Notes Receivable (Continued)

	December 31, 2018			
	Recorded Investment	**Unpaid Principal Balance**	**Related Allowance**	**Interest Income Recognized**
Business loans	**$ 653,443**	**$ 653,443**	**$ 653,443**	**$ -**
Mortgage loans	**-**	**-**	**-**	**-**
Other loans	**13,862**	**13,862**	**13,862**	**-**
Totals 2018	**$ 667,305**	**$ 667,305**	**$ 667,305**	**$ -**
Totals 2017	$ 672,356	$ 672,356	$ 672,356	$ -

Impaired loans totaled $667,305 and $672,356 at December 31, 2018 and 2017, 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. These troubled debt restructured loans totaled $361,648 and $195,815 at December 31, 2018 and 2017, 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 within 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 estimated 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, 2018 and 2017. 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.

Note C - Notes Receivable (Continued)

	December 31, 2018		
	Number of Modifications	Recorded Investment Prior to Modification	Recorded Investment After Modification
Business loans	**13**	**$ 359,660**	**$ 359,660**
Mortgage loans	**-**	**-**	**-**
Other loans	**1**	**1,988**	**1,988**
Totals 2018	**14**	**$ 361,648**	**$ 361,648**
Totals 2017	9	$ 195,815	$ 195,815

The following table shows the balance in the allowance for loans losses at December 31, 2018, 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, 2018				
Allowance for loan losses				
Individually evaluated for impairment	**$ 653,443**	**$ -**	**$ 13,862**	**$ 667,305**
Collectively evaluated for impairment	**1,105,225**	**392**	**76,664**	**1,182,281**
	$ 1,758,668	**$ 392**	**$ 90,526**	**$ 1,849,586**
Loans outstanding, net of Allowance				
Individually evaluated for impairment	**$ -**	**$ -**	**$ -**	**$ -**
Collectively evaluated for impairment	**14,582,887**	**351,927**	**542,210**	**15,477,024**
	$14,582,887	**$ 351,927**	**$ 542,210**	**$15,477,024**

Note C - Notes Receivable (Continued)

	Business	Mortgage	Other	Total
December 31, 2017				
Allowance for loan losses				
Individually evaluated for impairment	$ 624,557	$ -	$ 47,799	$ 672,356
Collectively evaluated for impairment	668,580	391	40,259	709,230
	$ 1,293,137	$ 391	$ 88,058	$ 1,381,586
Loans outstanding, net of Allowance				
Individually evaluated for impairment	$ -	$ -	$ -	$ -
Collectively evaluated for impairment	16,221,113	368,630	639,253	17,228,996
	$16,221,113	$ 368,630	$ 639,253	$17,228,996

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. Management's risk assessment includes individual evaluations of all client loan balances over $20,000 at December 31, 2018 and 2017.

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 "high 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.

Note C - Notes Receivable (Continued)

	December 31, 2018				2017
	Business	**Mortgage**	**Other**	**Total**	Totals
Average or lower risk	**$12,752,873**	**$ 106,984**	**$ 591,962**	**$13,451,819**	$14,846,026
High risk or impaired loans	**667,305**	**-**	**-**	**667,305**	672,356
Restructured loans	**2,920,627**	**245,335**	**41,524**	**3,207,486**	3,326,235
Totals 2018	**$16,340,805**	**$ 352,319**	**$ 633,486**	**$17,326,610**	
Totals 2017	$17,748,285	$ 369,021	$ 727,311		$18,844,617

Note D - Property and Equipment

Property and equipment consist of the following at December 31:

	2018	2017
Land	**$ 65,000**	$ 65,000
Buildings	**1,322,816**	1,315,636
Equipment	**79,132**	79,132
Furniture and fixtures	**375,541**	354,823
Vehicles	**31,311**	31,311
	1,873,800	1,845,902
Less: Accumulated depreciation	**(794,788)**	(738,155)
Property and equipment, net book value	**$ 1,079,012**	$ 1,107,747

Depreciation expense was $56,637 and $72,338 during 2018 and 2017, respectively.

Note E - 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.

Note E - Rental Real Estate (Continued)

Rental real estate consists of the following at December 31:

	2018	2017
Land	**$ 124,786**	$ 124,786
Buildings	**6,507,672**	6,737,786
	6,632,458	6,862,572
Less: Accumulated impairment losses	**(230,386)**	(234,455)
Less: Accumulated depreciation	**(1,665,201)**	(1,439,465)
Rental real estate, net book value	**$ 4,736,871**	$ 5,188,652

Depreciation expense was $236,554 and $147,419 during 2018 and 2017, respectively.

Note F - 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 value after improvements.

	2018	2017
Investment in real estate	**$ 6,023,487**	$ 4,850,548
Less: Accumulated impairment losses	**(135,886)**	(184,592)
Investment in real estate, net book value	**$ 5,887,601**	$ 4,665,956

Foreclosed assets, properties acquired through customer loan default, included in the above investment in real estate total $158,511 and $331,638 as of December 31, 2018 and 2017. They are carried at fair value, net of estimated costs to sell, not to exceed the carrying value of the loan receivable upon foreclosure.

