
BEDS PLUS CARE, INC.
AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

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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, and its subsidiaries which comprise the consolidated statement of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities and 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of BEDS Plus Care, Inc. as of June 30, 2020 and 2019, 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 consolidated financial statements as a whole. The accompanying supplementary information, shown on pages 29 through 36, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated 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 2, 2020

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
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Assets

	June 30,	
	2020	2019
Current Assets		
Cash	\$ 732,937	\$ 305,511
Cash - restricted	164,401	162,385
Cash - board designated	472,028	492,365
Grants receivable	385,473	293,138
Accounts receivable	8,125	3,045
Prepaid expenses	1,640	3,171
Total Current Assets	1,764,604	1,259,615
Property And Equipment		
Land	686,711	97,954
Building	5,224,317	4,980,697
Site improvements	749,956	749,956
Furniture and fixtures	155,132	138,610
Accumulated depreciation	(561,345)	(292,301)
Net Property And Equipment	6,254,771	5,674,916
Other Assets		
Real estate tax and insurance escrow	11,814	11,814
Replacement reserve	53,994	15,994
Operating reserves	194,276	194,276
Deferred fees, net	128,126	138,046
Total Other Assets	388,210	360,130
Total Assets	\$ 8,407,585	\$ 7,294,661

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

	June 30,	
	2020	2019
Current Liabilities		
Accounts payable	\$ 29,053	\$ 64,737
Accrued expenses and other liabilities	43,488	7,484
Prepaid rent	3,142	3,703
Accrued interest	3,680	—
Mortgage payable - current portion	9,934	1,200
Tenant security deposits	2,514	—
Developer fee payable	—	99,608
Total Current Liabilities	91,811	176,732
Long-Term Liabilities		
Mortgage payables	1,959,908	1,296,058
PPP loan payable	145,168	—
Debt issuance cost	(89,762)	(44,808)
Deferred developer fee	45,166	47,417
Total Long-Term Liabilities	2,060,480	1,298,667
Total Liabilities	2,152,291	1,475,399
Net Assets		
Without donor restrictions:		
Noncontrolling interest in subsidiary	3,256,811	3,522,129
Undesignated	2,432,646	1,738,323
Total without donor restrictions	5,689,457	5,260,452
With Donor Restrictions	565,837	558,810
Total Net Assets	6,255,294	5,819,262
Total Liabilities And Net Assets	\$ 8,407,585	\$ 7,294,661

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

	For The Year Ended June 30, 2020			For The Year Ended June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
Faith contributions	\$ 80,029	\$ —	\$ 80,029	\$ 43,409	\$ —	\$ 43,409
Tenant rent	103,763	—	103,763	45,858	—	45,858
Subsidy rent	165,055	—	165,055	119,792	—	119,792
Corporations	18,503	—	18,503	26,638	—	26,638
Civic organizations	89,559	—	89,559	9,261	—	9,261
Individuals	448,596	—	448,596	131,146	—	131,146
Private foundations	294,815	262,975	557,790	175,750	261,300	437,050
Government grants	470,647	123,197	593,844	333,105	178,877	511,982
Donated services	326,803	—	326,803	405,115	—	405,115
Special events:						
Gross receipts	98,821	—	98,821	98,377	—	98,377
Direct expenses	(39,041)	—	(39,041)	(51,276)	—	(51,276)
Assets released from restriction	379,145	(379,145)	—	106,367	(106,367)	—
Total Revenue and Support	2,436,695	7,027	2,443,722	1,443,542	333,810	1,777,352
Functional Expenses						
Program services	1,546,318	—	1,546,318	1,227,212	—	1,227,212
Management and general	652,861	—	652,861	548,729	—	548,729
Fundraising expenses	117,415	—	117,415	107,194	—	107,194
Total Functional Expenses	2,316,594	—	2,316,594	1,883,135	—	1,883,135
Other Income (Expense)						
Other income	4,615	—	4,615	8,087	—	8,087
Interest	109,777	—	109,777	12,101	—	12,101
Entity income	—	—	—	93,000	—	93,000
Contributions from noncontrolling interest	194,512	—	194,512	2,135,000	—	2,135,000
Total Other Income	308,904	—	308,904	2,248,188	—	2,248,188
Increase In Net Assets	429,005	7,027	436,032	1,808,595	333,810	2,142,405
Net Assets - Beginning Of Year	5,260,452	558,810	5,819,262	3,451,857	225,000	3,676,857
Net Assets - End Of Year	\$ 5,689,457	\$ 565,837	\$ 6,255,294	\$ 5,260,452	\$ 558,810	\$ 5,819,262

