Justine Petersen Housing and Reinvestment Corporation

Independent Auditor's Report and Consolidated Financial Statements

December 31, 2023

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, 2023, 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, 2023, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2023, the Corporation adopted the new accounting guidance ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326). Our opinion is not modified with respect to this matter.

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 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 26, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, 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 April 30, 2024, 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
April 30, 2024

Justine Petersen Housing and Reinvestment Corporation
Consolidated Statement of Financial Position
December 31, 2023
(With Summarized Financial Information as of December 31, 2022)

ASSETS

	2023	2022
Current Assets		
Cash	$ 5,890,163	$ 5,651,825
Restricted funds	4,100,997	3,059,081
Accounts and grants receivable	964,607	1,276,256
Interest and fees receivable	1,356,306	774,064
Loans receivable, net - current position	16,949,758	14,614,027
Prepaid expenses and other	99,715	133,184
Total current assets	29,361,546	25,508,437
Other Assets		
Loans receivable, net	37,774,822	26,679,511
Other note receivable	141,813	13,038
Property and equipment, net	1,273,968	1,264,501
Rental real estate	6,883,533	6,785,382
Investment in real estate	6,175,844	5,201,003
Other assets	571,598	90,755
Investments in private entities, at cost	472,194	452,194
	53,293,772	40,486,384
Total assets	$ 82,655,318	$ 65,994,821

LIABILITIES AND NET ASSETS

	2023	2022
Current Liabilities		
Current portion of long-term debt	$ 12,773,723	$ 7,278,379
Accounts payable and accrued expenses	761,061	577,601
Interest payable	917,534	773,784
Income taxes payable	-	2,241
Client held funds	-	122,171
Tenant security deposits	19,770	52,506
Deferred revenue	1,539,385	298,101
Total current liabilities	16,011,473	9,104,783
Other Liabilities		
Deferred income taxes	343,800	563,700
Long-term debt	40,382,187	32,064,332
	40,725,987	32,628,032
Total liabilities	56,737,460	41,732,815
Net Assets		
Without donor restrictions		
Undesignated	20,613,735	19,358,005
Noncontrolling interest	4,650,000	4,150,000
With donor restrictions	654,123	754,001
Total net assets	25,917,858	24,262,006
Total liabilities and net assets	$ 82,655,318	$ 65,994,821

Justine Petersen Housing and Reinvestment Corporation
Consolidated Statement of Activities
Year Ended December 31, 2023
(With Summarized Financial Information as of December 31, 2022)

	2023			2022
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**(Comparative Totals Only)**
Revenues, Gains and Other Support				
Contributions and grants	$ 9,167,714	$ 705,000	$ 9,872,714	$ 7,734,568
Contributed nonfinancial assets	479,600	-	479,600	55,560
Program service fees				
Real estate brokerage income	18,482	-	18,482	-
Loan and administrative fees	3,141,786	-	3,141,786	2,509,110
Credit reporting fees	10,551	-	10,551	23,096
Rental income	510,943	-	510,943	368,780
Miscellaneous	207,015	-	207,015	82,383
Interest	3,394,505	-	3,394,505	2,389,307
Gain (Loss) on disposal of assets	(1,168)	-	(1,168)	-
Net assets released from restrictions	804,878	(804,878)	-	-
Total revenues, gains and other support	17,734,306	(99,878)	17,634,428	13,162,804
Expenses				
Housing	2,127,860	-	2,127,860	1,657,875
Economic development	12,390,995	-	12,390,995	9,029,850
Savings	382,604	-	382,604	81,222
Total program services	14,901,459	-	14,901,459	10,768,947
Management and general	555,466	-	555,466	528,522
Fundraising	134,907	-	134,907	33,960
Total supporting activities	690,373	-	690,373	562,482
Total expense before income taxes	15,591,832	-	15,591,832	11,331,429
Income tax expense (benefit)	(156,629)	-	(156,629)	293,542
Total expenses	15,435,203	-	15,435,203	11,624,971
Change in Net Assets	2,299,103	(99,878)	2,199,225	1,537,833
Contributed Capital	500,000	-	500,000	500,000
Net Assets, Beginning of Year	23,508,005	754,001	24,262,006	22,224,173
Cumulative Effect of Adoption of ASU 2016-13, Net	(1,043,373)	-	(1,043,373)	-
Net Assets, Beginning of Year, as Restated	22,464,632	754,001	23,218,633	22,224,173
Net Assets, End of Year	$ 25,263,735	$ 654,123	$ 25,917,858	$ 24,262,006

Justine Petersen Housing and Reinvestment Corporation
Consolidated Statement of Functional Expenses
Year Ended December 31, 2023
(With Summarized Financial Information as of December 31, 2022)

	2023								
	Program Services				Support Services				
	Housing	Economic Development	Savings	Total Program Services	Management and General	Fundraising	Total Support Services	2023 Total	2022 Total
Salaries and wages	$ 416,878	$ 2,399,768	$ 171,035	$ 2,987,681	$ 247,490	$ 60,307	$ 307,797	$ 3,295,478	$ 2,928,714
Payroll taxes	26,123	150,376	10,718	187,217	15,509	3,779	19,288	206,505	210,412
Employee benefits	47,151	271,426	19,345	337,922	27,992	6,821	34,813	372,735	358,586
Advertising	5,652	32,536	2,319	40,507	3,355	818	4,173	44,680	26,693
Client assistance	-	59,360	-	59,360	-	-	-	59,360	76,550
Conferences and seminars	4,638	26,700	1,903	33,241	2,754	671	3,425	36,666	64,049
Credit report charges	9,188	52,892	3,770	65,850	5,455	1,329	6,784	72,634	66,542
Delivery and postage	4,169	23,996	1,710	29,875	2,475	603	3,078	32,953	16,837
Depreciation and amortization	11,014	63,401	4,519	78,934	6,539	1,593	8,132	87,066	94,013
Depreciation - rental real estate	352,223	-	-	352,223	-	-	-	352,223	351,032
Contributed nonfinancial assets	582	3,350	239	4,171	345	84	429	4,600	50,565
Dues and subscriptions	2,407	13,855	988	17,250	1,429	348	1,777	19,027	26,561
Equipment rental and maintenance	29,886	-	-	29,886	-	-	-	29,886	28,506
Impairment and programmatic subsidized real estate loss	206,532	-	-	206,532	-	-	-	206,532	-
Insurance	52,997	93,602	6,671	153,270	9,653	2,352	12,005	165,275	167,823
Interest	49,892	2,094,894	18,493	2,163,279	26,760	6,521	33,281	2,196,560	1,033,279
Miscellaneous	23,549	39,335	2,803	65,687	5,414	989	6,403	72,090	138,504
Occupancy	2,715	15,628	1,114	19,457	1,612	393	2,005	21,462	48,451
Office supplies	43,197	248,667	17,722	309,586	26,120	6,249	32,369	341,955	191,247
Professional fees	257,367	1,481,536	105,592	1,844,495	152,792	37,232	190,024	2,034,519	1,408,128
Provisions for credit losses	-	5,127,957	-	5,127,957	-	-	-	5,127,957	3,423,247
Recording fees	25	140	10	175	15	4	19	194	2,960
Rental real estate maintenance	334,251	-	-	334,251	-	-	-	334,251	291,321
Repairs and maintenance	234,302	116,039	8,270	358,611	11,967	2,916	14,883	373,494	212,148
Taxes and licenses	2,131	12,270	874	15,275	1,265	308	1,573	16,848	39,040
Telephone	6,884	39,628	2,824	49,336	4,087	996	5,083	54,419	43,950
Travel and training	4,107	23,639	1,685	29,431	2,438	594	3,032	32,463	32,271
Total expenses before income taxes	2,127,860	12,390,995	382,604	14,901,459	555,466	134,907	690,373	15,591,832	11,331,429
Income tax expense (benefit)	-	(156,629)	-	(156,629)	-	-	-	(156,629)	293,542
Total	$ 2,127,860	$ 12,234,366	$ 382,604	$ 14,744,830	$ 555,466	$ 134,907	$ 690,373	$ 15,435,203	$ 11,624,971

