JUSTINE PETERSEN HOUSING AND REINVESTMENT CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements
with
Independent Auditor's Report

DECEMBER 31, 2019

(WITH COMPARATIVE TOTALS FOR 2018)

BROWN SMITH WALLACE

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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, 2019, 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, 2019, 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 2018 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated April 26, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited consolidated 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 45-47 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 30, 2020, 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.

Emphasis of Matter

As discussed in Note T to the consolidated financial statements, in January 2020, the World Health Organization has declared COVID 19 to constitute a "Public Health Emergency of International Concern." Given the economic uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

Brown Smith Wallace, LLP

St. Louis, Missouri
April 30, 2020

JUSTINE PETERSEN HOUSING AND REINVESTMENT CORPORATION AND SUBSIDIARIES

Consolidated Statements of Financial Position
December 31, 2019 and 2018
(See Independent Auditor's Report)

	2019	2018
ASSETS		
Current Assets		
Cash	**$ 1,441,348**	$ 1,441,096
Restricted funds	**3,077,399**	3,208,568
Accounts and grants receivable	**1,340,615**	862,249
Interest and fees receivable	**461,198**	431,371
Loans receivable, net - current portion	**3,945,259**	5,015,500
Other receivable	**3,582**	3,690
Prepaid expenses and other	**28,305**	20,233
Income taxes prepaid and receivable	**104,990**	104,990
Total Current Assets	**10,402,696**	11,087,697
Loans receivable, net - long-term portion	**13,188,228**	10,461,524
Other note receivable	**2,200,000**	2,200,000
Property and equipment, net	**1,082,473**	1,079,012
Rental real estate	**7,098,552**	6,435,485
Investment in real estate	**4,561,178**	4,188,987
Other assets	**104,090**	119,456
Investments in private entities, at cost	**267,262**	82,192
TOTAL ASSETS	**$ 38,904,479**	$ 35,654,353

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, 2019 and 2018
(See Independent Auditor's Report)

	2019	2018
LIABILITIES AND NET ASSETS		
Current Liabilities		
Current portion of long-term debt	**$ 8,535,241**	$ 6,691,119
Accounts payable and accrued expenses	**674,682**	527,498
Interest payable	**390,427**	243,378
Client held funds	**344,843**	233,615
Tenant security deposits	**23,650**	22,100
Deferred revenue	**545,551**	101,562
Total Current Liabilities	**10,514,394**	7,819,272
Long-Term Liabilities		
Deferred income taxes	**305,000**	195,000
Long-term debt, non-current portion	**18,239,637**	17,121,063
Total Long-Term Liabilities	**18,544,637**	17,316,063
Total Liabilities	**29,059,031**	25,135,335
Net Assets		
Without Donor Restrictions		
Undesignated	**8,062,696**	8,264,221
Non-controlling interest	**1,700,000**	1,700,000
With Donor Restrictions	**82,752**	554,797
Total Net Assets	**9,845,448**	10,519,018
TOTAL LIABILITIES AND NET ASSETS	**$ 38,904,479**	$ 35,654,353

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 Year Ended December 31, 2019 (with comparative totals for 2018)
(See Independent Auditor's Report)

	2019			2018
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	(Comparative Totals Only)
Public Support and Revenues				
Contributions and grants	$ 3,600,581	$ 253,732	$ 3,854,313	$ 5,051,399
Donated services	214,635	-	214,635	140,884
Program service fees				
Real estate brokerage income	25,671	-	25,671	16,257
Loan and administrative fees	1,204,659	-	1,204,659	1,226,843
Credit reporting fees	12,365	-	12,365	8,262
Developer's fees	31,675	-	31,675	12,775
Rental income	354,887	-	354,887	338,547
Miscellaneous	116,135	-	116,135	94,655
Interest	1,543,979	-	1,543,979	1,676,261
Loss on disposal of assets	(110,010)	-	(110,010)	(21,465)
Loss on investment in Good Life Growing	-	-	-	(5,877)
	6,994,577	253,732	7,248,309	8,538,541
Net assets released from restrictions	725,777	(725,777)	-	-
Total public support and revenues	7,720,354	(472,045)	7,248,309	8,538,541
Expenses				
Program services:				
Housing	1,120,169	-	1,120,169	1,025,782
Economic development	5,957,553	-	5,957,553	6,417,522
Savings	457,764	-	457,764	504,585
Total Program Services	7,535,486	-	7,535,486	7,947,889
Supporting Activities:				
Management and general	203,370	-	203,370	211,428
Fundraising	71,782	-	71,782	85,379
Total Supporting Activities	275,152	-	275,152	296,807
Total expenses before income taxes	7,810,638	-	7,810,638	8,244,696
CHANGES IN NET ASSETS BEFORE INCOME TAXES	(90,284)	(472,045)	(562,329)	293,845
Income tax expense	111,241	-	111,241	106,876
CHANGES IN NET ASSETS	(201,525)	(472,045)	(673,570)	186,969
Net assets at beginning of year	9,964,221	554,797	10,519,018	9,632,049
Contributed capital	-	-	-	700,000
Net assets at end of year	$ 9,762,696	$ 82,752	$ 9,845,448	$ 10,519,018

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 Year Ended December 31, 2019 (with comparative totals for 2018)
(See Independent Auditor's Report)

	2019							2018
	Program Services				Supporting Services			
	Housing	Economic Development	Savings	Total Program Expenses	Management and General	Fundraising	Total	(Comparative Totals Only)
Salaries and wages	$ 224,859	$ 1,400,403	$ 212,123	$ 1,837,385	$ 80,779	$ 35,119	$ 1,953,283	$ 1,870,055
Payroll taxes	17,217	107,226	16,242	140,685	6,185	2,689	149,559	140,460
Employee benefits	24,257	151,069	22,883	198,209	8,714	3,788	210,711	194,745
Advertising	3,310	20,616	3,123	27,049	1,189	517	28,755	21,034
Client assistance	-	118,017	-	118,017	-	-	118,017	119,309
Conferences and seminars	4,514	28,112	4,258	36,884	1,622	705	39,211	76,087
Credit report charges	3,456	21,524	3,260	28,240	1,242	540	30,022	31,597
Delivery and postage	2,655	16,533	2,504	21,692	953	415	23,060	24,082
Depreciation and amortization	11,815	73,580	11,145	96,540	4,244	1,845	102,629	167,606
Depreciation - rental real estate	237,173	-	-	237,173	-	-	237,173	236,554
Donated services	24,708	153,882	23,309	201,899	8,877	3,859	214,635	140,884
Dues and subscriptions	2,496	15,547	2,355	20,398	897	390	21,685	17,329
Equipment rental and maintenance	5,181	32,269	4,888	42,338	1,862	809	45,009	43,219
Impairment and programmatic subsidized real estate loss	202,934	-	-	202,934	-	-	202,934	228,339
Insurance	7,216	31,708	4,803	43,727	1,828	795	46,350	42,011
Interest	26,257	1,021,488	27,391	1,075,136	1,251	544	1,076,931	1,036,716
Miscellaneous	1,454	8,914	1,404	11,772	7,372	232	19,376	14,486
Occupancy	8,042	50,087	7,551	65,680	2,890	1,256	69,826	78,875
Office supplies	20,363	125,165	18,959	164,487	7,239	3,139	174,865	123,812
Professional fees	82,108	511,363	77,458	670,929	60,897	12,824	744,650	1,007,625
Provisions for bad debts and loan losses	5,447	1,977,698	120	1,983,265	-	-	1,983,265	2,335,495
Rental real estate maintenance	171,943	-	-	171,943	-	-	171,943	156,653
Repairs and maintenance	1,591	9,911	1,501	13,003	572	249	13,824	7,065
Taxes and licenses	19,732	11,181	1,694	32,607	645	280	33,532	23,582
Telephone	3,496	21,776	3,298	28,570	1,257	546	30,373	33,981
Travel and training	7,945	49,484	7,495	64,924	2,855	1,241	69,020	73,095
Total Expenses before Income Taxes	1,120,169	5,957,553	457,764	7,535,486	203,370	71,782	7,810,638	8,244,696
Income tax expense	-	111,241	-	111,241	-	-	111,241	106,876
Total 2019 Functional Expenses	$ 1,120,169	$ 6,068,794	$ 457,764	$ 7,646,727	$ 203,370	$ 71,782	$ 7,921,879	
Total 2018 Functional Expenses	$ 1,025,782	$ 6,524,398	$ 504,585	$ 8,054,765	$ 211,428	$ 85,379		$ 8,351,572