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

	For The Year Ended June 30, 2020				For The Year Ended June 30, 2019			
	Program Services	Management And General	Fundraising	Total	Program Services	Management And General	Fundraising	Total
Salaries	\$ 604,284	\$ 125,861	\$ 91,790	\$ 821,935	\$ 473,541	\$ 98,860	\$ 71,930	\$ 644,331
Audit fees	—	8,515	—	8,515	—	8,000	—	8,000
Client assistance	175,575	—	—	175,575	88,244	—	—	88,244
Depreciation	6,366	262,678	—	269,044	4,290	254,798	—	259,088
Amortization	—	9,920	—	9,920	—	10,437	—	10,437
General insurance	20,992	14,698	437	36,127	17,128	5,882	357	23,367
Health savings account	2,370	270	360	3,000	2,370	270	360	3,000
Client meals and laundry	341,122	—	—	341,122	210,151	—	—	210,151
Client medical care	57,566	—	—	57,566	5,730	—	—	5,730
Miscellaneous expense	10,559	73,713	1,604	85,876	16,501	35,799	2,506	54,806
Payroll taxes	76,954	32,959	11,689	121,602	42,939	10,578	6,522	60,039
Postage and shipping	2,314	264	352	2,930	1,605	276	244	2,125
Printing	5,139	586	781	6,506	5,533	630	840	7,003
Office supplies expense	12,614	1,437	1,916	15,967	9,834	1,120	1,494	12,448
Professional fees	4,014	29,882	610	34,506	100,413	42,086	15,252	157,751
Retirement plan expense	10,360	1,180	1,574	13,114	6,766	771	1,028	8,565
Rent	181,027	3,771	3,771	188,569	189,195	—	3,979	193,174
Marketing	—	—	—	—	—	26,336	—	26,336
Staff development	7,726	5,895	1,174	14,795	8,123	925	1,234	10,282
Telephone and internet	8,314	947	1,263	10,524	8,483	1,446	1,288	11,217
Utility	4,530	41,895	94	46,519	7,698	22,871	160	30,729
Client transportation	14,181	—	—	14,181	28,668	—	—	28,668
Interest	311	38,390	—	38,701	—	27,644	—	27,644
	\$ 1,546,318	\$ 652,861	\$ 117,415	\$ 2,316,594	\$ 1,227,212	\$ 548,729	\$ 107,194	\$ 1,883,135

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

	For The Years Ended June 30,	
	2020	2019
Cash Flows From Operating Activities		
Increase in net assets	\$ 436,032	\$ 2,142,405
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation and amortization	278,964	269,525
Amortization of debt issuance costs	4,544	759
Contribution from noncontrolling interest	(194,512)	(2,135,000)
Changes in assets and liabilities:		
Accounts receivable	(5,080)	(1,994)
Grants receivable	(92,335)	(221,625)
Prepaid expenses	1,531	(3,171)
Accrued interest	3,680	(151)
Accounts payable and accrued expenses	320	31,516
Prepaid rent	(561)	2,713
Tenant security deposits	2,514	—
Net Cash Provided By Operating Activities	435,097	84,977
Cash Flows From Investing Activities		
Net purchases of property and equipment	(848,899)	(39,219)
Deferred fees paid	—	(93,000)
Net Cash Used In Investing Activities	(848,899)	(132,219)
Cash Flows From Financing Activities		
Repayment of construction loan	—	(1,577,354)
Net proceeds from mortgages	817,752	224,480
Construction cost paid	—	(512,909)
Developer fee paid	(101,859)	(31,475)
Contribution from noncontrolling interest	194,512	2,135,000
Debt issuance cost paid	(49,498)	—
Net Cash Provided By Financing Activities	860,907	237,742
Net Increase In Cash And Restricted Cash	447,105	190,500
Cash And Restricted Cash - Beginning Of Year	1,182,345	991,845
Cash And Restricted Cash - End Of Year	\$ 1,629,450	\$ 1,182,345
Cash Paid For Interest	\$ 30,477	\$ 15,094

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020 And 2019

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 subsidiaries have been prepared on the accrual basis of accounting.

Principles Of Consolidation

The consolidated financial statements of Organization include the accounts of the Organization and its wholly-owned subsidiary: Dover Place LLC (the Company) and one limited partnership subsidiary: Ogden Avenue Supportive Housing LP (the Partnership) over which the Organization possesses control through a 51% majority interest in the general partner. All intercompany transactions have been eliminated in consolidation.

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.

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

Notes To Consolidated Financial Statements (Continued)

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.

