



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

**Financial Statements,  
Supplemental Information  
For the Year Ended July 31, 2019**

**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, 2019, 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, 2019, 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.

## **Emphasis of Matter**

As discussed in Note 1 to the consolidated financial statements, in 2019 Greccio adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-14, *Not-for Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended July 31, 2019. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

## **Report on Summarized Comparative Information**

We have previously audited Greccio's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 18, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2018 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 23, 2019

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

**STATEMENT OF FINANCIAL POSITION**  
**JULY 31, 2019 (with comparative totals for 2018)**

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 578,521	\$ 506,820
Accounts receivable, net	54,204	23,622
Pledges receivable	9,167	54,313
Prepaid expenses	31,802	55,048
Other current assets	<u>8,099</u>	<u>8,099</u>
Total current assets	673,694	647,902
PROPERTY AND EQUIPMENT, NET	14,482,534	14,711,472
SECURITY DEPOSITS	158,506	154,368
INVESTMENTS IN COLLABORATIVE ENTITIES	<u>38,198</u>	<u>36,526</u>
TOTAL ASSETS	<u>\$ 15,352,932</u>	<u>\$ 15,550,268</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES		
Accounts payable	\$ 114,607	\$ 159,380
Accrued expenses	101,957	57,390
Deferred revenue	54,777	53,062
Current portion of notes payable – serviceable	<u>381,594</u>	<u>288,688</u>
Total current liabilities	652,935	558,520
NOTES PAYABLE – SERVICEABLE	6,226,409	6,689,295
NOTES PAYABLE – FORGIVABLE AND NON-SERVICEABLE	4,358,633	4,218,106
CONDITIONAL GRANTS	3,644,989	3,659,489
SECURITY DEPOSITS	<u>158,506</u>	<u>154,368</u>
Total liabilities	<u>15,041,472</u>	<u>15,279,778</u>
NET ASSETS		
Without donor restrictions	235,230	239,400
With donor restrictions	<u>76,230</u>	<u>31,090</u>
Total net assets	<u>311,460</u>	<u>270,490</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 15,352,932</u>	<u>\$ 15,550,268</u>

See notes to financial statements.

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

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JULY 31, 2019 (with comparative totals for 2018)**

	<b>2019</b>			<b>2018 Total</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	
<b>REVENUES AND SUPPORT</b>				
Rental property management revenue	\$ 2,744,324		\$ 2,744,324	\$ 2,607,897
Contributions	363,408	\$ 236,957	600,365	492,955
Developer fees	29,246		29,246	
Other income	25,623		25,623	33,423
Net assets released from restrictions:				
Satisfaction of program restriction	178,067	(178,067)		
Satisfaction of time restriction	13,750	(13,750)		
<b>Total revenues and support</b>	<u>3,354,418</u>	<u>45,140</u>	<u>3,399,558</u>	<u>3,134,275</u>
<b>EXPENSES</b>				
Program services:				
Rental and property management	2,443,889		2,443,889	2,460,299
Resource and Opportunity Center	501,972		501,972	409,421
Purchase and rehabilitation	172,002		172,002	94,484
<b>Total program services</b>	<u>3,117,863</u>	<u>—</u>	<u>3,117,863</u>	<u>2,964,204</u>
Supporting services:				
General and administrative	126,130		126,130	124,780
Fundraising	117,595		117,595	110,311
<b>Total supporting services</b>	<u>243,725</u>	<u>—</u>	<u>243,725</u>	<u>235,091</u>
<b>Total expenses</b>	<u>3,361,588</u>	<u>—</u>	<u>3,361,588</u>	<u>3,199,295</u>
<b>REVENUES AND SUPPORT OVER (UNDER) EXPENSES</b>	<u>(7,170)</u>	<u>45,140</u>	<u>37,970</u>	<u>(65,020)</u>
<b>OTHER GAINS</b>				
Gain on sale of property and equipment	3,000		3,000	
Gain on interest rate swap agreement				41,275
<b>Total</b>	<u>3,000</u>	<u>—</u>	<u>3,000</u>	<u>41,275</u>
<b>CHANGE IN NET ASSETS</b>	(4,170)	45,140	40,970	(23,745)
<b>NET ASSETS, Beginning of year</b>	<u>239,400</u>	<u>31,090</u>	<u>270,490</u>	<u>294,235</u>
<b>NET ASSETS, End of year</b>	<u>\$ 235,230</u>	<u>\$ 76,230</u>	<u>\$ 311,460</u>	<u>\$ 270,490</u>

See notes to financial statements.

