

**BEACON INTERFAITH
HOUSING COLLABORATIVE**

**CONSOLIDATED
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2015

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2015
(With Comparative Totals for 2014)

Table of Contents

| | <u>Page</u> |
|--|-------------|
| Independent Auditor's Report | 1-2 |
| Consolidated Financial Statements: | |
| Consolidated Statement of Financial Position | 3 |
| Consolidated Statement of Activities and Changes in Net Assets | 4 |
| Consolidated Statement of Functional Expenses | 5 |
| Consolidated Statement of Cash Flows | 6 |
| Notes to Consolidated Financial Statements | 7-31 |
| Consolidating Financial Statements: | |
| Consolidating Statement of Financial Position | 32-33 |
| Consolidating Statement of Activities and Changes in Net Assets | 34-35 |
| Consolidating Statement of Cash Flows | 36-37 |
| Supplementary Information: | |
| Computation of Surplus Cash, Distributions and Residual Receipts | 38 |
| Management Certification | 39 |



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Beacon Interfaith Housing Collaborative
Saint Paul, Minnesota

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Beacon Interfaith Housing Collaborative (a nonprofit organization) and its affiliates, which comprise the consolidated statement of financial position as of June 30, 2015, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to consolidated financial statements.

Management's Responsibility for the 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 Beacon Interfaith Housing Collaborative and its affiliates as of June 30, 2015, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters**Report on Summarized Comparative Information**

We have previously audited Beacon Interfaith Housing Collaborative's 2014 consolidated financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated October 8, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Consolidating and Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information shown on pages 32 to 37 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual entities, and the accompanying supplementary information on page 38 is presented for additional analysis as required by *the Audit Guide of the Minnesota Housing Finance Agency*. The information on pages 32 to 38 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 consolidating and supplementary 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 consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating and supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2015 on our consideration of Beacon Interfaith Housing Collaborative's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Beacon Interfaith Housing Collaborative's internal control over financial reporting and compliance.

*Mahoney Ulbrich
Christiansen Russ P.A.*

Saint Paul, Minnesota
October 15, 2015

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2015
(With Comparative Totals for 2014)

| | <u>2015</u> | <u>2014</u> |
|--|----------------------|----------------------|
| ASSETS | | |
| Cash - undesignated | \$ 703,293 | \$ 460,840 |
| Cash - board designated for predevelopment | 34,984 | 760,437 |
| Cash - board designated for operating reserve | 806,000 | 806,000 |
| Cash - operating funds for properties | 386,724 | 423,641 |
| Cash - restricted for short-term purposes | <u>530,762</u> | <u>164,244</u> |
| Total cash | 2,461,763 | 2,615,162 |
| | | |
| Accounts receivable | 190,720 | 155,292 |
| Government grants receivable | 152,865 | 186,265 |
| Contributions receivable, current portion | 763,980 | 931,204 |
| Prepaid expenses | <u>73,280</u> | <u>52,207</u> |
| Total current assets | 3,642,608 | 3,940,130 |
| | | |
| Predevelopment costs | 240,711 | 223,982 |
| Escrows and reserves | 3,187,044 | 2,886,918 |
| Contributions receivable, less current portion | 1,038,482 | 921,020 |
| Cash restricted for long-term purposes | 172,718 | 426,946 |
| Property and equipment, net | 45,821,253 | 43,745,913 |
| Finance and tax credit fees, net | <u>423,129</u> | <u>366,517</u> |
| | | |
| Total assets | <u>\$ 54,525,945</u> | <u>\$ 52,511,426</u> |

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2015
(With Comparative Totals for 2014)

| | <u>2015</u> | <u>2014</u> |
|--|----------------------|----------------------|
| LIABILITIES AND NET ASSETS | | |
| Accounts payable - operations | \$ 253,955 | \$ 286,630 |
| Construction payables | 261,036 | 67,223 |
| Current maturities of long-term debt | 575,991 | 501,271 |
| Accrued expenses | 441,033 | 344,822 |
| Accrued interest | 5,389 | 30,095 |
| Tenant security deposits | 131,570 | 131,758 |
| Deferred revenue | 5,627 | - |
| Total current liabilities | <u>1,674,601</u> | <u>1,361,799</u> |
| Long-term debt, less current maturities | 24,467,252 | 22,306,820 |
| Accrued interest, long-term | 642,871 | 552,834 |
| Refundable advances | <u>6,501,996</u> | <u>6,873,245</u> |
| Total liabilities | <u>33,286,720</u> | <u>31,094,698</u> |
| Net assets: | | |
| Unrestricted: | | |
| Undesignated | 4,498,667 | 4,327,434 |
| Board designated - predevelopment housing fund | 1,375,014 | 1,627,096 |
| Board designated - operating reserve | 806,000 | 806,000 |
| Board designated - other board designated | 239,500 | 239,500 |
| Non-controlling interests | <u>5,751,064</u> | <u>5,916,384</u> |
| Total unrestricted | 12,670,245 | 12,916,414 |
| Temporarily restricted | <u>8,568,980</u> | <u>8,500,314</u> |
| Total net assets | <u>21,239,225</u> | <u>21,416,728</u> |
| Total liabilities and net assets | <u>\$ 54,525,945</u> | <u>\$ 52,511,426</u> |

See accompanying notes to consolidated financial statements

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended June 30, 2015
(With Comparative Totals for 2014)

| | 2015 | | | 2014 |
|--|----------------------|------------------------|----------------------|----------------------|
| | Unrestricted | Temporarily Restricted | Total | |
| Operating revenues and support: | | | | |
| Contributions | \$ 1,847,108 | \$ 448,866 | \$ 2,295,974 | \$ 2,444,006 |
| Contributions in-kind | 465,000 | - | 465,000 | 311,658 |
| Government grants | 1,142,178 | - | 1,142,178 | 1,171,235 |
| Rent and housing assistance payments | 2,839,785 | - | 2,839,785 | 2,838,558 |
| Fee income | 219,087 | - | 219,087 | 183,224 |
| Interest income | 13,613 | - | 13,613 | 16,589 |
| Miscellaneous | 224,632 | - | 224,632 | 65,277 |
| Net assets released from restrictions | 212,099 | (212,099) | - | - |
| Total operating revenues and support | <u>6,963,502</u> | <u>236,767</u> | <u>7,200,269</u> | <u>7,030,547</u> |
| Operating expenses: | | | | |
| Program services: | | | | |
| Housing operations | 3,179,680 | - | 3,179,680 | 3,164,438 |
| Supportive services | 802,831 | - | 802,831 | 776,746 |
| Housing development | 880,685 | - | 880,685 | 797,295 |
| Shelter programs (Families Moving Forward) | 1,042,543 | - | 1,042,543 | 806,566 |
| Total program services | <u>5,905,739</u> | <u>-</u> | <u>5,905,739</u> | <u>5,545,045</u> |
| Support services: | | | | |
| Management and general | 450,197 | - | 450,197 | 446,265 |
| Fundraising | 495,710 | - | 495,710 | 475,138 |
| Total operating expenses | <u>6,851,646</u> | <u>-</u> | <u>6,851,646</u> | <u>6,466,448</u> |
| Operating income (loss) | 111,856 | 236,767 | 348,623 | 564,099 |
| Other revenues (expenses): | | | | |
| Contributions and grants for property acquisition | 171,782 | 78,218 | 250,000 | 717,044 |
| Net assets released from restrictions for property acquisition | 246,319 | (246,319) | - | - |
| Amortization of refundable advances (Note 10) | 446,249 | - | 446,249 | 406,249 |
| Deferred interest - rental properties | (126,467) | - | (126,467) | (95,118) |
| Depreciation and amortization - rental properties | (1,424,553) | - | (1,424,553) | (1,421,414) |
| Change in net assets | (574,814) | 68,666 | (506,148) | 170,860 |
| Net assets, beginning of year | 12,916,414 | 8,500,314 | 21,416,728 | 20,882,482 |
| Contributions - noncontrolling interests (Note 13) | 382,803 | - | 382,803 | 412,507 |
| Distributions - noncontrolling interests (Note 13) | (38,158) | - | (38,158) | (49,121) |
| Syndication costs - noncontrolling interests (Note 13) | (16,000) | - | (16,000) | - |
| Net assets, end of year | <u>\$ 12,670,245</u> | <u>\$ 8,568,980</u> | <u>\$ 21,239,225</u> | <u>\$ 21,416,728</u> |

See accompanying notes to consolidated financial statements

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2015
(With Comparative Totals for 2014)

| | 2015 | | | | | | | Total | 2014 |
|---|---------------------|---------------------|---------------------|---------------------|------------------------|-------------------|---------------------|---------------------|------|
| | Program Services | | | | Support Services | | | | |
| | Housing Operations | Supportive Services | Housing Development | Shelter Programs | Management and general | Fundraising | | | |
| Salaries | \$ 122,695 | \$ 169,844 | \$ 547,382 | \$ 252,856 | \$ 297,901 | \$ 282,408 | \$ 1,673,086 | \$ 1,513,810 | |
| Payroll taxes | 10,577 | 11,461 | 47,189 | 21,798 | 25,681 | 24,281 | 140,987 | 153,695 | |
| Benefits | 9,009 | 9,762 | 40,192 | 18,566 | 21,874 | 20,680 | 120,083 | 123,789 | |
| Total salaries and taxes | 142,281 | 191,067 | 634,763 | 293,220 | 345,456 | 327,369 | 1,934,156 | 1,791,294 | |
| Occupancy | 7,740 | 8,386 | 34,530 | 62,595 | 18,792 | 17,768 | 149,811 | 151,568 | |
| Office expense | 781 | 846 | 3,482 | 3,749 | 1,895 | 1,791 | 12,544 | 10,612 | |
| Postage | 843 | 913 | 3,760 | 208 | 2,046 | 1,935 | 9,705 | 8,872 | |
| Copying and printing | 2,322 | 2,516 | 10,358 | 10,928 | 5,637 | 5,330 | 37,091 | 37,188 | |
| Telephone | 516 | 560 | 2,304 | 3,359 | 1,254 | 1,186 | 9,179 | 9,092 | |
| Computer software | 352 | 382 | 1,572 | 1,317 | 856 | 810 | 5,289 | 5,755 | |
| Equipment and maintenance | 504 | 545 | 2,248 | 260 | 1,224 | 1,157 | 5,938 | 16,106 | |
| Insurance | 1,485 | 1,609 | 6,625 | 11,977 | 4,017 | 6,181 | 31,894 | 32,350 | |
| Dues and subscriptions | 252 | 273 | 1,122 | 518 | 611 | 577 | 3,353 | 2,719 | |
| Miscellaneous | 469 | 508 | 2,106 | 3,567 | 1,863 | 9,434 | 17,947 | 13,315 | |
| Other program support | 3,885 | 420 | 9,200 | 1,089 | - | 1,510 | 16,104 | 15,653 | |
| Staff training and travel | 1,589 | 2,504 | 10,030 | 15,716 | 12,612 | 5,140 | 47,591 | 40,235 | |
| Professional fees | - | - | - | 1,325 | 50,872 | - | 52,197 | 136,195 | |
| Interest | - | - | 13,987 | - | - | - | 13,987 | 15,783 | |
| Fundraising and special events | - | - | - | - | - | 112,626 | 112,626 | 123,062 | |
| Development costs | - | - | 138,971 | - | - | - | 138,971 | 33,848 | |
| Contributed goods and services (Note 14) | - | - | - | 465,000 | - | - | 465,000 | 311,658 | |
| Shelter program services | - | - | - | 154,667 | - | - | 154,667 | 121,685 | |
| Nicollet Square resident services | - | 271,806 | - | - | - | - | 271,806 | 266,288 | |
| Lydia Apartments resident services | - | 279,150 | - | - | - | - | 279,150 | 312,169 | |
| Cedar View resident services | - | 39,979 | - | - | - | - | 39,979 | 24,123 | |
| Depreciation and amortization | 1,261 | 1,367 | 5,627 | 13,048 | 3,062 | 2,896 | 27,261 | 20,201 | |
| | <u>164,280</u> | <u>802,831</u> | <u>880,685</u> | <u>1,042,543</u> | <u>450,197</u> | <u>495,710</u> | <u>3,836,246</u> | <u>3,499,771</u> | |
| Residential rental property expenses: | | | | | | | | | |
| Staffing | 474,665 | - | - | - | - | - | 474,665 | 521,242 | |
| Management fees | 305,034 | - | - | - | - | - | 305,034 | 275,992 | |
| Administrative | 183,929 | - | - | - | - | - | 183,929 | 188,113 | |
| Professional fees | 61,672 | - | - | - | - | - | 61,672 | 60,434 | |
| Utilities | 472,106 | - | - | - | - | - | 472,106 | 500,780 | |
| Operating and maintenance | 935,516 | - | - | - | - | - | 935,516 | 825,584 | |
| Insurance | 160,380 | - | - | - | - | - | 160,380 | 146,729 | |
| Taxes | 362,288 | - | - | - | - | - | 362,288 | 319,852 | |
| Interest | 59,810 | - | - | - | - | - | 59,810 | 127,951 | |
| | <u>3,179,680</u> | <u>802,831</u> | <u>880,685</u> | <u>1,042,543</u> | <u>450,197</u> | <u>495,710</u> | <u>6,851,646</u> | <u>6,466,448</u> | |
| Deferred interest - rental properties | 126,467 | - | - | - | - | - | 126,467 | 95,118 | |
| Depreciation and amortization - rental properties | 1,424,553 | - | - | - | - | - | 1,424,553 | 1,421,414 | |
| | <u>\$ 4,730,700</u> | <u>\$ 802,831</u> | <u>\$ 880,685</u> | <u>\$ 1,042,543</u> | <u>\$ 450,197</u> | <u>\$ 495,710</u> | <u>\$ 8,402,666</u> | <u>\$ 7,982,980</u> | |

