

Greccio Housing Unlimited, Inc. and Subsidiaries

Consolidated Financial Report

July 31, 2023



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Greccio Housing Unlimited, Inc. and Subsidiaries

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Greccio Housing Unlimited, Inc. and Subsidiaries
Colorado Springs, Colorado

Opinion

We have audited the accompanying financial statements of Greccio Housing Unlimited, Inc. and Subsidiaries, which comprise the consolidated statement of financial position as of July 31, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, based on our audit and the report of the other auditors for the period described below, the financial statements referred to above present fairly, in all material respects, the financial position of Greccio Housing Unlimited, Inc. and Subsidiaries as of July 31, 2023, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements as of and for the year ended December 31, 2022 of GPR Properties, LLC or GPR Properties II, LLC, real estate joint ventures, investments in which, as discussed in Note C to the financial statements, are accounted for by the equity method of accounting. The investment in GPR Properties, LLC was \$223,818 as of December 31, 2022, and the equity in its net income was \$25,106 for the year ended December 31, 2022. The investment in GPR Properties II, LLC was \$69,769 as of December 31, 2022, and the equity in its net income was \$16,601 for the year ended December 31, 2022. The financial statements as of and for the year ended December 31, 2022 of GPR Properties, LLC and GPR Properties II, LLC were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for GPR Properties, LLC and GPR Properties II, LLC as of December 31, 2022, is based solely on the report of the other auditors.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Greccio Housing Unlimited, Inc. and Subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Correction of Error

As discussed in Note O to the financial statements, certain errors resulting in the understatement of amounts previously reported as net assets, without donor restrictions as of July 31, 2022, were discovered by management during fiscal year 2023. Accordingly, amounts reported in beginning net assets, without donor restrictions have been restated in the fiscal year 2022 financial statements as presented to correct the error. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Greccio Housing Unlimited, Inc. and Subsidiaries ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Greccio Housing Unlimited, Inc. and Subsidiaries internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Greccio Housing Unlimited, Inc. and Subsidiaries ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of notes payable and refundable advances is presented for purposes of additional analysis and is 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.

SVA Certified Public Accountants, S.C.

Colorado Springs, Colorado

October 25, 2023

GRECCIO HOUSING UNLIMITED, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
July 31, 2023

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 816,228
Accounts receivable, net of allowance for uncollectible accounts of \$56,710	50,587
Developer fees receivable	134,033
Accrued interest receivable	18,197
Grants receivable	35,149
Prepaid expenses	<u>466,934</u>
 Total current assets	 1,521,128

PROPERTY AND EQUIPMENT, NET

16,284,411

OTHER ASSETS

Notes receivable from related party	1,600,000
Investments in collaborative entities	309,813
Restricted cash	<u>625,436</u>
 Total other assets	 <u>2,535,249</u>

TOTAL ASSETS

\$ 20,340,788

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 116,684
Accrued expenses	292,437
Prepaid rent	71,825
Notes payable, current portion - serviceable	<u>287,642</u>
 Total current liabilities	 768,588

LONG TERM LIABILITIES

Notes payable, less current portion - serviceable	6,499,422
Notes payable - forgivable and non-serviceable	4,435,973
Security deposits	186,892
Refundable advances	<u>5,289,533</u>
 Total long-term liabilities	 <u>16,411,820</u>

TOTAL LIABILITIES

17,180,408

NET ASSETS

Without donor restrictions	2,883,855
With donor restrictions	<u>276,525</u>
 Total net assets	 <u>3,160,380</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 20,340,788

The accompanying notes are an integral part of these consolidated financial statements.

GRECCIO HOUSING UNLIMITED, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended July 31, 2023

	Without donor restrictions	With donor restrictions	Total
Changes in net assets:			
Support and other revenue:			
Grants	304,993	\$ 345,980	\$ 650,973
Contributions	212,467	0	212,467
In-kind contributions	354,738	0	354,738
Rental income, net of vacancies	2,952,699	0	2,952,699
Other tenant charges	294,529	0	294,529
Management fee income	173,482	0	173,482
Developer fees	21,067	0	21,067
Interest income	19,505	0	19,505
Reimbursement income	132,209	0	132,209
Other income	69,131	0	69,131
Net assets released from restriction:			
Satisfaction of program restriction	92,465	(92,465)	0
Satisfaction of time restriction	36,252	(36,252)	0
Total support and other revenue	4,663,537	217,263	4,880,800
Expenses:			
Program services:			
Rental and property management	3,483,811	0	3,483,811
Resource and opportunity center	229,935	0	229,935
Purchase and rehabilitation	588,738	0	588,738
Total program services	4,302,484	0	4,302,484
Supporting services:			
General and administrative	335,985	0	335,985
Fundraising	98,709	0	98,709
Total supporting services	434,694	0	434,694
Total expenses	4,737,178	0	4,737,178
Change in net assets	(73,641)	217,263	143,622
Net assets, beginning, as originally reported	1,194,481	59,262	1,253,743
Prior period adjustment - see Note O	1,763,015	0	1,763,015
Net assets, beginning, as restated	2,957,496	59,262	3,016,758
Net assets, ending	\$ 2,883,855	\$ 276,525	\$ 3,160,380

The accompanying notes are an integral part of these consolidated financial statements.