Justine Petersen Housing and Reinvestment Corporation
Consolidated Statement of Cash Flows
Year Ended December 31, 2023
(With Summarized Financial Information as of December 31, 2022)

	2023	2022
Operating Activities		
Changes in net assets	$ 2,199,225	$ 1,537,833
Items not requiring (providing) cash		
Depreciation and amortization	439,289	445,045
Amortization of deferred financing fees	1,750	11,833
Deferred income taxes	(219,900)	196,700
Non-cash donations of property	(475,000)	-
Impairment and subsidized programmatic real estate loss	206,532	-
Loss on sale of assets	1,168	-
Provisions for credit losses	5,127,957	3,423,247
Change in assets and liabilities:		
Restricted funds	(1,041,916)	2,279,179
Accounts, notes and grants receivable	182,874	(145,765)
Interest and fees receivable	(582,242)	(248,950)
Prepaid expenses and other assets	7,823	(65,376)
Accounts payable and accrued expenses	183,460	28,999
Interest payable	143,750	175,817
Income taxes prepaid, receivable and payable	(2,241)	(91,988)
Client held funds	(122,171)	(692,914)
Tenant security deposits	(32,736)	-
Deferred revenue	1,241,284	(1,189,006)
Net cash provided by operating activities	7,258,906	5,664,654
Investing Activities		
Net change in loans	(19,602,372)	(15,805,068)
Purchase of life insurance policies	(481,947)	-
Website and portal development	(1,699)	(1,875)
Purchases of property and equipment	(70,492)	(236,740)
Purchases of rental real estate	(447,966)	(149,696)
Purchases of investment real estate	(744,214)	(378,102)
Proceeds from sale of assets - investment in real estate	36,673	-
Purchase of other investments	(20,000)	-
Net cash used in investing activities	(21,332,017)	(16,571,481)

	2023	2022
Financing Activities		
Capital contributed - noncontrolling interest	$ 500,000	$ 500,000
Proceeds from long-term debt	15,662,267	13,502,420
Payments on long-term debt	(1,850,818)	(5,225,767)
Net cash provided by financing activities	14,311,449	8,776,653
Increase (Decrease) in Cash	238,338	(2,130,174)
Cash, Beginning of Year	5,651,825	7,781,999
Cash, End of Year	$ 5,890,163	$ 5,651,825
Supplemental Cash Flows Information		
Interest paid	$ 2,052,810	$ 857,462
Income taxes paid	$ 16,852	$ 472,461
Net transfers from investment in real estate to rental real estate	$ -	$ 312,124

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

Nature of Operations

Justine Petersen Housing and Reinvestment Corporation ("Justine PETERSEN") is a Missouri not-for-profit corporation, which was established in 1996 to promote housing, savings and economic development of low- and moderate-income families to build assets and create enduring change. Justine PETERSEN has formed several subsidiaries to achieve its mission and maximize funding opportunities from various federal, state, and local agencies. Justine PETERSEN is a qualified 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
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, Associated Bank, and Peoples Savings 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, 2023 and 2022, of $3,000,000 and $2,500,000, respectively, is reflected as the 'non-controlling interest' portion of net assets without donor restrictions on the accompanying consolidated statement of financial position. JPEM shall dissolve and wind up its affairs at December 31, 2025, unless the operating agreement is amended to extend the term.

JP COVID-19 Response Fund, LLC ("JP COVID-19") was established in 2020 to provide assistance to small businesses in Central and Southern Illinois impacted by the COVID-19 pandemic. JP COVID-19's members are Justine PETERSEN, who is the managing member, First Bank, Carrollton Bank, Dieterich Bank, and FCB Banks, who are non-manager members. Non-manager member units do not have voting rights, except as otherwise agreed. Members share net income (loss) and distributions of JP COVID-19 in accordance with their percentage of units. The interest of non-manager members in JP COVID-19 at December 31, 2023 and 2022, of $1,650,001 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.

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, 2022, 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, 2023, the Corporation's cash accounts exceeded federally insured limits by approximately $8,056,000.

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 are 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 credit losses, 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, 2023 and 2022.

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 credit 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 – Prior to the Adoption of ASU 2016-13

The allowance for loan losses was established as losses were estimated to have occurred through a provision for loan losses charged against income. Loan losses were charged against the allowance when management believed the un-collectability of a loan receivable balance was confirmed. Subsequent recoveries, if any, were credited to the bad debt expense and the allowance for loan loss was adjusted at year-end by management.

The allowance for loan losses was evaluated on a regular basis by management and was 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 my have affected the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation was inherently subjective as it required estimates that were susceptible to significant revision as more information became available.

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

A loan receivable was considered impaired when, based on current information and events, it was probable that the Corporation would have been 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 included payment status, collateral value and the probability of collecting scheduled principal and interest payments when due. Loans receivable that experienced insignificant payment delays and payment shortfalls generally were not classified as impaired. Management determined 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 were collectively evaluated for impairment based on the group's historical loss experience adjusted for changes in trends, conditions and other relevant factors that affected repayment of the loans. Accordingly, the Corporation did not separately identify individual consumer and residential loans receivable for impairment measurements, unless such loans were the subject of a restructuring agreement due to financial difficulties of the borrower.

