

**MAPLEWOOD HOUSING
FOR THE VISUALLY
IMPAIRED**

d/b/a FRIEDMAN PLACE

Report on Audited Financial Statements

June 30, 2018 and 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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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 statements of financial position as of June 30, 2018 and 2017 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. These standards require that we plan and perform the audits 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, 2018 and 2017 and the results of its activities and changes in net assets, functional expenses and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Manning Silverman & Company
Certified Public Accountants
Lincolnshire, Illinois

November 20, 2018

MAPLEWOOD HOUSING FOR THE VISUALLY IMPAIRED
d/b/a FRIEDMAN PLACE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

ASSETS		<u>2018</u>	<u>2017</u>
Current Assets:			
Cash and Cash Equivalents	\$	268,759	\$ 48,257
Accounts Receivable		388,221	698,560
Prepaid Expenses		2,693	6,067
Resident Deposits		<u>14,496</u>	<u>9,796</u>
Total Current Assets		<u>674,169</u>	<u>762,680</u>
Fixed Assets:			
Land		1,028,500	1,028,500
Building and Improvements		6,932,141	6,906,442
Machinery and Equipment		266,590	266,590
Furniture and Fixtures		42,696	42,696
Vehicles		36,361	36,361
Less: Accumulated Depreciation		<u>(3,332,718)</u>	<u>(3,042,553)</u>
Total Fixed Assets		4,973,570	5,238,036
Investments		<u>404,278</u>	<u>-</u>
Total Assets	\$	<u><u>6,052,017</u></u>	\$ <u><u>6,000,716</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:			
Accounts Payable and Accrued Expenses	\$	46,163	\$ 66,616
Accrued Payroll		83,928	64,544
Due to Residents		<u>14,175</u>	<u>9,596</u>
Total Current Liabilities		<u>144,266</u>	<u>140,756</u>
Long-Term Obligations to Affiliated Organization		<u>2,075,000</u>	<u>2,075,000</u>
Total Liabilities		<u>2,219,266</u>	<u>2,215,756</u>
Net Assets:			
Unrestricted		3,809,834	3,759,960
Temporarily Restricted		<u>22,917</u>	<u>25,000</u>
Total Net Assets		<u>3,832,751</u>	<u>3,784,960</u>
Total Liabilities and Net Assets	\$	<u><u>6,052,017</u></u>	\$ <u><u>6,000,716</u></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
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2018 AND 2017

	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue and Other Support:						
Resident Fees for Service	\$ 1,007,787	\$ -	\$ 1,007,787	\$ 1,137,011	\$ -	\$ 1,137,011
Managed Care Organization Revenue	1,768,232	-	1,768,232	1,293,865	-	1,293,865
State of Illinois Funding	254,972	-	254,972	619,164	-	619,164
Donations	662,494	22,917	685,411	348,640	25,000	373,640
Forgiveness of Interest	-	-	-	119,000	-	119,000
Other Income	28,238	-	28,238	25,895	-	25,895
Investment Income	4,626	-	4,626	-	-	-
Net Assets Released from Restriction	25,000	(25,000)	-	61,395	(61,395)	-
Total Revenue and Other Support	3,751,349	(2,083)	3,749,266	3,604,970	(36,395)	3,568,575
Expenses:						
Program Services	2,979,812	-	2,979,812	2,825,490	-	2,825,490
Management and General	493,790	-	493,790	508,042	-	508,042
Fundraising and Development	227,873	-	227,873	218,926	-	218,926
Total Expenses	3,701,475	-	3,701,475	3,552,458	-	3,552,458
Increase (Decrease) in Net Assets	49,874	(2,083)	47,791	52,512	(36,395)	16,117
Net Assets, Beginning of Year	3,759,960	25,000	3,784,960	3,707,448	61,395	3,768,843
Net Assets, End of Year	<u>\$ 3,809,834</u>	<u>\$ 22,917</u>	<u>\$ 3,832,751</u>	<u>\$ 3,759,960</u>	<u>\$ 25,000</u>	<u>\$ 3,784,960</u>

