

**THE CAMPUS FOR HUMAN DEVELOPMENT**

**FINANCIAL STATEMENTS**

**June 30, 2009 and 2008**

# **THE CAMPUS FOR HUMAN DEVELOPMENT**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
The Campus for Human Development  
Nashville, Tennessee

We have audited the accompanying statements of financial position of The Campus for Human Development (a nonprofit organization) as of June 30, 2009 and 2008, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Campus for Human Development as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Fraser, Dean & Howard, PLLC*

January 5, 2010

**THE CAMPUS FOR HUMAN DEVELOPMENT**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$2,232,355	\$ 1,125,694
Certificate of deposit	900,704	880,632
Contract and grants receivable	179,484	72,374
Contributions receivable, net	941,234	485,224
Other	<u>29,711</u>	<u>3,609</u>
 Total current assets	 4,283,488	 2,567,533
 Contributions receivable, net of current portion	 2,032,153	 374,509
Land, building and equipment, net	<u>1,674,908</u>	<u>577,363</u>
 Total assets	 <u><u>\$7,990,549</u></u>	 <u><u>\$3,519,405</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
 Accounts payable and accrued expenses	 <u>\$ 229,571</u>	 <u>\$ 144,174</u>
 Total current liabilities	 <u>229,571</u>	 <u>144,174</u>
 Net assets:		
Unrestricted	3,016,228	1,871,709
Temporarily restricted	<u>4,744,750</u>	<u>1,503,522</u>
 Total net assets	 <u><u>7,760,978</u></u>	 <u><u>3,375,231</u></u>
 Total liabilities and net assets	 <u><u>\$7,990,549</u></u>	 <u><u>\$3,519,405</u></u>

See accompanying notes.

**THE CAMPUS FOR HUMAN DEVELOPMENT**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues:</b>			
Contributions	\$ 780,332	\$ 4,549,877	\$ 5,330,209
Grants and contracts	863,318	-	863,318
In-kind contributions	440,882	-	440,882
Other	70,866	-	70,866
Net assets released from restrictions	<u>1,308,649</u>	<u>(1,308,649)</u>	<u>-</u>
 Total revenues	 <u>3,464,047</u>	 <u>3,241,228</u>	 <u>6,705,275</u>
 <b>Expenses:</b>			
Program services	2,052,799	-	2,052,799
Supporting services	<u>266,729</u>	<u>-</u>	<u>266,729</u>
 Total expenses	 <u>2,319,528</u>	 <u>-</u>	 <u>2,319,528</u>
 Change in net assets	 1,144,519	 3,241,228	 4,385,747
 Net assets - beginning of year	 <u>1,871,709</u>	 <u>1,503,522</u>	 <u>3,375,231</u>
 Net assets - end of year	 <u>\$ 3,016,228</u>	 <u>\$ 4,744,750</u>	 <u>\$ 7,760,978</u>

See accompanying notes.

**THE CAMPUS FOR HUMAN DEVELOPMENT**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues:</b>			
Contributions	645,903	\$ 1,431,500	\$ 2,077,403
Grants and contracts	692,583	-	692,583
In-kind contributions	495,131	-	495,131
Other	56,202	-	56,202
Net assets released from restrictions	<u>209,384</u>	<u>(209,384)</u>	<u>-</u>
 Total revenues	 <u>2,099,203</u>	 <u>1,222,116</u>	 <u>3,321,319</u>
 <b>Expenses:</b>			
Program services	1,996,836	-	1,996,836
Supporting services	<u>189,968</u>	<u>-</u>	<u>189,968</u>
 Total expenses	 <u>2,186,804</u>	 <u>-</u>	 <u>2,186,804</u>
 <b>Other gains (losses):</b>			
Provision for uncollectible contributions	(1,033)	-	(1,033)
Loss on disposal of land, buiding and equipment	<u>(23,398)</u>	<u>-</u>	<u>(23,398)</u>
 Total other gains (losses)	 <u>(24,431)</u>	 <u>-</u>	 <u>(24,431)</u>
 Change in net assets	 (112,032)	 1,222,116	 1,110,084
 Net assets - beginning of year	 <u>1,983,741</u>	 <u>281,406</u>	 <u>2,265,147</u>
 Net assets - end of year	 <u>\$ 1,871,709</u>	 <u>\$ 1,503,522</u>	 <u>\$ 3,375,231</u>

See accompanying notes.

