Allied Housing, Inc., and Affiliates
d/b/a Kavod Senior Life

Consolidated Financial Statements
For the Year Ended
December 31, 2022

COMER NOWLING

INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

Certified Public Accountants

ALLIED HOUSING, INC., AND AFFILIATES
D/B/A KAVOD SENIOR LIFE
FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Allied Housing, Inc. and Affiliates d/b/a Kavod Senior Life
Denver, Colorado

Report on the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Allied Housing, Inc. and Affiliates d/b/a Kavod Senior Life (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Allied Housing, Inc. and Affiliates d/b/a Kavod Senior Life as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Allied Housing, Inc. and Affiliates d/b/a Kavod Senior Life and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Allied Housing, Inc. and Affiliates d/b/a Kavod Senior Life' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Allied Housing, Inc. and Affiliates's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Allied Housing, Inc. and Affiliates's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
Indianapolis, Indiana
October 12, 2023

ALLIED HOUSING, INC., AND AFFILIATES
D/B/A KAVOD SENIOR LIFE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents	$ 10,064,009
Accounts receivable - related party	117,951
Employee Retention Tax Credit (ERTC)	815,359
Investment portfolio	5,929,656
Tenant security deposits	176,121
Prepaid expenses	313,279
Total current assets	17,416,375
OTHER ASSETS	
Investments held in deferred compensation plan	53,932
Beneficial interest in assets held by Rose Community Foundation (RCF)	87,689
Property and equipment, net accumulated depreciation	18,195,833
Total other assets	18,337,454
Total assets	$ 35,753,829

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Accounts payable	$ 1,352,796
Accrued expenses	315,779
Tenant security deposits payable	157,386
Deferred compensation plan	54,000
Current portion of note payable	517,580
Total current liabilities	2,397,541
LONG TERM LIABILITIES	
Note payable	14,522,402
Debt issuance costs, net accumulated amortization	(479,538)
Total long-term liabilities	14,042,864
Total liabilities	16,440,405
NET ASSETS:	
Without Donor Restrictions	19,179,508
With Donor Restrictions	133,916
Total net assets	19,313,424
Total liabilities and net assets	$ 35,753,829

See accompanying notes to consolidated financial statements.

ALLIED HOUSING, INC., AND AFFILIATES
D/B/A KAVOD SENIOR LIFE
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Consolidated Total
REVENUE AND OTHER SUPPORT			
Net tenant revenue	$ 1,652,055	$ -	$ 1,652,055
Tenant assistance payments	6,388,396	-	6,388,396
Food service revenue	868,935	-	868,935
Assisted living services	1,205,784	-	1,205,784
Contributions	370,797	25,000	395,797
Net investment income	(1,149,650)	-	(1,149,650)
Other income	42,514	-	42,514
Change in value of beneficial interest in assets held by RCF	-	(13,392)	(13,392)
Total revenue and other support	9,378,831	11,608	9,390,439
Net assets released from restrictions	100,417	(100,417)	-
Total revenue and other support	$ 9,479,248	$ (88,809)	$ 9,390,439
OPERATING EXPENSES			
Program services:			
Tenant services	$ 8,294,455	$ -	$ 8,294,455
Assisted living services	922,636	-	922,636
Total program expenses	9,217,091	-	9,217,091
Supporting services:			
Management and general	1,262,656	-	1,262,656
Fundraising	228,776	-	228,776
Total supporting services	1,491,432	-	1,491,432
Total operating expenses	10,708,523	-	10,708,523
Increase (decrease) in net assets from continuing operations	(1,229,275)	(88,809)	(1,318,084)
NET ASSETS - BEGINNING OF YEAR	20,408,783	222,725	20,631,508
NET ASSETS - END OF YEAR	$ 19,179,508	$ 133,916	$ 19,313,424

See accompanying notes to consolidated financial statements.

ALLIED HOUSING, INC., AND AFFILIATES
D/B/A KAVOD SENIOR LIFE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Tenant Services	Assisted Living Services	Total Program Services	Management and General	Fundraising	Total
OPERATING EXPENSES						
Salaries, taxes, and benefits	$ 3,685,685	$ 634,124	$ 4,319,809	$ 649,243	$ 144,730	$ 5,113,782
Building maintenance	1,457,458	-	1,457,458	45,352	7,552	1,510,362
Food service	911,839	257,745	1,169,584	-	-	1,169,584
Depreciation	1,103,967	-	1,103,967	34,320	5,720	1,144,007
Insurance	482,165	-	482,165	14,990	2,498	499,653
Interest expense	423,238	-	423,238	13,158	2,193	438,589
Office costs	23,811	-	23,811	208,118	6,044	237,973
Tenant activities	178,303	30,767	209,070	-	-	209,070
Professional services	12,905	-	12,905	201,280	57,169	271,354
Information technology	11,481	-	11,481	43,055	2,870	57,406
Advertising and promotion	3,603	-	3,603	32,422	-	36,025
Staff training and development	-	-	-	20,718	-	20,718
Total operating expenses	$ 8,294,455	$ 922,636	$ 9,217,091	$ 1,262,656	$ 228,776	$ 10,708,523

See accompanying notes to consolidated financial statements.