Note G - Other assets

	2018	2017
Website and portal development	**$ 80,460**	$ 64,860
EPIC program development cost	**73,098**	73,098
Property development cost	**37,939**	37,939
IL AG program costs	**93,412**	93,412
LaserPro development costs	**36,706**	-
	321,615	269,309
Less accumulated amortization	**202,159**	91,190
	$ 119,456	$ 178,119

Future amortization of other assets over the next five years:

2018	$ 46,044
2019	46,044
2020	2,666
2021	2,672
2022	643
Thereafter	5,787

Amortization expense totaled $110,969 and $70,555 for the years ending December 31, 2018 and 2017, respectively.

Note H - Debt

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

	2018	2017
Justine PETERSEN		
Line of credit of $1,250,000 (initially) with a bank, due August 2019, payable in monthly interest only payments which are calculated at prime rate.	**$ 955,141**	$ 1,246,673
Line of credit of $750,000 with USDA, due October 2043, monthly interest of 1% until October 2017 at which time annual principal and interest of $31,838 commenced, secured by real and personal property.	**700,919**	725,500

Note H - Debt (Continued)

	2018	2017
Justine PETERSEN (Continued)		
Unsecured line of credit of $1,500,000 with a bank, due August 2019, interest payments due monthly at prime rate, principal plus all accrued unpaid interest on due date.	**328,465**	559,120
Unsecured line of credit of $50,000 with a bank, due August 2019, interest payments due monthly at prime rate plus 1%, principal plus all accrued unpaid interest on due date.	**50,000**	50,000
Line of credit of $500,000 with USDA, due October 2045, monthly interest of 1% until October 2018 at which time annual principal and interest of $16,700 commenced, secured by real and personal property.	**500,000**	299,023
Unsecured line of credit of $191,000 with a bank, due November 2021, monthly interest of 4.50% until December 2016 at which time monthly principal and interest of $5,708 commenced until the earlier of payment in full or November 2019.	**115,820**	121,007
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 commenced through maturity, secured by deposit accounts with lender.	**45,318**	70,497
Unsecured line of credit of $54,020 with a bank, due October 2020, monthly interest of 5.25%, payments of interest and principal of $2,378.	**51,642**	72,484
Line of credit $755,000 with a bank, due September 2019, interest paid monthly and principal payable on due date at daily LIBOR plus 1.85%, secured by personal property.	**561,395**	845,612

Note H - Debt (Continued)

	2018	2017
Justine PETERSEN (Continued)		
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 commenced through maturity; secured by real and personal property.	**-**	28,109
Unsecured note payable to a foundation, due January 2023 payable in quarterly interest only payments which are calculated at 3%.	**400,000**	-
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.	**659,287**	693,818
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 notes receivable.	**412,586**	439,370
Promissory note of $1,000,000 with a community development company, due July 2019, payable in interest and principal on due date, interest at 3.894%, secured by notes receivable.	**311,623**	378,610
Two unsecured promissory notes of $20,000 each with an individual, principal and interest due April 2019, interest at 0%.	**40,000**	40,000
Unsecured promissory note of $25,000 with an individual, principal and interest due April 2019, interest at 3%.	**25,500**	25,333
Two unsecured promissory notes of $20,000 each with an individual, principal and interest due September 2020 with interest at 3%.	**44,828**	43,518

Note H - Debt (Continued)

	2018	2017
Justine PETERSEN (Continued)		
Unsecured promissory note of $15,000 with an individual, principal and interest due September 2019, interest at 3%.	**16,049**	15,581
Unsecured promissory note of $10,000 with an individual, principal and interest due November 2021, interest at 0%.	**10,000**	10,000
Unsecured promissory note of $250,000 with a bank, due December 2018, payable in monthly installments of $4,497, including interest at 3%.	**-**	53,244
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 0.875%, due December 2018, payable in monthly payments of $5,019 including interest.	**7,438**	61,907
Interest at 0%, due February 2021, payable in monthly payments of $2,510 including interest.	**65,180**	95,300
Interest at 0.625% until July 2014 then became 0%, due July 2022, payable in monthly payments of $6,945 including interest.	**217,787**	301,117
Interest at 1%, due June 2022, payable in monthly payments of $4,630 including interest.	**194,438**	249,992
Interest at 0%, due May 2023, payable in monthly payments of $11,574.	**613,426**	752,315
Interest at 0%, due December 2022, payable in monthly payments of $3,496.	**169,227**	211,166
Interest at 0%, due July 2025, payable in monthly payments of $11,574.	**922,897**	1,063,084

Note H - Debt (Continued)

	2018	2017
Justine PETERSEN (Continued)		
Interest at 0%, due November 2026, payable in monthly payments of $11,574.	**1,099,537**	1,238,426
Interest at 2.63%, due April 2028, payable in monthly payments of $7,664.	**800,000**	-

