ASSURANCE DIMENSIONS

Consolidated Financial Statements and Independent Auditor's Report

Invest in America's Veterans Foundation, Inc.

December 31, 2018

Invest in America's Veterans Foundation, Inc.

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ASSURANCE DIMENSIONS

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees of
Invest in America's Veterans Foundation, Inc.

We have audited the accompanying consolidated financial statements of **Invest in America's Veterans Foundation, Inc.** (the "Foundation"), a nonprofit organization, which comprise the consolidated statement of financial position as of December 31, 2018, and the related consolidated statements of activities, functional expenses, 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. 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation'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 Foundation'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.

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ASSURANCE DIMENSIONS

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Foundation as of December 31, 2018, and the consolidated changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Pronouncement

As described in Note B of the consolidated financial statements, the Foundation adopted Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which did not change opening net assets. Our opinion is not modified with respect to this matter.

Assurance Dimensions

Jacksonville, Florida
November 14, 2019

Invest in America's Veterans Foundation, Inc.
Consolidated Statement of Financial Position
As of December 31, 2018

Assets		
Current assets:		
Cash and cash equivalents		
Unrestricted	$	1,234,612
Restricted		10,946,631
Accounts receivable		562,274
Prepaid expenses		652,087
Total current assets		13,395,604
Property and equipment, net		165,829,463
Other assets		8,031
Total assets	$	179,233,098
Liabilities and Net Deficit		
Current liabilities:		
Accounts payable	$	1,497,298
Accrued expenses		2,442,574
Advance rent and payments		135,207
Deferred revenue		66,189
Current portion of long-term debt, net		2,365,514
Total current liabilities		6,506,782
Long-term debt, less current portion, net		173,479,014
Notes payable related party		1,923,000
Security deposits		734,272
Total liabilities		182,643,068
Net assets (deficit):		
Net deficit without donor restrictions		(3,424,970)
Net assets with donor restrictions		15,000
Total net deficit		(3,409,970)
Total liabilities and net deficit	$	179,233,098

The accompanying notes are an integral part of this consolidated financial statement.

Invest in America's Veterans Foundation, Inc.
Consolidated Statement of Activities
For the Year Ending December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:			
Contributions	$ 256,043	$ -	$ 256,043
Museum	73,847	15,000	88,847
Sponsor fee income	782,326	-	782,326
Rental income	15,000,865	-	15,000,865
Other housing income	1,068,185	-	1,068,185
Total revenues and support	17,181,266	15,000	17,196,266
Net assets released from restrictions	7,550	(7,550)	-
Expenses:			
Program services:			
Housing	17,465,812	-	17,465,812
Museum	417,968	-	417,968
Fundraising	119,505	-	119,505
Management and general	2,492,949	-	2,492,949
Total expenses	20,496,234	-	20,496,234
Change in net deficit	(3,307,418)	7,450	(3,299,968)
Net deficit, beginning of period	(117,552)	7,550	(110,002)
Net deficit, end of period	$ (3,424,970)	$ 15,000	$ (3,409,970)

The accompanying notes are an integral part of this consolidated financial statement.

Invest in America's Veterans Foundation, Inc.
Consolidated Statement of Functional Expenses
For the Year Ending December 31, 2018

	Program Services			Supporting Services			
	Housing	Museum	Total	Management & General	Fundraising	Total	Total Expenditures
Expenditures							
Administrative	$ -	$ -	$ -	$ 598,780	$ -	$ 598,780	$ 598,780
Advertising	78,868	-	78,868	3,906	-	3,906	82,774
Bad debt	203,639	-	203,639	-	-	-	203,639
Depreciation	4,250,511	-	4,250,511	-	-	-	4,250,511
Insurance	723,416	-	723,416	184,619	-	184,619	908,035
Legal and professional fees	427,808	118,077	545,885	255,897	39,359	295,256	841,141
Management fees	-	-	-	-	-	-	-
Real estate taxes	620,169	-	620,169	-	-	-	620,169
Repairs and maintenance	811,899	-	811,899	-	-	-	811,899
Wages and benefits	1,233,717	209,178	1,442,895	1,111,704	69,725	1,181,429	2,624,324
Trustee and issuer fees	348,388	-	348,388	-	-	-	348,388
Utilities and contracted services	2,487,480	-	2,487,480	-	-	-	2,487,480
Interest	6,216,461	-	6,216,461	-	-	-	6,216,461
Occupancy	-	-	-	177,835	-	177,835	177,835
Other	11,352	59,451	70,803	149,788	-	149,788	220,591
Travel	52,104	31,262	83,366	10,420	10,421	20,841	104,207
Total expenditures	$ 17,465,812	$ 417,968	$ 17,883,780	$ 2,492,949	$ 119,505	$ 2,612,454	$ 20,496,234

