

**BEACON INTERFAITH
HOUSING COLLABORATIVE**

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

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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, 2021, 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, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters***Report on Summarized Comparative Information***

We have previously audited Beacon Interfaith Housing Collaborative's 2020 consolidated financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated October 7, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, 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 36 to 47 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 48 and 49 is presented for purposes of additional analysis as required by the *Audit Guide of the Minnesota Housing Finance Agency*. The information on pages 36 to 50 is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating and supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating and supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2021, on our consideration of Beacon Interfaith Housing Collaborative's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Beacon Interfaith Housing Collaborative's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Beacon Interfaith Housing Collaborative's internal control over financial reporting and compliance.

*Mahoney Ulbrich
Christiansen Russ P.A.*

October 28, 2021

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2021
(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash - undesignated	\$ 3,214,990	\$ 2,597,717
Cash - board designated for operating reserve	1,436,000	1,436,000
Cash - board designated - other funds	849,582	126,586
Cash - operating funds for properties	882,842	377,017
Cash - restricted for short-term purposes	<u>1,489,672</u>	<u>1,545,467</u>
Total cash	7,873,086	6,082,787
Accounts receivable, net	262,025	309,553
Government grants receivable	193,187	358,923
Contributions receivable, current portion	1,096,885	1,440,617
Prepaid expenses	<u>171,181</u>	<u>61,846</u>
Total current assets	9,596,364	8,253,726
Notes and other receivables	55,195	55,194
Predevelopment costs	204,299	842,497
Escrows and reserves	4,861,962	3,016,447
Contributions receivable, less current portion, net	1,464,404	1,959,085
Cash - board designated for predevelopment housing fund	653,887	829,101
Cash - restricted for long-term purposes	16,701	16,701
Contributions receivable restricted for housing development	100,000	265,000
Property and equipment, net	77,230,920	75,017,851
Tax credit fees, net	<u>128,160</u>	<u>143,079</u>
Total assets	<u>\$ 94,311,892</u>	<u>\$ 90,398,681</u>

See accompanying notes to consolidated financial statements.

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2021
(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
LIABILITIES AND NET ASSETS		
Accounts payable - operations	\$ 992,388	\$ 678,622
Current maturities of long-term debt	1,113,473	728,232
Accrued expenses	901,610	940,720
Accrued interest	2,564	4,201
Tenant security deposits	213,597	212,870
Other current liabilities	61,677	57,500
Total current liabilities	<u>3,285,309</u>	<u>2,622,145</u>
Long-term debt, net	46,210,278	43,024,931
Accrued interest, long-term	1,095,972	1,240,970
Refundable advances	<u>4,887,619</u>	<u>5,333,868</u>
Total liabilities	<u>55,479,178</u>	<u>52,221,914</u>
Net assets:		
Without donor restrictions:		
Undesignated	2,931,868	3,976,143
Board designated - predevelopment housing fund	2,415,417	1,949,752
Board designated - operating reserve	1,436,000	1,436,000
Board designated - other funds	849,582	126,586
Noncontrolling interests	20,975,285	19,404,616
Total without donor restrictions	<u>28,608,152</u>	<u>26,893,097</u>
With donor restrictions	<u>10,224,562</u>	<u>11,283,670</u>
Total net assets	<u>38,832,714</u>	<u>38,176,767</u>
Total liabilities and net assets	<u>\$ 94,311,892</u>	<u>\$ 90,398,681</u>

See accompanying notes to consolidated financial statements.

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	2021			
	Without Donor Restrictions	With Donor Restrictions	Total	2020
Operating revenues and support:				
Contributions	\$ 2,076,449	\$ 1,273,420	\$ 3,349,869	\$ 6,082,518
Contributions in-kind	85,070	-	85,070	291,426
Government grants	2,007,352	-	2,007,352	2,179,802
Rent and housing assistance payments	4,953,114	-	4,953,114	4,553,323
Fee income	458,290	-	458,290	282,443
Interest income	44,207	-	44,207	62,807
Miscellaneous	130,503	-	130,503	99,258
Net assets released from restrictions	2,167,528	(2,167,528)	-	-
Total operating revenues and support	11,922,513	(894,108)	11,028,405	13,551,577
Operating expenses:				
Program services:				
Housing operations	5,184,362	-	5,184,362	5,284,309
Supportive services	1,789,714	-	1,789,714	1,545,460
Housing development	1,132,619	-	1,132,619	1,047,936
Shelter programs (Families Moving Forward)	572,140	-	572,140	1,023,309
Total program services	8,678,835	-	8,678,835	8,901,014
Support services:				
Management and general	1,325,207	-	1,325,207	1,065,809
Fundraising	882,596	-	882,596	892,949
Total operating expenses	10,886,638	-	10,886,638	10,859,772
Operating income	1,035,875	(894,108)	141,767	2,691,805
Other revenues (expenses):				
Forgiveness of debt	269,714	-	269,714	100,000
Impairment of property	(814,064)	-	(814,064)	-
Contributions and grants for property acquisition	-	100,000	100,000	100,000
Net assets released from restrictions for housing development	265,000	(265,000)	-	-
Amortization of refundable advances	446,249	-	446,249	446,249
Gain (loss) on sale of property and equipment	232,959	-	232,959	(25,137)
Deferred interest - rental properties	(113,433)	-	(113,433)	(123,786)
Interest expense - finance fee amortization	(18,370)	-	(18,370)	(32,210)
Depreciation and amortization - rental properties	(2,430,108)	-	(2,430,108)	(2,436,069)
Change in allowance for contributions	(44,194)	-	(44,194)	(17,917)
Change in net assets	(1,170,372)	(1,059,108)	(2,229,480)	702,935
Net assets, beginning of year	26,893,097	11,283,670	38,176,767	27,296,870
Capital contributions - noncontrolling interests	2,945,756	-	2,945,756	10,192,574
Distributions - noncontrolling interests	(20,329)	-	(20,329)	-
Syndication costs - noncontrolling interests	(40,000)	-	(40,000)	(15,612)
Net assets, end of year	\$ 28,608,152	\$ 10,224,562	\$ 38,832,714	\$ 38,176,767

See accompanying notes to consolidated financial statements.

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	2021							
	Program Services				Support Services			
	Housing Operations	Supportive Services	Housing Development	Shelter Programs	Management and general	Fundraising	Total	2020
Salaries	\$ 159,566	\$ 223,350	\$ 888,704	\$ 199,289	\$ 828,289	\$ 676,103	\$ 2,975,301	\$ 2,571,971
Payroll taxes	11,688	16,361	65,098	14,598	60,667	49,531	217,943	187,370
Benefits	19,229	26,915	107,095	24,016	97,094	81,484	355,833	423,400
Total salaries and related	190,483	266,626	1,060,897	237,903	986,050	807,118	3,549,077	3,182,741
Occupancy and property expense	9,689	9,689	9,689	65,035	116,303	9,691	220,096	276,268
Office and staff expense	4,400	7,859	6,470	31,332	57,281	37,738	145,080	181,548
Professional fees	66,232	-	29,122	4,594	150,234	556	250,738	166,428
Meetings and events	-	-	1,222	-	35	6,120	7,377	88,388
Contributed goods and services	-	-	-	85,070	-	-	85,070	291,426
Direct client assistance	8,940	286	-	107,253	-	-	116,479	133,474
Contracted program services	-	1,503,600	-	26,693	-	-	1,530,293	1,433,366
Miscellaneous	-	-	19,167	2,336	9,321	15,644	46,468	32,761
Depreciation and amortization	1,182	1,654	6,052	11,924	5,983	5,729	32,524	32,096
	280,926	1,789,714	1,132,619	572,140	1,325,207	882,596	5,983,202	5,818,496
Residential rental property expenses:								
Staffing	903,280	-	-	-	-	-	903,280	899,828
Management fees	388,536	-	-	-	-	-	388,536	431,038
Administrative	282,334	-	-	-	-	-	282,334	246,465
Professional fees	111,060	-	-	-	-	-	111,060	111,644
Utilities	715,703	-	-	-	-	-	715,703	711,952
Operating and maintenance	1,528,868	-	-	-	-	-	1,528,868	1,546,716
Insurance	264,725	-	-	-	-	-	264,725	387,705
Taxes	654,305	-	-	-	-	-	654,305	627,769
Interest	54,625	-	-	-	-	-	54,625	78,159
Total operating expenses	5,184,362	1,789,714	1,132,619	572,140	1,325,207	882,596	10,886,638	10,859,772
Deferred interest - rental properties	113,433	-	-	-	-	-	113,433	123,786
Interest expense - finance fee amortization	18,370	-	-	-	-	-	18,370	32,210
Depreciation and amortization - rental properties	2,430,108	-	-	-	-	-	2,430,108	2,436,069
Change in allowance for contributions	-	-	-	-	-	44,194	44,194	17,917
	<u>\$ 7,746,273</u>	<u>\$ 1,789,714</u>	<u>\$ 1,132,619</u>	<u>\$ 572,140</u>	<u>\$ 1,325,207</u>	<u>\$ 926,790</u>	<u>\$ 13,492,743</u>	<u>\$ 13,469,754</u>

See accompanying notes to consolidated financial statements.

