



January 23, 2025

To Whom It May Concern:

Please find attached the independent audit report for Partners in Housing, Inc. for the fiscal year ended June 30, 2024.

For purposes of clarity, we would like to emphasize PIH ended FY23/24 with an adjusted net operating income over expense of \$80,202. **The gain of \$456,260 shown on page 4 Statement of Activities reflects non-cash entries including in-kind rent expense, LLC income, and depreciation.** In-kind entry is a rental expense for the fiscal year of 154,107 for use of property as part of the previous five year pledge. A detailed breakdown of the adjustments to PIH's net operating income is as follows:

\$ 456,260	Total Change in Net Assets, Audit Page 4
\$ 154,107	In-Kind expense of rent for the fiscal year, Audit Page 5 and Note 4 page 10
\$ (725,602)	LLC equity gain, Note 7 Page 11 LLC gains due to property sale into new LLC Bentley Commons
\$ 195,437	Depreciation, Audit Page 5 and Note 6 on Page 11
=====	
\$ 80,202	Adjusted Net Operating Income over Expense (not listed in audit report)

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 gain shown in the ending balance for FY23/24 was strictly related to in-kind rent expense, LLC equity changes, 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

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



Partners in Housing

***PARTNERS IN HOUSING, INC.
AND AFFILIATE***

CONSOLIDATED FINANCIAL STATEMENTS

WITH

INDEPENDENT AUDITORS' REPORT

YEAR ENDED JUNE 30, 2024

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INDEPENDENT AUDITORS' REPORT

Board of Directors and Management
Partners in Housing, Inc.
and Affiliate
Colorado Springs, Colorado

Opinion

We have audited the consolidated financial statements of Partners in Housing, Inc. and Affiliate (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2024, 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, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 Organization 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 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 the Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS 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 GAAS, 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 Organization'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 Organization'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

The summarized comparative information, which includes the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, is consistent, in all material respects, with the audited financial statements from which it has been derived. The summarized comparative information presented herein were previously audited by other auditors, who expressed an unmodified audit opinion in their report dated October 18, 2023.

CBIZ CPAs P.C.

Colorado Springs, Colorado
January 21, 2025

**PARTNERS IN HOUSING, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023**

ASSETS		
	2024	2023
Current Assets		
Cash and Cash Equivalents	\$ 240,911	\$ 254,839
Pledge Receivable for Use of Property, Net	154,143	144,850
Accounts Receivable	172,737	169,739
Security Deposits	2,381	2,381
Total Current Assets	570,172	571,809
Non-Current Assets		
Pledge Receivable for Use of Property, Net	321,238	484,638
Note Receivable	22,950	22,950
Property and Equipment, Net	2,242,854	2,321,171
Investments in Collaborative Entities	943,595	217,993
Restricted Cash - Tenants' Security Deposits	30,848	32,210
Total Non-Current Assets	3,561,485	3,078,962
Total Assets	\$ 4,131,657	\$ 3,650,771
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 78,511	\$ 46,523
Accrued Expenses	56,747	59,160
Current Portion of Notes Payable - Serviceable	3,698	3,589
Total Current Liabilities	138,956	109,272
Non-Current Liabilities		
Notes Payable - Serviceable	68,659	72,357
Notes Payable - Forgivable and Non-Serviceable	1,218,760	1,218,758
Refundable Advance	118,500	118,500
Tenants' Security Deposits	30,848	32,210
Total Non-Current Liabilities	1,436,767	1,441,825
Total Liabilities	1,575,723	1,551,097
Net Assets		
Without Donor Restrictions	1,939,875	1,379,362
With Donor Restrictions	616,059	720,312
Total Net Assets	2,555,934	2,099,674
Total Liabilities and Net Assets	\$ 4,131,657	\$ 3,650,771

See Notes to Consolidated Financial Statements

**PARTNERS IN HOUSING, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024
With Summarized Comparative Totals for 2023**