**THE CAMPUS FOR HUMAN DEVELOPMENT**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended June 30, 2009

	Program Services						Supporting Services			Total
	Guest House	Day Center	Respite	Veterans	Room in the Inn	Total	Management and General	Fundraising	Total	
Salaries and related expenses	\$ 375,999	\$ 314,607	\$ 157,888	\$ 180,491	\$ 103,961	\$ 1,132,946	\$ 140,008	\$ 28,423	\$ 168,431	\$ 1,301,377
Food (including \$137,588 in-kind)	89,137	-	26,720	58,826	-	174,683	-	-	-	174,683
Supplies	81,790	7,890	21,097	32,224	1,992	144,993	3,071	-	3,071	148,064
Rent expense in-kind	53,202	30,801	4,200	25,201	16,800	130,204	9,800	-	9,800	140,004
Utilities	36,374	48,607	9,262	14,790	5,528	114,561	7,891	-	7,891	122,452
Professional fees	11,738	15,342	2,826	5,910	9,034	44,850	12,858	26,856	39,714	84,564
Depreciation	25,342	14,295	6,498	10,397	3,899	60,431	4,549	-	4,549	64,980
Miscellaneous	611	2,479	13,893	363	16,573	33,919	24,420	4	24,424	58,343
Program materials	44,976	2,347	4,423	1,649	2,070	55,465	1,135	162	1,297	56,762
Laundry in-kind	14,494	12,872	1,753	4,836	10,519	44,474	-	-	-	44,474
Insurance	16,773	9,478	4,341	6,859	2,495	39,946	2,836	-	2,836	42,782
Maintenance and security	20,661	6,939	4,035	6,059	1,247	38,941	3,077	-	3,077	42,018
Transportation	4,662	7,557	13,556	-	-	25,775	485	-	485	26,260
Office equipment maintenance	2,672	1,507	685	1,396	411	6,671	1,154	-	1,154	7,825
Birth certificates and fees	141	4,773	26	-	-	4,940	-	-	-	4,940
	<u>\$ 778,572</u>	<u>\$ 479,494</u>	<u>\$ 271,203</u>	<u>\$ 349,001</u>	<u>\$ 174,529</u>	<u>\$ 2,052,799</u>	<u>\$ 211,284</u>	<u>\$ 55,445</u>	<u>\$ 266,729</u>	<u>\$ 2,319,528</u>

See accompanying notes.

