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***BEDS PLUS CARE, INC.***  
***AND ITS SUBSIDIARY***  
*CONSOLIDATED FINANCIAL STATEMENTS*  
*JUNE 30, 2019*

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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

## Independent Auditors' Report

Board of Directors  
BEDS Plus Care, Inc.  
LaGrange, Illinois

### Report On The Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of BEDS Plus Care, Inc., a not-for-profit organization, which comprise the consolidated statement of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities, changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### *Management's Responsibility For The Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of BEDS Plus Care, Inc. as of June 30, 2019 and 2018, and the changes in its consolidated net assets and its consolidated cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, shown on pages 28 through 35, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*RubinBrown LLP*

November 22, 2019

**BEDS PLUS CARE, INC. AND ITS SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
Page 1 Of 2

Assets

	June 30,	
	2019	2018
<b>Current Assets</b>		
Cash	\$ 305,511	\$ 273,209
Cash - restricted	162,385	—
Cash - board designated	492,365	423,889
Grants receivable	293,138	71,513
Accounts receivable	3,045	1,051
Prepaid expenses	3,171	—
<b>Total Current Assets</b>	<b>1,259,615</b>	<b>769,662</b>
<b>Property And Equipment</b>		
Land	97,954	97,954
Building	4,980,697	4,980,697
Site improvements	749,956	748,786
Furniture and fixtures	138,610	111,153
Accumulated depreciation	(292,301)	(43,805)
<b>Net Property And Equipment</b>	<b>5,674,916</b>	<b>5,894,785</b>
<b>Other Assets</b>		
Real estate tax and insurance escrow	11,814	—
Replacement reserve	15,994	—
Operating reserves	194,276	—
Liquidity reserve	—	114,269
Interest reserve	—	130,478
Construction escrow	—	50,000
Deferred fees, net	138,046	55,483
<b>Total Other Assets</b>	<b>360,130</b>	<b>350,230</b>
<b>Total Assets</b>	<b>\$ 7,294,661</b>	<b>\$ 7,014,677</b>

**BEDS PLUS CARE, INC. AND ITS SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
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**Liabilities And Net Assets**

	<b>June 30,</b>	
	<b>2019</b>	<b>2018</b>
<b>Current Liabilities</b>		
Accounts payable	\$ 64,737	\$ 33,904
Accrued expenses and other liabilities	7,484	6,801
Prepaid rent	3,703	990
Accrued interest	—	151
Mortgage payable - current portion	1,200	1,200
Construction cost payable	—	512,909
Construction loan payable	—	1,577,354
Developer fee payable	99,608	131,083
<b>Total Current Liabilities</b>	<b>176,732</b>	<b>2,264,392</b>
<b>Long-Term Liabilities</b>		
Mortgage payable - HOME Loan	1,296,058	1,071,578
Debt issuance cost	(44,808)	(45,567)
Deferred developer fee	47,417	47,417
<b>Total Long-Term Liabilities</b>	<b>1,298,667</b>	<b>1,073,428</b>
<b>Total Liabilities</b>	<b>1,475,399</b>	<b>3,337,820</b>
<b>Net Assets</b>		
<b>Without donor restrictions</b>		
Noncontrolling interest in subsidiary	3,522,129	1,552,000
Undesignated	1,738,323	1,899,857
Total without donor restrictions	5,260,452	3,451,857
With Donor Restrictions	558,810	225,000
<b>Total Net Assets</b>	<b>5,819,262</b>	<b>3,676,857</b>
<b>Total Liabilities And Net Assets</b>	<b>\$ 7,294,661</b>	<b>\$ 7,014,677</b>

## BEDS PLUS CARE, INC. AND ITS SUBSIDIARY

### CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

	For The Year Ended June 30, 2019			For The Year Ended June 30, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue</b>						
Faith contributions	\$ 43,409	\$ —	\$ 43,409	\$ 49,552	\$ —	\$ 49,552
Tenant rent	45,858	—	45,858	5,489	—	5,489
Subsidy rent	119,792	—	119,792	16,159	—	16,159
Corporations	26,638	—	26,638	50,952	—	50,952
Civic organizations	9,261	—	9,261	67,694	—	67,694
Individuals	131,146	—	131,146	133,270	50,000	183,270
Private foundations	175,750	261,300	437,050	248,145	175,000	423,145
Government grants	333,105	178,877	511,982	264,070	—	264,070
AHP grant	—	—	—	300,000	—	300,000
Donated services	405,115	—	405,115	416,722	—	416,722
Special events						
Gross receipts	98,377	—	98,377	143,085	—	143,085
Direct expenses	(51,276)	—	(51,276)	(26,192)	—	(26,192)
Assets released from restriction	106,367	(106,367)	—	1,147,117	(1,147,117)	—
<b>Total Revenue</b>	1,443,542	333,810	1,777,352	2,816,063	(922,117)	1,893,946
<b>Functional Expenses</b>						
Program services	1,227,212	—	1,227,212	1,163,596	—	1,163,596
Management and general	548,729	—	548,729	244,917	—	244,917
Fundraising expenses	107,194	—	107,194	104,344	—	104,344
<b>Total Functional Expenses</b>	1,883,135	—	1,883,135	1,512,857	—	1,512,857
<b>Other Revenue (Expense)</b>						
Other income	8,087	—	8,087	2,390	—	2,390
Interest	12,101	—	12,101	386	—	386
Entity income	93,000	—	93,000	—	—	—
Contributions from noncontrolling interest	2,135,000	—	2,135,000	1,408,677	—	1,408,677
Syndication costs	—	—	—	(850)	—	(850)
<b>Total Other Revenue</b>	2,248,188	—	2,248,188	1,410,603	—	1,410,603
<b>Increase In Net Assets</b>	1,808,595	333,810	2,142,405	2,713,809	(922,117)	1,791,692
<b>Net Assets - Beginning Of Year</b>	3,451,857	225,000	3,676,857	738,048	1,147,117	1,885,165
<b>Net Assets - End Of Year</b>	\$ 5,260,452	\$ 558,810	\$ 5,819,262	\$ 3,451,857	\$ 225,000	\$ 3,676,857

## BEDS PLUS CARE, INC. AND ITS SUBSIDIARY

### CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For The Years Ended June 30, 2019 And 2018

	For The Year Ended June 30, 2019				For The Year Ended June 30, 2018			
	Program Services	Management And General	Fundraising	Total	Program Services	Management And General	Fundraising	Total
Salaries	\$ 473,541	\$ 98,860	\$ 71,930	\$ 644,331	\$ 325,797	\$ 42,476	\$ 71,214	\$ 439,487
Audit fees	—	8,000	—	8,000	—	4,200	—	4,200
Client assistance	88,244	—	—	88,244	87,242	—	—	87,242
Depreciation	4,290	254,798	—	259,088	4,406	20,968	—	25,374
Amortization	—	10,437	—	10,437	—	310	—	310
Dues and subscriptions	—	—	—	—	820	—	—	820
General insurance	17,128	5,882	357	23,367	12,183	2,877	—	15,060
Health savings account	2,370	270	360	3,000	8,000	—	—	8,000
Client meals and laundry	210,151	—	—	210,151	254,858	—	—	254,858
Client medical care	5,730	—	—	5,730	3,505	—	—	3,505
Miscellaneous expense	16,501	35,799	2,506	54,806	127,339	577	24,909	152,825
Payroll taxes	42,939	10,578	6,522	60,039	26,066	3,617	5,614	35,297
Postage and shipping	1,605	276	244	2,125	2,091	551	160	2,802
Printing	5,533	630	840	7,003	6,771	—	1,123	7,894
Office supplies expense	9,834	1,120	1,494	12,448	8,639	—	—	8,639
Professional fees	100,413	42,086	15,252	157,751	43,296	124,010	—	167,306
Retirement plan expense	6,766	771	1,028	8,565	2,295	995	995	4,285
Rent	189,195	—	3,979	193,174	220,294	4,956	—	225,250
Marketing	—	26,336	—	26,336	—	28,871	—	28,871
Staff development	8,123	925	1,234	10,282	632	—	329	961
Telephone and internet	8,483	1,446	1,288	11,217	9,909	120	—	10,029
Utility	7,698	22,871	160	30,729	—	476	—	476
Client transportation	28,668	—	—	28,668	17,924	—	—	17,924
Client utility assistance	—	—	—	—	1,529	—	—	1,529
Real estate taxes	—	—	—	—	—	2,985	—	2,985
Interest	—	27,644	—	27,644	—	6,928	—	6,928
	<b>\$ 1,227,212</b>	<b>\$ 548,729</b>	<b>\$ 107,194</b>	<b>\$ 1,883,135</b>	<b>\$ 1,163,596</b>	<b>\$ 244,917</b>	<b>\$ 104,344</b>	<b>\$ 1,512,857</b>



