Justine Petersen Housing and Reinvestment Corporation

Independent Auditor's Report and Consolidated Financial Statements

December 31, 2022

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Contents

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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 (Corporation), which comprise the consolidated statement of financial position as of December 31, 2022, 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, 2022, 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 audit 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 (*Government Auditing Standards)*. 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 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 29, 2022, except for Note 2 to the financial statements and Other Reporting Required by Government Auditing Standards section, as to which the date is May 5, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, 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 GAAS. In our opinion, the accompanying 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 May 26, 2023, 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.

FORVIS, LLP

St. Louis, Missouri
May 26, 2023

Justine Petersen Housing and Reinvestment Corporation

Consolidated Statement of Financial Position

December 31, 2022

(With Summarized Financial Information as of December 31, 2021)

Assets

	2022	2021
Current Assets		
Cash	$ 5,651,825	$ 7,781,999
Restricted funds	3,059,081	5,338,260
Accounts and grants receivable	1,276,256	1,143,529
Interest and fees receivable	774,064	525,114
Loans receivable, net - current position	14,614,027	6,721,914
Prepaid expenses and other	133,184	67,161
Total current assets	25,508,437	21,577,977
Other Assets		
Loans receivable, net	26,679,511	22,189,803
Other note receivable	13,038	-
Property and equipment, net	1,264,501	1,093,358
Rental real estate	6,785,382	6,476,902
Investment in real estate	5,201,003	5,330,324
Other assets	90,755	120,336
Investments in private entities, at cost	452,194	452,194
	40,486,384	35,662,917
Total assets	$ 65,994,821	$ 57,240,894

Liabilities and Net Assets

	2022	2021
Current Liabilities		
Current portion of long-term debt	$ 7,278,379	$ 11,141,660
Accounts payable and accrued expenses	577,601	548,602
Interest payable	773,784	597,967
Income taxes payable	2,241	94,229
Client held funds	122,171	815,085
Tenant security deposits	52,506	52,506
Deferred revenue	298,101	1,487,107
Total current liabilities	9,104,783	14,737,156
Other Liabilities		
Deferred income taxes	563,700	367,000
Long-term debt	32,064,332	19,912,565
	32,628,032	20,279,565
Total liabilities	41,732,815	35,016,721
Net Assets		
Without donor restrictions		
Undesignated	19,358,005	18,322,001
Noncontrolling interest	4,150,000	3,650,000
With donor restrictions	754,001	252,172
Total net assets	24,262,006	22,224,173
Total liabilities and net assets	$ 65,994,821	$ 57,240,894

Justine Petersen Housing and Reinvestment Corporation

Consolidated Statement of Activities

Year Ended December 31, 2022

(With Summarized Financial Information as of December 31, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	(Comparative Totals Only)
Revenues, Gains and Other Support				
Contributions and grants	$ 6,987,901	$ 746,667	$ 7,734,568	$ 7,841,396
Donated services	55,560	-	55,560	118,333
Program service fees				
Real estate brokerage income	-	-	-	14,015
Loan and administrative fees	2,509,110	-	2,509,110	2,252,766
Credit reporting fees	23,096	-	23,096	26,534
Developer's fees	-	-	-	13,591
Rental income	368,780	-	368,780	454,023
Miscellaneous	82,383	-	82,383	40,827
Interest	2,389,307	-	2,389,307	1,756,181
Net assets released from restrictions	244,838	(244,838)	-	-
Total revenues, gains and other support	12,660,975	501,829	13,162,804	12,517,666
Expenses				
Housing	1,657,875	-	1,657,875	1,348,827
Economic development	9,029,850	-	9,029,850	6,795,705
Savings	81,222	-	81,222	89,859
Total program services	10,768,947	-	10,768,947	8,234,391
Management and general	528,522	-	528,522	101,341
Fundraising	33,960	-	33,960	17,251
Total supporting activities	562,482	-	562,482	118,592
Total expense before income taxes	11,331,429	-	11,331,429	8,352,983
Income tax expense (benefit)	293,542	-	293,542	219,849
Total expenses	11,624,971	-	11,624,971	8,572,832
Change in Net Assets	1,036,004	501,829	1,537,833	3,944,834
Contributed Capital	500,000	-	500,000	500,000
Net Assets, Beginning of Year	21,972,001	252,172	22,224,173	17,779,339
Net Assets, End of Year	$ 23,508,005	$ 754,001	$ 24,262,006	$ 22,224,173

Justine Petersen Housing and Reinvestment Corporation

Consolidated Statement of Functional Expenses

Year Ended December 31, 2022

(With Summarized Financial Information as of December 31, 2021)

