

**MAPLEWOOD HOUSING  
FOR THE VISUALLY  
IMPAIRED**

**d/b/a FRIEDMAN PLACE**

**Report on Audited Financial Statements**

**June 30, 2017**

**MANNING SILVERMAN & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS  
(847) 459-8850**

**MAPLEWOOD HOUSING FOR THE VISUALLY IMPAIRED**  
**d/b/a FRIEDMAN PLACE**  
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**JUNE 30, 2017**

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Home Office:

175 Olde Half Day Rd, Suite 290

Lincolnshire, IL 60069

P: (847) 459-8850

F: (847) 537-8954

[www.manningsilverman.com](http://www.manningsilverman.com)

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Maplewood Housing for the Visually Impaired  
d/b/a Friedman Place  
Chicago, Illinois

We have audited the accompanying financial statements of Maplewood Housing for the Visually Impaired, d/b/a Friedman Place (an Illinois not-for-profit corporation), which comprise the statement of financial position as of June 30, 2017 and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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**

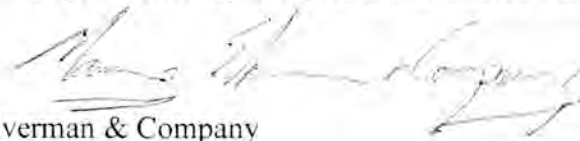
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform the audit to obtain reasonable assurance about 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 Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Maplewood Housing for the Visually Impaired, d/b/a Friedman Place, as of June 30, 2017 and the results of its activities and changes in net assets, functional expenses and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Manning Silverman & Company  
Certified Public Accountants  
Lincolnshire, Illinois

January 23, 2018

**MAPLEWOOD HOUSING FOR THE VISUALLY IMPAIRED**  
**d/b/a FRIEDMAN PLACE**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2017**

**ASSETS**

Current Assets:	
Cash and Cash Equivalents	\$ 48,257
Accounts Receivable	698,560
Prepaid Expenses	6,067
Resident Deposits	<u>9,796</u>
Total Current Assets	<u>762,680</u>
Fixed Assets	
Land	1,028,500
Building and Improvements	6,906,442
Machinery and Equipment	266,590
Furniture and Fixtures	42,696
Vehicles	36,361
Less: Accumulated Depreciation	<u>(3,042,553)</u>
Total Fixed Assets	<u>5,238,036</u>
Total Assets	<u>\$ 6,000,716</u>

**LIABILITIES AND NET ASSETS**

Current Liabilities:	
Accounts Payable and Accrued Expenses	\$ 66,616
Accrued Payroll	64,544
Due to Residents	<u>9,596</u>
Total Current Liabilities	<u>140,756</u>
Long-Term Obligations to Supporting Organization	<u>2,075,000</u>
Total Liabilities	<u>2,215,756</u>
Net Assets:	
Unrestricted Net Assets	3,759,960
Temporarily Restricted	<u>25,000</u>
Total Net Assets	<u>3,784,960</u>
Total Liabilities and Net Assets	<u>\$ 6,000,716</u>

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.

**MAPLEWOOD HOUSING FOR THE VISUALLY IMPAIRED  
d/b/a FRIEDMAN PLACE  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED JUNE 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Other Support			
Resident Fee for Service	\$ 1,137,011	\$ -	\$ 1,137,011
Managed Care Organization Revenue	1,293,865	-	1,293,865
State of Illinois Funding	619,164	-	619,164
Donations	348,640	25,000	373,640
Forgiveness of Interest	119,000	-	119,000
Other Income	25,895	-	25,895
Net Assets Released from Restriction	<u>61,395</u>	<u>(61,395)</u>	<u>-</u>
Total Revenue and Other Support	<u>3,604,970</u>	<u>(36,395)</u>	<u>3,568,575</u>
Expenses			
Program Services	2,825,490	-	2,825,490
Management and General	508,042	-	508,042
Fundraising and Development	<u>218,926</u>	<u>-</u>	<u>218,926</u>
Total Expenses	<u>3,552,458</u>	<u>-</u>	<u>3,552,458</u>
Increase (Decrease) in Net Assets	52,512	(36,395)	16,117
Net Assets, Beginning of Year	<u>3,707,448</u>	<u>61,395</u>	<u>3,768,843</u>
Net Assets, End of Year	<u>\$ 3,759,960</u>	<u>\$ 25,000</u>	<u>\$ 3,784,960</u>

