

NEW DIRECTIONS HOUSING CORPORATION  
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2019

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# HENSON & ASSOCIATES

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## INDEPENDENT AUDITOR'S REPORT

To The Board of Directors  
New Directions Housing Corporation and Subsidiaries  
1617 Maple Street  
Louisville, Kentucky 40210

We have audited the accompanying consolidated financial statements of New Directions Housing Corporation (a non-profit corporation) and Subsidiaries, which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### *Management's Responsibility for the 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 audit 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design the 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 New Directions Housing Corporation (a non-profit corporation) and Subsidiaries, as of June 30, 2019, and the consolidated changes in its net assets and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for the 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 information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued reports dated December 3, 2019 on our consideration of New Directions Housing Corporation's (a non-profit corporation) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of those reports 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. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering New Directions Housing Corporation's internal control over financial reporting and compliance.

  
HENSON & ASSOCIATES  
Certified Public Accountants

Louisville, Kentucky  
December 3, 2019

NEW DIRECTIONS HOUSING CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2019

Assets		
Current Assets		
Cash		2,747,910.96
Receivables		
Accounts Receivable	508,214.18	
Unconditional Promises to give	<u>74,862.00</u>	583,076.18
Prepaid Expenses		<u>137,411.73</u>
Total Current Assets		<u>3,468,398.87</u>
Noncurrent Assets		
Notes and Mortgages Receivable	1,716,208.00	
Unconditional Promises to Give	34,025.00	
Notes Receivable - Neighborhood Reinvestment Capital Fund	1,131,972.00	
Other Assets	<u>2,934,371.18</u>	5,816,576.18
Property and Equipment, net		<u>19,217,949.35</u>
Total Assets		<u>28,502,924.40</u>
Liabilities		
Current Liabilities		
Accounts Payable	476,169.72	
Accrued Expenses	704,541.17	
Prepaid Revenue	23,906.40	
Deferred Revenue - NSP Projects	38,916.28	
Short Term Debt	915,747.84	
Other Liabilities	<u>119,674.26</u>	
Total Current Liabilities		2,278,955.67
Long Term Debt		<u>10,526,043.51</u>
Total Liabilities		12,804,999.18
Net Assets		
Without Donor Restrictions	14,412,023.89	
With Donor Restrictions	<u>1,285,901.33</u>	<u>15,697,925.22</u>
Total Liabilities and Net Assets		<u>28,502,924.40</u>

See Notes to Financial Statements.

NEW DIRECTIONS HOUSING CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
Revenues, Gains and Other Support				
Contributions	179,190.86			179,190.86
Rent Income	6,352,722.50			6,352,722.50
Grant Income - Operations	980,997.08	261,745.15		1,242,742.23
Maintenance, Management and Other Fees	1,172,829.94			1,172,829.94
Interest Income	142,453.05			142,453.05
Miscellaneous	1,277,776.93			1,277,776.93
Net Assets Released from Restriction	<u>795,370.64</u>	<u>(295,190.64)</u>	<u>(500,180.00)</u>	<u>.00</u>
Total Revenues, Gains and Other Support	10,901,341.00	(33,445.49)	(500,180.00)	10,367,715.51
Expenses				
Program Expenses	8,959,400.36			8,959,400.36
Supporting Expenses	645,014.06			645,014.06
Management and General Fundraising	<u>380,671.74</u>			<u>380,671.74</u>
Total Expenses	<u>9,985,086.16</u>			<u>9,985,086.16</u>
Increase (Decrease) in Net Assets	916,254.84	(33,445.49)	(500,180.00)	382,629.35
Less Distributions	(834.00)			(834.00)
Beginning Net Assets	<u>13,496,603.05</u>	<u>147,595.82</u>	<u>1,671,931.00</u>	<u>15,316,129.87</u>
Ending Net Assets	<u>14,412,023.89</u>	<u>114,150.33</u>	<u>1,171,751.00</u>	<u>15,697,925.22</u>

See Notes to Financial Statements.

NEW DIRECTIONS HOUSING CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2019

Cash Flows from Operating Activities:

Increase in Net Assets 382,629.35

Adjustments to Reconcile Increase in Net Assets to

Net Cash Provided by Operating Activities:

Depreciation and Amortization 1,465,292.22

Non Cash Operating Items

Debt Forgiven: Forgivable Mortgage (980,959.36)

Gain on Sale of St. Edwards Court (167,454.91)

(Increase) Decrease Promises to Give 69,947.35

(Increase) Decrease Accounts Receivable 133,387.43

(Increase) Decrease Prepaid Expenses 59,750.55

(Decrease) Increase Accounts Payable 24,366.31

(Decrease) Increase Accrued Expenses (30,138.37)

(Decrease) Increase Deferred Revenue (20,635.17)

(Decrease) Increase Other Liabilities (13,248.70)

Total Adjustments 540,307.35

Net Cash Provided by Operating Activities 922,936.70

Cash Flows from Investing Activities:

Sale of St. Edwards Court 1,800,000.00

Repayment of Notes and Mortgages (86,911.24)

Capital Expenditures (1,289,066.77)

Deposits into Reserves/Escrows (370,214.58)

Releases from Reserves/Escrows 323,859.46

Cash Released from Restriction 85,166.00

Net Cash Provided by Investing Activities 462,832.87

Cash Flows from Financing Activities:

Financing Fees Paid (40,159.19)

Distribution to Owners - For Profit Partnerships (833.78)

Borrowings on Notes and Mortgages 736,718.63

Repayments of Notes and Mortgages (1,444,405.25)

Net Cash Used by Financing Activities (748,679.59)

Net Increase in Cash 637,089.98

Cash at Beginning of Year 2,110,820.98

Cash at End of Year 2,747,910.96

Supplementary Cash Flow Disclosure

Cash Interest Paid 596,682.64



NEW DIRECTIONS HOUSING CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE I: Significant Accounting Policies

A. Nature of Activities

New Directions Housing Corporation (New Directions) (Organization) was organized as a non-profit entity as prescribed under Internal Revenue Code Section 501(c)(3), and is exempt from federal and state income taxes:

New Directions is involved in the following activities all of which are located in the Louisville, Kentucky metropolitan area, which includes Floyd and Clark counties in Southern Indiana.

- A) Building and developing multi-family housing communities for low and moderate income families.
- B) Management of housing communities for households of low and moderate income.
- C) Sheltering and aiding homeless single-parent families.
- D) Delivering supportive services, including service coordination and youth educational services to benefit families of low and moderate income.
- E) Repairing homes owned by elderly and physically disabled persons.
- F) Providing training and consulting services to grassroots neighborhoods groups, as a vehicle of community development.
- G) Building and renovating single family housing for low and moderate income home owners.

B. Property and Equipment

Property and Equipment is stated at cost, unless otherwise noted below. Depreciation is calculated using the straight line method over the estimated useful life of the item. Items costing \$2,000.00 or more are capitalized. Donated items are recorded at fair market value at time of donation. Property and Equipment consists of the following:

Land	2,679,283.71
Buildings	35,497,136.43
Equipment	1,925,107.89
Vehicles	<u>85,154.00</u>
	40,186,682.03
Accumulated Depreciation	<u>(20,968,732.68)</u>
Property and Equipment	<u>19,217,949.35</u>

The following lives are used for depreciation purposes:

Buildings	27-39 years
Equipment	5-10 years
Vehicles	5-7 years

C. Third Party Reimbursement Arrangements

The following are the major revenue sources which are considered third party reimbursement arrangements:

1. Section 8 Rent Supplements - Under a Housing Assistance Program contract, the Organization receives rent supplements from the U.S. Department of H.U.D. for tenants residing in low income housing units. These contracts are annual contracts unique to each low income complex. These units are regulated by H.U.D. with respect to rental charges and operating methods. Rent supplements received were \$4,839,173.56 for the fiscal year ended June 30, 2019.
2. Neighborhood Stabilization Program (NSP) - Under contracts with the City of New Albany, Indiana, a subgrantee to Indiana Housing and Community Development Authority, and Louisville Metro Government, the Organization has undertaken significant community stabilization activities using U.S. Department of Housing and Urban Development NSP I funds to acquire, develop or rehabilitate vacant and abandoned single family housing in focus neighborhoods. Upon project completion, high quality affordable homes will be marketed to qualified buyers, who will be encouraged to secure extensive housing counseling preparation. Reimbursable costs include acquisition, construction, developer fees, home ownership counseling and program delivery fees. Program activities began in April 2010, reaching \$11,733,405.64 in expenditures by June 30, 2019. Grant funds of over \$6.4 million with New Albany and \$2,575,000.00 in Louisville will yield total development fees in excess of \$966,000.00.

