COGSWELL HALL, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2016 and 2015
with
Report of Independent Auditors

NOVOGRADAC & COMPANY LLP®
CERTIFIED PUBLIC ACCOUNTANTS

Cogswell Hall, Inc. and Subsidiaries

TABLE OF CONTENTS

	Page
REPORT OF INDEPENDENT AUDITORS	1-2
CONSOLIDATED FINANCIAL STATEMENTS:	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities and Changes in Net Assets	4-5
Consolidated Statements of Cash Flows	6
Notes to the Consolidated Financial Statements	7-17
SUPPLEMENTAL INFORMATION:	
Consolidating Statements of Financial Position	18-19
Consolidating Statements of Activities and Changes in Net Assets	20-21
Supplemental Schedules of Functional Expenses	22-23

NOVOGRADAC & COMPANY LLP®

CERTIFIED PUBLIC ACCOUNTANTS

Report of Independent Auditors

To the Board of Directors of
Cogswell Hall, Inc. and Subsidiaries:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Cogswell Hall, Inc. and Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities and changes in net assets, and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

NOVOGRADAC & COMPANY LLP
P 216.298.9000
F 216.298.9025
W www.novoco.com
OFFICE 1100 Superior Avenue E, Suite 900
Cleveland, Ohio 44114

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cogswell Hall, Inc. and Subsidiaries as of December 31, 2016 and 2015 and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary and Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 18 through 23 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and it 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 consolidating 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 consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Novogradac & Company LLP

Dover, Ohio
May 16, 2017

COGSWELL HALL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

ASSETS

	2016	2015
Current assets:		
Cash and cash equivalents	$ 138,601	$ 139,968
Restricted cash	5,190	4,811
Grants receivable	18,323	12,859
Other receivables	11,977	7,200
Prepaid expenses	25,033	11,198
Total current assets	199,124	176,036
Property and equipment:		
Land	180,000	180,000
Building and improvements	7,746,844	7,746,844
Furniture and equipment	126,357	126,357
Vehicle	9,560	9,560
	8,062,761	8,062,761
Less: accumulated depreciation	2,210,773	1,925,925
Total rental property	5,851,988	6,136,836
Other assets:		
Restricted deposits and funded reserves	193,196	189,321
Investments in securities - board designated	678,697	635,790
Investments in securities - certificates of deposit	131,922	130,870
Deferred charges, net of accumulated amortization	31,606	35,698
	1,035,421	991,679
Total assets	$ 7,086,533	$ 7,304,551

LIABILITIES AND NET ASSETS

	2016	2015
Current liabilities:		
Current portion of equity bridge loan	$ 102,629	$ 100,613
Accounts payable	10,426	13,945
Accrued payroll	26,264	26,264
Accrued payroll taxes	6,602	2,022
Accrued interest	11,307	11,307
Other current liabilities	5,190	6,311
Total current liabilities	162,418	160,462
Long term liabilities:		
Equity bridge loan	320,395	423,024
Total long term liabilities	320,395	423,024
Total liabilities	482,813	583,486
Net assets:		
Unrestricted:		
Board designated	678,697	635,790
Undesignated	3,311,549	3,269,287
Noncontrolling interest in Cogswell, LLC	2,611,604	2,801,978
Noncontrolling interest in Cogswell, Inc.	(2,597)	(2,443)
Temporarily restricted	4,467	16,453
Total net assets	6,603,720	6,721,065
Total liabilities and net assets	$ 7,086,533	$ 7,304,551

see accompanying notes

COGSWELL HALL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Total
Revenue and support:			
Grants and contributions:			
Foundations and trusts	$ 327,045	$ 30,000	$ 357,045
Government agencies	127,980	-	127,980
Corporations and individuals	57,826	-	57,826
Fundraising	56,234	-	56,234
Net assets released from restrictions	41,986	(41,986)	-
Total grants and contributions	611,071	(11,986)	599,085
Program service revenue:			
Service fees	70,528	-	70,528
Rental and related	135,451	-	135,451
Other	6,873	-	6,873
Total program service revenue	212,852	-	212,852
Investment revenue:			
Interest and dividends	31,661	-	31,661
Unrealized gain on investments	39,718	-	39,718
Total investment revenue	71,379	-	71,379
Total revenue and support	895,302	(11,986)	883,316
Expenses:			
Program services:			
Basic housing services	138,971	-	138,971
Facility maintenance services	97,519	-	97,519
Food and nutrition services	128,868	-	128,868
Resident services	147,261	-	147,261
Cogswell, LLC	411,626	-	411,626
Support services:			
Fundraising	115,322	-	115,322
General and administrative	72,201	-	72,201
Total expenses	1,111,768	-	1,111,768
Change in net assets	(216,466)	(11,986)	(228,452)
Change in net assets attributable to Cogswell, LLC noncontrolling interest	301,481	-	301,481
Change in net assets attributable to Cogswell, Inc. noncontrolling interest	154	-	154
Change in net assets attributable to Cogswell Hall, Inc.	85,169	(11,986)	73,183
Total net assets at beginning of year	6,704,612	16,453	6,721,065
Change in net assets	(216,466)	(11,986)	(228,452)
Capital contributions	111,107	-	111,107
Total net assets at end of year	$ 6,599,253	$ 4,467	$ 6,603,720

see accompanying notes

COGSWELL HALL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Unrestricted	Temporarily Restricted	Total
Revenue and support:			
Grants and contributions:			
Foundations and trusts	$ 313,474	$ 50,027	$ 363,501
Government agencies	123,604	-	123,604
Corporations and individuals	38,547	-	38,547
Fundraising	45,238	-	45,238
Net assets released from restrictions	52,153	(52,153)	-
Total grants and contributions	573,016	(2,126)	570,890
Program service revenue:			
Service fees	77,336	-	77,336
Rental and related	133,100	-	133,100
Other	58,832	-	58,832
Total program service revenue	269,268	-	269,268
Investment revenue:			
Interest and dividends	29,961	-	29,961
Unrealized loss on investments	(22,309)	-	(22,309)
Total investment revenue	7,652	-	7,652
Total revenue and support	849,936	(2,126)	847,810
Expenses:			
Program services:			
Basic housing services	127,303	-	127,303
Facility maintenance services	90,756	-	90,756
Food and nutrition services	135,603	-	135,603
Resident services	147,504	-	147,504
Cogswell, LLC	411,053	-	411,053
Support services:			
Fundraising	113,662	-	113,662
General and administrative	78,552	-	78,552
Total expenses	1,104,433	-	1,104,433
Change in net assets	(254,497)	(2,126)	(256,623)
Change in net assets attributable to Cogswell, LLC noncontrolling interest	255,243	-	255,243
Change in net assets attributable to Cogswell, Inc. noncontrolling interest	130	-	130
Change in net assets attributable to Cogswell Hall, Inc.	876	(2,126)	(1,250)
Total net assets at beginning of year	6,848,002	18,579	6,866,581
Change in net assets	(254,497)	(2,126)	(256,623)
Capital contributions	111,107	-	111,107
Total net assets at end of year	$ 6,704,612	$ 16,453	$ 6,721,065