	2022								
	Program Services				Support Services				
	Housing	Economic Development	Savings	Total Program Services	Management and General	Fundraising	Total Support Services	2022 Total	2021 Total
Salaries and wages	$ 327,723	$ 2,362,008	$ 34,559	$ 2,724,290	$ 190,952	$ 13,472	$ 204,424	$ 2,928,714	$ 2,501,193
Payroll taxes	23,545	169,697	2,483	195,725	13,719	968	14,687	210,412	182,308
Employee benefits	40,126	289,200	4,231	333,557	23,380	1,649	25,029	358,586	312,069
Advertising	2,987	21,528	315	24,830	1,740	123	1,863	26,693	17,128
Client assistance	-	76,550	-	76,550	-	-	-	76,550	182,519
Conferences and seminars	7,167	51,655	756	59,578	4,176	295	4,471	64,049	9,318
Credit report charges	7,446	53,666	785	61,897	4,339	306	4,645	66,542	32,624
Delivery and postage	1,884	13,579	199	15,662	1,098	77	1,175	16,837	15,918
Depreciation and amortization	7,114	81,712	750	89,576	4,145	292	4,437	94,013	124,342
Depreciation - rental real estate	339,922	-	-	339,922	10,378	732	11,110	351,032	299,836
Donated services	7,597	37,427	801	45,825	4,427	313	4,740	50,565	118,333
Dues and subscriptions	2,334	22,002	321	24,657	1,779	125	1,904	26,561	34,109
Equipment rental and maintenance	3,190	22,990	336	26,516	1,859	131	1,990	28,506	29,483
Impairment and programmatic subsidized real estate loss	-	-	-	-	-	-	-	-	323,469
Insurance	52,669	102,781	1,505	156,955	10,152	716	10,868	167,823	68,378
Interest	122,426	825,211	12,385	960,022	68,430	4,827	73,257	1,033,279	1,124,763
Miscellaneous	19,576	104,541	2,008	126,125	11,596	783	12,379	138,504	90,039
Occupancy	3,394	42,582	358	46,334	1,977	140	2,117	48,451	32,806
Office supplies	21,574	154,097	2,253	177,924	12,445	878	13,323	191,247	156,162
Professional fees	250,760	1,008,647	14,756	1,274,163	128,212	5,753	133,965	1,408,128	707,844
Provisions for bad debts and loan losses	-	3,423,247	-	3,423,247	-	-	-	3,423,247	1,609,989
Recording fees	194	2,625	20	2,839	113	8	121	2,960	1,444
Rental real estate maintenance	276,529	-	-	276,529	13,817	975	14,792	291,321	276,294
Repairs and maintenance	105,582	90,434	1,323	197,339	13,832	977	14,809	212,148	15,536
Taxes and licenses	25,608	12,198	178	37,984	986	70	1,056	39,040	36,322
Telephone	4,917	35,446	519	40,882	2,866	202	3,068	43,950	31,048
Travel and training	3,611	26,027	381	30,019	2,104	148	2,252	32,271	19,709
Total expenses before income taxes	1,657,875	9,029,850	81,222	10,768,947	528,522	33,960	562,482	11,331,429	8,352,983
Income tax expense (benefit)	-	293,542	-	293,542	-	-	-	293,542	219,849
Total	$ 1,657,875	$ 9,323,392	$ 81,222	$ 11,062,489	$ 528,522	$ 33,960	$ 562,482	$ 11,624,971	$ 8,572,832

Justine Petersen Housing and Reinvestment Corporation

Consolidated Statement of Cash Flows

Year Ended December 31, 2022

(With Summarized Financial Information as of December 31, 2021)

	2022	2021
Operating Activities		
Changes in net assets	$ 1,537,833	$ 3,944,834
Items not requiring (providing) cash		
Depreciation and amortization	445,045	392,180
Amortization of deferred financing fees	11,833	31,998
Deferred income taxes	196,700	38,000
Impairment and subsidized programmatic real estate loss	-	323,469
Provisions for bad debts and loan losses	3,423,247	1,609,989
Change in assets and liabilities:		
Restricted funds	2,279,179	(178,767)
Accounts, notes and grants receivable	(145,765)	(54,928)
Interest and fees receivable	(248,950)	52,242
Prepaid expenses and other assets	(65,376)	(17,348)
Accounts payable and accrued expenses	28,999	(123,382)
Interest payable	175,817	214,861
Income taxes prepaid, receivable and payable	(91,988)	123,371
Client held funds	(692,914)	366,328
Tenant security deposits	-	27,816
Deferred revenue	(1,189,006)	808,186
Net cash provided by operating activities	5,664,654	7,558,849
Investing Activities		
Net change in loans	(15,805,068)	4,731,289
Principal payments received on other note receivable	-	1,550,000
Website and portal development	(1,875)	(94,623)
Purchases of property and equipment	(236,740)	(22,010)
Purchases of rental real estate	(149,696)	(8,000)
Purchases of investment real estate	(378,102)	(742,708)
Proceeds from sale of assets - investment in real estate	-	372,370
Net cash provided by (used in) investing activities	(16,571,481)	5,786,318

(Continued)

Justine Petersen Housing and Reinvestment Corporation

Consolidated Statement of Cash Flows (Continued)

Year Ended December 31, 2022

(With Summarized Financial Information as of December 31, 2021)

	2022	2021
Financing Activities		
Capital contributed - noncontrolling interest	$ 500,000	$ 500,000
Proceeds from long-term debt	13,502,420	11,181,914
Payments on long-term debt	(5,225,767)	(23,792,698)
Net cash provided by (used in) financing activities	8,776,653	(12,110,784)
Increase (Decrease) in Cash	(2,130,174)	1,234,383
Cash, Beginning of Year	7,781,999	6,547,616
Cash, End of Year	$ 5,651,825	$ 7,781,999
Supplemental Cash Flows Information		
Interest paid	$ 857,462	$ 909,902
Income taxes paid	$ 472,461	$ 95,395
Net transfers from investment in real estate to rental real estate	$ 312,124	$ 92,549

Justine Petersen Housing and Reinvestment Corporation

Notes to Consolidated Financial Statements

December 31, 2022

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% limited partner, and the 0.01% general partner listed below, is an entity solely owned by Justine PETERSEN.

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

JP Emerging Markets Fund I, LLC ("JPEM") was established to further the mission of Justine PETERSEN including investment activities related to economic development in low- and moderate-income areas or targeted redevelopment areas and other investments within certain geographic areas as determined by Justine PETERSEN. JPEM's members are Justine PETERSEN, who is the managing member, Local Church Ministries Church Building and Loan Fund, First Bank, the 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, 2022 and 2021, of $2,500,001 for both years, 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, 2022 and 2021, of $1,650,001 and $1,150,001, 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, 2021, 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, 2022, the Corporation's cash accounts exceeded federally insured limits by approximately $7,247,000.

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, 2022 and 2021.

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, 2022 or 2021, for property and equipment. Impairment losses of $0 and $232,302 was recognized in the consolidated statement of activities for rental real estate and investment in real estate at December 31, 2022 and 2021, 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 $1,304,412 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 $7,000 and $18,833, 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:

	2022	2021
Accounting services	$ -	$ 61,000
Legal	40,800	40,800
Education and counseling	14,760	16,533
	$ 55,560	$ 118,333

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.

