Heartland Alliance for Human Needs & Human Rights

Consolidated Financial Report
June 30, 2017

Contents

RSM US LLP

Independent Auditor's Report

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

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, 2017 and 2016, 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, 2017 and 2016, and the 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
December 7, 2017

Heartland Alliance for Human Needs & Human Rights

Consolidated Statements of Financial Position
June 30, 2017 and 2016

	2017	2016
Assets		
Cash	**$ 18,987,580**	$ 16,255,674
Restricted cash	**3,829,087**	2,073,758
Investments	**13,334,268**	11,972,317
Accounts receivable:		
Program service grants and fees	**10,602,979**	11,255,817
Pledges receivable	**3,727,876**	1,908,354
Patient services	**1,712,359**	1,093,288
Other	**2,312,755**	1,526,580
Allowance for contractual adjustments, discounts and bad debts	**(833,000)**	(881,728)
Prepaid expenses and other assets	**2,925,706**	2,749,362
Investment in limited partnerships	**36,125**	36,225
Other investments	**1,089,789**	918,152
Notes receivable, net	**7,214,633**	7,479,669
Receivables due from limited partnerships	**636,719**	612,623
Property and equipment, net	**129,414,602**	126,369,247
Escrow and reserve accounts	**10,356,313**	9,463,047
Deferred fees, net	**531,583**	502,535
Residual interest	**6,068,116**	6,068,116
Total assets	**$ 211,947,490**	$ 199,403,036
Liabilities and Net Assets		
Liabilities:		
Accounts payable and other accrued expenses	**$ 6,671,175**	$ 5,925,392
Accrued payroll and related liabilities	**6,368,501**	5,160,243
Construction costs payable	**228,140**	2,488,313
Deferred revenue	**16,590,535**	12,745,583
Liability for self-insurance claims	**1,800,000**	1,700,000
Deferred rent liability	**1,220,303**	1,185,245
Deferred compensation plan liability	**279,843**	356,262
Accrued interest payable	**877,453**	781,725
Debt obligations, net	**65,033,557**	62,981,589
Total liabilities	**99,069,507**	93,324,352
Net assets:		
Unrestricted:		
Undesignated	**57,678,224**	55,509,126
Board designated	**1,242,579**	1,242,579
Non-controlling interests	**39,972,736**	38,433,978
Total unrestricted net assets	**98,893,539**	95,185,683
Temporarily restricted	**13,796,409**	10,704,966
Permanently restricted	**188,035**	188,035
Total net assets	**112,877,983**	106,078,684
Total liabilities and net assets	**$ 211,947,490**	$ 199,403,036

See notes to consolidated financial statements.

Heartland Alliance for Human Needs & Human Rights

Consolidated Statement of Activities
Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues:				
Contributions	$ 1,519,398	$ 12,960,377	$ -	$ 14,479,775
Grants, contracts, reimbursements and client fees	95,778,957	-	-	95,778,957
Contributed services and non-cash contributions	3,461,910	-	-	3,461,910
Patient services, net of contractual adjustments and discounts	5,554,104	-	-	5,554,104
Rental income	7,914,427	-	-	7,914,427
Housing development	388,514	-	-	388,514
Interest and investment income	1,862,823	-	-	1,862,823
Other income	1,127,637	-	-	1,127,637
Net assets released from restrictions	9,868,934	(9,868,934)	-	-
Total revenues	127,476,704	3,091,443	-	130,568,147
Expenses:				
Program services				
Heartland Human Care Services	49,091,396	-	-	49,091,396
Heartland Health Outreach	22,807,051	-	-	22,807,051
Heartland Housing	8,814,785	-	-	8,814,785
Heartland Alliance International	14,524,727	-	-	14,524,727
Heartland Alliance	8,505,298	-	-	8,505,298
Total program services	103,743,257	-	-	103,743,257
Supporting services:				
Management and general	18,293,282	-	-	18,293,282
Fundraising	2,389,628	-	-	2,389,628
Total supporting services	20,682,910	-	-	20,682,910
Total expenses	124,426,167	-	-	124,426,167
Revenue greater than expenses before depreciation and amortization	3,050,537	3,091,443	-	6,141,980
Depreciation and amortization	(6,946,625)	-	-	(6,946,625)
Revenue (less) greater than expenses	$ (3,896,088)	$ 3,091,443	$ -	$ (804,645)

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	7,713,367	-	-	7,713,367
Heartland Alliance International	16,981,658	-	-	16,981,658
Heartland Alliance	6,981,155	-	-	6,981,155
Total program services	97,623,533	-	-	97,623,533
Supporting services:				
Management and general	16,154,358	-	-	16,154,358
Fundraising	1,945,167	-	-	1,945,167
Total supporting services	18,099,525	-	-	18,099,525
Total expenses	115,723,058	-	-	115,723,058
Revenue greater (less) than expenses before depreciation and amortization	7,798,053	(621,789)	-	7,176,264
Depreciation and amortization	(6,581,612)	-	-	(6,581,612)
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 Changes in Net Assets
Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue (less) greater than expenses	$ (3,896,088)	$ 3,091,443	$ -	$ (804,645)
Add back loss attributable to non-controlling interest included above	6,204,850	-	-	6,204,850
Revenue greater than expenses	2,308,762	3,091,443	-	5,400,205
Loss attributable to non-controlling interest	(6,204,850)	-	-	(6,204,850)
Capital contributions to limited partnerships and other entities	7,609,170	-	-	7,609,170
Capital distributions to limited partnerships and other entities	(5,226)	-	-	(5,226)
	1,399,094	-	-	1,399,094
Increase in net assets	3,707,856	3,091,443	-	6,799,299
Net assets, beginning of year	95,185,683	10,704,966	188,035	106,078,684
Net assets, end of year	$ 98,893,539	$ 13,796,409	$ 188,035	$ 112,877,983

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
Add back 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
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 Functional Expenses
Year Ended June 30, 2017

	Program Services								
	HHCS			HHO					HAI
	SAFEty	Pathways to Success	Housing & Health	Housing, Community & Specialized Services	Healthcare Quality, Research, TA & Training Services	Health Promotion & Nutrition	Integrated Healthcare Services	Cross Cultural & Interpreting Services	Middle East and Northern Africa
Salaries and wages	$ 19,163,720	$ 3,613,987	$ 3,328,177	$ 3,956,858	$ 683,303	$ 473,392	$ 5,155,608	$ 190,079	$ 1,284,072
Payroll taxes and fringe benefits	4,901,204	934,682	945,565	1,033,657	158,069	131,509	1,191,126	72,255	222,511
Staff expenses	279,745	73,330	74,159	58,994	32,747	2,631	135,813	14,199	263,245
Professional expenses	1,978,398	115,563	105,715	200,714	113,817	61,324	703,808	830,508	246,547
Office services	514,743	195,254	109,177	203,280	34,980	47,598	341,744	13,435	90,738
Occupancy	2,851,664	392,690	470,959	358,374	19,125	154,426	455,086	20,427	136,968
Equipment	267,595	88,796	104,341	156,349	18,734	40,942	101,636	8,983	38,977
Client support and supplies	2,472,751	1,204,144	3,324,477	1,852,155	5,084	500,374	2,275,751	22	152,808
Subrecipients	36,819	68,901	24,973	-	-	-	399,694	-	1,331,257
Contributed services and in-kind expenses	541,385	31,650	876,311	12,625	-	6,365	690	-	-
Real estate development and property management	-	-	-	404,123	5,914	1,522	1	-	-
Interest expense	-	-	-	-	-	-	-	-	-
Uncollectible accounts	-	521	-	102,366	-	7,000	27,600	30,235	-
	33,008,024	6,719,518	9,363,854	8,339,495	1,071,773	1,427,083	10,788,557	1,180,143	3,767,123
Depreciation and amortization	368,807	870	7,188	75,027	-	-	90,243	-	21,973
	$ 33,376,831	$ 6,720,388	$ 9,371,042	$ 8,414,522	$ 1,071,773	$ 1,427,083	$ 10,878,800	$ 1,180,143	$ 3,789,096

See notes to consolidated financial statements.

