Southwest Solutions and Subsidiaries

(not-for-profit corporations)

Consolidated Financial Report
with Additional Information
September 30, 2018

Contents

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Independent Auditor's Report

To the Board of Directors
Southwest Solutions and Subsidiaries

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Southwest Solutions and Subsidiaries (the "Organization"), which comprise the consolidated balance sheet as of September 30, 2018 and the related consolidated statements of unrestricted revenue, expenses, and other changes in unrestricted net assets; changes in net assets; and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Southwest Solutions and Subsidiaries as of September 30, 2018 and the results of their changes in net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
Southwest Solutions and Subsidiaries

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2019 on our consideration of Southwest Solutions and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southwest Solutions and Subsidiaries' internal control over financial reporting and compliance.

Plante & Moran, PLLC

June 25, 2019

Consolidated Balance Sheet

September 30, 2018

Assets

Current Assets	
Cash and cash equivalents	$ 2,416,196
Receivables:	
Trade	1,184,629
Contributions	1,250,000
Grants	3,107,413
Patient services	109,176
Allowance for uncollectible accounts	(219,256)
Assets limited as to use - Current portion (Note 5)	3,141,522
Property held for resale	3,340,511
Prepaid expenses and other current assets	630,023
Total current assets	14,960,214
Investments - Other (Note 12)	2,506,584
Property and Equipment - Net (Note 4)	73,392,769
Developments in Progress	1,207,376
Assets Limited as to Use (Note 5)	6,759,828
Long-term Notes Receivable	676,798
Other Assets	992,310
Total assets	**$ 100,495,879**

Liabilities and Net Assets

Current Liabilities	
Accounts payable	$ 3,560,102
Accrued liabilities and other (Note 13)	3,974,308
Deferred revenue	3,147,379
Current portion of long-term debt (Note 6)	4,837,449
Total current liabilities	15,519,238
Long-term Debt - Net of current portion (Note 6)	24,955,463
Interest Payable (Note 6)	6,923,032
Total liabilities	47,397,733
Net Assets	
Unrestricted:	
Controlling interest	24,305,882
Noncontrolling interest	22,730,605
Temporarily restricted (Note 7)	3,067,559
Permanently restricted (Note 7)	2,994,100
Total net assets	53,098,146
Total liabilities and net assets	**$ 100,495,879**

See notes to consolidated financial statements.

Consolidated Statement of Unrestricted Revenue, Expenses, and Other Changes in Unrestricted Net Assets

Year Ended September 30, 2018

Revenue, Gains, and Other Support	
Grant funding and fee for service revenue	$ 23,669,233
Patient and other services	1,203,893
Contributions	743,139
Rent	5,694,935
Program revenue	1,795,946
Property management fees	8,941
Sales of property	8,016,620
Gain from Bridgeway Services, Inc.	827,820
Interest income	222,450
Miscellaneous income	151,255
Total revenue, gains, and other support	42,334,232
Net Assets Released from Restrictions	4,307,715
Total revenue, gains, other support, and net assets released from restrictions	46,641,947
Expenses	
Program services	43,979,918
Support services	9,085,991
Total expenses	53,065,909
Decrease in Unrestricted Net Assets - Before nonoperating income	(6,423,962)
Nonoperating Income (Loss)	
Cancellation of indebtedness (Note 1)	1,563,855
Equity contributions (Note 3)	5,090,303
Other	(649,659)
Total nonoperating income	6,004,499
Decrease in Unrestricted Net Assets	**$ (419,463)**

See notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

Year Ended September 30, 2018

	Unrestricted				
	Noncontrolling Interest	Controlling Interest	Temporarily Restricted	Permanently Restricted	Total
Net Assets - October 1, 2017	$ 28,059,252	$ 19,396,698	$ 2,101,350	$ 3,186,100	$ 52,743,400
Increase (Decrease) in unrestricted net assets	(5,328,647)	4,909,184	-	-	(419,463)
Restricted contributions			4,891,924	190,000	5,081,924
Net assets released from restrictions	-	-	(3,925,715)	(382,000)	(4,307,715)
Increase (Decrease) in net assets	(5,328,647)	4,909,184	966,209	(192,000)	354,746
Net Assets - September 30, 2018	**$ 22,730,605**	**$ 24,305,882**	**$ 3,067,559**	**$ 2,994,100**	**$ 53,098,146**

Consolidated Statement of Cash Flows

	Year Ended September 30, 2018
Cash Flows from Operating Activities	
Increase in net assets	$ 354,746
Adjustments to reconcile increase in net assets to net cash and cash equivalents from operating activities:	
Depreciation	4,332,191
Bad debt expense	441,810
Debt forgiveness	(1,563,855)
Gain on disposal of fixed assets	(233,448)
Loss on impairment - Property and equipment	1,007,000
Equity contributions	(5,090,303)
Restricted contributions	(190,000)
Gain from Bridgeway Services, Inc.	(827,820)
Gain from Partners 4 Health	(1,179)
Changes in operating assets and liabilities that provided (used) cash and cash equivalents:	
Accounts receivable	539,681
Prepaid expenses and other assets	(135,055)
Property held for resale	636,467
Accounts payable	(136,556)
Interest payable	619,527
Accrued liabilities and other	(311,285)
Deferred revenue	2,853,828
Developments in progress	652,179
Net cash and cash equivalents provided by operating activities	2,947,928
Cash Flows from Investing Activities	
Purchase of property and equipment	(1,316,432)
Proceeds from sale of property and equipment	683,362
Decrease in assets limited as to use	(4,158,106)
Cash received on long-term notes receivable	29,980
Net cash and cash equivalents used in investing activities	(4,761,196)
Cash Flows from Financing Activities	
Proceeds from long-term debt	3,047,761
Payments on long-term debt	(8,826,670)
Restricted contributions	190,000
Equity contributions	5,090,303
Net cash and cash equivalents used in financing activities	(498,606)
Net Decrease in Cash and Cash Equivalents	(2,311,874)
Cash and Cash Equivalents - Beginning of year	4,728,070
Cash and Cash Equivalents - End of year	**$ 2,416,196**
Supplemental Disclosure of Cash Flow Information - Cash paid for interest	$ 381,907

See notes to consolidated financial statements.

Note 1 - Nature of Business

The accompanying consolidated financial statements reflect the consolidated financial position and changes in net assets and cash flows of Southwest Solutions (Solutions); its wholly owned subsidiaries, Southwest Counseling Solutions (Counseling); Asset Services, Inc. (Services); Southwest Economic Solutions (Economic Solutions); and Southwest Housing Solutions Corporation and Subsidiaries (Housing); and the Veritable Group, which provides brokerage services (collectively, the "Organization").

