



**GRECCIO HOUSING UNLIMITED, INC.
dba GRECCIO HOUSING**

**Financial Statements,
Supplemental Information
For the Year Ended July 31, 2018**

And

Independent Auditors' Report

GRECCIO HOUSING UNLIMITED, INC.
dba GRECCIO HOUSING

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Greccio Housing Unlimited, Inc.
dba Greccio Housing

We have audited the accompanying financial statements of Greccio Housing Unlimited, Inc. dba Greccio Housing (Greccio), which comprise the statement of financial position as of July 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greccio as of July 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Greccio's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 25, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of comparative information and of notes payable and conditional grants are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Stockman Kast Ryan + Co. LLP

October 18, 2018

GRECCIO HOUSING UNLIMITED, INC.
dba GRECCIO HOUSING

STATEMENT OF FINANCIAL POSITION
JULY 31, 2018 (with comparative totals for 2017)

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 506,820	\$ 491,501
Accounts receivable, net	23,622	23,713
Pledges receivable	54,313	115,641
Prepaid expenses	55,048	26,722
Other current assets	<u>8,099</u>	<u>12,198</u>
Total current assets	647,902	669,775
PROPERTY AND EQUIPMENT, NET	14,711,472	14,445,386
SECURITY DEPOSITS	154,368	148,752
INVESTMENTS IN COLLABORATIVE ENTITIES	<u>36,526</u>	<u>27,720</u>
TOTAL ASSETS	<u>\$ 15,550,268</u>	<u>\$ 15,291,633</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 159,380	\$ 85,943
Accrued expenses	57,390	54,491
Deferred revenue	53,062	49,113
Current portion of notes payable – serviceable	288,688	185,894
Current portion of bonds payable, net	<u>75,859</u>	<u>75,859</u>
Total current liabilities	558,520	451,300
NOTES PAYABLE – SERVICEABLE	6,689,295	4,413,861
NOTES PAYABLE – FORGIVABLE AND NON-SERVICEABLE	4,218,106	4,129,097
BONDS PAYABLE, NET		2,112,224
CONDITIONAL GRANTS	3,659,489	3,644,989
SECURITY DEPOSITS	154,368	148,752
INTEREST RATE SWAP AGREEMENT	<u>97,175</u>	<u>97,175</u>
Total liabilities	<u>15,279,778</u>	<u>14,997,398</u>
NET ASSETS		
Unrestricted	239,400	157,514
Temporarily restricted	<u>31,090</u>	<u>136,721</u>
Total net assets	<u>270,490</u>	<u>294,235</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 15,550,268</u>	<u>\$ 15,291,633</u>

See notes to financial statements.

GRECCIO HOUSING UNLIMITED, INC.
dba GRECCIO HOUSING

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JULY 31, 2018 (with comparative totals for 2017)

	2018			2017 Total
	Unrestricted	Temporarily Restricted	Total	
REVENUES AND SUPPORT				
Rental property management revenue	\$ 2,607,897		\$ 2,607,897	\$ 2,492,943
Contributions	337,127	\$ 155,828	492,955	717,334
Other income (loss)	33,423		33,423	(11,296)
Net assets released from restrictions:				
Satisfaction of program restriction	145,818	(145,818)		
Satisfaction of time restriction	<u>115,641</u>	<u>(115,641)</u>		
Total revenues and support	<u>3,239,906</u>	<u>(105,631)</u>	<u>3,134,275</u>	<u>3,198,981</u>
EXPENSES				
Program services:				
Rental and property management	2,460,299		2,460,299	2,353,653
Resource and Opportunity Center	409,421		409,421	313,568
Purchase and rehabilitation	<u>94,484</u>		<u>94,484</u>	<u>94,776</u>
Total program services	<u>2,964,204</u>	<u>—</u>	<u>2,964,204</u>	<u>2,761,997</u>
Supporting services:				
General and administrative	124,780		124,780	146,911
Fundraising	<u>110,311</u>		<u>110,311</u>	<u>98,780</u>
Total supporting services	<u>235,091</u>	<u>—</u>	<u>235,091</u>	<u>245,691</u>
Total expenses	<u>3,199,295</u>	<u>—</u>	<u>3,199,295</u>	<u>3,007,688</u>
REVENUES AND SUPPORT OVER (UNDER) EXPENSES				
	<u>40,611</u>	<u>(105,631)</u>	<u>(65,020)</u>	<u>191,293</u>
OTHER GAINS				
Gain on sale of property and equipment				430,226
Gain on interest rate swap agreement	<u>41,275</u>		<u>41,275</u>	<u>82,552</u>
Total	<u>41,275</u>	<u>—</u>	<u>41,275</u>	<u>512,778</u>
CHANGE IN NET ASSETS	81,886	(105,631)	(23,745)	704,071
NET ASSETS (DEFICIT), Beginning of year	<u>157,514</u>	<u>136,721</u>	<u>294,235</u>	<u>(409,836)</u>
NET ASSETS, End of year	<u>\$ 239,400</u>	<u>\$ 31,090</u>	<u>\$ 270,490</u>	<u>\$ 294,235</u>

See notes to financial statements.

