Heartland Alliance for Human Needs & Human Rights

Consolidated Financial Report
June 30, 2018

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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, 2018 and 2017, 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 (collectively, the 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, 2018 and 2017, 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 21, 2018

Heartland Alliance for Human Needs & Human Rights

Consolidated Statements of Financial Position
June 30, 2018 and 2017

	2018	2017
Assets		
Cash	$ 13,283,786	$ 18,987,580
Restricted cash	6,385,180	3,829,087
Investments	14,095,317	13,334,268
Accounts receivable:		
Program service grants and fees	13,208,208	10,602,979
Pledges receivable	4,422,237	3,727,876
Patient services	1,723,373	1,712,359
Other	2,019,020	2,312,755
Allowance for contractual adjustments, discounts and bad debts	(650,179)	(833,000)
Prepaid expenses and other assets	3,126,007	2,925,706
Investment in limited partnerships	67,625	67,625
Other investments	1,228,812	1,058,289
Notes receivable, net	9,590,135	7,214,633
Receivables due from limited partnerships	1,018,325	636,719
Property and equipment, net	144,903,550	129,414,602
Escrow and reserve accounts	11,314,152	10,356,313
Deferred tax credit fees, net	553,269	531,583
Deferred lease costs, net	60,091	-
Residual interest	6,068,116	6,068,116
Total assets	$ 232,417,024	$ 211,947,490
Liabilities and Net Assets		
Liabilities:		
Accounts payable and other accrued expenses	$ 8,329,622	$ 6,671,175
Accrued payroll and related liabilities	7,861,157	6,368,501
Construction costs payable	5,335,620	228,140
Deferred revenue	14,470,605	16,590,535
Liability for self-insurance claims	2,251,001	1,800,000
Deferred rent liability	1,240,955	1,220,303
Deferred compensation plan liability	201,027	279,843
Accrued interest payable	1,695,697	1,538,087
Debt obligations, net	72,267,426	64,372,923
Total liabilities	113,653,110	99,069,507
Net assets:		
Unrestricted:		
Undesignated	63,004,556	57,678,224
Board designated	1,242,579	1,242,579
Non-controlling interests	39,271,906	39,972,736
Total unrestricted net assets	103,519,041	98,893,539
Temporarily restricted	15,056,838	13,796,409
Permanently restricted	188,035	188,035
Total net assets	118,763,914	112,877,983
Total liabilities and net assets	$ 232,417,024	$ 211,947,490

See notes to consolidated financial statements.

Heartland Alliance for Human Needs & Human Rights

Consolidated Statement of Activities
Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues:				
Contributions	$ 2,043,786	$ 18,370,923	$ -	$ 20,414,709
Grants, contracts, reimbursements and client fees	111,000,738	-	-	111,000,738
Contributed services and non-cash contributions	2,752,184	-	-	2,752,184
Patient services, net of contractual adjustments and discounts	5,561,959	-	-	5,561,959
Rental income	8,163,597	-	-	8,163,597
Housing development	470,568	-	-	470,568
Interest and investment income	1,919,137	-	-	1,919,137
Other income	1,274,798	-	-	1,274,798
Net assets released from restrictions	17,110,494	(17,110,494)	-	-
Total revenues	150,297,261	1,260,429	-	151,557,690
Expenses:				
Program services				
Heartland Human Care Services	51,142,622	-	-	51,142,622
Heartland Alliance Health	24,176,427	-	-	24,176,427
Heartland Housing	10,103,784	-	-	10,103,784
Heartland Alliance International	21,033,866	-	-	21,033,866
Heartland Alliance	15,323,986	-	-	15,323,986
Total program services	121,780,685	-	-	121,780,685
Supporting services:				
Management and general	20,205,133	-	-	20,205,133
Fundraising	2,199,615	-	-	2,199,615
Total supporting services	22,404,748	-	-	22,404,748
Total expenses	144,185,433	-	-	144,185,433
Revenue greater than expenses before depreciation and amortization	6,111,828	1,260,429	-	7,372,257
Depreciation and amortization	(7,298,985)	-	-	(7,298,985)
Revenue (less) greater than expenses	$ (1,187,157)	$ 1,260,429	$ -	$ 73,272

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 Alliance Health	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 Changes in Net Assets
Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue (less) greater than expenses	$ (1,187,157)	$ 1,260,429	$ -	$ 73,272
Add back loss attributable to non-controlling interest included above	6,338,507	-	-	6,338,507
Revenue greater than expenses	5,151,350	1,260,429	-	6,411,779
Loss attributable to non-controlling interest	(6,338,507)	-	-	(6,338,507)
Capital contributions to limited partnerships and other entities	5,858,005	-	-	5,858,005
Capital distributions to limited partnerships and other entities	(5,346)	-	-	(5,346)
Offering costs, non-controlling interests	(40,000)	-	-	(40,000)
	(525,848)	-	-	(525,848)
Increase in net assets	4,625,502	1,260,429	-	5,885,931
Net assets, beginning of year	98,893,539	13,796,409	188,035	112,877,983
Net assets, end of year	$ 103,519,041	$ 15,056,838	$ 188,035	$ 118,763,914

See notes to consolidated financial statements.

Heartland Alliance for Human Needs & Human Rights

Consolidated Statement of Changes in Net Assets
Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue greater (less) 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 Functional Expenses
Year Ended June 30, 2018

	Program Services									
	HHCS			HAH					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	Latin America and Caribbean
Salaries and wages	$ 19,605,823	$ 4,054,741	$ 3,493,636	$ 4,253,079	$ 642,478	$ 464,650	$ 5,514,537	$ 140,466	$ 2,011,085	$ 964,920
Payroll taxes and fringe benefits	5,506,966	1,082,338	1,055,644	1,153,407	155,597	139,773	1,346,073	37,757	218,482	443,134
Staff expenses	267,703	59,761	71,036	61,066	32,802	3,704	125,878	9,816	350,480	279,835
Professional expenses	1,700,864	88,090	197,249	390,204	106,986	60,333	841,983	760,232	527,142	298,712
Office services	873,379	292,995	134,118	218,631	29,185	49,520	348,962	11,343	125,762	112,039
Occupancy	2,152,393	420,208	402,793	409,031	21,819	185,622	494,032	17,426	172,244	137,096
Equipment	351,878	194,946	172,730	116,285	5,196	25,857	110,557	11,845	83,583	15,307
Client support and supplies	2,151,369	665,660	3,725,242	1,967,844	17,987	502,271	2,411,654	40	356,485	80,175
Subrecipients	558,125	38,902	-	-	-	-	380,016	-	1,588,956	268,734
Contributed services and in-kind expenses	376,768	35,759	883,590	30,653	-	43,620	-	-	-	-
Real estate development and property management	-	-	-	417,188	2,972	303	-	-	-	-
Interest expense	-	-	-	-	-	-	20,747	-	-	-
Uncollectible accounts	519,944	7,972	-	-	-	-	75,000	10,000	-	-
	34,065,212	6,941,372	10,136,038	9,017,388	1,015,022	1,475,653	11,669,439	998,925	5,434,219	2,599,952
Depreciation and amortization	316,022	1,656	1,598	73,299	-	-	120,219	-	16,480	-
	$ 34,381,234	$ 6,943,028	$ 10,137,636	$ 9,090,687	$ 1,015,022	$ 1,475,653	$ 11,789,658	$ 998,925	$ 5,450,699	$ 2,599,952

See notes to consolidated financial statements.

Heartland Alliance for Human Needs & Human Rights

Consolidated Statement of Functional Expenses (Continued)
Year Ended June 30, 2018

	Program Services (Continued)						Supporting Services			
	HAI		HH	HA						
	Sub-Saharan Africa	Kovler Center	Housing Development	Justice Services	READI	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2018
Salaries and wages	$ 2,812,593	$ 281,450	$ 1,630,413	$ 4,906,280	$ 1,005,931	$ 51,782,082	$ 11,734,740	$ 895,993	$12,630,733	$ 64,412,815
Payroll taxes and fringe benefits	879,922	102,198	499,836	1,306,337	213,423	14,140,887	2,563,441	229,079	2,792,520	16,933,407
Staff expenses	934,025	8,645	36,050	281,287	119,011	2,641,099	633,205	49,899	683,104	3,324,203
Professional expenses	1,107,910	41,068	1,141,691	336,483	703,050	8,301,997	2,251,051	484,631	2,735,682	11,037,679
Office services	537,620	14,109	203,357	139,717	30,845	3,121,582	1,205,623	75,717	1,281,340	4,402,922
Occupancy	313,557	15,412	1,327,051	616,894	56,161	6,741,739	478,014	69,079	547,093	7,288,832
Equipment	512,923	1,383	3,542	107,995	33,228	1,747,255	383,686	7,290	390,976	2,138,231
Client support and supplies	2,939,187	7,857	1,795	131,595	1,594,143	16,553,304	157,522	49	157,571	16,710,875
Subrecipients	2,474,628	-	-	492,829	3,225,467	9,027,657	243	-	243	9,027,900
Contributed services and in-kind expenses	-	15,208	13,520	13,927	-	1,413,045	884,977	387,878	1,272,855	2,685,900
Real estate development and property management	-	-	2,652,734	-	-	3,073,197	-	-	-	3,073,197
Interest expense	-	-	2,421,851	-	-	2,442,598	68,417	-	68,417	2,511,015
Uncollectible accounts	-	-	171,944	9,383	-	794,243	(155,786)	-	(155,786)	638,457
	12,512,365	487,330	10,103,784	8,342,727	6,981,259	121,780,685	20,205,133	2,199,615	22,404,748	144,185,433
Depreciation and amortization	200,302	-	5,758,279	-	-	6,487,855	811,130	-	811,130	7,298,985
	$ 12,712,667	$ 487,330	$ 15,862,063	$ 8,342,727	$ 6,981,259	$128,268,540	$ 21,016,263	$ 2,199,615	$23,215,878	$151,484,418

