

**BEACON INTERFAITH
HOUSING COLLABORATIVE**

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020
(With Comparative Totals for 2019)

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Mahoney Ulbrich Christiansen Russ P.A.

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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, 2020, 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, 2020, 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 Principles

As discussed in Note 2 to the financial statements, Beacon Interfaith Housing Collaborative has adopted Accounting Standards Updates (ASU), No. 2016-18 *Statement of Cash Flows (Topic 230): Restricted Cash*, ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* and the related ASU No. 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to these matters.

Other Matters

Report on Summarized Comparative Information

We have previously audited Beacon Interfaith Housing Collaborative's 2019 consolidated financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated November 6, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, 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 35 to 46 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 47 and 48 is presented for purposes of additional analysis as required by the *Audit Guide of the Minnesota Housing Finance Agency*. The information on pages 35 to 49 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 issued our report dated October 7, 2020, 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.

October 7, 2020

*Mahoney Ulbrich
Christiansen Russ P.A.*

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2020
(With Comparative Totals for 2019)

	2020	2019
ASSETS		
Cash - undesignated	\$ 2,597,717	\$ 1,017,981
Cash - board designated for operating reserve	1,436,000	1,436,000
Cash - board designated - other funds	126,586	206,600
Cash - operating funds for properties	377,017	490,071
Cash - restricted for short-term purposes	1,545,467	1,826,578
Total cash	<u>6,082,787</u>	<u>4,977,230</u>
Accounts receivable, net	309,553	300,763
Government grants receivable	358,923	232,881
Contributions receivable, current portion	1,440,617	737,477
Prepaid expenses	61,846	74,961
Total current assets	<u>8,253,726</u>	<u>6,323,312</u>
Notes and other receivables	55,194	55,196
Predevelopment costs	842,497	483,526
Escrows and reserves	3,016,447	3,400,142
Contributions receivable, less current portion, net	1,959,085	1,077,269
Cash - board designated for predevelopment housing fund	829,101	617,401
Cash - restricted for long-term purposes	16,701	75,421
Contributions receivable restricted for housing development	265,000	235,000
Property and equipment, net	75,017,851	70,440,530
Tax credit fees, net	143,079	120,008
	<u> </u>	<u> </u>
 Total assets	 <u><u>\$ 90,398,681</u></u>	 <u><u>\$ 82,827,805</u></u>

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2020
(With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
LIABILITIES AND NET ASSETS		
Accounts payable - operations	\$ 678,622	\$ 517,671
Current maturities of long-term debt	728,232	205,261
Accrued expenses	940,720	624,210
Accrued interest	4,201	4,403
Tenant security deposits	212,870	202,626
Other current liabilities	<u>57,500</u>	<u>73,834</u>
Total current liabilities	2,622,145	1,628,005
Construction payables	-	3,582,922
Construction debt	-	2,112,932
Long-term debt, net	43,024,931	41,317,102
Accrued interest, long-term	1,240,970	1,109,857
Refundable advances	<u>5,333,868</u>	<u>5,780,117</u>
Total liabilities	<u>52,221,914</u>	<u>55,530,935</u>
Net assets:		
Without donor restrictions:		
Undesignated	3,976,143	3,028,671
Board designated - predevelopment housing fund	1,949,752	1,869,738
Board designated - operating reserve	1,436,000	1,436,000
Board designated - other funds	126,586	206,600
Noncontrolling interests	<u>19,404,616</u>	<u>10,747,216</u>
Total without donor restrictions	26,893,097	17,288,225
With donor restrictions	<u>11,283,670</u>	<u>10,008,645</u>
Total net assets	<u>38,176,767</u>	<u>27,296,870</u>
Total liabilities and net assets	<u>\$ 90,398,681</u>	<u>\$ 82,827,805</u>

See accompanying notes to consolidated financial statements.

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020
(With Comparative Totals for 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	
Operating revenues and support:				
Contributions	\$ 1,149,209	\$ 4,933,309	\$ 6,082,518	\$ 2,490,169
Contributions in-kind	291,426	-	291,426	470,000
Government grants	2,179,802	-	2,179,802	2,213,324
Rent and housing assistance payments	4,553,323	-	4,553,323	3,906,293
Fee income	282,443	-	282,443	619,345
Interest income	62,807	-	62,807	70,599
Miscellaneous	99,258	-	99,258	85,427
Net assets released from restrictions	3,659,563	(3,659,563)	-	-
Total operating revenues and support	<u>12,277,831</u>	<u>1,273,746</u>	<u>13,551,577</u>	<u>9,855,157</u>
Operating expenses:				
Program services:				
Housing operations	5,284,309	-	5,284,309	4,647,466
Supportive services	1,545,460	-	1,545,460	1,513,679
Housing development	1,047,936	-	1,047,936	861,867
Shelter programs (Families Moving Forward)	1,023,309	-	1,023,309	1,269,228
Total program services	<u>8,901,014</u>	<u>-</u>	<u>8,901,014</u>	<u>8,292,240</u>
Support services:				
Management and general	1,065,809	-	1,065,809	857,615
Fundraising	892,949	-	892,949	873,738
Total operating expenses	<u>10,859,772</u>	<u>-</u>	<u>10,859,772</u>	<u>10,023,593</u>
Operating income (loss)	1,418,059	1,273,746	2,691,805	(168,436)
Other revenues (expenses):				
Forgiveness of debt	100,000	-	100,000	-
Contributions and grants for property acquisition	-	100,000	100,000	-
Net assets released from restrictions for housing development	98,721	(98,721)	-	-
Amortization of refundable advances (Note 9)	446,249	-	446,249	446,249
Loss on disposal of property and equipment	(25,137)	-	(25,137)	-
Deferred interest - rental properties	(123,786)	-	(123,786)	(121,322)
Interest expense - finance fee amortization	(32,210)	-	(32,210)	(16,829)
Depreciation and amortization - rental properties	(2,436,069)	-	(2,436,069)	(1,970,266)
Change in allowance for contributions	<u>(17,917)</u>	<u>-</u>	<u>(17,917)</u>	<u>(81,921)</u>
Change in net assets	(572,090)	1,275,025	702,935	(1,912,525)
Net assets, beginning of year	17,288,225	10,008,645	27,296,870	28,264,897
Capital contributions - noncontrolling interests (Note 12)	10,192,574	-	10,192,574	951,040
Distributions - noncontrolling interests (Note 12)	-	-	-	(6,542)
Syndication costs - noncontrolling interests (Note 12)	<u>(15,612)</u>	<u>-</u>	<u>(15,612)</u>	<u>-</u>
Net assets, end of year	<u>\$ 26,893,097</u>	<u>\$ 11,283,670</u>	<u>\$ 38,176,767</u>	<u>\$ 27,296,870</u>

See accompanying notes to consolidated financial statements.

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2020
(With Comparative Totals for 2019)

	2020							
	Program Services				Support Services			
	Housing Operations	Supportive Services	Housing Development	Shelter Programs	Management and general	Fundraising	Total	2019
Salaries	\$ 137,392	\$ 142,372	\$ 737,621	\$ 293,671	\$ 704,083	\$ 556,832	\$ 2,571,971	\$ 2,213,366
Payroll taxes	10,016	10,379	53,773	21,409	51,328	40,465	187,370	167,448
Benefits	22,670	23,491	121,707	48,456	116,174	90,902	423,400	323,235
Total salaries and related	170,078	176,242	913,101	363,536	871,585	688,199	3,182,741	2,704,049
Occupancy and property expense	6,925	11,397	45,542	144,870	23,104	44,430	276,268	288,093
Office and staff expense	6,720	10,655	50,163	34,228	9,480	70,302	181,548	187,508
Professional fees	14,011	-	120	4,125	143,865	4,307	166,428	197,092
Meetings and events	616	309	18,776	28	1,450	67,209	88,388	89,774
Contributed goods and services (Note 13)	-	-	-	291,426	-	-	291,426	470,000
Direct client assistance	43,529	1,238	-	88,707	-	-	133,474	134,218
Contracted program services	-	1,344,423	6,486	82,457	-	-	1,433,366	1,403,514
Miscellaneous	-	-	7,550	979	10,409	13,823	32,761	34,925
Depreciation and amortization	1,154	1,196	6,198	12,953	5,916	4,679	32,096	29,154
	243,033	1,545,460	1,047,936	1,023,309	1,065,809	892,949	5,818,496	5,538,327
Residential rental property expenses:								
Staffing	899,828	-	-	-	-	-	899,828	748,303
Management fees	431,038	-	-	-	-	-	431,038	407,014
Administrative	246,465	-	-	-	-	-	246,465	247,449
Professional fees	111,644	-	-	-	-	-	111,644	130,538
Utilities	711,952	-	-	-	-	-	711,952	676,839
Operating and maintenance	1,546,716	-	-	-	-	-	1,546,716	1,365,551
Insurance	387,705	-	-	-	-	-	387,705	332,161
Taxes	627,769	-	-	-	-	-	627,769	522,889
Interest	78,159	-	-	-	-	-	78,159	54,522
Total operating expenses	5,284,309	1,545,460	1,047,936	1,023,309	1,065,809	892,949	10,859,772	10,023,593
Deferred interest - rental properties	123,786	-	-	-	-	-	123,786	121,322
Interest expense - finance fee amortization	32,210	-	-	-	-	-	32,210	16,829
Depreciation and amortization - rental properties	2,436,069	-	-	-	-	-	2,436,069	1,970,266
Change in allowance for contributions	-	-	-	-	-	17,917	17,917	81,921
	<u>\$ 7,876,374</u>	<u>\$ 1,545,460</u>	<u>\$ 1,047,936</u>	<u>\$ 1,023,309</u>	<u>\$ 1,065,809</u>	<u>\$ 910,866</u>	<u>\$ 13,469,754</u>	<u>\$ 12,213,931</u>

See accompanying notes to consolidated financial statements.