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ (2,229,480)	\$ 702,935
Adjustments to reconcile the change in net assets to net cash from operating activities:		
Depreciation and amortization	2,481,002	2,500,375
Contributions and grants for property acquisition	(100,000)	(100,000)
Change in allowance for contributions	44,194	17,917
Gain on sale of property and equipment	(232,959)	25,137
Amortization of refundable advances	(446,249)	(446,249)
Forgiveness of debt	(269,714)	(100,000)
Impairment of property	814,064	-
Change in operating assets and liabilities:		
Accounts receivable	47,528	(2,456)
Government grants receivable	165,736	(126,042)
Contributions receivable	794,219	(1,602,873)
Prepaid expenses	(25,836)	13,115
Accounts payable and accrued expenses	268,973	477,455
Accrued interest	123,079	130,911
Tenant security deposits	729	10,244
Other current liabilities	4,177	(22,668)
Net cash from operating activities	<u>1,439,463</u>	<u>1,477,801</u>
Cash flows from investing activities:		
Payments for property and equipment	(5,553,393)	(10,630,148)
Change in predevelopment costs, net	638,198	(358,971)
Proceeds from sale of property and equipment	341,806	-
Net cash from investing activities	<u>(4,573,389)</u>	<u>(10,989,119)</u>
Cash flows from financing activities:		
Payment of finance and tax credit fees	(159,484)	(43,986)
Proceeds from issuance of long-term debt	5,333,349	2,401,404
Payments of principal on long-term debt	(1,729,766)	(2,218,220)
Capital contributions - noncontrolling interests	2,945,756	10,192,574
Syndication costs	(40,000)	(15,612)
Distributions - noncontrolling interests	(20,329)	-
Contributions and grants for property acquisition	265,000	70,000
Net cash from financing activities	<u>6,594,526</u>	<u>10,386,160</u>
Total increase	3,460,600	874,842
Cash, cash equivalents and restricted cash, beginning of year	<u>9,945,036</u>	<u>9,070,194</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 13,405,636</u>	<u>\$ 9,945,036</u>
Reconciliation to the statement of financial position:		
Total cash	\$ 7,873,086	\$ 6,082,787
Escrows and reserves	4,861,962	3,016,447
Cash - board designated for predevelopment housing fund	653,887	829,101
Cash - restricted for long-term purposes	16,701	16,701
	<u>\$ 13,405,636</u>	<u>\$ 9,945,036</u>
Supplemental cash flow information:		
Cash paid for interest, net capitalized interest	\$ 369,330	\$ 142,573
Noncash investing and financing activities:		
Loan proceeds used to pay for property and finance fees	879,000	1,170,000

See accompanying notes to consolidated financial statements.

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

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 those who have the lowest incomes. Beacon has created over 650 homes, two-thirds of which have on-site support services.

Beacon's primary sources of revenue and support are contributions, government grants, 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, 2021
(With Comparative Totals for 2020)

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). Sold in June 2021. |
| • Lydia Apartments LLC | Formed to be the general partner in Lydia Apartments Housing LP. |
| • Cranberry Ridge LLC | Formed to be the general partner in Cranberry Ridge LP. |
| • Development Projects: | |
| - Beacon Acquisition LLC | Functions to acquire and hold property pending development. At June 30, 2021, held the properties to be used for the planned Bimosedaa, Kimball Court, Prairie Point, and Vista 44 projects. |

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

1. ORGANIZATION (Continued)

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). |
| • 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). |
| • Cranberry Ridge Housing LP | General partner interest (.01%) in partnership formed to develop, own and operate Cranberry Ridge (45 units). The project is in development at June 30, 2021. |
| • Lydia Apartments Housing LP | General partner interest (.01%) in partnership formed to develop, own and operate Lydia Apartments (80 units). The project is in development at June 30, 2021. |

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

1. ORGANIZATION (Continued)

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.

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.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation Policy – The consolidated financial statements include the accounts of Beacon, nonprofit entities in which Beacon has both an economic interest and control, the wholly owned subsidiaries, and the limited partnerships in which Beacon is a general partner and exercises control. All material intra-entity transactions have been eliminated. The limited partners' equity in consolidated partnerships 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, 2020, from which the summarized information was derived.

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

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

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BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2021 and 2020, deposits exceeded the insured limit by \$1,810,926 and \$1,461,561.

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, 2021
(With Comparative Totals for 2020)

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. See Note 6 for impairment of property.

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 prepaid expenses.

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.

A portion of Beacon's revenue is derived from cost-reimbursable government 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.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 continue to be reported as net assets with donor restrictions and released to net assets without donor restrictions upon expiration of the grant requirements based on the accounting guidance applicable when the grants were awarded.

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. Operating 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.

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.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2021 or 2020 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.

3. CONTRIBUTIONS RECEIVABLE

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

2022	\$ 1,196,885
2023	1,052,044
2024	559,298
2025	99,529
2026	29,567
Thereafter	30,036
	<hr/>
	2,967,359
Less discounts to net present value (1%)	(82,913)
Less allowance (3 - 80%)	(223,157)
	<hr/>
	2,661,289
Less portion restricted for housing development	(100,000)
Less current portion	(1,096,885)
	<hr/>
Contributions receivable, long-term portion	<u>\$ 1,464,404</u>

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

4. ESCROWS AND RESERVES

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

	<u>2021</u>	<u>2020</u>
Security deposits	\$ 224,841	\$ 214,482
Tax and insurance escrows	336,751	354,549
Replacement reserves	1,097,656	800,689
Operating reserves	1,140,772	1,164,220
Revenue deficit reserves	618,758	412,507
Construction escrows	1,363,761	-
Other reserves	79,423	70,000
	<u>\$ 4,861,962</u>	<u>\$ 3,016,447</u>

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

5. PREDEVELOPMENT COSTS

Predevelopment costs relate to the following projects:

	<u>2021</u>	<u>2020</u>
American House renovation	\$ 132,094	\$ 102,246
Lydia House expansion project	-	445,576
Vista 44	-	129,934
Prairie Pointe	-	108,099
Kimball Court	-	30,871
Emerson Village	72,205	18,615
Other	-	7,156
	<u>\$ 204,299</u>	<u>\$ 842,497</u>

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2021	2020	Estimated useful lives (in years)
Land	\$ 13,528,748	\$ 11,891,179	-
Buildings and improvements	70,896,923	73,999,691	20-40
Land improvements	2,089,302	2,165,355	5-20
Leasehold improvements	311,056	311,056	6-10
Equipment	2,382,686	2,639,520	3-9
Construction in progress	5,520,725	2,183,857	-
	<u>94,729,440</u>	<u>93,190,658</u>	
Less accumulated depreciation	<u>(17,498,520)</u>	<u>(18,172,807)</u>	
	<u>\$ 77,230,920</u>	<u>\$ 75,017,851</u>	

Depreciation expense charged to operations was \$2,447,106 in 2021 and \$2,446,360 in 2020.

An impairment loss of \$814,064 was recognized on the Lydia Apartments property due to an appraisal obtained during the transfer from Lydia House LP to Lydia Apartments Housing LP. Lydia Apartments Housing LP intends to redevelop Lydia Apartments and expand from 40 units to 80 units.

In 2021, Housing 150 – Nicollet LLC sold a parcel of land for \$350,000 resulting in a gain on the sale of \$232,959.

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

	2021	2020
Lydia Apartments	\$ 380,260	\$ -
Cranberry Ridge	1,658,897	417,229
Bimosedaa	2,123,387	1,766,628
Prairie Point	241,219	-
Vista 44	473,793	-
Kimball Court	643,169	-
	<u>\$ 5,520,725</u>	<u>\$ 2,183,857</u>

Amortization of \$1,586 and \$35,379 was capitalized in 2021 and 2020.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

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.

A summary of the financial position and results of operations for Lowry Apartments LP as of and for the year ended December 31, 2020 follows:

BALANCE SHEET

Property and equipment, net	\$	4,983,025
Cash		25,529
Reserves and escrows		212,977
Receivables and prepaid expenses		16,323
Other assets, net		8,436
		<hr/>
	\$	5,246,290
		<hr/>
Debt, net	\$	2,710,811
Accounts and other payables		6,488
Other liabilities		184,874
		<hr/>
		2,902,173
		<hr/>
Partners' equity		2,344,117
		<hr/>
	\$	5,246,290
		<hr/>

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

7. INVESTMENT IN UNCONSOLIDATED LIMITED PARTNERSHIP (Continued)

STATEMENT OF OPERATIONS

Operating revenue	\$ 357,022
Operating expenses	(393,163)
Depreciation and amortization	(216,153)
	<hr/>
Net loss	\$ (252,294)
	<hr/>

8. DEBT

Debt consists of the following:

	2021	2020
Beacon		
Otto Bremer Trust – Note with 2% interest, due December 15, 2021.	\$ 1,000,000	\$ 1,000,000
Bethlehem Lutheran Church Foundation – Note with 2% interest, due December 31, 2023.	200,000	-
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). Paid in full at closing on May 5, 2021.	-	622,500
Bremer Bank* - Mortgage with variable interest, due in monthly installments of interest through the earlier of closing or December 2022 (Bimosedaa Development).	170,000	1,170,000
City of Minneapolis* – Mortgage with 1% interest, due in August 2050 (Bimosedaa Development).	1,000,000	-
Bremer Bank* - Mortgage with 3.50% interest, due in monthly installments of interest through the earlier of closing or December 2023 (Prairie Pointe Development).	476,800	-
Bremer Bank* - Mortgage with 2.75% interest, due in monthly installments of interest through the earlier of closing or January 2023 (Vista 44 Development).	1,348,000	-
Bremer Bank* - Mortgage with 3.40% interest, due in monthly installments of interest through the earlier of closing or December 2022 (Kimball Court Development).	496,000	-

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

8. DEBT (Continued)

	2021	2020
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.	187,064	196,041
545 Snelling LLC		
MHFA – Four mortgages without interest, due in May 2040.	2,150,818	2,150,818
Saint Paul HRA – Two mortgages without interest, due in May 2040. See note below related to new funding.	593,880	501,130
352 Wacouta LLC		
Saint Paul HRA – Four mortgages without interest, due in November 2032 and May 2040. See note below related to new funding.	560,524	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

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

8. DEBT (Continued)

	2021	2020
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.	925,355	973,203
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.	555,667	573,613
Clinton Avenue Townhomes LLC		
MHFA – Mortgage without interest, due in monthly installments of \$1,566 through September 2052.	587,317	606,111
PCNF Nicollet Housing Limited Partnership		
City of Minneapolis – Mortgage with 1% interest, due in December 2039.	977,584	977,584
MHFA – Mortgage without interest, due in February 2040.	882,774	882,774
Hennepin County HRA – Mortgage with 1% interest, due in February 2040.	200,000	200,000
Family Housing Fund – Mortgage with 1% interest, due in February 2040.	100,000	100,000
FMF 38th Street Development, LLLP		
MHFA - Mortgage with 6.5% interest due in varying monthly installments through January 2034.	275,252	288,956
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

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

8. DEBT (Continued)

	2021	2020
Lydia House Limited Partnership		
City of Minneapolis – Two mortgages without interest, due in February 2033. Assumed by the new LP.	\$ -	\$ 500,000
MHFA – Two mortgages with interest at 0% and 5.01%, due in January 2034. Assumed by the new LP. Accrued interest of \$269,714 was forgiven by MHFA as part of the transfer of the project on June 3, 2021.	-	529,584
Family Housing Fund – Mortgage without interest, due in February 2033. Assumed by the new LP.	-	328,000
Hennepin County HRA – Mortgage without interest, due in February 2033. Assumed by the new LP.	-	400,000
Lonoke Limited Partnership		
City of Minneapolis – Mortgage with 1% interest, due in April 2045.	432,523	432,523
MHFA – Mortgage with 1% interest, due in April 2045.	645,454	645,454
Hennepin County HRA – Mortgage without interest, due in April 2045.	225,000	225,000
Prior Crossing Housing Limited Partnership		
MHFA – Mortgage in the amount up to \$5,625,954 without interest, due in August 2045.	5,225,954	5,225,954
St. Paul HRA – Two mortgages without interest, due in August 2045.	1,101,000	1,101,000
City of St. Paul – Mortgage without interest, due in August 2045.	927,015	927,015
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

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

8. DEBT (Continued)

	2021	2020
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		
Minneapolis AHTF – Mortgage with interest at 1%, due in June 2063.	1,800,000	1,800,000
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	1,325,700
Hennepin County – Mortgage without interest, due in June 2063.	375,000	375,000
Cranberry Ridge Housing LP		
Hennepin County – Mortgage with interest at 1%, due in May 2051.	1,050,000	-
City of Plymouth – Mortgage without interest, due in December 2051.	527,000	-
Lydia Apartments Housing LP		
MHFA - Housing Infrastructure Bonds without interest. The full amount is \$7,600,000 but only \$44,775 has been disbursed as of June 30, 2021. \$3,374,000 is due in April 2023, the remaining balance is due in June 2061.	44,775	-
City of Minneapolis – Two mortgages without interest, due in June 2061.	500,000	-
MHFA – Two mortgages without interest, due in June 2061.	529,584	-
Family Housing Fund – Mortgage without interest, due in December 2061.	328,000	-
Hennepin County HRA – Mortgage without interest, due in December 2061.	400,000	-
	<u>47,784,767</u>	<u>44,181,187</u>
Less current maturities of debt	(1,113,473)	(728,232)
Less unamortized finance fees	<u>(461,016)</u>	<u>(428,024)</u>
	<u>\$ 46,210,278</u>	<u>\$ 43,024,931</u>

*Loans with recourse

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

8. DEBT (Continued)

545 Snelling LLC and 352 Wacouta received additional funds in 2021 through the Saint Paul HRA. These funds are to be used to fund operating deficits due to the COVID-19 pandemic through September 30, 2021. Any unspent funds must be returned to the Saint Paul HRA within thirty days of the receipt of the repayment notice.

Interest of \$71,539 and \$55,438 was capitalized in 2021 and 2020, respectively. Finances fees of \$102,302 for debt yet to be funded is shown as prepaid expense.

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

2022	\$ 1,113,473
2023	2,297,361
2024	772,443
2025	105,599
2026	107,647
Thereafter	<u>43,388,244</u>
	<u>\$ 47,784,767</u>

9. REFUNDABLE ADVANCES

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.

	<u>2021</u>	<u>2020</u>
	\$ 2,031,239	\$ 2,437,488

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

9. REFUNDABLE ADVANCES (Continued)

	2021	2020
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. Funds were repaid in July 2021.	\$ 75,000	\$ 75,000
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.	120,000	160,000
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, 2021
(With Comparative Totals for 2020)

9. REFUNDABLE ADVANCES (Continued)

	2021	2020
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 entire grant was due in full on demand in the event of default with the grant agreement. The grant was forgiven on August 28, 2021.	101,502	101,502
	<u>\$ 4,887,619</u>	<u>\$ 5,333,868</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:

	2021	2020
Not subject to appropriation or expenditure:		
HUD capital advance - Riverview	\$ 6,056,900	\$ 6,056,900
Expendable for specified purposes:		
Housing supportive services	1,200,734	1,661,486
Housing development	972,394	606,311
Other	276,581	126,108
Subject to the passage of time	<u>1,717,953</u>	<u>2,832,865</u>
	<u>\$ 10,224,562</u>	<u>\$ 11,283,670</u>

Net assets with donor restrictions consist of cash of \$1,506,373, contributions receivable of \$2,661,289, and property and equipment of \$6,056,900 as of June 30, 2021.

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.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

12. NONCONTROLLING INTERESTS

The change in net assets attributed to controlling and noncontrolling interests for the years ended June 30, 2021 and 2020 follows:

	Total	Controlling	Noncontrolling
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	38,176,767	18,772,151	19,404,616
Capital contributions	2,945,756	-	2,945,756
Distributions	(20,329)	-	(20,329)
Syndication costs	(40,000)	(40,000)	-
Change in net assets	(2,191,726)	(836,969)	(1,354,757)
Net assets, June 30, 2021	\$ 38,870,468	\$ 17,895,182	\$ 20,975,286

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, as determined using an estimated value of \$33 per night per guest in 2020. Beacon also received donated other goods and services of \$1,000 in 2020 for the shelter.

In 2021, the churches were not able to provide these services to emergency shelter guests due to the pandemic. Alternatively, hotel rooms were used for these services. Revenue and expenses for meals have been recorded at an estimated fair market value of \$86,070 for 2021, as determined using an estimated value of \$15 per night per guest in 2021. No other donated goods and services were received in 2021.

14. MINIMUM FUTURE RENTAL PAYMENTS

Beacon leases 6,139 square feet of office space under an operating lease agreement with monthly payments equal to \$10.41/sq. ft., increasing \$0.50/sq. ft. annually starting September 2017, plus a pro-rata share of operating expenses. The lease agreement ends November 30, 2021. Management is expecting to renew the lease.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

14. MINIMUM FUTURE RENTAL PAYMENTS (Continued)

Beacon leases space from a congregation for its shelter programs under a lease agreement with an extended one-year term ending February 28, 2022. 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 \$179,563 for 2021 and \$175,577 for 2020.

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

2022	\$	65,822
2023		36,411
2024		37,503
2025		38,628
Thereafter		64,890
		<hr/>
	\$	243,254
		<hr/>

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.

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

2022	\$	68,435
2023		4,098
		<hr/>
	\$	72,533
		<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 \$126,478 and \$106,360 for 2021 and 2020.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

17. RELATED PARTY TRANSACTIONS

Fee income includes development fees of \$207,000 from Cranberry Ridge Housing LP and \$201,788 from Lydia Apartments Housing LP in 2021. Fee income includes development fees of \$246,054 from Great River Landing Housing LP in 2020. 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, Great River Landing, and Lydia Apartments, 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.

