Justine Petersen Housing and Reinvestment Corporation

Independent Auditor's Report and
Consolidated Financial Statements

December 31, 2021

Justine Petersen Housing and Reinvestment Corporation
December 31, 2021

Contents

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CPAs & Advisors

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Independent Auditor's Report

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Justine Petersen Housing and Reinvestment Corporation (the "Corporation"), which comprise the consolidated statement of financial position as of December 31, 2021, 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.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Corporation, as of December 31, 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are required to be independent of the Corporation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 31, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules (collectively "supplementary information") is presented for purposes of additional analysis 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 supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2022, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

BKD, LLP

St. Louis, Missouri
April 29, 2022

Justine Petersen Housing and Reinvestment Corporation

Consolidated Statement of Financial Position

December 31, 2021

(With Summarized Financial Information as of December 31, 2020)

Assets

	2021	2020
Current Assets		
Cash	$ 7,781,999	$ 6,547,616
Restricted funds	5,338,260	5,159,493
Accounts and grants receivable	1,143,529	1,088,601
Interest and fees receivable	525,114	577,356
Loans receivable, net - current position	6,721,914	14,032,224
Prepaid expenses and other	67,161	58,295
Income taxes prepaid and receivable	-	29,142
Total current assets	21,577,977	27,492,727
Other Assets		
Loans receivable, net	22,189,803	21,220,771
Other note receivable	-	1,550,000
Property and equipment, net	1,035,146	1,069,980
Rental real estate	6,535,114	6,747,583
Investment in real estate	5,330,324	5,364,211
Other assets	120,336	51,342
Investments in private entities, at cost	452,194	452,194
	35,662,917	36,456,081
Total assets	$ 57,240,894	$ 63,948,808

Liabilities and Net Assets

	2021	2020
Current Liabilities		
Current portion of long-term debt	$ 11,141,660	$ 9,017,346
Accounts payable and accrued expenses	548,602	671,984
Interest payable	597,967	383,106
Income taxes payable	94,229	-
Client held funds	815,085	448,757
Tenant security deposits	52,506	24,690
Deferred revenue	3,110,454	678,921
Total current liabilities	16,360,503	11,224,804
Other Liabilities		
Deferred income taxes	367,000	329,000
Long-term debt	19,912,565	34,615,665
	20,279,565	34,944,665
Total liabilities	36,640,068	46,169,469
Net Assets		
Without donor restrictions		
Undesignated	16,698,654	11,949,170
Noncontrolling interest	3,650,000	3,150,000
With donor restrictions	252,172	2,680,169
Total net assets	20,600,826	17,779,339
Total liabilities and net assets	$ 57,240,894	$ 63,948,808

Justine Petersen Housing and Reinvestment Corporation

Consolidated Statement of Activities

Year Ended December 31, 2021

(With Summarized Financial Information as of December 31, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	(Comparative Totals Only)
Revenues, Gains and Other Support				
Contributions and grants	$ 5,870,467	$ 347,582	$ 6,218,049	$ 10,811,958
Donated services	118,333	-	118,333	78,582
Program service fees				
Real estate brokerage income	14,015	-	14,015	15,063
Loan and administrative fees	2,252,766	-	2,252,766	1,919,819
Credit reporting fees	26,534	-	26,534	9,881
Developer's fees	13,591	-	13,591	38,682
Rental income	454,023	-	454,023	425,482
Miscellaneous	40,827	-	40,827	83,738
Interest	1,756,181	-	1,756,181	1,708,902
Loss on disposal of assets	-	-	-	(31,472)
Net assets released from restrictions	2,775,579	(2,775,579)	-	-
Total revenues, gains and other support	13,322,316	(2,427,997)	10,894,319	15,060,635
Expenses				
Housing	1,348,827	-	1,348,827	1,627,478
Economic development	6,795,705	-	6,795,705	6,572,720
Savings	89,859	-	89,859	318,398
Total program services	8,234,391	-	8,234,391	8,518,596
Management and general	101,341	-	101,341	80,128
Fundraising	17,251	-	17,251	67,355
Total supporting activities	118,592	-	118,592	147,483
Total expense before income taxes	8,352,983	-	8,352,983	8,666,079
Income tax expense (benefit)	219,849	-	219,849	(89,333)
Total expenses	8,572,832	-	8,572,832	8,576,746
Change in Net Assets	4,749,484	(2,427,997)	2,321,487	6,483,889
Contributed Capital	500,000	-	500,000	1,450,002
Net Assets, Beginning of Year	15,099,170	2,680,169	17,779,339	9,845,448
Net Assets, End of Year	$ 20,348,654	$ 252,172	$ 20,600,826	$ 17,779,339

Justine Petersen Housing and Reinvestment Corporation

Consolidated Statement of Functional Expenses

Year Ended December 31, 2021

(With Summarized Financial Information as of December 31, 2020)