Solutions is a Michigan nonprofit corporation organized in October 2001 for the primary purpose of holding membership interests in Counseling, Services, Economic Solutions, and Housing.

Counseling is organized and operated to ensure the provision and availability of mental health services, juvenile justice, family literacy, and housing and employment support services to residents of southeastern Michigan.

Program descriptions are as follows:

- Outpatient adult - Provides comprehensive outpatient mental health services to adults with mental illness and their families. Services include psychosocial assessment, information, and referral; crisis intervention; individual, group, and family therapy; psychopharmacology; care coordination/case management; supported employment; psychosocial rehabilitation; vocational/prevocational opportunities; and prevention programs.
- School-based and early childhood - Provides literacy services to preschool and early school-aged children and their families. Services include preschool/early childhood education, adult education (including English as a second language instruction), guided parent/child interaction, and parenting education. Sponsors and organizes community-wide literacy awareness events. Provides guidance, support, and technical assistance to local childcare providers and children at risk of childcare expulsion.
- Children, youth, and family - Provides comprehensive outpatient mental health services to children with serious emotional disorders and their families. Services include psychosocial assessment, information, and referral; crisis intervention (24/7); individual, group, and family therapy; psychopharmacology; infant mental health; care coordination/case management; and prevention services. Provides services to at-risk youth and their families (adjudicated youth involved with juvenile justice system, youth on probation, youth at risk of adjudication, and/or youth with a serious emotional disorder). Services include individual, group, and family counseling; crisis intervention (24/7); juvenile court representation/coordination; care coordination/wraparound services; youth/family mentoring; youth leadership development; and parent/family support.
- Supportive housing services - Provides permanent housing services to individuals/families with disabling conditions (mental illness, developmental disabilities, substance abuse disorders, or chronic health conditions), veterans, and at-risk youth who are homeless. Services include outreach to shelters/street outreach; assessment; individual and group therapy; care coordination; crisis intervention (24/7); home finding, housing inspection, and permanent housing placement; rental assistance and assistance with rent/utility payments; assistance to landlords; emergency funding; and assistance with disability application/determination.

Services was formed to purchase, own, and manage buildings and equipment used by and leased to Counseling and other affiliated organizations.

Economic Solutions was formed on October 1, 2013 to promote and preserve home ownership, advance financial literacy, and empower families and individuals to improve their economic prospects by providing financial fitness and credit counseling, home buyer education, foreclosure intervention counseling, workforce development, adult education, and entrepreneurial training.

Note 1 - Nature of Business (Continued)

Included in Economic Solutions is ProsperUS Detroit Micro-Lending (ProsperUS). ProsperUS is a tax-exempt not-for-profit corporation established in 2013 to receive and administer loan funds to support the educational and charitable purposes of Housing.

Housing was organized to acquire, rehabilitate, construct, operate, manage, lease, and sell housing facilities to provide affordable housing to low-income individuals and to promote the general well-being of the residents of the community. In addition, as part of economic development, Housing is dedicated to commercial and residential revitalization.

Included in Housing are the following:

- Southwest Design Solutions, LLC (SDS), a wholly owned subsidiary of Housing, was formed to provide architectural and design services for affordable housing-related projects.
- Bagley Housing Association, Inc. (Bagley) is a not-for-profit corporation in which Housing has a 100 percent controlling interest. Bagley provides affordable single-family housing to families in the Hubbard Richard and Hubbard Farms districts of southwest Detroit.
- Creative Arts, LLC (Creative Arts), a wholly owned subsidiary of Housing, was formed during 2009 for the purpose of acquiring and renovating a 12,000-square foot building generally known as the Third Precinct.
- Lithuanian Hall, LLC (Lithuanian Hall), a wholly owned subsidiary of Housing, holds commercial real estate.
- Michigan Lending Solutions (Lending Solutions), a low-profit limited liability company (L3C), of which Housing is a majority member owner, was formed to provide affordable lending solutions to individuals and families in underserved areas of southeastern Michigan, with a concentration in the city of Detroit.

The following wholly owned properties of Housing provide affordable housing rental units in Southwest Detroit pursuant to Section 42 of the Internal Revenue Code (collectively referred to as the "Housing Projects"):

- 250 WGB, Inc. and 250 WGB, LLC are both wholly owned subsidiaries of the Organization, which collectively own 100 percent of 250 WGB Apartments Limited Dividend Housing Association Limited Partnership (250 WGB), a 20-unit apartment building in southwest Detroit, Michigan, with both one-bedroom and two-bedroom units.

Note 1 - Nature of Business (Continued)

- 388 W. Grand Blvd. Apartments, Inc. and 388 WGB, LLC are both wholly owned subsidiaries of the Organization, which collectively own 100 percent of 388 W. Grand Blvd. Limited Dividend Housing Association Limited Partnership (388 WGB).
- Martin Gardens, Inc. and Preservation Partners II LP, Inc. are both wholly owned subsidiaries of the Organization, which collectively own 100 percent of Martin Gardens Limited Dividend Housing Association Limited Partnership (Martin Gardens).
- Southwest Housing Partners, Inc. and SWHLP, Inc. are both wholly owned subsidiaries of the Organization, which collectively own 100 percent of Southwest Housing Partners Limited Dividend Housing Association Limited Partnership (SHP).
- Springwells Partners, Inc. and Preservation Partners III, LP, Inc. are both wholly owned subsidiaries of the Organization, which collectively own 100 percent of Springwells Partners Limited Dividend Housing Association Limited Partnership (Springwells Partners).
- Springwells Partners II, Inc. and Preservation Partners IV, LP, Inc. are both wholly owned subsidiaries of the Organization, which collectively own 100 percent of Springwells Partners II Limited Dividend Housing Association Limited Partnership (Springwells Partners II).
- Springwells Partners III, Inc. and Preservation Partners V, LP, Inc. are both wholly owned subsidiaries of the Organization, which collectively own 100 percent of Springwells Partners III Limited Dividend Housing Association Limited Partnership (Springwells Partners III).
- Preservation Partners I GP, Inc. and Preservation Partners I LP, Inc. both wholly owned subsidiaries of the Organization, which collectively own 100 percent of Newberry Homes Limited Dividend Housing Association Limited Partnership (Newberry Homes).

