Justine Petersen Housing and Reinvestment Corporation

Independent Auditor's Report and
Consolidated Financial Statements

December 31, 2020

Justine Petersen Housing and Reinvestment Corporation
December 31, 2020

Contents

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Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of Justine Petersen Housing and Reinvestment Corporation (the "Corporation"), which comprise the consolidated statement of financial position as of December 31, 2020, 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 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 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 Corporation'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 Corporation'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 consolidated financial position of Justine Petersen Housing and Reinvestment Corporation as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

Other auditors have previously audited the 2019 consolidated financial statements, and they expressed an unmodified audit opinion on those audited financial statements in their report dated April 30, 2020. The summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating information as listed in the table of contents is presented for purposes of additional analysis rather than to present the financial position and changes in its net assets of the individual entities and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

BKD, LLP

St. Louis, Missouri
March 31, 2021

Justine Petersen Housing and Reinvestment Corporation
Consolidated Statement of Financial Position
December 31, 2020
(With Summarized Financial Information as of December 31, 2019)

Assets

	2020	2019
Current Assets		
Cash	$ 6,547,616	$ 1,441,348
Restricted funds	5,159,493	3,077,399
Accounts and grants receivable	1,088,601	1,340,615
Interest and fees receivable	577,356	461,198
Loans receivable, net - current position	14,032,224	3,945,259
Prepaid expenses and other	58,295	31,887
Income taxes prepaid and receivable	29,142	104,990
Total current assets	27,492,727	10,402,696
Other Assets		
Loans receivable, net	21,220,771	13,188,228
Other note receivable	1,550,000	2,200,000
Property and equipment, net	1,069,980	1,082,473
Rental real estate	6,747,583	7,098,552
Investment in real estate	5,364,211	4,561,178
Other assets	51,342	104,090
Investments in private entities, at cost	452,194	267,262
	36,456,081	28,501,783
Total assets	$ 63,948,808	$ 38,904,479

See Notes to Consolidated Financial Statements

Liabilities and Net Assets

	2020	2019
Current Liabilities		
Current portion of long-term debt	$ 9,017,346	$ 8,535,241
Accounts payable and accrued expenses	671,984	674,682
Interest payable	383,106	390,427
Client held funds	448,757	344,843
Tenant security deposits	24,690	23,650
Deferred revenue	678,921	545,551
Total current liabilities	11,224,804	10,514,394
Other Liabilities		
Deferred income taxes	329,000	305,000
Long-term debt	34,615,665	18,239,637
	34,944,665	18,544,637
Total liabilities	46,169,469	29,059,031
Net Assets		
Without donor restrictions		
Undesignated	11,949,170	8,062,696
Noncontrolling interest	3,150,000	1,700,000
With donor restrictions	2,680,169	82,752
Total net assets	17,779,339	9,845,448
Total liabilities and net assets	$ 63,948,808	$ 38,904,479

Justine Petersen Housing and Reinvestment Corporation

Consolidated Statement of Activities

Year Ended December 31, 2020

(With Summarized Financial Information as of December 31, 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	(Comparative Totals Only)
Revenues, Gains and Other Support				
Contributions and grants	$ 5,322,590	$ 5,489,368	$ 10,811,958	$ 3,854,313
Donated services	78,582	-	78,582	214,635
Program service fees				
Real estate brokerage income	15,063	-	15,063	25,671
Loan and administrative fees	1,919,819	-	1,919,819	1,204,659
Credit reporting fees	9,881	-	9,881	12,365
Developer's fees	38,682	-	38,682	31,675
Rental income	425,482	-	425,482	354,887
Miscellaneous	83,738	-	83,738	116,135
Interest	1,708,902	-	1,708,902	1,543,979
Loss on disposal of assets	(31,472)	-	(31,472)	(110,010)
Net assets released from restrictions	2,891,951	(2,891,951)	-	-
Total revenues, gains and other support	12,463,218	2,597,417	15,060,635	7,248,309
Expenses				
Housing	1,627,478	-	1,627,478	1,120,169
Economic development	6,572,720	-	6,572,720	5,957,553
Savings	318,398	-	318,398	457,764
Total program services	8,518,596	-	8,518,596	7,535,486
Management and general	80,128	-	80,128	203,370
Fundraising	67,355	-	67,355	71,782
Total supporting activities	147,483	-	147,483	275,152
Total expense before income taxes	8,666,079	-	8,666,079	7,810,638
Income tax expense (benefit)	(89,333)	-	(89,333)	111,241
Total Expenses	8,576,746	-	8,576,746	7,921,879
Change in Net Assets	3,886,472	2,597,417	6,483,889	(673,570)
Contributed Capital	1,450,002	-	1,450,002	-
Net Assets, Beginning of Year	9,762,696	82,752	9,845,448	10,519,018
Net Assets, End of Year	$ 15,099,170	$ 2,680,169	$ 17,779,339	$ 9,845,448

Justine Petersen Housing and Reinvestment Corporation

Consolidated Statement of Functional Expenses

Year Ended December 31, 2020

(With Summarized Financial Information as of December 31, 2019)

	2020								
	Program Services								
	Housing	Economic Development	Savings	Total Program Services	Management and General	Fundraising	Total Support Services	2020 Total	2019 Total
Salaries and wages	$ 363,673	$ 1,602,723	$ 176,613	$ 2,143,009	$ 44,087	$ 38,193	$ 82,280	$ 2,225,289	$ 1,953,283
Payroll taxes	26,138	115,193	12,694	154,025	3,169	2,745	5,914	159,939	149,559
Employee benefits	51,671	227,719	25,094	304,484	6,264	5,426	11,690	316,174	210,711
Advertising	2,290	10,091	1,112	13,493	278	240	518	14,011	28,755
Client assistance	-	187,229	-	187,229	-	-	-	187,229	118,017
Conferences and seminars	1,378	6,073	669	8,120	167	145	312	8,432	39,211
Credit report charges	5,127	22,594	2,490	30,211	622	538	1,160	31,371	30,022
Delivery and postage	740	3,261	359	4,360	90	78	168	4,528	23,060
Depreciation and amortization	20,893	92,076	10,146	123,115	2,533	2,194	4,727	127,842	102,629
Depreciation - rental real estate	310,640	-	-	310,640	-	-	-	310,640	237,173
Donated services	12,842	56,597	6,237	75,676	1,557	1,349	2,906	78,582	214,635
Dues and subscriptions	3,064	13,506	1,488	18,058	371	322	693	18,751	21,685
Equipment rental and maintenance	5,104	22,495	2,479	30,078	619	536	1,155	31,233	45,009
Impairment and programmatic subsidized real estate loss	419,368	-	-	419,368	-	-	-	419,368	202,934
Insurance	23,704	29,635	3,266	56,605	815	706	1,521	58,126	46,350
Interest	7,289	1,200,189	6,806	1,214,284	-	-	-	1,214,284	1,076,931
Miscellaneous	17,861	67,312	7,406	92,579	1,848	1,601	3,449	96,028	19,376
Occupancy	7,342	32,354	3,565	43,261	890	771	1,661	44,922	69,826
Office supplies	32,622	143,515	15,811	191,948	3,947	3,419	7,366	199,314	174,865
Professional fees	76,005	334,960	36,911	447,876	11,589	7,982	19,571	467,447	744,650
Provisions for bad debts and loan losses	5,447	2,358,625	120	2,364,192	-	-	-	2,364,192	1,983,265
Rental real estate maintenance	200,679	-	-	200,679	-	-	-	200,679	171,943
Repairs and maintenance	3,281	14,459	1,593	19,333	398	345	743	20,076	13,824
Taxes and licenses	24,812	7,839	864	33,515	216	187	403	33,918	33,532
Telephone	3,894	17,163	1,891	22,948	472	409	881	23,829	30,373
Travel and training	1,614	7,112	784	9,510	196	169	365	9,875	69,020
Total expenses before income taxes	1,627,478	6,572,720	318,398	8,518,596	80,128	67,355	147,483	8,666,079	7,810,638
Income tax expense (benefit)	-	(89,333)	-	(89,333)	-	-	-	(89,333)	111,241
Total	$ 1,627,478	$ 6,483,387	$ 318,398	$ 8,429,263	$ 80,128	$ 67,355	$ 147,483	$ 8,576,746	$ 7,921,879