	2021								
	Program Services				Support Services				
	Housing	Economic Development	Savings	Total Program Services	Management and General	Fundraising	Total Support Services	2021 Total	2020 Total
Salaries and wages	$ 208,643	$ 2,178,125	$ 48,067	$ 2,434,835	$ 56,705	$ 9,653	$ 66,358	$ 2,501,193	$ 2,225,289
Payroll taxes	15,208	158,760	3,503	177,471	4,133	704	4,837	182,308	159,939
Employee benefits	26,033	271,760	5,997	303,790	7,075	1,204	8,279	312,069	316,174
Advertising	1,429	14,916	329	16,674	388	66	454	17,128	14,011
Client assistance	-	182,519	-	182,519	-	-	-	182,519	187,229
Conferences and seminars	777	8,115	179	9,071	211	36	247	9,318	8,432
Credit report charges	2,721	28,410	627	31,758	740	126	866	32,624	31,371
Delivery and postage	1,328	13,862	306	15,496	361	61	422	15,918	4,528
Depreciation and amortization	9,453	110,664	1,775	121,892	2,094	356	2,450	124,342	127,842
Depreciation - rental real estate	299,836	-	-	299,836	-	-	-	299,836	310,640
Donated services	9,871	103,048	2,274	115,193	2,683	457	3,140	118,333	78,582
Dues and subscriptions	2,845	29,704	655	33,204	773	132	905	34,109	18,751
Equipment rental and maintenance	2,459	25,675	567	28,701	668	114	782	29,483	31,233
Impairment and programmatic subsidized real estate loss	323,469	-	-	323,469	-	-	-	323,469	419,368
Insurance	21,794	44,259	977	67,030	1,152	196	1,348	68,378	58,126
Interest	8,256	1,112,706	3,801	1,124,763	-	-	-	1,124,763	1,214,284
Miscellaneous	27,316	58,085	1,947	87,348	2,300	391	2,691	90,039	96,028
Occupancy	2,736	28,569	631	31,936	744	126	870	32,806	44,922
Office supplies	13,027	135,991	3,001	152,019	3,540	603	4,143	156,162	199,314
Professional fees	58,878	616,676	13,564	689,118	16,002	2,724	18,726	707,844	467,447
Provisions for bad debts and loan losses	5,447	1,604,422	120	1,609,989	-	-	-	1,609,989	2,364,192
Recording fees	29	1,379	36	1,444	-	-	-	1,444	-
Rental real estate maintenance	276,294	-	-	276,294	-	-	-	276,294	200,679
Repairs and maintenance	1,296	13,529	299	15,124	352	60	412	15,536	20,076
Taxes and licenses	25,448	10,331	228	36,007	269	46	315	36,322	33,918
Telephone	2,590	27,037	597	30,224	704	120	824	31,048	23,829
Travel and training	1,644	17,163	379	19,186	447	76	523	19,709	9,875
Total expenses before income taxes	1,348,827	6,795,705	89,859	8,234,391	101,341	17,251	118,592	8,352,983	8,666,079
Income tax expense (benefit)	-	219,849	-	219,849	-	-	-	219,849	(89,333)
Total	$ 1,348,827	$ 7,015,554	$ 89,859	$ 8,454,240	$ 101,341	$ 17,251	$ 118,592	$ 8,572,832	$ 8,576,746

Justine Petersen Housing and Reinvestment Corporation
Consolidated Statement of Cash Flows
Year Ended December 31, 2021
(With Summarized Financial Information as of December 31, 2020)

	2021	2020
Operating Activities		
Changes in net assets	$ 2,321,487	$ 6,483,889
Items not requiring (providing) cash		
Depreciation and amortization	392,180	406,484
Amortization of deferred financing fees	31,998	31,998
Deferred income taxes	38,000	24,000
Impairment and subsidized programmatic real estate loss	323,469	419,368
Loss on disposal of assets	-	31,472
Provisions for bad debts and loan losses	1,609,989	2,364,192
Change in assets and liabilities:		
Restricted funds	(178,767)	(2,082,094)
Accounts and grants receivable	(54,928)	252,014
Interest and fees receivable	52,242	(116,158)
Prepaid expenses and other assets	(17,348)	(26,408)
Accounts payable and accrued expenses	(123,382)	(2,698)
Interest payable	214,861	(7,321)
Income taxes prepaid, receivable and payable	123,371	75,848
Client held funds	366,328	103,914
Tenant security deposits	27,816	1,040
Deferred revenue	2,431,533	133,370
Net cash provided by operating activities	7,558,849	8,092,910
Investing Activities		
Net change in loans	4,731,289	(20,483,700)
Principal payments received on other note receivable	1,550,000	650,000
Website and portal development	(94,623)	-
Purchases of property and equipment	(22,010)	(31,048)
Purchases of rental real estate	(8,000)	(215,809)
Purchases of investment real estate	(742,708)	(1,181,598)
Proceeds from sale of assets - investment in real estate	372,370	184,308
Purchases of other investments	-	(184,932)
Net cash provided by (used in) investing activities	5,786,318	(21,262,779)

(Continued)

Justine Petersen Housing and Reinvestment Corporation
Consolidated Statement of Cash Flows (Continued)
Year Ended December 31, 2021
(With Summarized Financial Information as of December 31, 2020)

	2021	2020
Financing Activities		
Capital contributed - noncontrolling interest	$ 500,000	$ 1,450,002
Proceeds from long-term debt	11,181,914	25,480,560
Payments on long-term debt	(23,792,698)	(8,654,425)
Net cash provided by (used in) financing activities	(12,110,784)	18,276,137
Increase in Cash	1,234,383	5,106,268
Cash, Beginning of Year	6,547,616	1,441,348
Cash, End of Year	$ 7,781,999	$ 6,547,616
Supplemental Cash Flows Information		
Interest paid	$ 909,902	$ 1,221,605
Income taxes paid	$ 95,395	$ 80,730
Net transfers from investment in real estate to rental real estate	$ 92,549	$ -

Justine Petersen Housing and Reinvestment Corporation

Notes to Consolidated Financial Statements

December 31, 2021

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. Effective in 2021, Justine PETERSEN qualified to become an U.S. Department of Treasury certified Community Development Financial Institution ("CDFI") in St. Louis.

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
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
Justine Petersen Properties, LLC	JP PROP	2021	MO	Managing member

Great Rivers Community Capital, Inc. ("GRCC") was the first U.S. Department of the Treasury certified 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.

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 percent limited partner, and the 0.01 percent 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 William A. Kerr Foundation, FCB Banks, First Mid Bank and Trust, and Associated Bank, 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, 2021 and 2020, of $2,500,001 and $2,000,001, 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, 2021 and 2020, of $1,150,001 and $1,149,984, respectively, is reflected as the 'non-controlling interest' portion of net assets without donor restrictions on the accompanying consolidated statement of financial position.