Housing is also the 100 percent owner of certain corporate entities (and the 79 percent owner of Mack Ashland GP, LLC) that are general partners that own 0.1 percent to 1 percent of several limited dividend housing association limited partnerships (the "LDHALPs"). The LDHALPs are formed to purchase, develop, and operate property providing affordable housing (the "VIE Projects"). They are located in southeast Michigan and provide affordable housing pursuant to Section 42 of the Internal Revenue Code. The VIE Projects are made up of the following LDHALPs:

- Springwells Partners V
- Hubbard Communities
- Southwest Housing Partners II
- VA - Piquette Square
- Mack Ashland
- Scotten Park
- Springwells Partners IV
- McKinstry Place
- Mack Ashland II

Note 1 - Nature of Business (Continued)

In addition, Housing established several entities that are collectively referred to as The 5716 Michigan Avenue Project (5716), which were established as a commercial property development that utilized New Markets Tax Credits. Prior to September 2018, 5716 was composed of the following entities:

- 5716 Lender, LLC (Lender) - A wholly owned subsidiary of Housing that was established to receive certain loans and equity investments on behalf of the 5716 project.
- 5716 Manager, LLC (Manager) - A wholly owned subsidiary of Housing. Manager was established to conduct the day-to-day operations of 5716.
- 5716 Tenant, LLC (Tenant) was established as a vehicle with which historical tax credits could accumulate and be distributed through a master lease structure.
- 5716 Partners, LLC (Partners) was established to develop and maintain the commercial property. Manager includes the accounts of Tenant, of which it owns 0.01 percent, and Partners, of which it owns 89 percent.

Tenant and Partners are consolidated in their entirety as a result of Manager's control and certain rights with respect to the entities.

Under the terms of the 5716 project, Housing was a party to a put option that granted the investor member of Chase NMTC SWHS, LLC, an unrelated entity that participated in the 5716 project, but was not consolidated into Housing, the option to sell its membership interest to Solutions for approximately $30,000, plus the recapture amount and any other amounts due and owing under the indemnifications clauses of the loan agreement between Partners and NDC New Markets Investments LVI, LLC, another unrelated entity that participates in the 5716 Project, but is not consolidated into Housing. The option could be exercised for 60 days after the last day of the new markets tax credit compliance period, which ended during 2018.

In September 2018, Housing entered into a series of transactions to unwind the organizational structure of 5716 due to the expiration of the New Markets Tax Credit period. Housing exercised the put option and acquired the interests in Chase NMTC SWHS, LLC, and then Chase NMTC SWHS, LLC acquired the interests in NDC New Markets Investments LVI, LLC through assignments of member interests. Notes receivable totaling $7,241,555 due from Chase NMC SWHS, LLC were then applied to offset a note payable due to NDC New Markets Investments LVI, LLC totaling $8,866,224. The remaining note payable was forgiven as a part of the transaction and is reported as cancellation of indebtedness on the consolidated statement of unrestricted revenue, expenses, and other changes in unrestricted assets, net of costs incurred in the transaction, in the amount of $1,563,855. Subsequent to this, Chase NMTC SWHS, LLC; Tenant; and Lender were dissolved. At September 30, 2018, the remaining entities related to 5716 are Manager and Partners, which are both wholly owned subsidiaries of Housing.

Note 2 - Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Southwest Solutions; Asset Services, Inc.; Southwest Economic Solutions; Southwest Counseling Solutions; Southwest Housing Solutions Corporation and Subsidiaries; ProsperUS; and the Veritable Group. Also included in the consolidated financial statements are the VIE Projects, which are variable interest entities (VIEs) for which the general partners are the primary beneficiary. The equity attributable to the VIEs not owned by Housing is reported as noncontrolling interest in the accompanying consolidated financial statements. For the purpose of consolidation, the effects of eliminations of revenue and expenses due to intercompany transactions between Solutions and the VIEs are attributed to Solutions.

All significant intercompany transactions and balances have been eliminated in consolidation.

Note 2 - Significant Accounting Policies (Continued)

Cash Equivalents

The Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Concentrations of Credit Risk Arising from Deposit Accounts

The Organization maintains cash balances at several banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000. Solutions and its subsidiaries evaluate the financial institutions with which they deposit funds; however, it is not practical to insure all cash deposits.

Trade Accounts Receivable

Trade accounts receivable consist primarily of amounts due from tenants and from advances to the VIE Projects with developments in progress. All receivables are considered fully collectible at September 30, 2018.

Grant Revenue, Receivables, and Settlements Due To Funding Sources

The Organization receives revenue under contracts with certain governmental agencies, including the Detroit Wayne Mental Health Authority (DWMHA). Revenue under these contracts is recognized when earned. Deferred revenue is recorded when advance payments are received. Accounts receivable are stated at net billed amounts. An allowance for doubtful accounts is established based on a specific assessment of all billings that remain unpaid following normal payment periods. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made.

The reports of the Organization relating to these contracts are subject to review or audit by the responsible governmental agency to determine compliance with award documents and may be subject to possible adjustment of the recorded settlement. At September 30, 2018 there were no outstanding settlements recorded.

Capitation and Fee-for-service Revenue and Accounts Receivable

Counseling has contracted with CareLink Network and ConsumerLink Network as a provider of mental health services and services to those with disabilities. Counseling receives monthly fee-for-service payments based on the billing codes for services rendered to consumers assigned to it. Accounts receivable are stated at net invoice amounts.

Patient Services Revenue and Accounts Receivable

Patient services revenue and the related accounts receivable are recorded at estimated reimbursable amounts in the period earned. An allowance for doubtful accounts is established based on specific assessment of all billings that remain unpaid following normal payment periods.

Contributions and Contributions Receivable

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded as a contribution receivable at the present value of estimated future cash flows and net of allowances.

Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift are both reported as unrestricted support. Other restricted gifts are reported as restricted support and temporarily or permanently restricted net assets.

Note 2 - Significant Accounting Policies (Continued)

Property Held for Resale and Sales of Property

Property held for resale consists primarily of foreclosed homes acquired from bank trusts for the purpose of renovation and resale, which are renovated through a contract with an unrelated third party. Property held for resale is accounted for at the lower of cost or market. Sales of property revenue are recognized when earned, which is at the time of sale.

Investments

Investments consist of holdings in entities with which the Organization has significant influence and which are accounted for using the equity method.

Property and Equipment

Property and equipment are recorded at cost when purchased or at fair value at the date of donation and are being depreciated on a straight-line basis over their estimated useful lives. Estimated useful lives of the assets range from 3 to 40 years. Costs of maintenance and repairs are charged to expense when incurred.

Impairment or Disposal of Long-lived Assets

The Organization reviews the recoverability of long-lived assets, including buildings, equipment, internal use software, and other intangible assets, when events or changes in circumstances occur that indicate the carrying value of the asset may not be recoverable. During the year ended September 30, 2018, the Organization determined there were indicators of impairment at the Springwells Partners IV project due to recurring cash operating losses and low occupancy. Management estimated the fair value of the asset based on the estimated present value of discounted future cash flows, which resulted in the recognition of expense totaling $1,007,000 on the consolidated statement of unrestricted revenue, expenses, and other changes in unrestricted net assets. There were no other impairments noted.

Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability. These Level 3 fair value measurements are based primarily on management’s own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset or liability. The Organization's assessment of the fair value of Springwells Partners IV for the purpose of determining impairment is considered to be based on Level 3 inputs.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Organization’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Note 2 - Significant Accounting Policies (Continued)

Developments in Progress

Reimbursable expenses incurred toward new projects are recorded as developments in progress until financing is complete. Upon completion of financing, amounts are classified as accounts receivable from the partnership that develops the property.

Long-term Notes Receivable

Notes receivable are reported at original issue amount plus accrued interest, less principal repaid. Interest is recognized according to terms of the specific notes. An allowance for loan losses is determined based on a specific assessment of all notes that are delinquent or determined to be doubtful to be collected. Notes are considered delinquent if the repayment terms are not met. All amounts deemed to be uncollectible are charged against the allowance for loan losses in the period that determination is made.

Deferred Revenue

The Organization records deferred revenue when advance-funded grants are received and recognizes the revenue when the terms of the grant are completed.

Tax Status

Solutions, Counseling, Housing, Economic Solutions, Bagley, and ProsperUS are exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code and are classified as organizations that are not private foundations under Section 509(a). Services is exempt from federal income taxes under Section 501(c)(2) of the United States Internal Revenue Code. The Veritable Group, SDS, Creative Arts, Lithuanian Hall, 250 WGB, 388 WGB, Martin Gardens, Southwest Housing Partners, Springwells Partners, Springwells Partners II, Springwells Partners III, Lender, Manager, Tenant, and Partners are limited liability companies or S corporations; Lending Solutions is a low-profit limited liability company; and the VIE Projects are limited partnerships, all of which do not pay federal income taxes under the provisions of the Internal Revenue Code. Members and partners of the LLCs and partnerships include their respective shares of the LLCs' and partnerships' net income or loss on their individual tax returns. Accordingly, there is no provision for income taxes included in the consolidated financial statements.

The general partners are corporations subject to taxation pursuant to the Internal Revenue Code. A current tax liability or asset is recognized for the estimated taxes payable or refundable on tax returns for the year. Deferred tax liabilities or assets are recognized for the estimated future tax effects of temporary differences between book and tax accounting and operating loss and tax credit carryforwards. There are no provisions for income taxes and no deferred tax assets or liabilities at September 30, 2018.

Classification of Net Assets

Net assets of the Organization are classified as permanently restricted, temporarily restricted, or unrestricted, depending on the presence and characteristics of donor-imposed restrictions limiting the Organization's ability to use or dispose of contributed assets or the economic benefits embodied in those assets.

Temporarily restricted net assets consist of contributions received with donor-imposed restrictions that expire with the passage of time or that can be removed by meeting certain requirements.

Permanently restricted net assets result from donor-imposed restrictions that limit the use of net assets in perpetuity.

Earnings, gains, and losses on restricted net assets are classified as unrestricted, unless specifically restricted by the donor or by applicable state law. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are released to unrestricted net assets.

Note 2 - Significant Accounting Policies (Continued)

Rent Revenue

Net apartment rental revenue is recorded at gross potential rent less vacancy losses when earned.

Functional Allocation of Expenses

The costs of providing program and support services have been reported on a functional basis in the consolidated statement of unrestricted revenue, expenses, and other changes in unrestricted net assets. Indirect costs have been allocated between the various programs and support services based on estimates, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Upcoming Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Organization's year ending September 30, 2020. The ASU permits application of the new revenue recognition guidance using one of two retrospective application methods. The Organization has not yet determined which application method it will use. Management does not expect that this standard will have a significant impact to the timing and recognition pattern of the Organization's main revenue streams.

The FASB issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-to-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Organization's year ending September 30, 2021 and will be applied using a modified retrospective transition method to either the beginning of the earliest period presented or the beginning of the year of adoption. Management expects that this new standard will not significantly impact assets, liabilities, and the results of operations upon adoption.

Note 2 - Significant Accounting Policies (Continued)

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU No. 2016-14 requires significant changes to the financial reporting model of organizations that follow FASB not-for-profit rules, including changing from three classes of net assets to two classes: net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Organization, including required disclosures about the liquidity and availability of resources. The new standard is effective for the Organization’s year ending September 30, 2019 and thereafter and must be applied on a retrospective basis. Upon implementation, the Organization will report net assets within two classes, present expenses in a natural and functional classification, and include the required liquidity and availability of financial resources disclosures.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The accounting guidance will result in more governmental contracts being accounted for as contributions and may delay revenue recognition for certain grants and contributions that no longer meet the definition of unconditional. The new guidance will be effective for the Organization’s year ending September 30, 2020 and will be applied on a modified prospective basis. The Organization does not expect the standard to have a significant impact on the timing of revenue recognition for government grants and contracts, but has not yet determined the impact on the timing of recognition of foundation and individual grants and contributions.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including June 25, 2019, which is the date the financial statements were available to be issued.

Note 3 - Information about Variable Interest Entities

Housing is the 100 percent owner of certain corporate entities (and the 79 percent owner of Mack Ashland) that are general partners and that own 0.1 to 1 percent of several LDHALPs (as disclosed in Note 1). Housing is the management agent for the VIE Projects. The LDHALPs are considered to be variable interest entities because the related partnership agreements and associated agreements call for Housing, through the general partners, to provide certain project performance guarantees and operating deficit funding requirements.

Housing, through the 100 percent-owned general partner entities, determined that it is the primary beneficiary of the VIE Projects, because the agreements provide it with (1) the power to direct the activities of the entities that most significantly impact economic performance and (2) the obligation to absorb losses that could potentially be significant to the entities. As a result, these entities have been included in the financial statements as consolidated variable interest entities.

Note 3 - Information about Variable Interest Entities (Continued)

Included in the consolidated balance sheet as of September 30, 2018 are the following amounts related to the VIE Projects:

Current assets	$ 795,557
Property and equipment	53,507,186
Other assets	5,325,280
Total assets	$ 59,628,023
Current liabilities	$ 5,996,688
Long-term debt	22,500,642
Interest payable	1,266,072
Total liabilities	$ 29,763,402
Equity - Noncontrolling interest	$ 29,864,621

During 2018, Housing received equity contributions totaling $5,090,303 from the limited partners of the Mack Ashland II project to fund project development costs, which is reported on the consolidated statement of unrestricted revenue, expenses, and other changes in unrestricted net assets. The creditors and beneficial interest holders of the VIE Projects have no recourse to the assets of the Organization, other than as disclosed in Note 6 to the consolidated financial statements.