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:

	<u>2020</u>	<u>2019</u>
Cash (including tenant security deposits)	\$ 732,937	\$ 305,511
Cash - restricted	164,401	162,385
Cash - board designated	472,028	492,365
Restricted cash included in escrows and funded reserves	260,084	222,084
	<u>\$ 1,629,450</u>	<u>\$ 1,182,345</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, 2020 and 2019, the Organization 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.

As of June 30, 2020 and 2019, cash totaling \$472,028 and \$492,365, respectively, was board designated.

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

Notes To Consolidated Financial Statements *(Continued)*

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, 2020 and 2019 would not be material.

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, 2020 and 2019. As of June 30, 2020 and 2019, grants receivable were \$385,473 and \$293,138, 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, 2020 or 2019.

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

Notes To Consolidated Financial Statements *(Continued)*

Deferred Charges And Amortization

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

Debt Issuance Costs

Debt issuance costs totaling \$95,065 and \$45,567 at June 30, 2020 and 2019, respectively, consist of fees for obtaining the mortgage loans and are being amortized using the straight-line methods over the life of the mortgage loans. Accumulated amortization totaled \$5,303 and \$759, at June 30, 2020 and 2019, respectively. Amortization expense amounted to \$4,544 and \$759, for the years ended June 30, 2020 and 2019, respectively, and was included in interest expense in the accompanying consolidated statements of activities and changes in net assets.

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 Recognition

Support With And Without Donor Restrictions

The Organization reports gifts and grants of cash and other assets as with or without donor restrictions, depending on the existence and/or nature of any donor/grantee restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Rental Income And Prepaid Rents

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Company/Partnership and the tenants of each property are operating leases.

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. AND ITS SUBSIDIARIES

Notes To Consolidated Financial Statements *(Continued)*

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 18,790 at an estimated fair market value of \$27.20 for a total estimated fair market value of \$511,088 for the year ended June 30, 2020. Total hours worked were 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.

In addition to hours worked by volunteers the Organization received other donated goods and services as follows during fiscal 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Rent	\$ 156,000	\$ 186,800
Meals	161,088	150,307
Laundry	5,985	8,173
Legal services	3,730	59,835
	<u>\$ 326,803</u>	<u>\$ 405,115</u>

Additionally, the Organization received \$13,200 and \$12,990, at December 31, 2020 and 2019, respectively, 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 2020 and 2019. Legal services were donated in conjunction with the purchase of Dover Place in August 2019.

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

Notes To Consolidated Financial Statements (*Continued*)

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.

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 Dover Place 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.

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

Notes To Consolidated Financial Statements *(Continued)*

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.

<u>Expense</u>	<u>Method of Allocation</u>
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.

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

Notes To Consolidated Financial Statements (*Continued*)

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, 2020 or 2019.

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.

Dover Place LLC

The Company 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 members on their respective income tax returns.

Recent Accounting Pronouncement

During fiscal year 2020, the Organization adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which clarifies the principles for recognizing revenue and develops a common revenue standard. ASU 2014-09 requires new disclosures about contracts with customers, significant judgments in determining the satisfaction of performance obligations in contracts, and assets recognized from costs to obtain or fulfill contracts. The implementation did not have a material impact on the Organization's financial statements.

During fiscal year 2020, the Organization adopted ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which provides enhanced guidance to assist entities in evaluating whether transactions should be accounted for as contributions or reciprocal transactions. The implementation did not have a material impact on the Organization's financial statements.

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

Notes To Consolidated Financial Statements (*Continued*)

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. Effective for fiscal year 2019, 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.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230: Restricted Cash*, effective for fiscal year 2019, 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 consolidated financial statements.

Non-Controlling Interest In Limited Partnerships

This amount represents the aggregate positive and negative balances of limited partner equity interests in the non-wholly-owned limited partnership that are included in the consolidated financial statements.

Subsequent Events

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

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

Notes To Consolidated Financial Statements (*Continued*)

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.

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 judgment 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 judgment.

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, 2020 or 2019.

Level 1 investments, which comprise all investments and are included in cash and restricted cash as of June 30, 2020 and 2019, are as follows:

	<u>2020</u>	<u>2019</u>
Certificate of Deposit	\$ 100,000	\$ 151,588
Certificate of Deposit	100,000	206,342
Certificate of Deposit	206,342	—
Total	\$ 406,342	\$ 357,930

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

Notes To Consolidated Financial Statements (Continued)

4. Escrow Deposits And Restricted Reserves

Ogden Avenue Supportive Housing LP

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. 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.