Justine Petersen Properties, LLC ("JP Properties") was established in 2021 to own and manage low-income single-family homes for Justine PETERSEN. Justine PETERSEN is the sole member of JP Properties.

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of the Justine PETERSEN, GRCC, TFH, TFHD, JPEM, JP COVID-19, and JP Properties, 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, 2020, 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 consolidated 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, 2021, the Corporation's cash accounts exceeded federally insured limits by approximately $11,209,000.

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, 2021 and 2020.

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 at amortized 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 un-collectability of a loan receivable balance is confirmed. Subsequent recoveries, if any, are credited to the bad debt expense and the allowance for loan loss is adjusted at year-end by management.

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 non-classified 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 either from buyer or granter. 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, 2021 or 2020, for property and equipment. Impairment losses of $232,302 and $419,368 was recognized in the consolidated statement of activities for rental real estate and investment in real estate at December 31, 2021 and 2020, 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.

In 2021, the Corporation received two new CDFI Rapid Response Program ("RRP") grants. The total amount not yet earned as of December 31, 2021, was $2,927,759 and was included in deferred revenue on the statement of financial position.

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, 2021 and 2020, the net carrying amount of debt issuance costs was $18,833 and $50,831, 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:

	2021	2020
Accounting services	$ 61,000	$ 7,087
Legal	40,800	47,400
Education and counseling	16,533	23,663
Rent	-	431
	$ 118,333	$ 78,581

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, SBA, or lender; as a result of such audit, adjustments could be required to the recognition of revenue.

Income Taxes

Justine PETERSEN is 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. JP Properties is a Missouri limit liability company that is considered a disregarded entity for tax purposes and included with Justine PETERSEN for tax filing purposes.

Management believes there are no uncertain tax positions as of December 31, 2021 and 2020. 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 United States 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.

Note 2: Restricted Funds

Restricted funds consist of the following at December 31:

	2021	2020
Loan loss cash reserves:		
Micro lending reserves	$ 2,107,992	$ 3,080,305
Community Advantage (CA) pilot program	235,253	185,273
Required loan loss reserves	1,922,421	1,176,790
	4,265,666	4,442,368
Client repair funds	821,024	449,764
Escrow deposits	226,531	210,388
Tenant security deposits	12,635	13,825
Other reserves	12,404	43,148
	$ 5,338,260	$ 5,159,493

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, 2021 and 2020, the Corporation is in compliance with these requirements.

Note 3: Loans Receivable and Allowance for Loan Losses

Classes of loans at December 31, 2021 and 2020 include:

	2021	2020
Business Loans		
Small business administration	$ 10,404,693	$ 18,321,214
CDFI	4,610,553	3,302,618
Micro-enterprise	16,937,055	16,468,476
Total business loans	31,952,301	38,092,308
Mortgage loans	309,095	348,057
Other loans	1,034,375	521,684
Gross loans	33,295,771	38,962,049
Less allowance for loan losses	4,384,054	3,709,054
Net loans	$ 28,911,717	$ 35,252,995

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, 2021 and 2020:

	2021			
	Business	Mortgage	Other	Total
Allowance for Loan Losses				
Balance, beginning of year	$ 3,578,279	$ 392	$ 130,384	$ 3,709,055
Provision charged to expense	1,602,930	7,059	-	1,609,989
Losses charged off	(1,146,229)	(7,059)	(86,586)	(1,239,874)
Recoveries	282,136	-	22,748	304,884
Balance, end of year	4,317,116	392	66,546	4,384,054
Ending balance: individually evaluated for impairment	1,854,733	-	-	1,854,733
Ending balance: collectively evaluated for impairment	$ 2,462,383	$ 392	$ 66,546	$ 2,529,321
Loans				
Ending balance	$ 31,952,301	$ 309,095	$ 1,034,375	$ 33,295,771
Ending balance: individually evaluated for impairment	2,584,247	-	-	2,584,247
Ending balance: collectively evaluated for impairment	$ 29,368,054	$ 309,095	$ 1,034,375	$ 30,711,524

	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

In addition to the allowance for loan losses, the Corporation maintains required cash reserves of $4,265,666 and $4,442,368 as of December 31, 2021 and 2020, 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:

	2021			
	Business	Mortgage	Other	Total
Rating				
Average or lower risk	$ 25,043,610	$ 49,077	$ 970,728	$ 26,063,415
High risk	2,584,247	-	-	2,584,247
Restructured	4,324,444	260,018	63,647	4,648,109
Total	$ 31,952,301	$ 309,095	$ 1,034,375	$ 33,295,771

	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

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, 2021 and 2020:

2021

	Current	30-89 Days Past Due	90 Days and Greater	Total Past Due	Total Loans Receivable	Total Loans > 90 Days & Accruing
Business	$ 30,066,012	$ 1,205,879	$ 680,410	$ 1,886,289	$ 31,952,301	$ 548,887
Mortgage	296,370	9,780	2,945	12,725	309,095	2,945
Other	1,012,140	6,226	16,009	22,235	1,034,375	16,009
Total	$ 31,374,522	$ 1,221,885	$ 699,364	$ 1,921,249	$ 33,295,771	$ 567,841

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

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.

Justine Petersen Housing and Reinvestment Corporation

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December 31, 2021

The following tables present impaired loans for the years ended December 31, 2021 and 2020:

	2021					
	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	$ 729,514	$ 729,514	$ -	$ 963,917	$ -	$ -
Mortgage	-	-	-	-	-	-
Other	-	-	-	12,764	-	-
Loans with a specific valuation allowance:						
Business	$ 1,854,733	$ 1,854,733	$ 1,854,733	1,899,508	$ -	$ -
Mortgage	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total:						
Business	$ 2,584,247	$ 2,584,247	$ 1,854,733	$ 2,863,425	$ -	$ -
Mortgage	-	-	-	-	-	-
Other	-	-	-	12,764	-	-
	$ 2,584,247	$ 2,584,247	$ 1,854,733	$ 2,876,189	$ -	$ -

	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	$ -	$ -

The Corporation has deposited $65,000 at an unrelated financial institution to guarantee an outstanding loan extended to a certain borrower. This same borrower has an impaired loan with a specific allowance as of December 31, 2021.