ALLIED HOUSING, INC., AND AFFILIATES
D/B/A KAVOD SENIOR LIFE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase (decrease) in net assets before non-controlling interests	$ (1,318,084)
Adjustments to reconcile increase (decrease) in net assets	
to net cash provided by (used in) operating activities:	
Depreciation and amortization	1,144,007
Unrealized (gain) loss on investments	1,349,521
Realized (gain) loss on investments	77,082
Tenant security deposits	(12,119)
Accounts receivable	(5,512)
Promises to give	81,200
Employee Rentention Tax Credits	128,074
Prepaid expenses	62,484
Accounts payable	1,213,498
Accrued expenes	(1,435)
Deferred compensation plan	68
Tenant security deposit payable	4,103
Net cash provided by (used in) operating activities	2,722,887
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of investments	(2,884,194)
Sale of investments	2,734,422
Construction in progress	7,522,136
Purchase of property and equipment	(10,851,920)
Net change in beneficial interest	13,392
Net cash provided by (used in) investing activities	(3,466,164)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Principal payments on mortgage payable	(807,009)
Proceeds from mortgages, loans or notes payable	4,435,974
Net cash provided by (used in) financing activities	3,628,965
NET INCREASE IN CASH	2,885,688
CASH, BEGINNING OF YEAR	7,178,321
CASH, END OF YEAR	$ 10,064,009
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash paid during the year for interest	$ 414,107

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See accompanying notes to consolidated financial statements.

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Allied Housing, Inc. (AHI) and Allied Housing South, Inc. (AHSI) were established as nonprofit corporations to develop and operate low income housing projects primarily for seniors in Denver, Colorado. These projects are subsidized by U.S. Department of Housing and Urban Development (HUD) programs as noted below.

Allied Jewish Apartments Foundation (the Foundation) was established as a nonprofit corporation to provide support for the mission of AHI and AHSI. Board members of AHI and AHSI comprise the majority of the board members of the Foundation.

Allied Housing East, LLLP (East) was organized as a Colorado limited partnership to own and operate a 160-unit housing complex, located in Denver, Colorado, under Section 221(d)(3) of the National Housing Act. East has entered into a Section 8 rental subsidy contract on the 160 units with HUD that extends until April 2031 which subsidizes tenant rents. Substantially all of East's income is derived from the rental of its apartment units and its food service program.

East operates a food service program which provides one meal a day, six days a week, and charges a fee separate of tenant rent. Participation in the program is a requirement of the tenant lease agreement and tenants may opt out only with a physician's approval. Tenants of East, West, and South participate in the food service program.

Allied Housing West, LLLP (West) was organized as a Colorado limited partnership to own and operate a 142-unit housing complex (including 26 assisted living units and 13 market-rate units), located in Denver, Colorado under Section 221(d)(3) of the National Housing Act. West has entered into a Section 8 rental subsidy contract on 103 units with HUD that extends until March 2031 which subsidizes tenant rents. West provides tenants of the 26 assisted living units with services including three meals a day, medication supervision, and overall 24-hour supervision. Assisted living services are funded primarily by monthly payments from participants. Participants who do not have the financial ability to pay these costs are subsidized by Medicaid. Substantially all of West's income is derived from the rental of its apartment units and assisted living services.

Allied Housing South, LLLP (South) was organized as a Colorado limited partnership to own and operate a 96-unit housing complex, located in Denver, Colorado, under Section 221(d)(3) of the National Housing Act. South has entered into a Section 8 rental subsidy contract with HUD that extends until August 2031 which subsidizes tenant rents. Substantially all of South's income is derived from the rental of its apartment units.

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Allied Housing Inc. (AHI), Allied Housing South, Inc. (AHSI), Allied Jewish Apartments Foundation (the Foundation), Allied Housing East, LLLP (East), Allied Housing West, LLLP (West) and Allied Housing South, LLLP (South), herein referred to the Organization. These entities have common management, attached facilities, and shared employees. All significant intercompany accounts and transactions have been eliminated in consolidation.

Allied Housing East, LLLP (East), Allied Housing West, LLLP (West), and Allied Housing South, LLLP (South) are each owned 1% by Allied Housing Inc. (AHI), the general partner, and 99% by Allied Housing South, Inc. (AHSI), the limited partner.