The 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

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

18. CONTINGENCIES AND COMMITMENTS (Continued)

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

	2021 rental revenues	Expiration date
Lydia House	\$ 212,254	October 2023
Creekside Commons	194,789	October 2025
FMF 38 th Street	153,547	July 2023
Housing 150 LLC	164,937	June 2027
Oakhaven Housing LLC	92,266	January 2033
Clinton Avenue Townhomes LLC	48,832	August 2026
Riverview Apartments Senior Housing	160,431	November 2021
Prior Crossing	278,037	September 2031

Great River Landing entered into a Housing Assistance Payments Contract with Minneapolis Public Housing Authority (MPHA) for 40 efficiency apartment units. Great River Landing received housing assistance payments of \$429,289 and \$300,599 in 2021 and 2020.

Cedar View entered into a Sponsor-Based Assistance Payment Agreement with Minneapolis Public Housing Authority (MPHA) for a flat subsidy set at \$788 per participant occupied unit per month. MPHA agrees to provide financial assistance on an annual basis for up to 5 years. Cedar View received housing assistance payments of \$53,155 in 2021.

PCNF Nicollet Housing entered into a Sponsor-Based Assistance Payment Agreement with Minneapolis Public Housing Authority (MPHA) for a flat subsidy set at \$536 per participant occupied unit per month. MPHA agrees to provide financial assistance on an annual basis for up to 5 years. PCNF Nicollet Housing LP received housing assistance payments of \$166,191 in 2021.

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.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

18. CONTINGENCIES AND COMMITMENTS (Continued)

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 \$0 at June 30, 2021 and \$11,570 at June 30, 2020.

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.

Lydia Apartments Housing LP has obtained bonds, loans and syndication commitments for the development of the property totaling approximately \$11.7 million. The property also entered into a construction contract totaling \$10.8 million.

Cranberry Ridge Housing LP has been awarded approximately \$1.1 million in tax credits, \$250,000 in grants, and \$12.8 million in loan commitments. The property also entered into a construction contract totaling \$12.2 million.

The Bimosedaa development project has been awarded approximately \$4.7 million in grants, \$6.7 million in equity, and \$12.5 million in loan commitments.

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, 2021:

Housing Services	\$ 170,954
Shelter	186,394
	<hr/>
	\$ 357,348
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Shelter commitments of \$61,677 are included in other liabilities as a refundable advance.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

19. LIQUIDITY AND AVAILABILITY

At June 30, 2021, resources available for general expenditures within one year of the statement of financial position date are as follows:

	2021	2020
Cash – undesignated	\$ 3,214,990	\$ 2,597,717
Cash – operating funds for properties	882,842	377,017
Cash – donor restricted (short-term)	693,676	676,157
Cash – other board designated (short-term)	849,582	126,586
Accounts receivable	262,025	309,553
Government grants receivable	193,187	358,923
Contributions receivable, current portion	942,700	1,288,628
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 7,039,002</u></u>	<u><u>\$ 5,734,581</u></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, totaling \$1,436,000. While Beacon does not plan to spend the funds other than the intended purposes, the amounts could be made available for current operations, if necessary.

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, 2021.

(Continued)

BEACON INTERFAITH HOUSING COLLABORATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

20. **CORONAVIRUS (COVID-19) PANDEMIC**

A nationwide public health emergency began developing in 2020. Many states 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 was cancelled, virtual fundraising events were hosted and are expected to continue to take place. Other impacts include disruptions or restrictions on employees' ability to work. Additionally, emergency shelters were moved from congregations to hotels during the pandemic. 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 loan was forgiven in 2021. These funds are included in contributions without donor restrictions on the 2020 statement of activities since all of the conditions were considered to be substantially met at that time. Two properties also received funding related to the pandemic (Note 8).

21. **SUBSEQUENT EVENTS**

Management has evaluated subsequent events through October 28, 2021, 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, 2021

	Beacon	Wholly owned Entities	Eliminations	Subtotal	Affiliates		Eliminations	Total
					FMF Housing	Housing Entities		
ASSETS								
Cash	\$ 6,990,244	\$ 588,835	\$ -	\$ 7,579,079	\$ 62,222	\$ 231,785	\$ -	\$ 7,873,086
Accounts receivable	181,873	96,370	(114,730)	163,513	6,800	236,635	(144,923)	262,025
Government grants receivable	193,187	-	-	193,187	-	-	-	193,187
Contributions receivable, current portion	1,096,885	-	-	1,096,885	-	-	-	1,096,885
Prepaid expenses	48,116	20,800	-	68,916	-	102,265	-	171,181
Total current assets	8,510,305	706,005	(114,730)	9,101,580	69,022	570,685	(144,923)	9,596,364
Investment in subsidiaries	33,000	-	(33,000)	-	33,551	-	(33,551)	-
Notes and other receivables	4,084,742	-	(805,340)	3,279,402	456,000	-	(3,680,207)	55,195
Predevelopment costs	3,240,721	-	(2,816,468)	424,253	-	-	(219,954)	204,299
Interest receivable	20,937	-	(14,659)	6,278	187,382	-	(193,660)	-
Escrows and reserves	-	758,148	-	758,148	101,371	4,002,443	-	4,861,962
Contributions receivable, less current portion	1,464,404	-	-	1,464,404	-	-	-	1,464,404
Cash - board designated for predevelopment housing fund	653,887	-	-	653,887	-	-	-	653,887
Cash - restricted for long-term purposes	16,701	-	-	16,701	-	-	-	16,701
Contributions receivable restricted for housing development	100,000	-	-	100,000	-	-	-	100,000
Property and equipment, net	50,963	21,938,303	-	21,989,266	545,404	56,298,119	(1,601,869)	77,230,920
Tax credit fees, net	-	16,967	-	16,967	-	111,193	-	128,160
Total assets	\$ 18,175,660	\$ 23,419,423	\$ (3,784,197)	\$ 37,810,886	\$ 1,392,730	\$ 60,982,440	\$ (5,874,164)	\$ 94,311,892
LIABILITIES AND NET ASSETS								
Accounts payable - operations	\$ 648,399	\$ 144,390	\$ (55,286)	\$ 737,503	\$ 50,241	\$ 310,975	\$ (106,331)	\$ 992,388
Current maturities of long-term debt	1,004,000	94,852	-	1,098,852	-	14,621	-	1,113,473
Accrued expenses	361,361	191,498	(8,002)	544,857	-	427,751	(70,998)	901,610
Accrued interest	-	2,564	-	2,564	-	187,382	(187,382)	2,564
Tenant security deposits	-	100,979	-	100,979	-	112,618	-	213,597
Other current liabilities	61,677	-	-	61,677	-	-	-	61,677
Total current liabilities	2,075,437	534,283	(63,288)	2,546,432	50,241	1,053,347	(364,711)	3,285,309
Deferred developer fee	-	33,000	(33,000)	-	-	76,530	(76,530)	-
Due to Beacon	-	3,666,579	(3,666,579)	-	124,251	3,275,830	(3,400,081)	-
Long-term debt, net	196,000	17,281,754	-	17,477,754	-	29,203,524	(471,000)	46,210,278
Accrued interest, long-term	10,000	429,775	(14,659)	425,116	-	677,134	(6,278)	1,095,972
Refundable advances	1,799,878	2,877,741	-	4,677,619	-	-	210,000	4,887,619
Total liabilities	4,081,315	24,823,132	(3,777,526)	25,126,921	174,492	34,286,365	(4,108,600)	55,479,178
Net assets:								
Without donor restrictions:								
Undesignated	5,225,684	(1,403,709)	(6,671)	3,815,304	1,218,238	(546,110)	(1,555,564)	2,931,868
Designated	4,700,999	-	-	4,700,999	-	-	-	4,700,999
Non-controlling interests	-	-	-	-	-	20,975,285	-	20,975,285
Total without donor restrictions	9,926,683	(1,403,709)	(6,671)	8,516,303	1,218,238	20,429,175	(1,555,564)	28,608,152
With donor restrictions	4,167,662	-	-	4,167,662	-	6,266,900	(210,000)	10,224,562
Total net assets	14,094,345	(1,403,709)	(6,671)	12,683,965	1,218,238	26,696,075	(1,765,564)	38,832,714
Total liabilities and net assets	\$ 18,175,660	\$ 23,419,423	\$ (3,784,197)	\$ 37,810,886	\$ 1,392,730	\$ 60,982,440	\$ (5,874,164)	\$ 94,311,892

See independent auditor's report.