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2020
(With Comparative Totals for 2019)

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 702,935	\$ (1,912,525)
Adjustments to reconcile the change in net assets to net cash from operating activities:		
Depreciation and amortization	2,500,375	2,016,249
Contributions and grants for property acquisition	(100,000)	-
Change in allowance for contributions	17,917	81,921
Loss on disposal of property and equipment	25,137	-
Amortization of refundable advances (Note 9)	(446,249)	(446,249)
Forgiveness of debt	(100,000)	-
Change in operating assets and liabilities:		
Accounts receivable	(2,456)	47,793
Government grants receivable	(126,042)	14,603
Contributions receivable	(1,602,873)	312,522
Prepaid expenses	13,115	16,759
Accounts payable and accrued expenses	477,455	29,411
Accrued interest	130,911	121,044
Tenant security deposits	10,244	1,424
Other current liabilities	(22,668)	185
Net cash from operating activities	<u>1,477,801</u>	<u>283,137</u>
Cash flows from investing activities:		
Payments for property and equipment	(10,630,148)	(6,976,076)
Change in predevelopment costs, net	(358,971)	(448,768)
Net cash from investing activities	<u>(10,989,119)</u>	<u>(7,424,844)</u>
Cash flows from financing activities:		
Payment of finance and tax credit fees	(43,986)	-
Proceeds from issuance of long-term debt	2,401,404	6,177,457
Payments of principal on long-term debt	(2,218,220)	(103,208)
Refundable advances received	-	32,117
Capital contributions - noncontrolling interests	10,192,574	951,040
Syndication costs	(15,612)	-
Distributions - noncontrolling interests	-	(6,542)
Contributions and grants for property acquisition	70,000	141,667
Net cash from financing activities	<u>10,386,160</u>	<u>7,192,531</u>
Total increase	874,842	50,824
Cash, cash equivalents and restricted cash, beginning of year	<u>9,070,194</u>	<u>9,019,370</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 9,945,036</u>	<u>\$ 9,070,194</u>
Reconciliation to the statement of financial position:		
Total cash	\$ 6,082,787	\$ 4,977,230
Escrows and reserves	3,016,447	3,400,142
Cash - board designated for predevelopment housing fund	829,101	617,401
Cash - restricted for long-term purposes	16,701	75,421
	<u>\$ 9,945,036</u>	<u>\$ 9,070,194</u>
Supplemental cash flow information:		
Cash paid for interest, net capitalized interest	\$ 142,573	\$ 110,237
Noncash investing and financing activities:		
Property and equipment included in construction payables	-	3,582,922
Loan proceeds used to pay for property and finance fees	1,170,000	4,989,876

See accompanying notes to consolidated financial statements.

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020
(With Comparative Totals for 2019)

1. ORGANIZATION

Beacon Interfaith Housing Collaborative is a 501(c)(3) nonprofit organization. Beacon is a collaborative of nearly 100 congregations committed to making sure all people have a home. Beacon congregations create and sustain 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 over 650 homes, two-thirds of which have on-site support services. Collaborating congregations also provide more than 5,000 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, 2020
(With Comparative Totals for 2019)

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. |
| • Lydia House LP | General and limited partner interests in partnership formed to own and operate Lydia Apartments (40 units). |
| • Development Projects: | |
| - Beacon Acquisition LLC | Functions to acquire and hold property pending development. At June 30, 2020, held the properties to be used for the planned Cranberry Ridge and Bimosedaa projects. |

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). |
|-----------------------------|--|

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020
(With Comparative Totals for 2019)

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, 2020
(With Comparative Totals for 2019)

1. ORGANIZATION (Continued)

FMF Housing has interests in the following partnerships and companies which are not consolidated because Beacon is not the controlling partner (Note 7):

- | | |
|-----------------------------------|---|
| • Lowry Apartments LP | Limited partnership formed to own and operate Audubon Crossing Apartments (30 units). |
| • Lowry Apartments GP, LLC | LLC formed to be the general partner (.01%) in Lowry Apartments, LP. FMF Audubon is the co-member of the LLC with MetroPlains Partners LLC (an unrelated entity). |
| • Lowry Apartments Developer, LLC | FMF Housing has a 50% membership interest along with Metroplains, LLC (unrelated entity) in Lowry Apartments Developer, LLC, which was formed to facilitate the development of Audubon Crossing Apartments. |

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Standards Adopted – In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This guidance outlines a single, comprehensive model for accounting for revenue from contracts with customers. In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies and improves guidance for contributions received and contributions made and provides guidance to organizations on how to account for certain exchange transactions. Beacon adopted these related standards on July 1, 2019, using the modified retrospective method. Beacon's program revenue is generated substantially from developer fees, asset management and related fees. The cumulative effect of adopting the new revenue standard was not material and no adjustment was recorded to net assets. No material impact on revenue or change in net assets on an ongoing basis is expected.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020
(With Comparative Totals for 2019)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In fiscal year 2020, Beacon adopted ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* using the full retrospective approach. This ASU was issued to address diversity in reporting restricted cash on the statement of cash flows, largely due to the lack of guidance. After the adoption of ASU 2016-18, restricted deposits and cash equivalents must be included with the beginning and ending cash shown on the statements of cash flows. Before the change, restricted deposits and cash equivalents were excluded. The change increased 2019 beginning of year cash, cash equivalents, and restricted cash reported on the statement of cash flows by \$3,323,603.

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; Lonoke Limited Partnership; Prior Crossing Housing Limited Partnership; 66 West Housing LP; and Great River Landing 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, 2019, 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.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020
(With Comparative Totals for 2019)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- *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, forgiveness of debt, 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.

Cash and Cash Equivalents – 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 also included. 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, 2020 and 2019, deposits exceeded the insured limit by \$1,461,561 and \$1,709,230.

Accounts Receivable – Accounts 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.

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, 2020
(With Comparative Totals for 2019)

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.

Grants, Contracts, and Contributions – Beacon recognizes contributions when cash, securities or other assets or an unconditional promise to give are received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Contributions are recorded when received as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. Upon expiration of the time restriction or when purpose restrictions have been met, they are reclassified to net assets without donor restrictions. 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.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020
(With Comparative Totals for 2019)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A portion of Beacon's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Beacon has incurred expenditures in compliance with specific contract or grant provisions.

A portion of Beacon's revenue is derived from federal and state contracts and grants, which are conditioned upon certain performance requirements other than incurrence of allowable qualifying expenses. Amounts received are recognized as revenue at the rate stated in the agreements when Beacon has performed the related services required by the specific contract or grant provisions.

Revenues under government grants and contracts are subject to review by the granting authority. If, as a result of such a review, expenditures are determined to be unallowable, or services performed not in compliance, the disallowance will be recorded at the time the assessment for refund is made.

Capital advances received from the Department of Housing and Urban Development (HUD) under the Section 202 program were 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. These grants are reported as net assets with donor restrictions and released to net assets without donor restrictions upon expiration of the grant requirements because they were awarded prior to adopting ASU 2018-08.

Contributions and grants receivable are stated at the amount management expects to collect from outstanding balances. Contributions receivable 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. Grants receivable represent expenditures made in accordance with the terms of the awards not yet reimbursed in cash or services performed but not paid. Funding received in advance of the incurrence of project expenditures or performance of required services is recorded as a refundable advance and included in other current liabilities. Management provides for probable uncollectible amounts through a charge to expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to grants or contributions receivable.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020
(With Comparative Totals for 2019)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Fee Income – The following is a description of principal activities from which Beacon generates its fee income. The services, as well as the nature and timing of satisfaction of performance obligations and significant payment terms are as follows:

- **Asset management and related fees** – Revenue is recognized at a point in time when the other contractual requirements are met and the risk around the collectability of the fee is low. Payment is generally due annually. Asset management and related fees earned from affiliated entities consolidated in these financials are eliminated in the consolidated financial statements.
- **Developer fees** – Revenue is recognized over time when requirements for the performance obligation are met and the risk around the collectability of the fee is low. Customers are invoiced periodically as part of the construction draw process when the other contractual requirements are met. The compensation for the performance obligation is variable depending on the timing of completion and the amounts of total construction costs and credit delivered. Variable consideration is estimated at the most likely amount that is expected to be earned. Changes to estimates are recorded in the period determined. Developer fee revenue from related entities recognized in excess of development expenses incurred by Beacon is eliminated in the consolidated financial statements ratably as the developer fee is recognized.
- **Miscellaneous income** – Miscellaneous income is earned from various other services, none of which are individually significant. Revenue is recognized in the period service is provided. Customers are invoiced upon the service being provided. Payment is typically due within thirty days of receipt of invoice. Any material other income from affiliated entities is eliminated in the consolidated financial statements.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020
(With Comparative Totals for 2019)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 significant unrelated business income taxes were paid in 2020 or 2019 related to the commercial leasing. The wholly owned LLCs and the limited partnerships are not taxable entities. Income or losses are passed through to the partners or members. Management believes Beacon and related entities do not have any uncertain income tax positions.

