

**BEACON INTERFAITH
HOUSING COLLABORATIVE**

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

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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, 2019, and the related consolidated statements of activities, 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.

(Continued)

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, 2019, 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.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, Beacon Interfaith Housing Collaborative has adopted Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to that matter.

Other Matters

Report on Summarized Comparative Information

We have previously audited Beacon Interfaith Housing Collaborative's 2018 consolidated financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated October 15, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, 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 33 to 41 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. The accompanying supplementary information on pages 42 and 43 is presented for purposes of additional analysis as required by the *Audit Guide of the Minnesota Housing Finance Agency*. The information on pages 33 to 44 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 November 6, 2019, 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 solely 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 the effectiveness of Beacon Interfaith Housing Collaborative's 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.*

November 6, 2019

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2019

(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u>
LIABILITIES AND NET ASSETS		
Accounts payable - operations	\$ 517,671	\$ 471,828
Current maturities of long-term debt	205,261	203,294
Accrued expenses	624,210	640,633
Accrued interest	4,403	4,532
Tenant security deposits	202,626	201,203
Deferred revenue	73,834	73,649
Total current liabilities	<u>1,628,005</u>	<u>1,595,139</u>
Construction payables	3,582,922	209,401
Construction debt	2,112,932	-
Long-term debt, net	41,317,102	37,251,870
Accrued interest, long-term	1,109,857	988,683
Refundable advances	5,780,117	6,194,249
Total liabilities	<u>55,530,935</u>	<u>46,239,342</u>
Net assets:		
Without donor restrictions:		
Undesignated	3,087,791	3,952,127
Board designated - predevelopment housing fund	1,869,738	1,595,069
Board designated - operating reserve	1,436,000	1,170,000
Board designated - other funds	206,600	431,000
Noncontrolling interests	10,688,096	10,923,007
Total without donor restrictions	<u>17,288,225</u>	<u>18,071,203</u>
With donor restrictions	<u>10,008,645</u>	<u>10,193,694</u>
Total net assets	<u>27,296,870</u>	<u>28,264,897</u>
Total liabilities and net assets	<u>\$ 82,827,805</u>	<u>\$ 74,504,239</u>

See accompanying notes to consolidated financial statements.

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	
Operating revenues and support:				
Contributions	\$ 592,785	\$ 1,897,384	\$ 2,490,169	\$ 2,873,502
Contributions in-kind	470,000	-	470,000	420,000
Government grants	1,904,303	-	1,904,303	1,660,882
Rent and housing assistance payments	3,906,293	-	3,906,293	3,716,771
Fee income	928,366	-	928,366	474,727
Interest income	70,599	-	70,599	37,683
Miscellaneous	85,427	-	85,427	65,577
Net assets released from restrictions	1,955,033	(1,955,033)	-	-
Total operating revenues and support	<u>9,912,806</u>	<u>(57,649)</u>	<u>9,855,157</u>	<u>9,249,142</u>
Operating expenses:				
Program services:				
Housing operations	4,647,466	-	4,647,466	4,486,276
Supportive services	1,513,679	-	1,513,679	1,383,420
Housing development	861,867	-	861,867	680,795
Shelter programs (Families Moving Forward)	1,269,228	-	1,269,228	1,218,942
Total program services	<u>8,292,240</u>	<u>-</u>	<u>8,292,240</u>	<u>7,769,433</u>
Support services:				
Management and general	857,615	-	857,615	724,186
Fundraising	873,738	-	873,738	742,092
Total operating expenses	<u>10,023,593</u>	<u>-</u>	<u>10,023,593</u>	<u>9,235,711</u>
Operating income (loss)	(110,787)	(57,649)	(168,436)	13,431
Other revenues (expenses):				
Contributions and grants for property acquisition	-	-	-	372,599
Net assets released from restrictions				
for housing development	127,400	(127,400)	-	-
Amortization of refundable advances (Note 9)	446,249	-	446,249	446,249
Deferred interest - rental properties	(121,322)	-	(121,322)	(120,530)
Interest expense - finance fee amortization	(16,829)	-	(16,829)	(24,416)
Depreciation and amortization - rental properties	(1,970,266)	-	(1,970,266)	(1,991,203)
Change in allowance for contributions	(81,921)	-	(81,921)	-
Change in net assets	(1,727,476)	(185,049)	(1,912,525)	(1,303,870)
Net assets, beginning of year	18,071,203	10,193,694	28,264,897	26,805,504
Capital contributions - noncontrolling interests (Note 13)	951,040	-	951,040	2,776,256
Distributions - noncontrolling interests (Note 13)	(6,542)	-	(6,542)	-
Syndication costs - noncontrolling interests (Note 13)	-	-	-	(12,993)
Net assets, end of year	<u>\$ 17,288,225</u>	<u>\$ 10,008,645</u>	<u>\$ 27,296,870</u>	<u>\$ 28,264,897</u>

See accompanying notes to consolidated financial statements.

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	2019				2018		Total	2018
	Program Services		Support Services		Management and general	Fundraising		
	Housing Operations	Supportive Services	Housing Development	Shelter Programs	Management and general	Fundraising	Total	2018
Salaries	\$ 79,978	\$ 152,675	\$ 605,234	\$ 311,581	\$ 545,728	\$ 518,170	\$ 2,213,366	\$ 1,963,682
Payroll taxes	6,054	11,558	45,818	23,600	41,190	39,228	167,448	145,412
Benefits	10,421	19,893	78,860	40,621	71,970	101,470	323,235	215,747
Total salaries and related	96,453	184,126	729,912	375,802	658,888	658,868	2,704,049	2,324,841
Occupancy and property expense	7,808	13,162	45,648	167,674	18,027	35,774	288,093	240,045
Office and staff expense	6,423	12,651	45,648	47,051	13,337	62,398	187,508	165,969
Professional fees	1,669	-	8,722	4,075	155,095	27,531	197,092	163,222
Meetings and events	389	476	16,754	572	3,200	68,383	89,774	131,765
Contributed goods and services (Note 13)	-	-	-	470,000	-	-	470,000	420,000
Direct client assistance	46,833	2,928	-	84,457	-	-	134,218	67,530
Contracted program services	-	1,299,048	-	104,466	-	-	1,403,514	1,275,797
Miscellaneous	1,950	-	10,078	2,017	4,465	16,415	34,925	95,892
Depreciation and amortization	675	1,288	5,105	13,114	4,603	4,369	29,154	32,105
	<u>162,200</u>	<u>1,513,679</u>	<u>861,867</u>	<u>1,269,228</u>	<u>857,615</u>	<u>873,738</u>	<u>5,538,327</u>	<u>4,917,166</u>
Residential rental property expenses:								
Staffing	748,303	-	-	-	-	-	748,303	720,887
Management fees	407,014	-	-	-	-	-	407,014	417,371
Administrative	247,449	-	-	-	-	-	247,449	266,704
Professional fees	130,538	-	-	-	-	-	130,538	132,446
Utilities	676,839	-	-	-	-	-	676,839	622,985
Operating and maintenance	1,365,551	-	-	-	-	-	1,365,551	1,347,599
Insurance	332,161	-	-	-	-	-	332,161	283,470
Taxes	522,889	-	-	-	-	-	522,889	470,662
Interest	54,522	-	-	-	-	-	54,522	56,421
	<u>4,647,466</u>	<u>1,513,679</u>	<u>861,867</u>	<u>1,269,228</u>	<u>857,615</u>	<u>873,738</u>	<u>10,023,593</u>	<u>9,235,711</u>
Deferred interest - rental properties	121,322	-	-	-	-	-	121,322	120,530
Interest expense - finance fee amortization	16,829	-	-	-	-	-	16,829	24,416
Depreciation and amortization - rental properties	1,970,266	-	-	-	-	-	1,970,266	1,991,203
Change in allowance for contributions	-	-	-	-	-	81,921	81,921	-
	<u>\$ 6,755,883</u>	<u>\$ 1,513,679</u>	<u>\$ 861,867</u>	<u>\$ 1,269,228</u>	<u>\$ 857,615</u>	<u>\$ 955,659</u>	<u>\$ 12,213,931</u>	<u>\$ 11,371,860</u>

See accompanying notes to consolidated financial statements.