D. Allowance for Doubtful Accounts

The balance in tenant receivables includes only current tenants and are deemed fully collectible by management. Management has reviewed receivables from related entities and has determined that they are fully collectible. Management believes all other receivables are collectible.

E. Estimates and Assumptions

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

F. Cash and Cash Equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents are defined as highly liquid debt instruments with a maturity of three months or less when purchased. There were no cash equivalents at June 30, 2019.

G. Contributions

Contributions received are recorded as with or without donor restrictions depending on the existence or nature of donor restrictions.

H. Donor-Imposed Restrictions

The Organization records and reports its assets, liabilities, net assets, revenues, expenses, gains and losses, and other support based on the existence or absence of donor-imposed restrictions.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. Contributions of donated noncash assets are recorded at their fair market values in the period received.

When a donor 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. The Organization treats donor restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

The Organization reports gifts as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets 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 long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expiration of donor restrictions when the donated or acquired long-lived assets are placed in service.

I. Functional Allocation of Expenses

The costs of providing the programs and supporting services have been presented on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefitted.

J. Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

K. Principles of Consolidation

The consolidated financial statements include the accounts of New Directions and three LLC's, which are each 99% owned by New Directions Housing Development, LLC whose only asset is its ownership in these entities: Directions Apartments LLC; Shawnee Apartments LLC; and Russell Apartments LLC, (the "Broadstreet" properties). All material inter-organization transactions have been eliminated in consolidation.

L. Acquired Intangible

As part of the "Broadstreet" properties transaction, New Directions acquired the rights to manage the properties. This right is considered to have an indefinite useful life and is not being amortized. Management believes the fair value of this asset approximates its carrying value.

NEW DIRECTIONS HOUSING CORPORATION AND SUBSIDIARIES  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

M. Income Taxes

The Organization and all consolidated affiliates are exempt from federal and state income taxes as not for profit organizations or partnerships. The Organization's open audit periods are June 30, 2015 to present.

In June 2006, the Financial Accounting Standards Board issued ASC 740-10 (formerly known as FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes), which prescribed a comprehensive model for how an organization should measure, recognize, present, and disclose in its financial statements uncertain tax positions that an organization has taken or expects to take on a tax return that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Organization adopted ASC 740-10 as of July 1, 2009. There was no impact to the Organization's consolidated financial statements as a result of the implementation of ASC 740-10.

NOTE II: Accounts Receivable

Related Entities - Managed Properties	
Jackson Woods Apartments, LLLP	90,775.97
St. William Apartments, LLLP	44,214.39
St. John Gardens, Inc.	6,722.41
New Visions Residential Services, Inc.	<u>25,063.37</u>
	166,776.14
Other Receivables	
Managed Properties	88,085.64
Tenant Related Receivables	70,113.89
Section 8 Subsidy Receivable	21,815.70
Miscellaneous Receivables	4,990.28
Grants Receivable	114,153.55
Childcare Receivables	<u>42,278.98</u>
	<u>341,438.04</u>
	<u>508,214.18</u>

The managed properties' balances reflect charges for management and maintenance performed by New Directions' personnel plus minor charges for material purchased by New Directions and cash advances to cover operating deficits of the properties. The cash advances are non-interest bearing and unsecured.

NEW DIRECTIONS HOUSING CORPORATION AND SUBSIDIARIES  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

NOTE III: Notes and Mortgages Receivable

LHome	55,000.00
Mortgage Receivable - Jackson Woods Apartments, LLLP	1,079,208.00
Mortgage Receivable - St. William Apartments, LLLP	<u>582,000.00</u>
	<u>1,716,208.00</u>

See additional information regarding Jackson Woods Apartments, LLLP and St. William Apartments, LLLP in Note X (e) and (f).

NOTE IV: Unconditional Promises to Give

Unconditional promises to give consist of the following:

Unrestricted Promises	108,887.00
Less allowance for doubtful accounts	<u>.00</u>
	<u>108,887.00</u>

The promises to give are due as follows:

Fiscal Year ended :

6/30/20	74,862.00
6/30/21	<u>34,025.00</u>
	<u>108,887.00</u>

Management believes the fair value of promises to give approximates their carrying value and any discount was determined to be immaterial.

NEW DIRECTIONS HOUSING CORPORATION AND SUBSIDIARIES  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

NOTE V: OTHER ASSETS

	New Directions Housing Corporation	Directions Apartments LLC	Russell Apartments LLC	Shawnee Apartments LLC	Eliminations	Total
Tenant Security Deposits	62,644.78	15,766.28	25,180.44	20,860.49		124,451.99
Mortgage Escrow Deposits	14,090.22	13,494.09	25,048.55	26,046.64		78,679.50
Replacement Reserve	417,188.06	179,285.11	191,795.03	183,476.77		971,744.97
Investments - Corporations	5,908.00					5,908.00
Investments - Partnerships	(351,636.06)				343,834.42	(7,801.64)
Financing Fees	258,123.52	10,675.00	17,944.78	20,819.00		307,562.30
Amortization - Financing Fees	(163,571.05)	(5,753.27)	(7,285.03)	(11,219.25)		(187,828.60)
Management Rights	1,201,650.90					1,201,650.90
Contract Acquisition Costs	596,615.32					596,615.32
Amortization - Contract Acquisition Costs	(156,611.56)					(156,611.56)
	<u>1,884,402.13</u>	<u>213,467.21</u>	<u>252,683.77</u>	<u>239,983.65</u>	<u>343,834.42</u>	<u>2,934,371.18</u>

NEW DIRECTIONS HOUSING CORPORATION AND SUBSIDIARIES  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

NOTE VI: Notes and Mortgages Payable

<u>Mortgagor</u>	<u>Current Amount</u>	<u>Non-Current Amount</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Collateral</u>
Berkadia Mortgage Capital, Inc.	7,479.75	280,400.10	5.75%	02/01/40	Smoketown Apartments, LLC
HUD - Flexible Subsidy Loan	.00	31,821.34	1.00%	02/01/40	Smoketown Apartments, LLC
Louisville/Jefferson County Metro Government	.00	138,307.96	.00%	12/31/28	Parkland I
Metropolitan Housing Coalition	.00	280,000.00	5.00%	01/30/21	Unsecured
Red Mortgage Capital, Inc.	30,237.67	529,248.96	4.2%	06/01/33	Russell Apartments -First Mortgage
Red Mortgage Capital, Inc.	66,486.91	1,361,027.90	6.25%	06/01/33	Shawnee Apartments -First Mortgage
Red Mortgage Capital, Inc.	34,091.24	697,871.99	6.25%	06/01/33	Directions Apartments -First Mortgage
Community Housing Capital	.00	463,145.77	5.56%	06/03/29	Brandeis Apartments
FAHE	47,243.84	.00	6.00%	02/28/20	Heverin House
Fifth Third Bank	190,000.00	.00	5.25%	11/30/19	Unsecured
Main Source Bank	19,465.24	428,727.74	3.59%	06/30/26	Roosevelt Apartments
Main Source Bank	44,715.97	991,761.71	3.59%	07/29/26	O'Connor Square, Apartments
Louisville Metro Affordable Housing Trust Fund	50,000.00	.00	.00%	10/10/21	522 E. Ormsby Street
Republic Bank	.00	356,590.42	5.50%	07/18/20	226 N. 17 <sup>th</sup> Street
Community Foundation of Louisville Inc.	20,064.75	33,890.21	1.00%	02/26/22	Unsecured
Fifth Third Bank	114,999.96	565,416.87	3.70%	06/01/20	1000 E. Liberty Street