	Without Donor	With Donor	Total	
	Restrictions	Restrictions	2024	2023
Revenue and Other Support				
In-Kind Donations	\$ 406,368	\$ -	\$ 406,368	\$ 401,763
Contributions and Private Grants	1,221,689	97,850	1,319,539	1,117,286
Program Service Fees	435,210	-	435,210	438,188
Government Grants	267,652	92,000	359,652	391,817
Special Events	17,939	-	17,939	18,070
Gain on Investments in Collaborative Entities	795,602	-	795,602	288,121
Other Revenue	20,440	-	20,440	496
Net Assets Released from Restrictions	294,103	(294,103)	-	-
Total Revenue and Other Support	<u>3,459,003</u>	<u>(104,253)</u>	<u>3,354,750</u>	<u>2,655,741</u>
Expense				
Program Activities				
Transitional Housing	931,074	-	931,074	846,602
Affordable Housing	433,728	-	433,728	311,906
Client Services	1,188,833	-	1,188,833	1,270,990
Total Program Activities	<u>2,553,635</u>	<u>-</u>	<u>2,553,635</u>	<u>2,429,498</u>
Support Activities				
Development Department	205,426	-	205,426	196,763
General And Administrative	139,429	-	139,429	124,514
Total Support Activities	<u>344,855</u>	<u>-</u>	<u>344,855</u>	<u>321,277</u>
Total Expense	<u>2,898,490</u>	<u>-</u>	<u>2,898,490</u>	<u>2,750,775</u>
Change In Net Assets	560,513	(104,253)	456,260	(95,034)
Beginning Net Assets	<u>1,379,362</u>	<u>720,312</u>	<u>2,099,674</u>	<u>2,194,708</u>
Ending Net Assets	<u>\$ 1,939,875</u>	<u>\$ 616,059</u>	<u>\$ 2,555,934</u>	<u>\$ 2,099,674</u>

See Notes to Consolidated Financial Statements

PARTNERS IN HOUSING, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024
With Summarized Comparative Totals for 2023

	Program Activities				Support Activities			Total
	Transitional Housing	Affordable Housing	Client Services	Program Total	Development Department	General and Administrative		
						2024	2023	
Wages and Related Benefits								
Salaries and Employment Taxes	\$ 169,980	172,363	588,356	930,699	\$ 118,157	\$ 64,459	\$ 1,113,315	\$ 1,081,261
Employee Benefits	73,362	45,601	133,921	252,884	18,026	15,508	286,418	246,856
Other Employee Costs	126	-	549	675	-	479	1,154	1,264
Total Wages and Related Benefits	243,468	217,964	722,826	1,184,258	136,183	80,446	1,400,887	1,329,381
Other Expenses								
Depreciation	98,695	95,820	-	194,515	-	922	195,437	192,333
Counseling and Direct Client Services	1,989	5,755	51,556	59,300	-	30	59,330	58,733
Repairs and Maintenance	119,780	58,229	11,169	189,178	-	10,555	199,733	173,996
Telephone and Utilities	76,619	17,837	13,150	107,606	1,900	3,437	112,943	129,626
Security and Maintenance								
- Myron Stratton Campus	71,436	3,500	13,600	88,536	4,200	3,601	96,337	87,581
Computer Services and Supplies	13,489	2,300	15,401	31,190	11,874	1,715	44,779	35,584
Insurance	37,359	15,686	11,041	64,086	1,086	1,613	66,785	46,797
Contributions to Others	30,000	-	-	30,000	-	-	30,000	36,000
Office Supplies and Printing	3,202	253	10,810	14,265	9,425	2,787	26,477	26,975
Legal and Accounting	8,577	4,352	4,000	16,929	-	7,129	24,058	16,413
Public Relations, Meetings and Awards	1,376	467	6,172	8,015	6,255	6,434	20,704	25,725
Property Taxes and Licenses	3,353	1,233	-	4,586	-	-	4,586	5,056
Consulting and Other Fees	-	431	32,722	33,153	-	-	33,153	14,290
Travel	1,701	4,087	4,030	9,818	1,633	1,145	12,596	11,347
Interest	500	2,229	39	2,768	-	-	2,768	2,874
Dues and Subscriptions	-	370	250	620	1,647	1,371	3,638	3,007
Miscellaneous	-	-	-	-	2,879	925	3,804	8,443
Total Other Expenses	468,076	212,549	173,940	854,565	40,899	41,664	937,128	874,780
In-Kind:								
Donated Goods And Services	-	-	104,430	104,430	-	-	104,430	159,909
Rent	103,070	-	53,520	156,590	12,826	11,319	180,735	170,559
Volunteer Services	74,013	3,215	99,633	176,861	7,518	-	184,379	137,521
Donated Interest Expense	31,816	-	14,484	46,300	-	-	46,300	46,300
Donated Diocesan Computer Support	10,631	-	20,000	30,631	8,000	6,000	44,631	32,325
Total In-Kind	219,530	3,215	292,067	514,812	28,344	17,319	560,475	546,614
Total Expenses	\$ 931,074	\$ 433,728	\$ 1,188,833	\$ 2,553,635	\$ 205,426	\$ 139,429	\$ 2,898,490	\$ 2,750,775
Percentage of Totals	32%	15%	41%	88%	7%	5%	100%	
Comparative Totals - 2023	\$ 846,602	\$ 311,906	\$ 1,270,990	\$ 2,429,498	\$ 196,763	\$ 124,514	\$ 2,750,775	\$ 2,750,775
Percentage Of Totals - 2023	31%	11%	46%	88%	7%	5%	100%	

