
BEDS PLUS CARE, INC.
AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

Independent Auditors' Report

Board of Directors
BEDS Plus Care, Inc. And Its Subsidiaries
LaGrange, Illinois

Report On The Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of BEDS Plus Care, Inc., a not-for-profit organization, and its subsidiaries (collectively, BEDS Plus Care, Inc.), which comprise the consolidated statement of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility For The Consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the consolidated 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 auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of BEDS Plus Care, Inc. as of June 30, 2021 and 2020, and the changes in its consolidated net assets and its consolidated cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information, shown on pages 33 through 42, is presented for purposes of additional analysis and 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 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplemental information is fairly stated, in all material respects, in relation to the 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 November 17, 2021, on our consideration of BEDS Plus Care, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 BEDS Plus Care, Inc.'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 BEDS Plus Care, Inc.'s internal control over financial reporting and compliance.

RubinBrown LLP

November 17, 2021

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Page 1 Of 2

Assets

	June 30,	
	2021	2020
Current Assets		
Cash	\$ 345,076	\$ 712,101
Cash and cash equivalents - restricted	747,414	164,900
Cash - board designated	—	492,365
Grants receivable	1,003,252	385,473
Accounts receivable	12,200	8,271
Prepaid expenses	—	1,494
Total Current Assets	2,107,942	1,764,604
Property And Equipment		
Land	686,711	686,711
Building	5,231,517	5,224,317
Site improvements	769,325	749,956
Furniture and fixtures	156,404	155,132
Construction in progress	76,087	—
Accumulated depreciation	(835,284)	(561,345)
Net Property And Equipment	6,084,760	6,254,771
Other Assets		
Real estate tax and insurance escrow	11,794	11,814
Replacement reserve	61,994	53,994
Operating reserves	194,276	194,276
Deferred fees, net	118,206	128,126
Total Other Assets	386,270	388,210
Total Assets	\$ 8,578,972	\$ 8,407,585

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Page 2 Of 2

Liabilities And Net Assets

	June 30,	
	2021	2020
Current Liabilities		
Accounts payable	\$ 52,723	\$ 29,053
Accrued expenses and other liabilities	46,075	43,488
Prepaid rent	—	3,142
Accrued interest	3,390	3,680
Mortgage loans payable - current portion	10,472	9,934
Tenant security deposits	2,514	2,514
Total Current Liabilities	115,174	91,811
Long-Term Liabilities		
Mortgage loans payable	1,949,436	1,959,908
PPP loan payable	—	145,168
Debt issuance cost	(85,218)	(89,762)
Deferred developer fee	45,166	45,166
Total Long-Term Liabilities	1,909,384	2,060,480
Total Liabilities	2,024,558	2,152,291
Net Assets		
Without donor restrictions:		
Noncontrolling interest in subsidiary	3,027,063	3,256,881
Undesignated	2,762,807	2,432,576
Total without donor restrictions	5,789,870	5,689,457
With Donor Restrictions	764,544	565,837
Total Net Assets	6,554,414	6,255,294
Total Liabilities And Net Assets	\$ 8,578,972	\$ 8,407,585

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

	For The Year Ended June 30, 2021			For The Year Ended June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
Faith contributions	\$ 81,263	\$ —	\$ 81,263	\$ 80,029	\$ —	\$ 80,029
Tenant rent	120,984	—	120,984	103,763	—	103,763
Subsidy rent	197,560	—	197,560	165,055	—	165,055
Corporations	28,521	—	28,521	18,503	—	18,503
Civic organizations	31,533	—	31,533	89,559	—	89,559
Individuals	204,293	114,360	318,653	448,596	—	448,596
Private foundations	134,852	196,050	330,902	294,815	262,975	557,790
Government grants	155,508	2,660,071	2,815,579	470,647	123,197	593,844
Fundraising - Summit Service Center	—	660,095	660,095	—	—	—
Donated services	214,234	—	214,234	326,803	—	326,803
Special events:						
Gross receipts	18,265	—	18,265	98,821	—	98,821
Direct expenses	(26,779)	—	(26,779)	(39,041)	—	(39,041)
Net assets released from restriction	3,431,869	(3,431,869)	—	379,145	(379,145)	—
Total Revenue and Support	4,592,103	198,707	4,790,810	2,436,695	7,027	2,443,722
Functional Expenses						
Program services	3,771,013	—	3,771,013	1,517,809	—	1,517,809
Management and general	710,920	—	710,920	666,600	—	666,600
Fundraising expenses	180,734	—	180,734	132,185	—	132,185
Total Functional Expenses	4,662,667	—	4,662,667	2,316,594	—	2,316,594
Other Income (Expense)						
Other income	150,723	—	150,723	4,615	—	4,615
Interest income	21,754	—	21,754	109,777	—	109,777
Contributions from noncontrolling interest	—	—	—	194,512	—	194,512
Distributions to noncontrolling interest	(1,500)	—	(1,500)	—	—	—
Total Other Income	170,977	—	170,977	308,904	—	308,904
Increase In Net Assets	100,413	198,707	299,120	429,005	7,027	436,032
Net Assets - Beginning Of Year	5,689,457	565,837	6,255,294	5,260,452	558,810	5,819,262
Net Assets - End Of Year	\$ 5,789,870	\$ 764,544	\$ 6,554,414	\$ 5,689,457	\$ 565,837	\$ 6,255,294

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

	For The Year Ended June 30, 2021				For The Year Ended June 30, 2020			
	Program Services	Management And General	Fundraising	Total	Program Services	Management And General	Fundraising	Total
Salaries	\$ 956,119	\$ 154,875	\$ 145,233	\$ 1,256,227	\$ 604,284	\$ 125,861	\$ 91,790	\$ 821,935
Audit fees	—	10,515	—	10,515	—	8,515	—	8,515
Depreciation	10,352	263,587	—	273,939	6,366	262,678	—	269,044
Amortization	—	9,920	—	9,920	—	9,920	—	9,920
General insurance	20,957	19,030	437	40,424	20,992	14,698	437	36,127
Health savings account	724	83	110	917	2,370	270	360	3,000
Motel vouchers	1,743,843	—	—	1,743,843	100,500	11,449	15,266	127,215
Client meals and laundry	466,122	—	—	466,122	213,907	—	—	213,907
Client rental assistance	150,725	—	—	150,725	60,720	—	—	60,720
Other client assistance	160,503	—	—	160,503	114,855	—	—	114,855
Client medical care	11,524	—	—	11,524	45,477	5,181	6,908	57,566
Miscellaneous expense	32,208	91,493	4,892	128,593	10,559	63,354	1,604	75,517
Taxes and benefits	122,122	36,719	18,550	177,391	76,954	32,959	11,689	121,602
Postage and shipping	3,568	406	542	4,516	2,314	264	352	2,930
Printing	10,467	1,193	1,590	13,250	5,139	586	781	6,506
Office supplies expense	434	49	66	549	12,614	1,437	1,916	15,967
Professional fees	12,897	19,853	1,959	34,709	4,014	29,882	610	34,506
Retirement plan expense	12,534	1,428	1,904	15,866	9,081	3,771	262	13,114
Rent	11,711	244	244	12,199	188,569	—	—	188,569
Staff development	23,925	5,422	3,634	32,981	9,780	15,374	—	25,154
Telephone and internet	9,341	1,064	1,419	11,824	10,104	210	210	10,524
Utility	7,415	50,301	154	57,870	4,718	41,801	—	46,519
Client transportation	3,467	—	—	3,467	14,181	—	—	14,181
Interest	55	44,738	—	44,793	311	38,390	—	38,701
	\$ 3,771,013	\$ 710,920	\$ 180,734	\$ 4,662,667	\$ 1,517,809	\$ 666,600	\$ 132,185	\$ 2,316,594

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

	For The Years Ended June 30,	
	2021	2020
Cash Flows From Operating Activities		
Increase in net assets	\$ 299,120	\$ 436,032
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation and amortization	283,859	278,964
Amortization of debt issuance costs	4,544	4,544
Forgiveness of PPP loan	(145,168)	—
Contribution from noncontrolling interest	—	(194,512)
Distribution to noncontrolling interest	1,500	—
Changes in assets and liabilities:		
Grants receivable	(617,779)	(92,335)
Accounts receivable	(3,929)	(5,080)
Prepaid expenses	1,494	1,531
Accrued interest	(290)	3,680
Accounts payable and accrued expenses	26,257	320
Prepaid rent	(3,142)	(561)
Tenant security deposits	—	2,514
Net Cash Provided By (Used In) Operating Activities	(153,534)	435,097
Cash Flows From Investing Activities		
Net purchases of property and equipment	(103,928)	(848,899)
Cash Flows From Financing Activities		
Net proceeds from mortgages	—	817,752
Principal payments of mortgage	(9,934)	—
Developer fee paid	—	(101,859)
Debt issuance cost paid	—	(49,498)
Contribution from noncontrolling interest	—	194,512
Distribution to noncontrolling interest	(1,500)	—
Net Cash Provided By (Used In) Financing Activities	(11,434)	860,907
Net Increase (Decrease) In Cash And Restricted Cash	(268,896)	447,105
Cash And Restricted Cash and Cash Equivalents - Beginning Of Year	1,629,450	1,182,345
Cash And Restricted Cash and Cash Equivalents - End Of Year	\$ 1,360,554	\$ 1,629,450
Cash Paid For Interest	\$ 40,539	\$ 30,477

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 And 2020

1. Organization

In 1988 a group of municipal and faith leaders founded Building Ecumenical Discipleship through Shelter, later shortened to BEDS, Inc. DBA BEDS Plus Care, Inc. (the Organization) in response to the growing homeless population in the community. Other area faith-based organizations quickly joined, creating a network of area emergency overnight shelters. The Organization added professional case management services and formed partnerships with a range of community healthcare and human service agencies to help clients resolve the cause(s) of their homelessness. It adopted the Department of Housing and Urban Development's Housing First approach to homelessness and evidence-based service models and has become a leading homeless service agency in suburban Cook County. The subsidiaries, both for-profit entities were formed on various dates under the law of the State of Illinois for the purpose of acquiring, owning, and operating rental housing projects, which are intended for low-income households.