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

Note payable with interest at 4.25%, due December 2019, payable in monthly payments of $205 beginning November 2016, secured by real and personal property.	**30,835**	31,940
Note payable with interest at 4.25%, due December 2019, payable in monthly payments of $224 beginning November 2016 secured by real and personal property.	**33,640**	34,844
Line of credit of $65,000 with bank with interest at 5.25%, due August 2019, payable in quarterly interest payments only beginning November 2018 secured by real property.	**862**	-
Note payable with interest at 4.25%, due June 2019, payable in monthly payments of $351 beginning June 2016, secured by real and personal property.	**40,590**	42,900
Unsecured promissory note with interest at 5%, due November 2019, monthly interest only payments beginning November 2016.	**375,000**	875,000
Promissory note of $250,000 with interest at 4%, due November 2020, payable in monthly payments of $5,651 beginning December 2016. Secured by blanket lien on business assets.	**119,611**	181,237
Note payable with interest at 4.25%, due January 2020, payable in monthly payments of $290 beginning December 2016, secured by real and personal property.	**43,598**	45,146

Note H - Debt (Continued)

	2018	2017
Justine PETERSEN (Continued)		
Note payable with interest at 4.25%, due January 2020, payable in monthly payments of $351 beginning December 2016, secured by real and personal property.	**52,797**	54,700
Note payable with interest at 4.25%, due January 2020, payable in monthly payments of $169 beginning December 2016, secured by real and personal property.	**20,288**	21,415
Note payable with interest at 4.25%, due October 2019, payable in monthly payments of $872 beginning November 2016, secured by real and personal property.	**129,988**	134,735
Unsecured promissory note with interest at 3%, due January 2021, monthly interest only payments beginning April 2016 and principal payment due at maturity.	**300,000**	300,000
Promissory note with interest at 5%, due April 2019, quarterly interest only payments beginning April 2016 and principal payment due at maturity, secured by real and personal property.	**-**	44,754
Line of credit with interest at 3%, due February 2021, monthly interest only payments beginning February 2016, secured by real and personal property.	**62,273**	125,770
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. Debt was classified as current as of December 31, 2017 due to certain loan covenant requirement not being met. Covenants were met allowing this debt to be classified as non-current as of December 31, 2018.	**500,000**	500,000
Unsecured promissory note of $75,000 with a bank, due April 2019, monthly interest and principal payments of $1,383, interest at 4%.	**5,590**	20,266

Note H - Debt (Continued)

	2018	2017
Justine PETERSEN (Continued)		
Line of credit 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 principal and interest of $3,216, interest at 5.25%, secured by 1st mortgage lien on certain properties.	**221,742**	221,742
Promissory note of $2,000,000 with a not-for-profit corporation, due March 2022, quarterly interest at 5%, secured by a promissory note which is offset by $2,200,000 other note receivable (See Note P).	**2,000,000**	2,000,000
Unsecured promissory note of $500,000 with a bank, due January 2019, monthly interest and principal payments of $11,708, interest at 4.55%. Paid in 2018.	**-**	133,620
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.	**-**	80,322
Unsecured promissory note of $1,000,000 with a bank, due June 2021, quarterly interest at 3.00% until maturity.	**1,000,000**	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**	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%.	**64,738**	117,625
Unsecured promissory note of $500,000 with a bank, due August 2021, interest and principle payable at due date at 2%.	**500,000**	500,000

Note H - Debt (Continued)

	2018	2017
Justine PETERSEN (Continued)		
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.	**9,606**	13,323
Promissory note of $400,000 with a bank, due June 2019, payable in monthly interest only payments at prime plus 1.25%, secured by notes receivable.	**399,000**	399,000
Note payable with interest at 4.25%, due February 2020, payable in monthly payments of $169 beginning March 2017, secured by real and personal property.	**37,485**	38,846
Promissory note of $208,000 with a not-for-profit corporation, due June 2020, payable in monthly payments of interest of $1,040 and balloon; interest calculated at 6%, secured by real property.	**208,000**	-
Unsecured promissory note of $500,000 with a bank, due February 2024, payable in monthly interest payments until February 2019 and then monthly principal and interest payments of $9,320, interest calculated at 4.5%.	**500,000**	-
Unsecured promissory note of $250,275 with a bank, due March 2023, payable in quarterly principal and interest payments of $16,674, interest calculated at 3%.	**250,275**	-
Unsecured promissory note of $50,000 with a bank, due November 2023, payable in monthly principal and interest payments of $1,125 starting December 2019, interest at 3.75%.	**50,000**	-
Eleven unsecured promissory notes totaling $248,000 with varying principal balances, due October 2023, interest payable quarterly at 5%.	**248,000**	-

Note H - Debt (Continued)