See Notes to Consolidated Financial Statements

**PARTNERS IN HOUSING, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023**

	2024	2023
Cash Flows from Operating Activities		
Change in Net Assets	\$ 456,260	\$ (95,034)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	195,437	192,333
Gain on Investments in Collaborative Entities	(773,620)	(163,344)
Loan Forgiveness	-	(79,579)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(2,998)	39,680
Pledge Receivable for Use of Property	154,107	144,850
Tenants' Security Deposits	(1,362)	(887)
Accounts Payable and Accrued Expenses	29,575	(1,348)
Net Cash Provided by Operating Activities	57,399	36,671
 Cash Flows from Investment Activities		
Distributions Received from Investments in Collaborative Entities	52,843	25,000
Contributions to Investments in Collaborative Entities	(4,825)	-
Purchases of Property and Equipment	(117,120)	(179,353)
Net Cash Used in Investing Activities	(69,102)	(154,353)
 Cash Flows from Financing Activities		
Payment on Notes Payable	(3,587)	(3,483)
Net Cash Used in Financing Activities	(3,587)	(3,483)
 Net Change in Cash, Cash Equivalents, and Restricted Cash	(15,290)	(121,165)
 Beginning Cash, Cash Equivalents, and Restricted Cash	287,049	408,214
 Ending Cash, Cash Equivalents, and Restricted Cash	\$ 271,759	\$ 287,049
 Supplemental Disclosure of Cash Flow Information		
Cash Paid for Interest	\$ 2,229	\$ 2,336

See Notes to Consolidated Financial Statements

**PARTNERS IN HOUSING, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business – Partners in Housing, Inc. was established in 1991 as a 501(c)(3) to provide homeless families with children living in the Pikes Peak region the opportunity to achieve self-sufficiency through a supportive services and transitional housing program. 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. Workshops for money management, self-esteem, nutrition, and other life skills are also 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. (“PIH”) and Partners in Housing, LLC (collectively “the Organization”). All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation – The Organization’s policy is to prepare its financial statements on the accrual basis in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Financial Statement Presentation – The Organization reports information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly net assets of the Organization and changes therein are classified and reported as follows:

- Net assets without donor restrictions – Net assets available for general use and not subject to donor-imposed restrictions.
- Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by the passage of time or by actions of the Organization. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates resources be maintained in perpetuity.

Cash and Cash Equivalents – The Organization considers cash in demand deposit accounts and temporary investments purchased with an original maturity of three months or less to be cash equivalents. The Organization maintains its cash and cash equivalents with high credit quality financial institutions. From time to time, the Organization’s balances in its bank accounts exceed Federal Deposit Insurance Corporation limits. The Organization periodically evaluates the risk of exceeding insurance levels and may transfer funds as it deems appropriate. The Organization has not experienced any losses with regards to balances in excess of insured limits or as a result of other concentrations of credit risk.

Contributions and Grants – Contributions include amounts received from foundations, individuals, and other charitable organizations. The Organization recognizes contributions as revenue when they are received or unconditionally pledged.