Justine Petersen Housing and Reinvestment Corporation

Consolidated Statement of Cash Flows

Year Ended December 31, 2020

(With Summarized Financial Information as of December 31, 2019)

	2020	2019
Operating Activities		
Changes in net assets	$ 6,483,889	$ (673,570)
Items not requiring (providing) cash		
Depreciation and amortization	406,484	339,802
Amortization of deferred financing fees	31,998	31,998
Deferred income taxes	24,000	110,000
Non-cash donations of property	-	(2,000)
Impairment and subsidized programmatic real estate loss	419,368	202,934
Loss on disposal of assets	31,472	110,010
Provisions for bad debts and loan losses	2,364,192	1,983,265
Change in assets and liabilities:		
Restricted funds	(2,082,094)	131,169
Accounts and grants receivable	252,014	(478,366)
Interest & fees receivable	(116,158)	(29,827)
Prepaid expenses and other assets	(26,408)	(7,964)
Accounts payable and accrued expenses	(2,698)	147,184
Interest payable	(7,321)	147,049
Income taxes prepaid and receivable	75,848	-
Client held funds	103,914	111,228
Tenant security deposits	1,040	1,550
Deferred revenue	133,370	443,989
Net cash provided by operating activities	8,092,910	2,568,451
Investing Activities		
Net change in loans	(20,483,700)	(3,639,728)
Principal payments received on other note receivable	650,000	-
Website and portal development	-	(35,200)
Purchases of property and equipment	(31,048)	(56,168)
Purchases of rental real estate	(215,809)	(1,021,935)
Purchases of investment real estate	(1,181,598)	(1,083,231)
Proceeds from sale of assets - rental real estate	-	118,750
Proceeds from sale of assets - investment in real estate	184,308	403,685
Purchases of other investments	(184,932)	(185,070)
Net cash used in investing activities	(21,262,779)	(5,498,897)

(Continued)

Justine Petersen Housing and Reinvestment Corporation

Consolidated Statement of Cash Flows (Continued)

Year Ended December 31, 2020

(With Summarized Financial Information as of December 31, 2019)

	2020	2019
Financing Activities		
Capital contributed	$ 1,450,002	$ -
Proceeds from long-term debt	25,480,560	8,610,468
Payments on long-term debt	(8,654,425)	(5,679,770)
Net cash provided by financing activities	18,276,137	2,930,698
Increase in Cash	5,106,268	252
Cash, Beginning of Year	1,441,348	1,441,096
Cash, End of Year	$ 6,547,616	$ 1,441,348
Supplemental Cash Flows Information		
Interest paid	$ 1,221,605	$ 1,020,759
Income taxes paid	$ 80,730	$ 20,020

Justine Petersen Housing and Reinvestment Corporation
Notes to Consolidated Financial Statements
December 31, 2020

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Justine Petersen Housing and Reinvestment Corporation ("Justine PETERSEN") is a Missouri not-for-profit corporation, which 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.

Justine PETERSEN 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 the 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
JP COVID-19 Response Fund, LLC	JP COVID-19	2020	DE	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. This Trust was donated to a third party during 2020 and as of December 31, 2020, is no longer a subsidiary of Justine PETERSEN.

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

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

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, Local Church Ministries Church Building and Loan Fund, First Bank, the Kerr Foundation and FCB Banks, 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, 2020 and 2019, of $2,000,000 and $1,700,000, respectively, 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.

JP COVID-19 Response Fund, LLC ("JP COVID-19") was established in 2020 to provide assistance to small businesses in Central and Southern Illinois impacted by the COVID-19 pandemic. JP COVID-19's members are Justine PETERSEN, who is the managing member, First Bank, Carrollton Bank, Dieterich Bank, and FCB Banks, 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 JP COVID-19 in accordance with their percentage of units. The interest of non-manager members in JP COVID-19 at December 31, 2020, of $1,150,000 is reflected as the 'non-controlling interest' portion of net assets without donor restrictions on the accompanying consolidated statement of financial position.

Basis of Consolidation

The accompanying financial statements include the accounts of the Justine PETERSEN, GRCC, GRCT, TFH, TFHD, JPEM, and JP COVID-19, collectively the "Corporation." All significant intercompany accounts and transactions have been eliminated in the consolidation.

Summarized Information

The consolidated financial statements include certain prior-year summarized comparative information in total, 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, 2019, from which the summarized information was derived.

Use of Estimates

The preparation of 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash

At December 31, 2020, the Corporation's cash accounts exceeded federally insured limits by approximately $10,343,000.

Restricted Funds

Restricted funds 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.

These deposit accounts restricted internally and/or externally by regulators are not considered to be cash and therefore excluded from cash totals in the statement of cash flows.

Accounts and Grants Receivable

Accounts receivable and grants receivable are stated at the amount of consideration from customers or grantors, of which the Corporation has an unconditional right to receive plus any accrued and unpaid interest. The Corporation considers an allowance for doubtful accounts, based upon a review of outstanding receivables, historical collection information and existing economic conditions. Management is of the opinion that no allowance for accounts and grants receivable is necessary at December 31, 2020 and 2019.

Loans Receivable

Loans receivable that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at their outstanding principal balances adjusted for unearned income, charge-offs, and the allowance for loan losses.

For loans receivable amortized at cost, interest income is accrued based on the unpaid principal balance.

The accrual of interest on loans receivable is discontinued at the time the loan receivable is 90 days past due unless the credit is well-secured and in process of collection. Past-due status is based on contractual terms of the loan receivable. In all cases, loans receivable are placed on nonaccrual or charged off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for nonaccrual loans receivable or loans that are charged off are reversed against interest income. The interest on these loans receivable is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans receivable are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged against income. Loan losses are charged against the allowance when management believes the uncollectability of a loan receivable balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans receivable in light of historical experience, the nature and volume of the loan receivable portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance consists of allocated and general components. The allocated component relates to loans receivable that are classified as impaired. For those loans receivable that are classified as impaired, an allowance is established when the discounted cash flows or collateral value or observable market price of the impaired loan receivable is lower than the carrying value of that loan. The general component covers nonclassified loans and is based on historical charge-off experience and expected loss given default derived from the Corporation's internal risk rating process. Other adjustments may be made to the allowance for pools of loans receivable after an assessment of internal or external influences on credit quality that are not fully reflected in the historical loss or risk rating data.

A loan receivable is considered impaired when, based on current information and events, it is probable that the Corporation will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value and the probability of collecting scheduled principal and interest payments when due. Loans receivable that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan receivable and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record and the amount of the shortfall in relation to the principal and interest owed.

Groups of loans receivable with similar risk characteristics are collectively evaluated for impairment based on the group's historical loss experience adjusted for changes in trends, conditions and other relevant factors that affect repayment of the loans. Accordingly, the Corporation does not separately identify individual consumer and residential loans receivable for impairment measurements, unless such loans are the subject of a restructuring agreement due to financial difficulties of the borrower.

Investments in Private Entities

The Corporation invests money in certain private entities to provide job and business expansion in the community. The Corporation measures equity investments without a readily determinable fair value at cost, minus impairment, if any.

Investment in Real Estate

Land, homes, and other developmental costs are stated at cost, plus labor, various maintenance and real estate taxes incurred during the period of development and rehabilitation up to the amount they expect to receive upon sale. If costs exceed expected value, the additional costs will be expensed.

Property and Equipment and Rental Real Estate

Land is carried at cost. Property and equipment and rental real estate acquisitions over $1,500 are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization is charged to expense on the straight-line basis over the estimated useful life of each asset.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

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

Asset Impairment

The Corporation evaluates the recoverability of the carrying value of assets whenever events or circumstances indicate the carrying amount may not be recoverable. If an asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended December 31, 2020 or 2019, for property and equipment. Impairment losses of $419,368 and $202,934 was recognized in the consolidated statement of activities for rental real estate and investment in real estate at December 31, 2020 and 2019, respectively, based on on-line real estate marketplaces estimates. This loss is included in the housing expense line within the consolidated statement of activities.

Deferred Revenue

The Corporation received funds to administer a mortgage program and to purchase and renovate properties. Regarding 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 deferred revenue 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 revenue is recognized in the consolidated statement of activities as revenue.