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

Increase (Decrease) in Cash

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ (1,912,525)	\$ (1,303,870)
Adjustments to reconcile the change in net assets to net cash from operating activities:		
Depreciation and amortization	2,016,249	2,047,724
Contributions and grants for property acquisition	-	(372,599)
Change in allowance for contributions	81,921	-
Loss on disposal of property and equipment	-	1,695
Amortization of refundable advances (Note 9)	(446,249)	(446,249)
Change in operating assets and liabilities:		
Accounts receivable	47,793	(113,125)
Government grants receivable	14,603	(126,968)
Contributions receivable	312,522	(219,178)
Prepaid expenses	16,759	(5,392)
Accounts payable and accrued expenses	29,411	179,261
Accrued interest	121,044	124,459
Tenant security deposits	(2,373)	9,564
Deferred revenue	185	12,119
Net cash from operating activities	<u>279,340</u>	<u>(212,559)</u>
Cash flows from investing activities:		
Payments for property and equipment	(6,976,076)	(2,721,139)
Refundable sales tax paid	-	163,693
Change in predevelopment costs, net	(448,768)	22,005
Change in escrows and reserves, net	(200,563)	(407,135)
Change in cash restricted for long-term purposes	52,400	18,005
Net cash from investing activities	<u>(7,573,007)</u>	<u>(2,924,571)</u>
Cash flows from financing activities:		
Payment of finance and tax credit fees	-	(214,983)
Proceeds from issuance of long-term debt	6,177,457	1,092,113
Payments of principal on long-term debt	(103,208)	(1,474,047)
Refundable advances received	32,117	500,000
Capital contributions - noncontrolling interests	951,040	2,776,256
Syndication costs	-	(12,993)
Distributions - noncontrolling interests	(6,542)	-
Contributions and grants for property acquisition	141,667	508,333
Net cash from financing activities	<u>7,192,531</u>	<u>3,174,679</u>
Increase (decrease) in cash	(101,136)	37,549
Cash, beginning of year	<u>5,695,767</u>	<u>5,658,218</u>
Cash, end of year	<u>\$ 5,594,631</u>	<u>\$ 5,695,767</u>
Reconciliation of cash to the statement of financial position:		
Cash - current	\$ 4,977,230	\$ 4,785,031
Cash - board designated for predevelopment housing fund	617,401	910,736
	<u>\$ 5,594,631</u>	<u>\$ 5,695,767</u>
Supplemental cash flow information:		
Cash paid for interest, net capitalized interest	\$ 110,237	\$ 111,017
Noncash investing and financing activities:		
Property and equipment included in construction payables	3,582,922	209,401
Loan proceed used to purchase property and finance fees	4,989,876	837,187
Predevelopment costs transferred to property and equipment	-	42,155

See accompanying notes to consolidated financial statements.

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

1. ORGANIZATION

Beacon Interfaith Housing Collaborative is a 501(c)(3) nonprofit organization. Beacon is a collaborative of more than 80 congregations committed to making sure all people have a home. Beacon congregations create homes, shelter families, and work for policy change, with a focus on people who are experiencing homelessness and who have the lowest incomes. Beacon has created nearly 600 homes, more than half of which have on-site support services. Collaborating congregations also provide more than 15,000 nights of shelter annually.

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

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

Beacon wholly owns the following entities and properties:

- North Haven LLC 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.
- Cedar View LLC Formed to own and operate Cedar View fka Anpa Waste Numpa (10 units) acquired in February 2005.
- Hawthorne Avenue LLC Formed to own and operate Hawthorne Avenue Apartments (35 units) acquired in August 2005.
- 545 Snelling LLC Formed to own and operate Kimball Court (76 units) acquired in May 2010.
- 352 Wacouta LLC Formed to own and operate American House (70 units) acquired in May 2010.
- Housing 150 LLC Formed to own and operate Abbott View (21 units) acquired in October 2006.
- Oakhaven Housing LLC Formed to own and operate Oakhaven Townhomes (10 units) acquired in December 2006.
- Clinton Avenue Townhomes LLC Formed to own and operated Clinton Avenue Townhomes acquired in December 2011.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

1. ORGANIZATION (Continued)

- 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.
- PCNF Nicollet Housing LP General and limited partner interests in partnership formed to own and operate Nicollet Square apartments (42 units).
- 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 LP.
- Prior Crossing LLC The LLC is the general partner in Prior Crossing Housing Limited Partnership.
- Housing 150-Lonoke LLC Formed to be the general partner in Lonoke LP.
- 66 West LLC The LLC is the general partner in 66 West Housing LP.
- Great River Landing LLC The LLC is the general partner in Great River Landing Housing LP.
- Development Projects:
 - Beacon Acquisition LLC Functions to acquire and hold property pending development. At June 30, 2019, held the property to be used for the planned Cranberry Ridge project.

Beacon has the following interests in consolidated partnerships:

- 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). Also acquired the limited partner interest (99.99%) on December 31, 2018.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

1. ORGANIZATION (Continued)

- Lonoke LP General partner interest (.01%) in partnership formed to own and operate Franklin Garden Apartments (19 units).
- Prior Crossing Housing LP General partner interest (.01%) in partnership formed to own and operate Prior Crossing Apartments (44 units).
- 66 West Housing LP General partner interest (.01%) in partnership formed to own and operate 66 West Apartments (39 units).
- FMF 38th Street Development, LLLP Limited partner interest (.99%) in partnership formed to own and operate Third Avenue Townhomes (12 units). Acquired interest January 1, 2018.
- Great River Landing Housing LP General partner interest (.01%) in partnership formed to develop, own and operate Great River Landing (72 units). The project is still in development at June 30, 2019.

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 7).
- 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, 2019
(With Comparative Totals for 2018)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The limited partners' equity in FMF 38th Street; PCNF Creekside Commons Limited Partnership; Lydia House Limited Partnership; Lonoke Limited Partnership; Prior Crossing Housing Limited Partnership; and 66 West Housing LP is reported as a component of net assets without donor restrictions as noncontrolling 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.

Comparative Total Column – The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional expense. 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, 2018, from which the summarized information was derived.

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:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve, a predevelopment housing fund, and other designated funds.
- *Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Beacon has presented noncash revenues and expenses including amortization of refundable advances, deferred interest expense, depreciation and amortization for rental properties, 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.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 accounts at several financial institutions which are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. Although at times the amount on deposit in these accounts may exceed the federally insured limit, Beacon has never experienced any losses. At June 30, 2019, deposits exceeded the insured limit by \$1,709,230.

Accounts and Government Grants Receivable – Accounts and government grants receivable are stated at the amount management expects to collect from outstanding balances and are noninterest bearing. Operating accounts receivable are charged to expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. For development receivables, management reviews receivable balances at year end and establishes an allowance for doubtful accounts based on expected collections. Receivables are written off as a charge to the allowance when, in management's estimation, it is probable that the receivable is worthless.

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.

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, 2019
(With Comparative Totals for 2018)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Costs incurred to develop projects for interest, property taxes and insurance are capitalized only during periods in which activities necessary to prepare the property for its intended use are in progress. 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.

Tax Credit Fees – Tax credit fees are amortized over 10 - 15 years using the straight-line method.

Finance Fees – Finance fees are deferred and amortized over the term of the related debt using the straight-line method. Unamortized finance fees related to funded debt are reported on the statement of financial position as a deduction from the face amount of the related debt. Finance fees related to debt which has not yet been funded are reported as other assets.

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.

Contributions – Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Beacon receives contributions restricted for specific housing developments. These contributions help finance project development costs until the permanent financing is in place. At times, Beacon's final share of the development costs is less than the contributions received. When this happens, the excess contributions are recovered and restored to net assets with donor restrictions to be used for housing services at the project.

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.

Beacon 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 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 received from the Department of Housing and Urban Development (HUD) under the Section 202 program are recorded as donor 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 net assets with donor restrictions and released to net assets without donor restrictions upon expiration of the grant requirements.

Rents – Revenue from commercial and residential leases, including housing assistance payments, is recorded over the term to which it relates. 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, 2019
(With Comparative Totals for 2018)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenses – The costs of providing programs and the Beacon’s supporting services have been reported on a functional basis. The majority of expenses can be directly identified with the program or supporting services to which they relate and are charged accordingly. Other expenses have been allocated among program and supporting services based on estimates of time and effort by 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 activities that are not related to their exempt purpose. Activities generating unrelated business income consist of income from commercial leasing. No unrelated business income taxes were paid in 2019 or 2018 related to the commercial leasing. However, Beacon had taxes related to qualified transportation fringe benefits in 2019. 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.

Reclassifications – Certain reclassifications have been made to the June 30, 2018 financial statements in order for them to conform to the June 30, 2019 presentation. These reclassifications had no effect on the change in net assets or net assets.

3. CONTRIBUTIONS RECEIVABLE

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

2020	\$ 972,477
2021	578,551
2022	416,780
2023	200,045
2024	47,842
2025	35,675
	<hr/>
	2,251,370
Less discounts to net present value (1%)	(80,561)
Less allowance (4%)	(121,063)
	<hr/>
	2,049,746
Less portion restricted for housing development	(235,000)
Less current portion	(737,477)
	<hr/>
Contributions receivable, long-term portion	<u>\$ 1,077,269</u>

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

4. 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>2019</u>	<u>2018</u>
Security deposits	\$ 194,307	\$ 190,511
Tax and insurance escrows	283,310	283,829
Replacement reserves	854,040	827,884
Operating reserves	1,159,281	975,154
Asset management fee escrows	9,755	24,669
Revenue deficit reserves	821,785	812,739
Other reserves	77,664	81,000
	<u>\$ 3,400,142</u>	<u>\$ 3,195,786</u>

5. PREDEVELOPMENT COSTS

Predevelopment costs relate to the following projects:

	<u>2019</u>	<u>2018</u>
American House renovation	\$ 14,397	\$ -
Lydia House expansion project	303,776	28,258
Bimosedaa	109,439	-
Vista 44	49,414	-
Emerson North	6,500	6,500
	<u>\$ 483,526</u>	<u>\$ 34,758</u>

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2019</u>	<u>2018</u>	Estimated useful lives (in years)
Land	\$ 10,631,455	\$ 10,631,455	-
Buildings and improvements	59,786,279	60,001,963	20-40
Land improvements	1,615,580	1,376,980	5-20
Leasehold improvements	311,056	311,056	6-10
Equipment	1,927,867	1,881,198	3-9
Construction in progress	<u>11,904,976</u>	<u>1,736,900</u>	-
	86,177,213	75,939,552	
Less accumulated depreciation	<u>(15,736,683)</u>	<u>(13,755,244)</u>	
	<u>\$ 70,440,530</u>	<u>\$ 62,184,308</u>	

Depreciation expense charged to operations was \$1,981,439 in 2019 and \$2,004,456 in 2018.

