



October 23, 2026

To Whom It May Concern:

Please find attached the independent audit report for Partners in Housing, Inc. for the fiscal year ended June 30, 2026.

For purposes of clarity, we would like to emphasize PIH ended FY25/26 with an adjusted net operating income over expense of \$76,263. **The gain of \$1,344,449 shown on page 2 Statement of Activities reflects non-cash entries including in-kind rent expense, LLC gain and developer fee, and depreciation.** The In-kind entry is a rental expense for the fiscal year of \$166,920 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:

\$ 1,344,449	Total Change in Net Assets, Audit Page 2
\$ 166,920	In-Kind expense of rent for the fiscal year, Note 4 page 11
\$ (150,000)	LLC developer fee received
\$ (1,472,161)	LLC equity gain includes future developer fee due, Note 6 Page 12
\$ 187,055	Depreciation, Audit Note 5 on Page 12
=====	
\$ 76,263	Adjusted Net Operating Income over Expense (not listed in audit report)

The pledge receivable for use of property is explained in Note 4 (Page 11) – 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 FY25/26 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.

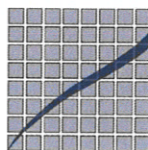


CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

TABLE OF CONTENTS

Independent auditor's report	i
Financial statements	
Consolidated statements of financial position	1
Consolidated statements of activities	2
Consolidated statements of functional expenses	3
Consolidated statements of cash flows	5
Notes to consolidated financial statements	7



BiggsKofford

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Partners in Housing, Inc. and Affiliate (a Colorado nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2026 and 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to consolidated 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, 2026 and 2025, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the report. We are required to be independent of Partners in Housing, Inc. and Affiliate and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 US GAAP, 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 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America ("US 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 US 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 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 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.

BiggsKofford LLP

Colorado Springs, Colorado
October 7, 2026

PARTNERS IN HOUSING
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2026 AND 2025

	<u>2026</u>	<u>2025</u>
<u>ASSETS</u>		
Cash and equivalents	\$ 256,948	\$ 91,158
Accounts receivable	7,916	26,233
Grants receivable	87,998	101,545
Notes receivable	22,950	22,950
Contribution receivable for use of property, net	148,075	314,995
Prepaid expenses and other assets	2,381	11,964
Property and equipment, net	2,218,527	2,331,834
Investment in collaborative entities	2,424,342	952,181
Restricted cash - tenants' security deposits	32,664	29,985
Total assets	<u>\$ 5,201,801</u>	<u>\$ 3,882,845</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 128,075	\$ 152,349
Notes payable - serviceable	64,849	68,747
Notes payable - forgivable and non-serviceable	1,218,760	1,218,760
Conditional grants	118,500	118,500
Tenants' security deposits	32,664	29,985
Total liabilities	<u>1,562,848</u>	<u>1,588,341</u>
Net assets:		
Without donor restrictions:		
Operating	2,313,924	807,382
Equity in property and equipment, net	934,918	1,044,327
Board-designated operating reserve	150,000	-
Total net assets without donor restrictions	3,398,842	1,851,709
With donor restrictions	240,111	442,795
Total net assets	<u>3,638,953</u>	<u>2,294,504</u>
Total liabilities and net assets	<u>\$ 5,201,801</u>	<u>\$ 3,882,845</u>

The accompanying notes and independent auditor's report
should be read with these financial statements.

