Heartland Alliance for
Human Needs & Human Rights

Consolidated Financial Report
June 30, 2016

Contents

Independent Auditor's Report

To the Board of Directors
Heartland Alliance for Human Needs & Human Rights
Chicago, Illinois

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Heartland Alliance for Human Needs & Human Rights (the Organization) which comprise the consolidated statements of financial position as of June 30, 2016 and 2015, and the related consolidated statements of activities, changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (financial statements).

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

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

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

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Heartland Alliance for Human Needs & Human Rights as of June 30, 2016 and 2015, and changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating and other supplementary information is presented for purposes of additional analysis rather than to present the financial position, change in net assets, and cash flows of the individual entities 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 consolidating and other supplementary information has been subjected to the auditing procedures applied in the audits 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.

RSM US LLP

Chicago, Illinois
November 21, 2016

Heartland Alliance for Human Needs & Human Rights

Consolidated Statements of Financial Position
June 30, 2016 and 2015

	2016	2015
Assets		
Cash	$ 16,255,674	$ 12,546,682
Restricted cash	2,073,758	2,713,265
Investments	11,972,317	10,492,168
Accounts receivable:		
Program service grants and fees	11,255,817	12,248,148
Pledges receivable	1,908,354	1,484,112
Patient services	1,093,288	1,009,932
Other	1,526,580	1,542,255
Allowance for contractual adjustments, discounts and bad debts	(881,728)	(997,739)
Prepaid expenses and other assets	2,749,362	2,475,215
Investment in limited partnerships	36,225	36,125
Other investments	918,152	1,021,149
Notes receivable, net	7,479,669	7,570,731
Receivables due from limited partnerships	612,623	588,527
Property and equipment, net	126,369,247	120,290,630
Escrow and reserve accounts	9,463,047	9,099,308
Deferred fees, net	1,718,890	1,478,407
Residual interest	6,068,116	6,068,116
Total assets	$ 200,619,391	$ 189,667,031
Liabilities and Net Assets		
Liabilities:		
Accounts payable and other accrued expenses	$ 5,925,392	$ 8,940,138
Accrued payroll and related liabilities	5,160,243	4,227,516
Construction costs payable	2,488,313	50,914
Deferred revenue	12,745,583	12,396,198
Liability for self-insurance claims	1,700,000	1,500,000
Deferred rent liability	1,185,245	1,047,427
Deferred compensation plan liability	356,262	484,518
Accrued interest payable	781,725	1,267,240
Debt obligations	64,197,944	64,755,245
Total liabilities	94,540,707	94,669,196
Net assets:		
Unrestricted:		
Undesignated	55,509,126	49,536,342
Board designated	1,242,579	1,242,579
Non-controlling interests	38,433,978	32,704,124
Total unrestricted net assets	95,185,683	83,483,045
Temporarily restricted	10,704,966	11,326,755
Permanently restricted	188,035	188,035
Total net assets	106,078,684	94,997,835
Total liabilities and net assets	$ 200,619,391	$ 189,667,031

See notes to consolidated financial statements.

Heartland Alliance for Human Needs & Human Rights

Consolidated Statement of Activities
Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues:				
Contributions	$ 1,534,649	$ 9,919,065	$ -	$ 11,453,714
Grants, contracts, reimbursements and client fees	92,209,089	-	-	92,209,089
Contributed services and non-cash contributions	3,427,228	-	-	3,427,228
Patient services, net of contractual adjustments and discounts	5,339,572	-	-	5,339,572
Rental income	7,048,518	-	-	7,048,518
Housing development	326,451	-	-	326,451
Interest and investment income	1,422,620	-	-	1,422,620
Other income	1,672,130	-	-	1,672,130
Net assets released from restrictions	10,540,854	(10,540,854)	-	-
Total revenues	123,521,111	(621,789)	-	122,899,322
Expenses:				
Program services				
Heartland Human Care Services	45,488,211	-	-	45,488,211
Heartland Health Outreach	20,459,142	-	-	20,459,142
Heartland Housing	7,613,466	-	-	7,613,466
Heartland Alliance International	16,981,658	-	-	16,981,658
Heartland Alliance	6,981,155	-	-	6,981,155
Total program services	97,523,632	-	-	97,523,632
Supporting services:				
Management and general	16,154,358	-	-	16,154,358
Fundraising	1,945,167	-	-	1,945,167
Total expenses	115,623,157	-	-	115,623,157
Revenue greater (less) than expenses before other items	7,897,954	(621,789)	-	7,276,165
Depreciation and amortization	(6,681,513)	-	-	(6,681,513)
Revenue greater (less) than expenses	$ 1,216,441	$ (621,789)	$ -	$ 594,652

See notes to consolidated financial statements.

Heartland Alliance for Human Needs & Human Rights

Consolidated Statement of Activities
Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues:				
Contributions	$ 579,734	$ 9,351,353	$ -	$ 9,931,087
Grants, contracts, reimbursements and client fees	81,897,001	110,000	-	82,007,001
Contributed services and non-cash contributions	2,679,683	-	-	2,679,683
Patient services, net of contractual adjustments and discounts	4,489,609	-	-	4,489,609
Rental income	7,628,322	-	-	7,628,322
Housing development	228,264	-	-	228,264
Interest and investment income	470,079	-	-	470,079
Other income	1,666,424	-	-	1,666,424
Net assets released from restrictions	11,384,698	(11,384,698)	-	-
Total revenues	111,023,814	(1,923,345)	-	109,100,469
Expenses:				
Program services				
Heartland Human Care Services	44,676,828	-	-	44,676,828
Heartland Health Outreach	20,450,308	-	-	20,450,308
Heartland Housing	8,951,810	-	-	8,951,810
Heartland Alliance International	11,865,577	-	-	11,865,577
Heartland Alliance	7,178,672	-	-	7,178,672
Total program services	93,123,195	-	-	93,123,195
Supporting services:				
Management and general	14,625,538	-	-	14,625,538
Fundraising	1,583,807	-	-	1,583,807
Total expenses	109,332,540	-	-	109,332,540
Revenue greater (less) than expenses before other items	1,691,274	(1,923,345)	-	(232,071)
Depreciation and amortization	(6,821,766)	-	-	(6,821,766)
Other non-operating income	1,118,452	-	-	1,118,452
Revenue less than expenses	$ (4,012,040)	$ (1,923,345)	$ -	$ (5,935,385)

See notes to consolidated financial statements.

Heartland Alliance for Human Needs & Human Rights

Consolidated Statement of Changes in Net Assets
Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue greater (less) than expenses	$ 1,216,441	$ (621,789)	$ -	$ 594,652
Loss attributable to non-controlling interest included above	4,800,278	-	-	4,800,278
Revenue greater (less) than expenses	6,016,719	(621,789)	-	5,394,930
Add back loss attributable to non-controlling interest	(4,800,278)	-	-	(4,800,278)
Capital contributions to limited partnerships and other entities	10,537,369	-	-	10,537,369
Capital distributions to limited partnerships and other entities	(7,045)	-	-	(7,045)
Offering costs, non-controlling interests	(44,127)	-	-	(44,127)
	5,685,919	-	-	5,685,919
Increase (decrease) in net assets	11,702,638	(621,789)	-	11,080,849
Net assets, beginning of year	83,483,045	11,326,755	188,035	94,997,835
Net assets, end of year	$ 95,185,683	$ 10,704,966	$ 188,035	$ 106,078,684

See notes to consolidated financial statements.

Heartland Alliance for Human Needs & Human Rights

Consolidated Statement of Changes in Net Assets
Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue less than expenses	$ (4,012,040)	$ (1,923,345)	$ -	$ (5,935,385)
Loss attributable to non-controlling interest included above	5,721,330	-	-	5,721,330
Revenue greater (less) than expenses	1,709,290	(1,923,345)	-	(214,055)
Add back loss attributable to non-controlling interest	(5,721,330)	-	-	(5,721,330)
Capital contributions to limited partnerships and other entities	18,995,794	-	-	18,995,794
Capital distributions to limited partnerships and other entities	(5,131)	-	-	(5,131)
Offering costs, non-controlling interests	(31,932)	-	-	(31,932)
	13,237,401	-	-	13,237,401
Increase (decrease) in net assets	14,946,691	(1,923,345)	-	13,023,346
Net assets, beginning of year	68,536,354	13,250,100	188,035	81,974,489
Net assets, end of year	$ 83,483,045	$ 11,326,755	$ 188,035	$ 94,997,835

See notes to consolidated financial statements.

Heartland Alliance for Human Needs & Human Rights

Consolidated Statement of Functional Expenses
Year Ended June 30, 2016

	Program Services								
	HHCS					HHO			
	Youth and Residential Services	Supportive Housing Services	Wellness and Prevention	Employment and Economic Advancement	Housing, Community & Specialized Services	Integrated Health Care Services	Healthcare Quality, Research, TA & Training Services	Health Promotion & Nutrition	Cross Cultural & Interpreting Services
Salaries and wages	$ 16,132,830	$ 2,802,386	$ 3,470,989	$ 1,344,911	$ 3,641,619	$ 4,268,851	$ 792,537	$ 401,991	$ 151,495
Payroll taxes and fringe benefits	3,841,844	760,063	883,434	358,545	931,428	936,058	166,360	90,599	45,574
Staff expenses	240,151	54,300	73,071	32,401	48,200	120,897	56,554	2,494	12,774
Professional expenses	1,504,973	200,299	131,936	59,175	83,789	578,891	64,693	16,479	865,777
Office services	399,075	74,502	140,570	56,747	169,897	362,026	27,976	28,057	15,661
Occupancy	2,137,867	367,258	217,732	255,547	271,021	443,306	18,878	155,386	19,401
Equipment	416,694	119,161	33,495	34,888	120,316	91,882	6,164	24,580	8,351
Client support and supplies	2,380,170	3,155,130	234,314	951,167	1,677,452	1,675,542	34,214	426,858	-
Subrecipients	-	101,962	52,598	226,005	-	453,252	-	-	-
Contributed services and in-kind expenses	511,987	31,295	889,421	299,611	13,526	31,835	69,365	514,975	-
Real estate development and property management	-	-	-	1,000	386,862	1,093	10,976	61	44
Interest expense	511,166	-	-	-	-	-	-	-	-
Uncollectible accounts	-	-	(1,186)	(1,273)	108,257	-	-	6,804	8,064
	28,076,757	7,666,356	6,126,374	3,618,724	7,452,367	8,963,633	1,247,717	1,668,284	1,127,141
Depreciation and amortization	818,631	1,598	870	-	43,528	242,958	3,534	-	-
	$ 28,895,388	$ 7,667,954	$ 6,127,244	$ 3,618,724	$ 7,495,895	$ 9,206,591	$ 1,251,251	$ 1,668,284	$ 1,127,141

See notes to consolidated financial statements.

Heartland Alliance for Human Needs & Human Rights

Consolidated Statement of Functional Expenses (Continued)
Year Ended June 30, 2016

	Program Services (Continued)				Supporting Services			
	HH	HAI	HA					
	Housing Development	International Programs	Justice Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2016
Salaries and wages	$ 1,723,097	$ 4,231,736	$ 3,846,338	$ 42,808,780	$ 9,658,256	$ 758,628	$ 10,416,884	$ 53,225,664
Payroll taxes and fringe benefits	476,647	1,006,947	1,023,813	10,521,312	1,862,525	174,096	2,036,621	12,557,933
Staff expenses	18,411	1,322,024	355,826	2,337,103	619,910	29,195	649,105	2,986,208
Professional expenses	99,028	1,007,997	359,705	4,972,742	1,434,354	213,329	1,647,683	6,620,425
Office services	18,217	544,070	174,132	2,010,930	923,539	247,328	1,170,867	3,181,797
Occupancy	963,470	462,914	520,913	5,833,693	823,673	95,789	919,462	6,753,155
Equipment	43	175,446	81,223	1,112,243	444,152	19,003	463,155	1,575,398
Client support and supplies	232	3,948,832	207,134	14,691,045	70,387	4,602	74,989	14,766,034
Subrecipients	-	3,843,378	544,736	5,221,931	(101,102)	-	(101,102)	5,120,829
Contributed services and in-kind expenses	-	415,563	25,065	2,802,643	221,640	402,945	624,585	3,427,228
Real estate development and property management	2,407,283	-	20	2,807,339	11,087	252	11,339	2,818,678
Interest expense	1,769,751	-	-	2,280,917	25,289	-	25,289	2,306,206
Uncollectible accounts	137,287	22,751	(157,750)	122,954	160,648	-	160,648	283,602
	7,613,466	16,981,658	6,981,155	97,523,632	16,154,358	1,945,167	18,099,525	115,623,157
Depreciation and amortization	5,135,121	72,508	7,412	6,326,160	332,223	23,130	355,353	6,681,513
	$ 12,748,587	$ 17,054,166	$ 6,988,567	$ 103,849,792	$ 16,486,581	$ 1,968,297	$ 18,454,878	$ 122,304,670

See notes to consolidated financial statements.

Heartland Alliance for Human Needs & Human Rights

Consolidated Statement of Functional Expenses
Year Ended June 30, 2015

	Program Services								
	HHCS					HHO			
	Youth and Residential Services	Supportive Housing Services	Wellness and Prevention	Employment and Economic Advancement	Housing, Community & Specialized Services	Integrated Health Care Services	Healthcare Quality, Research, TA & Training Services	Health Promotion & Nutrition	Cross Cultural & Interpreting Services
Salaries and wages	$ 13,953,599	$ 3,165,636	$ 4,310,788	$ 1,425,680	$ 3,800,927	$ 4,463,962	$ 909,486	$ 428,912	$ 134,663
Payroll taxes and fringe benefits	3,648,278	885,096	1,101,553	406,146	999,381	991,458	190,214	98,694	48,186
Staff expenses	274,360	72,960	87,093	55,792	62,117	140,423	55,688	6,621	12,006
Professional expenses	929,607	202,762	197,570	52,992	57,985	1,086,933	63,578	24,751	635,626
Office services	295,279	107,274	205,115	61,311	146,629	359,594	32,297	31,857	13,844
Occupancy	1,875,893	375,008	323,809	279,201	436,008	401,360	23,448	167,525	20,824
Equipment	328,737	137,107	101,434	45,185	100,132	61,473	25,923	36,883	3,408
Client support and supplies	2,420,210	2,965,987	182,607	806,616	1,580,007	600,330	21,673	422,300	-
Subrecipients	330,730	95,064	125,045	1,026,037	-	221,469	-	-	-
Contributed services and in-kind expenses	389,198	-	800,820	50,680	300,983	-	-	442,275	-
Real estate development and property management	86,760	-	400	(6,013)	374,697	3,844	10,545	25	16
Interest expense	538,257	-	-	-	-	1,563	-	-	-
Uncollectible accounts	-	-	(26,734)	(14,101)	299,916	13,915	9,786	-	74,148
	25,070,908	8,006,894	7,409,500	4,189,526	8,158,782	8,346,324	1,342,638	1,659,843	942,721
Depreciation and amortization	877,185	2,020	7,544	1,007	42,024	275,566	3,534	-	-
Other non-operating (expense) income	-	-	-	-	-	-	-	-	-
	$ 25,948,093	$ 8,008,914	$ 7,417,044	$ 4,190,533	$ 8,200,806	$ 8,621,890	$ 1,346,172	$ 1,659,843	$ 942,721

See notes to consolidated financial statements.