Reclassifications – Certain reclassifications have been made to the June 30, 2019 financial statements in order for them to conform to the June 30, 2020 presentation. These reclassifications had no effect on the change in net assets or net assets.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020
(With Comparative Totals for 2019)

3. CONTRIBUTIONS RECEIVABLE

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

2021	\$ 1,705,617
2022	1,141,247
2023	655,627
2024	410,345
2025	40,824
2026	35,095
	<u>3,988,755</u>
Less discounts to net present value (1%)	(103,485)
Less allowance (3 - 5%)	<u>(220,568)</u>
	3,664,702
Less portion restricted for housing development	(265,000)
Less current portion	<u>(1,440,617)</u>
Contributions receivable, long-term portion	<u>\$ 1,959,085</u>

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:

	2020	2019
Security deposits	\$ 214,482	\$ 194,307
Tax and insurance escrows	354,549	283,310
Replacement reserves	800,689	854,040
Operating reserves	1,164,220	1,159,281
Asset management fee escrows	-	9,755
Revenue deficit reserves	412,507	821,785
Other reserves	70,000	77,664
	<u>\$ 3,016,447</u>	<u>\$ 3,400,142</u>

Any escrows and reserves held by MN Housing are in a common pool primarily invested in cash equivalents and U.S. government agency securities and cannot be released without their approval. MN Housing escrows and reserves are carried at cost plus investment income credited by MN Housing.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020
(With Comparative Totals for 2019)

5. PREDEVELOPMENT COSTS

Predevelopment costs relate to the following projects:

	2020	2019
American House renovation	\$ 102,246	\$ 14,397
Lydia House expansion project	445,576	303,776
Bimosedaa	-	109,439
Vista 44	129,934	49,414
Emerson North	-	6,500
Prairie Pointe	108,099	-
Kimball Court	30,871	-
Other	25,771	-
	<u>\$ 842,497</u>	<u>\$ 483,526</u>

6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2020	2019	Estimated useful lives (in years)
Land	\$ 11,891,179	\$ 10,631,455	-
Buildings and improvements	73,999,691	59,786,279	20-40
Land improvements	2,165,355	1,615,580	5-20
Leasehold improvements	311,056	311,056	6-10
Equipment	2,639,520	1,927,867	3-9
Construction in progress	2,183,857	11,904,976	-
	<u>93,190,658</u>	<u>86,177,213</u>	
Less accumulated depreciation	<u>(18,172,807)</u>	<u>(15,736,683)</u>	
	<u>\$ 75,017,851</u>	<u>\$ 70,440,530</u>	

Depreciation expense charged to operations was \$2,446,360 in 2020 and \$1,981,439 in 2019.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020
(With Comparative Totals for 2019)

6. PROPERTY AND EQUIPMENT (Continued)

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

	2020	2019
Great River Landing	\$ -	\$ 11,723,229
Cranberry Ridge	417,229	181,747
Bimosedaa	1,766,628	-
	<u>\$ 2,183,857</u>	<u>\$ 11,904,976</u>

Amortization of \$35,379 and \$84,103 was capitalized in 2020 and 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.

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.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020
(With Comparative Totals for 2019)

7. INVESTMENT IN UNCONSOLIDATED LIMITED PARTNERSHIP (Continued)

A summary of the financial position and results of operations for Lowry Apartments LP as of and for the year ended December 31, 2019 follows:

BALANCE SHEET

Property and equipment, net	\$	5,197,337
Cash		50,543
Reserves and escrows		230,505
Receivables and prepaid expenses		11,284
Other assets, net		<u>10,277</u>
	\$	<u>5,499,946</u>
Debt, net	\$	2,715,497
Accounts and other payables		6,106
Other liabilities		<u>171,785</u>
		2,893,388
Partners' equity		<u>2,606,558</u>
	\$	<u>5,499,946</u>

STATEMENT OF OPERATIONS

Operating revenue	\$	345,222
Operating expenses		(324,246)
Depreciation and amortization		<u>(216,138)</u>
Net loss	\$	<u>(195,162)</u>

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020
(With Comparative Totals for 2019)

8. DEBT

Debt consists of the following:

	2020	2019
Beacon		
Otto Bremer Trust – Note with 2% interest, due December 15, 2021	\$ 1,000,000	\$ -
Development Projects:		
Bremer Bank* - Mortgage with variable interest, due in monthly installments of interest through the earlier of closing or May 2021 (Cranberry Ridge Development).	622,500	622,500
Bremer Bank* - Mortgage with variable interest, due in monthly installments of interest through the earlier of closing or December 2022 (Bimosedaa Development).	1,170,000	-
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.	196,041	204,667

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020
(With Comparative Totals for 2019)

8. DEBT (Continued)

	2020	2019
545 Snelling LLC		
MHFA – Mortgage without interest due in October 2019. Since no event of default occurred, the note was deemed to be forgiven.	\$ -	\$ 100,000
MHFA – Four mortgages without interest, due in May 2040.	2,150,818	2,150,818
Saint Paul HRA – Mortgage without interest, due in May 2040.	501,130	501,130
352 Wacouta LLC		
St. Paul HRA – Three mortgages without interest, due in 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.	973,203	1,020,813
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.	573,613	591,029
Clinton Avenue Townhomes LLC		
MHFA – Mortgage without interest, due in monthly installments of \$1,566 through September 2052.	606,111	624,905
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

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020
(With Comparative Totals for 2019)

8. DEBT (Continued)

	2020	2019
Family Housing Fund – Mortgage with 1% interest, due in February 2040.	\$ 100,000	\$ 100,000
FMF 38th Street Development, LLLP		
MHFA - Mortgage with 6.5% interest due in varying monthly installments through January 2034.	288,956	301,799
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

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020
(With Comparative Totals for 2019)

8. DEBT (Continued)

	2020	2019
City of St. Paul – Mortgage without interest, due in August 2045.	\$ 927,015	\$ 927,015
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.	1,800,000	1,584,000
MHFA – Mortgage without interest, due in June 2063	1,193,462	1,193,462
City of Minneapolis – 2 mortgages without interest, due in June 2063	1,325,700	1,273,124
Hennepin County – Mortgage without interest, due in June 2063.	375,000	360,500
	44,181,187	44,046,332
Less current maturities of debt	(728,232)	(205,261)
Less construction debt	-	(2,112,932)
Less unamortized finance fees	(428,024)	(411,037)
	<u>\$ 43,024,931</u>	<u>\$ 41,317,102</u>

*Loans with recourse

Interest of \$71,539 and \$55,438 was capitalized in 2020 and 2019, respectively.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020
(With Comparative Totals for 2019)

8. DEBT (Continued)

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

2021	\$ 729,818
2022	1,109,473
2023	1,449,310
2024	103,643
2025	105,599
Thereafter	40,683,344
	<u>\$ 44,181,187</u>

9. REFUNDABLE ADVANCES

Refundable advances consist of the following:

	<u>2020</u>	<u>2019</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.	\$ 2,437,488	\$ 2,843,737

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020
(With Comparative Totals for 2019)

9. REFUNDABLE ADVANCES (Continued)

	2020	2019
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.	\$ 160,000	\$ 200,000
Grants from Local Initiative Support Corporation to help pay for predevelopment activities related to the Cranberry Ridge housing development. If the project is 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, 2020
(With Comparative Totals for 2019)

9. REFUNDABLE ADVANCES (Continued)

	2020	2019
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	101,502
	<u>\$ 5,333,868</u>	<u>\$ 5,780,117</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:

	2020	2019
Not subject to appropriation or expenditure:		
HUD capital advance - Riverview	\$ 6,056,900	\$ 6,056,900
Expendable for specified purposes:		
Housing supportive services	1,661,486	1,952,782
Housing development	606,311	921,071
Other	126,108	207,129
Subject to the passage of time	<u>2,832,865</u>	<u>870,763</u>
	<u>\$ 11,283,670</u>	<u>\$ 10,008,645</u>

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020
(With Comparative Totals for 2019)

11. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets with donor restrictions consist of cash of \$1,562,168, contributions receivable of \$3,664,602, and property and equipment of \$6,056,900 as of June 30, 2020.

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.

12. NONCONTROLLING INTERESTS

The change in net assets attributed to controlling and noncontrolling interests for the years ended June 30, 2020 and 2019 follows:

	Total	Controlling	Noncontrolling
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	(1,912,525)	(936,713)	(975,812)
Net assets, June 30, 2019	27,296,870	16,549,654	10,747,216
Capital contributions	10,192,574	-	10,192,574
Syndication costs	(15,612)	-	(15,612)
Change in net assets	702,935	2,222,497	(1,519,562)
Net assets, June 30, 2020	<u>\$ 38,176,767</u>	<u>\$ 18,772,151</u>	<u>\$ 19,404,616</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 \$291,126 for 2020 and \$467,808 for 2019, as determined using an estimated value of \$33 per night per guest in 2020 and 2019. Beacon also received donated other goods and services of \$1,000 in 2020 and \$2,192 in 2019 for the shelter. One of the nonprofit tenants at the shelter rented space by providing in-kind cleaning and maintenance services of \$8,820 in 2019 (Note 15). No services were provided in 2020 since the lease ended in 2019.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020
(With Comparative Totals for 2019)

14. MINIMUM FUTURE RENTAL PAYMENTS

Beacon leases 6,139 square feet of office space under an operating lease agreement. In September 2016, the office lease agreement was amended to include monthly payments equal to \$10.41/sq. ft., increasing \$0.50/sq. ft. annually, plus a pro-rata share of operating expenses. The lease agreement ends November 30, 2021.

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 increasing 3% each year renewed.

Rent expense was \$175,577 for 2020 and \$170,808 for 2019.