Heartland Alliance for Human Needs & Human Rights

Consolidated Statement of Functional Expenses (Continued)
Year Ended June 30, 2017

	Program Services (Continued)						Supporting Services			
	HAI			HH	HA					
	Latin American and Caribbean	Sub-Saharan Africa	Kovler Center	Housing Development	Justice Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2017
Salaries and wages	$ 688,970	$ 2,095,962	$ 240,527	$ 1,818,802	$ 4,621,996	$ 47,315,453	$ 10,454,763	$ 835,689	$ 11,290,452	$ 58,605,905
Payroll taxes and fringe benefits	254,208	756,817	86,783	513,452	1,155,800	12,357,638	2,048,822	172,070	2,220,892	14,578,530
Staff expenses	202,156	1,164,767	1,475	20,939	356,336	2,680,536	676,483	34,203	710,686	3,391,222
Professional expenses	238,476	565,459	23,368	831,241	609,905	6,624,843	1,507,354	459,446	1,966,800	8,591,643
Office services	61,848	326,181	6,805	184,735	132,328	2,262,846	862,635	78,140	940,775	3,203,621
Occupancy	80,649	267,634	22,424	1,120,219	639,058	6,989,703	247,207	72,157	319,364	7,309,067
Equipment	4,857	171,326	593	159	86,555	1,089,843	531,961	17,320	549,281	1,639,124
Client support and supplies	250,133	1,397,472	11,982	1,533	92,536	13,541,222	196,601	107	196,708	13,737,930
Subrecipients	150,223	1,683,016	-	-	793,164	4,488,047	-	-	-	4,488,047
Contributed services and in-kind expenses	-	-	20,225	25,171	17,620	1,532,042	1,127,046	720,413	1,847,459	3,379,501
Real estate development and property management	-	-	-	2,232,978	-	2,644,538	(373)	83	(290)	2,644,248
Interest expense	-	3,268	-	1,928,365	-	1,931,633	564,838	-	564,838	2,496,471
Uncollectible accounts	-	(20,000)	-	137,191	-	284,913	75,945	-	75,945	360,858
	1,931,520	8,411,902	414,182	8,814,785	8,505,298	103,743,257	18,293,282	2,389,628	20,682,910	124,426,167
Depreciation and amortization	-	59,023	8,700	5,588,247	-	6,220,078	726,547	-	726,547	6,946,625
	$ 1,931,520	$ 8,470,925	$ 422,882	$ 14,403,032	$ 8,505,298	$ 109,963,335	$ 19,019,829	$ 2,389,628	$ 21,409,457	$ 131,372,792

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					HAI
	SAFEty	Pathways to Success	Housing & Health	Housing, Community & Specialized Services	Healthcare Quality, Research, TA & Training Services	Health Promotion & Nutrition	Integrated Health Care Services	Cross Cultural & Interpreting Services	Middle East and Northern Africa
Salaries and wages	$ 16,099,273	$ 3,905,066	$ 3,746,777	$ 3,641,619	$ 792,537	$ 401,991	$ 4,268,851	$ 151,495	$ 1,223,345
Payroll taxes and fringe benefits	3,826,439	1,004,064	1,013,383	931,428	166,360	90,599	936,058	45,574	256,029
Staff expenses	246,109	78,640	75,174	48,200	56,554	2,494	120,897	12,774	232,129
Professional expenses	1,506,139	153,013	237,231	83,789	64,693	16,479	578,891	865,777	407,299
Office services	401,150	160,504	109,240	169,897	27,976	28,057	362,026	15,661	103,326
Occupancy	2,115,011	402,909	460,484	271,021	18,878	155,386	443,306	19,401	165,104
Equipment	421,188	60,061	122,989	120,316	6,164	24,580	91,882	8,351	32,798
Client support and supplies	2,444,516	1,101,052	3,175,213	1,677,452	34,214	426,858	1,675,542	-	367,511
Subrecipients	194,363	84,240	101,962	-	-	-	453,252	-	1,740,021
Contributed services and in-kind expenses	576,583	299,611	856,120	13,526	69,365	514,975	31,835	-	-
Real estate development and property management	-	1,000	-	386,862	10,976	61	1,093	44	-
Interest expense	510,461	-	705	-	-	-	-	-	-
Uncollectible accounts	-	(1,273)	(1,186)	108,257	-	6,804	-	8,064	-
	28,341,232	7,248,887	9,898,092	7,452,367	1,247,717	1,668,284	8,963,633	1,127,141	4,527,562
Depreciation and amortization	785,091	870	35,138	43,528	3,534	-	242,958	-	14,420
	$ 29,126,323	$ 7,249,757	$ 9,933,230	$ 7,495,895	$ 1,251,251	$ 1,668,284	$ 9,206,591	$ 1,127,141	$ 4,541,982

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			
	HAI			HH	HA					
	Latin American and Caribbean	Sub-Saharan Africa	Kovler Center	Housing Development	Justice Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2016
Salaries and wages	$ 606,199	$ 2,070,352	$ 331,840	$ 1,723,097	$ 3,846,338	$ 42,808,780	$ 9,658,256	$ 758,628	$ 10,416,884	$ 53,225,664
Payroll taxes and fringe benefits	198,773	446,404	105,741	476,647	1,023,813	10,521,312	1,862,525	174,096	2,036,621	12,557,933
Staff expenses	140,476	945,531	3,888	18,411	355,826	2,337,103	619,910	29,195	649,105	2,986,208
Professional expenses	179,419	374,681	46,598	1,039,880	359,705	5,913,594	1,434,354	213,329	1,647,683	7,561,277
Office services	55,960	373,387	11,397	18,217	174,132	2,010,930	923,539	247,328	1,170,867	3,181,797
Occupancy	68,043	222,531	7,236	963,470	520,913	5,833,693	823,673	95,789	919,462	6,753,155
Equipment	15,600	127,048	-	43	81,223	1,112,243	444,152	19,003	463,155	1,575,398
Client support and supplies	88,467	3,492,650	204	232	207,134	14,691,045	70,387	4,602	74,989	14,766,034
Subrecipients	245,533	1,857,824	-	-	544,736	5,221,931	(101,102)	-	(101,102)	5,120,829
Contributed services and in-kind expenses	1,693	-	413,870	-	25,065	2,802,643	221,640	402,945	624,585	3,427,228
Real estate development and property management	-	-	-	1,466,431	20	1,866,487	11,087	252	11,339	1,877,826
Interest expense	-	-	-	1,869,652	-	2,380,818	25,289	-	25,289	2,406,107
Uncollectible accounts	2,751	20,000	-	137,287	(157,750)	122,954	160,648	-	160,648	283,602
	1,602,914	9,930,408	920,774	7,713,367	6,981,155	97,623,533	16,154,358	1,945,167	18,099,525	115,723,058
Depreciation and amortization	-	45,038	13,050	5,035,220	7,412	6,226,259	332,223	23,130	355,353	6,581,612
	$ 1,602,914	$ 9,975,446	$ 933,824	$ 12,748,587	$ 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 Statements of Cash Flows
Years Ended June 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Increase in net assets	**$ 6,799,299**	$ 11,080,849
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	**6,946,625**	6,581,612
Provision for bad debts	**360,858**	283,602
Loss (gain) on disposal of property and equipment	**17,521**	(17,443)
(Gain) loss on investments	**(569,276)**	187,126
Earnings from other investments	**(171,637)**	(117,097)
Developer fee amortization	**(285,772)**	(326,451)
Capital contributions to limited partnerships and other entities	**(7,609,170)**	(10,537,369)
Capital distributions to limited partnerships and other entities	**5,226**	7,045
Offering costs, non-controlling interests	**-**	44,127
Effects of changes in operating assets and liabilities:		
Accounts receivable:		
Program service grants and fees	**652,838**	992,331
Pledges receivable	**(1,819,522)**	(424,242)
Patient services	**(619,071)**	(83,356)
Other	**(1,195,761)**	(383,938)
Prepaid expenses and other assets	**(176,344)**	(274,147)
Receivables due from limited partnerships	**(24,096)**	(24,096)
Accounts payable and other accrued expenses	**1,586,439**	(1,717,233)
Accrued payroll and related liabilities	**1,208,258**	932,727
Liability for self-insurance claims	**100,000**	200,000
Accrued interest payable	**95,728**	(485,515)
Deferred rent liability	**35,058**	137,818
Deferred compensation plan liability	**(76,419)**	(128,256)
Deferred revenue	**3,482,366**	(531,212)
Developer fees received	**648,358**	1,207,048
Net cash provided by operating activities	**9,391,506**	6,603,930
Cash flows from investing activities:		
Change in restricted cash	**(1,755,329)**	639,507
Additions to property and equipment	**(12,213,748)**	(10,349,088)
Proceeds from sale of property and equipment	**5,850**	43,800
(Purchases) sales of investments, net	**(792,575)**	(1,667,375)
Collections of notes receivable	**-**	91,062
Proceeds from notes receivable	**265,036**	-
Deposits to escrow accounts	**(2,087,905)**	(3,007,558)
Releases from escrow accounts	**1,194,639**	2,643,819
Return of capital - other investments	**-**	220,094
Net cash used in investing activities	**(15,384,032)**	(11,385,739)

(Continued)

Heartland Alliance for Human Needs & Human Rights

Consolidated Statements of Cash Flows (Continued)
Years Ended June 30, 2017 and 2016

		2017		2016
Cash flows from financing activities:				
Capital contributions in limited partnerships and other entities	**$**	**7,609,170**		10,537,369
Capital distributions to limited partnerships and other entities		**(5,226)**		(7,045)
Offering costs, non-controlling interests		**-**		(44,127)
Developer fees paid from limited partnerships		**(902,232)**		(1,297,513)
Repayments of borrowings		**(6,978,837)**		(10,565,056)
Proceeds from borrowings		**8,956,722**		10,007,755
Deferred financing fees		**73,883**		(36,907)
Tax credit fees		**(29,048)**		(103,675)
Net cash provided by financing activities		**8,724,432**		8,490,801
Increase in cash		**2,731,906**		3,708,992
Cash:				
Beginning of year		**16,255,674**		12,546,682
End of year	**$**	**18,987,580**	$	16,255,674
Supplemental disclosure of cash flow information:				
Interest paid	**$**	**2,496,471**	$	2,306,206

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 statements 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 payors and other payors for medical services rendered, including retroactive adjustments under reimbursement agreements with third-party payors, 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 64 and 65 percent of total revenue for the years ended June 30, 2017 and 2016, respectively. Federal grant funding from one specific contract with the U.S. Department of Health and Human Services represented approximately 27 and 23 percent of total revenue for the years ended June 30, 2017 and 2016, 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 contractual 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 statements of activities.