2. Summary Of Significant Accounting Policies

Basis Of Accounting

The consolidated financial statements of BEDS Plus Care, Inc. and its subsidiaries have been prepared on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when incurred.

Principles Of Consolidation

The consolidated financial statements of Organization include the accounts of the Organization and its wholly-owned subsidiary: Dover Place LLC (the Company) and one limited partnership subsidiary: Ogden Avenue Supportive Housing LP (the Partnership) over which the Organization possesses control through a 51% majority interest in the general partner. All intercompany transactions have been eliminated in consolidation.

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

Notes To Consolidated Financial Statements (*Continued*)

Basis Of Presentation

The financial statement presentation follows the requirements of GAAP for not-for-profit organizations by presenting assets and liabilities within similar groups and classifying them in ways that provide relevant information about their interrelationships, liquidity and financial flexibility. As a result, the Organization is required to report its financial position and activities according to the following two net asset categories:

Net Assets Without Donor Restrictions - This category includes net assets that are not subject to donor-imposed restrictions, as well as investments designated by the Board for specific purposes.

Net Assets With Donor Restrictions - This category includes net assets that are subject to explicit donor-imposed restrictions. When restrictions expire due to the passage of time or the incurrence of expenditures that satisfy the donor-imposed restrictions, net assets are reclassified to net assets without donor restrictions.

Estimates And Assumptions

The Organization uses estimates and assumptions in preparing the consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

Cash And Cash Equivalents

The Organization maintains cash accounts at financial institutions with strong credit ratings. At times, such investments may be in excess of Federal Deposit Insurance Corporation insurance limits of \$250,000.

The following is a reconciliation between cash and cash equivalents reported within the statement of financial position and the total cash and restricted cash as shown in the statement of cash flows as of June 30:

	<u>2021</u>	<u>2020</u>
Cash (including tenant security deposits)	\$ 345,076	\$ 712,101
Cash and cash equivalents - restricted	747,414	164,900
Cash - board designated	—	492,365
Restricted cash included in escrows and funded reserves	<u>268,064</u>	<u>260,084</u>
	<u>\$ 1,360,554</u>	<u>\$ 1,629,450</u>

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

Notes To Consolidated Financial Statements (*Continued*)

In June of 2015, the Organization embarked on a capital campaign the purpose of which was to raise funds for the construction of a permanent housing facility and to further affordable housing. In addition, the Organization participated in the Illinois Affordable Housing Donation Tax Credit Program. This program requires donated funds be used for affordable housing. At June 30, 2021 and June 30, 2020, the Organization held \$0 and \$423,889, respectively, of remaining proceeds from the Ogden Avenue Supportive capital campaign as board designated reserve. The entire amount of the board designated reserves was released to fund initial predevelopment costs for the Summit Service Center project and exploration of other real estate possibilities during the initial phases of the Summit capital campaign. After June 30, 2021 and at the conclusion of the Summit Service Center capital campaign, the Board of Directors designated \$298,195 in reserves in order to maintain the original donor intent for these funds and restrict their use for future capital projects by the Organization.

Promises To Give And Grants Receivable

Unconditional promises to give are recognized as support in the period the promises are received and are stated at the amount management expects to collect from balances outstanding at year end. Based on management's assessment of its history with donors having outstanding balances and current relationships with them, it concluded that realization of losses on balances outstanding at June 30, 2021 and 2020 would not be material.

Grants receivable are recognized as revenue in the period the related expenses for which the Organization is entitled to reimbursement are incurred. Grants receivable are reported at the amount management expects to collect on balances outstanding at year end. Management believes that no valuation allowance is necessary for grants receivable at June 30, 2021 and 2020. As of June 30, 2021 and 2020, grants receivable were \$1,003,252 and \$385,473, respectively.

Property And Equipment

Land, site improvements, building and furniture and equipment are recorded at cost. Improvements are capitalized, while expenditures for maintenance and repairs are expensed. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation.

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

Notes To Consolidated Financial Statements (*Continued*)

The assets are depreciated over their estimated services lives. The estimated service lives of the assets for depreciation may be different than their actual economic useful lives.

	Method	Estimated Useful Lives
Site Improvements	Straight-line	15 years
Buildings	Straight-line	27.5 years
Furniture and equipment	Straight-line	5 - 7 years

Impairment Of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. If the investment is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount exceeds the fair value of the asset. There was no impairment loss recognized during the years ended June 30, 2021 or 2020.

Deferred Fees And Amortization

Tax credit fees and consulting fees are amortized over fifteen years using the straight-line method.

Debt Issuance Costs

Debt issuance costs totaling \$95,065 at June 30, 2021 and 2020, consist of fees for obtaining the mortgage loans and are being amortized using the straight-line methods over the life of the mortgage loans. Accumulated amortization totaled \$9,847 and \$5,303, at June 30, 2021 and 2020, respectively. Amortization expense amounted to \$4,544 for both years ended June 30, 2021 and 2020, respectively, and was included in interest expense in the accompanying consolidated statements of activities and changes in net assets.

GAAP requires that the effective yield method be used to amortize financing costs; however, the effect of using the straight-line method is not materially different from the results that would be obtained under the effective yield method.

Revenue Recognition**Support With And Without Donor Restrictions**

The Organization reports gifts and grants of cash and other assets as with or without donor restrictions, depending on the existence and/or nature of any donor/grantee restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Rental Income And Prepaid Rents

Rental income is recognized as rent is earned. Rental payments received in advance are deferred until earned. All leases between the Company/Partnership and the tenants of each property are operating leases.

Donated Services

Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise to be purchased by the Organization. Donated services that meet the criteria for recognition are recorded at fair value at the date of donation.

BEDS Plus Care, Inc. receives a significant amount of donated services from hundreds of unpaid volunteers assisting in carrying out its programs to provide shelter, meals, and other services to the homeless. Services provided by these volunteers do not meet the requirements for recognition in the financial statements and, accordingly, have not been included in revenues and program expenses. Total hours worked were approximately 18,790 at an estimated fair market value per hour of \$27.20 for a total estimated fair market value of \$511,088 for the year ended June 30, 2021. Total hours worked were 23,838 at an estimated fair market value per hour of \$25.43 for a total estimated fair market value of \$606,200 for the year ended June 30, 2020.

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

Notes To Consolidated Financial Statements *(Continued)*

	<u>2021</u>	<u>2020</u>
Rent	\$ —	\$ 156,000
Meals	214,234	161,088
Laundry	—	5,985
Legal services	—	3,730
	<u>\$ 214,234</u>	<u>\$ 326,803</u>

The organization received nearly all its in-kind donations in fiscal year of 2021 in the form of meals that were served to clients in motel and onsite shelters. Due to the COVID-19 pandemic, the Organization discontinued the use of rotating shelters amongst churches thus there was no in-kind rent received in fiscal year of 2021. For hygienic reasons, in-kind laundry services by volunteers also discontinued in fiscal year of 2021. Dinner and breakfast are served to homeless clients staying in the shelters each evening. Lunch is provided to the homeless utilizing the daytime support centers. Donated rent consists of space provided at no charge by approximately fifteen churches used by the overnight shelters. In addition, administration office space was provided at no charge by an affiliated church for the first nine months of fiscal 2020.

Description Of Program Services And Supporting Activities

The following program services, management and general and fundraising activities are included in the accompanying financial statements:

Program Services

Includes direct and indirect expenditures for providing services southwest suburban Cook County in Illinois. BEDS Plus Care, Inc. offers three primary, evidence-based service lines:

Homelessness Prevention And Stabilization, which provides qualified individuals and families facing crises that threaten their ability to maintain housing with direct financial assistance for past due rent and security deposits.

Emergency Services, which include a network of fifteen rotating emergency overnight homeless shelters in Southwest Suburban Cook County, as well as case managers and a community health worker who regularly visit places people experiencing homelessness congregate to engage them in appropriate services.