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

2021	\$ 108,213
2022	67,922
2023	38,574
2024	39,732
2025	40,924
2026	27,823
	<hr/>
	\$ 323,188

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 two other nonprofit tenants. The leases are month-to-month and are classified as operating leases.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020
(With Comparative Totals for 2019)

15. **MINIMUM FUTURE RENTAL RECEIPTS (Continued)**

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

2021	\$	69,608
2022		68,435
2023		34,098
2024		22,500
		<hr/>
	\$	194,641
		<hr/>

16. **RETIREMENT PLAN**

Beacon offers a 403(b) retirement plan to all permanent staff. 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 \$106,360 and \$92,659 for 2020 and 2019.

17. **RELATED PARTY TRANSACTIONS**

Fee income includes development fees of \$246,054 and \$598,837 from Great River Landing Housing LP in 2020 and 2019. 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**

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

The housing tax credits of Creekside Commons, Lonoke, Prior Crossing, 66 West, and Great River Landing 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.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020
(With Comparative Totals for 2019)

18. CONTINGENCIES AND COMMITMENTS (Continued)

The Lydia House, Creekside Commons, Nicollet Square, FMF 38th Street, Lonoke, Prior Crossing, 66 West, and Great River Landing 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).

	Extended use period ends
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
Great River Landing	December 31, 2048

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.

	2020 rental revenues	Expiration date
Lydia House	\$ 231,362	October 2023
Creekside Commons	172,194	October 2025
FMF 38 th Street	156,649	July 2023
Housing 150 LLC	155,041	June 2027
Oakhaven Housing LLC	94,954	January 2033
Clinton Avenue Townhomes LLC	55,403	August 2021
Riverview Apartments Senior Housing	139,574	November 2020
Prior Crossing	293,345	September 2031

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020
(With Comparative Totals for 2019)

18. CONTINGENCIES AND COMMITMENTS (Continued)

Great River Landing has an Agreement to enter into a Housing Assistance Payments Contract (the Agreement) with Minneapolis Public Housing Authority (MPHA) for 40 efficiency apartment units. As of June 30, 2020, the Partnership has not executed a Housing Assistance Payments (HAP) Contract with MPHA, but is receiving housing assistance payments. Great River Landing received housing assistance payments of \$300,599 in 2020.

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 \$11,570 at June 30, 2020 and \$11,567 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 January 3, 2020, the date Great River Landing was 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 2021.

Beacon has two development projects that have been awarded approximately \$1.1 million in tax credits, \$5 million in grants, \$6.7 million in equity, and \$14.5 million in loan commitments.

Beacon has entered purchase agreements totaling \$2,650,000 for development sites.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020
(With Comparative Totals for 2019)

18. CONTINGENCIES AND COMMITMENTS (Continued)

Beacon has several government grants that contain donor conditions (primarily that funds be expended before they are earned or received). Since these grants represent conditional promises to give, they are not recorded as contribution revenue until donor conditions are met. Beacon has unearned conditional contributions of the following at June 30, 2020:

Housing Services	\$ 630,421
Shelter	147,208
Housing Operations – COVID funding	190,774
	<u>968,403</u>
	<u>\$ 968,403</u>

Shelter commitments of \$57,500 are included in other liabilities as a refundable advance.

19. LIQUIDITY AND AVAILABILITY

At June 30, 2020, resources available for general expenditures within one year of the statement of financial position date are as follows:

	2020	2019
Cash – undesignated	\$ 2,597,717	\$ 1,017,981
Cash – operating funds for properties	377,017	490,071
Cash – donor restricted (short-term)	676,157	812,400
Cash – other board designated (short-term)	126,586	206,600
Accounts receivable	309,553	300,763
Government grants receivable	358,923	232,881
Contributions receivable, current portion	1,288,628	563,348
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 5,734,581</u>	<u>\$ 3,624,044</u>

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 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.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020
(With Comparative Totals for 2019)

19. LIQUIDITY AND AVAILABILITY (Continued)

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, 2020.

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.

20. CORONAVIRUS (COVID-19) PANDEMIC

A nationwide public health emergency is developing in 2020. Many states have enacted measures to combat the global pandemic resulting from a novel strain of coronavirus known as COVID-19. Measures have included regulatory restrictions on individual and business activities as well as recommendations for further voluntary curtailment of activities. Although Beacon's fall fundraiser luncheon has been cancelled, virtual fundraising events are expected to take its place. Impacts include disruptions or restrictions on employees' ability to work. The future effects of these issues are unknown. Beacon obtained a forgivable loan totaling \$482,500 through the Paycheck Protection Program created by the CARES Act. The conditions for forgiveness included incurring eligible expenses and payroll costs within a 24-week covered period while maintaining a certain number of full-time employees. These funds are included in contributions without donor restrictions on the statement of activities since all of the conditions are considered to be substantially met.

21. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 7, 2020, 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, 2020

	Beacon	Wholly owned Entities	Eliminations	Subtotal	Affiliates		Eliminations	Total
					FMF Housing	Housing Entities		
ASSETS								
Cash	\$ 5,705,770	\$ 222,229	\$ -	\$ 5,927,999	\$ 32,898	\$ 121,890	\$ -	\$ 6,082,787
Accounts receivable	112,264	116,430	(61,986)	166,708	7,200	336,026	(200,381)	309,553
Government grants receivable	358,923	-	-	358,923	-	-	-	358,923
Contributions receivable, current portion	1,440,617	-	-	1,440,617	-	-	-	1,440,617
Prepaid expenses	42,408	3,050	-	45,458	-	16,388	-	61,846
Total current assets	7,659,982	341,709	(61,986)	7,939,705	40,098	474,304	(200,381)	8,253,726
Investment in subsidiaries	33,000	-	(33,000)	-	33,551	-	(33,551)	-
Notes and other receivables	3,837,917	-	(1,506,536)	2,331,381	456,000	-	(2,732,187)	55,194
Predevelopment costs	3,754,244	-	(1,996,964)	1,757,280	-	-	(914,783)	842,497
Interest receivable	525,712	-	(521,327)	4,385	173,702	-	(178,087)	-
Escrows and reserves	-	762,398	-	762,398	101,321	2,152,728	-	3,016,447
Contributions receivable, less current portion	1,959,085	-	-	1,959,085	-	-	-	1,959,085
Cash - board designated for predevelopment housing fund	829,101	-	-	829,101	-	-	-	829,101
Cash - restricted for long-term purposes	16,701	-	-	16,701	-	-	-	16,701
Contributions receivable restricted for housing development	265,000	-	-	265,000	-	-	-	265,000
Property and equipment, net	73,001	22,915,241	-	22,988,242	555,890	52,944,314	(1,470,595)	75,017,851
Tax credit fees, net	-	20,568	-	20,568	-	122,511	-	143,079
Total assets	\$ 18,953,743	\$ 24,039,916	\$ (4,119,813)	\$ 38,873,846	\$ 1,360,562	\$ 55,693,857	\$ (5,529,584)	\$ 90,398,681
LIABILITIES AND NET ASSETS								
Accounts payable - operations	\$ 499,729	\$ 88,456	\$ (41,443)	\$ 546,742	\$ 21,762	\$ 140,742	\$ (30,624)	\$ 678,622
Current maturities of long-term debt	-	714,529	-	714,529	-	13,703	-	728,232
Accrued expenses	302,561	268,562	(4,589)	566,534	-	445,893	(71,707)	940,720
Accrued interest	-	2,636	-	2,636	-	175,267	(173,702)	4,201
Tenant security deposits	-	112,853	-	112,853	-	100,017	-	212,870
Other current liabilities	57,500	-	-	57,500	-	-	-	57,500
Total current liabilities	859,790	1,187,036	(46,032)	2,000,794	21,762	875,622	(276,033)	2,622,145
Deferred developer fee	-	33,000	(33,000)	-	-	1,071,420	(1,071,420)	-
Due to Beacon	-	3,510,699	(3,510,699)	-	122,422	2,159,375	(2,281,797)	-
Long-term debt, net	1,000,000	16,593,782	-	17,593,782	-	25,902,149	(471,000)	43,024,931
Accrued interest, long-term	7,500	1,153,040	(521,327)	639,213	-	606,142	(4,385)	1,240,970
Refundable advances	1,839,878	3,283,990	-	5,123,868	-	-	210,000	5,333,868
Total liabilities	3,707,168	25,761,547	(4,111,058)	25,357,657	144,184	30,614,708	(3,894,635)	52,221,914
Net assets:								
Without donor restrictions:								
Undesignated	6,507,467	(1,721,631)	(8,755)	4,777,081	1,216,378	(592,367)	(1,424,949)	3,976,143
Designated	3,512,338	-	-	3,512,338	-	-	-	3,512,338
Non-controlling interests	-	-	-	-	-	19,404,616	-	19,404,616
Total without donor restrictions	10,019,805	(1,721,631)	(8,755)	8,289,419	1,216,378	18,812,249	(1,424,949)	26,893,097
With donor restrictions	5,226,770	-	-	5,226,770	-	6,266,900	(210,000)	11,283,670
Total net assets	15,246,575	(1,721,631)	(8,755)	13,516,189	1,216,378	25,079,149	(1,634,949)	38,176,767
Total liabilities and net assets	\$ 18,953,743	\$ 24,039,916	\$ (4,119,813)	\$ 38,873,846	\$ 1,360,562	\$ 55,693,857	\$ (5,529,584)	\$ 90,398,681

See independent auditor's report.