See Independent Auditor's Report.  
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**MAPLEWOOD HOUSING FOR THE VISUALLY IMPAIRED**  
**d/b/a FRIEDMAN PLACE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2017**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total Expenses</u>
Salaries	\$ 1,437,800	\$ 301,696	\$ 132,531	\$ 1,872,027
Payroll Taxes	95,446	19,833	8,677	123,956
Employee Benefits	252,040	52,371	22,913	327,324
<b>Total Salaries and Related Expenses</b>	<b>1,785,286</b>	<b>373,900</b>	<b>164,121</b>	<b>2,323,307</b>
Building Operations and Maintenance	281,399	18,155	3,026	302,580
Food Services	284,129	-	-	284,129
Resident Services	45,999	-	-	45,999
Insurance	8,230	21,696	7,481	37,407
Wellness Services	34,177	-	-	34,177
Professional Fees	7,505	19,787	6,824	34,116
Office Expenses	6,417	16,921	5,834	29,172
Telephone	3,603	9,498	3,275	16,376
Computer Equipment and Supplies	2,963	7,813	2,694	13,470
Development	-	-	13,187	13,187
Training and Education	884	2,330	803	4,017
Bank Fees	751	1,981	683	3,415
Miscellaneous	237	594	205	1,036
<b>Total Expenses Before Depreciation</b>	<b>2,461,580</b>	<b>472,675</b>	<b>208,133</b>	<b>3,142,388</b>
Interest on Loan from Supporting Organization	93,218	17,900	7,882	119,000
Depreciation	270,692	17,467	2,911	291,070
<b>Total Expenses</b>	<b>\$ 2,825,490</b>	<b>\$ 508,042</b>	<b>\$ 218,926</b>	<b>\$ 3,552,458</b>

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.

**MAPLEWOOD HOUSING FOR THE VISUALLY IMPAIRED**  
**d/b/a FRIEDMAN PLACE**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2017**

Cash Flows from Operating Activities	
Increase in Net Assets	\$ 16,117
Adjustments to Reconcile Increase in Net Assets	
to Net Cash Provided by (Used in) Operating Activities:	
Depreciation	291,070
Decrease (Increase) in Assets	
Accounts Receivable	(433,388)
Prepaid Expenses	(39)
Resident Deposits	5,777
(Decrease) in Liabilities	
Accounts Payable and Accrued Expenses	(21,889)
Accrued Payroll	(79,371)
Due to Residents	(5,899)
	<u>                    </u>
Net Cash (Used in) Operating Activities	<u>(227,622)</u>
Cash Flows from Investing Activities	
Purchase of Fixed Assets	<u>(94,204)</u>
Net Cash (Used in) Investing Activities	<u>(94,204)</u>
Net (Decrease) in Cash and Cash Equivalents	(321,826)
Cash and Cash Equivalents, Beginning of Year	<u>370,083</u>
Cash and Cash Equivalents, End of Year	<u>\$ 48,257</u>

See Independent Auditor's Report.  
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**MAPLEWOOD HOUSING FOR THE VISUALLY IMPAIRED**  
**d/b/a FRIEDMAN PLACE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 1 – Organization and Nature of Activities**

Maplewood Housing for the Visually Impaired (d/b/a Friedman Place) (the “Organization”), is an Illinois not-for-profit corporation formed to provide an assisted living environment for people who are blind or have diminished sight.

The Organization receives significant financial support from an independent not-for-profit entity, The Association of the Jewish Blind of Chicago (d/b/a Kagan Home for the Blind) (“Kagan”), in the form of long-term loans, grants and forgiveness of certain expenses incurred in connection with that support.

**Note 2 – Summary of Significant Accounting Policies**

Basis of Accounting

The accounts of the Organization are maintained on the accrual basis.

Information regarding the financial position and activities of the Organization is reported in three classes of net assets (as applicable): unrestricted, temporarily restricted or permanently restricted, the latter two of which are based on the existence or absence of externally (donor) imposed restrictions on contributions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- Unrestricted Net Assets – Unrestricted net assets are not subject to donor-imposed stipulations. They include all activities of the Organization, except for those that are temporarily or permanently restricted by donors. Board designated amounts are part of unrestricted net assets.
- Temporarily Restricted Net Assets – Temporarily restricted net assets are subject to donor-imposed stipulations that can be removed through the passage of time (time restrictions) or actions of the Organization (purpose restrictions).
- Permanently Restricted Net Assets – Permanently restricted net assets are subject to the restrictions imposed by donors who require that the principal of this class of net assets be retained in perpetuity as an endowment with only the income to be reclassified to unrestricted net assets.

There are no permanently restricted net assets.

**MAPLEWOOD HOUSING FOR THE VISUALLY IMPAIRED**  
**d/b/a FRIEDMAN PLACE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

Revenue Recognition: Grants and Contracts and Contributions

Grants and contracts are recognized as revenue in the periods received but they may be subject to adjustment in subsequent periods. All revenues from contracts or grants are considered to be available for unrestricted use unless specifically restricted as to time or purpose by the respective grantors or contracting agencies. Amounts received that are designated for future periods or are restricted for specific purposes are reported as temporarily restricted support that increases that net asset class. Contract and grant revenues for which time or purpose restrictions expire in the period received are considered unrestricted revenues.

A restriction expires when a stipulated time restriction ends, when an unconditional promise with an implied time restriction is collected or when a purpose restriction is accomplished. Upon expiration, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities and changes in net assets as net assets released from restrictions.

Contributions and donations are recognized as revenue upon receipt of donors' commitments. Unconditional promises to give, which do not state a due date or use restriction, are presumed to be unrestricted net assets.

Donated Goods and Services

Donated services that create or enhance nonfinancial assets or that require specialized skills may be provided by individuals possessing those skills. They would typically need to be purchased if not provided by donation and are recorded at their fair values in the period received.