PARTNERS IN HOUSING

SUPPORT AND REVENUE

2

PARTNERS IN HOUSING
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2026

	Program Services			Supporting Activities		Total
	Transitional Housing	Affordable Housing	Client Services	General and Administrative	Fundraising	
Operating expenses:						
Salaries and wages	\$ 192,917	\$ 150,309	\$ 589,169	\$ 75,306	\$ 111,009	\$ 1,118,710
Employee benefits	70,177	42,013	155,575	12,791	16,175	296,731
Payroll taxes	11,500	9,600	45,800	10,025	9,000	85,925
Total personnel expenses	274,594	201,922	790,544	98,122	136,184	1,501,366
Conferences, conventions, and meetings	57	293	2,229	1,659	2,321	6,559
Contributions, gifts, and awards	17,298	-	16,855	-	-	34,153
Depreciation	129,973	56,160	-	922	-	187,055
Direct client services	-	-	39,520	-	-	39,520
Information technology	4,951	450	11,088	1,925	12,951	31,365
Insurance	37,810	22,226	25,023	1,695	2,502	89,256
Interest	500	1,921	-	19	-	2,440
Occupancy	225,218	38,206	33,592	14,000	5,000	316,016
Office	8,734	875	10,517	4,314	14,573	39,013
Professional fees	55,204	14,721	22,699	15,794	217	108,635
Travel	8,702	9,467	4,431	474	396	23,470
Total operating expenses	763,041	346,241	956,498	138,924	174,144	2,378,848
Contributed nonfinancial assets:						
Donated goods and services	-	-	83,829	-	-	83,829
Donated rent	104,682	-	55,670	18,320	14,876	193,548
Donated interest expense	31,816	14,484	-	-	-	46,300
Donated Diocesan computer support	12,000	-	20,000	8,000	4,000	44,000
Total contributed nonfinancial assets	148,498	14,484	159,499	26,320	18,876	367,677
Total expenses	\$ 911,539	\$ 360,725	\$ 1,115,997	\$ 165,244	\$ 193,020	\$ 2,746,525
Percentage of total expenses	33.19%	13.13%	40.64%	6.02%	7.02%	100.00%

The accompanying notes and independent auditor's report should be read with these financial statements.

PARTNERS IN HOUSING
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025

	Program Services			Supporting Activities		
	Transitional Housing	Affordable Housing	Client Services	General and Administrative	Fundraising	Total
Operating expenses:						
Salaries and wages	\$ 189,855	\$ 138,197	\$ 591,687	\$ 65,471	\$ 119,894	\$ 1,105,104
Employee benefits	71,659	40,745	151,932	17,998	18,898	301,232
Payroll taxes	11,500	9,600	45,800	9,004	9,000	84,904
Total personnel expenses	273,014	188,542	789,419	92,473	147,792	1,491,240
Conferences, conventions, and meetings	1,248	258	5,166	2,981	3,087	12,740
Contributions, gifts, and awards	31,500	-	-	-	-	31,500
Depreciation	122,867	65,818	-	922	-	189,607
Direct client services	-	-	42,393	-	-	42,393
Information technology	4,797	1,314	10,763	1,973	12,946	31,793
Insurance	39,999	21,200	20,080	1,620	2,400	85,299
Interest	500	2,208	-	11	-	2,719
Occupancy	202,436	42,324	30,473	14,232	5,300	294,765
Office	5,842	2,620	21,690	9,533	16,106	55,791
Professional fees	50,417	33,879	26,869	23,495	-	134,660
Travel	6,942	15,859	3,500	1,160	984	28,445
Total operating expenses	739,562	374,022	950,353	148,400	188,615	2,400,952
Contributed nonfinancial assets:						
Donated goods and services	-	-	91,856	-	-	91,856
Donated rent	103,070	-	53,798	18,320	12,826	188,014
Donated interest expense	31,816	14,484	-	-	-	46,300
Donated Diocesan computer support	12,000	-	20,000	8,000	4,000	44,000
Total contributed nonfinancial assets	146,886	14,484	165,654	26,320	16,826	370,170
Total expenses	\$ 886,448	\$ 388,506	\$ 1,116,007	\$ 174,720	\$ 205,441	\$ 2,771,122
Percentage of total expenses	31.99%	14.02%	40.27%	6.31%	7.41%	100.00%

The accompanying notes and independent auditor's report should be read with these financial statements.