Debt Issuance Costs

Debt issuance costs represent costs incurred in connection with the issuance of certain long-term debt. The Corporation records these costs as direct deductions from the related debt. Such costs are being amortized over the term of the respective debt using the effective interest method. As of December 31, 2020 and 2019, the net carrying amount of debt issuance costs was $50,831 and $82,829, respectively.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions.

Net assets with donor restrictions are subject to donor or certain grantor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

Program Service Fee Revenue

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 statement of activities include loan origination fees and fees charged for loans serviced, but not owned by the Corporation.

Rental Income

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

Contributions

Contributions are provided to the Corporation either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
Conditional gifts, with or without restriction	
Gifts that depend on the Corporation overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, *i.e.* the donor-imposed barrier is met
Unconditional gifts, with or without restriction	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

When a donor 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 statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts having donor stipulations which are fully satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions. Gifts having donor stipulations where the restrictions are only partially satisfied in the same year are recorded as revenue and net assets with donor restrictions and the released from restrictions as restrictions are satisfied over time.

Conditional contributions having donor stipulations which are fully satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Donated Services

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. Contribution revenue recognized from donated services consisted of:

	2020	2019
Accounting services	$ 7,087	$ 25,619
Legal	47,831	124,102
Education and counseling	23,663	61,914
Rent	-	3,000
	$ 78,581	$ 214,635

Government Grants

Support funded by grants is recognized as the Corporation meets the conditions prescribed by the grant agreement, performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Conditional Contributions

On March 27, 2020, President Trump signed into law the *Coronavirus Aid, Relief and Economic Security Act* (CARES Act). On April 16, 2020, Justine PETERSEN received funding in the amount of $571,617 pursuant to the Paycheck Protection Program (PPP). The Corporation has elected to account for the PPP funds as a conditional grant in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958. Under Topic 958, revenue is recognized when conditions are met, which include incurring eligible expenditures and meeting FTE and salary reduction requirements. Management believes that all conditions required to recognize the PPP funding were met during 2020 and have therefore recognized the full amount of the PPP funds within the contributions and grants line item in the statement of activities. In 2021, the Corporation received a *Notice of Paycheck Protection Program Forgiveness Payment* from the U.S. Small Business Administration (‘SBA”) noting the SBA funded payment of the Corporation’s loan to the lender which released the Corporation of the liability. PPP funds are subject to audit by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audit, adjustments could be required to the recognition of revenue.

Income Taxes

Justine PETERSEN and GRCT are exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, these entities are subject to federal income tax on any unrelated business income.

GRCC is a Missouri for-profit corporation and files a corporate income tax 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.

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. JP-COVID-19 is a Delaware limited liability company and files a partnership tax return.

Management believes there are no uncertain tax positions as of December 31, 2020 and 2019. The Corporation files all tax returns in the U.S. federal jurisdiction. The Corporation's tax returns are subject to examination by the respective taxing authorities, generally for three years after they were filed.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general and fundraising categories based on time and effort expended.

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 SBA Micro-Loan Intermediary, the Corporation 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.

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.

Revisions and Reclassifications

Immaterial revisions have been made to the 2019 loan receivable and fair value footnotes. These revisions did not have a significant impact on the disclosure.

Certain reclassifications have been made to the 2019 consolidated financial statements to conform to the 2020 consolidated financial statement presentation. These reclassifications had no effect on the change in net assets.

Note 2: Restricted Funds

Restricted funds consist of the following at December 31:

	2020	2019
Note receivable cash reserves:		
Micro lending reserves	$ 3,080,305	$ 926,279
Community Advantage (CA) pilot program	185,273	98,303
Required loan loss reserves	1,176,790	1,428,860
	4,442,368	2,453,442
Client repair funds	449,764	346,969
Escrow deposits	210,388	205,986
Tenant security deposits	13,825	13,515
Other reserves	43,148	57,487
	$ 5,159,493	$ 3,077,399

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, 2020 and 2019, the Corporation is in compliance with these requirements.

Note 3: Loans Receivable and Allowance for Loan Losses

Classes of loans at December 31, 2020 and 2019 include:

	2020	2019
Business Loans		
Small business administration	$ 18,321,214	$ 3,833,465
CDFI	3,302,618	3,789,609
Micro-enterprise	16,468,476	10,881,064
Total business loans	38,092,308	18,504,138
Mortgage loans	348,057	384,717
Other loans	521,684	694,218
Gross loans	38,962,049	19,583,073
Less allowance for loan losses	3,709,054	2,449,586
Net loans	$ 35,252,995	$ 17,133,487

The following tables present the balance in the allowance for loan losses and the recorded investment in loans based on portfolio segment and impairment method as of December 31, 2020 and 2019:

	2020			
	Business	Mortgage	Other	Total
Allowance for Loan Losses				
Balance, beginning of year	$ 2,318,810	$ 392	$ 130,384	$ 2,449,586
Provision charged to expense	2,283,167	5,937	75,088	2,364,192
Losses charged off	(1,218,165)	(7,404)	(106,913)	(1,332,482)
Recoveries	194,467	1,467	31,824	227,758
Balance, end of year	3,578,279	392	130,383	3,709,054
Ending balance: individually evaluated for impairment	1,800,117	-	-	1,800,117
Ending balance: collectively evaluated for impairment	$ 1,778,162	$ 392	$ 130,383	$ 1,908,937
Loans				
Ending balance	$38,092,308	$ 348,057	$ 521,684	$38,962,049
Ending balance: individually evaluated for impairment	3,142,602	-	25,527	3,168,129
Ending balance: collectively evaluated for impairment	$34,949,706	$ 348,057	$ 496,157	$35,793,920

	2019			
	Business	Mortgage	Other	Total
Allowance for Loan Losses				
Balance, beginning of year	$ 1,758,666	$ 392	$ 90,528	$ 1,849,586
Provision charged to expense	1,573,738	10,740	232,210	1,816,688
Losses charged off	(1,115,061)	(10,845)	(213,207)	(1,339,113)
Recoveries	101,467	105	20,853	122,425
Balance, end of year	2,318,810	392	130,384	2,449,586
Ending balance: individually evaluated for impairment	1,100,108	-	-	1,100,108
Ending balance: collectively evaluated for impairment	$ 1,218,702	$ 392	$ 130,384	$ 1,349,478
Loans				
Ending balance	$18,504,138	$ 384,717	$ 694,218	$19,583,073
Ending balance: individually evaluated for impairment	2,881,996	-	102,797	2,984,793
Ending balance: collectively evaluated for impairment	$15,622,142	$ 384,717	$ 591,421	$16,598,280

In addition to the allowance for loan losses, the Corporation maintains required cash reserves of $4,442,368 and $2,453,442 as of December 31, 2020 and 2019, respectively (Note 2), to cover loan losses.

Internal Risk Categories

Loan grades are: average or lower risk, high risk or impaired, and restructured. 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 use and application of these grades by the Corporation will be uniform and shall conform to the Corporation's policy.

Average or lower risk rating 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.

High risk rating consists of 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.

Restructured rating consists of loans modified in the normal course of business and not meeting the definition of a troubled debt restructuring.

Risk characteristics applicable to each segment of the loan portfolio are described as follows:

Business: The business portfolio includes loans to commercial customers for use in financing working capital needs, equipment purchases and expansions. The loans in this category are repaid primarily from the cash flow of a borrower's principal business operation. Credit risk in these loans is driven by creditworthiness of a borrower and the economic conditions that impact the cash flow stability from business operations.

Mortgage: The mortgage loans are generally secured by owner-occupied 1-4 family residences. Repayment of these loans is primarily dependent on the personal income and credit rating of the borrowers. Credit risk in these loans can be impacted by economic conditions within the Corporation's market areas that might impact either property values or a borrower's personal income. Risk is mitigated by the fact that the loans are of smaller individual amounts and spread over a large number of borrowers.

Other: The other loans portfolio consists of various consumer loans used for other personal purposes. Repayment for these types of loans will come from a borrower's income source that is typically independent of the loan purpose. Credit risk is driven by consumer economic factors (such as employment and general economic conditions in the Corporation's market area) and the creditworthiness of a borrower.