The accompanying notes are an integral part of this consolidated financial statement.

Invest in America's Veterans Foundation, Inc.
Consolidated Statement of Cash Flows
For the Year Ending December 31, 2018

Cash flows from operating activities:		
Net loss	$	(3,299,968)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation		4,250,511
Amortization of bond costs		357,477
Increase (decrease) in cash due to changes in:		
Accounts receivable		(124,264)
Prepaid expenses		(339,595)
Accounts payable and accrued liabilities		1,936,460
Deferred revenue		66,189
Other liabilities		231,075
Net cash provided by operating activities		3,077,885
Cash flows from investing activities:		
Net acquisition of property and equipment		(55,498,079)
Net cash used by investing activities		(55,498,079)
Cash flows from financing activities:		
Borrowings on long-term debt		59,383,298
Repayment of long-term debt		(1,631,551)
Net repayment of advances from related parties		(77,000)
Net cash provided by financing activities		57,674,747
Net increase in cash and cash equivalents		5,254,553
Cash and cash equivalents at beginning of year		6,926,690
Cash and cash equivalents at end of year	$	12,181,243
Supplemental disclosures:		
Cash paid for interest expenses	$	5,454,613

The accompanying notes are an integral part of this consolidated financial statement.

Note A – Organization and Description of Business

Invest in America's Veterans Foundation, Inc. (the "IAVF" or the "Foundation") is a mission driven not-for profit organization focused on serving United States veterans by providing housing, employment, career counseling, education, and other services related to veteran's affairs. The Foundation offers a round-table format for veterans to discuss their needs and a venue which provides counseling in the primary areas of life. The Foundation also assists in job placement and works hand in hand with other veteran organizations in various states to help relocate veterans and their families to clean, safe housing.

In 2017, the Foundation started a housing initiative for the men and woman who have served in the United States military. The housing initiative helps veterans and their families by providing resources a veteran would need to get back to living a peaceful and productive life. The IAVF has 9 housing locations and a veteran's headquarters in Cape Coral, Florida. During 2018, IAVF began implementing Veteran Service Officers ("VSOs"). These VSOs coordinated the efforts of the Foundation and of other veteran-focused organizations to better serve and oversee the IAVF mission to our Veterans.

The consolidated financial statements include IAVF and its wholly-owned subsidiaries and an affiliate:

Southwest Florida Military Museum and Library Inc. (the "Museum") was formed in 2010 as a Florida S corporation for celebrating the service of veterans and providing the general public an opportunity learn and appreciate the sacrifice of our service women and men. The Museum is an affiliate of IAVF.

2016 AVHG Cove, LLC was formed in 2016 as a Louisiana Limited Liability Company to own a 300 unit multi-family housing complex located in New Orleans, LA.

2017 IAVF Cedar Whispering LLC was formed in 2017 as a Florida Limited Liability Company to own a 312 unit multi-family housing complex located in Spartanburg, SC.

2017 IAVF Cedar Twin City LLC was formed in 2017 as a Florida Limited Liability Company to own a 285 unit multi-family housing complex located in Winston-Salem, NC.

2017 IAVF Cedar Silas LLC was formed in 2017 as a Florida Limited Liability Company to own a 234 unit multi-family housing complex located in Winston-Salem, NC.

2017 IAVF Cedar Chesterfield LLC was formed in 2017 as a Limited Liability Company to own a 294 unit multi-family housing complex located in Winston-Salem, NC.