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

**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JULY 31, 2019 (with comparative totals for 2018)**

	2019							2018 Total
	Program Services				Support Services			
	Rental and Property Management	Resource and Opportunity Center	Purchase and Rehabilitation	Total	General and Administrative	Fundraising	Total	
Salaries	\$ 504,082	\$ 169,640	\$ 116,070	\$ 789,792	\$ 66,248	\$ 71,865	\$ 927,905	\$ 805,359
Depreciation and amortization	578,027	27,380	2,738	608,145	8,899	3,423	620,467	614,450
Utilities	325,963	5,702	570	332,235	1,853	713	334,801	312,013
General maintenance	303,859	12,437	1,244	317,540	4,042	1,554	323,136	287,602
Interest expense	232,641	46,786	4,679	284,106	15,205	5,848	305,159	336,722
Payroll taxes and fringes	109,620	36,891	25,241	171,752	14,406	15,628	201,786	188,823
Insurance	156,110	11,347	1,135	168,592	3,688	1,418	173,698	165,546
Direct assistance		62,720		62,720			62,720	36,323
Audit and accounting fees	23,575	7,934	5,428	36,937	3,098	3,361	43,396	44,290
Property taxes	39,122	319	32	39,473	104	39	39,616	38,672
Office expense	28,552	3,940	2,696	35,188	1,539	1,667	38,394	52,674
Contract services	17,772	5,981	4,092	27,845	2,336	2,533	32,714	31,657
Bad debts	32,592			32,592			32,592	35,663
Telephone	15,709	4,302	2,944	22,955	1,680	1,823	26,458	28,591
Trash	23,143	385	39	23,567	125	48	23,740	22,149
Professional fees	19,617	691	473	20,781	270	293	21,344	23,119
Travel	14,920	1,496	342	16,758	195	212	17,165	19,357
Printing	4,775	1,607	1,099	7,481	628	681	8,790	6,782
Dues and subscriptions	4,339	1,460	999	6,798	570	619	7,987	6,552
Fundraising	1,182	398	272	1,852	155	4,689	6,696	4,264
Mailing costs	2,815	947	648	4,410	370	401	5,181	5,153
Staff training	2,024	681	466	3,171	266	288	3,725	3,694
Miscellaneous	3,450	98,928	795	103,173	453	492	104,118	129,840
<b>TOTAL</b>	<b>\$ 2,443,889</b>	<b>\$ 501,972</b>	<b>\$ 172,002</b>	<b>\$ 3,117,863</b>	<b>\$ 126,130</b>	<b>\$ 117,595</b>	<b>\$ 3,361,588</b>	
PERCENTAGE	73%	15%	5%	93%	4%	3%	100%	
<b>COMPARATIVE TOTALS FOR 2018</b>	<b>\$ 2,460,299</b>	<b>\$ 409,421</b>	<b>\$ 94,484</b>	<b>\$ 2,964,204</b>	<b>\$ 124,780</b>	<b>\$ 110,311</b>		<b>\$ 3,199,295</b>
PERCENTAGE - 2018	77%	13%	3%	93%	4%	3%	100%	

See notes to financial statements.

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

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JULY 31, 2019 (with comparative totals for 2018)**

	<b>2019</b>	<b>2018</b>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 40,970	\$ (23,745)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	620,467	614,450
Income on investments in collaborative entities	(4,172)	(11,306)
Gain on interest rate swap agreement		(41,275)
Forgiveness of note payable	(34,875)	(34,875)
Other	(3,000)	38,352
Changes in operating assets and liabilities:		
Accounts receivable	(30,582)	91
Pledges receivable	45,146	61,328
Prepaid expenses	23,246	(28,326)
Other current assets	8,099	3,699
Accounts payable and accrued expenses	(206)	76,336
Deferred revenue	1,715	3,949
Security deposits	<u>4,138</u>	<u>5,616</u>
Net cash provided by operating activities	<u>670,946</u>	<u>664,294</u>
<b>INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(391,529)	(215,639)
Distributions from investments in collaborative entities	2,500	2,449
Proceeds from sale of property and equipment	<u>3,000</u>	<u>          </u>
Net cash used in investing activities	<u>(386,029)</u>	<u>(213,190)</u>
<b>FINANCING ACTIVITIES</b>		
Principal payments on notes payable	(369,983)	(418,382)
Principal payments on bonds payable		(2,226,384)
Payment of interest rate swap agreement		(55,900)
Proceeds from notes payable	160,905	2,270,497
Proceeds from line of credit	50,000	10,000
Repayments on line of credit	<u>(50,000)</u>	<u>(10,000)</u>
Net cash used in financing activities	<u>(209,078)</u>	<u>(430,169)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	75,839	20,935
CASH AND CASH EQUIVALENTS, Beginning of year	<u>661,188</u>	<u>640,253</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 737,027</u>	<u>\$ 661,188</u>