Allowance for Credit Losses (ACL) - Loans

Upon the adoption of ASU 2016-13, the allowance for credit losses is a valuation allowance that is deducted from the loans receivable's amortized cost basis to present the net amount expected to be collected on the loans receivable. Management's determination of the adequacy of the ACL is based on the assessment of expected credit loss on loans receivables over the expected life of the loan receivable. The ACL is increased by provision expense and decreased by charge-offs, net of recoveries of amounts previously charged off. Loans receivables are charged off when management believes the collection of the principal amount owed in full is unlikely. Expected recoveries do not exceed the aggregate of amounts previously charged off and expected to be charged off. The Corporation made the policy election to exclude accrued interest receivable on loans from the estimate of credit losses. As of December 31, 2023, accrued interest on loans of $530,916 was excluded from CECL evaluation. Accrued interest on loans was recorded within interest receivable on the consolidated balance sheet.

Management estimates the allowance balance using relevant available information from both internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. The reasonable and supportable forecast is captured through the Corporation's qualitative factor adjustments, with reversion immediately applied. Historical credit loss experience of the Corporation, paired with economic forecasts provide the basis for the quantitatively modeled estimates of expected credit losses. The Corporation adjusts its quantitative model, as necessary, to reflect conditions not already considered by the quantitative model. These adjustments are commonly known as the qualitative factors.

The allowance for credit losses is measured on a collective (pool) basis when similar risk characteristics exist. The Corporation uses the average historical loss method to measure the quantitative portion of the allowance for credit losses over the forecast and reversion periods. The following portfolio segments have been identified: Mortgage loans receivables; Business loans receivables, which include Small Business Administration loans receivables, Community Development Financial Institutions loans receivables, and Microenterprise loans receivables; and Other loans receivables. Repayment of these is dependent on general economic conditions and adverse situations that may affect the borrower's ability to repay. Business loans are paid primarily from the cash flow of borrower's principal business operation. Credit risk on these loans is driven by credit worthiness of a borrower and the economic conditions that impact the cash flow stability from business operations. Accordingly, the nature of these loans makes them more difficult for management to monitor and evaluate.

Loans receivables that do not share risk characteristics are evaluated on an individual basis. Loans receivables evaluated individually are not also included in the collective evaluation. When management determines that foreclosure is probable, expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate.

Expected credit losses are estimated over the contractual term of the loans receivables, adjusted for expected prepayments when appropriate. The contractual term excludes expected extensions, renewals, and modifications unless either of the following applies: management has a reasonable expectation at the reporting date that a troubled debt restructuring will be executed with an individual borrower or the extension or renewal options are included in the original or modified contract at the reporting date and are not unconditionally cancellable by the Corporation.

During 2022, a loan receivable for which the terms have been modified resulting in a concession, and for which the borrower is experiencing financial difficulties, is considered to be a troubled-debt restructuring (TDR). The allowance for credit loss on a TDR is measured using the same method as all other loans receivables held for investment, except when the value of a concession cannot be measured using a method other than the discounted cash flow method. When the value of a concession is measured using the discounted cash flow method, the allowance for credit loss is determined by discounting the expected future cash flows at the original interest rate of the loans. TDR accounting is not relevant under the CECL methodology.

Allowance for Credit Losses Unfunded Commitments

The Corporation estimates expected credit losses over the contractual period in which the Corporation is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Corporation. The allowance for credit losses on unfunded commitments is adjusted as a provision for credit loss expense and would be reported as a component of interest payable in the consolidated balance sheets. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life consistent with the related allowance for credit losses methodology. The Corporation had no allowance for credit losses related to unfunded commitments as of December 31, 2023.

Adoption of New Accounting Standard

On January 1, 2023, the Corporation adopted ASU 2016-13: *Financial Instruments – Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments* (ASC 326), which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The Corporation adopted ASC 326 using a modified retrospective method for all financial instruments measure at amortized cost and off-balance sheet exposures. Reporting periods beginning after January 1, 2023 are presented under ASC 326 while prior period amounts continue to be reported in accordance with the incurred loss methodology.

The Corporation’s adoption resulted in a reduction to net assets of $1,043,373.

The following table illustrates the impact of ASC 326:

	As Reported Under ASC 326	Pre-ASC 326 Adoption	Impact of ASC 326 Adoption
Assets			
Business loans	$ 6,009,115	$ 5,254,030	$ 755,085
Mortgage loans	29,936	41,025	(11,089)
Other loans	504,376	204,999	299,377
Allowance for credit losses on loans	$ 6,543,427	$ 5,500,054	$ 1,043,373

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.

Corporation-Owned Life Insurance

The Corporation has purchased life insurance policies on certain key executives. Corporate-owned life insurance is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement.

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, 2023 and 2022, for property and equipment. Impairment losses of $206,532 and $0 was recognized in the consolidated statement of activities for rental real estate and investment in real estate at December 31, 2023 and 2022, 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 2023, the Corporation received one new CDFI Equitable Recovery Program (“ERP”) grant. The total amount not yet earned as of December 31, 2023, was $1,338,925 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, 2023 and 2022, the net carrying amount of debt issuance costs was $5,250 and $7,000, 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.

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, 2023, the total outstanding balance on guaranteed loan was approximately $272,800.

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, 2023 and 2022. 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 in accordance with its own underwriting guidelines to small business owners that may not be able to secure capital elsewhere. GRCC is a United States Department of Treasury certified Community Development Financial Institution. One of GRCC's loan products is the Emerging Markets Loan Fund. The mission of the Emerging Markets Loan Fund is to provide access to safe, affordable, capital to small businesses overlooked by mainstream financial institutions. This loan pool is funded by local investors and the CDFI Fund.

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

Management and General – Includes the functions necessary to maintain an equitable employment program, ensure an adequate working environment, provide coordination and articulation of the Corporation's program strategy, secure proper administrative functioning of the Board, and manage the financial and budgetary responsibility of the Corporation.

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

Note 2. Restricted Funds

Restricted funds consist of the following at December 31:

	2023	2022
Loan loss cash reserves:		
Micro lending reserves	$ 2,194,182	$ 1,535,866
Community Advantage (CA) pilot program	235,253	235,253
Required loan loss reserves	1,380,780	922,895
	3,810,215	2,694,014
Client repair funds	-	120,107
Escrow deposits	278,147	232,325
Tenant security deposits	12,635	12,635
	$ 4,100,997	$ 3,059,081

Certain programs, including the SBA and CA pilot program, require the Corporation to maintain a prescribed minimum credit loss reserve fund in a segregated cash account. As of December 31, 2023 and 2022, the Corporation is in compliance with these requirements.