The following shows the activity in such accounts during the period ended June 30, 2020 and 2019:

	Beginning Balance July 1, 2019	Additions And Interest	Withdrawals And Transfers	Ending Balance June 30, 2020
Real estate tax and insurance escrow	\$ 11,814	\$ —	\$ —	\$ 11,814
Replacement reserve	\$ 15,994	\$ 8,000	\$ —	\$ 23,994
Operating reserves	\$ 194,276	\$ —	\$ —	\$ 194,276

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

Notes To Consolidated Financial Statements (Continued)

	Beginning Balance July 1, 2018	Additions And Interest	Withdrawals And Transfers	Ending Balance June 30, 2019
Real estate tax and insurance escrow	\$ —	\$ 11,814	\$ —	\$ 11,814
Replacement reserve	\$ —	\$ 15,994	\$ —	\$ 15,994
Operating reserves	\$ —	\$ 194,276	\$ —	\$ 194,276

Dover Place LLC

Replacement Reserve

According to the Capital Magnet Fund Restrictive Covenant Agreement, if the remaining useful life of one or more of the major systems of the restricted property is less than the 10-year affordability period, on the placed in service date the Company must establish a replacement reserve and thereafter ensure that monthly payments are made to the reserve that are adequate to repair or replace the systems as needed. As of June 30, 2020, the replacement reserve was funded as required.

The following shows the activity in such accounts during the period ended June 30, 2020:

	Balance July 1, 2019	Additions And Interest	Withdrawals And Transfers	Balance June 30, 2020
Replacement reserve	\$ —	\$ 30,000	\$ —	\$ 30,000

5. Deferred Fees

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

	Amortization Period	2020	2019
Tax credit fee	15 years	\$ 55,793	\$ 55,793
Consulting fees	15 years	93,000	93,000
Less: Accumulated amortization		(20,667)	(10,747)
Net capitalized costs		\$ 128,126	\$ 138,046

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

Notes To Consolidated Financial Statements (Continued)

Amortization expense for the years ended June 30, 2020 and 2019 was \$9,920 and \$10,437, respectively. Estimated amortization expense for each of the five ensuing years through June 30, 2025 and thereafter, is as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 9,920
2022	9,920
2023	9,920
2024	9,920
2025	9,920
Thereafter	78,526
	<u>\$ 128,126</u>

6. Mortgage Loans Payable

Mortgage loans payable consist of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Ogden Avenue Supportive Housing LP - The 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.	\$ 1,296,058	\$ 1,297,258
Dover Place LLC - The mortgage note dated August 29, 2019, is held by IFF in the original amount of \$680,000. The loan bears interest at 6.0% per annum and the Company shall make monthly payments of principal and interest in the amount of \$4,077 through the maturity date. The note matures on September 1, 2034, at which time all outstanding principal and interest are due. The note is collateralized by the real estate held for lease and an assignment of rent and leases and HAP Contract.	673,784	—
Total	<u>1,969,842</u>	<u>1,297,258</u>
Less: Current maturities	<u>9,934</u>	<u>1,200</u>
Net long-term portion	<u>\$ 1,959,908</u>	<u>\$ 1,296,058</u>

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

Notes To Consolidated Financial Statements (*Continued*)

Aggregate annual maturities of mortgage loans payable for the five ensuing years through June 30, 2025 and thereafter, are as follows:

Year	Ogden Avenue Supportive Housing LP	Dover Place LLC	Total
2021	\$ 1,200	\$ 8,734	\$ 9,934
2022	1,200	9,272	10,472
2023	1,200	9,844	11,044
2024	1,200	10,452	11,652
2025	1,200	11,096	12,296
Thereafter	1,290,058	624,386	1,914,444
Total	\$ 1,296,058	\$ 673,784	\$ 1,969,842

7. Paycheck Protection Program Loan Payable

On April 15, 2020, the Organization executed a promissory note (the PPP Loan), evidencing an unsecured loan in the amount of \$145,168 under the Paycheck Protection Program (PPP). The PPP was established under the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) and is administered by the U.S. Small Business Administration (SBA). The loan has been made through FNBC Bank and Trust.

The PPP Loan has a two-year term and bears interest at a rate of 1.00% per annum. Monthly principal and interest payments are deferred for six months. Beginning seven months from the date of the PPP Loan, the Organization is required to make monthly payments of principal and interest of \$8,170 to the lender.

The PPP Loan contains customary events of default relating to, among other things, payment defaults, providing materially false and misleading representations to the SBA or the lender, or breaching the terms of the PPP Loan documents. The occurrence of a default may result in the immediate repayment of all amounts outstanding, collection of all amounts owing from the Organization, or filing suit and obtaining judgment.

Under the terms of the CARES Act, PPP Loan recipients can apply for and be granted forgiveness for all or a portion of loan granted under the PPP. Such forgiveness will be determined, subject to limitations, based on the use of the loan proceeds for payment of payroll costs and any payments of mortgage interest, rent, and utilities. However, no assurance is provided that forgiveness for any portion of the PPP Loan will be obtained.