PARTNERS IN HOUSING
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2026 AND 2025

	<u>2026</u>	<u>2025</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 1,344,449	\$ (261,430)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	187,055	189,607
Gain on investments in collaborative entities	(1,622,161)	(28,585)
(Increase) decrease in operating assets:		
Grants receivable	13,547	63,042
Accounts receivable	18,317	(18,083)
Contribution receivable for use of property, net	166,920	160,386
Prepaid expenses and other assets	9,583	(9,583)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(24,274)	17,091
Tenants' security deposits	2,679	(863)
Net cash flows from operating activities	<u>96,115</u>	<u>111,582</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Distributions received from collaborative entities	150,000	19,999
Purchases of property and equipment	<u>(73,748)</u>	<u>(278,587)</u>
Net cash flows from investing activities	<u>76,252</u>	<u>(258,588)</u>

The accompanying notes and independent auditor's report
should be read with these financial statements.

PARTNERS IN HOUSING
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2026 AND 2025

	<u>2026</u>	<u>2025</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Principal payments on notes payable - serviceable	(3,898)	(3,610)
Net cash flows from financing activities	(3,898)	(3,610)
Net change in cash and equivalents	168,469	(150,616)
Cash and equivalents, beginning of year	121,143	271,759
Cash and equivalents, end of year	<u>\$ 289,612</u>	<u>\$ 121,143</u>
Cash and equivalents	\$ 256,948	\$ 91,158
Restricted cash - tenants' security deposits	32,664	29,985
Total cash and equivalents	<u>\$ 289,612</u>	<u>\$ 121,143</u>
<u>SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION</u>		
Cash paid for interest expense	<u>\$ 2,440</u>	<u>\$ 2,707</u>

The accompanying notes and independent auditor's report
should be read with these financial statements.

PARTNERS IN HOUSING
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025

1. ORGANIZATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organizations

Partners in Housing, Inc. ("PIH") 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 the following programs:

- **Transitional Housing** - PIH provides up to one year of transitional housing to families and children who are experiencing homelessness or are at imminent risk of homelessness, while combining this service with individualized case management, life skills training, financial and credit counseling, career preparation, and housing-navigation services to support participants' transition to self-sufficiency.
- **Affordable Housing** - PIH operates income-qualified rental housing for low-income individuals and families within the Pikes Peak region, with the intention of providing stable, long-term housing at affordable rental rates.
- **Client Services** - PIH provides counseling and direct services to support families participating in the Transitional or Affordable Housing programs. Services include case management, resource and benefit navigation, budgeting and career counseling, housing support, and individualized referrals intended to promote housing stability and self-sufficiency.

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 operations of Partners in Housing, Inc. and Partners in Housing, LLC. Material transactions and balances between these entities have been eliminated. Unless otherwise noted, these consolidated entities are hereinafter referred to as the "Organization."

Basis of accounting

The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

See independent auditor's report.

PARTNERS IN HOUSING
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025

Use of estimates

The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from these estimates.

Cash and equivalents

For purposes of the financial statements, the Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Accounts receivable and allowance for credit losses

Accounts receivable are unsecured and reported at the amount management expects to collect. The Organization maintains an allowance for credit losses resulting from the inability of its customers to make required payments. Management considers the following factors when determining the collectability of specific customer accounts: customer creditworthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment terms. If the financial conditions of the Organization's customers were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required.

Management considers accounts receivable to be fully collectable as of June 30, 2026 and 2025. Accordingly, no allowance for credit losses has been recorded.

Grants receivable

Grants receivable consist of amounts receivable on unconditional grants. Grants receivable are stated at the amount the Organization expects to collect. Management considers grants receivable to be fully collectable as of June 30, 2026 and 2025. Accordingly, no allowance has been recorded.

Property and equipment

Acquisitions of property and equipment with an original cost of \$1,000 or greater and useful lives exceeding one year are capitalized and recorded at cost, or fair value, if donated. Property and equipment are depreciated using the straight-line method over estimated useful lives, ranging from three to 30 years.

See independent auditor's report.