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

Notes To Consolidated Financial Statements (*Continued*)

Supportive Housing, which includes both Rapid Rehousing and Permanent Supportive Housing programs. Rapid Rehousing seeks to rehouse individuals and families experiencing homelessness for the first time within 30 days of enrollment in the program. Permanent Supportive Housing places clients with histories of chronic homelessness in organization-managed residences, either in BEDS Ogden Avenue Supportive Housing facility or Dover Place or scattered-site apartment units.

In every service line, clients partner with professional case managers to develop plans for regaining housing and addressing the cause(s) of their homelessness. As needed, case managers can refer them to BEDS Plus Care, Inc. partner healthcare and human service providers and help them enroll in benefits programs.

Management And General

Includes the functions necessary to maintain staff member programs and administrative functions and an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Organization's program strategy; secure proper administrative functioning of the Board of Directors; maintain competent legal services for the program administration of the Organization; and manage the financial and budgetary responsibilities of the Organization.

Fundraising

Provides the structure to encourage and secure financial support from individuals, corporations and foundations.

Functional Expense Allocation

The consolidated statement of functional expense presents expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as specific to that functional area. Expenses that benefit multiple functional or program areas are charged on the basis of periodic time and expense studies. Management and general expenses include staff compensation, and benefits as well as those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. Although the methods of allocation used are considered reasonable, other methods could be used that would produce different results.

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

Notes To Consolidated Financial Statements (*Continued*)

Expense	Method of Allocation
Salaries, payroll taxes and benefits	Time and effort
Rent	Square footage
Utilities	Square footage
Depreciation and amortization	Square footage
Office expense	Time and effort
Insurance	Time and effort
Professional fees	Time and effort

Depreciation expense related to the Partnership is being allocated to management and general on the statement of functional expenses.

Advertising

Advertising costs are charged to operations when incurred.

Tax Status

BEDS Plus Care, Inc.

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Internal Revenue Code. The Organization had no unrelated business income for the years ended June 30, 2021 or 2020.

Ogden Avenue Supportive Housing LP

The Partnership is a pass-through entity for income tax purposes, and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions, and tax credits are passed through to and are reported by its partners on their respective income tax returns.

Dover Place LLC

The Company is a pass-through entity for income tax purposes, and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions, and tax credits are passed through to and are reported by its Members on their respective income tax returns.

New Accounting Standard Implemented

During fiscal year 2020, the Organization adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which clarifies the principles for recognizing revenue and develops a common revenue standard. ASU 2014-09 requires new disclosures about contracts with customers, significant judgments in determining the satisfaction of performance obligations in contracts, and assets recognized from costs to obtain or fulfill contracts. The implementation did not have a material impact on the Organization's financial statements.

During fiscal year 2020, the Organization adopted ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which provides enhanced guidance to assist entities in evaluating whether transactions should be accounted for as contributions or reciprocal transactions. The implementation did not have a material impact on the Organization's financial statements.

Reclassifications

Several reclassifications have been made to the prior year balances to conform to the current year presentation. Such reclassifications were made for comparative purposes only and do not restate the prior year consolidated financial statements.

Non-Controlling Interest In Limited Partnerships

This amount represents the aggregate positive and negative balances of limited partner equity interests in the non-wholly-owned limited partnership that are included in the consolidated financial statements.

Subsequent Events

On August 20, 2021, the Organization purchased a property located in Summit, Illinois for \$325,000 (See Note 12).

Management evaluates subsequent events through the date the consolidated financial statements are available for issue, which is the date of the Independent Auditors' Report.

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

Notes To Consolidated Financial Statements (*Continued*)

3. Grants Receivable

Grants receivable from various government agencies and foundations are as follow as of June 30:

	2021	2020
State of Illinois - Department of Emergency Management	\$ 523,218	\$ —
State of Illinois - Cook County and other Departments	312,838	322,335
U.S. Department of Housing and Urban Development (HUD)	167,196	63,138
	<u>\$ 1,003,252</u>	<u>\$ 385,473</u>

4. Investments

The Organization's financial instruments are certificates of deposits (CDs). The carrying values of these financial instruments recorded in the accompanying statement of financial position approximate fair value. ASC 820, "Fair Value Measurements" establishes a tri-level fair value hierarchy that describes the inputs that are used to measure the fair values of respective assets and liabilities as follows:

Level 1 Fair value is derived from accessible unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 Fair value is derived from observable inputs that include: quoted market prices for similar assets or liabilities in active markets or inactive markets; inputs other than quoted prices that are observable in the market and can be corroborated by observable market data for substantially the full term of the asset or liability's life.

Level 3 Fair value is derived from unobservable inputs, calculated by the use of pricing models and or discounted cash flow methodologies and, may require significant management judgment or estimation.

The fair value inputs can vary between investments as they are affected by a wide variety of factors, including, the investment type, market liquidity, etc. To the extent valuation is based upon models or inputs that are less observable or unobservable, the determination of fair value requires more judgment.

There have been no changes in the methodologies and/or assumptions utilized to derive the fair value of the Organization's assets at June 30, 2021 or 2020.

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

Notes To Consolidated Financial Statements (*Continued*)

Level 1 investments, which comprise all investments and are included in cash and cash equivalents – restricted as of June 30, are as follows:

	<u>2021</u>	<u>2020</u>
Certificate of Deposit	\$ 100,000	\$ 100,000
Certificate of Deposit	—	100,000
Certificate of Deposit	<u>206,342</u>	<u>206,342</u>
Total	<u>\$ 306,342</u>	<u>\$ 406,342</u>

5. Escrow Deposits And Restricted Reserves

Ogden Avenue Supportive Housing LP

Real Estate Tax and Insurance Escrow

According to the Partnership Agreement, the Partnership is required to fund a monthly deposit to a real estate tax and insurance escrow in an amount sufficient to accumulate with the lender the entire sum required to pay annual real estate tax and insurance bills of the Project. The Partnership is exempt from real estate taxes.

Replacement Reserve

According to the Partnership Agreement, the Partnership is required to fund a replacement reserve in the amount of \$400 per dwelling unit per year and increasing in each calendar year by the CPI Adjustment. The funds in the reserve are to be utilized exclusively for replacement expenditures for the Project. According to the Partnership Agreement, withdrawals from the replacement reserve are to be approved by IHDA or Cook County.

Operating Reserve And Additional Operating Reserve

According to the Partnership Agreement and the Loan Agreement, the Partnership is required to fund an operating reserve in an initial amount of \$71,000 from the proceeds of the third Limited Partner capital contribution. In addition, the Partnership is required to fund an additional operating reserve in the amount of \$123,282 from the proceeds of the fourth Limited Partnership capital contribution. Both reserves shall be held in an account maintained with a federally insured bank.

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

Notes To Consolidated Financial Statements *(Continued)*

The following shows the activity in such accounts during the period ended June 30, 2021 and 2020:

	Beginning Balance July 1, 2020	Additions And Interest	Withdrawals And Transfers	Ending Balance June 30, 2021
Real estate tax and insurance escrow	\$ 11,814	\$ —	\$ 20	\$ 11,794
Replacement reserve	\$ 23,994	\$ 8,000	\$ —	\$ 31,994
Operating reserves	\$ 194,276	\$ —	\$ —	\$ 194,276

	Beginning Balance July 1, 2019	Additions And Interest	Withdrawals And Transfers	Ending Balance June 30, 2020
Real estate tax and insurance escrow	\$ 11,814	\$ —	\$ —	\$ 11,814
Replacement reserve	\$ 15,994	\$ 8,000	\$ —	\$ 23,994
Operating reserves	\$ 194,276	\$ —	\$ —	\$ 194,276

Dover Place LLC

Replacement Reserve

According to the Capital Magnet Fund Restrictive Covenant Agreement, if the remaining useful life of one or more of the major systems of the restricted property is less than the 10-year affordability period, on the placed in service date the Company must establish a replacement reserve and thereafter ensure that monthly payments are made to the reserve that are adequate to repair or replace the systems as needed.