Accounts receivable: Accounts receivable are comprised of amounts due from different funding sources, donors and other parties. Program service grants and fees receivable 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, 2017 and 2016, totaled $557,000 and $685,000, respectively.

Accounts receivable also include amounts due for patient services rendered. Patient services receivable where a third-party payor 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 payors. Patient services receivable due directly from patients are carried at the original charge for the service provided, less amounts covered by third-party payors. 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 payor classifications. The Organization does not charge interest on past due accounts. The allowance at June 30, 2017 and 2016, totaled $276,000 and $197,000, 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, 2017 and 2016.

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, 2017 and 2016.

Property and equipment: Acquisitions of property and equipment with a cost of $5,000 or more are stated at cost or, if donated, at the estimated 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. HHO implemented certified EHR technology that enabled it to demonstrate their meaningful use and to qualify for the incentive program. HHO recognized $21,250 of Medicaid EHR incentive, reported in grants, contracts, reimbursements and client fees revenue during the years ended June 30, 2017 and 2016, 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 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, 2017 and 2016, totaled $70,366 and $56,802, respectively.

Deferred revenue: Deferred revenue is recorded for developer fees, rental property grant income, other grant income, government funds and tax increment financing notes received in advance. Revenue will be recognized over the expected term of the asset, in accordance with the expected payment schedule of the tax increment financing note, or when the related services are provided or expenses are incurred. 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 $1,800,000 and $1,700,000 for the years ended June 30, 2017 and 2016, 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, 2017 and 2016, the Organization received approximately 104,000 and 100,000 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, 2017 and 2016. 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 $370,000 and $540,000 for the years ended June 30, 2017 and 2016, 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 $390,000 and $200,000 for the years ended June 30, 2017 and 2016.

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. By statute, if the property is not assessed for those taxes by December 2017, the years are closed and the Organization will remove the 2012 and 2013 accrual which totals $455,000.

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 2014.

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 2016, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)*. ASU 2015-07 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. This ASU resulted in 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 fiscal year 2017, the Organization adopted ASU 2015-03, *Interest – Imputation of Interest (Subtopic 835.30): Simplifying the Presentation of Debt Issuance Costs.* The ASU requires debt issuance costs to be presented in the statement of financial position as a direct reduction from the carrying amount of the debt liability, in the same manner as debt discounts or premiums. Accordingly, the Organization has presented its debt obligations net of its unamortized debt issuance costs and restated its 2016 amounts.

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

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. The Organization is currently evaluating the impact of the adoption of the new 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 impact of the adoption of the new standard on its 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 twelve 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 impact of the adoption of the new standard on its financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash.* The ASU requires that the statement of cash flows explain the change during the period of total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The new standard is effective for the Organization for its fiscal year ending June 30, 2020. The Organization is currently evaluating the impact of the adoption of the new standard on its financial statements.

Reclassifications: Certain amounts on the 2016 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.

Note 2. Net Patient Services Revenue (Continued)

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

	2017	2016
Medicaid (including Medicaid managed care)	94 %	95 %
Medicare	5	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:

	2017	2016
Medicare	5 %	3 %
Medicaid (including Medicaid managed care)	83	79
Self-pay	8	16
Other	4	2
	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 years 2017 and 2016, the following levels of charity care were provided:

	2017	2016
Revenue forgone for charity care	$ 1,174,526	$ 1,009,561
Estimated costs incurred for charity care	2,885,554	2,347,010

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, 2017 and 2016, 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 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, 2017:

	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	$ 5,206,311	$ -	$ -	$ -	$ 5,206,311
Domestic equity	2,913,473	3,233,293	-	-	6,146,766
International equity	1,167,360	-	-	-	1,167,360
Alternative investments	-	-	-	802,755	802,755
	$ 9,287,144	$ 3,233,293	$ -	$ 802,755	13,323,192
Cash and cash equivalents					11,076
					$ 13,334,268

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

Certain investments that are measured at fair value using the NAV 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 consolidated 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 $279,843 and $356,262 is reserved for the Organization's deferred compensation plan at June 30, 2017 and 2016, respectively.

Investment management fees totaled $38,555 and $54,631 in fiscal years 2017 and 2016, respectively.

For fiscal years 2017 and 2016, interest and dividend income from the investment portfolio totaled $191,625 and $231,906, respectively. Unrealized and realized gains (losses) on the investment portfolio for fiscal years 2017 and 2016 totaled $569,276 and $(187,126), respectively. Interest and investment income on the consolidated statements 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, 2017 and 2016:

		2017		2016
Expected collections in less than one year	$	2,030,574	$	1,417,717
Expected collections in one to five years		1,725,000		500,000
		3,755,574		1,917,717
Less discount to present value (at rates up to 1.6 percent)		(27,698)		(9,363)
	$	3,727,876	$	1,908,354

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.

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 $636,720 and $612,623 as of June 30, 2017 and 2016, 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, 2017 and 2016, RS II has 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, 2017 and 2016:

	2017	2016
Alliance of Chicago Community Health Services, L3C	$ 1,058,289	$ 886,652
Lathrop Community Partners LLC	31,500	31,500
	$ 1,089,789	$ 918,152

During the years ended June 30, 2017 and 2016, the Organization's investment in Alliance of Chicago Community Health Services, L3C increased in value by $171,637 and $77,003, respectively. In addition, the Organization made capital contributions of $0 and $20,000 in 2017 and 2016.

Note 8. Notes Receivable

Notes receivable at June 30, 2017 and 2016, are as follows:

	2017	2016
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.	$ 4,996,202	$ 5,261,238
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
	$ 7,214,633	$ 7,479,669

Note 8. Notes Receivable (Continued)

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 in the amount of $1,853,359 to service the debt obligation. As of June 30, 2017 and 2016, the remaining balance on the TIF note was $4,996,202 and $5,261,238, respectively.

Scheduled future maturities of the TIF note are as follows:

2018	$ 267,387
2019	286,341
2020	306,639
2021	318,649
2022	328,375
Thereafter	3,488,811
	$ 4,996,202

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.

Note 9. Property and Equipment

Property and equipment consisted of the following at June 30, 2017 and 2016:

	2017	2016
Land	$ 7,167,112	$ 6,984,822
Land improvements	1,728,448	1,794,335
Building and improvements	154,358,610	142,070,694
Furniture, equipment and vehicles	8,835,710	8,266,132
Leasehold improvements	4,498,997	4,329,576
Construction in progress	1,394,405	4,647,113
	177,983,282	168,092,672
Less accumulated depreciation and amortization	48,568,680	41,723,425
	$ 129,414,602	$ 126,369,247

During fiscal year 2016, the Diversey property was transferred from an HH subsidiary to a newly-formed consolidated partnership which renovated the property. As of June 30, 2017, construction in progress consists primarily of $1,065,733 for building costs under an $8,258,579 construction contract incurred on the Tree Lane Apartment construction. Construction in progress at June 30, 2016, was building costs for Diversey.