# BEDS PLUS CARE, INC. AND ITS SUBSIDIARY

## CONSOLIDATED STATEMENT OF CASH FLOWS

For The Years Ended June 30, 2019 And 2018

	For The Years Ended June 30,	
	2019	2018
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$ 2,142,405	\$ 1,791,692
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	269,525	25,684
Debt issuance cost	759	—
Contribution from noncontrolling interest	(2,135,000)	(1,408,677)
Changes in assets and liabilities:		
Accounts receivable	(1,994)	(1,051)
Grants receivable	(221,625)	(32,564)
Pledges receivable	—	6,199
Prepaid expenses	(3,171)	—
Accrued interest	(151)	151
Accounts payable and accrued expenses	31,516	21,772
Prepaid rent	2,713	990
<b>Net Cash Provided By Operating Activities</b>	<b>84,977</b>	<b>404,196</b>
<b>Cash Flows From Investing Activities</b>		
Net purchases of property and equipment	(39,219)	(4,461,641)
Deferred fees paid	(93,000)	(55,793)
<b>Net Cash Used In Investing Activities</b>	<b>(132,219)</b>	<b>(4,517,434)</b>
<b>Cash Flows From Financing Activities</b>		
Repayment of construction loan	(1,577,354)	—
Proceeds from construction loan	—	1,577,354
Net proceeds from mortgages	224,480	1,072,778
Construction cost paid	(512,909)	512,909
Developer fee paid	(31,475)	(17,500)
Contribution from noncontrolling interest	2,135,000	1,408,677
Debt issuance cost paid	—	(45,567)
<b>Net Cash Provided By Financing Activities</b>	<b>237,742</b>	<b>4,508,651</b>
<b>Net Increase In Cash And Restricted Cash</b>	<b>190,500</b>	<b>395,413</b>
<b>Cash And Restricted Cash - Beginning Of Year</b>	<b>991,845</b>	<b>596,432</b>
<b>Cash And Restricted Cash - End Of Year</b>	<b>\$ 1,182,345</b>	<b>\$ 991,845</b>
<b>Significant Noncash Investing And Financing Activities:</b>		
(Increase) in building	\$ —	(1,272,000)
Increase in developer fee payable	—	196,000
Decrease in investment in Ogden Avenue Supportive Housing LP	—	1,076,000
<b>Total</b>	<b>\$ —</b>	<b>\$ —</b>
<b>Cash Paid For Interest</b>	<b>\$ 15,094</b>	<b>\$ 6,777</b>

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**BEDS PLUS CARE, INC. AND ITS SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2019 And 2018**

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**1. Organization**

In 1988, a group of municipal and faith leaders at a La Grange, Illinois church founded Building Ecumenical Discipleship through Shelter (BEDS Plus Care, Inc.) (the Organization) in response to the growing homeless population in the community. Other area faith-based organizations quickly joined, creating a network of area emergency overnight shelters. BEDS Plus Care, Inc. added professional case management services and formed partnerships with a range of community healthcare and human service agencies to help clients resolve the cause(s) of their homelessness. It adopted the Department of Housing and Urban Development's Housing First approach to homelessness and evidence-based service models and has become a leading homeless service agency in suburban Cook County.

**2. Summary Of Significant Accounting Policies**

**Basis Of Accounting**

The consolidated financial statements of BEDS Plus Care, Inc. and its subsidiary have been prepared on the accrual basis of accounting.

The consolidated financial statements include the accounts of Ogden Avenue Supportive Housing LP (the Partnership). The Partnership is considered to be a Variable Interest Entity (VIE) as defined in FASB ASC 810-10, whether because the Organization is the primary beneficiary of the VIE and/or the Organization exercises control that most significantly impacts the Partnership's economic performance. The Partnership is consolidated in accordance with generally accepted accounting principles (GAAP).

The Partnership was formed as a Limited Partnership under the laws of the State of Illinois in November 2015 for the purpose of acquiring, developing, leasing, financing and managing real property located in Cook County, Illinois. The Project consists of a 20-unit multifamily apartment complex intended for rental to low-income households, located in La Grange, Illinois, and is currently operating under Ogden Avenue Supportive Housing Project (the Project). On May 1, 2017 (date of Limited Partner entry), the Partnership Agreement was amended and the Project was placed in service on May 26, 2018.

## **BEDS PLUS CARE, INC. AND ITS SUBSIDIARY**

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### Notes To Consolidated Financial Statements (*Continued*)

The Partnership has received an allocation of Low-Income Housing Tax Credits (LIHTC) from the Illinois Housing Development Authority (IHDA) totaling \$3,611,070. The residential parcel of the Project has qualified for and will be allocated LIHTC pursuant to Internal Revenue Code Section 42 (Section 42), which regulates the use of the Project as to occupant eligibility and unit gross rent, among other requirements. The residential parcel of the Project must meet the provisions of these regulations during each of 15 consecutive years in order to remain qualified to receive the credits. The Partnership will begin using tax credits in 2018 and will continue through 2028.

In addition, the Partnership has executed a LIHTC Extended Use Agreement with the IHDA, which requires the operation of the Project pursuant to Section 42 for a minimum of 30 years. This requirement is binding on the transferee during this compliance period.

Certain defined terms contained within the Project's organizational and regulatory documents and agreements are denoted with initial capital letters throughout the notes to the financial statements.

#### **Basis Of Presentation**

The financial statement presentation follows the requirements of GAAP for not-for-profit organizations by presenting assets and liabilities within similar groups and classifying them in ways that provide relevant information about their interrelationships, liquidity and financial flexibility. As a result, the Organization is required to report its financial position and activities according to the following two net asset categories:

Net Assets Without Donor Restrictions - This category includes net assets that are not subject to donor-imposed restrictions, as well as investments designated by the Board for specific purposes.

Net Assets With Donor Restrictions - This category includes net assets that are subject to explicit donor-imposed restrictions. When restrictions expire due to the passage of time or the incurrence of expenditures that satisfy the donor-imposed restrictions, net assets are reclassified to net assets without donor restrictions.

#### **Estimates And Assumptions**

The Organization uses estimates and assumptions in preparing the consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

## BEDS PLUS CARE, INC. AND ITS SUBSIDIARY

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### Notes To Consolidated Financial Statements (Continued)

#### Cash And Restricted Cash

The Organization maintains cash accounts at financial institutions with strong credit ratings. At times, such investments may be in excess of Federal Deposit Insurance Corporation insurance limits of \$250,000.

The following is a reconciliation between cash and restricted cash reported within the statement of financial position and the total cash and restricted cash as shown in the statement of cash flows as of June 30:

	2019	2018
Cash (including tenant security deposits)	\$ 305,511	\$ 273,209
Cash - restricted	162,385	—
Cash - board designated	492,365	423,889
Restricted cash included in escrows and funded reserves	222,084	294,747
	<u>\$ 1,182,345</u>	<u>\$ 991,845</u>

In June of 2015, the Organization embarked on a capital campaign the purpose of which was to raise funds for the construction of a permanent housing facility and to further affordable housing. In addition, the Organization participated in the Illinois Affordable Housing Donation Tax Credit Program. This program requires donated funds be used for affordable housing. At June 30, 2018, the Company held \$423,889 of remaining proceeds from the capital campaign. The Board of Directors has resolved to maintain the original donor intent for these funds and restrict their use for current and future operating expenses of the Ogden Avenue Supportive Housing Development and other similar projects. In addition, at June 30, 2019, upon completion of Ogden Avenue Supportive Housing facility, the Organization had received a \$68,476 developer fee.