Note 4 - Property and Equipment

The cost of property and equipment at September 30, 2018 is summarized as follows:

	Southwest Solutions and Subsidiaries (Net of VIE Projects)	VIE Projects	Total
Land and land improvements	$ 4,016,959	$ 10,571,201	$ 14,588,160
Buildings and improvements	40,858,086	60,720,821	101,578,907
Vehicles	554,927	-	554,927
Furniture and fixtures	1,731,667	3,853,099	5,584,766
Equipment	4,081,453	-	4,081,453
Leasehold improvements	2,279,218	-	2,279,218
Total cost	53,522,310	75,145,121	128,667,431
Accumulated depreciation	32,146,967	23,127,695	55,274,662
Net carrying amount	$ 21,375,343	$ 52,017,426	$ 73,392,769

Depreciation expense for the year ended September 30, 2018 was as follows:

	Southwest Solutions and Subsidiaries (Net of VIE Projects)	VIE Projects	Total
Depreciation expense	$ 1,766,884	$ 2,565,307	$ 4,332,191

Note 5 - Assets Limited as to Use

The detail of assets limited as to use is summarized in the following schedule:

Cash held as reserves for operating deficits, capital replacement, exit tax liabilities, and commercial asset management deficits	$	4,443,950
Cash held as escrows and reserves for operating deficits, capital replacement, and insurance and tax obligations		613,338
Grant-specific funds		4,491,522
Loan receivables from loan program		352,540
Total assets limited as to use		9,901,350
Less current portion		3,141,522
Total long-term assets limited as to use	$	6,759,828

Note 6 - Long-term Debt

Long-term debt at September 30, 2018 consisted of the following:

Solutions - Revolving line of credit with a maximum borrowing capacity of $2,000,000, requiring monthly payments of interest and a final balloon payment of all outstanding principal and accrued interest due on January 17, 2019. Interest accrues at a floating rate of 225 basis points above the one-month LIBOR, effectively 4.375 percent at September 30, 2018. The line of credit is guaranteed by Counseling, Services, Economic Solutions, and Housing and is collateralized by certain accounts, accounts receivable, and real property and equipment of the guarantors. As of September 30, 2018, the line of credit is in default. Subsequent to the end of the year, the line of credit was repaid as a part of a refinance transaction with a new financial institution	$	945,000
Counseling - Multiple vehicle loans payable to a bank, requiring monthly payments ranging from $542 to $639, including interest ranging from 5.14 to 5.42 percent, through February 2021		17,950
Counseling - Mortgage loan payable in monthly installments of $4,434, including interest at 4.85 percent. The note is collateralized by the 1600 Porter property and fixtures and an assignment of rents and matures on March 27 2022, with any remaining unpaid principal and interest due at that time. The loan is further secured by a guarantee from Solutions and is subject to covenants		603,274
Lithuanian Hall - Loan payable to a bank, collateralized by real property, with a fixed interest rate of 5.74 percent, requiring monthly payments of principal and interest ranging from $6,905 to $7,177 per month. The loan had a scheduled balloon payment for the remaining balance due on March 5, 2018. Subsequent to the end of the year, the Organization entered into a loan agreement with a new financing institution refinance this obligation. Under the terms of the new loan agreement, an original amount of $840,000 was incurred, and is due in monthly installments of interest at a fixed rate of 5.5 percent, plus principal in an aggregate amount of $5,817, through the maturity date of April 25, 2024		716,204
Housing - Notes payable to Cinnaire, uncollateralized, bearing no rate of interest and repayable based on achieving certain cash flow targets		50,000
Housing - Note payable to the City of Detroit, Michigan for $200,000 received to fund an LDHALP through a pass-through loan. The note payable is uncollateralized, bears no interest, and requires principal payments to the extent repayments from the pass-through loan are received from the LDHALP. No payments to this loan were required for the year ended September 30, 2018		200,000

Note 6 - Long-term Debt (Continued)

Housing - Line of credit with Chemical Bank with a maximum withdrawal of $650,000, collateralized by certain property. The outstanding balance bears interest at a rate of prime plus one basis point percent (effectively 5.25 percent at September 30, 2018) and is due monthly based on draws outstanding. Any remaining unpaid principal and interest balance is due in May 2021	$	640,847
Housing - Notes payable to Illinois Financing Fund (IFF), collateralized by certain property, requiring monthly payments of principal and interest totaling $6,144, with fixed interest rates of 5.375 percent. The remaining unpaid principal and interest are due in 2029		601,018
Housing - Loan payable to IFF, collateralized by certain property, requiring monthly payments of principal and interest totaling $2,593, with an initial interest rate of 5.375 percent. The remaining unpaid principal and interest are due in 2030		273,425
Creative Arts - Loan payable owed to IFF, collateralized by a mortgage on certain property and an assignment of rent and leases. Beginning on December 1, 2016, the loan requires monthly payments of principal and interest totaling $1,216. The loan includes interest at a fixed rate of 5.375 percent and matures on November 2031. Subsequent to the end of the year, this amount was repaid in full		139,240
Bagley - Notes payable to financial institutions with fixed interest rates ranging from 4.00 to 6.00 percent. The notes are due on demand. The notes are collateralized by the respective properties that are included within Bagley		35,074
Housing - Line of credit with PNC Bank totaling $249,000, amended and restated as a term note on January 31, 2016. The note bears interest at a rate of 4.015 percent. Payments are due in 43 equal consecutive monthly installments in the amount of $1,518.51 beginning on February 13, 2016. Any outstanding principal and accrued interest due are payable in full in September 2019		226,295
Housing - Promissory note with Oak Ridge Properties, LLC with a principal sum of $500,000, secured by a mortgage on certain property and an assignment of leases and rents. Interest accrues at 6 percent per annum or $82.19 per day. The entire balance of the loan is due in full at the maturity date of August 2021. No principal payments shall be permitted prior to the maturity date		500,000
250 WGB - Unconditional payment loans owed to the City of Detroit HOME Investor Rehabilitation/New Construction Loan Program, collateralized by a mortgage on certain property, bearing interest at 5.30 percent, and requiring monthly payments of principal and interest totaling $1,150. Outstanding principal, together with unpaid interest, is due in full in December 2019		699,268
388 WGB - Unconditional payment loan owed to the City of Detroit HOME Investor Rehabilitation/New Construction Loan Program, collateralized by a mortgage and certain property, bearing interest at 0.50 percent, and requiring annual principal-only payments of $1,200. Accrued interest, along with the unpaid principal balance of the loan, is due in December 2019		674,400
Lending Solutions - Loan payable owed to Capital Impact Partners. The loan bears no interest and is secured by a liquidity requirement whereby the lender retains 50 percent of loan proceeds in a credit enhancement account to apply against any outstanding principal at such time payments are past due. Outstanding principal is due in full November 2025		108,437
Martin Gardens - Loan payable to the City of Detroit HOME Investor Rehabilitation/New Construction Loan Program. The loan is secured by the land and property improvements of the project. The loan bears interest at a rate of 5.25 percent and requires annual payments totaling $1,200. Outstanding principal and any unpaid interest are due in full in December 2025		343,464