Depreciation and amortization expense on property and equipment was $7,053,284 and $6,481,480 for the years ended June 30, 2017 and 2016, 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, 2017 and 2016:

	2017	2016
Reserves for replacements	$ 1,943,803	$ 1,675,564
Real estate tax and insurance escrows	865,099	1,503,409
Reserve, tax increment financing	2,541,476	1,661,200
Reserve for operating deficits	4,290,345	3,636,732
Negative arbitrage reserve	715,590	708,874
Reserve for special purposes	-	277,268
	$ 10,356,313	$ 9,463,047

Note 11. Deferred Revenue

Deferred revenue at June 30, 2017 and 2016, consists of the following:

	2017	2016
Developer fee revenue	$ 6,771,890	$ 6,141,974
City of Chicago TIF revenue	4,996,202	5,261,238
Grant revenue	4,822,443	1,342,371
	$ 16,590,535	$ 12,745,583

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, and consisted of:

	2017	2016
HHCS		
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.	$ 1,374,101	$ 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.	10,726,305	10,954,116
One-year, $3,000,000 secured line of credit with U.S. Bank for general operations at LIBOR plus 1.25 percent. The line of credit was fully repaid in 2017.	-	1,000,000
HH		
Non-interest bearing third mortgage loan payable to the City of Milwaukee. The proceeds came 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 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 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
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 was repaid in October 2017 with capital from the St. Anthony project's closing.	35,000	35,000
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	107,713
Pre-development loan payable to the City of Madison with a maximum amount of $115,000. The note is non-interest bearing and forgivable under certain conditions. The proceeds from this note were used to fund pre-development costs related to the Tree Lane housing project. The note balance of $115,000 was recoded as grant revenue in May 2017 after the closing on the project.	-	71,123
Pre-development loan payable to the City of Madison with a maximum amount of $155,000. The note is non-interest bearing and forgivable under certain conditions. The proceeds from this note are used to fund pre-development costs related to the Park Street housing project. Since development of the project has not started, the proceeds are recorded as a note payable.	83,242	-
First mortgage loans on the Argyle apartments payable to Community Investment Corporation (a nonprofit mortgage lender) in the orginal amount of $333,000, due in monthly installments of $2,120, including interest at 4.25 percent through January 1, 2030, at which time any unpaid principal and interest is due. The interest rate is adjusted every five years until the maturity date.	289,193	295,100

Note 12. Debt Obligations (Continued)

	2017	2016
HH (Continued)		
Non-interest bearing second mortgage loan on the Argyle apartments 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.	$ 1,893,712	$ 1,918,711
Non-interest bearing third mortgage loan on the Argyle apartments 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.	314,483	316,883
Non-interest bearing first mortgage loan payable on the Ellis apartments 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.	2,017,332	2,020,992
Non-interest bearing second mortgage loan payable on the Ellis apartments to IHDA, payable annually in amounts equivalent to 10 percent of annual surplus cash, as defined.	212,616	212,616
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, 2017 and 2016, have been summarized as follows:		
Non-interest loans payable to IHDA	5,948,641	5,963,240
Non-interest loans payable to city agencies	5,706,051	5,706,151
Non-interest cash flow loans	9,235,712	8,924,081
Interest bearing loans payable to city agencies (1.00 percent to 5.36 percent)	6,535,884	7,148,290
Interest bearing first mortgage loans (5.75 percent to 6.44 percent; requiring monthly fixed debt service payments, based on amortization from note issuance through maturity)	11,815,623	12,141,015
Interest bearing construction loans (3.98 percent to 5.45 percent)	8,144,206	4,444,784
	$ 66,176,029	$ 64,197,944
Less deferred financing fees	(1,142,472)	(1,216,355)
	$ 65,033,557	$ 62,981,589

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

2018	$ 1,897,620
2019	843,208
2020	886,675
2021	932,625
2022	975,281
Thereafter	60,640,621
	$ 66,176,029

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, 2017, the amount of the mortgage loan outstanding and the GNMA Securities purchased by the bond trustee were $9,808,091. 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. 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 and eliminated from the consolidating 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 $4,996,202 at June 30, 2017 (see 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.

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, 2017 and 2016, a deferred rent liability of $1,220,303 and $1,185,245, respectively, represents the cumulative excess of rental expense recognized (on a straight-line basis over the term of the lease) over the actual cash outlay for base rentals.

Approximate future minimum rental payments at June 30, 2017, under the office and various other non-cancelable leases are as follows:

2018	$ 3,764,436
2019	2,894,203
2020	2,637,229
2021	1,436,744
2022	1,298,311
Thereafter	8,414,813
	$ 20,445,736

Note 14. Temporarily Restricted Net Assets

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

	Balance June 30, 2016	Contributions Received	Released Amounts	Balance June 30, 2017
Housing & Health	$ 362,626	$ 354,761	$ 424,500	$ 292,887
SAFEty	8,694	3,267	3,350	8,611
Pathways to Success	192,143	706,793	466,336	432,600
Housing, Community and Specialized Services	132,125	85,000	94,864	122,261
Integrated Health Care Services	40,986	40,000	50,062	30,924
Health Care Quality, Research, TA, and Training Services	385,231	769,282	576,839	577,674
Health Promotion and Nutrition	4,395	78,715	57,718	25,392
Housing Development	466,300	156,000	272,800	349,500
Kovler Center	244,038	948,041	689,131	502,948
Latin America and Carribean	239,292	20,820	253,189	6,923
Middle East and Northern Africa	424,998	229,440	519,280	135,158
Justice Services	7,866,172	8,506,237	5,906,196	10,466,213
Other Services	337,966	1,062,021	554,669	845,318
	$ 10,704,966	$ 12,960,377	$ 9,868,934	$ 13,796,409

	Balance July 1, 2015	Contributions Received	Released Amounts	Balance June 30, 2016
Housing & Health	$ 422,545	$ 649,411	$ 709,330	$ 362,626
SAFEty	13,126	13,000	17,432	8,694
Pathways to Success	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
Kovler Center	155,512	423,831	335,305	244,038
Latin America and Carribean	304,590	133,048	198,346	239,292
Middle East and Northern Africa	545,763	257,460	378,225	424,998
Justice Services	7,722,294	5,551,116	5,407,238	7,866,172
Other Services	828,890	731,642	1,222,566	337,966
	$ 11,326,754	$ 9,919,065	$ 10,540,853	$ 10,704,966

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 2017 and 2016 totaled $1,386,809 and $1,272,526, respectively.

The Organization also maintains a deferred compensation plan for certain of its executives. Total expense relating to this plan for fiscal years 2017 and 2016 totaled $60,250 and $45,000, respectively. The liability for deferred compensation at June 30, 2017 and 2016, was $279,843 and $356,262, 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 $640,000 and $605,000 for the fiscal years ended June 30, 2017 and 2016, respectively.

As of June 30, 2017 and 2016, the Health Center owed the Organization $122,634 and $66,130, respectively.

Note 17. Commitments and Contingencies

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.

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.

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

During October 2017, two of HH’s consolidated subsidiaries (Heartland Lathrop, LLC and St. Anthony’s Apartments MM LLC) received approximately $429,000 of developer fees related to two planned development transactions which they are involved in. As a result, in fiscal year 2018, HH will consolidate St. Anthony’s Apartment’s LLC, of which St. Anthony’s Apartments MM LLC is the general partner and manager of the planned development. Lathrop Homes 1A, LP will not be consolidated into HH as HH does not control the planned development.

The Organization has evaluated subsequent events through December 7, 2017, 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, 2017

	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	$ 6,382,790	$ 2,635,630	$ 5,681,204	$ 2,276,863	$ 2,011,093	$ -	$ 18,987,580
Restricted cash	3,676,788	5,000	90,913	56,386	-	-	3,829,087
Investments	9,687,288	-	3,646,980	-	-	-	13,334,268
Accounts receivable:							
Program service grants and fees	1,470,663	1,492,539	4,491,035	2,737,818	410,924	-	10,602,979
Pledges receivable	2,922,280	68,929	143,320	388,647	204,700	-	3,727,876
Patient services	-	-	-	1,712,359	-	-	1,712,359
Other	135,685	28,422	263,436	635,197	1,250,015	-	2,312,755
Inter-agency	3,669,335	(161,969)	(682,082)	(296,498)	(2,528,786)	-	-
Allowance for contractual adjustments, discounts and bad debts	(373,235)	-	(31,039)	(341,990)	(86,736)	-	(833,000)
Prepaid expenses and other current assets	566,898	634,131	788,894	333,853	601,930	-	2,925,706
Investment in limited partnerships	1,754,486	-	-	-	36,125	(1,754,486)	36,125
Other investments	-	-	-	1,058,289	31,500	-	1,089,789
Notes receivable, net	-	-	2,218,431	-	4,996,202	-	7,214,633
Receivables due from limited partnerships	-	-	-	-	636,719	-	636,719
Property and equipment, net	1,717,351	873,566	12,574,153	1,026,404	113,723,128	(500,000)	129,414,602
Escrow and reserve accounts	-	-	537,244	-	9,819,069	-	10,356,313
Deferred fees, net	-	-	-	-	531,583	-	531,583
Residual interest	-	-	-	-	6,068,116	-	6,068,116
Total assets	$ 31,610,329	$ 5,576,248	$ 29,722,489	$ 9,587,328	$ 137,705,582	$ (2,254,486)	$ 211,947,490
Liabilities and Net Assets							
Liabilities:							
Accounts payable and other accrued expenses	$ 1,113,253	$ 126,502	$ 951,030	$ 713,834	$ 4,266,556	$ (500,000)	$ 6,671,175
Accrued payroll and related liabilities	2,362,338	598,986	2,173,396	996,963	236,818	-	6,368,501
Construction costs payable	-	-	-	-	228,140	-	228,140
Deferred revenue	2,935,348	1,235,589	301,292	284,023	11,834,283	-	16,590,535
Liability for self-insurance claims	1,800,000	-	-	-	-	-	1,800,000
Deferred rent liability	1,220,303	-	-	-	-	-	1,220,303
Deferred compensation plan liability	279,843	-	-	-	-	-	279,843
Accrued interest payable	-	-	-	-	877,453	-	877,453
Debt obligations	-	-	12,745,434	-	52,288,123	-	65,033,557
Total liabilities	9,711,085	1,961,077	16,171,152	1,994,820	69,731,373	(500,000)	99,069,507
Net assets:							
Unrestricted:							
Undesignated	9,339,118	2,960,241	12,817,239	6,664,139	27,651,973	(1,754,486)	57,678,224
Board designated	1,222,579	20,000	-	-	-	-	1,242,579
Non-controlling interests	-	-	-	-	39,972,736	-	39,972,736
Total unrestricted net assets	10,561,697	2,980,241	12,817,239	6,664,139	67,624,709	(1,754,486)	98,893,539
Temporarily restricted	11,149,512	634,930	734,098	928,369	349,500	-	13,796,409
Permanently restricted	188,035	-	-	-	-	-	188,035
Total net assets	21,899,244	3,615,171	13,551,337	7,592,508	67,974,209	(1,754,486)	112,877,983
Total liabilities and net assets	$ 31,610,329	$ 5,576,248	$ 29,722,489	$ 9,587,328	$ 137,705,582	$ (2,254,486)	$ 211,947,490

