

HABITAT FOR HUMANITY CHICAGO, INC.

Financial Statements

June 30, 2018

HABITAT FOR HUMANITY CHICAGO, INC.

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1-2
Financial Statements	
Consolidated Statement of Financial Position	3-4
Consolidated Statement of Activities	5
Consolidated Statement of Cash Flows	6
Notes to Financial Statements	7-15
Supplementary Information	
Schedule of Functional Expense - Habitat for Humanity Chicago	17
Consolidating Statement of Financial Position	18-19
Consolidating Statement of Activities	20
Consolidating Statement of Cash Flows	21

BARNES, GIVENS & BARNES, LTD.

CERTIFIED PUBLIC ACCOUNTANTS
200 EAST EVERGREEN AVENUE, SUITE 117
MOUNT PROSPECT, ILLINOIS 60056-3240
224-764-2442 FAX: 224-764-2448
bgbcpas.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Habitat for Humanity Chicago, Inc.

We have audited the accompanying consolidated financial statements of Habitat for Humanity Chicago, Inc. (an Illinois not-for-profit corporation) and related entity (collectively, the "Organization"), which comprise of the consolidated statement of financial position as of June 30, 2018, and the related consolidated statement of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the 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 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 combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Habitat for Humanity Chicago, Inc. as of June 30, 2018, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses of Habitat for Humanity Chicago on page 17 is presented for purposes of additional analysis and is not a required part of the financial statements. The consolidating information on pages 18 to 21 is also presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Barnes, Givens & Barnes, Ltd.

Mount Prospect, Illinois
September 21, 2018

HABITAT FOR HUMANITY CHICAGO, INC.
Consolidated Statement of Financial Position
June 30, 2018

ASSETS

Current Assets

Cash and cash equivalents	\$	415,613
Accounts receivable		56,733
Contributions receivable		661,649
Mortgages receivable - short-term, net		59,557
Prepaid expenses		22,360
Construction in progress		349,528
Notes receivable - short term		3,192
Security deposit		12,647
		1,581,279
Total Current Assets		1,581,279

Fixed Assets

Equipment and furniture		65,551
Cars and trucks		48,922
Less: accumulated depreciation		(79,847)
		34,626
Total Fixed Assets		34,626

Non-Current Assets

Mortgages receivable - long-term, net		1,176,185
Notes receivable - long-term		83,518
Intangible assets ó net of amortization		32,936
		1,292,639
Total Non-Current Assets		1,292,639

Total Assets	\$	2,908,544
--------------	----	-----------

See Accompanying Notes to Financial Statements and
Independent Auditors' Report

HABITAT FOR HUMANITY CHICAGO, INC.
Consolidated Statement of Financial Position
June 30, 2018

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable and accrued expenses	\$ 121,693
Deferred revenue	1,792
Notes payable - current, net	<u>32,622</u>
Total Current Liabilities	<u>156,107</u>

Long-Term Liabilities

Notes payable - long-term, net	<u>447,036</u>
Total Long-Term Liabilities	<u>447,036</u>
Total Liabilities	<u>603,143</u>

Net Assets

Unrestricted	2,037,233
Temporarily restricted	<u>268,168</u>
Total Net Assets	<u>2,305,401</u>

Total Liabilities and Net Assets	<u><u>\$ 2,908,544</u></u>
----------------------------------	----------------------------

See Accompanying Notes to Financial Statements and
Independent Auditors' Report

HABITAT FOR HUMANITY CHICAGO, INC.
Consolidated Statement of Activities
For the Year Ended June 30, 2018

<u>Support and Revenue</u>	
Individuals	\$ 382,249
Corporations and foundations	1,198,757
Nonprofit and religious organizations	51,731
In-kind donations	246,109
Sales of homes	732,000
Cost of home sales	(732,000)
Special events income	382,101
Special events expense	(85,378)
Resale store income	238,147
Resale store expense	(14,680)
Interest	309
Mortgage interest amortization	162,401
Recovery of mortgage receivable	59,340
Miscellaneous	12,526
	2,633,612
Total Support and Revenue	2,633,612
<u>Operating Expenses</u>	
Program services	2,056,790
Management and general	200,891
Fundraising	313,452
	2,571,133
Total Operating Expenses	2,571,133
Increase (Decrease) in Net Assets/Net Income (Loss)	62,479
Net Assets - Beginning of Year	2,242,922
Net Assets - End of Year	\$ 2,305,401