GRECCIO HOUSING UNLIMITED, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year ended July 31, 2023

	Rental and Property Management	Resource and Opportunity Center	Purchase and Rehabilitation	Total	General and Administrative	Fundraising	Total
Salaries	\$ 781,433	\$ 155,761	\$ 188,636	\$ 1,125,830	\$ 192,133	\$ 42,863	\$ 1,360,826
Depreciation	656,065	1,139	11,390	668,594	3,702	1,424	673,720
Interest expense	284,960	7,121	71,206	363,287	23,142	8,901	395,330
Utilities	377,376	656	6,563	384,595	2,133	820	387,548
General maintenance	393,413	1,737	17,370	412,520	5,645	2,171	420,336
Insurance	351,199	1,586	15,865	368,650	5,156	1,983	375,789
Payroll taxes and fringes	153,408	30,579	37,032	221,019	37,719	8,415	267,153
Direct assistance	552	0	125,270	125,822	0	0	125,822
Contract services	38,692	693	6,927	46,312	2,251	866	49,429
Donated goods and services	102,321	20,395	24,700	147,416	25,158	5,613	178,187
Bad debts	80,089	0	0	80,089	0	0	80,089
Property taxes	36,221	3	30	36,254	10	4	36,268
Audit and accounting fees	32,442	3,412	34,123	69,977	11,090	4,265	85,332
Trash	65,184	48	476	65,708	155	60	65,923
Office expense	43,976	2,169	21,686	67,831	7,048	2,711	77,590
Legal fees	32,385	564	683	33,632	695	155	34,482
Telephone	9,330	893	8,927	19,150	2,901	1,116	23,167
Travel	12,773	307	3,594	16,674	999	384	18,057
Fundraising	3,557	709	858	5,124	874	15,167	21,165
Printing	3,676	387	3,867	7,930	1,257	483	9,670
Staff training	8,795	1,315	5,380	15,490	2,491	782	18,763
Dues and subscriptions	4,547	235	2,349	7,131	763	294	8,188
Mailing costs	1,658	175	1,745	3,578	567	218	4,363
Broker commissions	0	0	0	0	10,034	0	10,034
Miscellaneous	9,759	51	61	9,871	62	14	9,947
Total expenses included in the expense section on the Statement of Activities	\$ 3,483,811	\$ 229,935	\$ 588,738	\$ 4,302,484	\$ 335,985	\$ 98,709	\$ 4,737,178
Percentage	74%	5%	12%	91%	7%	2%	100%

The accompanying notes are an integral part of these consolidated financial statements.

GRECCIO HOUSING UNLIMITED, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended July 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 143,622
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	673,720
Provision for uncollectible receivables	14,417
Income on investments in collaborative entities	(50,045)
Distributions from investments in collaborative entities	27,700
Forgiveness of notes payable	(55,260)
Increase (decrease) in cash due to changes in:	
Accounts receivable	46,233
Developer fees receivable	887,814
Accrued interest receivable	(18,197)
Grants receivable	(47)
Prepaid expenses	(374,843)
Accounts payable and accrued expenses	32,503
Contract liabilities	(288,887)
Prepaid rent	(9,444)
Security deposits	16,422
	1,045,708
Net cash provided by operating activities	1,045,708

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	(1,304,118)
Insurance proceeds received from involuntary conversion	556,270
	(747,848)
Net cash used in investing activities	(747,848)

CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on notes payable	(373,255)
Proceeds from notes payable	414,448
	41,193
Net cash provided by financing activities	41,193

Change in cash, cash equivalents, and restricted cash

339,053

Cash, cash equivalents, and restricted cash:

Beginning	1,102,611
Ending	\$ 1,441,664

RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH TO BALANCE SHEET

Cash and cash equivalents	\$ 816,228
Restricted cash	625,436
	\$ 1,441,664
Total cash, cash equivalents, and restricted cash	\$ 1,441,664

SUPPLEMENTAL SCHEDULE(S) OF CASH FLOW INFORMATION

Cash payments for interest	\$ 210,099
	\$ 210,099

SUPPLEMENTAL DISCLOSURE(S) OF NONCASH FINANCING ACTIVITIES

Forgiveness of notes payable	\$ 55,260
	\$ 55,260

The accompanying notes are an integral part of these consolidated financial statements.

GRECCIO HOUSING UNLIMITED, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

July 31, 2023

NOTE A -- Nature of business and significant accounting policies

Nature of business

Greccio Housing Unlimited, Inc. dba Greccio Housing (Greccio) is a nonprofit organization located in Colorado Springs, Colorado. Greccio was incorporated on December 28, 1990, in the State of Colorado for the purpose of providing stable, safe, affordable housing, providing resources for residents, and promoting solutions to the affordable housing needs of its community.

Greccio's focus is affordable housing for which its programs and activities include, acquisition, rehabilitation, and management of properties for the housing needs of individuals and families with lower incomes, and temporary tenant support and guidance services.

GHU Atrium, LLC, and GHU Ridge, Inc. are wholly-owned subsidiaries of Greccio which were formed for the purpose of owning, investing in, and developing affordable housing.

Greccio Commercial Real Estate Services, LLC, is a wholly-owned subsidiary of Greccio which was formed for the purpose of holding and managing affordable real property.

Greccio, GHU Atrium, LLC, GHU Ridge, Inc., and Greccio Commercial Real Estate Services, LLC are referred herein as "the organization".

A summary of significant accounting policies follows:

Basis of accounting

The financial statements of the organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of consolidation

The financial statements include the accounts of Greccio, GHU Atrium, LLC, GHU Ridge, Inc., and Greccio Commercial Real Estate Services, LLC. All significant intercompany transactions have been eliminated in consolidation.

Basis of presentation

Under accounting principles generally accepted in the United States of America (U.S. GAAP), the organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions have been limited by donor-imposed time or purpose restrictions or are required to be maintained in perpetuity. Included in net assets without donor restrictions are voluntary board-approved designations for specific purposes, projects, or investments.

Use of estimates

The preparation of financial statements 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 and expenses during the reporting period. Actual results could differ from those estimates.