2017 IAVF Rubix LLC was formed in 2017 as a Florida Limited Liability Company to own a 236 unit multi-family housing complex located in Las Vegas, NV.

2017 IAVF Mission Springs LLC was formed in 2017 as a Florida Limited Liability Company to own a 444 unit multi-family housing complex located in Jacksonville, FL.

IAVF Cape Coral HQ LLC was formed in 2017 as a Florida Limited Liability Company, and holds the real estate assets used by the Museum.

2018 IAVF Prairie View LLC was formed in 2018 as an Illinois Limited Liability Company to own a 334 unit multi-family housing complex located in Ingleside, IL.

2018 IAVF Timber Oaks LLC was formed in 2018 as an Illinois Limited Liability Company to own a 235 unit multi-family housing complex located in Woodstock, IL.

IAVF has entered into separate agreements for the subsidiaries listed above with the Lynd Company ("Lynd"), whereas Lynd provides management services for the multi-family housing complexes owned through each subsidiary.

Note B – Significant Accounting Policies

Basis of Accounting

The Foundation prepares its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which involve the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently Adopted Accounting Standards

On August 18, 2016, the Financial Accounting Standards Board ("FASB") released Accounting Standards Update ("ASU") 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, with the goal of improving not-for-profit entity ("NFP") financial statements to provide more useful information to donors, grantors, creditors, and other financial statement users. The ASU significantly changes how NFPs present net assets on the face of the financial statements, as well as requires additional disclosures for expenses by nature and function and for the liquidity and availability of resources. The Foundation adopted this ASU in the current year, applying the changes retrospectively. The new standard changes the following aspects of these financial statements:

- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The financial statements include a note about liquidity and availability of financial assets.

These changes had no effect on total net assets at December 31, 2018.

Recently Accounting Pronouncements Not Yet Adopted

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. The effective date for this Standard for nonpublic entities is annual reporting periods beginning after December 15, 2018, with early adoption permitted for annual periods beginning after December 15, 2016. ASU 2014-09 outlines a new, single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. This new revenue recognition model provides a five-step analysis in determining when and how revenue is recognized. The new model will require revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration a company expects to receive in exchange for those goods or services. The Institute is currently assessing the impact that adopting this new accounting guidance will have on its financial statements and footnote disclosures.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic* 842). This guidance amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheet. It also makes targeted changes to lessor accounting, including a change to the treatment of initial direct leasing costs, which no longer considers fixed internal leasing salaries as capitalizable costs. The standard is effective fiscal years beginning after December 15, 2019. Management is evaluating the impact of this ASU on the Institute's financial reporting.

Note B – Significant Accounting Policies (continued)

In June 2018, the FASB released ASU 2018-08, *Not-for-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The ASU will take effect for all fiscal years beginning after December 15, 2018.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows: Restricted Cash*. This ASU provides guidance on the classification of restricted cash in the statement of cash flows. The amendments in this ASU are effective for interim and annual periods beginning after December 15, 2018. Early adoption is permitted. The amendments in the ASU should be adopted on a retrospective basis. The Foundation does not expect that adoption of this ASU to have a material effect on its consolidated financial statements.

Principles of Consolidation

The Foundation and its subsidiaries and the Museum have common members of their Boards of Directors and utilize the same management and employees, and IAVF is the sole member on the Board of Directors of each of its subsidiaries. The Foundation appoints all of the Board of Directors and has an economic interest in its subsidiaries and in the Museum. Therefore, the financial statements are presented on a consolidated basis. All significant intercompany accounts and transactions have been eliminated in consolidation.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Functional Allocation of Expenses

Expenses that can be identified with a specific function are charged directly to that function, whereas costs common to multiple functions have been allocated. Salaries and wages, benefits and payroll taxes are allocated based on employee estimates of the percentage of time spent in each function. Facilities, telecommunications, office, printing, supplies and insurance expenses are allocated based on salary allocations. These functions are defined as follows:

Program Services – The costs related to providing services related to the Foundation's mission.