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATING STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021

	Beacon	Wholly owned Entities	Eliminations	Beacon Subtotal	Affiliates		Eliminations	Total
					FMF Housing	Housing Entities		
Operating revenues and support:								
Contributions	\$ 3,349,869	\$ -	\$ -	\$ 3,349,869	\$ -	\$ -	\$ -	\$ 3,349,869
Contributions in-kind	85,070	-	-	85,070	-	-	-	85,070
Government grants	1,547,931	456,556	-	2,004,487	-	2,865	-	2,007,352
Rent and housing assistance payments	-	2,587,479	-	2,587,479	33,600	2,332,035	-	4,953,114
Fee income	634,885	-	-	634,885	20,502	-	(197,097)	458,290
Management fees	151,841	-	(13,415)	138,426	-	-	(138,426)	-
Interest income	92,040	2,964	(43,257)	51,747	27,520	2,924	(37,984)	44,207
Miscellaneous	42,991	43,350	-	86,341	-	44,162	-	130,503
Total operating revenues and support	<u>5,904,627</u>	<u>3,090,349</u>	<u>(56,672)</u>	<u>8,938,304</u>	<u>81,622</u>	<u>2,381,986</u>	<u>(373,507)</u>	<u>11,028,405</u>
Operating expenses	<u>5,946,350</u>	<u>2,807,583</u>	<u>(15,499)</u>	<u>8,738,434</u>	<u>79,762</u>	<u>2,229,693</u>	<u>(161,251)</u>	<u>10,886,638</u>
Operating income (loss)	(41,723)	282,766	(41,173)	199,870	1,860	152,293	(212,256)	141,767
Forgiveness of debt	-	1,516,625	(1,246,911)	269,714	-	-	-	269,714
Impairment of property	-	(814,064)	-	(814,064)	-	-	-	(814,064)
Contributions and grants for property acquisition	100,000	-	-	100,000	-	-	-	100,000
Amortization of refundable advances	40,000	406,249	-	446,249	-	-	-	446,249
Gain (loss) on sale of property and equipment	-	232,959	-	232,959	-	-	-	232,959
Write off of notes receivable	(1,246,911)	-	1,246,911	-	-	-	-	-
Deferred interest - rental properties	-	(89,085)	43,257	(45,828)	-	(96,861)	29,256	(113,433)
Interest expense - finance fee amortization	-	(5,732)	-	(5,732)	-	(12,638)	-	(18,370)
Depreciation and amortization - rental properties	-	(817,642)	-	(817,642)	-	(1,664,851)	52,385	(2,430,108)
Change in allowance for contributions	(44,194)	-	-	(44,194)	-	-	-	(44,194)
Change in net assets before investment activity	(1,192,828)	712,076	2,084	(478,668)	1,860	(1,622,057)	(130,615)	(2,229,480)
Contributions - noncontrolling interests	-	-	-	-	-	2,945,756	-	2,945,756
Distributions - noncontrolling interests	-	-	-	-	-	(20,329)	-	(20,329)
Syndication costs	-	-	-	-	-	(40,000)	-	(40,000)
Interfund transfers	40,598	(394,154)	-	(353,556)	-	353,556	-	-
Change in net assets	(1,152,230)	317,922	2,084	(832,224)	1,860	1,616,926	(130,615)	655,947
Net assets, beginning 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>
Net assets, end of year	<u>\$ 14,094,345</u>	<u>\$ (1,403,709)</u>	<u>\$ (6,671)</u>	<u>\$ 12,683,965</u>	<u>\$ 1,218,238</u>	<u>\$ 26,696,075</u>	<u>\$ (1,765,564)</u>	<u>\$ 38,832,714</u>

See independent auditor's report.

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATING STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2021

	Beacon	Wholly Owned Entities	Affiliates		Eliminations	Total
			FMF Housing	Housing Entities		
Cash flows from operating activities:						
Change in net assets	\$ (1,192,828)	\$ 712,076	\$ 1,860	\$ (1,622,057)	\$ (128,531)	\$ (2,229,480)
Adjustments to reconcile the change in net assets to net cash from operating activities:						
Depreciation and amortization	22,038	823,374	10,486	1,677,489	(52,385)	2,481,002
Contributions and grants for property acquisition	(100,000)	-	-	-	-	(100,000)
Change in allowance for contributions	44,194	-	-	-	-	44,194
Gain on sale of property and equipment	-	(232,959)	-	-	-	(232,959)
Write off of notes receivable	1,246,911	-	-	-	(1,246,911)	-
Amortization of refundable advances	(40,000)	(406,249)	-	-	-	(446,249)
Forgiveness of debt	-	(1,516,625)	-	-	1,246,911	(269,714)
Impairment of property	-	814,064	-	-	-	814,064
Changes in operating assets and liabilities:						
Accounts receivable	(69,609)	20,060	400	99,391	(2,714)	47,528
Government grants receivable	165,736	-	-	-	-	165,736
Contributions receivable	794,219	-	-	-	-	794,219
Prepaid expenses	(5,708)	(17,750)	-	(2,378)	-	(25,836)
Interest receivable	(42,136)	-	(13,680)	-	55,816	-
Accounts payable and accrued expenses	207,470	(26,796)	28,479	152,076	(92,256)	268,973
Accrued interest	2,500	93,288	-	83,107	(55,816)	123,079
Tenant security deposits	-	(11,873)	-	12,602	-	729
Other current liabilities	4,177	-	-	-	-	4,177
Net cash from operating activities	<u>1,036,964</u>	<u>250,610</u>	<u>27,545</u>	<u>400,230</u>	<u>(275,886)</u>	<u>1,439,463</u>
Cash flows from investing activities:						
Payments for property and equipment	-	(4,041,861)	-	(2,924,924)	1,413,392	(5,553,393)
Change in predevelopment costs, net	513,523	-	-	-	124,675	638,198
Proceeds from sale of property and equipment	-	607,519	-	-	(265,713)	341,806
Notes and other receivable	(946,825)	-	-	-	946,825	-
Net cash from investing activities	<u>(433,302)</u>	<u>(3,434,342)</u>	<u>-</u>	<u>(2,924,924)</u>	<u>2,219,179</u>	<u>(4,573,389)</u>
Cash flows from financing activities:						
Payment of finance and tax credit fees	-	-	-	(159,484)	-	(159,484)
Proceeds from issuance of debt	200,000	3,511,574	-	1,621,775	-	5,333,349
Payments of principal on long-term debt	-	(1,093,563)	-	(636,203)	-	(1,729,766)
Due to Beacon	-	1,522,231	1,829	419,233	(1,943,293)	-
Capital contributions - noncontrolling interests	-	-	-	2,945,756	-	2,945,756
Syndication costs	-	-	-	(40,000)	-	(40,000)
Distributions - noncontrolling interests	-	-	-	(20,329)	-	(20,329)
Interfund transfers	40,598	(394,154)	-	353,556	-	-
Contributions and grants for property acquisition	265,000	-	-	-	-	265,000
Net cash from financing activities	<u>505,598</u>	<u>3,546,088</u>	<u>1,829</u>	<u>4,484,304</u>	<u>(1,943,293)</u>	<u>6,594,526</u>
Total increase (decrease)	1,109,260	362,356	29,374	1,959,610	-	3,460,600
Cash, cash equivalents and restricted cash, beginning 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>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 7,660,832</u>	<u>\$ 1,346,983</u>	<u>\$ 163,593</u>	<u>\$ 4,234,228</u>	<u>\$ -</u>	<u>\$ 13,405,636</u>
Reconciliation to the statement of financial position:						
Cash	\$ 6,990,244	\$ 588,835	\$ 62,222	\$ 231,785	\$ -	\$ 7,873,086
Escrows and reserves	-	758,148	101,371	4,002,443	-	4,861,962
Cash - board designated	653,887	-	-	-	-	653,887
Cash restricted for long-term purposes	16,701	-	-	-	-	16,701
	<u>\$ 7,660,832</u>	<u>\$ 1,346,983</u>	<u>\$ 163,593</u>	<u>\$ 4,234,228</u>	<u>\$ -</u>	<u>\$ 13,405,636</u>

See independent auditor's report.

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATING STATEMENT OF FINANCIAL POSITION - WHOLLY OWNED ENTITIES

June 30, 2021

	North Haven LLC	Cedar View LLC	Hawthorne Avenue LLC	545 Snelling LLC	352 Wacouta LLC	Housing 150 LLC
ASSETS						
Cash	\$ 5,186	\$ 18	\$ 879	\$ 1,952	\$ 117,371	\$ 58,084
Accounts receivable	2,525	4,525	11,331	10,965	29,838	7,965
Prepaid expenses	-	83	-	892	618	8,113
Total current assets	<u>7,711</u>	<u>4,626</u>	<u>12,210</u>	<u>13,809</u>	<u>147,827</u>	<u>74,162</u>
Escrows and reserves	39,420	34,094	47,604	120,854	61,050	90,829
Property and equipment, net	648,594	620,966	1,145,661	1,811,398	1,929,750	1,689,790
Tax credit fees, net	-	-	-	-	-	-
Total assets	<u>\$ 695,725</u>	<u>\$ 659,686</u>	<u>\$ 1,205,475</u>	<u>\$ 1,946,061</u>	<u>\$ 2,138,627</u>	<u>\$ 1,854,781</u>
LIABILITIES AND NET ASSETS						
Accounts payable - operations	\$ 2,911	\$ 4,915	\$ 5,212	\$ 11,667	\$ 23,136	\$ 1,910
Current maturities of long-term debt	-	-	9,479	-	-	48,088
Accrued expenses	1,885	1,958	915	19,379	6,787	5,649
Accrued interest	-	-	789	-	-	386
Tenant security deposits	<u>7,308</u>	<u>6,426</u>	<u>11,593</u>	<u>17,875</u>	<u>16,070</u>	<u>4,948</u>
Total current liabilities	<u>12,104</u>	<u>13,299</u>	<u>27,988</u>	<u>48,921</u>	<u>45,993</u>	<u>60,981</u>
Deferred developer fee	-	-	33,000	-	-	-
Due to Beacon	6,800	-	-	231,868	449,341	117,331
Long-term debt, net	780,571	942,826	1,695,129	2,737,673	3,019,525	1,407,267
Accrued interest, long-term	37,438	67,640	101,463	-	-	78,255
Refundable advances	<u>225,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>520,000</u>
Total liabilities	<u>1,061,913</u>	<u>1,023,765</u>	<u>1,857,580</u>	<u>3,018,462</u>	<u>3,514,859</u>	<u>2,183,834</u>
Net assets:						
Without donor restrictions	<u>(366,188)</u>	<u>(364,079)</u>	<u>(652,105)</u>	<u>(1,072,401)</u>	<u>(1,376,232)</u>	<u>(329,053)</u>
Total liabilities and net assets	<u>\$ 695,725</u>	<u>\$ 659,686</u>	<u>\$ 1,205,475</u>	<u>\$ 1,946,061</u>	<u>\$ 2,138,627</u>	<u>\$ 1,854,781</u>

See independent auditor's report.