See Accompanying Notes to Financial Statements and
Independent Auditors' Report

HABITAT FOR HUMANITY CHICAGO, INC.
Consolidated Statement of Cash Flows
For the Year Ended June 30, 2018

<u>Cash Flows from Operating Activities</u>	
Change in net assets/net income	\$ 62,479
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	18,944
(Increase) decrease in:	
Accounts receivable	(49,471)
Contributions receivable	(201,432)
Prepaid expenses	6,813
Note receivable	3,191
Construction in progress	364,609
Increase (decrease) in:	
Accounts payable	59
Deferred revenue	(4,451)
	200,741
 <u>Cash Flows from Financing Activities</u>	
Loan principal payments	(58,597)
	(58,597)
 <u>Cash Flows from Investing Activities</u>	
Purchase of intangible assets	(30,260)
Change in mortgages receivable - net	(123,810)
	(154,070)
Net Increase (Decrease) in Cash	(11,926)
Cash at Beginning of Year	427,539
Cash at End of Year	\$ 415,613

See Accompanying Notes to Financial Statements and
Independent Auditors' Report

HABITAT FOR HUMANITY CHICAGO, INC.

Notes to Financial Statements

June 30, 2018

Note A – Organization and Nature of Activities

Habitat for Humanity Chicago, Inc. (öHFHCö) was incorporated in July 2002 as a not-for-profit organization in order to sponsor projects in the metropolitan Chicago, Illinois area, ranging from rehabilitation of existing housing to construction of new housing to providing people of modest means the opportunity of home ownership. HFHC is an affiliate of Habitat for Humanity International, Inc. (öHFHIö).

In 2006, HFHC merged operations of two other HFHI affiliates: Uptown Habitat for Humanity (Uptown) and Pilsen/Little Village Habitat for Humanity. As part of the merger, HFHC accepted the assets and assumed the liabilities of these affiliates. Nearly all the assets and liabilities of the affiliated organizations had been transferred to HFHC by June 30, 2008.

Winthrop Habitat Limited Partnership (öWinthropö) was formed as a Limited Partnership under the laws of the State of Illinois, on December 30, 1992, for the purpose of construction and operating a rental housing project. The Project consists of 18 units located in Chicago, Illinois, and is currently operating under the name of 5530 N. Winthrop, IHDA Development No. HTF-149.

Winthrop had one General Partner, Winthrop Habitat Development Corporation, which has a 1% interest, and one Limited Partner, Habitat for Humanity Chicago which had a 99% interest. Effective August 17, 2015, all of the assets and liabilities of Winthrop have been transferred to the Winthrop Apartments Cooperative and HFHC has recorded a loss on transfer of \$318,789, which was HFHC's investment in Winthrop at the time of transfer.

HFHC Funding Company I, LLC (öHFHC Fundingö) was incorporated in January 2016 as a limited liability company, and has taken title of a basket of mortgages receivable that have assigned as collateral for a Note Payable to PNC. HFHC Funding is a wholly owned subsidiary of HFHC.

Note B – Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of HFHC and HFHC Funding (collectively, the öOrganizationö) have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

HABITAT FOR HUMANITY CHICAGO, INC.
Notes to Financial Statements
June 30, 2018

Note B – Summary of Significant Accounting Policies (continued)

Basis of Consolidation

HFHC is engaged in the sponsorship of projects in the metropolitan Chicago, Illinois area, ranging from rehabilitation of existing housing to construction of new housing to providing people of modest means the opportunity of home ownership. In addition, HFHC has a wholly owned subsidiary, HFHC Funding, created for the purpose of collateralizing a note from PNC Bank.

The accompanying consolidated financial statements include the accounts of Habitat for Humanity Chicago and its wholly owned subsidiary, after eliminating all intercompany transactions.

