

**BETH HAVEN TERRACE, INC.  
(A MISSOURI NONPROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

**BETH HAVEN TERRACE, INC.  
(A MISSOURI NONPROFIT ORGANIZATION)  
TABLE OF CONTENTS  
YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

<b>INDEPENDENT ACCOUNTANTS' COMPILATION REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
<b>BALANCE SHEETS</b>	<b>2</b>
<b>STATEMENTS OF ACTIVITIES AND CHANGES IN NET DEFICIT</b>	<b>4</b>
<b>STATEMENTS OF CASH FLOWS</b>	<b>5</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>6</b>
<b>HUD SUPPLEMENTARY INFORMATION</b>	<b>16</b>

DRAFT



## INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Directors  
Beth Haven Terrace, Inc.  
Hannibal, Missouri

Management is responsible for the accompanying financial statements of Beth Haven Terrace, Inc., (A Missouri Nonprofit Organization), which comprise the balance sheets as of September 30, 2019 and 2018, and the related statements of activities and changes in net deficit and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed the compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The HUD supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management. The HUD supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

### CliftonLarsonAllen LLP

St. Louis, Missouri

**DATE**

**BETH HAVEN TERRACE, INC.**  
**(A MISSOURI NONPROFIT ORGANIZATION)**  
**BALANCE SHEETS**  
**SEPTEMBER 30, 2019 AND 2018**  
**(SEE INDEPENDENT ACCOUNTANTS' COMPILATION REPORT)**

<b>ASSETS</b>	2019	2018
<b>CURRENT ASSETS</b>		
Cash	\$ 34,791	\$ 4,443
Accounts Receivable:		
Tenants	-	25,130
HUD	1,164	28,874
Interest Receivable	-	7
Miscellaneous Prepaid Expenses	19,360	17,217
Total Current Assets	55,315	75,671
<b>ASSETS LIMITED AS TO USE</b>		
Reserve for Replacements	-	102,187
Residual Receipts	-	6,282
Total Assets Limited as to Use	-	108,469
<b>PROPERTY AND EQUIPMENT, NET</b>	696,700	810,879
<b>OTHER ASSETS</b>		
Investment in Affiliated Company	173,556	163,938
Tenant Security Deposits	33,110	32,634
Certificates of Deposit	61,942	-
Total Other Assets	268,608	196,572
 Total Assets	 \$ 1,020,623	 \$ 1,191,591

See accompanying Notes to Financial Statements.

**BETH HAVEN TERRACE, INC.**  
**(A MISSOURI NONPROFIT ORGANIZATION)**  
**BALANCE SHEETS (CONTINUED)**  
**SEPTEMBER 30, 2019 AND 2018**  
**(SEE INDEPENDENT ACCOUNTANTS' COMPILATION REPORT)**

	2019	2018
<b>LIABILITIES AND NET DEFICIT</b>		
<b>CURRENT LIABILITIES</b>		
Current Maturities of Long-Term Debt	\$ 141,919	\$ 136,566
Accounts Payable	9,349	17,100
Accrued Wages Payable	5,209	3,078
Accrued Interest Payable	859	724
Miscellaneous Current Liabilities	2,375	54,912
Due to Related Party	28,452	18,786
Total Current Liabilities	188,163	231,166
 <b>LONG-TERM DEBT PAYABLE, NET OF DEBT ISSUANCE COSTS AND CURRENT MATURITIES</b>	 958,880	 1,099,723
<b>OTHER LIABILITIES</b>		
Tenant Security Deposits	33,110	32,634
Total Liabilities	1,180,153	1,363,523
 <b>NET DEFICIT WITHOUT DONOR RESTRICTIONS</b>	 (159,530)	 (171,932)
Total Liabilities and Net Deficit	\$ 1,020,623	\$ 1,191,591

See accompanying Notes to Financial Statements.

**BETH HAVEN TERRACE, INC.**  
**(A MISSOURI NONPROFIT ORGANIZATION)**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET DEFICIT**  
**YEARS ENDED SEPTEMBER 30, 2019 AND 2018**  
**(SEE INDEPENDENT ACCOUNTANTS' COMPILATION REPORT)**

