STRENGTHENING OUR CORE.
From the CEO
Strength, Exercise, Central Core

“Your core muscles are the sturdy central link in a chain ... No matter where motion starts, it ripples upward and downward to adjoining links of the chain ... properly building up your core cranks up the power. A strong core also enhances balance and stability. Your core is your body’s powerhouse. A strong, flexible core underpins almost everything you do.”
(Harvard Health Publishing, the media and publishing division of the Harvard Medical School).

While 42 years is evidence of our uncompromising strength, it’s important to regularly take a look at our core – our operations, as well as our products and services – in response to what’s happening in our external environment. Making sure each link in our operation is working at its best, examining our business models to ensure their effectiveness in meeting the needs of our clients and accurately assessing the market in which we operate are critical for our sustainability. As such, Trellis spent 2017 STRENGTHENING OUR CORE.

As an organization, we reduced expenses and with staff retirements and strategic hires, we better allocated and balanced resources to increase our financial stability and ensure our nimbleness.

The core of the work that Trellis does has always been in counseling and education. Our efforts were rewarded by having our Home Advising Team ranked #1 in the US by eHome America, the premier provider of web-based education programs for prospective first-time home-buyers.

To assess that our hard work was balanced, our targets were accurate and our impacts were reflective of our efforts, in one of our core neighborhoods we conducted our 3rd Garfield Community Study. And, in our continuing efforts to help revitalize our core community, we participated, along with the Phoenix Community Alliance’s McDowell Road Revitalization Committee, the City of Phoenix, the Miracle Mile Merchants Association, and Keep Phoenix Beautiful, in the Miracle Mile Clean-Up of McDowell Rd.

Critical “links in our chain” are our satisfied clients. They shared their stories and answered questions about home loans, classes, credit scores and assistance programs for first-time home-buyers at our “Open the Door to Homeownership” campaign event, hosted by HomeMatters and US Bank. Trellis was one of four housing agencies in the United States, invited by HomeMatters America, to reach out to prospective homeowners in this campaign.

We also launched SalesForce, a customer relationship management system that reduced the costs of serving customers and made it easier for them to access our services. They can now go online to create their personal account; upload documents; schedule appointments with Trellis staff; enroll for classes; pay for services; and communicate easily with their personal advisor.

To help meet the increased demand for affordable housing, we unveiled preliminary development plans for a group of townhomes in central Phoenix, our geographical core. The construction of 20 unit town homes, ranging from 2 to 3 bedrooms at 1,400 to 1,800 square feet, is scheduled to start in late-2018.

We cranked up our power in 2017 and invested in our core – setting the stage to be able to offer the best products and services, in the most cost-effective manner, to best meet the needs of our clients and our communities in the coming years. Combining the strength of our staff, the dedication of our Board and the concerted efforts of all of our partners, Trellis will meet 2018 a more balanced and stable powerhouse poised and eager to address all organizational challenges and market realities.

Patricia Garcia Duarte
President and CEO
ACCOMPLISHMENTS

1,215 HOUSEHOLDS received pre-purchase, post-purchase, reverse mortgage and foreclosure intervention counseling

3,040 ENROLLED in Homebuyer Education or Financial Capability workshops

88 HOUSING UNITS in pre-development

123 FAMILIES AND INDIVIDUALS received Down Payment Assistance and/or mortgages

Trellis Financial Capability Participants

92% improved their savings with an average increase of $3,559

63% decreased their debt with an average decrease of $1,938

57% improved their credit scores

135 FAMILIES/INDIVIDUALS PURCHASED THEIR FIRST HOMES
“I am so grateful to Trellis. I never thought home ownership as possible for me.”

ShaWanda Brewer
## 2017 FINANCIALS

Consolidated Statements of Activities

<table>
<thead>
<tr>
<th>SUPPORT AND REVENUE</th>
<th>12/31/17</th>
<th>12/31/16</th>
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<tbody>
<tr>
<td>Public Support</td>
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<tr>
<td>Governmental grants</td>
<td>$883,537</td>
<td>$3,740,756</td>
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<td>Nongovernmental grants and contributions</td>
<td>694,155</td>
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<td>Contributions in-kind</td>
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<td><strong>TOTAL SUPPORT</strong></td>
<td><strong>1,637,352</strong></td>
<td><strong>4,265,564</strong></td>
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<tr>
<td>Revenue</td>
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<td>Fees</td>
<td>883,213</td>
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<td>Interest income on mortgages</td>
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<td>Investment income</td>
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<tr>
<td>Net sales of property inventory</td>
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<td>85,723</td>
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<tr>
<td>Other revenue</td>
<td>75,293</td>
<td>–</td>
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<tr>
<td><strong>TOTAL REVENUE</strong></td>
<td><strong>1,171,963</strong></td>
<td><strong>1,789,561</strong></td>
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<td><strong>TOTAL SUPPORT AND REVENUE</strong></td>
<td><strong>$2,809,315</strong></td>
<td><strong>$6,055,125</strong></td>
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| EXPENSES                              |            |            |
| Program Services                      |            |            |
| Homebuyer counseling and education    | 585,674    | 625,906    |
| Loan services                         | 747,698    | 3,686,363  |
| Affordable housing development        | 423,778    | 478,490    |
| La Ciudad, LLC                        | 120,975    | 119,194    |
| **TOTAL PROGRAM SERVICES**            | **$1,878,125** | **$4,909,953** |
| Supporting Services                   |            |            |
| Management and general                | 854,070    | 872,254    |
| Resource development                  | 49,003     | 69,544     |
| Community outreach                    | 73,382     | 89,645     |
| **TOTAL SUPPORTING SERVICES**         | **976,455** | **1,031,443** |
| **TOTAL EXPENSES**                    | **2,854,580** | **5,941,396** |