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATING STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020

	Beacon	Wholly owned Entities	Eliminations	Beacon Subtotal	Affiliates		Eliminations	Total
					FMF Housing	Housing Entities		
Operating revenues and support:								
Contributions	\$ 6,082,518	\$ -	\$ -	\$ 6,082,518	\$ -	\$ -	\$ -	\$ 6,082,518
Contributions in-kind	291,426	-	-	291,426	-	-	-	291,426
Government grants	1,680,997	498,805	-	2,179,802	-	-	-	2,179,802
Rent and housing assistance payments	-	2,366,592	-	2,366,592	46,800	2,153,131	(13,200)	4,553,323
Fee income	373,226	-	-	373,226	42,693	-	(133,476)	282,443
Management fees	200,413	-	(15,198)	185,215	-	-	(185,215)	-
Interest income	92,981	10,581	(41,310)	62,252	27,572	10,520	(37,537)	62,807
Miscellaneous	-	50,021	-	50,021	-	54,037	(4,800)	99,258
Total operating revenues and support	<u>8,721,561</u>	<u>2,925,999</u>	<u>(56,508)</u>	<u>11,591,052</u>	<u>117,065</u>	<u>2,217,688</u>	<u>(374,228)</u>	<u>13,551,577</u>
Operating expenses	<u>5,796,136</u>	<u>2,957,036</u>	<u>(3,577)</u>	<u>8,749,595</u>	<u>106,185</u>	<u>2,239,577</u>	<u>(235,585)</u>	<u>10,859,772</u>
Operating income (loss)	2,925,425	(31,037)	(52,931)	2,841,457	10,880	(21,889)	(138,643)	2,691,805
Forgiveness of debt	-	100,000	-	100,000	-	-	-	100,000
Contributions and grants for property acquisition	100,000	-	-	100,000	-	-	-	100,000
Amortization of refundable advances (Note 9)	40,000	406,249	-	446,249	-	-	-	446,249
Loss on disposal of property and equipment	-	(25,137)	-	(25,137)	-	-	-	(25,137)
Deferred interest - rental properties	-	(97,323)	41,310	(56,013)	-	(96,859)	29,086	(123,786)
Interest expense - finance fee amortization	-	(5,754)	-	(5,754)	-	(26,456)	-	(32,210)
Depreciation and amortization - rental properties	-	(840,300)	-	(840,300)	-	(1,644,750)	48,981	(2,436,069)
Change in allowance for contributions	<u>(17,917)</u>	<u>-</u>	<u>-</u>	<u>(17,917)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,917)</u>
Change in net assets before investment activity	3,047,508	(493,302)	(11,621)	2,542,585	10,880	(1,789,954)	(60,576)	702,935
Contributions - noncontrolling interests	-	-	-	-	-	10,192,574	-	10,192,574
Syndication costs	-	-	-	-	-	(15,612)	-	(15,612)
Interfund transfers	<u>69,874</u>	<u>(69,874)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	3,117,382	(563,176)	(11,621)	2,542,585	10,880	8,387,008	(60,576)	10,879,897
Net assets, beginning of year	<u>12,129,193</u>	<u>(1,158,455)</u>	<u>2,866</u>	<u>10,973,604</u>	<u>1,205,498</u>	<u>16,692,141</u>	<u>(1,574,373)</u>	<u>27,296,870</u>
Net assets, end of year	<u>\$ 15,246,575</u>	<u>\$ (1,721,631)</u>	<u>\$ (8,755)</u>	<u>\$ 13,516,189</u>	<u>\$ 1,216,378</u>	<u>\$ 25,079,149</u>	<u>\$ (1,634,949)</u>	<u>\$ 38,176,767</u>

See independent auditor's report.

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATING STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2020

	Beacon	Wholly Owned Entities	Affiliates		Eliminations	Total
			FMF Housing	Housing Entities		
Cash flows from operating activities:						
Change in net assets	\$ 3,047,508	\$ (493,302)	\$ 10,880	\$ (1,789,954)	\$ (72,197)	\$ 702,935
Adjustments to reconcile the change in net assets to net cash from operating activities:						
Depreciation and amortization	21,611	846,054	10,485	1,671,206	(48,981)	2,500,375
Contributions and grants for property acquisition	(100,000)	-	-	-	-	(100,000)
Change in allowance for contributions	17,917	-	-	-	-	17,917
Loss on disposal of property and equipment	-	25,137	-	-	-	25,137
Amortization of refundable advances (Note 9)	(40,000)	(406,249)	-	-	-	(446,249)
Forgiveness of debt	-	(100,000)	-	-	-	(100,000)
Changes in operating assets and liabilities:						
Accounts receivable	522,348	(3,367)	14,562	(111,446)	(424,553)	(2,456)
Government grants receivable	(126,042)	-	-	-	-	(126,042)
Contributions receivable	(1,602,873)	-	-	-	-	(1,602,873)
Prepaid expenses	4,020	10,076	-	(981)	-	13,115
Interest receivable	(43,206)	-	(7,379)	-	50,585	-
Accounts payable and accrued expenses	327,117	24,187	(3,843)	103,700	26,294	477,455
Accrued interest	7,500	97,188	-	76,808	(50,585)	130,911
Tenant security deposits	-	(4,398)	-	14,642	-	10,244
Other current liabilities	(22,668)	-	-	-	-	(22,668)
Net cash from operating activities	<u>2,013,232</u>	<u>(4,674)</u>	<u>24,705</u>	<u>(36,025)</u>	<u>(519,437)</u>	<u>1,477,801</u>
Cash flows from investing activities:						
Payments for property and equipment	-	(2,634,641)	-	(7,902,513)	(92,994)	(10,630,148)
Change in predevelopment costs, net	(1,600,431)	-	-	-	1,241,460	(358,971)
Notes and other receivable	(181,084)	-	-	-	181,084	-
Net cash from investing activities	<u>(1,781,515)</u>	<u>(2,634,641)</u>	<u>-</u>	<u>(7,902,513)</u>	<u>1,329,550</u>	<u>(10,989,119)</u>
Cash flows from financing activities:						
Payment of finance and tax credit fees	-	-	-	(43,986)	-	(43,986)
Proceeds from issuance of debt	1,000,000	1,170,000	-	231,404	-	2,401,404
Payments of principal on long-term debt	-	(92,446)	-	(2,125,774)	-	(2,218,220)
Due to Beacon	-	1,019,533	1,551	(210,971)	(810,113)	-
Capital contributions - noncontrolling interests	-	-	-	10,192,574	-	10,192,574
Syndication costs	-	-	-	(15,612)	-	(15,612)
Interfund transfers	69,874	(69,874)	-	-	-	-
Contributions and grants for property acquisition	70,000	-	-	-	-	70,000
Net cash from financing activities	<u>1,139,874</u>	<u>2,027,213</u>	<u>1,551</u>	<u>8,027,635</u>	<u>(810,113)</u>	<u>10,386,160</u>
Total increase (decrease)	1,371,591	(612,102)	26,256	89,097	-	874,842
Cash, cash equivalents and restricted cash, beginning of year	<u>5,179,981</u>	<u>1,596,729</u>	<u>107,963</u>	<u>2,185,521</u>	<u>-</u>	<u>9,070,194</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 6,551,572</u>	<u>\$ 984,627</u>	<u>\$ 134,219</u>	<u>\$ 2,274,618</u>	<u>\$ -</u>	<u>\$ 9,945,036</u>
Reconciliation to the statement of financial position:						
Cash	\$ 5,705,770	\$ 222,229	\$ 32,898	\$ 121,890	\$ -	\$ 6,082,787
Escrows and reserves	-	762,398	101,321	2,152,728	-	3,016,447
Cash - board designated	829,101	-	-	-	-	829,101
Cash restricted for long-term purposes	16,701	-	-	-	-	16,701
	<u>\$ 6,551,572</u>	<u>\$ 984,627</u>	<u>\$ 134,219</u>	<u>\$ 2,274,618</u>	<u>\$ -</u>	<u>\$ 9,945,036</u>

See independent auditor's report.

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATING STATEMENT OF FINANCIAL POSITION - WHOLLY OWNED ENTITIES

June 30, 2020

	North Haven LLC	Cedar View LLC	Hawthorne Avenue LLC	545 Snelling LLC	352 Wacouta LLC	Housing 150 LLC
ASSETS						
Cash	\$ 4,873	\$ 872	\$ 7,833	\$ 5,616	\$ 8,564	\$ 63,498
Accounts receivable	2,162	13,198	8,145	20,312	24,081	5,102
Prepaid expenses	-	1	-	17	799	-
Total current assets	<u>7,035</u>	<u>14,071</u>	<u>15,978</u>	<u>25,945</u>	<u>33,444</u>	<u>68,600</u>
Escrows and reserves	35,850	20,923	45,768	49,263	52,253	90,259
Property and equipment, net	675,966	651,130	1,213,250	1,896,478	2,011,231	1,787,865
Tax credit fees, net	-	-	-	-	-	-
Total assets	<u>\$ 718,851</u>	<u>\$ 686,124</u>	<u>\$ 1,274,996</u>	<u>\$ 1,971,686</u>	<u>\$ 2,096,928</u>	<u>\$ 1,946,724</u>
LIABILITIES AND NET ASSETS						
Accounts payable - operations	\$ 6,203	\$ 12,007	\$ 3,115	\$ 1,110	\$ 10,676	\$ 1,365
Current maturities of long-term debt	-	-	9,028	-	-	47,848
Accrued expenses	-	1,130	160	31,383	19,033	5,149
Accrued interest	-	-	797	-	-	405
Tenant security deposits	<u>7,240</u>	<u>7,108</u>	<u>12,845</u>	<u>18,722</u>	<u>16,382</u>	<u>4,916</u>
Total current liabilities	<u>13,443</u>	<u>20,245</u>	<u>25,945</u>	<u>51,215</u>	<u>46,091</u>	<u>59,683</u>
Deferred developer fee	-	-	33,000	-	-	-
Due to Beacon	6,800	-	-	233,372	449,933	117,331
Long-term debt, net	780,416	942,217	1,704,138	2,644,550	2,920,986	1,455,355
Accrued interest, long-term	33,598	63,303	95,055	-	-	71,785
Refundable advances	<u>225,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>520,000</u>
Total liabilities	<u>1,059,257</u>	<u>1,025,765</u>	<u>1,858,138</u>	<u>2,929,137</u>	<u>3,417,010</u>	<u>2,224,154</u>
Net assets:						
Without donor restrictions	<u>(340,406)</u>	<u>(339,641)</u>	<u>(583,142)</u>	<u>(957,451)</u>	<u>(1,320,082)</u>	<u>(277,430)</u>
Total liabilities and net assets	<u>\$ 718,851</u>	<u>\$ 686,124</u>	<u>\$ 1,274,996</u>	<u>\$ 1,971,686</u>	<u>\$ 2,096,928</u>	<u>\$ 1,946,724</u>

See independent auditor's report.