	2019		2018	
	Amount	Percent of Revenue	Amount	Percent of Revenue
<b>OPERATING REVENUE</b>				
Rental Income (Net of Vacancies of \$35,571 and \$20,639 for the Years Ended September 30, 2019 and 2018, Respectively)	\$ 641,080	98.3%	\$ 646,605	98.3%
Investment Income	1,618	0.2	1,189	0.2
Other	9,431	1.5	10,314	1.5
Total Revenue	<u>652,129</u>	<u>100.0</u>	<u>658,108</u>	<u>100.0</u>
<b>OPERATING EXPENSE</b>				
Renting and Administrative	170,618	26.2	197,636	30.0
Utilities	74,300	11.4	72,737	11.1
Operating and Maintenance	132,782	20.4	129,742	19.7
Taxes and Insurance	85,319	13.1	58,528	8.9
Depreciation	142,237	21.8	136,218	20.7
Interest	43,062	6.6	47,315	7.2
Total Expense	<u>648,318</u>	<u>99.5</u>	<u>642,176</u>	<u>97.6</u>
<b>OPERATING INCOME</b>	3,811	0.5	15,932	2.4
<b>OTHER INCOME (EXPENSE)</b>				
Gain on Investment in Affiliate	9,618		22,965	
Loss on Disposal of Property and Equipment	(1,027)		-	
Total Other Income (Expense)	<u>8,591</u>		<u>22,965</u>	
<b>CHANGE IN NET DEFICIT WITHOUT DONOR RESTRICTIONS</b>	12,402		38,897	
Net Deficit Without Donor Restrictions - Beginning	<u>(171,932)</u>		<u>(210,829)</u>	
<b>NET DEFICIT WITHOUT DONOR RESTRICTIONS - ENDING</b>	<u>\$ (159,530)</u>		<u>\$ (171,932)</u>	

See accompanying Notes to Financial Statements.

**BETH HAVEN TERRACE, INC.**  
**(A MISSOURI NONPROFIT ORGANIZATION)**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED SEPTEMBER 30, 2019 AND 2018**  
**(SEE INDEPENDENT ACCOUNTANTS' COMPILATION REPORT)**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Tenants	\$ 703,351	\$ 603,616
Cash Paid to Suppliers and Employees	(513,518)	(439,631)
Interest Paid	(41,862)	(46,115)
Interest Received	1,625	1,214
Net Cash Provided by Operating Activities	149,596	119,084
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net Change in Reserve Funds	46,527	68,134
Net Withdrawals from Capital Reserve Account	-	200,507
Net Purchases of Property and Equipment	(29,085)	(258,447)
Net Cash Provided by Investing Activities	17,442	10,194
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Mortgage Principal Payments	(136,690)	(131,958)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	30,348	(2,680)
Cash and Cash Equivalents - Beginning	4,443	7,123
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	\$ 34,791	\$ 4,443
<b>RECONCILIATION OF CHANGE IN NET DEFICIT TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Change in Net Deficit	\$ 12,402	\$ 38,897
Adjustments to Reconcile Change in Net Deficit to Net Cash Provided by Operating Activities:		
Depreciation	142,237	136,218
Amortization	1,200	1,200
Gain (Loss) on Investment in Affiliated Company	(9,618)	(22,965)
Loss on Disposal of Property and Equipment	1,027	-
(Increase) Decrease in Current Assets:		
Accounts Receivable	52,840	(53,303)
Other Current Assets	(2,136)	(2,904)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	(7,751)	(15,382)
Other Current Liabilities	(40,605)	37,323
Net Cash Provided by Operating Activities	\$ 149,596	\$ 119,084

See accompanying Notes to Financial Statements.

**BETH HAVEN TERRACE, INC.**  
**(A MISSOURI NONPROFIT ORGANIZATION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019 AND 2018**  
**(SEE INDEPENDENT ACCOUNTANTS' COMPILATION REPORT)**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Project**

Beth Haven Terrace, Inc. (the Project) is a nonprofit, tax-exempt organization operating two apartment complexes with a total of 102 units in Hannibal, Missouri. The Project is designed to provide elderly and handicapped persons with housing facilities and certain specialized services. The Project was financed with a mortgage loan from the U.S. Department of Housing and Urban Development (HUD), under Section 202 of the National Housing Act. During 2016 the HUD mortgage was paid off, however, the Project continues to operate subject to a Use Agreement and is regulated by HUD as to rent charges and operating methods.

The Project is also subject to Section 8 Housing Assistance Payment agreements with HUD, providing for payments for the apartment units leased to eligible low-income, elderly tenants pursuant to Section 8 of the U.S. Housing Act of 1937. The current contract was entered into on January 31, 2011 and ends January 31, 2021. The housing assistance payments recognized under the contract during the years ended September 30, 2019 and 2018 were \$344,826 and \$334,976, respectively.

**Financial Statement Presentation**

The Project classifies its funds for accounting and reporting purposes as either net assets without donor restriction or net assets with donor restrictions.

*Net Assets Without Donor Restrictions* – Those resources over which the Board of Directors has discretionary control.

*Net Assets With Donor Restrictions* – Those resources subject to donor imposed restrictions that will be satisfied by actions of the Project or passage of time. Also those resources subject to a donor imposed restriction that they be maintained permanently by the Project.

The Project does not have any net assets with donor restrictions at September 30, 2019 and 2018.

**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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Concentration of Credit Risk**

The Project maintains cash balances at financial institutions, which at various times during the year may exceed the FDIC threshold of \$250,000.



**BETH HAVEN TERRACE, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019 AND 2018**  
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**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Account Receivables**

The Project provides an allowance for uncollectible accounts based on the allowance method using management's judgment. Residents are not required to provide collateral for services rendered. Payment for services is required upon receipt of invoice. Accounts are individually analyzed on a monthly basis for collectability. Once accounts are deemed uncollectible, the accounts are written off. No allowance for uncollectible accounts was deemed necessary at September 30, 2019 and 2018.

