

Bethel New Life, Inc. and Affiliates

Consolidating Financial Report
June 30, 2015

Bethel New Life, Inc. and Affiliates

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Independent Auditor's Report

To the Board of Directors
Bethel New Life, Inc. and Affiliates

Report on the Consolidating Financial Statements

We have audited the accompanying consolidating financial statements of Bethel New Life, Inc. and Affiliates (collectively, the "Organization"), which comprise the consolidating statement of financial position as of June 30, 2015 and 2014 and the related consolidating statements of activities and changes in net assets (deficit), functional expenses, and cash flows for the years then ended, and the related notes to the consolidating financial statements.

Management's Responsibility for the Consolidating Financial Statements

Management is responsible for the preparation and fair presentation of these consolidating 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 consolidating financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidating 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 consolidating financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidating financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidating 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 consolidating 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 consolidating financial statements.

To the Board of Directors
Bethel New Life, Inc. and Affiliates

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 consolidating financial statements referred to above present fairly, in all material respects, the financial position of Bethel New Life, Inc. and Affiliates as of June 30, 2015 and 2014 and the changes in their net assets, functional expenses, and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2015 on our consideration of Bethel New Life, Inc. and Affiliates' 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 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 Bethel New Life, Inc. and Affiliates' internal control over financial reporting and compliance.

Plante & Moran, PLLC

December 2, 2015

Bethel New Life, Inc. and Affiliates

Consolidating Statement of Financial Position June 30, 2015

	Affiliates (HUDs)						Eliminations	Total
	Bethel New Life, Inc.	Beth-Anne Extended Living	Bethel Pace Centre	Anathoth Gardens	Beth-Anne Residences	Subtotal		
Assets								
Current Assets								
Cash and cash equivalents	\$ 1,313,878	\$ 335	\$ 6,199	\$ 1,884	\$ 26,267	\$ 34,685	\$ -	\$ 1,348,563
Accounts receivable - Net of allowance (Note 5)	269,633	3,872	-	33,162	12,069	49,103	-	318,736
Contributions receivable	108,351	-	-	-	-	-	-	108,351
Prepaid expenses and other current assets	86,653	56,236	11,610	19,088	47,117	134,051	-	220,704
Total current assets	1,778,515	60,443	17,809	54,134	85,453	217,839	-	1,996,354
Property and Equipment - Net (Note 6)	2,235,955	7,600,853	1,186,723	847,799	6,849,549	16,484,924	-	18,720,879
Investments - Board-designated endowment fund (Note 3)	71,499	-	-	-	-	-	-	71,499
Property Held for Development (Note 7)	38,710	-	-	-	-	-	-	38,710
Property Held for Sale (Note 7)	1,484,533	-	-	-	-	-	-	1,484,533
Deferred Financing Costs - Net	-	-	-	44,641	-	44,641	-	44,641
Cash - Restricted (Note 4)	-	348,285	262,342	540,302	557,385	1,708,314	-	1,708,314
Total assets	\$ 5,609,212	\$ 8,009,581	\$ 1,466,874	\$ 1,486,876	\$ 7,492,387	\$ 18,455,718	\$ -	\$ 24,064,930
Liabilities and Net Assets (Deficit)								
Current Liabilities								
Accounts payable	\$ 91,533	\$ 39,081	\$ 4,634	\$ 11,218	\$ 45,467	\$ 100,400	\$ -	\$ 191,933
Accrued expenses (Note 9)	237,129	22,227	15,298	15,116	49,827	102,468	-	339,597
Security deposits payable	-	15,765	4,817	9,827	37,962	68,371	-	68,371
Due to/from affiliates	(206,711)	206,711	-	-	-	206,711	-	-
Financing payable	113,086	-	-	-	-	-	-	113,086
Refundable program advances	110,799	-	-	-	-	-	-	110,799
Notes payable (Note 10)	2,336,129	-	-	45,428	-	45,428	-	2,381,557
Total current liabilities	2,681,965	283,784	24,749	81,589	133,256	523,378	-	3,205,343
Recoverable Capital Advance (Note 8)	-	9,988,700	1,538,300	-	10,371,000	21,898,000	-	21,898,000
Notes Payable - Net of current portion (Note 10)	335,140	-	-	2,584,901	-	2,584,901	-	2,920,041
Total liabilities	3,017,105	10,272,484	1,563,049	2,666,490	10,504,256	25,006,279	-	28,023,384
Net Assets (Deficit)								
Unrestricted:								
Undesignated	1,581,714	(2,262,903)	(96,175)	(1,179,614)	(3,011,869)	(6,550,561)	-	(4,968,847)
Board-designated endowment fund (Note 13)	71,499	-	-	-	-	-	-	71,499
Temporarily restricted (Note 11)	938,894	-	-	-	-	-	-	938,894
Total net assets (deficit)	2,592,107	(2,262,903)	(96,175)	(1,179,614)	(3,011,869)	(6,550,561)	-	(3,958,454)
Total liabilities and net assets (deficit)	\$ 5,609,212	\$ 8,009,581	\$ 1,466,874	\$ 1,486,876	\$ 7,492,387	\$ 18,455,718	\$ -	\$ 24,064,930