GRECCIO HOUSING UNLIMITED, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

July 31, 2023

NOTE A -- Nature of business and significant accounting policies (Continued)

Exempt status

Greccio is exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(c)(3) as a public charity and not a private foundation. Greccio is also exempt from Colorado income tax. However, income from certain activities not directly related to Greccio's tax-exempt purpose is subject to taxation as unrelated business income.

GHU Atrium, LLC, GHU Ridge, Inc., and Greccio Commercial Real Estate Services, LLC are being operated in a manner consistent with treatment as a disregarded entity for federal and state income tax purposes. Whereby activities of these entities are reported directly by Greccio. As such, the assets, liabilities, and income are exempt from income taxes and are reported on the Greccio informational return.

Cash and cash equivalents

For purposes of reporting cash flows, the organization considers all investments purchased with an original maturity of three months or less to be cash equivalents, with the exception of cash not available to the company due to restrictions placed on it.

The organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts and developer fees receivable

Accounts and developer fees receivable are reported in the statement of financial position at the outstanding balance less allowance for doubtful accounts. Accounts and developer fees receivable are written off when management determines an account is uncollectible based on its history of past write-offs and collections and current credit conditions. Accounts and developer fees receivable are not interest-bearing. An account receivable is considered past due if payments have not been received by the organization after 30 days. Accounts and developer fees receivable arising from revenue from contracts with customers totaled \$160,624 and \$1,049,119 as of July 31, 2023 and 2022, respectively.

Notes receivable

Notes receivable are reported in the statement of financial position at the outstanding principal balance, less an allowance for uncollectible notes. The credit quality of notes receivable is exceptional and there was no note loss provision recorded as of July 31, 2023. The organization considers a note to be impaired when, based on current information and events, the organization determines that it will not be able to collect all amounts due according to the note contract, including scheduled interest payments. When the organization identifies a note as impaired, it measures the impairment based on the present value of expected future cash flows, discounted at the note's effective interest rate, except when the sole (remaining) source of repayment for the note is the operation or liquidation of the collateral. In these cases, the organization uses the current fair value of the collateral, less priority debt and selling costs. If the organization determines that the value of the impaired note is less than the recorded investment in the note (net of previous charge-offs), it recognizes impairment through a note loss provision or a charge-off to the allowance. There were no impaired loans as of July 31, 2023.

GRECCIO HOUSING UNLIMITED, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

July 31, 2023

NOTE A -- Nature of business and significant accounting policies (Continued)

Property and equipment

Property and equipment is stated at cost. Donated assets are recorded at their estimated fair value at the date of donation. Depreciation of property and equipment is computed on the straight-line method based upon the following estimated useful lives of the assets:

	<u>Years</u>
Land improvements	15
Buildings and improvements	5 - 40
Furniture and equipment	5
Vehicles	5

The organization's policy is to capitalize property and equipment with a unit cost of \$1,000 or greater and to expense any items with a unit cost below this threshold.

Maintenance and repairs of property and equipment are charged to operations, and major improvements are capitalized. Upon retirement, sale or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is included in operations.

Impairment of long-lived assets

The organization reviews long-lived assets for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

Investments in collaborative entities

Investments in collaborative entities in which the organization 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. The organization has elected to classify distributions received from equity methods investees on the statement of cash flows using the nature of distribution approach. Income on investments in collaborative entities is included in other income on the statement of activities.

Refundable advances

The organization receives grants from government agencies to acquire or develop rental properties. These grants contain donor-imposed conditions requiring that 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. Amounts received are reported as refundable advances in the statement of financial position until all donor-imposed conditions are met. Historically, the organization has met the affordability conditions of its conditional grants.

GRECCIO HOUSING UNLIMITED, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

July 31, 2023

NOTE A -- Nature of business and significant accounting policies (Continued)

Revenue recognition – grant revenue and contributions

Contributions and grants with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend on have been met. Support received is recorded as an increase in net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Income earned on net assets with donor restrictions is recorded as revenue without donor restrictions.

Revenue recognition - in-kind contributions

The organization receives donated services and other in-kind contributions during the year, which are recorded in the statement of activities at their fair value. Fair value is based on the actual cost. 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 the organization, but are not recognized as contributions in the financial statements because they do not meet the aforementioned criteria. The organization received approximately 570 volunteer hours during the year ended July 31, 2023, with an estimated value of \$11,571.

Revenue recognition – rental income transactions

The organization leases apartments to eligible residents under operating leases which are substantially all on a yearly basis. Residential apartment leases often provide residents with the option to have a pet or use the organization's parking, laundry, and/or storage facilities, etc. which are fixed fee lease components. To the extent the organization provides such lease components, they are included in rental income. The operating leases may also provide that the residents reimburse the organization for certain variable costs, such as their share of utilities expenses or provide the transfer of services to the tenants for a fee. These reimbursements and services represent revenue attributable to non-lease components for which the timing and pattern of recognition is the same as revenue for the lease components. The organization utilizes the practical expedient to account for the lease and non-lease components as a single operating lease component. Reimbursement and related expenses are presented on a gross basis in the statement of activities, with the reimbursements included in other tenant charges. The services components are also included in other tenant charges. Rental income is recognized, net of vacancies and concessions, on a straight-line basis over the term of the leases.

Other tenant charges also consists of various tenant charges provided for in the lease contract, such as late fees, cleaning fees, and damages fees which are variable payments that do not provide a transfer of a good or service to the tenants and are not considered components of the lease contract. These fees are recognized as revenue when assessed. Certain services are also provided to tenants outside of the lease contract and are recognized when the service is complete.