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 Years Ended December 31, 2019 and 2018
(See Independent Auditor's Report)

	2019	2018
Cash flows from operating activities:		
Changes in net assets	$ **(673,570)**	$ 186,969
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**339,802**	404,160
Amortization of deferred financing fees	**31,998**	31,998
Deferred income taxes	**110,000**	103,000
Non-cash donations of property	**(2,000)**	-
Impairment and subsidized programmatic real estate loss	**202,934**	228,339
Loss on investments	**-**	5,877
Loss on disposal of assets	**110,010**	21,465
Provisions for bad debts and loan losses	**1,983,265**	2,335,495
Change in assets and liabilities:		
Restricted funds	**131,169**	(929,713)
Accounts and grants receivable	**(478,366)**	(291,863)
Interest & fees receivable	**(29,827)**	136,118
Other receivables	**108**	(3,690)
Prepaid expenses and other assets	**(8,072)**	(941)
Accounts payable and accrued expenses	**147,184**	95,885
Interest payable	**147,049**	126,357
Income taxes prepaid and receivable	**-**	(81,216)
Client held funds	**111,228**	(72,790)
Tenant security deposits	**1,550**	1,055
Deferred revenue	**443,989**	55,466
Net cash provided by operating activities	**2,568,451**	2,351,971
Cash flows from investing activities:		
Lending of loans receivable	**(12,097,529)**	(12,957,974)
Collections on loans receivable	**8,457,801**	12,572,867
Website and portal development	**(35,200)**	(52,306)
Purchase of property and equipment	**(56,168)**	(27,897)
Purchase of rental real estate	**(1,021,935)**	(972,196)
Purchase of investment real estate	**(1,083,231)**	(726,910)
Proceeds from sale of assets - rental real estate	**118,750**	256,589
Proceeds from sale of assets - investment in real estate	**403,685**	186,290
Other investments	**(185,070)**	-
Net cash used in investing activities	**(5,498,897)**	(1,721,537)

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 Years Ended December 31, 2019 and 2018
(See Independent Auditor's Report)

		2019		2018
Cash flows from financing activities:				
Capital contributed - noncontrolling interest		**-**		700,000
Proceeds from long-term debt		**8,610,468**		5,016,506
Payments on long-term debt		**(5,679,770)**		(5,737,888)
Net cash provided by (used in) financing activities		**2,930,698**		(21,382)
Net increase in cash		**252**		609,052
Cash - beginning of year		**1,441,096**		832,044
Cash - end of year	**$**	**1,441,348**	$	1,441,096
Supplemental disclosure of cash flow information:				
Cash paid for:				
Income taxes	**$**	**20,020**	$	81,297
Interest	**$**	**1,020,759**	$	982,151

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.

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	99.9% 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.

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.

Note A - Summary of Significant Accounting Policies (Continued)

Organization (Continued)

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 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, 2019 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 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 2018 amounts have been reclassified to conform to the 2019 presentation.

Comparative Totals

The consolidated financial statements include certain summarized comparative information in total for the year ended December 31, 2018, 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, 2018 from which the summarized information was derived.

Note A - Summary of Significant Accounting Policies (Continued)

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 considered perpetual in nature as of December 31, 2019.

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. 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, 2019 and 2018, account 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. The Corporation is required to keep separate bank accounts for certain funding agencies.

Note A - Summary of Significant Accounting Policies (Continued)

Accounts and Grants Receivable

Accounts receivable is stated at the amount management expects to collect from outstanding balances. 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, 2019 and 2018.

Loans Receivable and Allowance for Credit Losses

Loans 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 loans, or portion of a loan, when the loan 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. Loans 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 fees and related loan origination costs for a specific loan are offset and only the net amount is deferred and amortized over the lives of the related loans utilizing the interest method. The loan origination costs exceeded the loan origination fees, for the years ended December 31, 2019 and 2018, resulting in no amounts being deferred and amortized.

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

Investments in Private Entities

The Corporation invests money in certain private entities to provide job and business expansion in the community. Because these common stock investments in private companies have no readily determinable value, they are recorded at cost and reviewed periodically for impairment.

Note A - Summary of Significant Accounting Policies (Continued)

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

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 Liabilities

Justine PETERSEN received funds to administer a mortgage program and to purchase and renovate properties. In regard to the mortgage program, the funds received from other partners are to cover the cost of facilitating the program and the revenue will be recognized as the services are performed. In addition, the Corporation was provided funding to purchase and renovate housing to provide decent, safe and affordable housing for low and very low-income households. The Corporation pays the expenses for the renovations and is reimbursed through draws from a granting agency. The funds received from the granting agency are recognized as a deferred liability as there are stipulations for the Corporation to rehabilitate and sell the properties and if these stipulations are not met then the granting agency can hold the Corporation liable to return these funds. Once the stipulations are met and the property is sold, the deferred liability is moved to the consolidated statement of activities as revenue.

Note A - Summary of Significant Accounting Policies (Continued)

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 statements of activities. As of December 31, 2019 and 2018, respectively, the net carrying amount of deferred financing costs was $82,829 and $114,827. Interest expense pursuant to deferred financing fees was $31,998 for the years ended December 31, 2019 and 2018.

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 revenue 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 and the satisfaction of the contractual performance obligation is met. Loan and administrative fees on the consolidated statements of activities include loan origination fees and 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.

Note A - Summary of Significant Accounting Policies (Continued)

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:

	2019	2018
Accounting services	**$ 25,619**	$ 19,452
Legal	**124,102**	40,500
Education and counseling	**61,914**	74,932
Rent	**3,000**	6,000
	$ 214,635	$ 140,884

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.

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 their financial future, build a strong credit profile and save on interest rates and financing fees.