Management and General – Activities that provide governance, oversight, business and financial management, financial recordkeeping, budgeting, legal, and human resource management services.

Fundraising – Activities include publicizing and conducting fundraising campaigns, maintaining donor lists, conducting fundraising events, and any other activities that solicit contributions from corporations, foundations, individuals and others. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years

Note B – Significant Accounting Policies (continued)

Restricted Cash

Restricted cash represents bond financing reserve accounts. Each of the subsidiaries of IAVF that has obtained bond financing as described in Note E maintains several reserve accounts administered and controlled by a trustee. These accounts were established in accordance with the respective bond agreement, and the trustee controls these funds and distributes them in accordance to a waterfall with the debt service reserve and bond service payments receiving the highest priority. A portion of the restricted cash is also maintained in funds for operations, repair and replacement, administration and a surplus account, but are expendable only with the consent of the trustee. In order to make distributions out of these funds, the Company must submit a request to the trustee with appropriate support. The bond agreements also require the Company to maintain a fixed debt service reserve. At December 31, 2018, the Company was in compliance.

Cash Equivalents

The Foundation considers all highly liquid instruments with a maturity of three months or less to be cash equivalents. The Foundation places its temporary cash instruments with high quality financial institutions. At times during the year ended December 31, 2018, cash and cash equivalent balances held with certain depository institutions exceeded Federal Deposit Insurance Corporation limits. The Foundation does not believe it is exposed to any significant credit risk with respect to cash and cash equivalents.

Accounts Receivable

Accounts receivable mainly represent tenants' rent receivable. Management evaluates accounts receivable for collectability, and includes in the allowance for doubtful accounts an estimate of losses to be sustained. Uncollectible amounts are charged against the allowance account when management determines the possibility of collection is remote. Management determined accounts receivable were fully collectible and did not record an allowance for doubtful accounts at December 31, 2018. No interest is charged on accounts receivable that are past due.

Museum Collection

Donated items to the museum that are considered collections are not capitalized or presented on the Statement of Financial Position in accordance with Accounting Standards Codification ("ASC") 958- 360-25-3 which allows for art, historical treasures, and similar assets an exemption from capitalization.

Property and Equipment

Property and equipment, are stated at cost or estimated fair value if donated. Maintenance and repairs are charged to expense as incurred. When items of property and equipment are sold or otherwise disposed of, the asset and related accumulated depreciation accounts are eliminated, and any gain or loss is included in the consolidated statements of activities. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets.

Impairment of Long-Lived Assets

The Foundation reviews the carrying value of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability of long-lived assets is measured by comparing the carrying amount of the assets or asset group to the undiscounted cash flows that the assets or asset group is expected to generate. If the undiscounted cash flows of such assets are less than the carrying amount, the impairment to be recognized is measured by the amount by which the carrying amount, if any, exceeds its fair value. No impairments were deemed to exist at December 31, 2018.

Note B – Significant Accounting Policies (continued)

Debt Issuance Costs

The costs incurred in connection with the issuance of the Multifamily Housing Revenue Bonds described in Note E are being amortized using the effective interest method over the term of the related indebtedness to interest expense. The Foundation has adopted the amendments under ASU 2015-03, *Interest –Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*, which requires that debt issuance costs related to a recognized debt liability to be presented in the consolidated statement of financial position as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts.

Contributions and Donor-Imposed Restrictions

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions. Donor restricted contributions, whose restrictions are met in the same period, are reported as unrestricted support.

The Foundation reports gifts as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Revenue Recognition

The Foundation receives admission and concession revenues from the Museum. Each of its wholly owned subsidiaries recognizes rental revenue on a monthly basis based on the lease agreements. Rents received in advance are recorded as liabilities on the statement of financial position.

Advertising

The Foundation expenses advertising costs as they are incurred. Advertising expense for the year ended December 31, 2018 was approximately $83,000.