GRECCIO HOUSING UNLIMITED, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

July 31, 2023

NOTE A -- Nature of business and significant accounting policies (Continued)

The organization also leases commercial space under a commercial lease (see Note K).

Property and equipment with a cost as of July 31, 2023, used for residential and commercial rental purposes and subject to operating leases totaled approximately \$23,648,584. The carrying value of such property as of July 31, 2023 was approximately \$15,261,938.

The residential leases do not provide extension options. A new lease agreement is executed if both parties wish to continue the tenancy upon expiration of the existing lease term. As of July 31, 2023, the average remaining term of the organization's residential leases is less than 12 months.

The components of rental income for all resident and commercial operating leases are as follows for the year ended July 31, 2023:

Fixed operating lease revenue from apartment and commercial rentals, net of vacancies and concessions	\$ 2,952,699
Fixed operating lease revenue from other rentals and services included in other tenant charges	14,373
Variable operating lease revenue included in other tenant charges	<u>280,156</u>
Total lease income	<u>\$ 3,247,228</u>

Supplemental statement of cash flows information related to leases as of July 31, 2023, is as follows:

Cash received from operating leases	
Operating cash flows from operating leases	\$ 3,240,618

Revenue recognition – contracts with customers

Developer fees

The organization's development contracts generally have multiple performance obligations, which can be recognized at a point in time or over time depending on the terms of the contract. The organization's developer services, which consist of services such as engineering surveys, development of construction budget, obtaining a construction contract, are recognized as revenue upon completion of the services, which is deemed to be at a point in time when the project reaches initial closing. The organization's construction oversight services are recognized over time when the company has an enforceable right to payment for performance of the services, usually defined in the contract. If the organization does not have an enforceable right to payment for performance of the construction oversight services, the revenue is recognized at a point in time when the construction of the building is complete, and a certificate of occupancy is received. All developer fee revenue by the organization for the year ended July 31, 2023 was recognized over time.

GRECCIO HOUSING UNLIMITED, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

July 31, 2023

NOTE A -- Nature of business and significant accounting policies (Continued)

Management fees

The organization provides management services on a contractual basis for owners of various properties. The organization is compensated for these services through a monthly management fee earned based on a specified percentage of the monthly rental income or rental receipts generated from the property under management. The organization is also reimbursed for its administrative and payroll costs directly attributable to the properties under management. Property management services represent a series of distinct daily services rendered over time and includes but is not limited to leasing, compliance, maintenance, and supportive programming for residents. Consistent with the transfer of control for distinct, daily services to the customer, revenue is recognized at the end of each period for the fees associated with the services performed.

Functional allocation of expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses are summarized and categorized based on their functional classification. The functional classifications are: Rent and Property Management which includes expenses associated with the organization'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 and property management.

Adoption of New Accounting Standard – Codification Improvements

In October 2020, FASB issued Accounting Standards Update (ASU) No. 2020-10, *Codification Improvements*, which provides improvements and clarifications to the accounting guidance. Specifically, the amendments clarified the requirement to disclose the effective interest rate on notes receivable and notes payable that reflects the effect of compounding interest in a year. The organization was required to adopt this new accounting standard during its fiscal year ended July 31, 2023.

Adoption of New Accounting Standard - Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, *Leases*) to increase transparency and comparability among organizations. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The organization adopted the standard effective August 1, 2022, with certain practical expedients available.

GRECCIO HOUSING UNLIMITED, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

July 31, 2023

NOTE A -- Nature of business and significant accounting policies (Continued)

The organization elected the available practical expedients to account for its existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a lessor, the adoption of the new standard did not have a material impact on the financial statements and did not change the accounting for operating leases.

Subsequent events

These financial statements have not been updated for subsequent events occurring after October 25, 2023, which is the date these financial statements were available to be issued. The organization has no responsibility to update these financial statements for events and circumstances occurring after this date.

NOTE B -- Restricted cash

Current restricted cash for the organization is comprised of the following:

Property replacement reserves	\$	431,588
Insurance and tax escrows		6,956
Tenants' security deposits		<u>186,892</u>
	\$	<u>625,436</u>

NOTE C -- Investments in collaborative entities

The organization's investments in collaborative entities are comprised of the following as of July 31:

GPR Properties, LLC	\$	269,076
GPR Properties II, LLC		<u>40,737</u>
	\$	<u>309,813</u>

The organization has a minority interest in GPR Properties, LLC (33.33%, two additional partners) and GPR Properties II, LLC (33%, three additional partners). Each of these entities provides affordable housing. The investments in the limited liability companies are accounted for under the equity method of accounting. These investments are considered extensions of the organization's exempt purpose. During the year ended July 31, 2023, GPR Properties, LLC and GPR Properties II, LLC made cash distributions of \$25,000, and \$2,700, respectively, to the organization.

GRECCIO HOUSING UNLIMITED, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

July 31, 2023

NOTE C -- Investments in collaborative entities (Continued)

The organization's investments in collaborative entities are comprised of the following as of and for the year ended December 31, 2022:

	GPR Properties	GPR Properties II
Assets	\$ 1,686,611	\$ 3,128,319
Less: liabilities	<u>1,015,157</u>	<u>2,916,897</u>
Members' equity	<u>\$ 671,454</u>	<u>211,422</u>
Total revenue	<u>\$ 84,320</u>	<u>\$ 254,828</u>
Net income (loss)	<u>\$ 75,317</u>	<u>\$ 50,307</u>
Organization's interest:		
Share of net income (loss)	<u>\$ 25,106</u>	<u>\$ 16,601</u>
Share in members' equity	<u>\$ 223,818</u>	<u>\$ 69,769</u>

The organization's investments in collaborative entities are comprised of the following as of and for the year ended July 31, 2023:

	GPR Properties	GPR Properties II
Assets	\$ 1,811,130	\$ 3,038,489
Less: liabilities	<u>1,003,902</u>	<u>2,915,043</u>
Members' equity	<u>\$ 807,228</u>	<u>123,446</u>
Total revenue	<u>\$ 108,951</u>	<u>\$ 249,643</u>
Net income (loss)	<u>\$ 107,396</u>	<u>\$ 49,724</u>
Organization's interest:		
Share of net income (loss)	<u>\$ 34,766</u>	<u>\$ 16,409</u>
Share in members' equity	<u>\$ 269,076</u>	<u>\$ 40,737</u>

GRECCIO HOUSING UNLIMITED, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

July 31, 2023

NOTE D -- Property and equipment, net

Property and equipment, net is comprised of the following:

Land	\$ 2,022,296
Land improvements	369,031
Buildings and improvements	22,194,232
Furniture and equipment	150,491
Vehicles	98,808
Construction in progress	<u>177,949</u>
	25,012,807
Less accumulated depreciation	<u>8,728,396</u>
	<u>\$ 16,284,411</u>

NOTE E -- Notes payable

The organization has entered into multiple note agreements in order to purchase and rehabilitate or develop real property for purposes of fulfilling its mission. Notes payable consist of the following:

Twenty-two individual promissory notes payable with outstanding principal balances ranging from \$11,935 to \$1,847,221 as of July 31, 2023, bearing interest rates at 1% to 7.5% (effective interest rates of approximately 1% to 7.76%); with monthly principal payments ranging from \$0 to \$7,815, due at various dates through January 2050 or upon sale or transfer of property if earlier, secured by its real property. Certain promissory notes require the organization to meet certain financial covenants related to financial ratios and other matters. At July 31, 2023 the organization is in compliance with the covenants.

\$ 6,787,064

Nineteen individual forgivable and non-serviceable promissory notes payable with outstanding principal balances ranging from \$36,595 to \$650,000 at zero percent interest, with no principal payment due unless sale or transfer of property, secured by its real property.

4,435,973

Less current maturities

11,223,037
287,642

\$ 10,935,395

GRECCIO HOUSING UNLIMITED, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
July 31, 2023

NOTE E -- Notes payable (Continued)

Repayment of principal on notes payable as of July 31, 2023, is as follows:

Year ending July 31,

2024	\$ 287,642
2025	702,775
2026	299,040
2027	470,289
2028	1,654,681
Thereafter	<u>7,808,610</u>
	<u>\$ 11,223,037</u>

NOTE F -- Refundable advances

Refundable advances consist of the following:

Refundable advances under ten separate grant agreements from the State of Colorado Division of Housing requiring the property be used for affordable housing for thirty years, expiring at various dates through 2051. 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.

\$ 5,289,533

NOTE G -- Line of credit

The organization had one line of credit which expires in December 2025 in the amount of \$500,000 with interest at the prime rate plus 1%. There are no compensating balance arrangements with the bank. There are no outstanding balances as of July 31, 2023.

GRECCIO HOUSING UNLIMITED, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

July 31, 2023

NOTE H -- Net assets

Net assets without donor restrictions

Net assets without donor restrictions consists of net assets available for operations of the organization and net assets designated by the organization's board of directors for the following purposes as of July 31:

Board-designated – long-term reserves	\$ 595,584
Undesignated	<u>2,288,271</u>
Total	<u>\$ 2,883,855</u>

Net assets with donor restrictions – time or use

Net assets with donor restrictions – time or use include assets set aside in accordance with donor restrictions as to time or use and are available for the following purposes as of July 31:

Time restricted	\$ 35,150
Program:	
Capital improvements	181,460
Forrest Rogers scholarship	5,285
Animal welfare	5,000
EPP, food & education	38,174
Children's literacy	5,565
Adopt-A-Family	891
Other	<u>5,000</u>
	<u>\$ 276,525</u>

NOTE I -- In-kind contributions

The organization received the following in-kind contributions for the years ended July 31:

Food	\$ 174,023
Goods	3,130
Imputed interest	176,552
Donated services	<u>1,033</u>
	<u>\$ 354,738</u>

The organization's policy related to in-kind contributions is to utilize the assets given to carry out the mission of the organization. If an asset is provided that does not allow the organization to utilize it in its normal course of business, the asset will be disposed or the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

GRECCIO HOUSING UNLIMITED, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

July 31, 2023

NOTE I -- In-kind contributions (Continued)

Imputed interest was calculated at 3.98%, the long-term applicable federal rate as of July 2023, during the year ended July 31, 2023 on the outstanding zero percent interest notes payable discussed in Note E and recognized as an expense and a related in-kind contribution.

The organization uses the wholesale value of one pound of donated product, based upon an internal study of food prices. The price per pound for items was between \$1.70 and \$2.70 for the year ended July 31, 2023.

All in-kind contributions received by the organization for the year ended July 31, 2023 were considered without donor restrictions and able to be used by the organization as determined by the board of directors and management.

NOTE J -- Employee benefit plan

The organization has established a qualified 401(k) profit sharing plan (the plan) under the provisions of Section 401(k) of the Internal Revenue Code. The plan covers all employees who have completed 250 hours of service during the first three months of employment or employees who have completed one year 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 \$40,198 for the year ended July 31, 2023.

NOTE K -- Commercial lease (lessor)

The organization entered into a lease agreement with a third party to lease a portion of the organization's building. The lease is classified as an operating lease. The lease requires escalating monthly payments ranging from of \$8,619 to \$9,702 over the lease term of the lease beginning February 19, 2021. The lease expires February 18, 2026. The lease does not provide an option for the tenant to purchase the space. The lease does not provide an option for the tenant extend the lease term. Lease income was \$108,000 for the year ended July 31, 2023.