As of June 30, 2019 and 2018, cash totaling \$492,365 and \$423,889 was board designated.

#### Promises To Give And Grants Receivable

Unconditional promises to give are recognized as support in the period the promises are received and are stated at the amount management expects to collect from balances outstanding at year end. Based on management's assessment of its history with donors having outstanding balances and current relationships with them, it concluded that realization of losses on balances outstanding at June 30, 2019 and 2018 would not be material.

## BEDS PLUS CARE, INC. AND ITS SUBSIDIARY

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### Notes To Consolidated Financial Statements (*Continued*)

Grants receivable are recognized as revenue in the period the related expenses for which the Organization is entitled to reimbursement are incurred. Grants receivable are reported at the amount management expects to collect on balances outstanding at year end. Management believes that no valuation allowance is necessary for grants receivable at June 30, 2019 and 2018. As of June 30, 2019 and 2018, grants receivable were \$293,138 and \$71,513, respectively.

#### **Property And Equipment**

Land, site improvements, building and furniture and equipment are recorded at cost. Improvements are capitalized, while expenditures for maintenance and repairs are expensed. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The assets are depreciated over their estimated services lives. The estimated service lives of the assets for depreciation may be different than their actual economic useful lives.

	<u>Method</u>	<u>Estimated Useful Lives</u>
Site Improvements	Straight-line	15 years
Buildings	Straight-line	27.5 years
Furniture and equipment	Straight-line	5 - 7 years

#### **Long-Lived Assets**

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. If the investment is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount exceeds the fair value of the asset. There was no impairment loss recognized during the years ended June 30, 2019 or 2018.

#### **Deferred Charges And Amortization**

Tax credit fees and consulting fees are amortized over fifteen years using the straight-line method.

## **BEDS PLUS CARE, INC. AND ITS SUBSIDIARY**

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Notes To Consolidated Financial Statements (*Continued*)

### **Debt Issuance Costs**

Debt issuance costs totaling \$45,567 consist of fees for obtaining the mortgage loan and are being amortized using the straight-line method over the life of the mortgage loan. Accumulated amortization totaled \$759 at June 30, 2019. Amortization expense amounted to \$759 during the year ended June 30, 2019 and was included in interest expense. No amortization expense was recorded for the year ended June 30, 2018, and there was no accumulated amortization at June 30, 2018. GAAP requires that the effective yield method be used to amortize financing costs; however, the effect of using the straight-line method is not materially different from the results that would be obtained under the effective yield method.

### **Revenue And Cost Recognition**

The Organization's financial statements are prepared on the accrual basis of accounting in accordance with GAAP. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred.

### **Donated Services**

Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Donated services that meet the criteria for recognition are recorded at fair value at the date of donation.

BEDS Plus Care, Inc. receives a significant amount of donated services from hundreds of unpaid volunteers assisting in carrying out its programs to provide shelter, meals, and other services to the homeless. Services provided by these volunteers do not meet the requirements for recognition in the financial statements and, accordingly, have not been included in revenues and program expenses. Total hours worked were approximately 23,838 at an estimated fair market value of \$25.43 for a total estimated fair market value of \$606,200 for the year ended June 30, 2019. Total hours worked were 11,211 at an estimated fair market value of \$21.36 for a total estimated fair market value of \$239,467 for the year ended June 30, 2018.

## BEDS PLUS CARE, INC. AND ITS SUBSIDIARY

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### Notes To Consolidated Financial Statements (*Continued*)

In addition to hours worked by volunteers the Organization received other donated goods and services as follows during fiscal 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Rent	\$ 186,800	\$ 208,400
Meals	150,307	204,000
Laundry	8,173	4,322
Legal services	59,835	—
	<u>\$ 405,115</u>	<u>\$ 416,722</u>

Additionally, the Organization received \$12,990 in in-kind donations related to their main fundraising event. Dinner and breakfast are served to homeless clients staying in the shelters each evening. Lunch is provided to the homeless utilizing the daytime support centers. Donated rent consists of space provided at no charge by approximately fifteen churches used by the overnight shelters. In addition, administration office space was provided at no charge by an affiliated church for the first nine months of fiscal 2018. Legal services were donated in conjunction with the purchase of Dover Place in August 2019.

### **Description Of Program Services And Supporting Activities**

The following program services, management and general and fundraising activities are included in the accompanying financial statements:

#### **Program Services**

Includes direct and indirect expenditures for providing services in west and southwest suburban Cook County in Illinois. BEDS Plus Care, Inc. offers three primary, evidence-based service lines:

**Homelessness Prevention And Stabilization**, which provides qualified individuals and families facing crises that threaten their ability to maintain housing with direct financial assistance for past due rent and security deposits.

**Emergency Services**, which include a network of fifteen rotating emergency overnight homeless shelters in Southwest Suburban Cook County, as well as case managers and a community health worker who regularly visit places people experiencing homelessness congregate to engage them in appropriate services.

## **BEDS PLUS CARE, INC. AND ITS SUBSIDIARY**

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### Notes To Consolidated Financial Statements (*Continued*)

**Supportive Housing**, which includes both Rapid Rehousing and Permanent Supportive Housing programs. Rapid Rehousing seeks to rehouse individuals and families experiencing homelessness for the first time within 30 days of enrollment in the program. Permanent Supportive Housing places clients with histories of chronic homelessness in organization-managed residences, either in BEDS Ogden Avenue Supportive Housing facility or scattered-site apartment units.

In every service line, clients partner with professional case managers to develop plans for regaining housing and addressing the cause(s) of their homelessness. As needed, case managers can refer them to BEDS Plus Care, Inc. partner healthcare and human service providers and help them enroll in benefits programs.

#### **Management And General**

Includes the functions necessary to maintain staff member programs and administrative functions and an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Organization's program strategy; secure proper administrative functioning of the Board of Directors; maintain competent legal services for the program administration of the Organization; and manage the financial and budgetary responsibilities of the Organization.

#### **Fundraising**

Provides the structure to encourage and secure financial support from individuals, corporations and foundations.

#### **Expense Allocation**

Expenses are charged to program services and supportive services on the basis of periodic time and expense studies. Management and general expenses include staff compensation, and benefits as well as those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. Although the methods of allocation used are considered reasonable, other methods could be used that would produce different results.



## BEDS PLUS CARE, INC. AND ITS SUBSIDIARY

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### Notes To Consolidated Financial Statements (*Continued*)

Expense	Method of Allocation
Salaries, payroll taxes and benefits	Time and effort
Rent	Square footage
Utilities	Square footage
Depreciation and amortization	Square footage
Office expense	Time and effort
Insurance	Time and effort
Professional fees	Time and effort

Depreciation expense related to the Partnership is being allocated to management and general on the statement of functional expenses.

#### **Advertising**

Advertising costs are charged to operations when incurred.

#### **Tax Status**

##### **BEDS Plus Care, Inc.**

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Internal Revenue Code. The Organization had no unrelated business income for the years ended June 30, 2019 or 2018.

##### **Ogden Avenue Supportive Housing LP**

The Partnership is a pass-through entity for income tax purposes, and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions, and tax credits are passed through to and are reported by its partners on their respective income tax returns.

#### **Recent Accounting Pronouncement**

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return.

## **BEDS PLUS CARE, INC. AND ITS SUBSIDIARY**

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### Notes To Consolidated Financial Statements (*Continued*)

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230: Restricted Cash*, which requires entities to include amounts generally described as restricted cash and restricted cash equivalents in cash and cash equivalents when reconciling beginning-of-period and end-of-period total amounts shown on the statement of cash flows.

Under ASU 2016-18, which the Organization and Partnership retrospectively adopted, restricted cash has been added to the beginning and ending cash on the statement of cash flows and a reconciliation of total cash and restricted cash to the statement of financial position is included above. Previously, the statement of cash flows presented transfers between restricted and unrestricted cash accounts as operating and investing cash activities depending on the required or intended purpose for the restricted funds.