NEW DIRECTIONS HOUSING CORPORATION AND SUBSIDIARIES  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

Louisville/ Jefferson County Metro Government	.00	168,000.00	.00%	06/03/29	Brandeis Apartments
Louisville/ Jefferson County Metro Government	.00	274,364.80	.00%	01/01/27	St. William Apartments
Louisville/ Jefferson County Metro Government	.00	380,132.80	.00%	01/01/26	Jackson Woods Apartments
Louisville/ Jefferson County Metro Government	.00	1,560,853.78	1.00%	06/01/33	Directions Apartments -Second Mortgage
Red Mortgage Capital, Inc.	33,406.96	1,094,777.58	3.20%	08/01/42	Reeser Court Apartments
Republic Bank	17,514.02	567,485.98	4.88%	05/29/29	1615/1617 Maple Street
Shelby Park Neighborhood Association	50,000.00	.00	2.25%	12/28/19	Unsecured
Louisville/ Jefferson County Metro Government	176,779.44	.00	.00%	08/06/19	1506 and 1508 Market Street
Main Source Bank	<u>13,262.09</u>	<u>322,217.60</u>	3.87%	06/06/27	Muhammad Ali Apartments
	<u>915,747.84</u>	<u>10,526,043.51</u>			

NEW DIRECTIONS HOUSING CORPORATION AND SUBSIDIARIES  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

Current Maturities of Long Term Debt: Fiscal Year Ended June 30,

2020	915,747.84
2021	1,051,573.60
2022	421,508.33
2023	380,820.74
2024	437,292.74

During a prior year New Directions acquired the property at 1506 and 1508 W. Market Street through the assumption of a mortgage of \$176,779.44 with the Louisville/Metro Jefferson County Government. The mortgage is a forgivable mortgage and should be forgiven on August 6, 2019.

The properties formerly known as Historic Parkland were restructured into Parkland I and Parkland II during a prior year. Parkland I has a forgivable mortgage with Louisville/Metro Jefferson County Government for \$237,099.70 with interest at 0% and forgivable rateably through December 31, 2028. The balance of the loan at June 30, 2019 was \$138,307.96. There is no mortgage on Parkland II.

NOTE VII: Assets with Donor Restrictions

Temporarily Restricted Assets:	
Grant Receivable	<u>114,150.33</u>
Permanently Restricted Assets:	
Capital Grant Funds - NeighborWorks	<u>1,171,751.00</u>

NOTE VIII: Contractually Designated Assets

Work in Progress - NSP Projects	404,797.83
Hazard and Mortgage Insurance Escrows	78,679.48
Security Deposits	124,451.99
Replacement Reserves	971,744.97
Cash - NSP Project	<u>184,118.65</u>
	<u>1,763,792.92</u>

HUD regulations require that restricted funds be held in separate federally insured accounts which are not available for operating purposes.

NOTE VIII: Contractually Designated Assets (Continued)

Contractually Designated Liabilities

The contractually designated liabilities are comprised of the following:

Unearned Revenue - NSP Projects	627,832.76
Security Deposits	<u>119,441.08</u>
	<u>747,273.84</u>

This liability offsets the amounts held in the contractually designated asset accounts.

Contractually designated net assets are:	
Contractually Designated Assets	1,763,792.92
Contractually Designated Liabilities	<u>747,273.84</u>
Contractually Designated Net Assets	<u>1,016,519.08</u>

NOTE IX: Related Party Transactions

New Directions acts as management agent for other non profit corporations which have the same board of directors. New Directions bills these other entities for repairs and maintenance, management fee, resident manager fees, bookkeeping fees and other fees. The following amounts, by entity, are included on the consolidating statement of activities for New Directions.

St. John Gardens, Inc.	49,792.44
Clifton Court Apartments, Inc.	26,470.04

New Directions also collects from partnerships, in which it is the general partner, fees for repairs and maintenance, management, resident manager and bookkeeping.

Jackson Woods Apartments, LLLP	206,097.57
St. William Apartments, LLLP	137,946.00

NOTE X: Partnership Interests

New Directions accounts for its investment in partnerships under the equity method, that is, its cost of investments is increased or decreased annually by its share of the partnership's gain or loss. New Directions total investment in partnerships is (\$7,801.64) at June 30, 2019. These amounts are included in other assets on the consolidated statement of financial position.

NOTE X: Partnership Interests (Continued)

(a) O' Connor Square, Ltd.

In January of 2016 the investor limited partner sold its 99.9% interest to New Directions for \$32,000.00. New Directions now owns all the assets and has assumed all the liabilities of the partnership and the activities of the entity since January 1, 2016. New Directions has entered into a nominal lease back agreement of the land and building to the partnership.

(b) Directions Apartments, LLC; Shawnee Apartments, LLC; Russell Apartments, LLC.

On April 29, 2003 the three LLC's, above mentioned, acquired a group of properties known as "Broadstreet Properties". New Directions is a 99% member in each of these LLC's through its wholly owned, single member LLC named New Directions Housing Development, LLC. See Note I (K) for information regarding the consolidation of these LLC's in the financial statements of New Directions.

(c) Jackson Woods Apartments, LLLP

On May 13, 2010 New Directions sold the Jackson Woods Apartments housing complex to Jackson Woods Apartments, LLLP. New Directions is the general partner in this partnership through its single member LLC, Jackson Woods Apartments NDHC GP, LLC.

New Directions has a seller note receivable in the amount of \$1,018,180.00 bearing interest of 5.0% per annum compounded annually. The note is due in one installment of principal and all unpaid interest on December 31, 2041. A portion of this note, \$778,972.00, is from the permanently restricted Neighborhood Reinvestment Capital Fund and will be repaid to that fund when paid.

New Directions has also loaned Jackson Woods Apartments, LLLP \$840,000.00 at an interest rate of 1% due on December 31, 2041. New Directions has a third mortgage as security.

Following is a breakdown of the New Directions portion of Jackson Woods Apartments, LLLP mortgages receivable as shown in Note III:

Total Seller Mortgage	1,018,180.00
Portion Due to Neighborhood Reinvestment Capital Fund	<u>(778,972.00)</u>
	239,208.00
Third Mortgage	<u>840,000.00</u>
	<u>1,079,208.00</u>

NEW DIRECTIONS HOUSING CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019

NOTE X: Partnership Interests (Continued)

(d) St. William Apartments, LLLP

On June 15, 2010 New Directions sold the St. William Apartments housing complex to St. Williams Apartments, LLLP. New Directions is the general partner in this partnership through its single member LLC, St. William Apartments NDHC GP LLC. NDHC sold this property for \$610,500.00, receiving \$257,500.00 cash at closing and a seller note in the amount of \$353,000.00. The note bears interest at 5.0% per annum compounded annually. The note is due in one installment of principal and all unpaid interest on December 31, 2040. All of this note, \$353,000.00, is from the permanently restricted Neighborhood Reinvestment Capital Fund and will be repaid to that fund when paid.

New Directions has also loaned St. Williams Apartments, LLLP \$582,000.00 at an interest rate of 1% due on December 31, 2040. New Directions has a third mortgage as security.