The undiscounted cash flows to be received from lease payments on the organization's commercial operating lease as of July 31, are as follows:

Year ending July 31,

2024	\$	111,240
2025		114,583
2026		<u>63,068</u>
	\$	<u>288,891</u>

GRECCIO HOUSING UNLIMITED, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

July 31, 2023

NOTE L -- Related-party transactions

The organization has a collaborative arrangement with an entity, Atrium Apartments, LLLP (Atrium) where Greccio serves as the administrative member and GHU Atrium, LLC serves as the managing general partner. The organization also has a collaborative arrangement with an entity, Broadmoor Bluffs Apartments, LLC (Broadmoor Bluffs) where GHU Ridge, Inc. serves as a member of the managing member. The purpose of Atrium and Broadmoor Bluffs is owning, developing, and leasing real property.

The organization entered into a development services agreement with Atrium. The entire fee to be paid under the agreement was earned by the organization and recognized into revenue in a prior period. Developer fees receivable related to this agreement was \$128,848 as of July 31, 2023.

The organization entered property management agreements with Atrium and Broadmoor Bluffs Apartments. Under the agreement, the organization is to receive a management fee equal to 6% of gross monthly receipts, as defined in the agreements, on a monthly basis. Management fees earned by the organization related to the Atrium and Broadmoor Bluffs property management agreements \$34,864 and \$37,688, respectively, for the year ended July 31, 2023. Under these agreements, the organization is also reimbursed for its administrative and payroll costs directly attributable to these properties. Payroll reimbursements, included in revenue, under these agreements were \$58,903 for Atrium and \$73,306 for Broadmoor Bluffs for the year ended July 31, 2023.

As of July 31, 2023, the organization has a note receivable from Atrium in the amount of \$1,050,000, with funds made available by the State of Colorado, Department of Local Affairs for the benefit of the Division of Housing ("CDOH") from the HOME Investment Partnership Program ("HOME"). The note bears interest at 0.5% compounded annually. The loan is due in full on December 31, 2060. As of July 31, 2023, the organization has an additional note receivable from Atrium in the amount of \$550,000, with funds made available by the City of Colorado Springs through the "HOME". The note bears interest at 1.00% compounded annually. The loan is due in full on December 31, 2050. Interest income related to these notes receivable amounted to \$18,197 for the year ended July 31, 2023. Accrued interest receivable totaled \$18,197 as of July 31, 2023.

NOTE M -- Commitments and contingencies

Grant contracts

The organization 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. 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. Such grants are recorded as liabilities until the affordability period is met.

Operating deficit guaranty

In the event that, at any time, or from time to time, there exists an operating deficit, the amount by which Atrium expenses plus any required funding of the replacement reserve exceed the sum of collected gross receipts from the project, for which the general partner is liable, the guarantor (Greccio) shall advance funds to Atrium as a loan in the amount of the required operating deficit advances.

GRECCIO HOUSING UNLIMITED, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

July 31, 2023

NOTE M -- Commitments and contingencies (Continued)

The obligation to advance funds shall be limited to the maximum cumulative amount of \$225,457, which amount shall include any prior operating deficit advances made, and will expire at the end of the third anniversary of the stabilization period, as defined in Atrium's amended and restated agreement of limited liability limited partnership.

Development fee guaranty

In the event that, at any time, or from time to time, to the extent that all or any part of the development fee (discussed in Note L) is not paid by the 13th anniversary of the completion date of Atrium, the guarantor (Greccio) shall advance funds to Atrium in an amount equal to the required unpaid development fee.

Land use restriction agreements (LURAs)

The organization has entered into a LURAs with the City of Colorado Springs and the State of Colorado as a condition to receiving funding for the acquisition and rehabilitation of various properties owned by the organization. Under these agreements, the organization must comply with affordability requirements for specified affordability periods.

NOTE N -- Availability of financial assets and liquidity

As part of the organization's liquidity management, a policy is generally to maintain financial assets to meet 90 days of operating expenses. The organization has the following financial assets available to meet cash needs for general expenditures within one year of the statement of financial position date.

Cash and cash equivalents	\$	816,228
Accounts receivable, net of allowance for uncollectible accounts of \$56,710		50,587
Developer fees receivable		134,033
Grants receivable		35,149
Accrued interest receivable		18,197
Less those unavailable for general expenditures within one year due to:		
Restricted by donor with time or purpose restrictions		<u>(276,525)</u>
Financial assets available to meet cash needs for general expenditure within one year	\$	<u>777,669</u>

None of the financial assets noted above are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date.

The organization 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, the organization has a \$500,000 line of credit with a financial institution (see Note G). The programs provided for residents are supported for the most part by donations and grants.

GRECCIO HOUSING UNLIMITED, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

July 31, 2023

NOTE O -- Prior period adjustment

During the year ended July 31, 2023, management determined that net assets, without donor restrictions was understated in the prior year as a result of: 1) a restatement of the financial statements of an equity method investee's financial statements, 2) correction of fixed assets for an involuntary conversion, 3) write-off of a note payable that was forgiven, and 4) correction of developer fees receivable (payable) for amounts previously earned (incurred). As a result, the organization has recorded a prior period adjustment to properly reflect the balance of net assets, without donor restrictions resulting in an increase in the July 31, 2022 net assets, without donor restrictions of \$1,763,015.

The effect of the prior period adjustment on the consolidated financial statements is summarized below.