GRECCIO HOUSING UNLIMITED, INC.
dba GRECCIO HOUSING

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JULY 31, 2018 (with comparative totals for 2017)

	2018							2017 Total
	Program Services				Support Services			
	Rental and Property Management	Resource and Opportunity Center	Purchase and Rehabilitation	Total	General and Administrative	Fundraising	Total	
Salaries	\$ 478,956	\$ 139,445	\$ 59,065	\$ 677,466	\$ 62,008	\$ 65,885	\$ 805,359	\$ 765,825
Depreciation and amortization	574,873	25,498	2,572	602,943	8,295	3,212	614,450	593,705
Interest expense	314,165	11,170	3,263	328,598	4,424	3,700	336,722	369,443
Utilities	301,970	6,479	648	309,097	2,106	810	312,013	293,984
General maintenance	273,528	6,772	2,141	282,441	2,742	2,419	287,602	260,667
Payroll taxes and fringes	112,296	32,694	13,848	158,838	14,538	15,447	188,823	178,019
Insurance	150,956	9,413	941	161,310	3,059	1,177	165,546	171,327
Office expense	30,619	3,047	1,291	34,957	16,277	1,440	52,674	23,678
Audit and accounting fees	26,340	7,669	3,248	37,257	3,410	3,623	44,290	45,671
Property taxes	38,672			38,672			38,672	38,710
Direct assistance		36,323		36,323			36,323	41,409
Bad debts	35,663			35,663			35,663	30,428
Contract services	18,827	5,481	2,322	26,630	2,437	2,590	31,657	28,716
Telephone	18,091	4,486	1,900	24,477	1,995	2,119	28,591	29,842
Professional fees	22,583	229	97	22,909	102	108	23,119	18,630
Trash	21,566	376	38	21,980	122	47	22,149	21,288
Travel	17,985	586	248	18,819	261	277	19,357	15,146
Printing	4,034	1,174	497	5,705	522	555	6,782	6,745
Dues and subscriptions	3,897	1,134	481	5,512	504	536	6,552	7,902
Mailing costs	3,064	892	378	4,334	397	422	5,153	4,852
Fundraising						4,264	4,264	6,567
Staff training	2,197	640	271	3,108	284	302	3,694	5,854
Miscellaneous	10,017	115,913	1,235	127,165	1,297	1,378	129,840	49,280
TOTAL	\$ 2,460,299	\$ 409,421	\$ 94,484	\$ 2,964,204	\$ 124,780	\$ 110,311	\$ 3,199,295	
PERCENTAGE	77%	13%	3%	93%	4%	3%	100%	
COMPARATIVE TOTALS FOR 2017	\$ 2,353,653	\$ 313,568	\$ 94,776	\$ 2,761,997	\$ 146,911	\$ 98,780		\$ 3,007,688
PERCENTAGE - 2017	78%	11%	3%	92%	5%	3%	100%	

See notes to financial statements.

GRECCIO HOUSING UNLIMITED, INC.
dba GRECCIO HOUSING

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JULY 31, 2018 (with comparative totals for 2017)

	2018	2017
OPERATING ACTIVITIES		
Change in net assets	\$ (23,745)	\$ 704,071
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	614,450	593,705
Income on investments in collaborative entities	(11,306)	(9,245)
Gain on interest rate swap agreement	(41,275)	(82,552)
Forgiveness of note payable	(34,875)	(74,250)
Gain on sale of property and equipment		(430,226)
Contributions of property and equipment		(111,450)
Other	38,352	46,638
Changes in operating assets and liabilities:		
Accounts receivable	91	25,569
Pledges receivable	61,328	99,609
Prepaid expenses	(28,326)	51,298
Other current assets	3,699	(3,136)
Accounts payable and accrued expenses	76,336	18,749
Deferred revenue	3,949	(4,363)
Security deposits	<u>5,616</u>	<u>3,369</u>
Net cash provided by operating activities	<u>664,294</u>	<u>827,786</u>
INVESTING ACTIVITIES		
Purchases of property and equipment	(215,639)	(362,367)
Distributions from investments in collaborative entities	2,449	6,099
Proceeds from sale of property and equipment	<u> </u>	<u>514,957</u>
Net cash provided by (used in) investing activities	<u>(213,190)</u>	<u>158,689</u>
FINANCING ACTIVITIES		
Principal payments on notes payable	(418,382)	(930,882)
Principal payments on bonds payable	(2,226,384)	(72,373)
Payment of interest rate swap agreement	(55,900)	
Proceeds from conditional grants	14,500	
Proceeds from notes payable	2,255,997	
Proceeds from line of credit	10,000	
Repayments on line of credit	<u>(10,000)</u>	<u> </u>
Net cash used in financing activities	<u>(430,169)</u>	<u>(1,003,255)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	20,935	(16,780)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>640,253</u>	<u>657,033</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 661,188</u>	<u>\$ 640,253</u>

(Continued)

GRECCIO HOUSING UNLIMITED, INC.
dba GRECCIO HOUSING

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JULY 31, 2018 (with comparative totals for 2017)

	2018	2017
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ 213,906</u>	<u>\$ 250,898</u>
NON-CASH INVESTING ACTIVITIES		
Property and equipment acquired under notes payable	<u>\$ 664,497</u>	<u>\$ 654,831</u>
Property and equipment acquired with contributions	<u>\$ —</u>	<u>\$ 111,450</u>

(Concluded)

See notes to financial statements.

GRECCIO HOUSING UNLIMITED, INC.

dba GRECCIO HOUSING

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Greccio Housing Unlimited, Inc. dba Greccio Housing (Greccio) provides stable, safe, affordable housing and supportive opportunities and services for its residents to enhance their individual growth. Greccio's significant programs are temporary tenant support and guidance services, and the acquisition, rehabilitation and management of properties for the housing needs of individuals and families with lower incomes.