**THE CAMPUS FOR HUMAN DEVELOPMENT**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended June 30, 2008

	Program Services							Supporting Services			Total
	Guest House	Day Center	Respite	Veterans	Room in the Inn	Case Management	Total	Management and General	Fundraising	Total	
Salaries and related expenses	\$ 338,358	\$ 298,486	\$ 38,212	\$ 146,927	\$ 129,486	\$ 19	\$ 951,488	\$ 98,058	\$ -	\$ 98,058	\$ 1,049,546
Food (including \$217,303 in-kind)	136,583	53,564	20,285	45,219	-	-	255,651	900	-	900	256,551
Rent expense in-kind	53,202	30,801	4,200	25,201	55,992	-	169,396	9,800	-	9,800	179,196
Utilities	39,335	40,465	504	12,970	4,863	126	98,263	6,501	-	6,501	104,764
Professional fees	19,810	15,175	159	6,575	5,222	693	47,634	50,654	301	50,955	98,589
Insurance	40,631	18,119	-	13,349	16,018	-	88,117	5,711	-	5,711	93,828
Supplies	41,605	27,562	3,080	7,451	4,135	16	83,849	1,548	-	1,548	85,397
Depreciation	31,501	14,144	-	10,286	3,857	-	59,788	4,500	-	4,500	64,288
Maintenance and security	35,554	15,381	2	6,780	3,306	-	61,023	897	-	897	61,920
Laundry in-kind	17,397	15,826	2,109	5,799	12,652	-	53,783	-	-	-	53,783
Program materials	45,432	3,094	300	324	3,276	-	52,426	67	-	67	52,493
Grant recipient expense	-	-	-	-	-	43,178	43,178	-	-	-	43,178
Transportation	6,510	9,230	-	1,656	-	-	17,396	113	-	113	17,509
Miscellaneous	2,707	623	-	422	2,565	102	6,419	7,088	3,317	10,405	16,824
Office equipment maintenance	2,814	1,282	41	1,252	349	-	5,738	513	-	513	6,251
Birth certificates and fees	7	2,680	-	-	-	-	2,687	-	-	-	2,687
	<u>\$ 811,446</u>	<u>\$ 546,432</u>	<u>\$ 68,892</u>	<u>\$ 284,211</u>	<u>\$ 241,721</u>	<u>\$ 44,134</u>	<u>\$ 1,996,836</u>	<u>\$ 186,350</u>	<u>\$ 3,618</u>	<u>\$ 189,968</u>	<u>\$ 2,186,804</u>

See accompanying notes.



**THE CAMPUS FOR HUMAN DEVELOPMENT**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$4,385,747	\$ 1,110,084
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	64,980	64,288
Donation of land, building, and equipment	(443,500)	-
Loss on disposal of land, building, and equipment	-	23,398
Contributions restricted for capital campaign	(4,299,877)	(1,035,761)
Provision for loss on uncollectible contributions	-	1,033
Change in operating assets and liabilities:		
Contracts and grants receivable	(107,110)	24,828
Contributions receivable for operations	118,499	(187,388)
Other	(26,102)	(421)
Accounts payable and accrued expenses	85,397	73,654
Net cash (used in) provided by operating activities	<u>(221,966)</u>	<u>73,715</u>
<b>Cash flows from investing activities:</b>		
Purchase of certificates of deposit	(20,072)	(42,845)
Purchase of land, building, and equipment	(719,025)	(91,738)
Net cash used in investing activities	<u>(739,097)</u>	<u>(134,583)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from contributions restricted for capital campaign	2,067,724	635,761
Net cash provided by financing activities	<u>2,067,724</u>	<u>635,761</u>
Net increase in cash and cash equivalents	1,106,661	574,893
Cash and cash equivalents - beginning of year	1,125,694	550,801
Cash and cash equivalents - end of year	<u>\$2,232,355</u>	<u>\$ 1,125,694</u>
<b>Supplemental schedule of noncash financing and investing activities:</b>		
Receipt of donated property	<u>\$ 443,500</u>	<u>\$ -</u>

See accompanying notes.

**THE CAMPUS FOR HUMAN DEVELOPMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009 and 2008**

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**The Organization**

The Campus for Human Development ("Campus") is a religious non-profit organization based in Nashville, Tennessee. Campus is committed to providing enhanced services to the homeless while improving the system by which these services are delivered. Campus administers a variety of programs to provide a continuum of care that is emergency and long-term, residential and educational. Following is a description of selected Campus programs. The Guest House serves homeless substance abusers by offering shelter to individuals who are undergoing alcohol and drug addiction treatment through a partnership with the Metro Health Department and Veteran's Administration. The Day Center serves homeless individuals with daytime shelter throughout the year. Respite Care offers homeless individuals who are medically fragile a place to recover. The Veterans program provides transitional housing and supportive services to homeless veterans. Room In The Inn, in partnership with more than 150 Middle Tennessee congregations, provides shelter for up to 225 men, women, and children each evening during the winter months. Case Management is a program that works with homeless individuals allowing them to create plans and goals to leave homelessness.