NOTE XI: Contingency

The Smoketown Apartments project has a contract with the U.S. Dept. of H.U.D. which provides housing assistance payments to qualified individuals. The following is a listing:

Contract #	Termination Date	Annual Commitment
KY36-L000-005	January 31, 2030	65,770.00

The Brandeis Apartments project has a contract with the U.S. Department of H.U.D. which provides housing assistance payments to qualified individuals. The following is a listing:

Contract #	Termination Date	Annual Commitment
KY36-L000-006	August 31, 2032	317,376.00

The Reeser Court Apartments project has a contract with the U.S. Department of H.U.D. which provides housing assistance payments to qualified individuals. The following is a listing:

Contract #	Termination Date	Annual Commitment
KY36-H134-039	August 1, 2032	450,943.00

If these contracts are not renewed and the projects suffer a decline in rental income, then the carrying value of their assets would be impaired and the ability of the projects to continue as a going concern would be in doubt.

NEW DIRECTIONS HOUSING CORPORATION AND SUBSIDIARIES  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 JUNE 30, 2019

NOTE XII: Concentration of Credit Risk

The Organization has at various times during the year amounts on deposit that are in excess of FDIC coverage.

NOTE XIII: Donated Goods and Services

New Directions receives donated goods and services for use in its program services. These goods and services are valued at equivalent purchase costs and have been recorded as contribution income and program service costs or fixed assets. As of June 30, 2019, no contribution received met these requirements.

NOTE XIV: Litigation

The Organization is exposed to various asserted and unasserted potential claims encountered in the normal course of business. In the opinion of management, the resolution of these matters will not have a material effect on the Organization's financial position or the results of operations and should be covered by insurance.

NOTE XV: Financial Assets and Liquidity Resources

As of June 30, 2019, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, scheduled principal payments on debt, and capital construction costs not financed with debt, were as follows:

	<u>Consolidated</u>
Financial assets:	
Cash	2,747,910.96
Accounts receivable, net	<u>583,076.18</u>
Total financial assets available within one year	3,330,987.14
Liquidity resources:	
Lines of credit	<u>2,780,000.00</u>
Total financial assets and liquidity resources available within one year	<u>6,110,987.14</u>

To manage liquidity, the Organization maintains lines of credit with several institutions that are drawn upon as needed during the year to manage cash flows. As of June 30, 2019, amounts outstanding under these lines of credit facilities amounted to \$873,834.26.

NOTE XVI: Subsequent Events

Management has evaluated events occurring subsequent to year end through the date of the Independent Auditor's Report, the date the financial statements were available to be issued.

NEW DIRECTIONS HOUSING CORPORATION AND SUBSIDIARIES  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

NOTE XVI: Schedule of Functional Expenses (Unconsolidated) (New Directions Housing Corporation Only)

	-----Program Services-----									
	Management and General	Fundraising	Real Estate Development	Home Ownership Preservation	Community Building & Organization	Asset and Property Management	Rental Properties	Early Childhood Development	Resident Services	
Personnel Costs	442,004.09	216,203.08	255,151.29	229,238.89	28,443.90	1,979,566.65	212.88	450,745.80	291,231.84	
Advertising and Printing	5,000.00	31,115.00		2,908.29			406,455.02			
Staff and Management Fees										
Office Supplies and Expenses	33,176.06	16,403.36	4,321.61	11,893.13	835.54	17,778.43	4,941.89	5,893.59	3,110.42	
Telephone/Communications	23,571.73	1,625.49	1,062.63	1,878.63	206.00	5,512.88	20,141.47	3,305.66	2,125.95	
Legal and Accounting Fees	6,538.43	1,508.86	3,487.72	3,520.37	2.21	19,502.00	56,375.32	6,006.50		
Dues and Publications	7,982.98	259.50	2,132.14	293.14	58.62	52.76	674.72		696.00	
Professional Development /Conferences	23,757.81	5,211.72	2,161.18	4,728.34	1,655.96	9,294.86	4,763.70	4,502.00	3,857.20	
Utilities	28,319.23					12,270.73	288,274.72	28,239.00		
Maintenance and Repairs	28,788.10	158.99	1,195.44	315,374.59	349.11	9,249.74	654,120.39	19,945.47	12,111.75	
Transportation	1,581.54	1,151.37	490.75	6,485.53	466.97	29,118.71	16,139.28	145.64	3,004.43	
Depreciation	88,690.73			661.15		9,040.56	709,982.98	18,037.35	51.23	
Insurance	7,577.31		308.73			1,760.38	117,089.96	12,272.24		
Interest	56,827.71		15,284.38				186,127.34	737.63		
Real Estate Taxes										
Events/Volunteer Expenses	10,808.24	11,214.61	39.20	8,668.94	1,529.95	217.63		2,105.82	12,834.69	
Other Expenses	26,245.86	816.50	1,710.41	8,614.81	4,632.70	17,878.75	68,043.97	78,963.03	1,343.60	
Facility Expense Allocation	31,032.78	16,558.91	12,282.72	27,735.88	6,295.07	31,676.44	64,522.22	100.94	12,094.72	
Total Facility Expenses	(202,299.68)	64,444.35								
Bad Debts										
Incentive Performance Fee							23,501.00		20,969.73	
Direct Assistance	30,000.00	14,000.00	2,500.00	593.75		400.00		29,616.69	42,250.00	
Contract Services	649,602.92	380,671.74	302,128.20	622,595.44	44,476.03	2,143,320.52	2,621,366.86	660,617.36	405,681.56	
Eliminations by Function	(4,588.86)					(2,260.03)	(650,158.48)			
	<u>645,014.06</u>	<u>380,671.74</u>	<u>302,128.20</u>	<u>622,595.44</u>	<u>44,476.03</u>	<u>2,141,060.49</u>	<u>1,971,208.38</u>	<u>660,617.36</u>	<u>405,681.56</u>	

NEW DIRECTIONS HOUSING CORPORATION AND SUBSIDIARIES  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

NOTE XVI: Schedule of Functional Expenses (Unconsolidated) (New Directions Housing Corporation Only) (Continued)

	Sub Total	Interdivisional Eliminations	Total
Personnel Costs	3,892,585.54		3,892,585.54
Advertising and Printing	39,236.17		39,236.17
Staff and Management Fees	406,455.02	(406,455.02)	.00
Office Supplies and Expenses	98,354.03		98,354.03
Telephone/Communications	59,430.44		59,430.44
Legal and Accounting Fees	96,941.41	(29,019.00)	67,922.41
Dues and Publications	12,149.86		12,149.86
Professional Development /Conferences	59,932.77		59,932.77
Utilities	357,103.68		357,103.68
Maintenance and Repairs	1,041,293.58	(221,533.35)	819,760.23
Transportation	58,584.22		58,584.22
Depreciation	826,412.77		826,412.77
Insurance	139,059.85		139,059.85
Interest	258,977.06		258,977.06
Real Estate Taxes			
Events/Volunteer Expenses	47,419.08		47,419.08
Other Expenses	208,249.63		208,249.63
Facility Expense Allocation	202,299.68		202,299.68
Total Facility Expenses	(202,299.68)		(202,299.68)
Bad Debts	64,444.35		64,444.35
Incentive Performance Fee	23,501.00		23,501.00
Direct Assistance	20,969.73		20,969.73
Contract Services	119,360.44		119,360.44
	<u>7,830,460.63</u>	<u>(657,007.37)</u>	<u>7,173,453.26</u>
Eliminations by Function			
	<u>7,830,460.63</u>	<u>(657,007.37)</u>	<u>7,173,453.26</u>



NEW DIRECTIONS HOUSING CORPORATION AND SUBSIDIARIES  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

NOTE XVII: NeighborWorks America Grant

NeighborWorks America DBA Neighborhood Reinvestment Corporation (NWA) provided \$359,459.30 in capital and expendable grants during the year ended June 30, 2019, for making loans and for capital projects and core organizational expenses. NWA also released \$500,180.00 from permanent restrictions during the current fiscal year. Should New Directions become defunct, all remaining grant funds, interest earnings, capital project proceeds, and loan capital project portfolios representing the use of these funds would revert to Neighborhood Reinvestment Corporation. See pages 35 and 36 of this report for the separate financial statements of the Neighborhood Reinvestment Capital Fund.