#### **Reclassifications**

Several reclassifications have been made to the prior year balances to conform to the current year presentation. Such reclassifications were made for comparative purposes only and do not restate the prior year financial statements.

#### **Subsequent Events**

Management evaluates subsequent events through the date the financial statements are available for issue, which is the date of the Independent Auditors' Report.

On August 29, 2019, Dover Place LLC, whose single member is the Organization, purchased a property located in LaGrange, Illinois for \$775,000.

### **3. Investments**

The Organization's financial instruments are certificates of deposits (CDs). The carrying values of these financial instruments recorded in the accompanying statement of financial position approximate fair value. *ASC 820*, "Fair Value Measurements" establishes a tri-level fair value hierarchy that describes the inputs that are used to measure the fair values of respective assets and liabilities as follows:

*Level 1* Fair value is derived from accessible unadjusted quoted prices in active markets for identical assets or liabilities.

## BEDS PLUS CARE, INC. AND ITS SUBSIDIARY

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### Notes To Consolidated Financial Statements (*Continued*)

*Level 2* Fair value is derived from observable inputs that include: quoted market prices for similar assets or liabilities in active markets or inactive markets; inputs other than quoted prices that are observable in the market and can be corroborated by observable market data for substantially the full term of the asset or liability's life.

*Level 3* Fair value is derived from unobservable inputs, calculated by the use of pricing models and or discounted cash flow methodologies and, may require significant management judgement or estimation.

The fair value inputs can vary between investments as they are affected by a wide variety of factors, including, the investment type, market liquidity, etc. To the extent valuation is based upon models or inputs that are less observable or unobservable, the determination of fair value requires more judgement.

There have been no changes in the methodologies and/or assumptions utilized to derive the fair value of the Organization's assets at June 30, 2019 or 2018.

Level 1 investments, which comprise all investments and are included in cash and restricted cash as of June 30, 2019 and 2018, are as follows:

	<u>2019</u>	<u>2018</u>
Certificate of Deposit	\$ 151,588	\$ —
Certificate of Deposit	206,342	—
<b>Total</b>	<b>\$ 357,930</b>	<b>\$ —</b>

#### 4. Escrow Deposits And Restricted Reserves

##### **Real Estate Tax and Insurance Escrow**

According to the Partnership Agreement, the Partnership is required to fund a monthly deposit to a real estate tax and insurance escrow in an amount sufficient to accumulate with the lender the entire sum required to pay annual real estate tax and insurance bills of the Project. The Partnership is exempt from real estate taxes.

##### **Replacement Reserve**

According to the Partnership Agreement, the Partnership is required to fund a replacement reserve in the amount of \$400 per dwelling unit per year and increasing in each calendar year by the CPI Adjustment. The funds in the reserve are to be utilized exclusively for replacement expenditures for the Project.

## **BEDS PLUS CARE, INC. AND ITS SUBSIDIARY**

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### Notes To Consolidated Financial Statements (*Continued*)

According to the Partnership Agreement, withdrawals from the replacement reserve are to be approved by IHDA or Cook County.

#### **Operating Reserve And Additional Operating Reserve**

According to the Partnership Agreement and the Loan Agreement, the Partnership is required to fund an operating reserve in an initial amount of \$71,000 from the proceeds of the third Limited Partner capital contribution. In addition, the Partnership is required to fund an additional operating reserve in the amount of \$123,282 from the proceeds of the fourth Limited Partnership capital contribution. Both reserves shall be held in an account maintained with a federally insured bank.

#### **Liquidity Reserve**

According to the Partnership Agreement, the Partnership is required to fund a liquidity reserve with an initial amount of \$114,269. During the years ended June 30, 2019 and 2018, the liquidity reserve was funded as required. As of June 30, 2019, the liquidity reserve was released to the General Partner.

#### **Interest Reserve**

The Partnership funded an interest reserve in previous years. The funds were to be used to pay for interest related to the construction loan. The interest reserve was no longer required upon the repayment of the construction loan, and funds totaling \$43,471 were released to the Organization. As of June 30, 2019, these funds are due to the Partnership.

## BEDS PLUS CARE, INC. AND ITS SUBSIDIARY

### Notes To Consolidated Financial Statements (Continued)

The following shows the activity in such accounts during the period ended June 30, 2019 and 2018:

	<b>Beginning Balance July 1, 2018</b>	<b>Additions And Interest</b>	<b>Withdrawals And Transfers</b>	<b>Ending Balance June 30, 2019</b>
Real estate tax and insurance escrow	\$ —	\$ 11,814	\$ —	\$ 11,814
Replacement reserve	\$ —	\$ 15,994	\$ —	\$ 15,994
Operating reserves	\$ —	\$ 194,276	\$ —	\$ 194,276
Liquidity reserve	\$ 114,269	\$ —	\$ (114,269)	\$ —
Interest reserve	\$ 130,478	\$ —	\$ (130,478)	\$ —
Construction escrow	\$ 50,000	\$ —	\$ (50,000)	\$ —

  

	<b>Beginning Balance July 1, 2017</b>	<b>Additions And Interest</b>	<b>Withdrawals And Transfers</b>	<b>Ending Balance June 30, 2018</b>
Liquidity reserve	\$ 114,269	\$ —	\$ —	\$ 114,269
Interest reserve	\$ 161,864	\$ —	\$ (31,386)	\$ 130,478
Construction escrow	\$ —	\$ 5,608,353	\$ (5,558,353)	\$ 50,000

## BEDS PLUS CARE, INC. AND ITS SUBSIDIARY

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Notes To Consolidated Financial Statements (*Continued*)

### 5. Deferred Fees

Tax credit and consulting fees have been capitalized and are being amortized as described below:

	<b>Amortization Period</b>	<b>2019</b>	<b>2018</b>
Tax credit fee	15 years	\$ 55,793	\$ 55,793
Consulting fees	15 years	93,000	—
Less: Accumulated amortization		(10,747)	(310)
Net capitalized costs		\$ 138,046	\$ 55,483

Amortization expense for the years ended June 30, 2019 and 2018 was \$10,437 and \$310, respectively. Estimated amortization expense for each of the five ensuing years through June 30, 2024 and thereafter, is as follows:

<b>Year</b>	<b>Amount</b>
2020	\$ 9,920
2021	9,920
2022	9,920
2023	9,920
2024	9,920
Thereafter	88,446
	\$ 138,046

# BEDS PLUS CARE, INC. AND ITS SUBSIDIARY

Notes To Consolidated Financial Statements (*Continued*)

## 6. Mortgage Loans Payable

Mortgage loans payable consist of the following as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
<p>The first mortgage note dated, May 30, 2017, is held by the County of Cook in the original amount of \$1,350,000 of which \$1,298,458 had been drawn. The note bears no interest. Annual payments of \$1,200 are due with the first payment due two years following the date of execution of the note and annually thereafter. The note matures on May 31, 2049, at which time any unpaid principal balance is due. The note is collateralized by the real estate held for lease and an assignment of rent and leases.</p>	\$ 1,297,258	\$ 1,072,778
<p>The construction loan dated May 24, 2017, was held by FNBC Bank and Trust in the original amount of \$2,700,000. The loan bore a variable interest rate upon an index plus 0.25%. As of June 30, 2019 and 2018, the interest rate was 5.25%. The loan matured on June 5, 2019, at which time all outstanding principal and accrued interest was due. The construction loan was repaid from capital contributions on January 17, 2019. The loan was collateralized by a Commercial Security Agreement on the assignment of rents and leases. The loan was guaranteed by BEDS Plus Care, Inc.</p>	—	1,577,354
Total	1,297,258	2,650,132
Less: Current maturities	1,200	1,578,554
Net long-term portion	\$ 1,296,058	\$ 1,071,578

Aggregate annual maturities of mortgage loans payable for the five ensuing years through June 30, 2024 and thereafter, are as follows:

<u>Year</u>	<u>First Mortgage</u>
2020	\$ 1,200
2021	1,200
2022	1,200
2023	1,200
2024	1,200
Thereafter	1,291,258
<b>Total</b>	<b>\$ 1,297,258</b>

## BEDS PLUS CARE, INC. AND ITS SUBSIDIARY

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Notes To Consolidated Financial Statements (*Continued*)

### 7. Net Assets With Donor Restrictions

Net assets with donor restrictions are as follows:

	<u>2019</u>	<u>2018</u>
Time/purpose restricted for future programs	\$ 383,634	\$ 225,000
Purpose restricted for future programs	175,176	—
	<u>\$ 558,810</u>	<u>\$ 225,000</u>

Net assets released from donor restrictions consist of:

	<u>2019</u>	<u>2018</u>
Time/purpose restricted for future programs	\$ 45,744	\$ 1,147,177
Purpose restricted for future programs	60,623	—
	<u>\$ 106,367</u>	<u>\$ 1,147,117</u>

### 8. Partners, Partnership Interests And Partners' Capital

The Partnership has one General Partner, Ogden Avenue Supportive Housing GP, LLC, which has a 0.01% interest, one Limited Partner, USA Ogden Avenue LLC, which has a 99.99% interest, and one Special Limited Partner, The Richman Group Capital Corporation, which has no interest.