BASIS OF ACCOUNTING

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

INCOME TAX STATUS

Allied Housing, Inc. and Affiliates are exempt from income tax under Internal Revenue Code Section 501(c)(3) and a similar section of the Colorado Code. Consequently, the accompanying financial statements do not generally include any provision for income taxes. The Internal Revenue Service classifies the Allied Housing, Inc. and Affiliates as other than a private foundation under internal Revenue Code Section 509(a)(1). Each entity is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entities are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purpose. We have determined that each entity is not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

East, West, and South are pass-through entities for federal and state income tax purposes. Income (loss) of East, West, and South is allocated 1% to the general partner (AHI) and 99% to the limited partner (AHSI).

FINANCIAL STATEMENT PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. Per the applicable standards, Allied Housing, Inc. and Affiliates is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

FINANCIAL STATEMENT PRESENTATION – (continued)

A description of the net asset classes follows:

Net assets without donor restrictions represent the portion of net assets of Allied Housing, Inc. and Affiliates that is not subject to donor-imposed restrictions. Net assets without donor restrictions include expendable funds available for the support of the Organization. Board designated net assets are net assets without donor restrictions with self-imposed designations by action of the governing board.

Net assets with donor restrictions represent contributions and other inflows of assets whose use by Allied Housing, Inc. and Affiliates is limited by donor-imposed stipulations that either expire by passage of time, can be fulfilled and removed by actions of Allied Housing, Inc. and Affiliates pursuant to those stipulations, or net assets that must be held in perpetuity.

Net assets with donor restrictions also include cumulative appreciation and reinvested gains on net assets with donor restrictions that are held in perpetuity, which have not been appropriated by the Board of Directors.

CASH AND CASH EQUIVALENTS

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by HUD, are considered to be cash and cash equivalents. Cash and highly liquid financial instruments restricted by HUD are excluded from this definition and are reported as restricted cash or tenant security deposits.

GRANTS, CONTRIBUTIONS AND ACCOUNTS RECEIVABLE

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met. Grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position. There were no conditional grants as of December 31, 2022.

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

GRANTS, CONTRIBUTIONS AND ACCOUNTS RECEIVABLE – (continued)
Accounts receivable are non-interest bearing, uncollateralized resident and third-party obligations and, as of December 31, 2022, primarily consist of amounts due from tenants and Medicaid. Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance for uncollectible accounts receivable is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible**.** All receivables are deemed collectible as of December 31, 2022.

REVENUE AND REVENUE RECOGNITION
The Organization derives its revenue and support from the following activities:

Net Tenant Rent Revenue
Housing units are rented under operating lease agreements with terms of one year or less. Rent revenue from tenants is recognized in the month in which the revenue is earned rather than received. Any rent received prior to the month of occupancy is reported as prepaid rent. Rent revenue is recorded net of vacancy loss, which results from any unrented units.

Tenant Assistance Payments
East, West and South have qualified for a rental assistance payments contract with HUD's Mark-Up-To-Market program that expires in April 2038. This program increases rents comparable to market-rate rent levels for the area. The contract is administered by HUD and provides direct assistance payments directly to us on behalf of qualified low-income tenants. The contract contains several significant provisions:

- All dwelling units subject to the Section 8 Contract must be rented to families eligible to receive the benefit of rental assistance payments. Contract rents are established for each unit, with the tenant paying a portion of the contract rent based on the person's income level and the balance paid by HUD.

- If a qualified tenant vacates the dwelling unit for any reason other than the member's violation of lease terms, HUD will pay the East, West, and South 80 percent of the contract rent for a period of up to 60 days while the unit remains vacant.

- East, South and West are required to maintain an account to hold security deposits collected from tenants. This account is required to be separate and apart from all other funds of the project in a trust account and the amount shall be at all times equal to or exceed the aggregate of all outstanding obligations under said account.

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

REVENUE AND REVENUE RECOGNITION – (continued)

Food Service Revenue

Food service is mandatory for all tenants of the East, West and South entities, and tenants can only opt out of the program with a doctor's written notice. Any food service revenue received prior to the month of occupancy is reported as prepaid revenue.

Food service revenue is reported at the amount that reflects the consideration to which it is expected to be entitled to in exchange for providing services. Billing for these services on the first day of the month. Revenue is recognized as performance obligations are satisfied and there is no revenue recognized at a specific point in time.

Assisted Living Revenue

Assisted living revenue is measured at management-established billing rates for private pay residents and rates established by contract with Medicaid for qualifying residents for those residents electing to receive services. Any assisted living revenue received prior to the month of occupancy is reported as prepaid revenue.