See accompanying notes to consolidated financial statements

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2015
(With Comparative Totals for 2014)

Increase (Decrease) in Cash

| | <u>2015</u> | <u>2014</u> |
|--|---------------------|---------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ (506,148) | \$ 170,860 |
| Adjustments to reconcile the change in net assets to net cash from operating activities: | | |
| Depreciation and amortization | 1,451,814 | 1,441,615 |
| Contributions and grants for property acquisition | (250,000) | (717,044) |
| Amortization of refundable advances (Note 10) | (446,249) | (406,249) |
| Change in operating assets and liabilities: | | |
| Accounts receivable | (35,428) | 26,199 |
| Government grants receivable | 33,400 | (53,786) |
| Contributions receivable | 49,762 | (263,490) |
| Prepaid expenses | (20,073) | (5,581) |
| Accounts payable and accrued expenses | 63,536 | 119,984 |
| Accrued interest | 65,331 | 119,534 |
| Tenant security deposits | (3,370) | 584 |
| Deferred revenue | 5,627 | (1,863) |
| Net cash from operating activities | <u>408,202</u> | <u>430,763</u> |
| Cash flows from investing activities: | | |
| Payments for property and equipment | (3,310,291) | (730,850) |
| Change in predevelopment costs, net | 1,959 | (115,938) |
| Change in escrows and reserves, net | (297,945) | (443,242) |
| Change in cash restricted for long-term purposes | 254,228 | (96,818) |
| Net cash from investing activities | <u>(3,352,049)</u> | <u>(1,386,848)</u> |
| Cash flows from financing activities: | | |
| Payments of finance fees | (98,349) | (9,869) |
| Proceeds from issuance of debt | 3,165,350 | 356,988 |
| Payments on long-term debt | (930,198) | (874,700) |
| Receipts from refundable advances | 75,000 | 100,000 |
| Capital contributions - noncontrolling interests | 382,803 | 412,507 |
| Syndication costs | (16,000) | - |
| Distributions - noncontrolling interests | (38,158) | (49,121) |
| Contributions and grants for property acquisition | 250,000 | 717,044 |
| Net cash from financing activities | <u>2,790,448</u> | <u>652,849</u> |
| Increase (decrease) in cash | (153,399) | (303,236) |
| Cash, beginning of year | <u>2,615,162</u> | <u>2,918,398</u> |
| Cash, end of year | <u>\$ 2,461,763</u> | <u>\$ 2,615,162</u> |
| Supplemental cash flow information: | | |
| Cash paid for interest, net capitalized interest | \$ 134,933 | \$ 131,837 |
| Non-cash investing and financing activities: | | |
| Property and equipment included in construction payables | 261,036 | 67,223 |

See accompanying notes to consolidated financial statements

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2015
(With Comparative Totals for 2014)

1. **ORGANIZATION**

Beacon Interfaith Housing Collaborative is a 501(c)(3) non-profit working to end homelessness by creating and operating affordable and supportive housing, providing emergency shelter, and advocating for public and private resources. More than 70 congregations are part of the collaborative. Beacon has developed nearly 500 units of high-quality affordable and supportive housing and provides emergency shelter and transitional services for more than 75 families annually through the shelter program.

Beacon's collaborative model differentiates it from other non-profit housing developers and has contributed to its emergence as one of the most productive supportive housing developers in the Twin Cities. Collaborating congregations bring a faith-driven commitment to justice, equity and ending poverty while contributing important resources, including financial and social capital.

Beacon's primary sources of revenue and support are contributions, government grants, developer fees, and rents.

A summary of the properties owned, managed or developed by Beacon follows:

Beacon has the following interests in partnerships:

- PCNF Nicollet Housing LP General and limited partner interests in partnership formed to own and operate Nicollet Square apartments (42 units).
- PCNF Creekside Commons LP General partner interest (.01%) in partnership formed to own and operate Creekside Commons (30 units).
- Lydia House LP General partner interest (.01%) in partnership formed to own and operate Lydia Apartments (40 units).
- Lonoke LP General partner interest (.01%) in partnership formed to own and operate Franklin Garden Apartments (19 units).

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2015
(With Comparative Totals for 2014)

1. **ORGANIZATION (Continued)**

Beacon wholly owns the following companies and properties:

- North Haven LLC Was formed to own and operate North Haven I apartments (4 units) acquired in July 2000 and North Haven II apartments (5 units) acquired in March 2014.
- Anpa Hawthorne LLC Was formed to acquire properties to further Beacon's mission.

Anpa Hawthorne LLC owned the following LLCs and projects at June 30, 2015:

- Anpa Waste LLC Was formed to own and operate Cedar View fka Anpa Waste Numpa (10 units) acquired in February 2005.
- Hawthorne Avenue LLC Was formed to own and operate Hawthorne Avenue Apartments (35 units) acquired in August 2005.
- 545 Snelling LLC Was formed to own and operate Kimball Court (76 units) acquired in May 2010.
- 352 Wacouta LLC Was formed to own and operate American House (70 units) acquired in May 2010.
- Franklin Gardens LLC Was formed to own and operate Franklin Gardens (19 units) acquired in June 2005. This property was sold to Lonoke LP in April 2015.
- Housing 150 LLC Was formed to own and operate Abbott View (21 units) acquired in October 2006.
- Oakhaven Housing LLC Was formed to own and operate Oakhaven Townhomes (10 units) acquired in December 2006.
- Clinton Avenue Townhomes LLC Was formed to own and operated Clinton Avenue Townhomes acquired in December 2011.
- Housing 150-Nicollet LLC Formed to be the general partner in PCNF Nicollet Housing LP, and to own and operate 5,765 square feet of commercial rental space.
- Nicollet Housing LLC Formed to be the limited partner in PCNF Nicollet Housing LP. The only activity relates to the operations of Nicollet Square apartments.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2015
(With Comparative Totals for 2014)

1. **ORGANIZATION (Continued)**

- Creekside Commons LLC Formed to be the general partner in PCNF Creekside Commons LP.
- Plymouth Housing LLC Formed to be the general partner in Lydia House LP. The only activity relates to the operations of Lydia House.
- Prior Crossing LLC The LLC owns property in St. Paul, MN acquired in 2013 that is expected to be developed into affordable housing.
- 66 West LLC The LLC owns property in Edina, MN acquired in 2014 that is expected to be developed into affordable housing.

Riverview Apartments Senior Housing (Riverview) is a nonprofit organization formed to own and operate a 42 unit senior apartment complex. Beacon can appoint four members of the eight member board of directors. Upon dissolution of Riverview, all assets and property shall be paid to Beacon.

FMF Housing is a nonprofit organization of which Beacon is the sole member.

FMF Housing has interests in the following partnerships and companies which are consolidated:

- FMF 38th Street Development, LLLP General partner interest (.01%) in partnership formed to own and operate Third Avenue Townhomes (12 units).
- FMF Audubon, LLC Wholly owned LLC formed to represent Beacon's 50% interest in Lowry Apartments GP, LLC. The only activity relates to the operations of Audubon Crossing Apartments (Note 8).
- FMF Properties, LLC Wholly owned LLC formed to provide affordable housing and long-term transitional housing services. The LLC is currently inactive.
- FMF Development, Inc. FMF Housing is the sole shareholder of FMF Development, which was formed to facilitate future development of affordable rental housing. FMF Development is currently inactive.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2015
(With Comparative Totals for 2014)

1. **ORGANIZATION (Continued)**

FMF Housing has interests in the following partnerships and companies which are not consolidated because Beacon is not the controlling partner (Note 8):

- Lowry Apartments, LP Limited partnership formed to own and operate Audubon Crossing Apartments (30 units).
- Lowry Apartments GP, LLC LLC formed to be the general partner in Lowry Apartments, LP. FMF Audubon is the co-member of the LLC with MetroPlains Partners LLC (an unrelated entity).
- Lowry Apartment Developer, LLC FMF Housing has a 50% membership interest along with Metroplains LLC (unrelated entity) in Lowry Apartment Developer, LLC, which was formed to facilitate the development of Audubon Crossing Apartments.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Consolidation Policy – The consolidated financial statements include the accounts of Beacon, nonprofit entities in which Beacon has both an economic interest and control, the wholly owned subsidiaries, and the limited partnerships in which Beacon is a general partner and exercises control. All material intra-entity transactions have been eliminated with the exception of developer fees and predevelopment interest that are paid from debt or capital contributions.

The developer fees and predevelopment interest are recorded as revenue by Beacon and capitalized as fixed assets by the property as they are considered a reimbursement of Beacon expenses.

The limited partners' equity in FMF 38th Street; PCNF Creekside Commons Limited Partnership; Lydia House Limited Partnership; and Lonoke Limited Partnership is reported as a component of unrestricted net assets as non-controlling interests.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2015
(With Comparative Totals for 2014)

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial Statement Presentation – Revenues and support are classified based on the presence or absence of donor restrictions and reported in the following net asset categories:

- Unrestricted net assets represent the portion of net assets that are not subject to donor restrictions.
- Temporarily restricted net assets arise from contributions that are restricted by donors for specific purposes or time periods.
- Permanently restricted net assets arise from contributions that the donor has stipulated must be maintained in perpetuity. Beacon does not have any permanently restricted net assets.