Guarantee

During 2022, Justine PETERSEN guaranteed certain third-party debt of an unconsolidated entity. The guarantee term is for 5 years. Should Justine PETERSEN be obligated to perform under the guarantee arrangement, the Justine PETERSEN may seek reimbursement from the unconsolidated entity of amounts expended under the guarantee.

At December 31, 2022, the total outstanding balance on guaranteed loan was approximately $282,000.

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, 2022 and 2021. 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.

Reclassifications

Certain reclassifications have been made to the summarized 2021 financial statements to conform to the 2022 financial statement presentation. These reclassifications had no effect on the change in net assets.

Note 2: Restricted Funds

Restricted funds consist of the following at December 31:

	2022	2021
Loan loss cash reserves:		
Micro lending reserves	$ 1,535,866	$ 2,107,992
Community Advantage (CA) pilot program	235,253	235,253
Required loan loss reserves	922,895	1,922,421
	2,694,014	4,265,666
Client repair funds	120,107	821,024
Escrow deposits	232,325	226,531
Tenant security deposits	12,635	12,635
Other reserves	-	12,404
	$ 3,059,081	$ 5,338,260

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, 2022 and 2021, the Corporation is in compliance with these requirements.

Note 3: Loans Receivable and Allowance for Loan Losses

Classes of loans at December 31, 2022 and 2021 include:

	2022	2021
Business Loans		
Small business administration	$ 8,065,685	$ 10,404,693
CDFI	5,854,806	4,610,553
Micro-enterprise	31,174,867	16,937,055
Total business loans	45,095,358	31,952,301
Mortgage loans	345,619	309,095
Other loans	1,352,615	1,034,375
Gross loans	46,793,592	33,295,771
Less allowance for loan losses	5,500,054	4,384,054
Net loans	$ 41,293,538	$ 28,911,717

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, 2022 and 2021:

	2022			
	Business	Mortgage	Other	Total
Allowance for Loan Losses				
Balance, beginning of year	$ 4,317,116	$ 392	$ 66,546	$ 4,384,054
Provision charged to expense	3,097,840	53,343	272,064	3,423,247
Losses charged off	(2,736,603)	(15,898)	(167,651)	(2,920,152)
Recoveries	575,677	3,188	34,040	612,905
Balance, end of year	5,254,030	41,025	204,999	5,500,054
Ending balance: individually evaluated for impairment	1,796,643	-	-	1,796,643
Ending balance: collectively evaluated for impairment	$ 3,457,387	$ 41,025	$ 204,999	$ 3,703,411
Loans				
Ending balance	$ 45,095,358	$ 345,619	$ 1,352,615	$ 46,793,592
Ending balance: individually evaluated for impairment	2,677,150	82,048	52,524	2,811,722
Ending balance: collectively evaluated for impairment	$ 42,418,208	$ 263,571	$ 1,300,091	$ 43,981,870

	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

In addition to the allowance for loan losses, the Corporation maintains required cash reserves of $2,694,014 and $4,265,666 as of December 31, 2022 and 2021, 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:

	2022			
	Business	Mortgage	Other	Total
Rating				
Average or lower risk	$ 38,391,183	$ 135,946	$ 1,268,226	$ 39,795,355
High risk	2,677,150	82,048	52,524	2,811,722
Restructured	4,027,025	127,625	31,865	4,186,515
Total	$ 45,095,358	$ 345,619	$ 1,352,615	$ 46,793,592

	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

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, 2022 and 2021:

2022

	Current	30-89 Days Past Due	90 Days and Greater	Total Past Due	Total Loans Receivable	Total Loans > 90 Days & Accruing
Business	$ 42,632,673	$ 1,990,031	$ 472,654	$ 2,462,685	$ 45,095,358	$ 297,244
Mortgage	218,571	45,000	82,048	127,048	345,619	-
Other	1,185,510	94,950	23,405	118,355	1,352,615	23,405
Total	$ 44,036,754	$ 2,129,981	$ 578,107	$ 2,708,088	$ 46,793,592	$ 320,649

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

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.

The following tables present impaired loans for the years ended December 31, 2022 and 2021:

	2022					
	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	$ 880,507	$ 880,507	$ -	$ 805,011	$ -	$ -
Mortgage	82,048	82,048	-	41,024	-	-
Other	52,524	52,524	-	26,262	-	-
Loans with a specific valuation allowance:						
Business	$ 1,796,643	$ 1,796,643	$ 1,796,643	1,825,688	$ -	$ -
Mortgage	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total:						
Business	$ 2,677,150	$ 2,677,150	$ 1,796,643	$ 2,630,699	$ -	$ -
Mortgage	82,048	82,048	-	41,024	-	-
Other	52,524	52,524	-	26,262	-	-
	$ 2,811,722	$ 2,811,722	$ 1,796,643	$ 2,697,985	$ -	$ -

	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	$ -	$ -

The Corporation has a $65,000 deposit 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, 2022 and 2021.

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

	2022	2021
Business	$ 2,677,150	$ 2,584,247
Mortgage	82,048	-
Other	52,524	-
Total	$ 2,811,722	$ 2,584,247

At December 31, 2022 and 2021, 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, 2022 and 2021.

Newly classified troubled debt restructurings:

	2022		
	Number of Loans	Pre-Modification Recorded Balance	Post-Modification Recorded Balance
Business	2	$ 50,714	$ 50,714
Other	2	2,755	2,755
Total	4	$ 53,469	$ 53,469

	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

The troubled debt restructurings described above increased the allowance for loan losses by $12,298 and $261 during the years ended December 31, 2022 and 2021, respectively. The troubled debt restructurings described above resulted in charge-offs of $13,045 and $0 during 2022 and 2021. There were no troubled debt restructurings modified during the past 12 months that subsequently defaulted.