see accompanying notes

COGSWELL HALL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (228,452)	$ (256,623)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	288,940	290,957
(Increase) decrease in grants receivable	(5,464)	91,650
(Increase) decrease in other receivables	(4,777)	2,777
(Increase) decrease in prepaid expenses	(13,835)	10,648
Decrease in deposits	-	477
(Decrease) increase in accounts payable	(3,519)	6,387
Decrease in accrued payroll	-	(2,950)
Increase in accrued payroll taxes	4,580	1,808
Decrease in accrued real estate taxes	-	(11,729)
(Decrease) increase in other current liabilities	(1,121)	6,311
Net cash provided by operating activities	36,352	139,713
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposits to restricted cash	(379)	(4,811)
Deposits to funded reserves	(3,875)	(24,021)
Purchase of investments	(43,959)	(195,164)
Net cash used in investing activities	(48,213)	(223,996)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments to equity bridge loan	(100,613)	(98,636)
Receipt of capital contributions	111,107	111,107
Net cash provided by financing activities	10,494	12,471
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,367)	(71,812)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	139,968	211,780
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 138,601	$ 139,968
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	$ 10,494	$ 12,471

see accompanying notes

1. Organization

Cogswell Hall, Inc. ("CHI") is a 501(c)(3) Ohio nonprofit corporation dedicated to the creation and preservation of safe and affordable housing and supportive services to adults of limited income facing critical life challenges who may otherwise be homeless. Founded in 1914, CHI maintains a residential facility located in Cleveland, Ohio.

Cogswell, LLC ("LLC"), an Ohio limited liability company, was formed on August 22, 2007 for the purposes of assuming ownership of the real estate owned by Cogswell Hall, Inc. at 7200 Franklin Boulevard in Cleveland, Ohio (the "Property") as a qualified low-income housing project within the meaning of Section 42 of the Internal Revenue Code ("Section 42") and eventually selling or disposing of the Property. The Property was renovated as a historic rehabilitation project in accordance with Section 47 of the Internal Revenue Code ("Section 47") and Section 149.311 of the Ohio Revised Code ("ORC Section 149.311"). The Property consists of 41 residential housing units for rental to low-income tenants (the "Project"). The Project received federal low-income housing tax credits ("LIHTCs"), federal historic tax credits ("HTCs") and state historic tax credits ("State HTCs") (collectively, "Tax Credits"). LLC's participation in the LIHTC Program requires LLC to enter into and be bound by a restrictive covenant. The covenant states that 40 units of the Property must be maintained as low-income housing for an initial compliance period of 15 years, and for the extended use period of an additional 15 years, unless terminated after the end of the initial 15 year period. In addition, the covenant requires rent restrictions so that units can be rented at a level that is affordable to persons with income at or below a specific percentage of the area median gross income ("AMGI"). Income restrictions require 40 of the units to be occupied by households with income at or below 60% of AMGI. Rent restrictions require rent on 40 of the units to be affordable to tenants in the amount at or below 60% of AMGI. At the conclusion of the 15-year tax credit financing period, ownership of the facility will revert back to Cogswell Hall, Inc.

Cogswell, Inc. ("CI"), an Ohio corporation, was formed on August 22, 2007 and is the managing member of LLC. CI is owned 51% by Detroit Shoreway Community Development Organization ("DSCDO") and 49% by CHI.

Under the terms of LLC's original Operating Agreement the initial sole member was CI. Pursuant to the Amended and Restated Operating Agreement (the "Operating Agreement") dated July 15, 2008, LLC admitted Ohio Equity Fund for Housing Limited Partnership XVIII (the "Investor Member"). CI and Investor Member own 0.1% and 99.9%, respectively, of LLC. Pursuant to the Operating Agreement, CI and Investor Member were required to make capital contributions in the amount of $2,351,230 and $5,030,997, respectively. As of December 31, 2016 and 2015, CI had contributed $2,351,230. In accordance with the Amendment to the Amended and Restated Operating Agreement (the "Amendment") dated June 21, 2010, the Investor Member was required to make additional capital contributions totaling $217,808. As of December 31, 2016 and 2015, the Investor Member had contributed $4,804,369 and $4,693,262, respectively. The remaining required capital contributions of $444,436 from the Investor Member will be made upon achievement of certain milestones, as defined in the Amendment.

1. Organization (continued)

Allocations of LLC's profits, losses, and Tax Credits are allocated 0.1% and 99.9% to CI and Investor Member, respectively. The Operating Agreement provides for special allocations to CI and Investor Member when certain conditions, as defined in the Operating Agreement, are met.

CHI operates its programs within the facility and earns revenue for food and nutrition services, housekeeping, recreating, counseling, and other services.

2. Summary of Significant Accounting Policies and Nature of Operations

Principles of consolidation
CHI's consolidated financial statements include the accounts of CHI and its minority owned subsidiary, CI and its minority owned subsidiary, LLC (collectively, "CHI and the Subsidiaries"). All material intercompany transactions have been eliminated. The supplemental consolidating information provides detail for CHI, CI and LLC.

Basis of accounting
CHI prepares its consolidated financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Basis of presentation
CHI is required to report information regarding its financial position and activities according to three classes of net assets. A description of the three categories is as follows:

Unrestricted Net Assets: Net assets that are not subject to donor-imposed stipulations that may or will be expendable by the board for any purpose in performing CHI's primary objectives.

Temporarily Restricted Net Assets: Net assets that are subject to donor-imposed stipulations that may or will be met either by CHI's actions and/or the passage of time.

Permanently Restricted Net Assets: Net assets that are subject to donor-imposed stipulations whereby the resources are to be preserved in perpetuity.

Estimates
The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Economic concentrations
LLC operates one property located in Cleveland, Ohio. Future operations could be affected by changes in economic or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing.

2. Summary of Significant Accounting Policies and Nature of Operations (continued)

Cash and cash equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or fewer at the date of acquisition.

