

**MAPLEWOOD HOUSING FOR THE VISUALLY IMPAIRED**  
**Doing Business as FRIEDMAN PLACE**

**FINANCIAL STATEMENTS**  
**(With Independent Auditor's Report)**

**JUNE 30, 2011 AND 2010**

**MAPLEWOOD HOUSING FOR THE VISUALLY IMPAIRED**  
**Doing Business as FRIEDMAN PLACE**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2011 AND 2010**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of:  
MAPLEWOOD HOUSING FOR THE VISUALLY IMPAIRED

We have audited the accompanying statements of financial position of **Maplewood Housing for the Visually Impaired** (a not-for-profit organization) doing business as Friedman Place (the "Organization") as of June 30, 2011 and 2010, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Maplewood Housing for the Visually Impaired** as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Benjamin J. Birkenstein, P.C.*

September 27, 2011  
Chicago, Illinois

**MAPLEWOOD HOUSING FOR THE VISUALLY IMPAIRED**  
**Doing Business as FRIEDMAN PLACE**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2011 AND 2010**

**ASSETS**

	<u>2011</u>	<u>2010</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 87,821	\$ 216,658
Cash held for residents	30,716	30,657
Accounts receivable	24,591	253,725
Prepaid expenses	<u>-</u>	<u>5,868</u>
Total Current Assets	143,128	506,908
<b>PROPERTY AND EQUIPMENT - NET</b>	<u>5,702,946</u>	<u>5,828,264</u>
Total Assets	<u>\$ 5,846,074</u>	<u>\$ 6,335,172</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 38,575	\$ 44,152
Accrued payroll	42,464	43,076
Due to residents	30,650	30,627
Line of credit - bank	137,209	360,632
Current portion of long term debt	<u>54,767</u>	<u>54,767</u>
Total Current Liabilities	303,665	533,254
<b>NOTES PAYABLE - RELATED PARTY</b>	<u>2,395,233</u>	<u>2,395,233</u>
Total Liabilities	<u>2,698,898</u>	<u>2,928,487</u>
<b>NET ASSETS</b>		
Unrestricted	3,147,176	3,406,685
Restricted	<u>-</u>	<u>-</u>
Total Net Assets	<u>3,147,176</u>	<u>3,406,685</u>
Total Liabilities and Net Assets	<u>\$ 5,846,074</u>	<u>\$ 6,335,172</u>

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

**MAPLEWOOD HOUSING FOR THE VISUALLY IMPAIRED**  
**Doing Business as FRIEDMAN PLACE**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND OTHER SUPPORT</b>			
Room and board	\$ 2,732,100	\$ -	\$ 2,732,100
Donations	391,215	-	391,215
Other income	62,874	-	62,874
Interest income	441	-	441
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue and Other Support	<u>3,186,630</u>	<u>-</u>	<u>3,186,630</u>
<b>EXPENSES</b>			
Programs	2,895,025	-	2,895,025
General and administrative	356,269	-	356,269
Development	<u>194,845</u>	<u>-</u>	<u>194,845</u>
Total Expenses	<u>3,446,139</u>	<u>-</u>	<u>3,446,139</u>
<b>CHANGE IN NET ASSETS</b>	( 259,509)	-	( 259,509)
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>3,406,685</u>	<u>-</u>	<u>3,406,685</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 3,147,176</u>	<u>\$ -</u>	<u>\$ 3,147,176</u>

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

**MAPLEWOOD HOUSING FOR THE VISUALLY IMPAIRED**  
**Doing Business as FRIEDMAN PLACE**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND OTHER SUPPORT</b>			
Room and board	\$ 2,664,756	\$ -	\$ 2,664,756
Donations	399,368	-	399,368
Other income	61,163	-	61,163
Interest income	485	-	485
Net assets released from restrictions	<u>3,185</u>	<u>( 3,185)</u>	<u>-</u>
Total Revenue and Other Support	<u>3,128,957</u>	<u>( 3,185)</u>	<u>3,125,772</u>
<b>EXPENSES</b>			
Programs	2,773,450	-	2,773,450
General and administrative	347,347	-	347,347
Development	<u>177,251</u>	<u>-</u>	<u>177,251</u>
Total Expenses	<u>3,298,048</u>	<u>-</u>	<u>3,298,048</u>
<b>CHANGE IN NET ASSETS</b>	<b>( 169,091)</b>	<b>( 3,185)</b>	<b>( 172,276)</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>3,575,776</u>	<u>3,185</u>	<u>3,578,961</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 3,406,685</u>	<u>\$ -</u>	<u>\$ 3,406,685</u>

