

**GOOD NEWS PARTNERS**  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REPORT**  
**AUGUST 31, 2016 AND 2015**

# ***WEISS, SUGAR, DVORAK & DUSEK, LTD.***

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
GOOD NEWS PARTNERS  
Chicago, IL

### **Report of Financial Statements**

We have audited the accompanying financial statements of GOOD NEWS PARTNERS (a nonprofit organization), which comprise the statements of financial position as of August 31, 2016 and 2015, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

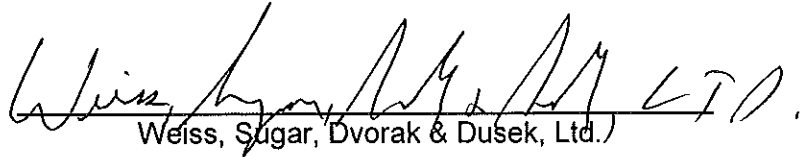
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of GOOD NEWS PARTNERS as of August 31, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

  
Weiss, Sugar, Dvorak & Dusek, Ltd.)

Chicago, Illinois  
January 22, 2018

**GOOD NEWS PARTNERS**  
**Statements of Financial Position**  
**August 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 59,363	\$ 14,325
Investments in common stock at fair value	6,456	24,546
Advances	3,138	3,290
Note receivable	11,465	4,185
Accounts receivable, net of allowance for doubtful accounts of \$183,318 for 2016 and \$162,812 for 2015	81,279	73,383
Utility deposits	14,630	7,258
Real estate escrow	7,834	
Total Current Assets	184,165	126,987
<b>PROPERTY AND EQUIPMENT</b>		
Land	563,300	563,300
Buildings	3,106,530	3,106,530
Improvements	2,484,409	2,417,749
Equipment	114,424	114,424
Other	7,500	
	6,276,163	6,202,003
Less: Accumulated depreciation	1,276,031	1,190,623
Net Property and Equipment	5,000,132	5,011,380
<b>OTHER ASSETS</b>		
Other	70,090	70,090
Advances to Co-ops	933,266	720,017
Note receivable (net of current portion)	310,005	330,543
Total Other Assets	1,313,361	1,120,650
<b>TOTAL ASSETS</b>	<b>\$ 6,497,658</b>	<b>\$ 6,259,017</b>

See independent auditors' report and notes to financial statements.

**GOOD NEWS PARTNERS**  
**Statements of Financial Position (Continued)**  
**August 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Bank overdraft	\$	\$ 62,743
Accounts payable	167,135	111,434
Accrued expenses	252,152	137,458
Co-op accrued expenses	93,245	92,274
Tenant security deposits	40,297	39,257
Deferred gain	121,672	123,819
Current portion of unsecured notes payable due to related parties	157,118	220,650
Current maturities of mortgages payable	<u>84,528</u>	<u>2,280,197</u>
<b>Total Current Liabilities</b>	<u>916,147</u>	<u>3,067,832</u>
<b>NON-CURRENT LIABILITIES</b>		
Mortgages payable (net of current maturities)	3,174,303	843,158
Unsecured notes payable due to related parties (net of current portion)	427,912	204,380
Equity due Co-op occupants	<u>626,429</u>	<u>601,036</u>
<b>Total Non-Current Liabilities</b>	<u>4,228,644</u>	<u>1,648,574</u>
<b>NET ASSETS</b>		
Unrestricted	960,066	1,047,088
Temporarily restricted	<u>392,801</u>	<u>495,523</u>
<b>Total Net Assets</b>	<u>1,352,867</u>	<u>1,542,611</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$6,497,658</u>	<u>\$6,259,017</u>

See independent auditors' report and notes to financial statements.

**GOOD NEWS PARTNERS**  
**Statements of Activities and Changes in Net Assets**  
**For the Years Ended August 31, 2016 and 2015**