Assisted living revenue is reported at the amount that reflects the consideration to which we expect to be entitled to in exchange for providing care. These amounts are due from residents, third-party payors, and others including private payors. Residents and third-party payors are billed several days after the services are performed. Revenue is recognized as performance obligations are satisfied and there is no revenue recognized at a specific point in time.

Performance Obligations

Performance obligations are determined based on the services provided. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to the total expected (or actual) charges. This method provides an accurate depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to tenants receiving food services. The performance obligation is measured from tenants receiving food and assisted living services from the beginning of the performance period, generally admission or the beginning of each month, to the sooner of completion of services to that tenant, discharge, or the end of the month. Revenue for performance obligations satisfied at a point in time are recognized when goods or services are provided, and they are not required to provide any additional services to the tenant.

The transaction price is determined based on standard charges for the goods and services.

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

REVENUE AND REVENUE RECOGNITION – (continued)

Contributions

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Amortization of the discounts is included in contributions revenue. Conditional promises to give are not recognized as revenue until the conditions are substantially met.

Donated services and in-kind contributions

Volunteers contribute significant amounts of time to the program services, management and general and fundraising activities of the organization; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Organization recorded donated professional services at the respective fair values of the services received. No significant contributions of such goods or services were received during the years ended December 31, 2022

INVESTMENTS

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statements of financial position. Net investment return/(loss) is reported in the consolidated statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION

During 1999, we established a fund that is perpetual in nature (the Fund) under the Rose Community Foundation's (RCF) Endowment Challenge Program and named ourselves as beneficiary. We granted variance power to RCF, which allows RCF to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of RCF's Board of Trustees, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The fund is held and invested by RCF for our benefit and is reported at fair value in the consolidated statements of financial position, with distributions and changes in fair value recognized in the consolidated statements of activities.

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

PROPERTY AND EQUIPMENT

Purchased property and equipment are recorded at cost and capital assets donated are recorded at the assets estimated fair value as of the date of donation. Costs of improvements are capitalized, and costs of routine repairs and maintenance are expensed as incurred. Depreciation is computed by the straight-line method over the estimated useful lives of the assets, which are generally as follows:

Buildings and Improvements	5 - 40 years
Equipment, Furnishings, and Fixtures	3 - 20 years

When property is sold, retired, or otherwise disposed of, the related cost and accumulated depreciation are eliminated from the accounts and any resulting gain or loss is credited or charged to income.

The Organization reviews carrying amounts of long-lived assets whenever events or circumstances indicate that such carrying amounts may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized as equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment there were no indicators of asset impairment during the year ending December 31, 2022.

DEBT ISSUANCE COSTS

Debt issuance costs are being amortized over the life of the loan using the straight-line method. Generally accepted accounting principles require that the effective yield method be used to amortize these costs; however, the effect of using the straight-line method is not material to the financial statements.

USE OF ESTIMATES

The process of preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the consolidated financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

ADVERTISING

The Organization's advertising costs are expensed as incurred. The total advertising costs during the year ended December 31, 2022 are $36,025.

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The consolidated financial statements report certain categories of expense that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include building maintenance, depreciation, interest, and insurance that are allocated on a square-footage basis, as well as salaries, taxes and benefits, office costs, information technology, and advertising and promotion that are allocated on the basis of estimates of time and effort.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The FASB Accounting Standards Codification topic "Fair Value Measurement" defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Organization's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The standard establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

> Level 1: Quoted prices for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
>
> Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
>
> Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement the entire fair value measurement in the hierarchy.

The majority of investment assets are classified within Level 1 because they comprise open-end mutual funds with readily determinable fair values based on daily redemption values. The fair value of the beneficial interest in assets held by RCF is based on the fair value of fund investments as reported by RCF and this is considered to be a Level 3 measurement.

SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 12, 2023, which is the date the financial statements were available to be issued.

NOTE 2 – EMPLOYEE RETENTION TAX CREDITS (ERTC)

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) provided an employee retention tax credit (ERTC) which is a refundable tax credit against certain employment taxes of up to $7,000 per employee per quarter for eligible employers. For 2021, ERTC is equal to 70% of qualified wages paid to employees, capped at $10,000 of qualified wages per quarter. The CARES Act also retroactively extended availability of ERTC to wages paid from March 13, 2020 to December 31, 2020. The retroactive credit is equal to 50% of qualified wages paid to employees, capped at $10,000 of qualified wages. As of December 31, 2022, $815,359 was receivable. In May 2023, the Organization received payment of $851,055, including interest of $35,696.