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	-	-	-	-	502,535	-	502,535
Residual interest	-	-	-	-	6,068,116	-	6,068,116
Total assets	$ 24,226,177	$ 4,978,905	$ 29,921,536	$ 8,359,390	$ 133,671,514	$ (1,754,486)	$ 199,403,036
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	-	49,180,532	-	62,981,589
Total liabilities	6,022,850	1,073,745	17,553,540	1,611,603	67,062,614	-	93,324,352
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	$ 133,671,514	$ (1,754,486)	$ 199,403,036

Heartland Alliance for Human Needs & Human Rights

Consolidating Statement of Activities
Year Ended June 30, 2017

	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	$ 10,157,539	$ 1,380,393	$ 1,243,006	$ 1,481,621	$ 217,216	$ -	$ 14,479,775
Grants, contracts, reimbursements and client fees	3,637,445	16,370,166	54,936,570	20,346,664	488,112	-	95,778,957
Contributed services and non-cash contributions	96,176	543,604	2,135,597	578,031	108,502	-	3,461,910
Patient services, net of contractual adjustments and discounts	-	-	-	5,554,104	-	-	5,554,104
Rental income	222,994	-	-	-	7,914,427	(222,994)	7,914,427
Housing development	-	-	-	-	388,514	-	388,514
Interest and investment income	390,979	(28)	332,867	182,312	957,568	(875)	1,862,823
Other income	1,256,364	132,005	49,473	190,562	515,193	(1,015,960)	1,127,637
Total revenues	15,761,497	18,426,140	58,697,513	28,333,294	10,589,532	(1,239,829)	130,568,147
Expenses:							
Salaries and wages	11,871,633	5,535,765	26,945,105	11,630,101	2,623,301	-	58,605,905
Payroll taxes and fringe benefits	2,411,901	1,622,614	6,973,083	2,848,298	722,634	-	14,578,530
Staff expenses	554,672	1,896,164	518,363	334,578	87,445	-	3,391,222
Professional services	2,699,249	1,525,284	2,735,032	1,420,667	1,056,095	(844,684)	8,591,643
Office services	875,497	551,095	874,200	685,501	217,328	-	3,203,621
Occupancy	1,285,491	588,315	3,373,082	1,085,808	1,199,365	(222,994)	7,309,067
Equipment	416,404	239,453	600,487	375,974	6,806	-	1,639,124
Client support and supplies	112,646	1,820,542	7,168,791	4,651,873	7,725	(23,647)	13,737,930
Subrecipients	793,164	3,164,496	278,322	399,694	-	(147,629)	4,488,047
Contributed services and in-kind expenses	96,176	461,195	2,135,597	578,031	108,502	-	3,379,501
Real estate development and property management	-	-		411,643	2,232,605	-	2,644,248
Interest expense	-	3,268	561,595	-	1,932,483	(875)	2,496,471
Uncollectible accounts	100,000	(20,000)	(183,716)	327,383	137,191	-	360,858
	21,216,833	17,388,191	51,979,941	24,749,551	10,331,480	(1,239,829)	124,426,167
Allocation of shared services costs	(9,416,434)	1,179,961	4,754,281	2,573,752	908,440	-	-
Total expenses	11,800,399	18,568,152	56,734,222	27,323,303	11,239,920	(1,239,829)	124,426,167
Increase (decrease) in net assets before non-budgetary and other items	3,961,098	(142,012)	1,963,291	1,009,991	(650,388)	-	6,141,980
Non-budgetary items:							
Depreciation and amortization	(265,181)	(147,977)	(779,950)	(165,270)	(5,588,247)	-	(6,946,625)
Increase (decrease) in net assets before other items	3,695,917	(289,989)	1,183,341	844,721	(6,238,635)	-	(804,645)
Other items:							
Capital contributions to limited partnerships and other entities	-	-	-	-	7,609,170	-	7,609,170
Capital distributions to limited partnerships and other entities	-	-	-	-	(5,226)	-	(5,226)
Total other items	-	-	-	-	7,603,944	-	7,603,944
Increase (decrease) in net assets	3,695,917	(289,989)	1,183,341	844,721	1,365,309	-	6,799,299
Net assets, beginning of year	18,203,327	3,905,160	12,367,996	6,747,787	66,608,900	(1,754,486)	106,078,684
Net assets, end of year	$ 21,899,244	$ 3,615,171	$ 13,551,337	$ 7,592,508	$ 67,974,209	$ (1,754,486)	$ 112,877,983

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	1,331,095	(340,954)	7,561,277
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	1,471,031	-	1,877,826
Interest expense	672	46	535,784	182	1,869,652	(229)	2,406,107
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	9,258,844	(688,896)	115,723,058
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	10,014,246	(688,896)	115,723,058
Increase in net assets before non-budgetary and other items	1,948,563	790,924	669,950	1,780,238	1,986,589	-	7,176,264
Non-budgetary items:							
Depreciation and amortization	(261,806)	(116,135)	(855,301)	(313,150)	(5,035,220)	-	(6,581,612)
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 Cash Flows
Year Ended June 30, 2017