**PARTNERS IN HOUSING, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Conditional contributions are recorded as revenue when such amounts become unconditional which generally involves the meeting of a barrier to entitlement. This can include meeting a matching provision, incurring specified allowable expenses in accordance with a framework of allowable costs, or other barriers.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions received with donor-imposed conditions and restrictions are reported as an increase in net assets without donor restrictions if the conditions and restrictions are met in the reporting period in which the contribution is recognized. 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.

Donated Services and Other In-kind Contributions – Contributions of donated nonfinancial assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. The Organization utilizes tangible 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 is sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

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, 2024 and 2023.

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 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.

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Income Tax Status – The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state income tax laws, except for taxes on unrelated business income generated from unrelated trade or business activities. The Organization is a non-private foundation and contributions to the Organization qualify as a charitable tax deduction by the contributor.

**PARTNERS IN HOUSING, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The Organization follows the accounting standards for contingencies in evaluating uncertain tax positions. This guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. No liability has been recognized by the Organization for uncertain tax positions. The Organization's tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of June 30, 2024, the returns for the three prior years are considered open for examination by major tax jurisdictions.

Impairment of Long-lived Assets – The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to undiscounted future net cash flows expected to be generated by the assets. If these assets are considered impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Management does not believe impairment indicators are present at June 30, 2024.

Functional Allocation of Expenses – The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting activities of the Organization. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include wage 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 activities.

New Accounting Pronouncement - In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments* (ASU 2016-13). ASU 2016-13 revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected. The FASB has subsequently issued additional ASUs amending certain aspects of ASU 2016-13. The Organization has analyzed the provisions of Topic 326 and has concluded the adoption of this new guidance will not have a material impact on the Organization's financial statements. As such, no cumulative effect adjustment to members' deficit as of July 1, 2023, was necessary.

NOTE 1 – LIQUIDITY AND AVAILABILITY

As of June 30, 2024 and 2023 the Organization has \$413,648 and \$424,578, respectively, of financial assets available for general expenditures within one year consisting of cash and cash equivalents of \$240,911 and \$254,839, respectively, and accounts receivable of \$172,737 and \$169,739, respectively. The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**PARTNERS IN HOUSING, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of the following as of June 30,

	<u>2024</u>	<u>2023</u>
Checking and Savings Accounts	\$ 2,269	\$ 1,772
Money Market	238,642	253,067
Total Cash and Cash Equivalents	<u>\$ 240,911</u>	<u>\$ 254,839</u>

NOTE 3 – RESTRICTED CASH

The Organization has cash restricted for security deposits from tenants to be used for repairs to the unit or refunded to the tenant at the expiration of the lease.

A reconciliation of cash accounts to the statement of cash flows is as follows as of June 30,

	<u>2024</u>	<u>2023</u>
Cash and Cash Equivalents	\$ 240,911	\$ 254,839
Restricted Cash - Tenants' Security Deposits	30,848	32,210
Total Cash and Restricted Cash per the Statement of Cash Flows	<u>\$ 271,759</u>	<u>\$ 287,049</u>

NOTE 4 – PLEDGE RECEIVABLE FOR USE OF PROPERTY

The organization entered into a five year lease agreement in 2022 for the use of office and operations facilities for annual rental payments of \$1.00. In 2022, the Organization recognized \$774,339 for the free use of facilities for 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%. The Organization recognized rent expense of \$154,107 and \$144,851 for the years ended June 30, 2024 and 2023, respectively.

NOTE 5 – NOTE RECEIVABLE

The Organization has a note receivable from a not-for-profit organization pursuant to which the counterparty will pay the Organization 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.

**PARTNERS IN HOUSING, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 6 – PROPERTY AND EQUIPMENT

Property and Equipment are comprised of the following as of June 30,

	<u>2024</u>	<u>2023</u>	<u>Estimated Useful Lives</u>
Buildings	\$ 3,303,143	\$ 3,303,143	27.5 - 30 Years
Building Improvements	2,020,965	1,903,845	5 - 27.5 Years
Furniture and Fixtures	92,452	92,452	3 - 10 Years
Vehicles	46,642	46,642	7 Years
Total Property and Equipment, at Cost	<u>5,463,202</u>	<u>5,346,082</u>	
Less: Accumulated Depreciation	<u>(3,220,348)</u>	<u>(3,024,911)</u>	
Total Property and Equipment, Net	<u>\$ 2,242,854</u>	<u>\$ 2,321,171</u>	

Depreciation expense for 2024 and 2023, totaled \$195,437 and \$ 192,333, respectively.