Note A - Summary of Significant Accounting Policies (Continued)

Description of Program Services and Supporting Activities (Continued)

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 – 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, management and general, and fundraising.

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. GRCC II 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, 2019 and 2018. The Corporation's tax returns are subject to examination by the respective taxing authorities, generally for three years after they were filed.

Note A - Summary of Significant Accounting Policies (Continued)

Change in Accounting Principles

On January 1, 2019, the Corporation adopted ASU 2014-09 Revenue from Contracts with Customers and all subsequent amendments to the ASU (collectively, "Accounting Standards Codification (ASC) 606"), which (i) creates a single framework for recognizing revenue from contracts with members that fall within its scope and (ii) revises when it is appropriate to recognize a gain (loss) from the transfer of nonfinancial assets, such as real estate. The Corporation's services that fall within the scope of ASC 606 are presented within the various categories program service fees on the consolidated statements of activities and are recognized as revenue as the Corporation satisfies its obligation. Services within the scope of ASC 606 include loan servicing fees, real estate brokerage and developer's fees, training and client service fees, and the sale of real estate. Refer to Note U for further discussion on the Corporation's accounting policies for revenue sources within the scope of ASC 606.

The Corporation adopted ASC 606 using the modified retrospective method applied to all contracts not completed as of January 1, 2019. Results for reporting periods beginning after January 1, 2019 are presented under ASC 606 while prior period amounts continue to be reported in accordance with legacy generally accepted accounting principles (GAAP). The adoption of ASC 606 did not result in a change to the accounting for any of the in-scope revenue streams; as such, no cumulative effect adjustment was recorded.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The ASU clarifies and improves guidance for contributions received and contributions made and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. The change in accounting principle was adopted under the modified prospective. No restatement of prior amounts recognized in the current year consolidated financial statements.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Note B - Restricted Funds

Restricted funds consist of the following:

	2019	2018
Note receivable cash reserves:		
Micro lending reserves	**$ 926,279**	$ 1,368,756
Community Advantage (CA) pilot program	**98,303**	57,353
Required loan loss reserves	**1,428,860**	1,308,777
	2,453,442	2,734,886
Client repair funds	**346,969**	232,315
Escrow deposits	**205,986**	193,700
Tenant security deposits	**13,515**	11,675
Other reserves	**57,487**	35,992
	$ 3,077,399	$ 3,208,568

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, 2019 and 2018, the Corporation is in compliance with these requirements.

Note C - Loans Receivable and Allowance for Loan Losses

The Corporation has loans receivable agreements with low- to moderate-income individuals and small businesses. The maturity dates on the loans range from one to ten-year terms and interest is charged at various rates, ranging from 0% to 23%. The loans are normally secured by the assets of the owner or borrower. Interest income on loans receivable was $1,543,979 and $1,676,261 for the years ended December 31, 2019 and 2018, respectively.

Loans receivable consist of the following at December 31:

	2019	2018
Business loans:		
Small business administration	**$ 3,833,465**	$ 3,379,815
CDFI	**3,789,609**	1,597,412
Micro-enterprise	**10,881,064**	11,363,578
Subtotal	**18,504,138**	16,340,805
Mortgage loans	**384,717**	352,319
Other loans	**694,218**	633,486
Total	**19,583,073**	17,326,610
Less: Allowance for loan losses	**2,449,586**	1,849,586
	$ 17,133,487	$ 15,477,024

Note C - Loans Receivable and Allowance for Loan Losses (Continued)

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

	2019	2018
Loans receivable, net – current portion	**$ 3,945,259**	$ 5,015,500
Loans receivable, net – long-term portion	**13,188,228**	10,461,524
	$ 17,133,487	$ 15,477,024

Changes in the allowance for loan losses are as follows:

	Year Ended December 31, 2019				2018
	Business	**Mortgage**	**Other**	**Total**	Totals
Balance, beginning	**$ 1,758,666**	**$ 392**	**$ 90,528**	**$ 1,849,586**	$ 1,381,586
Provision for loan losses	**973,738**	**10,740**	**232,210**	**1,216,688**	1,867,494
Increase to allowance	**600,000**	**-**	**-**	**600,000**	468,000
Recoveries	**101,467**	**105**	**20,853**	**122,425**	93,954
Loans charged off	**(1,115,061)**	**(10,845)**	**(213,207)**	**(1,339,113)**	(1,961,448)
Balance, ending	**$ 2,318,810**	**$ 392**	**$ 130,384**	**$ 2,449,586**	
Totals 2018	$ 1,758,666	$ 392	$ 90,528		$ 1,849,586

In addition to the allowance for loan losses, the Corporation maintains required cash reserves of $2,453,442 and $2,734,886 as of December 31, 2019 and 2018, 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, 2019 and 2018.

	December 31, 2019					
	Current	**30-89 Days Past Due**	**90 Days Past Due and still Accruing**	**Non-Accrual**	**Total**	2018 Totals
Business loans	**$14,218,805**	**$ 1,083,918**	**$ 436,213**	**$2,765,202**	**$18,504,138**	$16,340,805
Mortgage loans	**309,739**	**21,503**	**53,475**	**-**	**384,717**	352,319
Other loans	**546,653**	**39,102**	**108,463**	**-**	**694,218**	633,486
Totals 2019	**$15,075,197**	**$ 1,144,523**	**$ 598,151**	**$ 2,765,202**	**$19,583,073**	
Totals 2018	$13,619,759	$ 1,125,942	$ 578,664	$ 2,002,245		$17,326,610

Note C - Loans Receivable and Allowance for Loan Losses (Continued)

A loan is considered impaired when, based on currently available information, it is probable that the Corporation will not collect all 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, including consideration of collateral value, 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, 2019 and 2018, segregated between loans for which an allowance for credit losses has been provided and loans for which no allowance has been provided:

	December 31, 2019			
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Interest Income Recognized
Business loans	**$ 2,662,405**	**$ 2,662,405**	**$ 1,697,735**	**$ -**
Mortgage loans	**-**	**-**	**-**	**-**
Other loans	**102,797**	**102,797**	**102,797**	**-**
Totals 2019	**$ 2,765,202**	**$ 2,765,202**	**$ 1,800,532**	**$ -**
Totals 2018	$ 2,002,245	$ 2,002,245	$ 1,667,305	$ -

Impaired loans, as reflected above, 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 $419,570 and $361,648 at December 31, 2019 and 2018, 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 are determined by the loan's classification at origination.

Note C - Loans Receivable and Allowance for Loan Losses (Continued)

The following tables include the recorded investment and number of modifications for modified loans during the years ended December 31, 2019 and 2018. The Corporation reports the recorded investment in the loans prior to a modification and the recorded investment in the loans after the loans were modified. There were no troubled debt restructurings within the last year where a concession was been made, that then defaulted in the current reporting period.

	December 31, 2019		
	Number of Modifications	Recorded Investment Prior to Modification	Recorded Investment After Modification
Business loans	**17**	**$ 405,728**	**$ 405,728**
Mortgage loans	**1**	**13,842**	**13,842**
Other loans	**-**	**-**	**-**
Totals 2019	**18**	**$ 419,570**	**$ 419,570**
Totals 2018	14	$ 361,648	$ 361,648

The following table shows the balance in the allowance for loans losses at December 31, 2019, 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.

