

**Maplewood Housing for the Visually Impaired
d/b/a Friedman Place
Financial Statements
June 30, 2015 and 2014**

**Maplewood Housing for the Visually Impaired
d/b/a Friedman Place
For the Years Ended June 30, 2015 and 2014**

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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 (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the 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, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Bronswick Reicin Pollack, Ltd.

September 28, 2015
Buffalo Grove, Illinois

**Maplewood Housing for the Visually Impaired
d/b/a Friedman Place**

Statements of Financial Position
Years Ended June 30, 2015 and 2014

	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 274,531	\$ 354,790
Cash held for residents	20,996	26,496
Accounts receivable	387,370	257,779
Prepaid expenses and other current assets	23,476	17,097
Total Current Assets	706,373	656,162
Property and equipment, net	5,050,971	5,148,091
TOTAL ASSETS	\$ 5,757,344	\$ 5,804,253
LIABILITIES		
Current Liabilities		
Current portion of long-term debt - related party	\$ 54,767	\$ 54,768
Accounts payable	52,175	79,412
Accrued payroll	113,155	86,754
Other accrued expenses	2,425	7,328
Due to residents	22,606	26,213
Total Current Liabilities	245,128	254,475
Noncurrent Liabilities		
Notes payable - related party	2,120,233	2,233,442
Total Noncurrent Liabilities	2,120,233	2,233,442
TOTAL LIABILITIES	2,365,361	2,487,917
NET ASSETS		
Unrestricted	3,342,447	3,282,296
Temporarily restricted	49,536	34,040
TOTAL NET ASSETS	3,391,983	3,316,336
TOTAL LIABILITIES AND NET ASSETS	\$ 5,757,344	\$ 5,804,253

The accompanying notes are an integral part of the 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, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
State of Illinois funding	\$ 1,227,892	\$ -	\$ 1,227,892
Resident fee for service	1,878,466	-	1,878,466
Donations	490,207	31,171	521,378
Other income	65,160	-	65,160
Total Revenue and Other Support	<u>3,661,725</u>	<u>31,171</u>	<u>3,692,896</u>
EXPENSES			
Programs	3,049,746	15,675	3,065,421
General and administrative	345,842	-	345,842
Development	205,986	-	205,986
Total Expenses	<u>3,601,574</u>	<u>15,675</u>	<u>3,617,249</u>
INCREASE IN NET ASSETS	60,151	15,496	75,647
NET ASSETS - BEGINNING OF YEAR	<u>3,282,296</u>	<u>34,040</u>	<u>3,316,336</u>
NET ASSETS - END OF YEAR	<u><u>\$ 3,342,447</u></u>	<u><u>\$ 49,536</u></u>	<u><u>\$ 3,391,983</u></u>

The accompanying notes are an integral part of the 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, 2014

	Unrestricted	Temporarily Restricted	Total
REVENUE AND OTHER SUPPORT			
State of Illinois funding	\$ 1,588,161	\$ -	\$ 1,588,161
Resident fee for service	1,404,986	-	1,404,986
Donations	610,757	34,040	644,797
Other income	68,658	-	68,658
Total Revenue and Other Support	3,672,562	34,040	3,706,602
EXPENSES			
Programs	3,112,648	-	3,112,648
General and administrative	415,445	-	415,445
Development	210,188	-	210,188
Total Expenses	3,738,281	-	3,738,281
(DECREASE) INCREASE IN NET ASSETS	(65,719)	34,040	(31,679)
NET ASSETS - BEGINNING OF YEAR	3,348,015	-	3,348,015
NET ASSETS - END OF YEAR	\$ 3,282,296	\$ 34,040	\$ 3,316,336

The accompanying notes are an integral part of the financial statements.