Beacon has presented non-cash expenses including deferred interest expense, depreciation and amortization, as well as capital acquisition grants and contributions in the other revenues (expenses) section on the statement of activities. Beacon believes the presentation will assist users in analyzing operating results.

Cash – For purposes of the Statement of Cash Flows, Beacon considers all highly liquid instruments purchased with an original maturity of three months or less to be cash. Restricted escrows and reserves and cash restricted for long-term purposes are excluded from cash.

Cash Restricted for Long-Term Purposes – Consists of cash restricted by donors for certain development projects of Beacon.

Credit Risk – Beacon maintains cash in banks, with lenders or trustees. At times the amount on deposit may exceed federally insured limits, and may expose Beacon to credit risk.

Accounts Receivable – Accounts and grants receivable are stated at the amount management expects to collect from outstanding balances and are noninterest bearing. Accounts receivable are charged to expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Generally accepted accounting principles require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Predevelopment Costs – Predevelopment costs represent costs incurred on projects under development. The costs are expected to be recovered when financing for the project is secured; the project is sold to an unrelated entity; or the project is transferred to an entity formed by Beacon. Costs include acquisition, legal, architectural, and construction costs incurred to date.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2015
(With Comparative Totals for 2014)

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Contributions Receivable – Unconditional promises to give are recognized in the period the promises are made. Conditional promises to give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

Contributions receivable expected to be collected during the next year are recorded at net realizable value. Contributions expected to be collected in greater than one year are recorded at the present value of the amount expected to be collected, using risk free rates applicable to the years in which the promises are to be received.

Property and Equipment – Property and equipment are carried at cost, with the exception of donated items which are recorded at fair market value at date of gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Maintenance and repairs are expensed as incurred. Major renewals or betterments that extend the lives of property and equipment are capitalized. Asset impairment is evaluated whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

Absent explicit donor restrictions regarding how long donated assets must be maintained, Beacon reports expiration of donor restrictions when the donated or acquired assets are placed in service.

Finance and Tax Credit Fees – Finance fees are amortized on the straight-line basis over the term of the related debt. Tax credit fees are amortized over 10 - 15 years using the straight-line method.

Construction Payables – Construction payables consist of costs incurred on development projects which have not been paid. Construction payables will be paid with proceeds of debt and capital contributions.

Refundable Advances – Refundable advances consist of funds received which may be repaid to the grantor if certain conditions are not met. Advances are recognized as revenue when conditions for repayment expire.

Section 1602 grants received from state housing agencies are recorded as refundable advances and recognized as revenue using the straight-line method over 15 years.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2015
(With Comparative Totals for 2014)

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Contributions – Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Contributed Goods and Services – Donated materials are recorded as contributions at their estimated fair market value in the period received. Donated services are recorded as contributions at their estimated fair value only if the services create or enhance a nonfinancial asset or if the services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. No contributed services were recognized in either year.

The Organization regularly receives donated services from many volunteers. However no amounts have been recognized for these services because they do not meet the criteria described above.

Special Events – Revenues received from special events consist of donations and are included in contributions.

Government Grants and Contracts – Government grants and contract funds are generally recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Funds received but not yet earned are recorded as deferred revenue.

Capital advances under the Section 202 program received from the Department of Housing and Urban Development (HUD) are recorded as temporarily restricted revenue when received. These grants are subject to a number of requirements, including that the property be used as affordable housing for 40 years. Based on the history of Beacon, management believes violation of the agreements and repayment of these grants are not likely. These grants are reported as temporarily restricted net assets and released to unrestricted net assets upon expiration of the grant requirements.

Rents – Revenue from commercial and residential leases, including rental subsidies, is recorded when due in accordance with the lease or subsidy agreement. Residential leases are for periods of up to one year. Commercial leases are for periods up to ten years. Other rents result from fees charged to tenants, including late fees, forfeited security deposits, laundry facilities, cleaning, and damage charges and are recorded when earned.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2015
(With Comparative Totals for 2014)

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Functional Expenses – Expenses have been allocated among program and support services classifications based upon direct expenditures and estimates made by Beacon’s management.

Income Taxes – Beacon, FMF Housing and Riverview are exempt from income taxes under Internal Revenue Code Section 501(c)(3) and applicable Minnesota Statutes, except to the extent they have taxable income from businesses that are not related to their exempt purpose. Activities generating unrelated business income consist of income from commercial leasing. The wholly owned LLCs and the limited partnerships are not taxable entities. Income or losses are passed through to the partners or members. Management believes Beacon and related entities do not have any uncertain income tax positions.

Comparative Total Column – The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the financial statements for the year ended June 30, 2014, from which the summarized information was derived.

3. **CONTRIBUTIONS RECEIVABLE**

Contributions receivable are due in the following years ending June 30:

| | |
|---|---------------------|
| 2016 | \$ 763,980 |
| 2017 | 475,285 |
| 2018 | 356,263 |
| 2019 | 226,024 |
| 2020 | 104,222 |
| | <hr/> |
| | 1,925,774 |
| Less discounts to net present value | (55,887) |
| Less allowance (3-10%) | (67,425) |
| | <hr/> |
| | 1,802,462 |
| Less current portion | (763,980) |
| | <hr/> |
| Contributions receivable, long-term portion | <u>\$ 1,038,482</u> |

The discount rate used on contributions receivable was 1%.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2015
(With Comparative Totals for 2014)

4. **PREDEVELOPMENT COSTS**

Predevelopment costs relate to the following projects:

| | <u>2015</u> | <u>2014</u> |
|---------------------|-------------------|-------------------|
| 66 West | \$ - | \$ 103,575 |
| Wayzata project | - | 14,453 |
| Great River Landing | 221,782 | - |
| Emerson North | 6,500 | 100,147 |
| Other | <u>12,429</u> | <u>5,807</u> |
| | <u>\$ 240,711</u> | <u>\$ 223,982</u> |

5. **ESCROWS AND RESERVES**

Certain partnership and debt agreements place restrictions on and require that cash be escrowed for payment of real estate taxes, insurance, replacement reserves, operating reserves, development cost escrows and other reserves. Escrows and reserves consist of the following:

| | <u>2015</u> | <u>2014</u> |
|------------------------------|---------------------|---------------------|
| Security deposits | \$ 150,051 | \$ 147,874 |
| Tax and insurance escrows | 210,327 | 204,042 |
| Replacement reserves | 746,495 | 642,246 |
| Operating reserves | 819,726 | 835,821 |
| Asset management fee escrows | 77,478 | 99,345 |
| Interest reserves | - | 66,169 |
| Development cost escrows | 32,693 | 32,669 |
| Holding cost reserves | 286,399 | - |
| Revenue deficit reserves | 803,410 | 799,314 |
| Other reserves | <u>60,465</u> | <u>59,438</u> |
| | <u>\$ 3,187,044</u> | <u>\$ 2,886,918</u> |

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2015
(With Comparative Totals for 2014)

6. **PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

| | <u>2015</u> | <u>2014</u> | <u>Estimated useful lives (in years)</u> |
|-------------------------------|----------------------|----------------------|--|
| Land | \$ 7,695,830 | \$ 5,963,782 | - |
| Buildings | 42,929,841 | 42,116,728 | 20-40 |
| Land improvements | 601,254 | 601,254 | 5-15 |
| Leasehold improvements | 250,866 | 250,866 | 6-10 |
| Equipment | 1,146,519 | 1,146,078 | 3-7 |
| Construction in progress | <u>1,779,330</u> | <u>819,026</u> | - |
| | 54,403,640 | 50,897,734 | |
| Less accumulated depreciation | <u>(8,582,387)</u> | <u>(7,151,821)</u> | |
| | <u>\$ 45,821,253</u> | <u>\$ 43,745,913</u> | |

Depreciation expense charged to operations was \$1,430,569 in 2015 and \$1,420,531 in 2014.

Construction in progress consists of projects in the development phase as follows:

| | <u>2015</u> | <u>2014</u> |
|--------------------|---------------------|-------------------|
| 66 West LLC | \$ 269,577 | \$ - |
| North Haven LLC | - | 42,705 |
| Lonoke LP | 381,825 | 40,643 |
| Prior Crossing LLC | 1,122,896 | 735,678 |
| Other | <u>5,032</u> | <u>-</u> |
| | <u>\$ 1,779,330</u> | <u>\$ 819,026</u> |

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2015
(With Comparative Totals for 2014)

7. **FINANCE AND TAX CREDIT FEES, NET**

Finance and tax credit fees, net consist of the following:

| | <u>2015</u> | <u>2014</u> | <u>Amortization period - years</u> |
|--------------------------|-------------------|-------------------|--|
| Finance fees | \$ 443,964 | \$ 372,200 | 1-30 |
| Tax credit fees | <u>126,545</u> | <u>108,209</u> | 10-15 |
| | 570,509 | 480,409 | |
| Accumulated amortization | <u>(147,380)</u> | <u>(113,892)</u> | |
| | <u>\$ 423,129</u> | <u>\$ 366,517</u> | |

Amortization of \$20,494 was capitalized to property and equipment during 2015.

8. **INVESTMENT IN UNCONSOLIDATED LIMITED PARTNERSHIP**

FMF Housing is the sole member of FMF Audubon, LLC which has a 50% membership interest along with MetroPlains Partners LLC in Lowry Apartments GP, LLC. Lowry Apartments GP, LLC, is the General Partner in Lowry Apartments, LP which owns Audubon Crossing, a 30 unit low income housing tax credit apartment building.

FMF Housing has no responsibility for tax credit guarantees or operating deficits. FMF Housing has a right of first refusal to purchase Audubon Crossing from the partnership at the completion of the tax credit compliance period.