**Tenant Security Deposits**

The Project holds in trust, security deposit amounts received by the tenants of the Project upon move-in.

**Assets Limited as to Use**

Assets limited as to use consisted of escrows required by the FHA insured mortgage which were limited as to use in accordance with the requirements of the Regulatory Agreement. Assets limited as to use also consisted of a new Capital Projects Fund established pursuant to the promissory note payable. Assets limited as to use that are required for obligations classified as current liabilities are reported as current assets.

**Property and Equipment**

Property and equipment are carried at cost less accumulated depreciation. It is the policy of the Project to only capitalize qualifying individual items greater than or equal to \$1,000. Provision for depreciation is made on a straight-line method based on the following useful lives:

Buildings and Improvements	5 to 40 Years
Furniture, Fixtures, and Major Equipment	5 to 40 Years
Minor Equipment	5 to 15 Years
Vehicles	4 to 10 Years
Land Improvements	5 to 20 Years

**Operating Income**

The statement of activities and changes in net deficit includes a measurement of operating income. Changes in net deficit without donor restrictions, which is excluded from operating income, include a gain on investment in affiliate and a loss on disposal.

**Debt Issuance Costs**

Issuance costs are presented on the balance sheet net of accumulated amortization of \$3,797 and \$2,597 at September 30, 2019 and 2018, respectively, as a reduction of long-term debt. Amortization expense for the years ended September 30, 2019 and 2018 was \$1,200.

**BETH HAVEN TERRACE, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019 AND 2018**  
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**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Tax Exempt Status**

The Project qualifies as a tax-exempt corporation described in Section 501(c)(3) of the Internal Revenue Code (IRC) and applicable state codes. Accordingly, the Project is not subject to federal income taxes under Section 501(a) of the IRC. The Project is classified as a publicly-supported charitable Organization under the IRC and contributions to the Project qualify as charitable tax deductions for the contributor.

The Project adopted the income tax standard for uncertain tax positions. This standard clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements in accordance with the income tax standard. This standard prescribes recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The Project does not currently include an income tax provision in the financial statements. Management monitors the reporting of uncertain tax positions, which could result in recording of an income tax provision in the future.

The Project's tax returns are subject to review and examination by Federal, State and Local authorities. The Project is not aware of any activities that would jeopardize its tax exempt status and is not aware of any activities that are subject to tax on unrelated business income or excise or other tax except for those that are already reported annually.

**Investment in Affiliated Company**

The investment in a 50% owned corporation (Beth Haven Management Services, Inc.) is stated at cost plus equity in the affiliated company's undistributed net income (loss).

**Advertising**

Advertising costs are charged to operations when incurred. Advertising expense was \$2,047 and \$1,460 for the years ended September 30, 2019 and 2018, respectively.

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**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019 AND 2018**  
(SEE INDEPENDENT ACCOUNTANTS' COMPILATION REPORT)

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Recently Issued Accounting Standards**

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (ASU 2014-09). ASU 2014-09 affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets. The five-step model defined by ASU 2014-09 requires the Project to (i) identify the contracts with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract and (v) recognize revenue when each performance obligation is satisfied. Revenue will be recognized when promised goods or services are transferred to the customer in an amount that reflects the consideration expected in exchange for those goods or services. ASU 2014-09 may be applied retrospectively to each prior period (full retrospective) or retrospectively with the cumulative effect recognized as of the date of initial application (modified retrospective). This standard is effective for the Project's year ending September 30, 2020 financial reporting.

FASB issued ASU 2016-02 in February of 2016 pertaining to recording of leases. The standard will not be effective for the Project until the year ending June 30, 2021. Implementation of the new standard will result in changes to the reporting and disclosure of leases. Management is in the process of evaluating the impact on the Project. New Accounting Pronouncements – ASU 2016-14.

During the year ended September 30, 2019, the Project adopted a provision of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities*. This new accounting standard results in a reduction of three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) to two (net assets with donor restrictions and net assets without donor restrictions). The adoption of this accounting standard did not have an impact on the Project's financial position or changes in its net deficit.

**Liquidity Note and Availability**

As of September 30, 2019 and 2018, the Project has working deficit of \$165,545 and \$155,495, respectively.

Financial assets available for general expenditure within one year of the balance sheet date, consist of the following:

	<u>2019</u>	<u>2018</u>
Cash	\$ 34,791	\$ 4,443
Accounts Receivable:		
Tenants	-	25,130
HUD	1,164	28,874
Interest Receivable	-	7
Total	<u>\$ 35,955</u>	<u>\$ 58,447</u>

**BETH HAVEN TERRACE, INC.**  
**(A MISSOURI NONPROFIT ORGANIZATION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019 AND 2018**  
**(SEE INDEPENDENT ACCOUNTANTS' COMPILATION REPORT)**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Liquidity Note (Continued)**

Prior to fiscal year end 2018 the Project was required to operate with a balanced budget, which was submitted and approved by HUD. Upon refinancing the prior HUD loan, the budget is no longer required to be approved by HUD, however, the rent rates are still regulated under the Use Agreement. The Project anticipates collecting sufficient revenues to cover general expenditures. In addition, the Project has certain reserve funds not included above and more fully described in Note 2 that could be made available for general expenditures if needed.