December 31, 2019	**Business**	**Mortgage**	**Other**	**Total**
Allowance for loan losses-				
Ending balance:				
Individually evaluated for impairment	**$ 1,697,735**	**$ -**	**$ 102,797**	**$ 1,800,532**
Collectively evaluated for impairment	**621,075**	**392**	**27,587**	**649,054**
	$ 2,318,810	**$ 392**	**$ 130,384**	**$ 2,449,586**
Loans outstanding-				
Ending balance:				
Individually evaluated for impairment	**$ 2,765,202**	**$ -**	**$ -**	**$ 2,765,202**
Collectively evaluated for impairment	**13,420,126**	**384,325**	**563,834**	**14,368,285**
	$16,185,328	**$ 384,325**	**$ 563,834**	**$17,133,487**

Note C - Loans Receivable and Allowance for Loan Losses (Continued)

December 31, 2018	Business	Mortgage	Other	Total
Allowance for loan losses-				
Ending balance:				
Individually evaluated for impairment	$ 1,653,443	$ -	$ 13,862	$ 1,667,305
Collectively evaluated for impairment	105,225	392	76,664	182,281
	$ 1,758,668	$ 392	$ 90,526	$ 1,849,586
Loans outstanding-				
Ending balance:				
Individually evaluated for impairment	$ 2,002,245	$ -	$ -	$ 2,002,245
Collectively evaluated for impairment	12,580,642	351,927	542,210	13,474,779
	$14,582,887	$ 351,927	$ 542,210	$15,477,024

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, 2019 and 2018.

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 the borrower's capacity to meet 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" and "restructured loans" categories noted below.

	December 31, 2019				
	Business	**Mortgage**	**Other**	**Total**	2018 Totals
Average or lower risk	**$12,774,938**	**$ 150,883**	**$ 676,811**	**$13,602,632**	$13,451,819
High risk or impaired loans	**2,765,202**	**-**	**-**	**2,765,202**	667,305
Restructured loans	**2,963,998**	**233,834**	**17,407**	**3,215,239**	3,207,486
Totals 2019	**$18,504,138**	**$ 384,717**	**$ 694,218**	**$19,583,073**	
Totals 2018	$16,340,805	$ 352,319	$ 633,486		$17,326,610

Note D - Property and Equipment

Property and equipment consist of the following at December 31:

	2019	2018
Land	**$ 65,000**	$ 65,000
Buildings	**1,275,126**	1,322,816
Equipment	**81,632**	79,132
Furniture and fixtures	**408,000**	375,541
Vehicles	**24,311**	31,311
	1,854,069	1,873,800
Less: Accumulated depreciation	**(771,596)**	(794,788)
Property and equipment, net book value	**$ 1,082,473**	$ 1,079,012

Depreciation expense was $23,192 and $56,637 during 2019 and 2018, 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 based on appraisals or other market information resources. 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:

	2019	2018
Land	**$ 124,786**	$ 124,786
Buildings	**9,091,495**	8,206,286
	9,216,281	8,331,072
Less: Accumulated impairment losses	**(230,386)**	(230,386)
Less: Accumulated depreciation	**(1,887,343)**	(1,665,201)
Rental real estate, net book value	**$ 7,098,552**	$ 6,435,485

Depreciation expense was $222,142 and $236,554 during 2019 and 2018, 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. The Corporation does not intend to hold these properties and have intent to sell. The properties are recorded at cost and/or donated value plus improvements, which management believes approximates market value after improvements.

	2019	2018
Investment in real estate	**$4,621,144**	$4,324,873
Less: accumulated impairment losses	**(59,966)**	(135,886)
Investment in real estate, net book value	**$4,561,178**	$4,188,987

Foreclosed assets and properties acquired through customer loan default, included in the above investment in real estate, total $364,542 and $158,511 as of December 31, 2019 and 2018, respectively. 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

	2019	2018
Website and portal development	**$ 115,660**	$ 80,460
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**	36,706
	356,815	321,615
Less accumulated amortization	**252,725**	202,159
	$ 104,090	$ 119,456

Future amortization of other assets over the next five years and thereafter:

2020	$ 56,806
2021	11,399
2022	4,855
2023	643
2024	643
Thereafter	5,144

Amortization expense totaled $50,566 and $110,969 for the years ended December 31, 2019 and 2018, respectively.

Note H - Debt

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

	2019	2018
Justine PETERSEN		
Line of credit of $1,250,000 with a bank, due August 2020, payable in monthly interest only payments which are calculated at prime rate, secured by loans receivable.	**$ 1,214,357**	$ 955,141
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.	**676,250**	700,919
Unsecured line of credit of $1,500,000 with a bank, due August 2020, interest payments due monthly at prime rate, principal plus all accrued unpaid interest on due date.	**1,307,030**	328,465
Unsecured line of credit of $50,000 with a bank, due August 2020, 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.	**483,772**	500,000
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.	**51,526**	115,820
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.	**19,924**	45,318

Note H - Debt (Continued)

Justine PETERSEN (Continued)	**2019**	2018
Unsecured line of credit of $54,020 with a bank, due October 2020, monthly interest at 5.25%, payments of interest and principal of $2,378.	**20,982**	51,642
Line of credit of $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
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. The line of credit is still available as of December 31, 2019.	**-**	-
Unsecured note payable to a foundation, due January 2023 payable in quarterly interest only payments which are calculated at 3%.	**400,000**	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.	**617,984**	659,287
Promissory note of $500,000 with a community development company, due March 2022, interest payments due regularly at 3.75% and remaining unpaid accrued interest and principal on due date, secured by loans receivable.	**388,996**	412,586
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 loans receivable.	**-**	311,623
Two unsecured promissory notes of $20,000 each with an individual, principal and interest due April 2023, interest at 0%.	**40,000**	40,000
Unsecured promissory note of $25,000 with an individual, principal and interest due April 2020, interest at 3%.	**26,388**	25,500
Two unsecured promissory notes of $20,000 each with an individual, principal and interest due October 2021 with interest at 3%.	**46,296**	44,828

Note H - Debt (Continued)

	2019	2018
Justine PETERSEN (Continued)		
Unsecured promissory note of $15,000 with an individual, principal and interest due November 2020, interest at 3%.	**16,653**	16,049
Unsecured promissory note of $10,000 with an individual, principal and interest due November 2021, interest at 0%.	**10,000**	10,000
SBA notes payable, secured by loans receivable, at the following rates and payments, as adjusted, according to the terms of the loan **(a)**		
Interest at 0.875%, due December 2018, payable in monthly payments of $5,019 including interest.	**-**	7,438
Interest at 0%, due February 2021, payable in monthly payments of $2,510 including interest.	**35,060**	65,180
Interest at 0.625% until July 2014 then became 0%, due July 2022, payable in monthly payments of $6,945 including interest.	**134,458**	217,787
Interest at 1%, due June 2022, payable in monthly payments of $4,630 including interest.	**138,884**	194,438
Interest at 0%, due May 2023, payable in monthly payments of $11,574.	**474,537**	613,426
Interest at 0%, due December 2022, payable in monthly payments of $3,496.	**127,288**	169,227
Interest at 0%, due July 2025, payable in monthly payments of $11,574.	**782,710**	922,897
Interest at 0%, due November 2026, payable in monthly payments of $11,574.	**960,648**	1,099,537