Basis of Presentation — Greccio reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, which represents the expendable resources that are available for operations at management's discretion; temporarily restricted net assets, which represents resources restricted by donors as to purpose or by the passage of time; and permanently restricted net assets, which represents resources whose use by Greccio is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of Greccio. Greccio has no permanently restricted net assets as of July 31, 2018.

The accompanying financial statements include certain prior-year summarized comparative information in total. 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 Greccio's financial statements for the year ended July 31, 2017, from which the summarized information was derived.

Contributions — Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. When a donor restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Greccio reports gifts of property and equipment as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, Greccio reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Greccio reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Conditional Grants — Greccio receives grants from government organizations to acquire rental properties. These grants contain conditions requiring the property be used for a specified period of time for affordable housing. If the affordability period is not met, the grant conditions require the funds to be returned or transferred to another project or organization at the government agency's option. Greccio records all such conditional grants with an affordability period of ten years or less as revenue in the year received. These shorter-term grants are reviewed on an annual basis to evaluate the future probability of Greccio's ability to meet the affordability conditions. Conditional

grants with an affordability period of greater than ten years are recorded as liabilities until the condition is substantially met. Historically, Greccio has met the affordability conditions of its conditional grants.

Donated Services and Materials — Donated services and materials are recorded as both a revenue and expenditure in the accompanying statements of activities and changes in net assets at their estimated values. Contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations.

Many individuals volunteer their time and perform a variety of tasks that assist Greccio, but are not recognized as contributions in the financial statements because they do not meet the aforementioned criteria. Greccio received approximately 2,794 volunteer hours during the fiscal year ended July 31, 2018.

Cash and Cash Equivalents — For purposes of the statement of cash flows, cash is defined as all cash on hand, demand deposits, money market accounts and security deposits.

Accounts Receivable — Accounts receivable are stated net of an allowance for doubtful accounts with the net balance representing the amount management expects to collect. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At July 31, 2018 and 2017, the valuation allowance was \$11,017 and \$8,810, respectively.

Pledges Receivable — Pledges receivable are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. All pledges receivable as of June 30, 2018 and 2017 are due in the subsequent year and accordingly are classified as a current asset. Management believes all pledges are fully collectible and accordingly, no allowance has been recorded as of July 31, 2018 and 2017.

Investments in Collaborative Entities — Investments in collaborative entities in which Greccio has at least a 20% interest or otherwise exercises significant influence, are accounted for under the equity method of accounting. Under the equity method of accounting investments are recorded at cost and are adjusted for the proportionate share of the undistributed earnings.

Property and Equipment — All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are depreciated over the estimated useful lives of the assets (5-40 years) on a straight-line basis. Property and equipment are recorded at cost, and donated property is recorded at fair value at the date of the gift.

Functional Allocation of Expense — The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising — Advertising costs are expensed as they are incurred and are considered non-direct-response advertising costs.

Tax Status — Greccio is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and qualifies for the charitable contribution deduction.

Greccio believes that it does not have any uncertain tax positions that are material to the financial statements.

Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Subsequent Events — Greccio has evaluated subsequent events for recognition or disclosure through the date of the Independent Auditors' Report, which is the date the financial statements were available for issuance.

2. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at July 31:

	2018	2017
Land	\$ 2,022,296	\$ 1,952,726
Buildings and improvements	18,487,930	17,753,067
Furniture and equipment	260,354	241,412
Construction in progress	<u>56,761</u>	<u> </u>
Total	20,827,341	19,947,205
Less accumulated depreciation	<u>6,115,869</u>	<u>5,501,819</u>
Total	<u>\$ 14,711,472</u>	<u>\$ 14,445,386</u>

3. NOTES PAYABLE

Greccio has entered into multiple note agreements in order to purchase and rehabilitate or construct real property for purposes of fulfilling its mission, which consist of the following as of July 31:

	2018	2017
Twenty-two individual promissory notes payable with outstanding principal balances of \$22,000 to \$1,460,666 as of July 31, 2018, bearing interest rates at 1.0% to 6.5% with monthly principal and interest payments ranging from \$211 to \$8,072, due at various dates through January 2049 or upon the sale or transfer of property if earlier, secured by its real property.	\$ 6,977,983	\$ 4,599,755
Eighteen individual forgivable and non-serviceable promissory notes payable with outstanding principal balances of \$100,000 to \$600,000 at zero percent interest, with no principal payment due unless sale or transfer of property, secured by its real property.	<u>4,218,106</u>	<u>4,129,097</u>
Total	<u>\$ 11,196,089</u>	<u>\$ 8,728,852</u>

Required annual minimum principal payments are as follows as of July 31, 2018:

2019	\$ 288,688
2020	679,128
2021	343,433
2022	720,059
2023	289,211
Thereafter	<u>4,657,464</u>
Total – serviceable	6,977,983
Note payable – forgivable and non-serviceable	<u>4,218,106</u>
Total	<u>\$ 11,196,089</u>

Interest was calculated at 3% and 2.6% during the years ended July 31, 2018 and 2017, respectively, of the outstanding zero percent interest notes and recognized as an expense and a related in-kind contribution. The amount recognized as an expense and revenue was \$126,543 and \$107,357 as of July 31, 2018 and 2017, respectively.

4. BONDS PAYABLE

In December 2010, El Paso Housing Authority issued El Paso County Housing Authority Nonprofit Housing Revenue Bonds (Bonds) for the benefit of Greccio. In connection with the issuance of the Bonds, Greccio entered into a loan agreement with a bank, which purchased such Bonds, to borrow \$2,626,378, an amount equal to the bonds issued. During 2018, the Bonds were repaid through the

issuance of a new loan agreement. Principal and interest payments were due monthly through March 2036. The Bonds were secured by land, buildings and improvements.