Note 3. Loans Receivable and Allowance for Credit Losses

Classes of loans at December 31, 2023 and 2022 include:

	2023	2022
Business Loans		
Small business administration	$ 8,116,521	$ 8,065,685
CDFI	8,669,629	5,854,806
Micro-enterprise	41,602,328	31,174,867
Total business loans	58,388,478	45,095,358
Mortgage loans	300,497	345,619
Other loans	2,388,577	1,352,615
Gross loans	61,077,552	46,793,592
Less allowance for credit losses	6,352,972	5,500,054
Net loans	$ 54,724,580	$ 41,293,538

The following tables present the balance in the allowance for credit losses and the recorded investment in loans based on portfolio segment and impairment method as of December 31, 2023 and 2022:

	2023			
	Business	**Mortgage**	**Other**	**Total**
Allowance for Credit Losses				
Balance, beginning of year	$ 5,254,030	$ 41,025	$ 204,999	$ 5,500,054
Impact of ASC 326 adoption	755,085	(11,089)	299,377	1,043,373
Balance post ASC adoption	6,009,115	29,936	504,376	6,543,427
Provision charged to expense	4,288,441	113,488	726,028	5,127,957
Losses charged off	(5,151,888)	(95,841)	(384,943)	(5,632,672)
Recoveries	294,338	-	19,922	314,260
Balance, end of year	$ 5,440,006	$ 47,583	$ 865,383	$ 6,352,972

Losses charged off during the year ended December 31, 2023, totaled $5,632,672, of which $1,756,991 related to one individual relationship.

The Corporation established provisions for credit losses, which are charged to operations in order to maintain the allowance for credit losses at a level it is considered necessary to absorb probable credit losses in the portfolio. The corporation recorded a provision for credit losses on loans for $5,127,957 for the year ended December 31, 2023.

	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

In addition to the allowance for credit losses, the Corporation maintains required cash reserves of $3,438,860 and $2,694,014 as of December 31, 2023 and 2022, respectively (Note 2), to cover credit 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:

	2023			
	Business	**Mortgage**	**Other**	**Total**
Rating				
Average or lower risk	$ 45,924,268	$ 177,561	$ 2,100,026	$ 48,201,855
High risk	3,253,210	9,780	39,230	3,302,220
Restructured	9,211,000	113,156	249,321	9,573,477
Total	$ 58,388,478	$ 300,497	$ 2,388,577	$ 61,077,552

	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

The Corporation evaluates the loan risk grading system definitions and allowance for credit loss methodology on an ongoing basis.

The following tables present the Corporation's loan portfolio aging analysis of the recorded investment in loans as of December 31, 2023 and 2022:

	2023						
	30-59 Past Due	**60-89 Days Past Due**	**90 Days and Greater**	**Total Past Due**	**Current**	**Total Loans Receivable**	**Total Loans > 90 Days & Accruing**
Business	$ 1,391,239	$ 919,838	$ 2,622,762	$ 4,933,839	$ 53,454,638	$ 58,388,478	$ 770,266
Mortgage	-	-	9,780	9,780	290,717	300,497	9,780
Other	104,537	61,455	46,765	212,757	2,175,820	2,388,577	38,035
Total	$ 1,495,776	$ 981,293	$ 2,679,307	$ 5,156,376	$ 55,921,175	$ 61,077,552	$ 818,081

	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

Prior to the adoption of ASC 326, a loan was considered impaired, in accordance with the impairment accounting guidance (ASC 310-10-35-16), when based on current information and events, it was probable the Corporation would have been unable to collect all amounts due from the borrower in accordance with the contractual terms of the loan. Impaired loans included nonperforming business loans but also included loans modified in troubled debt restructurings.

The following tables present impaired loans for the year ended December 31, 2022:

	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	$ -	$ -

The table is not presented for December 31, 2023, as it is not relevant under the CECL methodology.

The Corporation has a $65,000 deposit at an unrelated financial institution to guarantee an outstanding loan extended to a certain borrower.

The following table presents the Corporation's nonaccrual loans at December 31, 2023 and 2022. This table excludes performing troubled debt restructurings.

	2023		
	Non-Accrual with no-ACL	Non-Accrual	>90 days still accruing
Business	$ -	$ 3,253,210	$ 770,266
Mortgage	-	-	9,780
Other	-	8,729	38,035
Total	$ -	$ 3,261,939	$ 818,081

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

The Corporation had no collateral dependent loans at December 31, 2023. A loan is considered to be collateral dependent when the borrower is experiencing financial difficulty and the repayment is expected to be provided substantially through the operations or sale of collateral. The collateral dependent loan table is not presented for December 31, 2022, as it was not required under the incurred loss methodology.

Prior to the adoption of ASU 2022-02, *Financial Instruments – Credit Losses (Topic 326): Troubled Debt Restructuring and Vintage Disclosures* on January 1, 2023, the Corporation recognized troubled debt restructurings. Upon adoption of ASU 2022-02, the Corporation is required to disclose loans modified to borrowers experiencing financial difficulties.

The following tables show the amortized cost basis as of December 31, 2023 of the loans modified to borrowers experiencing financial difficulties, disaggregated by class of loans and type of concession granted and describe the financial effect of the modifications made to borrowers experiencing financial difficulty.

	Combination - Interest Rate Reduction & Term Extension		
	Amortized Cost Basis	**% of Total Loan Type**	**Financial Effect**
Business	43,107	0.0738%	Weighted average rate reduced to 0% and term extended by 18 months.
Total	43,107	0.0738%	

	Combination - Payment Delay & Term Extension		
	Amortized Cost Basis	**% of Total Loan Type**	**Financial Effect**
Business	37,168	0.0637%	Term extended by 35 months and payment amount reduced $12 monthly.
Total	37,168	0.0637%	

The following table depicts the performance of loans that have been modified in the last 12 months:

	Payment Status (Amortized Cost Basis)		
	Current	**30-89 Days Past Due**	**>90 Days Past Due**
Business	18,942	-	18,226
Total	18,942	-	18,226

At December 31, 2023 and 2022, 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 year ended December 31, 2022.

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

The troubled debt restructurings described above increased the allowance for credit losses by $12,298 during the year ended December 31, 2022. The troubled debt restructurings described above resulted in charge-offs of $13,045 during 2022. 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

As of December 31, 2023, 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.

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 $8.7 million and $7.5 million at December 31, 2023 and 2022, 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, 2023, 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, 2023:

Grant	Term	Grant Amount	Earned Through 2023	Funding Available
Small Business Association PRIME Grant	9/30/23 - 9/29/24	$ 250,000	$ 62,500	$ 187,500
Small Business Association TA Grant	7/1/2023 - 6/30/2024	1,872,012	835,465	1,036,547
Gateway Neighborhood Fund		100,634	43,141	57,493
FHLBC Housing Counseling Resource Program	6/10/22 - 6/9/25	145,000	76,992	68,008
Champaign County Economic Development Corporation	9/1/22 - 8/31/25	200,000	83,333	116,667
County of Champaign	6/24/22 - 12/31/24	250,000	242,702	7,298
		$ 2,817,646	$ 1,344,133	$ 1,473,513

Note 6. Property and Equipment

Property and equipment at December 31 consist of:

	2023	2022
Land	$ 123,212	$ 123,212
Buildings	1,507,660	1,470,481
Equipment	112,545	120,624
Furniture and fixtures	200,340	463,004
	1,943,757	2,177,321
Less accumulated depreciation	669,789	912,820
	$ 1,273,968	$ 1,264,501

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:

	2023	2022
Land	$ 66,574	$ 66,574
Buildings, net of impairment	9,457,259	9,009,263
	9,523,833	9,075,837
Less:		
Accumulated depreciation	2,640,300	2,290,455
	$ 6,883,533	$ 6,785,382

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. The values of donated assets for the years ended December 31, 2023 and 2022 were $475,000 and $0, respectively. Total investment in real estate at December 31, 2023 and 2022, was $6,175,844 and $5,201,003, respectively.