Basis of Presentation

Information regarding the financial position and activities of the Organization are reported in three classes of net assets as applicable: unrestricted, temporarily restricted, and permanently restricted. These classes of net assets are based on the existence or absence of externally (donor) imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- Unrestricted Net Assetsô Unrestricted net assets are not subject to donor-imposed stipulations. They include all activities of the Organization as it currently does not receive any restricted resources. Board designated amounts are part of unrestricted net assets.
- Temporarily Restricted Net Assetsô Temporarily restricted net assets are subject to donor-imposed stipulations that can be removed through the passage of time (time restrictions) or actions of the Organization (purpose restrictions).
- Permanently Restricted Net Assetsô Permanently restricted net assets are subject to the restrictions imposed by donors who require that the principal of these classes of net assets be invested in perpetuity and only the investment income can be expended.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and activities and the related disclosures at the date of the financial statements and during the reporting period. Actual results could differ from those estimates.

HABITAT FOR HUMANITY CHICAGO, INC.
Notes to Financial Statements
June 30, 2018

Note B – Summary of Significant Accounting Policies (continued)

Revenue and Cost Recognition

The Organization recognizes revenue from all homebuilding activities at the closing of the sale. During construction, all direct material and labor costs and those indirect costs, including insurance and real estate taxes, related to acquisition and construction are capitalized. Capitalized costs are charged to earnings upon closing. Selling, general and administrative costs are charged to expenses as incurred.

Mortgage Note Agreements contain provisions so that the Organization is entitled to a portion of the economic appreciation (the "Shared Appreciation") of a mortgage property, if such property is sold, or if the related mortgage is defaulted on or entirely repaid, prior to a date established in the mortgage note agreement. This date is generally the tenth or fifteenth anniversary of the mortgage note. Shared appreciation is defined as the difference between the fair market value of the property sold before the end of the mortgage term or on a defaulted mortgage and is recognized upon collection from sale of the mortgage to a third party or resale of the underlying property.

Cash and Cash Equivalents

Cash equivalents are considered to be highly liquid depository accounts with a maturity of less than one year. Deposits held in all non-interest bearing transactional bank accounts and interest-bearing accounts are aggregated by entity and are fully insured up to \$250,000.

Construction in Progress

The land costs, materials, supplies, holding costs, and labor costs associated with each property are capitalized until the property is sold. At that time, the Organization recognizes revenue. The Organization also evaluates and adjusts the value of the property based upon the perceived fair market value of property at the time of measurement.

Mortgages Receivable, Present Value Discount and Allowance for Doubtful Accounts

As part of its program services, the Organization sells new homes at a price which may be below the cost of construction and the market value of the homes. In connection with these sales, the Organization provides financing to the buyers through interest-free mortgages with a repayment term ranging from 15 to 30 years. Collateral for each of the loans is the property associated with the loan. The mortgages also have a shared appreciation provision which is effective if the owners sell the property before a stipulated date. Each mortgage balance is adjusted to present value using the imputed interest method, and the initial discount valuation is amortized over the life of the loan.

HABITAT FOR HUMANITY CHICAGO, INC.
Notes to Financial Statements
June 30, 2018

Note B – Summary of Significant Accounting Policies (continued)

Mortgages Receivable, Present Value Discount and Allowance for Doubtful Accounts (continued)

The Organization uses the allowance method to estimate uncollectible mortgages receivable. Management reviews all individual mortgage receivable balances that exceed ninety (90) days from payment due date and based on the assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. The Organization recognized bad debt expenses related to mortgage receivables of \$7,031 for the year ended June 30, 2018.

Fixed Assets

The Organization capitalizes all expenditures of \$500 or more for property and equipment. Items are stated at cost if purchased and at their estimated fair market value if donated. Depreciation expense is recognized as a cost of rendering services and included as an element of expense in the Organization's operations. Depreciation is computed under the straight-line method of depreciation and is treated as an expense. Assets are being depreciated over an estimated life of five years. Depreciation expense was \$12,357 for the year ended June 30, 2018.

Intangible Assets

Intangible assets are valued at cost and are amortized over their useful lives of three years. Amortization expense was \$6,587 for the year ended June 30, 2018.

Functional Allocation of Expenses

In the Schedule of Functional Expenses, all expenses are allocated to the appropriate programs and supporting services on the basis of actual expense. Certain expenses that are joint among all programs are allocated evenly across all of the programs.

Donated Materials and Services

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial 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. Contributed legal services of \$186,634 were recognized as revenue for the year ended June 30, 2018. Contributed goods to be used for fund raising purposes for use in the construction program, new office and other operational uses of \$85,216 were recognized as revenue for the year ended June 30, 2018. Numerous volunteers have donated significant amounts of time to the Organization. However, no amounts have been reflected in the financial statements for those services.

