hope and
Partners in Housing

November 21, 2019

To Whom It May Concern:

Please find attached the independent audit report for Partners in Housing, Inc. for the fiscal year ended June 30, 2019.

For purposes of clarity, we would like to emphasize PIH ended FY18/19 with an adjusted net operating income over expense of $48,067. **The loss of $273,313 shown on page 4 Statement of Activities reflects non-cash entries including in-kind rent expense and depreciation.** In-kind entry is a rental expense for the fiscal year of $148,075 for use of property for the fiscal year. A detailed breakdown of the adjustments to PIH's net operating income is as follows:

$ (273,313)	Total Change in Net Assets, Audit Page 4
$ 148,075	In-Kind expense of rent for the fiscal year, Audit Page 5 and Note 4 page 10
$ 173,305	Depreciation, Audit Page 5 and Note 6 on Page 10
==========	
$ 48,067	Adjusted Net Operating Income over Expense (not specifically listed in audit)

The pledge receivable for use of property is explained in Note 4 (Page 10) – Partners in Housing rents office space and transitional housing from the Myron Stratton Home at a discounted rate of $1 per year, and this note explains the accounting for the transaction.

Partners in Housing would like to reiterate we are in a sound financial position and the negative ending balance for FY18/19 was strictly related to in-kind expense recognition and depreciation. Please contact me at (719) 325-5831 if there are any questions that may arise from the review of this audit report.

Respectfully,

Mary Stegner
Executive Director

Partners in Housing guides families in crisis from insecurity to stability, self-reliance and prosperity.

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STOCKMAN KAST RYAN + COMPANY

PARTNERS IN HOUSING, INC.
AND AFFILIATE

Consolidated Financial Statements

For the Year Ended June 30, 2019

And

Independent Auditors' Report

CPAs + BUSINESS ADVISORS

PARTNERS IN HOUSING, INC. AND AFFILIATE

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Partners in Housing, Inc.

We have audited the accompanying consolidated financial statements of Partners in Housing, Inc. and affiliate (a non-profit organization) which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Partners in Housing, Inc. and affiliate as of June 30, 2019 and the change 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.

Report on Summarized Comparative Information

We have previously audited Partners in Housing, Inc.'s 2018 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 17, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, in 2019 Partners in Housing, Inc. and affiliate 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 June 30, 2019. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Stockman Kast Ryan + Co, LLP

November 19, 2019

PARTNERS IN HOUSING, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019 (with comparative totals for 2018)

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 235,506	$ 282,778
Pledge receivable for use of property, net	154,107	148,075
Accounts receivable	130,936	124,247
Security deposits	2,357	
Total current assets	522,906	555,100
PLEDGE RECEIVABLE FOR USE OF PROPERTY, NET	327,306	481,413
NOTE RECEIVABLE	22,950	22,950
PROPERTY AND EQUIPMENT, NET	2,495,199	2,588,597
INVESTMENTS IN COLLABORATIVE ENTITIES	81,305	46,577
RESTRICTED CASH – TENANTS' SECURITY DEPOSITS	32,044	25,157
TOTAL ASSETS	$ 3,481,710	$ 3,719,794
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 68,564	$ 42,140
Accrued expenses	46,761	36,954
Current portion of notes payable - serviceable	3,176	3,082
Total current liabilities	118,501	82,176
NOTES PAYABLE - SERVICEABLE	181,093	184,276
NOTES PAYABLE - FORGIVABLE AND NON-SERVICEABLE	1,315,497	1,320,297
CONDITIONAL GRANT	118,500	118,500
TENANTS' SECURITY DEPOSITS	32,044	25,157
Total liabilities	1,765,635	1,730,406
NET ASSETS		
Without donor restriction	1,129,976	1,238,021
With donor restriction	586,099	751,367
Total net assets	1,716,075	1,989,388
TOTAL LIABILITIES AND NET ASSETS	$ 3,481,710	$ 3,719,794

See notes to consolidated financial statements.