Heartland Alliance for Human Needs & Human Rights

Consolidated Statement of Functional Expenses (Continued)
Year Ended June 30, 2015

	Program Services (Continued)					Supporting Services			
	HH	HAI	HA						
	Housing Development	International Programs	Justice Services	Other	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2015
Salaries and wages	$ 2,104,272	$ 3,679,645	$ 3,696,353	$ -	$ 42,073,923	$ 8,740,657	$ 738,585	$ 9,479,242	$ 51,553,165
Payroll taxes and fringe benefits	557,795	856,430	864,682	-	10,647,913	1,812,709	175,103	1,987,812	12,635,725
Staff expenses	58,431	834,938	441,840	41,374	2,143,643	451,886	42,239	494,125	2,637,768
Professional expenses	332,991	741,632	380,602	216,138	4,923,167	1,236,263	353,696	1,589,959	6,513,126
Office services	33,863	362,358	115,733	675	1,765,829	960,016	49,740	1,009,756	2,775,585
Occupancy	1,119,584	389,952	470,538	-	5,883,150	781,092	105,992	887,084	6,770,234
Equipment	8,588	298,276	72,091	4,507	1,223,744	339,744	9,355	349,099	1,572,843
Client support and supplies	818	964,498	103,550	421	10,069,017	41,005	13,663	54,668	10,123,685
Subrecipients	-	3,265,566	549,812	-	5,613,723	(44,676)	-	(44,676)	5,569,047
Contributed services and in-kind		-							
expenses	-	472,282	53,576	7,236	2,517,050	67,342	95,291	162,633	2,679,683
Real estate development and property management	2,537,964	-	794	-	3,009,032	12,607	69	12,676	3,021,708
Interest expense	2,031,145	-	-	-	2,570,965	10,752	-	10,752	2,581,717
Uncollectible accounts	166,359	-	158,750	-	682,039	216,141	74	216,215	898,254
	8,951,810	11,865,577	6,908,321	270,351	93,123,195	14,625,538	1,583,807	16,209,345	109,332,540
Depreciation and amortization	5,160,244	31,432	5,336	4,527	6,410,419	395,864	15,483	411,347	6,821,766
Other non-operating (expense) income	29,349	-	-	-	29,349	(1,147,801)	-	(1,147,801)	(1,118,452)
	$ 14,141,403	$ 11,897,009	$ 6,913,657	$ 274,878	$ 99,562,963	$ 13,873,601	$ 1,599,290	$ 15,472,891	$ 115,035,854

See notes to consolidated financial statements.

Heartland Alliance for Human Needs & Human Rights

Consolidated Statements of Cash Flows
Years Ended June 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Increase in net assets	**$ 11,080,849**	$ 13,023,346
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	**6,681,513**	6,851,115
Provision for bad debts	**283,602**	898,254
(Gain) loss on disposal of property and equipment	**(17,443)**	83,112
Loss on investments	**187,126**	526,281
Earnings from other investments	**(117,097)**	(100,887)
Developer fee amortization	**(326,451)**	(228,264)
Capital contributions to limited partnerships and other entities	**(10,537,369)**	(18,995,794)
Capital distributions to limited partnerships and other entities	**7,045**	5,131
Offering costs, non-controlling interests	**44,127**	31,932
Effects of changes in operating assets and liabilities:		
Restricted cash	**639,507**	1,237,594
Accounts receivable:		
Program service grants and fees	**992,331**	(879,759)
Pledges receivable	**(424,242)**	2,009,275
Patient services	**(83,356)**	(370,630)
Other	**(383,938)**	(742,233)
Prepaid expenses and other assets	**(274,147)**	(180,007)
Receivables due from limited partnerships	**(24,096)**	83,334
Accounts payable and other accrued expenses	**(1,717,233)**	(1,162,221)
Accrued payroll and related liabilities	**932,727**	791,899
Liability for self-insurance claims	**200,000**	(400,000)
Accrued interest payable	**(485,515)**	92,213
Deferred rent liability	**137,818**	392,823
Deferred compensation plan liability	**(128,256)**	1,344
Deferred revenue	**(531,212)**	(558,803)
Developer fees received	**1,207,048**	1,072,660
Net cash provided by operating activities	**7,343,338**	3,481,715
Cash flows from investing activities:		
Additions to property and equipment	**(10,349,088)**	(8,535,028)
Future project development costs	**-**	(836,135)
Proceeds from sale of property and equipment	**43,800**	-
Purchases of investments	**(14,914,913)**	(2,689,663)
Proceeds from sale of investments	**13,247,538**	1,896,646
Collections of notes receivable	**91,062**	136,259
Deposits to escrow accounts	**(3,007,558)**	(3,613,244)
Releases from escrow accounts	**2,643,819**	1,961,451
Capital contributions - other investments	**-**	(20,000)
Return of capital - other investments	**220,094**	-
Net cash used in investing activities	**(12,025,246)**	(11,699,714)

Heartland Alliance for Human Needs & Human Rights

Consolidated Statements of Cash Flows (Continued)
Years Ended June 30, 2016 and 2015

	2016	2015
Cash flows from financing activities:		
Capital contributions in limited partnerships and other entities	**$ 10,537,369**	$ 18,995,794
Capital distributions to limited partnerships and other entities	**(7,045)**	(5,131)
Offering costs, non-controlling interests	**(44,127)**	(31,932)
Developer fees paid from limited partnerships	**(1,297,513)**	(1,216,979)
Repayments of borrowings	**(10,565,056)**	(17,057,581)
Proceeds from borrowings	**10,007,755**	8,183,546
Deferred financing fees	**(136,808)**	(109,915)
Tax credit fees	**(103,675)**	(74,500)
Net cash provided by financing activities	**8,390,900**	8,683,302
Increase in cash	**3,708,992**	465,303
Cash:		
Beginning of year	**12,546,682**	12,081,379
End of year	**$ 16,255,674**	$ 12,546,682
Supplemental disclosure of cash flow information:		
Interest paid	**$ 2,306,206**	$ 2,581,717

See notes to consolidated financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

Heartland Alliance for Human Needs & Human Rights (the Organization, or Heartland Alliance) is a leading anti-poverty organization in the Midwestern United States and believes that all people deserve the opportunity to improve their lives. Each year, the Organization helps ensure this opportunity for approximately 400,000 people around the world who are homeless, living in poverty, or seeking safety. The Organization's policy efforts strengthen communities; its comprehensive services empower those it serves to rebuild and transform their lives.

The Organization conducts its activities from its office headquarters in Chicago, Illinois. The Organization operates both in the United States (primarily Chicago area) and around the world providing a wide array of services and leading policy change to equip people with tools they need to rebuild their lives – safety, housing, health care, economic opportunity, and justice.

The accompanying consolidated financial statements (financial statements) include the activities of Heartland Alliance and its affiliated organizations, Heartland Alliance International, LLC (HAI), Heartland Health Outreach, Inc. (HHO), Heartland Human Care Services, Inc. (HHCS), and Heartland Housing Inc. (HH) (HH issues audited financial statements under separate cover), whose respective by-laws designate the Organization as their sole voting member. Heartland Alliance and these affiliated organizations are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

HAI was formed by the Organization in 2013 and works to secure the rights and well-being of marginalized people and communities around the world by administering programs in comprehensive health and social and economic justice through its model of engagement, integration and leadership.

HHO provides health care that addresses the physical, mental and social needs for those who are homeless or have serious disabling conditions. HHO goes outside the walls of its clinics and into the community—like the streets and parks—to provide health care.

HHCS assists individuals and families living in poverty to meet their basic human needs and create opportunities for economic success. HHCS relentlessly works with people in harm's way to move them to places of stability and success.

HH develops quality, affordable housing with supportive services that help struggling low-income individuals live with stability and success. HH specializes in working with those individuals seen as hard-to-house who would likely live on the streets without the Organization. HH operates in the states of Illinois and Wisconsin.

HH is the sole voting member of several corporations, which were formed to hold ownership interests in real estate projects. As a result of its level of control and economic interest in these corporations, HH consolidates their balances and activities. Several of the corporations each hold an ownership interest in a limited partnership or limited liability company, which owns a real estate project. As a result of its controlling interest, each of the corporations consolidates the balances and activities of the limited partnership or limited liability company.

The Organization, as used in these financial statements, refers to Heartland Alliance for Human Needs & Human Rights individually or collectively with its affiliated organizations. Significant accounting policies followed by the Organization are described below.

Principles of consolidation: Due to its control and economic interest, Heartland Alliance's financial statements include the accounts and activities of the various affiliated organizations as described above.

Non-controlling interests are ownership interests in real estate projects that are not attributable to the Organization, HH, or the various HH consolidated entities. The balances and activities of the real estate projects are fully included in the financial statements, and the non-controlling interests are reflected as a separate component of consolidated unrestricted net assets and changes in unrestricted net assets.

Significant transactions and balances between and among the Organization and its various consolidated affiliates have been eliminated in consolidation.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Basis of accounting: The financial statements have been prepared using the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of presentation: The Organization follows the accounting guidance for financial statements of nonprofit organizations which requires that net assets and related revenue, expenses, gains and losses be classified into three classes of net assets - unrestricted, temporarily restricted and permanently restricted, based upon the existence or absence of donor-imposed restrictions. These net asset classes are described as follows:

Unrestricted: Those resources, controlling and non-controlling, with no donor-imposed restrictions, including designated amounts the Organization's Board of Directors have set aside for discretionary purposes.

Temporarily restricted: Temporarily restricted net assets arise from contributions whose use is limited by donor-imposed restrictions that either expire with the passage of time or can be fulfilled by actions of the Organization pursuant to those restrictions. When a donor restriction expires or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statement of activities as net assets released from restriction.

Permanently restricted: Permanently restricted net assets are subject to the restrictions of gift instruments requiring the principal to be maintained intact and the income to be used for the general operating purposes of the Organization.

Revenue recognition: Contributions and promises to give are recorded in the period received as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. A conditional promise to give (such as a matching grant) is recognized when the condition is satisfied. Assets received with donor-imposed restrictions for which restrictions are met in the same reporting period are reported as unrestricted revenue.

Contributed land and buildings are recorded as in-kind revenue at estimated fair value, based on appraisals.

Program activity revenue is recorded in the fiscal year the activity takes place. Amounts received as advance payment for these activities are deferred, and are recorded in the financial statements as deferred revenue. Expense-driven grants are recognized as revenue when the qualifying expenses have been incurred and all other grant requirements have been met.

Patient services revenue is reported at estimated net realizable amounts from patients, third-party payers and other payers for medical services rendered, including retroactive adjustments under reimbursement agreements with third-party payers, which are subject to audit by administrating agencies. These adjustments are considered in the recognition of revenue on an estimated basis and are adjusted in future periods, as final settlements are determined. The Organization provides care to certain patients under Medicare and Medicaid payment arrangements. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action.

Real estate projects generate apartment rental income which is recognized as revenue when rentals become due. Certain real estate projects obtain governmental rental assistance as a component of rental income. Rental payments received in advance are deferred until earned. All leases between the real estate projects and the tenants are operating leases.

Concentrations: The Organization receives a substantial portion of its operating funds from grants and awards. These funds are reported as unrestricted revenues as the grants reimburse the Organization for services provided. Grant funding from the federal government represented approximately 65 percent of total revenue for the years ended June 30, 2016 and 2015. Federal grant funding from one specific contract with the U.S. Department of Health and Human Services represented approximately 23 and 24 percent of total revenue for the years ended June 30, 2016 and 2015, respectively. If this revenue were discontinued, it would have a material adverse effect on the Organization.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Cash: The Organization maintains its cash balances in bank and money market accounts which may exceed Federal Deposit Insurance Corporation limits from time-to-time. The Organization has not experienced any losses in such accounts and management believes that the Organization is not exposed to any significant credit risk on cash.

Restricted cash: Restricted cash represents funds that are segregated for contractual obligations and for participant pass-through accounts. This cash is available exclusively for designated purposes and not for general operations.

Investments: Investments are stated at fair value as of the reporting date. Changes in fair value are recorded as unrealized gains and losses and are included in interest and investment income in the consolidated statement of activities.

Accounts receivable: Accounts receivable is comprised of amounts due from different funding sources, donors and other parties. Program service grants and fees primarily represent amounts owed under multiple government grants. Management closely monitors outstanding balances and allows for, as of year-end, any balances that are not expected to be fully collected. The allowance pertaining to program service grants and fees at June 30, 2016 and 2015 totaled approximately $685,000 and $823,000, respectively.

Accounts receivable also include amounts due for patient services rendered. Patient services receivable where a third-party payer is responsible for the payment are carried at a net amount determined by the original charge for the service provided, less an estimate for contractual adjustments or discounts provided to third-party payers. Patient services receivable due directly from patients are carried at the original charge for the service provided, less amounts covered by third-party payers. An estimated allowance for doubtful accounts is also recorded. Management determines the allowance for doubtful accounts by identifying troubled accounts and by historical experience applied to an aging of accounts. Patient accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as a reduction of the provision for uncollectible accounts when received. The Organization determines when an account is past due based on payer classifications. The Organization does not charge interest on past due accounts. The allowance at June 30, 2016 and 2015 totaled approximately $197,000 and $345,000, respectively.

Pledges receivable are recorded for donors' unconditional promises to give to the Organization and represent future collections on promised amounts. Conditional promises to give are recognized in the financial statements when the applicable conditions are substantially met. Management reviews outstanding balances and determines an allowance for uncollectible amounts based on historical experience and an analysis of specific accounts. Uncollectible accounts are written off in the year they are deemed to be worthless. As all balances are deemed fully collectible by management, no allowance has been provided for the years ended June 30, 2016 and 2015.