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

	<u>2019</u>	<u>2018</u>
Great River Landing	\$ 11,723,229	\$ 1,607,074
Cranberry Ridge	<u>181,747</u>	<u>129,826</u>
	<u>\$ 11,904,976</u>	<u>\$ 1,736,900</u>

Amortization of \$84,103 was capitalized in 2019.

7. 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's investment in FMF Audubon, LLC is recorded using the cost method (\$0).

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 in 2025.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

7. INVESTMENT IN UNCONSOLIDATED LIMITED PARTNERSHIP (Continued)

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 has been established in a Social Service Reserve to ensure available funding for services during the tax credit compliance period.

A summary of the financial position and results of operations for Lowry Apartments LP as of and for the year ended December 31, 2018 follows:

BALANCE SHEET

Property and equipment, net	\$	5,411,634
Cash		21,922
Reserves and escrows		223,854
Receivables and prepaid expenses		13,789
Other assets, net		<u>12,118</u>
	\$	<u>5,683,317</u>
Debt, net	\$	2,719,523
Accounts and other payables		3,680
Other liabilities		<u>155,240</u>
		2,878,443
Partners' equity		<u>2,804,874</u>
	\$	<u>5,683,317</u>

STATEMENT OF OPERATIONS

Operating revenue	\$	333,933
Operating expenses		(355,821)
Depreciation and amortization		<u>(216,015)</u>
Net loss	\$	<u>(237,903)</u>

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

8. DEBT

Debt consists of the following:

	<u>2019</u>	<u>2018</u>
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	212,184
Cedar View 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
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 2022. No prepayment is allowed without penalty.	204,667	212,769
545 Snelling LLC		
MHFA – Mortgage without interest due in October 2019. If no event of default occurs, the note will 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

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

8. DEBT (Continued)

	<u>2019</u>	<u>2018</u>
352 Wacouta LLC		
St. Paul HRA – Three mortgages without interest, due in November 2032 and May 2040.	\$ 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 in May 2040.	2,018,046	2,018,046
Housing 150 LLC		
MHFA – Mortgage with .5% interest, due in monthly installments of \$4,384 through November 2039.	1,020,813	1,068,186
City of Minneapolis – Mortgage with 1% interest, due in March 2039.	530,000	530,000
Oakhaven Housing LLC		
MHFA – Mortgage with 3% interest, due in monthly installments of \$2,909 through February 2043.	591,029	607,931
Clinton Avenue Townhomes LLC		
MHFA – Mortgage without interest, due in monthly installments of \$1,566 through September 2052.	624,905	643,700
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
Development Project:		
Bremer Bank* - Mortgage with variable interest, due in monthly installments of interest through the earlier of closing or May 2021 (Cranberry Ridge).	622,500	622,500

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

8. DEBT (Continued)

	2019	2018
FMF 38th Street Development, LLLP		
MHFA - Mortgage with 6.5% interest due in varying monthly installments through January 2034.	\$ 301,799	\$ 313,836
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
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	432,523
MHFA – Mortgage with 1% interest, due in April 2045.	645,454	645,454
Hennepin County HRA – Mortgage without interest, due in April 2045.	225,000	225,000
Prior Crossing Housing Limited Partnership		
MHFA – Mortgage in the amount up to \$5,625,954 without interest, due in August 2045.	5,225,954	5,225,954
St. Paul HRA – Two mortgages without interest, due in August 2045.	1,101,000	1,101,000
City of St. Paul – Mortgage without interest, due in August 2045.	927,015	927,015

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

8. DEBT (Continued)

	<u>2019</u>	<u>2018</u>
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
66 West Housing LP		
MHFA – Housing Infrastructure Bonds without interest. \$1,000,000 was due in April 2018, the remaining balance is due in July 2046.	5,008,303	5,008,303
City of Edina – 2 mortgages without interest, due in June 2046.	1,300,000	1,300,000
Hennepin County – 2 mortgages with 1% interest, due in July 2046.	800,000	800,000
Family Housing Fund – Mortgage without interest, due in July 2046.	227,000	227,000
Great River Landing Housing LP		
Bremer Bank – Construction loan with interest at 2.3% in excess of the LIBOR rate, due in October 2019.	2,112,932	-
Minneapolis AHTF – Mortgage with interest at 1%, due in June 2063.	1,584,000	-
MHFA – Mortgage without interest, due in June 2063	1,193,462	-
City of Minneapolis – 2 mortgages without interest, due in June 2063	1,273,124	-
Hennepin County – Mortgage without interest, due in June 2063.	360,500	342,500
	<u>44,046,332</u>	<u>37,968,023</u>
Less current maturities of debt	(205,261)	(203,294)
Less construction debt	(2,112,932)	-
Less unamortized finance fees	(411,037)	(512,859)
	<u>\$ 41,317,102</u>	<u>\$ 37,251,870</u>

*Loans with recourse

Interest of \$55,438 and \$56,875 was capitalized in 2019 and 2018, respectively.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

8. DEBT (Continued)

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

2020	\$ 2,318,193
2021	728,549
2022	108,118
2023	277,892
2024	102,101
Thereafter	<u>40,511,479</u>
	<u>\$ 44,046,332</u>

9. REFUNDABLE ADVANCES

Refundable advances consist of the following:

	<u>2019</u>	<u>2018</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 (MHFA) 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.	\$ 2,843,737	\$ 3,249,986

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

9. **REFUNDABLE ADVANCES (Continued)**

	<u>2019</u>	<u>2018</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.	\$ 200,000	\$ 240,000
Grants from Local Initiative Support Corporation to help pay for predevelopment activities related to the Great River Landing and Cranberry Ridge housing developments. If the projects are not completed, no repayments will be due.	75,000	75,000
Seven grants from Federal Home Loan Bank for the rehabilitation of the Lydia; Abbott View; Riverview; Nokoma; Prior Crossing; 66 West; and Great River Landing properties. Recoveries from excess cash generated by property operations must be repaid to the Federal Home Loan Bank. The grants will be forgiven on dates between 2024 and 2033 provided the properties maintain compliance with the low-income housing requirements of the grant agreements.	1,814,878	1,814,878
Three grants from Hennepin County for the renovation of the North Haven and Abbott View properties. The grants will be forgiven on dates between 2033 and 2039 provided the properties maintain compliance with the low-income housing requirements of the grant agreements. The entire grants are due in full on demand in the event of a default with the grant agreements.	745,000	745,000

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

9. **REFUNDABLE ADVANCES (Continued)**

	<u>2019</u>	<u>2018</u>
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.	101,502	69,385
	<u>\$ 5,780,117</u>	<u>\$ 6,194,249</u>

10. **BOARD DESIGNATED NET ASSETS WITHOUT DONOR RESTRICTIONS**

Beacon’s Board of Directors has designated portions of the net assets without donor restrictions 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. The board has the objective of setting funds aside at a level that would cover at least 3 months of general operating expenses. In addition, the board considers the supportive services costs paid for by partners and reserves for these costs to the level anticipated that would be continued in the event of the partners’ inability or unwillingness to deliver or fund the services.

11. **NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following:

	<u>2019</u>	<u>2018</u>
Not subject to appropriation or expenditure:		
HUD capital advance - Riverview	\$ 6,056,900	\$ 6,056,900
Expendable for specified purposes:		
Housing supportive services	1,952,782	1,501,759
Housing development	921,071	1,461,672
Other	207,129	94,265
Subject to the passage of time	<u>870,763</u>	<u>1,079,098</u>
	<u>\$ 10,008,645</u>	<u>\$ 10,193,694</u>

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

11. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets with donor restrictions consist of cash of \$1,901,999, contributions receivable of \$2,049,746, and property and equipment of \$6,056,900 as of June 30, 2019.

Net assets with donor restrictions consist of cash of \$1,550,937, contributions receivable of \$2,585,856, and property and equipment of \$6,056,900 as of June 30, 2018.

12. NONCONTROLLING INTERESTS

The change in net assets attributed to controlling and noncontrolling interests for the years ended June 30, 2019 and 2018 follows:

	<u>Total</u>	<u>Controlling</u>	<u>Noncontrolling</u>
Net assets, June 30, 2017	\$ 26,805,504	\$ 17,108,768	\$ 9,696,736
Capital contributions	2,776,256	-	2,776,256
Acquisition of FMF 38 th Street limited partner interest	-	192,342	(192,342)
Syndication costs	(12,993)	-	(12,993)
Change in net assets	<u>(1,303,870)</u>	<u>40,780</u>	<u>(1,344,650)</u>
Net assets, June 30, 2018	28,264,897	17,341,890	10,923,007
Capital contributions	951,040	-	951,040
Acquisition of Lydia House limited partner interest	-	144,477	(144,477)
Distributions	(6,542)	-	(6,542)
Change in net assets	<u>(1,912,525)</u>	<u>(877,593)</u>	<u>(1,034,932)</u>
Net assets, June 30, 2019	<u>\$ 27,296,870</u>	<u>\$ 16,608,774</u>	<u>\$ 10,688,096</u>

13. 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 \$467,808 for 2019 and \$403,920 for 2018, as determined using an estimated value of \$33 in 2019 and 2018 per night per guest. Beacon also received donated other goods and services of \$2,192 in 2019 and \$16,080 in 2018 for the shelter. One of the nonprofit tenants at the shelter rents space by providing in-kind cleaning and maintenance services of \$8,820 in 2019 and 2018 (Note 15).