**Subsequent Events**

In preparing these financial statements, the Project has considered events and transactions for potential recognition or disclosure through **DATE**, the date the financial statements were available to be issued.

**NOTE 2 ASSETS LIMITED AS TO USE**

Assets limited as to use consist of the following:

**Reserve for Replacements**

The Project, under terms of the FHA insured mortgage, was required to maintain an account to assure the availability of funds to replace building components, furniture, and equipment. Upon full release of the Regulatory Agreement requirements by HUD the Project now has discretionary control over the funds. During FY 2019 the Project has reclassified the funds to cash and long-term certificates of deposit.

**Residual Receipts**

The Project was required to deposit any surplus cash from operations into a Residual Receipts account. All disbursements from this account require the written approval of HUD. Upon full release of the Regulatory Agreement requirements by HUD the Project now has discretionary control over the funds. During FY2019 the Project has reclassified the funds to cash.

Assets limited as to use consisted of cash and certificates of deposit, which are held to maturity and carried at cost.

**BETH HAVEN TERRACE, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019 AND 2018**  
**(SEE INDEPENDENT ACCOUNTANTS' COMPILATION REPORT)**

**NOTE 3 PROPERTY AND EQUIPMENT**

Property and equipment, by major category, are as follows at September 30:

	<u>2019</u>	<u>2018</u>
Land and Land Improvements	\$ 242,781	\$ 242,781
Buildings	3,786,929	3,767,573
Building Improvements	110,847	110,847
Furniture for Project	23,988	23,988
Furnishings	28,632	25,063
Motor Vehicles	13,600	13,600
Construction in Progress	1,589	1,589
Subtotal	<u>4,208,366</u>	<u>4,185,441</u>
Less: Accumulated Depreciation	3,511,666	3,374,562
Total	<u>\$ 696,700</u>	<u>\$ 810,879</u>

Depreciation expense is reported as a charge to operations. Depreciation expense was \$142,237 and \$136,218 for the years ended September 30, 2019 and 2018, respectively.

**NOTE 4 LONG-TERM DEBT**

	<u>2019</u>	<u>2018</u>
Commercial Promissory Note payable to F&M Bank and Trust Company; Dated September 23, 2016; Amount \$1,500,000; Interest Rate 3.55%; Maturity date September 23, 2026; Monthly payments of \$14,720 include principal and interest; Secured by land, building, and equipment.	\$ 1,104,398	\$ 1,241,088
Less: Unamortized Debt Issuance Costs	3,599	4,799
Less: Current Maturities	<u>141,919</u>	<u>136,566</u>
Long-Term Debt - Net of Current Maturities	<u>\$ 958,880</u>	<u>\$ 1,099,723</u>

The Project has a commercial promissory note with F & M Bank and Trust Company, established September 23, 2016 for the amount of \$1,500,000 with an interest rate of 3.55%. The maturity date of this promissory note is September 23, 2026. The promissory note is secured by the land, building, and equipment of the Project.

**BETH HAVEN TERRACE, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019 AND 2018**  
**(SEE INDEPENDENT ACCOUNTANTS' COMPILATION REPORT)**

**NOTE 4 LONG-TERM DEBT (CONTINUED)**

The scheduled principal payments for future years are as follows:

<u>Year Ending September 30.</u>	<u>Principal</u>
2020	\$ 141,919
2021	146,604
2022	151,894
2023	157,375
2024	163,053
Thereafter	343,553
Total	<u>\$ 1,104,398</u>

**NOTE 5 RELATED-PARTY TRANSACTIONS**

The Project is related to Beth Haven Management Services, Inc. (BHMS) through common ownership and management. The Project is managed by BHMS and the Project also reimburses BHMS for certain operating expenses which include 17% of the salary and payroll taxes of BHMS's chief executive officer, who serves as part-time administrator of the Project, as well as 1/3 of the salary and taxes for the maintenance supervisor.

The management agreement provides for a fee of 6% of gross collections for rents received by the Project. Charges for the above mentioned expenses were as follows:

	<u>2019</u>	<u>2018</u>
Management Fees	\$ 38,434	\$ 38,728
Salaries and Payroll Taxes	101,318	105,220
Total	<u>\$ 139,752</u>	<u>\$ 143,948</u>

For the years ended September 30, 2019 and 2018, \$1,801 and \$11,128, respectively, was outstanding to BHMS.