Pledges receivable are also recorded net of a discount to present value applied to the long-term portion of unconditional multi-year pledges. The discount rate used is an estimate made by management and represents a risk-adjusted rate. The amount of the computed discount is amortized over the term of the pledge and is recorded as contribution revenue.

Other investments: The Organization's investments in various companies are accounted for using the cost or equity method of accounting. If management determines that the fair value of an investment is less than cost, the Organization would consider the investment to be impaired, and the balance recorded on the financial statements would be reduced by an impairment charge to fair value. Management believes its investments were not impaired at June 30, 2016 and 2015.

Property and equipment: All acquisitions of property and equipment with a cost of $5,000 or more are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is being provided using the straight-line method over the estimated useful lives of the assets which range from 5 to 40 years for buildings and improvements and 3 to 7 years for furniture, equipment, and vehicles. Amortization of leasehold improvements is generally being provided over 5 to 10 years, representing the lesser of the estimated useful lives of the improvements or the term of the lease.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

Medicaid Electronic Health Records (EHR) Incentive Program: The American Recovery and Reinvestment Act of 2009 provides for a Medicaid Incentive Program beginning in federal fiscal year 2011 for eligible professionals that are meaningful users of certified EHR technology, as defined by the Federal Register. Certain HHO physicians implemented certified EHR technology that enabled them to demonstrate their meaningful use and to qualify for the incentive program. HHO recognized $21,250 and $182,750 of Medicaid EHR incentive, reported in grants, contracts, reimbursements and client fees revenue during the years ended June 30, 2016 and 2015, respectively. HHO accounts for EHR incentive funds using the contingency model. Under this model, HHO records EHR incentive revenue in the period in which the last remaining contingency associated with its recognition is resolved.

Deferred fees: Certain fees paid in connection with the HH's debt are capitalized as financing fees and are amortized using the straight-line method over the term of the loans. Other fees paid in connection with obtaining tax credits are capitalized and amortized using the straight-line method over the tax credit award period. Amortization expense for the years ended June 30, 2016 and 2015 totaled $348,126 and $364,156, respectively. The related accumulated amortization for the same periods was $781,760 and $1,016,282, respectively.

Deferred revenue: Deferred revenue is recorded for developer fees, rental property grant income, government funds and tax increment financing notes received in advance and which will be recognized as revenue in the year when the related services are provided or expenses are incurred. Revenue will be recognized over the expected term of the asset or in accordance with the expected payment schedule of the tax increment financing note. The developer fees and rental property grant income is recorded as housing development. The tax increment financing income is recorded as interest and investment income.

Liability for self-insurance claims: Under its self-insurance plan, the Organization accrues the estimated expense of health care claims costs based on claims filed subsequent to year-end and an additional amount for incurred but not yet reported claims based on historical experience. The accrued liability for self-insurance was $1,700,000 and $1,500,000 for the years ended June 30, 2016 and 2015, respectively. Claim payments based on actual claims ultimately filed could differ from this estimate.

Deferred rent liability: Base rent under the lease for the Organization's administrative office is being recognized as rental expense on the straight-line basis over the lease term. The cumulative excess of rental expense recognized over rentals paid is recorded as a deferred rent liability.

Contributed services and non-cash contributions: The Organization records the fair market value of contributed services if the contributed services create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills and would need to be purchased if not provided by donation. The Organization uses the services of various professionals and other volunteers possessing specialized skills without charge for various program and administrative functions. During the years ended June 30, 2016 and 2015, the Organization received approximately 100,000 and 80,000 hours of these contributed services and has recorded the value of such as revenue and expense in the consolidated statements of activities. The Organization also coordinated over 50,000 hours of donated legal services during the years ended June 30, 2016 and 2015. However, the Organization acted merely as an intermediary between pro-bono attorneys and beneficiaries of those services, and considers these to be agency transactions. Therefore, the Organization does not recognize these services in its financial statements. Other volunteer services received during the year are also not reflected in the financial statements because they do not meet the criteria for recognition as contributed services.

Donated supplies are recorded at their fair market value on the date of donation. The Organization has recorded the value of such supplies received as revenue and expense in the consolidated statements of activities. The estimated value of these supplies was determined to be approximately $540,000 and $200,000 for the years ended June 30, 2016 and 2015, respectively.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Donated rent is recorded at the approximate fair market value for the year under lease. The Organization has recorded the value of donated rent received as revenue and expense in the consolidated statements of activities, totaling approximately $200,000 for the years ended June 30, 2016 and 2015.

Real estate taxes: The Organization accrues real estate taxes in connection with real estate projects for the period they are assessed; when final tax bills have not been issued for an assessment period, real estate taxes are estimated based on previous assessments and on known changes to a property's assessed value. One property tax assessment status was changed from exempt to taxable in 2014. The property was billed for the 2014 and 2015 assessment years which were paid in full. According to Cook County tax law, the assessor is not allowed to go back further than three years for taxes not previously assessed; however, the property has reserved two further years of taxes for years 2012 and 2013. If the property is not assessed for those taxes by the end of fiscal 2017, the property is expected to receive a final determination from the tax attorney and assessor removing the property from any future obligations related to those tax assessment years. As of June 30, 2016, the Organization has recorded a tax accrual of $508,000 which represents the sum of estimated 2012 and 2013 real estate taxes as well as real estate taxes not yet due for fiscal 2016.

Fair value of financial instruments: The fair value of the Organization's financial instruments, including accounts receivable, accounts payable and accrued liabilities approximate fair value due to the short maturity of these instruments. The carrying amounts for notes and pledges receivable and debt obligations approximate their respective fair values because discount and interest rates applied are consistent with current market rates. Management has estimated the fair values by discounting expected cash flows using interest rates that management believes are approximately equal to the interest rates currently available for similar financing arrangements.

Functional expenses: Operating expenses directly identified with a functional area are charged to that area and, where those expenses affect more than one area, they are allocated based on estimates made by management.

Income taxes: The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization, and various positions related to the potential sources of unrelated business taxable income. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. Management has determined that there are no uncertain tax positions during the reporting periods covered by these financial statements.

The Organization's tax filings are generally no longer subject to examination by the Internal Revenue Service for tax years before 2013.

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Recent accounting pronouncements: In fiscal year 2015, the Organization adopted Accounting Standards Update (ASU) 2015-01, *Income Statement – Extraordinary and Unusual Items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items*. ASU 2015-01 eliminates the concept of an extraordinary item from GAAP. However, presentation and disclosure requirements for items that are unusual in nature and occur infrequently still apply. There is no impact of adoption on the financial statements other than condensed reporting in the statement of financial activities pertaining to non-controlling interests.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

In May 2015, the Financial Accounting Standards Board (FASB) issued ASU 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)* removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share as a practical expedient. ASU 2015-07 also removes the requirement to make certain disclosure for all investments that are eligible to be measured at fair value using the net asset value per share as a practical expedient. For private entities, the amendments in this update are effective for fiscal years beginning after December 15, 2016. Early adoption is permitted. During the fiscal year ended June 30, 2016, the Organization adopted the amendment, causing certain investments valued at fair value using the net asset value per share practical expedient, formerly assessed as Level 3, to be valued at fair value.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Key elements of the ASU include a reduction in the number of net asset categories from three to two, conforming requirements on releases of capital restrictions, several new requirements related to expense presentation and disclosure (including investment expenses), and new required disclosures communicating information useful in assessing liquidity. The new standard is effective for the Organization in the fiscal year ending June 30, 2019; early adoption is allowed. The Organization is currently evaluating the impact of the adoption of the standard on its financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for the Organization's June 30, 2020 financial statements. Earlier application is permitted. The Organization is currently evaluating the effect that the pending adoption of the updated standard will have on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for the Organization's June 30, 2021 financial statements. The Organization is currently evaluating the effect of the pending adoption of the new standard on the financial statements.

In 2015, the FASB issued ASU 2015-03, *Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Cost*. This ASU requires that debt issuance costs related to a recognized debt liability be presented in the statement of financial position as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs is not affected by the new guidance. The Organization is currently evaluating the effect of the pending adoption of the new standard on the financial statements.

Reclassifications: Certain amounts on the 2015 financial statements have been reclassified to conform to the current year presentation. These reclassifications have no effect on net assets or changes in net assets as previously reported.

Note 2. Net Patient Services Revenue

HHO has agreements with third-party payors that provide for payments to HHO at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs principally represent the differences between HHO's billings at standard “list” prices and the amounts reimbursed by Medicare, Medicaid, and certain other third-party payors; they also include any differences between estimated retroactive third-party reimbursement settlements for prior years and subsequent final settlements. A summary of the basis of reimbursement with major third-party payors follows:

Medicare: HHO is paid for services rendered to Medicare program beneficiaries under prospectively determined rates. The rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors. HHO's classification of patients under the prospective payment systems is subject to validation reviews by the Medicare peer review center, which is under contract with HHO to perform such reviews. Reimbursement rates are based on HHO's annual cost report and Medicare Economic Index (MEl).

Medicaid: HHO is paid for services rendered to Medicaid program beneficiaries based on a fee schedule. The prospectively determined rates are not subject to retroactive adjustment. HHO also receives Medicaid reimbursement for specific programs and services at the discretion of the State of Illinois Medicaid program. Medicaid reimbursement may be subject to periodic adjustment, as well as to changes in annual reimbursement rates which are based on MEl and annual cost reports.

Patient services revenue was derived from the following payors for the year ended June 30:

	2016	2015
County Care	16 %	17 %
Medicaid (including Medicaid managed care)	79	78
Medicare	4	4
Self Pay	1	1
	100 %	100 %

HHO grants credit to its patients, most being local residents and insured under third-party payor agreements. The mix of receivables from patients and third-party payors, before allowances for uncollectible accounts, is as follows at June 30:

	2016	2015
Medicare	3 %	2 %
Medicaid (including Medicaid managed care)	63	47
County Care	16	32
Self pay	16	18
Other	2	1
	100 %	100 %

Note 3. Charity Care

HHO treat patients in need of medical services without regard to their ability to pay. HHO maintains records to identify and monitor the level of charity care they provide. These records include the amount of charges forgone for services and supplies furnished, as well as the estimated costs incurred for charity care services. During fiscal year 2016 and 2015, the following levels of charity care were provided:

	2016	2015
Revenue forgone for charity care	$ 1,009,561	$ 1,400,000
Estimated costs incurred for charity care	2,347,010	3,283,000

Note 4. Investments and Fair Value Measurements

The Organization records its investments at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Organization utilizes valuation techniques to maximize the use of observable inputs and minimize the use of unobservable inputs. Assets and liabilities recorded at fair value are categorized within the fair value hierarchy based upon the level of judgment associated with the inputs used to measure their value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

> Level 1. Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.
>
> Level 2. Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.
>
> Level 3. Valuations based on inputs that are unobservable and significant to the overall fair value measurement. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

The Organization assesses the levels of the investments at each measurement date. Transfers between levels are required to be recognized on the actual date of the event or change in circumstances that caused the transfer. For the years ended June 30, 2016 and 2015, there were no such transfers.

Investments in mutual funds traded on a national securities exchange, or reported on the NASDAQ national market, are stated at the last reported sales price on the day of valuation. These financial instruments are classified as Level 1 in the fair value hierarchy.

Net asset value (NAV): Investments in alternative funds are valued at fair value based on the applicable share ownership of the underlying investment entities' net assets as of the measurement date as determined by the Organization, commonly referred to as the practical expedient. In determining fair value, the Organization utilizes valuations provided by the underlying investment manager. The underlying investment entities value securities and other financial instruments on a fair value based upon market price, when possible, or at fair value determined by the respective entities' investment manager when no market price is determinable. Although the Organization uses their best judgment in estimating the fair value of alternative investments, there are inherent limitations in any estimation technique. The estimated fair values of certain of the investments of the underlying investment entities, which may include derivatives, securities and other designated or side pocketed investments for which prices are not readily available, may not reflect amounts that could be realized upon immediate sale, nor amounts that may be ultimately realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments, and differences could be material.

The practical expedient allows for investments in non-registered investment companies, to be valued at the net asset value (NAV) which represents fair value. The Organization classifies these investments using NAV within the fair value measurement table.

Note 4. Investments and Fair Value Measurements (Continued)

The following table presents the Organization's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2016:

	Quoted Prices for Identical Assets in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Valued Using Net Asset Value	Total
Mutual funds:					
Fixed Income	$ 5,423,371	$ -	$ -	$ -	$ 5,423,371
Domestic Equity	2,795,857	1,746,344	-	-	4,542,201
International Equity	412,698	-	-	-	412,698
Alternative Investments	-	-	-	744,233	744,233
	8,631,926	1,746,344	-	744,233	11,122,503
Cash and cash equivalents					849,814
					$ 11,972,317

The following table presents the Organization's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2015:

	Quoted Prices for Identical Assets in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Valued Using Net Asset Value	Total
Mutual funds:					
Fixed Income	$ 5,793,553	$ -	$ -	$ -	$ 5,793,553
Domestic Equity	3,349,613	-	-	-	3,349,613
International Equity	574,181	-	-	-	574,181
	9,717,347	-	-	-	9,717,347
Cash and cash equivalents					774,822
					$ 10,492,169

Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in the tables above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

The inputs or methodology used for valuing financial instruments are not necessarily an indication of the risks associated with investing in those instruments. Investments are exposed to various risks such as interest rate, market and credit risks. It is reasonably possible that changes in values of investments will occur in the near term and that such changes could materially affect the amounts reported. Investments received as contributions are recorded at fair value, based upon quoted market prices.

A portion of the investment balance totaling $356,262 and $484,518 is reserved for the Organization's deferred compensation plan at June 30, 2016 and 2015, respectively.

Investment management fees totaled $54,631 and $61,268 in fiscal years 2016 and 2015, respectively.

For fiscal years 2016 and 2015, interest and dividend income from the investment portfolio totaled $231,906 and $331,153, respectively. Unrealized and realized (losses) on the investment portfolio for fiscal years 2016 and 2015 totaled ($482,060) and ($545,496), respectively. Interest and investment income on the statement of activities also includes interest on notes receivable, as well as investment income on other investments.

Note 5. Pledges Receivable

Pledges receivable are as follows at June 30, 2016 and 2015:

	2016	2015
Expected collections in less than one year	$ 1,417,717	$ 1,420,412
Expected collections in one to five years	500,000	65,000
	1,917,717	1,485,412
Less discount to present value	(9,363)	(1,300)
	$ 1,908,354	$ 1,484,112

Note 6. Investments in Limited Partnerships and Other Entities

Several HH affiliate corporations hold general partner interests in various limited partnerships and member interests in various limited liability companies. The limited partnerships and other entities own and operate residential apartment buildings which qualify for low income housing tax credits, such as Roosevelt Square II LP (RS II). The Organization's financial statements include the balances and accounts of the entities, including the residential real estate projects owned by the limited partnerships and other entities.