PARTNERS IN HOUSING
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025

Net assets

The financial statements present information regarding the financial position and statements of activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions consist of resources available for use in operations, those resources invested in property and equipment, and resources restricted by the board of directors as to future use. Net assets with donor restrictions consist of resources restricted by donors as to purpose or by the passage of time.

Contributions and grants

In accordance with US GAAP, contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of donor restrictions, if applicable. Contribution revenue is recognized when cash is received, when unconditional promises are made, or when ownership of contributed assets is transferred to the Organization. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed nonfinancial assets

Contributed nonfinancial assets are recorded at the respective fair values of the goods or services received at the date of donation. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by US GAAP.

Program service fees

PIH recognizes program service fee revenue during the period in which the related services are provided to residents. The performance obligation of providing access to housing is recognized over time as the services are provided.

See independent auditor's report.

PARTNERS IN HOUSING
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025

Functional expenses

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the consolidated statements of activities and functional expenses. These expenses require allocation on a reasonable basis that is consistently applied. Any costs that could be directly assigned to a specific function are allocated to that function. The expenses that are allocated include personnel expenses, depreciation, and insurance, which are allocated based on an estimate of time and effort spent.

Income taxes

PIH is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code ("Code"). The Organization evaluates the effect of uncertain tax positions, if any, and provides for those positions in accordance with the provisions of FASB ASC Topic 450, *Contingencies*. No tax accrual for uncertain tax positions has been recorded as management believes there are no uncertain tax positions for PIH.

Partners in Housing, LLC is being operated in a manner consistent with treatment as a disregarded entity for federal and state income tax purposes, whereby activities of Partners in Housing, LLC are reported directly by PIH. As such, the assets, liabilities, and income are exempt from income taxes and are reported on the PIH informational return.

Reclassifications

Certain prior year balances and amounts have been reclassified to conform to the current year presentation. These reclassifications had no impact on previously reported net assets or change in net assets.

Subsequent events

Management has evaluated subsequent events through the date of the independent auditor's report, the date on which the financial statements were available to be issued.

See independent auditor's report.

PARTNERS IN HOUSING

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available to meet cash needs for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date comprise the following as of June 30,:

	<u>2026</u>	<u>2025</u>
Financial assets at year end:		
Cash and equivalents	\$ 256,948	\$ 91,158
Accounts receivable	7,916	26,233
Grants receivable	<u>87,998</u>	<u>101,545</u>
Total financial assets at year end	352,862	218,936
Less amounts unavailable for general expenditures within one year due to:		
Net assets with donor purpose restrictions	(20,000)	(45,000)
Board-designated operating reserve	<u>(150,000)</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 182,862</u>	<u>\$ 173,936</u>

As part of the Organization's liquidity management plan, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

3. 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.

4. CONTRIBUTION RECEIVABLE FOR USE OF PROPERTY

PIH 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, PIH recognized \$774,339 for the free use of facilities for five years as contribution revenue and a contribution 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, 2026 and 2025, respectively.

See independent auditor's report.

PARTNERS IN HOUSING
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30,:

	<u>2026</u>	<u>2025</u>
Buildings	\$ 3,290,568	\$ 3,290,568
Building improvements	2,283,000	2,209,252
Furniture and fixtures	92,452	92,452
Vehicles	<u>54,142</u>	<u>54,142</u>
Gross depreciable property and equipment	5,720,162	5,646,414
Land	95,375	95,375
Accumulated depreciation	<u>(3,597,010)</u>	<u>(3,409,955)</u>
Property and equipment, net	<u>\$ 2,218,527</u>	<u>\$ 2,331,834</u>

Depreciation expense related to property and equipment totaled \$187,055 and \$189,607 for the years ended June 30, 2026 and 2025, respectively.