<u>Project</u>	<u>Amount Due</u>	<u>Interest Rates</u>	<u>Terms</u>
Jackson Woods Apartments, LLLP	778,972.00	0%	Payments due when project has sufficient funds
Roosevelt Apartments	39,779.00 *	0%	Payments due when project has sufficient funds
St. William Apartments, LLLP	<u>353,000.00</u>	0%	Payments due when project has sufficient funds
	1,171,751.00		
Less: Internal Loans	<u>(39,779.00) *</u>		
	<u>1,131,972.00</u>		

NEW DIRECTIONS HOUSING CORPORATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (UNCONSOLIDATED)  
 FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures	Amount Provided to Sub-recipients
U.S. Department of Housing and Urban Development			
Section 8 - Low Income Housing	14.195	1,043,098	
HUD Guaranteed Mortgage	14.139	1,455,484	
Capital Improvement Loan	14.164	31,821	
Service Coordinator	14.191	53,549	
CDBG	14.218	13,890	
HUD Forgivable Loans	14.248	<u>1,085,210</u>	
Total U.S. Department of Housing and Urban Development		<u>3,683,052</u>	
U.S. Department of Treasury Neighborhood Reinvestment Capital Fund	21.020	<u>359,459</u>	
Total U.S. Department of Treasury		<u>359,459</u>	
Total Expenditures of Federal Awards		<u>4,042,511</u>	<u>0</u>

See Notes to the Schedule of Expenditures of Federal Awards (Unconsolidated)

NEW DIRECTIONS HOUSING CORPORATION  
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (UNCONSOLIDATED)  
 FOR THE YEAR ENDED JUNE 30, 2019

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of New Directions Housing Corporation and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

B. Procurement Policy

The Organization adopted the procurement requirements specified in the Uniform Guidance. The effective date was July 1, 2018.

C. Indirect Cost Rate

The Organization has not elected to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

<u>D. Mortgages/Loans</u>	<u>Federal CFDA Number</u>	<u>Balance June 30, 2019</u>
Smoketown	14.139	287,880.00
Smoketown	14.164	31,821.00
Jackson Woods	14.248	380,133.00
St. Williams	14.248	274,365.00
Market Street	14.248	176,779.00
Reeser Court	14.139	1,128,185.00
Parkland I	14.248	138,308.00

OTHER REPORTS

# HENSON & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS  
PROFESSIONAL LIMITED LIABILITY CORPORATION

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors  
New Directions Housing Corporation

We have audited, in accordance with the 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 financial statements of New Directions Housing Corporation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 3, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered New Directions Housing Corporation's internal control over financial reporting (internal control) to determine audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of New Directions Housing Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the New Directions Housing Corporation's 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 the entity's 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Directions Housing Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
HENSON & ASSOCIATES

Louisville, Kentucky  
December 3, 2019

# HENSON & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS  
PROFESSIONAL LIMITED LIABILITY CORPORATION

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors  
New Directions Housing Corporation

We have audited New Directions Housing Corporation'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 New Directions Housing Corporation's major federal programs for the year ended June 30, 2019. New Directions Housing Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management Responsibility

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

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of New Directions Housing Corporation'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 (CFR) 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 New Directions Housing Corporation'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 New Directions Housing Corporation's compliance.

#### Opinion on Each Major HUD Program

In our opinion, New Directions Housing Corporation 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, 2019.

#### Report on Internal Control Over Compliance

Management of New Directions Housing Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit, we considered New Directions Housing Corporation'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 New Directions Housing Corporation'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, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.



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.

*Henson & Associates*

HENSON & ASSOCIATES  
Certified Public Accountants

Louisville, Kentucky  
December 3, 2019

NEW DIRECTIONS HOUSING CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of New Directions Housing Corporation.
2. No material weaknesses were identified during the audit of the New Directions Housing Corporation financial statements.
3. No instances of noncompliance material to the financial statements of New Directions Housing Corporation were disclosed during the audit.
4. No material weaknesses were identified during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for New Directions Housing Corporation expresses an unmodified opinion.
6. No audit findings relative to the major federal award programs for New Directions Housing Corporation are reported in Part C. of this Schedule.
7. The programs tested as major programs included:

<u>CFDA No.</u>	<u>Name</u>
14.139	HUD Guaranteed Mortgage
14.195	Section 8

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. New Directions Housing Corporation was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

NONE

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE

SUPPLEMENTAL INFORMATION

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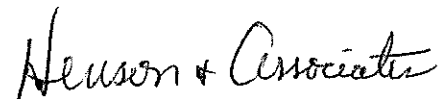
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## INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

To the Board of Directors  
New Directions Housing Corporation and Subsidiaries

Our report on our audit of the basic consolidated financial statements of New Directions Housing Corporation (a not-for-profit corporation) and Subsidiaries as of June 30, 2019 appears on pages 1 through 2. The audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying supplemental information on pages 32-50 are presented for purposes of additional analysis and are not a required part of the basic 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.



HENSON & ASSOCIATES  
Certified Public Accountants  
December 3, 2019

NEW DIRECTIONS HOUSING CORPORATION AND SUBSIDIARIES  
SCHEDULE I - CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2019

	New Directions Housing Corporation	Directions Apartments LLC	Russell Apartments LLC	Shawnee Apartments LLC	Eliminations and Adjustments	Totals
<b>Assets</b>						
Cash	1,717,340.23	142,451.42	672,116.74	216,002.57		2,747,910.96
Receivables						
Accounts Receivable, net	746,692.44	6,660.80	15,515.71	36,856.27	(297,511.04)	508,214.18
Notes and Mortgages Receivable, net	7,485,294.29				(5,769,086.29)	1,716,208.00
Unconditional Promises to Give	108,887.00					108,887.00
Note Receivable NeighborWorks Loans	1,131,972.00					1,131,972.00
Prepaid Expenses	40,089.38	24,650.35	34,105.71	38,566.29		137,411.73
Other Assets	1,884,402.13	213,467.21	252,683.77	239,983.65	343,834.42	2,934,371.18
Property and Equipment	10,495,451.40	2,131,555.79	3,746,734.09	2,844,108.07		19,217,949.35
Total Assets	<u>23,610,128.87</u>	<u>2,518,885.57</u>	<u>4,721,156.02</u>	<u>3,375,516.85</u>	<u>(5,722,762.91)</u>	<u>28,502,924.40</u>
<b>Liabilities</b>						
Accounts Payable	264,478.42	114,080.69	147,185.69	134,425.33	(184,000.41)	476,169.72
Accrued Expenses	292,368.01	402,779.99	32,978.83	89,924.97	(113,510.63)	704,541.17
Deferred Revenue	15,922.80	3,804.29	1,221.28	2,958.03		23,906.40
Deferred Revenue - NSP Projects	38,916.28					38,916.28
Short Term Debt	784,932.02	34,091.24	76,581.65	66,486.91	(46,343.98)	915,747.84
Other Liabilities	58,104.18	15,610.95	25,156.44	20,802.69		119,674.26
Long Term Debt	6,377,040.88	2,258,725.77	3,526,430.45	4,086,588.72	(5,722,742.31)	10,526,043.51
Total Liabilities	7,831,762.59	2,829,092.93	3,809,554.34	4,401,186.65	(6,066,597.33)	12,804,999.18
<b>Net Assets</b>						
Without Donor Restrictions	14,492,464.95	(310,207.36)	911,601.68	(1,025,669.80)	343,834.42	14,412,023.89
With Donor Restrictions	<u>1,285,901.33</u>					<u>1,285,901.33</u>
Total Liabilities and Net Assets	<u>15,778,366.28</u>	<u>(310,207.36)</u>	<u>911,601.68</u>	<u>(1,025,669.80)</u>	<u>343,834.42</u>	<u>15,697,925.22</u>
	<u>23,610,128.87</u>	<u>2,518,885.57</u>	<u>4,721,156.02</u>	<u>3,375,516.85</u>	<u>(5,722,762.91)</u>	<u>28,502,924.40</u>

See Independent Auditor's Report on Supplemental Information.