Note 6 - Long-term Debt (Continued)

Martin Gardens - Loan payable to the City of Detroit HOME Investor Rehabilitation/New Construction Loan Program. The loan is secured by the land and property improvements of the project. The loan bears interest at a rate of 5.25 percent and has no required principal payments. Effective July 1, 2016, the loan became self-amortizing over the remaining life of the loan. The forgiveness of debt and unpaid interest is amortized over a straight-line method and will be forgiven annually through December 2025	$	1,495,260
Southwest Housing Partners - Loans payable to the City of Detroit HOME Investor Rehabilitation/New Construction Loan Program. The loans bear interest at a rate of 6.75 percent and require monthly principal and interest payments totaling $2,761. The loans are collateralized by the mortgage and security agreement and an assignment of leases and rents covering the real estate and property. Outstanding principal and any unpaid interest are due in full in July 2022		2,072,523
Springwells Partners - Note payable to a bank. The note bears interest at a rate of 6.63 percent and requires monthly principal and interest payments totaling $3,538 through 2024. The loan is secured by the first real estate mortgage and an assignment of leases and rents covering the real estate and property		482,747
Housing - Loans due to a private lending source in conjunction with the acquisition and renovation of properties acquired for resale. Each individual loan is secured by the related acquired property, is noninterest bearing, and is due at the point of sale of the property. The majority of properties held at September 30, 2018 are expected to be sold within 12 months and, as such, are expected to be repaid within one year		2,712,147
LDHALPs - Notes payable owed to financial institutions and equity funds, collateralized by the respective projects' real and personal properties, with interest rates ranging from 0 to 6.00 percent, and requiring monthly payments of principal and interest ranging from $0 to $25,885 per month. The notes mature between July 2023 and December 2063. Housing has no liability with respect to these notes payable beyond the collateral of the respective LDHALP		16,256,339
Total		29,792,912
Less current portion		4,837,449
Long-term portion	$	24,955,463

Future maturities on long-term debt outstanding as of September 30, 2018 are as follows:

Years Ending September 30	Southwest Solutions and Subsidiaries Debt (Net of VIE Projects)	VIE Projects Debt	Total
2019	$ 4,703,540	$ 133,909	$ 4,837,449
2020	1,537,611	139,478	1,677,089
2021	671,101	145,415	816,516
2022	2,645,847	150,897	2,796,744
2023	126,519	155,184	281,703
2024 and thereafter	3,851,955	15,531,456	19,383,411
Total	$ 13,536,573	$ 16,256,339	$ 29,792,912

Interest expense on this debt for 2018 was $805,662 and $707,000 for Southwest Solutions and Subsidiaries' debt (net of the VIE Projects) and the VIE Projects' debt, respectively.

Note 6 - Long-term Debt (Continued)

Interest payable on the consolidated balance sheet of $6,923,032 relates to the City of Detroit HOME Investor Rehabilitation/New Construction Loan Program or the CHI HOME loan program through the Michigan State Housing Development Authority for the VIE Projects. The outstanding principal amount on the loans is included in the notes payable amounts noted above for the LDHALPs. The loan terms vary by loan, with some loans requiring principal and interest payments each month and others requiring unpaid interest and remaining principal amounts at the time of loan maturity. The loans mature between December 2022 and December 2063.

Note 7 - Net Assets

Net assets consist of the following as of September 30, 2018:

Temporarily restricted net assets consist of amounts that are purpose restricted for specific program use, totaling $3,067,559 at September 30, 2018.

Permanently restricted net assets totaling $2,994,100 at September 30, 2018 relate to funds received through an agreement with Neighborhood Reinvestment Corporation (NRC). NRC is a program that has provided funds to Housing to support lending to certain populations, the corpus and earnings of which may only be used to support a revolving loan fund to be used to fund loans for capital expenditures related to property acquisition and renovation. Included in this balance are funds totaling $2,690,304 that are part of the related program NeighborWorks America Capital Fund.

Total changes in unrestricted net assets for the year ended September 30, 2018 are detailed below:

	Attributable to Noncontrolling Interests	Attributable to Controlling Interests	Total
Decrease in unrestricted net assets from operating activities	$ (4,308,918)	$ (2,115,044)	$ (6,423,962)
Equity transfer from noncontrolling interest to controlling interest	(7,673,887)	7,673,887	-
Cancellation of indebtedness	1,563,855	-	1,563,855
Equity contributions	5,090,303	-	5,090,303
Other	-	(649,659)	(649,659)
Total	$ (5,328,647)	$ 4,909,184	$ (419,463)

Note 8 - Operating Leases

Counseling has rental commitments under leases for office space and equipment with other entities and vehicle lease commitments through car dealerships expiring on various dates through 2021.

Future minimum annual commitments under these operating leases are as follows:

Years Ending September 30	Amount
2019	$ 169,488
2020	61,213
2021	26,280
Total	$ 256,981

Note 9 - Retirement Plan

Solutions, Counseling, Housing, and Economic Solutions are part of Solutions' 403(b) plan covering substantially all full-time employees. Under the plan, these entities contribute 5 percent of qualifying employees' salaries. The retirement plan expense was approximately $603,000 for the year ended September 30, 2018.

Note 10 - Functional Classification of Expenses

Major classes of program and support services are as follows:

Program services:	
Outpatient adult	$ 5,875,854
School-based and early childhood	2,544,769
Children, youth, and family	5,388,852
Supportive housing services	10,178,047
Residential services	19,992,396
Total program services	43,979,918
Support services - Management and general	9,085,991
Total	$ 53,065,909

Note 11 - Related Party Transactions

Housing is affiliated through common board members with Rademacher Lodge Non-Profit Housing Corporation (Rademacher), which operates an apartment complex under Section 202 of the National Housing Act. Rademacher currently leases its facility to another unrelated organization for shelter for homeless individuals. Financial results for Rademacher at September 30, 2018 are as follows:

Total assets	$ 386,603
Total liabilities	777,169
Net deficit	(390,566)
Liabilities and net deficit	$ 386,603

Rademacher's net loss totaled $31,018 for the year ended September 30, 2018.