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIESNotes To Consolidated Financial Statements *(Continued)*

The following shows the activity in such accounts during the period ended June 30, 2021 and 2020:

	Balance July 1, 2020	Additions And Interest	Withdrawals And Transfers	Balance June 30, 2021
Replacement reserve	\$ 30,000	\$ —	\$ —	\$ 30,000

	Balance July 1, 2019	Additions And Interest	Withdrawals And Transfers	Balance June 30, 2020
Replacement reserve	\$ —	\$ 30,000	\$ —	\$ 30,000

6. Deferred Fees

Tax credit and consulting fees for the Partnership have been capitalized and are being amortized as described below:

	Amortization Period	2021	2020
Tax credit fee	15 years	\$ 55,793	\$ 55,793
Consulting fees	15 years	93,000	93,000
Less: Accumulated amortization		(30,587)	(20,667)
Net capitalized costs		\$ 118,206	\$ 128,126

Amortization expense for both years ended June 30, 2021 and 2020 was \$9,920. Estimated amortization expense for each of the five ensuing years and thereafter, is as follows:

Year	Amount
2022	\$ 9,920
2023	9,920
2024	9,920
2025	9,920
2026	9,920
Thereafter	68,606
	\$ 118,206

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

Notes To Consolidated Financial Statements (Continued)

7. Mortgage Loans Payable

Mortgage loans payable consist of the following as of June 30:

	2021	2020
Ogden Avenue Supportive Housing LP - The mortgage note dated, May 30, 2017, is held by the County of Cook in the original amount of \$1,350,000 of which \$1,298,458 had been drawn. The note bears no interest. Annual payments of \$1,200 are due with the first payment due two years following the date of execution of the note and annually thereafter. The note matures on May 31, 2049, at which time any unpaid principal balance is due. The note is collateralized by the real estate held for lease and an assignment of rent and leases.	\$ 1,294,858	\$ 1,296,058
Dover Place LLC - The mortgage note dated August 29, 2019, is held by IFF in the original amount of \$680,000. The loan bears interest at 6.0% per annum and the Company shall make monthly payments of principal and interest in the amount of \$4,077 through the maturity date. The note matures on September 1, 2034, at which time all outstanding principal and interest are due. The note is collateralized by the real estate held for lease and an assignment of rent and leases and HAP Contract.	665,050	673,784
Total	1,959,908	1,969,842
Less: Current maturities	10,472	9,934
Net long-term portion	\$ 1,949,436	\$ 1,959,908

Aggregate annual maturities of mortgage loans payable for the five ensuing years and thereafter, are as follows:

Year	Ogden Avenue Supportive Housing LP	Dover Place LLC	Total
2022	\$ 1,200	\$ 9,272	\$ 10,472
2023	1,200	9,844	11,044
2024	1,200	10,452	11,652
2025	1,200	11,096	12,296
2026	1,200	11,821	13,021
Thereafter	1,288,858	612,565	1,901,423
Total	\$ 1,294,858	\$ 665,050	\$ 1,959,908

8. Paycheck Protection Program Loan Payable

On April 15, 2020, the Organization executed a promissory note (the PPP Loan), evidencing an unsecured loan in the amount of \$145,168 under the Paycheck Protection Program (PPP). The PPP was established under the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) and is administered by the U.S. Small Business Administration (SBA). The loan has been made through FNBC Bank and Trust.

The PPP Loan has a two-year term and bears interest at a rate of 1.00% per annum. Monthly principal and interest payments are deferred for six months. Beginning seven months from the date of the PPP Loan, the Organization is required to make monthly payments of principal and interest of \$8,170 to the lender.

The PPP Loan contains customary events of default relating to, among other things, payment defaults, providing materially false and misleading representations to the SBA or the lender, or breaching the terms of the PPP Loan documents. The occurrence of a default may result in the immediate repayment of all amounts outstanding, collection of all amounts owing from the Organization, or filing suit and obtaining judgment.

Under the terms of the CARES Act, PPP Loan recipients can apply for and be granted forgiveness for all or a portion of loan granted under the PPP. Such forgiveness will be determined, subject to limitations, based on the use of the loan proceeds for payment of payroll costs and any payments of mortgage interest, rent, and utilities. However, no assurance is provided that forgiveness for any portion of the PPP Loan will be obtained.

During the fiscal year 2021, the entire loan was forgiven and the Organization recognized income of \$145,168, which is included in other income on the consolidated statement of activities and changes in net assets. As of June 30, 2021, no amount remained outstanding. As of June 30, 2020, the full principal of \$145,168 remained outstanding.

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

Notes To Consolidated Financial Statements (*Continued*)**9. Net Assets With Donor Restrictions**

Net assets with time and/or purpose restrictions consist of the following at June 30:

	2021	2020
Clinical Director	\$ 47,250	\$ 45,000
Community	—	64,157
COVID-19 funding	15,000	20,000
Emergency Shelter & Service	4,646	60,493
Employment	—	1,650
Prevention and Housing	—	70,263
PSH Capital Programs	—	298,195
Shelter and Services	—	6,079
Summit Service Center	697,648	—
	\$ 764,544	\$ 565,837

Net assets with time and purpose donor restrictions released from restrictions consist of the following at June 30:

	2021	2020
Clinical Director	\$ 45,000	\$ 45,000
Community	61,279	69,408
Contact Tracing	31,845	—
COVID-19 funding	1,256,497	20,000
Emergency Shelter & Service	809,044	113,433
Employment	269,062	37,970
Housing Assistance	344,218	—
Prevention and Housing	206,343	84,413
PSH Capital Programs	298,195	—
Public Health	2,500	—
Shelter and Services	31,079	8,921
Summit Service Center	76,807	—
	\$ 3,431,869	\$ 379,145

10. Grant Fiscal Agent Partnerships

The Organization has entered into several agreements with Partnership agencies in order to access available federal and state funding.

Housing Forward

Housing Forward is the fiscal agent for two grants on behalf of a partnerships which include the Organization. The WIN + Supportive Housing Project and the West Suburban Youth Homeless Demonstration Project (YHDP) grants that provided \$129,554 and \$127,166, respectively, to the Organization, during the fiscal year 2021 and 2020, in direct billing.

Alliance To End Homelessness In Suburban Cook

Alliance to End Homelessness in Suburban Cook, the Suburban Cook County HUD Continuum of Care lead agency is the Coordinated Entry program lead. BEDS Plus Care, Inc. is a funded partner of the Coordinated Entry program. This HUD funded grant provided \$41,938, and \$57,250, during the fiscal year 2021 and 2020, respectively, in direct billing expenses.

Homeless Prevention

The Organization has contracted with public entities including Cook County Department of Economic Development, the Illinois Department of Human Service and Illinois Housing Development Authority in fiscal year of 2021 to support rental assistance programs offered throughout the COVID-19 pandemic and related rental crisis in the state. As facilitator, the Organization did not receive the funds or disburse the assistance directly, but aided individuals to apply for and obtain the funding made available from the Partners. The rental assistance presented on the financial statements only includes the funds the organization received and disbursed. The organization's success in connecting people in need with rental assistance is greater than what is presented on the financial statements. In fiscal year of 2021, the organization facilitated approximately \$385,000 in rental assistance on behalf of the fiscal agents. The Organization accessed \$279,573 in rental assistance through homeless prevention partnerships in south and west suburban Cook County funded by the Illinois Department of Human Services and distributed through fiscal agents, Catholic Charities and Community Service Partners during the fiscal year 2020.

11. Fiscal Agency Revenue

In fiscal year of 2021, the Organization formalized the fiscal agent framework for partner organizations. No fiscal agency revenue was received in fiscal year of 2021, but the agency role will begin the first quarter of fiscal year of 2022. The Organization, as fiscal agent, will be entrusted to manage contract compliance of grantees and monitor expenditures on behalf of the program. The agency service may extend to programmatic and facility management for recipient organizations. LATH (La Grange Area Transitional Housing) is a 501c3 non-profit with which the Organization has had an informal guardian relationship for the past five years. In fiscal year of 2022, this relationship will be formalized by a fiscal agency contract which will specify both the fiscal and programmatic duties obligated by the Organization in exchange for a fee for service charged on a quarterly basis to LATH.

12. Summit Service Center

In late fiscal year of 2020, the Organization began its pursuit of a \$1.5 million CDBG (Community Development Block Grant) from Cook County Department of Economic Development for the construction of a public facility, which will serve as a service center and 24-bed medical respite program. In fiscal year of 2021, an 8,400 Sq. Ft. building was identified in Summit, IL. The Summit Service Center building will require substantial renovations with a total acquisition and development cost of \$2.9 million. A \$1.4 million capital campaign was initiated for Summit Service Center in early fiscal year of 2021 and was 78% completed as of June 30, 2021. The Summit Service Center property was acquired on August 20, 2021 and the notice to proceed was received from Cook County in September of 2021. Renovations are slated to begin November 2021. The Center is expected to open Spring of 2022.

13. Partners, Partnership Interests And Partners' Capital

The Partnership has one General Partner, Ogden Avenue Supportive Housing GP, LLC, which has a 0.01% interest, one Limited Partner, USA Ogden Avenue LLC, which has a 99.99% interest, and one Special Limited Partner, The Richman Group Capital Corporation, which has no interest.

According to the Partnership Agreement, the Limited Partner is required to make capital contributions of \$3,881,512 in installments. In prior years capital contribution received were \$3,299,000. Capital contribution received for the fiscal year ended June 30, 2021 and 2020 were \$0 and \$194,512, respectively. As of June 30, 2021 and 2020, all Limited Partner capital contributions have been received. The Special Limited Partner is required to make capital contributions of \$100, which remains receivable as of June 30, 2021 and 2020.

The General Partner is required to make capital contributions of \$1,158,143, which have all been received in prior years.

14. Partnership Profits, Losses And Distributions

Generally, the Partnership's profits and losses are allocated 0.01% to the General Partner, 99.99% to the Limited Partner and 0% to the Special Limited Partner. Profits and losses arising from the sale, refinancing, or other disposition of all or substantially all of the Partnership's assets will be specially allocated as prioritized in the Partnership Agreement.