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATING STATEMENT OF FINANCIAL POSITION - WHOLLY OWNED ENTITIES

June 30, 2020

	Oakhaven Housing LLC	Clinton Avenue Townhomes LLC	Housing 150- Nicollet LLC	PCNF Nicollet LP	Lydia House LP	Development Projects	Total
ASSETS							
Cash	\$ 29,251	\$ 9,727	\$ 79,740	\$ 8,405	\$ 3,850	\$ -	\$ 222,229
Accounts receivable	4,436	865	11,392	15,340	11,397	-	116,430
Prepaid expenses	-	-	-	733	1,500	-	3,050
Total current assets	33,687	10,592	91,132	24,478	16,747	-	341,709
Escrows and reserves	121,357	100,190	-	139,511	107,024	-	762,398
Property and equipment, net	483,233	594,626	926,547	6,126,007	2,898,644	3,650,264	22,915,241
Tax credit fees, net	-	-	-	20,568	-	-	20,568
Total assets	<u>\$ 638,277</u>	<u>\$ 705,408</u>	<u>\$ 1,017,679</u>	<u>\$ 6,310,564</u>	<u>\$ 3,022,415</u>	<u>\$ 3,650,264</u>	<u>\$ 24,039,916</u>
LIABILITIES AND NET ASSETS							
Accounts payable - operations	\$ 644	\$ 1,138	\$ 48,088	\$ 4,110	\$ -	\$ -	\$ 88,456
Current maturities of long-term debt	17,945	18,794	-	-	-	620,914	714,529
Accrued expenses	105	377	1,000	147,222	63,003	-	268,562
Accrued interest	1,434	-	-	-	-	-	2,636
Tenant security deposits	5,901	3,156	6,743	17,956	11,884	-	112,853
Total current liabilities	26,029	23,465	55,831	169,288	74,887	620,914	1,187,036
Deferred developer fee	-	-	-	-	-	-	33,000
Due to Beacon	-	-	136,902	7,011	700,000	1,859,350	3,510,699
Long-term debt, net	555,668	570,062	-	2,116,906	1,733,484	1,170,000	16,593,782
Accrued interest, long-term	-	-	-	132,204	757,095	-	1,153,040
Refundable advances	-	101,502	-	2,437,488	-	-	3,283,990
Total liabilities	581,697	695,029	192,733	4,862,897	3,265,466	3,650,264	25,761,547
Net assets:							
Without donor restrictions	56,580	10,379	824,946	1,447,667	(243,051)	-	(1,721,631)
Total liabilities and net assets	<u>\$ 638,277</u>	<u>\$ 705,408</u>	<u>\$ 1,017,679</u>	<u>\$ 6,310,564</u>	<u>\$ 3,022,415</u>	<u>\$ 3,650,264</u>	<u>\$ 24,039,916</u>

See independent auditor's report.

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATING STATEMENT OF ACTIVITIES - WHOLLY OWNED ENTITIES

For the Year Ended June 30, 2020

	North Haven LLC	Cedar View LLC	Hawthorne Avenue LLC	545 Snelling LLC	352 Wacouta LLC	Housing 150 LLC
Operating revenues and support:						
Government grants	\$ -	\$ 65,094	\$ -	\$ 76,740	\$ 96,803	\$ -
Rent and housing assistance payments	94,945	29,939	226,817	472,194	484,691	228,267
Interest income	119	99	139	217	184	1,374
Miscellaneous	1,051	899	9,819	13,237	10,151	2,964
Total operating revenues and support	<u>96,115</u>	<u>96,031</u>	<u>236,775</u>	<u>562,388</u>	<u>591,829</u>	<u>232,605</u>
Operating expenses	<u>105,043</u>	<u>81,390</u>	<u>226,076</u>	<u>642,040</u>	<u>682,469</u>	<u>129,506</u>
Operating income (loss)	(8,928)	14,641	10,699	(79,652)	(90,640)	103,099
Forgiveness of debt	-	-	-	100,000	-	-
Amortization of refundable advances (Note 9)	-	-	-	-	-	-
Loss on disposal of property and equipment	-	(8,905)	-	-	(16,232)	-
Deferred interest - rental properties	(3,912)	(4,337)	(6,400)	-	-	(6,473)
Interest expense - finance fee amortization	(155)	(608)	(418)	-	-	-
Depreciation and amortization - rental properties	<u>(33,945)</u>	<u>(44,714)</u>	<u>(67,589)</u>	<u>(91,862)</u>	<u>(96,188)</u>	<u>(98,074)</u>
Change in net assets before investment activity	(46,940)	(43,923)	(63,708)	(71,514)	(203,060)	(1,448)
Interfund transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,496)</u>
Change in net assets	(46,940)	(43,923)	(63,708)	(71,514)	(203,060)	(28,944)
Net assets, beginning 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>
Net assets, end of year	<u>\$ (340,406)</u>	<u>\$ (339,641)</u>	<u>\$ (583,142)</u>	<u>\$ (957,451)</u>	<u>\$ (1,320,082)</u>	<u>\$ (277,430)</u>

See independent auditor's report.

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATING STATEMENT OF ACTIVITIES - WHOLLY OWNED ENTITIES

For the Year Ended June 30, 2020

	Oakhaven Housing LLC	Clinton Avenue Townhomes LLC	Housing 150- Nicollet LLC	PCNF Nicollet LP	Lydia House, LP	Development Projects	Total
Operating revenues and support:							
Government grants	\$ -	\$ -	\$ -	\$ 260,168	\$ -	\$ -	\$ 498,805
Rent and housing assistance payments	147,560	101,652	82,552	142,751	355,224	-	2,366,592
Interest income	2,290	2,007	79	3,660	413	-	10,581
Miscellaneous	1,493	85	-	2,279	8,043	-	50,021
Total operating revenues and support	<u>151,343</u>	<u>103,744</u>	<u>82,631</u>	<u>408,858</u>	<u>363,680</u>	<u>-</u>	<u>2,925,999</u>
Operating expenses	<u>111,132</u>	<u>77,665</u>	<u>71,114</u>	<u>470,671</u>	<u>359,930</u>	<u>-</u>	<u>2,957,036</u>
Operating income (loss)	40,211	26,079	11,517	(61,813)	3,750	-	(31,037)
Forgiveness of debt	-	-	-	-	-	-	100,000
Amortization of refundable advances (Note 9)	-	-	-	406,249	-	-	406,249
Loss on disposal of property and equipment	-	-	-	-	-	-	(25,137)
Deferred interest - rental properties	-	-	-	(12,776)	(63,425)	-	(97,323)
Interest expense - finance fee amortization	-	(535)	-	(2,230)	(1,808)	-	(5,754)
Depreciation and amortization - rental properties	<u>(22,551)</u>	<u>(25,551)</u>	<u>(38,756)</u>	<u>(166,553)</u>	<u>(154,517)</u>	<u>-</u>	<u>(840,300)</u>
Change in net assets before investment activity	17,660	(7)	(27,239)	162,877	(216,000)	-	(493,302)
Interfund transfers	<u>(18,065)</u>	<u>(5,000)</u>	<u>-</u>	<u>-</u>	<u>(19,313)</u>	<u>-</u>	<u>(69,874)</u>
Change in net assets	(405)	(5,007)	(27,239)	162,877	(235,313)	-	(563,176)
Net assets, beginning of year	<u>56,985</u>	<u>15,386</u>	<u>852,185</u>	<u>1,284,790</u>	<u>(7,738)</u>	<u>-</u>	<u>(1,158,455)</u>
Net assets, end of year	<u>\$ 56,580</u>	<u>\$ 10,379</u>	<u>\$ 824,946</u>	<u>\$ 1,447,667</u>	<u>\$ (243,051)</u>	<u>\$ -</u>	<u>\$ (1,721,631)</u>

See independent auditor's report.