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

Notes To Consolidated Financial Statements *(Continued)*

As of June 30, 2020, the full principal of \$145,168 remained outstanding. As of November 2, 2020, the Organization has not applied for loan forgiveness. The balance that does not qualify for forgiveness is due in May 2022. The Organization intends to comply with all requirements to qualify for loan forgiveness.

8. Net Assets With Donor Restrictions

Net assets with donor restrictions are as follows:

	<u>2020</u>	<u>2019</u>
Time/purpose restricted for future programs	\$ 383,951	\$ 383,634
Purpose restricted for future programs	181,886	175,176
	<u>\$ 565,837</u>	<u>\$ 558,810</u>

Net assets released from donor restrictions consist of:

	<u>2020</u>	<u>2019</u>
Time/purpose restricted for future programs	\$ 145,054	\$ 45,744
Purpose restricted for future programs	234,091	60,623
	<u>\$ 379,145</u>	<u>\$ 106,367</u>

9. 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, 2020 and 2019 the Limited Partner has contributed \$194,512 and \$2,135,000, respectively. As of June 30, 2020 and 2019, \$0 and \$194,512, respectively, remains receivable. The Special Limited Partner is required to make capital contributions of \$100, which remains receivable as of June 30, 2020 and 2019.

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

10. Partnership Profits, Losses And Distributions

Generally, the Partnership's profits and losses are allocated 0.01% 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 follows:

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.

11. Member, Company Interests And Member's Capital

According to the Operating Agreement, the Company has one sole Member, BEDS, Plus Care, Inc., an Illinois non-profit corporation.

12. 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, 2020 and 2019, no fee was earned or paid.

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. In prior year, 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, 2020, the developer fees paid to BEDS Plus Care, Inc. and The Burton Foundation were \$92,653 and \$101,859, 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, 2020, developer fees payable to BEDS Plus Care, Inc. and The Burton Foundation is \$42,871 and \$45,166, respectively. As of June 30, 2019, developer fees payable to BEDS Plus Care, Inc. and The Burton Foundation were \$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, 2020 and 2019, no amounts were paid or payable for excess development costs.

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

Notes To Consolidated Financial Statements *(Continued)*

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, 2020 and 2019, no amounts were paid or payable for operating deficits.

Due To Affiliate

During fiscal 2020, BEDS, Plus Care, Inc., an affiliate of the member, paid for various expenses in the amount of \$7,091 on behalf of the Company, and no amounts were repaid. As of June 30, 2020, \$7,091 was due to affiliate and have been eliminated in the consolidation.

13. Grant Fiscal Agent Partnerships

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

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 and Illinois Housing Development Authority funded grant, provided \$127,166 and \$129,558, during the fiscal year 2020 and 2019, respectively, in direct billing through Housing Forward and approximately \$329,702 and \$216,300, during the fiscal year 2020 and 2019, in funds distributed for rental assistance to qualified clients.

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 \$47,502 and \$56,964 in direct billing for this program in fiscal year 2020 and 2019, respectively.

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

Notes To Consolidated Financial Statements (*Continued*)

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 2020, this HUD funded grant provided \$57,250 and \$73,805, respectively, during the fiscal year 2020 and 2019, respectively, in direct billing expenses related to the Program.

Homeless Prevention

The Organization accessed \$279,573 in rental assistance through homeless prevention partnerships in south and west suburban Cook County funded by the Illinois Department of Human Services and distributed through fiscal agents, Catholic Charities and Community Service Partners during the fiscal year 2020. The Organization accessed \$91,840 in rental assistance for fifty-five households through its fiscal agent Catholic Charities during the fiscal year 2019.

14. 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.

15. 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 \$13,114 and \$8,565, for the years ended June 30, 2020 and 2019, respectively.

16. Housing Assistance Payments (HAP)

Dover Place LLC has entered into a HAP Contract with HUD. The contract is for 20 years beginning September 1, 2019. The HAP Contract covers 12 units of Dover Place. During the fiscal year 2020, HAP payments received under this contact were \$81,553 .

17. Capital Magnet Fund Restrictive Covenant Agreement

The Company has entered into Capital Magnet Fund Restrictive Covenant Agreement with IFF. Under the Agreement, the Company is required to manage and operate the Project as rental housing for low-income households during affordability period as defined in the Agreement. In the event the Company defaults in its obligation to manage and operate the Project and provide compliance information as required, or otherwise fails to comply with the terms of this agreement, the funds shall immediately be repaid.

18. 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.