| OTHER CHANGES IN NET ASSETS           |            |            |
| Property held for sale impairment loss | –         | (100,000)  |
| Gain on sale of assets                | 102,504    | –          |

| CHANGE IN NET ASSETS                  |            |            |
| **NET ASSETS, BEGINNING OF YEAR**     | 10,523,076 | 10,509,347 |
| **NET ASSETS, END OF YEAR**           | **$10,580,315** | **$10,523,076** |
## ASSETS
### CURRENT ASSETS
- Cash and cash equivalents: $2,948,510, $5,297,278
- Restricted cash: 236,958, 266,085
- Promises to give: 100,000, –
- Governmental receivables: 60,322, 59,970
- Mortgage loans receivable, current: 122,398, 142,230
- Note receivable, current: 200,847, 73,116
- Other receivables: 39,010, 70,605
- Prepaid expenses and deposits: 88,338, 107,254
- Property inventory: 2,914,117, 2,549,341

### TOTAL CURRENT ASSETS: $6,710,500, $8,565,879
### PROPERTY AND EQUIPMENT, net: 2,166,101, 2,277,155
### OTHER ASSETS
- Mortgage loans receivable, net of current portion/allowance: 4,511,054, 3,418,977
- Note receivable, net of current portion: –, 206,790
- Investments: 70,494, 47,979

### TOTAL OTHER ASSETS: $4,581,548, $3,673,746
### TOTAL ASSETS: $13,458,149, $14,516,780

## LIABILITIES AND NET ASSETS
### CURRENT LIABILITIES
- Accounts payable and accrued expenses: $106,830, $648,133
- Deferred revenue: 173,648, 468,666
- Line of credit: 842,112, 1,132,870
- Due to City of Phoenix: 58,334, 58,334
- Loan impounds and client deposits: 3,780, 81,078
- Deferred compensation liability: 70,494, 47,979
- Notes payable, current: 268,750, 231,522

### TOTAL CURRENT LIABILITIES: $1,523,948, $2,668,582
### NOTES PAYABLE, net of current portion: 1,353,886, 1,325,122
### TOTAL LIABILITIES: $2,877,834, $3,993,704
### NET ASSETS
- Unrestricted: 7,992,845, 7,878,762
- Temporarily restricted: 1,866,051, 1,613,715
- Permanently restricted: 721,419, 1,030,599

### TOTAL NET ASSETS: $10,580,315, $10,523,076
### TOTAL LIABILITIES AND NET ASSETS: $13,458,149, $14,516,780
2017 CONTRIBUTORS

HOMEOWNERSHIP CENTER PARTNERS
($25,000 and above)

Freddie Mac
JPMorgan Chase
State Farm
Bank of America
Nordstrom Bank

CORPORATE, GOVERNMENT & FOUNDATIONS

Alliance Bank of Arizona
Bank of Arizona
Bank of the West
Bankers Trust
BBVA Compass Bank
BMO Harris Bank
Chase Foundation
Comerica Bank
Desert Schools Federal C.U.
Fidelity Charitable
First Bank

Johnson Bank
Kroger
Lopez Schulz Realty LLC
Mother Bunch Brewing
Mutual of Omaha Bank
National Bank of Arizona
NNA Fund - Home Matters
Northern Trust
Raza Development Fund
Wells Fargo Foundation

THE 2017 TRELLIS BOARD OF DIRECTORS

Brown, Dave
Busching, Marcia
Butler, Reid W.
Chin Foo, Angelo
Eisenbarth Hager, CJ
Gonzalez, Sarah, Secretary
Jonovich, Deanna
Lopez, Armida
Martinez Tovar, Ramona
Vice Chair

McSweeney, Christine
Montes, Gina
Parsons, Robert (Bob)
Treasurer
Perez, Art, Chair
Ruiz, Alicia O.
Walters, Erik
Wells, Kate

2017 TRELLIS COMMUNITY DEVELOPMENT

Butler, Reid W.
Lopez, Armida
Ruiz, Alicia O.
Scheel, Bill
Schwake, David
Seabury, Chester, PhD
Tapia, Hugo, PhD
### 2017 INDIVIDUAL DONORS

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<tr>
<th>Anderson, Stephen</th>
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<th>Saenz, Oralia</th>
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