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATING STATEMENT OF FINANCIAL POSITION - WHOLLY OWNED ENTITIES

June 30, 2021

	Oakhaven Housing LLC	Clinton Avenue Townhomes LLC	Housing 150- Nicollet LLC	PCNF Nicollet LP	Lydia House LP	Development Projects	Total
ASSETS							
Cash	\$ 37,950	\$ 7,846	\$ 334,563	\$ 24,986	\$ -	\$ -	\$ 588,835
Accounts receivable	2,690	2,040	5,214	19,277	-	-	96,370
Prepaid expenses	9,949	-	-	1,145	-	-	20,800
Total current assets	50,589	9,886	339,777	45,408	-	-	706,005
Escrows and reserves	128,229	93,252	-	142,816	-	-	758,148
Property and equipment, net	461,838	568,670	779,229	5,969,939	-	6,312,468	21,938,303
Tax credit fees, net	-	-	-	16,967	-	-	16,967
Total assets	<u>\$ 640,656</u>	<u>\$ 671,808</u>	<u>\$ 1,119,006</u>	<u>\$ 6,175,130</u>	<u>\$ -</u>	<u>\$ 6,312,468</u>	<u>\$ 23,419,423</u>
LIABILITIES AND NET ASSETS							
Accounts payable - operations	\$ 304	\$ 2,550	\$ 53,952	\$ 32,633	\$ -	\$ 5,200	\$ 144,390
Current maturities of long-term debt	18,491	18,794	-	-	-	-	94,852
Accrued expenses	1,868	933	1,000	151,124	-	-	191,498
Accrued interest	1,389	-	-	-	-	-	2,564
Tenant security deposits	6,942	3,022	6,743	20,052	-	-	100,979
Total current liabilities	28,994	25,299	61,695	203,809	-	5,200	534,283
Deferred developer fee	-	-	-	-	-	-	33,000
Due to Beacon	-	-	-	44,771	-	2,816,468	3,666,579
Long-term debt, net	537,176	551,803	-	2,118,984	-	3,490,800	17,281,754
Accrued interest, long-term	-	-	-	144,979	-	-	429,775
Refundable advances	-	101,502	-	2,031,239	-	-	2,877,741
Total liabilities	566,170	678,604	61,695	4,543,782	-	6,312,468	24,823,132
Net assets:							
Without donor restrictions	74,486	(6,796)	1,057,311	1,631,348	-	-	(1,403,709)
Total liabilities and net assets	<u>\$ 640,656</u>	<u>\$ 671,808</u>	<u>\$ 1,119,006</u>	<u>\$ 6,175,130</u>	<u>\$ -</u>	<u>\$ 6,312,468</u>	<u>\$ 23,419,423</u>

See independent auditor's report.

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATING STATEMENT OF ACTIVITIES - WHOLLY OWNED ENTITIES

For the Year Ended June 30, 2021

	North Haven LLC	Cedar View LLC	Hawthorne Avenue LLC	545 Snelling LLC	352 Wacouta LLC	Housing 150 LLC
Operating revenues and support:						
Government grants	\$ -	\$ 20,758	\$ -	\$ 106,064	\$ 165,592	\$ -
Rent and housing assistance payments	95,250	86,267	248,245	482,483	471,397	236,086
Interest income	37	17	43	42	47	401
Miscellaneous	640	386	9,612	7,443	11,684	887
Total operating revenues and support	<u>95,927</u>	<u>107,428</u>	<u>257,900</u>	<u>596,032</u>	<u>648,720</u>	<u>237,374</u>
Operating expenses	<u>90,274</u>	<u>89,222</u>	<u>252,456</u>	<u>618,904</u>	<u>608,156</u>	<u>127,873</u>
Operating income (loss)	5,653	18,206	5,444	(22,872)	40,564	109,501
Forgiveness of debt	-	-	-	-	-	-
Impairment of property	-	-	-	-	-	-
Amortization of refundable advances	-	-	-	-	-	-
Gain on sale of property and equipment	-	-	-	-	-	-
Deferred interest - rental properties	(3,908)	-	(6,400)	-	-	(6,470)
Interest expense - finance fee amortization	(155)	-	(418)	(373)	(516)	-
Depreciation and amortization - rental properties	<u>(27,372)</u>	<u>(42,644)</u>	<u>(67,589)</u>	<u>(91,705)</u>	<u>(96,198)</u>	<u>(98,075)</u>
Change in net assets before investment activity	(25,782)	(24,438)	(68,963)	(114,950)	(56,150)	4,956
Interfund transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(56,579)</u>
Change in net assets	(25,782)	(24,438)	(68,963)	(114,950)	(56,150)	(51,623)
Net assets, beginning 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>
Net assets, end of year	<u>\$ (366,188)</u>	<u>\$ (364,079)</u>	<u>\$ (652,105)</u>	<u>\$ (1,072,401)</u>	<u>\$ (1,376,232)</u>	<u>\$ (329,053)</u>

See independent auditor's report.

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATING STATEMENT OF ACTIVITIES - WHOLLY OWNED ENTITIES

For the Year Ended June 30, 2021

	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	\$ -	\$ 2,971	\$ -	\$ 161,171	\$ -	\$ -	\$ 456,556
Rent and housing assistance payments	156,025	101,273	97,427	302,475	310,551	-	2,587,479
Interest income	698	527	293	754	105	-	2,964
Miscellaneous	196	1,240	-	-	11,262	-	43,350
Total operating revenues and support	<u>156,919</u>	<u>106,011</u>	<u>97,720</u>	<u>464,400</u>	<u>321,918</u>	<u>-</u>	<u>3,090,349</u>
Operating expenses	<u>98,292</u>	<u>94,695</u>	<u>59,844</u>	<u>506,778</u>	<u>261,089</u>	<u>-</u>	<u>2,807,583</u>
Operating income (loss)	58,627	11,316	37,876	(42,378)	60,829	-	282,766
Forgiveness of debt	-	-	-	-	1,516,625	-	1,516,625
Impairment of property	-	-	-	-	(814,064)	-	(814,064)
Amortization of refundable advances	-	-	-	406,249	-	-	406,249
Gain on sale of property and equipment	-	-	232,959	-	-	-	232,959
Deferred interest - rental properties	-	-	-	(12,776)	(59,531)	-	(89,085)
Interest expense - finance fee amortization	-	(535)	-	(2,078)	(1,657)	-	(5,732)
Depreciation and amortization - rental properties	<u>(22,656)</u>	<u>(25,956)</u>	<u>(38,470)</u>	<u>(165,336)</u>	<u>(141,641)</u>	<u>-</u>	<u>(817,642)</u>
Change in net assets before investment activity	35,971	(15,175)	232,365	183,681	560,561	-	712,076
Interfund transfers	<u>(18,065)</u>	<u>(2,000)</u>	<u>-</u>	<u>-</u>	<u>(317,510)</u>	<u>-</u>	<u>(394,154)</u>
Change in net assets	17,906	(17,175)	232,365	183,681	243,051	-	317,922
Net assets, beginning 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>
Net assets, end of year	<u>\$ 74,486</u>	<u>\$ (6,796)</u>	<u>\$ 1,057,311</u>	<u>\$ 1,631,348</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,403,709)</u>

See independent auditor's report.