	<u>UNRESTRICTED</u>	TEMPORARILY <u>RESTRICTED</u>	<u>TOTAL</u>	
			<u>2016</u>	<u>2015</u>
<b>SUPPORT AND REVENUE</b>				
Contributions:				
Individuals	\$ 271,254	\$	\$ 271,254	\$ 666,469
Churches	116,761		116,761	142,654
Corporations and foundations	128,870		128,870	150,158
Government grants	179,456		179,456	188,423
Other	40,050		40,050	17,130
Program service revenue:				
Rental	551,284		551,284	489,031
Other	192,595		192,595	213,072
Investment income	13,804		13,804	18,718
Miscellaneous	25,927		25,927	14,386
Net assets released from restriction	<u>102,722</u>	<u>(102,722)</u>		
Total Support and Revenue	<u>1,622,723</u>	<u>(102,722)</u>	<u>1,520,001</u>	<u>1,900,041</u>
<b>EXPENSES</b>				
Program services	1,293,749		1,293,749	1,496,567
Supporting services:				
Management and general	309,680		309,680	189,424
Fundraising	<u>106,316</u>		<u>106,316</u>	<u>140,982</u>
Total Expenses	<u>1,709,745</u>		<u>1,709,745</u>	<u>1,826,973</u>
<b>CHANGE IN NET ASSETS</b>	(87,022)	(102,722)	(189,744)	73,068
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>1,047,088</u>	<u>495,523</u>	<u>1,542,611</u>	<u>1,469,543</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 960,066</u>	<u>\$ 392,801</u>	<u>\$ 1,352,867</u>	<u>\$ 1,542,611</u>

**GOOD NEWS PARTNERS**  
**Statements of Cash Flows**  
**For the Years Ended August 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (189,744)	\$ 73,068
<i>Adjustments to change in net assets to net cash provided (used) by operating activities:</i>		
Depreciation	85,408	86,185
Amortization of debt issuance costs to interest expense	3,303	
Increase in value of investments	18,090	14,875
Gift of building		(402,000)
<i>Increase (decrease) in cash due to changes in:</i>		
Advances	152	(1,604)
Note receivable	13,258	66
Pledges receivable		116,828
Accounts receivable	(7,896)	(6,519)
Utility deposits	(7,372)	
Real estate escrow	(7,834)	
Advances to Co-ops	(213,249)	939
Accounts payable and accrued expenses	107,652	255,262
Co-op accrued expenses	971	2,111
Deferred gain	(2,147)	(2,682)
Tenant security deposits	1,040	4,445
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(198,368)</u>	<u>140,974</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	<u>(74,160)</u>	<u>(155,837)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in unsecured notes payable	160,000	(74,034)
Increase in equity due co-op occupants	25,393	53,170
Payments on mortgages	(3,140,229)	(90,269)
Borrowings on mortgages	3,341,772	
Debt issuance costs	(69,370)	
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<u>317,566</u>	<u>(111,133)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	45,038	(125,996)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>14,325</u>	<u>140,321</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 59,363</u>	<u>\$ 14,325</u>

See independent auditors' report and notes to financial statements.

**GOOD NEWS PARTNERS**  
**Statements of Functional Expenses**  
**For the Year Ended August 31, 2016**  
**With Comparative Totals for the Year Ended August 31, 2015**

	PROGRAM SERVICES					SUPPORTING SERVICES			TOTAL		
	Jonquil Hotel	New Life Interim Housing	Rental Housing	Education, Children and Youth	Builders and Apprentices	Ministry	Total	Management and General	Fund Raising	2016	2015
Depreciation	\$ 17,903	\$ 2,661	\$ 58,888	\$	\$	\$ 2,661	\$ 82,113	\$ 3,295	\$	\$ 85,408	\$ 86,185
Eviction	551	1,714					2,265	1,868		4,133	578
Exterminator	529	507	5,371				6,407	47,723	1,050	55,180	1,588
Fees and memberships		4,396					4,396			4,396	23,994
Food										6,443	14,848
Fund raising events									6,443	6,443	7,092
Housing and travel									16,500	16,500	16,500
Insurance	8,884	11,018	22,479	2,448	33,565	4,442	82,836	5,857	6,506	95,199	149,631
Interest	22,439	3,524	102,031			4,165	132,159	16,622		148,781	134,137
Material and supplies	9,898	9,924	1,914			547	22,283	6,798	912	29,993	90,658
Miscellaneous	69		3,185			4	3,258			3,258	8,901
Office	208	1,208	1,023			10	2,449	1,805	90	4,344	17,794
Payroll taxes	12,897	13,761	6,747	10,393	34,774	9,060	87,632	19,046	10,559	117,237	56,563
Postage and mailing	166	167					333	1,527	61	1,921	6,549
Programs		1,236				2,318	3,554	2,084		5,638	13,638
Provision for bad debts			55,542				55,542			55,542	78,799
Real estate taxes	1,174		31,773				32,947			32,947	27,293
Rent	1,200		4,800				6,000			6,000	6,000
Repairs and maintenance		927	2,825				3,752			3,752	2,112
Rubbish	6,050		4,523				10,573			10,573	9,731
Salaries and wages	137,473	120,445	99,824	71,918	167,361	40,421	637,442	193,803	63,723	894,968	950,376
Telephone	4,344	5,027	111	300	2,745		12,527	4,995	337	17,859	13,523
Training		438					438	70	70	578	466
Transportation		193				30	223	1,604	65	1,892	9,086
Utilities	41,278	15,096	46,343			1,903	104,620	2,583		107,203	100,931
<b>TOTAL EXPENSES - 2016</b>	<b>\$ 265,063</b>	<b>\$ 190,528</b>	<b>\$ 449,093</b>	<b>\$ 85,059</b>	<b>\$ 238,445</b>	<b>\$ 65,561</b>	<b>\$ 1,293,749</b>	<b>\$ 309,680</b>	<b>\$ 106,316</b>	<b>\$ 1,709,745</b>	
<b>TOTAL EXPENSES - 2015</b>	<b>\$ 298,114</b>	<b>\$ 256,554</b>	<b>\$ 430,530</b>	<b>\$ 48,932</b>	<b>\$ 338,665</b>	<b>\$ 123,772</b>	<b>\$ 1,496,567</b>	<b>\$ 189,424</b>	<b>\$ 140,982</b>	<b>\$ 1,826,973</b>	