FMF Audubon, LLC has the overall responsibility to provide and supervise the provision of the supportive services. FMF Housing is responsible for marketing the four “long term homeless” units to eligible families and has an agreement to provide the supportive services to those families. Funding is being established in a Social Service Reserve to ensure available funding for services during the tax credit compliance period.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2015
(With Comparative Totals for 2014)

8. **INVESTMENT IN UNCONSOLIDATED LIMITED PARTNERSHIP (Continued)**

A summary of the financial position and results of operations for Lowry Apartments, LP as of and for the year ended December 31, 2014 follows:

BALANCE SHEET

| | |
|----------------------------------|---------------------|
| Property and equipment, net | \$ 6,311,891 |
| Cash | 35,774 |
| Reserves and escrow | 267,152 |
| Receivables and prepaid expenses | 10,663 |
| Other assets, net | <u>59,680</u> |
| | <u>\$ 6,685,160</u> |
| Debt | \$ 2,770,328 |
| Deferred developer fees | 115,026 |
| Accounts and other payables | 86,391 |
| Other liabilities | <u>24,923</u> |
| Total liabilities | 2,996,668 |
| Partners' equity | <u>3,688,492</u> |
| | <u>\$ 6,685,160</u> |

STATEMENT OF OPERATIONS

| | |
|-------------------------------|---------------------|
| Operating revenue | \$ 295,233 |
| Operating expenses | (278,712) |
| Depreciation and amortization | <u>(252,093)</u> |
| Net loss | <u>\$ (235,572)</u> |

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2015
(With Comparative Totals for 2014)

9. **DEBT**

Debt consists of the following:

| | <u>2015</u> | <u>2014</u> |
|--|-------------|-------------|
| Beacon | | |
| Wells Fargo Bank* - unsecured note payable with 2% interest, and quarterly installments of interest through October 2017 when due. | \$ 300,000 | \$ 300,000 |
| GMHC* - Two notes payable with 6% and 5% interest. Principal and interest are due on demand. During 2015, a note payable of \$201,000 was repaid and a note payable of \$300,000 was issued. Secured by the property at 66 West. | 300,000 | 201,000 |
| FMF 38th Street Development, LLLP | | |
| MHFA - Mortgage with 6.5% interest due in varying monthly installments through January 2034. | 345,600 | 354,888 |
| MHFA - Mortgage with 1% interest, due in July 2033. | 525,000 | 525,000 |
| Hennepin County HRA – Mortgage with 1% interest, due in July 2033. | 118,500 | 118,500 |
| North Haven, LLC | | |
| MHFA – Mortgage without interest, due in August 2038. | 161,700 | 161,700 |
| City of Minneapolis – Mortgage with 1% interest, due in August 2038. | 171,814 | 171,814 |
| MHFA – Mortgage without interest due in March 2044. | 238,396 | 238,396 |
| City of Minneapolis – Mortgage with 1% interest, due in March 2044. | 212,184 | - |
| Anpa Waste, LLC | | |
| MHFA – Two mortgages without interest, due in November 2035. | 518,000 | 518,000 |
| City of Minneapolis – Mortgage with 1% interest, due in November 2035. | 433,746 | 433,746 |

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2015
(With Comparative Totals for 2014)

9. **DEBT (Continued)**

| | <u>2015</u> | <u>2014</u> |
|---|-------------|-------------|
| Hawthorne Avenue, LLC | | |
| Hennepin County – Mortgage with 1% interest, due in August 2035. | \$ 115,000 | \$ 115,000 |
| MHFA – Two mortgages without interest, due in August 2035. | 883,610 | 883,610 |
| City of Minneapolis – Two mortgages with 1% interest, due in August 2025 and August 2035. | 525,000 | 525,000 |
| Western Bank – Mortgage with 4.88% interest, due in monthly installments of \$1,542 through September 2017. | 236,451 | 243,108 |
| 545 Snelling, LLC | | |
| MHFA – Mortgage without interest due in October 2019. If no event of default occurs, the note shall be deemed paid in full. | 100,000 | 100,000 |
| MHFA – Four mortgages without interest, due in May 2040. | 2,150,818 | 2,150,818 |
| Saint Paul HRA – Mortgage without interest, due in May 2040. | 501,130 | 501,130 |
| 352 Wacouta, LLC | | |
| St. Paul HRA – Three mortgages without interest, due in December 2017 and November 2032. | 462,500 | 462,500 |
| Ramsey County HRA – Mortgage without interest, due in November 2032. | 250,000 | 250,000 |
| Family Housing Fund – Mortgage without interest, due in November 2032. | 200,000 | 200,000 |
| MHFA – Three mortgages without interest due between June 2023 and May 2040. | 2,018,046 | 2,018,046 |
| Franklin Gardens, LLC | | |
| Western Bank* – Two mortgages with interest of 5.60% and 5.85%. The mortgages were repaid in 2015. | - | 640,031 |
| GMHC* – Mortgage with 5% interest, due on demand. | - | 194,000 |

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2015
(With Comparative Totals for 2014)

9. **DEBT (Continued)**

| | <u>2015</u> | <u>2014</u> |
|---|--------------|--------------|
| Housing 150, LLC | | |
| MHFA – Mortgage with .5% interest, due in monthly installments of \$4,384 through November 2039. | \$ 1,208,890 | \$ 1,255,325 |
| City of Minneapolis – Mortgage with 1% interest, due in March 2039. | 530,000 | 530,000 |
| Oakhaven, LLC | | |
| MHFA – Mortgage with 3% interest, due in monthly installments of \$2,909 through February 2043. | 655,702 | 670,695 |
| Clinton Avenue Townhomes, LLC | | |
| MHFA – Mortgage without interest, due in monthly installments of \$1,566 through September 2052. | 700,082 | 718,876 |
| Prior Crossing LLC | | |
| LISC* – Mortgage with 5.33% interest, due in monthly installments of interest through the earlier of closing or September 1, 2015. | 178,000 | 178,000 |
| 66 West LLC | | |
| Twin Cities Land Bank – Mortgage with 8% interest, monthly installments of interest only are due through November 2016 (maturity date). | 286,500 | - |
| Western Bank – Mortgage with 4.5% interest, monthly installments of interest only are due through November 2016 (maturity date). | 1,623,500 | - |
| PCNF Nicollet Housing Limited Partnership | | |
| City of Minneapolis – Mortgage with 1% interest, due in December 2039. | 977,584 | 977,584 |
| MHFA – Mortgage without interest, due in February 2040. | 882,774 | 882,774 |
| Hennepin County HRA – Mortgage with 1% interest, due in February 2040. | 200,000 | 200,000 |
| Family Housing Fund – Mortgage with 1% interest, due in February 2040. | 100,000 | 100,000 |

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2015
(With Comparative Totals for 2014)

9. **DEBT (Continued)**

| | <u>2015</u> | <u>2014</u> |
|--|----------------------|----------------------|
| PCNF Creekside Commons, LP | | |
| City of Minneapolis – Three mortgages with 1% interest, due in November 2039. | \$ 2,149,104 | \$ 2,149,104 |
| MHFA – Mortgage with 1% interest, due in November 2039. | 247,260 | 247,260 |
| Lydia House Limited Partnership | | |
| City of Minneapolis – Two mortgages without interest, due in February 2033. | 500,000 | 500,000 |
| MHFA – Two mortgages with interest at 0% and 5.01%, due in January 2034. | 529,584 | 529,584 |
| Family Housing Fund – Mortgage without interest, due in February 2033. | 328,000 | 328,000 |
| Hennepin County HRA – Mortgage without interest, due in February 2033. | 400,000 | 400,000 |
| Lonoke Limited Partnership | | |
| City of Minneapolis – Mortgage with 1% interest, due in April 2045. | 432,523 | - |
| MHFA – Mortgage in the amount up to \$645,454 with 1% interest, due in April 2045. | 286,643 | - |
| Hennepin County HRA – Mortgage without interest, due in February 2033. | 225,000 | - |
| Riverview Apartments Senior Housing | | |
| City of Minneapolis – Mortgage with 1% interest, due in December 2051. | 1,634,602 | 1,634,602 |
| MHFA – Mortgage without interest, due in December 2051. | 200,000 | 200,000 |
| | <u>25,043,243</u> | <u>22,808,091</u> |
| Less current maturities of debt | <u>(575,991)</u> | <u>(501,271)</u> |
| | <u>\$ 24,467,252</u> | <u>\$ 22,306,820</u> |

*Loans with recourse

Interest of \$67,938 and \$32,625 was capitalized in 2015 and 2014, respectively.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2015
(With Comparative Totals for 2014)

9. **DEBT (Continued)**

Maturities of debt for the years ending June 30 are as follows:

| | |
|------------|----------------------|
| 2016 | \$ 575,991 |
| 2017 | 2,009,379 |
| 2018 | 827,503 |
| 2019 | 194,720 |
| 2020 | 96,252 |
| Thereafter | <u>21,339,398</u> |
| | <u>\$ 25,043,243</u> |

10. **REFUNDABLE ADVANCES**

Refundable advances consist of the following:

| | <u>2015</u> | <u>2014</u> |
|--|--------------|--------------|
| PCNF Nicollet Housing Limited Partnership was awarded a government grant under the Section 1602 Grants to States for Low-Income Housing Projects in Lieu of Low-Income Housing Credits for 2009 Program in the amount of \$6,093,729. This grant program is administered by the Minnesota Housing Finance Agency and requires that the project be used as low-income housing for a 15 year compliance period plus the extended use period. The grant will not be required to be repaid unless there is a recapture event during the 15 year compliance period. A recapture event takes place any time the project does not comply with applicable occupancy requirements. If a recapture event takes place, the full amount of the grant is repayable, less 6.67% (1/15th) for each full year the project has complied with the prescribed occupancy requirements. The grant is secured by a mortgage on the property. | \$ 4,468,733 | \$ 4,874,982 |

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2015
(With Comparative Totals for 2014)

10. **REFUNDABLE ADVANCES (Continued)**

| | <u>2015</u> | <u>2014</u> |
|---|-------------|-------------|
| Grant from United States Department of Housing and Urban Development under the McKinney-Vento Homeless Assistance Act for the Lydia House property. If the project ceases to be used as supportive housing within 10 years after the placed in service date of October 2003, the entire amount is to be repaid. After 10 years, HUD will reduce the percentage of the amount required to be repaid by 10% for each year in excess of 10 that the project is used as supportive housing. | \$ 360,000 | \$ 400,000 |
| Grant from Federal Home Loan Bank for the Lydia House property. Recoveries from excess cash generated by Lydia House operations must be repaid to the Federal Home Loan Bank. | 300,000 | 300,000 |
| Grants from Local Initiative Support Corporation to help pay for predevelopment activities related to the Prior Crossing and 66 West Housing Developments. | 125,000 | 50,000 |
| Grant from Federal Home Loan Bank for the rehabilitation of Abbott View. Recoveries from excess cash generated by Abbott View operations must be repaid to the Federal Home Loan Bank. | 117,331 | 117,331 |
| Grant from Federal Home Loan Bank for the construction of Riverview. Recoveries from excess cash generated by Riverview operations must be repaid to the Federal Home Loan Bank. | 210,000 | 210,000 |
| Grant from Federal Home Loan Bank for the rehabilitation of the Nokoma Coop. Recoveries from excess cash generated by the Nokoma Coop operations must be repaid to the Federal Home Loan Bank. | 106,547 | 106,547 |

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2015
(With Comparative Totals for 2014)

10. REFUNDABLE ADVANCES (Continued)

| | 2015 | 2014 |
|---|--------------|--------------|
| <p>Grant from Hennepin County Housing and Redevelopment Authority for the refinance and renovation of the North Haven property. The grant will be forgiven on August 20, 2038 provided the property maintains compliance with the low-income housing requirements of the grant agreement. The entire grant is due in full on demand in the event of a default with the grant agreement.</p> | \$ 125,000 | \$ 125,000 |
| <p>Recoverable grant from Hennepin County Housing and Redevelopment Authority in the original amount of \$520,000 for the rehabilitation of Abbott View. The grant will be forgiven on March 20, 2039 provided the property maintains compliance with the low-income housing requirements of the grant agreement. The entire grant is due in full on demand in the event of a default with the grant agreement.</p> | 520,000 | 520,000 |
| <p>Grant from the Minnesota Housing Finance Agency that was used to make improvements on the Clinton Avenue Townhomes. The grant was assumed at the purchase of the Clinton Avenue Townhomes. The grant will be forgiven on August 28, 2021 provided no event of default with the grant agreement occurs. The entire grant is due in full on demand in the event of default with the grant agreement.</p> | 69,385 | 69,385 |
| <p>Grant from Hennepin County Housing and Redevelopment Authority for the refinance and renovation of the North Haven II property. The grant will be forgiven on March 31, 2033 provided the property maintains compliance with the low-income housing requirements of the grant agreement. The entire grant is due in full on demand in the event of a default with the grant agreement.</p> | 100,000 | 100,000 |
| | \$ 6,501,996 | \$ 6,873,245 |

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2015
(With Comparative Totals for 2014)

11. **BOARD DESIGNATED UNRESTRICTED NET ASSETS**

Beacon’s Board of Directors has designated portions of the unrestricted net assets as an operating reserve for Beacon, to provide funds for purchasing property and predevelopment costs, and other designations the board decides on in the future to further its mission.