Housing has advanced $185,593 to Rademacher at September 30, 2018 to fund working capital deficits, which is included in long-term notes receivable. Housing's ability to realize this receivable is dependent on the ability of Rademacher to generate future revenue in excess of expenses.

Note 12 - Investments - Other

Counseling and The Guidance Center (an unrelated third party) incorporated Bridgeway Services, Inc. (Bridgeway) as an equally owned joint venture. Previously, this investment was not recorded as an asset due to the form of Bridgeway's charter. During 2017, Bridgeway's charter was amended, thus, requiring the inclusion of this investment on the Organization's financial statements. This investment is accounted for using the equity method. Bridgeway was formed to provide programs of supervision and care for delinquent juveniles assigned to the Wayne County Juvenile Justice System. Bridgeway currently has a care management contract from the Wayne County Juvenile Justice Agency. For the year ended September 30, 2018, Bridgeway received reimbursement for each youth referred to the program based on a fixed-fee contract amount.

Note 12 - Investments - Other (Continued)

The following is audited condensed information regarding Bridgeway's activity as of September 30, 2018:

The audited condensed financial statements for Bridgeway consisted of total assets of $5,620,708, total liabilities of $779,809, and net assets of $4,840,899 at September 30, 2018, and revenue of $13,154,796, total expenses of $11,499,156, and increase in net assets of $1,655,640 for the year then ended.

The Organization's investment in Bridgeway was $2,420,450 at September 30, 2018.

The Organization's other investments accounted for under the equity method, which total $86,134 at September 30, 2018, are included in investments - other on the balance sheet.

Note 13 - Accrued Liabilities and Other

The details of accrued liabilities and other at September 30, 2018 are as follows:

Payroll and related items	$ 1,679,009
VIE Projects accrued management fees payable	370,131
Other	1,925,168
Total	$ 3,974,308

Additional Information

plante moran

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Independent Auditor's Report on Additional Information

To the Board of Directors
Southwest Solutions and Subsidiaries

We have audited the consolidated financial statements of Southwest Solutions and Subsidiaries as of and for the year ended September 30, 2018 and have issued our report thereon dated June 25, 2019, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the 2018 consolidated financial statements as a whole. The consolidating balance sheet; consolidating statement of unrestricted revenue, expenses, and other changes in unrestricted net assets; and consolidating statement of changes in net assets are presented for the purpose of additional analysis rather than to present the financial position, results of operations, and cash flows of the individual companies and are not a required part of the 2018 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 2018 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2018 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 2018 consolidated financial statements or to the 2018 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 2018 consolidated financial statements as a whole.

Plante & Moran, PLLC

June 25, 2019

Consolidating Balance Sheet

September 30, 2018

	Southwest Solutions	Counseling	Asset Services, Inc.	Economic Solutions	Housing	Eliminating Entries	Total	VIE Projects	Eliminating Entries	Total
Assets										
Current Assets										
Cash and cash equivalents	$ 121,221	$ 740,049	$ 5,392	$ 372,682	$ 813,225	$ -	$ 2,052,569	$ 363,627	$ -	$ 2,416,196
Receivables										
Trade	147,258	-		564,978	1,937,659	(472,578)	2,177,317	821,065	(1,813,753)	1,184,629
Contributions	1,250,000	-		-	-		1,250,000	-	-	1,250,000
Grants	-	1,635,243		1,472,170	-		3,107,413	-	-	3,107,413
Patient services	-	109,176		-	-		109,176	-	-	109,176
Allowance for uncollectible accounts	-	(219,256)		-	-		(219,256)	-	-	(219,256)
Assets limited as to use - Current	-	-	-	-	3,141,522	-	3,141,522	-	-	3,141,522
Property held for resale	-	-	-	-	3,340,511	-	3,340,511	-	-	3,340,511
Prepaid expenses and other current assets	11,802	263,595	4,592	21,031	107,200	-	408,220	221,803	-	630,023
Total current assets	1,530,281	2,528,807	9,984	2,430,861	9,340,117	(472,578)	15,367,472	1,406,495	(1,813,753)	14,960,214
Investments - Other	-	2,506,584	-	-	-	-	2,506,584	-	-	2,506,584
Property and Equipment - Net	25,692	979,492	212,752	180,126	19,977,281	-	21,375,343	61,222,731	(9,205,305)	73,392,769
Developments in Progress	-	-	-	-	1,207,376	-	1,207,376	-	-	1,207,376
Assets Limited as to Use	1,350,000	-	-	-	2,247,220	-	3,597,220	4,443,950	(1,281,342)	6,759,828
Long-term Notes Receivable	-	-	-	-	7,808,252	-	7,808,252	-	(7,131,454)	676,798
Long-term Due from Affiliated Entity	3,455,633	773,452	-	-	125,000	(4,354,085)	-	-	-	-
Other Assets	-	-	-	-	7,551,689	-	7,551,689	868,702	(7,428,081)	992,310
Total assets	**6,361,606**	**6,788,335**	**222,736**	**2,610,987**	**48,256,935**	**(4,826,663)**	**59,413,936**	**67,941,878**	**(26,859,935)**	**100,495,879**
Liabilities and Net Assets										
Current Liabilities										
Accounts payable	320,229	594,370	-	114,052	742,632	(14,143)	1,757,140	1,802,962	-	3,560,102
Accrued liabilities and other	506,620	1,424,041	(13,518)	189,043	597,160	-	2,703,346	1,270,962	-	3,974,308
Deferred revenue	-	-	-	-	3,147,379	-	3,147,379	-	-	3,147,379
Current portion of long-term debt	945,000	31,392	-	-	3,727,148	-	4,703,540	133,909	-	4,837,449
Due to affiliates - Current portion	127,433	503,038	76,011	-	444,740	(1,283,750)	(132,528)	3,051,983	(2,919,455)	-
Total current liabilities	1,899,282	2,552,841	62,493	303,095	8,659,059	(1,297,893)	12,178,877	6,259,816	(2,919,455)	15,519,238
Due to Affiliates - Net of current portion	-	-	135,582	1,093,229	2,299,959	(3,528,770)	-	-	-	-
Long-term Debt - Net of current portion	-	589,832	-	-	8,276,181	-	8,866,013	22,869,612	(6,780,162)	24,955,463
Interest Payable	-	-	-	-	5,937,255	-	5,937,255	1,273,942	(288,165)	6,923,032
Total liabilities	1,899,282	3,142,673	198,075	1,396,324	25,172,454	(4,826,663)	26,982,145	30,403,370	(9,987,782)	47,397,733
Net Assets										
Unrestricted:										
Controlling interest	1,812,952	3,645,662	24,661	223,098	20,048,801	614,958	26,370,132	14,807,903	(16,872,153)	24,305,882
Noncontrolling interest	-	-	-	-	-	-	-	22,730,605	-	22,730,605
Temporarily restricted	2,649,372	-	-	991,565	41,580	(614,958)	3,067,559	-	-	3,067,559
Permanently restricted	-	-	-	-	2,994,100	-	2,994,100	-	-	2,994,100
Total net assets	4,462,324	3,645,662	24,661	1,214,663	23,084,481	-	32,431,791	37,538,508	(16,872,153)	53,098,146
Total liabilities and net assets	**$ 6,361,606**	**$ 6,788,335**	**$ 222,736**	**$ 2,610,987**	**$ 48,256,935**	**$ (4,826,663)**	**$ 59,413,936**	**$ 67,941,878**	**$ (26,859,935)**	**$ 100,495,879**