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			HAH					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	Latin America and Caribbean
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	$ 688,970
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	254,208
Staff expenses	279,745	73,330	74,159	58,994	32,747	2,631	135,813	14,199	263,245	202,156
Professional expenses	1,978,398	115,563	105,715	200,714	113,817	61,324	703,808	830,508	246,547	238,476
Office services	514,743	195,254	109,177	203,280	34,980	47,598	341,744	13,435	90,738	61,848
Occupancy	2,851,664	392,690	470,959	358,374	19,125	154,426	455,086	20,427	136,968	80,649
Equipment	267,595	88,796	104,341	156,349	18,734	40,942	101,636	8,983	38,977	4,857
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	250,133
Subrecipients	36,819	68,901	24,973	-	-	-	399,694	-	1,331,257	150,223
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	1,931,520
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	$ 1,931,520

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						
	Sub-Saharan Africa	Kovler Center	Housing Development	Justice Services	READI	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2017
Salaries and wages	$ 2,095,962	$ 240,527	$ 1,818,802	$ 4,513,704	$ 108,292	$ 47,315,453	$ 10,454,763	$ 835,689	$ 11,290,452	$ 58,605,905
Payroll taxes and fringe benefits	756,817	86,783	513,452	1,133,977	21,823	12,357,638	2,048,822	172,070	2,220,892	14,578,530
Staff expenses	1,164,767	1,475	20,939	353,109	3,227	2,680,536	676,483	34,203	710,686	3,391,222
Professional expenses	565,459	23,368	831,241	366,093	243,812	6,624,843	1,507,354	459,446	1,966,800	8,591,643
Office services	326,181	6,805	184,735	130,512	1,816	2,262,846	862,635	78,140	940,775	3,203,621
Occupancy	267,634	22,424	1,120,219	617,589	21,469	6,989,703	247,207	72,157	319,364	7,309,067
Equipment	171,326	593	159	81,767	4,788	1,089,843	531,961	17,320	549,281	1,639,124
Client support and supplies	1,397,472	11,982	1,533	92,536	-	13,541,222	196,601	107	196,708	13,737,930
Subrecipients	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
	8,411,902	414,182	8,814,785	8,100,071	405,227	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
	$ 8,470,925	$ 422,882	$ 14,403,032	$ 8,100,071	$ 405,227	$ 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 Statements of Cash Flows
Years Ended June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Increase in net assets	**$ 5,885,931**	$ 6,799,299
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	**7,298,985**	6,946,625
Amortization of deferred financing costs	**64,871**	106,656
Provision for bad debts	**638,457**	360,858
Loss on disposal of property and equipment	**65,310**	17,521
Gain on investments	**(503,628)**	(569,276)
Earnings from other investments	**(118,856)**	(171,637)
Developer fee amortization	**(375,641)**	(285,772)
Capital contributions to limited partnerships and other entities	**(5,858,005)**	(7,609,170)
Capital distributions to limited partnerships and other entities	**5,346**	5,226
Effects of changes in operating assets and liabilities:		
Accounts receivable:		
Program service grants and fees	**(2,605,229)**	652,838
Pledges receivable	**(591,736)**	(1,819,522)
Patient services	**(11,014)**	(619,071)
Other	**(424,918)**	(1,195,761)
Prepaid expenses and other assets	**(200,301)**	(176,344)
Receivables due from limited partnerships	**(381,606)**	(24,096)
Accounts payable and other accrued expenses	**1,158,447**	1,586,439
Accrued payroll and related liabilities	**1,492,656**	1,208,258
Liability for self-insurance claims	**451,001**	100,000
Accrued interest payable	**157,610**	95,728
Deferred rent liability	**20,652**	35,058
Deferred compensation plan liability	**(78,816)**	(76,419)
Deferred revenue	**(2,119,930)**	3,482,366
Developer fees received	**1,834,213**	648,358
Net cash provided by operating activities	**5,803,799**	9,498,162
Cash flows from investing activities:		
Change in restricted cash	**(2,556,093)**	(1,755,329)
Additions to property and equipment	**(17,769,774)**	(12,213,748)
Proceeds from sale of property and equipment	**600,000**	5,850
(Purchases) sales of investments, net	**(309,088)**	(792,575)
Proceeds from notes receivable	**155,103**	265,036
Cash paid in exchange for notes receivable	**(2,530,605)**	-
Deposits to escrow accounts	**(3,328,006)**	(2,087,905)
Releases from escrow accounts	**2,370,167**	1,194,639
Net cash used in investing activities	**(23,368,296)**	(15,384,032)

(Continued)

Heartland Alliance for Human Needs & Human Rights

Consolidated Statements of Cash Flows (Continued)
Years Ended June 30, 2018 and 2017

	2018	2017
Cash flows from financing activities:		
Capital contributions in limited partnerships and other entities	**$ 5,858,005**	$ 7,609,170
Capital distributions to limited partnerships and other entities	**(5,346)**	(5,226)
Offering costs, non-controlling interests	**(40,000)**	-
Developer fees paid from limited partnerships	**(1,583,822)**	(902,232)
Repayments of borrowings	**(4,149,816)**	(6,978,837)
Proceeds from borrowings	**12,013,736**	8,956,722
Deferred financing fees	**(34,288)**	(32,773)
Lease costs paid	**(65,923)**	-
Tax credit fees	**(131,843)**	(29,048)
Net cash provided by financing activities	**11,860,703**	8,617,776
(Decrease) increase in cash	**(5,703,794)**	2,731,906
Cash:		
Beginning of year	**18,987,580**	16,255,674
End of year	**$ 13,283,786**	$ 18,987,580
Supplemental disclosure of cash flow information:		
Interest paid	**$ 2,511,015**	$ 2,496,471
Non-cash investing activity-construction costs	**$ 5,107,480**	$ 228,140

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) (also known as Travelers & Immigrants Aid's Heartland Alliance for Human Needs & Human Rights) 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 450,000 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 in various locations 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 Alliance Health, Inc. (HAH) (formerly, Heartland Health Outreach, Inc.), 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.

HAH provides health care that addresses the physical, mental and social needs for those who are homeless or have serious disabling conditions. HAH goes outside the walls of its clinics and into the community—like the streets and parks—to provide health care. HAH is the sole member of Heartland Health Support Corporation (HHSC), a special purpose nonprofit entity (exempt from income taxes) created to hold ownership interest in certain property in connection with a fiscal year 2018 financing transaction. HAH consolidates HHSC's balances and activities.

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, as the context may require. Significant accounting policies followed by the Organization are described below.

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

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.

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.

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

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.

During fiscal years 2018 and 2017, approximately $5,900,000 and $488,000, respectively, of revenue was derived from grants and donations related to real estate development projects. The Organization records loans that are forgivable by the lender, if certain criteria are met, as grant revenue. Certain forgivable loans were receive from the City of Madison, Wisconsin, of $1,350,000 and $0 which were recorded as grant revenue in fiscal years 2018 and 2017, respectively.

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 60 and 64 percent of total revenue for the years ended June 30, 2018 and 2017, respectively. Federal grant funding from one specific contract with the U.S. Department of Health and Human Services represented approximately 23 and 27 percent of total revenue for the years ended June 30, 2018 and 2017, respectively. If this revenue were discontinued, it would have a material adverse effect on the Organization. Government grants are generally subject to review and final determination by the granting agencies. The Agency does not anticipate any significant adjustment upon final review and determination.

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, 2018 and 2017, totaled $327,669 and $557,000, respectively.

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

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, 2018 and 2017, totaled $322,510 and $276,000, 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, 2018 and 2017.

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, 2018 and 2017.

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.

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.

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

Medicaid Electronic Health Records (EHR) Incentive Program: A Medicaid Incentive Program exists for eligible professionals that are meaningful users of certified EHR technology, as defined by the Federal Register. HAH implemented certified EHR technology that enabled it to demonstrate their meaningful use and to qualify for the incentive program. HAH recognized $165,750 and $21,250 of Medicaid EHR incentive, reported in grants, contracts, reimbursements and client fees revenue during the years ended June 30, 2018 and 2017, respectively. HAH accounts for EHR incentive funds using the contingency model. Under this model, HAH 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, 2018 and 2017, totaled $70,157 and $61,776, 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 $2,251,001 and $1,800,000 for the years ended June 30, 2018 and 2017, 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, 2018 and 2017, the Organization received approximately 75,000 and 104,000 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, 2018 and 2017. 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 $394,000 and $370,000 for the years ended June 30, 2018 and 2017, 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 $215,000 and $390,000 for the years ended June 30, 2018 and 2017, respectively.

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 had previously accrued for years 2012 and 2013. By statute, if the property is not assessed for those taxes by December 2017, the years are closed and therefore the Organization removed the 2012 and 2013 accrual during fiscal year 2018.

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.

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 August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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 fiscal year 2019.

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

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 when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. The updated standard will be effective for the Organization in fiscal year 2020, with early adoption permitted. The Organization has not yet selected a transition method.

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 in fiscal year 2021, with early adoption permitted.

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 in fiscal year 2020, with early adoption permitted.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* This ASU provides guidance surrounding the categorization of certain transactions as contributions or exchange transactions. It further clarifies when contributions should be deemed conditional. The new standard is effective for the Organization in fiscal year 2020, with early adoption permitted.

The Organization is currently evaluating the impact of the adoption of these new standards on its financial statements.

Reclassifications: Certain amounts on the 2017 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

HAH has agreements with third-party payors that provide for payments to HAH at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs principally represent the differences between HAH'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: HAH 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. HAH'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 HAH to perform such reviews. Reimbursement rates are based on HAH's annual cost report and Medicare Economic Index (MEI).

Note 2. Net Patient Services Revenue (Continued)

Medicaid: HAH is paid for services rendered to Medicaid program beneficiaries based on a fee schedule. The prospectively determined rates are not subject to retroactive adjustment. HAH 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 MEI and annual cost reports.