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MAPLEWOOD HOUSING FOR THE VISUALLY IMPAIRED
d/b/a FRIEDMAN PLACE
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2018 AND 2017

	2018				2017			
	Program Services	Management and General	Fundraising and Development	Total Expenses	Program Services	Management and General	Fundraising and Development	Total Expenses
Salaries	\$ 1,437,329	\$ 272,890	\$ 128,473	\$ 1,838,692	\$ 1,437,800	\$ 301,696	\$ 132,531	\$ 1,872,027
Payroll Taxes	108,478	22,541	9,862	140,881	95,446	19,833	8,677	123,956
Employee Benefits	279,257	58,027	25,387	362,671	252,040	52,371	22,913	327,324
Total Salaries and Related Expenses	1,825,064	353,458	163,722	2,342,244	1,785,286	373,900	164,121	2,323,307
Building Operations and Maintenance	396,929	25,606	4,268	426,803	281,399	18,155	3,026	302,580
Food Services	281,496	-	-	281,496	284,129	-	-	284,129
Resident Services	45,740	-	-	45,740	45,999	-	-	45,999
Insurance	9,009	23,749	8,189	40,947	8,230	21,696	7,481	37,407
Wellness Services	37,431	-	-	37,431	34,177	-	-	34,177
Professional Fees	7,914	20,863	7,194	35,971	7,505	19,787	6,824	34,116
Office Expenses	5,487	14,467	4,989	24,943	6,417	16,921	5,834	29,172
Telephone	4,185	11,034	3,805	19,024	3,603	9,498	3,275	16,376
Computer Equipment and Supplies	2,508	6,613	2,280	11,401	2,963	7,813	2,694	13,470
Development	-	-	21,714	21,714	-	-	13,187	13,187
Training and Education	208	547	189	944	884	2,330	803	4,017
Bank Fees	540	1,423	491	2,454	751	1,981	683	3,415
Miscellaneous	272	723	249	1,244	237	594	205	1,036
Total Expenses Before Depreciation and Interest on Loan from Affiliated Organization	2,616,783	458,483	217,090	3,292,356	2,461,580	472,675	208,133	3,142,388
Interest on Loan from Affiliated Organization	93,218	17,900	7,882	119,000	93,218	17,900	7,882	119,000
Depreciation	269,811	17,407	2,901	290,119	270,692	17,467	2,911	291,070
Total Expenses	\$ 2,979,812	\$ 493,790	\$ 227,873	\$ 3,701,475	\$ 2,825,490	\$ 508,042	\$ 218,926	\$ 3,552,458

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
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Cash Flows from Operating Activities:		
Increase in Net Assets	\$ 47,791	\$ 16,117
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	290,119	291,070
Unrealized (Gain) on Investments	(3,676)	-
Decrease (Increase) in Assets		
Accounts Receivable	310,339	(433,388)
Prepaid Expenses	3,374	(39)
Resident Deposits	(4,700)	5,777
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Expenses	(20,453)	(21,889)
Accrued Payroll	19,384	(79,371)
Due to Residents	4,579	(5,899)
	<u>646,757</u>	<u>(227,622)</u>
 Cash Flows from Investing Activities		
Net Purchases of Investments	(400,690)	-
Purchase of Fixed Assets	(25,655)	(94,204)
	<u>(426,345)</u>	<u>(94,204)</u>
Net Cash (Used in) Investing Activities		
	<u>220,412</u>	<u>(321,826)</u>
Net Increase (Decrease) in Cash and Cash Equivalents		
Cash and Cash Equivalents, Beginning of Year	<u>48,257</u>	<u>370,083</u>
Cash and Cash Equivalents, End of Year	<u>\$ 268,669</u>	<u>\$ 48,257</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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 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, 2018 AND 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 less an allowance for amounts considered to be uncollectible.