Bethel New Life, Inc. and Affiliates

Consolidating Statement of Financial Position June 30, 2014

	Affiliates (HUDs)							Total
	Bethel New Life, Inc.	Beth-Anne Extended Living	Bethel Pace Centre	Bethel Anathoth Gardens	Beth-Anne Residences	Subtotal	Eliminations	
Assets								
Current Assets								
Cash and cash equivalents	\$ 1,395,200	\$ 30,775	\$ 17,010	\$ 1,138	\$ 998	\$ 49,921	\$ -	\$ 1,445,121
Accounts receivable - Net of allowance (Note 5)	369,051	1,572	4,059	53,003	16,008	74,642	-	443,693
Contributions receivable	564,500	-	-	-	-	-	-	564,500
Prepaid expenses and other current assets	100,822	56,367	12,161	32,460	56,283	157,271	(7,236)	250,857
Total current assets	2,429,573	88,714	33,230	86,601	73,289	281,834	(7,236)	2,704,171
Property and Equipment - Net (Note 6)	3,602,660	7,788,190	1,155,568	1,036,072	7,077,662	17,057,492	-	20,660,152
Investments - Board-designated endowment fund (Note 3)	69,337	-	-	-	-	-	-	69,337
Property Held for Development (Note 7)	38,710	-	-	-	-	-	-	38,710
Property Held for Sale (Note 7)	95,000	-	-	-	-	-	-	95,000
Deferred Financing Costs - Net	-	-	-	48,566	-	48,566	-	48,566
Cash - Restricted (Note 4)	-	300,768	271,533	511,405	514,708	1,598,414	-	1,598,414
Total assets	\$ 6,235,280	\$ 8,177,672	\$ 1,460,331	\$ 1,682,644	\$ 7,665,659	\$ 18,986,306	\$ (7,236)	\$ 25,214,350
Liabilities and Net Assets (Deficit)								
Current Liabilities								
Accounts payable	\$ 92,881	\$ 16,118	\$ 14,092	\$ 50,788	\$ 52,445	\$ 133,443	\$ (7,236)	\$ 219,088
Accrued expenses (Note 9)	188,002	36,143	18,473	19,848	54,521	128,985	-	316,987
Security deposits payable	12,372	16,316	4,383	7,507	31,604	59,810	-	72,182
Due to/from affiliates	(205,114)	206,711	(1,597)	-	-	205,114	-	-
Financing payable	173,185	-	-	-	-	-	-	173,185
Refundable program advances	274,857	-	-	-	-	-	-	274,857
Notes payable (Note 10)	2,371,116	-	-	43,109	-	43,109	-	2,414,225
Total current liabilities	2,907,299	275,288	35,351	121,252	138,570	570,461	(7,236)	3,470,524
Recoverable Capital Advance (Note 8)	-	9,988,700	1,538,300	-	10,371,000	21,898,000	-	21,898,000
Notes Payable - Net of current portion (Note 10)	529,377	-	-	2,630,329	-	2,630,329	-	3,159,706
Total liabilities	3,436,676	10,263,988	1,573,651	2,751,581	10,509,570	25,098,790	(7,236)	28,528,230
Net Assets (Deficit)								
Unrestricted:								
Undesignated	1,841,572	(2,086,316)	(113,320)	(1,068,937)	(2,843,911)	(6,112,484)	-	(4,270,912)
Board-designated endowment fund (Note 13)	69,337	-	-	-	-	-	-	69,337
Temporarily restricted (Note 11)	887,695	-	-	-	-	-	-	887,695
Total net assets (deficit)	2,798,604	(2,086,316)	(113,320)	(1,068,937)	(2,843,911)	(6,112,484)	-	(3,313,880)
Total liabilities and net assets (deficit)	\$ 6,235,280	\$ 8,177,672	\$ 1,460,331	\$ 1,682,644	\$ 7,665,659	\$ 18,986,306	\$ (7,236)	\$ 25,214,350

Bethel New Life, Inc. and Affiliates

Consolidating Statement of Activities and Changes in Net Assets (Deficit) Year Ended June 30, 2015

	Bethel New Life, Inc.			Affiliates (HUDs)					Consolidated		
	Unrestricted	Temporarily Restricted	Total	Beth-Anne Extended Living	Bethel Pace Centre	Bethel Anathoth Gardens	Beth-Anne Residences	Unrestricted Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue											
Support:											
Government fees and contracts	\$ 2,176,338	\$ -	\$ 2,176,338	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,176,338	\$ -	\$ 2,176,338
Corporate, foundation, and trust contributions	573,938	489,668	1,063,606	-	-	-	-	-	573,938	489,668	1,063,606
Individual donations	241,178	-	241,178	-	-	-	-	-	241,178	-	241,178
Church donations	56,067	-	56,067	-	-	-	-	-	56,067	-	56,067
United Way donations	660	-	660	-	-	-	-	-	660	-	660
Total support	3,048,181	489,668	3,537,849	-	-	-	-	-	3,048,181	489,668	3,537,849
Revenue:											
Rental income	905,784	-	905,784	901,064	359,321	819,474	1,364,802	3,444,661	4,350,445	-	4,350,445
Special event	52,600	-	52,600	-	-	-	-	-	52,600	-	52,600
Management and consulting fees	155,757	-	155,757	-	-	-	-	-	155,757	-	155,757
Investment income	4,443	-	4,443	349	71,326	214	52	71,941	76,384	-	76,384
Loss on disposal of property and equipment	-	-	-	-	-	-	-	-	-	-	-
Other	190,912	-	190,912	-	2,299	1,958	8,335	12,592	203,504	-	203,504
Total revenue	1,309,496	-	1,309,496	901,413	432,946	821,646	1,373,189	3,529,194	4,838,690	-	4,838,690
Total support and revenue	4,357,677	489,668	4,847,345	901,413	432,946	821,646	1,373,189	3,529,194	7,886,871	489,668	8,376,539
Net Assets Released from Restrictions	438,469	(438,469)	-	-	-	-	-	-	438,469	(438,469)	-
Total support, revenue, and net assets released from restrictions	4,796,146	51,199	4,847,345	901,413	432,946	821,646	1,373,189	3,529,194	8,325,340	51,199	8,376,539
Expenses											
Program services:											
West side forward	1,478,288	-	1,478,288	-	-	-	-	-	1,478,288	-	1,478,288
Supportive living	1,301,702	-	1,301,702	-	-	-	-	-	1,301,702	-	1,301,702
Real estate and development	897,051	-	897,051	881,385	346,884	780,066	1,236,587	3,244,922	4,141,973	-	4,141,973
Total program services	3,677,041	-	3,677,041	881,385	346,884	780,066	1,236,587	3,244,922	6,921,963	-	6,921,963
Support services:											
Management and general administration	1,192,623	-	1,192,623	196,615	68,917	152,257	304,560	722,349	1,914,972	-	1,914,972
Fundraising	184,178	-	184,178	-	-	-	-	-	184,178	-	184,178
Total support services	1,376,801	-	1,376,801	196,615	68,917	152,257	304,560	722,349	2,099,150	-	2,099,150
Total expenses	5,053,842	-	5,053,842	1,078,000	415,801	932,323	1,541,147	3,967,271	9,021,113	-	9,021,113
(Decrease) Increase in Net Assets	(257,696)	51,199	(206,497)	(176,587)	17,145	(110,677)	(167,958)	(438,077)	(695,773)	51,199	(644,574)
Net Assets (Deficit) - Beginning of year	1,910,909	887,695	2,798,604	(2,086,316)	(113,320)	(1,068,937)	(2,843,911)	(6,112,484)	(4,201,575)	887,695	(3,313,880)
Net Assets (Deficit) - End of year	\$ 1,653,213	\$ 938,894	\$ 2,592,107	\$ (2,262,903)	\$ (96,175)	\$ (1,179,614)	\$ (3,011,869)	\$ (6,550,561)	\$ (4,897,348)	\$ 938,894	\$ (3,958,454)

Bethel New Life, Inc. and Affiliates

Consolidating Statement of Activities and Changes in Net Assets (Deficit) Year Ended June 30, 2014