Restricted cash and funded reserves are not considered cash and cash equivalents, and includes cash held with financial institutions for refunds of tenant security deposits, funding of operating deficits, repairs or improvements to the buildings which extend their useful lives, payment of fiscal agency agreement related expenses, and annual insurance and property tax payments. Restricted cash does not fall under the criteria for temporarily or permanently restricted net assets as these funds are held for operational purposes rather than donor imposed restrictions.

Concentration of credit risk

CHI and the Subsidiaries maintain their cash in bank deposit accounts which, at times, may exceed federally insured limits. CHI and the Subsidiaries have not experienced any losses in such accounts. CHI and the Subsidiaries believe they are not exposed to any significant credit risk on cash and cash equivalents.

Accounts receivable and bad debts

CHI follows the policy of recording an allowance for potential accounts, grants, and contributions receivable that might not be collected. The allowance is based on management's estimate of individual amounts due and the historical collection rate. As of December 31, 2016 and 2015, no allowance for uncollectible receivables is required.

LLC tenant receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Investments in securities

CHI classifies its investments in securities as trading for accounting purposes and classifies the fair value measurement of these securities as level 1. Changes in the fair value of the underlying investments are recorded in the consolidated statements of activities. As of December 31, 2016 and 2015, investments in securities – board designated of $678,697 and $635,790, respectively, were comprised of stocks, fixed income securities, mutual funds and preferred fixed rate cap securities. For the years ended December 31, 2016 and 2015, the unrealized gain (loss) was $39,718 and $(22,309), respectively, including $194 and $2,633, respectively, of investment management fees. As of December 31, 2016 and 2015, investments in securities – certificates of deposits of $131,922 and $130,870, respectively, were comprised of certificates of deposit.

2. Summary of Significant Accounting Policies and Nature of Operations (continued)

Fair value measurements

CHI applies the accounting provisions related to fair value measurements. These provisions define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, establish a hierarchy that prioritizes the information used in developing fair value estimates and require disclosure of fair value measurements by level within the fair value hierarchy. The hierarchy gives the highest priority to quoted prices in active markets (Level 1 measurements) and the lowest priority to unobservable data (Level 3 measurements), such as CHI's own data. These provisions also provide valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flows) and the cost approach (cost to replace the service capacity of an asset or replacement cost).

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of valuation hierarchy are defined as follows:

Level 1: Observable inputs such as quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Inputs other than quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3: Unobservable inputs that reflect CHI's own assumptions.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future of fair values. Furthermore, although the valuation methods are determined to be appropriate and consistent within the industry, the use of different methodologies or assumptions to determine the fair value of certain assets and liabilities could result in a different estimate of fair value at the report date.

The table below presents amounts at December 31, 2016 and 2015 for significant items measured at fair value on a reoccurring basis. The fair value of the investments in securities – board designated is valued using a third-party measurement as follows at December 31:

	Level 1 2016	Level 1 2015
Stocks, options and exchange-traded fund	$ 422,098	$ 381,335
Fixed income securities	72,224	71,704
Mutual funds	184,375	182,316
Preferreds/fixed rate cap securities	-	435
Total investments in securities - board designated	$ 678,697	$ 635,790

2. Summary of Significant Accounting Policies and Nature of Operations (continued)

Property and equipment and depreciation

Land is recorded at cost. Building acquisition and building improvement costs are recorded at cost and are depreciated over their estimated useful lives of 27.5 years under the straight-line method. Building improvements are being depreciated over 27.5, 15, and 5 years under the straight-line method. Equipment is recorded at cost and depreciated over its useful life of 5 years. Depreciation expense for CHI and the Subsidiaries for the years ended December 31, 2016 and 2015 was $284,848 and $286,865, respectively.

Deferred charges and amortization

Deferred charges consist of tax credit fees of $25,378 and tax credit compliance monitoring fees of $36,000, which are amortized under the straight-line method over the compliance period of 15 years. For the years ended December 31, 2016 and 2015, amortization expense was $4,092 each year.

Impairment of long-lived assets

CHI and the Subsidiaries review their long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flows expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount exceeds the fair value as determined from an appraisal, discounted cash flows analysis, or other valuation technique. There were no impairment losses recognized during 2016 and 2015.

Income taxes

CHI is a not-for-profit organization exempt from income tax under Section 501(c) (3) of the Internal Revenue Code and is exempt from similar state and local taxes.

Income taxes on LLC income are levied on the members at the member level. Accordingly, all profits and losses of LLC are recognized by each member on its respective tax return. CI is a corporation but has no taxable income.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires CHI and the Subsidiaries to report information regarding their exposure to various tax positions taken by CHI and the Subsidiaries. CHI and the Subsidiaries have determined whether any tax positions have met the recognition threshold and have measured their exposure to those tax positions. Management believes that CHI and the Subsidiaries have adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three year of tax returns filed. Any interest or penalties assessed to CHI and the Subsidiaries are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying consolidated financial statements.

2. Summary of Significant Accounting Policies and Nature of Operations (continued)

Revenue recognition

CHI's grants, gifts, and bequests are recognized when the donor makes a promise to give that is, in substance, unconditional. Conditional promises to give are recognized when conditions on which they depend are substantially met. Upon recognition as revenue, grants, gifts, and bequests are recorded as unrestricted, temporarily restricted, or permanently restricted based on the directions of the donor. When a restriction expires, temporarily restricted net assets are released to unrestricted net assets. Grants, gifts, and bequests that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire within the fiscal year in which the revenue is recognized. Unconditional promises to give to be funded in subsequent years are reported at their present value. During 2016 and 2015, CHI received funds from HUD in the amount of $103,130 and $98,754, respectively. The grants from HUD were approximately 12% of total revenue and support for the years ended December 31, 2016 and 2015. During 2016 and 2015, CHI received funds from Woman's Philanthropic Union in the amount of $276,000 for each year. The grants from Woman's Philanthropic Union were approximately 31% and 33% of total revenue and support for the years ended December 31, 2016 and 2015, respectively.

LLC's rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between LLC and the tenants of the Project are operating leases. Tenants receive rental subsidies from HUD Shelter Plus Care Program (the "Program"). Annual adjustments to the rents are provided for by the Program. Other income is from monthly rental subsidies from CHI, fees for late payments, cleaning, damages, and laundry facilities and is recorded when earned.

Donated goods, services, and facilities

Support arising from contributed goods, services, and facilities is recognized at the fair value of donated services to be recognized in the consolidated financial statements if the services create or enhance nonfinancial assets or require a specialized skill, are provided by those possessing the skill, and would need to be purchased if not donated. Services provided by volunteers do not meet the requirements for recording in the consolidated financial statements and, therefore, no provision has been made for the fair value of services provided by the members of the Board of Trustees and other general volunteers.