The limited partnerships have received an allocation of low income housing tax credits from a state or federal agency to assist in developing, operating, and managing affordable housing developments. Each property from these developments has qualified for and has been allocated low income housing tax credits pursuant to Internal Revenue Code Section 42, which regulates the use of the development as to occupant eligibility and unit gross rent, among other requirements. The properties for several of these real estate projects are also subject to various other contractual limitations. After the 15-year tax credit compliance periods lapse, the Organization generally has options to acquire the non-controlling interests in the real estate projects, at prices to be negotiated with the non-controlling interests, which should result in the Organization acquiring those interests without a material expenditure.

The limited partnership and operating agreements include provisions which may result in annual income and loss allocations different from the ownership percentages. In addition, the respective partnership agreements provide for various obligations of the general partners, including their obligation to provide funds for any development and operating deficits.

Residual interest

In July 2007, HH entered into a subordinate note receivable due from RS II in the amount of $6,068,116. The note provides for interest at 5.15 percent compounded annually, and matures in July 2047. No principal or interest payments are due before maturity.

The note was issued by RS II in exchange for a 99-year lease (the land leasehold) to certain land parcels, which lease had been donated to HH by the Chicago Housing Authority, and which HH then assigned to RS II. The donation was recorded as contribution revenue by HH in 2007 at its $6,068,116 estimated fair value on the contribution date.

HH determined that no interest should be accrued on the note due to uncertainty about the collectability of that interest. Any interest or principal that HH might collect on the note will be recorded as income if and when collected in the future. Accumulated but unrecorded interest income on the note through June 30, 2016 and 2015 totals $3,458,448 and $2,991,858, respectively.

Further, the asset reported by HH is described as a "residual interest". Management expects that, at the conclusion of the 15-year housing credit compliance period for RS II, (a) HH will become the owner of the RS II property subject to then-existing obligations to lenders; (b) the note receivable with HH will be eliminated since it would then be both the debtor and the lender; and (c) RS II will continue to benefit from the land leasehold for its remaining term. Accordingly, HH's actual asset is the residual interest in the note collateral (the land leasehold).

Note 6. Investments in Limited Partnerships and Other Entities (Continued)

Receivables due from limited partnerships

Two other subordinated notes due from RS II in the aggregate amount of $612,623 and $588,527 as of June 30, 2016 and 2015, respectively, are included in the financial statements as receivables due from limited partnerships. These notes are reported net of an interest rate discount that was imputed when the loans were funded in 2007. No payments are due on the notes until maturity in 2047. At June 30, 2016 and 2015, RS II has approximately $38,140,000 and $36,600,000, respectively, of mortgage debt outstanding, including $3,154,223 face amount of the two notes described above.

HH commitments

HH is required under tax credit, development, and operating agreements to provide guarantees that ensure the projects stay in compliance with the regulatory Organization, construction of the project is completed, and the project operates within investor projections and continues to be financially sustainable over the course of the compliance period. HH could be called upon to fund these guarantees in the future. The operating guarantee is calculated by making adjustments to changes in net assets for depreciation, accruals and reserves withdrawals.

Note 7. Other Investments

The Organization's other investments are as follows at June 30, 2016 and 2015:

	2016	2015
Alliance of Chicago Community Health Services, L3C	$ 886,652	$ 789,649
Together4Health, LLC	-	200,000
Lathrop Community Partners LLC	31,500	31,500
	$ 918,152	$ 1,021,149

During the years ended June 30, 2016 and 2015, the Organization's investment in Alliance of Chicago Community Health Services, L3C increased in value by $77,003 and $100,887, respectively. In addition, the Organization made capital contributions of $20,000 in both 2016 and 2015. In 2016, Together4Health, LLC ceased operations due to State of Illinois' budget constraints and as a result the Organization received a return of capital of $200,000.

Note 8. Notes Receivable

Notes receivable at June 30, 2016 and 2015 are as follows:

	2016	2015
Tax Increment Financing (TIF) note due from City of Chicago to HH, in annual payments on March 1 of $575,824, including interest at a rate of 7.09 percent, through 2028.	$ 5,261,238	$ 5,295,004
Junior mortgage note due from Monteclare Senior Residences of Avalon Park Phase I, LLC to HHCS, bearing interest at 4.32 percent per annum; principal and any accrued unpaid interest are due in 2046; interest is payable beginning in 2030 from net cash flow in a manner set forth in the operating agreement.	1,530,000	1,530,000
Junior mortgage note due from Monteclare Senior Residences of Avalon Park Phase I, LLC to HHCS, bearing interest at 2.50 percent per annum; principal and interest are due in 2046.	688,431	688,431
Promissory note due from Together4Health, LLC to HHO bearing interest at 5.75 percent per annum, due on November 15, 2016.	-	75,000
Promissory note due from Together4Health, LLC to HHO bearing interest at 3.00 percent per annum, due on August 1, 2016.	-	152,296
Other	-	-
	7,479,669	7,740,731
Less: Allowance for doubtful notes	-	(170,000)
	$ 7,479,669	$ 7,570,731

The TIF note in the original amount of $5,900,000 from the City of Chicago was issued December 18, 2008 and accrues interest annually effective April 1, 2011. Annual payments in the amount of $575,824 are made to the extent that tax increment is available from property taxes paid in the local real estate tax district and as long as the developer is in compliance with the terms of the redevelopment agreement. In the event that a payment is delayed due to insufficient tax increment from the tax district, HH established a tax increment deficiency fund, included in escrow and reserve accounts on the statement of financial position, to service the debt obligation. At June 30, 2016 and 2015, the tax reserve fund totaled $1,853,359 and $1,085,552, respectively. In 2014, the City informed the partnership that they could not make their annual TIF payment. Excess funds from the tax reserve were withdrawn to cover the City's obligation. Shortly after the withdrawal was made, the County issued the property's first assessment for the 2014 assessment year. After confirmation that the first tax bill would be issued in the second installment of 2015, the City moved forward with meeting their obligation for the TIF payment due in fiscal year 2016. As of June 30, 2016 and 2015, the remaining balance on the TIF note was $5,261,238 and $5,295,004, respectively.

Scheduled future maturities of the TIF note are as follows:

2017	$ 249,688
2018	267,387
2019	286,341
2020	306,639
2021	328,375
Thereafter	3,822,808
	$ 5,261,238

Note 8. Notes Receivable (Continued)

As part of its expansion into supportive housing and social services to seniors, HHCS entered into a transaction with an unrelated real estate developer to assist in the acquisition of a property in the Woodlawn neighborhood of Chicago in return for a long-term service contract at the facility called Monteclare Senior Residences of Avalon Park Phase I, LLC (Monteclare). In October 2008, the City of Chicago deeded land in the Woodlawn neighborhood to HHCS with an appraised value of $1,530,000. The land was immediately transferred to Monteclare in exchange for a junior mortgage in the same amount. At the same time, the City of Chicago also transferred to HHCS a Donation Tax Credit in the amount of $688,431, which was sold to Bank of America. The proceeds from this sale were lent to Monteclare in return for a note receivable secured by a junior mortgage on the facility.

In July 2010, HHO received a program related investment (PRI) from the Washington Square Health Foundation (Foundation) in amounts totaling $100,000 in support of the Alliance of Chicago Community Health Services (the Alliance; an affiliated, equity-method investee). The PRI includes HHO's obligation under promissory notes payable to the Foundation, secured by the assets of the Alliance. HHO then entered into a reciprocal agreement with the Alliance, which includes notes receivable from the Alliance with similar terms. HHO is a pass-through organization for the PRI to the Alliance due to its tax-exempt status. The purpose of the PRI was to support the Alliance's Health Information Technology Enhancement Project. HHO has recorded in its accounting records notes payable and notes receivable, respectively, but has netted their balances for financial reporting purposes. The respective notes are payable in annual installments of $23,097, including interest at a 5.0 percent annual rate, through October 2015. The final installment of $20,000 was fully paid in October 2015.

In February 2014, HHO converted a portion of management fees earned, in addition to other costs incurred by HHO for the benefit of Together4Health, LLC into two unsecured notes receivables from Together4Health, LLC, in face amounts of $75,000 and $344,136. In 2016, Together4Health, LLC ceased operations due to the State of Illinois' budget constraints. The notes were fully paid in 2016.

Note 9. Property and Equipment

Property and equipment consisted of the following at June 30, 2016 and 2015:

	2016	2015
Land	$ 6,984,822	$ 6,784,693
Land improvements	1,794,335	1,794,335
Building and improvements	142,070,694	135,635,808
Furniture, equipment and vehicles	8,266,132	7,548,806
Leasehold improvements	4,329,576	4,125,248
Construction in progress	4,647,113	1,007,456
	168,092,672	156,896,346
Less accumulated depreciation and amortization	41,723,425	36,605,716
	$ 126,369,247	$ 120,290,630

As of June 30, 2016, construction in progress consists of building costs incurred on the renovation of property of the Diversey Limited Partnership development.

As of June 30, 2015, construction in progress included $885,081 for building costs incurred on the Rethke Washington, LLC development, plus $122,375 related to the build-out of the Heartland Alliance downtown Chicago office space.

Depreciation and amortization expense on property and equipment was $6,481,480 and $6,457,610 for the years ended June 30, 2016 and 2015, respectively.

Note 10. Escrow and Reserve Accounts

In connection with the development of their properties, certain Organization affiliates are required to maintain various escrow and reserve accounts. Balances in these accounts were as follows at June 30, 2016 and 2015:

	2016	2015
Reserves for replacements	$ 1,675,564	$ 1,663,948
Real estate tax and insurance escrows	1,503,409	2,236,491
Construction escrows	-	61,105
Reserve, tax increment financing	1,661,200	1,085,552
Reserve for operating deficits	3,636,732	2,973,684
Negative arbitrage reserve	708,874	714,797
Reserve for special purposes	277,268	363,731
	$ 9,463,047	$ 9,099,308

Note 11. Deferred Revenue

Deferred revenue at June 30, 2016 and 2015 consists of the following:

	2016	2015
Developer fee revenue	$ 6,141,974	$ 5,245,717
City of Chicago TIF revenue	5,261,238	5,295,004
Grant revenue	1,342,371	1,855,477
	$ 12,745,583	$ 12,396,198

Note 12. Debt Obligations

Debt obligations of the Organization and its wholly-owned subsidiaries are comprised of notes payable, many of which are subject to certain requirements, including financial covenants, consisted of:

	2016	2015
Heartland Alliance		
Term loan of $1,500,000 through U.S. Bank used for the construction renovation project for the new offices at the Organization's Chicago headquarters. Payments are due in monthly installments of $9,583, including interest at one-month LIBOR plus 0.75 percent. In 2016, the outstanding balance was repaid.	$ -	$ 284,689
HHCS		
Note payable to Citibank issued to refinance the 1620-24 W. Chase building. Payments are due in monthly installments of $10,867, including interest at 6.81 percent, maturing on November 26, 2016. In 2016, this note was refinanced.	-	183,788
First mortgage loan payable to IFF (a nonprofit community development financial institution). Payments are due in monthly installments of $2,835 including interest of 4.17 percent. In 2016, this mortgage was refinanced.	-	136,520
Mortgage loan payable to IFF. Payments are due in monthly installments of $8,110, including interest of 6.00 percent, maturing on January 1, 2017. In 2016, this mortgage was refinanced.	-	137,769
In 2016, three HHCS debt obligations were refinanced with new debt obligations with IFF consisting of two notes, payable in monthly installments of $5,058 and $12,143, including interest at 5.00 percent, maturing on October 1, 2025.	1,201,913	-
Non-interest bearing note payable to City of Chicago Department of Housing with principal due in 2036.	645,028	645,028
Mortgage loan payable to Lancaster Pollard Mortgage to finance the 3500 South Giles property and building. Payments are due in monthly installments of $55,152, including interest of 4.00 percent. The loan matures on August 1, 2043.	10,954,116	11,173,009

Note 12. Debt Obligations (Continued)

	2016	2015
HHCS Continued		
One-year, $3,000,000 secured line of credit with U.S. Bank for general operations at LIBOR plus 1.25 percent.	$ 1,000,000	$ -
HH		
Non-interest bearing third mortgage loan payable to the City of Milwaukee. The proceeds come from the federal stimulus Neighborhood Stabilization Program (NSP). The note matures on August 19, 2030, at which time all remaining principal will become due. The note is secured by a mortgage on the Center Buffum property and an assignments of rents and leases.	441,188	441,188
Non-interest bearing federal forgivable loan grant in the amount of $250,000 due to BMO Harris Bank, N.A. (BMO) on July 31, 2044. Proceeds are received via BMO from the Federal Home Loan Bank of Chicago, pursuant to its Affordable Housing Program. HH has agreed to lend the proceeds to Center Buffum, LLC in connection with the development and construction of Maskani Place.	250,000	250,000
Pre-development loan payable to IFF in the amount of $250,000. The note will bear interest at the applicable interest rate of 5 percent per annum, payable on a monthly basis, commencing in the following month after the initial disbursement of loan proceeds. The proceeds from this note will be used to fund costs in connection with pre-development tasks related to the rehabilitation and construction of 93 units of housing and commercial space at a project known as Parkway Apartments. The entire principal balance of this note plus all accrued and unpaid interest thereon shall become due and payable on the earlier to occur of (i) the date of the closing on any portion of the construction financing for the Project or (ii) March 26, 2016 ("Maturity Date"). The note repayment was made on December 22, 2015 through limited partner capital contributions during the closing of Parkway Apartments.	-	159,439
Non-interest bearing working capital loan payable to Enterprise Community Partners, Inc., a Maryland nonstock nonprofit corporation, in the amount of $250,000. The proceeds are required to be used towards Heartland Housing working capital needs and pre-development expenses on future affordable housing projects. The entire unpaid principal balance of this note was due and payable on December 31, 2018. In 2016, the loan was repaid in full.	-	250,000
Pre-development loan payable to Enterprise Community Partners, Inc. in the amount of $400,000. The note bears interest at a simple rate of 3 percent per annum, due and payable on a quarterly basis. The proceeds from the note will be used to fund costs in connection with pre-development tasks related to the rehabilitation and construction of 497 units of housing, commercial space, and a community center at a project known as Lathrop Homes. The entire principal balance of this note, together with all accrued and unpaid interest, will become due on October 27, 2016. The payoff will be funded through capital from the project closing. Also, the pre-development costs paid by Heartland Housing, Inc. will be converted into a sponsor note receivable due from Lathrop Community Partners, LLC.	400,000	400,000