Maplewood Housing for the Visually Impaired
d/b/a Friedman Place
 Statements of Functional Expenses
 Years Ended June 30, 2015 and 2014

	General			Total
	Program	Administration	Development	
Year Ended June 30, 2015				
Staff salaries	\$ 1,608,778	\$ 189,268	\$ 94,634	\$ 1,892,680
Payroll taxes	137,353	16,159	8,080	161,592
Employee benefits	259,018	30,473	15,236	304,727
Resident services	75,276	-	-	75,276
Food services	255,272	-	-	255,272
Integrative care	48,100	-	-	48,100
Building and maintenance	292,447	18,667	-	311,114
Depreciation	230,676	14,724	-	245,400
General and administrative	29,036	76,551	26,397	131,984
Charity care	1,979	-	-	1,979
Development	-	-	61,639	61,639
Interest expense	127,486	-	-	127,486
Total Expenses	\$ 3,065,421	\$ 345,842	\$ 205,986	\$ 3,617,249

	General			Total
	Program	Administration	Development	
Year Ended June 30, 2014				
Staff salaries	\$ 1,632,650	\$ 190,537	\$ 108,646	\$ 1,931,833
Payroll taxes	140,393	16,384	9,343	166,120
Employee benefits	265,086	30,937	17,640	313,663
Resident services	82,252	-	-	82,252
Food services	254,681	-	-	254,681
Integrative care	62,609	-	-	62,609
Building and maintenance	258,317	17,574	-	275,891
Depreciation	221,682	15,082	-	236,764
General and administrative	55,294	144,931	47,592	247,817
Charity care	11,326	-	-	11,326
Development	-	-	26,967	26,967
Interest expense	128,358	-	-	128,358
Total Expenses	\$ 3,112,648	\$ 415,445	\$ 210,188	\$ 3,738,281

The accompanying notes are an integral part of the financial statements.

Maplewood Housing for the Visually Impaired
d/b/a Friedman Place
Statements of Cash Flows
Years Ended June 30, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 75,647	\$ (31,679)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	245,400	236,764
Charity care	1,979	7,544
Changes in Operating Assets and Liabilities:		
Cash held for residents	5,500	(1,879)
Receivables	(131,570)	71,507
Other receivables	-	2,276
Prepaid expenses and other current assets	(6,379)	(17,097)
Accounts payable	(27,237)	49,744
Accrued payroll	26,401	23,289
Other accrued expenses	(4,903)	7,328
Due to residents	(3,607)	1,616
NET CASH PROVIDED BY OPERATING ACTIVITIES	181,231	349,413
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(148,280)	(87,780)
 CASH FLOWS FROM FINANCING ACTIVITIES		
(Payments) borrowings on line of credit, net	(113,210)	80,000
(Payments) on term notes payable	-	(375,000)
NET CASH USED FOR FINANCING ACTIVITIES	(113,210)	(295,000)
 NET (DECREASE) IN CASH	(80,259)	(33,368)
CASH AT THE BEGINNING OF THE YEAR	354,790	388,158
CASH AT THE END OF THE YEAR	\$ 274,531	\$ 354,790
 SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	\$ 4,593	\$ 5,465
Donation revenue resulting from forgiveness of interest payable to related party (see note 4)	\$ 122,893	\$ 122,893

The accompanying notes are an integral part of the financial statements.

Maplewood Housing for the Visually Impaired
d/b/a Friedman Place
For the Years Ended June 30, 2015 and 2014

Note 1 OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Maplewood Housing for the Visually Impaired, doing business as 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.

Basis of Presentation

Pursuant to FASB ASC 958-205, Not-for-Profit Entities - Presentation of Financial Statements, the Organization presents its information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all investments with a maturity of three months or less to be cash equivalents. The carrying amount of financial instruments included in cash and cash equivalents approximates fair value because of the short maturities of the instruments held. At June 30, 2015 and 2014, there were no cash equivalents in the Statement of Financial Position.

Property and Equipment

Property and equipment are recorded at cost. Equipment and vehicles are depreciated over a period of three to seven years using accelerated and straight line methods. Building and improvements are substantially depreciated on a straight line basis over twenty seven and one half (27.5) years. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property or equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is recognized.

Classification of Net Assets

Net assets of the Organization are classified as unrestricted, temporarily restricted, or permanently restricted depending on the presence and characteristics of donor-imposed restrictions limiting the Organization's ability to use or dispose of contributed assets or the economic benefits embodied in those assets.