The following table presents the Corporation's nonaccrual loans at December 31, 2021 and 2020. This table excludes performing troubled debt restructurings.

	2021	2020
Business	$ 2,584,247	$ 2,436,716
Mortgage	-	-
Other	-	-
Total	$ 2,584,247	$ 2,436,716

At December 31, 2021 and 2020, 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, 2021 and 2020.

Newly classified troubled debt restructurings:

2021	Number of Loans	Pre-Modification Recorded Balance	Post-Modification Recorded Balance
Business	-	$ -	$ -
Other	1	13,045	13,045
Total	1	$ 13,045	$ 13,045

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

The troubled debt restructurings described above increased the allowance for loan losses by $261 and $700,009 during the years ended December 31, 2021 and 2020, respectively. The troubled debt restructurings described above did not result in charge-offs during 2021 or 2020. There were no troubled debt restructurings modified during the past 12 months that subsequently defaulted.

Newly restructured loans by type of modification:

	2021			
	Interest Only	Term	Combination	Total Modification
Other	$ -	$ -	$ 13,045	$ 13,045

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

As of December 31, 2021, 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 remained on modified terms. As of December 31, 2021, the Corporation had $2,060,690 of outstanding loans that were modified during 2021 under the CARES Act guidance, that remain on modified terms. The Corporation modified other loans during 2021 under the guidance that have since returned to normal repayment status as of December 31, 2021.

The CARES Act also approved the PPP, administered by the 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 were still outstanding at December 31, 2020. The Corporation originated approximately $3.5 million in PPP loans during 2021, of which, approximately $2.0 million of PPP loans are still outstanding as of December 31, 2021.

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 $10.3 million and $10.6 million at December 31, 2021 and 2020, respectively.

Note 5: Conditional Grants

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, 2021, have been recorded as receivables. In addition, the Corporation receives certain grant funding in advance of when it is earned. These funds are included in deferred revenue until earned. Following are the grant commitments that extend beyond December 31, 2021:

Grant	Term	Grant Amount	Earned Through 2021	Funding Available
Small Business Association PRIME Grant	9/30/21 - 9/29/22	$ 200,000	$ 50,000	$ 150,000
Small Business Association TA Grant	7/1/2021 - 6/30/2022	1,677,928	838,964	838,964
ILRental Payment Program	4/28/2021 - 9/30/2022	140,000	102,610	37,390
Housing Action Illinois/HUD	4/1/2021 - 9/30/2022	28,192	26,482	1,710
Community Services Block Grant Discretionary	9/30/2017 - 9/29/2022	780,800	757,499	23,301
Gateway Neighborhood Fund		374,770	193,243	181,527
CDFI RPP	6/15/2021 - 12/31/2023	1,826,265	521,853	1,304,412
CDFI RPP	6/15/2021 - 12/31/2023	1,826,265	202,918	1,623,347
CDFI DF-FA	12/8/2021 - 12/31/2024	1,546,530	-	1,546,530
		$ 8,400,750	$ 2,693,569	$ 5,707,181

Note 6: Property and Equipment

Property and equipment at December 31 consist of:

	2021	2020
Land	$ 65,000	$ 65,000
Buildings	1,275,126	1,275,126
Equipment	81,632	81,632
Furniture and fixtures	463,004	440,993
	1,884,762	1,862,751
Less accumulated depreciation	849,616	792,771
	$ 1,035,146	$ 1,069,980

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:

	2021	2020
Land	$ 124,786	$ 124,786
Buildings, net of impairment	8,930,315	8,820,793
	9,055,101	8,945,579
Less:		
Accumulated depreciation	2,519,987	2,197,996
	$ 6,535,114	$ 6,747,583

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, 2021 and 2020, was $4,890,985 and $5,364,211, respectively.

Foreclosed assets and properties acquired through customer loan default, included in the above investment in real estate, total $0 and $368,756 as of December 31, 2021 and 2020, respectively. They are carried at fair value, net of estimated costs to sell, not to exceed the carrying value of the loan receivable upon foreclosure.

Note 9: Long-Term Debt

Justine PETERSEN	2021	2020
Line of credit of $1,250,000 with a bank, due August 2022, payable in monthly interest only payments which are calculated at prime rate, secured by loans receivable.	$ 651,461	$ 1,212,629
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.	626,945	651,174
Unsecured line of credit of $1,500,000 with a bank, due August 2022. Extended in 2021 for up to $2,500,000 and monthly interest at 3.25%	1,892,158	1,296,285
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.	451,624	467,385

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Justine PETERSEN	2021	2020
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.	437,158	579,472
Promissory note of $500,000 with a community development company, due March 2022, interest payments due regularly at 3.00% and remaining unpaid accrued interest and principal on due date, secured by loans receivable.	345,581	370,752
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 2022, interest at 3%.	25,500	25,500
Two unsecured promissory notes of $20,000 each with an individual, principal and interest due September 2022 with interest at 3%.	47,560	47,560
Unsecured note of $35,000 with a trust, due July 2024, interest and principal payable on due date, interest at 3%.	42,389	41,162
Unsecured promissory note of $15,000 with an individual, principal and interest due September 2022, interest at 3%.	17,541	17,030
Unsecured promissory note of $10,000 with an individual, principal and interest due October 2021, interest at 0%.	-	10,000