Foreclosed assets and properties acquired through customer loan default, included in the above investment in real estate, total $0 as of December 31, 2023 and 2022, respectively. They are carried at fair value, net of estimated costs to sell, not to exceed the carrying value of the loan receivable upon foreclosure.

Note 9. Long-Term Debt

Justine PETERSEN	2023	2022
Line of credit of $1,250,000 with a bank, due August 2024, payable in monthly interest only payments which are calculated at prime rate, secured by loans receivable.	$ 1,250,000	$ 1,250,000
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.	575,769	601,357
Unsecured line of credit of $2,500,000 with a bank, due August 2024 and monthly interest at 3.25%.	2,492,158	1,892,158

Justine PETERSEN	**2023**	**2022**
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
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.	376,254	412,819
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 0%, due May 2023, payable in monthly payments of $11,574.	-	69,445
Interest at 0%, due July 2025, payable in monthly payments of $11,574.	221,963	362,150
Interest at 0%, due November 2026, payable in monthly payments of $11,574.	405,093	543,982
Interest at .625%, due April 2028, payable in monthly payments of $7,664.	382,955	473,331
Interest at 0%, due September 2029, payable in monthly payments of $19,334.	1,341,667	1,575,000
Interest at 0%, due June 2031, payable in monthly payments of $23,148.	2,083,333	2,361,111
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.	476,852	500,000
Interest at 1.88%, due July 2033, payable in monthly payments of $16,353, with no principal or interest required the first 12 months.	1,624,000	-
Promissory note of $1,250,000 with a bank, due January 2028, payable in monthly installments of $29,265 including interest at 5.76%, secured by deposit accounts.	1,250,000	-

Justine PETERSEN	**2023**	**2022**
Two unsecured promissory notes of $20,000 each with an individual, principal and interest due April 2023, interest at 0%.	$ -	$ 40,000
Unsecured promissory note of $25,000 with an individual, principal and interest due April 2023, interest at 3%.	-	25,500
Two unsecured promissory notes of $20,000 each with an individual, principal and interest due September 2024 with interest at 3%.	49,094	51,518
Unsecured note of $35,000 with a trust, due July 2024, interest and principal payable on due date, interest at 3%.	44,953	43,644
Unsecured promissory note of $15,000 with an individual, principal and interest due November 2024, interest at 3%.	18,609	18,067
Unsecured promissory note of $25,000 with an individual, principal and interest due April 2025, interest at 2.50%.	26,102	25,000
Note payable with interest at 7%, due December 2025, payable in monthly payments of $272, secured by real and personal property.	22,153	24,017
Note payable with interest at 7%, due December 2025, payable in monthly payments of $329 beginning January 2023 secured by real and personal property.	24,171	26,195
Note payable with interest at 5.50%, due July 2025, payable in monthly payments of $377 beginning August 2022, secured by real and personal property.	27,954	30,750
Unsecured promissory note with interest at 4.5%, due November 2027, monthly interest only payments beginning December 2022 through November 2025 and quarterly principal and interest payments of $130,943 starting December 2025 through maturity date.	1,000,000	1,000,000
Note payable with interest at 7%, due December 2025, payable in monthly payments of $425 beginning January 2023, secured by real and personal property.	31,200	34,028
Note payable with interest at 7%, due December 2025, payable in monthly payments of $515 beginning January 2023, secured by real and personal property.	37,850	41,200
Note payable with interest at 7%, due December 2025, payable in monthly payments of $194 beginning January 2023, secured by real and personal property.	14,197	15,384

Justine PETERSEN	**2023**	**2022**
Note payable with interest at 5%, due December 2025, payable in monthly payments of $925 beginning November 2022, secured by real and personal property.	$ 106,492	$ 110,988
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 $2,000,000 with a bank, due October 2026, with interest at 6.62%, payable in quarterly payments of $185,426 beginning January 2024.	2,000,000	-
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.	185,041	189,084
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.	1,728,719	2,000,000
Unsecured promissory note of $1,250,000 with a bank, due June 2024, quarterly interest at 3% until maturity.	1,250,000	1,250,000
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 $1,000,000 with a bank, due July 2025, quarterly interest payments due at 2% and remaining unpaid accrued interest and principal on due date.	1,000,000	1,000,000
Line of credit of $1,500,000 with a bank, due August 2024, monthly interest only payments at prime rate plus 1.25%, secured by loans receivable. During 2023, the line of credit was increased to $1,750,000.	1,748,800	1,000,000
Note payable with interest at 7%, due December 2025, payable in monthly payments of $368 beginning January 2023, secured by real and personal property.	26,963	29,232
Promissory note of $208,000 with a not-for-profit corporation, due January 2024, payable in monthly payments of interest of $1,040 and balloon payment at maturity; interest calculated at 6.5%, secured by real property.	208,000	208,000

Justine PETERSEN	2023	2022
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%.	$ 1,797	$ 110,568
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
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
Eleven unsecured promissory notes totaling $248,000 with varying principal balances, due October 2028, interest payable quarterly at 5%.	183,000	247,342
Unsecured promissory note of $250,000 with a bank, interest payable quarterly at WSJ Prime rate, principal due March 2024.	250,000	250,000
Unsecured line of credit of $2,000,000 with an organization, due May 2028, monthly interest payments due at 8.50% and remaining accrued interest and principal on due date.	1,000,000	-
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.	610,978	81,777
Unsecured promissory note of $750,000 with a bank, due June 2028, interest at 6%, payable in quarterly interest only payments from September 2023 through August 2024, then in quarterly principal and interest payments of $53,165 through due date.	750,000	-
Line of credit of $500,000 with a bank, due May 2024, interest at 4.53%, interest and principal payable at a monthly payment of $3,833, secured by real and personal property.	388,572	425,822
Unsecured note of $250,000 with a community foundation due July 2028, interest and principal payable on due date, interest at 3.35%.	250,000	250,000