Pursuant to the Partnership Agreement, all distributions are limited to net cash flow available for distribution, and shall be allocated among the Partner in accordance with their percentages as follows:

First, To pay the Investment Partnership of any credit adjuster pursuant to the partnership agreement, plus an amount equal to any capital contribution made to the Partnerships by the General Partner pursuant to the Partnership Agreement;

Second, To pay an amount equal to \$1,500 per year to the Investment Partnership;

Third, To pay the Developer any accrued and unpaid development fee in accordance with the Partnership Agreement;

Fourth, To repay any operating deficit loans;

Fifth, To repay the second mortgage;

Sixth, To repay the first mortgage; and

Seventh, the balance to be paid 10% to the investment partnership and 90% to the General Partner as payment of the partnership administration fee.

15. Member, Company Interests And Member's Capital

According to the Operating Agreement, the Company has one sole Member, BEDS Plus Care, Inc., an Illinois non-profit corporation.

16. Related Party Transactions**Partnership Administration Fee**

According to the Partnership Agreement, the Partnership has entered into a Partnership Administration Services Agreement with the General Partner for its services in arranging for permanent financing for the Project and in managing the business of the Partnership. The fee shall be paid from net cash flow available for distribution. The fee shall be in an amount equal to 90% of net cash flow available for distribution in the current fiscal year. As of June 30, 2021 and 2020, no fee was earned or paid.

Developer Fee

According to the development agreement, BEDS Plus Care, Inc. and The Burton Foundation, the joint venture of the General Partner, are entitled to developer fees in the amount of \$204,000 and \$196,000, respectively. According to the development agreement, the developer fee shall be paid in installments. The first installment amount is \$17,500 and the second installment amount is \$285,731. Pursuant to the Developer Fee Agreement, \$96,769 will be paid from net cash flow available for distribution. In prior year, the developer fees paid to BEDS Plus Care, Inc. and The Burton Foundation were \$68,476 and \$48,975, respectively. For the year ended June 30, 2021, no developer fees were paid to BEDS Plus Care, Inc. or The Burton Foundation. For the year ended June 30, 2020, the developer fees paid to BEDS Plus Care, Inc. and The Burton Foundation were \$92,653 and \$101,859, respectively. As of June 30, 2021 and 2020, developer fees payable to BEDS Plus Care, Inc. was \$42,871. As of June 30, 2021 and 2020, developer fees payable to The Burton Foundation was \$45,166. Amounts due to BEDS Plus Care, Inc. have been eliminated in the consolidation.

Guarantees

According to the Partnership Agreement, the General Partner is obligated to pay all excess development costs. Any amounts paid by the General Partner shall not be repaid by the Partnership, nor shall such amounts be considered or treated as capital contributions of the General Partner to the Partnership. As of June 30, 2021 and 2020, no amounts were paid or payable for excess development costs.

Operating Deficit Guaranty

According to the Partnership Agreement, in the event an operating deficit occurs at any time during the tax credit compliance period, the General Partner shall provide such funds to the Partnership as shall be necessary to pay such operating deficits in the form of a loan to the Partnership. The General Partner shall not be obligated to provide operating deficit loans in excess of \$268,000 in the aggregate. The operating deficit loan shall bear no interest and shall be repaid only from net cash flow available for distribution. As of June 30, 2021 and 2020, no amounts were paid or payable for operating deficits.

Due To Affiliate

During fiscal 2020, BEDS Plus Care, Inc., the member of the Company, paid for various expenses in the amount of \$7,091 on behalf of the Company, and no amounts were repaid. As of June 30, 2021 and 2020, \$7,091 was due to affiliate and have been eliminated in the consolidation.

17. Affordable Housing Program (AHP) Grant

According to the AHP Repayment Agreement, the Organization received an AHP grant in the amount of \$300,000. The Organization loaned the grant funds to the Partnership. The loan bears interest at 2% per annum and matures on June 1, 2032. According to the AHP program requirements, the Partnership has made the units available to low-income housing tenants. If the Partnership does not rent to low-income housing tenants, the AHP funds are subject to recapture. The Partnership is required to comply with the AHP agreement and requirements.

18. Retirement Plans

The Organization has a Simple IRA under which it makes a matching contribution of three percent of each participant's compensation. The plan allows for participant contributions up to \$13,000. Employees are eligible after completing 60 days of service. The Organization's contributions to the Plan were \$15,866 and \$13,114, for the years ended June 30, 2021 and 2020, respectively.

19. Housing Assistance Payments (HAP)

Dover Place LLC has entered into a HAP Contract with HUD. The contract is for 20 years beginning September 1, 2019. The HAP Contract covers 12 units of Dover Place. During the fiscal year 2021 and 2020, HAP payments received under this contract were \$97,632 and \$81,553, respectively.

20. Capital Magnet Fund Restrictive Covenant Agreement

The Company has entered into Capital Magnet Fund Restrictive Covenant Agreement with Illinois Facilities Fund (IFF). Under the Agreement, the Company is required to manage and operate the Project as rental housing for low-income households during affordability period as defined in the Agreement. In the event the Company defaults in its obligation to manage and operate the Project and provide compliance information as required, or otherwise fails to comply with the terms of this Agreement, the funds shall immediately be repaid.

21. Contingency

The Partnership's Low-Income Housing Tax Credit (LIHTC) are contingent on its ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with tenant income eligibility and rent limits or to correct instances of noncompliance within a reasonable time period could result in a recapture of previously claimed tax credits plus interest. In addition, any such noncompliance, if it were to occur, likely would result in an adjustment to the contributed capital of the Limited Partner.

In December 2019, a novel strain of Coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world through the third quarter of 2021 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business interruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Corporation is unable to determine if it will have a material impact to its operations.

22. Current Vulnerability Due To Certain Conditions

The Company's sole asset is a 13-unit housing development in La Grange, Illinois, known as Dover Place LLC. The Company's operations are concentrated in the multifamily real estate market. In addition, the Company operates in a heavily regulated environment. The operations of the Company are subject to the administrative directives, rules and regulations of federal agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of U.S. Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

23. Liquidity And Availability Of Financial Assets

The following reflects the Organization's financial assets, as of the statement of functional expense date, reduced by amount not available for statement of financial position date. Amounts not available include amounts set aside for long-term investing in a board-designated liquidity reserve that could be drawn upon if the governing board approves that action.

As of June 30, 2021 and 2020, total financial assets that could be made available within one year to meet general expenditures are as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,092,490	\$ 1,369,366
Grants receivable	1,003,252	385,473
Total Financial Assets At Year-End	2,095,742	1,754,839
Less Amounts Not Available To Be Used For General Expenditures		
Net assets with donor restrictions	764,544	565,837
Board designations amounts set aside	—	492,365
Financial Assets Available To Meet General Expenditures Over The Next Twelve Months	\$ 1,331,198	\$ 696,637

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

Notes To Consolidated Financial Statements *(Continued)*

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 60 days average operating expenses. As part of the liquidity management plan, cash is invested in excess of daily requirements in short-term, investment grade fixed income mutual funds, U.S. Government and U.S. Government Agency obligations, CDs, and money market funds. Occasionally, the Board designates a portion of any operating surplus to its liquidity reserve.

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2021

Assets					
	BEDS Plus Care, Inc.	Ogden Avenue Supportive Housing LP	Dover Place LLC	Eliminations	Consolidated
Current Assets					
Cash	\$ 227,469	\$ 112,604	\$ 5,003	\$ —	\$ 345,076
Cash and cash equivalents - restricted	744,898	—	2,516	—	747,414
Cash - board designated	—	—	—	—	—
Grants receivable	1,003,252	—	—	—	1,003,252
Accounts receivable	—	8,757	3,443	—	12,200
Due from affiliates	375,465	—	—	(375,465)	—
Total Current Assets	2,351,084	121,361	10,962	(375,465)	2,107,942
Property and Equipment					
Land	—	97,954	588,757	—	686,711
Building	—	5,185,997	249,520	(204,000)	5,231,517
Site improvements	38,439	730,886	—	—	769,325
Furniture and fixtures	35,347	121,057	—	—	156,404
Construction in progress	76,087	—	—	—	76,087
Accumulated depreciation	(33,253)	(784,968)	(17,063)	—	(835,284)
Net Property And Equipment	116,620	5,350,926	821,214	(204,000)	6,084,760
Other Assets					
Investment in Ogden Avenue & Dover Place	1,450,552	—	—	(1,450,552)	—
Real estate tax and insurance escrow	—	11,794	—	—	11,794
Replacement reserve	—	31,994	30,000	—	61,994
Operating reserves	—	194,276	—	—	194,276
Deferred fees, net	—	118,206	—	—	118,206
Total Other Assets	1,450,552	356,270	30,000	(1,450,552)	386,270
Total Assets	\$ 3,918,256	\$ 5,828,557	\$ 862,176	\$ (2,030,017)	\$ 8,578,972