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

	2018	2017
Medicaid (including Medicaid managed care)	93 %	94 %
Medicare	4	5
Self-pay	1	1
Other	2	-
	100 %	100 %

HAH 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:

	2018	2017
Medicare	5 %	5 %
Medicaid (including Medicaid managed care)	79	83
Self-pay	12	8
Other	4	4
	100 %	100 %

Note 3. Charity Care

HAH treats patients in need of medical services without regard to their ability to pay. HAH 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 2018 and 2017, the following levels of charity care were provided:

	2018	2017
Revenue forgone for charity care	$ 734,866	$ 1,174,526
Estimated costs incurred for charity care	2,218,492	2,885,554

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, 2018 and 2017, 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.

Note 4. Investments and Fair Value Measurements (Continued)

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.

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, 2018:

	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	$ 3,467,577	$ -	$ -	$ -	$ 3,467,577
Domestic equity	3,172,152	3,340,820	-	-	6,512,972
International equity	1,443,679	-	-	-	1,443,679
Alternative investments	-	-	-	832,710	832,710
	$ 8,083,408	$ 3,340,820	$ -	$ 832,710	12,256,938
Cash and money market funds					1,838,379
					$ 14,095,317

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

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 $201,027 and $279,843 is reserved for the Organization's deferred compensation plan at June 30, 2018 and 2017, respectively.

Investment management fees totaled $33,786 and $38,555 in fiscal years 2018 and 2017, respectively.

Note 4. Investments and Fair Value Measurements (Continued)

For fiscal years 2018 and 2017, interest and dividend income from the investment portfolio totaled $71,547 and $191,625, respectively. Unrealized and realized gains (losses) on the investment portfolio for fiscal years 2018 and 2017 totaled $503,628 and $569,276, 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, 2018 and 2017:

	2018	2017
Expected collections in less than one year	$ 4,274,737	$ 2,030,574
Expected collections in one to five years	147,500	1,725,000
	4,422,237	3,755,574
Less discount to present value (at rates up to 1.6 percent)	-	(27,698)
	$ 4,422,237	$ 3,727,876

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.

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

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).

Receivables due from limited partnerships

Two other subordinated notes due from RS II in the aggregate amount of $660,816 and $636,719 as of June 30, 2018 and 2017, 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.

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 agency, 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 reserve withdrawals.

Note 7. Other Investments

The Organization’s other investments are as follows at June 30, 2018 and 2017:

	2018	2017
Alliance of Chicago Community Health Services, L3C	$ 1,177,145	$ 1,058,289
ProvideCo LLC	40,000	-
Behavioral Health Consortium LLC	11,667	-
	$ 1,228,812	$ 1,058,289

During the years ended June 30, 2018 and 2017, the Organization’s investment in Alliance of Chicago Community Health Services, L3C increased in value by $118,856 and $171,637, respectively.

Note 8. Notes Receivable

Notes receivable at June 30, 2018 and 2017, are as follows:

	2018	2017
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.	$ 4,841,099	$ 4,996,202
Leveraged loan receivable from TNT-HHO NMTC Fund, LLC (QEI fund - Note 12) to HAH, bearing interest at 1.00 percent per annum; annual interest payments of $25,306 are due until December 2024. A principal payment of $1,500,000 is due in November 2024. Beginning in 2025, principal and interest payments of $59,828 are due annually until 2043.	2,530,605	-
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
	$ 9,590,135	$ 7,214,633

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, 2018 and 2017, the remaining balance on the TIF note was $4,841,099 and $4,996,202, respectively.

Scheduled future maturities of the TIF note are as follows:

2019	$ 276,645
2020	296,905
2021	318,649
2022	341,985
2033	367,030
Thereafter	3,239,885
	$ 4,841,099

Note 8. Notes Receivable (Continued)

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

Note 9. Property and Equipment

Property and equipment consisted of the following at June 30, 2018 and 2017:

	2018	2017
Land	$ 7,378,485	$ 7,167,112
Land improvements	1,728,448	1,728,448
Building and improvements	168,505,490	154,358,610
Furniture, equipment and vehicles	10,056,463	8,835,710
Leasehold improvements	4,499,280	4,498,997
Construction in progress	8,314,218	1,394,405
	200,482,384	177,983,282
Less accumulated depreciation and amortization	55,578,834	48,568,680
	$ 144,903,550	$ 129,414,602

As of June 30, 2018, construction in progress consists primarily of $8,125,000 for building costs under a $10,592,509 construction contract and change orders incurred on St. Anthony Apartments. 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.

Depreciation and amortization expense on property and equipment was $7,222,996 and $7,053,284 for the years ended June 30, 2018 and 2017, 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, 2018 and 2017:

	2018	2017
Reserves for replacements	$ 2,664,813	$ 1,943,803
Real estate tax and insurance escrows	546,108	865,099
Construction escrows	548,405	-
Reserve, tax increment financing	1,756,842	1,928,348
Reserve for operating deficits	2,770,165	2,765,496
Reserve for revenue deficits	873,195	873,011
Reserve for operating expenses	1,026,280	987,377
Negative arbitrage reserve	715,981	715,590
Reserve for lease-up	45,000	-
Reserve for special purposes	367,363	277,589
	$ 11,314,152	$ 10,356,313

Note 11. Deferred Revenue

Deferred revenue at June 30, 2018 and 2017, consists of the following:

	2018	2017
Developer fee revenue	$ 7,963,331	$ 6,771,890
City of Chicago TIF revenue	4,841,099	4,996,202
Grant revenue	1,666,175	4,822,443
	$ 14,470,605	$ 16,590,535

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:

	2018	2017
HHCS		
Two interest-bearing notes payable to IFF, payable in monthly installments of $5,058 and $11,868, including interest at 5.00 percent, maturing on September 1, 2025 and October 1, 2025. In August 2017, the note payable which was scheduled to mature on October 1, 2025, was repaid in full.	$ 819,823	$ 1,374,101
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.	10,489,212	10,726,305
HAH		
Long-term unsecured investment bond issued to The Northern Trust Company which bears interest at 1.00 percent per annum. Interest only payments due annually until maturity in November 2024, at which point all unpaid principal and interest becomes due.	1,500,000	-
Interest-bearing note payable to IFF, paid in monthly installments of $6,365, including interest at 5.63 percent, maturing on November 1, 2024. The note is secured by a mortgage on the 4730 N Winthrop property.	901,191	-
HHSC		
Interest-bearing QLICI loan payable (Note A) to Northern CDE 5, LLC. Note bears interest at 0.68 percent per annum. Interest only payments of $17,132 are paid annually through December 1, 2024. First principal payment of $1,500,000 due on November 2, 2024. Beginning in December 2025, annual installments of $40,530 of principal and interest are paid through maturity on December 1, 2052. The note is secured by real estate located in Chicago, in connection with a health care facility (discussed below).	2,530,605	-
Interest-bearing QLICI loan payable (Note B) to Northern CDE 5, LLC. Note bears interest at 0.68 percent per annum. Interest only payments of $8,672 are paid annually through December 1, 2024. Beginning in December 2025, annual installments of $50,373 of principal and interest are paid through maturity on December 1, 2052. The note is secured by real estate located in Chicago, in connection with a health care facility (discussed below).	1,280,895	-
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., a Maryland nonstock nonprofit corporation in the amount of $400,000. The note will bear interest at a simple rate of 3 percent per annum, due and payable on a quarterly basis, commencing with the first payment on January 1, 2015. 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 entireprincipal balance of this note, together with all accrued and unpaid interest, were paid in fiscal 2018. The payoff were funded through capital from the project closing.	-	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
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 HH 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

Note 12. Debt Obligations (Continued)

		2018		2017
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.	$	1,870,795	$	1,893,712
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.		129,672		83,242
Pre-development loan payable to Enterprise Community Partners, Inc., a Maryland nonstock nonprofit corporation, in the amount of $515,000. The loan bears interest at 5.5 percent per annum. Interest only payments are due monthly until maturity on December 31, 2018.		473,868		-
Pre-development loan payable to Local Initiatives Support Corp. in the amount of $100,000. The loan bears interest at 6 percent per annum and interest-only payments are due monthly through maturity. The loan will mature on September 1, 2019, at which time all unpaid principal and interest will become due.		48,108		-
Pre-development loans payable to Jewish Council on Urban Affairs in the amount of $50,000 each. The notes are non-interest bearing through maturity. The notes shall mature and be payable in full on the earliest of (i) the date of closing and initial disbursement of the first mortgage loan for the Project, (ii) twelve months from the date of the loan agreement, (iii) a default, continuing beyond all applicable notice and cure periods by Borrower, (iv) the date the Project or any part thereof is transferred by Borrower without written consent of the Lender to an unrelated entity, or (v) the date Borrower terminates activities in pursuit of financing for the Project.		100,000		-
First mortgage loans on the Argyle apartments payable to Community Investment Corporation (a nonprofit mortgage lender) in the original 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.		263,439		289,193
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.		312,083		314,483
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.		2,013,977		2,017,332
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.		209,911		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, 2018 and 2017, have been summarized as follows:

		2018		2017
Non-interest loans payable to IHDA		5,934,341		5,948,641
Non-interest loans payable to city agencies		5,706,151		5,706,151
Non-interest cash flow loans		9,557,734		9,235,712
Interest bearing loans payable to city agencies (1.00 percent to 5.36 percent)		6,535,884		6,535,884
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)		11,468,706		11,815,623
Interest bearing fourth mortgage loans (1.00 percent; requiring annual variable payments)		1,080,000		-
Interest bearing construction loans (LIBOR plus 2.50 percent to 5.48 percent)		8,633,632		7,483,472
		73,303,956		65,515,395
Less deferred financing fees		(1,036,530)		(1,142,472)
	$	72,267,426	$	64,372,923

Note 12. Debt Obligations (Continued)

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

2019	$	5,211,295
2020		884,161
2021		932,877
2022		980,296
2023		1,032,579
Thereafter		64,262,748
	$	73,303,956

HAH and HHSC – New Market Tax Credit Financing

During fiscal year 2018 HAH acquired and developed certain property in Chicago’s Englewood community into a fully operational community health center. Financing for the project included use of New Market Tax Credits, which provides a tax credit incentive for investment in low-income communities. The Northern Trust Company (Northern Trust) is an investor providing equity in the project in exchange for the tax credits.