Newly restructured loans by type of modification:

	2022			
	Interest Only	Term	Combination	Total Modification
Other	$ -	$ 8,102	$ 45,367	$ 53,469

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

As of December 31, 2022, 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

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 took advantage of this provision to extend certain payment modifications to loan customers in need. As of December 31, 2022, the Corporation had $577,207 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 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 provided 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% interest rate on PPP loans, plus a processing fee from the SBA for processing and originating a loan. The Corporation originated approximately $3.5 million in PPP loans during 2021, of which, approximately $22,000 and $2,000,000 are still outstanding as of December 31, 2022 and 2021, respectively.

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 $7.5 million and $10.3 million at December 31, 2022 and 2021, 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, 2022, 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, 2022:

Grant	Term	Grant Amount	Earned Through 2022	Funding Available
Small Business Association PRIME Grant	9/30/22 - 9/29/23	$ 200,000	$ 50,000	$ 150,000
Small Business Association TA Grant	7/1/2022 - 6/30/2023	2,237,557	1,067,027	1,170,530
Housing Action Illinois	10/1/22 - 9/30/23	22,959	-	22,959
Gateway Neighborhood Fund		181,527	80,893	100,634
FHLBC Housing Counseling Resource Program	6/10/22 - 6/9/25	145,000	29,000	116,000
IHDA Illinois Emergency Homeowner Assistance Fund	1/14/22 - 12/31/23	280,000	111,074	168,926
Champaign County Economic Development Corporation	9/1/22 - 8/31/25	200,000	16,667	183,333
County of Champaign	6/24/22 - 12/31/24	250,000	25,000	225,000
		$ 3,517,043	$ 1,379,661	$ 2,137,382

Note 6: Property and Equipment

Property and equipment at December 31 consist of:

	2022	2021
Land	$ 123,212	$ 123,212
Buildings	1,470,481	1,275,126
Equipment	120,624	81,632
Furniture and fixtures	463,004	463,004
	2,177,321	1,942,974
Less accumulated depreciation	912,820	849,616
	$ 1,264,501	$ 1,093,358

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:

	2022	2021
Land	$ 66,574	$ 66,574
Buildings, net of impairment	9,009,263	8,930,315
	9,075,837	8,996,889
Less:		
Accumulated depreciation	2,290,455	2,519,987
	$ 6,785,382	$ 6,476,902

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, 2022 and 2021, was $5,201,003 and $5,330,324, respectively.

Foreclosed assets and properties acquired through customer loan default, included in the above investment in real estate, total $0 as of December 31, 2022 and 2021, 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.

Justine Petersen Housing and Reinvestment Corporation
Notes to Consolidated Financial Statements
December 31, 2022

Note 9: Long-Term Debt

Justine PETERSEN	2022	2021
Line of credit of $1,250,000 with a bank, due August 2023, payable in monthly interest only payments which are calculated at prime rate, secured by loans receivable.	$ 1,250,000	$ 651,461
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.	601,357	626,945
Unsecured line of credit of $2,500,000 with a bank, due August 2023 and monthly interest at 3.25%.	1,892,158	1,892,158
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	451,624
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 April 2027, payable in monthly installments of $5,670 including interest at 4.84%, secured by deed of trust and guaranteed by Justine Peterson.	412,819	437,158

Justine PETERSEN	2022	2021
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:		
Interest at 1%, due June 2022, payable in monthly payments of $4,630 including interest.	$ -	$ 27,777
Interest at 0%, due May 2023, payable in monthly payments of $11,574.	69,445	196,760
Interest at 0%, due December 2022, payable in monthly payments of $3,496.	-	41,939
Interest at 0%, due July 2025, payable in monthly payments of $11,574.	362,150	502,337
Interest at 0%, due November 2026, payable in monthly payments of $11,574.	543,982	682,871
Interest at .625%, due April 2028, payable in monthly payments of $7,664.	473,331	563,152
Interest at 0%, due September 2029, payable in monthly payments of $19,334.	1,575,000	1,808,333
Interest at 0%, due June 2031, payable in monthly payments of $23,148.	2,361,111	2,500,000
Interest at 0-1.25%, due June 2032, payable in monthly payments of $4,630 with no principal or interest required the first 12 months.	500,000	-
Promissory note of $500,000 with a community development company, due May 2022, interest payments due regularly at 3.75% and remaining unpaid accrued interest and principal on due date, secured by loans receivable.	-	345,581
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 2023, interest at 3%.	25,500	25,500
Two unsecured promissory notes of $20,000 each with an individual, principal and interest due September 2023 with interest at 3%.	51,518	47,560

Justine PETERSEN		2022		2021
Unsecured note of $35,000 with a trust, due July 2024, interest and principal payable on due date, interest at 3%.	$	43,644	$	42,389
Unsecured promissory note of $15,000 with an individual, principal and interest due November 2023, interest at 3%.		18,067		17,541
Unsecured promissory note of $25,000 with an individual, principal and interest due April 2025, interest at 2.50%.		25,000		-
Note payable with interest at 7%, due December 2025, payable in monthly payments of $272, secured by real and personal property.		24,017		26,082
Note payable with interest at 7%, due December 2025, payable in monthly payments of $329 beginning January 2023 secured by real and personal property.		26,195		28,452
Note payable with interest at 5.50%, due January 2023, payable in monthly payments of $377 beginning July 2019, secured by real and personal property.		30,750		33,308
Unsecured promissory note with interest at 4.5%, due November 2027, monthly interest only payments beginning December 2022.		1,000,000		426,623
Note payable with interest at 7%, due December 2025, payable in monthly payments of $425 beginning January 2023, secured by real and personal property.		34,028		36,982
Note payable with interest at 7%, due December 2022, payable in monthly payments of $515 beginning January 2023, secured by real and personal property.		41,200		44,777
Note payable with interest at 7%, due December 2025, payable in monthly payments of $194 beginning January 2023, secured by real and personal property.		15,384		16,841
Note payable with interest at 5%, due January 2023, payable in monthly payments of $925 beginning November 2022, secured by real and personal property. Extended in 2022 through December 2025.		110,988		115,962