(Continued)



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

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JULY 31, 2019 (with comparative totals for 2018)**

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	<b>2019</b>	<b>2018</b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash paid for interest	<u>\$ 196,193</u>	<u>\$ 213,906</u>
<b>NON-CASH INVESTING ACTIVITIES</b>		
Property and equipment acquired under notes payable	<u>\$ —</u>	<u>\$ 664,497</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF FINANCIAL POSITION</b>		
Cash and cash equivalents	\$ 578,521	\$ 506,820
Security deposits	<u>158,506</u>	<u>154,368</u>
Total	<u>\$ 737,027</u>	<u>\$ 661,188</u>

(Concluded)

See notes to financial statements.

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

**NOTES TO FINANCIAL STATEMENTS**

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**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 two classes of net assets: net assets without donor restrictions, which represents the expendable resources that are available for operations at management's discretion; net assets with donor restrictions, which represents resources restricted by donors as to purpose or by the passage of time and 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.

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, 2018, from which the summarized information was derived.

**Contributions** — Contributions received are recorded as net assets without donor restrictions or with donor restrictions depending on the existence or nature of any donor restrictions. When a donor restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 net assets with donor restrictions to net assets without donor restrictions 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 1,657 and 2,794 volunteer hours during the fiscal years ended July 31, 2019 and 2018, respectively, with an estimated value of \$46,429 and \$74,823, respectively.

**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, 2019 and 2018, the valuation allowance was \$24,459 and \$11,017, 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 July 31, 2019 and 2018 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, 2019 and 2018.

**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.

**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.

**Change in Accounting Principle** — On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958)- *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. During 2019, management implemented ASU 2016-14 and adjusted the presentation in these consolidated financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

**Reclassifications** — Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

**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. LIQUIDITY AND AVAILABILITY

The following table reflects Greccio's financial assets as of July 31, 2019 and 2018, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations. Amounts not available include net assets with donor restrictions and board designated funds that are intended to fund special board initiatives not considered in the annual operating budget. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution. Amounts not available to meet general expenditures within one year also include net assets with donor restrictions.

	<b>2019</b>	<b>2018</b>
Cash and cash equivalents	\$ 737,027	\$ 661,188
Accounts receivable, net	54,204	23,622
Pledges receivable	<u>9,167</u>	<u>54,313</u>
Total financial assets	<u>800,398</u>	<u>739,123</u>
Less amounts unavailable for general expenditures within one year, due to:		
Security deposits	(158,506)	(154,368)
Restricted by donors with purpose restrictions	<u>(67,063)</u>	<u>(17,340)</u>
Total amounts unavailable for general expenditures within one year	<u>(225,569)</u>	<u>(171,708)</u>
Total financial assets available to management to meet cash needs for general expenditures within one year	<u>\$ 574,829</u>	<u>\$ 567,415</u>

Greccio provides affordable housing to its tenants and the rent revenues from this activity provides the funds needed to sustain its daily activities. In the event of any shortfall, Greccio has a \$100,000 line of credit with Ent Credit Union. The programs provided for residents are supported for the most part by donations and grants.

### **3. FUNCTIONAL EXPENSES ALLOCATION METHODS**

Expenses are summarized and categorized based on their functional classification. The functional classifications are: Rent and Property Management which includes expenses associated with Greccio's primary mission of providing affordable housing, Purchase and Rehabilitation includes expenses incurred in the search for new housing and renovation or construction of a new property, Resource and Opportunity Center which are the expenses associated with supportive services for the residents, General and Administrative are those expenses related to the day to day operation of the business and Fundraising which includes expenses soliciting donations and applying for grants. Some expenses that are readily identifiable to a single classification are charged directly to that that function, other expenses that are attributable to more than one classification are allocated on a reasonable basis, and consistently applied to the appropriate functions. Payroll expenses are allocated based on the functions each individual performs. Most of the other expenses are allocated based on the percentage of the overall payroll. The corporate office expenses are allocated on a square footage basis and the expenses of an individual property are allocated 100% to Rental.