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

14. MINIMUM FUTURE RENTAL PAYMENTS

Beacon leases 4,450 square feet of office space under an operating lease agreement. The office space was originally 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. In September 2016, the lease was extended three years and amended to include an additional 1,689 square feet with monthly payments increasing \$0.50/sq. ft. annually.

Beacon leases space from a congregation for its shelter programs under a lease agreement with an initial five year term ending February 28, 2021. Monthly payments of \$3,000 are required during the lease. Beacon has the option to extend the lease for up to five years beyond the original term.

Rent expense was \$170,808 for 2019 and \$163,015 for 2018.

The following is a schedule of minimum future rental payments for the years ending June 30. The schedule assumes all extension options are exercised.

2020	\$	104,784
2021		108,213
2022		67,922
2023		38,574
2024		39,732
Thereafter		68,746
		<hr/>
	\$	<u>427,971</u>

15. 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.

FMF Housing leases space to three other nonprofit tenants. Most leases are month-to-month, but one nonprofit leases space under a long-term lease agreement with initial term of two years. The leases are classified as operating leases.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

15. MINIMUM FUTURE RENTAL RECEIPTS (Continued)

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

2020	\$	77,560
2021		69,608
2022		68,435
2023		34,098
2024		7,500
		<hr/>
	\$	257,201
		<hr/> <hr/>

16. RETIREMENT PLAN

Beacon had a Simple IRA plan. On January 1, 2018, Beacon began offering a 403(b) retirement plan to all permanent staff and terminated the Simple IRA plan. Beacon contributes 2% of the employee's salary for all eligible employees. Beacon will also match 2% up to 4% of staff contributions. All Beacon contributions are subject to a 2 year vesting period. Retirement expense was \$92,659 and \$64,092 for 2019 and 2018.

17. RELATED PARTY TRANSACTIONS

Fee income includes development fees of \$598,837 and \$211,223 from Great River Landing Housing LP in 2019 and 2018. These fees reimburse staffing and overhead costs incurred on the projects.

A board member of Beacon also serves as a board member of the Family Housing Fund through which Beacon obtains financing for its developments.

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.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

18. CONTINGENCIES AND COMMITMENTS (Continued)

The housing tax credits of Creekside Commons, Lonoke, Prior Crossing, and 66 West 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, FMF 38th Street, Lonoke, Prior Crossing, and 66 West properties are subject to extended use agreements between the Partnerships and the Minneapolis Saint Paul Housing Finance Board and the Minnesota Housing Finance Agency. 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 38 th Street	December 31 ,2032
Lonoke	December 31 ,2044
Prior Crossing	December 31, 2045
66 West	December 31, 2046

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.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

18. CONTINGENCIES AND COMMITMENTS (Continued)

	2019 rental revenues	Expiration date
Lydia House	\$ 237,153	October 2023
Creekside Commons	152,264	October 2025
FMF 38 th Street	158,149	July 2023
Housing 150 LLC	154,813	June 2027
Oakhaven Housing LLC	97,008	January 2033
Clinton Avenue Townhomes LLC	57,646	August 2021
Riverview Apartments Senior Housing	122,305	November 2019
Prior Crossing	247,774	September 2031

Prior Crossing entered into a Section 8 HAP contract for 32 of the 44 units with a term of 15 years. In order to induce the Limited Partner to enter into the Partnership, Beacon guaranteed rental assistance up to \$500,000 for the remaining 12 units.

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. The reserve balance was \$11,567 at June 30, 2019 and \$23,859 at June 30, 2018.

The Great River Landing development has been awarded various grants and obtained loan and syndication commitments for the development of the property totaling approximately \$17.2 million. The development began construction in May 2018. Approximately \$4.7 million of the commitments remain outstanding at June 30, 2019.

Beacon has signed a service agreement for the Great River Landing development committing \$200,000 annually for 15 years commencing on the date the Great River Landing is issued a certificate of occupancy.

The planned Lydia House expansion project has obtained bonds, loans and syndication commitments for the development of the property totaling approximately \$16.5 million. Beacon is continuing to seek additional funding for the projects and hopes to begin construction in fiscal year 2020.

Beacon has entered purchase agreements totaling \$3,550,000 for development sites.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

19. **LIQUIDITY AND AVAILABILITY**

At June 30, 2019, resources available for general expenditures within one year of the statement of financial position date are as follows:

Cash – undesignated	\$	1,017,981
Cash – operating funds for properties		490,071
Cash – donor restricted (short-term)		812,400
Cash – other board designated (short-term)		206,600
Accounts receivable		300,763
Government grants receivable		232,881
Contributions receivable, current portion		563,348
Financial assets available to meet general expenditures over the next twelve months	\$	3,624,044

Cash balances are monitored at least weekly in anticipation of needs for general expenditures, predevelopment needs, liabilities, and other obligations that come due. Reports are used by management monthly and the Board quarterly to monitor liquidity relative to budgets and projections. Cash is kept primarily in accounts with various financial institutions in accounts that offer quick access and low risk and are spread to multiple financial institutions to spread risk. Beacon’s Board of Directors has designated portions of the net assets without donor restrictions in an operating reserve at a level that would cover at least 3 months of general expenditures.

Many of the gifts Beacon receives are restricted to specific projects, programs and/or purposes – these are restricted until spent for their intended purposes. In addition, the rental properties restrict funds in reserve and escrow accounts to be available to pay periodic expenses such as insurance and real estate taxes, replace fixed assets and for protection in case of operational shortfalls. Many of these practices are required by lenders and funders of the properties. These funds are not considered available for general expenditures unless Beacon expects to meet the related restriction in the next year.

The purchase of potential housing sites, investment in related predevelopment costs and construction are not considered to be general expenditures and are planned for separately. These are managed using multi-year projections (updated at least quarterly) given the longer-term nature of these projects. Secured loans are arranged with banks to fund the acquisition of potential housing sites and Beacon has donor-restricted and board-designated funds committed to related predevelopment costs. At times, Beacon will arrange lines of credit to fund predevelopment costs. None were in place or outstanding as of June 30, 2019.

Additionally, Beacon has a board designated operating reserve of \$1,436,000. While Beacon does not intend to spend the funds other than the intended purposes, the amounts could be made available for current operations, if necessary.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

20. **SUBSEQUENT EVENTS**

In October 2019, Beacon entered an additional purchase agreement for \$1,050,000 for a development site.

Management has evaluated subsequent events through November 6, 2019, the date on which the financial statements were available for issue, and identified no further significant events or transactions to disclose.