HABITAT FOR HUMANITY CHICAGO, INC.

Notes to Financial Statements

June 30, 2018

Note C - Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization files Form 990, Return of Organization Exempt from Income Tax with the Federal government. Management has determined that the Organization has no income tax liability as of June 30, 2018. The Organization has evaluated its tax positions and determined it has no uncertain tax positions at June 30, 2018. The Organization's 2014-2017 tax years are open for examination by the IRS. Should the Organization's tax-exempt status be challenged in the future, all years since inception could be subject to review by the IRS.

Note D – Mortgages Receivable

As of June 30, 2018, the following details the mortgages receivable:

	<u>2018</u>
Total mortgages receivables before adjustments	\$ 3,225,390
Less: unamortized discount	(1,869,798)
Less: allowance for uncollectible accounts	(72,350)
Less: allowance for past due escrow balances	<u>(47,500)</u>
Net Mortgages Receivable	<u>\$ 1,235,742</u>
Amounts due in:	
Less than one year	\$ 140,772
One to two years	140,772
Two to three years	140,772
Three to four years	140,772
Four to five years	140,772
Five years and beyond	<u>2,521,530</u>
	<u>\$ 3,225,390</u>

Discount rates range from four percent to eight percent.

HABITAT FOR HUMANITY CHICAGO, INC.
Notes to Financial Statements
June 30, 2018

Note E – Intangibles

At June 30, 2018, intangible assets of \$32,936 on the statement of financial position consist of the following:

	As of June 30, 2018	
	Carrying Value	Accumulated Amortization
Website Redesign	\$ 39,523	\$ 6,587
Net Balance		\$ 32,936

This asset is being amortized over the useful life of 3 years.

Note F – Notes Receivable

On August 17, 2015, the Organization transferred 100% of its partnership interest in Winthrop to the Winthrop Apartments Cooperative. The outstanding receivable balance of \$95,753 from Winthrop as of June 30, 2015 has been converted to an installment note, payable over 84 months with a final payment of outstanding principle on August 1, 2022 at 0% interest. The outstanding balance at June 30, 2018 is \$86,710.

Note G– Leases

The Organization currently leases office space under a seven year lease expiring on November 30, 2023. The monthly rent is \$6,324 with a four percent annual increase.

In addition, as described in Note K, the Organization has entered into an agreement with Habitat for Humanity of Northern Fox Valley (öHFHNFVö) as a party to the lease of a resale store that opened in November 2014. The Organization is joint and severally liable for lease payments, but the agreement is the HFHNFV will be making the lease payments through the first term of the lease. The lease is effective through August 31, 2019 with two optional five year extensional periods.

HABITAT FOR HUMANITY CHICAGO, INC.

Notes to Financial Statements

June 30, 2018

Note G– Leases (continued)

The estimated future minimum rental and lease obligation for the succeeding years under non-cancelable operating leases in effect as of June 30, 2018 are as follows:

<u>Year Ended June 30,</u>	<u>Office Space</u>	<u>Resale Store</u>
2019	\$ 80,761	\$ 310,722
2020	83,991	51,957
2021	87,351	-
2022	90,845	-
2023	94,479	-
Thereafter	40,007	-
	<u>\$ 477,434</u>	<u>\$ 362,679</u>

Note H – Long-Term Debt

During the fiscal years ended June 30, 2007 and 2006, assets and liabilities of two affiliated Habitat organizations were transferred to the Organization.

Two loans transferred had been provided to the former Habitat organization and one loan remains from the Illinois Housing Development Authority (IHDA) in the original amount of \$590,000. The loans are non-interest bearing and are due on demand. As of June 30, 2018, \$179,777 remains payable to Illinois Housing Development Authority.

On January 29, 2016, HFHC established HFHC Funding and has assigned a basket of mortgages receivable with a value of \$629,685 on December 31, 2015 as means of collateral for a Note Payable to PNC Bank. At the closing date, the HFHC received \$448,699 and will repay the \$629,685 with payments of mortgages receivable quarterly. The loan has an interest rate of 3%. As of June 30, 2018, \$403,179 remains payable to PNC Bank.