6. INVESTMENT 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 adjusted for the proportionate share of undistributed earnings. Investments in collaborative entities consist of the following as of June 30,:

	<u>2026</u>	<u>2025</u>
GPR Properties, LLC	\$ 911,813	\$ 845,006
GPR Properties II, LLC	1,511,512	104,814
Colorado House and Resource Center, LLC	<u>1,017</u>	<u>2,361</u>
Total investment in collaborative entities	<u>\$ 2,424,342</u>	<u>\$ 952,181</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 GPR Properties II, LLC. Income from this collaborative entity in the current period was significantly higher than it has been historically, which relates to the Organization earning substantial developer fees upon completion of the Bentley Commons project.

See independent auditor's report.

PARTNERS IN HOUSING

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

Colorado House and Resource Center, LLC - PIH entered into a partnership agreement in 2003 with Rocky Mountain Community Land Trust ("RMCLT") to create Colorado House and Resource Center, LLC ("CHRC"), in which PIH 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 7 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 totaled \$664,306 and \$585,352 as of June 30, 2026 and 2025, 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, 2026 and 2025, PIH's investment in BCMM is considered trivial to the financial statements and is not reported on the consolidated statements of financial position.

7. DEBT

Line of credit

The Organization has a revolving line of credit with a financial institution allowing the Organization to borrow up to \$300,000. The line of credit bears interest at the Prime Rate plus 0.75% per annum, matures in February 2027, and is unsecured. There was no balance outstanding as of June 30, 2026 and 2025.

See independent auditor's report.

PARTNERS IN HOUSING
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025

Notes payable

Notes payable consist of the following as of June 30,:

	<u>2026</u>	<u>2025</u>
<i>Serviceable:</i>		
*Note payable in the amount of \$115,000, requiring monthly payments of principal and interest totaling \$485, bearing interest at 3% per annum, maturing in February 2024 or upon the sale or transfer of property, and secured by real property.	\$ 64,849	\$ 68,747
Notes payable - serviceable	<u>\$ 64,849</u>	<u>\$ 68,747</u>
<i>Forgivable and non-serviceable:</i>		
Thirty-two individual notes with the City of Colorado Springs with principal balances ranging from \$1,839 to \$185,000. The notes bear a 0% interest rate, become due only upon sale or transfer of property, and are secured by real property.	\$ 1,112,510	\$ 1,112,510
Note payable in the amount of \$50,000, requiring an annual interest payment, bearing interest at 1% per annum, maturing in September 2033 or upon the sale or transfer of property, and secured by real property.	50,000	50,000
Two individual notes with El Paso County Colorado Housing Authority for \$16,875 and \$28,125. The notes bear a 0% interest rate, become due between August 2029 and March 2030, and are 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). The note bears a 0% interest rate, becomes due only upon sale or transfer of property, and is secured by real property.	<u>11,250</u>	<u>11,250</u>
Notes payable - forgivable and non-serviceable	<u>\$ 1,218,760</u>	<u>\$ 1,218,760</u>

See independent auditor's report.

PARTNERS IN HOUSING

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

*In August 2026, the Organization entered into a promissory note for \$106,326. The note bears a 2% interest rate, is secured by real property, and matures on August 1, 2056. Funding received from this note was used to pay the remaining obligation of \$64,849 of the serviceable note payable as of June 30, 2026.

Imputed interest expense and a related in-kind contribution is calculated at 4% of the outstanding 0% interest notes. Interest expense for the years ended June 30, 2026, and 2025 was \$46,300 and \$46,300, respectively.

Future maturities of long-term debt consist of the following as of June 30, 2026:

<u>Years Ending</u>	
2027	\$ 3,926
2028	4,046
2029	4,169
2030	4,296
2031	4,426
Thereafter	<u>43,986</u>
Total notes payable - serviceable	64,849
Total notes payable - forgivable and non-serviceable	<u>1,218,760</u>
Total	<u><u>\$ 1,283,609</u></u>

8. CONDITIONAL GRANTS

In connection with the transfer of property from Colorado House and Resource Center, LLC (see Note 6), 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.

As of June 30, 2026, the Organization has received cost-reimbursable grants totaling \$51,354 that have not been recognized in the accompanying financial statements because qualifying expenditures have not yet been incurred.