**CONSOLIDATING FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2019

	Beacon	Wholly owned Entities	Eliminations	Subtotal	Affiliates		Eliminations	Total
					FMF Housing	Housing Entities		
ASSETS								
Cash	\$ 4,487,159	\$ 267,726	\$ -	\$ 4,754,885	\$ 6,806	\$ 215,539	\$ -	\$ 4,977,230
Accounts receivable	628,278	109,984	(174,345)	563,917	-	227,660	(490,814)	300,763
Government grants receivable	232,881	-	-	232,881	-	-	-	232,881
Contributions receivable, current portion	737,477	-	-	737,477	-	-	-	737,477
Prepaid expenses	46,428	11,579	-	58,007	-	16,954	-	74,961
Total current assets	6,132,223	389,289	(174,345)	6,347,167	6,806	460,153	(490,814)	6,323,312
Investment in subsidiaries	33,000	-	(33,000)	-	33,551	-	(33,551)	-
Notes and other receivables	3,656,833	-	(627,002)	3,029,831	456,000	-	(3,430,635)	55,196
Predevelopment costs	2,153,813	-	(596,379)	1,557,434	-	-	(1,073,908)	483,526
Interest receivable	482,506	-	(12,312)	470,194	166,323	-	(636,517)	-
Escrows and reserves	-	774,353	-	774,353	101,158	2,524,631	-	3,400,142
Contributions receivable, less current portion	1,077,269	-	-	1,077,269	-	-	-	1,077,269
Cash - board designated for predevelopment housing fund	617,401	-	-	617,401	-	-	-	617,401
Cash restricted for long-term purposes	75,421	-	-	75,421	-	-	-	75,421
Contributions receivable restricted for housing development	235,000	-	-	235,000	-	-	-	235,000
Property and equipment, net	94,612	18,086,604	-	18,181,216	566,375	53,101,969	(1,409,030)	70,440,530
Tax credit fees, net	-	24,365	-	24,365	-	95,643	-	120,008
Total assets	<u>\$ 14,558,078</u>	<u>\$ 19,274,611</u>	<u>\$ (1,443,038)</u>	<u>\$ 32,389,651</u>	<u>\$ 1,330,213</u>	<u>\$ 56,182,396</u>	<u>\$ (7,074,455)</u>	<u>\$ 82,827,805</u>
LIABILITIES AND NET ASSETS								
Accounts payable - operations	\$ 281,729	\$ 109,845	\$ (29,840)	\$ 361,734	\$ 3,844	\$ 173,384	\$ (21,291)	\$ 517,671
Current maturities of long-term debt	-	192,418	-	192,418	-	12,843	-	205,261
Accrued expenses	193,444	160,656	-	354,100	-	371,874	(101,764)	624,210
Accrued interest	-	2,768	-	2,768	-	167,958	(166,323)	4,403
Tenant security deposits	-	105,167	-	105,167	-	97,459	-	202,626
Deferred revenue	73,834	-	-	73,834	-	-	-	73,834
Total current liabilities	549,007	570,854	(29,840)	1,090,021	3,844	823,518	(289,378)	1,628,005
Deferred developer fee	-	33,000	(33,000)	-	-	867,880	(867,880)	-
Construction payables	-	-	-	-	-	3,582,922	-	3,582,922
Construction debt	-	-	-	-	-	2,112,932	-	2,112,932
Due to Beacon	-	1,370,752	(1,370,752)	-	120,871	3,490,759	(3,611,630)	-
Long-term debt, net	-	14,398,433	-	14,398,433	-	27,389,669	(471,000)	41,317,102
Accrued interest, long-term	-	362,050	(12,312)	349,738	-	1,230,313	(470,194)	1,109,857
Refundable advances	1,879,878	3,690,239	-	5,570,117	-	-	210,000	5,780,117
Total liabilities	<u>2,428,885</u>	<u>20,425,328</u>	<u>(1,445,904)</u>	<u>21,408,309</u>	<u>124,715</u>	<u>39,497,993</u>	<u>(5,500,082)</u>	<u>55,530,935</u>
Net assets:								
Without donor restrictions:								
Undesignated	4,665,110	(1,150,717)	2,866	3,517,259	1,205,498	(270,593)	(1,364,373)	3,087,791
Designated	3,512,338	-	-	3,512,338	-	-	-	3,512,338
Non-controlling interests	-	-	-	-	-	10,688,096	-	10,688,096
Total without donor restrictions	8,177,448	(1,150,717)	2,866	7,029,597	1,205,498	10,417,503	(1,364,373)	17,288,225
With donor restrictions	3,951,745	-	-	3,951,745	-	6,266,900	(210,000)	10,008,645
Total net assets	<u>12,129,193</u>	<u>(1,150,717)</u>	<u>2,866</u>	<u>10,981,342</u>	<u>1,205,498</u>	<u>16,684,403</u>	<u>(1,574,373)</u>	<u>27,296,870</u>
Total liabilities and net assets	<u>\$ 14,558,078</u>	<u>\$ 19,274,611</u>	<u>\$ (1,443,038)</u>	<u>\$ 32,389,651</u>	<u>\$ 1,330,213</u>	<u>\$ 56,182,396</u>	<u>\$ (7,074,455)</u>	<u>\$ 82,827,805</u>

See independent auditors' report.

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATING STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2019

	Beacon	Wholly owned Entities	Eliminations	Beacon Subtotal	Affiliates		Eliminations	Total
					FMF Housing	Housing Entities		
Operating revenues and support:								
Contributions	\$ 2,490,169	\$ -	\$ -	\$ 2,490,169	\$ -	\$ -	\$ -	\$ 2,490,169
Contributions in-kind	470,000	-	-	470,000	-	-	-	470,000
Government grants	1,306,020	598,283	-	1,904,303	-	-	-	1,904,303
Rent and housing assistance payments	-	1,895,201	-	1,895,201	53,940	1,968,672	(11,520)	3,906,293
Fee income	1,601,483	-	-	1,601,483	11,400	-	(684,517)	928,366
Management fees	111,254	-	(20,413)	90,841	-	-	(90,841)	-
Interest income	92,355	12,102	(1,173)	103,284	27,744	18,360	(78,789)	70,599
Miscellaneous	1,425	27,242	-	28,667	-	56,760	-	85,427
Total operating revenues and support	<u>6,072,706</u>	<u>2,532,828</u>	<u>(21,586)</u>	<u>8,583,948</u>	<u>93,084</u>	<u>2,043,792</u>	<u>(865,667)</u>	<u>9,855,157</u>
Operating expenses	<u>5,515,805</u>	<u>2,573,928</u>	<u>(23,279)</u>	<u>8,066,454</u>	<u>68,018</u>	<u>2,063,788</u>	<u>(174,667)</u>	<u>10,023,593</u>
Operating income (loss)	556,901	(41,100)	1,693	517,494	25,066	(19,996)	(691,000)	(168,436)
Amortization of refundable advances (Note 9)	40,000	406,249	-	446,249	-	-	-	446,249
Incentive management fee	-	-	-	-	-	(409,413)	409,413	-
Deferred interest - rental properties	-	(33,901)	1,173	(32,728)	-	(157,987)	69,393	(121,322)
Interest expense - finance fee amortization	-	(3,946)	-	(3,946)	-	(12,883)	-	(16,829)
Depreciation and amortization - rental properties	-	(696,639)	-	(696,639)	-	(1,309,428)	35,801	(1,970,266)
Change in allowance for contributions	(81,921)	-	-	(81,921)	-	-	-	(81,921)
Change in net assets before investment activity	514,980	(369,337)	2,866	148,509	25,066	(1,909,707)	(176,393)	(1,912,525)
Contributions - noncontrolling interests	-	-	-	-	-	951,040	-	951,040
Distributions - noncontrolling interests	-	-	-	-	-	(6,542)	-	(6,542)
Interfund transfers	54,921	(48,375)	-	6,546	-	(6,546)	-	-
Change in net assets	569,901	(417,712)	2,866	155,055	25,066	(971,755)	(176,393)	(968,027)
Net assets, beginning of year	<u>11,559,292</u>	<u>(733,005)</u>	<u>-</u>	<u>10,826,287</u>	<u>1,180,432</u>	<u>17,656,158</u>	<u>(1,397,980)</u>	<u>28,264,897</u>
Net assets, end of year	<u>\$ 12,129,193</u>	<u>\$ (1,150,717)</u>	<u>\$ 2,866</u>	<u>\$ 10,981,342</u>	<u>\$ 1,205,498</u>	<u>\$ 16,684,403</u>	<u>\$ (1,574,373)</u>	<u>\$ 27,296,870</u>

See independent auditors' report.

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATING STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2019

Increase (Decrease) in Cash

	Beacon	Wholly Owned Entities	Affiliates		Eliminations	Total
			FMF Housing	Housing Entities		
Cash flows from operating activities:						
Change in net assets	\$ 514,980	\$ (369,337)	\$ 25,066	\$ (1,909,707)	\$ (173,527)	\$ (1,912,525)
Adjustments to reconcile the change in net assets to net cash from operating activities:						
Depreciation and amortization	18,668	700,585	10,486	1,322,311	(35,801)	2,016,249
Change in allowance for contributions	81,921	-	-	-	-	81,921
Amortization of refundable advances (Note 9)	(40,000)	(406,249)	-	-	-	(446,249)
Changes in operating assets and liabilities:						
Accounts receivable	(429,996)	42,267	-	93,110	342,412	47,793
Government grants receivable	14,603	30,000	-	-	(30,000)	14,603
Contributions receivable	312,522	-	-	-	-	312,522
Prepaid expenses	5,190	3,079	-	420	8,070	16,759
Interest receivable	(43,207)	-	(13,680)	-	56,887	-
Accounts payable and accrued expenses	140,838	(81,826)	3,845	51,173	(84,619)	29,411
Accrued interest	-	33,765	-	144,166	(56,887)	121,044
Tenant security deposits	-	6,210	-	(8,583)	-	(2,373)
Deferred revenue	185	-	-	-	-	185
Net cash from operating activities	<u>575,704</u>	<u>(41,506)</u>	<u>25,717</u>	<u>(307,110)</u>	<u>26,535</u>	<u>279,340</u>
Cash flows from investing activities:						
Payments for property and equipment	(30,532)	(68,584)	-	(7,000,054)	123,094	(6,976,076)
Change in predevelopment costs, net	(395,116)	-	-	-	(53,652)	(448,768)
Notes and other receivable	(645,714)	-	-	-	645,714	-
Changes in escrows and reserves, net	-	4,117	(414)	(204,266)	-	(200,563)
Change in cash restricted for long-term purposes	52,400	-	-	-	-	52,400
Net cash from investing activities	<u>(1,018,962)</u>	<u>(64,467)</u>	<u>(414)</u>	<u>(7,204,320)</u>	<u>715,156</u>	<u>(7,573,007)</u>
Cash flows from financing activities:						
Proceeds from issuance of debt	-	-	-	6,177,457	-	6,177,457
Payments of principal on long-term debt	-	(91,171)	-	(12,037)	-	(103,208)
Refundable advances received	-	32,117	-	-	-	32,117
Due to Beacon	-	305,920	(49,009)	484,780	(741,691)	-
Capital contributions - noncontrolling interests	-	-	-	951,040	-	951,040
Distributions - noncontrolling interests	-	-	-	(6,542)	-	(6,542)
Interfund transfers	54,921	(48,375)	-	(6,546)	-	-
Contributions and grants for property acquisition	141,667	-	-	-	-	141,667
Net cash from financing activities	<u>196,588</u>	<u>198,491</u>	<u>(49,009)</u>	<u>7,588,152</u>	<u>(741,691)</u>	<u>7,192,531</u>
Increase (decrease) in cash	(246,670)	92,518	(23,706)	76,722	-	(101,136)
Cash, beginning of year	<u>5,351,230</u>	<u>175,208</u>	<u>30,512</u>	<u>138,817</u>	<u>-</u>	<u>5,695,767</u>
Cash, end of year	<u>\$ 5,104,560</u>	<u>\$ 267,726</u>	<u>\$ 6,806</u>	<u>\$ 215,539</u>	<u>\$ -</u>	<u>\$ 5,594,631</u>

See independent auditors' report.