Consolidating Statement of Unrestricted Revenue, Expenses, and Other Changes in Unrestricted Net Assets

Year Ended September 30, 2018

	Southwest Solutions	Counseling	Asset Services, Inc.	Economic Solutions	Housing	Eliminating Entries	Total	VIE Projects	Eliminating Entries	Total
Changes in Unrestricted Net Assets										
Revenue, gains, and other support:										
Grant funding and fee-for-service revenue	$ -	$ 20,266,217	$ -	$ 3,033,233	$ 369,783	$ -	$ 23,669,233	$ -	$ -	$ 23,669,233
Patient and other services	-	1,203,893	-	-	-	-	1,203,893	-	-	1,203,893
ASO management fees	5,158,750	-	-	-	-	(5,158,750)	-	-	-	-
Contributions	541,467	112,690	-	80,779	29,768	(21,565)	743,139	-	-	743,139
Rent	-	-	90,000	-	1,960,521	(151,771)	1,898,750	3,796,185	-	5,694,935
Program revenue	-	1,887,589	-	-	907,004	(108,103)	2,686,490	-	(890,544)	1,795,946
Property management fees	-	-	-	-	357,158	-	357,158	-	(348,217)	8,941
Sales of property	-	-	-	-	8,016,620	-	8,016,620	-	-	8,016,620
Gain from Bridgeway Services, Inc.	-	827,820	-	-	-	-	827,820	-	-	827,820
Interest income	4,345	-	-	-	134,393	-	138,738	127,635	(43,923)	222,450
Miscellaneous income	78,363	-	-	16,130	114,801	(36,000)	173,294	171,571	(193,610)	151,255
Total revenue, gains and other support	5,782,925	24,298,209	90,000	3,130,142	11,890,048	(5,476,189)	39,715,135	4,095,391	(1,476,294)	42,334,232
Net assets released from restrictions	-	246,124	-	1,361,584	2,700,007	-	4,307,715	-	-	4,307,715
Total unrestricted revenue, support, and net assets released from restrictions	5,782,925	24,544,333	90,000	4,491,726	14,590,055	(5,476,189)	44,022,850	4,095,391	(1,476,294)	46,641,947
Expenses:										
Program services	-	23,987,522	69,730	3,727,318	13,139,668	(3,720,536)	37,203,702	8,041,308	(1,265,092)	43,979,918
Support services	5,785,652	2,337,042	36,399	775,844	1,543,706	(1,755,653)	8,722,990	363,001	-	9,085,991
Total expenses	5,785,652	26,324,564	106,129	4,503,162	14,683,374	(5,476,189)	45,926,692	8,404,309	(1,265,092)	53,065,909
Decrease in Unrestricted Net Assets - Before Nonoperating Income	(2,727)	(1,780,231)	(16,129)	(11,436)	(93,319)	-	(1,903,842)	(4,308,918)	(211,202)	(6,423,962)
Cancellation of Indebtedness	-	-	-	-	-	-	-	1,563,855	-	1,563,855
Equity Contributions			-	-	-	-	-	5,090,303	-	5,090,303
Affiliate Equity Transfers and Other	(1,529,525)	(600,000)	-	-	2,208,727	-	79,202	-	(728,861)	(649,659)
Increase (Decrease) in Unrestricted Net Assets	**$ (1,532,252)**	**$ (2,380,231)**	**$ (16,129)**	**$ (11,436)**	**$ 2,115,408**	**$ -**	**$ (1,824,640)**	**$ 2,345,240**	**$ (940,063)**	**$ (419,463)**

Consolidating Statement of Changes in Net Assets

Year Ended September 30, 2018

	Southwest Solutions	Counseling	Asset Services, Inc.	Economic Solutions	Housing	Eliminating Entries	Total	VIE Projects	Eliminating Entries	Total
Increase (Decrease) in Unrestricted Net Assets	$ (1,532,252)	$ (2,380,231)	$ (16,129)	$ (11,436)	$ 2,115,408	$ -	$ (1,824,640)	$ 2,345,240	$ (940,063)	$ (419,463)
Changes in Temporarily Restricted Net Assets										
Contributions	2,649,373	-	-	2,227,551	15,000	-	4,891,924	-	-	4,891,924
Net assets released from restrictions	-	(246,124)	-	(1,361,584)	(2,318,007)	-	(3,925,715)	-	-	(3,925,715)
Increase (Decrease) in Temporarily Restricted Net Assets	2,649,373	(246,124)	-	865,967	(2,303,007)	-	966,209	-	-	966,209
Changes in Permanently Restricted Net Assets										
Contributions	-	-	-	-	190,000	-	190,000	-	-	190,000
Net assets released from restrictions	-	-	-	-	(382,000)	-	(382,000)	-	-	(382,000)
Decrease in Permanently Restricted Net Assets	-	-	-	-	(192,000)	-	(192,000)	-	-	(192,000)
Increase (Decrease) in Net Assets	1,117,121	(2,626,355)	(16,129)	854,531	(379,599)	-	(1,050,431)	2,345,240	(940,063)	354,746
Net assets - Beginning of year	3,345,203	6,272,017	40,790	360,132	23,464,080	-	33,482,222	35,193,268	(15,932,090)	52,743,400
Net assets - End of year	**$ 4,462,324**	**$ 3,645,662**	**$ 24,661**	**$ 1,214,663**	**$ 23,084,481**	**$ -**	**$ 32,431,791**	**$ 37,538,508**	**$ (16,872,153)**	**$ 53,098,146**