The Project is related to Beth Haven Nursing Home (BHNH) through common ownership and management. The Project may receive supplies purchased by BHNH, and the project will reimburse BHNH for these supplies. For the years ended September 30, 2019 and 2018, \$7,651 and \$2,658, respectively, was outstanding to BHNH.

The Project is related to Beth Haven Group Homes (BHG) through common management. BHGH maintains the property and liability insurance for the Project and allocates the expense to the Project. For the years ended September 30, 2019 and 2018, \$19,000 and \$5,000 was payable to BHGH, respectively.

**NOTE 6 RENT INCREASES**

Under terms of the Use Agreement, the Project may not increase rents charged to tenants without HUD approval.

**BETH HAVEN TERRACE, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019 AND 2018**  
**(SEE INDEPENDENT ACCOUNTANTS' COMPILATION REPORT)**

**NOTE 7 INVESTMENT IN AFFILIATED COMPANY**

The investment in affiliated company relates to a 50% ownership in Beth Haven Management Services, Inc. This investment is reflected on the Project's financial statements using the equity method. The carrying value of the investment equaled the Project's percentage of the company's stockholder's equity at September 30, 2019 and 2018.

Financial position and results of operations of the affiliated company are summarized below:

	2019	2018
Current Assets	\$ 237,480	\$ 212,927
Property and Equipment	168,092	175,357
Total Assets	<u>405,572</u>	<u>388,284</u>
Current Liabilities	58,160	70,774
Other Liabilities	100	1,400
Total Liabilities	<u>58,260</u>	<u>72,174</u>
Total Stockholders' Equity	<u>\$ 347,312</u>	<u>\$ 316,110</u>
Net Income	<u>\$ 31,202</u>	<u>\$ 33,964</u>

**NOTE 8 EMPLOYEE RETIREMENT PLAN**

The Project has a Section 401(k) retirement plan which covers substantially all employees after specified periods of service and after meeting certain eligibility requirements. The plan includes a salary deferral through a payroll savings program with matching employer contributions. The matching contribution is a discretionary percentage of the employee's salary deferral as determined annually by the Board of Directors. The board approved to match 50% and 25% of the employee's salary deferral up to a maximum 6% of compensation for the years ended September 30, 2019 and 2018, respectively. Employer contributions were \$435 and \$150, respectively, for the years ended September 30, 2019 and 2018.

**NOTE 9 CONTINGENCIES AND COMMITMENTS**

**Workers' Compensation Self-Insurance**

The Project obtains workers' compensation insurance through membership in the Missouri Nursing Home Insurance Trust Workers' Compensation Fund (the Trust), a trust formed for the benefit of qualified nursing facilities in the state of Missouri who wish to pool their resources to act as a group self-insurer as permitted by Section 287.280 of the Revised Statutes of Missouri. The Trust and its members jointly and severally agree to assume and discharge, by payment, any lawful awards entered against any member of the Trust. Workers' compensation expense through participation in the Trust was \$2,130 and \$1,993 for the years ended September 30, 2019 and 2018, respectively.

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**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019 AND 2018**  
**(SEE INDEPENDENT ACCOUNTANTS' COMPILATION REPORT)**

**NOTE 9 CONTINGENCIES AND COMMITMENTS (CONTINUED)**

**Self-Insured Medical Benefits**

The Project is part of a self-insured employee health plan. The plan provides health and death benefits to employees and employees under management of Beth Haven Management Services, including employees of the Project. The Project has entered into an agreement with an insurance company to provide stop-loss insurance to limit the losses to \$25,000 per covered employee before an annual deductible of approximately \$515,000. The insurance company also provides claims processing and other administrative functions.

Claims are accrued as incurred. The amounts charged to expense include administrative fees, stop-loss insurance premiums, claims paid, and accruals for claims incurred but not yet paid at year-end.

**Health Care**

Beth Haven Nursing Home, a related entity, is subject to the numerous laws and regulations of federal, state, and local governments of the healthcare industry. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for resident services previously billed.

**Litigation**

The Project is subject to asserted and unasserted claims encountered in the normal course of business. The Project's management and legal counsel assess such contingent liabilities and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Project or unasserted claims that may result in such proceedings, the Project's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein. In the opinion of management, disposition of these matters will not have a material effect on the Project's financial condition or results of operations.



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**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019 AND 2018**  
**(SEE INDEPENDENT ACCOUNTANTS' COMPILATION REPORT)**

**NOTE 10 FUNCTIONAL CLASSIFICATION OF EXPENSES**

Functional classification of expenses for the years ended September 30, 2019 and 2018 consisted of the following:

	June 30, 2019		
	Organization's Mission	Support	Total Expenses
Salaries	\$ 177,764	\$ -	\$ 177,764
Benefits and Taxes	56,964	-	56,964
Management Fees	-	38,434	38,434
Other	53,424	20,255	73,679
Insurance	28,355	-	28,355
Utilities	57,768	16,532	74,300
Repairs and Maintenance	55,385	-	55,385
Depreciation and Amortization	111,522	31,915	143,437
Total	<u>\$ 541,183</u>	<u>\$ 107,135</u>	<u>\$ 648,318</u>