Note H - Debt (Continued)

	2019	2018
Justine PETERSEN (Continued)		
Interest at 2.63%, due April 2028, payable in monthly payments of $7,664.	**739,644**	800,000
Interest at 1.88%, due July 2029, payable in monthly payments of $19,334.	**533,000**	-

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

Note payable with interest at 4.75%, due December 2022, payable in monthly payments of $272 beginning November 2019, secured by real and personal property.	**29,618**	30,835
Note payable with interest at 4.75%, due December 2022, payable in monthly payments of $297 beginning December 2019 secured by real and personal property.	**32,311**	33,640
Line of credit of $65,000 with bank with interest at 5.25%, due September 2020, payable in quarterly interest payments only beginning December 2019 secured by real property.	**65,000**	862
Note payable with interest at 5.50%, due June 2022, payable in monthly payments of $377 beginning July 2019, secured by real and personal property.	**38,064**	40,590
Unsecured promissory note with interest at 5%, due September 2022, monthly interest only payments beginning September 2019.	**1,000,000**	-
Unsecured promissory note with interest at 5%, due November 2019, monthly interest only payments beginning November 2016.	**-**	375,000

Note H - Debt (Continued)

Justine PETERSEN (Continued)	**2019**	2018
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.	**55,423**	119,611
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.	**41,863**	43,598
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.	**50,807**	52,797
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.	**19,106**	20,288
Note payable with interest at 4.25%, due October 2022, payable in monthly payments of $925 beginning November 2019, secured by real and personal property.	**125,159**	129,988
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
Line of credit of $250,000 with interest at 3%, due February 2021, monthly interest only payments beginning February 2016, secured by real and personal property. Balance was paid off as of December 31, 2019.	**-**	62,273
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

Note H - Debt (Continued)

Justine PETERSEN (Continued)	**2019**	2018
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
Promissory note of $400,000 with a not-for-profit corporation, payments of principal and interest of $1,782, interest at 5.25%, secured by 1st mortgage lien on certain properties, with balloon payment of $167,921 due February 2024.	**213,456**	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 $1,000,000 with a bank, due June 2021, quarterly interest at 3% 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.	**199,031**	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%.	**12,254**	64,738
Unsecured promissory note of $500,000 with a bank, due August 2021, quarterly interest payments due at 2% and remaining unpaid accrued interest and principal on due date.	**500,000**	500,000
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.	**5,887**	9,606

Note H - Debt (Continued)

	2019	2018
Justine PETERSEN (Continued)		
Promissory note of $600,000 with a bank, due June 2020, payable in monthly interest only payments at prime plus 1.25%, secured by loans receivable.	**549,000**	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.	**36,004**	37,485
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 payment at maturity; interest calculated at 6%, secured by real property.	**208,000**	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%.	**416,468**	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%.	**205,652**	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%.	**47,952**	50,000
Eleven unsecured promissory notes totaling $248,000 with varying principal balances, due October 2023, interest payable quarterly at 5%.	**251,100**	248,000
Line of credit with interest at 5%, due April 2020, quarterly interest only payments beginning July 2019 and principal payment due at maturity, secured by real and personal property.	**30,000**	30,225
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%.	**289,496**	385,859

Note H - Debt (Continued)

Justine PETERSEN (Continued)	**2019**	2018
Unsecured promissory note of $150,000 with a bank, Due November 2020, monthly interest and principal payments of $4,483, interest at 4.25%.	**47,428**	98,573
Unsecured promissory note of $500,000 with a bank, due December 2020, monthly interest and principal payments of $15,042, interest at 5.25%.	**174,434**	340,726
Unsecured promissory note of $400,000 with a community development company, due June 2027, quarterly interest payments due at 3% and remaining unpaid accrued interest and principal on due date.	**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.	**810,000**	763,433
Unsecured promissory note of $297,062 with a bank, due November 1, 2021, interest payments due monthly at 5.85%, principal plus all accrued unpaid interest payable on due date.	**191,008**	289,241
Line of Credit of $750,000, due October 2020, interest payments due monthly at the daily LIBOR rate and remaining unpaid accrued interest and principal balance on due date, secured by lien on business assets.	**750,000**	-
Unsecured promissory note of $25,000 with a non-profit corporation, due October 2022, interest and principal payable annually, interest at 3%.	**25,000**	-
Line of Credit of $500,000 with a bank, due May 2024, interest at 4.53%, interest and principal payable at a monthly payment of $3,833, secured by real and personal property.	**500,000**	-
Unsecured note of $35,000 with a trust, due July 2021, interest and principal payable on due date, interest at 3%.	**39,580**	38,798
Total JPHRC debt	**$ 20,455,488**	$ 19,069,276

Note H - Debt (Continued)

	2019	2018
GRCC		
Unsecured line of credit of $250,000 with a bank, due June 2020, monthly payments of $4,666 including principal plus interest of 4.55%.	**$ 28,145**	$ 81,502
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
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.	**163,012**	257,569
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.	**2,403,048**	2,383,421
Unsecured line of credit of $250,000 with a bank, due April 2023, monthly interest at 6.45% until April 2018 at which time monthly principal and interest of $4,827 commenced through maturity.	**210,915**	186,967
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**	6,905

Note H - Debt (Continued)

	2019	2018
GRCC (Continued)		
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.	**33,495**	80,514
Unsecured line of credit of $1,000,000 with a bank, due March 2026, monthly payments of $20,086 including principal plus interest at 7.60%.	**990,280**	-
Unsecured note payable to bank, due January 2020, interest at 3.07%, principal and interest payable on due date.	**1,000,000**	-
Three unsecured promissory notes with varying Principal balances, due October 2020, interest at 0%. Balance was paid off as of December 31, 2019.	**-**	2,855
Note payable to bank, due December 2021, quarterly interest payments at 3% beginning March 2017, then quarterly principal and interest payments of $16,672 beginning March 31, 2018, secured by real and personal property.	**128,937**	190,519
	5,464,737	3,904,516
Less deferred financing costs	**70,579**	100,827
Total GRCC debt	**$ 5,394,158**	$ 3,803,689
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 $1,767 including interest at 1%, secured by deed of trust (See Note N).	**537,482**	553,217
	937,482	953,217
Less deferred financing costs	**12,250**	14,000
Total TFH Debt	**$ 925,232**	$ 939,217

Note H - Debt (Continued)

	2019	2018
Total Debt	**$ 26,857,707**	$ 23,927,009
Less: Deferred financing fees	**82,829**	114,827
Less: Current maturities	**8,535,241**	6,691,119
Long-term debt	**$ 18,239,637**	$ 17,121,063

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

2020	$ 8,535,241
2021	4,102,394
2022	7,648,777
2023	1,507,341
2024	1,979,706
Thereafter	3,084,248
	$ 26,857,707