According to the Partnership Agreement, the Limited Partner is required to make capital contributions of \$3,881,512 in installments. As of June 30, 2019 and 2018 the Limited Partner has contributed \$3,687,000 and \$1,552,000, respectively. As of June 30, 2019 and 2018, \$194,512 and \$2,329,512, respectively, remains receivable.

The Special Limited Partner is required to make capital contributions of \$100, which remains receivable as of June 30, 2019 and 2018.

The General Partner is required to make capital contributions of \$1,158,143, which have all been received in prior years.



## **BEDS PLUS CARE, INC. AND ITS SUBSIDIARY**

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Notes To Consolidated Financial Statements (*Continued*)

### **9. Partnership Profits, Losses And Distributions**

Generally, the Partnership's profits and losses are allocated .01% to the General Partner, 99.99% to the Limited Partner and 0% to the Special Limited Partner. Profits and losses arising from the sale, refinancing, or other disposition of all or substantially all of the Partnership's assets will be specially allocated as prioritized in the Partnership Agreement.

Pursuant to the Partnership Agreement, all distributions are limited to net cash flow available for distribution, and shall be allocated among the Partner in accordance with their percentages as follow:

First, To pay the Investment Partnership of any credit adjuster pursuant to the partnership agreement, plus an amount equal to any capital contribution made to the Partnerships by the General Partner pursuant to the partnership agreement;

Second, To pay an amount equal to \$1,500 per year to the investment partnership;

Third, To pay the Developer any accrued and unpaid development fee in accordance with the partnership agreement;

Fourth, To repay any operating deficit loans;

Fifth, To repay the second mortgage;

Sixth, To repay the first mortgage; and

Seventh, the balance to be paid 10% to the investment partnership and 90% to the General Partner as payment of the partnership administration fee.

### **10. Related Party Transactions**

#### **Partnership Administration Fee**

According to the partnership agreement, the Partnership has entered into a partnership administration services agreement with the General Partner for its services in arranging for permanent financing for the Project and in managing the business of the Partnership. The fee shall be paid from net cash flow available for distribution. The fee shall be in an amount equal to 90% of net cash flow available for distribution in the current fiscal year. As of June 30, 2019 and 2018, no fee was earned or paid, respectively.

## **BEDS PLUS CARE, INC. AND ITS SUBSIDIARY**

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Notes To Consolidated Financial Statements (*Continued*)

### **Developer Fee**

According to the development agreement, BEDS Plus Care, Inc. and The Burton Foundation, the joint venture of the General Partner, are entitled to developer fees in the amount of \$204,000 and \$196,000, respectively. According to the development agreement, the developer fee shall be paid in installments. The first installment amount is \$17,500 and the second installment amount is \$285,731. Pursuant to the Developer fee Agreement, \$96,769 will be paid from net cash flow available for distribution. For the year ended June 30, 2018, the developer fees paid to BEDS Plus Care, Inc. and The Burton Foundation were \$0 and \$17,500, respectively. For the year ended June 30, 2019, the developer fees paid to BEDS Plus Care, Inc. and The Burton Foundation were \$68,476 and \$31,475, respectively. As of June 30, 2018, developer fees payable to BEDS Plus Care, Inc. and The Burton Foundation is \$204,000 and \$178,500, respectively. As of June 30, 2019, developer fees payable to BEDS Plus Care, Inc. and The Burton Foundation is \$135,524 and \$147,025, respectively. Amounts due to BEDS Plus Care, Inc. have been eliminated in the consolidation.

### **Guarantees**

According to the partnership agreement, the General Partner is obligated to pay all excess development costs. Any amounts paid by the General Partner shall not be repaid by the Partnership, nor shall such amounts be considered or treated as capital contributions of the General Partner to the Partnership. As of June 30, 2019 and 2018, no amounts were paid or payable for excess development costs.

### **Operating Deficit Guaranty**

According to the partnership agreement, in the event an operating deficit occurs at any time during the tax credit compliance period, the General Partner shall provide such funds to the Partnership as shall be necessary to pay such operating deficits in the form of a loan to the Partnership. The General Partner shall not be obligated to provide operating deficit loans in excess of \$268,000 in the aggregate. The operating deficit loan shall bear no interest and shall be repaid only from net cash flow available for distribution. As of June 30, 2019 and 2018, no amounts were paid or payable for operating deficits.

## **11. Grant Fiscal Agent Partnerships**

The Organization has entered into several agreements with partnership agencies in order to access available federal and state funding.

## **BEDS PLUS CARE, INC. AND ITS SUBSIDIARY**

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Notes To Consolidated Financial Statements (*Continued*)

### **Housing Forward**

Housing Forward is the fiscal agent for two grants on behalf of a partnership which the Organization was a part of during the fiscal year. The WIN Supportive Housing Program, a HUD funded grant provided \$129,558 and \$74,767, respectively, during the fiscal year 2019 and 2018, in direct billing through Housing Forward and approximately \$216,300 and \$156,000, respectively, during the fiscal year 2019 and 2018, in funds distributed for rental assistance to qualified clients.

Housing Forward is also responsible for administering the local Continuum of Care's Coordinated Entry Program of which BEDS Plus Care, Inc. is a funded partner. In fiscal year 2019, this HUD funded grant provided \$73,805 and \$81,217, respectively, during the fiscal year 2019 and 2018, in direct billing expenses related to the Program.

Through the Cook County Hospital and Health System (CCHHS), Housing Forward administers a grant, which provides a per client per month stipend to member organization's for keeping frequent Emergency Room users housed and enrolled in County Care. BEDS Plus Care, Inc. is a funded partner. The Organization received \$56,964 in direct billing for this program in fiscal year 2019. No direct billings were received during fiscal year 2018.

### **Homeless Prevention**

BEDS Plus Care, Inc. is a portal agency of the Illinois Department of Human Services Homeless Prevention funding. BEDS Plus Care, Inc. accessed \$28,630 in rental assistance for eighteen households through its fiscal agent Catholic Charities during the fiscal year 2018. BEDS Plus Care, Inc. accessed \$91,840 in rental assistance for fifty-five households through its fiscal agent Catholic Charities during the fiscal year 2019.

## **12. Affordable Housing Program (AHP) Grant**

According to the AHP repayment agreement, the Organization received an AHP grant in the amount of \$300,000. The Organization loaned the grant funds to the Partnership. The loan bears interest at 2% per annum and matures on June 1, 2032. According to the AHP program requirements, the Partnership has made the units available to low-income housing tenants. If the Partnership does not rent to low-income housing tenants, the AHP funds are subject to recapture. The Partnership is required to comply with the AHP agreement and requirements.

## **BEDS PLUS CARE, INC. AND ITS SUBSIDIARY**

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Notes To Consolidated Financial Statements (*Continued*)

### **13. Construction Contract**

The Partnership entered into a construction contract with Skender Construction LLC in the amount of \$3,851,890, including change orders for the construction of the Project. In prior year, construction costs incurred (including retention) on the contract were \$3,851,890 and construction costs paid were \$3,338,981. During the year ended June 30, 2019, construction costs were paid in full.

