hope and
Partners in Housing

November 30, 2022

To Whom It May Concern:

Please find attached the independent audit report for Partners in Housing, Inc. for the fiscal year ended June 30, 2022.

For purposes of clarity, we would like to emphasize PIH ended FY21/22 with an adjusted net operating income over expense of $88,710. **The gain of $768,327 shown on page 4 Statement of Activities reflects non-cash entries including in-kind rent expense, in kind rent pledge, loan forgiveness, LLC income and depreciation.** In-kind entry is a rental expense for the fiscal year of $166,920 and the pledge of $774,339 for use of property for the next five years. A detailed breakdown of the adjustments to PIH's net operating income is as follows:

$ 768,327	Total Change in Net Assets, Audit Page 4
$ 166,920	In-Kind expense of rent for the fiscal year, Audit Page 5 and Note 4 page 10
$ (774,339)	In-Kind donation of rent – 5 year pledge
$ 46,202	LLC equity loss, Audit Page 4 and Note 7 Page 11
$ 183,872	Depreciation, Audit Page 5 and Note 6 on Page 11
$ (193,772)	Forgiveness of Paycheck Protection Program loan
$(108,500)	Forgiveness of Federal Home Loan Bank
==========	
$ 88,710	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 large gain in ending balance for FY21/22 was strictly related to in-kind pledge recognition, LLC equity, loan forgiveness, 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

Mary Stegner
Executive Director

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

skr+co

STOCKMAN KAST RYAN + COMPANY

PARTNERS IN HOUSING, INC.
AND AFFILIATE

Consolidated Financial Statements

For the Year Ended June 30, 2022

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 financial statements of Partners in Housing, Inc. and affiliate (a non-profit organization) which comprise the statements of financial position as of June 30, 2022 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Partners in Housing, Inc. and affiliate as of June 30, 2022 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Partners in Housing, Inc. and affiliate 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 the Partners in Housing, Inc. and affiliate's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibility 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 auditors' 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 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 the Partners in Housing, Inc. and affiliate's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partners in Housing, Inc. and affiliate's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited Partners in Housing, Inc.'s 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 22, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Stockman Kast Ryan + Co. LLP

November 28, 2022

PARTNERS IN HOUSING, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022 (with comparative totals for 2021)

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 375,117	$ 471,382
Pledge receivable for use of property, net	144,850	166,920
Accounts receivable	209,419	171,792
Security deposits	2,381	
Total current assets	731,767	810,094
PLEDGE RECEIVABLE FOR USE OF PROPERTY, NET	629,488	
NOTE RECEIVABLE	22,950	22,950
PROPERTY AND EQUIPMENT, NET	2,334,151	2,389,667
INVESTMENTS IN COLLABORATIVE ENTITIES	79,649	114,137
RESTRICTED CASH – TENANTS' SECURITY DEPOSITS	33,097	26,359
TOTAL ASSETS	$ 3,831,102	$ 3,363,207
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 47,725	$ 53,065
Accrued expenses	59,306	55,484
Current portion of notes payable - serviceable	3,474	3,272
Total current liabilities	110,505	111,821
NOTES PAYABLE - SERVICEABLE	170,955	368,309
NOTES PAYABLE - FORGIVABLE AND NON-SERVICEABLE	1,203,337	1,311,837
CONDITIONAL GRANT	118,500	118,500
TENANTS' SECURITY DEPOSITS	33,097	26,359
Total liabilities	1,636,394	1,936,826
NET ASSETS		
Without donor restriction	1,339,490	1,214,104
With donor restriction	855,218	212,277
Total net assets	2,194,708	1,426,381
TOTAL LIABILITIES AND NET ASSETS	$ 3,831,102	$ 3,363,207

See notes to consolidated financial statements.

PARTNERS IN HOUSING, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022 (with comparative totals for 2021)

	2022			
	Without Donor Restriction	With Donor Restriction	Total	2021 Total
REVENUE				
In-kind donations	$ 428,442	$ 774,338	$ 1,202,780	$ 385,136
Contributions and private grants	1,101,109		1,101,109	762,761
Program service fees	426,954		426,954	371,951
Government grants	332,844	80,880	413,724	489,229
Special events	19,283		19,283	26,469
Gain (loss) on investments in collaborative entities	(46,202)		(46,202)	95,854
Other revenue	304,165		304,165	190,134
Net assets released from restrictions	212,277	(212,277)		
Total revenue	2,778,872	642,941	3,421,813	2,321,534
EXPENSES				
Program services:				
Client services	1,212,186		1,212,186	1,079,461
Transitional housing	840,357		840,357	686,888
Affordable housing	304,642		304,642	219,521
Homeless prevention and rapid rehousing				198,360
Total program services	2,357,185	–	2,357,185	2,184,230
Support services:				
General and administrative	173,794		173,794	112,184
Development department	122,507		122,507	136,472
Total support services	296,301	–	296,301	248,656
Total expenses	2,653,486	–	2,653,486	2,432,886
CHANGE IN NET ASSETS	125,386	642,941	768,327	(111,352)
NET ASSETS, Beginning of year	1,214,104	212,277	1,426,381	1,537,733
NET ASSETS, End of year	$ 1,339,490	$ 855,218	$ 2,194,708	$ 1,426,381

See notes to consolidated financial statements.