PARTNERS IN HOUSING, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019 (with comparative totals for 2018)

	2019			
	Without Donor Restriction	With Donor Restriction	Total	2018 Total
REVENUE				
Contributions and private grants	$ 721,768	$ 18,200	$ 739,968	$ 630,215
Program service fees	397,761		397,761	336,311
Government grants	298,086	86,486	384,572	574,144
In-kind donations	355,295		355,295	309,654
Gain on investments in collaborative entities	34,728		34,728	9,982
Special events	42,106		42,106	26,686
Other revenue	11,259		11,259	26,877
Net assets released from restrictions	269,954	(269,954)	—	
Total revenue	2,130,957	(165,268)	1,965,689	1,913,869
EXPENSES				
Program services:				
Client services	853,514		853,514	741,482
Transitional housing	732,047		732,047	740,852
Affordable housing	204,667		204,667	192,752
Homeless prevention and rapid rehousing	165,751		165,751	142,520
Total program services	1,955,979	—	1,955,979	1,817,606
Support services:				
Development department	169,047		169,047	156,717
General and administrative	113,976		113,976	118,918
Total support services	283,023	—	283,023	275,635
Total expenses	2,239,002	—	2,239,002	2,093,241
CHANGE IN NET ASSETS	(108,045)	(165,268)	(273,313)	(179,372)
NET ASSETS, Beginning of year	1,238,021	751,367	1,989,388	2,168,760
NET ASSETS, End of year	$ 1,129,976	$ 586,099	$ 1,716,075	$ 1,989,388

See notes to consolidated financial statements.

PARTNERS IN HOUSING, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019 (with comparative totals for 2018)

	2019								
	Program Services					Support Services			
	Client Services	Transitional Housing	Affordable Housing	Homeless Prevention and Rapid Rehousing	Total	Development Department	General and Administrative	Total	2018 Total
Wages and related benefits:									
Salaries and employment taxes	$ 418,074	$ 151,461	$ 59,273	$ 46,049	$ 674,857	$ 85,680	$ 44,449	$ 804,986	$ 767,431
Employee benefits	70,434	32,583	11,060	10,253	124,330	14,442	11,103	149,875	157,135
Total wages and related benefits	488,508	184,044	70,333	56,302	799,187	100,122	55,552	954,861	924,566
Other expenses:									
Depreciation		112,373	57,942		170,315		2,990	173,305	169,749
Repairs and maintenance	9,969	75,727	17,833		103,529	400	7,570	111,499	116,602
Counseling and direct client services	14,792	79	25	93,909	108,805		818	109,623	76,531
Telephone and utilities	12,142	68,324	15,944	1,500	97,910	2,917	3,628	104,455	101,644
Security and maintenance - Myron Stratton Campus	7,200	40,175		2,500	49,875	2,600	4,886	57,361	52,249
Contribution to others		38,000			38,000			38,000	48,887
Computer services and supplies	16,101	3,733	1,200	1,600	22,634	8,701	3,163	34,498	27,322
Insurance	5,847	14,892	5,529	390	26,658	770	3,397	30,825	30,245
Public relations, meetings and awards	3,905	1,502	147		5,554	14,263	4,363	24,180	12,658
Consulting and other fees	16,089				16,089	5,872	15	21,976	25,661
Office supplies and printing	4,049	1,861	100	650	6,660	8,659	2,774	18,093	19,904
Rent		15,795			15,795			15,795	6,649
Legal and accounting	3,700	3,267	1,852	750	9,569		3,952	13,521	12,992
Property taxes and licenses		4,885	8,605		13,490			13,490	8,958
Interest		500	2,729		3,229		42	3,271	5,760
Other	2,638	931	1,579		5,148	3,534	2,196	10,878	3,959
Total other expenses	96,432	382,044	113,485	101,299	693,260	47,716	39,794	780,770	719,770
In-kind:									
Rent	39,209	80,721		5,300	125,230	10,795	12,050	148,075	170,559
Volunteer services	101,593	32,500	3,128		137,221	5,188	1,272	143,681	120,786
Donated goods and services	109,972				109,972			109,972	87,905
Interest expense	7,200	46,115	17,721	850	71,886	1,626	2,308	75,820	50,641
Diocesan computer support	10,600	6,623		2,000	19,223	3,600	3,000	25,823	19,014
Total in-kind	268,574	165,959	20,849	8,150	463,532	21,209	18,630	503,371	448,905
Total expenses	$ 853,514	$ 732,047	$ 204,667	$ 165,751	$ 1,955,979	$ 169,047	$ 113,976	$ 2,239,002	
Percentage of totals	38%	33%	9%	7%	87%	7%	6%	100%	
Comparative totals - 2018	$ 741,482	$ 740,852	$ 192,752	$ 142,520	$ 1,817,606	$ 156,717	$ 118,918		$ 2,093,241
Percentage of totals - 2018	35%	35%	9%	7%	86%	7%	7%		100%

See notes to consolidated financial statements.