Justine PETERSEN		**2022**		**2021**
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	$	500,000
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. Loan was paid in full in 2022.		-		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.		189,084		193,958
Unsecured promissory note of $2,000,000 with a bank, due June 2027, payable in monthly principal and interest payments of $45,213, interest calculated at WSJ Prime rate.		2,000,000		-
Unsecured promissory note of $1,000,000 with a bank, due June 2024, quarterly interest at 3% until maturity. Extended in 2022 up to $1,250,000.		1,250,000		1,000,000
Unsecured promissory note of $200,000 with Madison County Community Development, due December 2025, quarterly interest at 3.00%, until maturity.		199,031		199,031
Unsecured line of credit of $500,000 with a bank, due July 2025, quarterly interest payments due at 2% and remaining unpaid accrued interest and principal on due date. During 2022, the line of credit was increased to $1,000,000.		1,000,000		497,611
Promissory note with a bank, due December 2023, payable in monthly interest only payments at prime plus 3.25%, secured by loans receivable. Extended in March 2022 up to $1,200,000. This debt was converted to a line of credit for up to $1,500,000 in December 2022.		1,000,000		999,700
Note payable with interest at 7%, due December 2025, payable in monthly payments of $368 beginning January 2023, secured by real and personal property.		29,232		31,926
Promissory note of $208,000 with a not-for-profit corporation, due July 2023, 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

Justine PETERSEN		2022		2021
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%.	$	110,568	$	230,505
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%.		16,613		97,468
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%.		11,236		23,776
Eleven unsecured promissory notes totaling $248,000 with varying principal balances, due October 2023, interest payable quarterly at 5%.		247,342		246,038
Unsecured promissory note of $250,000 with a bank, interest payable quarterly at WSJ Prime rate, principal due March 2023.		250,000		-
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
Unsecured promissory note of $400,000 with a community development company, due June 2027, quarterly interest payments due at 3% and remaining unpaid accrued interest and principal on due date.		400,000		400,000
Line of credit of $1,000,000 with USDA, due October 2052, annual interest of 1%, secured by real and personal property.		81,777		-
Unsecured promissory note of $25,000 with a non-profit corporation, due October 2022, interest and principal payable annually, interest at 3%.		-		8,581
Line of credit of $500,000 with a bank, due May 2024, interest at 4.53%, interest and principal payable at a monthly payment of $3,833, secured by real and personal property.		425,822		452,659
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

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December 31, 2022

Justine PETERSEN	2022	2021
A collection of unsecured promissory notes with interest rates from 2.5-4.2% and maturity dates of either 30 or 60 months. Additions of $1,002,206 in 2022.	$ 5,398,984	$ 4,398,932
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.	46,030	47,782
Unsecured promissory note of $300,000 with an individual due April 2022, interest at 2% payable quarterly while principal is due on the maturity date.	-	300,000
Unsecured promissory note with a bank of $250,000 due July 2025 interest of 1% and principal payable monthly at $4,275.	122,556	180,570
Unsecured line of credit with a bank of $500,000 with a variable interest rate based on WSJ Prime Rate with interest and principal due January 2022. Note was extended in 2022 through March 2027 wth a fixed interest rate of 4.50%.	434,142	500,000
Unsecured promissory note with a bank, due April 2024, interest at 1% payable monthly, principal payable on the maturity date.	-	149,163
Unsecured promissory note, due October 2023, interest at 0%, principal payments of $16,666 due annually until the maturity date.	16,667	33,333
Promissory note with a bank, due April 2023, payable in monthly interest only payments at 4%, secured by property.	39,303	41,739
Unsecured line of credit of $500,000 with a bank, due September 2023, interest at Prime Rate less 1.25% payable monthly while principal is payable at maturity.	500,000	-
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 note payable of $5,000,000 with a bank, due June 2029, interest and principal payable quarterly, interest at 4%.	4,206,727	-
Unsecured note payable with interest at 3%, due May 2025, payable in annual payments of $27,223 beginning May 2023.	77,000	-

Justine Petersen Housing and Reinvestment Corporation
Notes to Consolidated Financial Statements
December 31, 2022

Justine PETERSEN		2022		2021
Promissory note with for $1,000,000 with a not-for-profit corporation, interest rate at 2% payable annually, principal due at maturity in June 2027, secured by certain Loan Program property or assets.	$	1,000,000	$	-
Unsecured promissory note for $500,000 with a not-for-profit corporation, interest at 1.50% payable monthly, principal due at maturity in September 2022.		-		500,000
Unsecured promissory note for $100,000 with a bank, interest at 3.75% with a maturity date of February 2026.		100,000		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, with a maturity date of May 2030.		2,000,000		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		500,000
Unsecured promissory note for $300,000 with a not-for-profit corporation, interest at 3%, payable quarterly, principal due at maturity in June 2027.		300,000		-
Unsecured promissory note for $500,000 with a bank, interest at 3.25% payable monthly, principal due at maturity date in April 2025.		500,000		-
Multiple unsecured promissory notes for $5,000 each with individuals, interest at 0%; principal due at maturity date in March or April 2025. Amount may be forgiven prior to maturity if needed for a loan loss reserve.		40,000		-
Total Justine PETERSEN debt	$	36,929,382	$	27,804,124