  

	June 30, 2018		
	Organization's Mission	Support	Total Expenses
Salaries	\$ 189,877	\$ -	\$ 189,877
Benefits and Taxes	32,735	-	32,735
Management Fees	-	38,728	38,728
Other	66,729	20,032	86,761
Insurance	25,793	-	25,793
Utilities	56,553	16,184	72,737
Repairs and Maintenance	58,127	-	58,127
Depreciation and Amortization	106,842	30,576	137,418
Total	<u>\$ 536,657</u>	<u>\$ 105,519</u>	<u>\$ 642,176</u>

Salaries and related expenses are allocated based on job descriptions and the best estimates of management. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting services, are allocated based on the best estimates of management.

**BETH HAVEN TERRACE, INC.**  
**(A MISSOURI NONPROFIT ORGANIZATION)**  
**HUD BALANCE SHEET (CONTINUED)**  
**SEPTEMBER 30, 2019**  
**(SEE INDEPENDENT ACCOUNTANTS' COMPILATION REPORT)**

**ASSETS**

<b>CURRENT ASSETS</b>		
1120	Cash	\$ 34,791
1130	Accounts Receivable- Tenant	-
1135	Accounts Receivable - HUD	1,164
1160	Accounts Receivable - Interest	-
1200	Miscellaneous Prepaid Expenses	19,360
1100T	Total Current Assets	<u>55,315</u>
1191	<b>DEPOSITS HELD IN TRUST - FUNDED TENANT SECURITY DEPOSITS</b>	33,110
<b>ASSETS LIMITED AS TO USE</b>		
1320	Reserve for Replacements	-
1340	Residual Receipts	-
1300T	Total Assets Limited as to Use	<u>-</u>
<b>PROPERTY AND EQUIPMENT (at Cost)</b>		
1410	Land and Land Improvements	242,781
1420	Buildings	3,786,929
1440	Building Improvements	110,847
1450	Furniture for Project	23,988
1460	Furnishings	28,632
1480	Motor Vehicles	13,600
1490	Construction in Progress	1,589
1400T	Total Property and Equipment	<u>4,208,366</u>
1495	Less: Accumulated Depreciation	<u>3,511,666</u>
1400N	Property and Equipment (at Depreciated Cost)	696,700
<b>OTHER ASSETS</b>		
1515	Investment in Affiliated Company	173,556
1510	Certificates of Deposit	61,942
1500T	Total Other Assets	<u>235,498</u>
1000T	Total Assets	<u><u>\$ 1,020,623</u></u>

**BETH HAVEN TERRACE, INC.**  
**(A MISSOURI NONPROFIT ORGANIZATION)**  
**HUD BALANCE SHEET (CONTINUED)**  
**SEPTEMBER 30, 2019**  
**(SEE INDEPENDENT ACCOUNTANTS' COMPILATION REPORT)**

**LIABILITIES AND NET DEFICIT**

<b>CURRENT LIABILITIES</b>		
2110	Accounts Payable	\$ 9,349
2120	Accrued Wages Payable	5,209
2123	Accrued Management Fee Payable	1,801
2131	Accrued Interest Payable	859
2170	Current Maturities of Note Payable	141,919
2190	Miscellaneous Current Liabilities	2,360
2190	Due to Related Party	26,651
2210	Prepaid Revenue	15
2122T	Total Current Liabilities	<u>188,163</u>
2191	<b>DEPOSITS HELD IN TRUST - FUNDED TENANT SECURITY DEPOSITS LIABILITY</b>	33,110
<b>LONG-TERM DEBT (NET OF CURRENT MATURITIES SHOWN ABOVE)</b>		
2320	Mortgage Payable	962,479
2340	Debt Issuance Costs	<u>(3,599)</u>
2300T	Total Long-Term Debt	<u>958,880</u>
2000T	Total Liabilities	1,180,153
3130	<b>NET DEFICIT WITHOUT DONOR RESTRICTIONS</b>	<u>(159,530)</u>
2033T	Total Liabilities and Net Deficit	<u><u>\$ 1,020,623</u></u>

**BETH HAVEN TERRACE, INC.**  
**(A MISSOURI NONPROFIT ORGANIZATION)**  
**HUD STATEMENT OF ACTIVITIES AND CHANGES IN NET DEFICIT**  
**YEAR ENDED SEPTEMBER 30, 2019**  
**(SEE INDEPENDENT ACCOUNTANTS' COMPILATION REPORT)**