Income Taxes

IAVF is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code. Subsidiaries of IAVF are single member LLCs wholly owned by IAVF, therefore are considered disregarded entities for federal income tax purposes. The Foundation is exempt from federal and state income taxes on related income pursuant to Section 5011(a) of the Internal Revenue Code and Chapter 220.13 of the Florida Statutes, respectively. As such, only unrelated business income is subject to income tax.

The Foundation evaluates it tax positions for any uncertainties based on the technical merits of the positions taken. The Association recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be upheld on examination by taxing authorities. The Association has analyzed the tax positions taken and has concluded that as of December 31, 2017 there were no uncertain tax positions taken, or expected to be taken, that would require recognition of a liability or disclosure in the consolidated financial statements.

Note B – Significant Accounting Policies (continued)

Management is required to analyze all open tax years, as defined by the statute of limitations, for all major jurisdictions, including federal and certain state taxing authorities. With few exceptions, at December 31, 2018, the Foundation was no longer subject to U.S. federal, state or local income tax examinations by taxing authorities for years before 2016. As of and for the year ended December 31, 2018, the Foundation did not have a liability for any unrecognized taxes. The Foundation has no examinations in progress and is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax liabilities will significantly change in the next twelve months.

Note C – Property and Equipment

Property and equipment consisted of the following as of December 31:

	2018	Useful Life (Years)
Buildings and improvements	$ 158,145,648	5 – 27.5
Land	13,503,900	-
Land improvements	35,764	15
Distributive trades and services	244,158	5
Office equipment	71,255	3 - 7
Automobiles	1,500	5
	172,002,225	
Less - Accumulated depreciation and amortization	(6,172,762)	
Total Property and equipment	$ 165,829,463	

Depreciation expense for the year ended December 31, 2018 was approximately $4,251,000.

Note D – Accrued Expenses

Accrued expenses consist of the following as of December 31, 2018:

Accrued property taxes	$ 1,167,167
Accrued interest	874,478
Other	318,625
	$ 2,360,270

The accrued 2018 property taxes relate to the Wharton Duo Apartments Project, which is owned by 2018 IAVF Prairie View LLC and 2018 IAVF Timber Oaks LLC, and were paid in 2019. The accrued interest relates to the bond financing associated with the debt described in Note E, and other accrued expenses is composed of accrued payroll, insurance and other expenses.

Note E – Long-Term Debt

Mission Springs –	
MS-Series 2017A bond financing through the borrowing of the proceeds of Multifamily Housing Bonds issued by Capital Trust Agency on behalf of the City of Jacksonville, FL (Mission Springs Apartments project) in the total amount of $24,460,000. The MS-Series 2017A Bond is payable semiannually starting December 1, 2017 in periodic principal payments ranging from $195,000 to $685,000. The final payment is due December 1, 2052.	
The MS-Series 2017A bonds are traded under three different CUSIP numbers with outstanding principal balances of $3,025,000, $10,095,000 and $11,340,000. Interest due on the bonds is payable semiannually at fixed rates of 3.250%, 4.250% and 4.375%, respectively.	$ 24,460,000
The MS-Series 2017B bond financing was through the borrowing of proceeds of Multifamily Housing Bonds issued by Capital Trust Agency on behalf of the City of Jacksonville, FL (Mission Springs Apartments project) in the total amount of $1,175,000. The MS-Series 2017B Bond is payable semiannually starting December 1, 2017 in periodic principal payments ranging from $145,000 to $180,000. The final payment is due December 1, 2020. Interest due on the MS-Series 2017B Bond is payable semiannually at a fixed rate of 3.250%.	700,000
The MS-Series 2017C bond financing was through the borrowing of proceeds of Multifamily Housing Bonds issued by Capital Trust Agency on behalf of the City of Jacksonville, FL (Mission Springs Apartments project) in the total amount of $4,035,000. The MS-Series 2017C Bond is payable semiannually starting December 1, 2017 in periodic principal payments ranging from $20,000 to $130,000. The final payment is due December 1, 2052. Interest due on the MS-Series 2017C Bond is payable semiannually at a fixed rate of 5.375%.	4,035,000
Note payable to Mission Springs VA Note LLC on June 20, 2017; payable in annual installments of $60,000 beginning January 1, 2018 and every year thereafter; interest at 5.00% per annum; maturing in January 1, 2028; and secured by substantially all assets of the Company.	540,000
AVHG - Cove at Nola –	
COVE-Series 2017A and 2017B bond financing through the borrowing of the proceeds of Multifamily Housing Bonds issued by the Louisiana Local Government Environmental Facilities and Community Development Authority (Cove at NOLA Apartment Project) in the total amount of $19,390,000. The COVE-Series 2017 A and 2017B Bonds are payable semiannually starting December 1, 2017 in periodic principal payments ranging from $145,000 to $550,000. The final payment is due December 1, 2052.	
The COVE-Series 2017A is composed of three different CUSIP numbers with outstanding principle balances of $2,325,000, $6,590,000, and $7,735,000 as of December 31, 2018. Interest due on the bonds payable semiannually at fixed rates of 4.000%, 4.600% and 4.750%, respectively.	16,650,000
The COVE-Series 2017B Bond has an outstanding principle balance of $2,365,000 at December 31, 2017. Interest is payable semiannually at a fixed rate of 5.750%.	2,365,000