The following table presents the credit risk profile of the Corporation's loan portfolio based on internal rating category and payment activity as of December 31:

	2020			
	Business	**Mortgage**	**Other**	**Total**
Rating				
Average or lower risk	$ 29,468,768	$ 74,193	$ 425,246	$ 29,968,207
High risk	2,436,716	-	-	2,436,716
Restructured	6,186,824	273,864	96,438	6,557,126
Total	$ 38,092,308	$ 348,057	$ 521,684	$ 38,962,049

	2019			
	Business	**Mortgage**	**Other**	**Total**
Rating				
Average or lower risk	$ 12,774,938	$ 150,883	$ 676,811	$ 13,602,632
High risk	2,765,202	-	-	2,765,202
Restructured	2,963,998	233,834	17,407	3,215,239
Total	$ 18,504,138	$ 384,717	$ 694,218	$ 19,583,073

The Corporation evaluates the loan risk grading system definitions and allowance for loan loss methodology on an ongoing basis. No significant changes were made during the past year.

The following tables present the Corporation's loan portfolio aging analysis of the recorded investment in loans as of December 31, 2020 and 2019:

2020

	Current	30-89 Days Past Due	90 Days and Greater	Total Past Due	Total Loans Receivable	Total Loans > 90 Days & Accruing
Business	$ 35,277,052	$ 2,440,305	$ 374,951	$ 2,815,256	$ 38,092,308	$ 236,441
Mortgage	341,578	6,479	-	6,479	348,057	-
Other	479,779	14,801	27,104	41,905	521,684	27,104
Total	$ 36,098,409	$ 2,461,585	$ 402,055	$ 2,863,640	$ 38,962,049	$ 263,546

2019

	Current	30-89 Days Past Due	90 Days and Greater	Total Past Due	Total Loans Receivable	Total Loans > 90 Days & Accruing
Business	$ 16,425,274	$ 1,083,918	$ 994,946	$ 2,078,864	$ 18,504,138	$ 436,213
Mortgage	309,738	21,503	53,476	74,979	384,717	53,475
Other	546,653	39,102	108,463	147,565	694,218	108,463
Total	$ 17,281,665	$ 1,144,523	$ 1,156,885	$ 2,301,408	$ 19,583,073	$ 598,151

A loan is considered impaired, in accordance with the impairment accounting guidance (ASC 310-10-35-16), when based on current information and events, it is probable the Corporation will be unable to collect all amounts due from the borrower in accordance with the contractual terms of the loan. Impaired loans include nonperforming business loans but also include loans modified in troubled debt restructurings.

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December 31, 2020

The following tables present impaired loans for the years ended December 31, 2020 and 2019:

2020	Recorded Balance	Unpaid Principal Balance	Specific Allowance	Average Investment in Impaired Loans	Interest Income Recognized	Interest Income Recognized Cash Basis
Loans without a specific valuation allowance:						
Business	$ 1,198,319	$ 1,198,319	$ -	$ 1,216,839	$ -	$ -
Mortgage	-	-	-	-	-	-
Other	25,527	25,527	-	64,162	-	-
Loans with a specific valuation allowance:						
Business	$ 1,944,283	$ 1,944,283	$ 1,800,117	$ 1,795,461	$ -	$ -
Mortgage	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total:						
Business	$ 3,142,602	$ 3,142,602	$ 1,800,117	$ 3,012,300	$ -	$ -
Mortgage	-	-	-	-	-	-
Other	25,527	25,527	-	64,162	-	-
	$ 3,168,129	$ 3,168,129	$ 1,800,117	$ 3,076,462	$ -	$ -

2019	Recorded Balance	Unpaid Principal Balance	Specific Allowance	Average Investment in Impaired Loans	Interest Income Recognized	Interest Income Recognized Cash Basis
Loans without a specific valuation allowance:						
Business	$ 1,235,358	$ 1,235,358	$ -	$ 1,235,358	$ -	$ -
Mortgage	-	-	-	-	-	-
Other	102,797	102,797	-	102,797	-	-
Loans with a specific valuation allowance:						
Business	$ 1,646,638	$ 1,646,638	$ 1,100,108	$ 1,650,041	$ -	$ -
Mortgage	-	-	-	-	-	-
Other	-	-	-	6,931	-	-
Total:						
Business	$ 2,881,996	$ 2,881,996	$ 1,100,108	$ 2,885,399	$ -	$ -
Mortgage	-	-	-	-	-	-
Other	102,797	102,797	-	109,728	-	-
	$ 2,984,793	$ 2,984,793	$ 1,100,108	$ 2,995,127	$ -	$ -

The following table presents the Corporation's nonaccrual loans at December 31, 2020 and 2019. This table excludes performing troubled debt restructurings.

	2020	2019
Business	$ 2,436,716	$ 2,765,202
Mortgage	-	-
Other	-	-
Total	$ 2,436,716	$ 2,765,202

At December 31, 2020 and 2019, the Corporation had a number of loans that were modified in troubled debt restructurings and impaired. The modification of terms of such loans included one or a combination of the following: an extension of maturity, a reduction of the stated interest rate or a permanent reduction of the recorded investment in the loan.

The following table presents information regarding troubled debt restructurings by class for the years ended December 31, 2020 and 2019.

Newly classified troubled debt restructurings:

	2020		
	Number of Loans	Pre-Modification Recorded Balance	Post-Modification Recorded Balance
Business	5	$ 2,260,452	$ 2,260,452

	2019		
	Number of Loans	Pre-Modification Recorded Balance	Post-Modification Recorded Balance
Business	17	$ 405,728	$ 405,728
Mortgage	1	13,842	13,842
Business	18	$ 419,570	$ 419,570

The troubled debt restructurings described above increased the allowance for loan losses by $700,009 and $0 during the years ended December 31, 2020 and 2019, respectively. The troubled debt restructurings described above did not result in charge-offs during 2020 or 2019. There were no troubled debt restructurings modified during the past 12 months that subsequently defaulted.

Newly restructured loans by type of modification:

	2020			
	Interest Only	Term	Combination	Total Modification
Business	$ 1,000,000	$ 284,694	$ 975,758	$ 2,260,452

	2019			
	Interest Only	Term	Combination	Total Modification
Business	$ -	$ 158,612	$ 247,116	$ 405,728
Mortgage	-	13,842	-	13,842
Total	$ -	$ 172,454	$ 247,116	$ 419,570

As of December 31, 2020, no borrowers with loans designated as TDRs met the criteria for placement back on accrual status. This criteria is a minimum of six months of payment performance under existing or modified terms.

Impact of COVID-19

In March 2020, the COVID-19 coronavirus was identified as a global pandemic and began affecting the health of large populations around the world. As a result of the spread of COVID-19, economic uncertainties arose which can ultimately affect the financial position, results of operations and cash flows of the Corporation as well as the Corporation's customers. In response to economic concerns over COVID-19, in March 2020 the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) was passed into law by Congress. The CARES Act included relief for individual Americans, health care workers, small businesses and certain industries hit hard by the COVID-19 pandemic. The *2021 Consolidated Appropriations Act*, passed by Congress in December 2020, extended certain provisions of the CARES Act affecting the Corporation into 2021.

The CARES Act included several provisions designed to help financial institutions like the Corporation in working with their customers. The CARES Act, as extended, allows a financial institution to elect to suspend generally accepted accounting principles and regulatory determinations with respect to qualifying loan modifications related to COVID-19 that would otherwise be categorized as a troubled debt restructuring (TDR) until January 1, 2022. The Corporation has taken advantage of this provision to extend certain payment modifications to loan customers in need. As of December 31, 2020, the Corporation has $4,867,557 of outstanding loans that were modified during 2020 under the CARES Act guidance, that remain on modified terms. The Corporation modified other loans during 2020 under the guidance that have since returned to normal repayment status as of December 31, 2020.

The CARES Act also approved the Paycheck Protection Program (PPP), administered by the Small Business Administration (SBA) with funding provided by financial institutions. The *2021 Consolidated Appropriations Act* approved a new round of PPP loans in 2021. The PPP provides loans to eligible businesses through financial institutions like the Corporation, with loans being eligible for forgiveness of some or all of the principal amount by the SBA if the borrower meets certain requirements. The SBA guarantees repayment of the loans to the Corporation if the borrower's loan is not forgiven and is then not repaid by the customer. The Corporation earns a 1 percent interest rate on PPP loans, plus a processing fee from the SBA for processing and originating a loan. The Corporation originated approximately $15.6 million in PPP loans during 2020, of which approximately $15.0 million are still outstanding at December 31, 2020.