Greccio entered into an interest rate swap agreement as a hedge against the exposure to variability in expected future cash flows related to variable-rate debt. The purpose of the interest rate swap agreement was to hedge the risk of interest rate fluctuations associated with the bonds payable, not for speculation. Pursuant to the agreement, Greccio paid a fixed rate of 4.59% on the outstanding balance of the Bonds.

At July 31, 2017, the fair value of the interest rate swap agreement was \$(97,175). The fair value was based on information received from the counterparty to the swap and represents an estimate of the mid-market value of the swap using a discounted future cash flows approach. Greccio incurred unrealized gains of \$41,275 and \$82,552 due to the changes in the fair value of the interest swap agreement during the years ended July 31, 2018 and 2017, respectively. During 2018 the swap agreement was settled in connection with repayment of the Bonds.

Net financing costs of \$38,301 are recorded as a deduction from the bonds payable on the statement of financial position at July 31, 2017.

5. CONDITIONAL GRANTS

Conditional grants consist of the following at July 31:

	2018	2017
Conditional grants from the State of Colorado Division of Housing requiring the property be used for affordable housing for thirty years, expiring at various dates through 2044. If the affordability period is not met, the funds must be returned or transferred to another project or organization at the Division of Housing's option.	\$ 3,385,533	\$ 3,385,533
Conditional grant from the Federal Home Loan Bank of Topeka for rehab of five Greccio properties. The grant requires the properties be used for affordable housing for fifteen years, expiring July 31, 2020. If the affordability period is not met, the funds must be returned.	259,456	259,456
Conditional grant from the City of Colorado Springs for pre-development costs related to the acquisition and rehabilitation of one Greccio property. The grant requires the funds to be used for pre-development. If the development is deemed infeasible, the City may waive repayment.	<u>14,500</u>	<u> </u>
Total	<u>\$ 3,659,489</u>	<u>\$ 3,644,989</u>

6. LINE OF CREDIT

Greccio has a line of credit which expires in August 2018, in the amount of \$100,000 with interest at the prime rate plus 1%. Greccio is in the process of renewing the agreement. There are no compensating balance arrangements with the bank. There are no outstanding balances at July 31, 2018 and 2017.

7. LEASE AGREEMENT

Greccio has a building for which a portion of the building is being leased to others under an operating lease expiring in February 2021. The building has a cost of \$1,539,883 and accumulated depreciation of \$80,004 as of July 31, 2018.

Minimum future rentals to be received under this lease as of July 31, 2018 are as follows:

2019	\$	91,815
2020		94,570
2021		<u>52,047</u>
Total	\$	<u>238,432</u>

8. TEMPORARILY RESTRICTED NET ASSETS

As of July 31 temporarily restricted net assets are available for the following purposes:

	2018	2017
Time restricted	\$ 13,750	\$ 115,641
Program:		
R & O database	6,150	
Capital improvements	3,450	11,228
Smoke free initiative	2,975	2,975
Forest Rogers scholarship	2,785	
Capital campaign	1,680	6,877
Grab & Go library	<u>300</u>	
Total	<u>\$ 31,090</u>	<u>\$ 136,721</u>

9. FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require Greccio to use a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical investments (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that Greccio has the ability to access.

Level 2: Prices determined using significant other observable inputs. Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Prices determined using significant unobservable inputs.

The investment's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The methodology to determine the fair value of the interest rate swap agreement was based on discounted cash flows based on information received from the counterparty (see Note 4).

The following table sets forth by level, within the fair value hierarchy, Greccio's financial instruments at fair value as of July 31:

Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2017:			
Interest rate swap agreement	\$ (97,175)	\$ _____	\$ (97,175)

Activity relating to liabilities measured on a recurring basis using significant unobservable inputs (Level 3) is summarized below:

Interest rate swap agreement, August 1, 2016	\$ (179,727)
Change in value recognized as a gain	<u>82,552</u>
Interest rate swap agreement, July 31, 2017	(97,175)
Change in value recognized as a gain	41,275
Swap termination fee	<u>55,900</u>
Interest rate swap agreement, July 31, 2018	<u>\$ —</u>

10. EMPLOYEE BENEFIT PLAN

Greccio has established a qualified 401(k) profit sharing plan (the Plan) covering all employees who have completed three months of service. The employees may make elective contributions of up to 100% of compensation, subject to statutory limitations. Greccio may make discretionary contributions to the Plan. The Plan provides for full vesting of discretionary contributions after five years of service. Contributions to the Plan were \$25,971 and \$19,296 for the years ended July 31, 2018 and 2017.

11. CONTINGENCIES

Greccio has received several governmental grants to purchase rental properties. The grants contain conditions requiring the property be used for affordable housing for a specified period of time. If the affordability period is not met, the grant conditions require the funds be returned or transferred to another project or organization at the government agency's option. Grants with affordability periods of ten years or less are recorded as revenue when they are originally received. Grants with affordability period of more than ten years are recorded as liabilities.