Note E – Long Term Debt (continued)

Cedar Grove -		
Bond financing through the borrowing of the proceeds of Multifamily Housing Bonds issued by the Public Finance Authority in the total amount of $61,030,000. The bonds are payable semiannually on June 1st and December 1st in principal payments ranging from $265,000 to $1,695,000. The final payment is due December 1, 2052.		
The Series 2017A bonds are composed of four different CUSIP numbers with outstanding principal balances of $7,740,000, $21,320,000, $8,530,000 and $16,070,000. Interest due on the bonds is payable semiannually on June 1st and December 1st at fixed rates of 3.50%, 4.50%, 4.50%, and 4.625% per annum, respectively.	$	53,660,000
The Series 2017B bond financing is payable semiannually on June 1st and December 1st in principal payments ranging from $20,000 to $195,000. Interest accrues at a fixed rate of 5.625% per annum. The final payment is due December 1, 2052.		6,025,000
The Series 2017C bond financing is subordinate to the 2017A and 2017B bonds. Principal is due at maturity on December 1, 2052. Interest is payable semiannually on June 1st and December 1st at a fixed rate of 5.00% per annum.		300,000
Rubix -		
The Series 2017A and 2017B and 2017C bond financing was through the borrowing of proceeds of Multifamily Housing Bonds issued by the Public Finance Authority in Clark County, Nevada in the total amount of $13,830,000. The bonds are payable semiannually starting December 1, 2017 in periodic principal payments ranging from $35,000 to $390,000. The final payment is due December 1, 2052.		
The series 2017A bonds are traded under three different CUSIP numbers with outstanding principal balances of $4,690,000, $5,435,000 and $1,695,000. Interest due on the bonds is payable semiannually at fixed rates of 4.500%, 4.625% and 3.375%, respectively.		11,820,000
The series 2017 B bond requires semiannually interest payments at a fixed rate of 2.250%.		20,000
The series 2017C bond requires semiannually interest payments at a fixed rate of 5.625%.		1,775,000
Wharton Duo –		
Bond financing through the borrowing of the proceeds of Multifamily Housing Bonds issued by the Upper Illinois River Valley Development Authority in the total amount of $60,400,000. The bonds are payable semiannually starting June 1, 2019 in periodic principal payments ranging from $15,000 to $1,490,000. The final payment is due December 1, 2054.		
The Series 2018A bonds are traded under four different CUSIP numbers with outstanding principal balances of $4,595,000, $18,800,000, $25,925,000 and $2,200,000. Interest due on the bonds is payable semiannually at fixed rates of 4.125%, 5.000%, 5.00%, and 4.25%, respectively.		51,520,000

Note E – Long-Term Debt (continued)