NOTE 7 – INVESTMENT IN COLLABORATIVE ENTITIES

The Organization 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 adjusted for the proportionate share of undistributed earnings. Investments in collaborative entities consist of the following as of June 30,

	<u>2024</u>	<u>2023</u>
GPR Properties, LLC	\$ 850,140	\$ 215,512
GPR Properties II, LLC	91,795	-
Colorado House and Resource Center, LLC	1,660	2,481
Total Investment in Collaborative Entities	<u>\$ 943,595</u>	<u>\$ 217,993</u>

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 \$35,889 at June 30, 2023.

**PARTNERS IN HOUSING, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 7 – INVESTMENT IN COLLABORATIVE ENTITIES – Continued

Colorado House and Resource Center, LLC – Partners in Housing, Inc. entered into a partnership agreement in 2003 with Rocky Mountain Community Land Trust (RMCLT) to create Colorado House and Resource Center, LLC, (CHRC), of which Partners in Housing Inc. has a 50% interest. 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 refundable advance associated with the transferred property. The notes payable and refundable advance were transferred to the members equally. Both members recorded the transferred property at \$743,905 and the transferred notes payable and refundable advance 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 9 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 \$580,641 and \$559,088 at June 30, 2024 and 2023, respectively.

Bentley Commons MM, LLC – Bentley Commons MM, LLC (BCMM) was formed in April 2023 to own, develop, and operate the Bentley Commons, LLC affordable housing project (Bentley Commons) in Colorado Springs, Colorado. BMCC has a 0.01% partnership interest in Bentley Commons, and PIH has a 33.3% partnership interest in BCMM. As of June 30, 2024, PIH's investment in BCMM is considered trivial to the financial statements and is not reported on the statement of financial position.

NOTE 8 – CONTINGENT LIABILITY

Repayment and Completion Guaranty – During 2023, Bentley Commons MM, LLC, of which PIH is a 33.3% partner (see Note 7), is contingently liable as guarantor with respect to debt incurred for the purchase and development of the Bentley Commons affordable housing project. The Bentley Commons operating agreement requires the guarantors (BCMM, Greccio Housing Unlimited, Inc. (Greccio), Rocky Mountain Community Land Trust (RMCLT), and PIH) to fund Bentley Commons' operating deficits through the stabilization period, as defined therein, and to provide all funds required to achieve construction completion to the extent Bentley Commons lacks sufficient funds from its member capital contributions and proceeds from the construction and convertible loans to pay for the development costs. Any payments made by guarantor shall be deemed development advances repayable only from available cash flow as defined in Bentley Commons' operating agreement. There is no limitation on the maximum amount of development advances. There were no development advances from guarantors to Bentley Commons as of June 30, 2024, and 2023. In addition, the guarantors guarantee and promise to pay Colorado Housing and Finance Authority the principal sum of \$34,000,000 on the conversion date of the loan agreement.

**PARTNERS IN HOUSING, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 8 – CONTINGENT LIABILITY – Continued

Operating Deficit Guaranty – In the event that, at any time, or from time to time, there exists an operating deficit, the amount by which Bentley Commons' expenses plus any required funding of the replacement reserve exceed the sum of collected gross receipts from the project, for which the managing member is liable, the guarantors (Greccio, RMCLT, and PIH) shall advance funds to Bentley Commons as a loan in the amount of the required operating deficit advances. The obligation to advance funds shall be limited to the maximum cumulative amount of \$1,040,307, which amount shall include any prior operating deficit advances made and will expire at the time specified in Bentley Commons' operating agreement. There were no operating deficit loans from guarantors to Bentley Commons as of July 31, 2024, and 2023.

Development Fee Guarantee – In the event that, at any time, or from time to time, to the extent that all or any part of the development fee of Bentley Commons is not paid by the 13th anniversary of the completion date of Bentley Commons, the guarantors (Greccio, RMCLT, and PIH) shall advance funds to Bentley Commons in an amount equal to the required unpaid development fee.