Functional allocation of expenses

The costs of providing the various programs and other activities of CHI and the Subsidiaries have been allocated on a functional basis in the supplemental schedule of functional expenses. Costs and expenses have been allocated by management based on ongoing studies of the activities of CHI's employees and contractors.

Reclassifications

Certain reclassifications have been made to the prior year consolidated financial statements to conform to the current year presentation.

2. Summary of Significant Accounting Policies and Nature of Operations (continued)

Subsequent events

Subsequent events have been evaluated through May 16, 2017, which is the date the consolidated financial statements were available to be issued and there are no subsequent events requiring disclosure.

3. Consolidated Net Assets

The following schedule summarizes the changes in consolidated net assets attributable to the controlling interest of CHI and the controlling and noncontrolling interests in CI and LLC for the years ended December 31, 2016 and 2015:

	Controlling Interest	Noncontrolling Interest	Total
Balance, January 1, 2015	$ 3,922,780	$ 2,943,801	$ 6,866,581
Change in net assets	(1,250)	(255,373)	(256,623)
Capital contributions	-	111,107	111,107
Balance, December 31, 2015	3,921,530	2,799,535	6,721,065
Change in net assets	73,183	(301,635)	(228,452)
Capital contributions	-	111,107	111,107
Balance, December 31, 2016	$ 3,994,713	$ 2,609,007	$ 6,603,720

4. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at December 31, 2016 and 2015:

	2016	2015
Bruening Foundation Grant - supportive services	$ -	$ 9,230
Cleveland Foundation - marketing assistance	-	3,220
Community West	3,338	-
Doll Foundation Grant - women's empowerment program	-	3,321
Murphy Foundation	1,129	-
OCCH Grant - resident health, finance, and job training	-	682
	$ 4,467	$ 16,453

5. Funded Reserves

Operating reserve

Under the terms of the Operating Agreement, LLC is required to establish an operating reserve (the "Operating Reserve") in the amount of $92,169 to be used to fund shortfalls in operating expenses and debt service payments. The Operating Reserve will be funded upon achievement of certain milestones, as defined in the Operating Agreement.

LLC is required to maintain the Operating Reserve for a period of 15 years from the time the Project receives the certificate of occupancy. No withdrawals may be made without the approval of the Investor Member and withdrawals may not be below $1,000. The Operating Reserve is held in a segregated account controlled by the Investor Member. As of December 31, 2016 and 2015, the Operating Reserve was $93,420 and $93,185, respectively.

Replacement reserve

Pursuant to the Operating Agreement, LLC is required to establish a replacement reserve (the "Replacement Reserve"). The Replacement Reserve is defined to be $350 per unit per year, increasing by three percent annually and is to be used to make capital improvements to the Project. Payments are to be funded ratably on a monthly basis, and will commence with respect to each unit with the month such unit is placed in service. The Replacement Reserve is required to be held in a segregated account controlled by the Investor Member. As of December 31, 2016 and 2015, LLC's Replacement Reserve was $89,508 and $74,217, respectively.

Insurance reserve

Under the terms of the Operating Agreement LLC is required to establish a tax and insurance reserve (the "Tax and Insurance Reserve") to pay for the Project's annual real estate taxes and insurance premiums. LLC is required to make monthly deposits in an amount equal to 1/12th of the Project's annual real estate taxes and insurance premiums. The Tax and Insurance Reserve is required to be held in a segregated account controlled by CHI. As further disclosed in Note 8, during 2015 LLC was granted a real property tax exemption. In the future, LLC will only be required to fund the reserve for insurance premiums. As of December 31, 2016 and 2015, LLC's Tax and Insurance Reserve was $10,268 and $21,919, respectively.

6. Note Payable – Equity Bridge Loan

LLC entered into a loan cognovits promissory note agreement with Ohio Housing Finance Agency ("OHFA Bridge Loan"), on May 25, 2010 for a principal amount up to $1,000,000. The OHFA Bridge Loan is secured by the certain Assignment and Security Agreement, as outlined in the cognovits promissory note agreement. The OHFA Bridge Loan accrues interest at a rate of 2.00% per annum. Commencing on April 15, 2011, annual payments of principal and interest are due in the amount of $111,107. Any unpaid interest and principal is due on April 15, 2020. As of December 31, 2016 and 2015, the outstanding principal balance was $423,024 and $523,637, respectively. As of December 31, 2016 and 2015, accrued interest on the OHFA Bridge Loan was $11,307, for both years. Interest incurred and expensed on the OHFA Bridge Loan for the years ended December 31, 2016 and 2015 was $10,494 and $12,471, respectively.

6. Note Payable – Equity Bridge Loan (continued)

Annual principal payments for the OHFA Bridge Loan for the next five years and thereafter are as follows:

Year ending December 31,		
2017	$	102,629
2018		104,686
2019		106,784
2020		108,925
Total	$	423,024

7. Related Party Transactions

Asset management fee

LLC entered into an Asset Management Fee Agreement with Ohio Capital Corporation for Housing ("OCCH"), an affiliate of the Investor Member, on July 15, 2008. Under the terms of the Asset Management Fee Agreement, OCCH is entitled to receive an asset management fee for services_rendered equal to $4,000 annually, increasing by 3% each year. The first payment of the asset management fee is due upon the earliest of 100% qualified occupancy or three months following the issuance of the Project's Certificate of Occupancy. For the years ended December 31, 2016 and 2015, the asset management fee expensed and paid was $4,776 and $4,632, respectively.

Property management fee

LLC entered into a Property Management Agreement with DSCDO on July 15, 2008. The Property Management Agreement provides for a property management fee of 10% of gross rental receipts. On March 30, 2011, LLC entered into a new Property Management Agreement with CHI. The Property Management Agreement provides for a property management fee of 10% of gross rental receipts. In addition, the Property Management Agreement allows CHI to charge the LLC for personnel, maintenance, and other operating expenses incurred by CHI on behalf of the LLC. For the years ended December 31, 2016 and 2015, $13,609 and $13,002, respectively, of property management fees were incurred and expensed. As of December 31, 2016 and 2015, LLC owed $23,586 and $6,730, respectively, of operating expenses to CHI.

Operating Deficit Guarantee

CI is obligated to provide funds to LLC in an amount up to $167,423 to allow LLC to meet all reasonable current costs of owning and operating the Property for a period ending on the latter of (i) ten years from the date the Project has obtained 100% qualified occupancy or (ii) when for a twenty-four month period the Project has achieved an Income and Expense Ratio, as defined in the Operating Agreement. Funds made available by CI are treated as loans to LLC. As of December 31, 2016 and 2015, no operating deficit guaranty loans have been made.