### **14. Retirement Plans**

The Organization has a Simple IRA under which it makes a matching contribution of three percent of each participant's compensation. The plan allows for participant contributions up to \$13,000. Employees are eligible after completing 90 days of service. The Organization's contributions to the Plan were \$8,565 and \$4,285, respectively, for the years ended June 30, 2019 and 2018.

### **15. Contingency**

The Partnership's LIHTC are contingent on its ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with tenant income eligibility and rent limits or to correct instances of noncompliance within a reasonable time period could result in a recapture of previously claimed tax credits plus interest. In addition, any such noncompliance, if it were to occur, likely would result in an adjustment to the contributed capital of the Limited Partner.

### **16. Liquidity And Availability Of Financial Assets**

The following reflects the Organization's financial assets, as of the statement of functional expense date, reduced by amount not available for statement of financial position date. Amounts not available include amounts set aside for long-term investing in a board-designated liquidity reserve that could be drawn upon if the governing board approves that action.

## BEDS PLUS CARE, INC. AND ITS SUBSIDIARY

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### Notes To Consolidated Financial Statements (*Continued*)

As of June 30, 2019 and 2018, total financial assets that could be made available within one year to meet general expenditures are as follows:

	2019	2018
Cash	\$ 960,261	\$ 697,098
Grants receivable	293,138	71,513
<b>Total Financial Assets At Year-End</b>	<b>1,253,399</b>	<b>768,611</b>
<b>Less Amounts Not Available To Be Used For General Expenditures</b>		
Net assets with donor restrictions	558,810	225,000
Board designations amounts set aside	492,365	423,889
<b>Financial Assets Available To Meet General Expenditures Over The Next Twelve Months</b>	<b>\$ 202,224</b>	<b>\$ 119,722</b>

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 60 days average operating expenses. As part of the liquidity management plan, cash is invested in excess of daily requirements in short-term, investment grade fixed income mutual funds, U.S. Government and U.S. Government Agency obligations, CDs, and money market funds. Occasionally, the Board designates a portion of any operating surplus to its liquidity reserve.

**BEDS PLUS CARE, INC. AND ITS SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**June 30, 2019**

	Assets			
	BEDS Plus Care, Inc.	Ogden Avenue Supportive Housing LP	Eliminations	Consolidated
<b>Current Assets</b>				
Cash	\$ 249,885	\$ 55,626	\$ —	\$ 305,511
Cash - restricted	162,385	—	—	162,385
Cash - board designated	492,365	—	—	492,365
Grants receivable	293,138	—	—	293,138
Accounts receivable	—	3,045	—	3,045
Prepaid expenses	2,018	1,153	—	3,171
Due from BEDS Plus, Inc.	—	43,475	(43,475)	—
Due from Ogden Avenue	448,225	—	(448,225)	—
<b>Total Current Assets</b>	<b>1,648,016</b>	<b>103,299</b>	<b>(491,700)</b>	<b>1,259,615</b>
<b>Property and Equipment</b>				
Land	—	97,954	—	97,954
Building	—	5,184,697	(204,000)	4,980,697
Site improvements	19,070	730,886	—	749,956
Furniture and fixtures	17,552	121,058	—	138,610
Accumulated depreciation	(16,535)	(275,766)	—	(292,301)
<b>Net Property And Equipment</b>	<b>20,087</b>	<b>5,858,829</b>	<b>(204,000)</b>	<b>5,674,916</b>
<b>Other Assets</b>				
Investment in Ogden Avenue LLC	1,301,466	—	(1,301,466)	—
Real estate tax and insurance escrow	—	11,814	—	11,814
Replacement reserve	—	15,994	—	15,994
Operating reserves	—	194,276	—	194,276
Deferred fees, net	—	138,046	—	138,046
<b>Total Other Assets</b>	<b>1,301,466</b>	<b>360,130</b>	<b>(1,301,466)</b>	<b>360,130</b>
<b>Total Assets</b>	<b>\$ 2,969,569</b>	<b>\$ 6,322,258</b>	<b>\$ (1,997,166)</b>	<b>\$ 7,294,661</b>

**BEDS PLUS CARE, INC. AND ITS SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION (Continued)**  
**June 30, 2019**

Liabilities And Net Assets

	BEDS Plus Care, Inc.	Ogden Avenue Supportive Housing LP	Eliminations	Consolidated
<b>Current Liabilities</b>				
Accounts payable	\$ 62,700	\$ 2,037	\$ —	\$ 64,737
Accrued expenses and other liabilities	7,484	—	—	7,484
Prepaid rent	—	3,703	—	3,703
Accrued interest	—	12,701	(12,701)	—
Due to Ogden	43,475	—	(43,475)	—
Mortgage payable - current portion	—	1,200	—	1,200
Developer fee payable	—	185,780	(86,172)	99,608
<b>Total Current Liabilities</b>	<b>113,659</b>	<b>205,421</b>	<b>(142,348)</b>	<b>176,732</b>
<b>Long-Term Liabilities</b>				
Mortgage payable - HOME Loan	—	1,296,058	—	1,296,058
Other mortgage payable - AHP Loan	—	300,000	(300,000)	—
Debt issuance cost	—	(44,808)	—	(44,808)
Deferred developer fee	—	96,769	(49,352)	47,417
<b>Total Long-Term Liabilities</b>	<b>—</b>	<b>1,648,019</b>	<b>(349,352)</b>	<b>1,298,667</b>
<b>Net Assets</b>				
<b>Without donor restrictions</b>				
Noncontrolling interest in subsidiary	—	3,522,129	—	3,522,129
Undesignated	2,297,100	946,689	(1,505,466)	1,738,323
Total without donor restrictions	2,297,100	4,468,818	(1,505,466)	5,260,452
<b>With Donor Restrictions</b>	<b>558,810</b>	<b>—</b>	<b>—</b>	<b>558,810</b>
<b>Total Net Assets</b>	<b>2,855,910</b>	<b>4,468,818</b>	<b>(1,505,466)</b>	<b>5,819,262</b>
<b>Total Liabilities And Net Assets</b>	<b>\$ 2,969,569</b>	<b>\$ 6,322,258</b>	<b>\$ (1,997,166)</b>	<b>\$ 7,294,661</b>

**BEDS PLUS CARE, INC. AND ITS SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION (Continued)**  
**June 30, 2018**

	Assets			
	BEDS Plus Care, Inc.	Ogden Avenue Supportive Housing LP	Eliminations	Consolidated
<b>Current Assets</b>				
Cash	\$ 257,075	\$ 16,134	\$ —	\$ 273,209
Cash - board designated	423,889	—	—	423,889
Grants receivable	71,513	—	—	71,513
Accounts receivable	—	1,051	—	1,051
Due from BEDS Plus	—	162,000	(162,000)	—
Due from Ogden Avenue	504,000	—	(504,000)	—
<b>Total Current Assets</b>	<b>1,256,477</b>	<b>179,185</b>	<b>(666,000)</b>	<b>769,662</b>
<b>Property and Equipment</b>				
Land	—	97,954	—	97,954
Building	—	5,184,697	(204,000)	4,980,697
Site improvements	17,900	730,886	—	748,786
Furniture and fixtures	10,593	100,560	—	111,153
Accumulated depreciation	(22,837)	(20,968)	—	(43,805)
<b>Net Property And Equipment</b>	<b>5,656</b>	<b>6,093,129</b>	<b>(204,000)</b>	<b>5,894,785</b>
<b>Other Assets</b>				
Investment in Ogden Avenue LLC	1,415,735	—	(1,415,735)	—
Liquidity reserve	—	114,269	—	114,269
Interest reserve	130,478	—	—	130,478
Construction escrow	—	50,000	—	50,000
Interagency - Ogden Avenue Supportive Housing	31,505	—	(31,505)	—
Deferred fees, net	—	55,483	—	55,483
<b>Total Other Assets</b>	<b>1,577,718</b>	<b>219,752</b>	<b>(1,447,240)</b>	<b>350,230</b>
<b>Total Assets</b>	<b>\$ 2,839,851</b>	<b>\$ 6,492,066</b>	<b>\$ (2,317,240)</b>	<b>\$ 7,014,677</b>