In December 2019, a novel strain of Coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world through the third quarter of 2020 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business interruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Corporation is unable to determine if it will have a material impact to its operations.

19. Current Vulnerability Due To Certain Conditions

The Company's sole asset is a 13-unit housing development in La Grange, Illinois. The Company's operations are concentrated in the multifamily real estate market. In addition, the Company operates in a heavily regulated environment. The operations of the Company are subject to the administrative directives, rules and regulations of federal agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of U.S. Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

Notes To Consolidated Financial Statements *(Continued)*

20. 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.

As of June 30, 2020 and 2019, total financial assets that could be made available within one year to meet general expenditures are as follows:

	2020	2019
Cash	\$ 1,369,366	\$ 960,261
Grants receivable	385,473	293,138
Total Financial Assets At Year-End	1,754,839	1,253,399
Less Amounts Not Available To Be Used For General Expenditures		
Net assets with donor restrictions	565,837	558,810
Board designations amounts set aside	472,028	492,365
Financial Assets Available To Meet General Expenditures Over The Next Twelve Months	\$ 716,974	\$ 202,224

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 SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
Page 1 Of 2
June 30, 2020

Assets

	BEDS Plus Care, Inc.	Ogden Avenue Supportive Housing LP	Dover Place LLC	Eliminations	Consolidated
Current Assets					
Cash	\$ 630,639	\$ 93,188	\$ 9,110	\$ —	\$ 732,937
Cash - restricted	161,886	—	2,515	—	164,401
Cash - board designated	472,028	—	—	—	472,028
Grants receivable	385,473	—	—	—	385,473
Accounts receivable	—	5,408	2,717	—	8,125
Prepaid expenses	—	1,640	—	—	1,640
Due from affiliates	369,086	—	—	(369,086)	—
Total Current Assets	2,019,112	100,236	14,342	(369,086)	1,764,604
Property and Equipment					
Land	—	97,954	588,757	—	686,711
Building	—	5,185,997	242,320	(204,000)	5,224,317
Site improvements	19,070	730,886	—	—	749,956
Furniture and fixtures	34,075	121,057	—	—	155,132
Accumulated depreciation	(22,901)	(530,367)	(8,077)	—	(561,345)
Net Property And Equipment	30,244	5,605,527	823,000	(204,000)	6,254,771
Other Assets					
Investment in Ogden Avenue & Dover Place	1,450,552	—	—	(1,450,552)	—
Real estate tax and insurance escrow	—	11,814	—	—	11,814
Replacement reserve	—	23,994	30,000	—	53,994
Operating reserves	—	194,276	—	—	194,276
Deferred fees, net	—	128,126	—	—	128,126
Total Other Assets	1,450,552	358,210	30,000	(1,450,552)	388,210
Total Assets	\$ 3,499,908	\$ 6,063,973	\$ 867,342	\$ (2,023,638)	\$ 8,407,585

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
Page 2 Of 2
June 30, 2020

Liabilities And Net Assets

	BEDS Plus Care, Inc.	Ogden Avenue Supportive Housing LP	Dover Place LLC	Eliminations	Consolidated
Current Liabilities					
Accounts payable	\$ 23,484	\$ 5,569	\$ —	\$ —	\$ 29,053
Accrued expenses and other liabilities	43,488	—	—	—	43,488
Prepaid rent	—	3,142	—	—	3,142
Accrued interest	311	19,124	3,369	(19,124)	3,680
Due to affiliates	—	—	7,091	(7,091)	—
Mortgage payable - current portion	—	1,200	8,734	—	9,934
Tenant security deposits	—	—	2,514	—	2,514
Total Current Liabilities	67,283	29,035	21,708	(26,215)	91,811
Long-Term Liabilities					
Mortgage payables	—	1,294,858	665,050	—	1,959,908
Other mortgage payable - AHP Loan	—	300,000	—	(300,000)	—
PPP loan payable	145,168	—	—	—	145,168
Debt issuance cost	—	(43,289)	(46,473)	—	(89,762)
Deferred developer fee	—	88,037	—	(42,871)	45,166
Total Long-Term Liabilities	145,168	1,639,606	618,577	(342,871)	2,060,480
Net Assets					
Without donor restrictions:					
Noncontrolling interest in subsidiary	—	3,256,811	—	—	3,256,811
Undesignated	2,721,620	1,138,521	227,057	(1,654,552)	2,432,646
Total without donor restrictions	2,721,620	4,395,332	227,057	(1,654,552)	5,689,457
With Donor Restrictions	565,837	—	—	—	565,837
Total Net Assets	3,287,457	4,395,332	227,057	(1,654,552)	6,255,294
Total Liabilities And Net Assets	\$ 3,499,908	\$ 6,063,973	\$ 867,342	\$ (2,023,638)	\$ 8,407,585