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATING STATEMENT OF CASH FLOWS - WHOLLY OWNED ENTITIES

For the Year Ended June 30, 2021

	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	\$ (25,782)	\$ (24,438)	\$ (68,963)	\$ (114,950)	\$ (56,150)	\$ 4,956
Adjustments to reconcile the change in net assets to net cash from operating activities:						
Depreciation and amortization	27,527	42,644	68,007	92,078	96,714	98,075
Gain on sale of property and equipment	-	-	-	-	-	-
Amortization of refundable advances	-	-	-	-	-	-
Forgiveness of debt	-	-	-	-	-	-
Impairment of property	-	-	-	-	-	-
Changes in operating assets and liabilities:						
Accounts receivable	(363)	8,673	(3,186)	9,347	(5,757)	(2,863)
Prepaid expenses	-	(82)	-	(875)	181	(8,113)
Accounts payable and accrued expenses	(1,407)	(6,264)	2,852	(1,447)	214	1,045
Accrued interest	3,840	4,337	6,400	-	-	6,451
Tenant security deposits	68	(682)	(1,252)	(847)	(312)	32
Net cash from operating activities	<u>3,883</u>	<u>24,188</u>	<u>3,858</u>	<u>(16,694)</u>	<u>34,890</u>	<u>99,583</u>
Cash flows from investing activities:						
Payments for property and equipment	-	(11,871)	-	(6,625)	(14,718)	-
Proceeds from sale of property and equipment	-	-	-	-	-	-
Net cash from investing activities	<u>-</u>	<u>(11,871)</u>	<u>-</u>	<u>(6,625)</u>	<u>(14,718)</u>	<u>-</u>
Cash flows from financing activities:						
Proceeds from issuance of debt	-	-	-	92,750	98,024	-
Payments of principal on long-term debt	-	-	(8,976)	-	-	(47,848)
Due to Beacon	-	-	-	(1,504)	(592)	-
Interfund transfers	-	-	-	-	-	(56,579)
Net cash from financing activities	<u>-</u>	<u>-</u>	<u>(8,976)</u>	<u>91,246</u>	<u>97,432</u>	<u>(104,427)</u>
Total increase (decrease)	3,883	12,317	(5,118)	67,927	117,604	(4,844)
Cash, cash equivalents and restricted cash, beginning 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>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 44,606</u>	<u>\$ 34,112</u>	<u>\$ 48,483</u>	<u>\$ 122,806</u>	<u>\$ 178,421</u>	<u>\$ 148,913</u>
Reconciliation to the statement of financial position:						
Cash	\$ 5,186	\$ 18	\$ 879	\$ 1,952	\$ 117,371	\$ 58,084
Escrows and reserves	39,420	34,094	47,604	120,854	61,050	90,829
	<u>\$ 44,606</u>	<u>\$ 34,112</u>	<u>\$ 48,483</u>	<u>\$ 122,806</u>	<u>\$ 178,421</u>	<u>\$ 148,913</u>

See independent auditor's report.

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATING STATEMENT OF CASH FLOWS - WHOLLY OWNED ENTITIES

For the Year Ended June 30, 2021

	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	\$ 35,971	\$ (15,175)	\$ 232,365	\$ 183,681	\$ 560,561	\$ -	\$ 712,076
Adjustments to reconcile the change in net assets to net cash from operating activities:							
Depreciation and amortization	22,656	26,491	38,470	167,414	143,298	-	823,374
Gain on sale of property and equipment	-	-	(232,959)	-	-	-	(232,959)
Amortization of refundable advances	-	-	-	(406,249)	-	-	(406,249)
Forgiveness of debt	-	-	-	-	(1,516,625)	-	(1,516,625)
Impairment of property	-	-	-	-	814,064	-	814,064
Changes in operating assets and liabilities:							
Accounts receivable	1,746	(1,175)	6,178	(3,937)	11,397	-	20,060
Prepaid expenses	(9,949)	-	-	(412)	1,500	-	(17,750)
Accounts payable and accrued expenses	1,423	1,968	5,865	26,758	(63,003)	5,200	(26,796)
Accrued interest	(45)	-	-	12,775	59,530	-	93,288
Tenant security deposits	1,041	(134)	-	2,096	(11,883)	-	(11,873)
Net cash from operating activities	<u>52,843</u>	<u>11,975</u>	<u>49,919</u>	<u>(17,874)</u>	<u>(1,161)</u>	<u>5,200</u>	<u>250,610</u>
Cash flows from investing activities:							
Payments for property and equipment	(1,262)	-	-	-	(57,916)	(3,949,469)	(4,041,861)
Proceeds from sale of property and equipment	-	-	341,806	-	265,713	-	607,519
Net cash from investing activities	<u>(1,262)</u>	<u>-</u>	<u>341,806</u>	<u>-</u>	<u>207,797</u>	<u>(3,949,469)</u>	<u>(3,434,342)</u>
Cash flows from financing activities:							
Proceeds from issuance of debt	-	-	-	-	-	3,320,800	3,511,574
Payments of principal on long-term debt	(17,945)	(18,794)	-	-	-	(1,000,000)	(1,093,563)
Due to Beacon	-	-	(136,902)	37,760	-	1,623,469	1,522,231
Interfund transfers	(18,065)	(2,000)	-	-	(317,510)	-	(394,154)
Net cash from financing activities	<u>(36,010)</u>	<u>(20,794)</u>	<u>(136,902)</u>	<u>37,760</u>	<u>(317,510)</u>	<u>3,944,269</u>	<u>3,546,088</u>
Total increase (decrease)	15,571	(8,819)	254,823	19,886	(110,874)	-	362,356
Cash, cash equivalents and restricted cash, beginning 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>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 166,179</u>	<u>\$ 101,098</u>	<u>\$ 334,563</u>	<u>\$ 167,802</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,346,983</u>
Reconciliation to the statement of financial position:							
Cash	\$ 37,950	\$ 7,846	\$ 334,563	\$ 24,986	\$ -	\$ -	\$ 588,835
Escrows and reserves	128,229	93,252	-	142,816	-	-	758,148
	<u>\$ 166,179</u>	<u>\$ 101,098</u>	<u>\$ 334,563</u>	<u>\$ 167,802</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,346,983</u>

See independent auditor's report.

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATING STATEMENT OF FINANCIAL POSITION - AFFILIATED HOUSING ENTITIES

June 30, 2021

	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	Cranberry Ridge Housing LP	Lydia Apartments Housing LP	Total
ASSETS										
Cash	\$ 39,761	\$ 54,033	\$ 168	\$ 19,721	\$ 2,326	\$ 56,137	\$ 19,384	\$ -	\$ 40,255	\$ 231,785
Accounts receivable	305	845	5,571	42,589	3,979	19,940	157,666	-	5,740	236,635
Prepaid expenses	624	-	83	1,176	11,585	1,135	713	-	86,949	102,265
Total current assets	40,690	54,878	5,822	63,486	17,890	77,212	177,763	-	132,944	570,685
Escrows and reserves	91,082	871,914	181,208	330,112	144,209	429,909	202,328	527,000	1,224,681	4,002,443
Property and equipment, net	1,610,015	5,596,572	2,450,142	9,103,536	6,515,152	9,429,715	16,634,353	2,559,714	2,398,920	56,298,119
Tax credit fees, net	-	-	29,368	22,357	-	22,813	36,655	-	-	111,193
Total assets	<u>\$ 1,741,787</u>	<u>\$ 6,523,364</u>	<u>\$ 2,666,540</u>	<u>\$ 9,519,491</u>	<u>\$ 6,677,251</u>	<u>\$ 9,959,649</u>	<u>\$ 17,051,099</u>	<u>\$ 3,086,714</u>	<u>\$ 3,756,545</u>	<u>\$ 60,982,440</u>
LIABILITIES AND NET ASSETS										
Accounts payable - operations	\$ 2,581	\$ 5,391	9,753	\$ 44,252	\$ 107,978	\$ 3,538	\$ 16,136	\$ -	\$ 121,346	\$ 310,975
Current maturities of long-term debt	14,621	-	-	-	-	-	-	-	-	14,621
Accrued expenses	43,127	58,479	49,569	65,181	10,117	79,270	116,978	-	5,030	427,751
Accrued interest	187,382	-	-	-	-	-	-	-	-	187,382
Tenant security deposits	5,332	17,469	5,917	14,893	17,014	15,851	25,548	-	10,594	112,618
Total current liabilities	253,043	81,339	65,239	124,326	135,109	98,659	158,662	-	136,970	1,053,347
Deferred developer fee	-	-	-	-	-	-	76,530	-	-	76,530
Due to Beacon	-	9,075	69,844	308,000	-	941,400	800,000	881,798	265,713	3,275,830
Long-term debt, net	1,327,465	2,359,041	1,296,802	7,227,191	1,834,602	7,235,640	4,619,273	1,577,000	1,726,510	29,203,524
Accrued interest, long-term	119,740	277,114	87,561	-	152,827	39,892	-	-	-	677,134
Total liabilities	1,700,248	2,726,569	1,519,446	7,659,517	2,122,538	8,315,591	5,654,465	2,458,798	2,129,193	34,286,365
Net assets:										
Without donor restrictions:										
Undesignated	41,539	729,875	64,920	16,434	(1,712,187)	(129)	(117)	2,465	311,090	(546,110)
Noncontrolling interests	-	3,066,920	1,082,174	1,843,540	-	1,644,187	11,396,751	625,451	1,316,262	20,975,285
Total without donor restrictions	41,539	3,796,795	1,147,094	1,859,974	(1,712,187)	1,644,058	11,396,634	627,916	1,627,352	20,429,175
With donor restrictions	-	-	-	-	6,266,900	-	-	-	-	6,266,900
Total net assets	41,539	3,796,795	1,147,094	1,859,974	4,554,713	1,644,058	11,396,634	627,916	1,627,352	26,696,075
Total liabilities and net assets	<u>\$ 1,741,787</u>	<u>\$ 6,523,364</u>	<u>\$ 2,666,540</u>	<u>\$ 9,519,491</u>	<u>\$ 6,677,251</u>	<u>\$ 9,959,649</u>	<u>\$ 17,051,099</u>	<u>\$ 3,086,714</u>	<u>\$ 3,756,545</u>	<u>\$ 60,982,440</u>

See independent auditor's report.