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATING STATEMENT OF FINANCIAL POSITION - WHOLLY OWNED ENTITIES

June 30, 2019

	North Haven LLC	Cedar View LLC	Hawthorne Avenue LLC	545 Snelling LLC	352 Wacouta LLC	Housing 150 LLC	Oakhaven Housing LLC	Clinton Avenue Townhomes LLC	Housing 150- Nicollet LLC	PCNF Nicollet LP	Development Projects	Total
ASSETS												
Cash	\$ 10,071	\$ 29,293	\$ 1,088	\$ 28,962	\$ 56,638	\$ 33,840	\$ 21,305	\$ 7,316	\$ 24,205	\$ 55,008	\$ -	\$ 267,726
Accounts receivable	70	128	2,240	11,481	43,128	1,986	4,120	666	30,095	16,070	-	109,984
Prepaid expenses	-	66	7,391	32	186	-	-	-	-	3,904	-	11,579
Total current assets	10,141	29,487	10,719	40,475	99,952	35,826	25,425	7,982	54,300	74,982	-	389,289
Escrows and reserves	40,148	18,580	57,800	53,871	44,949	94,583	126,991	121,342	-	216,089	-	774,353
Property and equipment, net	706,412	689,695	1,280,839	1,987,966	2,095,636	1,885,939	504,524	598,874	965,302	6,288,763	1,082,654	18,086,604
Tax credit fees, net	-	-	-	-	-	-	-	-	-	24,365	-	24,365
Total assets	\$ 756,701	\$ 737,762	\$ 1,349,358	\$ 2,082,312	\$ 2,240,537	\$ 2,016,348	\$ 656,940	\$ 728,198	\$ 1,019,602	\$ 6,604,199	\$ 1,082,654	\$ 19,274,611
LIABILITIES AND NET ASSETS												
Accounts payable - operations	\$ 440	\$ 3,981	\$ 11,474	\$ 22,774	\$ 30,495	\$ 556	\$ 470	\$ 1,020	\$ 22,055	\$ 16,580	\$ -	\$ 109,845
Current maturities of long-term debt	-	-	8,599	100,000	-	47,610	17,415	18,794	-	-	-	192,418
Accrued expenses	-	4,415	273	9,608	8,688	5,363	353	44	1,000	130,912	-	160,656
Accrued interest	-	-	865	-	-	425	1,478	-	-	-	-	2,768
Tenant security deposits	7,908	6,350	13,219	21,063	18,410	5,034	6,625	3,131	6,743	16,684	-	105,167
Total current liabilities	8,348	14,746	34,430	153,445	57,593	58,988	26,341	22,989	29,798	164,176	-	570,854
Deferred developer fee	-	-	33,000	-	-	-	-	-	-	-	-	33,000
Due to Beacon	6,800	18,160	-	170,627	379,496	117,331	-	-	137,619	77,393	463,326	1,370,752
Long-term debt, net	780,261	941,609	1,712,775	2,644,177	2,920,470	1,503,203	573,614	588,321	-	2,114,675	619,328	14,398,433
Accrued interest, long-term	29,758	58,965	88,587	-	-	65,312	-	-	-	119,428	-	362,050
Refundable advances	225,000	-	-	-	-	520,000	-	101,502	-	2,843,737	-	3,690,239
Total liabilities	1,050,167	1,033,480	1,868,792	2,968,249	3,357,559	2,264,834	599,955	712,812	167,417	5,319,409	1,082,654	20,425,328
Net assets:												
Without donor restrictions	(293,466)	(295,718)	(519,434)	(885,937)	(1,117,022)	(248,486)	56,985	15,386	852,185	1,284,790	-	(1,150,717)
Total liabilities and net assets	\$ 756,701	\$ 737,762	\$ 1,349,358	\$ 2,082,312	\$ 2,240,537	\$ 2,016,348	\$ 656,940	\$ 728,198	\$ 1,019,602	\$ 6,604,199	\$ 1,082,654	\$ 19,274,611

See independent auditors' report.

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATING STATEMENT OF ACTIVITIES - WHOLLY OWNED ENTITIES

For the Year Ended June 30, 2019

	North Haven LLC	Cedar View LLC	Hawthorne Avenue LLC	545 Snelling LLC	352 Wacouta LLC	Housing 150 LLC	Oakhaven Housing LLC	Clinton Avenue Townhomes LLC	Housing 150- Nicollet LLC	PCNF Nicollet LP	Development Projects	Total
Operating revenues and support:												
Government grants	\$ -	\$ 65,141	\$ -	\$ 62,159	\$ 177,500	\$ -	\$ -	\$ -	\$ -	\$ 293,483	\$ -	\$ 598,283
Rent and housing assistance payments	93,955	19,703	213,062	460,294	402,006	221,337	149,358	99,165	111,023	125,298	-	1,895,201
Interest income	122	111	205	264	211	1,527	2,589	2,392	39	4,642	-	12,102
Miscellaneous	960	868	7,828	1,244	11,720	1,826	1,031	(491)	-	2,256	-	27,242
Total operating revenues and support	<u>95,037</u>	<u>85,823</u>	<u>221,095</u>	<u>523,961</u>	<u>591,437</u>	<u>224,690</u>	<u>152,978</u>	<u>101,066</u>	<u>111,062</u>	<u>425,679</u>	<u>-</u>	<u>2,532,828</u>
Operating expenses	<u>91,186</u>	<u>97,259</u>	<u>240,435</u>	<u>582,426</u>	<u>707,070</u>	<u>138,988</u>	<u>106,432</u>	<u>76,210</u>	<u>47,508</u>	<u>486,414</u>	<u>-</u>	<u>2,573,928</u>
Operating income (loss)	3,851	(11,436)	(19,340)	(58,465)	(115,633)	85,702	46,546	24,856	63,554	(60,735)	-	(41,100)
Amortization of refundable advances (Note 9)	-	-	-	-	-	-	-	-	-	406,249	-	406,249
Deferred interest - rental properties	(3,915)	(4,337)	(6,400)	-	-	(6,473)	-	-	-	(12,776)	-	(33,901)
Interest expense - finance fee amortization	(155)	(608)	(418)	-	-	-	-	(535)	-	(2,230)	-	(3,946)
Depreciation and amortization - rental properties	<u>(33,789)</u>	<u>(44,714)</u>	<u>(66,875)</u>	<u>(93,078)</u>	<u>(97,376)</u>	<u>(98,074)</u>	<u>(22,488)</u>	<u>(24,536)</u>	<u>(48,481)</u>	<u>(167,228)</u>	<u>-</u>	<u>(696,639)</u>
Change in net assets before investment activity	(34,008)	(61,095)	(93,033)	(151,543)	(213,009)	(18,845)	24,058	(215)	15,073	163,280	-	(369,337)
Interfund transfers	-	-	-	-	-	(28,310)	(18,065)	(2,000)	-	-	-	(48,375)
Change in net assets	(34,008)	(61,095)	(93,033)	(151,543)	(213,009)	(47,155)	5,993	(2,215)	15,073	163,280	-	(417,712)
Net assets, beginning of year	<u>(259,458)</u>	<u>(234,623)</u>	<u>(426,401)</u>	<u>(734,394)</u>	<u>(904,013)</u>	<u>(201,331)</u>	<u>50,992</u>	<u>17,601</u>	<u>837,112</u>	<u>1,121,510</u>	<u>-</u>	<u>(733,005)</u>
Net assets, end of year	<u>\$ (293,466)</u>	<u>\$ (295,718)</u>	<u>\$ (519,434)</u>	<u>\$ (885,937)</u>	<u>\$ (1,117,022)</u>	<u>\$ (248,486)</u>	<u>\$ 56,985</u>	<u>\$ 15,386</u>	<u>\$ 852,185</u>	<u>\$ 1,284,790</u>	<u>\$ -</u>	<u>\$ (1,150,717)</u>

See independent auditors' report.