Note 4: Loan Servicing

Loans serviced for others are not included in the accompanying consolidated statement of financial position. The Corporation received monthly servicing fees in carrying out this work. The unpaid principal balances of loans serviced for others were approximately $10.6 million and $7.8 million at December 31, 2020 and 2019, respectively.

Note 5: Grant Reimbursements Receivable and Future Commitments

The Corporation receives its grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. Since the consolidated financial statements of the Corporation are prepared on the accrual basis, all earned portions of the grants not yet received as of December 31, 2020, have been recorded as receivables. Following are the grant commitments that extend beyond December 31, 2020:

Grant	Term	Grant Amount	Earned Through 2020	Funding Available
Small Business Association PRIME Grant	9/30/2020 - 9/29/2021	$ 200,000	$ 50,000	$ 150,000
Small Business Association TA Grant	8/17/2020 - 6/30/2021	995,887	418,259	577,628
Illinois Housing Development Authority	7/1/2020 - 6/30/2021	100,000	43,381	56,619
Affordable Housing Trust Fund -	3/1/2020 - 2/28/2021	59,800	-	59,800
Affordable Housing Trust Fund - Home Repair	3/1/2020 - 2/28/2021	58,650	-	58,650
Housing Action Illinois	10/1/2019 - 3/31/2021	43,912	4,413	39,499
Community Services Block Grant Discretionary	9/30/2017 - 9/29/2022	780,800	736,951	43,849
Illinois Department of Commerce and	4/1/20 - 3/31/21	200,000	59,802	140,198
Gateway Neighborhood Fund	-	274,770	82,935	191,835
Madison County Community Development	-	433,642	-	433,642
		$ 3,147,461	$ 1,395,741	$ 1,751,720

Note 6: Property and Equipment

Property and equipment at December 31 consist of:

	2020	2019
Land	$ 65,000	$ 65,000
Buildings	1,275,126	1,275,126
Equipment	81,632	81,632
Furniture and fixtures	440,993	408,000
Vehicles	-	24,311
	1,862,751	1,854,069
Less accumulated depreciation	792,771	771,596
	$ 1,069,980	$ 1,082,473

Note 7: Rental Real Estate

The Corporation 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 at December 31 consists of:

	2020	2019
Land	$ 124,786	$ 124,786
Buildings, net of impairment	8,820,793	8,861,109
	8,945,579	8,985,895
Less:		
Accumulated depreciation	2,197,996	1,887,343
	$ 6,747,583	$ 7,098,552

Note 8: Investment in Real Estate

Investment in real estate includes land and homes that have been donated to the Corporation 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 has intent to sell. The properties are recorded at cost and/or donated value plus improvements and less any impairment, which management believes approximates market value after improvements. Total investment in real estate at December 31, 2020 and 2019, was $5,364,211 and $4,561,178, respectively.

Foreclosed assets and properties acquired through customer loan default, included in the above investment in real estate, total $368,756 and $364,542 as of December 31, 2020 and 2019, respectively. These properties are carried at fair value, net of estimated costs to sell, not to exceed the carrying value of the loan receivable upon foreclosure plus any capital improvements needed to sell the property.

Note 9: Long-Term Debt

Justine PETERSEN	**2020**	**2019**
Line of credit of $1,250,000 with a bank, due August 2021, payable in monthly interest only payments which are calculated at prime rate, secured by loans receivable.	$ 1,212,629	$ 1,214,357
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.	651,174	676,250
Unsecured line of credit of $1,500,000 with a bank, due August 2021 interest payments due monthly at prime rate, principal plus all accrued unpaid interest on due date.	1,296,285	1,307,030
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 paid during 2020.	-	50,000

Justine PETERSEN	2020	2019
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.	$ 467,385	$ 483,772
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
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
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
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 Peterson.	579,472	617,984
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.	370,752	388,996
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 2021, interest at 3%.	25,500	26,388
Two unsecured promissory notes of $20,000 each with an individual, principal and interest due October 2021 and September 2022 with interest at 3%.	47,560	46,296

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Justine PETERSEN	2020	2019
Unsecured promissory note of $15,000 with an individual, principal and interest due September 2021, interest at 3%.	$ 17,030	$ 16,653
Unsecured promissory note of $10,000 with an individual, principal and interest due November 2021, interest at 0%.	10,000	10,000
Interest at 0%, due February 2021, payable in monthly payments of $2,510 including interest.	4,940	35,060
Interest at 0.625 % until July 2014 then became 0%, due July 2022, payable in monthly payments of $6,945 including interest.	48,609	134,458
Interest at 1%, due June 2022, payable in monthly payments of $4,630 including interest.	83,331	138,884
Interest at 0%, due May 2023, payable in monthly payments of $11,574.	335,648	474,537
Interest at 0%, due December 2022, payable in monthly payments of $3,496.	83,879	127,288
Interest at 0%, due July 2025, payable in monthly payments of $11,574.	642,524	782,710
Interest at 0%, due November 2026, payable in monthly payments of $11,574.	821,759	960,648
Interest at .625%, due April 2028, payable in monthly payments of $7,664.	652,440	739,644
Interest at 1.88%, due July 2029, payable in monthly payments of $19,334.	2,041,667	533,000
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.	28,053	29,618
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.	30,603	32,311

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December 31, 2020

Justine PETERSEN	2020	2019
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
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.	35,936	38,064
Unsecured promissory note with interest at 5%, due September 2022, monthly interest only payments beginning September 2019.	886,370	1,000,000
Promissory note of $250,000 with interest at 4%, due November 2020, payable in monthly payments of $5,651 beginning December 2016. Secured by blanket lien on business assets.	-	55,423
Note payable with interest at 4.75%, due January 2021, payable in monthly payments of $290 beginning December 2016, secured by real and personal property.	39,786	41,863
Note payable with interest at 4.75%, due January 2021, payable in monthly payments of $351 beginning December 2016, secured by real and personal property.	48,172	50,807
Note payable with interest at 4.75%, due January 2021, payable in monthly payments of $169 beginning December 2016, secured by real and personal property.	18,115	19,106
Note payable with interest at 5%, due October 2022, payable in monthly payments of $925 beginning November 2019, secured by real and personal property.	121,182	125,159
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
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

Justine PETERSEN	2020	2019
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 a mortgage lien on certain properties, with balloon payment of $167,921 due February 2024.	$ 203,707	$ 213,456
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 Other Note Receivable and Sale of Notes Receivable Note).	1,550,000	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 December 2025, quarterly interest at 3.00%, until maturity.	199,031	199,031
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
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.	497,611	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
Promissory note with a bank, due May 2021, payable in monthly interest only payments at prime plus 1.25%, secured by loans receivable.	800,300	549,000
Note payable with interest at 4.75%, due January 2021, payable in monthly payments of $169 beginning March 2017, secured by real and personal property.	34,256	36,004
Promissory note of $208,000 with a not-for-profit corporation, due July 2021, payable in monthly payments of interest of $1,040 and balloon payment at maturity; interest calculated at 5.25%, 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%.	321,378	416,468

Justine PETERSEN	2020	2019
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%.	$ 144,542	$ 205,652
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%.	37,079	47,952
Eleven unsecured promissory notes totaling $248,000 with varying principal balances, due October 2023, interest payable quarterly at 5%.	251,100	251,100
Line of credit with interest at 5%, due April 2021, quarterly interest only payments beginning July 2019 and principal payment due at maturity, secured by real and personal property.	30,000	30,000
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%.	188,532	289,496
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
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
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.	405,449	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
Unsecured promissory note of $297,062 with a bank, due November 2021, interest payments due monthly at 5.85%, principal plus all accrued unpaid interest payable on due date.	87,495	191,008
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