NOTE 3 – FAIR VALUE OF FINANCIAL INSTRUMENTS

As of December 31, 2022, the following table presents assets measured at fair value on a recurring basis, except those measured at cost:

	Total	Quoted Prices in Active Market (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Foundation Investment Portfolio				
Cash and cash equivalents	$ 13,229	$ -	$ -	$ -
Mutual Funds	5,916,427	5,916,427	-	-
Total	$ 5,929,656	$ 5,916,427	-	-
Investments held for deferred compensation plan				
Mutual Funds:				
Domestic Equity	$ 53,932	$ 53,932	$ -	$ -
Beneficial Interest in assets held by Rose Community Foundation	$ 87,689	$ -	$ -	$ 87,689

The organization maintains beneficial interest in Rose Community Foundation as described in Note 4, which is classified as a Level 3.

NOTE 4 – BENEFICIAL INTERESTS IN ROSE COMMUNITY FOUNDATION

During 1999, the Organization established a fund that is perpetual in nature (the Fund) under the Rose Community Foundation's (RCF) Endowment Challenge Program and named themselves as beneficiary. The Organization granted variance power to RCF, which allows RCF to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of RCF's Board of Trustees, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The fund is held and invested by RCF for the Organizations benefit and is reported at fair value in the consolidated statements of financial position, with distributions and changes in fair value recognized in the consolidated statements of activities.

During the year ended December 31, 2022, the Organization had the following changes in endowment net assets:

Beginning Balance:	$101,081
Additions:	
Admin Fees	(897)
Change in Value	(12,495)
Net Investment Gain (Loss)	(13,392)
Ending Balance:	$ 87,689

Return Objectives and Risk Parameters
The Organization has adopted spending and investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor or legally restricted funds that the Organization must hold in perpetuity or for a donor specified period as well as board designated assets. Under this policy, the endowment assets are invested in a manner that is intended to produce results that ensure the future growth of the assets is sufficient to exceed the rate of inflation and provide for distribution of earnings, net of fees. All investment decisions have been delegated to the Community Foundation.

Investment Objectives
To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation and current yield. The Organization's portfolio offers investments that are diversified among asset classes and investment styles, thus minimizing the risk of large losses over a defined investment horizon.

NOTE 4 – BENEFICIAL INTERESTS IN ROSE COMMUNITY FOUNDATION – (continued)

Spending Policy
The spending rate for distributable earnings will be set by the Community Foundation each year. The Community Foundation will act prudently and responsibly when deciding on a distribution that will allow for growth in the endowment funds over the course of time. The Community Foundation oversees the management of all assets taking into account the purposes, terms and distribution requirements expressed by the governing instruments. The Community Foundation will exercise reasonable care, skill, and caution in order to ensure preservation of all funds.

NOTE 5 – CONCENTRATION OF RISK

The Organization maintains its cash balance at multiple banks. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 during the year ended December 31, 2022. As of December 31, 2022, the uninsured balances for the Organization are $6,972,362.

At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts.

The Organization associates credit risk with accounts and ERTC receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and foundations supportive of our mission.

Investments are made by diversified investment managers whose performance is monitored by the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Board believes that the investment policies and guidelines are prudent for our long-term welfare.

NOTE 6 – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following as of December 31, 2022:

Land	$ 422,361
Buildings and improvements	33,071,727
Equipment, furniture and furnishings	3,419,656
Construction in progress	924,978
	37,838,722
Less: Accumulated Depreciation	(19,642,889)
	$ 18,195,833

NOTE 7 – LONG-TERM DEBT

Notes Payable consists of the following as of December 31, 2022:

During 2018, East and South entered into a 3.10% construction note payable to MidFirst Bank. Monthly payments of principal and interest in the amount of $72,593 are due through March 2033. As of December 31, 2022, the construction loan has been fully drawn.	$15,039,982
Unamortized debt issuance costs	(479,538)
	$14,560,444

The loan is secured by a deed of trust, assignment of leases and rents and security agreement specific to both East and South and a guaranty by Allied Housing, Inc. The agreement contains certain covenants related to, among other matters, the maintenance of debt service coverage ratios.

Estimated maturities of mortgage at December 31, 2022 for each of the next five years and in the aggregate, are as follows:

2023	$ 517,580
2024	533,855
2025	550,642
2026	567,956
2027	585,814
Thereafter	12,284,135
	$ 15,039,982

NOTE 8 – RETIREMENT PLAN

AHI participates in a defined contribution pension plan and a 403(b) thrift plan (the Plans) for the benefit of its employees. The Plans cover all employees over 21 years of age who have worked at least 1,000 hours during the year and have been employed for at least one year. The employee's benefits will fully vest after the employee enters the Plan.