The Series 2018B bond financing is payable semiannually starting June 1, 2019 in periodic principal payments ranging from $15,000 to $290,000. Interest accrues at a fixed rate of 6.00%. The final payment is due December 1, 2054.	$ 8,880,000
Unsecured note payable to Chicago Multi Housing, LLC on November 1, 2018; payable in annual installments of $500,000 plus accrued interest beginning November 1, 2019, and a second installment on November 1, 2020; interest at 7.00% per annum.	1,000,000
Total debt	183,750,000
Less: current portion of principal	(2,595,000)
Less: unamortized long-term bond discounts and debt issuance costs	(7,675,986)
Non-current debt	$ 173,479,014

The current portion of long-term debt on the consolidated balance sheet is net of the current portion of bond discount debt issuance costs. Total amortization expense of bond discount and issuance costs was approximately $357,000 for the year ended December 31, 2018, and are included in interest expense on the consolidated statement of activities.

Maturities of long-term debt consist of the following for the years subsequent to December 31, 2018:

2019	$ 2,595,000
2020	2,870,000
2021	2,545,000
2022	2,635,000
2023	2,740,000
Thereafter	170,365,000
Total	$ 183,750,000

Each of the Multi-family Housing Bonds were issued pursuant to a financing agreements with a bank and are secured by certain property acquired with the bond proceeds. In addition, the financing agreements require bond reserve funds to be maintained for each acquired property, which are administered by a trustee until the final payment on the bond is made. The financing agreements also require the borrower to comply with certain covenants and reporting requirements, including a minimum debt coverage ratio. At December 31, 2018, 2016 AVHG Cove, LLC, 2017 IAVF Rubix LLC, 2017 IAVF Mission Springs LLC, and the Wharton Duo Apartments Project, which is comprised of 2018 IAVF Prairie View LLC and 2018 IAVF Timber Oaks LLC, were in compliance with the covenants and requirements. At December 31, 2018, the Cedar Grove Apartments Project, which is comprised of 2017 IAVF Cedar Chesterfield LLC, 2017 IAVF Cedar Silas LLC, 2017 IAVF Cedar Twin City LLC, and 2017 IAVF Cedar Whispering LLC, was not in compliance with the debt service coverage ratio covenant, and has complied with the bond agreement requirements to engage an external consultant to develop an action plan.

Note F – Operating Leases

The Foundation leases various property and equipment under non-cancelable operating leases expiring at various dates in February 2020. Monthly payments are approximately $2,900 per month. The obligations are collateralized by the related equipment. These leases commenced in February 2018.

Future minimum lease payments under non-cancelable leases with initial or remaining lease terms in excess of one year consist of the following as of December 31:

	2018
2019	$ 70,212
2020	5,851
Total	$ 76,063

Note G – Related Party Transactions

In September 2017, the Foundation signed a note payable to Michael J. Lynd, Sr., owner of The Lynd Properties for $2,000,000. In May 2018, Lynd granted an extension of the note payable. The note payable has a variable interest rate of prime plus 3.00% per annum due monthly (8.50% at December 31, 2018), and the note is due on demand as of June 1, 2020. Borrowings on the note are collateralized by the property held by Cape Coral Holding Company with a book value of approximately $1,739,000. As of December 31, 2018, the balance of the note was $1,923,000, and there was approximately $102,000 of accrued interest included in accrued expenses.

Nicholas Napolitano a founding member of the Foundation became a board member at the Foundations inception in 2009. Nicholas has not received any compensation or fees connected to his services as a board member. For the year ended December 31, 2018, Nicholas received approximately $70,000 in compensation for his duties as an employee of the Foundation in the role of Veterans Service Officer.

During 2018, Better Housing Foundation, Inc. ("BHF"), an Ohio not-for-profit corporation, contracted with IAVF to provide consulting services for certain properties owned by BHF. These services included providing the following social services through the placement of a Veterans Service Officer to provide on-site services, including career training, financial training and planning, assistance with medical benefits and transportation services to veterans and in-need housing tenants. This contract and relationship was ended at the end of February 2019. During 2018, IAVF earned approximately $427,000 for these consulting services, which is included in sponsor fee income on the consolidated statement of activities. IAVF also received payment for a portion of 2019, and at December 31, 2018, approximately $66,000 is included in deferred revenue on the consolidated statement of financial position. At December 31, 2018, IAVF had accrued approximately $82,000 in excess consulting fees.