Unrestricted net assets are not subject to donor-imposed restrictions. Donor-imposed restrictions that expire with the passage of time or can be removed by meeting certain foreseeable requirements result in temporarily restricted net assets. Permanently restricted net assets result from donor-imposed restrictions that limit the use of net assets to perpetuity. Earnings, gains and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law.

Restricted and Unrestricted Support

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. Temporarily restricted contributions whose restrictions are met within the same reporting period are included in unrestricted support. As of June 30, 2015 and 2014, the Organization had temporarily restricted assets of \$49,536 and \$34,040, respectively. The Organization has not received any contributions with donor imposed restrictions that would result in permanently restricted net assets.

Designations

Designations, including board-designated endowments, are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects, or investments. The governing board of the nonprofit organization may approve designations as an aid in planning future expenditures, but designations are not expenses and should not be reported in the statement of activities. Since designations are voluntary and may be reversed by the governing board at any time, designated portions of net assets are considered unrestricted. Designations may be reported as classifications of unrestricted net assets on the statement of financial position or may be disclosed in the notes to the financial statements.

Maplewood Housing for the Visually Impaired

d/b/a Friedman Place

For the Years Ended June 30, 2015 and 2014

Note 1 OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received as assets or decreases of liabilities or expenses depending on the form of the benefits received. As of June 30, 2015 and 2014, the Organization received unconditional promises to give of \$29,774 and \$0, respectively. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. For the years ended June 30, 2015 and 2014, no conditional promises to give were received by the Organization.

Expense Allocation

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Credit Risk

The Organization maintains its cash deposits in local financial institutions. From time to time, amounts on deposit may exceed the federally insured limit. In evaluating this credit risk, the Organization periodically evaluates the stability of these financial institutions.

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, 2015 and 2014, 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.

Bad Debts

Bad Debts are recorded using the direct charge-off method. Under this method, the expense is recognized when management has exhausted all efforts to collect balances owed.

Income Tax Status

Maplewood Housing for the Visually Impaired doing business as Friedman Place was organized as an Illinois not-for-profit corporation. It received tax exempt status under Section 501(c)(3) of the Internal Revenue Code and, as such, is not subject to federal and state income taxes.

The accounting guidance on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Management has continued to evaluate the application of this accounting guidance, and has determined that no reserves for uncertain tax positions were required to be recorded. There are no tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within twelve months. The Organization's Form 990, Return of Organization Exempt from Income Tax, are subject to examination by the IRS, generally for three years after they were filed.

Reclassifications

Certain reclassifications have been made to the 2014 financial statement presentation to conform to the 2015 presentation. Net assets and changes in net assets are unchanged due to these reclassifications.

Maplewood Housing for the Visually Impaired
d/b/a Friedman Place
For the Years Ended June 30, 2015 and 2014

Note 2 RESTRICTED CASH

The Organization maintains custodial accounts for the discretionary funds of certain of its residents. These funds are held in a segregated cash account and are restricted solely for the purpose of and at the discretion of the residents to whom the funds belong. At June 30, 2015 and 2014, the amount of restricted cash was \$20,996 and \$26,496, respectively.

Note 3 PROPERTY AND EQUIPMENT

	2015	2014
Land	\$ 1,000,000	\$ 1,000,000
Building and improvements	6,258,168	6,186,035
Equipment and vehicles	238,930	170,414
Furniture and fixtures	42,696	35,065
Total property and equipment	7,539,794	7,391,514
Accumulated depreciation	(2,488,823)	(2,243,423)
Property and Equipment, Net	\$ 5,050,971	\$ 5,148,091

The provisions for depreciation were \$245,400 and \$236,764, respectively, for the years ended June 30, 2015 and 2014.

Note 4 LINE OF CREDIT AND NOTES PAYABLE – RELATED PARTY

In June 2012, the Organization obtained a line of credit with The Association of the Jewish Blind of Chicago, doing business as Kagan Home for the Blind (Kagan), a related party (see note 6). This facility has a credit limit of \$500,000 and is secured by the real estate of the Organization. Amounts borrowed under this agreement bear interest at prime (3.25% at June 30, 2015 and 2014) plus 0.5% with payments of interest only due monthly. Principal and interest are due in full on June 1, 2018. As of June 30, 2015 and 2014, the outstanding balance on the line of credit was \$100,000 and \$213,210. Because the principal balance is due at maturity and is not due on demand except for events of default, the balance due is reflected in the accompanying 2015 and 2014 statements of financial position as a long-term liability. Interest expense recognized for the years ended June 30, 2015 and 2014 in connection with these lines was \$4,593 and \$5,465, respectively.