Note I - Net Assets With Donor Restrictions

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

	2019	2018
Subject to expenditure for specified purpose	**$ 82,752**	$ 554,797

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:

	2019	2018
Satisfaction of purpose restrictions	**$ 725,777**	$ 1,727,201

Note J - Grants and Contributions

Grants and contributions consist of the following:

Grants	2019	2018
Federal (includes direct and passed through other agencies):		
U.S. Department of Housing and Urban Development (Section 8)	**$ 17,948**	$ 9,885
U.S. Department of Housing and Urban Development (HOME)	**8,410**	29,150
U.S. Department of Housing and Urban Development (Housing Action IL)	**46,634**	-
U.S. Department of Housing and Urban Development (CDBG)	**175,000**	125,858
Small Business Administration – Microloan Program	**1,026,558**	930,703
Small Business Administration – PRIME	**162,322**	149,415
Community Development Financial Institutions	**1,125,000**	1,000,000
U.S. Department of the Treasury (Hardest Hit Fund)	**31,300**	38,553
Federal grants	**2,593,172**	2,283,564
State and local	**192,365**	302,524
	2,785,537	2,586,088
Contributions	**1,068,776**	2,465,311
Total Grants and Contributions	**$ 3,854,313**	$ 5,051,399

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:

	2019	2018
Current		
U.S. Federal	**$ -**	$ (2,277)
State and local	**1,241**	6,153
	1,241	3,876
Deferred tax provision	**110,000**	103,000
	$ 111,241	$ 106,876

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:

	2019	2018
Deferred tax assets (liabilities):		
Allowance for doubtful accounts and loan losses	**$ 205,000**	$ 179,000
Net operating loss carryforward	**176,000**	43,000
Basis reduction in loans receivable related to CDFI grant	**(686,000)**	(417,000)
	$ (305,000)	$ (195,000)

The Corporation anticipates receipt of approximately $218,000 in tax refunds for the years 2015, 2016 and 2017 as a result of the CARES Act providing for net operating loss carrybacks in 2019. The CARES Act was enacted in 2020 as relief in response to the recent and ongoing outbreak of the coronavirus disease 2019 ("COVID-19"), which was declared a pandemic by the World Health Organization in March 2020 (See Note U for further detail).

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 2024.

At December 31, 2019, future minimum lease payments under these non-cancelable operating leases are as follows:

Year	Amount
2020	$ 56,455
2021	39,534
2022	25,587
2023	24,720
2024	24,720

Rent expense under operating leases was $71,232 and $69,530 for the years ended December 31, 2019 and 2018, 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 micro-enterprise loan and other loan balances were $296,980 and $325,187 at December 31, 2019 and 2018, respectively.

In 2018, the Corporation entered 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 2019 and 2018, respectively, was $24,000 and $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 statements 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 until the portfolio performance is back in line with compliance requirements. As of December 31, 2019, 90 day past due balances do not exceed 8% of the total outstanding principal balance, therefore no contingent liabilities are required to be recorded.

Note N - Contingencies (Continued)

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.

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, 2019, 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.

Note O - Fair Value Measurements (Continued)

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.

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, 2019 and 2018.

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, 2019 and 2018:

December 31, 2019	Level 1	Level 2	Level 3	Fair Value
Asset				
Long-lived assets held for sale (investments in real estate)	**$ -**	**$ -**	**$ 81,555**	**$ 81,555**
Long-lived assets held for use (rental real estate)	**-**	**-**	**120,865**	**120,865**
Balance, ended	**$ -**	**$ -**	**$ 202,420**	**$ 202,420**

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, ended	$ -	$ -	$ 295,058	$ 295,058

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 $0 and $46,992, which was included in change in net assets for the years ended December 31, 2019 and 2018, respectively.

There were no long-lived assets held for sale that were written down to their fair value resulting in an impairment charge for the years ended December 31, 2019 and 2018, respectively.

Several properties which had previous recognized impairment losses sold in 2019 and 2018 for a combined loss of $8,904 and $39,154, 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 - Investments in Private Entities

Investment in Good Life Growing, LLC

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, 2019 and 2018 was $81,262 and $82,192, 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. The option was not exercised in 2019.

Note Q - Investments in Private Entities (Continued)

Investment in St. Louis Indoor Produce

In 2019, Justine PETERSEN initially purchased a 2% interest in St. Louis Indoor Produce ("the Company"), for the purchase price of $8,500 per unit. Beginning on May 1, 2019, the Corporation purchased from the Company an additional 2 units each calendar month at the price of $8,500/unit. The Corporation's investment in the Company as of December 31, 2019 was $136,000, which consisted of 16 total units at a price of $8,500 per unit. Justine PETERSEN will be obligated to purchase from St. Louis Indoor Produce an additional two units each calendar month at the price of $8,500 per unit if St. Louis Indoor Produce has met the requirements of the agreement. For purposes of clarity, in the event the Corporation timely exercises the warrant in full, it would own a total of 36 units in the Company as of October 2020.

Investment in North Riverside Holdings, LLC

In 2019, the Corporation purchased 6.25% interest in North Riverside Holdings, LLC for the purchase price of $50,000. The North Riverside Holdings, LLC investment as of December 31, 2019 was recorded at $50,000.

The investments in private entities are evaluated annually for impairment. No current year or accumulated impairment losses were recorded as of December 31, 2019 and 2018.

Note R - Conditional Promises to Give

In 2018, Justine PETERSEN received a conditional promise to give in support of a specific program totaling $471,015. Commitments are part of multi-year promises, with disbursements being made annually for up to 3 years; payments totaling $421,003 have been received, with $50,012 remaining as of December 31, 2019 and due in 2020. Payments are contingent on the performance of the program and approval of expenditures.

In addition, the Corporation receives federal government funding on a cost reimbursement basis under various agreements, which require the fulfillment of certain conditions. Failure to fulfill the conditions could result in the return of the funds or no release of the funds.

No amounts have 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 statements of activities.

Note S - Liquidity and Availability of Resources

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

	2019	2018
Cash	**$ 1,441,348**	$ 1,441,096
Accounts and grants receivable	**1,340,615**	862,249
Interest and fees receivable	**461,198**	431,371
Other receivables	**108,572**	3,690
	3,351,733	2,738,406
Less: Donor restricted funds available for general expenditures, but subject to grant guidelines	**82,752**	554,797
	$ 3,268,981	$ 2,183,609

Justine PETERSEN has several lines of credit with various banks totaling $10,066,763 of available funding, of which only $7,143,421 has been drawn down as of December 31, 2019, leaving $2,932,342 available. 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 the Corporation's liquidity management plan, the Corporation pays down lines of credit as required.

Note T - Revenue from Contracts

All of the Corporation's revenue from contracts, in the scope of ASC 606, is recognized within the program service fees revenue on the consolidated statements of activities.

A description of the Corporation's revenue streams accounted for under ASC 606 follows:

Real Estate Brokerage Fees: The Corporation earns fees from real estate brokerage services provided to its customers by a third-party service provider. The Corporation receives commissions from the third-party service provider each time that a property is sold. The fees are recognized at the point in time the services are provided.