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATING STATEMENT OF CASH FLOWS - WHOLLY OWNED ENTITIES

For the Year Ended June 30, 2019

Increase (Decrease) in Cash

	North Haven LLC	Cedar View LLC	Hawthorne Avenue LLC	545 Snelling LLC	352 Wacouta LLC	Housing 150 LLC	Oakhaven Housing LLC	Clinton Avenue Townhomes LLC	Housing 150- Nicollet LLC	PCNF Nicollet LP	Development Projects	Total
Cash flows from operating activities:												
Change in net assets	\$ (34,008)	\$ (61,095)	\$ (93,033)	\$ (151,543)	\$ (213,009)	\$ (18,845)	\$ 24,058	\$ (215)	\$ 15,073	\$ 163,280	\$ -	\$ (369,337)
Adjustments to reconcile the change in net assets to net cash from operating activities:												
Depreciation and amortization	33,944	45,322	67,293	93,078	97,376	98,074	22,488	25,071	48,481	169,458	-	700,585
Amortization of refundable advances (Note 9)	-	-	-	-	-	-	-	-	-	(406,249)	-	(406,249)
Changes in operating assets and liabilities:												
Accounts receivable	1,071	18,396	674	40,604	12,236	(1,251)	(2,874)	(485)	(15,300)	(10,804)	-	42,267
Government grant receivable	-	-	-	-	-	-	-	-	-	30,000	-	30,000
Prepaid expenses	-	(45)	(7,391)	329	(46)	-	-	-	8,072	2,160	-	3,079
Accounts payable and accrued expenses	(4,482)	(197)	7,526	(51,020)	(74,369)	3,137	(3,097)	(1,285)	22,055	19,906	-	(81,826)
Accrued interest	3,840	4,337	6,400	-	-	6,454	(42)	-	-	12,776	-	33,765
Tenant security deposits	(95)	(1,192)	(37)	4,218	2,258	396	90	16	-	556	-	6,210
Net cash from operating activities	<u>270</u>	<u>5,526</u>	<u>(18,568)</u>	<u>(64,334)</u>	<u>(175,554)</u>	<u>87,965</u>	<u>40,623</u>	<u>23,102</u>	<u>78,381</u>	<u>(18,917)</u>	<u>-</u>	<u>(41,506)</u>
Cash flows from investing activities:												
Payments for property and equipment	-	-	(11,685)	-	(6,565)	-	-	-	-	-	(50,334)	(68,584)
Changes in escrows and reserves, net	2,114	6,983	13,842	7,940	(5,870)	(9,981)	(16,999)	(34,272)	-	40,360	-	4,117
Net cash from investing activities	<u>2,114</u>	<u>6,983</u>	<u>2,157</u>	<u>7,940</u>	<u>(12,435)</u>	<u>(9,981)</u>	<u>(16,999)</u>	<u>(34,272)</u>	<u>-</u>	<u>40,360</u>	<u>(50,334)</u>	<u>(64,467)</u>
Cash flows from financing activities:												
Payments of principal on long-term debt	-	-	(8,102)	-	-	(47,373)	(16,902)	(18,794)	-	-	-	(91,171)
Receipts from refundable advances	-	-	-	-	-	-	-	32,117	-	-	-	32,117
Due to Beacon	-	(184)	-	75,453	231,295	-	-	-	(56,575)	5,597	50,334	305,920
Interfund transfers	-	-	-	-	-	(28,310)	(18,065)	(2,000)	-	-	-	(48,375)
Net cash from financing activities	<u>-</u>	<u>(184)</u>	<u>(8,102)</u>	<u>75,453</u>	<u>231,295</u>	<u>(75,683)</u>	<u>(34,967)</u>	<u>11,323</u>	<u>(56,575)</u>	<u>5,597</u>	<u>50,334</u>	<u>198,491</u>
Increase (decrease) in cash	2,384	12,325	(24,513)	19,059	43,306	2,301	(11,343)	153	21,806	27,040	-	92,518
Cash, beginning of year	7,687	16,968	25,601	9,903	13,332	31,539	32,648	7,163	2,399	27,968	-	175,208
Cash, end of year	<u>\$ 10,071</u>	<u>\$ 29,293</u>	<u>\$ 1,088</u>	<u>\$ 28,962</u>	<u>\$ 56,638</u>	<u>\$ 33,840</u>	<u>\$ 21,305</u>	<u>\$ 7,316</u>	<u>\$ 24,205</u>	<u>\$ 55,008</u>	<u>\$ -</u>	<u>\$ 267,726</u>

See independent auditors' report.

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATING STATEMENT OF FINANCIAL POSITION - AFFILIATED HOUSING ENTITIES

	June 30, 2019								
	FMF 38th Street	PCNF Creekside Commons LP	Lydia House LP	Lonoke LP	Prior Crossing Housing LP	Riverview Apartments Senior Housing	66 West Housing LP	Great River Landing Housing LP	Total
ASSETS									
Cash	\$ 54,150	\$ 52,944	\$ 50,473	\$ 13,505	\$ 2,621	\$ 3,650	\$ 38,196	\$ -	\$ 215,539
Accounts receivable	2,321	93	3,080	1,647	9,170	4,055	7,194	200,100	227,660
Prepaid expenses	454	-	1,547	399	507	14,047	-	-	16,954
Total current assets	<u>56,925</u>	<u>53,037</u>	<u>55,100</u>	<u>15,551</u>	<u>12,298</u>	<u>21,752</u>	<u>45,390</u>	<u>200,100</u>	<u>460,153</u>
Escrows and reserves	84,540	857,728	504,174	179,046	359,418	133,878	405,847	-	2,524,631
Property and equipment, net	1,694,379	5,934,223	3,053,161	2,650,898	9,659,290	6,923,162	10,046,644	13,140,212	53,101,969
Tax credit fees, net	-	4,888	-	36,890	26,707	-	27,158	-	95,643
Total assets	<u>\$ 1,835,844</u>	<u>\$ 6,849,876</u>	<u>\$ 3,612,435</u>	<u>\$ 2,882,385</u>	<u>\$ 10,057,713</u>	<u>\$ 7,078,792</u>	<u>\$ 10,525,039</u>	<u>\$ 13,340,312</u>	<u>\$ 56,182,396</u>
LIABILITIES AND NET ASSETS									
Accounts payable - operations	\$ 3,576	\$ 6,567	\$ 7,425	\$ 20,994	\$ 29,958	\$ 100,634	\$ 4,230	\$ -	\$ 173,384
Current maturities of long-term debt	12,843	-	-	-	-	-	-	-	12,843
Accrued expenses	48,553	53,390	54,904	54,322	66,119	14,812	79,774	-	371,874
Accrued interest	167,958	-	-	-	-	-	-	-	167,958
Tenant security deposits	5,227	16,656	12,084	5,829	21,202	16,700	19,761	-	97,459
Total current liabilities	<u>238,157</u>	<u>76,613</u>	<u>74,413</u>	<u>81,145</u>	<u>117,279</u>	<u>132,146</u>	<u>103,765</u>	<u>-</u>	<u>823,518</u>
Deferred developer fee	-	-	-	-	-	-	-	867,880	867,880
Construction payables	-	-	-	-	-	-	-	3,582,922	3,582,922
Construction debt	-	-	-	-	-	-	-	2,112,932	2,112,932
Due to Beacon	-	16,500	1,120,413	69,844	336,575	-	941,400	1,006,027	3,490,759
Long-term debt, net	1,350,560	2,353,358	1,731,677	1,296,282	7,224,975	1,834,602	7,227,667	4,370,548	27,389,669
Accrued interest, long-term	105,379	229,184	693,670	58,052	-	120,136	23,892	-	1,230,313
Total liabilities	<u>1,694,096</u>	<u>2,675,655</u>	<u>3,620,173</u>	<u>1,505,323</u>	<u>7,678,829</u>	<u>2,086,884</u>	<u>8,296,724</u>	<u>11,940,309</u>	<u>39,497,993</u>
Net assets:									
Without donor restrictions:									
Undesignated	200,868	729,910	(7,738)	64,943	16,486	(1,274,992)	(70)	-	(270,593)
Noncontrolling interests	(59,120)	3,444,311	-	1,312,119	2,362,398	-	2,228,385	1,400,003	10,688,096
Total without donor restrictions	<u>141,748</u>	<u>4,174,221</u>	<u>(7,738)</u>	<u>1,377,062</u>	<u>2,378,884</u>	<u>(1,274,992)</u>	<u>2,228,315</u>	<u>1,400,003</u>	<u>10,417,503</u>
With donor restrictions	-	-	-	-	-	6,266,900	-	-	6,266,900
Total net assets	<u>141,748</u>	<u>4,174,221</u>	<u>(7,738)</u>	<u>1,377,062</u>	<u>2,378,884</u>	<u>4,991,908</u>	<u>2,228,315</u>	<u>1,400,003</u>	<u>16,684,403</u>
Total liabilities and net assets	<u>\$ 1,835,844</u>	<u>\$ 6,849,876</u>	<u>\$ 3,612,435</u>	<u>\$ 2,882,385</u>	<u>\$ 10,057,713</u>	<u>\$ 7,078,792</u>	<u>\$ 10,525,039</u>	<u>\$ 13,340,312</u>	<u>\$ 56,182,396</u>

See independent auditors' report.