**GRECCIO HOUSING UNLIMITED, INC.
dba GRECCIO HOUSING**

SUPPLEMENTAL SCHEDULES

GRECCIO HOUSING UNLIMITED, INC.
dba GRECCIO HOUSING

SCHEDULE OF FINANCIAL POSITION
FIVE YEAR COMPARISON AS OF JULY 31

	2018	2017	2016	2015	2014
ASSETS					
Cash and cash equivalents	\$ 506,820	\$ 491,501	\$ 511,650	\$ 619,684	\$ 632,334
Accounts receivable, net	23,622	23,713	49,282	115,178	239,742
Pledges receivable	54,313	115,641	215,250	27,000	54,000
Prepaid expenses	55,048	26,722	78,020	106,383	175,648
Other current assets	8,099	12,198	11,458	13,906	14,955
Property and equipment, net	14,711,472	14,445,386	13,992,778	13,193,358	12,753,760
Security deposits	154,368	148,752	145,383	123,292	126,085
Investments in collaborative entities	36,526	27,720	60,523	65,469	60,034
TOTAL ASSETS	\$ 15,550,268	\$ 15,291,633	\$ 15,064,344	\$ 14,264,270	\$ 14,056,558
LIABILITIES AND NET ASSETS (DEFICIT)					
LIABILITIES					
Accounts payable	\$ 159,380	\$ 85,943	\$ 29,884	\$ 234,173	\$ 245,196
Accrued expenses	57,390	54,491	91,801	81,721	64,686
Deferred revenue	53,062	49,113	53,476	52,807	30,712
Notes payable - serviceable	6,977,983	4,599,755	4,975,807	4,191,951	4,363,394
Notes payable - forgivable and non-serviceable	4,218,106	4,129,097	4,103,346	4,178,520	4,202,145
Bonds payable		2,188,083	2,249,767	2,308,107	2,363,258
Conditional grants	3,659,489	3,644,989	3,644,989	3,580,380	3,084,989
Security deposits	154,368	148,752	145,383	123,292	126,085
Interest rate swap agreement		97,175	179,727	160,197	149,300
Total liabilities	15,279,778	14,997,398	15,474,180	14,911,148	14,629,765
NET ASSETS (DEFICIT)					
Unrestricted	239,400	157,514	(647,634)	(828,427)	(669,098)
Temporarily restricted	31,090	136,721	237,798	181,549	95,891
Total net assets (deficit)	270,490	294,235	(409,836)	(646,878)	(573,207)
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	\$ 15,550,268	\$ 15,291,633	\$ 15,064,344	\$ 14,264,270	\$ 14,056,558

GRECCIO HOUSING UNLIMITED, INC.
dba GRECCIO HOUSING

SCHEDULE OF ACTIVITIES
FIVE YEAR COMPARISON FOR THE YEARS ENDED JULY 31

	2018	2017	2016	2015	2014
REVENUE AND SUPPORT					
Rental property management revenue	\$ 2,607,897	\$ 2,492,943	\$ 2,353,311	\$ 2,135,822	\$ 1,911,739
Contributions	492,955	717,334	865,421	784,806	600,451
Other income (loss)	33,423	(11,296)	79,264	20,102	21,685
Total revenues and support	<u>3,134,275</u>	<u>3,198,981</u>	<u>3,297,996</u>	<u>2,940,730</u>	<u>2,533,875</u>
EXPENSES					
Program services:					
Rental and property management	2,460,299	2,353,653	2,447,157	2,500,608	2,218,438
Resource and Opportunity Center	409,421	313,568	266,324	208,427	178,803
Purchase and rehabilitation	94,484	94,776	83,332	87,460	77,672
General and administrative	124,780	146,911	129,807	106,052	75,914
Fundraising	110,311	98,780	114,804	100,957	84,108
Total expenses	<u>3,199,295</u>	<u>3,007,688</u>	<u>3,041,424</u>	<u>3,003,504</u>	<u>2,634,935</u>
Other gains (losses):					
Gain on sale of property and equipment		430,226			
Gain (loss) on interest rate swap agreement	41,275	82,552	(19,530)	(10,897)	14,373
Total	<u>41,275</u>	<u>512,778</u>	<u>(19,530)</u>	<u>(10,897)</u>	<u>14,373</u>
Change in net assets	(23,745)	704,071	237,042	(73,671)	(86,687)
Beginning net assets (deficit)	<u>294,235</u>	<u>(409,836)</u>	<u>(646,878)</u>	<u>(573,207)</u>	<u>(486,520)</u>
Ending net assets (deficit)	<u>\$ 270,490</u>	<u>\$ 294,235</u>	<u>\$ (409,836)</u>	<u>\$ (646,878)</u>	<u>\$ (573,207)</u>

GRECCIO HOUSING UNLIMITED, INC.
dba GRECCIO HOUSING

SCHEDULE OF EXPENSES
FIVE YEAR COMPARISON FOR THE YEARS ENDED JULY 31

	2018	2017	2016	2015	2014
Salaries	\$ 805,359	\$ 765,825	\$ 778,863	\$ 711,644	\$ 594,003
Depreciation and amortization	614,450	593,705	557,997	536,025	486,280
Interest expense	336,722	369,443	374,283	483,195	456,607
Utilities	312,013	293,984	274,772	296,702	265,247
General maintenance	287,602	260,667	256,964	230,406	228,937
Payroll taxes and fringes	188,823	178,019	158,619	131,663	113,936
Insurance	165,546	171,327	183,813	180,086	123,448
Office expense	52,674	23,678	21,951	17,872	12,966
Audit and accounting fees	44,290	45,671	41,126	78,488	90,577
Property taxes	38,672	38,710	44,857	42,125	26,015
Direct assistance	36,323	41,409	83,215	48,112	55,047
Bad debts	35,663	30,428	47,898	52,024	35,582
Contract services	31,657	28,716	38,674	31,455	26,435
Telephone	28,591	29,842	21,988	23,370	19,803
Professional fees	23,119	18,630	15,798	21,767	18,965
Trash	22,149	21,288	17,116	19,376	17,618
Travel	19,357	15,146	20,586	23,076	27,625
Printing	6,782	6,745	6,173	7,028	5,739
Dues and subscriptions	6,552	7,902	6,567	6,116	5,708
Mailing costs	5,153	4,852			
Fundraising	4,264	6,567	29,388	12,987	12,431
Staff training	3,694	5,854	6,329	2,056	2,026
Miscellaneous	129,840	49,280	54,447	47,931	9,940
TOTAL	\$ 3,199,295	\$ 3,007,688	\$ 3,041,424	\$ 3,003,504	\$ 2,634,935