#### 4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at July 31:

	<b>2019</b>	<b>2018</b>
Land	\$ 2,022,296	\$ 2,022,296
Buildings and improvements	18,842,938	18,487,930
Furniture and equipment	263,453	260,354
Construction in progress	<u>73,839</u>	<u>56,761</u>
Total	21,202,526	20,827,341
Less accumulated depreciation	<u>6,719,992</u>	<u>6,115,869</u>
Total	<u>\$ 14,482,534</u>	<u>\$ 14,711,472</u>

#### 5. 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:

	<b>2019</b>	<b>2018</b>
Twenty-three individual promissory notes payable with outstanding principal balances of \$20,000 to \$2,165,000 as of July 31, 2019, bearing interest rates at 1% 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. Certain promissory notes require Greccio to meet certain financial covenants related to financial ratios and other matters. At July 31, 2019 Greccio is in compliance with the covenants.	\$ 6,608,003	\$ 6,977,983
Twenty-six 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>4,358,633</u>	<u>4,218,106</u>
Total	<u>\$ 10,966,636</u>	<u>\$ 11,196,089</u>

Required annual minimum principal payments are as follows as of July 31, 2019:

2020	\$ 381,594
2021	396,703
2022	775,317
2023	347,856
2024	856,988
Thereafter	<u>3,849,545</u>
Total – serviceable	6,608,003
Note payable – forgivable and non-serviceable	<u>4,358,633</u>
Total	<u>\$ 10,966,636</u>

Interest was calculated at 2.5% and 3% during the years ended July 31, 2019 and 2018, 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 \$108,966 and \$126,543 as of July 31, 2019 and 2018, respectively.

**6. 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 the year ended July 31, 2018, the Bonds were repaid through the issuance of a new promissory note.

In connection with the Bonds, 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. During the year ended July 31, 2018 the swap agreement was settled and Greccio recognized a gain of \$41,275 in connection with repayment of the Bonds.

**7. CONDITIONAL GRANTS**

Conditional grants consist of the following at July 31:

	<b>2019</b>	<b>2018</b>
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

	<b>2019</b>	<b>2018</b>
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>                    </u>	<u>14,500</u>
Total	<u>\$ 3,644,989</u>	<u>\$ 3,659,489</u>

**8. LINE OF CREDIT**

Greccio had a line of credit which expired in August 2018, in the amount of \$100,000 with interest at the prime rate plus 1%. Greccio renewed their line of credit with another bank during the year. The new line of credit, in the amount of \$100,000 with interest at the prime rate plus 1%, expires in November 2021. There are no compensating balance arrangements with the bank. There are no outstanding balances at July 31, 2019 and 2018.

**9. 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 \$1,674,928 and accumulated depreciation of \$120,299 as of July 31, 2019.

Minimum future rentals to be received under this lease as of July 31, 2019 are as follows:

2020	\$ 94,570
2021	<u>52,047</u>
Total	<u>\$ 146,617</u>



## 10. NET ASSETS WITH DONOR RESTRICTIONS

As of July 31, net assets with donor restrictions are available for the following purposes:

	2019	2018
Time restricted	\$ 9,167	\$ 13,750
Program:		
Capital improvements	35,000	3,450
Single Parent Advancing Career and Education	25,000	
Eviction prevention	3,467	
Forrest Rogers scholarship	2,785	2,785
R & O database		6,150
Other	<u>811</u>	<u>4,955</u>
Total	<u>\$ 76,230</u>	<u>\$ 31,090</u>

## 11. 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 \$26,760 and \$25,971 for the years ended July 31, 2019 and 2018, respectively.

## 12. 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.

## 13. SUBSEQUENT EVENTS

Subsequent to year ended July 30, 2019, Greccio entered into a new promissory note in the amount of \$800,000 with a maturity date of October 4, 2021. Interest only payments are made at a variable rate per annum equal initially to the 13-week daily treasury bill rate (coupon equivalent) on the closing date of October 4, 2019 and adjusted on the first day of each calendar quarter to the current such treasury bill rate on such day. The loan was entered into for the purpose of funding reimbursable predevelopment activity of a new construction property, which received an award for tax credit funding in May, 2019.