PARTNERS IN HOUSING, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019 (with comparative totals for 2018)

	2019	2018
OPERATING ACTIVITIES		
Change in net assets	$ (273,313)	$ (179,372)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	173,305	169,749
Gain on investments in collaborative entities	(34,728)	(9,982)
Distributions received from investments in collaborative entities in a loss position	(43,000)	(25,500)
Other	(4,800)	8,796
Changes in operating assets and liabilities:		
Accounts receivable	(6,689)	9,456
Pledge receivable for use of property	148,075	144,851
Security deposits	(2,357)	
Accounts payable and accrued expenses	36,231	2,136
Net cash provided by (used in) operating activities, as restated	(7,276)	120,134
INVESTING ACTIVITIES		
Purchases of property and equipment	(213,138)	(103,031)
Insurance proceeds for replacement of property and equipment	133,231	
Distributions received from investments in collaborative entities	43,000	25,500
Net cash used in investing activities	(36,907)	(77,531)
FINANCING ACTIVITIES		
Net cash used in financing activities— Payment on notes payable	(3,089)	(3,244)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(47,272)	39,359
CASH AND CASH EQUIVALENTS, Beginning of year	282,778	243,419
CASH AND CASH EQUIVALENTS, End of year	$ 235,506	$ 282,778
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	$ 3,271	$ 5,760

See notes to consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business — Partners in Housing, Inc. was established in 1991 to provide homeless families with children living in the Pikes Peak region the hope and opportunity to achieve self-sufficiency through supportive services and transitional housing. Partners in Housing, Inc. provides varied services to these families who possess the willingness and the potential capabilities to improve their situation with transitional housing and temporary supportive services. This program provides one year of transitional housing, case management, life skills training and budget counseling to help homeless households get back on their feet. The length of time in the program can be extended up to another year if program goals are being met, but the family still needs more time to reach self-sufficiency. Partners in Housing, Inc. caseworkers assess need and help the families to set goals and progress toward independence. Community churches and organizations provide household furnishings and other forms of support. Workshops for money management, self-esteem, nutrition, and other life skills are available. In addition, Partners in Housing, Inc. provides affordable rental housing to non-program low and very low income families and individuals.

Sources of revenue include property rentals, internal program revenue and contributions. Grants are received from various government agencies and private foundations.

Partners in Housing, LLC was formed in 2016 for the purpose of holding certain buildings and building improvements.

Principles of Consolidation — The consolidated financial statements include the accounts of Partners in Housing, Inc. and Partners in Housing, LLC (collectively, PIH). All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation — PIH reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, which represent the expendable resources that are available for operations at management's discretion; and net assets with donor restrictions, which represent resources restricted by donors as to purpose or by the passage of time and resources for which use by PIH is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of PIH.

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 PIH's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Cash and Cash Equivalents — PIH considers all highly liquid investments with a maturity of three months or less at the purchase date to be cash and cash equivalents.

Contributions — Gifts of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restriction. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restriction. When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as revenue and net assets without donor restriction.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized and is reported as contribution revenue.

Donated Goods and Services — Donated goods and services are recorded as both a revenue and expenditure in the accompanying statement 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 PIH, but are not recognized as contributions in the financial statements because they do not meet the aforementioned criteria. PIH received approximately 380 and 360 volunteer hours during the fiscal years ended June 30, 2019 and 2018, respectively, with an estimated value of $9,561 and $8,888, respectively.

Accounts Receivable — Accounts receivable are stated at the invoice amount. 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. There is no allowance as of June 30, 2019 and 2018.

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 (5-30 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.

Income Taxes — Partners in Housing, Inc. and Partners in Housing, LLC are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, Partners in Housing, Inc. qualifies for the charitable contribution deduction.

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

Rental Income — Rental income is recorded as collected because rental payments from program tenants are not consistent and future payments cannot be reasonably determined.

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 the year ended June 30, 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.

Reclassification — Certain prior year amounts have been reclassified to conform with the current year presentation.

Subsequent Events — PIH 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 PIH's financial assets as of June 30, 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 donor restrictions.

	2019	2018
Cash and cash equivalents	$ 235,506	$ 282,778
Accounts receivable	130,936	124,247
Total financial assets	366,442	407,025
Less amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	18,200	50,000
Restricted by donors with time	86,486	71,879
Total amounts unavailable for general expenditures within one year	104,686	121,879
Total financial assets available to management to meet cash needs for general expenditures within one year	$ 261,756	$ 285,146

As part of PIH's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. PIH's policy to manage an emergency cash flow need is evaluate monthly expenses and compare with amounts forecasted to determine if draws on the line of credit or other measures should be taken. PIH manages its cash flow for a one-year cycle from the balance sheet date.