Consolidated statement of activities

For the year ended July 31, 2022

	As originally reported	As restated	Effect of change
Developer fees	\$ 183,203	\$ 1,205,050	\$ 1,021,847
Contributions ¹	1,076,795	1,184,595	107,800
Gain on involuntary conversion	0	739,737	739,737
Other income	175,617	358,135	182,518
 Total support and other revenue	 4,510,670	 6,562,572	 2,051,902
 Program services:			
Rental and property management ²	3,070,994	3,232,182	161,188
Resource and opportunity center ²	218,296	256,125	37,829
Purchase and rehabilitation ²	637,417	685,214	47,797
 Total program services	 3,926,707	 4,173,521	 246,814
 Supporting services:			
General and administrative ²	187,569	213,924	26,355
Fundraising ²	108,702	124,420	15,718
 Total supporting services	 296,271	 338,344	 42,073
 Total expenses	 4,222,978	 4,511,865	 288,887
 Change in net assets	 <u>\$ 287,692</u>	 <u>\$ 2,050,707</u>	 <u>\$ 1,763,015</u>
 Net assets, without donor restrictions	 <u>\$ 1,194,481</u>	 <u>\$ 2,957,496</u>	 <u>\$ 1,763,015</u>

¹ The effect of change in contributions only impacts contributions without donor restrictions.

² The effect of change in expense only impacts the contract services line on the consolidated statement of functional expenses for the year ended July 31, 2022.

SUPPLEMENTARY INFORMATION

GRECCIO HOUSING UNLIMITED, INC. AND SUBSIDIARIES

SCHEDULE OF NOTES PAYABLE AND REFUNDABLE ADVANCES

July 31, 2023

1224 – 1228 Delaware Drive (Santa Fe)

Note payable — ENT Federal Credit Union, monthly payments of \$3,359 which includes principal and interest at 3.5% (effective interest rate of approximately 3.56%); due January 16, 2032, collateralized by a deed of trust. \$ 545,642

Note payable — El Paso County Housing Authority, monthly payments of \$2,213 which include principal and interest at 3% (effective interest rate of approximately 3.04%); due July 1, 2044; collateralized by a deed of trust. 412,278

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. 258,264

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. 259,875

Refundable advance — State of Colorado Division of Housing requiring the property to be used for affordable housing for thirty years, expiring September 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. 560,000

\$ 2,036,059

3010 North Hancock Avenue (Enfield)

Note payable — El Paso County Housing Authority, monthly payments of \$1,476 which includes principal and interest at 3% (effective interest rate of approximately 3.04%); due September 1, 2038; collateralized by a deed of trust. \$ 215,553

Balance brought forward 215,553

GRECCIO HOUSING UNLIMITED, INC. AND SUBSIDIARIES
 SCHEDULE OF NOTES PAYABLE AND REFUNDABLE ADVANCES
 July 31, 2023

3010 North Hancock Avenue (Enfield) (Continued)

Balance carried forward	215,553
Note payable — ENT Federal Credit Union, monthly payments of \$8,731; which includes principal and interest at 3.75% (effective interest rate of approximately 3.82%); due February 1, 2028; collateralized by a deed in trust.	1,197,899
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>12,225</u>
	<u>\$ 2,025,677</u>

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

Note payable — ENT Federal Credit Union, monthly payments of \$2,352 which includes principal and interest at 3.5% (effective interest rate of approximately 3.56%); due January 15, 2032; collateralized by a deed of trust.	\$ 382,175
Note payable — El Paso County Housing Authority, monthly payments of \$1,476 which includes principal and interest at 3% (effective interest rate of approximately 3.04%); due September 1, 2042; collateralized by a deed of trust.	252,857
Note payable — City of Colorado Springs; no interest, principal due on sale; collateralized by a deed of trust.	400,000
Refundable advance — State of Colorado Division of Housing requiring the property to be used for affordable housing for thirty years, expiring January 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>\$ 1,433,990</u>

GRECCIO HOUSING UNLIMITED, INC. AND SUBSIDIARIES

SCHEDULE OF NOTES PAYABLE AND REFUNDABLE ADVANCES

July 31, 2023

2020 East Bijou Street (Woodbine)

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. \$ 144,890

Refundable advance — State of Colorado Division of Housing requiring the property to be used for affordable housing for thirty years, expiring April 2042. 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. 1,126,075

\$ 1,270,965

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% (effective interest rate of approximately 2.53%); due by February 1, 2038; collateralized by a deed of trust. \$ 232,014

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. 106,875

Note payable — City of Colorado Springs; no interest; principal due on sale; collateralized by a deed of trust. 300,000

Refundable advance — State of Colorado Division of Housing requiring the property to be used for affordable housing for thirty years, expiring February 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. 305,000

\$ 943,889

GRECCIO HOUSING UNLIMITED, INC. AND SUBSIDIARIES

SCHEDULE OF NOTES PAYABLE AND REFUNDABLE ADVANCES

July 31, 2023

2914 North Arcadia Street (Kittyhawk)

Note payable — El Paso County Housing Authority, monthly payments of \$738 which includes principal and interest at 3% (effective interest rate of approximately 3.04%); due July 1, 2034; collateralized by a deed of trust. \$ 82,863

Note payable — ENT Federal Credit Union, monthly payments of \$4,729 which include principal and interest at 3.75% (effective interest rate of approximately 3.82%); due February 1, 2028; collateralized by a deed in trust. 649,322

Note payable — City of Colorado Springs; no interest; principal due on sale; collateralized by a deed of trust. 230,000

Note payable — City of Colorado Springs; no interest; principal due on sale; collateralized by a deed of trust. 19,665

Refundable advance — State of Colorado Division of Housing requiring the property to be used for affordable housing for thirty years, expiring June 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. 250,000