8. Property Tax Refund

During 2015, LLC received a one-time property tax refund from the Cuyahoga County Treasurer for overpayment of taxes from 2010 to 2014. The real estate tax refund was returned due to LLC being granted a real property tax exemption. For the year ended December 31, 2015, $53,832 was recognized as income and is shown as other program service revenue on the accompanying consolidated statements of activities and changes in net assets.

9. Fiscal Agency Agreement

On August 8, 2014, CHI entered into a Fiscal Agency Agreement with Franklin Block Club (the "Club"), whereas CHI agreed to act as fiduciary agent and receive tax-deductible charitable gifts, grants and contributions to be awarded by donors on behalf of the Club. Donations received are maintained in a temporarily restricted account and disbursed to pay for donor-restricted projects, as directed by the Club. As the agent, CHI recognizes its liability to the Club concurrent with its recognition of cash or other financial assets received from the donor. As of December 31, 2016 and 2015, the cash and corresponding liability held by CHI on behalf of the Club was $4,517 and $4,811, respectively, and is included in restricted cash and other current liabilities, respectively, on the consolidated statement of financial position.

On February 10, 2016, CHI entered into a Fiscal Agency Agreement with the Neighbor Night Committee (the "Committee"), whereas CHI agreed to act as fiduciary agent and receive tax-deductible charitable gifts, grants and contributions to be awarded by donors on behalf of the Committee. Donations received are maintained in a temporarily restricted account and disbursed to pay for donor-restricted projects, as directed by the Committee. As the agent, CHI recognizes its liability to the Committee concurrent with its recognition of cash or other financial assets received from the donor. As of December 31, 2016 and 2015, the cash and corresponding liability held by CHI on behalf of the Committee was $673 and $0, respectively, and is included in restricted cash and other current liabilities, respectively, on the consolidated statement of financial position.

10. Low-Income Housing Tax Credits

LLC expects to generate an aggregate of $4,505,660 of LIHTCs. The Project has qualified for and been allocated LIHTCs pursuant to Section 42, which regulates the use of the Project as to occupant eligibility and unit gross rent, among other requirements. The Project must meet the provision of these regulations during each of 15 consecutive years in order to remain qualified to receive the LIHTCs. In addition, the Project has executed an Extended Use Low-Income Housing Agreement which requires the utilization of the Project pursuant to Section 42 for a minimum of 30 years. LLC's LIHTCs are contingent on its ability to maintain compliance with applicable sections of Section 42. Because the LIHTCs are subject to compliance with certain requirements, there can be no assurance that the aggregate amount of LIHTCs will be realized, and failure to meet all such requirements or to correct noncompliance within a specified time period may result in generating a lesser amount of LIHTCs than expected in future years, and/or recapture of LIHTCs previously allocated. A reduction of future credits or recapture would require credit deficit payments to the Investor Member under the terms of the Operating Agreement.

10. Low-Income Housing Tax Credits (continued)

As of December 31, 2016 and 2015, LLC had generated $3,283,483 and $2,832,917, respectively, of LIHTCs. LLC anticipates generating LIHTCs as follows:

2017	$ 450,566
2018	450,566
2019	321,045
Total	$ 1,222,177

11. Historic Tax Credits

LLC generated HTCs under Section 47. HTCs are available at the date the rehabilitation is placed in service and are equal to 20% of the qualified rehabilitation expenditures with respect to any certified historic structure. In order to qualify for HTCs, LLC must comply with various federal requirements. The requirements include, but are not limited to, the Project being listed as a certified historic structure in the National Register, located in a registered historic district and certified by the Secretary of the Interior as being of historic significance to the district, and the rehabilitation being performed in a manner consistent with standards established by the Secretary of the Interior. In addition, the Project cannot be sold or transferred for a five year period.

HTCs are allocated 99.9% and 0.1% to the Investor Member and CI, respectively. LLC also participated in the State of Ohio historic tax credit program under ORC Section 149.311 and has generated State HTCs. State HTCs are available at the date the rehabilitation is placed in service and are equal to 25% of the qualified rehabilitation expenditures with respect to any certified historic structure. In order to qualify for State HTCs, LLC must comply with various State of Ohio requirements. State HTCs are allocated 99.9% and 0.1% to the Investor Member and CI, respectively. The rehabilitation was placed in service in 2009 and the Project generated $834,114 of HTCs and $986,128 of State HTCs for 2009.

Supplemental Information

COGSWELL HALL, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

ASSETS

	Cogswell Hall, Inc.	Cogswell, Inc.	Cogswell, LLC	Eliminations	Net
Current assets:					
Cash and cash equivalents	$ 104,066	$ -	$ 34,535	$ -	$ 138,601
Restricted cash	5,190	-	-	-	5,190
Grants receivable	18,323	-	-	-	18,323
Other receivables	24,731	-	10,832	(23,586)	11,977
Prepaid expenses	20,407	-	4,626	-	25,033
Total current assets	172,717	-	49,993	(23,586)	199,124
Property and equipment:					
Land	-	-	180,000	-	180,000
Building and improvements	-	-	7,746,844	-	7,746,844
Furniture and equipment	124,037	-	2,320	-	126,357
Vehicle	9,560	-	-	-	9,560
	133,597	-	7,929,164	-	8,062,761
Less: accumulated depreciation	131,541	-	2,079,232	-	2,210,773
	2,056	-	5,849,932	-	5,851,988
Other assets:					
Restricted deposits and funded reserves	-	-	193,196	-	193,196
Investments in securities - board designated	678,697	-	-	-	678,697
Investments in securities - certificates of deposit	131,922	-	-	-	131,922
Investment in Cogswell, Inc.	2,346,035	-	-	(2,346,035)	-
Investment in Cogswell, LLC	-	2,346,035	-	(2,346,035)	-
Note receivable, Cogswell, LLC	300,000	-	-	(300,000)	-
Loan receivable, Cogswell, LLC	298,676	-	-	(298,676)	-
Interest receivable, Cogswell, LLC	110,495	-	-	(110,495)	-
Deferred charges, net of accumulated amortization	-	-	31,606	-	31,606
	3,865,825	2,346,035	224,802	(5,401,241)	1,035,421
Total assets	$ 4,040,598	$ 2,346,035	$ 6,124,727	$ (5,424,827)	$ 7,086,533