See independent auditors' report and notes to financial statements.



**GOOD NEWS PARTNERS**  
**Notes to Financial Statements**  
**August 31, 2016 and 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Good News Partners (the "Organization"), incorporated in 1980, is a Christian community organization, striving to empower people to embody the church and to upbuild community. Our community works together through ministries of housing; youth, learning/enrichment, addiction recovery, and spiritual growth programs; job training/employment opportunities; and community development.

**Basis of Presentation**

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Included in the Organization's accounting records are buildings and improvements related to the Co-op Housing Program and their related mortgages payable and equity due Co-op owners. The Co-op Housing Program encourages home ownership and its financial responsibilities among the families it serves. The Organization acts as a financial intermediary by collecting Co-op owners' monthly assessments and remitting them to local financial institutions. Operating costs of the Co-ops are paid for by each of the Co-op Associations independently. Although in theory the Co-ops are independent of Good News Partners, the Organization can and does incur significant operating expenses and rehabilitation expenditures on their behalf and is ultimately liable for their mortgages. As the Co-ops provide cash to reduce principal on the mortgages, the Organization records an equal liability to the Co-ops. Expenses paid directly by the Co-ops are not included in these financial statements.

**Property and Equipment**

Maintenance, repairs and minor replacements are expensed. Depreciation is computed using the straight-line method over the estimated useful life of five to seven years for equipment, thirty-nine years for buildings and improvements.

**Revenue Recognition**

All contributions and grants are considered unrestricted unless otherwise specified by the donor and are recorded at fair market value at the date of donation. Restricted grants are recorded as temporarily restricted revenue upon receipt and recognized as unrestricted revenue when expenditures have been made in accordance with donor restrictions.

**Income Taxes**

The Organization is exempt from federal income taxes under Section 501(C)(3) of the Internal Revenue Code. Thus no provision for income taxes has been provided in the financial statements.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Donated Services

Donation of services is vital to the success of Good News Partners. No amounts have been reflected for donated services since no objective basis is available to measure their value.

### Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

## NOTE 2 - MORTGAGES PAYABLE

During 2016, the Organization refinanced its mortgages payable with one financial institution. Debt issuance costs incurred as a result of this refinance amounted to \$69,370. These costs are amortized into interest expense over the life of the loans, which is seven years. During the year ended August 31, 2016, the amount amortized into interest expense amounted to \$3,303.

Mortgages payable at August 31, 2016, consisted of the following:

### A. Independent Co-ops with Residents Remitting

#### Monthly Assessments to GNP:

Mortgage payable at 5.05%, principal and interest in monthly installments on Esperanza Latina Co-op, until 2023, secured by land, building and rents	\$ 432,780
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Mortgage payable at 5.05%, principal and interest in monthly installments on Phoenix Co-op, until 2023, secured by land, building and rents	497,495
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Mortgage payable at 5.05%, principal and interest in monthly installments on BOS Co-op, until 2023, secured by land, building and rents	<u>243,773</u>
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Total Balance	1,174,048
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Less: Portion payable in one year	<u>24,203</u>
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Total Long-Term Portion	<u>1,149,845</u>
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### B. Co-ops with Income and Expenses Included in