HAH and Northern Trust created a multi-entity structure and executed a series of transactions in connection with the financing. Heartland Health Support Corporation (HHSC) is a separate Illinois nonprofit corporation (HAH is the sole member) and a qualified active loan-income community business (QALICB), which ultimately became owner of the property. Certain entities affiliated with Northern Trust include a qualified equity investment (QEI) fund and a qualified community development entity (CDE). The CDE made qualified community low-income investment (QLICI) loans to HHSC. These loans are included in debt obligations on the consolidated statement of financial position.

The QLICI loans were funded by the Northern Trust equity investment and a leveraged loan by HAH. The HAH leveraged loan to the QEI fund is included in notes receivable on the consolidated statement of financial position (Note 8).

Sources of funds for the HAH leveraged loan included proceeds from a long-term unsecured investment bond issued to Northern Trust, and a separate mortgage loan from IFF (an Illinois-based community development financial institution). HAH’s obligations under the bond and the IFF loan are also included in debt obligations on the consolidated statement of financial position.

The first seven years of the QLICI loans are defined as the compliance period. Only interest is paid during the compliance period. Thereafter, the loans are amortized with principal and interest payments required through the maturity date in December 2052. The loans can be repaid prior to the maturity date.

A put/call option agreement exists between HAH and Northern Trust as investor in the QEI fund (which has ownership interest in the CDE making the QLICI loans above). The put provides the investor the option to sell its interest in the QEI fund at end of the compliance period to HAH for $1,000. If the investor does not exercise their put option, HAH has the ability to call the ownership in the interest in the QEI fund for fair market value. By acquiring the ownership interest, HAH would be in a position to forgive the QLICI notes, resulting in a substantial reduction in outstanding debt at that point in time and realization of the benefits of the New Market Tax Credits program (in turn, it is expected that HAH would also forgive the QEI fund note receivable).

HAH has provided a payment guaranty under the QLICI loans. HAH and HHSC have indemnified Northern Trust as investor in the event of a recapture or disallowance of the New Market Tax Credits. Other various compliance requirements and covenants, including a covenant requiring HAH to maintain a minimum level of unrestricted net assets, are included in the debt obligations outlined above.

Note 12. Debt Obligations (Continued)

Hollywood, LP – Mortgage Loan

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.

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, 2018 and 2017, the amount of the mortgage loan outstanding and the GNMA Securities purchased by the bond trustee were $9,490,042 and $9,808,091, respectively. The amount for the mortgage loan is included in long-term debt 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 in the current amount of $4,841,099, which is recorded as notes receivable on the consolidated statements of financial position (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, 2018 and 2017, a deferred rent liability of $1,240,955 and $1,220,303, 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.

Note 13. Operating Leases (Continued)

Approximate future minimum rental payments at June 30, 2018, under the office and various other non-cancelable leases are as follows:

2019	$ 3,254,177
2020	2,730,293
2021	1,774,102
2022	1,390,909
2023	1,407,380
Thereafter	7,974,675
	$ 18,531,536

Note 14. Temporarily Restricted Net Assets

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

	Balance June 30, 2017	Contributions Received	Released Amounts	Balance June 30, 2018
Housing & Health	$ 292,887	$ 582,426	$ 423,377	$ 451,936
SAFEty	8,611	17,275	-	25,886
Pathways to Success	432,600	569,202	563,847	437,955
Housing, Community and Specialized Services	122,261	459,666	135,458	446,469
Integrated Health Care Services	30,924	50,000	55,973	24,951
Health Care Quality, Research, TA, and Training Services	577,674	936,055	744,219	769,510
Health Promotion and Nutrition	25,392	63,228	88,620	-
Housing Development	349,500	202,500	352,000	200,000
Kovler Center	502,948	753,770	752,108	504,610
Latin America and Caribbean	6,923	-	6,923	-
Middle East and Northern Africa	135,158	50,000	147,207	37,951
Justice Services	8,786,559	5,169,216	5,508,339	8,447,436
READI	1,679,654	8,595,760	7,204,998	3,070,416
Other Services	845,318	921,825	1,127,425	639,718
	$ 13,796,409	$ 18,370,923	$ 17,110,494	$ 15,056,838

Note 14. Temporarily Restricted Net Assets (Continued)

	Balance June 1, 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 Caribbean	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	6,356,237	5,435,850	8,786,559
READI	-	2,150,000	470,346	1,679,654
Other Services	337,966	1,062,021	554,669	845,318
	$ 10,704,966	$ 12,960,377	$ 9,868,934	$ 13,796,409

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 on either January 1st or July 1st, whichever entry date falls soonest after the first of the month following six months of working at 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 3 percent of each participant's eligible wages as specified in the 401(k) plan agreement. Employer contributions are vested 100 percent from day one of entering the 401(k) plan. 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 2018 and 2017 totaled $1,602,508 and $1,386,809, respectively.

The Organization also maintains a deferred compensation plan for certain of its executives. Total expense relating to this plan for fiscal years 2018 and 2017 totaled $31,200 and $60,250, respectively. The liability for deferred compensation at June 30, 2018 and 2017, was $201,027 and $279,843, respectively.

Note 16. Transactions with Affiliates

The Organization has entered into an agreement with Heartland Health Centers (HHC), an affiliated human services organization, to provide management and administrative services to HHC. These management and administrative services consist of fiscal management, accounting, human resources support, insurance and courier services. In addition, HHC's employees are eligible to participate in the Organization's 401(k) plan. The agreement with HHC is in effect through June 30, 2018. Revenue recognized by the Organization under this agreement amounted to $600,000 and $640,000 for the fiscal years ended June 30, 2018 and 2017, respectively.

Note 16. Transactions with Affiliates (Continued)

As of June 30, 2018 and 2017, HHC owed the Organization $342,180 and $122,634, 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 HAH 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 HAH 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, HAH employees and eligible contractors are considered Federal employees immune from suit with the Federal government acting as their primary insurer.

Note 18. Subsequent Events

The Organization has evaluated subsequent events through December 21, 2018, 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, 2018

	Heartland Alliance for Human Needs & Human Rights	Heartland Alliance International, LLC	Heartland Human Care Services, Inc.	Heartland Alliance Health, Inc.	Heartland Housing Inc.	Eliminations	Total
Assets							
Cash	$ 3,160,994	$ 893,481	$ 5,083,793	$ 1,405,628	$ 2,739,890	$ -	$ 13,283,786
Restricted cash	6,101,962	295	134,085	148,838	-	-	6,385,180
Investments	10,172,299	-	3,923,018	-	-	-	14,095,317
Accounts receivable:							
Program service grants and fees	1,227,672	2,896,633	5,796,730	2,832,458	454,715	-	13,208,208
Pledges receivable	3,153,997	284,099	245,250	633,691	105,200	-	4,422,237
Patient services	-	-	-	1,723,373	-	-	1,723,373
Other	355,348	8,514	387	402,618	1,252,153	-	2,019,020
Inter-agency	3,364,504	(125,222)	(903,311)	(256,210)	(2,079,761)	-	-
Allowance for contractual adjustments, discounts and bad debts	(57,745)	-	(31,573)	(404,806)	(156,055)	-	(650,179)
Prepaid expenses and other current assets	779,171	727,272	732,391	312,429	574,744	-	3,126,007
Investment in limited partnerships	1,754,486	-	-	-	67,625	(1,754,486)	67,625
Other investments	-	-	-	1,228,812	-	-	1,228,812
Notes receivable, net	-	-	2,218,431	2,530,605	4,841,099	-	9,590,135
Receivables due from limited partnerships	-	-	-	-	1,018,325	-	1,018,325
Property and equipment, net	1,635,770	1,429,075	11,334,074	5,013,481	125,991,150	(500,000)	144,903,550
Escrow and reserve accounts	-	-	595,621	641,024	10,077,507	-	11,314,152
Deferred tax credit fees, net	-	-	-	-	553,269	-	553,269
Deferred lease costs, net	-	-	-	-	60,091	-	60,091
Residual interest	-	-	-	-	6,068,116	-	6,068,116
Total assets	$ 31,648,458	$ 6,114,147	$ 29,128,896	$ 16,211,941	$ 151,568,068	$ (2,254,486)	$ 232,417,024
Liabilities and Net Assets							
Liabilities:							
Accounts payable and other accrued expenses	$ 1,169,064	$ 281,857	$ 1,958,566	$ 1,327,339	$ 4,092,796	$ (500,000)	$ 8,329,622
Accrued payroll and related liabilities	3,142,034	962,938	2,439,373	1,070,390	246,422	-	7,861,157
Construction costs payable	-	-	-	-	5,335,620	-	5,335,620
Deferred revenue	62,094	947,943	394,839	199,964	12,865,765	-	14,470,605
Liability for self-insurance claims	2,251,001	-	-	-	-	-	2,251,001
Deferred rent liability	1,240,955	-	-	-	-	-	1,240,955
Deferred compensation plan liability	201,027	-	-	-	-	-	201,027
Accrued interest payable	-	-	-	-	1,695,697	-	1,695,697
Debt obligations, net	-	-	11,954,063	6,212,691	54,100,672	-	72,267,426
Total liabilities	8,066,175	2,192,738	16,746,841	8,810,384	78,336,972	(500,000)	113,653,110
Net assets:							
Unrestricted:							
Undesignated	10,315,182	3,342,847	11,460,402	5,881,421	33,759,190	(1,754,486)	63,004,556
Board designated	1,222,579	20,000	-	-	-	-	1,242,579
Non-controlling interests	-	-	-	-	39,271,906	-	39,271,906
Total unrestricted net assets	11,537,761	3,362,847	11,460,402	5,881,421	73,031,096	(1,754,486)	103,519,041
Temporarily restricted	11,856,487	558,562	921,653	1,520,136	200,000	-	15,056,838
Permanently restricted	188,035	-	-	-	-	-	188,035
Total net assets	23,582,283	3,921,409	12,382,055	7,401,557	73,231,096	(1,754,486)	118,763,914
Total liabilities and net assets	$ 31,648,458	$ 6,114,147	$ 29,128,896	$ 16,211,941	$ 151,568,068	$ (2,254,486)	$ 232,417,024