As of June 30, 2018, the following details the notes payable:

	<u>2018</u>
Note payable to IHDA	\$ 179,777
Note payable to PNC Bank	403,179
Less: unamortized discount	<u>(103,298)</u>
Net Notes Payable	<u>\$ 479,658</u>

HABITAT FOR HUMANITY CHICAGO, INC.
Notes to Financial Statements
June 30, 2018

Note H – Long-Term Debt (continued)

As of June 30, 2018, the amount required to be paid on the notes payable for each of the next five fiscal years and thereafter are as follows:

2019	\$ 49,853
2020	49,417
2021	48,107
2022	48,107
Thereafter	387,472
Less: unamortized discount	<u>(103,298)</u>
Net Notes Payable	<u>\$ 479,658</u>

Note I – Temporarily Restricted Net Assets

Temporarily restricted net assets of \$268,168 are available solely for the purpose of building affordable housing. The amount of \$719,624 was released from restricted funds for building affordable housing during the year ended June 30, 2018 as the Organization fulfilled the donor-imposed restrictions.

Note J – Retirement Plan

The Organization has a 401(k) Plan, which allows eligible employees to defer payment of taxes on a portion of their salary by making contributions to the plan through payroll deductions. At the discretion of management, the Organization may make matching contributions. During the year ended June 20, 2018, the Organization made matching contributions to the plan of \$21,550.

Note K – Significant Agreements

The Organization and Habitat for Humanity of Northern Fox Valley (HFHNFV) have entered into an agreement which holds that HFHNFV will open and operate a ReStore in Chicago, Illinois with the expectation that the store will generate net profits for both HFHNFV and the Organization and that eventually the Organization will acquire the ReStore from HFHNFV. The Organization will have the right from and after December 31, 2017 through December 30, 2022 to purchase the Chicago ReStore. Net proceeds from the ReStore will be distributed solely to HFHNFV to reimburse its investment until the unreimbursed investments of HFHNFV and the Organization are equal. Thereafter, net profits will be distributed equally between HFHNFV and the Organization. For the year ended June 30, 2018, net proceeds from the ReStore of \$238,147 were distributed to the Organization.

HABITAT FOR HUMANITY CHICAGO, INC.

Notes to Financial Statements

June 30, 2018

Note L – Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2018, the Organization had \$166,908 in excess of FDIC insured limit.

Note M – Subsequent Events

Effective September 5, 2018, HFHC Funding entered into an agreement with The Northern Trust Company and has assigned a basket of mortgages receivable with a value of \$1,168,891 on August 30, 2018 as means of collateral for a Note Payable to The Northern Trust Company. On September 5, 2018, HFHC received \$1,221,491 and will repay the \$1,168,891 with payments of mortgages receivable monthly. The loan has an interest rate of 0%.

Other than the matter noted above, the Organization has determined that no other material events or transactions occurred subsequent to June 30, 2018 and through the date of the independent auditor's report, the date the financial statements were available for issuance, that would require adjustments to and/or additional disclosure to the financial statements.

SUPPLEMENTARY INFORMATION

HABITAT FOR HUMANITY CHICAGO, INC
Schedule of Functional Expenses - Habitat for Humanity Chicago
For the Year Ended June 30, 2018

	Program Services	Management and General	Fundraising	Total
Salaries and Benefits	\$ 589,114	\$ 135,877	\$ 223,400	\$ 948,391
Dues and Subscriptions	300	925	-	1,225
Insurance	43,974	(6,556)	5,497	42,915
Marketing	5,431	-	3,445	8,876
Payroll Taxes	40,061	8,162	15,204	63,427
Supplies	3,604	3,356	1,174	8,134
Telephone and Internet	2,592	824	824	4,240
Postage and Shipping	3,624	320	12,212	16,156
Professional Services	253,802	20,000	-	273,802
Auto Expense	14,519	-	-	14,519
Rent	46,593	15,531	15,531	77,655
Travel	14,566	986	-	15,552
Construction Costs	38,530	-	-	38,530
Contract Labor	123,199	-	6,592	129,791
Dedications	4,430	-	-	4,430
Family Services Implementation	8,248	-	-	8,248
Neighborhood Projects	21,421	-	-	21,421
Equipment Repairs	1,389	624	646	2,659
Bank Fees	-	182	13,449	13,631
Depreciation and amortization	13,261	1,894	3,789	18,944
Bad Debt Expense - mortgages	(22,754)	-	-	(22,754)
Bad Debt Expense - escrows	29,785	-	-	29,785
Construction in Process Write-Down	257,072	-	-	257,072
Outside Services	-	2,435	-	2,435
Technology	21,395	9,792	8,453	39,640
Interest Expense	407,467	-	-	407,467
Training	1,809	3,279	1,015	6,103
Tithe	111,544	-	-	111,544
Utilities	4,235	1,466	1,412	7,113
Miscellaneous	5,133	1,794	809	7,736
Total Functional Expenses	\$ 2,044,344	\$ 200,891	\$ 313,452	\$2,558,687