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATING STATEMENT OF CASH FLOWS - WHOLLY OWNED ENTITIES

For the Year Ended June 30, 2020

	North Haven LLC	Cedar View LLC	Hawthorne Avenue LLC	545 Snelling LLC	352 Wacouta LLC	Housing 150 LLC
Cash flows from operating activities:						
Change in net assets	\$ (46,940)	\$ (43,923)	\$ (63,708)	\$ (71,514)	\$ (203,060)	\$ (1,448)
Adjustments to reconcile the change in net assets to net cash from operating activities:						
Depreciation and amortization	34,100	45,322	68,007	91,862	96,188	98,074
Loss on disposal of property and equipment	-	8,905	-	-	16,232	-
Amortization of refundable advances (Note 9)	-	-	-	-	-	-
Forgiveness of debt	-	-	-	(100,000)	-	-
Changes in operating assets and liabilities:						
Accounts receivable	(2,092)	(13,070)	(5,905)	(8,831)	19,047	(3,116)
Prepaid expenses	-	65	7,391	15	(613)	-
Accounts payable and accrued expenses	5,763	4,741	(8,472)	111	(9,472)	595
Accrued interest	3,840	4,338	6,400	-	-	6,453
Tenant security deposits	(667)	758	(375)	(2,342)	(2,028)	(118)
Net cash from operating activities	<u>(5,996)</u>	<u>7,136</u>	<u>3,338</u>	<u>(90,699)</u>	<u>(83,706)</u>	<u>100,440</u>
Cash flows from investing activities:						
Payments for property and equipment	<u>(3,500)</u>	<u>(15,054)</u>	<u>-</u>	<u>-</u>	<u>(27,500)</u>	<u>-</u>
Net cash from investing activities	<u>(3,500)</u>	<u>(15,054)</u>	<u>-</u>	<u>-</u>	<u>(27,500)</u>	<u>-</u>
Cash flows from financing activities:						
Proceeds from issuance of debt	-	-	-	-	-	-
Payments of principal on long-term debt	-	-	(8,626)	-	-	(47,610)
Due to Beacon	-	(18,160)	-	62,744	70,437	-
Interfund transfers	-	-	-	-	-	(27,496)
Net cash from financing activities	<u>-</u>	<u>(18,160)</u>	<u>(8,626)</u>	<u>62,744</u>	<u>70,437</u>	<u>(75,106)</u>
Total increase (decrease)	(9,496)	(26,078)	(5,288)	(27,955)	(40,769)	25,334
Cash, cash equivalents and restricted cash, beginning of year	<u>50,219</u>	<u>47,873</u>	<u>58,889</u>	<u>82,834</u>	<u>101,586</u>	<u>128,423</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 40,723</u>	<u>\$ 21,795</u>	<u>\$ 53,601</u>	<u>\$ 54,879</u>	<u>\$ 60,817</u>	<u>\$ 153,757</u>
Reconciliation to the statement of financial position:						
Cash	\$ 4,873	\$ 872	\$ 7,833	\$ 5,616	\$ 8,564	\$ 63,498
Escrows and reserves	35,850	20,923	45,768	49,263	52,253	90,259
	<u>\$ 40,723</u>	<u>\$ 21,795</u>	<u>\$ 53,601</u>	<u>\$ 54,879</u>	<u>\$ 60,817</u>	<u>\$ 153,757</u>

See independent auditor's report.

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATING STATEMENT OF CASH FLOWS - WHOLLY OWNED ENTITIES

For the Year Ended June 30, 2020

	Oakhaven Housing LLC	Clinton Avenue Townhomes LLC	Housing 150- Nicollet LLC	PCNF Nicollet LP	Lydia House, LP	Development Projects	Total
Cash flows from operating activities:							
Change in net assets	\$ 17,660	\$ (7)	\$ (27,239)	\$ 162,877	\$ (216,000)	\$ -	\$ (493,302)
Adjustments to reconcile the change in net assets to net cash from operating activities:							
Depreciation and amortization	22,551	26,086	38,756	168,783	156,325	-	846,054
Loss on disposal of property and equipment	-	-	-	-	-	-	25,137
Amortization of refundable advances (Note 9)	-	-	-	(406,249)	-	-	(406,249)
Forgiveness of debt	-	-	-	-	-	-	(100,000)
Changes in operating assets and liabilities:							
Accounts receivable	(316)	(199)	18,702	730	(8,317)	-	(3,367)
Prepaid expenses	-	-	-	3,171	47	-	10,076
Accounts payable and accrued expenses	(74)	451	26,032	3,840	672	-	24,187
Accrued interest	(44)	-	-	12,776	63,425	-	97,188
Tenant security deposits	(724)	26	-	1,272	(200)	-	(4,398)
Net cash from operating activities	<u>39,053</u>	<u>26,357</u>	<u>56,251</u>	<u>(52,800)</u>	<u>(4,048)</u>	<u>-</u>	<u>(4,674)</u>
Cash flows from investing activities:							
Payments for property and equipment	<u>(1,260)</u>	<u>(21,303)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,566,024)</u>	<u>(2,634,641)</u>
Net cash from investing activities	<u>(1,260)</u>	<u>(21,303)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,566,024)</u>	<u>(2,634,641)</u>
Cash flows from financing activities:							
Proceeds from issuance of debt	-	-	-	-	-	1,170,000	1,170,000
Payments of principal on long-term debt	(17,416)	(18,794)	-	-	-	-	(92,446)
Due to Beacon	-	-	(717)	(70,382)	(420,413)	1,396,024	1,019,533
Interfund transfers	<u>(18,065)</u>	<u>(5,000)</u>	<u>-</u>	<u>-</u>	<u>(19,313)</u>	<u>-</u>	<u>(69,874)</u>
Net cash from financing activities	<u>(35,481)</u>	<u>(23,794)</u>	<u>(717)</u>	<u>(70,382)</u>	<u>(439,726)</u>	<u>2,566,024</u>	<u>2,027,213</u>
Total increase (decrease)	2,312	(18,740)	55,534	(123,182)	(443,774)	-	(612,102)
Cash, cash equivalents and restricted cash, beginning of year	<u>148,296</u>	<u>128,657</u>	<u>24,206</u>	<u>271,098</u>	<u>554,648</u>	<u>-</u>	<u>1,596,729</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 150,608</u>	<u>\$ 109,917</u>	<u>\$ 79,740</u>	<u>\$ 147,916</u>	<u>\$ 110,874</u>	<u>\$ -</u>	<u>\$ 984,627</u>
Reconciliation to the statement of financial position:							
Cash	\$ 29,251	\$ 9,727	\$ 79,740	\$ 8,405	\$ 3,850	\$ -	\$ 222,229
Escrows and reserves	121,357	100,190	-	139,511	107,024	-	762,398
	<u>\$ 150,608</u>	<u>\$ 109,917</u>	<u>\$ 79,740</u>	<u>\$ 147,916</u>	<u>\$ 110,874</u>	<u>\$ -</u>	<u>\$ 984,627</u>

See independent auditor's report.

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATING STATEMENT OF FINANCIAL POSITION - AFFILIATED HOUSING ENTITIES

June 30, 2020

	FMF 38th Street	PCNF Creekside Commons LP	Lonoke LP	Prior Crossing Housing LP	Riverview Apartments Senior Housing	66 West Housing LP	Great River Landing Housing LP	Total
ASSETS								
Cash	\$ 42,555	\$ 38,035	\$ 5,438	\$ 22,112	\$ -	\$ 9,978	\$ 3,772	\$ 121,890
Accounts receivable	10,494	156	4,877	26,163	17,801	19,180	257,355	336,026
Prepaid expenses	420	-	1	-	15,940	14	13	16,388
Total current assets	53,469	38,191	10,316	48,275	33,741	29,172	261,140	474,304
Escrows and reserves	92,382	884,576	171,594	333,634	132,478	425,647	112,417	2,152,728
Property and equipment, net	1,648,538	5,757,027	2,549,965	9,373,748	6,715,409	9,728,172	17,171,455	52,944,314
Tax credit fees, net	-	582	32,823	24,532	-	24,986	39,588	122,511
Total assets	<u>\$ 1,794,389</u>	<u>\$ 6,680,376</u>	<u>\$ 2,764,698</u>	<u>\$ 9,780,189</u>	<u>\$ 6,881,628</u>	<u>\$ 10,207,977</u>	<u>17,584,600</u>	<u>\$ 55,693,857</u>
LIABILITIES AND NET ASSETS								
Accounts payable - operations	\$ 5,193	\$ 6,553	\$ 2,572	\$ 5,413	\$ 115,502	\$ 68	\$ 5,441	\$ 140,742
Current maturities of long-term debt	13,703	-	-	-	-	-	-	13,703
Accrued expenses	42,585	68,868	55,232	77,631	14,347	68,074	119,156	445,893
Accrued interest	175,267	-	-	-	-	-	-	175,267
Tenant security deposits	5,277	17,170	5,879	21,810	18,250	15,825	15,806	100,017
Total current liabilities	242,025	92,591	63,683	104,854	148,099	83,967	140,403	875,622
Deferred developer fee	-	-	-	-	-	-	1,071,420	1,071,420
Due to Beacon	-	9,075	69,844	339,056	-	941,400	800,000	2,159,375
Long-term debt, net	1,339,580	2,356,200	1,296,542	7,226,083	1,834,602	7,231,653	4,617,489	25,902,149
Accrued interest, long-term	111,814	253,149	72,806	-	136,481	31,892	-	606,142
Total liabilities	1,693,419	2,711,015	1,502,875	7,669,993	2,119,182	8,288,912	6,629,312	30,614,708
Net assets:								
Without donor restrictions:								
Undesignated	100,970	729,890	64,931	16,459	(1,504,454)	(101)	(62)	(592,367)
Noncontrolling interests	-	3,239,471	1,196,892	2,093,737	-	1,919,166	10,955,350	19,404,616
Total without donor restrictions	100,970	3,969,361	1,261,823	2,110,196	(1,504,454)	1,919,065	10,955,288	18,812,249
With donor restrictions	-	-	-	-	6,266,900	-	-	6,266,900
Total net assets	100,970	3,969,361	1,261,823	2,110,196	4,762,446	1,919,065	10,955,288	25,079,149
Total liabilities and net assets	<u>\$ 1,794,389</u>	<u>\$ 6,680,376</u>	<u>\$ 2,764,698</u>	<u>\$ 9,780,189</u>	<u>\$ 6,881,628</u>	<u>\$ 10,207,977</u>	<u>\$ 17,584,600</u>	<u>\$ 55,693,857</u>

See independent auditor's report.