GRECCIO HOUSING UNLIMITED, INC.
dba GRECCIO HOUSING

SCHEDULE OF CASH FLOWS
FIVE YEAR COMPARISON FOR THE YEARS ENDED JULY 31

	2018	2017	2016	2015	2014
OPERATING ACTIVITIES					
Change in net assets	\$ (23,745)	\$ 704,071	\$ 237,042	\$ (73,671)	\$ (86,687)
Adjustments to reconcile change in net assets to net cash provided by operating activities:					
Depreciation and amortization	614,450	593,705	557,997	536,025	486,280
Income on investments in collaborative entities	(11,306)	(9,245)	(54)	(13,444)	(15,836)
(Gain) loss on interest rate swap agreement	(41,275)	(82,552)	19,530	10,897	(14,373)
Forgiveness of note payable	(34,875)	(74,250)	(23,625)	(23,625)	
Gain on sale of property and equipment		(430,226)			
Contributions of property and equipment		(111,450)			
Other	38,352	46,638	10,689	10,689	10,689
Changes in operating assets and liabilities:					
Accounts receivable	91	25,569	65,896	(18,566)	(24,720)
Pledges receivable	61,328	99,609	(188,250)	27,000	(27,750)
Prepaid expenses	(28,326)	51,298	28,363	69,265	(33,208)
Other current assets	3,699	(3,136)			(1,431)
Accounts payable and accrued expenses	76,336	18,749	(194,209)	6,012	98,914
Deferred revenue	3,949	(4,363)	669	22,095	9,416
Security deposits	5,616	3,369	22,091	(2,793)	6,075
Net cash provided by operating activities	<u>664,294</u>	<u>827,786</u>	<u>536,139</u>	<u>549,884</u>	<u>407,369</u>
INVESTING ACTIVITIES					
Purchases of property and equipment	(215,639)	(362,367)	(445,694)	(974,574)	(2,646,221)
Distributions from investments in collaborative entities	2,449	6,099	5,000	8,009	12,500
Proceeds from sale of property and equipment		514,957		143,130	100,363
Net cash provided by (used in) investing activities	<u>(213,190)</u>	<u>158,689</u>	<u>(440,694)</u>	<u>(823,435)</u>	<u>(2,533,358)</u>
FINANCING ACTIVITIES					
Principal payments on notes payable	(418,382)	(930,882)	(176,969)	(171,443)	(118,492)
Principal payments on bonds payable	(2,226,384)	(72,373)	(69,028)	(65,840)	(62,797)
Payment of interest rate swap agreement	(55,900)				
Proceeds from conditional grant	14,500		64,609	495,391	
Proceeds from notes payable	2,255,997				2,453,301
Proceeds from line of credit	10,000				
Repayments of line of credit	(10,000)				
Net cash provided by (used in) financing activities	<u>(430,169)</u>	<u>(1,003,255)</u>	<u>(181,388)</u>	<u>258,108</u>	<u>2,272,012</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	20,935	(16,780)	(85,943)	(15,443)	146,023
CASH AND CASH EQUIVALENTS, Beginning of year	<u>640,253</u>	<u>657,033</u>	<u>742,976</u>	<u>758,419</u>	<u>612,396</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 661,188</u>	<u>\$ 640,253</u>	<u>\$ 657,033</u>	<u>\$ 742,976</u>	<u>\$ 758,419</u>

GRECCIO HOUSING UNLIMITED, INC.
dba GRECCIO HOUSING

SCHEDULE OF NOTES PAYABLE AND CONDITIONAL GRANTS
AS OF JULY 31, 2018

1224 – 1228 Delaware Drive (Santa Fe)

Note payable — ENT Federal Credit Union, monthly payments of \$3,499 which includes principal and interest at 3.25%, due May 16, 2024, collateralized by a deed of trust.	\$ 632,475
Note payable — El Paso County Housing Authority, monthly payments of \$2,213 which include principal and interest at 3%, due July 1, 2044, collateralized by a deed of trust.	478,099
Note payable — City of Colorado Springs, monthly payments of \$2,024 which includes principal and interest at 1%, due July 1, 2034, collateralized by a deed of trust.	358,893
Note payable — City of Colorado Springs, no interest, principal due on sale, collateralized by a deed of trust. Note is being forgiven over twenty years.	378,000
Conditional grant — State of Colorado Division of Housing requiring the property to be used for affordable housing for thirty years, expiring 2044. If the affordability period is not met, the funds must be returned or transferred to another project or organization at the Division of Housing's option.	<u>560,000</u>
	<u>2,407,467</u>