Account No.		
<b>REVENUES</b>		
5120	Rent Revenue - Gross Potential	\$ 331,825
5121	Tenant Assistance Payments	344,826
5100T	Total Potential Rent Revenue	<u>676,651</u>
5220	Apartments - Vacancies	<u>(35,571)</u>
5152N	Net Rental Revenue	641,080
5430	Revenue from Investments - Residual Receipts	3
5440	Revenue from Investments - Reserve for Replacements	1,615
5400T	Total Financial Revenue	<u>1,618</u>
5910	Laundry and Vending Revenue	8,251
5990	Miscellaneous Revenue	1,180
5900T	Total Other Revenue	<u>9,431</u>
5000T	Total Revenue	652,129
<b>EXPENSES</b>		
6210	Advertising and Marketing	2,047
6250	Other Renting Expenses	362
6311	Office Expenses	17,846
6320	Management Fee	38,434
6330	Manager or Superintendent Salaries	101,318
6331	Administrative Rent Free Unit	2,400
6340	Legal Expenses - Project	10
6351	Bookkeeping Fees/Accounting Services	8,135
6390	Miscellaneous Administrative Expenses	66
6263T	Total Administrative Expense	<u>170,618</u>
6450	Electricity	43,444
6451	Water	30,774
6452	Gas	82
6400T	Total Utilities Expense	<u>74,300</u>
6510	Payroll	74,046
6515	Supplies	25,935
6520	Contracts	23,969
6525	Garbage and Trash Removal	3,720
6530	Security Contract	880
6546	Heating/Cooling Repair and Maintenance	784
6590	Miscellaneous Operating and Maintenance Expenses	4,475
6500T	Total Operating and Maintenance Expense	<u>133,809</u>

**BETH HAVEN TERRACE, INC.**  
**(A MISSOURI NONPROFIT ORGANIZATION)**  
**HUD STATEMENT OF ACTIVITIES AND CHANGES IN NET DEFICIT**  
**YEAR ENDED SEPTEMBER 30, 2019**  
**(SEE INDEPENDENT ACCOUNTANTS' COMPILATION REPORT)**

Account No.		
	<b>EXPENSES (CONTINUED)</b>	
6711	Payroll Taxes	\$ 7,719
6720	Property and Liability Insurance	26,225
6722	Workers Compensation	2,130
6723	Health Insurance and Other Employee Benefits	49,245
6700T	Total Taxes and Insurance	<u>85,319</u>
6820	Interest on Mortgage Payable	<u>43,062</u>
6800T	Total Financial Expenses	43,062
6000T	Total Cost of Operations Before Depreciation	<u>507,108</u>
5060T	Change in Net Assets Before Depreciation	145,021
6600	Depreciation Expense	<u>142,237</u>
5060N	<b>OPERATING LOSS</b>	2,784
7105	Gain on Investment in Affiliate	9,618
7190	Loss on Investment in Affiliate	<u>-</u>
3247	<b>CHANGE IN NET DEFICIT WITHOUT DONOR RESTRICTIONS</b>	<u>12,402</u>
3250	<b>CHANGE IN TOTAL NET DEFICIT FROM OPERATIONS</b>	<u>\$ 12,402</u>
S1000-010	Total Mortgage (or bond) principal payments required during the audit year.	<u>\$ 136,690</u>
S1000-020	Total of 12 monthly deposits into the Replacement Reserve in accordance with the Regulatory Agreement even if payments may be temporarily suspended or reduced.	<u>\$ 12,971</u>
1320R	Waiver Obtained for Deposits into Replacement Reserve	Yes
	<b>NET DEFICIT WITHOUT DONOR RESTRICTIONS</b>	
S1100-60	Previous Year Net Deficit Without Donor Restrictions	\$ (171,932)
3247	Change in Net Deficit Without Donor Restrictions from Operations	<u>12,402</u>
3131	Net Deficit Without Donor Restrictions	(159,530)
	<b>TOTAL NET DEFICIT</b>	
S1100-050	Previous Year Total Net Deficit	(171,932)
3250	Change in Total Net Deficit from Operations	<u>12,402</u>
3130	Total Net Deficit	<u>\$ (159,530)</u>

**BETH HAVEN TERRACE, INC.**  
**(A MISSOURI NONPROFIT ORGANIZATION)**  
**HUD STATEMENT OF CASH FLOW**  
**YEAR ENDED SEPTEMBER 30, 2019**  
**(SEE INDEPENDENT ACCOUNTANTS' COMPILATION REPORT)**

Account No.		
	<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
	Receipts:	
S1200-010	Rental Receipts	\$ 693,920
S1200-020	Interest Receipts	1,625
S1200-030	Other Operating Receipts	9,431
S1200-040	Total Receipts	704,976
	Disbursements:	
S1200-050	Administrative	73,602
S1200-070	Management Fee	38,434
S1200-090	Utilities	74,300
S1200-100	Salaries and Wages	173,233
S1200-110	Operating and Maintenance	66,487
S1200-140	Property Insurance	87,462
S1200-180	Interest Expense	41,862
S1200-230	Total Disbursements	555,380
S1200-240	Net Cash Provided by Operating Activities	149,596
	<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
S1200-340	Net Change in Reserve Funds	46,527
S1200-330	Net Purchases of Property and Equipment	(29,085)
S1200-350	Net Cash Provided by Investing Activities	17,442
	<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
S1200-360	Mortgage Principal Payments	(136,690)
S1200-470	<b>NET INCREASE IN CASH</b>	30,348
S1200-480	Cash - Beginning of Year	4,443
S1200T	<b>CASH - END OF YEAR</b>	\$ 34,791