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

	Assets			
	BEDS Plus	Ogden Avenue	Eliminations	Consolidated
	Care, Inc.	Supportive Housing LP		
Current Assets				
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	—	43,475	(43,475)	—
Due from Ogden Avenue	448,225	—	(448,225)	—
Total Current Assets	1,648,016	103,299	(491,700)	1,259,615
Property and Equipment				
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)
Net Property And Equipment	20,087	5,858,829	(204,000)	5,674,916
Other Assets				
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
Total Other Assets	1,301,466	360,130	(1,301,466)	360,130
Total Assets	\$ 2,969,569	\$ 6,322,258	\$ (1,997,166)	\$ 7,294,661

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION *(Continued)*

June 30, 2019

Liabilities And Net Assets

	BEDS Plus Care, Inc.	Ogden Avenue Supportive Housing LP	Eliminations	Consolidated
Current Liabilities				
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
Total Current Liabilities	113,659	205,421	(142,348)	176,732
Long-Term Liabilities				
Mortgage payables	—	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
Total Long-Term Liabilities	—	1,648,019	(349,352)	1,298,667
Net Assets (Deficit)				
Without donor restrictions:				
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
With donor restrictions	558,810	—	—	558,810
Total Net Assets	2,855,910	4,468,818	(1,505,466)	5,819,262
Total Liabilities And Net Assets	\$ 2,969,569	\$ 6,322,258	\$ (1,997,166)	\$ 7,294,661

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS For The Year Ended June 30, 2020

	BEDS Plus Care, Inc.			Ogden Avenue Supportive Housing LP			Dover Place LLC			Consolidated Total		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Subtotal	Elimination	Total
	Revenue and Support											
Faith contributions	\$ 80,029	\$ —	\$ 80,029	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 80,029	\$ —	\$ 80,029
Tenant rent	—	—	—	57,504	—	57,504	46,259	—	46,259	103,763	—	103,763
Subsidy rent	—	—	—	83,502	—	83,502	81,553	—	81,553	165,055	—	165,055
Corporations	18,503	—	18,503	—	—	—	—	—	—	18,503	—	18,503
Civic organizations	89,559	—	89,559	—	—	—	—	—	—	89,559	—	89,559
Individuals	448,596	—	448,596	—	—	—	—	—	—	448,596	—	448,596
Private foundations	294,815	262,975	557,790	—	—	—	—	—	—	557,790	—	557,790
Government grants	470,647	123,197	593,844	—	—	—	—	—	—	593,844	—	593,844
Donated services	326,803	—	326,803	—	—	—	—	—	—	326,803	—	326,803
Special events:												
Gross receipts	98,821	—	98,821	—	—	—	—	—	—	98,821	—	98,821
Direct expenses	(39,041)	—	(39,041)	—	—	—	—	—	—	(39,041)	—	(39,041)
Assets released from restriction	379,145	(379,145)	—	—	—	—	—	—	—	—	—	—
Total Revenue and Support	2,167,877	7,027	2,174,904	141,006	—	141,006	127,812	—	127,812	2,443,722	—	2,443,722
Functional Expenses												
Program services	1,546,318	—	1,546,318	—	—	—	—	—	—	1,546,318	—	1,546,318
Management and general	97,651	—	97,651	427,036	—	427,036	134,597	—	134,597	659,284	(6,423)	652,861
Fundraising expenses	117,415	—	117,415	—	—	—	—	—	—	117,415	—	117,415
Total Functional Expenses	1,761,384	—	1,761,384	427,036	—	427,036	134,597	—	134,597	2,323,017	(6,423)	2,316,594
Other Income (Expense)												
Other income	4,613	—	4,613	—	—	—	2	—	2	4,615	—	4,615
Interest	13,414	—	13,414	18,032	—	18,032	84,754	—	84,754	116,200	(6,423)	109,777
Investment in partnership	—	—	—	—	—	—	149,086	—	149,086	149,086	(149,086)	—
Contributions from noncontrolling interest	—	—	—	194,512	—	194,512	—	—	—	194,512	—	194,512
Total Other Income	18,027	—	18,027	212,544	—	212,544	233,842	—	233,842	464,413	(155,509)	308,904
Increase In Net Assets	424,520	7,027	431,547	(73,486)	—	(73,486)	227,057	—	227,057	585,118	(149,086)	436,032
Net Assets - Beginning Of Year	2,297,100	558,810	2,855,910	4,468,818	—	4,468,818	—	—	—	7,324,728	(1,505,466)	5,819,262
Net Assets - End Of Year	\$ 2,721,620	\$ 565,837	\$ 3,287,457	\$ 4,395,332	\$ —	\$ 4,395,332	\$ 227,057	\$ —	\$ 227,057	\$ 7,909,846	\$ (1,654,552)	\$ 6,255,294