Contributions made for the pension plan for the year ended December 31, 2022 totaled $74,667 based on a defined contribution of 3% of covered employees' compensation. Contributions made for the 403(b) thrift plan during the year ended December 31, 2022 were $89,730, based on a matching contribution of 100% of employees' contributions up to a maximum of 4% of covered employees' compensation. Effective July 1, 2021, AHI sponsored a deferred compensation plan pursuant to section 457(f) of the IRC (Comp Plan) for a key employee. The participant may make voluntary contributions to the Comp Plan up to the maximum amount allowed by the IRS. Contributions to the Comp Plan are discretionary based on the individual employee contract. During the year ended December 31, 2022, $36,000 was contributed. As of December 31, 2022, the Comp Plan assets totaled $53,932.

NOTE 9 – VULNERABILITY DUE TO REVENUE CONCENTRATION

The Organization operates in a heavily regulated environment subject to the administrative directives, rules and regulations of federal regulatory agencies, including, but not limited to, HUD. Such rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay the related cost, including the administrative burden, to comply with a change.

During the year ended December 31, 2022, housing assistance payments from HUD were $2,812,357 (East) $1,841,346 (West) and $1,734,693 (South) for a total of $6,388,396 reported as tenant assistance payments on the consolidated statements of activities.

East, West, and South receive subsidized tenant assistance from HUD in connection with a Section 8 contract. In addition, housing units are rented under operating lease agreements. For the year ended December 31, 2022, these represented 59%, 80% and 54%, respectively, of total revenue of each project.

NOTE 10 – BOARD DESIGNATED NET ASSETS

Net assets without donor restrictions include certain funds that have been designated for property improvements by the Board of Directors. During the year ended December 31, 2022, the Organization had board designated net assets of $5,929,656.

NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of December 31, 2022:

	Beginning Balance	Contributions	Released from restrictions	Ending Balance
Net Assets with Donor Restrictions:				
Health and wellness programs	$ 64,000	$ -	$ (64,000)	$ -
Diversity programs	40,000	25,000	(29,217)	35,783
Virtual programming	7,200	-	(7,200)	-
Other	10,445	-	-	10,445
	121,645	25,000	(100,417)	46,228
Beneficial interest in assets				
Held by Rose Community Foundation	101,080	-	(13,392)	87,688
Total	$ 222,725	$ 25,000	$ (113,809)	$ 133,916

NOTE 12 – INFORMATION ABOUT LIQUIDITY

For the purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program and support activities to be general expenditures.

The following represents financial assets available for cash needs for general expenditures within one year:

Cash and cash equivalents	$ 10,064,009
Tenant security deposits	176,121
Accounts receivable	117,951
Employee Retention Tax Credit receivable	815,359
Beneficial interest in assets held by RCF	87,689
Investment Portfolio	5,929,656
Total financial assets	17,190,785
Less:	
Tenant security deposit	(176,121)
Board designated net assets	(5,929,656)
Donor restricted net assets	(46,228)
Beneficial interest in RCF	(87,689)
Financial assets available for cash needs for general expenditures within one year	$ 10,951,091

The beneficial interest in assets held by RCF shall distribute annually in arrears each year lesser of (a) 5% of the monthly average balance in the Fund during the preceding year or (b) net investment income accruing during the preceding year reduced by any fees and expenses upon request by us. Therefore, any distribution that we may receive during the next year has not been included in the above table.

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SUPPLEMENTARY INFORMATION

INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

Independent Auditor's Report on Supplementary Information

Board of Directors
Allied Housing, Inc. and Affiliates
Denver, Colorado

We have audited of the consolidated financial statements of Allied Housing, Inc. and Affiliates d/b/a Kavod Senior Life as of and for the years ended December 31, 2022, and our report thereon dated October 12, 2023, which expressed an unmodified opinion on those consolidated financial states, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information (shown on pages 22 through 27) is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
Indianapolis, Indiana
October 12, 2023

ALLIED HOUSING, INC., AND AFFILIATES
D/B/A KAVOD SENIOR LIFE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022

ASSETS

	Allied Housing East, LLLP/ West, LLLP/ South, LLLP/	Allied Housing, Inc.	Allied Housing South, Inc.	Allied Jewish Apartments Foundation	Eliminations and Reclassifications	2022 Consolidated Total
CURRENT ASSETS:						
Cash and cash equivalents	$ 8,736,697	$ 1,327,312	$ -	$ -	$ -	$ 10,064,009
Accounts receivable	117,951	-	-	-	-	117,951
Employee Retention Tax Credit (ERTC)	-	815,359	-	-	-	815,359
Investment portfolio	-	-	-	5,929,656	-	5,929,656
Tenant security deposits	176,121	-	-	-	-	176,121
Prepaid expenses	313,279	-	-	-	-	313,279
Total current assets	9,344,048	2,142,671	-	5,929,656	-	17,416,375
OTHER ASSETS						
Due from related party	-	453,080	-	-	(453,080)	-
Invesment from limited partnerships	-	109,395	10,830,161	-	(10,939,556)	-
Investments held in deferred compensation plan	-	53,932	-	-	-	53,932
Beneficial interest in assets held by Rose Community Foundation (RCF)	-	-	-	87,689	-	87,689
Property and equipment, net	18,195,833	-	-	-	-	18,195,833
Total other assets, net	18,195,833	616,407	10,830,161	87,689	(11,392,636)	18,337,454
Total assets	$ 27,539,881	$ 2,759,078	$ 10,830,161	$ 6,017,345	$ (11,392,636)	$ 35,753,829