	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	$ 3,695,917	$ (289,989)	$ 1,183,341	$ 844,721	$ 1,365,309	$ -	$ 6,799,299
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:							
Depreciation and amortization	265,181	147,977	779,950	165,270	5,588,247	-	6,946,625
Provision for (recovery of) bad debts	100,000	(20,000)	(183,716)	327,383	137,191	-	360,858
Loss on disposal of property and equipment	9,054	8,467	-	-	-	-	17,521
Unrealized (gain) loss on investments	(271,031)	-	(298,245)	-	-	-	(569,276)
Earnings from other investments	-	-	-	(171,637)	-	-	(171,637)
Developer fee amortization	-	-	-	-	(285,772)		(285,772)
Capital contributions to limited partnerships and other entities	-	-	-	-	(7,609,170)	-	(7,609,170)
Capital distributions and other reductions to limited partnerships and other entities	-	-	-	-	5,226	-	5,226
Effects of changes in operating assets and liabilities:							
Accounts receivable:							
Program service grants and fees	(569,044)	362,983	989,148	85,468	(215,717)	-	652,838
Pledges receivable	(1,798,868)	(58,929)	29,225	(150,600)	159,650	-	(1,819,522)
Patient services	-	-	-	(619,071)	-	-	(619,071)
Other	36,061	(23,173)	(219,517)	(632,314)	(356,818)	-	(1,195,761)
Inter-agency	(1,427,707)	113,137	492,046	283,191	539,333	-	-
Prepaid expenses and other current assets	68,515	(39,764)	(79,103)	(94,664)	(31,328)	-	(176,344)
Receivables due from limited partnerships	-	-	-	-	(24,096)	-	(24,096)
Accounts payable and other accrued expenses	360,866	(115,707)	(518,942)	177,654	2,182,568	(500,000)	1,586,439
Accrued payroll and related liabilities	630,804	214,856	209,091	127,871	25,636	-	1,208,258
Liability for self-insurance claims	100,000	-	-	-	-	-	100,000
Accrued interest payable	-	-	-	-	95,728	-	95,728
Deferred rent liability	43,254	-	-	(8,196)	-	-	35,058
Deferred compensation plan liability	(76,419)	-	-	-	-	-	(76,419)
Deferred revenue	2,629,730	788,183	(16,914)	85,888	(4,521)	-	3,482,366
Developer fees received	-	-	-	-	648,358	-	648,358
Net cash provided by operating activities	3,796,313	1,088,041	2,366,364	420,964	2,219,824	(500,000)	9,391,506
Cash flows from investing activities:							
Change in restricted cash	(1,744,392)	(5,000)	45,261	(51,198)	-	-	(1,755,329)
Additions to property and equipment	(592,391)	(82,408)	(246,821)	(258,582)	(11,533,546)	500,000	(12,213,748)
Proceeds from sale of property and equipment	-	5,850	-	-	-	-	5,850
Purchases (sales) of investments, net	(747,597)	-	(45,078)	-	100	-	(792,575)
Proceeds from notes receivable	-	-	-	-	265,036	-	265,036
Deposits to escrow accounts	-	-	(141,589)	-	(1,946,316)	-	(2,087,905)
Releases from escrow accounts	-	-	17,054	-	1,177,585	-	1,194,639
Net cash used in investing activities	(3,084,380)	(81,558)	(371,173)	(309,780)	(12,037,141)	500,000	(15,384,032)
Cash flows from financing activities:							
Capital contributions to limited partnerships and other entities	-	-	-	-	7,609,170	-	7,609,170
Capital distributions to limited partnerships and other entities	-	-	-	-	(5,226)	-	(5,226)
Developer fees paid from limited partnerships	-	-	-	-	(902,232)	-	(902,232)
Repayments of borrowings	-	-	(1,305,623)	-	(5,673,214)	-	(6,978,837)
Proceeds from borrowings	-	-	250,000	-	8,706,722	-	8,956,722
Deferred financing fees	-	-	-	-	73,883	-	73,883
Tax credit fees	-	-	-	-	(29,048)	-	(29,048)
Net cash (used in) provided by financing activities	-	-	(1,055,623)	-	9,780,055	-	8,724,432
Net increase (decrease) in cash	711,933	1,006,483	939,568	111,184	(37,262)	-	2,731,906
Cash:							
Beginning of year	5,670,857	1,629,147	4,741,636	2,165,679	2,048,355	-	16,255,674
End of year	$ 6,382,790	$ 2,635,630	$ 5,681,204	$ 2,276,863	$ 2,011,093	$ -	$ 18,987,580

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 (used in) operating activities:							
Depreciation and amortization	261,806	116,135	855,301	313,150	5,035,220	-	6,581,612
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:							
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	2,121,193	(49,360)	1,020,115	974,486	2,537,496	-	6,603,930
Cash flows from investing activities:							
Change in restricted cash	650,084	-	(89,666)	79,089	-	-	639,507
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 (sales) of investments, net	(1,701,329)	-	34,054	-	(100)	-	(1,667,375)
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 (used in) provided by investing activities	(1,202,896)	(362,898)	70,246	219,870	(10,033,434)	(76,627)	(11,385,739)
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	-	-	-	-	(36,907)	-	(36,907)
Tax credit fees	-	-	-	-	(103,675)	-	(103,675)
Net cash (used in) provided by financing activities	(284,689)	(8,212)	1,524,943	(68,415)	7,250,547	76,627	8,490,801
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

Statement of Functional Expenses
Year Ended June 30, 2017

	Program Services		Supporting Services			
	Justice Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2017
Salaries and wages	$ 4,621,996	$ 4,621,996	$ 6,494,648	$ 754,989	$ 7,249,637	$ 11,871,633
Payroll taxes and fringe benefits	1,155,800	1,155,800	1,098,910	157,191	1,256,101	2,411,901
Staff expenses	356,336	356,336	168,424	29,912	198,336	554,672
Professional expenses	612,399	612,399	1,685,793	401,057	2,086,850	2,699,249
Office services	132,328	132,328	669,816	73,353	743,169	875,497
Occupancy	639,058	639,058	589,153	57,280	646,433	1,285,491
Equipment	86,555	86,555	312,993	16,856	329,849	416,404
Client support and supplies	92,536	92,536	20,003	107	20,110	112,646
Subrecipients	793,164	793,164	-	-	-	793,164
Contributed services and in-kind		-				
expenses	17,620	17,620	-	78,556	78,556	96,176
Uncollectible accounts	-	-	100,000	-	100,000	100,000
	8,507,792	8,507,792	11,139,740	1,569,301	12,709,041	21,216,833
Allocation of shared services costs	-	-	(9,416,434)	-	(9,416,434)	(9,416,434)
	8,507,792	8,507,792	1,723,306	1,569,301	3,292,607	11,800,399
Depreciation and amortization	-	-	265,181	-	265,181	265,181
	$ 8,507,792	$ 8,507,792	$ 1,988,487	$ 1,569,301	$ 3,557,788	$ 12,065,580

Heartland Alliance International, LLC

Statement of Functional Expenses
Year Ended June 30, 2017

	Program Services					Supporting Services			
	Middle East and Northern Africa	Latin America and Caribbean	Sub-Saharan Africa	Kovler Center	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2017
Salaries and wages	$ 1,284,072	$ 688,970	$ 2,095,962	$ 240,527	$ 4,309,531	$ 1,168,878	$ 57,356	$ 1,226,234	$ 5,535,765
Payroll taxes and fringe benefits	222,511	254,208	756,817	86,783	1,320,319	289,877	12,418	302,295	1,622,614
Staff expenses	263,245	202,156	1,164,767	1,475	1,631,643	260,750	3,771	264,521	1,896,164
Professional expenses	246,547	238,476	565,459	26,249	1,076,731	390,585	57,968	448,553	1,525,284
Office services	90,738	61,848	326,181	6,805	485,572	60,933	4,590	65,523	551,095
Occupancy	136,968	80,649	267,634	22,424	507,675	80,640	-	80,640	588,315
Equipment	38,977	4,857	171,326	593	215,753	23,696	4	23,700	239,453
Client support and supplies	152,808	250,133	1,397,472	11,982	1,812,395	8,147	-	8,147	1,820,542
Subrecipients	1,331,257	150,223	1,683,016	-	3,164,496	-	-	-	3,164,496
Contributed services and in-kind expenses	-	-	-	20,225	20,225	440,970	-	440,970	461,195
Interest expense	-	-	3,268	-	3,268	-	-	-	3,268
Uncollectible accounts	-	-	(20,000)	-	(20,000)	-	-	-	(20,000)
	3,767,123	1,931,520	8,411,902	417,063	14,527,608	2,724,476	136,107	2,860,583	17,388,191
Allocation of shared services costs	-	-	-	-	-	1,179,961	-	1,179,961	1,179,961
	3,767,123	1,931,520	8,411,902	417,063	14,527,608	3,904,437	136,107	4,040,544	18,568,152
Depreciation and amortization	21,973	-	59,023	8,700	89,696	58,281	-	58,281	147,977
	$ 3,789,096	$ 1,931,520	$ 8,470,925	$ 425,763	$ 14,617,304	$ 3,962,718	$ 136,107	$ 4,098,825	$ 18,716,129

Heartland Human Care Services, Inc.

Statement of Functional Expenses
Year Ended June 30, 2017

	Program Services				Supporting Services			
	SAFEty	Pathways to Success	Housing & Health	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2017
Salaries and wages	$ 19,163,720	$ 3,613,987	$ 3,328,177	$ 26,105,884	$ 839,221	$ -	$ 839,221	$ 26,945,105
Payroll taxes and fringe benefits	4,901,204	934,682	945,565	6,781,451	191,632	-	191,632	6,973,083
Staff expenses	279,745	73,330	74,159	427,234	91,129	-	91,129	518,363
Professional expenses	1,988,873	127,310	106,218	2,222,401	512,631	-	512,631	2,735,032
Office services	514,743	195,254	109,177	819,174	55,026	-	55,026	874,200
Occupancy	3,074,658	392,690	470,959	3,938,307	(565,225)	-	(565,225)	3,373,082
Equipment	267,595	88,796	104,341	460,732	139,755	-	139,755	600,487
Client support and supplies	2,496,398	1,204,144	3,324,477	7,025,019	143,772	-	143,772	7,168,791
Subrecipients	36,819	68,901	172,602	278,322	-	-	-	278,322
Contributed services and in-kind expenses	541,385	31,650	876,311	1,449,346	686,076	175	686,251	2,135,597
Interest expense	-	-	-	-	561,595	-	561,595	561,595
Uncollectible accounts	-	521	-	521	(184,237)	-	(184,237)	(183,716)
	33,265,140	6,731,265	9,511,986	49,508,391	2,471,375	175	2,471,550	51,979,941
Allocation of shared services costs	-	-	-	-	4,754,281	-	4,754,281	4,754,281
	33,265,140	6,731,265	9,511,986	49,508,391	7,225,656	175	7,225,831	56,734,222
Depreciation and amortization	368,807	870	7,188	376,865	403,085	-	403,085	779,950
	$ 33,633,947	$ 6,732,135	$ 9,519,174	$ 49,885,256	$ 7,628,741	$ 175	$ 7,628,916	$ 57,514,172

Heartland Health Outreach, Inc.