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATING STATEMENT OF ACTIVITIES - AFFILIATED HOUSING ENTITIES

For the Year Ended June 30, 2019

	FMF 38th Street	PCNF Creekside Commons, LP	Lydia House, LP	Lonoke LP	Prior Crossing Housing LP	Riverview Apartments Senior Housing	66 West Housing LP	Great River Landing Housing LP	Total
Operating revenues and support:									
Rent and housing assistance payments	\$ 185,995	\$ 328,535	\$ 340,169	\$ 154,355	\$ 321,498	\$ 286,933	\$ 351,187	\$ -	\$ 1,968,672
Interest income - operations	962	889	9,523	634	1,236	470	4,646	-	18,360
Miscellaneous	10,031	5,851	610	181	25,233	1,891	12,963	-	56,760
Total operating revenues and support	<u>196,988</u>	<u>335,275</u>	<u>350,302</u>	<u>155,170</u>	<u>347,967</u>	<u>289,294</u>	<u>368,796</u>	<u>-</u>	<u>2,043,792</u>
Operating expenses	<u>173,352</u>	<u>331,852</u>	<u>342,852</u>	<u>177,583</u>	<u>417,923</u>	<u>299,695</u>	<u>320,531</u>	<u>-</u>	<u>2,063,788</u>
Operating income (loss)	23,636	3,423	7,450	(22,413)	(69,956)	(10,401)	48,265	-	(19,996)
Incentive management fee	-	-	(409,413)	-	-	-	-	-	(409,413)
Deferred interest - rental properties	(33,795)	(23,965)	(60,460)	(14,759)	-	(16,341)	(8,667)	-	(157,987)
Interest expense - finance fee amortization	(2,879)	(2,841)	(1,808)	(260)	(1,108)	-	(3,987)	-	(12,883)
Depreciation and amortization - rental properties	(46,082)	(181,463)	(155,666)	(105,611)	(287,984)	(228,039)	(304,583)	-	(1,309,428)
Change in net assets before investment activity	(59,120)	(204,846)	(619,897)	(143,043)	(359,048)	(254,781)	(268,972)	-	(1,909,707)
Contributions - noncontrolling interests	-	-	-	-	-	-	951,040	-	951,040
Distributions - noncontrolling interests	-	(6,542)	-	-	-	-	-	-	(6,542)
Interfund transfers	-	-	-	-	-	-	(6,546)	-	(6,546)
Change in net assets	(59,120)	(211,388)	(619,897)	(143,043)	(359,048)	(254,781)	675,522	-	(971,755)
Net assets, beginning of year	<u>200,868</u>	<u>4,385,609</u>	<u>612,159</u>	<u>1,520,105</u>	<u>2,737,932</u>	<u>5,246,689</u>	<u>1,552,793</u>	<u>1,400,003</u>	<u>17,656,158</u>
Net assets, end of year	<u>\$ 141,748</u>	<u>\$ 4,174,221</u>	<u>\$ (7,738)</u>	<u>\$ 1,377,062</u>	<u>\$ 2,378,884</u>	<u>\$ 4,991,908</u>	<u>\$ 2,228,315</u>	<u>\$ 1,400,003</u>	<u>\$ 16,684,403</u>

See independent auditors' report.

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATING STATEMENT OF CASH FLOWS - AFFILIATED HOUSING ENTITIES

For the Year Ended June 30, 2019

Increase (Decrease) in Cash

	FMF 38th Street	PCNF Creekside Commons, LP	Lydia House, LP	Lonoke LP	Prior Crossing Housing LP	Riverview Apartment Senior Housing	66 West Housing LP	Great River Landing Housing LP	Total
Cash flows from operating activities:									
Change in net assets	\$ (59,120)	\$ (204,846)	\$ (619,897)	\$ (143,043)	\$ (359,048)	\$ (254,781)	\$ (268,972)	\$ -	\$ (1,909,707)
Adjustments to reconcile the change in net assets to net cash from operating activities:									
Depreciation and amortization	48,961	184,304	157,474	105,871	289,092	228,039	308,570	-	1,322,311
Changes in operating assets and liabilities:									
Accounts receivable	5,225	914	11,341	14,256	67,158	(3,149)	(2,635)	-	93,110
Prepaid expenses	260	-	439	(374)	(43)	(3,255)	3,393	-	420
Accounts payable and accrued expenses	16,600	(10,274)	(3,508)	24,756	1,626	47,862	(25,889)	-	51,173
Accrued interest	20,050	23,965	60,459	14,684	-	16,341	8,667	-	144,166
Tenant security deposits	247	(307)	(697)	17	(7,453)	(482)	92	-	(8,583)
Net cash from operating activities	<u>32,223</u>	<u>(6,244)</u>	<u>(394,389)</u>	<u>16,167</u>	<u>(8,668)</u>	<u>30,575</u>	<u>23,226</u>	<u>-</u>	<u>(307,110)</u>
Cash flows from investing activities:									
Payments for property and equipment	-	-	-	-	(3,199)	(11,937)	(727,595)	(6,257,323)	(7,000,054)
Changes in escrows and reserves, net	(6,679)	7,730	14,218	(5,313)	1,518	(15,493)	(200,247)	-	(204,266)
Net cash from investing activities	<u>(6,679)</u>	<u>7,730</u>	<u>14,218</u>	<u>(5,313)</u>	<u>(1,681)</u>	<u>(27,430)</u>	<u>(927,842)</u>	<u>(6,257,323)</u>	<u>(7,204,320)</u>
Cash flows from financing activities:									
Proceeds from issuance of debt	-	-	-	-	-	-	-	6,177,457	6,177,457
Payments of principal on long-term debt	(12,037)	-	-	-	-	-	-	-	(12,037)
Due to Beacon	-	16,500	420,413	-	9,054	-	(41,053)	79,866	484,780
Capital contributions - noncontrolling interests	-	-	-	-	-	-	951,040	-	951,040
Distributions - noncontrolling interests	-	(6,542)	-	-	-	-	-	-	(6,542)
Interfund transfers	-	-	-	-	-	-	(6,546)	-	(6,546)
Net cash from financing activities	<u>(12,037)</u>	<u>9,958</u>	<u>420,413</u>	<u>-</u>	<u>9,054</u>	<u>-</u>	<u>903,441</u>	<u>6,257,323</u>	<u>7,588,152</u>
Increase (decrease) in cash	13,507	11,444	40,242	10,854	(1,295)	3,145	(1,175)	-	76,722
Cash, beginning of year	40,643	41,500	10,231	2,651	3,916	505	39,371	-	138,817
Cash, end of year	<u>\$ 54,150</u>	<u>\$ 52,944</u>	<u>\$ 50,473</u>	<u>\$ 13,505</u>	<u>\$ 2,621</u>	<u>\$ 3,650</u>	<u>\$ 38,196</u>	<u>\$ -</u>	<u>\$ 215,539</u>

See independent auditors' report.

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

**Minnesota Housing
Multifamily Department
Asset Management**

Project Name: <u>Abbott View (aka Stevens Court)</u>	Fiscal Period Ended: <u>June 30, 2019</u>	Loan # <u>1264408</u>
Location: <u>Minneapolis</u>		

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>27,496</u>
5 Interest Earned on Development Cost Escrow	<u>-</u>
6 Allowable Distribution for Fiscal Year	<u>27,496</u>

B. COMPUTATION OF SURPLUS CASH

Cash	
7 Operating Cash Balance	\$ 33,840
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>33,840</u>
Current Obligations	
13 Accounts Payable Balance, trade	556
14 Accrued Interest on Amort. Mortgages	425
15 Accrued MHFA Annual Fee	-
16 Accrued FAF/FA Monthly Escrow	-
17 Prepaid rents	-
18 Other (describe): <u>Accrued expenses</u>	<u>5,363</u>
(b) Surplus Cash/(Deficiency) (line (a) minus Lines 13 thru 18)	<u>\$ 27,496</u>
19 Amount Available for Distribution	<u>\$ 27,496</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:

See independent auditors' report.

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

**Minnesota Housing
Multifamily Department
Asset Management**

Project Name: Oakhaven	Fiscal Period Ended: June 30, 2019	Loan # 1266209
Location: Minneapolis		

A. ALLOWABLE DISTRIBUTION

1 Partnership Initial Equity	120,433
2 Rate of return on Equity	15%
3 Maximum Distribution (per legal agreement)	<u>\$ 18,065</u>
4 Allowable Distribution from Operations	<u>18,065</u>
5 Interest Earned on Development Cost Escrow	-
6 Allowable Distribution for Fiscal Year	<u>18,065</u>

B. COMPUTATION OF SURPLUS CASH

Cash	
7 Operating Cash Balance	\$ 21,305
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>21,305</u>
Current Obligations	
13 Accounts Payable Balance, trade	470
14 Accrued Interest on Amort. Mortgages	1,478
15 Accrued MHFA Annual Fee	-
16 Accrued FAF/FA Monthly Escrow	-
17 Prepaid rents	-
18 Other (describe): <u>Accrued expenses</u>	353
	-
(b) Surplus Cash/(Deficiency) (line (a) minus Lines 13 thru 18)	<u>\$ 19,004</u>
19 Amount Available for Distribution	<u>\$ 18,065</u>
20 Net Amount to be Deposited to Residual Receipts	<u>\$ 939</u>

C. COMPUTATION OF RESIDUAL RECEIPTS TRANSFER

21 Required Deposit (From Sec. B) (line 20)	\$ 939
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>\$ 939</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:

See independent auditors' report.

BEACON INTERFAITH HOUSING COLLABORATIVE

MANAGEMENT CERTIFICATION

For the Year Ended June 30, 2019

We hereby certify that we have examined the accompanying consolidated 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: _____

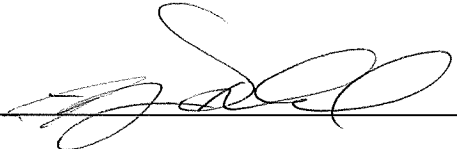
Title: _____

BEACON INTERFAITH HOUSING COLLABORATIVE

MANAGEMENT CERTIFICATION

For the Year Ended June 30, 2019

We hereby certify that we have examined the accompanying consolidated 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: 11/12/19

Title: VT Finance + Administration