12. **TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following:

| | <u>2015</u> | <u>2014</u> |
|-----------------------------------|---------------------|---------------------|
| HUD capital advance - Riverview | \$ 6,056,900 | \$ 6,056,900 |
| Housing services | 353,129 | 272,328 |
| Housing development | 378,218 | 451,819 |
| Emergency shelter | 52,278 | 41,034 |
| Other | 41,743 | 61,010 |
| General operations - future years | <u>1,686,712</u> | <u>1,617,223</u> |
| | <u>\$ 8,568,980</u> | <u>\$ 8,500,314</u> |

Temporarily restricted net assets consist of cash of \$704,118, contributions receivable of \$1,802,462, and property and equipment of \$6,056,900.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2015
(With Comparative Totals for 2014)

13. **NONCONTROLLING INTERESTS**

The change in net assets attributed to noncontrolling interests for the years ended June 30, 2015 and 2014 is as follows:

| | <u>Total</u> | <u>Controlling</u> | <u>Noncontrolling</u> |
|---------------------------|----------------------|----------------------|-----------------------|
| Net assets, June 30, 2013 | \$ 20,882,482 | \$ 14,852,437 | \$ 6,030,045 |
| Contributions | 412,507 | - | 412,507 |
| Distributions | (49,121) | - | (49,121) |
| Change in net assets | <u>170,860</u> | <u>647,907</u> | <u>(477,047)</u> |
| Net assets, June 30, 2014 | 21,416,728 | 15,500,344 | 5,916,384 |
| Contributions | 382,803 | - | 382,803 |
| Distributions | (38,158) | - | (38,158) |
| Syndication costs | (16,000) | - | (16,000) |
| Change in net assets | <u>(506,148)</u> | <u>(12,183)</u> | <u>(493,965)</u> |
| Net assets, June 30, 2015 | <u>\$ 21,239,225</u> | <u>\$ 15,488,161</u> | <u>\$ 5,751,064</u> |

14. **CONTRIBUTED GOODS AND SERVICES**

Emergency shelter guests receive meals and a place to sleep at various Minneapolis/St. Paul metropolitan churches. These services are essential to the continuation of Beacon's shelter programs. If these services were not provided to emergency shelter guests at no cost, Beacon would be required to purchase the services at a much greater cost. Revenue and expenses have been recorded at an estimated fair market value of \$435,000 for 2015 and \$303,658 for 2014, as determined using an estimated value of \$30 per night per guest. Beacon also received rent, and other goods and services of \$30,000 in 2015 and \$8,000 in 2014.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2015
(With Comparative Totals for 2014)

15. **MINIMUM FUTURE RENTAL PAYMENTS**

Beacon leases 4,450 square feet of office space under an operating lease agreement. The office space is rented under a seven year lease agreement ending November 30, 2018 with monthly payments equal to \$8.50/sq. ft., increasing \$0.25/sq. ft. annually plus a pro-rata share of operating expenses. Rent expense was \$87,216 for 2015 and \$83,187 for 2014.

The following is a schedule of minimum future rental payments for the years ending June 30:

| | |
|------|-------------------|
| 2016 | \$ 41,811 |
| 2017 | 42,924 |
| 2018 | 44,036 |
| 2019 | <u>18,542</u> |
| | <u>\$ 147,313</u> |

16. **MINIMUM FUTURE RENTAL RECEIPTS**

Housing 150-Nicollet LLC leases commercial space in Nicollet Square apartments to three tenants under long-term lease agreements with initial terms of six to ten years. The leases are classified as operating leases. In addition to minimum rental payments, the tenants pay certain operating costs.

The following is a schedule of future minimum rental receipts for the years ending June 30:

| | |
|------------|-------------------|
| 2016 | \$ 62,602 |
| 2017 | 62,824 |
| 2018 | 58,046 |
| 2019 | 39,269 |
| 2020 | 39,460 |
| Thereafter | <u>82,141</u> |
| | <u>\$ 344,342</u> |

17. **RETIREMENT PLAN**

Beacon has a simple IRA plan. Beacon contributes 2% of the employee's salary for all eligible employees. Retirement expense was \$32,627 and \$29,855 for 2015 and 2014.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2015
(With Comparative Totals for 2014)

18. **CONTINGENCIES AND COMMITMENTS**

Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed grant costs may constitute a liability. The amount, if any, of costs which may be disallowed by the grantor agencies will be recognized in the year determined.

As a general partner in limited partnerships, Beacon is contingently responsible for the obligations of the limited partnerships.

The housing tax credits of Lydia House, Creekside Commons and FMF 38th Street, Lonoke Limited Partnership and the Section 1602 refundable advance of Nicollet Square are contingent on each property's ability to maintain compliance with applicable sections of Internal Revenue Code Section 42. Failure to maintain compliance with occupant eligibility and/or unit gross rent, or to correct noncompliance within a specified time period, could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital of a Limited Partner.

Lydia House, Creekside Commons, Nicollet Square, and FMF 38th Street properties are subject to extended use agreements between the Partnerships and the Minneapolis Saint Paul Housing Finance Board. The agreements were made in accordance with Section 42(h)(6) of the Internal Revenue Code and require the projects to maintain low income occupancy (income and rent limits) for 15 years beyond the tax credit compliance periods (for a total of 30 years). The extended use periods end on the dates shown below, unless terminated earlier by foreclosure or by offering the projects to the housing credit agency, after the first 15 years, to be sold for a qualified contract price (the opt-out option).

| | <u>Extended use period ends</u> |
|-------------------|---------------------------------|
| Lydia House | December 31, 2033 |
| Creekside Commons | December 31, 2040 |
| Nicollet Square | December 31, 2041 |
| FMF 38th Street | December 31, 2032 |

Lonoke, Prior Crossing and 66 West properties will be subject to extended use agreements between the Partnerships and the Minneapolis Saint Paul Housing Finance Board or Minnesota Housing Finance Agency for a period of 30 years.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2015
(With Comparative Totals for 2014)

18. **CONTINGENCIES AND COMMITMENTS (Continued)**

The rental units of the following properties are all eligible to receive housing assistance payments (HAP) under the Section 8 Program of the National Housing Act or a Project Rental Assistance Contract with HUD. The expiration dates of the HAP contracts and the rental revenues provided under the HAP contracts are shown below. No assurance can be provided that these contracts will be renewed upon their expiration or if renewed, at what terms.

| | 2015 <u>rental revenues</u> | <u>Expiration date</u> |
|-------------------------------------|--------------------------------|----------------------------|
| Lydia House | \$ 200,782 | October 2018 |
| Creekside Commons | 126,344 | October 2025 |
| FMF 38th Street | 130,703 | July 2018 |
| Housing 150 LLC | 156,784 | June 2027 |
| Oakhaven Housing LLC | 107,709 | January 2033 |
| Clinton Avenue Townhomes LLC | 65,356 | August 2016 |
| Riverview Apartments Senior Housing | 84,298 | September 2015 |

Riverview is subject to restrictive covenants imposed by HUD and MHFA. Among other requirements, the agreements require that all units be rented to qualified tenants. The HUD Capital Advance Agreement terminates in 2051.

FMF Housing has entered into an agreement with Lowry Apartments, LP to provide social services to residents of Audubon Crossing. Under the terms, Lowry Apartments, LP will establish a Social Services Reserve of \$100,000. From the reserve, Lowry Apartments LP will pay an annual social services fee of \$10,000 increasing 3% each year to FMF Housing for providing the social services. Beginning October 1, 2012, FMF Housing transferred this agreement to Beacon. The agreement expires in 2025. As of June 30, 2015, \$58,667 of this reserve has been funded. As of June 30, 2014, \$69,245 of this reserve has been funded.

The Prior Crossing development has been awarded various grants and obtained loan and syndication commitments for the future development of the property totaling approximately \$11.2 million. The development is expected to be completed in 2016.

The Lonoke development has been awarded various grants and obtained loan and syndication commitments for the future development of the property totaling approximately \$3.2 million. The development is expected to be completed in 2016.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2015
(With Comparative Totals for 2014)

18. **CONTINGENCIES AND COMMITMENTS (Continued)**

The 66 West development has been awarded various grants and obtained loan commitments for the future development of the property totaling approximately \$3.55 million.

19. **RELATED PARTY TRANSACTIONS**

Beacon leases its office space from a company in which one of Beacon's former board members is an owner. Total rent paid to the company was \$87,216 in 2015 (Note 15).

20. **SUBSEQUENT EVENTS**

A Beacon affiliate acquired the Great River Landing property for the future development of affordable housing on July 8, 2015 for \$1,050,000. The acquisition was financed with two notes payable with 4.95% and 5.25% interest that mature in two and three years.

On July 2, 2015, Beacon entered into a line of credit agreement in the amount of \$1,000,000 to provide acquisition and predevelopment financing to further its tax-exempt purpose for the development of affordable housing. The line of credit has a three year term and the outstanding balance earns interest at 5.25%. As of October 15, 2015, \$536,000 has been drawn on the line of credit for the acquisition of the Great River Landing property (\$336,000) and predevelopment costs on the 66 West property (\$200,000).

Management has evaluated subsequent events through October 15, 2015, the date on which the financial statements were available for issue, and identified no further significant events or transactions to disclose.

SUPPLEMENTARY CONSOLIDATING FINANCIAL STATEMENTS

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2015

| | FMF Housing | | | | | | Lydia House, LP | Lonoke LP | Riverview Apartments Senior Housing | Wholly owned LLCs | Eliminations | Total |
|---|--------------|--------------|-----------------|------------------|----------------------------|--------------|-----------------|--------------|-------------------------------------|-------------------|----------------|---------------|
| | Beacon | General Fund | FMF 38th Street | PCNF Nicolle, LP | PCNF Creekside Commons, LP | | | | | | | |
| ASSETS | | | | | | | | | | | | |
| Cash | \$ 2,075,039 | \$ 9,603 | \$ 13,936 | \$ 59,739 | \$ 41,582 | \$ 6,372 | 13,097 | \$ 3,478 | \$ 238,917 | \$ - | \$ - | \$ 2,461,763 |
| Accounts receivable | 139,023 | - | 3,759 | 3,677 | 1,493 | 7,018 | 4,051 | 11,557 | 38,892 | (18,750) | (18,750) | 190,720 |
| Government grants receivable | 152,865 | - | - | 22,385 | - | - | - | - | - | (22,385) | (22,385) | 152,865 |
| Contributions receivable, current portion | 763,980 | - | - | - | - | - | - | - | - | - | - | 763,980 |
| Prepaid expenses | 57,290 | - | 567 | 2,307 | - | 1,886 | 83 | 11,086 | - | - | - | 73,280 |
| Total current assets | 3,188,197 | 9,603 | 18,262 | 88,108 | 43,075 | 15,276 | 17,231 | 26,121 | 277,870 | (41,135) | (41,135) | 3,642,608 |
| Investment in subsidiaries | 33,000 | 33,551 | - | - | - | - | - | - | - | (66,551) | (66,551) | - |
| Notes receivable | 1,318,808 | 456,000 | - | - | - | - | - | - | 15,000 | (1,789,808) | (1,789,808) | - |
| Predevelopment costs | 2,296,902 | - | - | - | - | - | - | - | - | (2,056,191) | (2,056,191) | 240,711 |
| Interest receivable | 324,656 | 107,993 | - | - | - | - | - | - | - | (432,649) | (432,649) | - |
| Escrows and reserves | - | 100,100 | 84,072 | 303,214 | 876,194 | 605,721 | 75,381 | 107,502 | 1,034,860 | - | - | 3,187,044 |
| Contributions receivable, long-term portion | 1,038,482 | - | - | - | - | - | - | - | - | - | - | 1,038,482 |
| Cash restricted for long-term purposes | 172,718 | - | - | - | - | - | - | - | - | - | - | 172,718 |
| Property and equipment, net | 71,740 | 603,187 | 1,892,257 | 6,942,924 | 6,647,950 | 3,662,788 | 1,516,133 | 7,821,891 | 16,901,697 | (239,314) | (239,314) | 45,821,253 |
| Finance and tax credit fees, net | - | - | 48,969 | 94,175 | 91,391 | 33,153 | 57,509 | - | 97,932 | - | - | 423,129 |
| Total assets | \$ 8,444,503 | \$ 1,310,434 | \$ 2,043,560 | \$ 7,428,421 | \$ 7,658,610 | \$ 4,316,938 | \$ 1,666,254 | \$ 7,955,514 | \$ 18,327,359 | \$ (4,625,648) | \$ (4,625,648) | \$ 54,525,945 |