NEW DIRECTIONS HOUSING CORPORATION AND SUBSIDIARIES  
 SCHEDULE II - CONSOLIDATING STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2019

	New Directions Housing Corporation	Directions Apartments LLC	Russell Apartments LLC	Shawnee Apartments LLC	Eliminations and Adjustments	Totals
Revenues, Gains and Other Support						
Contributions	179,190.86					179,190.86
Rent Income	2,069,087.52	953,008.55	1,829,239.03	1,501,387.40		6,352,722.50
Grant Income - Operations	1,242,742.23					1,242,742.23
Maintenance, Management and Other Fees	2,358,558.94	339.80	733.64	352.14	(1,185,729.00)	1,172,829.94
Interest Income	244,145.10				(103,117.63)	142,453.05
Miscellaneous	<u>1,460,075.67</u>	<u>6,184.78</u>	<u>22,887.67</u>	<u>14,553.89</u>	<u>(225,925.08)</u>	<u>1,277,776.93</u>
Total Revenues, Gains and Other Support	7,553,800.32	959,533.13	1,852,860.34	1,516,293.43	(1,514,771.71)	10,367,715.51
Expenses						
Program Services	6,147,767.46	924,937.93	1,580,799.36	1,594,742.24	(1,288,846.63)	8,959,400.36
Supporting Services	645,014.06					645,014.06
Management and General Fundraising	<u>380,671.74</u>					<u>380,671.74</u>
Total Expenses	<u>7,173,453.26</u>	<u>924,937.93</u>	<u>1,580,799.36</u>	<u>1,594,742.24</u>	<u>(1,288,846.63)</u>	<u>9,985,086.16</u>
Increase (Decrease) in Net Assets	380,347.06	34,595.20	272,060.98	(78,448.81)	(225,925.08)	382,629.35
Less: Distributions		(2,117.00)	(66,861.00)	(14,392.00)	82,536.00	(834.00)
Beginning Net Assets	<u>15,398,019.22</u>	<u>(342,685.56)</u>	<u>706,401.70</u>	<u>(932,828.99)</u>	<u>487,223.50</u>	<u>15,316,129.87</u>
Ending Net Assets	<u>15,778,366.28</u>	<u>(310,207.36)</u>	<u>911,601.68</u>	<u>(1,025,669.80)</u>	<u>343,834.42</u>	<u>15,697,925.22</u>

See Independent Auditor's Report on Supplemental Information

NEW DIRECTIONS HOUSING CORPORATION AND SUBSIDIARIES  
SCHEDULE III - CONSOLIDATING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2019

	New Directions Housing Corporation	Directions Apartments LLC	Russell Apartments LLC	Shawnee Apartments LLC	Eliminations and Adjustments	Totals
Cash Flows from Operating Activities:						
Increase (Decrease) in Net Assets	380,347.06	34,595.20	272,060.98	(78,448.81)	(225,925.08)	382,629.35
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:						
Depreciation and Amortization	826,412.77	144,207.44	297,940.69	196,731.32	225,925.08	1,465,292.22
Non Cash Operating Items	(225,925.08)					.00
Related Entities Profit Allocation	(980,959.36)					(980,959.36)
Debt Forgiven - Forgivable Mortgage	(31,911.00)			31,911.00		(167,454.91)
Interest Deferred Added to Principal	(167,454.91)					69,947.35
Gain on Sale of St. Edwards Court	69,947.35					133,387.43
(Increase) Decrease Promises to Give	136,725.81	5,076.65	(3,129.92)	(5,285.11)		59,750.55
(Increase) Decrease Accounts Receivable	40,185.96	3,228.59	8,105.25	8,230.75		24,366.31
(Increase) Decrease Prepaid Expenses	44,187.62	14,033.89	(13,661.58)	(20,193.62)		(30,138.37)
(Decrease) Increase Accounts Payable	(83,907.24)	42,669.34	(2,376.03)	13,475.56		(20,635.17)
(Decrease) Increase Accrued Expenses	(25,628.17)	2,626.28	41.92	2,324.80		(13,248.70)
(Decrease) Increase Deferred Revenue	(12,856.00)	26.00	(675.00)	256.30		540,307.35
(Decrease) Increase Other Liabilities	(411,182.25)	211,868.19	286,245.33	227,451.00	225,925.08	922,936.70
Total Adjustments	(30,835.19)	246,463.39	558,306.31	149,002.19	.00	
Net Cash Provided (Used) by Operating Activities	1,800,000.00					1,800,000.00
Cash Flows from Investing Activities:						
Sale of St. Edwards Court	147,238.59				(234,149.83)	(86,911.24)
Repayment of Notes and Mortgages Receivable	82,536.22				(82,536.22)	.00
Investment Activity - Partnerships/Corporations	(957,377.45)	(241,329.57)	(58,904.39)	(31,455.36)		(1,289,066.77)
Capital Expenditures	(117,994.58)	(56,150.90)	(112,948.48)	(83,120.62)		(370,214.58)
Deposits into Reserves/Escrows	133,685.40	35,301.49	120,177.31	34,695.26		323,859.46
Releases from Reserves/Escrows	85,166.00					85,166.00
Cash Released from Restriction	1,173,254.18	(262,178.98)	(51,675.76)	(79,880.72)	(316,686.05)	462,832.87
Net Cash Provided (Used) by Investing Activities	(40,159.19)					(40,159.19)
Cash Flows from Financing Activities:						
Financing Fees Paid	736,718.63				82,536.22	(833.78)
Distribution to Owners - For Profit Partnerships	(1,312,442.66)					736,718.63
Borrowings on Notes and Mortgages	(615,883.22)	(40,497.93)	(263,145.94)	(62,468.55)	234,149.83	(1,444,405.25)
Repayments of Notes and Mortgages	526,535.77	(42,614.93)	(330,006.94)	(76,860.55)	316,686.05	(748,679.59)
Net Cash (Used) by Financing Activities	1,190,804.46	(58,330.52)	176,623.81	(7,739.08)	.00	637,089.98
Net Increase (Decrease) in Cash	1,717,340.23	200,781.94	495,492.93	223,741.65		2,110,820.98
Cash at Beginning of Year		142,451.42	672,116.74	216,002.57	.00	2,747,910.96
Cash at End of Year	343,305.07	46,999.18	57,457.50	148,922.89	.00	596,682.64
Supplementary Cash Flow Disclosure						
Cash Interest Paid						

See Independent Auditor's Report on Supplemental Information.