Statement of Functional Expenses
Year Ended June 30, 2017

	Program Services						Supporting Services			
	Housing, Community & Specialized Services	Healthcare Quality, Research, TA & Training Services	Health Promotion & Nutrition	Integrated Healthcare Services	Cross Cultural & Interpreting Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2017
Salaries and wages	$ 3,956,858	$ 683,303	$ 473,392	$ 5,155,608	$ 190,079	$ 10,459,240	$ 1,147,517	$ 23,344	$ 1,170,861	$ 11,630,101
Payroll taxes and fringe benefits	1,033,657	158,069	131,509	1,191,126	72,255	2,586,616	259,221	2,461	261,682	2,848,298
Staff expenses	58,994	32,747	2,631	135,813	14,199	244,384	89,877	317	90,194	334,578
Professional expenses	200,714	113,817	61,324	703,808	830,508	1,910,171	(489,925)	421	(489,504)	1,420,667
Office services	203,280	34,980	47,598	341,744	13,435	641,037	44,267	197	44,464	685,501
Occupancy	358,374	19,125	154,426	455,086	20,427	1,007,438	63,493	14,877	78,370	1,085,808
Equipment	156,349	18,734	40,942	101,636	8,983	326,644	48,870	460	49,330	375,974
Client support and supplies	1,852,155	5,084	500,374	2,275,751	22	4,633,386	18,487	-	18,487	4,651,873
Subrecipients	-	-	-	399,694	-	399,694	-	-	-	399,694
Contributed services and in-kind expenses	12,625	-	6,365	690	-	19,680	-	558,351	558,351	578,031
Real estate development and property management	404,123	5,914	1,522	1	-	411,560	-	83	83	411,643
Uncollectible accounts	102,366	-	7,000	27,600	30,235	167,201	160,182	-	160,182	327,383
	8,339,495	1,071,773	1,427,083	10,788,557	1,180,143	22,807,051	1,341,989	600,511	1,942,500	24,749,551
Allocation of shared services costs	-	-	-	-	-	-	2,573,752	-	2,573,752	2,573,752
	8,339,495	1,071,773	1,427,083	10,788,557	1,180,143	22,807,051	3,915,741	600,511	4,516,252	27,323,303
Depreciation and amortization	75,027	-	-	90,243	-	165,270	-	-	-	165,270
	$ 8,414,522	$ 1,071,773	$ 1,427,083	$ 10,878,800	$ 1,180,143	$ 22,972,321	$ 3,915,741	$ 600,511	$ 4,516,252	$ 27,488,573

Heartland Housing, Inc.

Statement of Functional Expenses
Year Ended June 30, 2017

	Program Services		Supporting Services			
	Housing Development	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2017
Salaries and wages	$ 1,818,802	$ 1,818,802	$ 804,499	$ -	$ 804,499	$ 2,623,301
Payroll taxes and fringe benefits	513,452	513,452	209,182	-	209,182	722,634
Staff expenses	20,939	20,939	66,303	203	66,506	87,445
Professional expenses	831,241	831,241	224,854	-	224,854	1,056,095
Office services	184,735	184,735	32,593	-	32,593	217,328
Occupancy	1,120,219	1,120,219	79,146	-	79,146	1,199,365
Equipment	159	159	6,647	-	6,647	6,806
Client support and supplies	1,533	1,533	6,192	-	6,192	7,725
Contributed services and in-kind expenses	25,171	25,171	-	83,331	83,331	108,502
Real estate development and property management	2,232,978	2,232,978	(373)	-	(373)	2,232,605
Interest expense	1,928,365	1,928,365	4,118	-	4,118	1,932,483
Uncollectible accounts	137,191	137,191	-	-	-	137,191
	8,814,785	8,814,785	1,433,161	83,534	1,516,695	10,331,480
Allocation of shared services costs	-	-	908,440	-	908,440	908,440
	8,814,785	8,814,785	2,341,601	83,534	2,425,135	11,239,920
Depreciation and amortization	5,588,247	5,588,247	-	-	-	5,588,247
	$ 14,403,032	$ 14,403,032	$ 2,341,601	$ 83,534	$ 2,425,135	$ 16,828,167

Heartland Alliance International, LLC

Consolidating Statement of Financial Position
June 30, 2017

	Heartland Alliance International, LLC	Heartland Alliance International - Europe	Total 2017	Total 2016
Assets				
Cash	$ 1,703,125	$ 932,505	$ 2,635,630	$ 1,629,147
Restricted cash	5,000	-	5,000	-
Accounts receivable:				
Program service grants and fees	1,492,539	-	1,492,539	1,855,522
Pledges receivable	68,929	-	68,929	10,000
Other	28,422	-	28,422	5,249
Inter-agency	(54,472)	(107,497)	(161,969)	(48,832)
Allowance for contractual adjustments, discounts and bad debts	-	-	-	(20,000)
Prepaid expenses and other current assets	626,806	7,325	634,131	594,367
Property and equipment, net	873,566	-	873,566	953,452
Total assets	$ 4,743,915	$ 832,333	$ 5,576,248	$ 4,978,905
Liabilities and Net Assets				
Liabilities:				
Accounts payable and other accrued expenses	$ 124,429	$ 2,073	$ 126,502	$ 242,209
Accrued payroll and related liabilities	594,584	4,402	598,986	384,130
Deferred revenue	441,360	794,229	1,235,589	447,406
Total liabilities	1,160,373	800,704	1,961,077	1,073,745
Net assets:				
Unrestricted:				
Undesignated and controlling interests	2,928,612	31,629	2,960,241	2,976,830
Board designated	20,000	-	20,000	20,000
Total unrestricted net assets	2,948,612	31,629	2,980,241	2,996,830
Temporarily restricted	634,930	-	634,930	908,330
Total net assets	3,583,542	31,629	3,615,171	3,905,160
Total liabilities and net assets	$ 4,743,915	$ 832,333	$ 5,576,248	$ 4,978,905

Heartland Alliance International, LLC

Consolidating Statement of Activities
Year Ended June 30, 2017

	Heartland Alliance International, LLC	Heartland Alliance International - Europe	Eliminations	Total 2017	Total 2016
Revenues:					
Contributions	$ 1,380,393	$ -	$ -	$ 1,380,393	$ 939,123
Grants, contracts, reimbursements and client fees	16,203,638	166,528	-	16,370,166	19,266,221
Contributed services and non-cash contributions	543,604	-	-	543,604	434,563
Interest and investment (loss) income	(28)	-	-	(28)	82
Other income	115,622	16,383	-	132,005	35,189
Total revenues	18,243,229	182,911	-	18,426,140	20,675,178
Expenses:					
Salaries and wages	5,438,684	97,081	-	5,535,765	5,308,288
Payroll taxes and fringe benefits	1,607,432	15,182	-	1,622,614	1,202,246
Staff expenses	1,885,599	10,565	-	1,896,164	1,513,383
Professional services	1,517,559	7,725	-	1,525,284	1,442,029
Office services	546,139	4,956	-	551,095	623,859
Occupancy	581,976	6,339	-	588,315	566,238
Equipment	237,085	2,368	-	239,453	195,889
Client support and medical supplies	1,816,504	4,038	-	1,820,542	4,001,558
Subrecipients	3,157,219	7,277	-	3,164,496	3,843,378
Contributed services and in-kind expenses	461,195	-	-	461,195	434,563
Interest expense	3,268	-	-	3,268	46
Uncollectible accounts	(20,000)	-	-	(20,000)	22,751
	17,232,660	155,531	-	17,388,191	19,154,228
Allocation of shared services costs	1,179,961	-	-	1,179,961	730,026
Total expenses	18,412,621	155,531	-	18,568,152	19,884,254
(Decrease) increase in net assets before non-budgetary items	(169,392)	27,380	-	(142,012)	790,924
Non-budgetary items:					
Depreciation and amortization	(147,977)	-	-	(147,977)	(116,135)
	(147,977)	-	-	(147,977)	(116,135)
Other items:					
Capital contributions to limited partnerships and other entities	(4,249)	4,249	-	-	-
	(4,249)	4,249	-	-	-
(Decrease) increase in net assets	(321,618)	31,629	-	(289,989)	674,789
Net assets, beginning of year	3,905,160	-	-	3,905,160	3,230,371
Net assets, end of year	$ 3,583,542	$ 31,629	$ -	$ 3,615,171	$ 3,905,160