	Bethel New Life, Inc.			Affiliates (HUDs)					Consolidated		
	Unrestricted	Temporarily Restricted	Total	Beth-Anne Extended Living	Bethel Pace Centre	Bethel Anathoth Gardens	Beth-Anne Residences	Unrestricted Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue											
Support:											
Government fees and contracts	\$ 2,393,641	\$ -	\$ 2,393,641	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,393,641	\$ -	\$ 2,393,641
Corporate, foundation, and trust contributions	236,197	882,000	1,118,197	-	-	-	-	-	236,197	882,000	1,118,197
Individual donations	262,819	-	262,819	-	-	-	-	-	262,819	-	262,819
Church donations	82,986	-	82,986	-	-	-	-	-	82,986	-	82,986
United Way donations	1,100	-	1,100	-	-	-	-	-	1,100	-	1,100
Total support	2,976,743	882,000	3,858,743	-	-	-	-	-	2,976,743	882,000	3,858,743
Revenue:											
Rental income	954,958	-	954,958	1,033,206	371,799	847,521	1,368,651	3,621,177	4,576,135	-	4,576,135
Special event	89,201	-	89,201	-	-	-	-	-	89,201	-	89,201
Management and consulting fees	172,545	-	172,545	-	-	-	-	-	172,545	-	172,545
Investment income	34,266	-	34,266	295	34	273	45	647	34,913	-	34,913
Loss on disposal of property and equipment	(60,615)	-	(60,615)	-	-	-	-	-	(60,615)	-	(60,615)
Other	41,132	-	41,132	-	1,083	2,011	24,910	28,004	69,136	-	69,136
Total revenue	1,231,487	-	1,231,487	1,033,501	372,916	849,805	1,393,606	3,649,828	4,881,315	-	4,881,315
Total support and revenue	4,208,230	882,000	5,090,230	1,033,501	372,916	849,805	1,393,606	3,649,828	7,858,058	882,000	8,740,058
Net Assets Released from Restrictions	274,634	(274,634)	-	-	-	-	-	-	274,634	(274,634)	-
Total support, revenue, and net assets released from restrictions	4,482,864	607,366	5,090,230	1,033,501	372,916	849,805	1,393,606	3,649,828	8,132,692	607,366	8,740,058
Expenses											
Program services:											
West side forward	1,307,918	-	1,307,918	-	-	-	-	-	1,307,918	-	1,307,918
Supportive living	1,411,282	-	1,411,282	-	-	-	-	-	1,411,282	-	1,411,282
Real estate and development	667,178	-	667,178	1,023,643	350,819	841,894	1,297,923	3,514,279	4,181,457	-	4,181,457
Total program services	3,386,378	-	3,386,378	1,023,643	350,819	841,894	1,297,923	3,514,279	6,900,657	-	6,900,657
Support services:											
Management and general administration	1,145,949	-	1,145,949	199,305	60,846	139,136	278,976	678,263	1,824,212	-	1,824,212
Fundraising	187,523	-	187,523	-	-	-	-	-	187,523	-	187,523
Total support services	1,333,472	-	1,333,472	199,305	60,846	139,136	278,976	678,263	2,011,735	-	2,011,735
Total expenses	4,719,850	-	4,719,850	1,222,948	411,665	981,030	1,576,899	4,192,542	8,912,392	-	8,912,392
(Decrease) Increase in Net Assets - Before impairment gain from extinguishment of debt	(236,986)	607,366	370,380	(189,447)	(38,749)	(131,225)	(183,293)	(542,714)	(779,700)	607,366	(172,334)
Gain from Extinguishment of Debt	113,045	-	113,045	-	-	-	-	-	113,045	-	113,045
(Decrease) Increase in Net Assets	(123,941)	607,366	483,425	(189,447)	(38,749)	(131,225)	(183,293)	(542,714)	(666,655)	607,366	(59,289)
Net Assets (Deficit) - Beginning of year, as restated	2,034,850	280,329	2,315,179	(1,896,869)	(74,571)	(937,712)	(2,660,618)	(5,569,770)	(3,534,920)	280,329	(3,254,591)
Net Assets (Deficit) - End of year	\$ 1,910,909	\$ 887,695	\$ 2,798,604	\$ (2,086,316)	\$ (113,320)	\$ (1,068,937)	\$ (2,843,911)	\$ (6,112,484)	\$ (4,201,575)	\$ 887,695	\$ (3,313,880)

See Notes to Consolidating Financial Statements.

Bethel New Life, Inc. and Affiliates

Consolidating Statement of Functional Expenses Year Ended June 30, 2015

	Program Services								Support Services			2015	
	Bethel New Life				Beth-Anne Extended Living - Real Estate and Development	Bethel Pace Centre - Real Estate and Development	Bethel Anathoth Gardens - Real Estate and Development	Beth-Anne Residences - Real Estate and Development	Total Program	Management and General	Fundraising		Total Support
	West Side Forward	Supportive Living	Real Estate and Property Management	Total Bethel New Life									
Salaries	\$ 955,965	\$ 736,512	\$ 208,399	\$ 1,900,876	\$ 178,833	\$ 83,314	\$ 153,580	\$ 328,337	\$ 2,644,940	\$ 692,658	\$ 105,161	\$ 797,819	\$ 3,442,759
Payroll taxes and employee benefits	172,515	150,111	40,630	363,256	43,074	16,723	34,469	82,701	540,223	101,045	22,307	123,352	663,575
Other employee related expenses	4,062	1,760	366	6,188	-	-	-	-	6,188	2,907	-	2,907	9,095
Total salaries and fringe benefits	1,132,542	888,383	249,395	2,270,320	221,907	100,037	188,049	411,038	3,191,351	796,610	127,468	924,078	4,115,429
Professional fees	160,537	45,138	19,164	224,839	119,380	45,908	82,367	174,753	647,247	168,679	2,847	171,526	818,773
Food and kitchen supplies	9,555	240,652	-	250,207	-	-	-	-	250,207	2,580	2,092	4,672	254,879
Program and other supplies	52,831	9,025	6,921	68,777	16,449	14,515	41,458	54,293	195,492	6,064	2,581	8,645	204,137
Maintenance and repairs	1,157	15,466	107,024	123,647	111,718	17,844	27,199	89,905	370,313	307	-	307	370,620
Occupancy and utilities	46,566	29,624	233,019	309,209	250,944	125,029	172,266	374,389	1,231,837	69,624	14,319	83,943	1,315,780
Marketing, printing, and subscriptions	24,909	28,563	2,186	55,658	2,693	491	1,027	5,031	64,900	16,466	31,893	48,359	113,259
Travel and conference	21,750	570	225	22,545	3,569	1,135	3,798	14,672	45,719	11,029	180	11,209	56,928
Insurance	17,855	15,726	22,636	56,217	43,654	12,501	28,864	68,269	209,505	38,865	1,918	40,783	250,288
Interest expense	-	537	59,155	59,692	-	-	151,065	-	210,757	18,556	-	18,556	229,313
Depreciation and amortization	-	2,233	190,787	193,020	300,086	88,716	224,453	329,237	1,135,512	63,843	880	64,723	1,200,235
Other expenses	10,586	25,785	6,539	42,910	7,600	9,625	11,777	19,560	91,472	-	-	-	91,472
HUD administrative costs allocation	-	-	-	-	(196,615)	(68,917)	(152,257)	(304,560)	(722,349)	722,349	-	722,349	-
Total functional expenses	\$ 1,478,288	\$ 1,301,702	\$ 897,051	\$ 3,677,041	\$ 881,385	\$ 346,884	\$ 780,066	\$ 1,236,587	6,921,963	\$ 1,914,972	\$ 184,178	\$ 2,099,150	\$ 9,021,113