See Independent Auditors' Report

HABITAT FOR HUMANITY CHICAGO, INC.
Consolidating Statement of Financial Position
June 30, 2018

	HFHC	HFHC Funding Co. LLC	Eliminations	Total
<u>ASSETS</u>				
<u>Current Assets</u>				
Cash and cash equivalents	\$ 415,613	\$ -	\$ -	\$ 415,613
Accounts receivable	56,733	-	-	56,733
Contributions receivable	661,649	-	-	661,649
Mortgages receivable ó short-term, net	49,518	10,039	-	59,557
Prepaid expenses	22,360	-	-	22,360
Construction in progress	349,528	-	-	349,528
Notes receivable - short-term	3,192	-	-	3,192
Security deposit	12,647	-	-	12,647
Due from affiliate	139,866	-	(139,866)	-
Investment in subsidiary	10,044	-	(10,044)	-
Total Current Assets	<u>1,721,150</u>	<u>10,039</u>	<u>(149,910)</u>	<u>1,581,279</u>
<u>Fixed Assets</u>				
Equipment and furniture	65,551	-	-	65,551
Cars and trucks	48,922	-	-	48,922
Less: accumulated depreciation	(79,847)	-	-	(79,847)
Total Fixed Assets	<u>34,626</u>	<u>-</u>	<u>-</u>	<u>34,626</u>
<u>Non-Current Assets</u>				
Mortgages receivable ó long-term, net	633,135	543,050	-	1,176,185
Notes receivable - long-term	83,518	-	-	83,518
Intangible assets ó net of amortization	32,936	-	-	32,936
Total Non-Current Assets	<u>749,589</u>	<u>543,050</u>	<u>-</u>	<u>1,292,639</u>
Total Assets	<u>\$ 2,505,365</u>	<u>\$ 553,089</u>	<u>\$ (149,910)</u>	<u>\$ 2,908,544</u>

See Independent Auditors' Report

HABITAT FOR HUMANITY CHICAGO, INC.
Consolidating Statement of Financial Position
June 30, 2018

	<u>HFHC</u>	<u>HFHC Funding Co. LLC</u>	<u>Eliminations</u>	<u>Total</u>
<u>LIABILITIES AND NET ASSETS</u>				
<u>Current Liabilities</u>				
Accounts payable and accrued expenses	\$ 121,693	\$ -	\$ -	\$ 121,693
Deferred revenue	1,792	-	-	1,792
Due to parent	-	139,866	(139,866)	-
Notes payable - current, net	9,982	22,640	-	32,622
Total Current Liabilities	<u>133,467</u>	<u>162,506</u>	<u>(139,866)</u>	<u>156,107</u>
<u>Long-Term Liabilities</u>				
Notes payable - long-term, net	<u>66,497</u>	<u>380,539</u>	<u>-</u>	<u>447,036</u>
Total Long-Term Liabilities	<u>66,497</u>	<u>380,539</u>	<u>-</u>	<u>447,036</u>
Total Liabilities	<u>199,964</u>	<u>543,045</u>	<u>(139,866)</u>	<u>603,143</u>
<u>Net Assets</u>				
Unrestricted net assets	2,037,233	-	-	2,037,233
Temporarily restricted net assets	268,168	-	-	268,168
Partners' equity in LLC	-	10,044	(10,044)	-
Total Net Assets	<u>2,305,401</u>	<u>10,044</u>	<u>(10,044)</u>	<u>2,305,401</u>
Total Liabilities and Net Assets	<u>\$ 2,505,365</u>	<u>\$ 553,089</u>	<u>\$ (149,910)</u>	<u>\$ 2,908,544</u>

See Independent Auditors' Report

HABITAT FOR HUMANITY CHICAGO, INC.