SBA notes payable, secured by loans receivable, at the following rates and payments, as adjusted, according to the terms of the loan. Payments on SBA loans adjust according to the terms and conditions of each note:

Justine PETERSEN	2021	2020
Interest at 0%, due February 2021, payable in monthly payments of $2,510 including interest.	$ -	$ 4,940
Interest at 0.625 % until July 2014 then became 0%, due July 2021, payable in monthly payments of $6,945 including interest.	-	48,609
Interest at 1%, due June 2022, payable in monthly payments of $4,630 including interest.	27,777	83,331
Interest at 0%, due May 2023, payable in monthly payments of $11,574.	196,760	335,648
Interest at 0%, due December 2022, payable in monthly payments of $3,496.	41,939	83,879
Interest at 0%, due July 2025, payable in monthly payments of $11,574.	502,337	642,524
Interest at 0%, due November 2026, payable in monthly payments of $11,574.	682,871	821,759
Interest at .625%, due April 2028, payable in monthly payments of $7,664.	563,152	652,440
Interest at 1.88%, due July 2029, payable in monthly payments of $19,334.	1,808,333	2,041,667
Interest at 0%, due June 2031, payable in monthly payments of $23,148.	2,500,000	-
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.	26,082	28,053
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.	28,452	30,603
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.	33,308	35,936
Unsecured promissory note with interest at 5%, due September 2022, monthly interest only payments beginning September 2019.	426,623	886,370

Justine PETERSEN	2021	2020
Note payable with interest at 4.75%, due January 2023, payable in monthly payments of $290 beginning December 2016, secured by real and personal property.	$ 36,982	$ 39,786
Note payable with interest at 4.75%, due January 2023, payable in monthly payments of $351 beginning December 2016, secured by real and personal property.	44,777	48,172
Note payable with interest at 4.75%, due January 2023, payable in monthly payments of $169 beginning December 2016, secured by real and personal property.	16,841	18,115
Note payable with interest at 5%, due October 2022, payable in monthly payments of $925 beginning November 2019, secured by real and personal property.	115,962	121,182
Unsecured promissory note with interest at 3%, due January 2026, monthly interest only payments beginning April 2021 and principal payment due at maturity.	500,000	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
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.	193,958	203,707
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
Unsecured promissory note of $1,000,000 with a bank, due June 2024, 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

Justine PETERSEN		2021		2020
Unsecured promissory note of $500,000 with a bank, due January 2022, quarterly interest payments due at 2% and remaining unpaid accrued interest and principal on due date.	$	497,611	$	497,611
Promissory note with a bank, due May 2022, payable in monthly interest only payments at prime plus 1.25%, secured by loans receivable. Extended in 2021 up to $1,000,000 from $900,000. Extended in 2022 up to $1,200,000.		999,700		800,300
Note payable with interest at 4.75%, due January 2023, payable in monthly payments of $169 beginning March 2017, secured by real and personal property.		31,926		34,256
Promissory note of $208,000 with a not-for-profit corporation, due July 2022, 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%.		230,505		321,378
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%.		97,468		144,542
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%.		23,776		37,079
Eleven unsecured promissory notes totaling $248,000 with varying principal balances, due October 2023, interest payable quarterly at 5%.		246,038		251,100
Line of credit with interest at 5%, due April 2021, secured by real and personal property.		-		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%.		83,239		188,532
Unsecured promissory note of $400,000 with a community development company, due June 2027, quarterly interest payments due at 3% and remaining unpaid accrued interest and principal on due date.		400,000		405,449

Justine Petersen Housing and Reinvestment Corporation
Notes to Consolidated Financial Statements
December 31, 2021

Justine PETERSEN	2021	2020
Unsecured promissory note of $297,062 with a bank, due November 2021, interest payments due monthly at 5.85%.	$ -	$ 87,495
Unsecured promissory note of $25,000 with a non-profit corporation, due October 2022, interest and principal payable annually, interest at 3%.	8,581	16,912
Line of Credit of $500,000 with a bank, due May 2024, interest at 2.18%, interest and principal payable at a monthly payment of $3,833, secured by real and personal property.	452,659	481,310
Unsecured note of $250,000 with a community foundation due June 2023, interest and principal payable on due date, interest at 3%.	250,000	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	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. Additions of $2,557,651 in 2022.	4,398,932	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.	47,782	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	300,000
Unsecured promissory note with a bank of $250,000 due July 2025 interest of 1% and principal payable monthly at $4,275.	180,570	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 January 2022. Extended in 2022 through March 2027.	500,000	500,000
Unsecured promissory note with a bank, due June 2022, interest at 1% payable monthly, principal payable on the maturity date.	149,163	10,997,231

Justine PETERSEN	2021	2020
Unsecured promissory note, due October 2023, interest at 0%, principal payments of $16,666 due annually until the maturity date.	$ 33,333	$ 50,000
Promissory note with a bank, due April 2023, payable in monthly interest only payments at 4%, secured by property.	41,739	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	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 2% payable monthly, principal due at maturity in September 2022.	500,000	500,000
Unsecured promissory note for $100,000 with a bank, interest at 3.75% with a maturity date of February 2026	100,000	-
Unsecured promissory note for $2,000,000 with an interest rate of 1% until September 2021 and then a fixed interest rate of 3% starting in October 2021.	2,000,000	-
Unsecured promissory note for $500,000 with a not-for-profit corporation, interest at 1.5% payable monthly, principal due at maturity in December 2026.	500,000	-
Total Justine PETERSEN debt	$ 27,804,124	$ 37,789,184

GRCC	2021	2020
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
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
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 to bank, due April 2024, interest at 2.38%, principal and interest payable on due date.	929,792	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.	818,489	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.	108,223	148,438
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
	2,363,409	4,973,075
Less deferred financing costs	10,083	40,331
Total GRCC debt	$ 2,353,326	$ 4,932,744