	2018	2017
Justine PETERSEN (Continued)		
Promissory note with interest at 5%, due April 2019, quarterly interest only payments beginning May 2018 and principal payment due at maturity, secured by real and personal property.	**30,225**	60,224
Unsecured promissory note of $500,000 with a bank, due September 2022, payable in monthly principal and interest payments of $9,370, interest at 4.65%.	**385,859**	477,676
Unsecured promissory note of $150,000 with a bank, Due November 2020, monthly interest and principal payments of $4,483, interest at 4.25%.	**98,573**	149,583
Unsecured promissory note of $500,000 with a bank, due December 2020, monthly interest and principal payments of $15,042, interest at 5.25%.	**340,726**	500,000
Unsecured promissory note of $400,000 with a community development company, due June 2027, interest and principal payable on due date, interest at 3%.	**400,000**	400,000
Promissory note of $900,000 with a company, due December 2020, interest and principal payable on due date, interest at 8%, secured by real and personal property.	**763,433**	900,000
Unsecured promissory note of $297,062 with a bank, due October 2017, interest payments due monthly at 5.85%, principal plus all accrued unpaid interest payable on due date of November 1, 2021.	**289,241**	297,062
Unsecured note of $35,000 with a trust, due July 2021, interest and principal payable on due date, interest at 3%.	**38,798**	37,610
Total JPHRC debt	**$ 19,069,276**	$ 19,630,236

Note H - Debt (Continued)

	2018	2017
GRCC		
Unsecured line of credit of $250,000 with a bank, due June 2020, monthly payments of $4,666 including principal plus interest of 4.55%.	**$ 81,502**	$ 132,604
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 of $18,339 commenced through the maturity date; secured by a Commercial Pledge and Security Agreement.	**214,264**	417,808
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 commenced through maturity.	**257,569**	354,565
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
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.	**2,383,421**	1,994,572
Promissory note of $250,000 with a bank, secured by property, interest only payments at 5.50% until maturity date of July 2018 when principal balance is due.	**-**	250,000
Unsecured line of credit of $250,000 with a bank, due April 2023, monthly interest of 6.45% until April 2018 at which time monthly principal and interest of $4,827 commenced through maturity.	**186,967**	149,533

Note H - Debt (Continued)

	2018	2017
GRCC (Continued)		
Unsecured note payable to U.S. Department of the Treasury, due April 2031, semi-annual payments of $66 including interest rate at 1.9%.	**6,905**	-
Unsecured note payable of $95,372 with a fund due August 2020, monthly interest at 8%; principal and interest payments of $4,313 starting September 2018.	**80,514**	-
Three unsecured promissory notes with varying principal balances, due October 2020, interest at 0%.	**2,855**	-
Note payable to bank, due December 2021, quarterly interest payments at 3% beginning March 2017, then quarterly principal and interest payments of $16,672 beginning March 31, 2018. Secured by real and personal property.	**190,519**	250,275
	3,904,516	4,049,357
Less deferred financing costs	**100,827**	131,075
Total GRCC debt	**$ 3,803,689**	$ 3,918,282
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 $1,767 including interest at 1%, secured by deed of trust (See Note N).	**553,217**	568,797
	953,217	968,797
Less deferred financing costs	**14,000**	15,750
Total TFH Debt	**$ 939,217**	$ 953,047

Note H - Debt (Continued)

	2018	2017
Total Debt	**$23,927,009**	$24,648,390
Less: Deferred financing fees	**114,827**	146,825
Less: Current maturities	**6,691,119**	8,530,729
Long-term debt	**$17,121,063**	$15,970,836

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

2019	$ 6,691,119
2020	3,202,944
2021	2,305,071
2022	4,251,852
2023	1,317,971
Thereafter	6,158,052
	$23,927,009

Note I - Net Assets With Donor Restrictions

Net Assets with donor restriction are restricted for the following purposes:

	2018	2017
Subject to expenditure for specified purpose	**$ 554,797**	$ 478,876
Subject to the passage of time	**-**	-
	$ 554,797	$ 478,876

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

	2018	2017
Satisfaction of purpose restrictions	**$ 1,727,201**	$ 1,212,035
Expiration of time restrictions	**-**	-
	$ 1,727,201	$ 1,212,035

Note J - Grants and Contributions

Grants and contributions consist of the following:

Grants	2018	2017
Federal (includes direct and passed through other agencies):		
U.S. Department of Housing and Urban Development (Section 8)	**$ 9,885**	$ 14,297
U.S. Department of Housing and Urban Development (HOME)	**29,150**	426,776
U.S. Department of Housing and Urban Development (CDBG)	**125,858**	152,083
Small Business Administration – Microloan Program	**930,703**	832,223
Small Business Administration – PRIME	**149,415**	151,827
U.S. Department of the Treasury (NFMC Grant)	**53**	2,506
U.S. Department of the Treasury (Hardest Hit Fund)	**38,500**	35,850
Federal grants	**1,283,564**	1,615,562
State and local	**302,524**	346,562
	1,586,088	1,962,124
Contributions	**3,465,311**	2,090,876
Total Grants and Contributions	**$ 5,051,399**	$ 4,053,000

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

Note K - Income Taxes

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

	2018	2017
Current		
U.S. Federal	**$ (2,277)**	$ 89,768
State and local	**6,153**	18,139
	3,876	107,907
Deferred tax provision	**103,000**	(148,000)
	$ 106,876	$ (40,093)

Income tax expense (benefit) is presented on the consolidated statement of activities under program expense - economic development.