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

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
	Revenue and Support								
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)	—	—	—	—	—	—	—
Total Revenue and Support	1,277,892	333,810	1,611,702	171,432	—	171,432	1,783,134	(5,782)	1,777,352
Functional Expenses									
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
Total Functional Expenses	1,425,729	—	1,425,729	475,889	—	475,889	1,901,618	(18,483)	1,883,135
Other Income (Expense)									
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
Syndication costs	—	—	—	(114,269)	—	(114,269)	(114,269)	114,269	—
Total Other Income	30,371	—	30,371	2,116,249	—	2,116,249	2,146,620	101,568	2,248,188
Increase In Net Assets	(117,466)	333,810	216,344	1,811,792	—	1,811,792	2,028,136	114,269	2,142,405
Net Assets - Beginning Of Year	2,414,566	225,000	2,639,566	2,657,026	—	2,657,026	5,296,592	(1,619,735)	3,676,857
Net Assets - End Of Year	\$ 2,297,100	\$ 558,810	\$ 2,855,910	\$ 4,468,818	\$ —	\$ 4,468,818	\$ 7,324,728	\$ (1,505,466)	\$ 5,819,262

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2020

	BEDS Plus Care, Inc				Ogden Avenue Supportive Housing LP				Dover Place LLC				Eliminations	Consolidated Total
	Program Services	Management And General	Fundraising	Sub-total	Program Services	Management And General	Fundraising	Sub-total	Program Services	Management And General	Fundraising	Sub-total		
Salaries	\$ 604,284	\$ 68,843	\$ 91,790	\$ 764,917	\$ —	\$ 52,067	\$ —	\$ 52,067	\$ —	\$ 4,951	\$ —	\$ 4,951	\$ —	\$ 821,935
Audit fees	—	8,515	—	8,515	—	—	—	—	—	—	—	—	—	8,515
Client assistance	175,575	—	—	175,575	—	—	—	—	—	—	—	—	—	175,575
Depreciation	6,366	—	—	6,366	—	254,601	—	254,601	—	8,077	—	8,077	—	269,044
Amortization	—	—	—	—	—	9,920	—	9,920	—	—	—	—	—	9,920
General insurance	20,992	437	437	21,866	—	7,347	—	7,347	—	6,914	—	6,914	—	36,127
Health savings account	2,370	270	360	3,000	—	—	—	—	—	—	—	—	—	3,000
Client meals and laundry	341,122	—	—	341,122	—	—	—	—	—	—	—	—	—	341,122
Client medical care	57,566	—	—	57,566	—	—	—	—	—	—	—	—	—	57,566
Miscellaneous expense	10,559	1,203	1,604	13,366	—	42,731	—	42,731	—	29,779	—	29,779	—	85,876
Payroll taxes	76,954	8,767	11,689	97,410	—	11,351	—	11,351	—	12,841	—	12,841	—	121,602
Postage and shipping	2,314	264	352	2,930	—	—	—	—	—	—	—	—	—	2,930
Printing	5,139	586	781	6,506	—	—	—	—	—	—	—	—	—	6,506
Office supplies expense	12,614	1,437	1,916	15,967	—	—	—	—	—	—	—	—	—	15,967
Professional fees	4,014	457	610	5,081	—	22,425	—	22,425	—	7,000	—	7,000	—	34,506
Retirement plan expense	10,360	1,180	1,574	13,114	—	—	—	—	—	—	—	—	—	13,114
Rent	181,027	3,771	3,771	188,569	—	—	—	—	—	—	—	—	—	188,569
Staff development	7,726	880	1,174	9,780	—	—	—	—	—	5,015	—	5,015	—	14,795
Telephone and internet	8,314	947	1,263	10,524	—	—	—	—	—	—	—	—	—	10,524
Utility	4,530	94	94	4,718	—	18,652	—	18,652	—	23,149	—	23,149	—	46,519
Client transportation	14,181	—	—	14,181	—	—	—	—	—	—	—	—	—	14,181
Interest	311	—	—	311	—	7,942	—	7,942	—	36,871	—	36,871	(6,423)	38,701
	\$ 1,546,318	\$ 97,651	\$ 117,415	\$ 1,761,384	\$ —	\$ 427,036	\$ —	\$ 427,036	\$ —	\$ 134,597	\$ —	\$ 134,597	\$ (6,423)	\$ 2,316,594

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES
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>