See independent auditor's report.

PARTNERS IN HOUSING
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025

9. NET ASSETS

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

	<u>2026</u>	<u>2025</u>
Subject to expenditure for specified purpose:		
Colorado House and Resource Center	\$ 20,000	\$ 45,000
	<u>20,000</u>	<u>45,000</u>
Subject to the passage of time:		
Grants receivable	72,036	82,800
Contribution receivable for use of property, net	148,075	314,995
	<u>220,111</u>	<u>397,795</u>
Total net assets with donor restrictions	<u>\$ 240,111</u>	<u>\$ 442,795</u>

10. IN-KIND CONTRIBUTIONS

For the years ended June 30, 2026 and 2025, contributed nonfinancial assets recognized within the consolidated statements of activities and functional expenses included the following:

	<u>2026</u>	<u>2025</u>
Donated goods and services	\$ 83,829	\$ 91,855
Donated rent	26,628	27,628
Donated interest expense	46,300	46,300
Donated Diocesan computer support	44,000	44,000
	<u>\$ 200,757</u>	<u>\$ 209,783</u>

Contributed goods and services, rent, and computer support, are valued using estimated U.S. wholesale prices of identical or similar products using pricing data under a "like-kind" methodology considering the goods' condition and utility for use at the time of the contribution.

All gifts-in-kind received during the years ended June 30, 2026 and 2025 were received without donor restrictions.

See independent auditor's report.

PARTNERS IN HOUSING

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

In addition to the above, the Organization also receives substantial contributed services from volunteers, which contribute significantly to the maintenance of the Organization's property, operations of the donation center, and other benefits received by families and individuals. For the years ended June 30, 2026 and 2025, the Organization received approximately 7,800 and 7,600 hours for these services, respectively, which have not been recognized in the accompanying financial statements as they do not meet the criteria prescribed by US GAAP.

11. CONCENTRATIONS

Cash and equivalents

The Organization maintains its cash and equivalents in bank deposit accounts in which the deposits are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At certain times during the year the Organization had deposits in excess of FDIC limits. This risk is managed by maintaining deposits with high-quality financial institutions. The Organization does not anticipate nonperformance by these institutions.

Grants receivable

One grantor accounted for 82% of grants receivable as of June 30, 2026. One grantor accounted for 82% of grants receivable as of June 30, 2025.

12. 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, 2026, and 2025, were \$59,893 and \$59,730, respectively. The liabilities and costs are determined under aggregate funding and projected unit methods in the Diocese financial statements. 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.

13. BENTLEY COMMONS

In 2023, the Organization entered into a strategic partnership and began raising funds for the development of a supportive housing project, Bentley Commons.

See independent auditor's report.

PARTNERS IN HOUSING
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025

In order to meet guarantor obligations for financing the construction of Bentley Commons, the Organization formed a limited liability company, Bentley Commons MM, LLC ("BCMM") with two other entities to ensure guarantor status with respect to the financing and construction of the project. BCMM is owned 33% by the Organization. BCMM then partnered with a tax credit investor and Colorado Springs Housing Authority ("CSHA") to form Bentley Commons, LLC for the purpose of constructing the housing project. BCMM is a 0.01% managing member in the LLC.

BCMM is contingently liable to fund any operating deficits of the project, and as a guarantor on a construction note payable for up to \$34,000,000, which converted to a mortgage note payable upon completion of the project in 2026 owed by Bentley Commons to finance construction of the project, as well as on the tax credit guarantees that support the project financing. Should Bentley Commons default on its debt payments, first recourse on the construction loan would be the housing project, and to the extent any contingent liability exceeds the value of the housing project, BCMM and, indirectly, the Organization, may be obligated to perform under the guarantee primarily by making the required payments, including late fees and penalties. As of June 30, 2026, the outstanding balance on the mortgage note payable was \$33,962,117. The Organization has not accrued any liability related to this amount because management does not expect the Organization to have to make any payments under the guarantee.

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See independent auditor's report.