The difference between income tax expense (benefit) and the amount computed by applying the statutory tax rate to income before income taxes for GRCC is primarily due to the deductibility of certain reserves as well as deferred revenue on certain grant funds for income tax purposes.

Note K - Income Taxes (Continued)

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

	2018	2017
Deferred tax assets (liabilities):		
Allowance for doubtful accounts and loan losses	**$ 179,000**	$ 105,000
Net operating loss carryforward	**43,000**	-
Basis reduction in loans receivable related to CDFI grant	**(417,000)**	(197,000)
	$ (195,000)	$ (92,000)

Note L - Lease Commitments

The Corporation leases certain office space and equipment under various operating lease agreements. The leases are non-cancelable and expire on various dates through 2023.

At December 31, 2018, future minimum lease payments under these non-cancelable operating leases are as follows:

Year	Amount
2019	$ 34,483
2020	33,650
2021	16,367
2022	2,877
2023	894

Rent expense under operating leases was $69,530 and $80,749 for the years ended December 31, 2018 and 2017, respectively.

Note M - 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 $0 and $23,840 and total outstanding micro-enterprise loan and other loan balances were $325,187 and $279,470 at December 31, 2018 and 2017, respectively.

In 2018, the Corporation entered into a 3-year lease expiring on April 30, 2021 for office space in Granite City, Illinois that is owned by a member of management. The monthly rent payment is $2,000 and the rent expense incurred in 2018 was $16,000.

Note N - 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.

GRCC

In 2018, GRCC began providing financial and technical assistance, including loan origination and servicing, to outside organizations. GRCC's responsibilities include identifying potential loans that satisfy the eligibility criteria under a New Market Tax Credit ("NMTC") program. If, at any time, any loans are more than 90 days past due and the outstanding principal balance exceeds 8% of the current total outstanding principal balance of loans originated by GRCC, or the loan no longer qualifies under the eligibility criteria for the NMTC, GRCC will purchase the loan receivables at a purchase price equal to 100% of the outstanding principal balance plus accrued interest. As of December 31, 2018, 90 day past due balances do not exceed 8% of the total outstanding principal balance, therefore no contingent liabilities are required to be recorded.

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"). The contractual provisions associated with this project include ongoing compliance for 15 years for the federal funding and 20 years for the state funding.

Note N - Contingencies

TFH must follow provisions required by federal and state laws related to tenant eligibility, maximum rental rates allowed, and habitability standards. Projects not meeting the requirements each year are subject to having their TCEP funds "recaptured", that is, repaid to the federal government for material non-compliance. As of December 31, 2018, TFH is in compliance with the provisions.

Note O - Fair Value Measurements

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, Fair Value Measurements and Disclosures, provide 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 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Corporation has the ability to access.

Level 2 – 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 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's 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.

Note O - Fair Value Measurements (Continued)

The 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, 2018 and 2017.

Impaired long-lived assets: The estimated fair value is determined by independent market-based appraisals and other available market information. If the fair value of the property deteriorates subsequent to initial recognition, the Corporation recorded the properties as a nonrecurring Level 3 adjustment.

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 that were accounted for or disclosed at fair value on a nonrecurring basis as of December 31, 2018 and 2017:

December 31, 2018	**Level 1**	**Level 2**	**Level 3**	**Fair Value**
Asset				
Long-lived assets held for sale (investments in real estate)	**$ -**	**$ -**	**$ 117,235**	**$ 117,235**
Long-lived assets held for use (rental real estate)	**-**	**-**	**177,823**	**177,823**
Balance, ending	**$ -**	**$ -**	**$ 295,058**	**$ 295,058**
December 31, 2017				
Asset				
Long-lived assets held for sale (investments in real estate)	$ -	$ -	$ 192,474	$ 192,474
Long-lived assets held for use (rental real estate)	-	-	-	-
Balance, ending	$ -	$ -	$ 192,474	$ 192,474

Note O - Fair Value Measurements (Continued)

Long-lived assets held for use were written down to their fair value resulting in an impairment charge of $46,992 and $0, which was included in change in net assets for the years ending December 31, 2018 and 2017, respectively.

Long-lived assets held for sale were written down to their fair value resulting in an impairment charge of $0 and $184,592, which was included in change in net assets for the years ending December 31, 2018 and 2017, respectively.

Several properties which had previous recognized impairment losses sold in 2018 and 2017 for a combined loss of $39,154 and $102,213, respectively.

Note P - Other Note Receivable and Sale of Notes Receivable

Other note receivable represents a $2,200,000 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 H) 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.