**BEDS PLUS CARE, INC. AND ITS SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION (Continued)**  
**June 30, 2018**

Liabilities And Net Assets

	BEDS Plus Care, Inc.	Ogden Avenue Supportive Housing LP	Eliminations	Consolidated
<b>Current Liabilities</b>				
Accounts payable	\$ 31,484	\$ 2,420	\$ —	\$ 33,904
Accrued expenses and other liabilities	6,801	—	—	6,801
Prepaid rent	—	990	—	990
Accrued interest	—	31,656	(31,505)	151
Due to Ogden	162,000	—	(162,000)	—
Mortgage payable - current portion	—	1,200	—	1,200
Construction cost payable	—	512,909	—	512,909
Construction loan payable	—	1,577,354	—	1,577,354
Developer fee payable	—	285,731	(154,648)	131,083
<b>Total Current Liabilities</b>	<b>200,285</b>	<b>2,412,260</b>	<b>(348,153)</b>	<b>2,264,392</b>
<b>Long-Term Liabilities</b>				
Mortgage payable - HOME Loan	—	1,071,578	—	1,071,578
Other mortgage payable - AHP Loan	—	300,000	(300,000)	—
Debt issuance cost	—	(45,567)	—	(45,567)
Deferred developer fee	—	96,769	(49,352)	47,417
<b>Total Long-Term Liabilities</b>	<b>—</b>	<b>1,422,780</b>	<b>(349,352)</b>	<b>1,073,428</b>
<b>Net Assets (Deficit)</b>				
<b>Without donor restrictions</b>				
Noncontrolling interest in subsidiary	—	1,552,000	—	1,552,000
Undesignated	2,414,566	1,105,026	(1,619,735)	1,899,857
Total without donor restrictions	2,414,566	2,657,026	(1,619,735)	3,451,857
<b>With donor restrictions</b>	<b>225,000</b>	<b>—</b>	<b>—</b>	<b>225,000</b>
<b>Total Net Assets</b>	<b>2,639,566</b>	<b>2,657,026</b>	<b>(1,619,735)</b>	<b>3,676,857</b>
<b>Total Liabilities And Net Assets</b>	<b>\$ 2,839,851</b>	<b>\$ 6,492,066</b>	<b>\$ (2,317,240)</b>	<b>\$ 7,014,677</b>

**BEDS PLUS CARE, INC. AND ITS SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF ACTIVITIES AND**  
**CHANGES IN NET ASSETS**  
**For The Year Ended June 30, 2019**

	BEDS Plus Care, Inc.			Ogden Avenue Supportive Housing LP			Consolidated Total		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Subtotal	Elimination	Total
<b>Revenue</b>									
Faith contributions	\$ 43,409	\$ —	\$ 43,409	\$ —	\$ —	\$ —	\$ 43,409	\$ —	\$ 43,409
Tenant rent	—	—	—	51,640	—	51,640	51,640	(5,782)	45,858
Subsidy rent	—	—	—	119,792	—	119,792	119,792	—	119,792
Corporations	26,638	—	26,638	—	—	—	26,638	—	26,638
Civic organizations	9,261	—	9,261	—	—	—	9,261	—	9,261
Individuals	131,146	—	131,146	—	—	—	131,146	—	131,146
Private foundations	175,750	261,300	437,050	—	—	—	437,050	—	437,050
Government grants	333,105	178,877	511,982	—	—	—	511,982	—	511,982
Donated services	405,115	—	405,115	—	—	—	405,115	—	405,115
Special events									
Gross receipts	98,377	—	98,377	—	—	—	98,377	—	98,377
Direct expenses	(51,276)	—	(51,276)	—	—	—	(51,276)	—	(51,276)
Assets released from restriction	106,367	(106,367)	—	—	—	—	—	—	—
<b>Total Revenue</b>	<b>1,277,892</b>	<b>333,810</b>	<b>1,611,702</b>	<b>171,432</b>	<b>—</b>	<b>171,432</b>	<b>1,783,134</b>	<b>(5,782)</b>	<b>1,777,352</b>
<b>Functional Expenses</b>									
Program services	1,227,212	—	1,227,212	—	—	—	1,227,212	—	1,227,212
Management and general	91,323	—	91,323	475,889	—	475,889	567,212	(18,483)	548,729
Fundraising expenses	107,194	—	107,194	—	—	—	107,194	—	107,194
<b>Total Functional Expenses</b>	<b>1,425,729</b>	<b>—</b>	<b>1,425,729</b>	<b>475,889</b>	<b>—</b>	<b>475,889</b>	<b>1,901,618</b>	<b>(18,483)</b>	<b>1,883,135</b>
<b>Other Revenue (Expense)</b>									
Other income	8,069	—	8,069	18	—	18	8,087	—	8,087
Interest	22,302	—	22,302	2,500	—	2,500	24,802	(12,701)	12,101
Entity income	—	—	—	93,000	—	93,000	93,000	—	93,000
Contributions from noncontrolling interest	—	—	—	2,135,000	—	2,135,000	2,135,000	—	2,135,000
Liquidity reserve distribution	—	—	—	(114,269)	—	(114,269)	(114,269)	114,269	—
<b>Total Other Revenue</b>	<b>30,371</b>	<b>—</b>	<b>30,371</b>	<b>2,116,249</b>	<b>—</b>	<b>2,116,249</b>	<b>2,146,620</b>	<b>101,568</b>	<b>2,248,188</b>
<b>Increase In Net Assets</b>	<b>(117,466)</b>	<b>333,810</b>	<b>216,344</b>	<b>1,811,792</b>	<b>—</b>	<b>1,811,792</b>	<b>2,028,136</b>	<b>114,269</b>	<b>2,142,405</b>
<b>Net Assets - Beginning Of Year</b>	<b>2,414,566</b>	<b>225,000</b>	<b>2,639,566</b>	<b>2,657,026</b>	<b>—</b>	<b>2,657,026</b>	<b>5,296,592</b>	<b>(1,619,735)</b>	<b>3,676,857</b>
<b>Net Assets - End Of Year</b>	<b>\$ 2,297,100</b>	<b>\$ 558,810</b>	<b>\$ 2,855,910</b>	<b>\$ 4,468,818</b>	<b>\$ —</b>	<b>\$ 4,468,818</b>	<b>\$ 7,324,728</b>	<b>\$ (1,505,466)</b>	<b>\$ 5,819,262</b>

**BEDS PLUS CARE INC. AND ITS SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF ACTIVITIES AND**  
**CHANGES IN NET ASSETS**  
**For The Year Ended June 30, 2018**