| | Beacon | General Fund | FMF 38th Street | PCNF Nicolle, LP | PCNF Creekside Commons, LP | Lydia House, LP | Lonoke LP | Riverview Apartments Senior Housing | Wholly owned LLCs | Eliminations | Total | |
|---|--------------|--------------|-----------------|------------------|----------------------------|-----------------|--------------|-------------------------------------|-------------------|----------------|---------------|--|
| LIABILITIES AND NET ASSETS | | | | | | | | | | | | |
| Accounts payable - operations | \$ 79,745 | \$ - | \$ 2,274 | \$ 28,219 | \$ 5,225 | \$ 14,612 | 5,534 | \$ 86,157 | \$ 40,767 | \$ (8,578) | \$ 253,955 | |
| Construction payables | 48,535 | - | - | - | - | - | 212,501 | - | - | - | 261,036 | |
| Current maturities of long-term debt | 300,000 | - | 9,910 | - | - | - | - | - | 266,081 | - | 575,991 | |
| Accrued expenses | 149,673 | 1,000 | 19,323 | 85,843 | 40,229 | 73,146 | 33,128 | 6,503 | 32,188 | - | 441,033 | |
| Accrued interest | - | - | 1,871 | - | - | - | - | - | 3,518 | - | 5,389 | |
| Tenant security deposits | - | - | 4,696 | 8,714 | 16,538 | 12,832 | 7,095 | - | 81,695 | - | 131,570 | |
| Deferred revenue | 5,627 | - | - | - | - | - | - | - | - | - | 5,627 | |
| Total current liabilities | 583,580 | 1,000 | 38,074 | 122,776 | 61,992 | 100,590 | 258,258 | 92,660 | 424,249 | (8,578) | 1,674,601 | |
| Deferred developer fee | - | - | - | - | - | - | - | - | 33,000 | (33,000) | - | |
| Due to Beacon | - | 188,809 | - | 23,858 | - | 700,000 | 128,604 | - | 2,372,285 | (3,413,556) | - | |
| Long-term debt, less current maturities | 300,000 | - | 1,435,190 | 2,160,358 | 2,411,364 | 1,757,584 | 944,166 | 1,834,602 | 14,094,988 | (471,000) | 24,467,252 | |
| Accrued interest, long-term | 5,000 | - | 187,633 | 68,324 | 133,324 | 468,266 | - | 57,253 | 155,720 | (432,649) | 642,871 | |
| Refundable advances | 1,008,878 | - | - | 4,468,733 | - | - | - | - | 814,385 | 210,000 | 6,501,996 | |
| Total liabilities | 1,897,458 | 189,809 | 1,660,897 | 6,844,049 | 2,606,680 | 3,026,440 | 1,331,028 | 1,984,515 | 17,894,627 | (4,148,783) | 33,286,720 | |
| Net assets: | | | | | | | | | | | | |
| Unrestricted: | | | | | | | | | | | | |
| Undesignated | 1,614,451 | 1,120,625 | 33,516 | 584,372 | 729,998 | 544,742 | 997 | (295,901) | 432,732 | (266,865) | 4,498,667 | |
| Designated | 2,420,514 | - | 349,147 | - | 4,321,932 | 745,756 | 334,229 | - | - | - | 2,420,514 | |
| Non-controlling interest | - | - | 382,663 | 584,372 | 5,051,930 | 1,290,498 | 335,226 | (295,901) | 432,732 | (266,865) | 12,670,245 | |
| Total unrestricted | 4,034,965 | 1,120,625 | 382,663 | 584,372 | 5,051,930 | 1,290,498 | 335,226 | 6,266,900 | 814,385 | (210,000) | 8,568,980 | |
| Temporarily restricted | 2,512,080 | - | - | - | - | - | - | - | - | - | 2,512,080 | |
| Total net assets | 6,547,045 | 1,120,625 | 382,663 | 584,372 | 5,051,930 | 1,290,498 | 335,226 | 5,970,999 | 432,732 | (476,865) | 21,239,225 | |
| Total liabilities and net assets | \$ 8,444,503 | \$ 1,310,434 | \$ 2,043,560 | \$ 7,428,421 | \$ 7,658,610 | \$ 4,316,938 | \$ 1,666,254 | \$ 7,955,514 | \$ 18,327,359 | \$ (4,625,648) | \$ 54,525,945 | |

BEACON INTERFAITH HOUSING COLLABORATIVE
 CONSOLIDATING STATEMENT OF FINANCIAL POSITION - WHOLLY OWNED LLCs

June 30, 2015

| | North Haven LLC | | Anpa Hawthorne LLC | | 545 Snelling LLC | | 352 Wacouta LLC | | Franklin Gardens LLC | | Housing 150 LLC | | Oakhaven LLC | | Clinton Avenue Townhomes LLC | | Housing 150-Nicollet LLC | | Creekside Commons LLC | | Prior Crossing LLC | | 66 West LLC | | Total | | |
|---|-----------------|-----------|--------------------|-----------|------------------|-----------|-----------------|-----------|----------------------|-----------|-----------------|-----------|--------------|-----------|------------------------------|-----------|--------------------------|-----------|-----------------------|------------|--------------------|------------|-------------|---|---------|------------|--------|
| ASSETS | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash | 6,387 | 9,850 | 41,119 | 40,939 | 1,836 | 29,479 | 3,622 | 33,101 | 375 | 54,569 | 40,547 | 4,039 | 11,613 | - | - | - | - | - | - | - | - | - | - | - | - | 238,917 | |
| Accounts receivable | 405 | 10,753 | 343 | 1,836 | - | 3,622 | 729 | - | - | 2,509 | 3,114 | 15,581 | - | - | - | - | - | - | - | - | - | - | - | - | - | 38,892 | |
| Prepaid expenses | - | 61 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 61 | |
| Total current assets | 6,792 | 20,664 | 41,462 | 42,775 | 1,836 | 33,101 | 3,622 | 33,101 | 375 | 55,298 | 43,056 | 7,153 | 27,194 | - | - | - | - | - | - | - | - | - | - | - | - | 277,870 | |
| Notes receivable | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 15,000 |
| Escrows and reserves | 33,479 | 31,574 | 171,318 | 141,657 | - | 139,836 | - | - | - | 83,019 | 65,238 | 82,340 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,034,860 | |
| Property and equipment, net | 842,068 | 868,549 | 1,426,367 | 2,332,689 | - | 2,454,960 | - | - | - | 2,278,236 | 594,477 | 697,016 | 1,183,989 | - | - | - | - | - | - | - | - | - | - | - | - | 16,901,697 | |
| Finance and tax credit fees, net | 4,453 | 12,570 | 8,577 | 9,264 | - | 12,140 | - | - | - | - | - | 19,931 | - | - | - | - | - | - | - | - | - | - | - | - | - | 97,932 | |
| Total assets | 886,792 | 933,357 | 1,647,724 | 2,526,385 | 2,526,385 | 2,640,037 | 2,640,037 | 2,640,037 | 375 | 2,416,553 | 702,771 | 806,440 | 1,211,183 | 15,000 | 1,742,489 | 1,211,183 | 15,000 | 1,742,489 | 2,798,253 | 2,798,253 | 17,894,627 | 18,327,359 | | | | | |
| LIABILITIES AND NET ASSETS | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Accounts payable - operations | 36 | 5,214 | 899 | 13,892 | - | 15,155 | - | 211 | 1,608 | 3,452 | 8 | 292 | - | - | - | - | - | - | - | - | - | - | - | - | - | 40,767 | |
| Current maturities of long-term debt | - | - | 7,172 | - | - | - | - | - | - | 46,667 | 15,448 | 18,794 | - | - | - | - | - | - | - | - | - | - | - | - | - | 266,081 | |
| Accrued expenses | - | 2,361 | 115 | 9,697 | - | 10,568 | - | - | - | 320 | - | 8,807 | - | - | - | - | - | - | - | - | - | - | - | - | - | 32,188 | |
| Accrued interest | - | - | 1,375 | - | - | - | - | - | - | 504 | 1,639 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 3,518 | |
| Tenant security deposits | 6,753 | 4,640 | 11,778 | 21,896 | - | 18,322 | - | - | 4,091 | 4,440 | 3,032 | 6,743 | - | - | - | - | - | - | - | - | - | - | - | - | - | 81,695 | |
| Total current liabilities | 6,789 | 12,215 | 21,339 | 45,485 | 44,045 | 44,045 | 211 | 211 | 53,190 | 25,299 | 21,834 | 15,842 | - | - | 178,000 | - | - | - | - | - | - | - | - | - | - | 424,249 | |
| Deferred developer fee | - | - | 33,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 33,000 | |
| Due to Beacon | 6,800 | 951,746 | 1,752,889 | 2,751,948 | - | 2,930,546 | - | - | 117,331 | 640,254 | 681,288 | 364,479 | - | - | 950,423 | - | - | - | - | - | - | - | - | - | - | 2,372,285 | |
| Long-term debt, less current maturities | 11,740 | 41,615 | 62,948 | - | - | - | - | - | 1,692,223 | 640,254 | 681,288 | 8,807 | - | - | - | - | - | - | - | - | - | - | - | - | - | 14,094,988 | |
| Accrued interest, long-term | - | - | - | - | - | - | - | - | 39,417 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 155,720 | |
| Refundable advances | 225,000 | - | - | - | - | - | - | - | 520,000 | - | 69,385 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 814,385 | |
| Total liabilities | 1,034,423 | 1,005,576 | 1,870,176 | 2,797,433 | 2,797,433 | 3,019,590 | 211 | 2,422,161 | 2,422,161 | 665,553 | 772,507 | 380,321 | 15,842 | 15,000 | 1,128,423 | 380,321 | 15,000 | 1,128,423 | 2,798,253 | 2,798,253 | 17,894,627 | 18,327,359 | | | | | |
| Net assets: | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Unrestricted and undesignated | (147,631) | (72,219) | (222,452) | (271,048) | (271,048) | (379,553) | 164 | (379,553) | (5,608) | 37,218 | 33,933 | 830,862 | 15,000 | 614,066 | 830,862 | 15,000 | 614,066 | 1,910,000 | 888,253 | 888,253 | 14,094,988 | 155,720 | - | - | 432,732 | | |
| Total net assets | (147,631) | (72,219) | (222,452) | (271,048) | (271,048) | (379,553) | 164 | (379,553) | (5,608) | 37,218 | 33,933 | 830,862 | 15,000 | 614,066 | 830,862 | 15,000 | 614,066 | 1,910,000 | 888,253 | 888,253 | 14,094,988 | 155,720 | - | - | 432,732 | | |
| Total liabilities and net assets | 886,792 | 933,357 | 1,647,724 | 2,526,385 | 2,526,385 | 2,640,037 | 375 | 2,416,553 | 2,416,553 | 702,771 | 806,440 | 1,211,183 | 15,000 | 1,742,489 | 1,211,183 | 15,000 | 1,742,489 | 2,798,253 | 2,798,253 | 17,894,627 | 18,327,359 | | | | | | |