**BETH HAVEN TERRACE, INC.**  
**(A MISSOURI NONPROFIT ORGANIZATION)**  
**HUD SUPPLEMENTARY INFORMATION**  
**YEAR ENDED SEPTEMBER 30, 2019**  
**(SEE INDEPENDENT ACCOUNTANTS' COMPILATION REPORT)**

**Surplus Cash, Distributions, and Residual Receipts (Annual)**

S1300-010	Cash	\$ 67,901
1135	Accounts Receivable - HUD	<u>1,164</u>
S1300-040	Total Cash	69,065
S1300-050	Accrued Mortgage Interest Payable	859
S1300-075	Accounts Payable - 30 days	9,349
S1300-100	Accrued Expenses [Not Escrowed]	7,010
2210	Prepaid Revenue	15
2191	Tenant/Patient Deposits Held in Trust (Contra)	33,110
S1300-110	Other Current Obligations	<u>26,651</u>
S1300-140	Total Current Obligations	<u>76,994</u>
S1300-150	Deficiency	<u><u>\$ (7,929)</u></u>

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**BETH HAVEN TERRACE, INC.**  
**(A MISSOURI NONPROFIT ORGANIZATION)**  
**HUD SUPPLEMENTARY INFORMATION**  
**YEAR ENDED SEPTEMBER 30, 2019**  
**(SEE INDEPENDENT ACCOUNTANTS' COMPILATION REPORT)**

**Schedule of Changes in Fixed Asset Accounts**

1410P	Beginning Balance for 1410	\$ 242,781
1410	Land	<u>242,781</u>
1420P	Beginning Balance for 1420	3,767,573
1420AT	Additions for 1420	25,516
1420DT	Deductions 1420	6,160
1420	Buildings	<u>3,786,929</u>
1440P	Beginning Balance for 1440	110,847
1440	Building Equipment (Portable)	<u>110,847</u>
1450P	Beginning Balance for 1450	23,988
1450	Furniture for Project/Tenant Use	<u>23,988</u>
1460P	Beginning Balance for 1460	25,063
1460AT	Additions for 1460	3,569
1460	Furnishings	<u>28,632</u>
1480P	Beginning Balance for 1480	13,600
1480	Motor Vehicles	<u>13,600</u>
1490P	Beginning Balance for 1490	1,589
1490	Miscellaneous Fixed Assets	<u>1,589</u>
1400PT	Total Beginning Balance for Fixed Assets	4,185,441
1400AT	Total Assets Additions	29,085
1400DT	Total Assets Deductions	6,160
1400T	Total Fixed Assets	<u>4,208,366</u>
1495P	Beginning Balance for 1495	3,374,562
6600	Total Provisions	142,237
1400ADT	Total Accumulated Depreciation from Disposed Assets	5,133
1495	Ending Balance for Accumulated Depreciation	<u>3,511,666</u>
1400N	Total Net Book Value	<u><u>\$ 696,700</u></u>



**BETH HAVEN TERRACE, INC.**  
**(A MISSOURI NONPROFIT ORGANIZATION)**  
**HUD SUPPLEMENTARY INFORMATION**  
**YEAR ENDED SEPTEMBER 30, 2019**  
**(SEE INDEPENDENT ACCOUNTANTS' COMPILATION REPORT)**

**Additional Support**

Account 1420AT Detail

11/10/2018	Flooring 224East	\$ 1,528
3/28/2019	Flooring 201West	1,829
3/28/2019	Flooring 216East	1,403
7/3/2019	Flooring 110E	1,826
7/3/2019	Flooring 204E	1,542
12/3/2018	Auto Door Opener West	3,618
1/24/2019	Auto Door Opener West	2,970
5/28/2019	Water Heater East	10,799
	Total	<u><u>\$ 25,516</u></u>

Account 1420DT Detail

5/28/2019	Water Heater 2011	<u><u>\$ (6,160)</u></u>
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Account 1460AT Detail

6/17/2019	Draperies, 10 pr 60"	\$ 1,541
6/17/2019	Draperies, 10 pr 100"	2,028
	Total	<u><u>\$ 3,569</u></u>

Line 5990 - "Miscellaneous Revenue"

Miscellaneous Financial Income	\$ 1,180
Total	<u><u>\$ 1,180</u></u>

Line 6390 - "Miscellaneous Administrative Expense"

Miscellaneous Administrative Expense	66
Total	<u><u>\$ 66</u></u>

Line 6590 - "Miscellaneous Operating and Maintenance Expense"

Miscellaneous Renting Expenses	\$ 2,391
Miscellaneous Operating Expenses	960
Miscellaneous Maintenance Expenses	97
Loss on Disposal	1,027
Total	<u><u>\$ 4,475</u></u>