LIABILITIES AND NET ASSETS

	Cogswell Hall, Inc.	Cogswell, Inc.	Cogswell, LLC	Eliminations	Net
Current liabilities:					
Current portion of equity bridge loan	$ -	$ -	$ 102,629	$ -	$ 102,629
Accounts payable	10,426	-	-	-	10,426
Accounts payable, Cogswell Hall, Inc.	-	-	23,586	(23,586)	-
Accrued payroll	26,264	-	-	-	26,264
Accrued payroll taxes	6,602	-	-	-	6,602
Accrued interest - note payable	-	-	11,307	-	11,307
Other current liabilities	5,190	-	-	-	5,190
Total current liabilities	48,482	-	137,522	(23,586)	162,418
Long term liabilities:					
Note payable, Cogswell Hall, Inc.	-	-	300,000	(300,000)	-
Loan payable, Cogswell Hall, Inc.	-	-	298,676	(298,676)	-
Equity bridge loan	-	-	320,395	-	320,395
Accrued interest - CHI mortgage	-	-	110,495	(110,495)	-
Total long term liabilities	-	-	1,029,566	(709,171)	320,395
Total liabilities	48,482	-	1,167,088	(732,757)	482,813
Net assets:					
Unrestricted					
Board designated	678,697	-	-	-	678,697
Undesignated	3,308,952	2,346,035	4,957,639	(7,301,077)	3,311,549
Noncontrolling interest in Cogswell, LLC	-	-	-	2,611,604	2,611,604
Noncontrolling interest in Cogswell, Inc.	-	-	-	(2,597)	(2,597)
Temporarily restricted	4,467	-	-	-	4,467
Total net assets	3,992,116	2,346,035	4,957,639	(4,692,070)	6,603,720
Total liabilities and net assets	$ 4,040,598	$ 2,346,035	$ 6,124,727	$ (5,424,827)	$ 7,086,533

COGSWELL HALL, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

ASSETS

	Cogswell Hall, Inc.	Cogswell, Inc.	Cogswell, LLC	Eliminations	Net
Current assets:					
Cash and cash equivalents	$ 123,340	$ -	$ 16,628	$ -	$ 139,968
Restricted cash	4,811	-	-	-	4,811
Grants receivable	12,859	-	-	-	12,859
Other receivables	6,386	-	1,982	(1,168)	7,200
Receivable, Cogswell, LLC	5,562	-	-	(5,562)	-
Prepaid expenses	7,514	-	3,684	-	11,198
Total current assets	160,472	-	22,294	(6,730)	176,036
Property and equipment:					
Land	-	-	180,000	-	180,000
Building and improvements	-	-	7,746,844	-	7,746,844
Furniture and equipment	124,037	-	2,320	-	126,357
Vehicle	9,560	-	-	-	9,560
	133,597	-	7,929,164	-	8,062,761
Less: accumulated depreciation	130,749	-	1,795,176	-	1,925,925
	2,848	-	6,133,988	-	6,136,836
Other assets:					
Restricted deposits and funded reserves	-	-	189,321	-	189,321
Investments in securities - board designated	635,790	-	-	-	635,790
Investments in securities - certificates of deposit	130,870	-	-	-	130,870
Investment in Cogswell, Inc.	2,346,337	-	-	(2,346,337)	-
Investment in Cogswell, LLC	-	2,346,337	-	(2,346,337)	-
Note receivable, Cogswell, LLC	300,000	-	-	(300,000)	-
Loan receivable, Cogswell, LLC	298,676	-	-	(298,676)	-
Interest receivable, Cogswell, LLC	92,636	-	-	(92,636)	-
Deferred charges, net of accumulated amortization	-	-	35,698	-	35,698
	3,804,309	2,346,337	225,019	(5,383,986)	991,679
Total assets	$ 3,967,629	$ 2,346,337	$ 6,381,301	$ (5,390,716)	$ 7,304,551

LIABILITIES AND NET ASSETS

	Cogswell Hall, Inc.	Cogswell, Inc.	Cogswell, LLC	Eliminations	Net
Current liabilities:					
Current portion of equity bridge loan	$ -	$ -	$ 100,613	$ -	$ 100,613
Accounts payable	13,945	-	-	-	13,945
Accounts payable, Cogswell Hall, Inc.	-	-	6,730	(6,730)	-
Accrued payroll	26,264	-	-	-	26,264
Accrued payroll taxes	2,022	-	-	-	2,022
Accrued interest - note payable	-	-	11,307	-	11,307
Other current liabilities	6,311		-	-	6,311
Total current liabilities	48,542	-	118,650	(6,730)	160,462
Long term liabilities:					
Note payable, Cogswell Hall, Inc.	-	-	300,000	(300,000)	-
Loan payable, Cogswell Hall, Inc.	-	-	298,676	(298,676)	-
Equity bridge loan	-	-	423,024	-	423,024
Accrued interest - CHI mortgage	-	-	92,636	(92,636)	-
Total long term liabilities	-	-	1,114,336	(691,312)	423,024
Total liabilities	48,542	-	1,232,986	(698,042)	583,486
Net assets:					
Unrestricted					
Board designated	635,790	-	-	-	635,790
Undesignated	3,266,844	2,346,337	5,148,315	(7,492,209)	3,269,287
Noncontrolling interest in Cogswell, LLC	-	-	-	2,801,978	2,801,978
Noncontrolling interest in Cogswell, Inc.	-	-	-	(2,443)	(2,443)
Temporarily restricted	16,453	-	-	-	16,453
Total net assets	3,919,087	2,346,337	5,148,315	(4,692,674)	6,721,065
Total liabilities and net assets	$ 3,967,629	$ 2,346,337	$ 6,381,301	$ (5,390,716)	$ 7,304,551