TFH	2021	2020
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).	505,525	521,583
	905,525	921,583
Less deferred financing costs	8,750	10,500
Total TFH debt	$ 896,775	$ 911,083

	2021	2020
Total Debt	$ 31,073,058	$ 43,683,842
Less:		
Debt issuance costs	18,833	50,831
Current maturities	11,141,660	9,017,346
	$ 19,912,565	$ 34,615,665

Aggregate annual maturities of long-term at December 31, 2021, are:

2022	$ 11,141,660
2023	2,417,181
2024	4,413,115
2025	3,858,578
2026	2,404,377
Thereafter	6,838,147
	$ 31,073,058

Note 10: Net Assets

Net Assets With Donor Restrictions

Net assets with donor restrictions of $252,172 and $2,680,169 were subject to expenditure for a specified purpose at December 31, 2021 and 2020, 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 $2,775,579 and $2,891,951 for the years ended December 31, 2021 and 2020, 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 years ended December 31, 2021 and 2020, the satisfaction of the purpose restriction of $2,380,359 and $2,619,641, respectively, was related to 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:

	2021	2020
Taxes currently payable (receivable)	$ 181,849	$ (113,333)
Deferred income taxes	38,000	24,000
Income tax expense (benefit)	$ 219,849	$ (89,333)

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:

	2021	2020
Deferred tax assets		
Allowance for loan losses	$ 534,000	$ 365,000
Net operating carryforward	-	4,000
Impairment loss	96,000	38,000
	630,000	407,000
Deferred tax liability		
Basis reduction in loans receivable related to CDFI grant	996,000	735,000
Other	1,000	1,000
	997,000	736,000
Net deferred tax liability	$ (367,000)	$ (329,000)

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, 2021, were:

2022	$ 27,662
2023	27,662
2024	27,662
2025	434
2026	-
	$ 83,420

Expense under operating leases was $41,483 and $61,251 for the years ended December 31, 2021 and 2020, respectively.

Note 13: Related Party Transactions

At December 31, 2021 and 2020, the Corporation had loans receivable outstanding to executive officers, directors, employees and their affiliates (related parties), in the amount of $717,232 and $520,259, 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 that expired on April 30, 2021, for office space in Granite City, Illinois that is owned by a member of management. The monthly rent payment was $2,000 and the related rent expense incurred in 2021 and 2020 was $6,000 and $24,000 respectively.

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 41 percent and 60 percent of all contributions and grants were received from two grantors in 2021 and 2020, respectively.

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, 2021, 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, 2021 and 2020:

		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, 2021				
Assets				
Long-lived assets held for sale (investments in real estate)	$ -	$ -	$ -	$ -
Long-lived assets held for use (rental real estate)	$ 195,300	$ -	$ 195,300	$ -
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	$ -

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, 2021, 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 $0 and $1,550,000 at December 31, 2021 and 2020, respectively. The promissory note agreement has an interest rate of 5 percent and required 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 $0 and $1,550,000 at December 31, 2021 and 2020, 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.

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, 2021 and 2020, was $163,194 and $163,194, 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, 2021 and 2020, Justine PETERSEN held 34 units of SLIP. Justine PETERSEN's investment in SLIP as of December 31, 2021 and 2020, was $289,000.

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, 2021 and 2020, comprise the following:

	2021	2020
Financial assets		
Cash	$ 7,781,999	$ 6,547,616
Accounts and grants receivable	1,143,529	1,088,601
Interest and fees receivable	525,114	577,356
Other receivables	-	29,142
Total financial assets	9,450,642	8,242,715
Less donor restricted funds available for general expenditures, but subject to grant guidelines	252,172	2,680,169
Financial assets available to meet cash needs for general expenditures within one year	$ 9,198,470	$ 5,562,546

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 $8,138,223, of which only $5,653,082 has been drawn upon as of December 31, 2021, leaving $2,485,141 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, Credit Reporting and Developers' Fees - The Corporation earns fees from real estate brokerage services provided to its customers by a third-party service provider. The Corporation receives commissions from the third-party service provider each time that a property is sold. The fees are recognized at the point in time the services are provided.

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

Training and Client Service Fees - The Corporation performs training classes such as credit building, assistance in accounting/financial reporting, consulting, and other services for borrowers and potential 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, 2021 and 2020, is as follows:

	2021	2020
Over period of time		
Loan administrative fees	$ 120,004	$ 65,758
Training and client service fees	25,625	75,912
	145,629	141,670
At point in time		
Real estate brokerage, credit reporting and developers' fees	54,140	53,745
Total ASC 606 Revenue	$ 199,769	$ 195,415

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 $61,232 and $62,678 for the years ended December 31, 2021 and 2020, respectively.

Note 21: Subsequent Events

Subsequent to year-end, the Corporation executed a commercial guarantee of an unrelated organization ("borrower"). As of the date of the guarantee, the possible exposure for the Corporation was $288,750. This guarantee is an irrevocable conditional commitment to guarantee the performance of the unrelated organization to a third party. The credit risk involved in guaranteeing debt is essentially the same as that involved in extending loans to customers. Should the Corporation be obligated to perform under the guarantee, the Corporation may seek recourse from the borrower for reimbursement of amounts paid.

Subsequent events have been evaluated through April 29, 2022, 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 January 1, 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 the Corporation on January 1, 2023.