Note Q - Investment in Good Life Growing

In December 2017, the Organization purchased a 10% interest in the company, Good Life Growing, LLC, for the purchase price of $85,000 including legal expenses related to the agreement execution. The Good Life Growing investment as of December 31, 2018 and 2017 was recorded at $82,192 and $88,068, respectively. The agreement states that the Organization has the right, at any time, to purchase an additional 10% membership interest at the price of $8,500 per 1% membership interest. This warrant will not terminate or expire unless and until it has been exercised in full.

To the extent Justine PETERSEN has not already exercised the option to purchase the additional 10% interest in full, the Organization agrees to purchase the balance within 30 days after Good Life Growing, LLC has certified in writing that it has added 20 additional W-2 employees from and after the agreement date.

Note R - Conditional Promises to Give

In 2018 and prior years, Justine PETERSEN received various conditional promises to give in support of specific programs totaling $2,948,702. Commitments are part of multi-year promises, with disbursements being made annually for up to 5 years; payments totaling $2,364,580 have been received, with $584,122 remaining as of December 31, 2018. Payments are contingent on the performance of the program and approval of expenditures. No amount has been reflected in these consolidated financial statements for the conditional promises to give until conditions are satisfied then amounts received are recorded as revenue in the consolidated statement of activities.

Note S - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	$ 1,441,096
Accounts and grants receivable	862,249
Interest and fees receivable	431,371
Other receivables	3,690
	2,738,406
Less: Donor restricted funds available for general expenditures, but subject to grant guidelines	554,797
	$ 2,183,609

Justine PETERSEN has several lines of credit with various banks totaling $7,111,000 of which only $3,163,185 has been drawn down as of December 31, 2018. If additional drawdowns are made, certain properties are included as collateral. The various lines are at a fixed rate or at a bank's prime plus some incremental percent. As part of our liquidity management plan, the Corporation pays down lines of credit as required.

Note T - Subsequent Events

Management has evaluated the impact on the consolidated financial statements of subsequent events through April 26, 2019, which is the date the consolidated financial statements were available to be issued.

Supplementary Information

JUSTINE PETERSEN HOUSING AND REINVESTMENT CORPORATION AND SUBSIDIARIES

Consolidating Statements of Financial Position

December 31, 2018 (with comparative totals for 2017)
(See Independent Auditor's Report)

	2018									2017
	JPHRC	GRCC	GR LLC	GRCT	JPEM	TFH	TFHD	Eliminations	Consolidated	(Comparative Totals Only)
ASSETS										
Current Assets										
Cash	$ 767,935	$ 588,022	$ -	$ 16,168	$ -	$ 68,971	$ -	$ -	$ 1,441,096	$ 832,044
Restricted funds	2,633,917	369,276	-	-	-	205,375	-	-	3,208,568	2,278,855
Accounts and grants receivable	605,548	242,785	-	-	-	13,916	-	-	862,249	570,386
Interest and fees receivable	96,511	334,860	-	-	-	-	-	-	431,371	567,489
Notes receivable, net - current position	2,226,424	2,789,076	-	-	-	-	-	-	5,015,500	6,074,630
Other receivable	3,690	-	-	-	-	-	-	-	3,690	198,416
Prepaid expenses and other	15,891	1,235	-	-	-	3,107	-	-	20,233	19,292
Prepaid income tax	-	104,990	-	-	-	-	-	-	104,990	23,774
Total Current Assets	6,349,916	4,430,244	-	16,168	-	291,369	-	-	11,087,697	10,564,886
Long-Term Assets										
Notes receivable, net	2,899,065	7,562,459	-	-	-	-	-	-	10,461,524	11,154,366
Other note receivable	2,200,000	-	-	-	-	-	-	-	2,200,000	2,200,000
Property and equipment, net	1,079,011	1	-	-	-	-	-	-	1,079,012	1,107,747
Rental real estate	1,055,627	265,312	-	-	-	3,415,932	-	-	4,736,871	5,188,652
Investment in real estate	5,353,632	533,969	-	-	-	-	-	-	5,887,601	4,665,956
Other assets	102,345	-	-	-	-	17,111	-	-	119,456	178,119
Due from subsidiaries	5,169,806	-	-	-	1,821,792	18,000	-	(7,009,598)	-	-
Investment in Good Life Growing	82,192	-	-	-	-	-	-	-	82,192	88,068
Investment in subsidiaries	4,556,995	-	-	-	-	-	260	(4,557,255)	-	-
Total Long-Term Assets	22,498,673	8,361,741	-	-	1,821,792	3,451,043	260	(11,566,853)	24,566,656	24,582,908
TOTAL ASSETS	$ 28,848,589	$ 12,791,985	$ -	$ 16,168	$ 1,821,792	$ 3,742,412	$ 260	$ (11,566,853)	$ 35,654,353	$ 35,147,794
LIABILITIES AND NET ASSETS										
Current Liabilities										
Current portion of long-term debt	$ 6,198,037	$ 477,722	$ -	$ -	$ -	$ 15,360	$ -	$ -	$ 6,691,119	$ 8,530,729
Accounts payable and accrued expenses	330,542	166,419	-	-	-	30,537	-	-	527,498	431,613
Interest payable	93,970	24,028	-	-	121,792	3,588	-	-	243,378	117,021
Client held funds	233,615	-	-	-	-	-	-	-	233,615	306,405
Tenant security deposits	11,020	-	-	-	-	11,080	-	-	22,100	21,045
Deferred revenue	101,562	-	-	-	-	-	-	-	101,562	46,096
Total Current Liabilities	6,968,746	668,169	-	-	121,792	60,565	-	-	7,819,272	9,452,909
Long-Term Liabilities										
Deferred income taxes	-	195,000	-	-	-	-	-	-	195,000	92,000
Long-term debt	12,871,239	3,325,967	-	-	-	923,857	-	-	17,121,063	15,970,836
Due to subsidiaries	321,791	6,541,664	-	-	-	146,143	-	(7,009,598)	-	-
Total Long-Term Liabilities	13,193,030	10,062,631	-	-	-	1,070,000	-	(7,009,598)	17,316,063	16,062,836
Total Liabilities	20,161,776	10,730,800	-	-	121,792	1,130,565	-	(7,009,598)	25,135,335	25,515,745
Net Assets										
Without Donor Restrictions										
Undesignated	8,132,016	-	-	16,168	-	-	260	115,777	8,264,221	8,153,173
Noncontrolling interest	-	-	-	-	-	-	-	1,700,000	1,700,000	1,000,000
With Donor Restrictions	554,797	-	-	-	-	-	-	-	554,797	478,876
Members' capital	-	-	-	-	1,700,000	-	-	(1,700,000)	-	-
Common stock	-	10,000	-	-	-	-	-	(10,000)	-	-
Paid-in capital and partner capital	-	671,560	-	-	-	-	-	(671,560)	-	-
Equity	-	1,379,625	-	-	-	2,611,847	-	(3,991,472)	-	-
Total Net Assets	8,686,813	2,061,185	-	16,168	1,700,000	2,611,847	260	(4,557,255)	10,519,018	9,632,049
TOTAL LIABILITIES AND NET ASSETS	$ 28,848,589	$ 12,791,985	$ -	$ 16,168	$ 1,821,792	$ 3,742,412	$ 260	$ (11,566,853)	$ 35,654,353	$ 35,147,794