Loan Servicing Fees: The Corporation earns fees for servicing loans for third-party companies which relate primarily to daily processing of the payments received and disbursement of notes receivable. The fees are earned in accordance with agreed-upon contractual terms at periodic intervals (e.g., monthly). The Corporation recognizes revenues for these arrangements over time as the Corporation satisfies the performance obligation.

Training and client service fees: The Corporation performs training classes such as credit building, assistance in accounting/financial reporting, consulting, and other services for borrowers and potential borrows. The Corporation recognizes revenues for these arrangements evenly over time as the services are provided and satisfaction of the performance obligation is met.

Note T - Revenue from Contracts (Continued)

Disaggregation of Revenue

The following tables presents revenue disaggregated by revenue source and pattern of revenue recognition:

	Year Ended December 31, 2019	
	Over Period of Time	**Point In Time**
Real estate brokerage and developers' fees	$ -	$ 57,346
Loan servicing fees	168,298	-
Training and client service fees (included in miscellaneous on consolidated statements of activities)	112,114	-
Total ASC 606 Revenue	$ 280,412	$ 57,346

	Year Ended December 31, 2018	
	Over Period of Time	**Point In Time**
Real estate brokerage and developers' fees	$ -	$ 29,032
Loan servicing fees	274,266	-
Training and client service fees (included in miscellaneous on consolidated statements of activities)	83,225	-
Total ASC 606 Revenue	$ 357,491	$ 29,032

Note U - Subsequent Events

Management has evaluated the impact on the consolidated financial statements of subsequent events through April 30, 2020, which is the date the consolidated financial statements were available to be issued. The Corporation's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 ("COVID-19"), which was declared a pandemic by the World Health Organization in March 2020. The full extent and duration of the impact of COVID-19 on the Corporation's operations and financial performance is currently unknown and depends on uncertain and unpredictable developments. In spite of this event, Justine PETERSEN and its affiliates continue to operate at a fully staffed level to help those individuals and businesses being negatively impacted by this outbreak.

Supplementary Information

JUSTINE PETERSEN HOUSING AND REINVESTMENT CORPORATION AND SUBSIDIARIES

Consolidating Schedules of Financial Position

For Year Ended December 31, 2019 (with comparative totals for 2018)
(See Independent Auditor's Report)

	2019								2018
	JPHRC	GRCC	GRCT	JPEM	TFH	TFHD	Eliminations	Consolidated	(Comparative Totals Only)
ASSETS									
Current Assets									
Cash	$ 736,651	$ 626,470	$ 16,148	$ -	$ 62,079	$ -	$ -	$ 1,441,348	$ 1,441,096
Restricted funds	2,721,023	136,875	-	-	219,501	-	-	3,077,399	3,208,568
Accounts and grants receivable	947,876	387,826	-	-	4,913	-	-	1,340,615	862,249
Interest and fees receivable	156,888	304,310	-	-	-	-	-	461,198	431,371
Loans receivable, net - current position	1,891,343	2,053,916	-	-	-	-	-	3,945,259	5,015,500
Other receivable	3,582	-	-	-	-	-	-	3,582	3,690
Prepaid expenses and other	22,592	2,819	-	-	2,894	-	-	28,305	20,233
Income taxes prepaid and receivable	-	104,990	-	-	-	-	-	104,990	104,990
Total Current Assets	6,479,955	3,617,206	16,148	-	289,387	-	-	10,402,696	11,087,697
Long-Term Assets									
Loans receivable, net	3,370,478	9,817,750	-	-	-	-	-	13,188,228	10,461,524
Other note receivable	2,200,000	-	-	-	-	-	-	2,200,000	2,200,000
Property and equipment, net	1,082,473	-	-	-	-	-	-	1,082,473	1,079,012
Rental real estate	3,502,185	352,257	-	-	3,244,110	-	-	7,098,552	6,435,485
Investment in real estate	3,652,240	908,938	-	-	-	-	-	4,561,178	4,188,987
Other assets	87,622	-	-	-	16,468	-	-	104,090	119,456
Due from subsidiaries	4,957,328	-	-	1,906,792	18,000	-	(6,882,120)	-	-
Investments, at cost	267,262	-	-	-	-	-	-	267,262	82,192
Investment in subsidiaries	4,646,966	-	-	-	-	291	(4,647,257)	-	-
Total Long-Term Assets	23,766,554	11,078,945	-	1,906,792	3,278,578	291	(11,529,377)	28,501,783	24,566,656
TOTAL ASSETS	$ 30,246,509	$ 14,696,151	$ 16,148	$ 1,906,792	$ 3,567,965	$ 291	$ (11,529,377)	$ 38,904,479	$ 35,654,353
LIABILITIES AND NET ASSETS									
Current Liabilities									
Current portion of long-term debt	$ 7,159,637	$ 1,360,004	$ -	$ -	$ 15,600	$ -	$ -	$ 8,535,241	$ 6,691,119
Accounts payable and accrued expenses	325,545	323,835	-	-	25,302	-	-	674,682	527,498
Interest payable	149,005	31,042	-	206,792	3,588	-	-	390,427	243,378
Client held funds	344,843	-	-	-	-	-	-	344,843	233,615
Tenant security deposits	11,020	-	-	-	12,630	-	-	23,650	22,100
Deferred revenue	545,551	-	-	-	-	-	-	545,551	101,562
Total Current Liabilities	8,535,601	1,714,881	-	206,792	57,120	-	-	10,514,394	7,819,272
Long-Term Liabilities									
Deferred income taxes	-	305,000	-	-	-	-	-	305,000	195,000
Long-term debt	13,295,851	4,034,154	-	-	909,632	-	-	18,239,637	17,121,063
Due to subsidiaries	406,791	6,285,566	-	-	189,763	-	(6,882,120)	-	-
Total Long-Term Liabilities	13,702,642	10,624,720	-	-	1,099,395	-	(6,882,120)	18,544,637	17,316,063
Total Liabilities	22,238,243	12,339,601	-	206,792	1,156,515	-	(6,882,120)	29,059,031	25,135,335
Net Assets									
Without Donor Restrictions									
Undesignated	7,925,514	-	16,148	-	-	291	120,743	8,062,696	8,264,221
Noncontrolling interest	-	-	-	-	-	-	1,700,000	1,700,000	1,700,000
With Donor Restrictions	82,752	-	-	-	-	-	-	82,752	554,797
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	-	1,674,990	-	-	2,411,450	-	(4,086,440)	-	-
Total Net Assets	8,008,266	2,356,550	16,148	1,700,000	2,411,450	291	(4,647,257)	9,845,448	10,519,018
TOTAL LIABILITIES AND NET ASSETS	$ 30,246,509	$ 14,696,151	$ 16,148	$ 1,906,792	$ 3,567,965	$ 291	$ (11,529,377)	$ 38,904,479	$ 35,654,353

JUSTINE PETERSEN HOUSING AND REINVESTMENT CORPORATION AND SUBSIDIARIES

Consolidating Schedules of Activities
For Year Ended December 31, 2019 (with comparative totals for 2018)
(See Independent Auditor's Report)