Note 12. Debt Obligations (Continued)

		2016		2015
HH Continued				
Non-interest bearing working capital loan payable to Enterprise Community Partners, Inc., a Maryland nonstock nonprofit corporation, in the amount of $107,713. The proceeds are required to be used towards Heartland Housing working capital needs and pre-development expenses on future affordable housing projects. The entire unpaid principal balance of this note will become due and payable in May 2019.	$	107,713	$	-
Pre-development loan payable to the City of Madison, Wisconsin in the original amount of $115,000. The note is non-interest bearing. The proceeds from this note will be used to fund costs related to the 45-unit multi-family housing project on Tree Lane. The note will be forgivable after 15 years of maintaining the project as proposed.		71,123		-
Non-interest bearing pre-development loan payable to Local Initiatives Support Corp. in the amount of $35,000. The proceeds should be used to pay for pre-development costs associated with the application to access Low Income Housing Tax Credits from Wisconsin Housing and Economic Development Authority to obtain financing in the redevelopment of the former Milwaukee County Correctional Center into affordable permanent supportive housing for low income residents. The entire balance will become due and payable on the earlier to occur of the close of construction financing or August 31, 2015. However, if best efforts have been satisfied by the borrower to move the project forward to development completion, but the borrower is not successful, repayment shall not be required.		35,000		26,696
First mortgage loans payable through 2015, bearing interest at rates ranging from 5.875 percent to 9.00 percent, with required monthly installments totalling $9,698.		295,100		356,884
Non-interest bearing first mortgage loan payable to the City of Chicago Department of Housing. Payable in monthly principal installments of $305 through 2036, at which time the remaining principal is due.		2,020,992		2,024,652
Junior mortgage loan payable to the City of Chicago Department of Housing. Interest accrues annually at 3.00 percent. The loan was assmued by Diversey LP during the close of financing for the rehabilitation of Parkway Apartments.		-		1,073,955
Non-interest bearing second mortgage loan payable to the City of Chicago Department of Housing in the amount of $2,162,013 due in monthly principal installments of $2,083 through June 14, 2033, at which time all principal comes due.		1,918,711		1,943,711
Non-interest bearing second mortgage loan payable to IHDA, payable annually in amounts equivalent to 10 percent of annual surplus cash, as defined.		212,616		212,616
Non-interest bearing third mortgage loan payable to IHDA in the amount of $350,000, due in annual principal payments in the amount of $2,400 until June 14, 2033, at which time the remaining principal comes due.		316,883		319,283
Non-interest bearing third mortgage loan payable to IHDA, due 2026. Repayment of the loan occurred on December 22, 2015, during the close of financing for the rehabilitation of Parkway Apartments.		-		494,483

Note 12. Debt Obligations (Continued)

HH Continued

Limited Partnerships and Limited Liability Companies

Debt obligations also consist of interest and non-interest bearing notes payable of various limited partnerships and limited liability companies in which HH affiliate corporations hold general partner interests. These obligations are all mortgage obligations secured by the respective properties, with various maturity dates through 2050, and can readily be categorized by those that provide for fixed monthly debt service payments, others with no debt service payments prior to maturity, construction loans, and obligations that require debt service payments only if the secured property produces cash flow as defined. These obligations typically provide for operating restrictions related to the incomes earned by, and the rents charged to, the property tenants. Construction obligations are retired at maturity from the capital contributions of the respective non-controlling interest. Accordingly, the details of these obligations (and the range of interest rates) as of June 30, 2016 and 2015 have been summarized as follows:

	2016	2015
Non-interest loans payable to IHDA	$ 5,963,240	$ 5,977,841
Non-interest loans payable to city agencies	5,706,151	5,706,151
Non-interest cash flow loans	8,924,081	8,392,181
Interest bearing loans payable to city agencies (1.00 percent to 5.36 percent)	7,148,290	5,461,929
Interest bearing first mortgage loans (2.25 percent to 9.00 percent; requiring monthly fixed debt service payments, based on amortization from note issuance through maturity)	12,141,015	12,387,782
Interest bearing construction loans (2.65 percent to 5.00 percent)	4,444,784	6,315,651
	$64,197,944	$64,755,245

Future principal payments required under the above obligations are as follows:

2017	$ 2,136,302
2018	802,086
2019	843,208
2020	886,675
2021	932,625
Thereafter	58,597,048
	$64,197,944

Description of Series A Tax-Exempt Bonds

Included in long-term debt before consolidation is $11,510,000 of Multi-Family Housing Revenue Bonds Series 2008A issued on December 18, 2008 and maturing serially from February 20, 2012 to August 20, 2050, backed by the full faith and credit of the United States of America through GNMA certificates. The bonds were issued pursuant to an ordinance adopted by the City of Chicago Council on September 10, 2008. The proceeds of the bonds were used to: (a) finance a portion of the costs of the acquisition, construction, rehabilitation and equipping of a multi-family mixed income rental development (Hollywood House), (b) establish a bond reserve and project fund in accordance with the trust agreement, and (c) pay costs incurred to issue the bonds. The coupon rates for the bonds range from 3.30 percent to 6.50 percent and interest is payable in February and August each year, starting August 2009. The bonds were discounted by $260,200 to the market interest rate when issued.

Note 12. Debt Obligations (Continued)

Certain bonds which total $7,260,000 are subject to periodic mandatory redemption prior to maturity by lot at par. The bonds may be redeemed starting February 20, 2024 through August 20, 2050 through sinking fund installments. After December 2017, all bonds are optionally redeemable at 102 percent through December 2018, 101 percent from December 2018 to December 2019 and at par thereafter.

The proceeds of the bonds were used to purchase GNMA Securities from PNC Bank (the GNMA Issuer) which enabled the bank to make the mortgage loan to Hollywood, LP. As of June 30, 2016, the amount of the mortgage loan outstanding and the GNMA Securities purchased by the bond trustee were $10,106,342. As of June 30, 2015, the mortgage loan outstanding and the GNMA Securities purchased by the bond trustee were $10,386,028. The amount for the mortgage loan is included in debt obligations in the consolidated statements of financial position. The amount for the GNMA Securities is netted together with the bonds and the accrued interest in the elimination column of the consolidated statements of financial position. The net amount of this elimination is shown as an addition to the escrow and reserve accounts.

The Bonds are secured by the GNMA Securities, the GIC investments and the TIF note receivable of $5,261,238 at June 30, 2016 (Note 8). All payments scheduled to be made to PNC Bank under the Mortgage Note will be assigned to the bonds. No partner of HH has any personal liability with respect to the bonds.

Note 13. Operating Leases

Effective March 17, 2015, the Organization amended its Chicago headquarters lease to occupy and build-out additional space. The lease provides for monthly base rents ranging from $90,000 to $118,000, plus the Organization’s proportionate share of building expenses and real estate taxes through 2030. The lease also provided for certain rental incentives, including a tenant allowance for build-out of the new space. A term loan from Bank of America provided funds for the build-out of the office space.

In addition, the Organization leases office space under numerous operating leases for services provided throughout Chicago, with expiration dates ranging through 2021.

As of June 30, 2016 and 2015, a deferred rent liability of $1,185,245 and $1,047,427, respectively, represents the cumulative excess of rental expense recognized on a straight-line basis over the term of the lease and the actual cash outlay for base rentals.

Approximate future minimum rental payments at June 30, 2016 under the office and various other non-cancelable leases are as follows:

2017	$ 3,736,491
2018	3,117,073
2019	2,810,040
2020	2,515,730
2021	1,722,675
Thereafter	9,866,096
	$ 23,768,105

Note 14. Temporarily Restricted Net Assets

Temporarily restricted net assets balances and activities by category are as follows:

	Balance June 30, 2015	Contributions Received	Released Amounts	Balance June 30, 2016
Youth and Residential Services	$ 13,126	$ 13,000	$ 17,432	$ 8,694
Supportive Housing Services	95,495	287,100	211,078	171,517
Wellness and Prevention	327,050	362,311	498,252	191,109
Employment and Economic Advancement	295,882	351,013	454,752	192,143
Housing, Community and Specialized Services	91,056	215,000	173,931	132,125
Integrated Health Care Services	121,589	60,000	140,603	40,986
Health Care Quality, Research, TA, and Training Services	362,100	753,379	730,248	385,231
Health Promotion and Nutrition	330,387	351,365	677,357	4,395
Housing Development	133,020	428,800	95,520	466,300
International Programs	1,005,865	814,339	911,876	908,328
Justice Services	7,722,294	5,551,116	5,407,238	7,866,172
Other Services	828,891	731,642	1,222,567	337,966
	$ 11,326,755	$ 9,919,065	$ 10,540,854	$ 10,704,966

	Balance July 1, 2014	Contributions Received	Released Amounts	Balance June 30, 2015
Youth and Residential Services	$ 5,259	$ 7,993	$ 126	$ 13,126
Supportive Housing Services	289,532	172,100	366,137	95,495
Wellness and Prevention	615,017	274,921	562,888	327,050
Employment and Economic Advancement	148,284	374,661	227,063	295,882
Housing, Community and Specialized Services	242,447	105,000	256,391	91,056
Integrated Health Care Services	46,921	145,050	70,382	121,589
Health Care Quality, Research, TA, and Training Services	315,177	1,007,915	960,992	362,100
Health Promotion and Nutrition	40,000	717,907	427,520	330,387
Housing Development	74,421	193,550	134,951	133,020
International Programs	234,636	1,366,683	595,454	1,005,865
Justice Services	8,246,494	4,408,037	4,932,237	7,722,294
Other Services	2,000,720	658,736	1,830,565	828,891
Management and General	778,644	28,800	807,444	-
Fundraising	212,548	-	212,548	-
	$ 13,250,100	$ 9,461,353	$ 11,384,698	$ 11,326,755

Management and general represents program funding specified from donors to cover general and administrative expenses not otherwise provided for through other program revenue sources.

Note 15. Employee 401(k) Plan

The Organization sponsors the Heartland Alliance 401(k) Plan, which is a defined contribution plan that provides retirement, disability or death benefits to eligible employees of the Organization. Employees are eligible to participate in the 401(k) plan after completing six months of service with the Organization. The 401(k) plan is subject to the provisions of the Employee Retirement income Security Act of 1974 (ERISA), as amended. The Organization contributes a discretionary percentage of each participant's base compensation as specified in the 401(k) plan agreement. Participants must be 21 years of age and have one year of service to receive employer contributions. Employer contributions are vested 100 percent only after completion of three years of service. The Organization has the right to discontinue its contributions at any time and to terminate the 401(k) plan, subject to the provisions of ERISA. Organization discretionary contributions to the Plan for fiscal years 2016 and 2015 totaled $1,272,526 and $1,180,562, respectively.

The Organization also maintains a deferred compensation plan for certain of its executives. Total expense relating to this plan for fiscal years 2016 and 2015 totaled $45,000 and $40,000, respectively. The liability for deferred compensation at June 30, 2016 and 2015 was $356,262 and $484,518, respectively.

Note 16. Transactions with Affiliates

The Organization has entered into an agreement with Heartland International Health Center (Health Center), an affiliated human services Organization, to provide management and administrative services to the Health Center. These management and administrative services consist of fiscal management, accounting, human resources support, insurance and courier services. In addition, the Health Center's employees are eligible to participate in the Organization’s 401(k) plan. The agreement with the Health Center is in effect through June 30, 2018. Revenue recognized by the Organization under this agreement amounted to $605,000 and $595,000 for fiscal years ended June 30, 2016 and 2015, respectively.

The Health Center shared one clinical provider with HHO in 2015; the value of that service to the Health Center, paid to HHO, was $81,640.

As of June 30, 2016 and 2015, the Health Center owed the Organization $66,130 and $124,547, respectively.

HHO had an ownership interest in and provided certain management services to Together4Health, LLC in exchange for a management fee as well as potential incentive compensation pursuant to the terms of a management agreement (which ended May 31, 2015). Certain executive employees of the Organization had similar roles for Together4Health, LLC. Total management fees earned by HHO from Together4Health, LLC totaled $438,758 for 2015. A portion of management fees earned, in addition to other costs incurred by HHO for the benefit of Together4Health, LLC, were converted into unsecured notes receivable from Together4Health, LLC and fully collected in 2016 (Note 8).

Note 17. Commitments and Contingencies

Illinois Department of Human Services (IDHS): In January 2015, the Organization and HHCS reached an agreement with IDHS in connection with an April 2010 fee-for service contract with the State of Illinois and the IDHS and agreed to remit $2,000,000 questioned costs to IDHS over a two-year period of which $500,000 was paid prior to year-end. At June 30, 2015, $1,500,000 of the questioned costs is reported as a liability on the consolidated statement of financial position. The Organization previously recorded in 2014 a reserve of $3,147,800 for the questioned costs; the $1,147,800 remaining reserve has been reversed and is included as non-operating income on the consolidated statement of activities for the year ended June 30, 2015.

Payments from the State of Illinois: A significant portion of the Organization’s revenue is reimbursed through the State of Illinois. Extended delays in payments by the State could severely disrupt cash flow and negatively impact the Organization’s activities.

Note 17. Commitments and Contingencies (Continued)

Regulatory Environment Including Fraud and Abuse Matters: The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity continues with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that HHO is in compliance with fraud and abuse, as well as other applicable government laws and regulations. While no regulatory inquiries that are expected to have a material adverse effect on HHO have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

From time-to-time, the Organization is subject to claims that arise in the ordinary course of conducting its activities. Management has no reason to believe that any of the claims are not fully covered by the Organization's insurance and in management’s opinion the resolution of these matters would not have a material effect on the financial position of the Organization.

Professional Liability Insurance: The Federally Supported Health Centers Assistance Act of 1992 and 1995 granted medical malpractice liability protection through the Federal Tort Claims Act (FTCA) to Federally Qualified Health Centers. Under this legislation, HHO employees, and eligible contractors are considered Federal employees immune from suit with the Federal government acting as their primary insurer.

Note 18. Subsequent Events

The Organization has evaluated subsequent events through November 21, 2016, the date on which the financial statements were available to be issued.