JUSTINE PETERSEN HOUSING AND REINVESTMENT CORPORATION AND SUBSIDIARIES

Consolidating Statements of Activities

For the year ended December 31, 2018 (with comparative totals for 2017)
(See Independent Auditor's Report)

	2018									2017
	JPHRC	GRCC	GR LLC	GRCT	JPEM	TFH	TFHD	Eliminations	Consolidated	(Comparative Totals Only)
Public Support and Revenues										
Contributions and grants	$ 3,991,399	$ 1,060,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,051,399	$ 4,053,000
Donated services	140,884	-	-	-	-	-	-	-	140,884	144,083
Donated property	-	-	-	-	-	-	-	-	-	1,078,000
Program service fees										
Real estate brokerage income	16,257	-	-	-	-	-	-	-	16,257	15,317
Loan and administrative fees	983,281	693,790	-	-	-	-	-	(450,228)	1,226,843	819,964
Credit reporting fees	8,262	-	-	-	-	-	-	-	8,262	11,922
Developer's fees	12,775	-	-	-	-	-	-	-	12,775	100,825
Rental income	156,839	35,644	-	-	-	146,064	-	-	338,547	317,391
Miscellaneous	92,289	2,366	-	-	-	-	-	-	94,655	208,654
Interest	574,796	1,115,158	-	-	71,792	2,971	-	(88,456)	1,676,261	1,703,971
Loss on disposal of assets	-	(21,465)	-	-	-	-	-	-	(21,465)	-
Loss on investment in Good Life Growing	(5,877)	-	-	-	-	-	-	-	(5,877)	-
Equity earnings of subsidiaries	138,707	-	-	-	-	-	(14)	(138,693)	-	-
Total Public Support and Revenues	6,109,612	2,885,493	-	-	71,792	149,035	(14)	(677,377)	8,538,541	$ 8,453,127
Expenses										
Program Services:										
Housing	676,685	63,363	-	-	-	285,734	-	-	1,025,782	1,274,150
Economic development	4,525,657	2,358,737	-	20	71,793	-	-	(538,685)	6,417,522	5,783,027
Savings	451,503	53,082	-	-	-	-	-	-	504,585	441,466
Total Program Services	5,653,845	2,475,182	-	20	71,793	285,734	-	(538,685)	7,947,889	7,498,643
Supporting Activities:										
Management and general	190,217	17,961	-	-	-	3,250	-	-	211,428	162,595
Fundraising	78,405	6,974	-	-	-	-	-	-	85,379	68,298
Total Supporting Activities	268,622	24,935	-	-	-	3,250	-	-	296,807	230,893
Total Expense before Income Taxes	5,922,467	2,500,117	-	20	71,793	288,984	-	(538,685)	8,244,696	7,729,536
Income Tax Expense (Benefit)	-	106,876	-	-	-	-	-	-	106,876	(40,093)
Total Expenses	5,922,467	2,606,993	-	20	71,793	288,984	-	(538,685)	8,351,572	7,689,443
CHANGES IN NET ASSETS	187,145	278,500	-	(20)	(1)	(139,949)	(14)	(138,692)	186,969	763,684
Net assets at beginning of year	8,631,775	1,782,685	(132,107)	16,188	1,000,001	2,751,796	274	(4,418,563)	9,632,049	8,868,365
Transfers of capital	(132,107)	-	132,107	-	-	-	-	-	-	-
Contributed capital	-	-		-	700,000	-	-	-	700,000	-
Net assets at end of year	$ 8,686,813	$ 2,061,185	$ -	$ 16,168	$ 1,700,000	$ 2,611,847	$ 260	$ (4,557,255)	$ 10,519,018	$ 9,632,049