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 Alliance Health, 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	-	-	-	67,625	(1,754,486)	67,625
Other investments	-	-	-	1,058,289	-	-	1,058,289
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	-	-	-	-	1,538,087	-	1,538,087
Debt obligations, net	-	-	12,745,434	-	51,627,489	-	64,372,923
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 Activities
Year Ended June 30, 2018

	Heartland Alliance for Human Needs & Human Rights	Heartland Alliance International, LLC	Heartland Human Care Services, Inc.	Heartland Alliance Health, Inc.	Heartland Housing Inc.	Eliminations	Total
Revenues:							
Contributions	$ 15,043,442	$ 903,450	$ 1,420,940	$ 1,978,908	$ 1,067,969	$ -	$ 20,414,709
Grants, contracts, reimbursements and client fees	4,248,487	24,700,940	55,656,132	20,494,974	5,900,205	-	111,000,738
Contributed services and non-cash contributions	87,750	471,679	1,790,157	389,078	13,520	-	2,752,184
Patient services, net of contractual adjustments and discounts	-	-	-	5,561,959	-	-	5,561,959
Rental income	213,955	-	-	23,750	8,139,847	(213,955)	8,163,597
Housing development	-	-	-	-	470,568	-	470,568
Interest and investment income	461,836	389	276,845	133,707	1,051,885	(5,525)	1,919,137
Other income	1,385,482	(244,793)	9,745	221,159	865,962	(962,757)	1,274,798
Total revenues	21,440,952	25,831,665	59,153,819	28,803,535	17,509,956	(1,182,237)	151,557,690
Expenses:							
Salaries and wages	13,706,656	7,478,251	28,273,218	12,306,868	2,647,822	-	64,412,815
Payroll taxes and fringe benefits	3,242,299	1,931,144	7,869,536	3,115,801	774,627	-	16,933,407
Staff expenses	598,634	1,799,528	560,087	269,530	96,424	-	3,324,203
Professional services	3,611,520	2,522,865	2,665,282	1,704,820	1,310,555	(777,363)	11,037,679
Office services	1,187,500	860,367	1,395,588	725,628	233,839	-	4,402,922
Occupancy	1,335,155	735,163	2,790,879	1,234,287	1,407,303	(213,955)	7,288,832
Equipment	348,709	630,834	849,203	293,015	16,470	-	2,138,231
Client support and supplies	1,725,876	3,382,839	6,681,107	4,908,139	12,914	-	16,710,875
Subrecipients	3,718,296	4,332,561	782,421	380,016	-	(185,394)	9,027,900
Contributed services and in-kind expenses	87,750	405,395	1,790,157	389,078	13,520	-	2,685,900
Real estate development and property management	-	-		420,463	2,652,734	-	3,073,197
Interest expense	-	227	531,070	36,854	1,948,389	(5,525)	2,511,015
Uncollectible accounts	(91,949)	-	527,916	30,546	171,944	-	638,457
	29,470,446	24,079,174	54,716,464	25,815,045	11,286,541	(1,182,237)	144,185,433
Allocation of shared services costs	(10,008,190)	1,159,417	4,895,848	2,932,017	1,020,908	-	-
Total expenses	19,462,256	25,238,591	59,612,312	28,747,062	12,307,449	(1,182,237)	144,185,433
Increase in net assets before depreciation and amortization	1,978,696	593,074	(458,493)	56,473	5,202,507	-	7,372,257
Depreciation and amortization	(295,657)	(286,836)	(710,789)	(247,424)	(5,758,279)	-	(7,298,985)
Increase (decrease) in net assets before other items	1,683,039	306,238	(1,169,282)	(190,951)	(555,772)	-	73,272
Other items:							
Capital contributions to limited partnerships and other entities	-	-	-	-	5,858,005	-	5,858,005
Capital distributions to limited partnerships and other entities	-	-	-	-	(5,346)	-	(5,346)
Offering costs, non-controlling interests	-	-	-	-	(40,000)	-	(40,000)
Total other items	-	-	-	-	5,812,659	-	5,812,659
Increase (decrease) in net assets	1,683,039	306,238	(1,169,282)	(190,951)	5,256,887	-	5,885,931
Net assets, beginning of year	21,899,244	3,615,171	13,551,337	7,592,508	67,974,209	(1,754,486)	112,877,983
Net assets, end of year	$ 23,582,283	$ 3,921,409	$ 12,382,055	$ 7,401,557	$ 73,231,096	$ (1,754,486)	$ 118,763,914

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 Alliance Health, 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 depreciation and amortization	3,961,098	(142,012)	1,963,291	1,009,991	(650,388)	-	6,141,980
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 Cash Flows
Year Ended June 30, 2018

	Heartland Alliance for Human Needs & Human Rights	Heartland Alliance International, LLC	Heartland Human Care Services, Inc.	Heartland Alliance Health, Inc.	Heartland Housing Inc.	Eliminations	Total
Cash flows from operating activities:							
Increase (decrease) in net assets	$ 1,683,039	$ 306,238	$ (1,169,282)	$ (190,951)	$ 5,256,887	$ -	$ 5,885,931
Adjustments to reconcile increase (decrease) in net assets to net cash (used in) provided by operating activities:							
Depreciation and amortization	295,657	286,836	710,789	247,424	5,758,279	-	7,298,985
Amortization of deferred financing costs	-	-	-	-	64,871	-	64,871
Provision for (recovery of) bad debts	(91,949)	-	527,916	30,546	171,944	-	638,457
Loss on disposal of property and equipment	-	-	65,310	-	-	-	65,310
Gain on investments	(279,809)	-	(223,819)	-	-	-	(503,628)
Earnings from other investments	-	-	-	(118,856)	-	-	(118,856)
Developer fee amortization	-	-	-	-	(375,641)	-	(375,641)
Capital contributions to limited partnerships and other entities	-	-	-	-	(5,858,005)	-	(5,858,005)
Capital distributions and other reductions to limited partnerships and other entities	-	-	-	-	5,346	-	5,346
Effects of changes in operating assets and liabilities:							
Accounts receivable:							
Program service grants and fees	242,991	(1,404,094)	(1,305,695)	(94,640)	(43,791)	-	(2,605,229)
Pledges receivable	(231,717)	(215,170)	(101,930)	(245,044)	202,125	-	(591,736)
Patient services	-	-	-	(11,014)	-	-	(11,014)
Other	(443,204)	19,908	(264,333)	264,849	(2,138)	-	(424,918)
Inter-agency	304,831	(36,747)	221,229	(40,288)	(449,025)	-	-
Prepaid expenses and other assets	(212,273)	(93,141)	56,503	21,424	27,186	-	(200,301)
Receivables due from limited partnerships	-	-	-	-	(381,606)	-	(381,606)
Accounts payable and other accrued expenses	55,811	155,355	1,007,536	613,505	(173,760)	(500,000)	1,158,447
Accrued payroll and related liabilities	779,696	363,952	265,977	73,427	9,604	-	1,492,656
Liability for self-insurance claims	451,001	-	-	-	-	-	451,001
Accrued interest payable	-	-	-	-	157,610	-	157,610
Deferred rent liability	20,652	-	-	-	-	-	20,652
Deferred compensation plan liability	(78,816)	-	-	-	-	-	(78,816)
Deferred revenue	(2,873,254)	(287,646)	93,547	(84,059)	1,031,482	-	(2,119,930)
Developer fees received	-	-	-	-	1,834,213	-	1,834,213
Net cash (used in) provided by operating activities	(377,344)	(904,509)	(116,252)	466,323	7,235,581	(500,000)	5,803,799
Cash flows from investing activities:							
Change in restricted cash	(2,425,174)	4,705	(43,172)	(92,452)	-	-	(2,556,093)
Additions to property and equipment	(214,076)	(842,345)	(136,020)	(4,234,501)	(12,842,832)	500,000	(17,769,774)
Proceeds from sale of property and equipment	-	-	600,000	-	-	-	600,000
(Purchases) sales of investments, net	(205,202)	-	(52,219)	(51,667)	-	-	(309,088)
Proceeds from notes receivable	-	-	-	-	155,103	-	155,103
Cash paid in exchange for notes receivable	-	-	-	(2,530,605)	-	-	(2,530,605)
Deposits to escrow accounts	-	-	(125,199)	(641,024)	(2,561,783)	-	(3,328,006)
Releases from escrow accounts	-	-	66,822	-	2,303,345	-	2,370,167
Net cash (used in) provided by investing activities	(2,844,452)	(837,640)	310,212	(7,550,249)	(12,946,167)	500,000	(23,368,296)
Cash flows from financing activities:							
Capital contributions to limited partnerships and other entities	-	-	-	-	5,858,005	-	5,858,005
Capital distributions to limited partnerships and other entities	-	-	-	-	(5,346)	-	(5,346)
Offering costs, noncontrolling interests	-	-	-	-	(40,000)	-	(40,000)
Developer fees paid from limited partnerships	-	-	-	-	(1,583,822)	-	(1,583,822)
Repayments of borrowings	-	-	(791,371)	(14,709)	(3,343,736)	-	(4,149,816)
Proceeds from borrowings	-	-	-	6,227,400	5,786,336	-	12,013,736
Deferred financing fees	-	-	-	-	(34,288)	-	(34,288)
Lease costs paid	-	-	-	-	(65,923)	-	(65,923)
Tax credit fees	-	-	-	-	(131,843)	-	(131,843)
Net cash (used in) provided by financing activities	-	-	(791,371)	6,212,691	6,439,383	-	11,860,703
Net (decrease) increase in cash	(3,221,796)	(1,742,149)	(597,411)	(871,235)	728,797	-	(5,703,794)
Cash:							
Beginning of year	6,382,790	2,635,630	5,681,204	2,276,863	2,011,093	-	18,987,580
End of year	$ 3,160,994	$ 893,481	$ 5,083,793	$ 1,405,628	$ 2,739,890	$ -	$ 13,283,786