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (Continued)
June 30, 2021

Liabilities And Net Assets						
	BEDS Plus Care, Inc.	Ugden Avenue Supportive Housing LP	Dover Place LLC	Eliminations	Consolidated	
Current Liabilities						
Accounts payable	\$ 52,487	\$ 236	\$ —	\$ —	\$ 52,723	
Accrued expenses and other liabilities	46,075	—	—	—	46,075	
Accrued interest	—	25,503	3,390	(25,503)	3,390	
Due to affiliates	—	—	7,091	(7,091)	—	
Mortgage loans payable - current portion	—	1,200	9,272	—	10,472	
Tenant security deposits	—	—	2,514	—	2,514	
Total Current Liabilities	98,562	26,939	22,267	(32,594)	115,174	
Long-Term Liabilities						
Mortgage loans payable	—	1,293,658	655,778	—	1,949,436	
Other loan payable - AHP Loan	—	300,000	—	(300,000)	—	
Debt issuance cost	—	(41,770)	(43,448)	—	(85,218)	
Deferred developer fee	—	88,037	—	(42,871)	45,166	
Total Long-Term Liabilities	—	1,639,925	612,330	(342,871)	1,909,384	
Net Assets						
Without donor restrictions:						
Noncontrolling interest in subsidiary	—	3,027,063	—	—	3,027,063	
Undesignated	3,055,150	1,134,630	227,579	(1,654,552)	2,762,807	
Total without donor restrictions	3,055,150	4,161,693	227,579	(1,654,552)	5,789,870	
With Donor Restrictions	764,544	—	—	—	764,544	
Total Net Assets	3,819,694	4,161,693	227,579	(1,654,552)	6,554,414	
Total Liabilities And Net Assets	\$ 3,918,256	\$ 5,828,557	\$ 862,176	\$ (2,030,017)	\$ 8,578,972	

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (Continued)
June 30, 2020

Assets					
	BEDS Plus Care, Inc.	Ogden Avenue Supportive Housing LP	Dover Place LLC	Eliminations	Consolidated
Current Assets					
Cash	\$ 609,803	\$ 93,188	\$ 9,110	\$ —	\$ 712,101
Cash and cash equivalents - restricted	162,385	—	2,515	—	164,900
Cash - board designated	492,365	—	—	—	492,365
Grants receivable	385,473	—	—	—	385,473
Accounts receivable	—	5,554	2,717	—	8,271
Prepaid Expenses	—	1,494	—	—	1,494
Due from Ogden Avenue	369,086	—	—	(369,086)	—
Total Current Assets	2,019,112	100,236	14,342	(369,086)	1,764,604
Property and Equipment					
Land	—	97,954	588,757	—	686,711
Building	—	5,185,997	242,320	(204,000)	5,224,317
Site improvements	19,070	730,886	—	—	749,956
Furniture and fixtures	34,075	121,057	—	—	155,132
Accumulated depreciation	(22,901)	(530,367)	(8,077)	—	(561,345)
Net Property And Equipment	30,244	5,605,527	823,000	(204,000)	6,254,771
Other Assets					
Investment in Ogden Avenue & Dover Place	1,450,552	—	—	(1,450,552)	—
Real estate tax and insurance escrow	—	11,814	—	—	11,814
Replacement reserve	—	23,994	30,000	—	53,994
Operating reserves	—	194,276	—	—	194,276
Deferred fees, net	—	128,126	—	—	128,126
Total Other Assets	1,450,552	358,210	30,000	(1,450,552)	388,210
Total Assets	\$ 3,499,908	\$ 6,063,973	\$ 867,342	\$ (2,023,638)	\$ 8,407,585

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (Continued)
June 30, 2020

Liabilities And Net Assets

	BEDS Plus Care, Inc.	Ogden Avenue Supportive Housing LP	Dover Place LLC	Eliminations	Consolidated
Current Liabilities					
Accounts payable	\$ 23,484	\$ 5,569	\$ —	\$ —	\$ 29,053
Accrued expenses and other liabilities	43,488	—	—	—	43,488
Prepaid rent	—	3,142	—	—	3,142
Accrued interest	311	19,124	3,369	(19,124)	3,680
Due to affiliates	—	—	7,091	(7,091)	—
Mortgage loans payable - current portion	—	1,200	8,734	—	9,934
Tenant security deposits	—	—	2,514	—	2,514
Total Current Liabilities	67,283	29,035	21,708	(26,215)	91,811
Long-Term Liabilities					
Mortgage loans payable	—	1,294,858	665,050	—	1,959,908
Other loan payable - AHP Loan	—	300,000	—	(300,000)	—
PPP loan payable	145,168	—	—	—	145,168
Debt issuance cost	—	(43,289)	(46,473)	—	(89,762)
Deferred developer fee	—	88,037	—	(42,871)	45,166
Total Long-Term Liabilities	145,168	1,639,606	618,577	(342,871)	2,060,480
Net Assets (Deficit)					
Without donor restrictions:					
Noncontrolling interest in subsidiary	—	3,256,881	—	—	3,256,881
Undesignated	2,721,620	1,138,451	227,057	(1,654,552)	2,432,576
Total without donor restrictions	2,721,620	4,395,332	—	(1,654,552)	5,689,457
With donor restrictions	565,837	—	—	—	565,837
Total Net Assets	3,287,457	4,395,332	227,057	(1,654,552)	6,255,294
Total Liabilities And Net Assets	\$ 3,499,908	\$ 6,063,973	\$ 867,342	\$ (2,023,638)	\$ 8,407,585

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For The Year Ended June 30, 2021

	BEDS Plus Care, Inc.			Ogden Avenue Supportive Housing LP			Dover Place LLC			Consolidated Total		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Subtotal	Elimination	Total
Revenue and Support												
Faith contributions	\$ 81,263	\$ —	\$ 81,263	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 81,263	\$ —	\$ 81,263
Tenant rent	—	—	—	64,000	—	64,000	56,984	—	56,984	120,984	—	120,984
Subsidy rent	—	—	—	99,928	—	99,928	97,632	—	97,632	197,560	—	197,560
Corporations	28,521	—	28,521	—	—	—	—	—	—	28,521	—	28,521
Civic organizations	31,533	—	31,533	—	—	—	—	—	—	31,533	—	31,533
Individuals	204,293	114,360	318,653	—	—	—	—	—	—	318,653	—	318,653
Private foundations	134,852	196,050	330,902	—	—	—	—	—	—	330,902	—	330,902
Government grants	155,508	2,660,071	2,815,579	—	—	—	—	—	—	2,815,579	—	2,815,579
Fundraising - Summit Service Center	—	660,095	660,095	—	—	—	—	—	—	660,095	—	660,095
Donated services	214,234	—	214,234	—	—	—	—	—	—	214,234	—	214,234
Special events:												
Gross receipts	18,265	—	18,265	—	—	—	—	—	—	18,265	—	18,265
Direct expenses	(26,779)	—	(26,779)	—	—	—	—	—	—	(26,779)	—	(26,779)
Net assets released from restriction	3,431,869	(3,431,869)	—	—	—	—	—	—	—	—	—	—
Total Revenue and Support	4,273,559	198,707	4,472,266	163,928	—	163,928	154,616	—	154,616	4,790,810	—	4,790,810
Functional Expenses												
Program services	3,771,013	—	3,771,013	—	—	—	—	—	—	3,771,013	—	3,771,013
Management and general	146,275	—	146,275	415,657	—	415,657	155,367	—	155,367	717,299	(6,379)	710,920
Fundraising expenses	180,734	—	180,734	—	—	—	—	—	—	180,734	—	180,734
Total Functional Expenses	4,098,022	—	4,098,022	415,657	—	415,657	155,367	—	155,367	4,669,046	(6,379)	4,662,667
Other Income (Expense)												
Other income	150,721	—	150,721	—	—	—	2	—	2	150,723	—	150,723
Interest income	7,272	—	7,272	19,590	—	19,590	1,271	—	1,271	28,133	(6,379)	21,754
Distributions to noncontrolling interest	—	—	—	(1,500)	—	(1,500)	—	—	—	(1,500)	—	(1,500)
Total Other Income	157,993	—	157,993	18,090	—	18,090	1,273	—	1,273	177,356	(6,379)	170,977
Increase In Net Assets	333,530	198,707	532,237	(233,639)	—	(233,639)	522	—	522	299,120	—	299,120
Net Assets - Beginning Of Year	2,721,620	565,837	3,287,457	4,395,332	—	4,395,332	227,057	—	227,057	7,909,846	(1,654,552)	6,255,294
Net Assets - End Of Year	\$ 3,055,150	\$ 764,544	\$ 3,819,694	\$ 4,161,693	\$ —	\$ 4,161,693	\$ 227,579	\$ —	\$ 227,579	\$ 8,208,966	\$ (1,654,552)	\$ 6,554,414

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS *(Continued)* For The Year Ended June 30, 2020