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

**MAPLEWOOD HOUSING FOR THE VISUALLY IMPAIRED**  
**Doing Business as FRIEDMAN PLACE**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	<b>Programs</b>	<b>General and Administration</b>	<b>Development</b>	<b>Total</b>
<b><u>Year Ended June 30, 2011</u></b>				
Staff salaries	\$ 1,471,669	\$ 171,743	\$ 97,935	\$ 1,741,347
Payroll taxes and benefits	314,262	56,107	27,060	397,429
Resident services	108,818	-	-	108,818
Food services	264,318	-	-	264,318
Integrative care	52,010	-	-	52,010
Building and maintenance	515,542	35,075	-	550,617
General and administrative	35,612	93,344	30,653	159,609
Development	-	-	39,197	39,197
Interest expense	<u>132,794</u>	<u>-</u>	<u>-</u>	<u>132,794</u>
 Total Expenses for the Year Ended June 30, 2011	 <u>\$ 2,895,025</u>	 <u>\$ 356,269</u>	 <u>\$ 194,845</u>	 <u>\$ 3,446,139</u>

	<b>Programs</b>	<b>General and Administration</b>	<b>Development</b>	<b>Total</b>
<b><u>Year Ended June 30, 2010</u></b>				
Staff salaries	\$ 1,432,014	\$ 167,115	\$ 95,296	\$ 1,694,425
Payroll taxes and benefits	281,508	50,260	24,240	356,008
Resident services	98,054	-	-	98,054
Food services	249,094	-	-	249,094
Integrative care	54,643	-	-	54,643
Building and maintenance	486,059	33,069	-	519,128
General and administrative	36,971	96,903	31,821	165,695
Development	-	-	25,894	25,894
Interest expense	<u>135,107</u>	<u>-</u>	<u>-</u>	<u>135,107</u>
 Total Expenses for the Year Ended June 30, 2010	 <u>\$ 2,773,450</u>	 <u>\$ 347,347</u>	 <u>\$ 177,251</u>	 <u>\$ 3,298,048</u>

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

**MAPLEWOOD HOUSING FOR THE VISUALLY IMPAIRED**  
**Doing Business as FRIEDMAN PLACE**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$( 259,509)	\$( 172,276)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	279,726	229,560
(Increase) Decrease in Operating Assets:		
Cash held for residents	( 59)	( 7,377)
Accounts Receivable	229,134	( 6,436)
Prepaid Expenses	5,868	( 12)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	( 5,577)	8,441
Accrued Payroll	( 612)	9,625
Due to residents	<u>23</u>	<u>7,347</u>
Net Cash Provided by Operating Activities	<u>248,994</u>	<u>68,872</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	<u>( 154,408)</u>	<u>( 37,686)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of Bank Line of Credit	<u>( 223,423)</u>	<u>( 24,000)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>( 128,837)</u>	<u>7,186</u>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>216,658</u>	<u>209,472</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 87,821</u>	<u>\$ 216,658</u>
<b>SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid for interest	<u>\$ 9,901</u>	<u>\$ 12,214</u>

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



**MAPLEWOOD HOUSING FOR THE VISUALLY IMPAIRED**  
**Doing Business as FRIEDMAN PLACE**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

**Note 1 - NATURE OF OPERATIONS**

Maplewood Housing for the Visually Impaired, doing business as Friedman Place (the Organization), is an Illinois not-for-profit corporation formed to provide an assisted living environment for people who are blind or have diminished sight.

**Note 2 - SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

Pursuant to *FASB ASC 958-205, Not-for-Profit Entities - Presentation of Financial Statements*, the Organization presents its information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of June 30, 2011 and 2010, the Organization had no temporarily restricted and no permanently restricted net assets.

**Cash and Cash Equivalents**

For purposes of reporting cash flows, the Organization considers all investments with a maturity of three months or less to be cash equivalents. The carrying amount of financial instruments included in cash and cash equivalents approximates fair value because of the short maturities of the instruments held.

**Property and Equipment**

Property and equipment are recorded at cost. Equipment and vehicles are depreciated over a period of three to seven years using accelerated methods. Building and improvements are depreciated on a straight line basis over twenty seven and one half (27.5) years. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized.

**Restricted and Unrestricted Support**

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. Temporarily restricted contributions whose restrictions are met within the same reporting period are included in unrestricted support. The Organization has not received any contributions with donor imposed restrictions that would result in permanently restricted net assets.

**MAPLEWOOD HOUSING FOR THE VISUALLY IMPAIRED**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

**Note 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Promises to Give**

Unconditional promises to give are recognized as revenues or gains in the period received as assets or decreases of liabilities or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. For the years ended June 30, 2011 and 2010, no unconditional promises to give were received by the Organization.

**Contributed Materials and Services**

Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. For the years ended June 30, 2011 and 2010, no materials or services requiring recognition were received by the Organization. A substantial number of unpaid volunteers have made significant contributions of their time to the Organization. No amounts have been reflected for the value of these services.

**Expense Allocation**

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

**Income Tax Status**

Maplewood Housing for the Visually Impaired was organized as an Illinois not-for-profit corporation. As of March 15, 2004, the Organization received its tax exempt status under Section 501(c)(3) of the Internal Revenue Code and, as such, is not subject to federal or state income taxes.