NEW DIRECTIONS HOUSING CORPORATION  
STATEMENT OF FINANCIAL POSITION -  
NEIGHBORHOOD REINVESTMENT CAPITAL FUND  
JUNE 30, 2019

Assets	
Cash in Bank	.00
Notes Receivable	<u>1,171,751.00</u>
	<u>1,171,751.00</u>
Liabilities and Net Assets	
Net Assets - with donor restrictions	.00
- invested in perpetuity	<u>1,171,751.00</u>
	<u>1,171,751.00</u>



NEW DIRECTIONS HOUSING CORPORATION  
 STATEMENT OF ACTIVITIES -  
 NEIGHBORHOOD REINVESTMENT CAPITAL FUND  
 FOR YEAR ENDED JUNE 30, 2019

Revenue, Gains and Other Support:

Capital Grant - Neighborhood Reinvestment	<u>.00</u>
	.00

Expenses/Other Changes:

Release of restrictions	<u>585,346.00</u>
	(585,346.00)

Net Assets - Beginning of Year	<u>1,757,097.00</u>
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Net Assets - End of Year	<u><u>1,171,751.00</u></u>
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PARKLAND PROPERTIES I  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2019

ASSETS

CURRENT ASSETS

Cash in Bank	1,327.48	
Tenant accounts receivable	738.93	
Subsidy receivable	73.00	
Prepaid expenses	<u>666.54</u>	
Total current assets		2,805.95

DEPOSITS HELD IN TRUST - FUNDED

Tenant security deposits		2,725.00
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RESTRICTED DEPOSITS AND FUNDED RESERVES

Reserve for Replacements		10,400.00
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FIXED ASSETS

Land	17,742.86	
Buildings	678,835.81	
Equipment	<u>488.58</u>	
Total fixed assets	697,067.25	

Less accumulated depreciation	(136,564.18)	<u>560,503.07</u>
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Total Assets		<u>576,434.02</u>
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LIABILITIES

CURRENT LIABILITIES

Accounts payable - trade	69,410.23	
Prepaid rent	<u>684.83</u>	
Total current liabilities		70,095.06

DEPOSIT LIABILITIES

Tenant security deposits (contra)		2,325.00
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LONG-TERM LIABILITIES

Loan - New Directions Housing Corporation	433,485.12	
Mortgage payable - Louisville/Metro Government	<u>138,307.96</u>	
Total long-term liabilities		<u>571,793.08</u>

Total liabilities		644,213.14
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NET ASSETS

Net assets without donor restrictions (deficit)	<u>(67,779.12)</u>	
Total net assets without donor restrictions (deficit)		<u>(67,779.12)</u>

Total Liabilities and Net Assets Without Donor Restrictions		<u>576,434.02</u>
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PARKLAND PROPERTIES I  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

INCOME	
Rent	62,024.29
Financial - debt forgiveness	19,758.36
Tenant charges	<u>1,354.99</u>
	83,137.64
EXPENSES	
Administrative	19,062.93
Utilities	8,402.03
Operating and maintenance	28,006.48
Insurance and taxes	7,126.71
Depreciation	<u>24,088.73</u>
	<u>86,686.88</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS (DEFICIT)	(3,549.24)
NET ASSETS WITHOUT DONOR RESTRICTIONS (DEFICIT), at July 1, 2018	<u>(64,229.88)</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS (DEFICIT), at June 30, 2019	<u><u>(67,779.12)</u></u>

See Independent Auditor's Report on Supplemental Information.

PARKLAND PROPERTIES II  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2019

ASSETS

CURRENT ASSETS

Cash in bank	1,886.54	
Tenant accounts receivable	632.00	
Prepaid expenses	<u>1,501.28</u>	

Total current assets		4,019.82
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DEPOSITS HELD IN TRUST - FUNDED

Tenant security deposits		1,700.00
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RESTRICTED DEPOSITS AND FUNDED RESERVES

Reserve for replacements		29,187.68
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FIXED ASSETS

Land	39,857.14	
Buildings and equipment	<u>749,727.52</u>	

Total fixed assets	789,584.66	
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Less accumulated depreciation	<u>(250,736.45)</u>	<u>538,848.21</u>
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Total Assets		<u>573,755.71</u>
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LIABILITIES

CURRENT LIABILITIES

Accounts payable - trade	<u>146,882.86</u>	
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Total current liabilities		146,882.86
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DEPOSIT LIABILITIES

Tenant security deposits (contra)		1,400.00
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LONG-TERM LIABILITIES

Loan - New Directions Housing Corporation		<u>164,250.82</u>
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Total liabilities		312,533.68
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NET ASSETS

Net assets without donor restrictions	<u>261,222.03</u>	
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Total net assets without donor restrictions		<u>261,222.03</u>
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Total Liabilities and Net Assets Without Donor Restrictions		<u>573,755.71</u>
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PARKLAND PROPERTIES II  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

INCOME	
Rent	34,507.50
Tenant charges	<u>3,298.00</u>
	37,805.50
EXPENSES	
Administrative	14,138.23
Utilities	5,002.99
Operating and maintenance	25,904.07
Insurance	4,190.00
Depreciation	22,755.61
Taxes and license	<u>262.01</u>
	<u>72,252.91</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS (DEFICIT)	(34,447.41)
NET ASSETS WITHOUT DONOR RESTRICTIONS, at July 1, 2018	<u>295,669.44</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS, at June 30, 2019	<u>261,222.03</u>

See Independent Auditor's Report on Supplemental Information.

MARKET STREET PROPERTIES  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2019

ASSETS

CURRENT ASSETS

Cash in bank	1,434.80	
Tenant accounts receivable	56.00	
Prepaid expenses	<u>268.17</u>	

Total current assets 1,758.97

DEPOSITS HELD IN TRUST - FUNDED

Tenant security deposits 1,500.00

RESTRICTED DEPOSITS AND FUNDED RESERVES

Reserve for replacements 100.00

FIXED ASSETS

Land	19,164.34	
Buildings	<u>446,165.09</u>	
Total fixed assets	465,329.43	

Less accumulated depreciation (82,126.84) 383,202.59

Total Assets 386,561.56

LIABILITIES

CURRENT LIABILITIES

Accounts payable - trade	128,834.53	
Prepaid rent	<u>38.43</u>	
Total current liabilities		128,872.96

DEPOSIT LIABILITIES

Tenant security deposits (contra) 1,300.00

LONG-TERM LIABILITIES

Loan - New Directions Housing Corporation	21,347.89	
Mortgage Payable - Louisville/Metro Government	<u>176,779.44</u>	
Total long-term liabilities		<u>198,127.33</u>

Total liabilities 328,300.29

NET ASSETS

Net assets without donor restrictions	<u>58,261.27</u>	
Total net assets without donor restrictions		<u>58,261.27</u>

Total Liabilities and Net Assets Without Donor Restrictions 386,561.56

See Independent Auditor's Report on Supplemental Information.

MARKET STREET PROPERTIES  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

INCOME	
Rent	37,164.36
Tenant charges	<u>2,422.50</u>
	39,586.86
EXPENSES	
Administrative	13,734.99
Utilities	5,607.90
Operating and maintenance	16,956.40
Insurance	3,215.36
Depreciation	16,982.62
Taxes and license	<u>79.22</u>
	56,576.49
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS (DEFICIT)	(16,989.63)
NET ASSETS WITHOUT DONOR RESTRICTIONS, at July 1, 2017	<u>75,250.90</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS, at June 30, 2018	<u><u>58,261.27</u></u>

See Independent Auditor's Report on Supplemental Information.