The Organization's obligations as of June 30, 2015 and 2014 consist of the following notes payable to Kagan, as follows:

	2015	2014
Line of Credit - related party	\$ 100,000	\$ 213,210
Note payable in the principal amount of \$1,700,000, maturing March 31, 2035, due in monthly installments of \$11,305, including interest at 7.0%	1,700,000	1,700,000
Non-interest bearing note payable in the principal amount of \$750,000, maturing November 1, 2024, due in annual installments of \$37,500	375,000	375,000
Total Notes Payable Due to Related Party	2,175,000	2,288,210
Less: Current portion	(54,767)	(54,768)
Long-term Notes Payable Due to Related Party	\$ 2,120,233	\$ 2,233,442

Maplewood Housing for the Visually Impaired
d/b/a Friedman Place
For the Years Ended June 30, 2015 and 2014

Note 4 LINE OF CREDIT AND NOTES PAYABLE – REALTED PARTY (continued)

For each of the years ended June 30, 2015 and 2014, Kagan elected to defer \$54,767 of scheduled payments of principal on the notes and forgave interest payments of \$122,893. All payments of principal that have been deferred by Kagan are due at maturity of the respective note. For each of the years ended June 30, 2015 and 2014, the Organization recognized \$122,893 of interest expense related to the \$1,700,000 note and \$122,893 of donations.

Future maturities of long term debt are as follows:

2016	\$ 54,767
2017	56,015
2018	57,354
2019	58,789
2020	60,328
Thereafter	<u>1,887,747</u>
Total	<u>\$ 2,175,000</u>

Note 5 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, 2015 and 2014, the Organization was in compliance with all Program regulations. In connection with this subsidy, Kagan granted the organization all rights, titles and interests in the real property, fixtures, parking areas and other interests. These conveyances represent the facilities in which the Organization conducts its operations.

Note 6 CONCENTRATIONS

For the years ended June 30, 2015 and 2014, approximately 40% and 53% of the Organization's room and board revenues were generated from participation in the Illinois Department of Healthcare and Family Services Supportive Living Facilities program.

For the year ended June 30, 2015 and 2014 approximately 47.5% and 55% of donations were received from The Association of the Jewish Blind of Chicago (d/b/a Kagan Home for the Blind), a related party.

Maplewood Housing for the Visually Impaired
d/b/a Friedman Place
For the Years Ended June 30, 2015 and 2014

Note 7 SAVINGS INCENTIVE MATCH PLAN

The Organization maintains a Savings Incentive Match Plan for Employees (SIMPLE IRA) which allows eligible employees to defer a portion of their annual compensation. However, there were no elective deferrals made by employees during the years ended June 30, 2015 and 2014. In addition, the Organization makes a non-elective contribution of 2% of compensation for those participants meeting certain requirements. For the year ended June 30, 2015, the Organization made contributions of \$25,518. For the year ended June 30, 2014, the Organization made contributions of \$65,450, including approximately \$38,141 of catch-up contributions for certain current and former employees.

Note 8 RECENT ACCOUNTING PRONOUNCEMENTS

The accounting and reporting policies described herein which govern reported amounts, presentations, and disclosures are subject to change from time to time based on new GAAP pronouncements. Recently adopted accounting and reporting standards not yet effective as of June 30, 2015 and as of the date of the accompanying auditors' report are not expected to have any material impact on the Organization's financial statements.

Note 9 SUBSEQUENT EVENTS

Plan management has evaluated events and transactions through September 28, 2015, the date the financial statements were available to be issued, and concluded that no events have occurred that require adjustment or disclosure to these financial statement. On August 24, 2015, the Organization acquired the adjoining building and personal property contained therein for an aggregate purchase price of \$285,000.