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 Alliance Health, 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 (used in) operating activities:							
Depreciation and amortization	265,181	147,977	779,950	165,270	5,588,247	-	6,946,625
Amortization of deferred financing costs	-	-	-	-	106,656	-	106,656
Provision for bad debts	100,000	(20,000)	(183,716)	327,383	137,191	-	360,858
Gain on disposal of property and equipment	9,054	8,467	-	-	-	-	17,521
Gain 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 (used in) operating activities	3,796,313	1,088,041	2,366,364	420,964	2,326,480	(500,000)	9,498,162
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) provided by 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	-	-	-	-	(32,773)	-	(32,773)
Tax credit fees	-	-	-	-	(29,048)	-	(29,048)
Net cash (used in) provided by financing activities	-	-	(1,055,623)	-	9,673,399	-	8,617,776
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

Statement of Functional Expenses
Year Ended June 30, 2018

	Program Services			Supporting Services			
	Justice Services	READI	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2018
Salaries and wages	$ 4,906,280	$ 1,005,931	$ 5,912,211	$ 6,997,825	$ 796,620	$ 7,794,445	$ 13,706,656
Payroll taxes and fringe benefits	1,306,337	213,423	1,519,760	1,517,379	205,160	1,722,539	3,242,299
Staff expenses	281,287	119,011	400,298	164,050	34,286	198,336	598,634
Professional expenses	340,626	703,050	1,043,676	2,115,345	452,499	2,567,844	3,611,520
Office services	139,717	30,845	170,562	943,559	73,379	1,016,938	1,187,500
Occupancy	616,894	56,161	673,055	593,021	69,079	662,100	1,335,155
Equipment	107,995	33,228	141,223	200,196	7,290	207,486	348,709
Client support and supplies	131,595	1,594,143	1,725,738	89	49	138	1,725,876
Subrecipients	492,829	3,225,467	3,718,296	-	-	-	3,718,296
Contributed services and in-kind expenses	13,927	-	13,927	750	73,073	73,823	87,750
Uncollectible accounts	9,383	-	9,383	(101,332)	-	(101,332)	(91,949)
	8,346,870	6,981,259	15,328,129	12,430,882	1,711,435	14,142,317	29,470,446
Allocation of shared services costs	-	-	-	(10,008,190)	-	(10,008,190)	(10,008,190)
	8,346,870	6,981,259	15,328,129	2,422,692	1,711,435	4,134,127	19,462,256
Depreciation and amortization	-	-	-	295,657	-	295,657	295,657
	$ 8,346,870	$ 6,981,259	$ 15,328,129	$ 2,718,349	$ 1,711,435	$ 4,429,784	$ 19,757,913

Heartland Alliance International, LLC

Statement of Functional Expenses
Year Ended June 30, 2018

	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 2018
Salaries and wages	$ 2,011,085	$ 964,920	$ 2,812,593	$ 281,450	$ 6,070,048	$ 1,308,830	$ 99,373	$ 1,408,203	$ 7,478,251
Payroll taxes and fringe benefits	218,482	443,134	879,922	102,198	1,643,736	263,489	23,919	287,408	1,931,144
Staff expenses	350,480	279,835	934,025	8,645	1,572,985	210,930	15,613	226,543	1,799,528
Professional expenses	527,142	298,712	1,107,910	47,437	1,981,201	509,532	32,132	541,664	2,522,865
Office services	125,762	112,039	537,620	14,109	789,530	68,499	2,338	70,837	860,367
Occupancy	172,244	137,096	313,557	15,412	638,309	96,854	-	96,854	735,163
Equipment	83,583	15,307	512,923	1,383	613,196	17,638	-	17,638	630,834
Client support and supplies	356,485	80,175	2,939,187	7,857	3,383,704	(865)	-	(865)	3,382,839
Subrecipients	1,588,956	268,734	2,474,628	-	4,332,318	243	-	243	4,332,561
Contributed services and in-kind					-			-	
expenses	-	-	-	15,208	15,208	390,187	-	390,187	405,395
Interest expense	-	-	-	-	-	227	-	227	227
	5,434,219	2,599,952	12,512,365	493,699	21,040,235	2,865,564	173,375	3,038,939	24,079,174
Allocation of shared services costs	-	-	-	-	-	1,159,417	-	1,159,417	1,159,417
	5,434,219	2,599,952	12,512,365	493,699	21,040,235	4,024,981	173,375	4,198,356	25,238,591
Depreciation and amortization	16,480	-	200,302	-	216,782	70,054	-	70,054	286,836
	$ 5,450,699	$ 2,599,952	$ 12,712,667	$ 493,699	$ 21,257,017	$ 4,095,035	$ 173,375	$ 4,268,410	$ 25,525,427

Heartland Human Care Services, Inc.

Statement of Functional Expenses
Year Ended June 30, 2018

	Program Services				Supporting Services			
	SAFEty	Pathways to Success	Housing & Health	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2018
Salaries and wages	$ 19,605,823	$ 4,054,741	$ 3,493,636	$ 27,154,200	$ 1,119,018	$ -	$ 1,119,018	$ 28,273,218
Payroll taxes and fringe benefits	5,506,966	1,082,338	1,055,644	7,644,948	224,588	-	224,588	7,869,536
Staff expenses	267,703	59,761	71,036	398,500	161,587	-	161,587	560,087
Professional expenses	1,701,104	100,897	198,646	2,000,647	664,635	-	664,635	2,665,282
Office services	873,379	292,995	134,118	1,300,492	95,096	-	95,096	1,395,588
Occupancy	2,366,348	420,208	402,793	3,189,349	(398,470)	-	(398,470)	2,790,879
Equipment	351,878	194,946	172,730	719,554	129,649	-	129,649	849,203
Client support and supplies	2,151,369	665,660	3,725,242	6,542,271	138,836	-	138,836	6,681,107
Subrecipients	558,125	38,902	185,394	782,421	-	-	-	782,421
Contributed services and in-kind expenses	376,768	35,759	883,590	1,296,117	494,040	-	494,040	1,790,157
Interest expense	-	-	-	-	531,070	-	531,070	531,070
Uncollectible accounts	519,944	7,972	-	527,916	-	-	-	527,916
	34,279,407	6,954,179	10,322,829	51,556,415	3,160,049	-	3,160,049	54,716,464
Allocation of shared services costs	-	-	-	-	4,895,848	-	4,895,848	4,895,848
	34,279,407	6,954,179	10,322,829	51,556,415	8,055,897	-	8,055,897	59,612,312
Depreciation and amortization	316,022	1,656	1,598	319,276	391,513	-	391,513	710,789
	$ 34,595,429	$ 6,955,835	$ 10,324,427	$ 51,875,691	$ 8,447,410	$ -	$ 8,447,410	$ 60,323,101

Heartland Alliance Health, Inc.

Statement of Functional Expenses
Year Ended June 30, 2018

	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 2018
Salaries and wages	$ 4,253,079	$ 642,478	$ 464,650	$ 5,514,537	$ 140,466	$ 11,015,210	$ 1,291,658	$ -	$ 1,291,658	$ 12,306,868
Payroll taxes and fringe benefits	1,153,407	155,597	139,773	1,346,073	37,757	2,832,607	283,194	-	283,194	3,115,801
Staff expenses	61,066	32,802	3,704	125,878	9,816	233,266	36,264	-	36,264	269,530
Professional expenses	390,204	154,236	60,333	841,983	760,232	2,206,988	(502,168)	-	(502,168)	1,704,820
Office services	218,631	29,185	49,520	348,962	11,343	657,641	67,987	-	67,987	725,628
Occupancy	409,031	21,819	185,622	494,032	17,426	1,127,930	106,357	-	106,357	1,234,287
Equipment	116,285	5,196	25,857	110,557	11,845	269,740	23,275	-	23,275	293,015
Client support and supplies	1,967,844	17,987	502,271	2,411,654	40	4,899,796	8,343	-	8,343	4,908,139
Subrecipients	-	-	-	380,016	-	380,016	-	-	-	380,016
Contributed services and in-kind expenses	30,653	-	43,620	-	-	74,273	-	314,805	314,805	389,078
Real estate development and property management	417,188	2,972	303	-	-	420,463	-	-	-	420,463
Interest expense	-	-	-	21,802	-	21,802	15,052	-	15,052	36,854
Uncollectible accounts	-	-	-	75,000	10,000	85,000	(54,454)	-	(54,454)	30,546
	9,017,388	1,062,272	1,475,653	11,670,494	998,925	24,224,732	1,275,508	314,805	1,590,313	25,815,045
Allocation of shared services costs	-	-	-	-	-	-	2,932,017	-	2,932,017	2,932,017
	9,017,388	1,062,272	1,475,653	11,670,494	998,925	24,224,732	4,207,525	314,805	4,522,330	28,747,062
Depreciation and amortization	73,299	-	-	120,219	-	193,518	53,906	-	53,906	247,424
	$ 9,090,687	$ 1,062,272	$ 1,475,653	$ 11,790,713	$ 998,925	$ 24,418,250	$ 4,261,431	$ 314,805	$ 4,576,236	$ 28,994,486

Heartland Housing, Inc.