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATING STATEMENT OF ACTIVITIES - AFFILIATED HOUSING ENTITIES

For the Year Ended June 30, 2020

	FMF 38th Street	PCNF Creekside Commons, 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	\$ 191,448	\$ 344,894	\$ 162,671	\$ 366,713	\$ 324,124	\$ 364,047	\$ 399,234	\$ 2,153,131
Interest income - operations	949	868	635	1,152	484	6,322	110	10,520
Miscellaneous	12,300	5,301	1,171	16,500	71	17,280	1,414	54,037
Total operating revenues and support	<u>204,697</u>	<u>351,063</u>	<u>164,477</u>	<u>384,365</u>	<u>324,679</u>	<u>387,649</u>	<u>400,758</u>	<u>2,217,688</u>
Operating expenses	<u>163,115</u>	<u>347,614</u>	<u>159,698</u>	<u>364,228</u>	<u>330,042</u>	<u>364,268</u>	<u>510,612</u>	<u>2,239,577</u>
Operating income (loss)	41,582	3,449	4,779	20,137	(5,363)	23,381	(109,854)	(21,889)
Deferred interest - rental properties	(33,795)	(23,965)	(14,754)	-	(16,345)	(8,000)	-	(96,859)
Interest expense - finance fee amortization	(2,723)	(2,841)	(260)	(1,108)	-	(3,987)	(15,537)	(26,456)
Depreciation and amortization - rental properties	<u>(45,842)</u>	<u>(181,503)</u>	<u>(105,004)</u>	<u>(287,717)</u>	<u>(207,754)</u>	<u>(320,644)</u>	<u>(496,286)</u>	<u>(1,644,750)</u>
Change in net assets before investment activity	(40,778)	(204,860)	(115,239)	(268,688)	(229,462)	(309,250)	(621,677)	(1,789,954)
Contributions - noncontrolling interests	-	-	-	-	-	-	10,192,574	10,192,574
Syndication costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,612)</u>	<u>(15,612)</u>
Change in net assets	(40,778)	(204,860)	(115,239)	(268,688)	(229,462)	(309,250)	9,555,285	8,387,008
Net assets, beginning of year	<u>141,748</u>	<u>4,174,221</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>16,692,141</u>
Net assets, end of year	<u>\$ 100,970</u>	<u>\$ 3,969,361</u>	<u>\$ 1,261,823</u>	<u>\$ 2,110,196</u>	<u>\$ 4,762,446</u>	<u>\$ 1,919,065</u>	<u>\$ 10,955,288</u>	<u>\$ 25,079,149</u>

See independent auditor's report.

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATING STATEMENT OF CASH FLOWS - AFFILIATED HOUSING ENTITIES

For the Year Ended June 30, 2020

	FMF 38th Street	PCNF Creekside Commons, 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	\$ (40,778)	\$ (204,860)	\$ (115,239)	\$ (268,688)	\$ (229,462)	\$ (309,250)	\$ (621,677)	\$ (1,789,954)
Adjustments to reconcile the change in net assets to net cash from operating activities:								
Depreciation and amortization	48,565	184,344	105,264	288,825	207,754	324,631	511,823	1,671,206
Changes in operating assets and liabilities:								
Accounts receivable	(8,173)	(63)	(3,230)	(16,993)	(13,746)	(11,986)	(57,255)	(111,446)
Prepaid expenses	34	-	398	507	(1,893)	(14)	(13)	(981)
Accounts payable and accrued expenses	(4,352)	15,464	(17,516)	(13,033)	14,403	(15,863)	124,597	103,700
Accrued interest	13,744	23,965	14,754	-	16,345	8,000	-	76,808
Tenant security deposits	50	514	50	608	1,550	(3,936)	15,806	14,642
Net cash from operating activities	<u>9,090</u>	<u>19,364</u>	<u>(15,519)</u>	<u>(8,774)</u>	<u>(5,049)</u>	<u>(8,418)</u>	<u>(26,719)</u>	<u>(36,025)</u>
Cash flows from investing activities:								
Payments for property and equipment	-	-	-	-	-	-	(7,902,513)	(7,902,513)
Net cash from investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,902,513)</u>	<u>(7,902,513)</u>
Cash flows from financing activities:								
Payments of tax credit fees	-	-	-	-	-	-	(43,986)	(43,986)
Proceeds from issuance of debt	-	-	-	-	-	-	231,404	231,404
Payments of principal on long-term debt	(12,842)	-	-	-	-	-	(2,112,932)	(2,125,774)
Due to Beacon	-	(7,425)	-	2,481	-	-	(206,027)	(210,971)
Capital contributions - noncontrolling interests	-	-	-	-	-	-	10,192,574	10,192,574
Syndication costs	-	-	-	-	-	-	(15,612)	(15,612)
Net cash from financing activities	<u>(12,842)</u>	<u>(7,425)</u>	<u>-</u>	<u>2,481</u>	<u>-</u>	<u>-</u>	<u>8,045,421</u>	<u>8,027,635</u>
Total increase (decrease)	(3,752)	11,939	(15,519)	(6,293)	(5,049)	(8,418)	116,189	89,097
Cash, cash equivalents and restricted cash, beginning of year	<u>138,689</u>	<u>910,672</u>	<u>192,551</u>	<u>362,039</u>	<u>137,527</u>	<u>444,043</u>	<u>-</u>	<u>2,185,521</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 134,937</u>	<u>\$ 922,611</u>	<u>\$ 177,032</u>	<u>\$ 355,746</u>	<u>\$ 132,478</u>	<u>\$ 435,625</u>	<u>\$ 116,189</u>	<u>\$ 2,274,618</u>
Reconciliation to the statement of financial position:								
Cash	\$ 42,555	\$ 38,035	\$ 5,438	\$ 22,112	\$ -	\$ 9,978	\$ 3,772	\$ 121,890
Escrows and reserves	92,382	884,576	171,594	333,634	132,478	425,647	112,417	2,152,728
	<u>\$ 134,937</u>	<u>\$ 922,611</u>	<u>\$ 177,032</u>	<u>\$ 355,746</u>	<u>\$ 132,478</u>	<u>\$ 435,625</u>	<u>\$ 116,189</u>	<u>\$ 2,274,618</u>

See independent auditor's report.

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

**Minnesota Housing
Multifamily Department
Asset Management**

Project Name:	Abbott View (aka Stevens Court)	Fiscal Period Ended:	Loan #
Location:	Minneapolis	June 30, 2020	1264408

A. ALLOWABLE DISTRIBUTION

1 Partnership Initial Equity	
2 Rate of return on Equity	
3 Maximum Distribution (<i>per legal agreement</i>)	\$ 67,731
4 Allowable Distribution from Operations	56,579
5 Interest Earned on Development Cost Escrow	-
6 Allowable Distribution for Fiscal Year	56,579

B. COMPUTATION OF SURPLUS CASH

Cash	
7 Operating Cash Balance	\$ 63,498
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)	63,498
Current Obligations	
13 Accounts Payable Balance, trade	1,365
14 Accrued Interest on Amort. Mortgages	405
15 Accrued MHFA Annual Fee	-
16 Accrued FAF/FA Monthly Escrow	-
17 Prepaid rents	-
18 Other (describe): Accrued expenses	5,149
(b) Surplus Cash/(Deficiency) (line (a) minus Lines 13 thru 18)	\$ 56,579
19 Amount Available for Distribution	\$ 56,579
20 Net Amount to be Deposited to Residual Receipts	\$ -

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	\$ -
26 Transfer from Res. Receipts or FAF/DS to operations	\$ -

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 auditor's report.

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

**Minnesota Housing
Multifamily Department
Asset Management**

Project Name:	Oakhaven	Fiscal Period Ended:	Loan #
Location:	Minneapolis	June 30, 2020	1266209

A. ALLOWABLE DISTRIBUTION

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

B. COMPUTATION OF SURPLUS CASH

Cash	
7 Operating Cash Balance	\$ 29,251
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>29,251</u>
Current Obligations	
13 Accounts Payable Balance, trade	644
14 Accrued Interest on Amort. Mortgages	1,434
15 Accrued MHFA Annual Fee	-
16 Accrued FAF/FA Monthly Escrow	-
17 Prepaid rents	-
18 Other (describe): <u>Accrued expenses</u>	105
	-
(b) Surplus Cash/(Deficiency) (line (a) minus Lines 13 thru 18)	<u>\$ 27,068</u>
19 Amount Available for Distribution	<u>\$ 18,065</u>
20 Net Amount to be Deposited to Residual Receipts	<u>\$ 9,003</u>

C. COMPUTATION OF RESIDUAL RECEIPTS TRANSFER

21 Required Deposit (From Sec. B) (line 20)	\$ 9,003
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>\$ 9,003</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 auditor's report.

BEACON INTERFAITH HOUSING COLLABORATIVE

MANAGEMENT CERTIFICATION

For the Year Ended June 30, 2020

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:_____