Bethel New Life, Inc. and Affiliates

Consolidating Statement of Functional Expenses Year Ended June 30, 2014

	Program Services								Support Services			2014	
	Bethel New Life				Beth-Anne Extended Living - Real Estate and Development	Bethel Pace Centre - Real Estate and Development	Bethel Anathoth Gardens - Real Estate and Development	Beth-Anne Residences - Real Estate and Development	Total Program	Management and General	Fundraising		Total Support
	West Side Forward	Supportive Living	Real Estate and Property Management	Total Bethel New Life									
Salaries	\$ 830,351	\$ 737,285	\$ 212,722	\$ 1,780,358	\$ 201,788	\$ 77,702	\$ 162,786	\$ 347,706	\$ 2,570,340	\$ 632,623	\$ 95,172	\$ 727,795	\$ 3,298,135
Payroll taxes and employee benefits	178,467	165,893	48,064	392,424	41,619	14,565	37,496	74,344	560,448	110,785	25,396	136,181	696,629
Other employee related expenses	7,599	1,019	240	8,858	-	-	-	-	8,858	704	1,510	2,214	11,072
Total salaries and fringe benefits	1,016,417	904,197	261,026	2,181,640	243,407	92,267	200,282	422,050	3,139,646	744,112	122,078	866,190	4,005,836
Professional fees	99,241	51,286	35,409	185,936	93,736	40,910	61,213	136,639	518,434	166,884	20,921	187,805	706,239
Food and kitchen supplies	11,844	230,951	277	243,072	-	-	-	-	243,072	2,394	-	2,394	245,466
Program and other supplies	34,973	18,638	342	53,953	14,604	13,631	24,172	52,868	159,228	11,158	250	11,408	170,636
Maintenance and repairs	27,052	29,294	18,020	74,366	220,562	29,513	83,133	122,657	530,231	35,479	8,326	43,805	574,036
Occupancy and utilities	32,098	53,908	181,818	267,824	275,103	130,994	180,460	407,491	1,261,872	49,182	9,075	58,257	1,320,129
Marketing, printing, and subscriptions	5,756	2,273	651	8,680	1,172	14	876	1,166	11,908	13,431	12,702	26,133	38,041
Travel and conference	28,014	5,088	2,493	35,595	5,325	3,450	6,951	12,579	63,900	5,540	107	5,647	69,547
Insurance	35,231	38,657	36,538	110,426	62,057	17,643	43,697	95,039	328,862	5,937	8,546	14,483	343,345
Interest expense	781	14,379	59,038	74,198	(8)	(1)	153,465	(1)	227,653	18,822	893	19,715	247,368
Depreciation and amortization	3,593	57,279	62,873	123,745	299,445	78,043	221,331	319,701	1,042,265	75,282	4,108	79,390	1,121,655
Other expenses	12,918	5,332	8,693	26,943	7,545	5,201	5,450	6,710	51,849	17,728	517	18,245	70,094
HUD administrative costs allocation	-	-	-	-	(199,305)	(60,846)	(139,136)	(278,976)	(678,263)	678,263	-	678,263	-
Total functional expenses	\$ 1,307,918	\$ 1,411,282	\$ 667,178	\$ 3,386,378	\$ 1,023,643	\$ 350,819	\$ 841,894	\$ 1,297,923	6,900,657	\$ 1,824,212	\$ 187,523	\$ 2,011,735	\$ 8,912,392

Bethel New Life, Inc. and Affiliates

Consolidating Statement of Cash Flows

	Year Ended June 30, 2015						Year Ended June 30, 2014							
	Bethel New Life, Inc.	Beth-Anne Extended Living	Bethel Pace Centre	Bethel Anathoth Gardens	Beth-Anne Residences	Eliminations	Total	Bethel New Life, Inc.	Beth-Anne Extended Living	Bethel Pace Centre	Bethel Anathoth Gardens	Beth-Anne Residences	Eliminations	Total
Cash Flows from Operating Activities														
(Decrease) increase in net assets	\$ (206,497)	\$ (176,587)	\$ 17,145	\$ (110,677)	\$ (167,958)	\$ -	\$ (644,574)	\$ 483,425	\$ (189,447)	\$ (38,749)	\$ (131,225)	\$ (183,293)	\$ -	\$ (59,289)
Adjustments to reconcile (decrease) increase in net assets to net cash from operating activities:														
Depreciation and amortization	193,077	300,086	88,716	224,453	329,237	-	1,135,569	203,135	299,445	78,043	221,331	319,701	-	1,121,655
Provision for losses on receivables	-	-	-	-	-	-	-	-	5,208	124	264	162	-	5,758
Reduction in reserve for uncollectible receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Realized and unrealized gains on investments	(2,162)	-	-	-	-	-	(2,162)	(13,208)	-	-	-	-	-	(13,208)
Loss on sale of property and equipment	-	-	-	-	-	-	-	60,615	-	-	-	-	-	60,615
Gain from extinguishment of debt	-	-	-	-	-	-	-	(113,045)	-	-	-	-	-	(113,045)
(Increase) decrease in:														
Accounts receivable	99,418	(2,300)	4,059	6,447	3,939	-	111,563	441,416	(4,022)	(3,437)	2,012	(14,205)	-	421,764
Contributions receivable	456,149	-	-	-	-	-	456,149	(474,917)	-	-	-	-	-	(474,917)
Prepaid expenses and other current assets	1,797	1,087	(4,078)	11,583	5,460	-	15,849	112,447	(1,908)	6,851	18,326	19,975	(7,236)	148,455
Accounts payable and accrued expenses	(13,917)	8,496	(9,037)	(24,873)	(5,314)	-	(44,645)	(379,908)	28,518	9,860	7,094	(38,233)	7,236	(365,433)
Refundable program advances	(164,058)	-	-	-	-	-	(164,058)	9,132	-	-	-	-	-	9,132
Net cash provided by operating activities	363,807	130,782	96,805	106,933	165,364	-	863,691	329,092	137,794	52,692	117,802	104,107	-	741,487
Cash Flows from Investing Activities														
Decrease (increase) in restricted cash	-	23,433	(6)	13,394	(9,571)	-	27,250	-	(37,010)	(11)	(11,692)	(3)	-	(48,716)
Deposits to reserve for replacements and interest retained in account	-	(71,906)	12,261	(27,108)	(29,400)	-	(116,153)	-	(27,974)	(34,025)	(70,605)	(80,041)	-	(212,645)
Capital expenditures	(215,905)	(112,749)	(119,871)	(49,364)	(101,124)	-	(599,013)	(200,885)	(44,443)	(2,109)	(13,512)	(68,262)	-	(329,211)
Redemption of certificates of deposit	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash used in investing activities	(215,905)	(161,222)	(107,616)	(63,078)	(140,095)	-	(687,916)	(200,885)	(109,427)	(36,145)	(95,809)	(148,306)	-	(590,572)
Cash Flows from Financing Activities														
Principal payments on notes payable	(229,224)	-	-	(43,109)	-	-	(272,333)	(358,280)	-	-	(40,909)	-	-	(399,189)
Proceeds from new debt agreements	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash used in financing activities	(229,224)	-	-	(43,109)	-	-	(272,333)	(358,280)	-	-	(40,909)	-	-	(399,189)
Net (Decrease) Increase in Cash and Cash Equivalents	(81,322)	(30,440)	(10,811)	746	25,269	-	(96,558)	(230,073)	28,367	16,547	(18,916)	(44,199)	-	(248,274)
Cash and Cash Equivalents - Beginning of year	1,395,200	30,775	17,010	1,138	998	-	1,445,121	1,625,273	2,408	463	20,054	45,197	-	1,693,395
Cash and Cash Equivalents - End of year	<u>\$ 1,313,878</u>	<u>\$ 335</u>	<u>\$ 6,199</u>	<u>\$ 1,884</u>	<u>\$ 26,267</u>	<u>\$ -</u>	<u>\$ 1,348,563</u>	<u>\$ 1,395,200</u>	<u>\$ 30,775</u>	<u>\$ 17,010</u>	<u>\$ 1,138</u>	<u>\$ 998</u>	<u>\$ -</u>	<u>\$ 1,445,121</u>
Supplemental Disclosure of Cash Flow Information -														
Cash paid for interest	<u>\$ 78,644</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,327</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 217,971</u>	<u>\$ 86,810</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 141,526</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 228,336</u>