ALLIED HOUSING, INC., AND AFFILIATES
D/B/A KAVOD SENIOR LIFE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

LIABILITIES AND NET ASSETS

	Allied Housing East, LLLP/ West, LLLP/ South, LLLP/	Allied Housing, Inc.	Allied Housing South, Inc.	Allied Jewish Apartments Foundation	Eliminations and Reclassifications	2022 Consolidated Total
CURRENT LIABILITIES:						
Accounts payable	$ 1,015,594	$ 337,202	$ -	$ -	$ -	$ 1,352,796
Accrued expenses	315,779	-	-	-	-	315,779
Tenant security deposits payable	157,386	-	-	-	-	157,386
Deferred compensation plan	-	54,000	-	-	-	54,000
Due to related party	453,080	-	-	-	(453,080)	-
Current portion, note payable	517,580	-	-	-	-	517,580
Total current liabilities	2,459,419	391,202	-	-	(453,080)	2,397,541
LONG TERM LIABILITIES						
Note payable	14,522,402	-	-	-	-	14,522,402
Debt issuance costs, net accum. amort.	(479,538)	-	-	-	-	(479,538)
Total long-term liabilities	14,042,864	-	-	-	-	14,042,864
Total liabilities	16,502,283	391,202	-	-	(453,080)	16,440,405
NET ASSETS:						
Without donor restrictions						
Discretionary	-	2,212,254	-		-	2,212,254
Board-designated for improvements	-	-	-	5,929,656	-	-
Partner's equity	11,037,598	-	-	-	-	11,037,598
Invested in limited partnerships	-	109,395	10,830,161	-	(10,939,556)	-
Total net assets without donor restrictions	11,037,598	2,321,649	10,830,161	5,929,656	(10,939,556)	19,179,508
With donor restrictions	-	46,227	-	87,689	-	133,916
Total net assets	11,037,598	2,367,876	10,830,161	6,017,345	(10,939,556)	19,313,424
Total liabilities and net assets	$ 27,539,881	$ 2,759,078	$ 10,830,161	$ 6,017,345	$ (11,392,636)	$ 35,753,829

See Independent Auditor's Report on Supplementary Information.

ALLIED HOUSING, INC., AND AFFILIATES
D/B/A KAVOD SENIOR LIFE
CONSOLIDATING STATEMENT OF ACTIVITES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

REVENUE AND OTHER SUPPORT	Allied Housing East, LLLP/ West, LLLP/ South, LLLP/	Allied Housing, Inc.	Allied Housing South, Inc.	Allied Jewish Apartments Foundation	Eliminations and Reclassifications	2022 Consolidated Total
Net tenant revenue	$ 1,652,055	$ -	$ -	$ -	$ -	$ 1,652,055
Tenant assistance payments	6,388,396	-	-	-	-	6,388,396
Food service revenue	868,935	-	-	-	-	868,935
Assisted living services	1,205,784	-	-	-	-	1,205,784
Contributions	-	395,797	-	-	-	395,797
Net investment income	63,057	8,937	-	(1,221,644)	-	(1,149,650)
Other income	24,111	18,403	-	-	-	42,514
Change in value of beneficial interest in assets held by RCF	-	-	-	(13,392)	-	(13,392)
Management fee revenue	-	238,800	-	-	(238,800)	-
Income from partnerships	-	(490)	(48,537)	-	49,027	-
Total revenue and other support	$ 10,202,338	$ 661,447	$ (48,537)	$ (1,235,036)	$ (189,773)	$ 9,390,439

ALLIED HOUSING, INC., AND AFFILIATES
D/B/A KAVOD SENIOR LIFE
CONSOLIDATING STATEMENT OF ACTIVITES AND CHANGES IN NET ASSETS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