PARTNERS IN HOUSING, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022 (with comparative totals for 2021)

	2022								
	Program Services					Support Services			
	Client Services	Transitional Housing	Affordable Housing	Homeless Prevention and Rapid Rehousing	Total	Development Department	General and Administrative	Total	2021 Total
Wages and related benefits:									
Salaries and employment taxes	$ 645,119	$ 155,291	$ 67,821		$ 868,231	$ 97,157	$ 53,515	$ 1,018,903	$ 877,154
Employee benefits	108,914	44,888	14,893		168,695	18,968	12,370	200,033	168,462
Other employee costs	908	413			1,321		166	1,487	1,425
Total wages and related benefits	754,941	200,592	82,714	—	1,038,247	116,125	66,051	1,220,423	1,047,041
Other expenses:									
Depreciation		91,511	90,998		182,509		1,363	183,872	178,902
Counseling and direct client services	52,582	2,921	4,950		60,453		90	60,543	166,216
Repairs and maintenance	10,008	109,005	55,592		174,605	1,200	11,888	187,693	143,875
Telephone and utilities	13,750	76,704	26,503		116,957	2,650	2,927	122,534	98,238
Security and maintenance – Myron Stratton Campus	15,200	53,580			68,780	2,800	2,437	74,017	57,733
Computer services and supplies	14,372	7,478	3,456		25,306	4,355	1,041	30,702	43,745
Insurance	5,829	22,733	10,386		38,948	680	2,630	42,258	38,004
Contributions to others		31,000			31,000			31,000	28,500
Office supplies and printing	5,759	1,615			7,374	10,553	3,822	21,749	22,181
Legal and accounting	4,100	10,554	1,700		16,354		5,247	21,601	17,037
Public relations, meetings and awards	4,895	650	265		5,810	13,284	4,481	23,575	11,690
Property taxes and licenses		3,360	720		4,080			4,080	7,469
Consulting and other fees	5,350				5,350		91	5,441	5,055
Travel	2,327	1,037	3,066		6,430	921	186	7,537	3,615
Interest		500	2,438		2,938		170	3,108	3,176
Dues and subscriptions	350		435		785		819	1,604	1,405
Miscellaneous		12,447			12,447	2,996	944	16,387	18,483
Total other expenses	134,522	425,095	200,509	—	760,126	39,439	38,136	837,701	845,324

(Continued)

PARTNERS IN HOUSING, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022 (with comparative totals for 2021)

	2022								
	Program Services					Support Services			
	Client Services	Transitional Housing	Affordable Housing	Homeless Prevention and Rapid Rehousing	Total	Development Department	General and Administrative	Total	2021 Total
In-kind:									
Donated goods and services	164,401				164,401			164,401	185,993
Rent	60,412	103,070			163,482	12,826	18,320	194,628	160,386
Volunteer services	97,910	79,784	6,935		184,629	5,404		190,033	87,150
Donated interest expense		31,816	14,484		46,300			46,300	78,268
Donated Diocesan computer support									28,724
Total in-kind	322,723	214,670	21,419	—	558,812	18,230	18,320	595,362	540,521
Total expenses	$ 1,212,186	$ 840,357	$ 304,642	$ —	$ 2,357,185	$ 173,794	$ 122,507	$ 2,653,486	
Percentage of totals	46%	32%	11%	0%	89%	6%	5%	100%	
Comparative totals - 2021	$ 1,079,461	$ 686,888	$ 219,521	$ 198,360	$ 2,184,230	$ 136,050	$ 112,184		$ 2,432,886
Percentage of totals - 2021	44%	28%	9%	8%	89%	6%	5%	100%	

See notes to consolidated financial statements. (Concluded)

PARTNERS IN HOUSING, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022 (with comparative totals for 2021)