Supplementary Information

Heartland Alliance for Human Needs & Human Rights

Consolidating Statement of Financial Position
June 30, 2016

	Heartland Alliance for Human Needs & Human Rights	Heartland Alliance International, LLC	Heartland Human Care Services, Inc.	Heartland Health Outreach, Inc.	Heartland Housing Inc.	Eliminations	Total
Assets							
Cash	$ 5,670,857	$ 1,629,147	$ 4,741,636	$ 2,165,679	$ 2,048,355	$ -	$ 16,255,674
Restricted cash	1,932,396	-	136,174	5,188	-	-	2,073,758
Investments	8,668,660	-	3,303,657	-	-	-	11,972,317
Accounts receivable:							
Program service grants and fees	901,619	1,855,522	5,480,183	2,823,286	195,207	-	11,255,817
Pledges receivable	1,123,412	10,000	172,545	238,047	364,350	-	1,908,354
Patient services	-	-	-	1,093,288	-	-	1,093,288
Other	58,511	5,249	171,444	308,700	982,676	-	1,526,580
Inter-agency	2,241,628	(48,832)	(190,036)	(13,307)	(1,989,453)	-	-
Allowance for contractual adjustments, discounts and bad debts	(160,000)	(20,000)	(342,280)	(320,424)	(39,024)	-	(881,728)
Prepaid expenses and other current assets	635,413	594,367	709,791	239,189	570,602	-	2,749,362
Investment in limited partnerships	1,754,486	-	-	-	36,225	(1,754,486)	36,225
Other investments	-	-	-	886,652	31,500	-	918,152
Notes receivable, net	-	-	2,218,431	-	5,261,238	-	7,479,669
Receivables due from limited partnerships	-	-	-	-	612,623	-	612,623
Property and equipment, net	1,399,195	953,452	13,107,282	933,092	109,976,226	-	126,369,247
Escrow and reserve accounts	-	-	412,709	-	9,050,338	-	9,463,047
Deferred fees, net	-	-	-	-	1,718,890	-	1,718,890
Residual interest	-	-	-	-	6,068,116	-	6,068,116
Total assets	$ 24,226,177	$ 4,978,905	$ 29,921,536	$ 8,359,390	$ 134,887,869	$ (1,754,486)	$ 200,619,391
Liabilities and Net Assets							
Liabilities:							
Accounts payable and other accrued expenses	$ 752,387	$ 242,209	$ 1,469,972	$ 536,180	$ 2,924,644	$ -	$ 5,925,392
Accrued payroll and related liabilities	1,731,534	384,130	1,964,305	869,092	211,182	-	5,160,243
Construction costs payable	-	-	-	-	2,488,313	-	2,488,313
Deferred revenue	305,618	447,406	318,206	198,135	11,476,218	-	12,745,583
Liability for self-insurance claims	1,700,000	-	-	-	-	-	1,700,000
Deferred rent liability	1,177,049	-	-	8,196	-	-	1,185,245
Deferred compensation plan liability	356,262	-	-	-	-	-	356,262
Accrued interest payable	-	-	-	-	781,725	-	781,725
Debt obligations	-	-	13,801,057	-	50,396,887	-	64,197,944
Total liabilities	6,022,850	1,073,745	17,553,540	1,611,603	68,278,969	-	94,540,707
Net assets:							
Unrestricted:							
Undesignated	8,588,575	2,976,830	11,804,532	6,185,053	27,708,622	(1,754,486)	55,509,126
Board designated	1,222,579	20,000	-	-	-	-	1,242,579
Non-controlling interests	-	-	-	-	38,433,978	-	38,433,978
Total unrestricted net assets	9,811,154	2,996,830	11,804,532	6,185,053	66,142,600	(1,754,486)	95,185,683
Temporarily restricted	8,204,138	908,330	563,464	562,734	466,300	-	10,704,966
Permanently restricted	188,035	-	-	-	-	-	188,035
Total net assets	18,203,327	3,905,160	12,367,996	6,747,787	66,608,900	(1,754,486)	106,078,684
Total liabilities and net assets	$ 24,226,177	$ 4,978,905	$ 29,921,536	$ 8,359,390	$ 134,887,869	$ (1,754,486)	$ 200,619,391

Heartland Alliance for Human Needs & Human Rights

Consolidating Statement of Financial Position
June 30, 2015

	Heartland Alliance for Human Needs & Human Rights	Heartland Alliance International, LLC	Heartland Human Care Services, Inc.	Heartland Health Outreach, Inc.	Heartland Housing Inc.	Eliminations	Total
Assets							
Cash	$ 5,037,249	$ 2,049,617	$ 2,126,332	$ 1,039,738	$ 2,293,746	$ -	$ 12,546,682
Restricted cash	2,582,480	-	46,508	84,277	-	-	2,713,265
Investments	7,049,993	-	3,442,175	-	-	-	10,492,168
Accounts receivable:							
Program service grants and fees	879,065	1,139,243	7,442,354	2,627,053	160,433	-	12,248,148
Pledges receivable	846,442	62,750	106,750	342,420	125,750	-	1,484,112
Patient services	-	-	-	1,009,932	-	-	1,009,932
Other	244,356	1,843	140,423	74,548	1,081,085	-	1,542,255
Inter-agency	2,184,874	415,889	(474,480)	(118,268)	(2,008,015)	-	-
Allowance for contractual adjustments, discounts and bad debts	(158,750)	-	(294,710)	(497,626)	(46,653)	-	(997,739)
Prepaid expenses and other current assets	632,897	360,470	703,077	219,340	559,431	-	2,475,215
Investment in limited partnerships	1,754,486	-	-	-	36,125	(1,754,486)	36,125
Other investments	-	-	25,000	964,649	31,500	-	1,021,149
Notes receivable, net	76,627	-	2,218,431	57,296	5,295,004	(76,627)	7,570,731
Receivables due from limited partnerships	-	-	-	-	588,527	-	588,527
Property and equipment, net	1,432,723	689,246	13,929,233	1,154,727	103,084,701	-	120,290,630
Escrow and reserve accounts	-	-	526,823	-	8,572,485	-	9,099,308
Deferred fees, net	-	-	-	-	1,478,407	-	1,478,407
Residual interest	-	-	-	-	6,068,116	-	6,068,116
Total assets	$ 22,562,442	$ 4,719,058	$ 29,937,916	$ 6,958,086	$ 127,320,642	$ (1,831,113)	$ 189,667,031
Liabilities and Net Assets							
Liabilities:							
Accounts payable and other accrued expenses	$ 1,364,510	$ 147,384	$ 2,944,949	$ 655,166	$ 3,828,129	$ -	$ 8,940,138
Accrued payroll and related liabilities	1,252,374	309,316	1,716,743	813,585	135,498	-	4,227,516
Construction costs payable	-	-	-	-	50,914	-	50,914
Deferred revenue	129,541	1,023,775	446,763	123,034	10,673,085	-	12,396,198
Liability for self-insurance claims	1,500,000	-	-	-	-	-	1,500,000
Deferred rent liability	1,030,240	-	-	17,187	-	-	1,047,427
Deferred compensation plan liability	484,518	-	-	-	-	-	484,518
Accrued interest payable	-	-	-	-	1,267,240	-	1,267,240
Debt obligations	284,689	8,212	12,276,114	68,415	52,194,442	(76,627)	64,755,245
Total liabilities	6,045,872	1,488,687	17,384,569	1,677,387	68,149,308	(76,627)	94,669,196
Net assets:							
Unrestricted:							
Undesignated	6,554,769	2,204,506	11,821,793	4,375,570	26,334,190	(1,754,486)	49,536,342
Board designated	1,222,579	20,000	-	-	-	-	1,242,579
Non-controlling interests	-	-	-	-	32,704,124	-	32,704,124
Total unrestricted net assets	7,777,348	2,224,506	11,821,793	4,375,570	59,038,314	(1,754,486)	83,483,045
Temporarily restricted	8,551,187	1,005,865	731,554	905,129	133,020	-	11,326,755
Permanently restricted	188,035	-	-	-	-	-	188,035
Total net assets	16,516,570	3,230,371	12,553,347	5,280,699	59,171,334	(1,754,486)	94,997,835
Total liabilities and net assets	$ 22,562,442	$ 4,719,058	$ 29,937,916	$ 6,958,086	$ 127,320,642	$ (1,831,113)	$ 189,667,031

Heartland Alliance for Human Needs & Human Rights

Consolidating Statement of Activities
Year Ended June 30, 2016

	Heartland Alliance for Human Needs & Human Rights	Heartland Alliance International, LLC	Heartland Human Care Services, Inc.	Heartland Health Outreach, Inc.	Heartland Housing Inc.	Eliminations	Total
Revenues:							
Contributions	$ 7,644,427	$ 939,123	$ 921,483	$ 1,438,433	$ 510,248	$ -	$ 11,453,714
Grants, contracts, reimbursements and client fees	2,827,602	19,266,221	49,829,782	18,218,254	2,067,230	-	92,209,089
Contributed services and non-cash contributions	377,356	434,563	1,934,954	680,355	-	-	3,427,228
Patient services, net of contractual adjustments and discounts	-	-	-	5,339,572	-	-	5,339,572
Rental income	162,375	-	61,467	-	7,039,011	(214,335)	7,048,518
Housing development	-	-	-	-	326,451	-	326,451
Interest and investment income	(82,662)	82	(103,958)	229,806	1,379,581	(229)	1,422,620
Other income	1,036,749	35,189	266,602	129,608	678,314	(474,332)	1,672,130
Total revenues	11,965,847	20,675,178	52,910,330	26,036,028	12,000,835	(688,896)	122,899,322
Expenses:							
Salaries and wages	10,599,533	5,308,288	24,393,120	10,336,498	2,588,225	-	53,225,664
Payroll taxes and fringe benefits	2,280,207	1,202,246	5,985,882	2,427,023	662,575	-	12,557,933
Staff expenses	608,043	1,513,383	479,173	307,506	78,103	-	2,986,208
Professional services	1,663,493	1,442,029	2,136,218	1,329,396	390,243	(340,954)	6,620,425
Office services	1,087,703	623,859	712,991	711,742	45,502	-	3,181,797
Occupancy	1,158,971	566,238	3,151,492	1,027,394	1,063,396	(214,336)	6,753,155
Equipment	448,926	195,889	635,890	282,991	11,702	-	1,575,398
Client support and supplies	211,470	4,001,558	6,765,427	3,818,525	276	(31,222)	14,766,034
Subrecipients	545,789	3,843,378	380,565	453,252	-	(102,155)	5,120,829
Contributed services and in-kind expenses	377,356	434,563	1,934,954	680,355	-	-	3,427,228
Real estate development and property management	6,076	-	1,200	399,519	2,411,883	-	2,818,678
Interest expense	672	46	535,784	182	1,769,751	(229)	2,306,206
Uncollectible accounts	2,007	22,751	(1,568)	123,125	137,287	-	283,602
	18,990,246	19,154,228	47,111,128	21,897,508	9,158,943	(688,896)	115,623,157
Allocation of shared services costs	(8,972,962)	730,026	5,129,252	2,358,282	755,402	-	-
Total expenses	10,017,284	19,884,254	52,240,380	24,255,790	9,914,345	(688,896)	115,623,157
Increase in net assets before non-budgetary and other items	1,948,563	790,924	669,950	1,780,238	2,086,490	-	7,276,165
Non-budgetary items:							
Depreciation and amortization	(261,806)	(116,135)	(855,301)	(313,150)	(5,135,121)	-	(6,681,513)
Increase (decrease) in net assets before other items	1,686,757	674,789	(185,351)	1,467,088	(3,048,631)	-	594,652
Other items:							
Capital contributions to limited partnerships and other entities	-	-	-	-	10,537,369	-	10,537,369
Capital distributions to limited partnerships and other entities	-	-	-	-	(7,045)	-	(7,045)
Offering costs, non-controlling interests	-	-	-	-	(44,127)	-	(44,127)
Total other items	-	-	-	-	10,486,197	-	10,486,197
Increase (decrease) in net assets	1,686,757	674,789	(185,351)	1,467,088	7,437,566	-	11,080,849
Net assets, beginning of year	16,516,570	3,230,371	12,553,347	5,280,699	59,171,334	(1,754,486)	94,997,835
Net assets, end of year	$ 18,203,327	$ 3,905,160	$ 12,367,996	$ 6,747,787	$ 66,608,900	$ (1,754,486)	$ 106,078,684

Heartland Alliance for Human Needs & Human Rights

Consolidating Statement of Activities
Year Ended June 30, 2015

	Heartland Alliance for Human Needs & Human Rights	Heartland Alliance International, LLC	Heartland Human Care Services, Inc.	Heartland Health Outreach, Inc.	Heartland Housing Inc.	Eliminations	Total
Revenues:							
Contributions	$ 4,570,610	$ 1,666,552	$ 997,504	$ 2,332,002	$ 364,419	$ -	$ 9,931,087
Grants, contracts, reimbursements and client fees	2,710,158	12,530,879	48,534,325	16,955,978	1,275,661	-	82,007,001
Contributed services and non-cash contributions	108,708	472,282	1,306,070	792,623	-	-	2,679,683
Patient services, net of contractual adjustments and discounts	-	-	-	4,489,609	-	-	4,489,609
Rental income	-	-	246,319	-	7,382,003	-	7,628,322
Housing development	-	-	-	-	228,264	-	228,264
Interest and investment income	(93,109)	659	(224,464)	115,227	677,333	(5,567)	470,079
Other income	1,825,688	(44,268)	65,642	135,591	267,865	(584,094)	1,666,424
Total revenues	9,122,055	14,626,104	50,925,396	24,821,030	10,195,545	(589,661)	109,100,469
Expenses:							
Salaries and wages	10,296,373	4,439,639	23,422,032	11,127,957	2,267,164	-	51,553,165
Payroll taxes and fringe benefits	2,226,150	1,024,667	6,178,303	2,608,656	597,949	-	12,635,725
Staff expenses	722,565	967,657	530,902	336,842	79,802	-	2,637,768
Professional services	1,892,287	966,930	1,615,958	2,045,625	462,597	(470,271)	6,513,126
Office services	999,346	402,257	703,407	632,894	37,681	-	2,775,585
Occupancy	1,074,904	475,063	2,922,350	1,147,024	1,150,893	-	6,770,234
Equipment	380,911	316,974	627,198	238,903	8,857	-	1,572,843
Client support and supplies	104,921	1,034,059	6,388,795	2,629,239	818	(34,147)	10,123,685
Subrecipients	549,812	3,300,566	1,576,876	221,469	-	(79,676)	5,569,047
Contributed services and in-kind expenses	108,708	472,282	1,306,070	792,623	-	-	2,679,683
Real estate development and property management	4,900	-	87,185	389,494	2,540,129	-	3,021,708
Interest expense	6,098	276	539,426	6,855	2,034,629	(5,567)	2,581,717
Uncollectible accounts	120,883	-	19,165	591,847	166,359	-	898,254
	18,487,858	13,400,370	45,917,667	22,769,428	9,346,878	(589,661)	109,332,540
Allocation of shared services costs	(8,328,720)	666,480	4,666,383	2,303,615	692,242	-	-
Total expenses	10,159,138	14,066,850	50,584,050	25,073,043	10,039,120	(589,661)	109,332,540
Increase (decrease) in net assets before non-budgetary and other items	(1,037,083)	559,254	341,346	(252,013)	156,425	-	(232,071)
Non-budgetary items:							
Depreciation and amortization	(343,987)	(62,419)	(918,509)	(336,607)	(5,160,244)	-	(6,821,766)
Other non-operating income (expense)	(150,877)	-	1,147,800	150,878	(29,349)	-	1,118,452
Total non-budgetary expenses	(494,864)	(62,419)	229,291	(185,729)	(5,189,593)	-	(5,703,314)
Increase (decrease) in net assets before other items	(1,531,947)	496,835	570,637	(437,742)	(5,033,168)	-	(5,935,385)
Other items:							
Capital contributions to limited partnerships and other entities	-	-	-	-	18,995,794	-	18,995,794
Capital distributions to limited partnerships and other entities	-	-	-	-	(5,131)	-	(5,131)
Offering costs, non-controlling interests	-	-	-	-	(31,932)	-	(31,932)
Total other items	-	-	-	-	18,958,731	-	18,958,731
Increase (decrease) in net assets	(1,531,947)	496,835	570,637	(437,742)	13,925,563	-	13,023,346
Net assets, beginning of year	18,048,517	2,733,536	11,982,710	5,718,441	45,245,771	(1,754,486)	81,974,489
Net assets, end of year	$ 16,516,570	$ 3,230,371	$ 12,553,347	$ 5,280,699	$ 59,171,334	$ (1,754,486)	$ 94,997,835