	BEDS Plus Care, Inc.			Ogden Avenue Supportive Housing LP			Dover Place LLC			Consolidated Total		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Subtotal	Elimination	Total
Revenue and Support												
Faith contributions	\$ 80,029	\$ —	\$ 80,029	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 80,029	\$ —	\$ 80,029
Tenant rent	—	—	—	57,504	—	57,504	46,259	—	46,259	103,763	—	103,763
Subsidy rent	—	—	—	83,502	—	83,502	81,553	—	81,553	165,055	—	165,055
Corporations	18,503	—	18,503	—	—	—	—	—	—	18,503	—	18,503
Civic organizations	89,559	—	89,559	—	—	—	—	—	—	89,559	—	89,559
Individuals	448,596	—	448,596	—	—	—	—	—	—	448,596	—	448,596
Private foundations	294,815	262,975	557,790	—	—	—	—	—	—	557,790	—	557,790
Government grants	470,647	123,197	593,844	—	—	—	—	—	—	593,844	—	593,844
Donated services	326,803	—	326,803	—	—	—	—	—	—	326,803	—	326,803
Special events:												
Gross receipts	98,821	—	98,821	—	—	—	—	—	—	98,821	—	98,821
Direct expenses	(39,041)	—	(39,041)	—	—	—	—	—	—	(39,041)	—	(39,041)
Assets released from restriction	379,145	(379,145)	—	—	—	—	—	—	—	—	—	—
Total Revenue and Support	2,167,877	7,027	2,174,904	141,006	—	141,006	127,812	—	127,812	2,443,722	—	2,443,722
Functional Expenses												
Program services	1,517,809	—	1,517,809	—	—	—	—	—	—	1,517,809	—	1,517,809
Management and general	111,390	—	111,390	427,036	—	427,036	134,597	—	134,597	673,023	(6,423)	666,600
Fundraising expenses	132,185	—	132,185	—	—	—	—	—	—	132,185	—	132,185
Total Functional Expenses	1,761,384	—	1,761,384	427,036	—	427,036	134,597	—	134,597	2,323,017	(6,423)	2,316,594
Other Income (Expense)												
Other income	4,613	—	4,613	—	—	—	2	—	2	4,615	—	4,615
Interest	13,414	—	13,414	18,032	—	18,032	84,754	—	84,754	116,200	(6,423)	109,777
Investment in partnership	—	—	—	—	—	—	149,086	—	149,086	149,086	(149,086)	—
Contributions from noncontrolling interest	—	—	—	194,512	—	194,512	—	—	—	194,512	—	194,512
Total Other Income	18,027	—	18,027	212,544	—	212,544	233,842	—	233,842	464,413	(155,509)	308,904
Increase In Net Assets	424,520	7,027	431,547	(73,486)	—	(73,486)	227,057	—	227,057	585,118	(149,086)	436,032
Net Assets - Beginning Of Year	2,297,100	558,810	2,855,910	4,468,818	—	4,468,818	—	—	—	7,324,728	(1,505,466)	5,819,262
Net Assets - End Of Year	\$ 2,721,620	\$ 565,837	\$ 3,287,457	\$ 4,395,332	\$ —	\$ 4,395,332	\$ 227,057	\$ —	\$ 227,057	\$ 7,909,846	\$ (1,654,552)	\$ 6,255,294

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2021

	BEDS Plus Care, Inc				Ogden Avenue Supportive Housing LP				Dover Place LLC					
	Program Services	Management And General	Fundraising	Sub-total	Program Services	Management And General	Fundraising	Sub-total	Program Services	Management And General	Fundraising	Sub-total	Eliminations	Consolidated Total
Salaries	\$ 956,119	\$ 108,925	\$ 145,233	\$ 1,210,277	\$ —	\$ 45,739	\$ —	\$ 45,739	\$ —	\$ 211	\$ —	\$ 211	\$ —	\$ 1,256,227
Audit fees	—	10,515	—	10,515	—	—	—	—	—	—	—	—	—	10,515
Depreciation	10,352	—	—	10,352	—	254,601	—	254,601	—	8,986	—	8,986	—	273,939
Amortization	—	—	—	—	—	9,920	—	9,920	—	—	—	—	—	9,920
General insurance	20,957	437	437	21,831	—	10,830	—	10,830	—	7,763	—	7,763	—	40,424
Health savings account	724	83	110	917	—	—	—	—	—	—	—	—	—	917
Motel vouchers	1,743,843	—	—	1,743,843	—	—	—	—	—	—	—	—	—	1,743,843
Client meals and laundry	466,122	—	—	466,122	—	—	—	—	—	—	—	—	—	466,122
Client rental assistance	150,725	—	—	150,725	—	—	—	—	—	—	—	—	—	150,725
Other client assistance	160,503	—	—	160,503	—	—	—	—	—	—	—	—	—	160,503
Client medical care	11,524	—	—	11,524	—	—	—	—	—	—	—	—	—	11,524
Miscellaneous expense	32,208	3,669	4,892	40,769	—	54,709	—	54,709	—	33,115	—	33,115	—	128,593
Taxes and benefits	122,122	13,913	18,550	154,585	—	1,890	—	1,890	—	20,916	—	20,916	—	177,391
Postage and shipping	3,568	406	542	4,516	—	—	—	—	—	—	—	—	—	4,516
Printing	10,467	1,193	1,590	13,250	—	—	—	—	—	—	—	—	—	13,250
Office supplies expense	434	49	66	549	—	—	—	—	—	—	—	—	—	549
Professional fees	12,897	1,469	1,959	16,325	—	10,326	—	10,326	—	8,058	—	8,058	—	34,709
Retirement plan expense	12,534	1,428	1,904	15,866	—	—	—	—	—	—	—	—	—	15,866
Rent	11,711	244	244	12,199	—	—	—	—	—	—	—	—	—	12,199
Staff development	23,925	2,726	3,634	30,285	—	—	—	—	—	2,696	—	2,696	—	32,981
Telephone and internet	9,341	1,064	1,419	11,824	—	—	—	—	—	—	—	—	—	11,824
Utility	7,415	154	154	7,723	—	19,744	—	19,744	—	30,403	—	30,403	—	57,870
Client transportation	3,467	—	—	3,467	—	—	—	—	—	—	—	—	—	3,467
Interest	55	—	—	55	—	7,898	—	7,898	—	43,219	—	43,219	(6,379)	44,793
	\$ 3,771,013	\$ 146,275	\$ 180,734	\$ 4,098,022	\$ —	\$ 415,657	\$ —	\$ 415,657	\$ —	\$ 155,367	\$ —	\$ 155,367	\$ (6,379)	\$ 4,662,667

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES *(Continued)* For The Year Ended June 30, 2020

	BEDS Plus Care, Inc				Ogden Avenue Supportive Housing LP				Dover Place LLC					Consolidated
	Program Services	Management And General	Fundraising	Sub-total	Program Services	Management And General	Fundraising	Sub-total	Program Services	Management And General	Fundraising	Sub-total	Eliminations	Total
Salaries	\$ 604,284	\$ 68,843	\$ 91,790	\$ 764,917	\$ —	\$ 52,067	\$ —	\$ 52,067	\$ —	\$ 4,951	\$ —	\$ 4,951	\$ —	\$ 821,935
Audit fees	—	8,515	—	8,515	—	—	—	—	—	—	—	—	—	8,515
Depreciation	6,366	—	—	6,366	—	254,601	—	254,601	—	8,077	—	8,077	—	269,044
Amortization	—	—	—	—	—	9,920	—	9,920	—	—	—	—	—	9,920
General insurance	20,992	437	437	21,866	—	7,347	—	7,347	—	6,914	—	6,914	—	36,127
Health savings account	2,370	270	360	3,000	—	—	—	—	—	—	—	—	—	3,000
Motel vouchers	100,500	11,449	15,266	127,215	—	—	—	—	—	—	—	—	—	127,215
Client meals and laundry	213,907	—	—	213,907	—	—	—	—	—	—	—	—	—	213,907
Client rental assistance	60,720	—	—	60,720	—	—	—	—	—	—	—	—	—	60,720
Other client assistance	114,855	—	—	114,855	—	—	—	—	—	—	—	—	—	114,855
Client medical care	45,477	5,181	6,908	57,566	—	—	—	—	—	—	—	—	—	57,566
Miscellaneous expense	10,559	1,203	1,604	13,366	—	32,372	—	32,372	—	29,779	—	29,779	—	75,517
Taxes and benefits	76,954	8,767	11,689	97,410	—	11,351	—	11,351	—	12,841	—	12,841	—	121,602
Postage and shipping	2,314	264	352	2,930	—	—	—	—	—	—	—	—	—	2,930
Printing	5,139	586	781	6,506	—	—	—	—	—	—	—	—	—	6,506
Office supplies expense	12,614	1,437	1,916	15,967	—	—	—	—	—	—	—	—	—	15,967
Professional fees	4,014	457	610	5,081	—	22,425	—	22,425	—	7,000	—	7,000	—	34,506
Retirement plan expense	9,081	3,771	262	13,114	—	—	—	—	—	—	—	—	—	13,114
Rent	188,569	—	—	188,569	—	—	—	—	—	—	—	—	—	188,569
Staff development	9,780	—	—	9,780	—	10,359	—	10,359	—	5,015	—	5,015	—	25,154
Telephone and internet	10,104	210	210	10,524	—	—	—	—	—	—	—	—	—	10,524
Utility	4,718	—	—	4,718	—	18,652	—	18,652	—	23,149	—	23,149	—	46,519
Client transportation	14,181	—	—	14,181	—	—	—	—	—	—	—	—	—	14,181
Interest	311	—	—	311	—	7,942	—	7,942	—	36,871	—	36,871	(6,423)	38,701
	\$ 1,517,809	\$ 111,390	\$ 132,185	\$ 1,761,384	\$ —	\$ 427,036	\$ —	\$ 427,036	\$ —	\$ 134,597	\$ —	\$ 134,597	\$ (6,423)	\$ 2,316,594

Independent Auditors' Report On Supplementary Information

Board of Directors
BEDS Plus Care, Inc.
La Grange, Illinois

We have audited the consolidated financial statements of BEDS Plus Care, Inc., a not-for-profit organization, and its subsidiaries which comprise the consolidated financial position as of June 30, 2021, and related consolidated statement of activities and changes in net assets, functional expenses and cash flows for the year then ended. Our report thereon dated November 17, 2021, expressed an unmodified opinion on those consolidated financial statements.