	2022	2021
OPERATING ACTIVITIES		
Change in net assets	$ 768,327	$ (111,352)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	183,872	178,902
Gain on investments in collaborative entities	46,202	(95,854)
Contribution of property and equipment		(4,999)
Loan forgiveness	(305,777)	(186,844)
Other		(34,577)
Changes in operating assets and liabilities:		
Accounts receivable	(70,422)	(21,912)
Pledge receivable for use of property	(607,418)	160,386
Security deposits	(2,381)	2,381
Accounts payable and accrued expenses	1,956	30,896
Net cash provided by (used in) operating activities, as restated	14,359	(82,973)
INVESTING ACTIVITIES		
Distributions received from investments in collaborative entities	27,320	125,912
Investment in collaborative entities	(6,239)	
Purchases of property and equipment	(128,356)	(161,122)
Net cash used in investing activities	(107,275)	(35,210)
FINANCING ACTIVITIES		
Proceeds from issuance of notes payable		197,277
Payment on notes payable	(3,349)	(6,785)
Net cash provided by (used in) financing activities	(3,349)	190,492
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(96,265)	72,309
CASH AND CASH EQUIVALENTS, Beginning of year	471,382	399,073
CASH AND CASH EQUIVALENTS, End of year	$ 375,117	$ 471,382
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	$ –	$ 3,176

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, 2021, 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. Conditional gifts, that is, those with a measurable performance or other barrier, and right of return, are not recognized until the conditions on which they depend have been substantially met.

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 360 and 360 volunteer hours during the fiscal years ended June 30, 2022 and 2021, respectively, with an estimated value of $10,782 and $10,274, 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, 2022 and 2021.

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.

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, 2022 and 2021, 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.

	2022	2021
Cash and cash equivalents	$ 375,117	$ 471,382
Accounts receivable	209,419	171,792
Total financial assets	584,536	643,174
Less amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with time	80,880	51,891
Total financial assets available to management to meet cash needs for general expenditures within one year	$ 503,656	$ 591,283

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 2021 for the use of office and operations facilities for annual rental payments of $1. During the year ended June 30, 2022, 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 $166,920 and $160,386 for the years ended June 30, 2022 and 2021, 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:

	2022	2021
Buildings	$ 3,124,256	$ 3,124,256
Building improvements	1,641,693	1,513,336
Land	261,687	261,687
Furniture and equipment	92,452	92,452
Vehicles	46,642	46,642
	5,166,730	5,038,373
Less accumulated depreciation	2,832,579	2,648,706
Total	$ 2,334,151	$ 2,389,667

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:

	2022	2021
GPR Properties, LLC	$ 77,881	$ 108,665
Trailside Manor Affordable Housing, LLC		3,654
Colorado House and Resource Center, LLC	1,768	1,818
Total	$ 79,649	$ 114,137

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.

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. When PIH's share of losses in GPR Properties II, 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 II, LLC totaled $53,531 at June 30, 2022.

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. Assets of Trailside were sold during the year end June 30, 2022.

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.

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 $546,663 and $511,742 at June 30, 2022 and 2021, 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:

	2022	2021
Thirty-nine individual notes with the City of Colorado Springs with principal balances ranging from $1,839 to $185,000 as of June 30, 2022, at zero percent interest, due upon sale or transfer of property, secured by real property.	$ 1,112,510	$ 1,112,510

	2022	2021
Loan issued by a bank bearing interest at 1%, in the aggregate amount of $193,772, pursuant to the Paycheck Protection Program (the PPP), of the CARES Act, matures on March 15, 2026 and bears interest at a rate of 1% per annum. Under the terms of the PPP, the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. During the year ended June 30, 2022, conditions were met, and the $193,772 loan was forgiven.		193,772
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 may be forgiven. The note has been forgiven as of August 6, 2021.		108,500
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.	79,429	82,809
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
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
Total	$ 1,377,766	$ 1,683,418

Required annual minimum principal payments are as follows as of June 30, 2022:

2023	$ 3,474
2024	3,580
2025	3,689
2026	3,801
2027	3,917
Thereafter	155,968
Total - serviceable	174,429
Notes payable - forgivable and non - serviceable	1,203,337
Total	$ 1,377,766

Interest expense and a related in-kind contribution is calculated at 4.0% of the outstanding zero percent interest notes, amounting to $46,300 and $50,640 respectively for the years ended June 30, 2022 and 2021.

9. LINE OF CREDIT

PIH has a $300,000 line of credit that expires in February 2027. The line of credit bears interest at .75% plus the prime rate (interest rate is 5.50% at June 30, 2022). PIH had no withdrawals or payments under the line of credit as of June 30, 2022 and 2021.

10. 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.

11. NET ASSETS WITH DONOR RESTRICTION

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

	2022	2021
Pledge receivable for use of property	$ 774,338	$ 160,386
Time restricted	80,880	51,891
Total	$ 855,218	$ 212,277

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, 2022 and 2021 were \$48,824 and \$41,592, 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.