COGSWELL HALL, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Cogswell Hall, Inc.	Cogswell, Inc.	Cogswell, LLC	Eliminations	Net
Revenue and support:					
Grants and contributions:					
Foundations and trusts	$ 357,045	$ -	$ -	$ -	$ 357,045
Government agencies	127,980	-	-	-	127,980
Corporations and individuals	57,826	-	-	-	57,826
Fundraising	56,234	-	-	-	56,234
Total grants and contributions	599,085	-	-	-	599,085
Program service revenue:					
Service fees	70,528	-	-	-	70,528
Rental and related	-	-	135,451	-	135,451
Property management	13,609	-	-	(13,609)	-
Property maintenance	33,000	-	-	(33,000)	-
Administration personnel	32,000	-	-	(32,000)	-
Operating subsidy	-	-	70,500	(70,500)	-
Other	6,873	-	-	-	6,873
Total program service revenue	156,010	-	205,951	(149,109)	212,852
Investment revenue:					
Interest and dividends	49,160	-	360	(17,859)	31,661
Unrealized gain on investments	39,718	-	-	-	39,718
Investment in Cogswell, LLC	(302)	-	-	302	-
Investment in Cogswell, Inc.	-	(302)	-	302	-
Total investment revenue	88,576	(302)	360	(17,255)	71,379
Total revenue and support	843,671	(302)	206,311	(166,364)	883,316
Expenses:					
Program services:					
Basic housing services	209,471	-	-	(70,500)	138,971
Facility maintenance services	97,519	-	-	-	97,519
Food and nutrition services	128,868	-	-	-	128,868
Resident services	147,261	-		-	147,261
Cogswell, LLC	-	-	508,094	(96,468)	411,626
Support services:	-	-	-	-	-
Fundraising	115,322	-	-	-	115,322
General and administrative	72,201	-	-	-	72,201
Total expense	770,642	-	508,094	(166,968)	1,111,768
Change in net assets	73,029	(302)	(301,783)	604	(228,452)
Change in net assets attributable to Cogswell, LLC noncontrolling interest	-	-	-	301,481	301,481
Change in net assets attributable to Cogswell, Inc. noncontrolling interest	-	-	-	154	154
Change in net assets attributable to Cogswell Hall, Inc.	73,029	(302)	(301,783)	302,239	73,183
Net assets at beginning of year	3,919,087	2,346,337	5,148,315	(4,692,674)	6,721,065
Change in net assets	73,029	(302)	(301,783)	604	(228,452)
Capital contributions	-	-	111,107	-	111,107
Net assets at end of year	$ 3,992,116	$ 2,346,035	$ 4,957,639	$ (4,692,070)	$ 6,603,720

COGSWELL HALL, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Cogswell Hall, Inc.	Cogswell, Inc.	Cogswell, LLC	Eliminations	Net
Revenue and support:					
Grants and contributions:					
Foundations and trusts	$ 363,501	$ -	$ -	$ -	$ 363,501
Government agencies	123,604	-	-	-	123,604
Corporations and individuals	38,547	-	-	-	38,547
Fundraising	45,238	-	-	-	45,238
Total grants and contributions	570,890	-	-	-	570,890
Program service revenue:					
Service fees	77,336	-	-	-	77,336
Rental and related	-	-	133,100	-	133,100
Property management	13,002	-	-	(13,002)	-
Property maintenance	32,250	-	-	(32,250)	-
Administration personnel	32,000	-	-	(32,000)	-
Operating subsidy	-	-	66,000	(66,000)	-
Other	5,000	-	53,832	-	58,832
Total program service revenue	159,588	-	252,932	(143,252)	269,268
Investment revenue:					
Interest and dividends	50,086	-	363	(20,488)	29,961
Unrealized loss on investments	(22,309)	-	-	-	(22,309)
Investment in Cogswell, LLC	(255)	-	-	255	-
Investment in Cogswell, Inc.	-	(255)	-	255	-
Total investment revenue	27,522	(255)	363	(19,978)	7,652
Total revenue and support	758,000	(255)	253,295	(163,230)	847,810
Expenses:					
Program services:					
Basic housing services	193,303	-	-	(66,000)	127,303
Facility maintenance services	90,756	-	-	-	90,756
Food and nutrition services	135,603	-	-	-	135,603
Resident services	147,504	-	-	-	147,504
Cogswell, LLC	-	-	508,793	(97,740)	411,053
Support services:					
Fundraising	113,662	-	-	-	113,662
General and administrative	78,552	-	-	-	78,552
Total expense	759,380	-	508,793	(163,740)	1,104,433
Change in net assets	(1,380)	(255)	(255,498)	510	(256,623)
Change in net assets attributable to Cogswell, LLC noncontrolling interest	-	-	-	255,243	255,243
Change in net assets attributable to Cogswell, Inc. noncontrolling interest	-	-	-	130	130
Change in net assets attributable to Cogswell Hall, Inc.	(1,380)	(255)	(255,498)	255,883	(1,250)
Net assets at beginning of year	3,920,467	2,346,592	5,292,706	(4,693,184)	6,866,581
Change in net assets	(1,380)	(255)	(255,498)	510	(256,623)
Capital contributions	-	-	111,107	-	111,107
Net assets at end of year	$ 3,919,087	$ 2,346,337	$ 5,148,315	$ (4,692,674)	$ 6,721,065

COGSWELL HALL, INC. AND SUBSIDIARIES
SUPPLEMENTAL SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Program Services					Support		
EXPENSES	Basic Housing Services	Facility Maintenance Services	Food and Nutrition Services	Resident Services	Cogswell, LLC	Fundraising	General and Administrative	Totals
Salaries and wages	$ 72,505	$ 77,744	$ 80,457	$ 114,170	$ -	$ 75,170	$ 50,520	$ 470,566
Bonuses	200	200	300	700	-	200	100	1,700
Taxes - social security & Medicare	5,715	5,947	6,244	8,493	-	5,736	3,865	36,000
Taxes - unemployment	503	641	710	786	-	343	325	3,308
Taxes - workers compensation	918	1,292	1,262	5,652	-	-	424	9,548
Security contract	23,246	-	-	-	23,041	-	-	46,287
Labor contract	-	-	-	4,100	-	500	-	4,600
Recruiting	-	25	75	140	-	-	-	240
Payroll services	-	-	-	-	-	-	807	807
Total payroll costs	103,087	85,849	89,048	134,041	23,041	81,949	56,041	573,056
Marketing & fund development	-	-	-	-	-	1,493	-	1,493
Printing	-	-	-	-	-	1,965	-	1,965
Accounting & audit	-	-	-	-	7,200	-	8,367	15,567
Legal & other professional	-	-	-	-	-	4,743	-	4,743
Office supplies	1,241	95	-	159	-	1,176	2,971	5,642
Seminars & education	1,396	-	-	20	-	40	220	1,676
Dues & subscriptions	597	-	-	-	-	2,763	519	3,879
Postage & delivery	154	-	-	-	-	1,215	175	1,544
PayPal/square service fees	-	-	-	-	-	562	-	562
Bank service charges	-	-	-	-	124	-	-	124
Commission fees	-	-	-	-	-	-	194	194
Board expenses	-	-	-	-	-	-	26	26
Travel reimbursement	786	27	146	1,130	-	232	33	2,354
Asset management fee	-	-	-	-	4,776	-	-	4,776
EBL Annual Fee	-	-	-	-	1,000	-	-	1,000
Total administration expenses	4,174	122	146	1,309	13,100	14,189	12,505	45,545
Food	-	-	31,806	-	-	-	-	31,806
Vending machine products	-	-	2,593	-	-	-	-	2,593
Kitchen supplies	-	-	3,553	-	-	-	-	3,553
Kitchen equipment	-	-	406	-	-	-	-	406
Total kitchen operations	-	-	38,358	-	-	-	-	38,358
Electricity	18,668	-	-	-	13,027	-	-	31,695
Natural gas	2,519	-	-	-	7,774	-	-	10,293
Water and sewer	-	-	-	-	26,800	-	-	26,800
Telephone	1,730	-	-	1,414	-	1,182	1,127	5,453
Cable television	-	-	-	455	-	35	35	525
Total utilities	22,917	-	-	1,869	47,601	1,217	1,162	74,766
Maintenance & repair	-	8,605	1,002	386	19,075	-	-	29,068
House supplies	15	1,090	-	1,424	1,035	-	-	3,564
Small tools/furniture/equipment	607	546	-	1,098	732	878	1,746	5,607
Yard/trash/snow	-	1,307	-	-	1,304	-	-	2,611
Total operating and maintenance	622	11,548	1,002	2,908	22,146	878	1,746	40,850
Resident's programs	-	-	-	1,023	-	-	-	1,023
Cogsmart - program incentives	-	-	-	5,147	-	-	-	5,147
Total resident services	-	-	-	6,170	-	-	-	6,170
Licenses, fees, permits	-	-	314	135	150	-	225	824
Interest	-	-	-	-	10,494	-	-	10,494
Insurance	8,171	-	-	-	6,946	-	-	15,117
Total taxes, insurance, and interest	8,171	-	314	135	17,590	-	225	26,435
Miscellaneous Expense	-	-	-	829	-	-	(270)	559
Event rentals	-	-	-	-	-	1,300	-	1,300
Venues	-	-	-	-	-	4,425	-	4,425
Entertainment	-	-	-	-	-	9,387	-	9,387
Event food and beverage	-	-	-	-	-	1,099	-	1,099
Event supplies	-	-	-	-	-	878	-	878
Total fund development	-	-	-	-	-	17,089	-	17,089
Depreciation and amortization	-	-	-	-	288,148	-	792	288,940
Total expenses	$ 138,971	$ 97,519	$ 128,868	$ 147,261	$ 411,626	$ 115,322	$ 72,201	$ 1,111,768