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended June 30, 2015

| | FMF Housing | | PCNF Nicollet, LP | PCNF Creekside Commons, LP | Lydia House, LP | Lonoke LP | Riverview Apartments Senior Housing | Wholly owned LLCs | Eliminations | Total |
|---|--------------|--------------|-------------------|----------------------------|-----------------|------------|-------------------------------------|-------------------|--------------|---------------|
| | Beacon | General Fund | | | | | | | | |
| Operating revenues and support: | | | | | | | | | | |
| Contributions | \$ 2,295,974 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,295,974 |
| Contributions in-kind | 465,000 | - | - | - | - | - | - | - | - | 465,000 |
| Government grants | 658,140 | 0 | 279,848 | - | - | - | - | 204,190 | - | 1,142,178 |
| Rents | - | 40,200 | 151,770 | 296,519 | 298,745 | 55,692 | 248,456 | 1,662,339 | (28,200) | 2,839,785 |
| Fee income | 219,087 | - | - | - | - | - | - | - | - | 219,087 |
| Management fees | 105,346 | - | - | - | - | - | - | - | (105,346) | - |
| Interest income - operations | 51,106 | 27,497 | 431 | 610 | 4,394 | 25 | 151 | 2,557 | (75,475) | 13,613 |
| Miscellaneous | 150,165 | 12,158 | 8,496 | 1,198 | 1,711 | 80 | 4,446 | 35,499 | - | 224,632 |
| Total operating revenues and support | 3,944,818 | 79,855 | 160,697 | 397,627 | 304,850 | 55,797 | 253,053 | 1,904,585 | (209,021) | 7,200,269 |
| Operating expenses | 3,843,865 | 63,780 | 166,898 | 457,276 | 301,125 | 68,602 | 245,357 | 1,659,239 | (215,149) | 6,851,646 |
| Operating income (loss) | 100,953 | 16,075 | (6,201) | (59,649) | 3,725 | (12,805) | 7,696 | 245,346 | 6,128 | 348,623 |
| Contributions and grants for property acquisition | 250,000 | - | - | - | - | - | - | - | - | 250,000 |
| Amortization of refundable advances (Note 10) | 40,000 | - | - | 406,249 | - | - | - | - | - | 446,249 |
| Gain on sale of rental properties | - | - | - | - | - | - | - | 237,268 | (237,268) | - |
| Deferred interest - rental properties | - | - | (6,435) | (12,776) | (49,164) | - | (16,346) | (17,781) | - | (126,467) |
| Depreciation and amortization - rental properties | - | - | (55,342) | (209,700) | (160,494) | (19,772) | (227,961) | (544,320) | 3,954 | (1,424,553) |
| Change in net assets | 390,953 | 16,075 | (67,978) | 124,124 | (205,933) | (32,577) | (236,611) | (79,487) | (227,186) | (506,148) |
| Net assets, beginning of year | 6,043,755 | 1,104,550 | 450,641 | 460,248 | 1,496,431 | 382,803 | 6,207,610 | 619,428 | (243,551) | 21,416,728 |
| Contributions - noncontrolling interests | - | - | - | - | - | - | - | - | - | 382,803 |
| Distributions | - | - | - | - | - | - | - | - | - | (38,158) |
| Syndication costs | - | - | - | (38,158) | - | (16,000) | - | - | - | (16,000) |
| Interfund transfers | 112,337 | - | - | - | - | 1,000 | - | (107,209) | - | - |
| Net assets, end of year | \$ 6,547,045 | \$ 1,120,625 | \$ 382,663 | \$ 584,372 | \$ 1,290,498 | \$ 335,226 | \$ 5,970,999 | \$ 432,732 | \$ (476,865) | \$ 21,239,225 |

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS - WHOLLY OWNED LLCs

For the Year Ended June 30, 2015

| | North Haven LLC | Anpa Waste LLC | Anpa Hawthorne Avenue LLC | 545 Snelling LLC | 352 Wacouta LLC | Franklin Gardens LLC | Housing 150 LLC | Oakhaven LLC | Clinton Avenue Townhomes LLC | Housing 150-Nicollet LLC | Creekside Commons LLC | Prior Crossing LLC | 66 West LLC | Total |
|---|-----------------|----------------|---------------------------|------------------|-----------------|----------------------|-----------------|--------------|------------------------------|--------------------------|-----------------------|--------------------|-------------|------------|
| Operating revenues and support: | | | | | | | | | | | | | | |
| Government grants | | | | | | | | | | | | | | |
| Rents | 82,470 | 19,008 | 193,115 | 62,159 | 82,500 | \$ - | \$ - | 139,445 | 92,022 | 92,578 | - | - | - | \$ 204,190 |
| Interest income - operations | 54 | 67 | 305 | 191 | 254 | 78 | 461 | 476 | 624 | 47 | - | - | - | 1,662,339 |
| Miscellaneous | 5,648 | 526 | 4,320 | 11,099 | 10,133 | 1,287 | 1,239 | 1,206 | 41 | - | - | - | - | 2,557 |
| Total operating revenues and support | 88,172 | 79,132 | 197,740 | 462,547 | 480,506 | 55,823 | 214,226 | 141,127 | 92,687 | 92,625 | - | - | - | 1,904,585 |
| Operating expenses | 82,352 | 75,235 | 149,026 | 467,437 | 481,141 | 73,827 | 116,322 | 97,169 | 62,535 | 54,195 | - | - | - | 1,659,239 |
| Operating income (loss) | 5,820 | 3,897 | 48,714 | (4,890) | (635) | (18,004) | 97,904 | 43,958 | 30,152 | 38,430 | - | - | - | 245,346 |
| Gain on sale of rental properties | - | - | - | - | - | 237,268 | - | - | - | - | - | - | - | 237,268 |
| Deferred interest - rental properties | (1,718) | (4,363) | (6,400) | - | - | - | (5,300) | - | - | - | - | - | - | (17,781) |
| Depreciation and amortization - rental properties | (27,719) | (45,322) | (63,423) | (91,750) | (96,911) | (15,927) | (98,271) | (22,489) | (25,070) | (57,438) | - | - | - | (544,320) |
| Change in net assets | (23,617) | (45,788) | (21,109) | (96,640) | (97,546) | 203,337 | (5,667) | 21,469 | 5,082 | (19,008) | - | - | - | (79,487) |
| Net assets, beginning of year | (124,014) | (31,559) | (165,445) | (174,408) | (282,007) | (203,173) | 43,244 | 40,749 | 37,105 | 849,870 | 15,000 | 614,066 | - | 619,428 |
| Interfund transfers | - | 5,128 | (35,898) | - | - | - | (43,185) | (25,000) | (8,254) | - | - | - | - | (107,209) |
| Net assets, end of year | \$ (147,631) | \$ (72,219) | \$ (222,452) | \$ (271,048) | \$ (379,553) | \$ 164 | \$ (5,608) | \$ 37,218 | \$ 33,933 | \$ 830,862 | \$ 15,000 | \$ 614,066 | \$ - | \$ 432,732 |

BEACON INTERFAITH HOUSING COLLABORATIVE
CONSOLIDATING STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2015

Increase (Decrease) in Cash

| | FMF Housing | | | | Lydia House, LP | Lonoke LP | Riverview Apartment Senior Housing | Wholly owned LLCs | Eliminations | Total |
|--|--------------|--------------|-----------------|-------------------|-----------------|--------------|------------------------------------|-------------------|--------------|--------------|
| | Beacon | General Fund | FMF 38th Street | PCNF Nicollet, LP | | | | | | |
| Cash flows from operating activities: | | | | | | | | | | |
| Change in net assets | \$ 390,953 | \$ 16,075 | \$ (67,978) | \$ 124,124 | \$ (187,528) | \$ (205,933) | \$ (32,577) | \$ (236,611) | \$ (79,487) | \$ (506,148) |
| Adjustments to reconcile the change in net assets to net cash from operating activities: | | | | | | | | | | |
| Depreciation and amortization | 16,812 | 10,449 | 55,342 | 209,700 | 210,918 | 160,494 | 19,772 | 227,961 | 544,320 | 1,451,814 |
| Gain on sale of rental properties | (40,000) | - | - | (406,249) | - | - | - | - | (237,268) | (446,249) |
| Amortization of refundable advances (Note 10) | (250,000) | - | - | - | - | - | - | - | - | (250,000) |
| Contributions and grants for property acquisition | 41,432 | 1,000 | (2,382) | (617) | 1,471 | (3,576) | (4,051) | (9,947) | (10,150) | (35,428) |
| Changes in operating assets and liabilities: | | | | | | | | | | |
| Accounts receivable | 53,781 | - | - | (5,541) | - | - | - | - | - | 33,400 |
| Government grants receivable | 49,762 | - | - | - | - | - | - | - | - | 49,762 |
| Contributions receivable | (22,036) | 1,200 | 1,092 | (450) | - | 3 | (83) | 201 | - | (20,073) |
| Prepaid expenses | (34,340) | (15,721) | - | - | - | - | - | - | - | - |
| Interest receivable | (37,293) | 1,000 | (2,267) | 17,101 | 239 | 9,285 | 38,662 | 22,285 | 14,433 | 63,536 |
| Accounts payable and accrued expenses | (11,795) | - | 22,106 | 12,776 | 23,965 | 49,164 | 18,848 | 14,589 | 14,589 | 65,331 |
| Accrued interest | (1,000) | - | (252) | (576) | 96 | 281 | 2,238 | (199) | (3,958) | (3,370) |
| Tenant security deposits | 5,627 | - | - | - | - | - | - | - | - | 5,627 |
| Deferred revenue | 161,903 | 14,003 | 5,661 | (49,732) | 49,161 | 9,718 | 23,961 | 22,538 | 242,479 | 408,202 |
| Net cash from operating activities | (1,114,496) | - | - | (3,075) | (3,737) | (1,453,205) | - | - | (2,896,590) | (3,310,291) |
| Cash flows from investing activities: | | | | | | | | | | |
| Payments of property and equipment | (21,174) | - | - | - | - | - | - | - | 950,000 | 1,116,455 |
| Change in predevelopment costs, net | 254,228 | (8,764) | (4,434) | 41,107 | (1,985) | (1,213) | (53,902) | (20,328) | (248,426) | (297,945) |
| Proceeds from the sale of property and equipment | 66,720 | - | - | - | - | - | - | - | - | 254,228 |
| Notes receivable | (814,722) | (8,764) | (4,434) | 38,032 | (1,985) | (4,950) | (1,507,107) | (20,328) | (2,195,016) | (66,720) |
| Change in cash restricted for long-term purposes | 99,000 | - | - | - | - | - | (58,439) | - | (39,910) | (98,349) |
| Investment in subsidiary | 75,000 | - | - | - | - | - | 1,019,166 | - | 2,122,184 | 3,165,350 |
| Net cash from investing activities | (814,722) | (8,764) | (4,434) | 38,032 | (1,985) | (4,950) | (1,507,107) | (20,328) | (2,195,016) | (3,352,049) |
| Cash flows from financing activities: | | | | | | | | | | |
| Payment for finance fees | - | - | - | - | - | - | - | - | - | - |
| Proceeds from issuance of debt | - | - | - | - | - | - | - | - | - | - |
| Payments on long-term debt | - | - | (9,288) | - | - | - | - | - | (920,910) | (930,198) |
| Receipts from refundable advances | - | (30,291) | - | (23,651) | - | - | - | - | 900,836 | 75,000 |
| Due to Beacon | - | - | - | - | - | - | - | - | - | - |
| Capital contributions - noncontrolling interests | - | - | - | - | (38,158) | - | - | - | - | 382,803 |
| Syndication costs | - | - | - | - | - | - | - | - | - | (16,000) |
| Distributions - noncontrolling interests | 112,337 | - | - | - | - | - | - | - | - | (38,158) |
| Interfund transfers | 250,000 | - | - | - | - | - | 224,008 | - | (107,209) | - |
| Contributions and grants for property acquisition | 536,337 | (30,291) | (9,288) | (23,651) | (38,158) | - | (1,496,243) | - | 1,954,991 | 250,000 |
| Net cash from financing activities | (116,482) | (25,052) | (8,061) | (35,351) | 9,018 | 4,768 | 13,097 | 2,210 | 2,454 | (153,399) |
| Increase (decrease) in cash | 2,191,521 | 34,655 | 21,997 | 95,090 | 32,564 | 1,604 | - | 1,268 | 236,463 | 2,615,162 |
| Cash, beginning of year | \$ 2,075,039 | \$ 9,603 | \$ 13,936 | \$ 59,739 | \$ 41,582 | \$ 6,372 | \$ 13,097 | \$ 3,478 | \$ 238,917 | \$ 2,461,763 |
| Cash, end of year | | | | | | | | | | |