	BEDS Plus Care, Inc.			Ogden Avenue Supportive Housing LP			Consolidated Total		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Subtotal	Elimination	Total
<b>Revenue</b>									
Faith contributions	\$ 49,552	\$ —	\$ 49,552	\$ —	\$ —	\$ —	\$ 49,552	\$ —	\$ 49,552
Tenant rent	—	—	—	5,489	—	5,489	5,489	—	5,489
Subsidy rent	—	—	—	16,159	—	16,159	16,159	—	16,159
Corporations	50,952	—	50,952	—	—	—	50,952	—	50,952
Civic organizations	67,694	—	67,694	—	—	—	67,694	—	67,694
Individuals	133,270	50,000	183,270	—	—	—	183,270	—	183,270
Private foundations	248,145	175,000	423,145	—	—	—	423,145	—	423,145
Government grants	264,070	—	264,070	—	—	—	264,070	—	264,070
AHP grant	300,000	—	300,000	—	—	—	300,000	—	300,000
Developer fee income	204,000	—	204,000	—	—	—	204,000	(204,000)	—
Donated services	416,722	—	416,722	—	—	—	416,722	—	416,722
Special events									
Gross receipts	143,085	—	143,085	—	—	—	143,085	—	143,085
Direct expenses	(26,192)	—	(26,192)	—	—	—	(26,192)	—	(26,192)
Assets released from restriction	1,147,117	(1,147,117)	—	—	—	—	—	—	—
<b>Total Revenue</b>	<b>2,998,415</b>	<b>(922,117)</b>	<b>2,076,298</b>	<b>21,648</b>	<b>—</b>	<b>21,648</b>	<b>2,097,946</b>	<b>(204,000)</b>	<b>1,893,946</b>
<b>Functional Expenses</b>									
Program services	1,163,596	—	1,163,596	—	—	—	1,163,596	—	1,163,596
Management and general	56,733	—	56,733	188,184	—	188,184	244,917	—	244,917
Fundraising expenses	104,344	—	104,344	—	—	—	104,344	—	104,344
<b>Total Functional Expenses</b>	<b>1,324,673</b>	<b>—</b>	<b>1,324,673</b>	<b>188,184</b>	<b>—</b>	<b>188,184</b>	<b>1,512,857</b>	<b>—</b>	<b>1,512,857</b>
<b>Other Revenue (Expense)</b>									
Other income	2,390	—	2,390	—	—	—	2,390	—	2,390
Interest	386	—	386	—	—	—	386	—	386
Investment in partnership	—	—	—	1,272,412	—	1,272,412	1,272,412	(1,272,412)	—
Contributions from noncontrolling interest	—	—	—	1,552,000	—	1,552,000	1,552,000	(143,323)	1,408,677
Syndication costs	—	—	—	(850)	—	(850)	(850)	—	(850)
<b>Total Other Revenue</b>	<b>2,776</b>	<b>—</b>	<b>2,776</b>	<b>2,823,562</b>	<b>—</b>	<b>2,823,562</b>	<b>2,826,338</b>	<b>(1,415,735)</b>	<b>1,410,603</b>
<b>Increase In Net Assets</b>	<b>1,676,518</b>	<b>(922,117)</b>	<b>754,401</b>	<b>2,657,026</b>	<b>—</b>	<b>2,657,026</b>	<b>3,411,427</b>	<b>(1,619,735)</b>	<b>1,791,692</b>
<b>Net Assets - Beginning Of Year</b>	<b>738,048</b>	<b>1,147,117</b>	<b>1,885,165</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,885,165</b>	<b>—</b>	<b>1,885,165</b>
<b>Net Assets - End Of Year</b>	<b>\$ 2,414,566</b>	<b>\$ 225,000</b>	<b>\$ 2,639,566</b>	<b>\$ 2,657,026</b>	<b>\$ —</b>	<b>\$ 2,657,026</b>	<b>\$ 5,296,592</b>	<b>\$ (1,619,735)</b>	<b>\$ 3,676,857</b>

**BEDS PLUS CARE, INC. AND ITS SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES**  
**For The Year Ended June 30, 2019**

	BEDS Plus Care, Inc				Ogden Avenue Supportive Housing LP				Eliminations	Consolidated Total
	Program Services	Management And General	Fundraising	Sub-total	Program Services	Management And General	Fundraising	Sub-total		
Salaries	\$ 473,541	\$ 53,948	\$ 71,930	\$ 599,419	\$ —	\$ 44,912	\$ —	\$ 44,912	\$ —	\$ 644,331
Audit fees	—	8,000	—	8,000	—	—	—	—	—	8,000
Client assistance	88,244	—	—	88,244	—	—	—	—	—	88,244
Depreciation	4,290	—	—	4,290	—	254,798	—	254,798	—	259,088
Amortization	—	—	—	—	—	10,437	—	10,437	—	10,437
General insurance	17,128	357	357	17,842	—	5,525	—	5,525	—	23,367
Health savings account	2,370	270	360	3,000	—	—	—	—	—	3,000
Client meals and laundry	210,151	—	—	210,151	—	—	—	—	—	210,151
Client medical care	5,730	—	—	5,730	—	—	—	—	—	5,730
Miscellaneous expense	16,501	1,880	2,506	20,887	—	33,919	—	33,919	—	54,806
Payroll taxes	42,939	4,892	6,522	54,353	—	5,686	—	5,686	—	60,039
Postage and shipping	1,605	183	244	2,032	—	93	—	93	—	2,125
Printing	5,533	630	840	7,003	—	—	—	—	—	7,003
Office supplies expense	9,834	1,120	1,494	12,448	—	—	—	—	—	12,448
Professional fees	100,413	11,439	15,252	127,104	—	30,647	—	30,647	—	157,751
Retirement plan expense	6,766	771	1,028	8,565	—	—	—	—	—	8,565
Rent	189,195	5,782	3,979	198,956	—	—	—	—	(5,782)	193,174
Marketing	—	—	—	—	—	26,336	—	26,336	—	26,336
Staff development	8,123	925	1,234	10,282	—	—	—	—	—	10,282
Telephone and internet	8,483	966	1,288	10,737	—	480	—	480	—	11,217
Utility	7,698	160	160	8,018	—	22,711	—	22,711	—	30,729
Client transportation	28,668	—	—	28,668	—	—	—	—	—	28,668
Interest	—	—	—	—	—	40,345	—	40,345	(12,701)	27,644
	<u>\$ 1,227,212</u>	<u>\$ 91,323</u>	<u>\$ 107,194</u>	<u>\$ 1,425,729</u>	<u>\$ —</u>	<u>\$ 475,889</u>	<u>\$ —</u>	<u>\$ 475,889</u>	<u>\$ (18,483)</u>	<u>\$ 1,883,135</u>

**BEDS PLUS CARE INC. AND ITS SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES**  
**For The Year Ended June 30, 2018**

	BEDS Plus Care, Inc				Ogden Avenue Supportive Housing LP				Consolidated Total
	Program Services	Management And General	Fundraising	Sub-total	Program Services	Management And General	Fundraising	Sub-total	
Salaries	\$ 325,797	\$ 36,851	\$ 71,214	\$ 433,862	\$ —	\$ 5,625	\$ —	\$ 5,625	\$ 439,487
Audit fees	—	4,200	—	4,200	—	—	—	—	4,200
Client assistance	87,242	—	—	87,242	—	—	—	—	87,242
Depreciation	4,406	—	—	4,406	—	20,968	—	20,968	25,374
Amortization	—	—	—	—	—	310	—	310	310
Dues and subscriptions	820	—	—	820	—	—	—	—	820
General insurance	12,183	2,815	—	14,998	—	62	—	62	15,060
Health savings account	8,000	—	—	8,000	—	—	—	—	8,000
Client meals and laundry	254,858	—	—	254,858	—	—	—	—	254,858
Client medical care	3,505	—	—	3,505	—	—	—	—	3,505
Miscellaneous expense	127,339	—	24,909	152,248	—	577	—	577	152,825
Payroll taxes	26,066	2,905	5,614	34,585	—	712	—	712	35,297
Postage and shipping	2,091	500	160	2,751	—	51	—	51	2,802
Printing	6,771	—	1,123	7,894	—	—	—	—	7,894
Office Supplies Expense	8,639	—	—	8,639	—	—	—	—	8,639
Professional fees	43,296	3,511	—	46,807	—	120,499	—	120,499	167,306
Retirement plan expense	2,295	995	995	4,285	—	—	—	—	4,285
Rent	220,294	4,956	—	225,250	—	—	—	—	225,250
Marketing	—	—	—	—	—	28,871	—	28,871	28,871
Staff development	632	—	329	961	—	—	—	—	961
Telephone and internet	9,909	—	—	9,909	—	120	—	120	10,029
Utility	—	—	—	—	—	476	—	476	476
Client transportation	17,924	—	—	17,924	—	—	—	—	17,924
Client utility assistance	1,529	—	—	1,529	—	—	—	—	1,529
Real estate taxes	—	—	—	—	—	2,985	—	2,985	2,985
Interest	—	—	—	—	—	6,928	—	6,928	6,928
	<b>\$ 1,163,596</b>	<b>\$ 56,733</b>	<b>\$ 104,344</b>	<b>\$ 1,324,673</b>	<b>\$ —</b>	<b>\$ 188,184</b>	<b>\$ —</b>	<b>\$ 188,184</b>	<b>\$ 1,512,857</b>