3. FUNCTIONAL EXPENSES ALLOCATION METHODS

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of PIH. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include wages and related benefits, depreciation, insurance and other expenses which are allocated on the basis of estimates of time and effort spent by personnel in the various program and supporting services.

4. PLEDGE RECEIVABLE FOR USE OF PROPERTY

PIH entered into a five-year lease agreement which began in June 2008 and was extended through June 2017 for the use of office and operations facilities for annual rental payments of $1. During the year ended June 30, 2017, the lease was renewed for an additional five years. PIH recognized $774,339 for the free use of facilities for this additional five years as contribution revenue and a pledge receivable at the net present value of the fair market value of the facility in excess of the rental payments using a discount rate of 4%. PIH recognized rent expense of $148,075 and $170,559 for the years ended June 30, 2019 and 2018, respectively, associated with the below market annual rents.

5. NOTE RECEIVABLE

PIH has a note receivable from a not-for-profit organization pursuant to which the counterparty will pay PIH the outstanding balance of $22,950 upon qualifying transfer of specific real property. The note has no other ultimate expiration and is non-interest bearing.

6. PROPERTY AND EQUIPMENT

Property and equipment is as follows at June 30:

	2019	2018
Buildings	$ 3,124,256	$ 3,124,256
Building improvements	1,285,115	1,214,436
Land	261,687	261,687
Furniture and equipment	92,452	83,224
Vehicles	27,143	27,143
	4,790,653	4,710,746
Less accumulated depreciation	2,295,454	2,122,149
Total	$ 2,495,199	$ 2,588,597

7. INVESTMENTS IN COLLABORATIVE ENTITIES

PIH has investments in five collaborative entities which 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.

Investments in collaborative entities consist of the following as of June 30:

	2019	2018
GPR Properties II, LLC	$ 42,033	$ 39,713
Trailside Manor Affordable Housing, LLC	37,245	4,450
Colorado House and Resource Center, LLC	2,027	2,414
Total	$ 81,305	$ 46,577

GPR Properties II, LLC — GPR Properties II, LLC was formed in August 2009 to purchase property, with grant funds, to be used as affordable housing. PIH has a 33.3% partnership interest in the entity.

Trailside Manor Affordable Housing, LLC — Trailside Manor Affordable Housing, LLC (Trailside) was formed in 2017 to provide affordable housing through a new construction project in Fountain, Colorado. This project will provide affordable rentals to low income households including those affected by disaster. PIH has a 49% partnership interest in the entity.

Colorado House and Resource Center, LLC — Partners In Housing, Inc. entered into a 50% partnership interest in 2003 with Rocky Mountain Community Land Trust (RMCLT) to create Colorado House and Resource Center, LLC, (CHRC). CHRC purchased property with grant funds to be used as transitional housing and for supportive services to the homeless. In April 2016, the building and building improvements owned by CHRC were transferred to Partners in Housing, LLC and the land was transferred to RMCLT. CHRC had notes payable and a conditional grant associated with the transferred property. The notes payable and conditional grant were transferred to the members equally. Both members recorded the transferred property at $743,905 and the transferred notes payable and conditional grant at $185,310. During the year ended June 30, 2017, PIH and RMCLT entered into a note payable with the City of Colorado Springs of up to $160,000 for rehabilitation costs of CHRC. Both members equally recorded the building improvements that were completed during the year ended June 30, 2018. See Note 8 regarding the notes payable.

GPR Properties, LLC — GPR Properties, LLC was formed in 2000 to own, lease and sell real property to low-income families. PIH has a 33.3% partnership interest in GPR Properties, LLC. During the year ended June 30, 2017 when PIH's share of losses in GPR Properties, LLC exceeded the carrying value of its investment, the equity method of accounting was suspended, and no additional losses were charged to operations. Suspended losses in GPR Properties, LLC totaled $45,073 and $45,524 at June 30, 2019 and 2018, respectively.

Park Meadows Affordable Housing, LLC — Park Meadows Affordable Housing, LLC (Park Meadows) was formed in 2002 to provide affordable housing to low and moderate income residents. PIH has a 49% partnership interest in the entity. When PIH's share of losses in Park Meadows exceeded the carrying value of its investment, the equity method of accounting was suspended, and no additional losses were charged to operations. Suspended losses in Park Meadows totaled $289,236 and $271,836 at June 30, 2019 and 2018, respectively.