**PARTNERS IN HOUSING, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 9 – NOTES PAYABLE

The Organization has entered into multiple note payable agreements to purchase and rehabilitate or construct real property for purposes of fulfilling the Organization’s mission. Such agreements are as follows as of June 30,

	<u>2024</u>	<u>2023</u>
Thirty-two individual notes with the City of Colorado Springs with principal balances ranging from \$1,839 to \$185,000. Notes bear a zero percent interest rate and become due only upon sale or transfer of property, secured by real property.	\$ 1,112,508	\$ 1,112,508
Note with El Paso Country Colorado Housing Authority at 3% interest, principal and interest due monthly of \$485, due February 2040 or upon the sale or transfer of property, secured by real property.	72,359	75,946
Note with El Paso Country Colorado Housing Authority at 1% interest, interest payments due annually, due September 2033 or upon sale or transfer of property, secured by real property.	50,000	50,000
Two individual notes with El Paso County Colorado Housing Authority for \$16,875 and \$28,125. Notes bear a zero percent interest rate and become 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 Colorado House and Resource Center, LLC (see Note 6). Note bears a zero percent interest rate and becomes due only upon sale or transfer of property, secured by real property.	11,250	11,250
Total	<u>\$ 1,291,117</u>	<u>\$ 1,294,704</u>

**PARTNERS IN HOUSING, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 9 – NOTES PAYABLE – Continued

Required annual minimum principal payments on serviceable notes payable are as follows for the years ended June 30,

2025	\$	3,698
2026		3,811
2027		3,926
2028		4,046
2029		4,169
Thereafter		52,707
Total Note Payable - Serviceable		72,357
Notes Payable - Forgivable and Non-Serviceable		1,218,760
 Total	 \$	 1,291,117

Imputed interest expense and a related in-kind contribution is calculated at 4% of the outstanding zero-percent interest notes. Interest expense for the years ended June 30, 2024 and 2023 was \$46,300 and \$46,300, respectively.

NOTE 10 – LINE OF CREDIT

The Organization has a \$300,000 line of credit that expires in February, 2027. The line of credit bears interest at the Prime Rate plus 0.75%. The interest rate was 9.25% and 9.0% as of June 30, 2024 and 2023. As of June 30, 2024 and 2023 the Organization had no liability associated with the line of credit and there were no draws or payments on the line for the years then ended.

NOTE 11 – REFUNDABLE ADVANCE

In Connection with the transfer of property from Colorado House and Resource Center, LLC (see Note 7), a refundable advance associated with the property was also transferred. The refundable advance 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 Colorado House and Resource Center, LLC equally split the obligation associated with the grant at the time of transfer in the amount of \$118,500 each.

**PARTNERS IN HOUSING, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 12 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are the following as of June 30,

	<u>2024</u>	<u>2023</u>
Pledge Receivable for Use of Property	\$ 475,381	\$ 629,488
Time Restricted Grant Funds	92,000	90,824
Use Restricted Grant Funds	<u>48,678</u>	<u>-</u>
Total	<u>\$ 616,059</u>	<u>\$ 720,312</u>

NOTE 13 – IN-KIND DONATIONS

The Organization received gifts-in-kind for the years ended June 30, as follows:

	<u>2024</u>	<u>2023</u>
Goods and Services	\$ 104,430	\$ 159,909
Rent Expense	26,628	25,708
Diocesan Computer Services	44,631	32,325
Interest Expense	46,300	46,300
Volunteer Services	<u>184,379</u>	<u>137,521</u>
Total	<u>\$ 406,368</u>	<u>\$ 401,763</u>

All gifts-in-kind received by the Organization for the years ended June 30, 2024, and 2023, were considered without donor restrictions and able to be used by the Organization as determined by the board of directors and management.

NOTE 14 – RETIREMENT PLAN

The Organization is a member of the Diocese of Colorado Springs' defined benefit pension plan that covers substantially all lay personnel. The Diocese makes annual contributions to the plan and charges assessments to the Organization for reimbursement of costs related to personnel at the Organization. Reimbursement costs for the years ended June 30, 2024, and 2023 were \$53,444 and \$51,929, respectively. The liabilities and costs are determined under aggregate funding and projected unit methods. Those 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 accumulated vested benefits and net assets available for benefits, are insignificant to the Diocese plan.

NOTE 15 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through the date of the attached Independent Auditors' Report, the date the financial statements were available to be issued.