Bethel New Life, Inc. and Affiliates

Notes to Consolidating Financial Statements June 30, 2015 and 2014

Note I - Nature of Activities and Significant Accounting Policies

Nature of Organization - Bethel New Life, Inc. and Affiliates (the "Organization") is a not-for-profit corporation whose mission is to create a healthier, sustainable community on the west side of Chicago by focusing on creating livable-wage jobs and building affordable housing for families in the community. The Organization rehabilitated a seven-building campus into independent living for the elderly, an adult daycare center, a child daycare center, an "incubator" for small businesses in the community, and a site for other community-related events.

The consolidating financial statements include Bethel New Life, Inc. (Bethel), a not-for-profit corporation, all of its wholly owned subsidiaries, and all affiliated corporations that have common management and boards of directors. All significant intercompany transactions and balances have been eliminated. Bethel and its wholly owned affiliates include the following entities:

Not-for-profit Entities:

- Beth-Anne Extended Living (Extended Living) - Owns and operates an 85-unit building for very low-income elderly or very low-income persons with disabilities
- Bethel Pace Centre (Pace) - Owns and operates a 22-unit apartment building for very low-income elderly or very low-income persons with disabilities
- Bethel Anathoth Gardens (Anathoth) - Owns and operates a 40-unit apartment building for very low-income elderly or very low-income persons with disabilities
- Beth-Anne Residences (Residences) - Owns and operates a 125-unit apartment building for very low-income elderly or very low-income persons with disabilities

These entities are subsidized by the U.S. Department of Housing and Urban Development (HUD), operate under the provisions of Section 202 of the National Housing Act of 1959, and are collectively referred to as HUDs.

For-profit Entity:

- Bethel NMTC Manager, LLC - Included in the Bethel New Life, Inc. balances

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

Bethel New Life, Inc. and Affiliates

Notes to Consolidating Financial Statements June 30, 2015 and 2014

Note 1 - Nature of Activities and Significant Accounting Policies (Continued)

Donor-imposed restrictions that expire with the passage of time or can be removed by meeting certain requirements result in temporarily restricted net assets. Permanently restricted net assets result from donor-imposed restrictions that limit the use of net assets in perpetuity. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law.

Cash and Cash Equivalents - The Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. The Organization maintains its cash and cash equivalents in bank deposit accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes they are not exposed to significant credit risk on cash and cash equivalents.

Accounts Receivable - The Organization grants credit to its residents and several other payor sources (i.e., rent receivables). Receivables are valued at management's estimate of the amount that will ultimately be collected. The allowance for uncollectible accounts is based on specific identification of uncollectible accounts and the Organization's historical collection experience.

Investments - Investments are stated at fair value. Realized and unrealized gains and losses are recorded in the consolidating statement of activities and changes in net assets (deficit) based on the specific identification method.

The investments are exposed to various risks such as interest rate, credit, and overall market volatility. Due to these risks, it is reasonably possible that changes in the value of investments will occur in the near term and could materially affect the amounts reported in the consolidating statement of financial position.

Property and Equipment - Property and equipment are recorded at cost when purchased or at fair value at the date of donation and are being depreciated on a straight-line basis over their estimated useful lives. Costs of maintenance and repairs are charged to expense when incurred.

The Organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of property and equipment with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire property and equipment are reported as restricted support. Absent explicit donor stipulations about how long the property, plant, and equipment must be maintained, the Organization reports expirations of donor restrictions over time based on an estimate of the useful lives of the donated or acquired property and equipment.

Bethel New Life, Inc. and Affiliates

Notes to Consolidating Financial Statements June 30, 2015 and 2014

Note 1 - Nature of Activities and Significant Accounting Policies (Continued)

Contributions - Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows.

Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift are both reported as unrestricted support. Other restricted gifts are reported as restricted support and temporarily or permanently restricted net assets.

Grant Revenue - Grant revenue received for grants determined to be exchange transactions is recognized as services are provided. Grant money received in excess of that earned is recorded as deferred revenue.

Contract Revenue Recognition - The Organization enters into contracts with certain governmental and private agencies. Revenue under these contracts is recognized when earned. The activities of the Organization relating to certain contracts are subject to review or audit by the responsible governmental agency to determine compliance with award documents and may be subject to possible adjustment based on negotiations with the funding agencies. The Organization has not provided allowances in the consolidating financial statements for potential adjustments since such amounts, if any, are not expected to be significant. To facilitate the operation of some programs, the Organization receives advances of funds. These advances are recorded as liabilities in the accompanying consolidating statement of financial position.

Revenue from program service fees is recognized in the period when services are rendered.

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Organization and the tenants of the Organization are operating leases.

Refundable Program Advance - Refundable program advances include amounts received by funding agencies that have not been utilized. Unspent funds must be returned to the funding agencies at the end of the program award/contract terms.

Recoverable Capital Advances - Recoverable capital advances consist of advances from HUD that were used to construct housing for very low-income elderly and very low-income persons with disabilities.

Bethel New Life, Inc. and Affiliates

Notes to Consolidating Financial Statements June 30, 2015 and 2014

Note I - Nature of Activities and Significant Accounting Policies (Continued)

Federal Income Taxes - The Organization is exempt from income tax under provisions of Internal Revenue Code Section 501(c)(3). Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Organization and has concluded that as of June 30, 2015 and 2014, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the consolidating financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2012.

Functional Allocation of Expenses - The costs of providing the program and support services have been reported on a functional basis in the consolidating statement of activities and changes in net assets (deficit). Indirect costs have been allocated between the various programs and support services based on estimates, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

Use of Estimates - The preparation of consolidating financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidating financial statements and the reported amounts of revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Concentration - The Organization received government fees and contract revenue from two State of Illinois governmental agencies that amounted to \$1,546,730 (18 percent of total support and revenue) for the year ended June 30, 2015. The Organization received government fees and contract revenue from one State of Illinois governmental agency that amounted to \$1,576,180 (18 percent of total support and revenue) for the year ended June 30, 2014.

Subsequent Events - The consolidating financial statements and related disclosures include evaluation of events up through and including December 2, 2015, which is the date the consolidating financial statements were available to be issued.