JUSTINE PETERSEN HOUSING AND REINVESTMENT CORPORATION AND SUBSIDIARIES

Consolidating Schedules of Expenses

For the year ended December 31, 2018 (with comparative totals for 2017)
(See Independent Auditor's Report)

	2018									2017
	JPHRC	**GRCC**	**GRCC LLC**	**GRCT**	**JPEM**	**TFH**	**TFHD**	**Eliminations**	**Consolidated**	(Comparative Totals Only)
Salaries and wages	**$ 1,870,055**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,870,055**	$ 1,674,929
Payroll taxes	**140,460**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**140,460**	131,184
Employee benefits	**194,745**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**194,745**	150,269
Advertising	**21,034**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**21,034**	48,814
Client assistance	**95,234**	**24,075**	**-**	**-**	**-**	**-**	**-**	**-**	**119,309**	77,830
Conferences and seminars	**76,087**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**76,087**	47,326
Credit report charges	**31,597**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**31,597**	33,500
Delivery and postage	**24,082**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**24,082**	29,817
Depreciation and amortization	**130,688**	**36,918**	**-**	**-**	**-**	**-**	**-**	**-**	**167,606**	142,892
Depreciation - rental real estate	**52,826**	**11,262**	**-**	**-**	**-**	**172,466**	**-**	**-**	**236,554**	201,404
Donated services	**140,884**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**140,884**	144,083
Dues and subscriptions	**17,329**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**17,329**	10,592
Equipment rental and maintenance	**33,552**	**9,667**	**-**	**-**	**-**	**-**	**-**	**-**	**43,219**	34,639
Impairment and subsidized programmatic real estate loss	**228,339**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**228,339**	585,496
Insurance	**33,949**	**3,408**	**-**	**-**	**-**	**4,654**	**-**	**-**	**42,011**	33,310
Interest	**774,260**	**271,749**	**-**	**-**	**71,793**	**7,371**	**-**	**(88,457)**	**1,036,716**	842,801
Miscellaneous	**11,811**	**2,109**	**-**	**-**	**-**	**-**	**-**	**-**	**13,920**	4,597
Occupancy	**78,875**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**78,875**	103,125
Office supplies	**103,158**	**20,233**	**-**	**20**	**-**	**401**	**-**	**-**	**123,812**	100,631
Professional fees	**776,147**	**614,460**	**-**	**-**	**-**	**67,246**	**-**	**(450,228)**	**1,007,625**	760,487
Provisions for bad debts and loan losses	**860,997**	**1,474,498**	**-**	**-**	**-**	**-**	**-**	**-**	**2,335,495**	2,237,659
Recording fees	**-**	**566**	**-**	**-**	**-**	**-**	**-**	**-**	**566**	719
Rental real estate maintenance	**110,324**	**17,745**	**-**	**-**	**-**	**28,584**	**-**	**-**	**156,653**	176,488
Repairs and maintenance	**7,065**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7,065**	15,321
Taxes and licenses	**1,893**	**13,427**	**-**	**-**	**-**	**8,262**	**-**	**-**	**23,582**	48,279
Telephone	**33,981**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**33,981**	28,457
Travel and training	**73,095**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**73,095**	64,887
Total Expenses before Income Taxes	**5,922,467**	**2,500,117**	**-**	**20**	**71,793**	**288,984**	**-**	**(538,685)**	**8,244,696**	7,729,536
Income tax expense (benefit)	**-**	**106,876**	**-**	**-**	**-**	**-**	**-**	**-**	**106,876**	(40,093)
Total 2018 Expenses	**$ 5,922,467**	**$ 2,606,993**	**$ -**	**$ 20**	**$ 71,793**	**$ 288,984**	**$ -**	**$ (538,685)**	**$ 8,351,572**	
Total 2017 Expense	$ 5,929,775	$ 1,694,983	$ -	$ 22	$ 50,000	$ 285,994	$ -	$ (271,331)		$ 7,689,443