Supplementary Information

Justine Petersen Housing and Reinvestment Corporation

Consolidating Schedule of Financial Position

December 31, 2021 (with comparative totals for 2020)

	2021									2020
	JPHRC	GRCC	JPEM	TFH	TFHD	JP COVID-19	JP Prop	Eliminations	Consolidated	(Comparative Totals Only)
ASSETS										
Current Assets										
Cash	$ 5,613,412	$ 2,006,918	$ -	$ 161,669	$ -	$ -	$ -	$ -	$ 7,781,999	$ 6,547,616
Restricted cash	4,406,486	692,608	-	239,166	-	-	-	-	5,338,260	5,159,493
Accounts and grants receivable	939,095	191,899	-	12,535	-	-	-	-	1,143,529	1,088,601
Interest and fees receivable	146,389	378,725	-	-	-	-	-	-	525,114	577,356
Loans receivable, net - current position	4,628,556	2,093,358	-	-	-	-	-	-	6,721,914	14,032,224
Prepaid expenses and other	21,723	42,493	-	2,945	-	-	-	-	67,161	58,295
Income taxes prepaid and receivable	-	-	-		-	-	-	-	-	29,142
Total current assets	15,755,661	5,406,001	-	416,315	-	-	-	-	21,577,977	27,492,727
Other Assets										
Loans receivable, net	8,339,792	13,850,011	-	-	-	-	-	-	22,189,803	21,220,771
Other note receivable	-	-	-	-	-	-	-	-	-	1,550,000
Property and equipment, net	1,035,146	-	-	-	-	-	-	-	1,035,146	1,069,980
Rental real estate	66,574	197,938	-	2,900,465	-	-	3,370,137	-	6,535,114	6,747,583
Investment in real estate	476,134	1,248,926	-	-	-	-	3,605,264	-	5,330,324	5,364,211
Other assets	105,149	-	-	15,187	-	-	-	-	120,336	51,342
Due from subsidiaries	17,821,366	-	2,922,756	18,000	-	1,181,670	-	(21,943,792)	-	-
Investments in private entities, at cost	452,194	-	-	-	-	-	-	-	452,194	452,194
Investment in subsidiaries	5,286,731	-	-	-	311	-	-	(5,287,042)	-	-
Total other assets	33,583,086	15,296,875	2,922,756	2,933,652	311	1,181,670	6,975,401	(27,230,834)	35,662,917	36,456,081
Total assets	$ 49,338,747	$ 20,702,876	$ 2,922,756	$ 3,349,967	$ 311	$ 1,181,670	$ 6,975,401	$ (27,230,834)	$ 57,240,894	$ 63,948,808

Justine Petersen Housing and Reinvestment Corporation
Consolidating Schedule of Financial Position (Continued)
December 31, 2021 (with comparative totals for 2020)

	2021									2020
	JPHRC	GRCC	JPEM	TFH	TFHD	JP COVID-19	JP Prop	Eliminations	Consolidated	(Comparative Totals Only)
LIABILITIES AND NET ASSETS										
Current Liabilities										
Current portion of long-term debt	$ 10,812,656	$ 313,404	$ -	$ 15,600	$ -	$ -	$ -	$ -	$ 11,141,660	$ 9,017,346
Accounts payable and accrued expenses	316,859	143,609	-	56,448	-	31,686	-	-	548,602	671,984
Interest payable	172,136	3,076	422,755	-	-	-	-	-	597,967	383,106
Income taxes payable	-	94,229	-	-	-	-	-	-	94,229	-
Client held funds	815,085	-	-	-	-	-	-	-	815,085	448,757
Tenant security deposits	39,871	-	-	12,635	-	-	-	-	52,506	24,690
Deferred revenue	1,806,042	1,304,412	-	-	-	-	-	-	3,110,454	678,921
Total current liabilities	13,962,649	1,858,730	422,755	84,683	-	31,686	-	-	16,360,503	11,224,804
Other Liabilities										
Deferred income taxes	-	367,000	-	-	-	-	-	-	367,000	329,000
Long-term debt, non-current portion	16,991,468	2,039,922	-	881,175	-	-	-	-	19,912,565	34,615,665
Due to subsidiaries	1,422,740	13,220,115	-	325,636	-	-	6,975,301	(21,943,792)	-	-
Total other liabilities	18,414,208	15,627,037	-	1,206,811	-	-	6,975,301	(21,943,792)	20,279,565	34,944,665
Total liabilities	32,376,857	17,485,767	422,755	1,291,494	-	31,686	6,975,301	(21,943,792)	36,640,068	46,169,469
Net Assets										
Without Donor Restrictions										
Undesignated	16,709,718	-	-	-	311	-	-	(11,375)	16,698,654	11,949,170
Noncontrolling interest	-	-	-	-	-	-	-	3,650,000	3,650,000	3,150,000
With Donor Restrictions	252,172	-	-	-	-	-	-	-	252,172	2,680,169
Members' capital	-	-	2,500,001	-	-	1,149,984	-	(3,649,985)	-	-
Common stock	-	10,000	-	-	-	-	100	(10,100)	-	-
Paid-in capital and partner capital	-	671,560	-	-	-	-	-	(671,560)	-	-
Equity	-	2,535,549	-	2,058,473	-	-	-	(4,594,022)	-	-
Total net assets	16,961,890	3,217,109	2,500,001	2,058,473	311	1,149,984	100	(5,287,042)	20,600,826	17,779,339
Total liabilities and net assets	$ 49,338,747	$ 20,702,876	$ 2,922,756	$ 3,349,967	$ 311	$ 1,181,670	$ 6,975,401	$ (27,230,834)	$ 57,240,894	$ 63,948,808

Justine Petersen Housing and Reinvestment Corporation

Consolidating Schedule of Activities

Year Ended December 31, 2021 (with comparative totals for 2020)