Justine Petersen Housing and Reinvestment Corporation

Notes to Consolidated Financial Statements

December 31, 2020

Justine PETERSEN	2020	2019
Unsecured promissory note of $25,000 with a non-profit corporation, due October 2022, interest and principal payable annually, interest at 3%.	$ 16,912	$ 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.	481,310	500,000
Unsecured note of $35,000 with a trust, due July 2021, interest and principal payable on due date, interest at 3%.	41,162	39,580
Unsecured note of $250,000 with a community foundation due June 2023, interest and principal payable on due date, interest at 3%.	250,000	-
Unsecured note of $100,000 with a nonprofit corporation due January 2025, interest of 3% due quarterly while the principal is due on the maturity date.	100,000	-
A collection of unsecured promissory notes with interest rates from 1.5-4.5% and maturity dates of either 30 or 60 months.	3,344,127	-
Promissory note with a bank with monthly payments of $314, interest at 4.25%, secured by property, with balloon payment of $41,848 due March 2025.	49,460	-
Unsecured promissory note of $300,000 with an individual due April 2022, interest at 2% payable quarterly while principal is due on the maturity date.	300,000	-
Unsecured promissory note with a bank of $250,000 due July 2025 interest of 1% and principal payable monthly at $4,275.	225,539	-
Unsecured promissory note with a bank of $500,000 with a variable interest rate based on the prime rates as published in the wall street journal with interest and principal due on the maturity date in April 2021.	500,000	-
Unsecured promissory note with a bank, due June 2022, interest at 1% payable monthly, principal payable on the maturity date.	10,997,231	-

Justine PETERSEN	**2020**	**2019**
Unsecured promissory note, due October 2023, interest at 0%, principal payments of $16,666 due annually until the maturity date.	$ 50,000	$ -
Promissory note with a bank, due April 2023, payable in monthly interest only payments at 4%, secured by property.	44,095	-
Promissory note with a bank, due June 2021, interest at LIBOR rate plus 1.85%, principal plus all accrued unpaid interest on due date.	750,000	-
Unsecured promissory note with a corporation of $1,000,000, interest at 2.5% payable with principal on the maturity date in December 2025.	1,000,000	-
Unsecured promissory note with an induvial of $216,200, interest at 4% payable quarterly, principal due on maturity date in December 2023.	216,200	-
Promissory note with the Federal Reserve for $379,799, interest at .35%, principal due at maturity in April 2022, secured with PPP loans.	379,799	-
Promissory note with the Federal Reserve for $744,068, interest at .35%, principal due at maturity in August 2025, secured with PPP loans.	744,068	-
Unsecured promissory note for $500,000 with a not-for-profit corporation, interest at 1.5% payable monthly, principal due at maturity in September 2022.	500,000	-
Total Justine PETERSEN debt	$ 37,789,184	$ 20,455,488

GRCC	2020	2019
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
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.	58,939	163,012
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.	2,203,048	2,403,048
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
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
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
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 February 2021, interest at 1.97%, principal and interest payable on due date.	1,000,000	1,000,000
Promissory note with a bank, payments of $17,196 of principal and interest at 4% payable monthly, unpaid interest and principal due on maturity in March 2026.	990,280	-
Promissory note with a bank, payments of $4,105 of principal and interest at 4% payable monthly, unpaid interest and principal due on maturity in April 2024.	148,438	-

Justine Petersen Housing and Reinvestment Corporation
Notes to Consolidated Financial Statements
December 31, 2020

GRCC	2020	2019
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.	$ 65,465	$ 128,937
	4,973,075	5,464,737
Less deferred financing costs	40,331	70,579
Total GRCC debt	$ 4,932,744	$ 5,394,158

TFH	2020	2019
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).	521,583	537,482
	921,583	937,482
Less deferred financing costs	10,500	12,250
Total TFH debt	$ 911,083	$ 925,232

	2020	2019
Total Debt	$ 43,683,842	$ 26,857,707
Less:		
Debt issuance costs	50,831	82,829
Current maturities	9,017,346	8,535,241
	$ 34,615,665	$ 18,239,637

Aggregate annual maturities of long-term at December 31, 2020, are:

2021	$ 9,017,346
2022	24,531,169
2023	4,117,646
2024	1,510,659
2025	1,915,675
Thereafter	2,591,347
	$ 43,683,842

Payments of $12,121,000 related to PPP loan funding is included in maturities during 2022.

Note 10: Net Assets

Net Assets With Donor Restrictions

Net assets with donor restrictions of $2,680,169 and $82,752 were subject to expenditure for a specified purpose at December 31, 2020 and 2019, respectively. At December 31, 2020, the specified purpose for $2,380,359 of the net assets with donor restrictions related to purpose of originating loans to low-to-moderate income borrowers.

Net Assets Released from Restrictions

Net assets released from restriction were $2,891,951 and $725,777 for the years ended December 31, 2020 and 2019, respectively. Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. For the year ended December 31, 2020, the satisfaction of the purpose restriction for $2,619,641 was for one grant which related to the purpose of originating loans to low-to-moderate income borrowers.

Note 11: Income Taxes

GRCC's provision for income taxes includes these components:

	2020	2019
Taxes currently payable	$ (113,333)	$ 1,241
Deferred income taxes	24,000	110,000
Income tax expense (benefit)	$ (89,333)	$ 111,241

The 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.

The tax effects of temporary differences related to deferred taxes shown on the consolidated statement of financial position were:

	2020	2019
Deferred tax assets		
Allowance for loan losses	$ 365,000	$ 205,000
Net operating carryforward	4,000	176,000
Impairment loss	38,000	-
	407,000	381,000
Deferred tax liability		
Basis reduction in loans receivable related to CDFI grant	735,000	686,000
Other	1,000	-
	736,000	686,000
Net deferred tax liability	$ (329,000)	$ (305,000)

Note 12: Operating Leases

The Corporation leases certain office space and equipment under various operating lease agreements. The leases are non-cancelable and expire on various dates through 2025. Future minimum lease payments at December 31, 2020, were:

2021	$ 41,608
2022	27,662
2023	27,662
2024	27,662
2025	434
	$ 125,028

Rent expense under operating leases was $61,251 and $71,232 for the years ended December 31, 2020 and 2019, respectively.

Note 13: Related Party Transactions

At December 31, 2020 and 2019, the Corporation had loans receivable outstanding to executive officers, directors, employees and their affiliates (related parties), in the amount of $520,259 and $296,980, respectively. In management's opinion, such loans and other extensions of credit and deposits were made in the ordinary course of business and were made on substantially the same terms (including interest rates and collateral) as those prevailing at the time for comparable transactions with other persons. Further, in management's opinion, these loans did not involve more than normal risk of collectability or present other unfavorable features.

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 related rent expense incurred in 2020 and 2019 was $24,000.

Note 14: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Contributions

Approximately 60 percent of all contributions and grants were received from two grantors in 2020.

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 percent 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 percent of the outstanding principal balance plus accrued interest until the portfolio performance is back in line with compliance requirements. As of December 31, 2020, 90-day past due balances do not exceed 8 percent of the total outstanding principal balance, therefore no contingent liabilities are required to be recorded.

Twenty-First Homes

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

Note 15: Disclosures About Fair Value of Assets

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets

Level 3 Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets

Nonrecurring Measurements

The following table presents the fair value measurement of assets measured at fair value on a nonrecurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2020 and 2019:

		Fair Value Measurements Using		
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2020				
Assets				
Long-lived assets held for sale (investments in real estate)	$ 217,653	$ -	$ 217,653	$ -
Long-lived assets held for use (rental real estate)	$ 76,400	$ -	$ 76,400	$ -
December 31, 2019				
Assets				
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	$ -

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a nonrecurring basis and recognized in the accompanying consolidated statement of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy.

Long-Lived Assets

Long-lived assets are valued at fair value on December 31, 2020, due to an impairment recorded. The fair value is estimated using recent market transactions on similar assets that are observable or that can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy.

Note 16: Other Note Receivable and Sale of Notes Receivable

Other note receivable represents a promissory note receivable dated April 14, 2014, between Justine PETERSEN and an unrelated third-party investment fund with a balance of $1,550,000 and $2,200,000 at December 31, 2020 and 2019, respectively. The promissory note agreement has an interest rate of 5 percent and requires quarterly interest payments 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 from an unrelated not-for-profit corporation to provide the funds to lend under the terms of the promissory note. The balance of this long-term debt was $1,550,000 and $2,000,000 at December 31, 2020 and 2019, respectively, and is included in long-term debt on the consolidated statement of financial position. 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 17: Investments in Private Entities

Investment in Good Life Growing, LLC

Justine PETERSEN purchased a 10 percent interest in the company, Good Life Growing, LLC, for the purchase price of $85,000 including legal expenses related to the agreement execution. In 2020, Justine PETERSEN exercised its option to purchase an additional 10 percent membership interest at the price of $8,500 per 1 percent membership interest. The Good Life Growing investment as of December 31, 2020 and 2019, was $163,194 and $81,262, respectively.