O'CONNOR SQUARE APARTMENTS  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2019

ASSETS

CURRENT ASSETS

Cash in bank	12,562.67
Tenant accounts receivable	7,525.05
Prepaid expenses	<u>1,814.49</u>

Total current assets 21,902.21

DEPOSITS HELD IN TRUST - FUNDED

Tenant security deposits 17,961.00

RESTRICTED DEPOSITS AND FUNDED RESERVES

Reserve for replacements 8,253.25

FIXED ASSETS

Land	98,219.10
Buildings and equipment	<u>4,400,706.67</u>
Total fixed assets	4,498,925.77

Less accumulated depreciation (3,056,558.49) 1,442,367.28

OTHER ASSETS

Financing fees, net of amortization of \$3,362.00 7,844.59

Total Assets 1,498,328.33

LIABILITIES

CURRENT LIABILITIES

Accounts payable - trade	231,721.16
Prepaid rent	1,705.92
Mortgage payable - current portion	44,715.97
Accrued interest payable	<u>3,100.80</u>

Total current liabilities 281,243.85

DEPOSIT LIABILITIES

Tenant security deposits (contra) 16,126.00

LONG-TERM LIABILITIES

Mortgage Payable - Main Source Bank	<u>991,761.71</u>
Total long-term liabilities	<u>991,761.71</u>

Total liabilities 1,289,131.56

NET ASSETS

Net assets without donor restrictions	<u>209,196.77</u>
Total net assets without donor restrictions	<u>209,196.77</u>

Total Liabilities and Net Assets Without Donor Restrictions 1,498,328.33



O'CONNOR SQUARE APARTMENTS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

INCOME	
Rent	365,489.28
Tenant charges	<u>22,811.39</u>
	388,300.67
EXPENSES	
Administrative	116,588.25
Utilities	73,946.03
Operating and maintenance	152,163.89
Insurance	25,405.50
Depreciation and amortization	154,701.56
Taxes and license	2,247.31
Mortgage interest	38,347.88
Tenant utility allowance	<u>2,679.00</u>
	566,079.42
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS (DEFICIT)	(177,778.75)
NET ASSETS WITHOUT DONOR RESTRICTIONS, at July 1, 2018	<u>386,975.52</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS, at June 30, 2019	<u>209,196.77</u>

See Independent Auditor's Report on Supplemental Information.

MUHAMMAD ALI HISTORIC APARTMENTS  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2019

ASSETS

CURRENT ASSETS

Cash in bank	1,597.39	
Tenant accounts receivable	2,344.29	
Subsidy receivable	1,060.00	
Prepaid expenses	<u>829.53</u>	

Total current assets 5,831.21

DEPOSITS HELD IN TRUST - FUNDED

Tenant security deposits 4,249.00

FIXED ASSETS

Land	24,500.00	
Buildings and equipment	<u>339,389.97</u>	
Total fixed assets	363,889.97	

Less accumulated depreciation (27,344.05) 336,545.92

OTHER ASSETS

Financing fees, net of amortization of \$1,507.25	5,727.65	
Due from owner	<u>216.50</u>	<u>5,944.15</u>

Total Assets 352,570.28

LIABILITIES

CURRENT LIABILITIES

Accounts payable - trade	25,844.49	
Prepaid rent	916.00	
Mortgage payable - current portion	13,262.09	
Accrued interest payable	<u>1,081.92</u>	
Total current liabilities		41,104.50

DEPOSIT LIABILITIES

Tenant security deposits (contra) 3,949.00

LONG-TERM LIABILITIES

Mortgage Payable - Main Source Bank	<u>322,217.60</u>	
Total long-term liabilities		<u>322,217.60</u>

Total liabilities 367,271.10

NET ASSETS

Net assets without donor restrictions (deficit)	<u>(14,700.82)</u>	
Total net assets without donor restrictions (deficit)		<u>(14,700.82)</u>

Total Liabilities and Net Assets Without Donor Restrictions 352,570.28

MUHAMMAD ALI HISTORIC APARTMENTS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

INCOME	
Rent	112,503.35
Tenant charges	<u>5,772.47</u>
	118,275.82
EXPENSES	
Administrative	33,639.03
Utilities	17,126.29
Operating and maintenance	32,431.82
Insurance, taxes and licenses	7,529.69
Depreciation and amortization	12,906.46
Mortgage interest	<u>13,434.37</u>
	<u>117,067.66</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	1,208.16
NET ASSETS WITHOUT DONOR RESTRICTIONS (DEFICIT), at July 1, 2018	<u>(15,908.98)</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS (DEFICIT), at June 30, 2019	<u>(14,700.82)</u>

See Independent Auditor's Report on Supplemental Information.

ROOSEVELT APARTMENTS  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2019

ASSETS

CURRENT ASSETS

Cash in bank	4,667.93
Tenant accounts receivable	3,532.65
Subsidy receivable	648.48
Prepaid expenses	<u>1,252.27</u>

Total current assets 10,101.33

DEPOSITS HELD IN TRUST - FUNDED

Tenant security deposits 11,320.00

RESTRICTED DEPOSITS AND FUNDED RESERVES

Reserve for replacements 1,382.82

FIXED ASSETS

Land	19,527.31
Buildings and equipment	<u>3,809,282.56</u>
Total fixed assets	3,828,809.87

Less accumulated depreciation (1,885,475.15) 1,943,334.72

Total Assets 1,966,138.87

LIABILITIES

CURRENT LIABILITIES

Accounts payable - trade	100,004.19
Prepaid rent	1,211.18
Mortgage payable - current portion	19,465.24
Accrued interest payable	<u>1,340.84</u>
Total current liabilities	122,021.45

DEPOSIT LIABILITIES

Tenant security deposits (contra) 10,250.00

LONG-TERM LIABILITIES

Mortgage Payable - Main Source Bank	428,727.74
Note Payable - New Directions Housing Corp.	<u>400,000.00</u>
Total long-term liabilities	<u>828,727.74</u>

Total liabilities 960,999.19

NET ASSETS

Net assets without donor restrictions 1,005,139.68

Total net assets without donor restrictions 1,005,139.68

Total Liabilities and Net Assets Without Donor Restrictions 1,966,138.87

See Independent Auditor's Report on Supplemental Information.

ROOSEVELT APARTMENTS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

INCOME	
Rent	258,680.98
Tenant charges	<u>10,977.55</u>
	269,658.53
EXPENSES	
Administrative	81,465.65
Utilities	40,549.78
Operating and maintenance	91,350.40
Insurance	16,862.70
Depreciation and amortization	141,938.55
Taxes and license	1,551.79
Mortgage interest	<u>24,627.88</u>
	398,346.75
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS (DEFICIT)	(128,688.22)
NET ASSETS WITHOUT DONOR RESTRICTIONS at July 1, 2018	<u>1,133,827.90</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS at June 30, 2019	<u><u>1,005,139.68</u></u>

See Independent Auditor's Report on Supplemental Information.

ST. BENEDICT CENTER FOR EARLY CHILDHOOD EDUCATION, INC.  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2019

ASSETS

CURRENT ASSETS

Cash	59,829.34
Accounts receivable	42,278.98
Promise to give	64,507.00
Prepaid expenses	<u>1,252.25</u>
Total current assets	167,867.57

EQUIPMENT

Equipment	<u>59,306.31</u>
	59,306.31
Less accumulated depreciation	<u>55,358.50</u>
	<u>3,947.81</u>
	<u>171,815.38</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	17,299.91
Revolving credit line - current portion	35,482.65
Accrued payroll and vacation	<u>31,976.20</u>
Total current liabilities	84,758.76

LONG-TERM LIABILITIES

Revolving credit line - New Directions Housing Corp.	<u>32,485.76</u>
Total liabilities	117,244.52

NET ASSETS

Without donor restrictions	51,207.09
With donor restrictions	<u>3,363.77</u>
Total net assets	<u>54,570.86</u>
	<u>171,815.38</u>

ST. BENEDICT CENTER FOR EARLY CHILDHOOD EDUCATION, INC.  
 STATEMENT OF ACTIVITIES  
 For the Year Ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES			
Program service income	544,705.60		544,705.60
Contributions and grants	74,360.23		74,360.23
Miscellaneous income	<u>378.57</u>	<u>          </u>	<u>378.57</u>
Total revenue	619,444.40		619,444.40
EXPENSES			
Program services	516,816.83	1,676.39	518,493.22
Management and general	<u>124,364.87</u>	<u>          </u>	<u>124,364.87</u>
Total expenses	<u>641,181.70</u>	<u>1,676.39</u>	<u>642,858.09</u>
Increase (decrease) in net assets	(21,737.30)	(1,676.39)	(23,413.69)
Net assets, beginning of year	<u>72,944.39</u>	<u>5,040.16</u>	<u>77,984.55</u>
Net assets, end of year	<u>51,207.09</u>	<u>3,363.77</u>	<u>54,570.86</u>