#### GNP Program Services:

Mortgage payable at 5.05%, principal and interest in monthly installments on Fargo Apartments, until 2023, secured by land, building and rents	268,609
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Less: Portion payable in one year	<u>5,539</u>
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Total Long-Term Portion	<u>263,070</u>
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**NOTE 2 – MORTGAGES PAYABLE (Continued)**

**C. Non Co-op Mortgages:**

Mortgage payable at 5.05%, principal and interest in monthly installments on Jonquil Hotel, Jonquil Terrace, Lloyd Apartments, Ministry Center and New Life, until 2023, secured by land, building and rents	\$ 1,840,468
Other	<u>41,773</u>
Total Balance	1,882,241
Less: Portion payable in one year	<u>64,696</u>
Total Long-Term Portion	<u>1,817,545</u>
<b>TOTAL LONG-TERM MORTGAGES PAYABLE</b>	<b><u>\$ 3,230,460</u></b>

Maturities of mortgages payable and amortization of debt issuance costs for the years ending August 31, are as follows:

	<u>MATURITIES</u>	<u>AMORTIZATION</u>	<u>TOTAL</u>
2017	\$ 94,438	\$ (9,910)	\$ 84,528
2018	319,720	(9,910)	309,810
2019	69,410	(9,910)	59,500
2020	73,051	(9,910)	63,141
2021	76,884	(9,910)	66,974
After	<u>2,691,395</u>	<u>(16,517)</u>	<u>2,674,878</u>
	<u>\$ 3,324,898</u>	<u>\$ (66,067)</u>	<u>\$ 3,258,831</u>

Mortgages payable at August 31, 2015, consisted of the following:

**A. Independent Co-ops with Residents Remitting**

**Monthly Assessments to GNP:**

Mortgage payable at 6.375%, principal and interest in monthly installments on Esperanza Latina Co-op, until 2014, secured by land building and rents	\$ 368,947
Mortgage payable at 7%, principal and interest in monthly installments on Phoenix Co-op, until 2015, secured by land, building and rents	160,072
Mortgage payable at 6.00%, principal and interest in monthly installments on BOS Co-op, until 2018, secured by land, building and rents	245,601
Mortgage payable at 7.0%, principal and interest in monthly installments on Phoenix Co-op, until 2019, secured by land, building and rents	<u>295,031</u>
Total Balance	1,069,651
Less: Portion payable in one year	<u>562,295</u>
Total Long-Term Portion	<u>507,356</u>

**NOTE 2 – MORTGAGES PAYABLE (Continued)**

<b>B. Co-ops with Income and Expenses Included in GNP Program Services:</b>	
Mortgage payable at 5.75% principal and interest in monthly installments on Fargo Apartments, until 2014, secured by land, building and rents	\$ 218,184
Less: Portion payable in one year	<u>218,184</u>
Total Long-Term Portion	<u>0</u>
<b>C. Non Co-op Mortgages:</b>	
Mortgage payable at 7.04%, principal and interest in monthly installments on Jonquil Hotel, until 2014, secured by land, building and rents	336,089
Mortgage payable at 4.875%, principal and interest in monthly installments on Lloyd Apartments, until 2014, secured by land, building and rents	465,315
Mortgage payable at 5.50%, principal and interest in monthly installments on New Life, secured by land and building until 2017	234,256
Mortgage payable at 3.12%, principal and interest in monthly installments on ministry building, until 2023, secured by land and building	116,826
Mortgage payable at 6.00%, principal and interest in monthly installments on Jan-Crowe-Pierce building, until 2016, secured by land and building	<u>683,034</u>
Total Balance	1,835,520
Less: Portion payable in one year	<u>1,499,718</u>
Total Long-Term Portion	<u>335,802</u>
<b>TOTAL LONG-TERM MORTGAGES PAYABLE</b>	<b><u>\$ 843,158</u></b>

### NOTE 3 - INVESTMENTS IN COMMON STOCK

The Organization complies with the provisions of Accounting Standards Codification 820 (ASC 820), "Fair Value Measurements and Disclosures". Under ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

The Organization's significant financial instruments are investments in common stock. The carrying values of these financial instruments recorded in the accompanying statement of financial position approximate fair value.