Justine PETERSEN	2023	2022
Unsecured note of $100,000 with a nonprofit corporation due January 2025, interest of 3% due quarterly while the principal is due on the maturity date.	$ 100,000	$ 100,000
A collection of unsecured promissory notes with interest rates from 2.5-4.2% and maturity dates of either 30 or 60 months. Additions of $184,535 in 2023.	5,334,635	5,398,984
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.	43,935	46,030
Unsecured promissory note with a bank with monthly payments of $1,870, interest at 8.5%, with balloon payment of $92,754 due August 2028.	147,062	-
Unsecured promissory note with interest at 5%, due January 2028, monthly interest only payments beginning April 2023 through January 2026 and quarterly principal and interest payments of $131,614 starting April 2026 through maturity date.	1,000,000	-
Unsecured promissory note with a bank of $250,000 due July 2025 interest of 1% and principal payable monthly at $4,275.	72,304	122,556
Unsecured line of credit with a bank of $500,000, due March 2027, with a fixed interest rate of 4.50% due March 2027, principal and interest payments of $9,338 monthly until the maturity date.	354,673	434,142
Unsecured promissory note, due October 2023, interest at 0%, principal payments of $16,666 due annually until the maturity date.	-	16,667
Promissory note with a bank, due April 2026, payable in monthly interest only payments at 8.03%, secured by property.	37,477	39,303
Unsecured line of credit of $500,000 with a bank, due September 2024, interest at Prime Rate less 1.25% payable monthly while principal is payable at maturity.	500,000	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%.	5,000,000	4,206,727

Justine PETERSEN	**2023**	**2022**
Unsecured note payable with interest at 3%, due May 2025, payable in annual payments of $27,223 beginning May 2023.	$ 52,088	$ 77,000
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	1,000,000
Unsecured promissory note for $2,000,000 with a bank, interest payable monthly at 5.75%, principal due at maturity in September 2026.	2,000,000	-
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 a fixed interest rate of 3%, 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, remaining principal due at maturity in December 2026.	304,248	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	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.	499,895	500,000
Unsecured promissory note for $52,000 with a bank, interest at 8.51%, payable monthly in monthly payments of $456 starting October 2023, with the remainder due in September 2026.	51,826	-
Unsecured promissory note for $2,000,000 with a bank, due June 2028, interest at 6.25%, principal and interest payments of $17,148 due monthly.	1,959,539	-
Unsecured promissory note for $100,000 with a not-for-profit corporation, interest at 3%, payable monthly, principal due at maturity date in February 2026.	100,000	-

Justine PETERSEN	**2023**	**2022**
Unsecured line of credit for $1,000,000 with a bank, interest payable monthly at the wsj prime rate through November 2024, then payable in monthly principal, if any is outstanding, based on a 48-month amortization schedule and interest payments at the U.S. 5-year Treasury rate plus 2.94%, with the last payment for any remaining unpaid principal and interest due November 2028. No amounts were drawn in 2023.	$ -	$ -
Multiple unsecured promissory notes for $5,000 each with individuals, interest at 0%; principal due at maturity date in March or April 2026. Amount may be forgiven prior to maturity if needed for a loan loss reserve.	40,000	40,000
Total Justine PETERSEN debt	$ 49,013,026	$ 36,929,382

GRCC	**2023**	**2022**
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. During 2023, the line of credit was increased to $2,500,000 and extended to August 2026.	$ 2,500,000	$ 685,572
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.	768,307	838,547
	3,275,212	1,531,024
Less deferred financing costs	-	-
Total GRCC debt	$ 3,275,212	$ 1,531,024

TFH	**2023**	**2022**
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).	472,922	489,305
	872,922	889,305
Less deferred financing costs	5,250	7,000
Total TFH debt	$ 867,672	$ 882,305

	2023	**2022**
Total Debt	$ 53,161,160	$ 39,349,711
Less:		
Debt issuance costs	5,250	7,000
Current maturities	12,773,723	7,278,379
	$ 40,382,187	$ 32,064,332

Aggregate annual maturities of long-term at December 31, 2023, are:

2024	$ 12,773,723
2025	10,100,343
2026	11,259,365
2027	4,629,837
2028	4,089,408
Thereafter	10,308,484
	$ 53,161,160

Note 10. Contributed Nonfinancial Assets

For the years ended December 31, 2023 and 2022, contributed nonfinancial assets recognized within the statement of activities included:

	2023	**2022**
Building	$ 475,000	$ -
Legal services	1,300	40,800
Education and counseling services	3,300	14,760
	$ 479,600	$ 55,560

The nonfinancial assets listed above were recognized within revenue. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Building

The contributed building will be held as a real estate investment property. In valuing the contributed building, which is located in St. Louis, Missouri, the Corporation estimated the fair value on the basis of an appraisal performed on the property.

Other Contributions

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.

Note 11. Net Assets

Net Assets With Donor Restrictions

Net assets with donor restrictions of $654,123 and $754,001 were subject to expenditure for a specified purpose at December 31, 2023 and 2022, respectively.

Net Assets Released from Restrictions

Net assets released from restriction were $804,878 and $244,838 for the years ended December 31, 2023 and 2022, 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, 2023, the satisfaction of the purpose restriction of $500,000 was related to one program which related to the purpose of expanding the use of the My Credit Compass portal.

Note 12. Income Taxes

GRCC's provision for income taxes includes these components:

	2023	2022
Taxes currently payable (receivable)	$ 63,271	$ 96,842
Deferred income taxes	(219,900)	196,700
Income tax expense (benefit)	$ (156,629)	$ 293,542

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:

	2023	2022
Deferred tax assets		
Allowance for credit losses	$ 348,000	$ 616,000
Impairment loss	104,800	78,000
	452,800	694,000
Deferred tax liabilities		
Basis reduction in loans receivable related to CDFI grant	794,100	1,274,000
Other	2,500	(16,300)
	796,600	1,257,700
Net deferred tax liability	$ (343,800)	$ (563,700)

Note 13. Related Party Transactions

At December 31, 2023 and 2022, the Corporation had loans receivable outstanding to executive officers, directors, employees and their affiliates (related parties), in the amount of $367,949 and $453,520, 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.

Note 14. Significant Estimates and Concentrations

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

Contributions

Approximately 69% and 63% of all contributions and grants were received from two grantors in 2023 and 2022, 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, 2023 and 2022, 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 15. Disclosures About Fair Value of Assets

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

Level 1 Quoted prices in active markets for identical assets

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

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

Nonrecurring Measurements

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

		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, 2023				
Assets				
Long-lived assets held for sale (investments in real estate)	$ 745,012	$ -	$ 745,012	$ -
Long-lived assets held for use (rental real estate)	$ -	$ -	$ -	$ -
December 31, 2022				
Assets				
Long-lived assets held for sale (investments in real estate)	$ -	$ -	$ -	$ -
Long-lived assets held for use (rental real estate)	$ -	$ -	$ -	$ -

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, 2023, 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. Impairment of $206,532 and $0 was recognized in 2023 and 2022, respectively.

Note 16. 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, 2023 and 2022, 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, 2023 and 2022, Justine PETERSEN held 34 units of SLIP. Justine PETERSEN's investment in SLIP as of December 31, 2023 and 2022, was $289,000.