	2019								2018
	JPHRC	**GRCC**	**GRCT**	**JPEM**	**TFH**	**TFHD**	**Eliminations**	**Consolidated**	(Comparative Totals Only)
Public Support and Revenues									
Contributions and grants	**2,699,313**	**$ 1,155,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 3,854,313**	$ 5,051,399
Donated services	**214,635**	**-**	**-**	**-**	**-**	**-**	**-**	**214,635**	140,884
Program service fees									
Real estate brokerage income	**25,671**	**-**	**-**	**-**	**-**	**-**	**-**	**25,671**	16,257
Loan and administrative fees	**1,344,677**	**565,440**	**-**	**-**	**-**	**-**	**(705,458)**	**1,204,659**	1,226,843
Credit reporting fees	**12,365**	**-**	**-**	**-**	**-**	**-**	**-**	**12,365**	8,262
Developer's fees	**31,675**	**-**	**-**	**-**	**-**	**-**	**-**	**31,675**	12,775
Rental income	**181,372**	**34,749**	**-**	**-**	**138,766**	**-**	**-**	**354,887**	338,547
Miscellaneous	**115,859**	**258**	**-**	**-**	**18**	**51**	**(51)**	**116,135**	94,655
Interest	**536,680**	**1,024,883**	**-**	**85,000**	**3,581**	**-**	**(106,165)**	**1,543,979**	1,676,261
Loss on disposal of assets	**-**	**(110,010)**	**-**	**-**	**-**	**-**	**-**	**(110,010)**	(21,465)
Loss on investments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	(5,877)
Equity earnings of subsidiaries	**89,971**	**-**	**-**	**-**	**-**	**(20)**	**(89,951)**	**-**	-
Total Public Support and Revenues	**5,252,218**	**2,670,320**	**-**	**85,000**	**142,365**	**31**	**(901,625)**	**7,248,309**	$ 8,538,541
Expenses									
Program Services:									
Housing	**813,817**	**60,610**	**-**	**-**	**311,362**	**-**	**(65,620)**	**1,120,169**	1,025,782
Economic development	**4,468,208**	**2,150,348**	**-**	**85,000**	**-**	**-**	**(746,003)**	**5,957,553**	6,417,522
Savings	**415,143**	**42,621**	**-**	**-**	**-**	**-**	**-**	**457,764**	504,585
Total Program Services	**5,697,168**	**2,253,579**	**-**	**85,000**	**311,362**	**-**	**(811,623)**	**7,535,486**	7,947,889
Supporting Activities:									
Management and general	**164,886**	**7,064**	**20**	**-**	**31,400**	**-**	**-**	**203,370**	211,428
Fundraising	**68,711**	**3,071**	**-**	**-**	**-**	**-**	**-**	**71,782**	85,379
Total Supporting Activities	**233,597**	**10,135**	**20**	**-**	**31,400**	**-**	**-**	**275,152**	296,807
Total Expense before Income Taxes	**5,930,765**	**2,263,714**	**20**	**85,000**	**342,762**	**-**	**(811,623)**	**7,810,638**	8,244,696
Income Tax Expense (Benefit)	**-**	**111,241**	**-**	**-**	**-**	**-**	**-**	**111,241**	106,876
Total Expenses	**5,930,765**	**2,374,955**	**20**	**85,000**	**342,762**	**-**	**(811,623)**	**7,921,879**	8,351,572
CHANGES IN NET ASSETS	**(678,547)**	**295,365**	**(20)**	**-**	**(200,397)**	**31**	**(90,002)**	**(673,570)**	186,969
Net assets at beginning 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
Transfers of capital	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-
Contributed capital	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	700,000
Net assets at end of year	**$ 8,008,266**	**$ 2,356,550**	**$ 16,148**	**$ 1,700,000**	**$ 2,411,450**	**$ 291**	**$ (4,647,257)**	**$ 9,845,448**	$ 10,519,018

JUSTINE PETERSEN HOUSING AND REINVESTMENT CORPORATION AND SUBSIDIARIES

Consolidating Schedules of Expenses

For Year Ended December 31, 2019 (with comparative totals for 2018)
(See Independent Auditor's Report)

	2019								2018
	JPHRC	GRCC	GRCT	JPEM	TFH	TFHD	Eliminations	Consolidated	(Comparative Totals Only)
Salaries and wages	$ 1,953,283	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,953,283	$ 1,870,055
Payroll taxes	149,559	-	-	-	-	-	-	149,559	140,460
Employee benefits	210,711	-	-	-	-	-	-	210,711	194,745
Advertising	28,755	-	-	-	-	-	-	28,755	21,034
Client assistance	58,886	59,131	-	-	-	-	-	118,017	119,309
Conferences and seminars	39,211	-	-	-	-	-	-	39,211	76,087
Credit report charges	30,022	-	-	-	-	-	-	30,022	31,597
Delivery and postage	23,060	-	-	-	-	-	-	23,060	24,082
Depreciation and amortization	102,629	-	-	-	-	-	-	102,629	167,606
Depreciation - rental real estate	54,160	10,547	-	-	172,466	-	-	237,173	236,554
Donated services	214,635	-	-	-	-	-	-	214,635	140,884
Dues and subscriptions	21,685	-	-	-	-	-	-	21,685	17,329
Equipment rental and maintenance	35,232	9,777	-	-	-	-	-	45,009	43,219
Impairment and subsidized programmatic real estate loss	202,934	-	-	-	-	-	-	202,934	228,339
Insurance	39,970	4,256	-	-	2,124	-	-	46,350	42,011
Interest	756,628	334,253	-	85,000	7,215	-	(106,165)	1,076,931	1,036,716
Miscellaneous	10,961	8,391	-	-	(11)	-	-	19,341	14,486
Occupancy	69,861	-	-	-	-	-	-	69,861	78,875
Office supplies	145,028	29,551	20	-	266	-	-	174,865	123,812
Professional fees	638,454	714,634	-	-	97,020	-	(705,458)	744,650	1,007,625
Provisions for bad debts and loan losses	918,339	1,064,926	-	-	-	-	-	1,983,265	2,335,495
Rental real estate maintenance	111,335	14,863	-	-	45,745	-	-	171,943	156,653
Repairs and maintenance	13,824	-	-	-	-	-	-	13,824	7,065
Taxes and licenses	2,210	13,385	-	-	17,937	-	-	33,532	23,582
Telephone	30,373	-	-	-	-	-	-	30,373	33,981
Travel and training	69,020	-	-	-	-	-	-	69,020	73,095
Total Expenses before Income Taxes	5,930,765	2,263,714	20	85,000	342,762	-	(811,623)	7,810,638	8,244,696
Income tax expense (benefit)	-	111,241	-	-	-	-	-	111,241	106,876
Total 2019 Expenses	$ 5,930,765	$ 2,374,955	$ 20	$ 85,000	$ 342,762	$ -	$ (811,623)	$ 7,921,879	
Total 2018 Expense	$ 5,922,467	$ 2,606,993	$ 20	$ 71,793	$ 288,984	$ -	$ (538,685)		$ 8,351,572