The Organization's investments were comprised of common stock, which have been valued using level 1 inputs. The Organization does not currently hold any level 2 or 3 assets or liabilities. The historical cost and fair market value of investments in common stock, all of which are held at one institution, at August 31, were as follows:

	<u>2016</u>		<u>2015</u>	
	<u>COST</u>	<u>MARKET VALUE</u>	<u>COST</u>	<u>MARKET VALUE</u>
Common stock	<u>\$ 554</u>	<u>\$ 6,456</u>	<u>\$ 2,587</u>	<u>\$ 24,546</u>

### NOTE 4 - RELATED PARTIES

The Organization receives loans from its Board Members, President and others. Interest rates on the loans vary from 0% to 5% and certain loans have no set maturity date. Statement of financial position classification is based on management's anticipated repayment schedule.

### NOTE 5 - CO-OP EQUITY BUY-OUTS

As stated in Note 1, the Co-ops are independent of Good News Partners. Good News Partners encourages Co-op owners to find willing buyers for Co-op units or the Co-op Association itself to buy such units from departing owners. In the event no buyers can be found or the Co-op Association cannot fund a buy-out, Good News Partners may expend its own funds for that purpose. Good News Partners is currently working with each Co-op to update our contract to reflect the actual amount each Co-op will reimburse Good News Partners.

## NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes in future periods:

	<u>2016</u>	<u>2015</u>
Building purchase	\$ 233,548	\$ 300,208
Education		36,062
Ending homelessness	24,365	24,365
Exterior and interior renovations	50,000	50,000
Youth	30,000	30,000
Other	54,888	54,888
	<u>\$ 392,801</u>	<u>\$ 495,523</u>

## NOTE 7 - DEPRECIATION POLICY ON CO-OPS

The Organization had been recording depreciation of the Co-op buildings and improvements since inception of the Co-op program. When a Co-op begins operations as an independent Co-op, the Organization ceases to incur any revenue or expenses on the Co-op properties. Since no revenue or expenses are incurred by the Organization, no results of operations are matched against the depreciation expense on the Co-op properties.

## NOTE 8 - BUILDING IMPROVEMENTS

Program services expense for Builders and Apprentices excludes salaries, employee benefits and material expenditures in the amount of \$66,660 in 2016 and \$155,837 in 2015 that were capitalized as building improvements.

## NOTE 9 - ADVANCES TO CO-OPS

The Organization advances money to the Co-ops for various reasons including improvements and short-term cash flow problems. Good News Partners has classified these advances as long-term since these advances may not be repaid until the Co-ops take title to the properties. Advances are collateralized by the properties.

## NOTE 10 - SUBSEQUENT EVENTS

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through January 22, 2018, the date the financial statements were available to be issued.

## **NOTE 11 - TAX STATUS**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, there is no provision for income taxes in the financial statements. Management believes that the Organization continues to qualify and to operate as designated.

Accounting standards provide guidance for how certain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Organization's information returns to determine whether the tax position are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit and asset or expense and liability in the current year. The Organization files information returns in the U.S. federal jurisdiction and Illinois state jurisdiction. The Organization is no longer subject to U.S. federal and state examinations by tax authorities for years before 2013. As of and for the year ended August 31, 2016, management has determined that there are no uncertain tax positions.

## **NOTE 12 - SALE OF BUILDING**

As of August 31, 2014, the Fargo Building (a rental building owned by the Organization) was sold to the Fargo Co-op (an Illinois Corporation) for approximately \$542,000. The Fargo Co-op ("Fargo") is the home of the former President of Good News Partners, Dr. Bud Ogle ("Dr. Ogle"). Dr. Ogle is also the President of the Fargo. The Fargo is not part of the Organization as of August 31, 2014 and will operate as a separate entity from the Organization. It is the intention of the Fargo management to operate Fargo in the spirit of the Organization to service low income families.

The sale of the building was priced at approximately \$20,000 above market value. Dr. Ogle provided all the cash invested in the transaction for the purchase of the Fargo Building. The transaction is a contract sale with deferred gain of \$126,501 recognized ratably by the Organization as Fargo repays the balance due of approximately \$321,470 at August 31, 2016, until it is paid in full on October 1, 2029 or sooner. For the years ended August 31, 2016 and 2015, the Organization recognized \$2,147 and \$2,682, respectively, of deferred gain into miscellaneous income. The Organization retains title to the Fargo Building until the loans are paid in full.

The Organization additionally owes \$268,609 for a mortgage on the Fargo Building, which the Organization is obligated to pay until it is paid in full. Fargo is obligated to pay its own operating expenses and real estate taxes.

## **NOTE 13 - DONATION OF BUILDING**

On August 24, 2015, Dr. Bud Ogle, founder, former president and current director of the Organization, donated a three flat building to Good News Partners. The Organization recorded a donation of \$402,000 for the gift of the building. The building was recorded on the books at its appraised value.