Investment in St. Louis Indoor Produce

Justine PETERSEN initially purchased a 2 percent interest in St. Louis Indoor Produce (“SLIP”), with a commitment to purchase up to 36 units at $8,500 per unit. As of December 31, 2020 and 2019, Justine PETERSEN held 34 and 16 units of SLIP, respectively. Justine PETERSEN’s investment in SLIP as of December 31, 2020 and 2019, was $289,000 and $136,000, respectively.

Investment in North Riverside Holdings, LLC

In 2019, Justine PETERSEN purchased 6.25 percent interest in North Riverside Holdings, LLC for the purchase price of $50,000. In 2020, Justine PETERSEN sold its interest in North Riverside Holdings, LLC.

Note 18: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2020 and 2019, comprise the following:

	2020	2019
Financial assets		
Cash	$ 6,547,616	$ 1,441,348
Accounts and grants receivable	1,088,601	1,340,615
Interest and fees receivable	577,356	461,198
Other receivables	29,142	104,990
Total financial assets	8,242,715	3,348,151
Less donor restricted funds available for general expenditures, but subject to grant guidelines	2,680,169	82,752
Financial assets available to meet cash needs for general expenditures within one year	$ 5,562,546	$ 3,265,399

The Corporation manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. To help manage unanticipated liquidity needs, the Corporation has committed lines of credit totaling $9,527,479, of which only $6,515,834 has been drawn upon as of December 31, 2020, leaving $3,011,645 available.

Note 19: Revenue from Contracts

The Corporation's revenue streams accounted for under ASC 606, included in program service fees on the consolidated statement of activities, is as 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.

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 borrowers. The Corporation recognizes revenues included in miscellaneous income for these arrangements evenly over time as the services are provided and satisfaction of the performance obligation is met.

Disaggregation of Revenue

The composition of revenue by revenue source and timing of revenue recognition for the years ended December 31, 2020 and 2019, is as follows:

	2020	2019
Over period of time		
Loan administrative fees	$ 65,758	$ 168,298
Training and client service fees	75,912	112,114
	141,670	280,412
At point in time		
Real estate brokerage and developers' fees	53,745	57,346
Total ASC 606 Revenue	$ 195,415	$ 337,758

Note 20: Profit-Sharing Plan

The Corporation has a 401(k) profit-sharing plan covering substantially all employees. The Corporation's contributions to the plan are determined annually by the board of directors. Contributions from the Corporation to the plan were $62,678 and $7,783 for the years ended December 31, 2020 and 2019, respectively.

Note 21: Subsequent Events

In March 2021, the Corporation entered into a credit agreement to borrow up to $2,000,000 for the purpose of lending to Black-owned or controlled small businesses and nonprofit organizations.

Subsequent events have been evaluated through March 31, 2021, which is the date the consolidated financial statements were available to be issued.

Note 22: Future Changes in Accounting Principle

Accounting for Leases

The FASB amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the consolidated statements of financial position as both a right-of-use asset and a liability. The standard has two types of leases for statements of activities recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for annual periods beginning after December 15, 2021, and any interim periods within annual reporting periods that begin after December 15, 2022. The Corporation is evaluating the effect the standard will have on the consolidated financial statements; however, the standard is expected to have an immaterial effect on the consolidated financial statements due to the recognition of additional assets and liabilities for operating leases.

Accounting for Financial Instruments – Credit Losses

The FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses* (Topic 326). The ASU introduces a new credit loss model, the current expected credit loss model (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk.

The CECL model utilizes a lifetime "expected credit loss" measurement objective for the recognition of credit losses for loans, held-to-maturity securities and other receivables at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. For available for-sale securities where fair value is less than cost, credit-related impairment, if any, will be recognized in an allowance for credit losses and adjusted each period for changes in expected credit risk. This model replaces the multiple existing impairment models, which generally require that a loss be incurred before it is recognized.

The CECL model represents a significant change from existing practice and may result in material changes to the Corporation's accounting for financial instruments. The Corporation is evaluating the effect ASU 2016-13 will have on its consolidated financial statements and related disclosures. The impact of the ASU will depend upon the state of the economy and the nature of the portfolios at the date of adoption. The new standard is effective for annual and interim periods beginning after December 15, 2022.

Supplementary Information

Justine Petersen Housing and Reinvestment Corporation

Consolidating Schedule of Financial Position (Continued)

December 31, 2020 (with comparative totals for 2019)

	2020									2019
	JPHRC	GRCC	GRCT	JPEM	TFH	TFHD	JP COVID-19	Eliminations	Consolidated	(Comparative Totals Only)
Assets										
Current Assets										
Cash	$ 1,905,549	$ 4,274,636	$ -	$ -	$ 117,448	$ -	249,983	$ -	$ 6,547,616	$ 1,441,348
Restricted cash	4,143,232	792,048	-	-	224,213	-	-	-	5,159,493	3,077,399
Accounts and grants receivable	724,832	361,383	-	-	2,386	-	-	-	1,088,601	1,340,615
Interest and fees receivable	226,797	350,559	-	-	-	-	-	-	577,356	461,198
Loans receivable, net - current position	10,073,954	3,958,270	-	-	-	-	-	-	14,032,224	3,945,259
Prepaid expenses and other	25,006	30,294	-	-	2,995	-	-	-	58,295	31,887
Income taxes prepaid and receivable	-	29,142	-	-		-	-	-	29,142	104,990
Total current assets	17,099,370	9,796,332	-	-	347,042	-	249,983	-	27,492,727	10,402,696
Other Assets										
Loans receivable, net	9,574,497	11,646,274	-	-	-	-	-	-	21,220,771	13,188,228
Other note receivable	1,550,000	-	-	-	-	-	-	-	1,550,000	2,200,000
Property and equipment, net	1,069,980	-	-	-	-	-	-	-	1,069,980	1,082,473
Rental real estate	3,389,756	285,540	-	-	3,072,287	-	-	-	6,747,583	7,098,552
Investment in real estate	4,249,435	1,114,776	-	-	-	-	-	-	5,364,211	4,561,178
Other assets	35,517	-	-	-	15,825	-	-	-	51,342	104,090
Due from subsidiaries	12,418,743	-	-	2,304,126	18,000	-	1,158,687	(15,899,556)	-	-
Investments, at cost	452,194	-	-	-	-	-	-	-	452,194	267,262
Investment in subsidiaries	4,648,975	-	-	-	-	311	-	(4,649,286)	-	-
Total other assets	37,389,097	13,046,590	-	2,304,126	3,106,112	311	1,158,687	(20,548,842)	36,456,081	28,501,783
Total assets	$ 54,488,467	$ 22,842,922	$ -	$ 2,304,126	$ 3,453,154	$ 311	$ 1,408,670	$ (20,548,842)	$ 63,948,808	$ 38,904,479

Justine Petersen Housing and Reinvestment Corporation
Consolidating Schedule of Financial Position (Continued)
December 31, 2020 (with comparative totals for 2019)