IAVF also managed certain properties of BHF for a period of time in 2018 and in early 2019 making decisions on behalf of these entities.

Note H – Net Assets with Donor Restrictions

Temporarily restricted net assets consist primarily of donations that have been restricted for a specific purpose or program supporting the activities of the Foundation that will be met by the actions of the Foundation and/or the passage of time. Temporarily restricted net assets consisted of the following as of December 31:

	2018
City of Cape Coral Temporary Housing Grant	$ 15,000
	$ 15,000

Note I – Liquidity and Availability of Financial Assets

The accompanying consolidated financial statements have been prepared assuming the Foundation will continue as a going concern. For the year ended December 31, 2018, the Foundation incurred net losses of approximately $3,300,000, and had an accumulated deficit of approximately $3,410,000 at December 31, 2018. These matters raise substantial doubt about the Foundation's ability to continue as a going concern. Management and the board of directors have put a plan in place to significantly reduce costs, which includes the sale of certain properties and restructuring the entity as described in Note J. The continuation of the Foundation as a going concern is dependent upon the ability of the Foundation to continue executing the plan. While the Foundation believes in the viability of its plan, there can be no assurances to that effect.

The Foundation's management monitors its liquidity so that it is able to cover operating expenses. Management budgets for such costs based on the prior year actual expenses and anticipated future expenses. Budgets are approved by the board of directors in December for the following year.

Management has budgeted approximately $10,900,000 of total operating expenses to be paid within one year of the balance sheet date on the consolidated basis. However, the housing properties are contractually required to manage operations according to their respective bond finacing agreement, and there is a trustee that manages the reserve cash accounts set up to pay bond payments.The 2019 operating expenses budgeted for IAVF alone are approximately $1,823,000.

IAVF has the following financial assets available within one year of the balance sheet date for general expenditures are as follows:

Cash (unrestricted)	$ 1,234,612
Receivables	562,274
Total	$ 1,796,886

The Foundation's restricted cash funds allocated to bond repayments are not available for general expenditure, and excluded from the assets above.

As part of IAVF's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. IAVF relies on contributions and fees charged to the housing projects, and grants to meet its operating needs. To further manage cash flow, the IAVF took several steps in 2019 as further explained in Note J. These actions included the separation from the Museum in 2019, which is expected to reduce annual costs by $1,230,000, the sale of multiple properties to manage the remaining porfolio of housing projects and the Foundation's operations, and secured additional financing.

Note J – Subsequent Events

On May 20, 2019, the Board of Directors of the Foundation adopted a restructuring plan to address the liquidity and ongoing sustainability of the entity, which included separating operations and direct oversight of Southwest Florida Military Museum and Library Inc. to allow the Museum to function as an independent entity including the related expenses. As part of the plan, the Museum committed to obtaining financing to pay off the mortgage described in Note G. Should the Museum not be able to obtain financing, the Board of Directors intend to sell the property, which has an appraised value of $2,250,000 as of November 1, 2018.

Effective June 13, 2019, the Foundation sold 2017 IAVF Mission Springs LLC for $35,150,000, and assigned the associated outstanding bond debt of $29,670,000 to the new owner. The sale proceeds were also used to settle the $540,000 note payable to Mission Springs VA Note LLC. The Foundation received net proceeds of approximately $1,379,000.

Effective July 26, 2019, the Foundation changed its name to Patriot Services Group, Inc.

On August 1, 2019, the Foundation obtained a revolving line of credit commitment for up to $250,000 from an entity that is owned by one board member. Any advances on the line credit accrue interest at 2.50% per annum. The note is discretionary and may be suspended or terminated at any time by the lender, and the note the note is due on demand. As of the date of the financial statements, there have been no advances on the line of credit.

On August 28, 2019, the Foundation entered into a contract to sell the Cedar Grove entities for $61,000,000, which will include the discharge of the associated outstanding bond debt of $59,585,000 to the new owner.

Subsequent events have been evaluated through November 14, 2019, which is the date the financial statements were available to be issued.