Our audit was performed for the purpose of forming an opinion of the consolidated financial statements as a whole. The accompanying supplementary information, shown as the Consolidated Year-End Financial Report, is presented for purposes of additional analysis and 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 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

RubinBrown LLP

November 17, 2021

BEDS PLUS CARE, INC. AND ITS SUBSIDIARIES

CONSOLIDATED YEAR-END FINANCIAL REPORT**For The Year Ended June 30, 2021**

Category	State	Federal	Other	Total
Personal services (salaries and wages)	\$ —	\$ 688,833	\$ 585,901	\$ 1,274,734
Fringe benefits	—	132,352	63,206	195,558
Travel	—	2,670	835	3,505
Equipment	—	980	306	1,286
Supplies	—	8,395	5,524	13,919
Contractual services	—	898,454	1,200,450	2,098,904
Consultant (professional services)	—	9,931	24,920	34,851
Construction	—	—	—	—
Occupancy - rent and utilities	—	14,729	55,551	70,280
Research and development	—	—	—	—
Telecommunications	—	7,194	4,733	11,927
Training and education	—	18,425	14,820	33,245
Direct administrative costs	—	47,408	644,263	691,671
Miscellaneous costs	—	137,060	4,328	141,388
All Grant specific categories	—	—	—	—
TOTAL DIRECT EXPENDITURES	—	1,966,431	2,604,837	4,571,268
Indirect costs	—	82,119	9,280	91,399
TOTAL EXPENDITURES	\$ —	\$ 2,048,550	\$ 2,614,117	\$ 4,662,667



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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

Ms. Tina Rounds
BEDS Plus Care, Inc.
9601 Ogden Avenue
La Grange, Illinois 60525

Dear Tina:

Enclosed are copies of the single audit report for BEDS Plus Care, Inc. as of June 30, 2021.

The Data Collection Form (Form SF-SAC) is required to be submitted electronically along with the electronic copies of the Single Audit Report and the CAFR.

We appreciate the opportunity to be of continued service to you. If we may furnish you with any additional information, please feel free to contact us.

Very truly yours,

RubinBrown LLP

A handwritten signature in black ink, reading "Chris Langley".

Christopher J. Langley, CPA
Managing Partner - Chicago
Direct Dial Number: 312.705.1764
Email: chris.langley@rubinbrown.com

Enclosures
CJL/et

BEDS PLUS CARE, INC.

UNIFORM GUIDANCE

SINGLE AUDIT REPORT

JUNE 30, 2021

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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

**Independent Auditors' Report On Internal
Control Over Financial Reporting And On
Compliance And Other Matters Based On An
Audit Of Consolidated Financial Statements
Performed In Accordance With *Government
Auditing Standards***

Board of Directors
BEDS Plus Care, Inc. and its Subsidiaries
La Grange, Illinois

We have audited, 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, the consolidated financial statements of BEDS Plus Care, Inc. and its Subsidiaries which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 17, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered BEDS Plus Care, Inc. and its Subsidiaries' internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of BEDS Plus Care, Inc. and its Subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of BEDS Plus Care, Inc. and its Subsidiaries' internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of BEDS Plus Care, Inc. and Subsidiaries' consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether BEDS Plus Care, Inc. and its Subsidiaries' consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose Of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of BEDS Plus Care, Inc. and its Subsidiaries' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering BEDS Plus Care, Inc. and its Subsidiaries' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RubinBrown LLP

November 17, 2021

**Independent Auditors' Report On Compliance
For Each Major Federal Program; Report On
Internal Control Over Compliance; And Report
On Schedule Of Expenditures Of Federal
Awards Required By The Uniform Guidance**

Board of Directors
BEDS Plus Care, Inc.
La Grange, Illinois

Report On Compliance For Each Major Federal Program

We have audited BEDS Plus Care, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of BEDS Plus Care, Inc.'s major federal program for the year ended June 30, 2021. BEDS Plus Care, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

BEDS Plus Care, Inc.'s consolidated financial statements include the operations of two subsidiaries which do not received federal awards and are not included in the schedule of expenditures of federal awards for the year ended June 30, 2021.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of BEDS Plus Care, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred.

An audit includes examining, on a test basis, evidence about BEDS Plus Care, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of BEDS Plus Care, Inc.'s compliance.

Opinion On Each Major Federal Program

In our opinion, BEDS Plus Care, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report On Internal Control Over Compliance

Management of BEDS Plus Care, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered BEDS Plus Care, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program, and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of BEDS Plus Care, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report On Schedule Of Expenditures Of Federal Awards Required By The Uniform Guidance

We have audited the consolidated financial statements of BEDS Plus Care, Inc. and its Subsidiaries as of and for the year ended June 30, 2021, and have issued our report thereon dated November 17, 2021, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and 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 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

RubinBrown LLP

November 17, 2021

BEDS PLUS CARE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For The Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/ Program Or Cluster Title	Federal Assistance Listing Number	Pass-Through Identifying Number	Federal Expenditures	Passed Through To Subrecipients
U.S. Department of the Treasury				
Passed Through Cook County, Illinois COVID-19 Coronavirus Relief Fund	21.019	-	\$ 916,184	\$ 916,184
Total U.S. Department of the Treasury			<u>916,184</u>	<u>916,184</u>
U.S. Department Of Housing And Urban Development				
<i>CDBG Entitlement Grants Cluster</i>				
Passed Through Housing Forward Continuum of Care Program	14.267	IL1721Y5T201800	98,468	98,468
Passed Through Housing Forward Continuum of Care Program	14.267	IL0597L5T11905	<u>106,250</u>	<u>106,250</u>
Total U.S. Department Of Housing And Urban Development			<u>204,718</u>	<u>204,718</u>
U.S. Department of Homeland Security				
Passed Through Cook County Emergency Management & Regional Security, Illinois Disaster Grants - Public Assistance (Presidentially Declared Disasters):	97.036	588-00-0448	<u>744,478</u>	<u>744,478</u>
Total U.S. Department of Homeland Security			<u>744,478</u>	<u>744,478</u>
Department of Justice				
Passed Through Illinois Criminal Justice Information Authority Crime Victim Assistance	16.575	-	<u>183,170</u>	<u>183,170</u>
Total Department of Justice			<u>183,170</u>	<u>183,170</u>
Total Expenditures Of Federal Awards			<u>\$ 2,048,550</u>	<u>\$ 2,048,550</u>

BEDS PLUS CARE, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS **June 30, 2021**

1. Basis Of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) presents the activity of all federal award programs of BEDS Plus Care, Inc., for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

2. Basis Of Accounting

Expenditures reported on the schedule are reported on the accrual basis of accounting as described in Note 2 to the consolidated financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Costs

BEDS Plus Care, Inc. has not elected to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, Section 414.

BEDS PLUS CARE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2021

Section I - Summary Of Auditors' Results

Consolidated Financial Statements

Type of report the auditor issued on whether
the financial statements audited were
prepared in accordance with the
accounting principles generally accepted in
the United States of America:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ yes	_____ ☒ no
Significant deficiency(ies) identified?	_____ yes	_____ ☒ none reported
Noncompliance material to financial statements noted?	_____ yes	_____ ☒ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	_____ yes	_____ ☒ no
Significant deficiency(ies) identified?	_____ yes	_____ ☒ none reported

Type of auditors' report issued on compliance
for major programs:

Unmodified

Any audit findings disclosed that are
required to be reported in accordance with
2 CFR 200.516(a)?

_____ yes _____ ☒ no

Identification of major programs:

<u>Name Of Federal Program Or Cluster</u>	<u>Assistance Listing Number</u>
U.S. Department Of Treasury Coronavirus Relief Fund	21.019

Dollar threshold used to distinguish between
Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee? _____ yes _____ ☒ no

BEDS PLUS CARE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*)
June 30, 2021

Section II - Financial Statement Findings

NONE

BEDS PLUS CARE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

June 30, 2021

Section III - Federal Award Findings And Questioned Costs

NONE

BEDS PLUS CARE, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For The Year Ended June 30, 2021

NONE