Statement of Functional Expenses
Year Ended June 30, 2018

	Program Services		Supporting Services			
	Housing Development	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2018
Salaries and wages	$ 1,630,413	$ 1,630,413	$ 1,017,409	$ -	$ 1,017,409	$ 2,647,822
Payroll taxes and fringe benefits	499,836	499,836	274,791	-	274,791	774,627
Staff expenses	36,050	36,050	60,374	-	60,374	96,424
Professional expenses	1,141,691	1,141,691	168,864	-	168,864	1,310,555
Office services	203,357	203,357	30,482	-	30,482	233,839
Occupancy	1,327,051	1,327,051	80,252	-	80,252	1,407,303
Equipment	3,542	3,542	12,928	-	12,928	16,470
Client support and supplies	1,795	1,795	11,119	-	11,119	12,914
Contributed services and in-kind expenses	13,520	13,520	-	-	-	13,520
Real estate development and property management	2,652,734	2,652,734	-	-	-	2,652,734
Interest expense	2,421,851	2,421,851	(473,462)	-	(473,462)	1,948,389
Uncollectible accounts	171,944	171,944	-	-	-	171,944
	10,103,784	10,103,784	1,182,757	-	1,182,757	11,286,541
Allocation of shared services costs	-	-	1,020,908	-	1,020,908	1,020,908
	10,103,784	10,103,784	2,203,665	-	2,203,665	12,307,449
Depreciation and amortization	5,758,279	5,758,279	-	-	-	5,758,279
	$ 15,862,063	$ 15,862,063	$ 2,203,665	$ -	$ 2,203,665	$ 18,065,728

Heartland Alliance International, LLC

Consolidating Statement of Financial Position
June 30, 2018

	Heartland Alliance International, LLC	Heartland Alliance International - Europe	Total 2018	Total 2017
Assets				
Cash	$ 873,933	$ 19,548	$ 893,481	$ 2,635,630
Restricted cash	295	-	295	5,000
Accounts receivable:				
Program service grants and fees	2,896,633	-	2,896,633	1,492,539
Pledges receivable	284,099	-	284,099	68,929
Other	8,514	-	8,514	28,422
Inter-agency	(235,479)	110,257	(125,222)	(161,969)
Prepaid expenses and other current assets	701,591	25,681	727,272	634,131
Property and equipment, net	1,429,075	-	1,429,075	873,566
Total assets	$ 5,958,661	$ 155,486	$ 6,114,147	$ 5,576,248
Liabilities and Net Assets				
Liabilities:				
Accounts payable and other accrued expenses	$ 268,816	$ 13,041	$ 281,857	$ 126,502
Accrued payroll and related liabilities	960,271	2,667	962,938	598,986
Deferred revenue	889,932	58,011	947,943	1,235,589
Total liabilities	2,119,019	73,719	2,192,738	1,961,077
Net assets:				
Unrestricted:				
Undesignated and controlling interests	3,261,080	81,767	3,342,847	2,960,241
Board designated	20,000	-	20,000	20,000
Total unrestricted net assets	3,281,080	81,767	3,362,847	2,980,241
Temporarily restricted	558,562	-	558,562	634,930
Total net assets	3,839,642	81,767	3,921,409	3,615,171
Total liabilities and net assets	$ 5,958,661	$ 155,486	$ 6,114,147	$ 5,576,248

Heartland Alliance International, LLC

Consolidating Statement of Activities
Year Ended June 30, 2018

	Heartland Alliance International, LLC	Heartland Alliance International - Europe	Eliminations	Total 2018	Total 2017
Revenues:					
Contributions	$ 903,450	$ -	$ -	$ 903,450	$ 1,380,393
Grants, contracts, reimbursements and client fees	23,964,721	736,219	-	24,700,940	16,370,166
Contributed services and non-cash contributions	471,679	-	-	471,679	543,604
Interest and investment income (loss)	389	-	-	389	(28)
Other income	(248,381)	3,588	-	(244,793)	132,005
Total revenues	25,091,858	739,807	-	25,831,665	18,426,140
Expenses:					
Salaries and wages	7,251,277	226,974	-	7,478,251	5,535,765
Payroll taxes and fringe benefits	1,897,931	33,213	-	1,931,144	1,622,614
Staff expenses	1,743,181	56,347	-	1,799,528	1,896,164
Professional services	2,487,298	35,567	-	2,522,865	1,525,284
Office services	849,574	10,793	-	860,367	551,095
Occupancy	720,292	14,871	-	735,163	588,315
Equipment	625,491	5,343	-	630,834	239,453
Client support and medical supplies	3,316,548	66,291	-	3,382,839	1,820,542
Subrecipients	4,092,291	240,270	-	4,332,561	3,164,496
Contributed services and in-kind expenses	405,395	-	-	405,395	461,195
Interest expense	227	-	-	227	3,268
Uncollectible accounts	-	-	-	-	(20,000)
	23,389,505	689,669	-	24,079,174	17,388,191
Allocation of shared services costs	1,159,417	-	-	1,159,417	1,179,961
Total expenses	24,548,922	689,669	-	25,238,591	18,568,152
Increase (decrease) in net assets before non-budgetary items	542,936	50,138	-	593,074	(142,012)
Non-budgetary items:					
Depreciation and amortization	(286,836)	-	-	(286,836)	(147,977)
	(286,836)	-	-	(286,836)	(147,977)
Increase (decrease) in net assets	256,100	50,138	-	306,238	(289,989)
Net assets, beginning of year	3,583,542	31,629	-	3,615,171	3,905,160
Net assets, end of year	$ 3,839,642	$ 81,767	$ -	$ 3,921,409	$ 3,615,171

Heartland Alliance International, LLC

Consolidating Statement of Cash Flows
Year Ended June 30, 2018

	Heartland Alliance International, LLC	Heartland Alliance International - Europe	Total 2018	Total 2017
Cash flows from operating activities:				
Increase (decrease) in net assets	$ 256,100	$ 50,138	$ 306,238	$ (289,989)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:				
Depreciation and amortization	286,836	-	286,836	147,977
Recovery of bad debts	-	-	-	(20,000)
Loss on disposal of property and equipment	-	-	-	8,467
Effects of changes in operating assets and liabilities:				
Accounts receivable:				
Program service grants and fees	(1,404,094)	-	(1,404,094)	362,983
Pledges receivable	(215,170)	-	(215,170)	(58,929)
Other	19,908	-	19,908	(23,173)
Inter-agency	181,007	(217,754)	(36,747)	113,137
Prepaid expenses and other current assets	(74,785)	(18,356)	(93,141)	(39,764)
Accounts payable and other accrued expenses	144,387	10,968	155,355	(115,707)
Accrued payroll and related liabilities	365,687	(1,735)	363,952	214,856
Deferred revenue	448,572	(736,218)	(287,646)	788,183
Net cash provided by (used in) operating activities	8,448	(912,957)	(904,509)	1,088,041
Cash flows from investing activities:				
Change in restricted cash	4,705	-	4,705	(5,000)
Additions to property and equipment	(842,345)	-	(842,345)	(82,408)
Proceeds from sale of property and equipment	-	-	-	5,850
Net cash used in investing activities	(837,640)	-	(837,640)	(81,558)
Net (decrease) increase in cash	(829,192)	(912,957)	(1,742,149)	1,006,483
Cash:				
Beginning of year	1,703,125	932,505	2,635,630	1,629,147
End of year	$ 873,933	$ 19,548	$ 893,481	$ 2,635,630

Heartland Human Care Services, Inc.

Consolidating Statement of Financial Position
June 30, 2018

	Heartland Human Care Services, Inc.	3500 South Giles, LLC	Total 2018	Total 2017
Assets				
Cash	$ 4,567,903	$ 515,890	$ 5,083,793	$ 5,681,204
Restricted cash	134,085	-	134,085	90,913
Investments	3,923,018	-	3,923,018	3,646,980
Accounts receivable:				
Program service grants and fees	5,796,730	-	5,796,730	4,491,035
Pledges receivable	245,250	-	245,250	143,320
Other	387	-	387	263,436
Inter-agency	(550,883)	(352,428)	(903,311)	(682,082)
Allowance for contractual adjustments, discounts and bad debts	(31,573)	-	(31,573)	(31,039)
Prepaid expenses and other current assets	732,391	-	732,391	788,894
Notes receivable	2,218,431	-	2,218,431	2,218,431
Property and equipment, net	1,629,559	9,704,515	11,334,074	12,574,153
Escrow and reserve accounts	-	595,621	595,621	537,244
Total assets	$ 18,665,298	$ 10,463,598	$ 29,128,896	$ 29,722,489
Liabilities and Net Assets				
Liabilities:				
Accounts payable and other accrued expenses	$ 1,958,566	$ -	$ 1,958,566	$ 951,030
Accrued payroll and related liabilities	2,439,373	-	2,439,373	2,173,396
Deferred revenue	394,839	-	394,839	301,292
Debt obligations	1,464,851	10,489,212	11,954,063	12,745,434
Total liabilities	6,257,629	10,489,212	16,746,841	16,171,152
Net assets:				
Unrestricted:				
Undesignated and controlling interests	11,486,016	(25,614)	11,460,402	12,817,239
Total unrestricted net assets	11,486,016	(25,614)	11,460,402	12,817,239
Temporarily restricted	921,653	-	921,653	734,098
Total net assets	12,407,669	(25,614)	12,382,055	13,551,337
Total liabilities and net assets	$ 18,665,298	$ 10,463,598	$ 29,128,896	$ 29,722,489

Heartland Human Care Services, Inc.