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATING STATEMENT OF ACTIVITIES - AFFILIATED HOUSING ENTITIES

For the Year Ended June 30, 2021

	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	Cranberry Ridge Housing LP	Lydia Apartments Housing LP	Total
Operating revenues and support:										
Government grants	\$ -	\$ -	\$ -	\$ 2,865	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,865
Rent and housing assistance payments	195,176	358,433	161,767	343,798	338,328	338,427	566,696	-	29,410	2,332,035
Interest income - operations	327	108	193	485	367	1,198	224	-	22	2,924
Miscellaneous	2,768	5,998	582	24,010	7,508	809	2,487	-	-	44,162
Total operating revenues and support	<u>198,271</u>	<u>364,539</u>	<u>162,542</u>	<u>371,158</u>	<u>346,203</u>	<u>340,434</u>	<u>569,407</u>	<u>-</u>	<u>29,432</u>	<u>2,381,986</u>
Operating expenses	<u>177,325</u>	<u>312,674</u>	<u>158,978</u>	<u>332,555</u>	<u>337,334</u>	<u>298,594</u>	<u>578,434</u>	<u>-</u>	<u>33,799</u>	<u>2,229,693</u>
Operating income (loss)	20,946	51,865	3,564	38,603	8,869	41,840	(9,027)	-	(4,367)	152,293
Deferred interest - rental properties	(33,795)	(23,965)	(14,755)	-	(16,346)	(8,000)	-	-	-	(96,861)
Interest expense - finance fee amortization	(2,506)	(2,841)	(260)	(1,108)	-	(3,987)	(1,785)	-	(151)	(12,638)
Depreciation and amortization - rental properties	<u>(44,076)</u>	<u>(179,406)</u>	<u>(103,278)</u>	<u>(287,717)</u>	<u>(200,256)</u>	<u>(304,860)</u>	<u>(540,622)</u>	<u>-</u>	<u>(4,636)</u>	<u>(1,664,851)</u>
Change in net assets before investment activity	(59,431)	(154,347)	(114,729)	(250,222)	(207,733)	(275,007)	(551,434)	-	(9,154)	(1,622,057)
Contributions - noncontrolling interests	-	-	-	-	-	-	994,890	625,451	1,325,415	2,945,756
Distributions - noncontrolling interests	-	(18,219)	-	-	-	-	(2,110)	-	-	(20,329)
Syndication costs	-	-	-	-	-	-	-	-	(40,000)	(40,000)
Interfund transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,465</u>	<u>351,091</u>	<u>353,556</u>
Change in net assets	(59,431)	(172,566)	(114,729)	(250,222)	(207,733)	(275,007)	441,346	627,916	1,627,352	1,616,926
Net assets, beginning 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>-</u>	<u>-</u>	<u>25,079,149</u>
Net assets, end of year	<u>\$ 41,539</u>	<u>\$ 3,796,795</u>	<u>\$ 1,147,094</u>	<u>\$ 1,859,974</u>	<u>\$ 4,554,713</u>	<u>\$ 1,644,058</u>	<u>\$ 11,396,634</u>	<u>\$ 627,916</u>	<u>\$ 1,627,352</u>	<u>\$ 26,696,075</u>

See independent auditor's report.

BEACON INTERFAITH HOUSING COLLABORATIVE

CONSOLIDATING STATEMENT OF CASH FLOWS - AFFILIATED HOUSING ENTITIES

For the Year Ended June 30, 2021

	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	Cranberry Ridge Housing LP	Lydia Apartments Housing LP	Total
Cash flows from operating activities:										
Change in net assets	\$ (59,431)	\$ (154,347)	\$ (114,729)	\$ (250,222)	\$ (207,733)	\$ (275,007)	\$ (551,434)	\$ -	\$ (9,154)	\$ (1,622,057)
Adjustments to reconcile the change in net assets to net cash from operating activities:										
Depreciation and amortization	46,582	182,247	103,538	288,825	200,256	308,847	542,407	-	4,787	1,677,489
Changes in operating assets and liabilities:										
Accounts receivable	10,189	(689)	(694)	(16,426)	13,822	(760)	99,689	-	(5,740)	99,391
Prepaid expenses	(204)	-	(82)	(1,176)	4,355	(1,106)	(700)	-	(3,465)	(2,378)
Accounts payable and accrued expenses	(2,070)	(11,551)	1,518	26,389	(11,754)	14,651	8,517	-	126,376	152,076
Accrued interest	20,041	23,965	14,755	-	16,346	8,000	-	-	-	83,107
Tenant security deposits	55	299	38	(6,917)	(1,235)	26	9,742	-	10,594	12,602
Net cash from operating activities	15,162	39,924	4,344	40,473	14,057	54,651	108,221	-	123,398	400,230
Cash flows from investing activities:										
Payments for property and equipment	(5,553)	(18,369)	-	(15,330)	-	(4,230)	(995,478)	(1,239,992)	(645,972)	(2,924,924)
Net cash from investing activities	(5,553)	(18,369)	-	(15,330)	-	(4,230)	(995,478)	(1,239,992)	(645,972)	(2,924,924)
Cash flows from financing activities:										
Payments of finance fees	-	-	-	-	-	-	-	-	(159,484)	(159,484)
Proceeds from issuance of debt	-	-	-	-	-	-	-	1,577,000	44,775	1,621,775
Payments of principal on long-term debt	(13,703)	-	-	-	-	-	-	(622,500)	-	(636,203)
Due to Beacon	-	-	-	(31,056)	-	-	-	184,576	265,713	419,233
Capital contributions - noncontrolling interests	-	-	-	-	-	-	994,890	625,451	1,325,415	2,945,756
Syndication costs	-	-	-	-	-	-	-	-	(40,000)	(40,000)
Distributions - noncontrolling interests	-	(18,219)	-	-	-	-	(2,110)	-	-	(20,329)
Interfund transfers	-	-	-	-	-	-	-	2,465	351,091	353,556
Net cash from financing activities	(13,703)	(18,219)	-	(31,056)	-	-	992,780	1,766,992	1,787,510	4,484,304
Total increase (decrease)	(4,094)	3,336	4,344	(5,913)	14,057	50,421	105,523	527,000	1,264,936	1,959,610
Cash, cash equivalents and restricted cash, beginning of year	134,937	922,611	177,032	355,746	132,478	435,625	116,189	-	-	2,274,618
Cash, cash equivalents and restricted cash, end of year	<u>\$ 130,843</u>	<u>\$ 925,947</u>	<u>\$ 181,376</u>	<u>\$ 349,833</u>	<u>\$ 146,535</u>	<u>\$ 486,046</u>	<u>\$ 221,712</u>	<u>\$ 527,000</u>	<u>\$ 1,264,936</u>	<u>\$ 4,234,228</u>
Reconciliation to the statement of financial position:										
Cash	\$ 39,761	\$ 54,033	\$ 168	\$ 19,721	\$ 2,326	\$ 56,137	\$ 19,384	\$ -	\$ 40,255	\$ 231,785
Escrows and reserves	91,082	871,914	181,208	330,112	144,209	429,909	202,328	527,000	1,224,681	4,002,443
	<u>\$ 130,843</u>	<u>\$ 925,947</u>	<u>\$ 181,376</u>	<u>\$ 349,833</u>	<u>\$ 146,535</u>	<u>\$ 486,046</u>	<u>\$ 221,712</u>	<u>\$ 527,000</u>	<u>\$ 1,264,936</u>	<u>\$ 4,234,228</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, 2021	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	50,139
5 Interest Earned on Development Cost Escrow	-
6 Allowable Distribution for Fiscal Year	50,139

B. COMPUTATION OF SURPLUS CASH

Cash	
7 Operating Cash Balance	\$ 58,084
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)	58,084
Current Obligations	
13 Accounts Payable Balance, trade	1,910
14 Accrued Interest on Amort. Mortgages	386
15 Accrued MHFA Annual Fee	-
16 Accrued FAF/FA Monthly Escrow	-
17 Prepaid rents	-
18 Other (describe): Accrued expenses	5,649
(b) Surplus Cash/(Deficiency) (line (a) minus Lines 13 thru 18)	\$ 50,139
19 Amount Available for Distribution	\$ 50,139
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, 2021	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	\$ 37,950
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>37,950</u>
Current Obligations	
13 Accounts Payable Balance, trade	304
14 Accrued Interest on Amort. Mortgages	1,389
15 Accrued MHFA Annual Fee	-
16 Accrued FAF/FA Monthly Escrow	-
17 Prepaid rents	-
18 Other (describe): <u>Accrued expenses</u>	1,868
	-
(b) Surplus Cash/(Deficiency) (line (a) minus Lines 13 thru 18)	<u>\$ 34,389</u>
19 Amount Available for Distribution	<u>\$ 18,065</u>
20 Net Amount to be Deposited to Residual Receipts	<u>\$ 16,324</u>

C. COMPUTATION OF RESIDUAL RECEIPTS TRANSFER

21 Required Deposit (From Sec. B) (line 20)	\$ 16,324
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>\$ 16,324</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, 2021

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:_____