\$ 1,231,850

3631 Marion Drive (Citadel Arms)

Refundable advance — State of Colorado Division of Housing requiring the property to be used for affordable housing for thirty years, expiring July 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. \$ 738,000

GRECCIO HOUSING UNLIMITED, INC. AND SUBSIDIARIES

SCHEDULE OF NOTES PAYABLE AND REFUNDABLE ADVANCES

July 31, 2023

2631 West Pikes Peak

Note payable — El Paso County Housing Authority, monthly payments of \$278 which includes principal and interest at 3% (effective interest rate of approximately 3.04%); due August 1, 2030; collateralized by a deed of trust. \$ 21,286

Note payable — City of Colorado Springs; no interest; principal due on sale; collateralized by a deed of trust. 195,000

Refundable advance — 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. 175,000

\$ 391,286

833 West Colorado

Note payable — El Paso County Housing Authority, monthly payments of \$211 plus interest at 3% (effective interest rate of approximately 3.04%); due August 1, 2028; collateralized by a deed of trust. \$ 11,935

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

\$ 284,120

GRECCIO HOUSING UNLIMITED, INC. AND SUBSIDIARIES

SCHEDULE OF NOTES PAYABLE AND REFUNDABLE ADVANCES

July 31, 2023

1022 Alexander Road

Note payable — El Paso County Housing Authority; monthly payments of \$738 which includes principal and interest at 3% (effective interest rate of approximately 3.04%); due December 1, 2037; collateralized by a deed of trust.

\$ 103,526

Refundable advance — State of Colorado Division of Housing requiring the property to be used for affordable housing for thirty years, expiring November 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.

137,500

\$ 241,026

817-841 South Cedar Street

Note payable — CHFA; monthly payments of \$1,896 which includes principal and interest at 6.5% (effective interest rate of approximately 6.70%); due August 1, 2032; collateralized by a deed of trust.

\$ 124,143

Note payable — CHFA; monthly payments of \$354 which includes principal and interest at 1%; due August 1, 2032; collateralized by a deed of trust.

36,503

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

150,000

\$ 310,646

321 North Weber

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

\$ 25,000

GRECCIO HOUSING UNLIMITED, INC. AND SUBSIDIARIES

SCHEDULE OF NOTES PAYABLE AND REFUNDABLE ADVANCES

July 31, 2023

218-232 Fountain (Clark Mellen)

Note payable — El Paso County Housing Authority; monthly payments of \$211 which includes principal and interest at 3% (effective interest rate of approximately 3.04%); due July 1, 2030; collateralized by a deed of trust.

\$ 15,954

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.

4,705

\$ 220,659

2516 Concorde Street (Pines)

Note payable — El Paso County Housing Authority; monthly payments of \$940 which includes principal and interest at 3% (effective interest rate of approximately 3.04%); due August 1, 2029; collateralized by a deed of trust.

\$ 62,621

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

\$ 282,621

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

\$ 191,164

GRECCIO HOUSING UNLIMITED, INC. AND SUBSIDIARIES

SCHEDULE OF NOTES PAYABLE AND REFUNDABLE ADVANCES

July 31, 2023

1030 West Moreno

Note payable — El Paso County Housing Authority; monthly payments of \$211 which includes principal and interest at 3% (effective interest rate of approximately 3.04%); due January 1, 2030; collateralized by a deed of trust. \$ 14,898

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

\$ 224,866

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 deed in trust. 144,421

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% (effective interest rate of approximately 4.59%); one final payment of remaining principal and interest due December 22, 2026; collateralized by a deed of trust. 189,780

\$ 434,201

GRECCIO HOUSING UNLIMITED, INC. AND SUBSIDIARIES

SCHEDULE OF NOTES PAYABLE AND REFUNDABLE ADVANCES

July 31, 2023

2812 E. Bijou (Rocky Mountain Apts.)

Note payable — El Paso County Housing Authority; monthly payments of \$690 which include principal and interest at 1.5% (effective interest rate of approximately 1.51%); due January 1, 2049; collateralized by a deed of trust. \$ 175,422

Note payable — ENT Federal Credit Union; 39 monthly payments of principal and interest at \$4,196 at 3.75%; 48 monthly payments of principal and interest of \$4,438 at 4.25% (effective interest rate of approximately 4.33%), 32 monthly payments of \$4,600 at 4.625%; due April 1, 2029; collateralized by a deed of trust. 837,681

Note payable — City Home; no interest; principal due on sale; collateralized by deed in trust. 650,000

Refundable advance — State of Colorado Division of Housing requiring the property to be used for affordable housing for forty-five years. 549,000

\$ 2,212,103

Atrium of Austin Bluffs

Note payable — City of Colorado Springs; simple interest at 1%; interest payments due out of net cash flow; principal due on sale; principal forgiven ratably over the 10-year period commencing January 1, 2042; collateralized by a deed of trust. \$ 550,000

Refundable advance — State of Colorado Division of Housing requiring the property to be used for affordable housing for thirty years, expiring December 2051. 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. 1,050,000

\$ 1,600,000

GRECCIO HOUSING UNLIMITED, INC. AND SUBSIDIARIES
SCHEDULE OF NOTES PAYABLE AND REFUNDABLE ADVANCES
July 31, 2023

Greccio

Note payable — ENT Federal Credit Union;
one payment of principal and interest of
\$417,125 at 7.5% (effective interest rate of
approximately 7.76%); due August 1, 2024;
collateralized by a deed of trust.

\$ 414,448

\$ 16,512,570

**Statement of financial position reconciliation –
Notes payable and refundable advances**

Notes payable – serviceable
Notes payable - forgivable
Refundable advances

6,787,064

4,435,973

5,289,533

Total

\$ 16,512,570