GRCC	2022	2021
Unsecured line of credit of $1,500,000 with a bank, due December 2025, monthly interest of 4% payable monthly, unpaid interest and principal due on maturity in December 2025.	$ 685,572	$ -
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
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 line of credit of $1,000,000 with a bank, due April 2024, interest at 2.38%, principal and interest payable on due date.	838,547	929,792
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. Loan was paid off using new line of credit in 2022.	-	818,489
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
	1,531,024	2,363,409
Less deferred financing costs	-	10,083
Total GRCC debt	$ 1,531,024	$ 2,353,326

TFH	2022	2021
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).	489,305	505,525
	889,305	905,525
Less deferred financing costs	7,000	8,750
Total TFH debt	$ 882,305	$ 896,775

	2022	2021
Total Debt	$ 39,349,711	$ 31,073,058
Less:		
Debt issuance costs	7,000	18,833
Current maturities	7,278,379	11,141,660
	$ 32,064,332	$ 19,912,565

Aggregate annual maturities of long-term at December 31, 2022, are:

2023	$ 7,278,379
2024	9,217,196
2025	5,124,931
2026	1,585,474
2027	5,202,845
Thereafter	10,933,886
	$ 39,342,711

Note 10: Net Assets

Net Assets With Donor Restrictions

Net assets with donor restrictions of $754,001 and $252,172 were subject to expenditure for a specified purpose at December 31, 2022 and 2021, respectively.

Net Assets Released from Restrictions

Net assets released from restriction were $244,838 and $2,775,579 for the years ended December 31, 2022 and 2021, respectively. Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. For the year ended December 31, 2021, the satisfaction of the purpose restriction of $2,380,359 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:

	2022	2021
Taxes currently payable (receivable)	$ 96,842	$ 181,849
Deferred income taxes	196,700	38,000
Income tax expense (benefit)	$ 293,542	$ 219,849

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:

	2022	2021
Deferred tax assets		
Allowance for loan losses	$ 616,000	$ 534,000
Impairment loss	78,000	96,000
	694,000	630,000
Deferred tax liabilities		
Basis reduction in loans receivable related to CDFI grant	1,274,000	996,000
Other	(16,300)	1,000
	1,257,700	997,000
Net deferred tax liability	$ (563,700)	$ (367,000)

Note 12: Related Party Transactions

At December 31, 2022 and 2021, the Corporation had loans receivable outstanding to executive officers, directors, employees and their affiliates (related parties), in the amount of $453,520 and $717,232, 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 was $6,000.

Note 13: 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 63% and 41% of all contributions and grants were received from two grantors in 2022 and 2021, 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% of the current total outstanding principal balance of loans originated by GRCC, or the loan no longer qualifies under the eligibility criteria for the NMTC, GRCC will purchase the loan receivables at a purchase price equal to 100% of the outstanding principal balance plus accrued interest until the portfolio performance is back in line with compliance requirements. As of December 31, 2022 and 2021, 90-day past due balances do not exceed 8% of the total outstanding principal balance, therefore no contingent liabilities are required to be recorded.

Twenty-First Homes

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

Note 14: 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:

		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, 2022				
Assets				
Long-lived assets held for sale (investments in real estate)	$ -	$ -	$ -	$ -
Long-lived assets held for use (rental real estate)	$ -	$ -	$ -	$ -
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	$ -

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. No impairment was recognized in 2022.

Note 15: Investments in Private Entities

Investment in Good Life Growing, LLC

Justine PETERSEN has a 20% interest in the company, Good Life Growing, LLC, for the purchase price of $85,000 including legal expenses related to the agreement execution. The Good Life Growing investment as of December 31, 2022 and 2021, was $163,194.

Investment in St. Louis Indoor Produce

Justine PETERSEN initially purchased a 2% 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, 2022 and 2021, Justine PETERSEN held 34 units of SLIP. Justine PETERSEN's investment in SLIP as of December 31, 2022 and 2021, was $289,000.

Note 16: 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, 2022 and 2021, comprise the following:

	2022	2021
Financial assets		
Cash	$ 5,651,825	$ 7,781,999
Accounts and grants receivable	1,276,256	1,143,529
Interest and fees receivable	774,064	525,114
Total financial assets	7,702,145	9,450,642
Less donor restricted funds available for general expenditures, but subject to grant guidelines	754,001	252,172
Financial assets available to meet cash needs for general expenditures within one year	$ 6,948,144	$ 9,198,470

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 $12,500,000, of which $3,339,000 is available for operations as of December 31, 2022.

Note 17: 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, 2022 and 2021, is as follows:

	2022	2021
Over period of time		
Loan administrative fees	$ 250,951	$ 120,004
Training and client service fees	41,706	25,625
	292,657	145,629
At point in time		
Real estate brokerage, credit reporting and developers' fees	23,096	54,140
Total ASC 606 Revenue	$ 315,753	$ 199,769

Note 18: 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 $68,882 and $61,232 for the years ended December 31, 2022 and 2021, respectively.

Note 19: Subsequent Events

Subsequent to year-end, the Corporation was notified of an approximate $6.2 million federal award by the Treasury Department for the CDFI Equitable Recovery Program.

Subsequent events have been evaluated through May 26, 2023, which is the date the consolidated financial statements were available to be issued.

Note 20: Future Changes in Accounting Principle

Accounting for Financial Instruments – Credit Losses

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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 new standard was effective for the Corporation on January 1, 2023. The Corporation is still finalizing the methodology and tool to be used to comply with ASU 2016-13 and is in process of preparing its estimate of the impact from adopting the standard. The Company expects an increase in the allowance for credit losses based on the standard as a result of the nature of the loan portfolio and loss history.