Contributions of donated noncash assets are recorded at their fair values in the period received. The Organization reports these gifts as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used.

Accounts Receivable

Contract and grant accounts receivable are stated at face value.

Functional Allocation of Expenses

Expenses relating to more than one function are allocated to program service, general administration and development (fundraising) based on employee time estimates or other appropriate usage factors.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**MAPLEWOOD HOUSING FOR THE VISUALLY IMPAIRED**  
**d/b/a FRIEDMAN PLACE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

Property and Equipment

Property and equipment is recorded at historical cost. The Organization capitalizes fixed asset additions over \$1,000. Depreciation is computed using the accelerated and straight-line methods for all property and equipment. The estimated useful lives in computing depreciation are as follows:

<u>Description</u>	<u>Years</u>
Machinery and Equipment	3 - 7
Furniture and Fixtures	3 - 7
Buildings and Improvements	27.5

Maintenance and repairs, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Gains or losses on dispositions of property and equipment are included in the statement of activities and changes in net assets.

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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and is not considered to be a private foundation. It is also required to recognize or derecognize in its financial statements positions taken or expected to be taken in a tax return on a "more likely than not" threshold. The Organization does not believe its financial statements include any uncertain tax positions. The Organization's income tax filings for the years ending June 30, 2013 and thereafter remain subject to examination by the Internal Revenue Service.

**Note 3 – Concentrations**

For the year ended June 30, 2017, approximately 55% of the Organization's room and board revenues was generated from participation in the Illinois Department of Healthcare and Family Services Supportive Living Facilities program.

For the year ended June 30, 2017 approximately 49% (\$172,000) of donations, exclusive of forgiven interest in the amount of \$119,000, was received from Kagan (see Note 6 for further discussion of the relationship between the two entities).

**MAPLEWOOD HOUSING FOR THE VISUALLY IMPAIRED**  
**d/b/a FRIEDMAN PLACE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

**Note 4 – Resident Deposits**

The Organization maintains custodial accounts for certain of its residents. These funds are combined in a segregated cash account and are used solely for the purpose of and at the discretion of the specific residents to whom the funds belong. At June 30, 2017, the amount of restricted cash was \$9,796.

**Note 5 – Temporarily Restricted Net Assets**

Temporarily restricted net assets represent contributions, grants or contracts in which donor/grantor restrictions have been imposed or are applicable to periods subsequent to the date of the financial statements; the details are as follows:

Grantor	Beginning Balance	Amount	Expended	Ending Balance
Crown Family Philanthropies	\$ 4,787	\$ 25,000	\$ (4,787)	\$ 25,000
The Retirement Research Foundation	30,572	-	(30,572)	-
DHLC	26,039	-	(26,039)	-
Total	<u>\$ 61,398</u>	<u>\$ 25,000</u>	<u>\$ (61,398)</u>	<u>\$ 25,000</u>

**Note 6 – Relationships with Supporting Organization**

The Organization’s support from Kagan consists of the following:

- Interest-bearing loan dated March 3, 2005 in the original amount of \$1,700,000, with scheduled monthly installments of \$11,305 including interest at 7.00%, maturing March 1, 2035. Each year Kagan has deferred all payments of principal and forgiven payments of interest; the cumulative total of such interest forgiveness at June 30, 2017 approximates \$1,400,000, including \$119,000 in the year ended June 30, 2017; the loan balance at June 30, 2017 remains \$1,700,000.
- Non-interest-bearing loan dated November 21, 2004 in the original amount of \$750,000, with scheduled annual installments of \$37,500, maturing November 1, 2024. As of June 30, 2017, Kagan has deferred collection of two payments totaling \$75,000.

Because of the history of interest forgiveness and principal deferral in connection with these two obligations, no portions are considered currently payable in the statement of financial position.

See Note 3, above, for the amount of donations made by Kagan to the Organization.

**MAPLEWOOD HOUSING FOR THE VISUALLY IMPAIRED**  
**d/b/a FRIEDMAN PLACE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

**Note 7 – Contingent Liability**

In 2004, the Organization received a \$345,000 subsidy from the Federal Home Loan Bank of Chicago for its participation in the Federal Housing Finance Board's Affordable Housing Program (the "Program"). Under the terms of the Program, the Organization must maintain and operate a minimum number of affordable rental units for tenants with household incomes within 50% to 80% of the area median income as defined by the U.S. Department of Housing and Urban Development. The Organization is required to certify at least once every three years that it is in compliance with the regulations of the Program. If compliance is not maintained, the \$345,000 subsidy must be repaid. The Program retention period ends February 15, 2020. As of June 30, 2017, the Organization was in compliance with all Program regulations.

**Note 8 – Contributed Materials and Services**

Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. For the years ended June 30, 2017, no materials or services requiring recognition were received by the Organization. A substantial number of unpaid volunteers have made significant contributions of their time to the Organization. No amounts have been reflected for the value of these services.

**Note 9 – Subsequent Events**

Subsequent events have been evaluated through January 23, 2018, which is the date the financial statements were available to be issued. There are no subsequent events requiring recognition and/or disclosure in the financial statements.