Note 17. 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, 2023 and 2022, comprise the following:

	2023	2022
Financial assets		
Cash	$ 5,890,163	$ 5,651,825
Accounts and grants receivable	964,607	1,276,256
Interest and fees receivable	1,356,306	774,064
Total financial assets	8,211,076	7,702,145
Less donor restricted funds available for general expenditures, but subject to grant guidelines	654,123	754,001
Financial assets available to meet cash needs for general expenditures within one year	$ 7,556,953	$ 6,948,144

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 $14,750,000, of which $2,109,000 is available for operations as of December 31, 2023.

Note 18. 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, 2023 and 2022, is as follows:

	2023	2022
Over period of time		
Loan administrative fees	$ 509,741	$ 250,951
Training and client service fees	28,873	41,706
	538,614	292,657
At point in time		
Real estate brokerage, credit reporting and developers' fees	90,015	23,096
Total ASC 606 Revenue	$ 628,629	$ 315,753

Note 19. 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 $55,615 and $68,882 for the years ended December 31, 2023 and 2022, respectively.

Note 20. Subsequent Events

In January 2024, the Corporation entered into an affiliation agreement with another non-profit corporation, Sanctuary in the Ordinary (SITO), for the purpose of carrying out the respective missions and operations of each corporation. Both corporation's engage in similar services related to providing housing for low to moderate income families and individuals. As part of the agreement, the Board of Directors of Justine PETERSEN shall appoint the members of the Board of Directors of SITO.

Subsequent events have been evaluated through April 30, 2024, which is the date the consolidated financial statements were available to be issued.

Supplementary Information

Justine Petersen Housing and Reinvestment Corporation
Consolidating Schedule of Financial Position
December 31, 2023 (with comparative totals for December 31, 2022)

	2023									2022
	JPHRC	GRCC	JPEM	TFH	TFHD	JP COVID-19	JP Prop	Eliminations	Consolidated	(Comparative Totals Only)
ASSETS										
Current Assets										
Cash	$ 3,971,883	$ 1,729,689	$ -	$ 140,760	$ -	$ -	$ 47,831	$ -	$ 5,890,163	$ 5,651,825
Restricted cash	3,371,070	435,650	-	290,782	-	-	3,495	-	4,100,997	3,059,081
Accounts and grants receivable	944,879	1,436	-	11,756	-	-	6,536	-	964,607	1,276,256
Interest and fees receivable	777,075	579,231	-	-	-	-	-	-	1,356,306	774,064
Loans receivable, net - current position	7,389,354	9,560,404	-	-	-	-	-	-	16,949,758	14,614,027
Prepaid expenses and other	33,151	66,564	-	-	-	-	-	-	99,715	133,184
Total current assets	16,487,412	12,372,974	-	443,298	-	-	57,862	-	29,361,546	25,508,437
Other Assets										
Loans receivable, net	25,157,671	12,617,151	-	-	-	-	-	-	37,774,822	26,679,511
Other note receivable	-	-	-	-	-	-	141,813	-	141,813	13,038
Property and equipment, net	1,215,756	-	-	58,212	-	-	-	-	1,273,968	1,264,501
Rental real estate	35,758	357,943	-	2,498,623	-	-	3,991,209	-	6,883,533	6,785,382
Investment in real estate	1,675,173	1,178,511	-	-	-	-	3,322,160	-	6,175,844	5,201,003
Other assets	531,413	26,289	-	13,896	-	-	-	-	571,598	90,755
Due from subsidiaries	24,528,012	5,262	3,741,506	18,000	-	1,736,991	-	(30,029,771)	-	-
Investments in private entities, at cost	452,194	20,000	-	-	-	-	-	-	472,194	452,194
Investment in subsidiaries	4,560,554	-	-	-	311	-	-	(4,560,865)	-	-
Total other assets	58,156,531	14,205,156	3,741,506	2,588,731	311	1,736,991	7,455,182	(34,590,636)	53,293,772	40,486,384
Total assets	$ 74,643,943	$ 26,578,130	$ 3,741,506	$ 3,032,029	$ 311	$ 1,736,991	$ 7,513,044	$ (34,590,636)	$ 82,655,318	$ 65,994,821

Justine Petersen Housing and Reinvestment Corporation
Consolidating Schedule of Financial Position
December 31, 2023 (with comparative totals for December 31, 2022) (Continued)

	2023									2022
	JPHRC	GRCC	JPEM	TFH	TFHD	JP COVID-19	JP Prop	Eliminations	Consolidated	(Comparative Totals Only)
LIABILITIES AND NET ASSETS										
Current Liabilities										
Current portion of long-term debt	$ 11,989,816	$ 768,307	$ -	$ 15,600	$ -	$ -	$ -	$ -	$ 12,773,723	$ 7,278,379
Accounts payable and accrued expenses	571,685	-	-	102,385	-	86,991	-	-	761,061	577,601
Interest payable	176,029	-	741,505	-	-	-	-	-	917,534	773,784
Income taxes payable	-	-	-	-	-	-	-	-	-	2,241
Client held funds	-	-	-	-	-	-	-	-	-	122,171
Tenant security deposits	7,135	-	-	12,635	-	-	-	-	19,770	52,506
Deferred revenue	1,539,385	-	-	-	-	-	-	-	1,539,385	298,101
Total current liabilities	14,284,050	768,307	741,505	130,620	-	86,991	-	-	16,011,473	9,104,783
Other Liabilities										
Deferred income taxes	-	343,800	-	-	-	-	-	-	343,800	563,700
Long-term debt, non-current portion	37,023,210	2,506,905	-	852,072	-	-	-	-	40,382,187	32,064,332
Due to subsidiaries	1,720,226	19,682,113	-	441,854	-	16	8,187,035	(30,031,244)	-	-
Total other liabilities	38,743,436	22,532,818	-	1,293,926	-	16	8,187,035	(30,031,244)	40,725,987	32,628,032
Total liabilities	53,027,486	23,301,125	741,505	1,424,546	-	87,007	8,187,035	(30,031,244)	56,737,460	41,732,815
Net Assets										
Without Donor Restrictions										
Undesignated	20,962,334	-	-	-	311	-	-	(348,910)	20,613,735	19,358,005
Noncontrolling interest	-	-	-	-	-	-	-	4,650,000	4,650,000	4,150,000
With Donor Restrictions	654,123	-	-	-	-	-	-	-	654,123	754,001
Members' capital	-	-	3,000,001	-	-	1,649,984	-	(4,649,985)	-	-
Common stock	-	10,000	-	-	-	-	-	(10,000)	-	-
Paid-in capital and partner capital	-	671,560	-	-	-	-	-	(671,560)	-	-
Equity	-	2,595,445	-	1,607,483	-	-	(673,991)	(3,528,937)	-	-
Total net assets	21,616,457	3,277,005	3,000,001	1,607,483	311	1,649,984	(673,991)	(4,559,392)	25,917,858	24,262,006
Total liabilities and net assets	$ 74,643,943	$ 26,578,130	$ 3,741,506	$ 3,032,029	$ 311	$ 1,736,991	$ 7,513,044	$ (34,590,636)	$ 82,655,318	$ 65,994,821