Supplementary Information

Justine Petersen Housing and Reinvestment Corporation

Consolidating Schedule of Financial Position

December 31, 2022 (with comparative totals for 2021)

	2022									2021
	JPHRC	GRCC	JPEM	TFH	TFHD	JP COVID-19	JP Prop	Eliminations	Consolidated	(Comparative Totals Only)
ASSETS										
Current Assets										
Cash	$ 2,879,013	$ 2,610,591	$ -	$ 112,221	$ -	$ -	$ 50,000	$ -	$ 5,651,825	$ 7,781,999
Restricted cash	2,786,780	27,341	-	244,960	-	-	-	-	3,059,081	5,338,260
Accounts and grants receivable	1,160,935	40,084	-	1,305	-	-	73,932	-	1,276,256	1,143,529
Interest and fees receivable	444,992	329,072	-	-	-	-	-	-	774,064	525,114
Loans receivable, net - current position	9,191,500	5,422,527	-	-	-	-	-	-	14,614,027	6,721,914
Prepaid expenses and other	14,961	106,115	-	2,809	-	-	9,299	-	133,184	67,161
Total current assets	16,478,181	8,535,730	-	361,295	-	-	133,231	-	25,508,437	21,577,977
Other Assets										
Loans receivable, net	11,579,219	15,100,292	-	-	-	-	-	-	26,679,511	22,189,803
Other note receivable	-	-	-	-	-	-	13,038	-	13,038	-
Property and equipment, net	1,206,289	-	-	58,212	-	-	-	-	1,264,501	1,093,358
Rental real estate	-	375,591	-	2,670,431	-	-	3,739,360	-	6,785,382	6,476,902
Investment in real estate	737,663	1,236,774	-	-	-	-	3,226,566	-	5,201,003	5,330,324
Other assets	76,216	-	-	14,539	-	-	-	-	90,755	120,336
Due from subsidiaries	23,466,851	5,262	3,097,756	18,000	-	1,713,289	7,561	(28,308,719)	-	-
Investments in private entities, at cost	452,194	-	-	-	-	-	-	-	452,194	452,194
Investment in subsidiaries	5,589,745	-	-	-	311	-	-	(5,590,056)	-	-
Total other assets	43,108,177	16,717,919	3,097,756	2,761,182	311	1,713,289	6,986,525	(33,898,775)	40,486,384	35,662,917
Total assets	$ 59,586,358	$ 25,253,649	$ 3,097,756	$ 3,122,477	$ 311	$ 1,713,289	$ 7,119,756	$ (33,898,775)	$ 65,994,821	$ 57,240,894

Justine Petersen Housing and Reinvestment Corporation

Consolidating Schedule of Financial Position (Continued)

December 31, 2022 (with comparative totals for 2021)

	2022									2021
	JPHRC	GRCC	JPEM	TFH	TFHD	JP COVID-19	JP Prop	Eliminations	Consolidated	(Comparative Totals Only)
Current Liabilities										
Current portion of long-term debt	$ 7,171,534	$ 91,245	$ -	$ 15,600	$ -	$ -		$ -	$ 7,278,379	$ 11,141,660
Accounts payable and accrued expenses	310,155	137,823	-	66,334	-	63,289	-	-	577,601	548,602
Interest payable	176,029	-	597,755	-	-	-	-	-	773,784	597,967
Income taxes payable	-	2,241	-	-	-	-	-	-	2,241	94,229
Client held funds	122,171	-	-	-	-	-	-	-	122,171	815,085
Tenant security deposits	39,871	-	-	12,635	-	-	-	-	52,506	52,506
Deferred revenue	298,101	-	-	-	-	-	-	-	298,101	1,487,107
Total current liabilities	8,117,861	231,309	597,755	94,569	-	63,289	-	-	9,104,783	14,737,156
Other Liabilities										
Deferred income taxes	-	563,700	-		-	-	-	-	563,700	367,000
Long-term debt, non-current portion	29,757,848	1,439,779	-	866,705	-	-	-	-	32,064,332	19,912,565
Due to subsidiaries	1,577,428	18,882,515	-	391,074	-	16	7,463,180	(28,314,213)	-	-
Total other liabilities	31,335,276	20,885,994	-	1,257,779	-	16	7,463,180	(28,314,213)	32,628,032	20,279,565
Total liabilities	39,453,137	21,117,303	597,755	1,352,348	-	63,305	7,463,180	(28,314,213)	41,732,815	35,016,721
Net Assets										
Without Donor Restrictions										
Undesignated	19,379,220	-	-	-	311	-	-	21,526	19,358,005	18,322,001
Noncontrolling interest	-	-	-	-	-	-	-	4,150,000	4,150,000	3,650,000
With Donor Restrictions	754,001	-	-	-	-	-	-	-	754,001	252,172
Members' capital	-	-	2,500,001	-	-	1,649,984	-	(4,149,985)	-	-
Common stock	-	10,000	-	-	-	-	-	(10,000)	-	-
Paid-in capital and partner capital	-	671,560	-	-	-	-	-	(671,560)	-	-
Equity	-	3,454,786	-	1,770,129	-	-	(343,424)	(4,881,491)	-	-
Total net assets	20,133,221	4,136,346	2,500,001	1,770,129	311	1,649,984	(343,424)	(5,541,510)	24,262,006	22,224,173
Total liabilities and net assets	$ 59,586,358	$ 25,253,649	$ 3,097,756	$ 3,122,477	$ 311	$ 1,713,289	$ 7,119,756	$ (33,855,723)	$ 65,994,821	$ 57,240,894

Justine Petersen Housing and Reinvestment Corporation

Consolidating Schedule of Activities

Year Ended December 31, 2022 (with comparative totals for 2021)