Consolidating Statement of Activities

For the Year Ended June 30, 2018

	HFHC Unrestricted	HFHC Restricted	HFHC Funding Co. LLC	Eliminations	Total
<u>Support and Revenue</u>					
Individuals	\$ 354,006	\$ 28,243	\$ -	\$ -	\$ 382,249
Corporations and foundations	728,607	470,150	-	-	1,198,757
Nonprofit and religious organizations	11,731	40,000	-	-	51,731
In-kind donations	246,109	-	-	-	246,109
Sales of homes	732,000	-	-	-	732,000
Cost of home sales	(732,000)	-	-	-	(732,000)
Special events income	382,101	-	-	-	382,101
Special events expense	(85,378)	-	-	-	(85,378)
Resale store income	238,147	-	-	-	238,147
Resale store expense	(14,680)	-	-	-	(14,680)
Interest	309	-	-	-	309
Mortgage interest amortization	146,381	-	16,020	-	162,401
Recovery of mortgage receivable	59,340	-	-	-	59,340
Miscellaneous	12,526	-	-	-	12,526
Total	2,079,199	538,393	16,020	-	2,633,612
Net assets released from restriction	719,624	(719,624)	-	-	-
Total Support and Revenue	2,798,823	(181,231)	16,020	-	2,633,612
<u>Operating Expenses</u>					
Program services	2,044,344	-	12,446	-	2,056,790
Management and general	200,891	-	-	-	200,891
Fundraising	313,452	-	-	-	313,452
Total Operating Expenses	2,558,687	-	12,446	-	2,571,133
Increase (Decrease) in Net Assets Before Net Income					
(Loss) of Subsidiary - LLC	240,136	(181,231)	3,574	-	62,479
Net Income (Loss) of Subsidiary - LLC	3,574	-	(3,574)	-	-
Increase (Decrease) in Net Assets	243,710	(181,231)	-	-	62,479
Net Assets - Beginning of Year	1,793,523	449,399	-	-	2,242,922
Net Assets - End of Year	\$ 2,037,233	\$ 268,168	\$ -	\$ -	\$ 2,305,401

See Independent Auditors' Report

HABITAT FOR HUMANITY CHICAGO, INC.

Consolidating Statement of Cash Flows

For the Year Ended June 30, 2018

	HFHC	HFHC Funding Co. LLC	Total
<u>Cash Flows from Operating Activities</u>			
Change in net assets	\$ 58,905	\$ 3,574	\$ 62,479
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:			
Depreciation and amortization	18,944	-	18,944
(Increase) decrease in:			
Accounts receivable	(49,471)	-	(49,471)
Contribution receivable	(201,432)	-	(201,432)
Prepaid expenses	6,813	-	6,813
Note receivable	3,191	-	3,191
Construction in progress	364,609	-	364,609
Increase (decrease) in:			
Accounts payable	59	-	59
Deferred revenue	(4,451)	-	(4,451)
Net Cash Provided by (Used in) Operating Activities	<u>197,167</u>	<u>3,574</u>	<u>200,741</u>
<u>Cash Flows from Financing Activities</u>			
Loan proceeds/principal payments - net	<u>(39,982)</u>	<u>(18,615)</u>	<u>(58,597)</u>
Net Cash Provided by (Used in) Financing Activities	<u>(39,982)</u>	<u>(18,615)</u>	<u>(58,597)</u>
<u>Cash Flows from Investing Activities</u>			
Purchase of intangible assets	(30,260)	-	(30,260)
Due to/from affiliate	13,050	(13,050)	-
Change in mortgages receivable - net	<u>(151,901)</u>	<u>28,091</u>	<u>(123,810)</u>
Net Cash Provided by (Used in) Investing Activities	<u>(169,111)</u>	<u>15,041</u>	<u>(154,070)</u>
Net Increase (Decrease) in Cash	(11,926)	-	(11,926)
Cash at Beginning of Year	<u>427,539</u>	<u>-</u>	<u>427,539</u>
Cash at End of Year	<u>\$ 415,613</u>	<u>\$ -</u>	<u>\$ 415,613</u>

See Independent Auditors' Report