Justine Petersen Housing and Reinvestment Corporation
Consolidating Schedule of Activities
December 31, 2023 (with comparative totals for December 31, 2022)

	2023									2022
	JPHRC	GRCC	JPEM	TFH	TFHD	JP COVID-19	JP Prop	Eliminations	Consolidated	(Comparative Totals Only)
Revenues, Gains and Other Support										
Contributions and grants	$ 9,872,714	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,872,714	$ 7,734,568
Contributed nonfinancial assets	479,600	-	-	-	-	-	-	-	479,600	55,560
Program service fees										
Real estate brokerage income	18,482	-	-	-	-	-	-	-	18,482	-
Loan and administrative fees	2,626,024	1,047,684	-	-	-	-	-	(531,922)	3,141,786	2,509,110
Credit reporting fees	10,551	-	-	-	-	-	-	-	10,551	23,096
Rental income	14,950	87,943	-	144,704	-	-	263,346	-	510,943	368,780
Miscellaneous	207,012	-	-	-	-	-	6,762	(6,759)	207,015	82,383
Interest	1,895,046	1,507,023	143,750	8,299	-	23,702	-	(183,315)	3,394,505	2,389,307
Gain (Loss) on disposal of assets	3,350	-	-	-	-	-	(4,518)	-	(1,168)	-
Equity earnings (deficit) of subsidiaries	(1,029,191)	-	-	-	-	-	-	1,029,191	-	-
Total revenues, gains and other support	14,098,538	2,642,650	143,750	153,003	-	23,702	265,590	307,195	17,634,428	13,162,804
Expenses										
Housing	983,868	349,534	-	310,131	-	-	596,157	(111,830)	2,127,860	1,657,875
Economic development	9,622,605	3,127,095	143,750	-	-	23,702	-	(526,157)	12,390,995	9,029,850
Savings	345,334	64,524	-	-	-	-	-	(27,254)	382,604	81,222
Total program services	10,951,807	3,541,153	143,750	310,131	-	23,702	596,157	(665,241)	14,901,459	10,768,947
Management and general	499,703	93,369	-	5,518	-	-	-	(43,124)	555,466	528,522
Fundraising	121,764	22,753	-	-	-	-	-	(9,610)	134,907	33,960
Total supporting activities	621,467	116,122	-	5,518	-	-	-	(52,734)	690,373	562,482
Total expense before income taxes	11,573,274	3,657,275	143,750	315,649	-	23,702	596,157	(717,975)	15,591,832	11,331,429
Income tax expense (benefit)	(1,345)	(155,284)	-	-	-	-	-	-	(156,629)	293,542
Total Expenses	11,571,929	3,501,991	143,750	315,649	-	23,702	596,157	(717,975)	15,435,203	11,624,971
Change in Net Assets	2,526,609	(859,341)	-	(162,646)	-	-	(330,567)	1,025,170	2,199,225	1,537,833
Contributed Capital	-	-	500,000	-	-	-	-	-	500,000	500,000
Net Assets, Beginning 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
Cumulative Effect of Adoption of ASU 2016-13, Net	(1,043,373)	-	-	-	-	-	-	-	(1,043,373)	-
Net Assets, Beginning of Year, as Restated	19,089,848	4,136,346	2,500,001	1,770,129	311	1,649,984	(343,424)	(5,584,562)	23,218,633	22,224,173
Net Assets, End of Year	$ 21,616,457	$ 3,277,005	$ 3,000,001	$ 1,607,483	$ 311	$ 1,649,984	$ (673,991)	$ (4,559,392)	$ 25,917,858	$ 24,262,006

Justine Petersen Housing and Reinvestment Corporation
Consolidating Schedule of Expenses
December 31, 2023 (with comparative totals for December 31, 2022)

	2023									2022
	JPHRC	GRCC	JPEM	TFH	TFHD	JP COVID-19	JP Prop	Eliminations	Consolidated	(Comparative Totals Only)
Salaries and wages	$ 3,295,478	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,295,478	$ 2,928,714
Payroll taxes	206,505	-	-	-	-	-	-	-	206,505	210,412
Employee benefits	372,735	-	-	-	-	-	-	-	372,735	358,586
Advertising	44,680	-	-	-	-	-	-	-	44,680	26,693
Client assistance	46,989	12,371	-	-	-	-	-	-	59,360	76,550
Conferences and seminars	36,666	-	-	-	-	-	-	-	36,666	64,049
Credit report charges	72,634	-	-	-	-	-	-	-	72,634	66,542
Delivery and postage	32,953	-	-	-	-	-	-	-	32,953	16,837
Depreciation and amortization	87,066	-	-	-	-	-	-	-	87,066	94,013
Depreciation - rental real estate	-	17,649	-	174,215	-	-	160,359	-	352,223	351,032
Contributed nonfinancial assets	4,600	-	-	-	-	-	-	-	4,600	50,565
Dues and subscriptions	19,027	-	-	-	-	-	-	-	19,027	26,561
Equipment rental and maintenance	29,886	-	-	-	-	-	-	-	29,886	28,506
Impairment and subsidized programmatic real estate loss	41,832	107,275	-	-	-	-	57,425	-	206,532	-
Insurance	114,091	14,448	-	16,431	-	-	20,305	-	165,275	167,823
Interest	1,811,722	395,883	143,750	4,818	-	23,702	-	(183,315)	2,196,560	1,033,279
Miscellaneous	-	54,017	-	18,073	-	-	-	-	72,090	138,504
Occupancy	21,462	-	-	-	-	-	-	-	21,462	48,451
Office supplies	288,911	52,569	-	475	-	-	-	-	341,955	191,247
Professional fees	1,845,082	675,011	-	49,086	-	-	-	(534,660)	2,034,519	1,408,128
Provisions for credit losses	2,918,574	2,209,383	-	-	-	-	-	-	5,127,957	3,423,247
Recording fees	-	194	-	-	-	-	-	-	194	2,960
Rental real estate maintenance	70,439	67,337	-	52,551	-	-	143,924	-	334,251	291,321
Repairs and maintenance	108,212	51,138	-	-	-	-	214,144	-	373,494	212,148
Taxes and licenses	16,848	-	-	-	-	-	-	-	16,848	39,040
Telephone	54,419	-	-	-	-	-	-	-	54,419	43,950
Travel and training	32,463	-	-	-	-	-	-	-	32,463	32,271
Total expenses before income taxes	11,573,274	3,657,275	143,750	315,649	-	23,702	596,157	(717,975)	15,591,832	11,331,429
Income tax expense (benefit)	(1,345)	(155,284)	-	-	-	-	-	-	(156,629)	293,542
Total	$ 11,571,929	$ 3,501,991	$ 143,750	$ 315,649	$ -	$ 23,702	$ 596,157	$ (717,975)	$ 15,435,203	$ 11,624,971