3010 North Hancock Avenue (Enfield)

Note payable — El Paso County Housing Authority, monthly payments of \$1,476 which includes principal and interest at 3%, due September 1, 2038, collateralized by a deed of trust.	267,682
Note Payable - ENT Federal Credit Union, monthly payments of \$8,072 which includes principal and interest at 2.75%, due February 1, 2028, collateralized by a deed of trust.	1,460,666
Note payable — City of Colorado Springs, no interest, principal due on sale, collateralized by a deed of trust.	600,000
Note payable — City of Colorado Springs, no interest, principal due on sale, collateralized by a deed of trust.	<u>52,394</u>
	<u>2,380,742</u>

(Continued)

GRECCIO HOUSING UNLIMITED, INC.
dba GRECCIO HOUSING

SCHEDULE OF NOTES PAYABLE AND CONDITIONAL GRANTS
AS OF JULY 31, 2018

2525 and 2531 East Uintah Street (Uintah Park & Uintah Terrace)

Note payable — ENT Federal Credit Union, monthly payments of \$2,923 which includes principal and interest at 4%, due February 15, 2022, collateralized by a deed of trust.	456,720
Note payable — El Paso County Housing Authority, monthly payments of \$1,476 which includes principal and interest at 3%, due September 1, 2042, collateralized by a deed of trust.	299,798
Note payable — City of Colorado Springs, no interest, principal due on sale, collateralized by a deed of trust.	400,000
Conditional grant — State of Colorado Division of Housing requiring the property to be used for affordable housing for thirty years, expiring 2043. If the affordability period is not met, the funds must be returned or transferred to another project or organization at the Division of Housing's option.	<u>398,958</u>
	<u>1,555,476</u>

2020 East Bijou Street (Woodbine)

Note payable — City of Colorado Springs, monthly payments of \$3,827 which includes principal and interest at 2.5%, due January 18, 2032, collateralized by a deed of trust.	168,823
Note Payable – City of Colorado Springs, no interest, principal due on sale, collateralized by a deed of trust. Note is being forgiven over fifteen years.	123,885
Conditional grant — State of Colorado Division of Housing requiring the property to be used for affordable housing for thirty years, expiring 2043. If the affordability period is not met, the funds must be returned or transferred to another project or organization at the Division of Housing's option.	<u>1,126,075</u>
	<u>1,418,783</u>

2508 Platte Avenue (Plaza on Platte)

Note payable — City of Colorado Springs, monthly payments of \$1,572 which includes principal and interest at 2.5%, due by February 1, 2038, collateralized by a deed of trust.	290,979
Note payable — State of Colorado Division of Housing, no interest, principal due on sale, collateralized by a deed of trust.	305,000
Note payable — City of Colorado Springs, no interest, principal due on sale, collateralized by a deed of trust. Note is being forgiven over twenty years.	163,125

(Continued)

GRECCIO HOUSING UNLIMITED, INC.
dba GRECCIO HOUSING

SCHEDULE OF NOTES PAYABLE AND CONDITIONAL GRANTS
AS OF JULY 31, 2018

2508 Platte Avenue (Plaza on Platte) - continued

Note payable — City of Colorado Springs, no interest, principal due on sale, collateralized by a deed of trust.	<u>300,000</u>
	<u>1,059,104</u>

2914 North Arcadia Street (Kittyhawk)

Note payable — El Paso County Housing Authority, monthly payments of \$738 which includes principal and interest at 3%, due July 1, 2034, collateralized by a deed of trust.	112,396
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Note Payable - ENT Federal Credit Union, monthly payments of \$4,373 which includes principal and interest at 2.75%, due February 1, 2028, collateralized by a deed of trust.	791,193
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Note payable — City of Colorado Springs, no interest, principal due on sale, collateralized by a deed of trust.	230,000
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Note payable — City of Colorado Springs, no interest, principal due on sale, collateralized by a deed of trust.	80,568
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Conditional grant — State of Colorado Division of Housing requiring the property to be used for affordable housing for thirty years, expiring 2034. If the affordability period is not met, the funds must be returned or transferred to another project or organization at the Division of Housing's option.	<u>250,000</u>
	<u>1,464,157</u>

3631 Marion Drive (Citadel Arms)

Conditional grant — State of Colorado Division of Housing requiring the property to be used for affordable housing for thirty years, expiring 2039. If the affordability period is not met, the funds must be returned or transferred to another project or organization at the Division of Housing's option.	<u>738,000</u>
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2631 West Pikes Peak

Note payable — El Paso County Housing Authority, monthly payments of \$278 which includes principal and interest at 3%, due August 1, 2030, collateralized by a deed of trust.	33,811
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Note payable — City of Colorado Springs, no interest, principal due on sale, collateralized by a deed of trust.	195,000
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(Continued)

GRECCIO HOUSING UNLIMITED, INC.
dba GRECCIO HOUSING

SCHEDULE OF NOTES PAYABLE AND CONDITIONAL GRANTS
AS OF JULY 31, 2018

2631 West Pikes Peak - continued

Conditional grant — State of Colorado Division of Housing requiring the property to be used for affordable housing for thirty years, expiring 2030. If the affordability period is not met, the funds must be returned or transferred to another project or organization at the Division of Housing's option.	<u>175,000</u>
	<u>403,811</u>

833 West Colorado

Note payable — El Paso County Housing Authority, monthly payments of \$211 plus interest at 3%, due August 1, 2028, collateralized by a deed of trust.	22,006
Note payable — CDBG and HOME, no interest, principal due on sale, collateralized by a deed of trust.	250,000
Note payable — City of Colorado Springs, no interest, principal due on sale, collateralized by a deed of trust.	22,185
Conditional grant — FHLB for rehab of property. Property must be used for affordable housing for 15 years (2020) or the funds must be returned.	<u>72,972</u>
	<u>367,163</u>