**Basis of Presentation**

Campus has adopted Statement of Financial Accounting Standards ("SFAS") No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, Campus is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, Campus is required to present a statement of cash flows. Net assets of Campus are presented as follows:

**Unrestricted net assets** – net assets that are not subject to donor-imposed stipulations.

**Temporarily restricted net assets** – net assets subject to donor-imposed stipulations that may or will be met, either by actions of Campus and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

**Permanently restricted net assets** – net assets subject to donor-imposed stipulations that they be maintained permanently by Campus. Generally, donors of these assets may permit Campus to use all or part of the income earned for general or specific purposes. Campus currently has no permanently restricted net assets.

**THE CAMPUS FOR HUMAN DEVELOPMENT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2009 and 2008**

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**Land, Building and Equipment**

Campus capitalizes all expenditures for land, building and equipment in excess of \$1,000. Purchases of land, building and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over estimated useful lives of 5 – 27.5 years.

**Income Taxes**

Campus is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and is not a private foundation.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, Campus considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. The cash accounts are held primarily by financial institutions and at times may exceed amounts that are federally insured.

**Contributions Receivable**

Contributions are recognized when the donor makes a promise to give to Campus that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Campus uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**THE CAMPUS FOR HUMAN DEVELOPMENT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2009 and 2008**

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**Donated Materials and Services**

Donated materials and equipment, if any, are reflected as contributions in the accompanying financial statements at their estimated values at the date of receipt.

Donated use of facilities is recorded at the estimated fair market value.

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Additionally, a number of non-professional volunteers donated approximately 139,000 and 117,000 hours for the years ended June 30, 2009 and 2008, respectively, to Campus' program services. However, these services do not meet the requirements above and have not been recorded.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among program and support services based on estimates by management.

**Reclassifications**

Certain reclassifications have been made to 2008 balances to conform to 2009 presentation.

**NOTE 2 – CONTRIBUTIONS RECEIVABLE**

Contributions receivable are as follows at June 30:

	<u>2009</u>	<u>2008</u>
Contributions receivable	\$ 3,284,234	\$ 917,512
Less:		
Discount on contributions receivable	(282,847)	(29,779)
Allowance for doubtful accounts	<u>(28,000)</u>	<u>(28,000)</u>
Net contributions receivable	<u>\$ 2,973,387</u>	<u>\$ 859,733</u>

The discount rates used to determine the present value of contributions receivable ranged from 1.11% to 3.53% at June 30, 2009 and from 3.93% to 4.53% at June 30, 2008.

**THE CAMPUS FOR HUMAN DEVELOPMENT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2009 and 2008**

**NOTE 2 – CONTRIBUTIONS RECEIVABLE (Continued)**

Contributions receivable are scheduled to be received as follows:

	<u>2009</u>	<u>2008</u>
Receivable in less than one year, net	\$ 941,234	\$ 485,224
Receivable in one to five years, net	1,757,007	374,509
Receivable in more than five years, net	<u>275,146</u>	<u>-</u>
	<u>\$ 2,973,387</u>	<u>\$ 859,733</u>

**NOTE 3 – LAND, BUILDING AND EQUIPMENT**

Land, building and equipment is summarized as follows at June 30:

	<u>2009</u>	<u>2008</u>
Real estate	\$ 550,597	\$ 107,097
Leasehold improvements – Eighth Avenue South	1,046,161	1,037,339
Furniture and laundry equipment	153,147	129,050
Automobiles	35,550	35,550
Office equipment	121,950	121,950
Construction in progress	<u>777,844</u>	<u>91,739</u>
	2,685,249	1,522,725
Less: accumulated depreciation	<u>(1,010,341)</u>	<u>(945,362)</u>
	<u>\$ 1,674,908</u>	<u>\$ 577,363</u>

There are restrictions on certain property owned by Campus. The real estate restrictions by the Department of Housing and Urban Development ("HUD") require Campus to operate the transitional housing facilities for a period of ten years from the initial occupancy. Additionally, Metropolitan Development and Housing Agency ("MDHA") grant funds have placed restrictions on leasehold improvements and office equipment that require Campus to use the assets for the benefit of homeless individuals.

**NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes or periods at June 30:

	<u>2009</u>	<u>2008</u>
World Share	\$ -	\$ 8,028
Unconditional promises to give due in future periods	341,234	459,733
Contributions receivable for capital campaign	2,632,153	400,000
Contributions received for capital campaign	<u>1,771,363</u>	<u>635,761</u>
	<u>\$ 4,744,750</u>	<u>\$ 1,503,522</u>

**THE CAMPUS FOR HUMAN DEVELOPMENT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2009 and 2008**

**NOTE 5 – DONATED MATERIALS AND SERVICES**

Campus received in-kind contributions as follows during the years ended June 30:

	<u>2009</u>	<u>2008</u>
Rental facilities	\$ 140,004	\$ 179,196
Laundry services	43,829	53,783
Food	137,588	217,303
Other	<u>119,461</u>	<u>44,849</u>
	<u>\$ 440,882</u>	<u>\$ 495,131</u>

The property located at Eighth Avenue South is leased on a long-term basis from MDHA. The payment of monthly rent is currently suspended and Campus recorded in-kind rent of \$89,479 and \$128,671 for 2009 and 2008, respectively. The lease requires the property to be used for programs to help the homeless and The Guest House operations. The property at 625 Benton Avenue is used by Campus programs. This property is provided to Campus by MDHA, and requires the property to be used to assist the homeless. The payment of monthly rent is suspended and Campus recorded in-kind rent of \$36,000 for 2009 and 2008, respectively. The property located on Fifteenth Avenue is used by Campus programs. The property is provided to Campus by Belmont University and requires the property to be used for transitional housing. The payment of monthly rent is suspended and Campus recorded in-kind rent of \$14,525 for 2009 and 2008, respectively.

In-kind food represents donations of food to Campus and meals provided to individuals participating in Campus' various programs.

**NOTE 6 – CONCENTRATIONS**

Campus receives a significant amount of its support from contracts and grants from government agencies. Campus also receives a significant amount of financial and other support from religious organizations. A major reduction of support from these organizations, should this occur, could have a material effect on the financial position of Campus.

In addition, cash and cash equivalent balances are held primarily by financial institutions and at times may exceed federally insured limits.

**NOTE 7 – EMPLOYEE RETIREMENT PLAN**

Campus adopted a defined contribution plan effective January 1, 1997. The Plan covers all employees who are at least 21 years of age and have completed 90 days of service. Campus does not match employee contributions to the defined contribution plan.

**THE CAMPUS FOR HUMAN DEVELOPMENT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2009 and 2008**

**NOTE 8 – COMMUNITY FOUNDATION OF MIDDLE TENNESSEE INVESTMENTS**

The Community Foundation of Middle Tennessee, a separate nonprofit organization, maintains investments on behalf of Campus. The Community Foundation has ultimate authority and control over the investments; accordingly, the net assets of Campus do not include these investments.

Investment earnings on its pro-rata share of the Community Foundation's assets are expected to be reinvested and added to the principal balance. The balance of the endowment fund held for the benefit of Campus totaled approximately \$17,000 and \$21,000 at June 30, 2009 and 2008, respectively.

**NOTE 9 – CAPITAL CAMPAIGN**

During fiscal year 2007, Campus was approved for a \$1.6 million grant from the Tennessee Housing Development Agency. During fiscal year 2009, Campus was approved for a \$1.5 million grant from the Metropolitan Development and Housing Agency. These funds are to be used for the construction of a new building, as well as improvements to existing structures. Campus intends to fund the project through additional grants, contributions, and outside financing with a goal of \$13 million of contributions.

**NOTE 10 – SUBSEQUENT EVENT**

Campus evaluated subsequent events through January 5, 2010, when these financial statements were available to be issued. Other than described below, management is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

During July 2009, Campus secured financing in the amount of \$3,800,000 related to the construction of the new building. The loan contains an initial interest-only period of one year, matures in July 2014, and will be amortized over a 20-year period. The loan is secured by a deed of trust and requires \$800,000 to be deposited into an escrow account as a debt service reserve.