**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**

	2019	2018	2017	2016	2015
<b>ASSETS</b>					
Cash and cash equivalents	\$ 578,521	\$ 506,820	\$ 491,501	\$ 511,650	\$ 619,684
Accounts receivable, net	54,204	23,622	23,713	49,282	115,178
Pledges receivable	9,167	54,313	115,641	215,250	27,000
Prepaid expenses	31,802	55,048	26,722	78,020	106,383
Other current assets		8,099	12,198	11,458	13,906
Property and equipment, net	14,482,534	14,711,472	14,445,386	13,992,778	13,193,358
Security deposits	158,506	154,368	148,752	145,383	123,292
Investments in collaborative entities	38,198	36,526	27,720	60,523	65,469
<b>TOTAL ASSETS</b>	<b>\$ 15,352,932</b>	<b>\$ 15,550,268</b>	<b>\$ 15,291,633</b>	<b>\$ 15,064,344</b>	<b>\$ 14,264,270</b>
<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 114,607	\$ 159,380	\$ 85,943	\$ 29,884	\$ 234,173
Accrued expenses	101,957	57,390	54,491	91,801	81,721
Deferred revenue	54,777	53,062	49,113	53,476	52,807
Notes payable - serviceable	6,608,003	6,977,983	4,599,755	4,975,807	4,191,951
Notes payable - forgivable and non-serviceable	4,358,633	4,218,106	4,129,097	4,103,346	4,178,520
Bonds payable			2,188,083	2,249,767	2,308,107
Conditional grants	3,644,989	3,659,489	3,644,989	3,644,989	3,580,380
Security deposits	158,506	154,368	148,752	145,383	123,292
Interest rate swap agreement			97,175	179,727	160,197
<b>Total liabilities</b>	<b>15,041,472</b>	<b>15,279,778</b>	<b>14,997,398</b>	<b>15,474,180</b>	<b>14,911,148</b>
<b>NET ASSETS (DEFICIT)</b>					
Without donor restrictions	235,230	239,400	157,514	(647,634)	(828,427)
With donor restrictions	76,230	31,090	136,721	237,798	181,549
<b>Total net assets (deficit)</b>	<b>311,460</b>	<b>270,490</b>	<b>294,235</b>	<b>(409,836)</b>	<b>(646,878)</b>
<b>TOTAL LIABILITIES AND NET ASSETS (DEFICIT)</b>	<b>\$ 15,352,932</b>	<b>\$ 15,550,268</b>	<b>\$ 15,291,633</b>	<b>\$ 15,064,344</b>	<b>\$ 14,264,270</b>

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

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

	2019	2018	2017	2016	2015
<b>REVENUE AND SUPPORT</b>					
Rental property management revenue	\$ 2,744,324	\$ 2,607,897	\$ 2,492,943	\$ 2,353,311	\$ 2,135,822
Contributions	600,365	492,955	717,334	865,421	784,806
Developer fees	29,246				
Other income (loss)	25,623	33,423	(11,296)	79,264	20,102
Total revenues and support	<u>3,399,558</u>	<u>3,134,275</u>	<u>3,198,981</u>	<u>3,297,996</u>	<u>2,940,730</u>
<b>EXPENSES</b>					
Program services:					
Rental and property management	2,443,889	2,460,299	2,353,653	2,447,157	2,500,608
Resource and Opportunity Center	501,972	409,421	313,568	266,324	208,427
Purchase and rehabilitation	172,002	94,484	94,776	83,332	87,460
General and administrative	126,130	124,780	146,911	129,807	106,052
Fundraising	117,595	110,311	98,780	114,804	100,957
Total expenses	<u>3,361,588</u>	<u>3,199,295</u>	<u>3,007,688</u>	<u>3,041,424</u>	<u>3,003,504</u>
Other gains (losses):					
Gain on sale of property and equipment	3,000		430,226		
Gain (loss) on interest rate swap agreement		41,275	82,552	(19,530)	(10,897)
Total	<u>3,000</u>	<u>41,275</u>	<u>512,778</u>	<u>(19,530)</u>	<u>(10,897)</u>
Change in net assets	40,970	(23,745)	704,071	237,042	(73,671)
Beginning net assets (deficit)	270,490	294,235	(409,836)	(646,878)	(573,207)
Ending net assets (deficit)	<u>\$ 311,460</u>	<u>\$ 270,490</u>	<u>\$ 294,235</u>	<u>\$ (409,836)</u>	<u>\$ (646,878)</u>