COGSWELL HALL, INC. AND SUBSIDIARIES
SUPPLEMENTAL SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Program Services					Support		
EXPENSES	Basic Housing Services	Facility Maintenance Services	Food and Nutrition Services	Resident Services	Cogswell, LLC	Fundraising	General and Administrative	Totals
Salaries and wages	$ 71,251	$ 71,742	$ 75,754	$ 111,194	$ -	$ 73,231	$ 53,329	$ 456,501
Bonuses	200	300	400	600	-	200	100	1,800
Taxes - social security & Medicare	5,444	5,876	5,755	8,262	-	5,557	4,254	35,148
Taxes - unemployment	233	167	169	568	-	117	16	1,270
Taxes - workers compensation	21	1,375	1,781	4,117	-	55	480	7,829
Security contract	20,956	-	-	-	22,114	-	-	43,070
Labor contract	-	-	-	4,100	-	-	-	4,100
Recruiting	25	-	75	25	-	25	-	150
Payroll services	-	-	-	-	-	-	1,144	1,144
Total payroll costs	98,130	79,460	83,934	128,866	22,114	79,185	59,323	551,012
Marketing & fund development	-	-	-	-	-	3,733	-	3,733
Printing	16	-	-	-	-	5,344	-	5,360
Accounting & audit	-	-	-	-	7,200	-	8,220	15,420
Legal & other professional	-	-	-	-	45	2,102	-	2,147
Office supplies	905	85	-	188	-	1,709	1,030	3,917
Seminars & education	248	-	-	432	-	479	320	1,479
Dues & subscriptions	160	-	-	16	-	1,330	290	1,796
Postage & delivery	41	-	-	-	-	1,662	511	2,214
PayPal/square service fees	-	-	-	-	-	276	-	276
Bank service charges	-	-	-	-	-	-	20	20
Board expenses	-	-	-	-	-	-	2,633	2,633
Commission fees	-	-	-	-	-	-	401	401
Travel reimbursement	631	-	169	603	-	386	97	1,886
Asset management fee	-	-	-	-	4,632	-	-	4,632
Administrative personnel	-	-	-	-	30	-	-	30
EBL Annual Fee	-	-	-	-	1,000	-	-	1,000
Total administration expenses	2,001	85	169	1,239	12,907	17,021	13,522	46,944
Food	-	-	43,014	-	-	-	-	43,014
Vending machine products	-	-	3,244	-	-	-	-	3,244
Kitchen supplies	-	-	3,616	-	-	-	-	3,616
Kitchen equipment	-	-	626	-	-	-	-	626
Total kitchen operations	-	-	50,500	-	-	-	-	50,500
Electricity	14,276	-	817	817	12,316	-	714	28,940
Natural gas	1,909	245	-	196	7,809	-	-	10,159
Water and sewer	-	-	-	-	27,435	-	-	27,435
Telephone	2,126	-	-	1,560	-	526	627	4,839
Cable television	-	-	-	385	-	-	-	385
Total utilities	18,311	245	817	2,958	47,560	526	1,341	71,758
Maintenance & repair	-	8,318	-	223	12,516	-	-	21,057
House supplies	-	726	-	1,651	350	-	-	2,727
Small tools/furniture/equipment	494	107	-	997	1,626	1,491	3,743	8,458
Yard/trash/snow	-	1,815	-	-	1,925	-	-	3,740
Total operating and maintenance	494	10,966	-	2,871	16,417	1,491	3,743	35,982
Resident's programs	-	-	-	1,049	-	-	-	1,049
Professional consultants	-	-	-	75	-	-	-	75
Cogsmart - program incentives	-	-		9,894	-	-	-	9,894
Total resident services	-	-	-	11,018	-	-	-	11,018
Licenses, fees, permits	150	-	183	135	1,470	-	225	2,163
Interest	-	-	-	-	12,471	-	-	12,471
Insurance	8,217	-	-	417	7,555		-	16,189
Total taxes, insurance, and interest	8,367	-	183	552	21,496	-	225	30,823
Event rentals	-	-	-	-	-	1,300	-	1,300
Venues	-	-	-	-	-	4,425	-	4,425
Entertainment	-	-	-	-	-	8,978	-	8,978
Event food and beverage						225		225
Event supplies	-	-	-	-	-	511	-	511
Total fund development	-	-	-	-	-	15,439	-	15,439
Depreciation and amortization	-	-	-	-	290,559	-	398	290,957
Total expenses	$ 127,303	$ 90,756	$ 135,603	$ 147,504	$ 411,053	$ 113,662	$ 78,552	$ 1,104,433