Heartland Alliance for Human Needs & Human Rights

Consolidating Statement of Cash Flows
Year Ended June 30, 2016

	Heartland Alliance for Human Needs & Human Rights	Heartland Alliance International, LLC	Heartland Human Care Services, Inc.	Heartland Health Outreach, Inc.	Heartland Housing Inc.	Eliminations	Total
Cash flows from operating activities:							
Increase (decrease) in net assets	$ 1,686,757	$ 674,789	$ (185,351)	$ 1,467,088	$ 7,437,566	$ -	$ 11,080,849
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:							
Depreciation and amortization	261,806	116,135	855,301	313,150	5,135,121	-	6,681,513
Provision for bad debts	2,007	22,751	(1,568)	123,125	137,287	-	283,602
Gain on disposal of property and equipment	-	(17,443)	-	-	-	-	(17,443)
Loss on investments	82,662	-	104,464	-	-	-	187,126
Earnings from other investments	-	-	(20,094)	(97,003)	-	-	(117,097)
Developer fee amortization	-	-	-	-	(326,451)		(326,451)
Capital contributions to limited partnerships and other entities	-	-	-	-	(10,537,369)	-	(10,537,369)
Capital distributions and other reductions to limited partnerships and other entities	-	-	-	-	7,045	-	7,045
Offering costs, noncontrolling interests	-	-	-	-	44,127	-	44,127
Effects of changes in operating assets and liabilities:							
Restricted cash	650,084	-	(89,666)	79,089	-	-	639,507
Accounts receivable:							
Program service grants and fees	(22,554)	(716,279)	1,962,171	(196,233)	(34,774)	-	992,331
Pledges receivable	(276,970)	52,750	(65,795)	104,373	(238,600)	-	(424,242)
Patient services	-	-	-	(83,356)	-	-	(83,356)
Other	185,088	(6,157)	18,117	(534,479)	(46,507)	-	(383,938)
Inter-agency	(56,754)	464,721	(284,444)	(104,961)	(18,562)	-	-
Prepaid expenses and other current assets	(2,516)	(233,897)	(6,714)	(19,849)	(11,171)	-	(274,147)
Receivables due from limited partnerships	-	-	-	-	(24,096)	-	(24,096)
Accounts payable and other accrued expenses	(612,123)	94,825	(1,474,977)	(118,986)	394,028	-	(1,717,233)
Accrued payroll and related liabilities	479,160	74,814	247,562	55,507	75,684	-	932,727
Liability for self-insurance claims	200,000	-	-	-	-	-	200,000
Accrued interest payable	-	-	-	-	(485,515)	-	(485,515)
Deferred rent liability	146,809	-	-	(8,991)	-	-	137,818
Deferred compensation plan liability	(128,256)	-	-	-	-	-	(128,256)
Deferred revenue	176,077	(576,369)	(128,557)	75,101	(77,464)	-	(531,212)
Developer fees received	-	-	-	-	1,207,048	-	1,207,048
Net cash provided by (used in) operating activities	2,771,277	(49,360)	930,449	1,053,575	2,637,397	-	7,343,338
Cash flows from investing activities:							
Additions to property and equipment	(228,278)	(406,698)	(33,350)	(91,515)	(9,589,247)	-	(10,349,088)
Proceeds from sale of property and equipment	-	43,800	-	-	-	-	43,800
Purchases of investments	(10,775,104)	-	(4,139,709)	-	(100)	-	(14,914,913)
Proceeds from sale of investments	9,073,775	-	4,173,763	-	-	-	13,247,538
Collections of notes receivable	76,627	-	-	57,296	33,766	(76,627)	91,062
Deposits to escrow accounts	-	-	(193,804)	-	(2,813,754)	-	(3,007,558)
Releases from escrow accounts	-	-	307,918	-	2,335,901	-	2,643,819
Return of capital - other investments	-	-	45,094	175,000	-	-	220,094
Net cash provided by (used in) investing activities	(1,852,980)	(362,898)	159,912	140,781	(10,033,434)	(76,627)	(12,025,246)
Cash flows from financing activities:							
Capital contributions to limited partnerships and other entities	-	-	-	-	10,537,369	-	10,537,369
Capital distributions to limited partnerships and other entities	-	-	-	-	(7,045)	-	(7,045)
Offering costs, noncontrolling interests	-	-	-	-	(44,127)	-	(44,127)
Developer fees paid from limited partnerships	-	-	-	-	(1,297,513)		(1,297,513)
Repayments of borrowings	(284,689)	(8,212)	(1,701,898)	(68,415)	(8,578,469)	76,627	(10,565,056)
Proceeds from borrowings	-	-	3,226,841	-	6,780,914	-	10,007,755
Deferred financing fees	-	-	-	-	(136,808)	-	(136,808)
Tax credit fees	-	-	-	-	(103,675)	-	(103,675)
Net cash provided by (used in) financing activities	(284,689)	(8,212)	1,524,943	(68,415)	7,150,646	76,627	8,390,900
Net increase (decrease) in cash	633,608	(420,470)	2,615,304	1,125,941	(245,391)	-	3,708,992
Cash:							
Beginning of year	5,037,249	2,049,617	2,126,332	1,039,738	2,293,746	-	12,546,682
End of year	$ 5,670,857	$ 1,629,147	$ 4,741,636	$ 2,165,679	$ 2,048,355	$ -	$ 16,255,674

Heartland Alliance for Human Needs & Human Rights

Consolidating Statement of Cash Flows
Year Ended June 30, 2015

	Heartland Alliance for Human Needs & Human Rights	Heartland Alliance International, LLC	Heartland Human Care Services, Inc.	Heartland Health Outreach, Inc.	Heartland Housing Inc.	Eliminations	Total
Cash flows from operating activities:							
Increase (decrease) in net assets	$ (1,531,947)	$ 496,835	$ 570,637	$ (437,742)	$ 13,925,563	$ -	$ 13,023,346
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:							
Depreciation and amortization	343,987	62,419	918,509	336,607	5,189,593	-	6,851,115
Provision for bad debts	120,883	-	19,165	591,847	166,359	-	898,254
Loss on disposal of property and equipment	81,760	1,352	-	-	-	-	83,112
Loss on investments	263,091	-	263,190	-	-	-	526,281
Earnings from other investments	-	-	-	(100,887)	-	-	(100,887)
Developer fee amortization					(228,264)		(228,264)
Capital contributions to limited partnerships and other entities	-	-	-	-	(18,995,794)	-	(18,995,794)
Capital distributions and other reductions to limited partnerships and other entities	-	-	-	-	5,131	-	5,131
Offering costs, noncontrolling interests	-	-	-	-	31,932	-	31,932
Effects of changes in operating assets and liabilities:							
Restricted cash	780,384	-	458,992	(1,782)	-	-	1,237,594
Accounts receivable:							
Program service grants and fees	(339,961)	(257,758)	(1,146,457)	761,127	103,290	-	(879,759)
Pledges receivable	1,408,847	312,090	428,564	(17,026)	(123,200)	-	2,009,275
Patient services	-	-	-	(370,630)	-	-	(370,630)
Other	(194,946)	1,784	(85,792)	(193,405)	(269,874)	-	(742,233)
Inter-agency	528,037	(419,884)	45,293	(74,697)	(78,749)	-	-
Prepaid expenses and other current assets	(13,898)	91,737	(56,316)	(118,542)	(82,988)	-	(180,007)
Receivables due from limited partnerships	-	-	107,430	-	(24,096)	-	83,334
Accounts payable and other accrued expenses	532,733	5,634	(1,792,215)	(98,238)	189,865	-	(1,162,221)
Accrued payroll and related liabilities	421,736	103,247	179,470	53,537	33,909	-	791,899
Accrued interest payable	-	-	-	-	92,213	-	92,213
Liability for self-insurance claims	(400,000)	-	-	-	-	-	(400,000)
Deferred rent liability	375,636	-	-	17,187	-	-	392,823
Deferred compensation plan liability	1,344	-	-	-	-	-	1,344
Deferred revenue	(155,305)	(37,669)	428	(86,036)	(280,221)	-	(558,803)
Developer fees received	-	-	-	-	1,072,660	-	1,072,660
Net cash provided by (used in) operating activities	2,222,381	359,787	(89,102)	261,320	727,329	-	3,481,715
Cash flows from investing activities:							
Additions to property and equipment	(122,376)	(292,763)	(483,305)	(68,694)	(7,567,890)	-	(8,535,028)
Future project development costs	-	-	-	-	(836,135)	-	(836,135)
Purchases of investments	(2,451,184)	-	(238,479)	-	-	-	(2,689,663)
Proceeds from sale of investments	1,773,213	-	123,433	-	-	-	1,896,646
Proceeds and collections from notes receivable	635,224	-	-	136,259	-	(635,224)	136,259
Deposits to escrow accounts	-	-	(206,760)	-	(3,406,484)	-	(3,613,244)
Releases from escrow accounts	-	-	235,957	-	1,725,494	-	1,961,451
Capital contributions - other investments	-	-	-	(20,000)	-	-	(20,000)
Net cash provided by (used in) investing activities	(165,123)	(292,763)	(569,154)	47,565	(10,085,015)	(635,224)	(11,699,714)
Cash flows from financing activities:							
Capital contributions to limited partnerships and other entities	-	-	-	-	18,995,794	-	18,995,794
Capital distributions to limited partnerships and other entities	-	-	-	-	(5,131)	-	(5,131)
Offering costs, noncontrolling interests	-	-	-	-	(31,932)	-	(31,932)
Developer fees paid from limited partnerships	-	-	-	-	(1,216,979)	-	(1,216,979)
Repayments of borrowings	(681,998)	(13,886)	(430,691)	(704,318)	(15,861,912)	635,224	(17,057,581)
Proceeds from borrowings	-	-	-	-	8,183,546	-	8,183,546
Deferred financing fees	-	-	-	-	(109,915)	-	(109,915)
Tax credit fees	-	-	-	-	(74,500)	-	(74,500)
Net cash provided by (used in) financing activities	(681,998)	(13,886)	(430,691)	(704,318)	9,878,971	635,224	8,683,302
Net increase (decrease) in cash	1,375,260	53,138	(1,088,947)	(395,433)	521,285	-	465,303
Cash:							
Beginning of year	3,661,989	1,996,479	3,215,279	1,435,171	1,772,461	-	12,081,379
End of year	$ 5,037,249	$ 2,049,617	$ 2,126,332	$ 1,039,738	$ 2,293,746	$ -	$ 12,546,682

Heartland Alliance for Human Needs & Human Rights

Statement of Functional Expenses
Year Ended June 30, 2016

	Program Services		Supporting Services			
	Justice Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2016
Salaries and wages	$ 3,846,338	$ 3,846,338	$ 6,171,637	$ 581,558	$ 6,753,195	$ 10,599,533
Payroll taxes and fringe benefits	1,023,813	1,023,813	1,126,768	129,626	1,256,394	2,280,207
Staff expenses	355,826	355,826	228,204	24,013	252,217	608,043
Professional expenses	359,705	359,705	1,131,125	172,663	1,303,788	1,663,493
Office services	174,132	174,132	738,458	175,113	913,571	1,087,703
Occupancy	520,913	520,913	584,898	53,160	638,058	1,158,971
Equipment	81,223	81,223	366,163	1,540	367,703	448,926
Client support and supplies	207,134	207,134	2,836	1,500	4,336	211,470
Subrecipients	544,736	544,736	1,053	-	1,053	545,789
Contributed services and in-kind expenses	25,065	25,065	-	352,291	352,291	377,356
Real estate development and property management	20	20	6,056	-	6,056	6,076
Interest expense	-	-	672	-	672	672
Uncollectible accounts	(157,750)	(157,750)	159,757	-	159,757	2,007
	6,981,155	6,981,155	10,517,627	1,491,464	12,009,091	18,990,246
Allocation of shared services costs	-	-	(8,972,962)	-	(8,972,962)	(8,972,962)
	6,981,155	6,981,155	1,544,665	1,491,464	3,036,129	10,017,284
Depreciation and amortization	7,412	7,412	254,394	-	254,394	261,806
	$ 6,988,567	$ 6,988,567	$ 1,799,059	$ 1,491,464	$ 3,290,523	$ 10,279,090

Heartland Alliance International, LLC

Statement of Functional Expenses
Year Ended June 30, 2016

	Program Services		Supporting Services			
	International Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2016
Salaries and wages	$ 4,231,736	$ 4,231,736	$ 1,076,552	$ -	$ 1,076,552	$ 5,308,288
Payroll taxes and fringe benefits	1,006,947	1,006,947	195,299	-	195,299	1,202,246
Staff expenses	1,322,024	1,322,024	191,359	-	191,359	1,513,383
Professional expenses	1,007,997	1,007,997	434,032	-	434,032	1,442,029
Office services	544,070	544,070	79,789	-	79,789	623,859
Occupancy	462,914	462,914	103,324	-	103,324	566,238
Equipment	175,446	175,446	20,443	-	20,443	195,889
Client support and supplies	3,948,832	3,948,832	52,726	-	52,726	4,001,558
Subrecipients	3,843,378	3,843,378	-	-	-	3,843,378
Contributed services and in-kind expenses	415,563	415,563	19,000	-	19,000	434,563
Interest expense	-	-	46	-	46	46
Uncollectible accounts	22,751	22,751	-	-	-	22,751
	16,981,658	16,981,658	2,172,570	-	2,172,570	19,154,228
Allocation of shared services costs	-	-	730,026	-	730,026	730,026
	16,981,658	16,981,658	2,902,596	-	2,902,596	19,884,254
Depreciation and amortization	72,508	72,508	43,627	-	43,627	116,135
	$ 17,054,166	$ 17,054,166	$ 2,946,223	$ -	$ 2,946,223	$ 20,000,389

Heartland Human Care Services, Inc.