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

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

	2019	2018	2017	2016	2015
Salaries	\$ 927,905	\$ 805,359	\$ 765,825	\$ 778,863	\$ 711,644
Depreciation and amortization	620,467	614,450	593,705	557,997	536,025
Utilities	334,801	312,013	293,984	274,772	296,702
General maintenance	323,136	287,602	260,667	256,964	230,406
Interest expense	305,159	336,722	369,443	374,283	483,195
Payroll taxes and fringes	201,786	188,823	178,019	158,619	131,663
Insurance	173,698	165,546	171,327	183,813	180,086
Direct assistance	62,720	36,323	41,409	83,215	48,112
Audit and accounting fees	43,396	44,290	45,671	41,126	78,488
Property taxes	39,616	38,672	38,710	44,857	42,125
Office expense	38,394	52,674	23,678	21,951	17,872
Contract services	32,714	31,657	28,716	38,674	31,455
Bad debts	32,592	35,663	30,428	47,898	52,024
Telephone	26,458	28,591	29,842	21,988	23,370
Trash	23,740	22,149	21,288	17,116	19,376
Professional fees	21,344	23,119	18,630	15,798	21,767
Travel	17,165	19,357	15,146	20,586	23,076
Printing	8,790	6,782	6,745	6,173	7,028
Dues and subscriptions	7,987	6,552	7,902	6,567	6,116
Fundraising	6,696	4,264	6,567	29,388	12,987
Mailing costs	5,181	5,153	4,852		
Staff training	3,725	3,694	5,854	6,329	2,056
Miscellaneous	104,118	129,840	49,280	54,447	47,931
<b>TOTAL</b>	<b>\$ 3,361,588</b>	<b>\$ 3,199,295</b>	<b>\$ 3,007,688</b>	<b>\$ 3,041,424</b>	<b>\$ 3,003,504</b>

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

**SCHEDULE OF NOTES PAYABLE AND CONDITIONAL GRANTS**  
**AS OF JULY 31, 2019**

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**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.	\$ 612,620
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.	465,715
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.	338,104
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.	354,375
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>2,330,814</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.	257,870
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.	1,403,813
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>2,314,077</u>

(Continued)

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

**SCHEDULE OF NOTES PAYABLE AND CONDITIONAL GRANTS**  
**AS OF JULY 31, 2019**

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**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.	439,233
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.	290,973
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>1,529,164</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.	126,645
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.	174,890
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>1,427,610</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.	279,251
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.	151,875

(Continued)

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

**SCHEDULE OF NOTES PAYABLE AND CONDITIONAL GRANTS**  
**AS OF JULY 31, 2019**

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**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>1,036,126</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.	106,838
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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.	760,398
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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>1,427,804</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.	31,454
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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, 2019**

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**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>401,454</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.	20,110
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>365,267</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.	125,168
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>262,668</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.	176,685
Note payable — CHFA, monthly payments of \$354 which includes principal and interest at 1%, due August 1, 2032, collateralized by a deed of trust.	52,023
Note payable — City of Colorado Springs, no interest, principal due on sale, collateralized by a deed of trust.	<u>150,000</u>
	<u>378,708</u>

(Continued)

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

**SCHEDULE OF NOTES PAYABLE AND CONDITIONAL GRANTS**  
**AS OF JULY 31, 2019**

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**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.	23,676
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>245,494</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.	97,995
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>366,643</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.	22,739
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>289,463</u>

(Continued)

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

**SCHEDULE OF NOTES PAYABLE AND CONDITIONAL GRANTS**  
**AS OF JULY 31, 2019**

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**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 — City CDBG, no interest, principal due on sale, collateralized by a deed of trust.	10,000
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>211,532</u>
	<u>321,532</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, 2024, collateralized by a deed of trust.	<u>259,347</u>
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(Continued)

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

**SCHEDULE OF NOTES PAYABLE AND CONDITIONAL GRANTS**  
**AS OF JULY 31, 2019**

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**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. 197,350

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

Note payable — City of Colorado Springs, no interest, principal due on sale, collateralized by a deed of trust. 114,397

620,210

Total \$ 14,611,625

**BALANCE SHEET RECONCILIATION**

Notes payable \$ 10,966,636

Conditional grants 3,644,989

Total \$ 14,611,625

(Concluded)