Functional Allocation of Expenses

Expenses relating to more than one function are allocated to program services, management and general and fundraising and development 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, 2018 AND 2017

Fair Value Measurements

Under GAAP, *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The Organization utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique.

The Organization's assessment of the significance of a particular input to the fair value measurements requires judgment and may affect the valuation of fair value of assets and liabilities and their placement within the fair value hierarchy levels.

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, maximizes the use of observable inputs, and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level I measurements) and the lowest priority to measurements involving significant unobservable inputs (Level III measurements). The three levels of fair value hierarchy are as follows:

Level I Valuation based on quoted prices in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date, and where transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level II Valuation based on inputs other than quoted prices included within Level I that are observable for the asset or liability, either directly or indirectly. Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets, or liabilities in markets that are not active, that is, markets in which there are few transactions, prices are not current, or prices vary substantially over time.

Level III Valuation based on inputs that are unobservable for an asset or liability and should be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. This input, therefore, reflects the Organization's assumptions about what market participants would use in pricing the asset or liability based on the best information available in the circumstances.

MAPLEWOOD HOUSING FOR THE VISUALLY IMPAIRED
d/b/a FRIEDMAN PLACE
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018 AND 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:

Description	Years
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, 2014 and thereafter remain subject to examination by the Internal Revenue Service.

Note 3 – Concentrations

For the years ended June 30, 2018 and 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 years ended June 30, 2018 and 2017, approximately 21% (\$143,655) and 49% (\$172,000), respectively, of donations, exclusive of forgiven interest in the amount of \$119,000 during the year ended June 30, 2017, 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, 2018 AND 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, 2018 and 2017, the amount of restricted cash was \$14,496 and \$9,796, respectively.

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:

June 30, 2018:

Grantor	Beginning Balance	Amount	Expended	Ending Balance
Crown Family Philanthropies	\$ 25,000	\$ 22,917	\$ (25,000)	\$ 22,917
Total	<u>\$ 25,000</u>	<u>\$ 22,917</u>	<u>\$ (25,000)</u>	<u>\$ 22,917</u>

June 30, 2017:

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 Affiliated 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. In prior years, Kagan has deferred all payments of principal and forgiven payments of interest; the cumulative total of such interest forgiveness at June 30, 2018 and 2017 approximates \$1,400,000, including \$119,000 in the year ended June 30, 2017. During the year ended June 30, 2018 Kagan has deferred payments of principal and the Organization made interest payments of \$119,000. The loan balance at June 30, 2018 and 2017 remains \$1,700,000, respectively.
- 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, 2018 and 2017, Kagan has deferred collection of two payments totaling \$75,000, respectively.

MAPLEWOOD HOUSING FOR THE VISUALLY IMPAIRED
d/b/a FRIEDMAN PLACE
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018 AND 2017

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.

Note 7 – Investments

The Organization’s investments, all of which are considered to be Level I under the fair value hierarchy described above, consist of the following at June 30, 2018:

	Cost	Market
Cash	\$ 15,191	\$ 15,191
Equities	256,831	260,024
Exchange Traded Funds	128,580	129,063
	\$ 400,602	\$ 404,278

The following schedule summarizes the investment return and its components for the years ended June 30, 2018:

Interest and Dividends	\$ 1,176
Realized Gains	(226)
Unrealized Gain (Loss)	3,676
Net Investment Return	\$ 4,626

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, 2018 and 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.

MAPLEWOOD HOUSING FOR THE VISUALLY IMPAIRED
d/b/a FRIEDMAN PLACE
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018 AND 2017

Note 9 – Contingencies

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, 2018 and 2017, the Organization was in compliance with all Program regulations.

Contingent Asset

The Organization is one of eight designated beneficiaries of a charitable trust and is entitled to annual distributions of 12.5% of its income. In addition, the trustees are authorized to distribute each year a percentage of principal (which percentage may change at their discretion). The Organization is unable to determine the amounts or timing of any potential distributions of income and/or principal.

Note 10 – Subsequent Events

Subsequent events have been evaluated through November 20, 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.