**Use of Estimates**

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

**MAPLEWOOD HOUSING FOR THE VISUALLY IMPAIRED**  
**Doing Business as FRIEDMAN PLACE**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

**Note 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Credit Risk**

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

**Subsequent Events**

Subsequent events were evaluated through September 27, 2011, which is the date the financial statements were available to be issued.

**Note 3 - RESTRICTED CASH**

The Organization maintains custodial accounts for the discretionary funds of certain of its residents. These funds are held in a segregated cash account and are restricted solely for the purpose of and at the discretion of the residents to whom the funds belong. As of June 30, 2011 and 2010, the amount of restricted cash was \$30,716 and \$30,657, respectively.

**Note 4 - PROPERTY AND EQUIPMENT**

Property and equipment as of June 30 consists of the following:

	<u>2011</u>	<u>2010</u>
Land	\$ 1,000,000	\$ 1,000,000
Building and improvements	6,098,831	5,960,219
Equipment and vehicles	118,619	107,263
Furniture and fixtures	<u>20,260</u>	<u>15,820</u>
Total Property and Equipment	7,237,710	7,083,302
Less: accumulated depreciation	<u>( 1,534,764)</u>	<u>( 1,255,038)</u>
Property and Equipment - Net	<u>\$ 5,702,946</u>	<u>\$ 5,828,264</u>

**MAPLEWOOD HOUSING FOR THE VISUALLY IMPAIRED**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

**Note 5 - BANK LINE OF CREDIT**

The Organization has a \$1,000,000 revolving line of credit with a local financial institution. The line matures March 10, 2012 and is secured by the real estate of the Organization. Amounts borrowed under this agreement bear interest at prime (3.25% as of June 30, 2011 and 2010) with payments of interest only due monthly. As of June 30, 2011 and 2010, the outstanding balance was \$137,209 and \$360,632, respectively. Interest expense recognized for the years ended June 30, 2011 and 2010 in connection with this line was \$9,901 and \$12,214, respectively.

**Note 6 - NOTES PAYABLE - RELATED PARTY**

The Organization's long term obligations as of June 30, 2011 and 2010 consist of notes payable to The Association of the Jewish Blind of Chicago, doing business as Kagan Home for the Blind (Kagan), are as follows:

	<u>2011</u>	<u>2010</u>
Note payable in the principal amount of \$1,700,000, maturing March 31, 2035, due in monthly installments of \$11,310, including interest at 7.0%.	\$1,700,000	\$1,700,000
Non-interest bearing note payable in the principal amount of \$750,000, maturing November 1, 2024, due in annual installments of \$37,500.	<u>750,000</u>	<u>750,000</u>
Total Notes Payable - Related Party	2,450,000	2,450,000
Less: current maturities	<u>( 54,767)</u>	<u>( 54,767)</u>
Long Term Notes Payable - Related Party	<u>\$ 2,395,233</u>	<u>\$ 2,395,233</u>

Both of the notes are secured by real estate of the Organization and are subordinated to the bank line of credit (Note 5). For each of the years ended June 30, 2011 and 2010, Kagan deferred \$54,767 of scheduled payments of principal on the notes and forgave interest payments of \$122,893 due on the \$1,700,000 note. All payments of principal that have been deferred by Kagan are due at maturity of the respective note. For each of the years ended June 30, 2011 and 2010, the Organization recognized \$122,893 of interest expense related to the \$1,700,000 note and \$122,893 of donations reflecting the forgiveness of that interest.

**MAPLEWOOD HOUSING FOR THE VISUALLY IMPAIRED**  
**Doing Business as FRIEDMAN PLACE**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

**Note 6 - NOTES PAYABLE - RELATED PARTY (continued)**

Future maturities of long term debt at December 31 are as follows:

2012	\$ 54,767
2013	56,015
2014	57,354
2015	58,789
2016	60,328
Thereafter	<u>2,162,747</u>
Total	<u>\$ 2,450,000</u>

**Note 7 - CONTINGENT LIABILITY**

In 2004, the Organization received a \$345,000 subsidy from the Federal Home Loan Bank of Chicago for its participation in the Federal Housing Finance Board's Affordable Housing Program (the "Program"). Under the terms of the Program, the Organization must maintain and operate a minimum number of affordable rental units for tenants with household incomes within 50% to 80% of the area median income as defined by the U.S. Department of Housing and Urban Development. The Organization is required to certify at least once every three years that it is in compliance with the regulations of the Program. If compliance is not maintained, the \$345,000 subsidy must be repaid. The Program retention period ends February 15, 2020. As of June 30, 2011 and 2010, the Organization was in compliance with all Program regulations.

**Note 8 - CONCENTRATIONS**

For the years ended June 30, 2011 and 2010, approximately 80% of the Organization's room and board revenues were generated from participation in the Illinois Department of Healthcare and Family Services Supportive Living Facilities program.

For the years ended June 30, 2011 and 2010, approximately 47% and 46%, respectively, of donations were received from The Association of the Jewish Blind of Chicago (DBA Kagan Home for the Blind), a related party.