BEACON INTERFAITH HOUSING COLLABORATIVE
CONSOLIDATING STATEMENT OF CASH FLOWS - WHOLLY OWNED LLCs

For the Year Ended June 30, 2015

Increase (Decrease) in Cash

| | North Haven LLC | Anpa Waste LLC | Anpa Hawthorne Avenue LLC | 545 Snelling LLC | 352 Wacoua LLC | Franklin Gardens LLC | Housing 150 LLC | Oakhaven LLC | Clinton Avenue Townhomes LLC | Housing 150-Nicollet LLC | Creekside Commons LLC | Prior Crossing LLC | 66 West LLC | Total |
|--|-----------------|----------------|---------------------------|------------------|----------------|----------------------|-----------------|--------------|------------------------------|--------------------------|-----------------------|--------------------|-------------|-------------|
| Cash flows from operating activities: | | | | | | | | | | | | | | |
| Change in net assets | \$ (23,617) | \$ (45,788) | \$ (21,109) | \$ (96,640) | \$ (97,546) | \$ 203,337 | \$ (5,867) | \$ 21,469 | \$ 5,082 | \$ (19,008) | \$ - | \$ - | \$ - | \$ (79,487) |
| Adjustments to reconcile the change in net assets to net cash from operating activities: | | | | | | | | | | | | | | |
| Depreciation and amortization | 27,719 | 45,322 | 63,423 | 91,750 | 96,911 | 15,927 | 98,271 | 22,489 | 25,070 | 57,438 | - | - | - | 544,320 |
| Gain on sale of rental properties | - | - | - | - | - | (237,268) | - | - | - | - | - | - | - | (237,268) |
| Changes in operating assets and liabilities: | | | | | | | | | | | | | | |
| Accounts receivable | (270) | (10,197) | 725 | 1,229 | (379) | 620 | 245 | 3,058 | (1,091) | (4,090) | - | - | - | (10,150) |
| Accounts payable and accrued expenses | (1,453) | (13,451) | (1,261) | 12,509 | 16,552 | (3,535) | 1,021 | 2,223 | (2,113) | 3,541 | - | - | - | 14,433 |
| Accrued interest | 1,718 | 4,337 | 6,819 | - | - | (4,701) | 6,454 | (38) | (4,701) | - | - | - | - | 14,389 |
| Tenant security deposits | (638) | 235 | (756) | (146) | (266) | (2,600) | 21 | 372 | 21 | - | - | - | - | (3,958) |
| Net cash from operating activities | 3,459 | (19,542) | 47,891 | 9,102 | 15,272 | (28,224) | 100,248 | 49,373 | 25,969 | 37,881 | - | - | - | 242,479 |
| Cash flows from investing activities: | | | | | | | | | | | | | | |
| Payments for property and equipment | (149,531) | - | (5,033) | 6,372 | - | - | - | - | - | - | - | (380,029) | (2,368,369) | (2,896,590) |
| Proceeds from the sale of property and equipment | - | 6,948 | (5,327) | 265 | (7,958) | 65,971 | (8,223) | (5,705) | (11,675) | - | - | - | (286,399) | 950,000 |
| Changes in escrows and reserves, net | 3,977 | 6,948 | (10,360) | 6,637 | (7,958) | 1,015,971 | (8,523) | (5,705) | (11,675) | - | - | (380,029) | (2,654,768) | (248,426) |
| Net cash from investing activities | (145,554) | - | (9,689) | 12,974 | (15,964) | 1,053,717 | (12,423) | (11,173) | (23,350) | - | - | (380,029) | (2,654,768) | (2,195,016) |
| Cash flows from financing activities: | | | | | | | | | | | | | | |
| Payments of finance fees | - | - | - | - | - | - | - | - | - | - | - | - | (39,910) | (39,910) |
| Proceeds from issuance of debt | 212,184 | - | - | - | - | (834,031) | (46,435) | (14,593) | (18,794) | - | - | - | 1,910,000 | 2,122,184 |
| Payments on long-term debt | - | - | (6,657) | - | - | (155,079) | - | - | - | (35,861) | - | 380,029 | 784,678 | (920,910) |
| Due to Beacon | (72,931) | - | - | - | - | - | (43,185) | (25,000) | (8,254) | - | - | - | - | 900,836 |
| Interfund transfers | - | 5,128 | (35,888) | - | - | (989,110) | (89,620) | (39,993) | (27,048) | (35,861) | - | 380,029 | 2,654,768 | (107,209) |
| Net cash from financing activities | 139,253 | 5,128 | (42,555) | - | - | (989,110) | (89,620) | (39,993) | (27,048) | (35,861) | - | 380,029 | 2,654,768 | 1,954,991 |
| Increase (decrease) in cash | (2,842) | (7,466) | (5,074) | 15,739 | 7,314 | (1,363) | 2,205 | 3,675 | (11,754) | 2,020 | - | - | - | 2,454 |
| Cash, beginning of year | 9,229 | 17,316 | 46,193 | 25,200 | 22,165 | 1,738 | 52,364 | 36,872 | 15,793 | 9,593 | - | - | - | 236,463 |
| Cash, end of year | \$ 6,387 | \$ 9,850 | \$ 41,119 | \$ 40,939 | \$ 29,479 | \$ 375 | \$ 54,569 | \$ 40,547 | \$ 4,039 | \$ 11,613 | \$ - | \$ - | \$ - | \$ 238,917 |

**Computation of Surplus Cash,
Distribution and Residual
Receipts**

**Minnesota Housing
Multifamily Department
Asset Management**

| | | |
|---|------------------------------------|----------------|
| Project Name: Abbott View (aka Stevens Court) | Fiscal Period Ended: June 30, 2015 | Loan # 1264408 |
| Location: Minneapolis | | |

A. ALLOWABLE DISTRIBUTION

| | |
|---|------------------|
| 1 Partnership Initial Equity | _____ |
| 2 Rate of return on Equity | _____ |
| 3 Maximum Distribution (per legal agreement) | <u>\$ 67,731</u> |
| 4 Allowable Distribution from Operations | <u>52,137</u> |
| 5 Interest Earned on Development Cost Escrow | <u>-</u> |
| 6 Allowable Distribution for Fiscal Year | <u>52,137</u> |

B. COMPUTATION OF SURPLUS CASH

| | |
|--|------------------|
| Cash | |
| 7 Operating Cash Balance | \$ 54,569 |
| 8 Tenant Subsidy Receivable (Payable) | _____ |
| 9 Interest Earned on Development Cost Escrow | _____ |
| 10 Deposits to Residual Receipts | _____ |
| 11 Deposits to FAF/DS savings | _____ |
| 12 Other (describe): _____ | _____ |
| (a) Cash Available to Meet Obligations (add lines 7 thru 12) | <u>54,569</u> |
| Current Obligations | |
| 13 Accounts Payable Balance, trade | 1,608 |
| 14 Accrued Interest on Amort. Mortgages | 504 |
| 15 Accrued MHFA Annual Fee | _____ |
| 16 Accrued FAF/FA Monthly Escrow | _____ |
| 17 Prepaid rents | _____ |
| 18 Other (describe): <u>Accrued expenses</u> | <u>320</u> |
| (b) Surplus Cash/(Deficiency) (line (a) minus Lines 13 thru 18) | <u>\$ 52,137</u> |
| 19 Amount Available for Distribution | <u>\$ 52,137</u> |
| 20 Net Amount to be Deposited to Residual Receipts | <u>\$ -</u> |

C. COMPUTATION OF RESIDUAL RECEIPTS TRANSFER

| | |
|---|-------------|
| 21 Required Deposit (From Sec. B) (line 20) | \$ - |
| 22 Less: Interest Earned on Development Cost Escrow | _____ |
| 23 Deposits to Residual Receipts | _____ |
| 24 Deposits to FAF/DS savings | _____ |
| | - |
| 25 Deposit required to Residual Receipts | <u>\$ -</u> |
| 26 Transfer from Res. Receipts or FAF/DS to operations | <u>\$ -</u> |

Was the Partnership in full compliance with all provisions of the "Distribution of Income and Assets" section of the first mortgage Regulatory Agreement with Minnesota Housing?

| | |
|-----|----|
| YES | NO |
| X | |

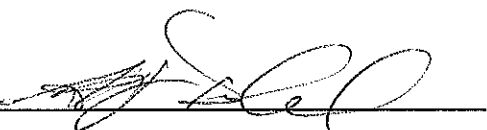
If NO, please list below the noncompliance findings:

BEACON INTERFAITH HOUSING COLLABORATIVE

MANAGEMENT CERTIFICATION

For the Year Ended June 30, 2015

We hereby certify that we have examined the accompanying financial statements, notes and supplementary information of Beacon Interfaith Housing Collaborative and, to the best of our knowledge and belief, the same is complete and accurate.

By:  _____

Date: 10/21/15

Title: Director of Finance