Statement of Functional Expenses
Year Ended June 30, 2016

	Program Services					Supporting Services			
	Youth and Residential Services	Supportive Housing Services	Wellness and Prevention	Employment and Economic Advancement	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2016
Salaries and wages	$ 16,132,830	$ 2,802,386	$ 3,470,989	$ 1,344,911	$ 23,751,116	$ 642,004	$ -	$ 642,004	$ 24,393,120
Payroll taxes and fringe benefits	3,841,844	760,063	883,434	358,545	5,843,886	141,996	-	141,996	5,985,882
Staff expenses	240,151	54,300	73,071	32,401	399,923	79,250	-	79,250	479,173
Professional expenses	1,504,973	200,299	131,936	59,175	1,896,383	239,835	-	239,835	2,136,218
Office services	399,075	74,502	140,570	56,747	670,894	42,097	-	42,097	712,991
Occupancy	2,137,867	367,258	217,732	255,547	2,978,404	173,088	-	173,088	3,151,492
Equipment	416,694	119,161	33,495	34,888	604,238	31,652	-	31,652	635,890
Client support and supplies	2,380,170	3,155,130	234,314	951,167	6,720,781	44,646	-	44,646	6,765,427
Subrecipients	-	101,962	52,598	226,005	380,565	-	-	-	380,565
Contributed services and in-kind expenses	511,987	31,295	889,421	299,611	1,732,314	202,640	-	202,640	1,934,954
Real estate development and property management	-	-	-	1,000	1,000	200	-	200	1,200
Interest expense	511,166	-	-	-	511,166	24,618	-	24,618	535,784
Uncollectible accounts	-	-	(1,186)	(1,273)	(2,459)	891	-	891	(1,568)
	28,076,757	7,666,356	6,126,374	3,618,724	45,488,211	1,622,917	-	1,622,917	47,111,128
Allocation of shared services costs	-	-	-	-	-	5,129,252	-	5,129,252	5,129,252
	28,076,757	7,666,356	6,126,374	3,618,724	45,488,211	6,752,169	-	6,752,169	52,240,380
Depreciation and amortization	818,631	1,598	870	-	821,099	34,202	-	34,202	855,301
	$ 28,895,388	$ 7,667,954	$ 6,127,244	$ 3,618,724	$ 46,309,310	$ 6,786,371	$ -	$ 6,786,371	$ 53,095,681

Heartland Health Outreach, Inc.

Statement of Functional Expenses
Year Ended June 30, 2016

	Program Services						Supporting Services			
	Integrated Health Care Services	Housing, Community & Specialized Services	Health Promotion & Nutrition	Healthcare Quality, Research, TA & Training Services	Cross Cultural & Interpreting Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2016
Salaries and wages	$ 4,268,851	$ 3,641,619	$ 401,991	$ 792,537	$ 151,495	$ 9,256,493	$ 902,935	$ 177,070	$ 1,080,005	$ 10,336,498
Payroll taxes and fringe benefits	936,058	931,428	90,599	166,360	45,574	2,170,019	212,534	44,470	257,004	2,427,023
Staff expenses	120,897	48,200	2,494	56,554	12,774	240,919	61,405	5,182	66,587	307,506
Professional expenses	578,891	83,789	16,479	64,693	865,777	1,609,629	(320,899)	40,666	(280,233)	1,329,396
Office services	362,026	169,897	28,057	27,976	15,661	603,617	35,910	72,215	108,125	711,742
Occupancy	443,306	271,021	155,386	18,878	19,401	907,992	76,773	42,629	119,402	1,027,394
Equipment	91,882	120,316	24,580	6,164	8,351	251,293	14,235	17,463	31,698	282,991
Client support and supplies	1,675,542	1,677,452	426,858	34,214	-	3,814,066	1,357	3,102	4,459	3,818,525
Subrecipients	453,252	-	-	-	-	453,252	-	-	-	453,252
Contributed services and in-kind expenses	31,835	13,526	514,975	69,365	-	629,701	-	50,654	50,654	680,355
Real estate development and property management	1,093	386,862	61	10,976	44	399,036	231	252	483	399,519
Interest expense	-	-	-	-	-	-	182	-	182	182
Uncollectible accounts	-	108,257	6,804	-	8,064	123,125	-	-	-	123,125
	8,963,633	7,452,367	1,668,284	1,247,717	1,127,141	20,459,142	984,663	453,703	1,438,366	21,897,508
Allocation of shared services costs	-	-	-	-	-	-	2,358,282	-	2,358,282	2,358,282
	8,963,633	7,452,367	1,668,284	1,247,717	1,127,141	20,459,142	3,342,945	453,703	3,796,648	24,255,790
Depreciation and amortization	242,958	43,528	-	3,534	-	290,020	-	23,130	23,130	313,150
	$ 9,206,591	$ 7,495,895	$ 1,668,284	$ 1,251,251	$ 1,127,141	$ 20,749,162	$ 3,342,945	$ 476,833	$ 3,819,778	$ 24,568,940

Heartland Housing, Inc.

Statement of Functional Expenses
Year Ended June 30, 2016

	Program Services		Supporting Services			
	Housing Development	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2016
Salaries and wages	$ 1,723,097	$ 1,723,097	$ 865,128	$ -	$ 865,128	$ 2,588,225
Payroll taxes and fringe benefits	476,647	476,647	185,928	-	185,928	662,575
Staff expenses	18,411	18,411	59,692	-	59,692	78,103
Professional expenses	99,028	99,028	291,215	-	291,215	390,243
Office services	18,217	18,217	27,285	-	27,285	45,502
Occupancy	963,470	963,470	99,926	-	99,926	1,063,396
Equipment	43	43	11,659	-	11,659	11,702
Client support and supplies	232	232	44	-	44	276
Real estate development and property management	2,407,283	2,407,283	4,600	-	4,600	2,411,883
Interest expense	1,769,751	1,769,751	-	-	-	1,769,751
Uncollectible accounts	137,287	137,287	-	-	-	137,287
	7,613,466	7,613,466	1,545,477	-	1,545,477	9,158,943
Allocation of shared services costs	-	-	755,402	-	755,402	755,402
	7,613,466	7,613,466	2,300,879	-	2,300,879	9,914,345
Depreciation and amortization	5,135,121	5,135,121	-	-	-	5,135,121
	$ 12,748,587	$ 12,748,587	$ 2,300,879	$ -	$ 2,300,879	$ 15,049,466

Heartland Human Care Services, Inc.

Consolidating Statement of Financial Position
June 30, 2016

	Heartland Human Care Services, Inc.	3500 South Giles, LLC	Total 2016	Total 2015
Assets				
Cash	$ 4,419,953	$ 321,683	$ 4,741,636	$ 2,126,332
Restricted cash	136,174	-	136,174	46,508
Investments	3,303,657	-	3,303,657	3,442,175
Accounts receivable:				
Program service grants and fees	5,480,183	-	5,480,183	7,442,354
Pledges receivable	172,545	-	172,545	106,750
Other	-	171,444	171,444	140,423
Inter-agency	(91,245)	(98,791)	(190,036)	(474,480)
Allowance for contractual adjustments, discounts and bad debts	(342,280)	-	(342,280)	(294,710)
Prepaid expenses and other current assets	779,791	(70,000)	709,791	703,077
Other investments	-	-	-	25,000
Notes receivable	2,218,431	-	2,218,431	2,218,431
Property and equipment, net	2,709,127	10,398,155	13,107,282	13,929,233
Escrow and reserve accounts	-	412,709	412,709	526,823
Total assets	$ 18,786,336	$ 11,135,200	$ 29,921,536	$ 29,937,916
Liabilities and Net Assets				
Liabilities:				
Accounts payable and other accrued expenses	$ 1,422,532	$ 47,440	$ 1,469,972	$ 2,944,949
Accrued payroll and related liabilities	1,964,305	-	1,964,305	1,716,743
Deferred revenue	318,206	-	318,206	446,763
Debt obligations	2,846,941	10,954,116	13,801,057	12,276,114
Total liabilities	6,551,984	11,001,556	17,553,540	17,384,569
Net assets:				
Unrestricted:				
Undesignated and controlling interests	11,670,888	133,644	11,804,532	11,821,793
Total unrestricted net assets	11,670,888	133,644	11,804,532	11,821,793
Temporarily restricted	563,464	-	563,464	731,554
Total net assets	12,234,352	133,644	12,367,996	12,553,347
Total liabilities and net assets	$ 18,786,336	$ 11,135,200	$ 29,921,536	$ 29,937,916

Heartland Human Care Services, Inc.

Consolidating Statement of Activities
Year Ended June 30, 2016

	Heartland Human Care Services, Inc.	3500 South Giles, LLC	Eliminations	Total 2016	Total 2015
Revenues:					
Contributions	$ 921,483	$ -	$ -	$ 921,483	$ 997,504
Grants, contracts, reimbursements and client fees	49,829,782	-	-	49,829,782	48,534,325
Contributed services and non-cash contributions	1,934,954	-	-	1,934,954	1,306,070
Rental income	61,467	840,505	(840,505)	61,467	246,319
Interest and investment income (loss)	(104,464)	506	-	(103,958)	(224,464)
Other income	61,763	204,839	-	266,602	65,642
Total revenues	52,704,985	1,045,850	(840,505)	52,910,330	50,925,396
Expenses:					
Salaries and wages	24,393,120	-	-	24,393,120	23,422,032
Payroll taxes and fringe benefits	5,985,882	-	-	5,985,882	6,178,303
Staff expenses	479,173	-	-	479,173	530,902
Professional services	2,135,876	342	-	2,136,218	1,615,958
Office services	712,991	-	-	712,991	703,407
Occupancy	3,891,306	100,691	(840,505)	3,151,492	2,922,350
Equipment	635,890	-	-	635,890	627,198
Client support and medical supplies	6,765,427	-	-	6,765,427	6,388,795
Subrecipients	380,565	-	-	380,565	1,576,876
Contributed services and in-kind expenses	1,934,954	-	-	1,934,954	1,306,070
Real estate development and property management	1,200	-	-	1,200	87,185
Interest expense	33,278	502,506	-	535,784	539,426
Uncollectible accounts	(1,568)	-	-	(1,568)	19,165
	47,348,094	603,539	(840,505)	47,111,128	45,917,667
Allocation of shared services costs	5,129,252	-	-	5,129,252	4,666,383
Total expenses	52,477,346	603,539	(840,505)	52,240,380	50,584,050
Increase (decrease) in net assets before non-budgetary items	227,639	442,311	-	669,950	341,346
Non-budgetary items:					
Depreciation and amortization	(508,482)	(346,819)	-	(855,301)	(918,509)
Other non-operating income	-	-	-	-	1,147,800
	(508,482)	(346,819)	-	(855,301)	229,291
Increase (decrease) in net assets	(280,843)	95,492	-	(185,351)	570,637
Net assets, beginning of year	12,515,195	38,152	-	12,553,347	11,982,710
Net assets, end of year	$ 12,234,352	$ 133,644	$ -	$ 12,367,996	$ 12,553,347

Heartland Human Care Services, Inc.

Consolidating Statement of Cash Flows
Year Ended June 30, 2016

	Heartland Human Care Services, Inc.	3500 South Giles, LLC	Total 2016	Total 2015
Cash flows from operating activities:				
Increase (decrease) in net assets	$ (280,844)	$ 95,492	$ (185,352)	$ 570,637
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:				
Depreciation and amortization	508,483	346,819	855,302	918,509
Provision for (recovery of) bad debts	(1,568)	-	(1,568)	19,165
Loss on investments	104,464	-	104,464	263,190
Earnings from other investments	(20,094)	-	(20,094)	-
Effects of changes in operating assets and liabilities:				
Restricted cash	(89,666)	-	(89,666)	458,992
Accounts receivable:				
Program service grants and fees	1,962,171	-	1,962,171	(1,146,457)
Pledges receivable	(65,795)	-	(65,795)	428,564
Other	51,106	(32,990)	18,116	(85,792)
Inter-agency	(354,092)	69,648	(284,444)	45,293
Prepaid expenses and other current assets	(6,714)	-	(6,714)	(56,316)
Receivables due from limited partnerships	-	-	-	107,430
Accounts payable and other accrued expenses	(1,354,058)	(120,918)	(1,474,976)	(1,792,215)
Accrued payroll and related liabilities	247,562	-	247,562	179,470
Deferred revenue	(128,556)	-	(128,556)	428
Net cash provided by (used in) operating activities	572,399	358,051	930,450	(89,102)
Cash flows from investing activities:				
Additions to property and equipment	(33,350)	-	(33,350)	(483,305)
Purchases of investments	(3,060,295)	-	(3,060,295)	(238,479)
Proceeds from sale of investments	3,114,443	-	3,114,443	123,433
Deposits to escrow accounts	-	(193,804)	(193,804)	(206,760)
Releases from escrow accounts	-	307,917	307,917	235,957
Cash distributions - other investments	25,000	-	25,000	-
Net cash provided by (used in) financing activities	45,798	114,113	159,911	(569,154)
Cash flows from financing activities:				
Repayments of borrowings	(1,483,005)	(218,893)	(1,701,898)	(430,691)
Proceeds from borrowings	3,226,841	-	3,226,841	-
Net cash provided by (used in) financing activities	1,743,836	(218,893)	1,524,943	(430,691)
Net increase (decrease) in cash	2,362,033	253,271	2,615,304	(1,088,947)
Cash:				
Beginning of year	2,057,920	68,412	2,126,332	3,215,279
End of year	$ 4,419,953	$ 321,683	$ 4,741,636	$ 2,126,332