Heartland Alliance International, LLC

Consolidating Statement of Cash Flows
Year Ended June 30, 2017

	Heartland Alliance International, LLC	Heartland Alliance International - Europe	Total 2017	Total 2016
Cash flows from operating activities:				
(Decrease) increase in net assets	$ (321,618)	$ 31,629	$ (289,989)	$ 674,789
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:				
Depreciation and amortization	147,977	-	147,977	116,135
(Recovery of) provision for bad debts	(20,000)	-	(20,000)	22,751
Loss (gain) on disposal of property and equipment	8,467	-	8,467	(17,443)
Effects of changes in operating assets and liabilities:				
Accounts receivable:				
Program service grants and fees	362,983	-	362,983	(716,279)
Pledges receivable	(58,929)	-	(58,929)	52,750
Other	(23,173)	-	(23,173)	(6,157)
Inter-agency	5,640	107,497	113,137	464,721
Prepaid expenses and other current assets	(32,439)	(7,325)	(39,764)	(233,897)
Accounts payable and other accrued expenses	(117,780)	2,073	(115,707)	94,825
Accrued payroll and related liabilities	210,454	4,402	214,856	74,814
Deferred revenue	(6,046)	794,229	788,183	(576,369)
Net cash provided by (used in) operating activities	155,536	932,505	1,088,041	(49,360)
Cash flows from investing activities:				
Change in restricted cash	(5,000)	-	(5,000)	-
Additions to property and equipment	(82,408)	-	(82,408)	(406,698)
Proceeds from sale of property and equipment	5,850	-	5,850	43,800
Net cash used in investing activities	(81,558)	-	(81,558)	(362,898)
Cash flows from financing activities:				
Repayments of borrowings	-	-	-	(8,212)
Net cash used in financing activities	-	-	-	(8,212)
Net increase (decrease) in cash	73,978	932,505	1,006,483	(420,470)
Cash:				
Beginning of year	1,629,147	-	1,629,147	2,049,617
End of year	$ 1,703,125	$ 932,505	$ 2,635,630	$ 1,629,147

Heartland Human Care Services, Inc.

Consolidating Statement of Financial Position
June 30, 2017

	Heartland Human Care Services, Inc.	3500 South Giles, LLC	Total 2017	Total 2016
Assets				
Cash	$ 5,217,404	$ 463,800	$ 5,681,204	$ 4,741,636
Restricted cash	90,913	-	90,913	136,174
Investments	3,646,980	-	3,646,980	3,303,657
Accounts receivable:				
Program service grants and fees	4,491,035	-	4,491,035	5,480,183
Pledges receivable	143,320	-	143,320	172,545
Other	263,436	-	263,436	171,444
Inter-agency	(587,878)	(94,204)	(682,082)	(190,036)
Allowance for contractual adjustments, discounts and bad debts	(31,039)	-	(31,039)	(342,280)
Prepaid expenses and other current assets	858,894	(70,000)	788,894	709,791
Notes receivable	2,218,431	-	2,218,431	2,218,431
Property and equipment, net	2,522,818	10,051,335	12,574,153	13,107,282
Escrow and reserve accounts	-	537,244	537,244	412,709
Total assets	$ 18,834,314	$ 10,888,175	$ 29,722,489	$ 29,921,536
Liabilities and Net Assets				
Liabilities:				
Accounts payable and other accrued expenses	$ 951,030	$ -	$ 951,030	$ 1,469,972
Accrued payroll and related liabilities	2,173,396	-	2,173,396	1,964,305
Deferred revenue	301,292	-	301,292	318,206
Debt obligations	2,019,129	10,726,305	12,745,434	13,801,057
Total liabilities	5,444,847	10,726,305	16,171,152	17,553,540
Net assets:				
Unrestricted:				
Undesignated and controlling interests	12,655,369	161,870	12,817,239	11,804,532
Total unrestricted net assets	12,655,369	161,870	12,817,239	11,804,532
Temporarily restricted	734,098	-	734,098	563,464
Total net assets	13,389,467	161,870	13,551,337	12,367,996
Total liabilities and net assets	$ 18,834,314	$ 10,888,175	$ 29,722,489	$ 29,921,536

Heartland Human Care Services, Inc.

Consolidating Statement of Activities
Year Ended June 30, 2017

	Heartland Human Care Services, Inc.	3500 South Giles, LLC	Eliminations	Total 2017	Total 2016
Revenues:					
Contributions	$ 1,243,006	$ -	$ -	$ 1,243,006	$ 921,483
Grants, contracts, reimbursements and client fees	54,936,570	-	-	54,936,570	49,829,782
Contributed services and non-cash contributions	2,135,597	-	-	2,135,597	1,934,954
Rental income	-	865,200	(865,200)	-	61,467
Interest and investment income (loss)	332,364	503	-	332,867	(103,958)
Other income	49,473	-	-	49,473	266,602
Total revenues	58,697,010	865,703	(865,200)	58,697,513	52,910,330
Expenses:					
Salaries and wages	26,945,105	-	-	26,945,105	24,393,120
Payroll taxes and fringe benefits	6,973,083	-	-	6,973,083	5,985,882
Staff expenses	518,363	-	-	518,363	479,173
Professional services	2,735,032	-	-	2,735,032	2,136,218
Office services	874,200	-	-	874,200	712,991
Occupancy	4,238,282	-	(865,200)	3,373,082	3,151,492
Equipment	600,487	-	-	600,487	635,890
Client support and medical supplies	7,168,791	-	-	7,168,791	6,765,427
Subrecipients	278,322	-	-	278,322	380,565
Contributed services and in-kind expenses	2,135,597	-	-	2,135,597	1,934,954
Real estate development and property management	-	-	-	-	1,200
Interest expense	70,938	490,657	-	561,595	535,784
Uncollectible accounts	(183,716)	-	-	(183,716)	(1,568)
	52,354,484	490,657	(865,200)	51,979,941	47,111,128
Allocation of shared services costs	4,754,281	-	-	4,754,281	5,129,252
Total expenses	57,108,765	490,657	(865,200)	56,734,222	52,240,380
Increase in net assets before non-budgetary items	1,588,245	375,046	-	1,963,291	669,950
Non-budgetary items:					
Depreciation and amortization	(433,130)	(346,820)	-	(779,950)	(855,301)
	(433,130)	(346,820)	-	(779,950)	(855,301)
Increase (decrease) in net assets	1,155,115	28,226	-	1,183,341	(185,351)
Net assets, beginning of year	12,234,352	133,644	-	12,367,996	12,553,347
Net assets, end of year	$ 13,389,467	$ 161,870	$ -	$ 13,551,337	$ 12,367,996

Heartland Human Care Services, Inc.

Consolidating Statement of Cash Flows
Year Ended June 30, 2017

	Heartland Human Care Services, Inc.	3500 South Giles, LLC	Total 2017	Total 2016
Cash flows from operating activities:				
Increase (decrease) in net assets	$ 1,155,115	$ 28,226	$ 1,183,341	$ (185,351)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:				
Depreciation and amortization	433,130	346,820	779,950	855,301
Recovery of bad debts	(183,716)	-	(183,716)	(1,568)
Gain on investments	(298,245)	-	(298,245)	104,464
Earnings from other investments	-	-	-	(20,094)
Effects of changes in operating assets and liabilities:				
Accounts receivable:				
Program service grants and fees	989,148	-	989,148	1,962,171
Pledges receivable	29,225	-	29,225	(65,795)
Other	(390,961)	171,444	(219,517)	18,116
Inter-agency	496,633	(4,587)	492,046	(284,444)
Prepaid expenses and other current assets	(79,103)	-	(79,103)	(6,714)
Accounts payable and other accrued expenses	(471,502)	(47,440)	(518,942)	(1,474,976)
Accrued payroll and related liabilities	209,091	-	209,091	247,562
Deferred revenue	(16,914)	-	(16,914)	(128,556)
Net cash provided by operating activities	1,871,901	494,463	2,366,364	1,020,116
Cash flows from investing activities:				
Change in restricted cash	45,261	-	45,261	(89,666)
Additions to property and equipment	(246,821)	-	(246,821)	(33,350)
Purchases (sales) of investments, net	(45,078)	-	(45,078)	54,148
Deposits to escrow accounts	-	(141,589)	(141,589)	(193,804)
Releases from escrow accounts	-	17,054	17,054	307,917
Cash distributions - other investments	-	-	-	25,000
Net cash (used in) provided by financing activities	(246,638)	(124,535)	(371,173)	70,245
Cash flows from financing activities:				
Repayments of borrowings	(1,077,812)	(227,811)	(1,305,623)	(1,701,898)
Proceeds from borrowings	250,000	-	250,000	3,226,841
Net cash (used in) provided by financing activities	(827,812)	(227,811)	(1,055,623)	1,524,943
Net increase in cash	797,451	142,117	939,568	2,615,304
Cash:				
Beginning of year	4,419,953	321,683	4,741,636	2,126,332
End of year	$ 5,217,404	$ 463,800	$ 5,681,204	$ 4,741,636