Bethel New Life, Inc. and Affiliates

Notes to Consolidating Financial Statements June 30, 2015 and 2014

Note 1 - Nature of Activities and Significant Accounting Policies (Continued)

Upcoming Accounting Change - In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Organization's year ending June 30, 2020. The ASU permits application of the new revenue recognition guidance to be applied using one of two retrospective application methods. The Organization has not yet determined which application method it will use or the potential effects of the new standard on the financial statements, if any.

Note 2 - Program Services

West Side Forward

Neighborhood Business Development Center (NBDC) - Supports 26 West Side businesses through its Business Xcelerator initiative with concentrated efforts toward growth in revenue and income through technical assistance, coaching/mentoring, workforce development assistance, and connections to bank resources and corporate supply chains.

Advanced Manufacturing Training Program - Provides classes covering academic skills enhancement, employment readiness training, introduction to manufacturing training, and hard skills training leading to certification in CNC (computerized numerical control) and credentialing in CNC Lathe and Milling Operations.

Community Asset Building - Provides homeownership workshops, pre-purchasing housing counseling, foreclosure prevention counseling sessions, financial literacy, and financial counseling services. Supports the Community Savings Center, connecting residents with financial products and banking services.

Family College - Pilot two-generation model program that includes early literacy training and reading skills enhancement for children and employment readiness and workforce training for parents combined with peer networking, financial literacy, leadership, and family life and problem-solving skills training.

Head Sprout - K-3rd grade educational enhancement service housed in a public school to help students improve their reading fluency and comprehension.

Bethel New Life, Inc. and Affiliates

Notes to Consolidating Financial Statements June 30, 2015 and 2014

Note 2 - Program Services (Continued)

Right Start for Families - A coordinated, home-based service delivery system to facilitate parenting education and the early identification of developmental delays for at-risk children aged 0-3 years old and their families.

Supportive Living

Independent Living - Bethel's three HUD-supported affordable senior independent living developments (186 units) provide living solutions for elders looking for a healthy and safe environment.

Supportive Living - Bethel offers an affordable and supportive living community (85 units) that provides a variety of specialized services assisting residents to be as independent as they can be for as long as they can be.

Real Estate and Property Management

The real estate division consists of over 40,000 square feet of commercial real estate servicing banks, universities, Child Care Providers, Health Care Clinic, and local ministries.

Note 3 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the consolidating financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about Bethel's assets measured at fair value on a recurring basis at June 30, 2015 and 2014 and the valuation techniques used by Bethel to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that Bethel has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

Bethel New Life, Inc. and Affiliates

Notes to Consolidating Financial Statements June 30, 2015 and 2014

Note 3 - Fair Value Measurements (Continued)

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. Bethel's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Assets Measured at Fair Value on a Recurring Basis at June 30, 2015

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2015
Assets - Investments - Mutual funds - U.S. equity	\$ 71,499	\$ -	\$ -	\$ 71,499

Assets Measured at Fair Value on a Recurring Basis at June 30, 2014

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2014
Assets - Investments - Mutual funds - U.S. equity	\$ 69,337	\$ -	\$ -	\$ 69,337

The Organization also has assets that under certain conditions are subject to measurement at fair value on a nonrecurring basis. The Organization has estimated the fair values of these assets based primarily on Level 2 inputs as described above. There were no impairment charges for the years ended June 30, 2015 and 2014. See Note 7 for further information related to property held for sale.

Assets Measured at Fair Value on a Nonrecurring Basis at June 30, 2015

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2015	Total Losses for the Period Ended June 30, 2015
Assets - Property held for sale	\$ -	\$ 1,484,533	\$ -	\$ 1,484,533	\$ -

Bethel New Life, Inc. and Affiliates

Notes to Consolidating Financial Statements June 30, 2015 and 2014

Note 3 - Fair Value Measurements (Continued)

Assets Measured at Fair Value on a Nonrecurring Basis at June 30, 2014

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2014	Total Losses for the Period Ended June 30, 2014
Assets - Property held for sale	\$ -	\$ 95,000	\$ -	\$ 95,000	\$ -

Note 4 - Restricted Cash

Restricted cash - noncurrent as of June 30, 2015 and 2014 consisted of the following:

	Bethel	Extended Living	Pace	Anathoth	Residences	Total
<u>2015</u>						
Tenants' security deposits	\$ -	\$ 16,044	\$ 7,497	\$ 10,448	\$ 41,658	\$ 75,647
Other reserves	-	-	-	-	10,000	10,000
Residual receipts reserves	-	-	10,552	-	25,877	36,429
Replacement reserves*	-	332,241	244,293	529,854	479,850	1,586,238
Total	\$ -	\$ 348,285	\$ 262,342	\$ 540,302	\$ 557,385	\$ 1,708,314
<u>2014</u>						
Tenants' security deposits	\$ -	\$ 17,000	\$ 4,433	\$ 8,659	\$ 37,952	\$ 68,044
Residual receipts reserves	-	-	10,546	-	26,306	36,852
Replacement reserves*	-	283,768	256,554	502,746	450,450	1,493,518
Total	\$ -	\$ 300,768	\$ 271,533	\$ 511,405	\$ 514,708	\$ 1,598,414

* Replacement reserves are amounts for the replacement of properties required by HUD to be set aside.

Bethel New Life, Inc. and Affiliates

Notes to Consolidating Financial Statements June 30, 2015 and 2014

Note 5 - Accounts Receivable

Accounts receivable as of June 30, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Bethel:		
Government grant and contracts receivable:		
U.S. Department of Housing and Urban Development	\$ -	\$ 3,800
State of Illinois:		
Department of Aging	-	25,335
Health Care and Family Services	143,482	132,466
Department of Human Services	-	62,900
Department of Commerce and Economic Opportunity	86,051	44,545
City of Chicago:		
Department of Community Development	14,201	13,629
Department of Business Affairs	4,134	5,890
New Life Community Investments, LLC	7,046	-
Total government grant and contract receivables	254,914	288,565
Grants receivable	67,300	48,682
Vendor receivables	6,211	-
Tenant rent receivables	7,892	38,156
Allowance for uncollectible accounts	<u>(66,684)</u>	<u>(6,352)</u>
Bethel total	269,633	369,051
HUDs - Tenant rent receivables:		
Extended living	3,872	1,572
Pace	-	4,059
Anathoth	33,162	53,003
Residences	12,069	16,008
HUDs total	<u>49,103</u>	<u>74,642</u>
Grand total	<u>\$ 318,736</u>	<u>\$ 443,693</u>

Bethel New Life, Inc. and Affiliates

Notes to Consolidating Financial Statements June 30, 2015 and 2014

Note 6 - Property and Equipment

Property and equipment are summarized as follows:

	Bethel	Extended Living	Pace	Anathoth	Residences	Total
2015						
Land	\$ 1,007,600	\$ 100,000	\$ 33,480	\$ 18,750	\$ 7,860	\$ 1,167,690
Buildings and building improvements	2,837,489	10,891,807	2,274,340	3,793,399	11,103,292	30,900,327
Equipment and furniture	659,147	131,439	171,171	217,356	329,959	1,509,072
Vehicles	70,298	-	-	-	-	70,298
Leasehold improvements	706,093	-	-	-	-	706,093
Subtotal	5,280,627	11,123,246	2,478,991	4,029,505	11,441,111	34,353,480
Accumulated depreciation and amortization	(3,044,672)	(3,522,393)	(1,292,268)	(3,181,706)	(4,591,562)	(15,632,601)
Net property and equipment	\$ 2,235,955	\$ 7,600,853	\$ 1,186,723	\$ 847,799	\$ 6,849,549	\$ 18,720,879
2014						
Land	\$ 1,007,600	\$ 100,000	\$ 33,480	\$ 18,750	\$ -	\$ 1,159,830
Buildings and building improvements	4,667,441	10,847,972	2,182,521	3,777,940	11,067,229	32,543,103
Equipment and furniture	835,148	62,525	143,119	200,560	272,758	1,514,110
Vehicles	70,298	-	-	-	-	70,298
Leasehold improvements	370,925	-	-	-	-	370,925
Subtotal	6,951,412	11,010,497	2,359,120	3,997,250	11,339,987	35,658,266
Accumulated depreciation and amortization	(3,348,752)	(3,222,307)	(1,203,552)	(2,961,178)	(4,262,325)	(14,998,114)
Net property and equipment	\$ 3,602,660	\$ 7,788,190	\$ 1,155,568	\$ 1,036,072	\$ 7,077,662	\$ 20,660,152

	Depreciable Life - Years
Buildings and building improvements	7-40
Equipment and furniture	3-10
Vehicles	7
Leasehold improvements	10-27.5

Bethel New Life, Inc. and Affiliates

Notes to Consolidating Financial Statements June 30, 2015 and 2014

Note 7 - Property Held for Development and Sale

Bethel owns 17 vacant parcels of land for future development totaling \$38,710. Costs incurred for these properties include planning, land acquisitions, real estate taxes, and construction.

A building located at 4320 West Madison Street, Chicago was listed for sale with a net book value of \$95,000. Bethel determined that the land and building had been idle for several years and the cost of renovation and maintenance of the building was too high to keep the property.

During November 2014, buildings located at 310 N. Pulaski Road, Chicago and 328 N. Pulaski Road, Chicago were listed for sale with a net book value of \$1,214,102 and \$175,431, respectively. Bethel determined to sell the land and buildings in order to repay its loans to New Life Community Investments LLC that mature on December 31, 2015.

Note 8 - Recoverable Capital Advances

Pace, Residences, and Extended Living were financed principally by HUD Capital Advance Program Mortgage Notes (the "Notes") under the provisions of Section 202 of the National Housing Act of 1959. The Notes of Pace, Residences, and Extended Living were closed on November 1, 1992, January 1, 1998, and November 20, 2001, respectively, payable to the Secretary of HUD. The Notes bear no interest and repayment is not required as long as the housing remains available for very low-income elderly and very low-income persons with disabilities through September 1, 2033, April 1, 2039, and February 1, 2043, respectively, and in accordance with Section 202.

The Notes may not be prepaid before the maturity date without prior written approval by HUD. The Notes will be considered to be paid in full and discharged on the maturity dates mentioned above, provided that (1) the housing has remained available for occupancy by eligible persons until the Notes' maturity dates and (2) the Notes have not otherwise become due and payable by reason of default under the Notes, mortgage, regulatory agreements, or regulations.

If the Notes are considered to be in default under the terms of the agreements, the regulatory agreement, or the regulations under the provisions of Section 202 of the National Housing Act of 1959, the entire principal amount shall become due and payable without notice at the option of the note holder. In addition, interest at 7.75 percent (Pace), 6.75 percent (Residences), and 5.75 percent (Extended Living) per year shall be payable on demand with respect to the payment of principal. Interest expense will only be recognized if it becomes payable.

Bethel New Life, Inc. and Affiliates

Notes to Consolidating Financial Statements June 30, 2015 and 2014

Note 8 - Recoverable Capital Advances (Continued)

The advances are secured by a first mortgage on the corresponding properties with a total net book value of \$16,603,795 as of June 30, 2015 and 2014. The recoverable capital advance as of June 30, 2015 and 2014 consisted of the following:

Extended Living	\$ 9,988,700
Pace	1,538,300
Residences	<u>10,371,000</u>
Total	<u>\$ 21,898,000</u>

Note 9 - Accrued Expenses

Accrued expenses as of June 30, 2015 and 2014 consisted of the following:

	Bethel	Extended Living	Pace	Anathoth	Residences	Total
<u>2015</u>						
Compensation	\$ 205,344	\$ 5,381	\$ 2,185	\$ -	\$ 9,060	\$ 221,970
Interest	25,450	-	-	11,508	-	36,958
Other	6,335	16,846	13,113	3,608	40,767	80,669
Total	<u>\$ 237,129</u>	<u>\$ 22,227</u>	<u>\$ 15,298</u>	<u>\$ 15,116</u>	<u>\$ 49,827</u>	<u>\$ 339,597</u>
<u>2014</u>						
Compensation	\$ 161,919	\$ 5,222	\$ 1,648	\$ -	\$ 6,780	\$ 175,569
Interest	25,658	-	-	11,696	-	37,354
Other	425	30,921	16,825	8,152	47,741	104,064
Total	<u>\$ 188,002</u>	<u>\$ 36,143</u>	<u>\$ 18,473</u>	<u>\$ 19,848</u>	<u>\$ 54,521</u>	<u>\$ 316,987</u>

Note 10 - Notes Payable and Line of Credit

Notes payable as of June 30, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Bethel: City of Chicago - Junior mortgage, in the original amount of \$642,500, noninterest-bearing, due upon the earlier of the sale or refinancing of the Family Wellness Center Project located at 4320 W. Madison, which matured on December 6, 2014 and is in technical default. This mortgage is collateralized by the building located at 4320 W. Madison*	\$ 642,500	\$ 642,500

Bethel New Life, Inc. and Affiliates

Notes to Consolidating Financial Statements June 30, 2015 and 2014

Note 10 - Notes Payable and Line of Credit (Continued)

	<u>2015</u>	<u>2014</u>
Bethel: City of Chicago - Junior mortgage, in the original amount of \$28,000, bears interest 3 percent per annum, due upon the earlier of the sale or refinancing of the Family Wellness Center Project located at 4320 W. Madison, which matured on December 6, 2014 and is in technical default. This mortgage is collateralized by the building located at 4320 W. Madison*	\$ 28,000	\$ 28,000
Bethel: New Life Community Investments - Construction loans, interest due monthly at 4 percent payable for Lake and Pulaski Commercial Center, which matured on December 31, 2014 and was extended to a new maturity date of December 31, 2015**	1,349,885	1,349,885
Bethel: New Life Community Investments - Construction loans, interest due monthly at 4 percent; payable for the Heckman Properties project, which matured on December 31, 2014 and was extended to a new maturity date of December 31, 2015**	108,000	108,000
Bethel: Unsecured individual note, noninterest-bearing, due on March 1, 2018	106,000	130,000
Bethel: Unsecured individual notes, interest rates range from 0 percent to 6 percent, due on demand	15,000	15,000
Bethel: Private Bank - Mortgage note due in monthly installments of principal and interest at LIBOR plus 350bp. The maturity is on November 29, 2017. Note is secured by certain real property	421,884	590,628
Bethel: Line of credit with Private Bank, interest due in monthly installments of principal and interest of \$3,107 at 4 percent, matured on June 1, 2015. The line was repaid upon maturity	-	36,480
Anathoth: HUD - Mortgage note due in monthly installments of \$15,203, including interest at 5.25 percent to July 1, 2042 - collateralized by Anathoth Gardens apartment complex and insured by HUD	<u>2,630,329</u>	<u>2,673,438</u>
Total	5,301,598	5,573,931
Less current portion	<u>2,381,557</u>	<u>2,414,225</u>
Long-term portion	<u>\$ 2,920,041</u>	<u>\$ 3,159,706</u>