	2020									2019
	JPHRC	GRCC	GRCT	JPEM	TFH	TFHD	JP COVID-19	Eliminations	Consolidated	(Comparative Totals Only)
Liabilities and Net Assets										
Current Liabilities										
Current portion of long-term debt	$ 7,669,743	$ 1,347,603	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,017,346	$ 8,535,241
Accounts payable and accrued expenses	437,237	175,035	-	-	51,026	-	8,686	-	671,984	674,682
Interest payable	75,633	3,348	-	304,125	-	-	-	-	383,106	390,427
Client held funds	448,757	-	-	-	-	-	-	-	448,757	344,843
Tenant security deposits	12,060	-	-	-	12,630	-	-	-	24,690	23,650
Deferred revenue	678,921	-	-	-	-	-	-	-	678,921	545,551
Total current liabilities	9,322,351	1,525,986	-	304,125	63,656	-	8,686	-	11,224,804	10,514,394
Other Liabilities										
Deferred income taxes	-	329,000	-	-	-	-	-	-	329,000	305,000
Long-term debt, non-current portion	30,119,441	3,585,141	-	-	911,083	-	-	-	34,615,665	18,239,637
Due to subsidiaries	554,127	14,843,743	-	-	251,353	-	250,000	(15,899,223)	-	-
Total other liabilities	30,673,568	18,757,884	-	-	1,162,436	-	250,000	(15,899,223)	34,944,665	18,544,637
Total liabilities	39,995,919	20,283,870	-	304,125	1,226,092	-	258,686	(15,899,223)	46,169,469	29,059,031
Net Assets										
Without Donor Restrictions										
Undesignated	11,812,379	-	-	-	-	311	-	136,480	11,949,170	8,062,696
Noncontrolling interest	-	-	-	-	-	-	-	3,150,000	3,150,000	1,700,000
With Donor Restrictions	2,680,169	-	-	-	-	-	-	-	2,680,169	82,752
Members' capital	-	-	-	2,000,001	-	-	1,149,984	(3,149,985)	-	-
Common stock	-	10,000	-	-	-	-	-	(10,000)	-	-
Paid-in capital and partner capital	-	671,560	-	-	-	-	-	(671,560)	-	-
Equity	-	1,877,492	-	-	2,227,062	-	-	(4,104,554)	-	-
Total net assets	14,492,548	2,559,052	-	2,000,001	2,227,062	311	1,149,984	(4,649,619)	17,779,339	9,845,448
Total liabilities and net assets	$ 54,488,467	$ 22,842,922	$ -	$ 2,304,126	$ 3,453,154	$ 311	$ 1,408,670	$ (20,548,842)	$ 63,948,808	$ 38,904,479

Justine Petersen Housing and Reinvestment Corporation

Consolidating Schedule of Activities

Year Ended December 31, 2020 (with comparative totals for 2019)

	2020									2019
	JPHRC	GRCC	GRCT	JPEM	TFH	TFHD	JP COVID-19	Eliminations	Consolidated	(Comparative Totals Only)
Revenues, Gains and Other Support										
Contributions and grants	$ 9,822,719	$ 1,005,700	$ -	$ -	$ -	$ -	$ -	$ (16,461)	$ 10,811,958	$ 3,854,313
Donated services	78,582	-	-	-	-	-	-	-	78,582	214,635
Program service fees										
Real estate brokerage income	15,063	-	-	-	-	-	-	-	15,063	25,671
Loan and administrative fees	1,832,741	480,214	-	-	-	-	-	(393,136)	1,919,819	1,204,659
Credit reporting fees	9,881	-	-	-	-	-	-	-	9,881	12,365
Developer's fees	38,682	-	-	-	-	-	-	-	38,682	31,675
Rental income	251,204	34,010	-	-	140,268	-	-	-	425,482	354,887
Miscellaneous	83,223	26	-	-	489	-	-	-	83,738	116,135
Interest	631,477	1,097,903	-	97,333	688	-	8,686	(127,185)	1,708,902	1,543,979
Loss on disposal of assets	-	(31,472)	-	-	-	-	-	-	(31,472)	(110,010)
Loss on investments	-	-	-	-	-	-	-	-	-	-
Equity earnings of subsidiaries	2,008	-	-	-	-	20	-	(2,028)	-	-
Total revenues, gains and other support	12,765,580	2,586,381	-	97,333	141,445	20	8,686	(538,810)	15,060,635	7,248,309
Expenses										
Housing	1,157,036	266,724	-	-	257,853	-	-	(54,135)	1,627,478	1,120,169
Economic development	4,688,755	2,139,649	16,148	97,333	-	-	8,703	(377,868)	6,572,720	5,957,553
Savings	297,135	47,995	-	-	-	-	-	(26,732)	318,398	457,764
Total program services	6,142,926	2,454,368	16,148	97,333	257,853	-	8,703	(458,735)	8,518,596	7,535,486
Management and general	74,142	10,097	-	-	67,980	-	-	(72,091)	80,128	203,370
Fundraising	64,230	8,747	-	-	-	-	-	(5,622)	67,355	71,782
Total supporting activities	138,372	18,844	-	-	67,980	-	-	(77,713)	147,483	275,152
Total expense before income taxes	6,281,298	2,473,212	16,148	97,333	325,833	-	8,703	(536,448)	8,666,079	7,810,638
Income tax expense (benefit)	-	(89,333)	-	-	-	-	-	-	(89,333)	111,241
Total Expenses	6,281,298	2,383,879	16,148	97,333	325,833	-	8,703	(536,448)	8,576,746	7,921,879
Change in Net Assets	6,484,282	202,502	(16,148)	-	(184,388)	20	(17)	(2,362)	6,483,889	(673,570)
Contributed Capital	-	-	-	300,001	-	-	1,150,001	-	1,450,002	-
Net Assets, Beginning 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
Net Assets, End of Year	$ 14,492,548	$ 2,559,052	$ -	$ 2,000,001	$ 2,227,062	$ 311	$ 1,149,984	$ (4,649,619)	$ 17,779,339	$ 9,845,448

Justine Petersen Housing and Reinvestment Corporation

Consolidating Schedule of Expenses

Year Ended December 31, 2020 (with comparative totals for 2019)

	2020									2019
	JPHRC	GRCC	GRCT	JPEM	TFH	TFHD	JP COVID-19	Eliminations	Consolidated	(Comparative Totals Only)
Salaries and wages	$ 2,225,289	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,225,289	$ 1,953,283
Payroll taxes	159,939	-	-	-	-	-	-	-	159,939	149,559
Employee benefits	316,174	-	-	-	-	-	-	-	316,174	210,711
Advertising	14,011	-	-	-	-	-	-	-	14,011	28,755
Client assistance	132,356	54,873	16,127	-	-	-	-	(16,127)	187,229	118,017
Conferences and seminars	8,432	-	-	-	-	-	-	-	8,432	39,211
Credit report charges	31,371	-	-	-	-	-	-	-	31,371	30,022
Delivery and postage	4,528	-	-	-	-	-	-	-	4,528	23,060
Depreciation and amortization	97,594	30,248	-	-	-	-	-	-	127,842	102,629
Depreciation - rental real estate	128,323	10,494	-	-	171,823	-	-	-	310,640	237,173
Donated services	78,582	-	-	-	-	-	-	-	78,582	214,635
Dues and subscriptions	18,751	-	-	-	-	-	-	-	18,751	21,685
Equipment rental and maintenance	31,233	-	-	-	-	-	-	-	31,233	45,009
Impairment and subsidized programmatic real	268,373	150,995	-	-	-	-	-	-	419,368	202,934
Insurance	36,767	4,379	-	-	16,980	-	-	-	58,126	46,350
Interest	928,580	305,156	-	97,333	1,714	-	8,686	(127,185)	1,214,284	1,076,931
Miscellaneous	37,089	56,319	1	-	2,617	-	-	-	96,026	19,341
Occupancy	44,922	-	-	-	-	-	-	-	44,922	69,861
Office supplies	170,894	28,317	20	-	66	-	17	-	199,314	174,865
Professional fees	409,660	382,943	-	-	67,980	-	-	(393,136)	467,447	744,650
Provisions for bad debts and loan losses	938,045	1,426,149	-	-	-	-	-	-	2,364,194	1,983,265
Rental real estate maintenance	143,295	15,764	-	-	41,620	-	-	-	200,679	171,943
Repairs and maintenance	20,076	-	-	-	-	-	-	-	20,076	13,824
Taxes and licenses	3,310	7,575	-	-	23,033	-	-	-	33,918	33,532
Telephone	23,829	-	-	-	-	-	-	-	23,829	30,373
Travel and training	9,875	-	-	-	-	-	-	-	9,875	69,020
Total expenses before income taxes	6,281,298	2,473,212	16,148	97,333	325,833	-	8,703	(536,448)	8,666,079	7,810,638
Income tax expense (benefit)	-	(89,333)	-	-	-	-	-		(89,333)	111,241
Total	$ 6,281,298	$ 2,383,879	$ 16,148	$ 97,333	$ 325,833	$ -	$ 8,703	$ (536,448)	$ 8,576,746	$ 7,921,879