8. NOTES PAYABLE

PIH has entered into multiple note agreements in order to purchase and rehabilitate or construct real property for purposes of fulfilling PIH's mission. Such agreements are as follows as of June 30:

	2019	**2018**
Thirty-nine individual notes with the City of Colorado Springs with principal balances ranging from $1,839 to $185,000 as of June 30, 2019, at zero percent interest, due upon sale or transfer of property, secured by real property.	$ 1,112,510	$ 1,112,510
Note with El Paso County Colorado Housing Authority at 3% interest, principal and interest due in monthly installments of $485, due February 2040 or upon the sale or transfer of property if earlier, secured by real property.	89,269	92,358
Note payable with a financial institution at zero percent interest, due upon sale or transfer of property, secured by real property. Provided property is not sold or transferred and no default has occurred regarding use of the property, the note will be forgiven on August 18, 2021.	108,500	108,500
Note with the City of Colorado Springs at zero percent interest (see Note 7), secured by real property. Provided property is not sold or transferred and no default has occurred regarding use of the property, the note will be forgiven on May 31, 2023.	79,577	79,577
Note with El Paso County Colorado Housing Authority at 1% interest, interest payments due annually, principal due September 2033 or when sold or transferred if earlier, secured by real property.	50,000	50,000
Four individual notes with El Paso County Colorado Housing Authority ranging from $5,625 to $28,125 at zero percent interest, due between August 2029 and March 2030, secured by real property.	45,000	45,000

	2019	2018
Note with the City of Colorado Springs, assumed with the transfer of building and improvements from CHRC (see Note 7), at zero percent interest, due upon sale or transfer of property, secured by real property. Entire balance of note at the time of transfer from CHRC was $22,500, split evenly between PIH and RMCLT.	11,250	11,250
Note with the City of Colorado Springs, assumed with the transfer of building and improvements from CHRC (see Note 7), at zero percent interest, forgiven over 5 years through January 2021, secured by real property. Entire balance of note at the time of transfer from CHRC was $36,120, split evenly between PIH and RMCLT.	3,660	8,460
Total	$ 1,499,766	$ 1,507,655

Required annual minimum principal payments are as follows as of June 30, 2019:

2020	$ 3,176
2021	3,272
2022	3,372
2023	3,474
2024	3,474
Thereafter	167,501
Total - serviceable	184,269
Notes payable - forgivable and non - serviceable	1,315,497
Total	$ 1,499,766

Interest expense and a related in-kind contribution is calculated at 4.0% of the outstanding zero percent interest notes, amounting to $50,641 during both the years ended June 30, 2019 and 2018.

9. CONDITIONAL GRANT

In connection with the transfer of property from CHRC (see Note 7), a conditional grant associated with the property was also transferred. The conditional grant of $237,000 is from the State of Colorado Division of Housing and requires the property to be used for affordable housing for 99 years, ending in 2105. If the affordability period is not met, the funds must be returned. PIH and RMCLT equally split the obligation associated with the grant at the time of the transfer for an amount of $118,500 each.

10. NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restriction are for the following as of June 30:

	2019	2018
Pledge receivable for use of property	$ 481,413	$ 629,488
Time restricted	86,486	71,879
Purchase of energy efficient appliances	18,200	
Child Enrichment Center		50,000
Total	$ 586,099	$ 751,367

11. CONCENTRATIONS

Approximately 6% and 21%, respectively, of PIH's revenue and other support was received under contracts with the U.S. Department of Housing and Urban Development for the years ended June 30, 2019 and 2018.

12. COMMITMENTS AND CONTINGENCIES

Federal grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill these conditions could result in the disallowance of certain expenditures. Management anticipates no disallowances of expenditures.

13. RETIREMENT PLAN

PIH is a member of the Diocese of Colorado Springs' (Diocese) defined benefit pension plan that covers substantially all lay personnel. The Diocese makes annual contributions to the plan and charges assessments to PIH for reimbursement of costs related to personnel at PIH. Reimbursement costs for the years ended June 30, 2019 and 2018 were $36,036 and $37,755, respectively. The liabilities and costs are determined under aggregate funding and projected unit credit methods. These methods are among several projected benefit funding methods, which may be used to provide for the systematic accumulation of assets to cover the benefits and expenses paid less any investment return of the plan's assets. The actuarial funding method, along with the other actuarial assumptions, affects when and at what rate this true cost will be paid. PIH's portion of both accumulated vested benefits and net assets available for benefits are insignificant to the Diocese plan.