	Allied Housing East, LLLP/ West, LLLP/ South, LLLP/	Allied Housing, Inc.	Allied Housing South, Inc.	Allied Jewish Apartments Foundation	Eliminations and Reclassifications	2022 Consolidated Total
OPERATING EXPENSES						
Program services:						
Tenant services	$ 7,713,775	$ 628,440	$ -	$ -	$ (47,760)	$ 8,294,455
Assisted living services	922,636	-	-	-	-	922,636
Total program expenses	8,636,411	628,440	-	-	(47,760)	9,217,091
Supporting services:						
Management and general	1,292,517	94,052	-	55,187	(179,100)	1,262,656
Fundraising	224,388	16,328	-	-	(11,940)	228,776
Total supporting services	1,516,905	110,380	-	55,187	(191,040)	1,491,432
Total operating expenses	10,153,316	738,820	-	55,187	(238,800)	10,708,523
Increase (decrease) in net assets from continuing operations	49,022	(77,373)	(48,537)	(1,290,223)	49,027	(1,318,084)
NET ASSETS - BEGINNING OF YEAR	10,988,576	2,445,249	10,878,698	7,307,568	(10,988,583)	20,631,508
NET ASSETS - END OF YEAR	$ 11,037,598	$ 2,367,876	$ 10,830,161	$ 6,017,345	$ (10,939,556)	$ 19,313,424

See Independent Auditor's Report on Supplementary Information.

ALLIED HOUSING, INC., AND AFFILIATES
D/B/A KAVOD SENIOR LIFE
CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Allied Housing East, LLLP/ West, LLLP/ South, LLLP/	Allied Housing, Inc.	Allied Housing South, Inc.	Allied Jewish Apartments Foundation	Eliminations and Reclassifications	2022 Consolidated Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Increase (decrease) in net assets before non-controlling interests	$ 49,022	$ (77,373)	$ (48,537)	$ (1,290,223)	$ 49,027	$ (1,318,084)
Adjustments to reconcile increase (decrease) in net assets						
to net cash provided by (used in) operating activities:						
Depreciation and amortization	1,144,007	-	-	-	-	1,144,007
Unrealized (gain) loss on investments	-	-	-	1,349,521	-	1,349,521
Realized (gain) loss on investments	-	-	-	77,082	-	77,082
(Gain) loss on investment in subsidiaries	-	490	48,537	-	(49,027)	-
Increase (decrease) in cash from changes in:						
Tenant security deposits	(12,119)	-	-	-	-	(12,119)
Accounts receivable	(7,312)	1,800	-	-	-	(5,512)
Promises to give	-	81,200	-	-	-	81,200
Employee Rentention Tax Credits	884,684	128,074	-	-	(884,684)	128,074
Prepaid expenses	62,484	-	-	-	-	62,484
Due from related party	-	659,394	-	-	(659,394)	-
Accounts payable	877,381	336,117	-	-	-	1,213,498
Construction payable	-	-	-	-	-	-
Accrued expenes	(1,435)	-	-	-	-	(1,435)
Deferred Compensation Plan	-	68	-	-	-	68
Due to related party	(659,394)	(884,684)	-	-	1,544,078	-
Tenant security deposit payable	4,103	-	-	-	-	4,103
Net cash provided by (used in) operating activities	2,341,421	245,086	-	136,380	-	2,722,887

See Independent Auditor's Report on Supplementary Information.

ALLIED HOUSING, INC., AND AFFILIATES
D/B/A KAVOD SENIOR LIFE
CONSOLIDATING STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

	Allied Housing East, LLLP/ West, LLLP/ South, LLLP/	Allied Housing, Inc.	Allied Housing South, Inc.	Allied Jewish Apartments Foundation	Eliminations and Reclassifications	2022 Consolidated Total
CASH FLOWS FROM INVESTING ACTIVITIES:						
Purchase of investments	-	-	-	(2,884,194)	-	(2,884,194)
Sale of investments	-		-	2,734,422	-	2,734,422
Construction in progress	7,522,136	-	-	-	-	7,522,136
Purchase of property and equipment	(10,851,920)	-	-	-	-	(10,851,920)
Net change in beneficial interest	-	-	-	13,392	-	13,392
Net cash provided by (used in) investing activities	(3,329,784)	-	-	(136,380)	-	(3,466,164)
CASH FLOWS FROM FINANCING ACTIVITIES:						
Principal payments on mortgage payable	(807,009)	-	-	-	-	(807,009)
Proceeds from mortgages, loans or notes payable	4,435,974	-	-	-	-	4,435,974
Net cash provided by (used in) financing activities	3,628,965	-	-	-	-	3,628,965
NET INCREASE IN CASH	2,640,602	245,086	-	-	-	2,885,688
CASH, BEGINNING OF YEAR	6,096,095	1,082,226	-	-	-	7,178,321
CASH, END OF YEAR	$ 8,736,697	$ 1,327,312	$ -	$ -	$ -	$ 10,064,009
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION						
Cash paid during the year for interest	$ 414,107	$ -	$ -	$ -	$ -	$ 414,107

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