Bethel New Life, Inc. and Affiliates

Notes to Consolidating Financial Statements June 30, 2015 and 2014

Note 10 - Notes Payable and Line of Credit (Continued)

The scheduled maturities as of June 30, 2015 are as follow:

Years Ending June 30	Bethel	Anathoth	Total
2016	\$ 2,336,129	\$ 45,428	\$ 2,381,557
2017	192,744	47,871	240,615
2018	108,396	50,445	158,841
2019	24,000	53,158	77,158
2020	10,000	56,017	66,017
Thereafter	-	2,377,410	2,377,410
Total	<u>\$ 2,671,269</u>	<u>\$ 2,630,329</u>	<u>\$ 5,301,598</u>

* The Organization is also negotiating a purchase sale agreement for its property located at 4320 West Madison Avenue. As a condition to the agreement, the City of Chicago would issue a loan release on the two mortgages that matured on December 6, 2014.

** On June 30, 2015, the Organization reported a current note payable to New Life Community Investments LLC that will mature on December 31, 2015. The Organization is in settlement discussions with the lender and expects to extinguish the original note in December 2015 by selling the property. If additional time is required to complete the transaction, New Life Community Investments LLC will extend the loan commitment.

Bethel New Life, Inc. and Affiliates

Notes to Consolidating Financial Statements June 30, 2015 and 2014

Note 11 - Temporarily Restricted Net Assets

Temporarily restricted net assets for Bethel as of June 30, 2015 and 2014 were restricted for use on various program activities.

	2015	2014
Time and purpose restrictions:		
NIMS Metal Working Bridge program	\$ -	\$ 52,500
Employment services	50,000	-
Campaign for Chicagoland Manufacturing	24,017	-
Computer training	-	32,000
Afterschool programming	-	480,000
Purpose restrictions:		
Brain Train program	37,792	-
TMA program	30,965	-
Employment services	-	8,555
Advanced Manufacturing Training program	45,837	-
Facility repairs and improvements	88,551	-
NIMS Metal Working Bridge program	-	17,500
Community Economic Development	25,524	20,000
Adult day services	7,140	7,140
Afterschool programming	629,068	270,000
Total temporarily restricted net assets	<u>\$ 938,894</u>	<u>\$ 887,695</u>

Note 12 - Related Party Transactions

New Life Community Investments LLC (the "Partnership") was formed on December 1, 2004, under the laws of the State of Illinois. The Partnership was formed to obtain qualified equity investments from investors and make qualified investments in qualified active low-income community businesses in accordance with the terms under the New Markets Tax Credit program pursuant to Section 45DF of the Internal Revenue Code (IRC). The Partnership shall continue to be in full force until December 31, 2050, unless terminated pursuant to the operating agreement or law.

As of June 30, 2015 and 2014, there were two investor members, the Federal Depository Insurance Corporation (FDIC) and the Private Bank and Trust, with 99.80 percent of ownership of the Partnership, and one managing member, Bethel NMTC Manager, LLC (wholly owned by the Organization), with a 0.02 percent ownership of the Partnership. In accordance with the operating agreement, profits, losses, and cash flows are allocated 100 percent to the investor members and therefore no profits, losses, or cash flows are allocated to Bethel NMTC Manager, LLC. The Partnership has entered into several loan agreements with the Organization (see Note 10) as of June 30, 2015 and 2014.

Bethel New Life, Inc. and Affiliates

Notes to Consolidating Financial Statements June 30, 2015 and 2014

Note 13 - Donor-restricted and Board-designated Endowments

Bethel's endowment fund consists of one board-designated endowment fund which was established to support Bethel's mission. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Unrestricted endowment assets are appropriated for expenditure by the board of directors through the annual budget.

Return Objectives and Risk Parameters

Bethel has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for programs supported by its endowment. Under this policy, as administered by the board of directors, the endowment's assets are invested in mutual funds in a manner intended to preserve the funds and minimize the investment risk.

Spending Policy and How the Investment Objectives Relate to Spending Policy

In establishing this policy, Bethel considered the long-term expected return on its endowment. The fund's primary investment goals are preserving and protecting the long-term principal value of the underlying assets, as well as the maintenance of liquid reserves to meet obligations arising from unanticipated activities, by earning an appropriate return on investments. This is consistent with Bethel's objective to provide additional real growth through new gifts and investment return.

Endowment Net Asset Composition by Type of Fund as of June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Total funds	\$ 71,499	\$ -	\$ -	\$ 71,499

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets - Beginning of year	\$ 69,337	\$ -	\$ -	\$ 69,337
Investment return	2,162	-	-	2,162
Endowment net assets - End of year	\$ 71,499	\$ -	\$ -	\$ 71,499

Bethel New Life, Inc. and Affiliates

Notes to Consolidating Financial Statements June 30, 2015 and 2014

Note 13 - Donor-restricted and Board-designated Endowments (Continued)

Endowment Net Asset Composition by Type of Fund as of June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Total funds	\$ 69,337	\$ -	\$ -	\$ 69,337

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - Beginning of year	\$ 56,129	\$ -	\$ -	\$ 56,129
Investment return	13,208	-	-	13,208
Endowment net assets - End of year	\$ 69,337	\$ -	\$ -	\$ 69,337

Note 14 - Operating Leases

As of June 30, 2015, Bethel had two operating lease agreements for the use of copier machines and a postage machine. These leases are set to expire through November 2019. The following is a schedule of future minimum rental payments for the years ending June 30:

2016	\$ 24,457
2017	19,976
2018	19,976
2019	19,976
2020	8,323
Total	\$ 92,708

Total rent expense on these leases for 2015 and 2014 was approximately \$22,500 and \$47,000, respectively.

Bethel New Life, Inc. and Affiliates

Notes to Consolidating Financial Statements June 30, 2015 and 2014

Note 15 - Minimum Future Rentals

As of June 30, 2015, Bethel had certain operating lease agreements with tenants for use of space. Minimum future rentals to be received on noncancelable leases as of June 30, 2015 for each of the next five years and in the aggregate are:

<u>Years Ending June 30</u>	<u>Amount</u>
2016	\$ 456,070
2017	341,557
2018	237,651
2019	243,943
2020	<u>154,259</u>
Total	<u>\$ 1,433,480</u>