1022 Alexander Road

Note payable — El Paso County Housing Authority, monthly payments of \$738 which includes principal and interest at 3%, due December 1, 2037, collateralized by a deed of trust.	130,184
Conditional grant — State of Colorado Division of Housing requiring the property to be used for affordable housing for thirty years, expiring 2037. If the affordability period is not met, the funds must be returned or transferred to another project or organization at the Division of Housing's option.	<u>137,500</u>
	<u>267,684</u>

817-841 South Cedar Street

Note payable — CHFA, monthly payments of \$1,896 which includes principal and interest at 6.5%, due August 1, 2032, collateralized by a deed of trust.	187,568
Note payable — CHFA, monthly payments of \$354 which includes principal and interest at 1%, due August 1, 2032, collateralized by a deed of trust.	55,728
Note payable — City of Colorado Springs, no interest, principal due on sale, collateralized by a deed of trust.	<u>150,000</u>
	<u>393,296</u>

(Continued)

GRECCIO HOUSING UNLIMITED, INC.
dba GRECCIO HOUSING

SCHEDULE OF NOTES PAYABLE AND CONDITIONAL GRANTS
AS OF JULY 31, 2018

218-232 Fountain (Clark Mellen)

Note payable — El Paso County Housing Authority, monthly payments of \$211 which includes principal and interest at 3%, due July 1, 2030, collateralized by a deed of trust.	25,466
Note payable — City of Colorado Springs, no interest, principal due on sale, collateralized by a deed of trust.	200,000
Note payable — City of Colorado Springs, no interest, principal due on sale, collateralized by a deed of trust.	<u>21,818</u>
	<u>247,284</u>

2516 Concorde Street (Pines)

Note payable — El Paso County Housing Authority, monthly payments of \$940 which includes principal and interest at 3%, due August 1, 2029, collateralized by a deed of trust.	106,198
Note payable — City of Colorado Springs, no interest, principal due on sale, collateralized by a deed of trust.	195,000
Note payable — City of Colorado Springs, no interest, principal due on sale, collateralized by a deed of trust.	25,000
Conditional grant — FHLB for rehab of property. Property must be used for affordable housing for 15 years (2020) or the funds must be returned.	<u>48,648</u>
	<u>374,846</u>

1030 West Moreno

Note payable — El Paso County Housing Authority, monthly payments of \$211 which includes principal and interest at 3%, due January 1, 2030, collateralized by a deed of trust.	24,557
Note payable — City of Colorado Springs, no interest, principal due on sale, collateralized by a deed of trust.	195,000
Note payable — City of Colorado Springs, no interest, principal due on sale, collateralized by a deed of trust.	14,968
Conditional grant — FHLB for rehab of property. Property must be used for affordable housing for 15 years (2020) or the funds must be returned.	<u>56,756</u>
	<u>291,281</u>

(Continued)

GRECCIO HOUSING UNLIMITED, INC.
dba GRECCIO HOUSING

SCHEDULE OF NOTES PAYABLE AND CONDITIONAL GRANTS
AS OF JULY 31, 2018

320 East Bijou

Note payable — City of Colorado Springs, no interest, principal due on sale, collateralized by a deed of trust.	151,164
Note payable — City of Colorado Springs, no interest, principal due on sale, collateralized by a deed of trust.	40,000
Conditional grant — FHLB for rehab of property. Property must be used for affordable housing for 15 years (2020) or the funds must be returned.	<u>36,486</u>
	<u>227,650</u>

321 North Weber

Note payable — City of Colorado Springs, no interest, principal due on sale, collateralized by a deed of trust.	25,000
Conditional grant — FHLB for rehab of property. Property must be used for affordable housing for 15 years (2020) or the funds must be returned.	<u>44,594</u>
	<u>69,594</u>

3124 Arcadia Street

Note payable — City of Colorado Springs, no interest, principal due on sale, collateralized by a deed of trust.	100,000
Note payable — ENT Federal Credit Union, 36 monthly payments of principal and interest of \$1,086 at 3%, 36 monthly payments of principal and interest of \$1,183 at 3.875%, 47 monthly payments of principal and interest of \$1,247 at 4.5%, one final payment of remaining principal and interest due December 22, 2026, collateralized by a deed of trust.	<u>218,002</u>
	<u>318,002</u>

Administrative – 1015 East Pikes Peak Avenue

Note payable — ENT Federal Credit Union, monthly payments of interest at 2.625%, with principal due March 1, 2019, collateralized by a deed of trust.	<u>348,275</u>
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(Continued)

GRECCIO HOUSING UNLIMITED, INC.
dba GRECCIO HOUSING

SCHEDULE OF NOTES PAYABLE AND CONDITIONAL GRANTS
AS OF JULY 31, 2018

Rocky Mountain

Note payable — El Paso County Housing Authority, monthly payments of \$690 which include principal and interest at 1.5%, due January 1, 2049, collateralized by a deed of trust. 200,000

Note Payable – ENT Federal Credit Union, monthly payments of \$4,196 which include principal and interest at 3.75%, due February 1, 2029, collateralized by a deed of trust. 308,463

Conditional Grant – City of Colorado Springs for pre-development costs related to the acquisition and rehabilitation of a property. If the development is deemed infeasible, the City may waive repayment. 14,500

522,963

Total \$ 14,855,578

BALANCE SHEET RECONCILIATION

Notes payable \$ 11,196,089

Conditional grants 3,659,489

Total \$ 14,855,578

(Concluded)