	2021									2020
	JPHRC	GRCC	JPEM	TFH	TFHD	JP COVID-19	JP Prop	Eliminations	Consolidated	(Comparative Totals Only)
Revenues, Gains and Other Support										
Contributions and grants	$ 4,539,946	$ 1,678,103	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,218,049	$ 10,811,958
Donated services	118,333	-	-	-	-	-	-	-	118,333	78,582
Program service fees										
Real estate brokerage income	14,015	-	-	-	-	-	-	-	14,015	15,063
Loan and administrative fees	2,398,213	633,205	-	-	-	-	-	(778,652)	2,252,766	1,919,819
Credit reporting fees	26,534	-	-	-	-	-	-	-	26,534	9,881
Developer's fees	13,591	-	-	-	-	-	-	-	13,591	38,682
Rental income	271,027	42,653	-	140,343	-	-	-	-	454,023	425,482
Miscellaneous	39,186	1,634	-	7	-	-	-	-	40,827	83,738
Interest	709,814	1,065,147	118,630	23	-	23,000	-	(160,433)	1,756,181	1,708,902
Loss on disposal of assets	-	-	-	-	-	-	-	-	-	(31,472)
Equity earnings of subsidiaries	637,656	-	-	-	-	-	-	(637,656)	-	-
Total revenues, gains and other support	8,768,315	3,420,742	118,630	140,373	-	23,000	-	(1,576,741)	10,894,319	15,060,635
Expenses										
Housing	823,311	342,396	-	243,514	-	-	-	(60,394)	1,348,827	1,627,478
Economic development	5,275,905	2,158,028	118,630	-	-	23,000	-	(779,858)	6,795,705	6,572,720
Savings	83,982	20,674	-	-	-	-	-	(14,797)	89,859	318,398
Total program services	6,183,198	2,521,098	118,630	243,514	-	23,000	-	(855,049)	8,234,391	8,518,596
Management and general	98,934	18,576	-	65,448	-	-	-	(81,617)	101,341	80,128
Fundraising	16,841	3,162	-	-	-	-	-	(2,752)	17,251	67,355
Total supporting activities	115,775	21,738	-	65,448	-	-	-	(84,369)	118,592	147,483
Total expense before income taxes	6,298,973	2,542,836	118,630	308,962	-	23,000	-	(939,418)	8,352,983	8,666,079
Income tax expense (benefit)	-	219,849	-	-	-	-	-	-	219,849	(89,333)
Total Expenses	6,298,973	2,762,685	118,630	308,962	-	23,000	-	(939,418)	8,572,832	8,576,746
Change in Net Assets	2,469,342	658,057	-	(168,589)	-	-	-	(637,323)	2,321,487	6,483,889
Contributed Capital	-	-	500,000	-	-	-	100	(100)	500,000	1,450,002
Net Assets, Beginning 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
Net Assets, End of Year	$ 16,961,890	$ 3,217,109	$ 2,500,001	$ 2,058,473	$ 311	$ 1,149,984	$ 100	$ (5,287,042)	$ 20,600,826	$ 17,779,339

Justine Petersen Housing and Reinvestment Corporation
Consolidating Schedule of Expenses
Year Ended December 31, 2021 (with comparative totals for 2020)

	2021									2020
	JPHRC	GRCC	JPEM	TFH	TFHD	JP COVID-19	JP Prop	Eliminations	Consolidated	(Comparative Totals Only)
Salaries and wages	$ 2,501,193	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,501,193	$ 2,225,289
Payroll taxes	182,308	-	-	-	-	-	-	-	182,308	159,939
Employee benefits	312,069	-	-	-	-	-	-	-	312,069	316,174
Advertising	17,128	-	-	-	-	-	-	-	17,128	14,011
Client assistance	115,746	66,773	-	-	-	-	-	-	182,519	187,229
Conferences and seminars	9,318	-	-	-	-	-	-	-	9,318	8,432
Credit report charges	32,624	-	-	-	-	-	-	-	32,624	31,371
Delivery and postage	15,918	-	-	-	-	-	-	-	15,918	4,528
Depreciation and amortization	81,835	40,757	-	1,750	-	-	-	-	124,342	127,842
Depreciation - rental real estate	128,013	-	-	171,823	-	-	-	-	299,836	310,640
Donated services	118,333	-	-	-	-	-	-	-	118,333	78,582
Dues and subscriptions	34,109	-	-	-	-	-	-	-	34,109	18,751
Equipment rental and maintenance	29,483	-	-	-	-	-	-	-	29,483	31,233
Impairment and subsidized programmatic real estate loss	91,167	232,302	-	-	-	-	-	-	323,469	419,368
Insurance	46,991	3,833	-	17,554	-	-	-	-	68,378	58,126
Interest	942,879	197,907	118,630	5,142	-	23,000	-	(162,795)	1,124,763	1,214,284
Miscellaneous	62,715	26,466	-	858	-	-	-	-	90,039	96,026
Occupancy	32,806	-	-	-	-	-	-	-	32,806	44,922
Office supplies	124,357	31,805	-	-	-	-	-	-	156,162	199,314
Professional fees	689,810	729,209	-	65,448	-	-	-	(776,623)	707,844	467,447
Provisions for bad debts and loan losses	422,651	1,187,338	-	-	-	-	-	-	1,609,989	2,364,194
Recording fees	-	1,444	-	-	-	-	-	-	1,444	-
Rental real estate maintenance	234,658	19,707	-	21,929	-	-	-	-	276,294	200,679
Repairs and maintenance	15,536	-	-	-	-	-	-	-	15,536	20,076
Taxes and licenses	6,569	5,295	-	24,458	-	-	-	-	36,322	33,918
Telephone	31,048	-	-	-	-	-	-	-	31,048	23,829
Travel and training	19,709	-	-	-	-	-	-	-	19,709	9,875
Total expenses before income taxes	6,298,973	2,542,836	118,630	308,962	-	23,000	-	(939,418)	8,352,983	8,666,079
Income tax expense (benefit)	-	219,849	-	-	-	-	-	-	219,849	(89,333)
Total	$ 6,298,973	$ 2,762,685	$ 118,630	$ 308,962	$ -	$ 23,000	$ -	$ (939,418)	$ 8,572,832	$ 8,576,746