	2022									2021
	JPHRC	GRCC	JPEM	TFH	TFHD	JP COVID-19	JP Prop	Eliminations	Consolidated	(Comparative Totals Only)
Revenues, Gains and Other Support										
Contributions and grants	$ 5,983,239	$ 1,751,329	$ -	$ -	$ -	$ -	$ -	$ -	$ 7,734,568	$ 7,841,396
Donated services	55,560	-	-	-	-	-	-	-	55,560	118,333
Program service fees										
Real estate brokerage income	-	-	-	-	-	-	-	-	-	14,015
Loan and administrative fees	2,431,196	806,278	-	-	-	-	-	(728,364)	2,509,110	2,252,766
Credit reporting fees	23,096	-	-	-	-	-	-	-	23,096	26,534
Developer's fees	-	-	-	-	-	-	-	-	-	13,591
Rental income	17,065	57,666	-	138,203	-	-	155,846	-	368,780	454,023
Miscellaneous	48,993	31,390	-	2,000	-	-	-	-	82,383	40,827
Interest	1,075,007	1,330,641	125,000	2,741	-	31,603	-	(175,685)	2,389,307	1,756,181
Loss on disposal of assets	-	-	-	-	-	-	-	-	-	-
Equity earnings of subsidiaries	253,014	-	-	-	-	-	-	(253,014)	-	-
Total revenues, gains and other support	9,887,170	3,977,304	125,000	142,944	-	31,603	155,846	(1,157,063)	13,162,804	12,517,666
Expenses										
Housing	848,061	145,452	-	280,704	-	-	464,514	(80,856)	1,657,875	1,348,827
Economic development	6,977,840	2,537,380	125,000	26,179	-	31,603	-	(668,152)	9,029,850	6,795,705
Savings	77,959	11,812	-	-	-	-	-	(8,549)	81,222	89,859
Total program services	7,903,860	2,694,644	125,000	306,883	-	31,603	464,514	(757,557)	10,768,947	8,234,391
Management and general	402,516	65,275	-	124,405	-	-	32,559	(96,233)	528,522	101,341
Fundraising	32,810	4,606	-	-	-	-	2,297	(5,753)	33,960	17,251
Total supporting activities	435,326	69,881	-	124,405	-	-	34,856	(101,986)	562,482	118,592
Total expense before income taxes	8,339,186	2,764,525	125,000	431,288	-	31,603	499,370	(859,543)	11,331,429	8,352,983
Income tax expense (benefit)	-	293,542	-	-	-	-	-	-	293,542	219,849
Total Expenses	8,339,186	3,058,067	125,000	431,288	-	31,603	499,370	(859,543)	11,624,971	8,572,832
Change in Net Assets	1,547,984	919,237	-	(288,344)	-	-	(343,524)	(297,520)	1,537,833	3,944,834
Contributed Capital	-	-	-	-	-	500,000	-	-	500,000	500,000
Net Assets, Beginning of Year	18,585,237	3,217,109	2,500,001	2,058,473	311	1,149,984	100	(5,287,042)	22,224,173	17,779,339
Net Assets, End of Year	$ 20,133,221	$ 4,136,346	$ 2,500,001	$ 1,770,129	$ 311	$ 1,649,984	$ (343,424)	$ (5,584,562)	$ 24,262,006	$ 22,224,173

Justine Petersen Housing and Reinvestment Corporation

Consolidating Schedule of Expenses

Year Ended December 31, 2022 (with comparative totals for 2021)

	2022									2021
	JPHRC	GRCC	JPEM	TFH	TFHD	JP COVID-19	JP Prop	Eliminations	Consolidated	(Comparative Totals Only)
Salaries and wages	$ 2,928,714	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,928,714	$ 2,501,193
Payroll taxes	210,412	-	-	-	-	-	-	-	210,412	182,308
Employee benefits	358,586	-	-	-	-	-	-	-	358,586	312,069
Advertising	26,693	-	-	-	-	-	-	-	26,693	17,128
Client assistance	51,360	25,190	-	-	-	-	-	-	76,550	182,519
Conferences and seminars	64,049	-	-	-	-	-	-	-	64,049	9,318
Credit report charges	66,542	-	-	-	-	-	-	-	66,542	32,624
Delivery and postage	16,837	-	-	-	-	-	-	-	16,837	15,918
Depreciation and amortization	94,013	-	-	-	-	-	-	-	94,013	124,342
Depreciation - rental real estate	-	17,646	-	174,215	-	-	159,171	-	351,032	299,836
Donated services	50,565	-	-	-	-	-	-	-	50,565	118,333
Dues and subscriptions	26,561	-	-	-	-	-	-	-	26,561	34,109
Equipment rental and maintenance	28,506	-	-	-	-	-	-	-	28,506	29,483
Impairment and subsidized programmatic real estate loss	-	-	-	-	-	-	-	-	-	323,469
Insurance	121,918	5,524	-	12,109	-	-	28,272	-	167,823	68,378
Interest	936,181	113,360	125,000	4,981	-	31,603	-	(177,846)	1,033,279	1,124,763
Miscellaneous	90,575	47,768	-	161	-	-	-	-	138,504	90,039
Occupancy	48,451	-	-	-	-	-	-	-	48,451	32,806
Office supplies	156,828	34,045	-	374	-	-	-	-	191,247	156,162
Professional fees	1,190,887	722,677	-	176,261	-	-	-	(681,697)	1,408,128	707,844
Provisions for bad debts and loan losses	1,718,484	1,704,763	-	-	-	-	-	-	3,423,247	1,609,989
Recording fees	-	2,960	-	-	-	-	-	-	2,960	1,444
Rental real estate maintenance	126	40,012	-	39,271	-	-	211,912	-	291,321	276,294
Repairs and maintenance	61,553	50,580	-	-	-	-	100,015	-	212,148	15,536
Taxes and licenses	15,124	-	-	23,916	-	-	-	-	39,040	36,322
Telephone	43,950	-	-	-	-	-	-	-	43,950	31,048
Travel and training	32,271	-	-	-	-	-	-	-	32,271	19,709
Total expenses before income taxes	8,339,186	2,764,525	125,000	431,288	-	31,603	499,370	(859,543)	11,331,429	8,352,983
Income tax expense (benefit)	-	293,542	-	-	-	-	-	-	293,542	219,849
Total	$ 8,339,186	$ 3,058,067	$ 125,000	$ 431,288	$ -	$ 31,603	$ 499,370	$ (859,543)	$ 11,624,971	$ 8,572,832