Consolidating Statement of Activities
Year Ended June 30, 2018

	Heartland Human Care Services, Inc.	3500 South Giles, LLC	Eliminations	Total 2018	Total 2017
Revenues:					
Contributions	$ 1,420,940	$ -	$ -	$ 1,420,940	$ 1,243,006
Grants, contracts, reimbursements and client fees	55,656,132	-	-	55,656,132	54,936,570
Contributed services and non-cash contributions	1,790,157	-	-	1,790,157	2,135,597
Rental income	-	641,584	(641,584)	-	-
Interest and investment income (loss)	276,282	563	-	276,845	332,867
Other income	9,745	-	-	9,745	49,473
Total revenues	59,153,256	642,147	(641,584)	59,153,819	58,697,513
Expenses:					
Salaries and wages	28,273,218	-	-	28,273,218	26,945,105
Payroll taxes and fringe benefits	7,869,536	-	-	7,869,536	6,973,083
Staff expenses	560,087	-	-	560,087	518,363
Professional services	2,665,282	-	-	2,665,282	2,735,032
Office services	1,395,588	-	-	1,395,588	874,200
Occupancy	3,432,463	-	(641,584)	2,790,879	3,373,082
Equipment	849,203	-	-	849,203	600,487
Client support and medical supplies	6,681,107	-	-	6,681,107	7,168,791
Subrecipients	782,421	-	-	782,421	278,322
Contributed services and in-kind expenses	1,790,157	-	-	1,790,157	2,135,597
Interest expense	48,259	482,811	-	531,070	561,595
Uncollectible accounts	527,916	-	-	527,916	(183,716)
	54,875,237	482,811	(641,584)	54,716,464	51,979,941
Allocation of shared services costs	4,895,848	-	-	4,895,848	4,754,281
Total expenses	59,771,085	482,811	(641,584)	59,612,312	56,734,222
Increase (decrease) in net assets before non-budgetary items	(617,829)	159,336	-	(458,493)	1,963,291
Non-budgetary items:					
Depreciation and amortization	(363,969)	(346,820)	-	(710,789)	(779,950)
	(363,969)	(346,820)	-	(710,789)	(779,950)
(Decrease) increase in net assets	(981,798)	(187,484)	-	(1,169,282)	1,183,341
Net assets, beginning of year	13,389,467	161,870	-	13,551,337	12,367,996
Net assets, end of year	$ 12,407,669	$ (25,614)	$ -	$ 12,382,055	$ 13,551,337

Heartland Human Care Services, Inc.

Consolidating Statement of Cash Flows
Year Ended June 30, 2018

	Heartland Human Care Services, Inc.	3500 South Giles, LLC	Total 2018	Total 2017
Cash flows from operating activities:				
(Decrease) increase in net assets	$ (981,798)	$ (187,484)	$ (1,169,282)	$ 1,183,341
Adjustments to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities:				
Depreciation and amortization	363,969	346,820	710,789	779,950
Provision for (recovery of) bad debts	527,916	-	527,916	(183,716)
Loss on disposal of property and equipment	65,310	-	65,310	-
Gain on investments	(223,819)	-	(223,819)	(298,245)
Effects of changes in operating assets and liabilities:				
Accounts receivable:				
Program service grants and fees	(1,305,695)	-	(1,305,695)	989,148
Pledges receivable	(101,930)	-	(101,930)	29,225
Other	(264,333)	-	(264,333)	(219,517)
Inter-agency	(36,995)	258,224	221,229	492,046
Prepaid expenses and other current assets	126,503	(70,000)	56,503	(79,103)
Accounts payable and other accrued expenses	1,007,536	-	1,007,536	(518,942)
Accrued payroll and related liabilities	265,977	-	265,977	209,091
Deferred revenue	93,547	-	93,547	(16,914)
Net cash (used in) provided by operating activities	(463,812)	347,560	(116,252)	2,366,364
Cash flows from investing activities:				
Change in restricted cash	(43,172)	-	(43,172)	45,261
Additions to property and equipment	(136,020)	-	(136,020)	(246,821)
Proceeds from sale of property and equipment	600,000	-	600,000	-
(Purchases) sales of investments, net	(52,219)	-	(52,219)	(45,078)
Deposits to escrow accounts	-	(125,199)	(125,199)	(141,589)
Releases from escrow accounts	-	66,822	66,822	17,054
Net cash provided by (used in) financing activities	368,589	(58,377)	310,212	(371,173)
Cash flows from financing activities:				
Repayments of borrowings	(554,278)	(237,093)	(791,371)	(1,305,623)
Proceeds from borrowings	-	-	-	250,000
Net cash (used in) provided by financing activities	(554,278)	(237,093)	(791,371)	(1,055,623)
Net (decrease) increase in cash	(649,501)	52,090	(597,411)	939,568
Cash:				
Beginning of year	5,217,404	463,800	5,681,204	4,741,636
End of year	$ 4,567,903	$ 515,890	$ 5,083,793	$ 5,681,204

Heartland Alliance Health, Inc.

Consolidating Statement of Financial Position
June 30, 2018

	Heartland Alliance Health, Inc.	Heartland Health Support Corporation	Total 2018	Total 2017
Assets				
Cash	$ 1,405,628	$ -	$ 1,405,628	$ 2,276,863
Restricted cash	148,838	-	148,838	56,386
Accounts receivable:				
Program service grants and fees	2,832,458	-	2,832,458	2,737,818
Pledges receivable	633,691	-	633,691	388,647
Patient services	1,723,373	-	1,723,373	1,712,359
Other	402,603	15	402,618	635,197
Inter-agency	890,550	(1,146,760)	(256,210)	(296,498)
Allowance for contractual adjustments, discounts and bad debts	(404,806)	-	(404,806)	(341,990)
Prepaid expenses and other current assets	312,429	-	312,429	333,853
Other investments	1,228,812	-	1,228,812	1,058,289
Notes receivable, net	2,530,605	-	2,530,605	-
Property and equipment, net	737,416	4,276,065	5,013,481	1,026,404
Escrow and reserve accounts	-	641,024	641,024	-
Total assets	$ 12,441,597	$ 3,770,344	$ 16,211,941	$ 9,587,328
Liabilities and Net Assets				
Liabilities:				
Accounts payable and other accrued expenses	$ 1,312,287	$ 15,052	$ 1,327,339	$ 713,834
Accrued payroll and related liabilities	1,070,390	-	1,070,390	996,963
Deferred revenue	199,964	-	199,964	284,023
Debt obligations, net	2,401,191	3,811,500	6,212,691	-
Total liabilities	4,983,832	3,826,552	8,810,384	1,994,820
Net assets:				
Unrestricted:				
Undesignated (deficit)	5,937,629	(56,208)	5,881,421	6,664,139
Total unrestricted net assets	5,937,629	(56,208)	5,881,421	6,664,139
Temporarily restricted	1,520,136	-	1,520,136	928,369
Total net assets	7,457,765	(56,208)	7,401,557	7,592,508
Total liabilities and net assets	$ 12,441,597	$ 3,770,344	$ 16,211,941	$ 9,587,328

Heartland Alliance Health, Inc.

Consolidating Statement of Activities
Year Ended June 30, 2018

	Heartland Alliance Health, Inc.	Heartland Health Support Corporation	Eliminations	Total 2018	Total 2017
Revenues:					
Contributions	$ 1,978,908	$ -	$ -	$ 1,978,908	$ 1,481,621
Grants, contracts, reimbursements and client fees	20,494,974	-	-	20,494,974	20,346,664
Contributed services and non-cash contributions	389,078	-	-	389,078	578,031
Patient services, net of contractual adjustments and discounts	5,561,959	-	-	5,561,959	5,554,104
Rental income	-	23,750	-	23,750	-
Interest and investment income	133,707	-	-	133,707	182,312
Other income	221,159	-	-	221,159	190,562
Total revenues	28,779,785	23,750	-	28,803,535	28,333,294
Expenses:					
Salaries and wages	12,306,868	-	-	12,306,868	11,630,101
Payroll taxes and fringe benefits	3,115,801	-	-	3,115,801	2,848,298
Staff expenses	269,530	-	-	269,530	334,578
Professional services	1,693,820	11,000	-	1,704,820	1,420,667
Office services	725,628	-	-	725,628	685,501
Occupancy	1,234,287	-	-	1,234,287	1,085,808
Equipment	293,015	-	-	293,015	375,974
Client support and medical supplies	4,908,139	-	-	4,908,139	4,651,873
Subrecipients	380,016	-	-	380,016	399,694
Contributed services and in-kind expenses	389,078	-	-	389,078	578,031
Real estate development and property management	420,463	-	-	420,463	411,643
Interest expense	21,801	15,053	-	36,854	-
Uncollectible accounts	30,546	-	-	30,546	327,383
	25,788,992	26,053	-	25,815,045	24,749,551
Allocation of shared services costs	2,932,017	-	-	2,932,017	2,573,752
Total expenses	28,721,009	26,053	-	28,747,062	27,323,303
Increase (decrease) in net assets before non-budgetary items	58,776	(2,303)	-	56,473	1,009,991
Non-budgetary items:					
Depreciation and amortization	(193,519)	(53,905)	-	(247,424)	(165,270)
	(193,519)	(53,905)	-	(247,424)	(165,270)
(Decrease) increase in net assets	(134,743)	(56,208)	-	(190,951)	844,721
Net assets, beginning of year	7,592,508	-	-	7,592,508	6,747,787
Net assets, end of year	$ 7,457,765	$ (56,208)	$ -	$ 7,401,557	$ 7,592,508

Heartland Alliance Health, Inc.

Consolidating Statement of Cash Flows
Year Ended June 30, 2018

	Heartland Alliance Health, Inc.	Heartland Health Support Corporation	Total 2018	Total 2017
Cash flows from operating activities:				
(Decrease) increase in net assets	$ (134,743)	$ (56,208)	$ (190,951)	$ 844,721
Adjustments to reconcile (decrease) increase in net assets to net cash provided by (used in) operating activities:				
Depreciation and amortization	193,519	53,905	247,424	165,270
Provision for bad debts	30,546	-	30,546	327,383
Earnings from other investments	(118,856)	-	(118,856)	(171,637)
Effects of changes in operating assets and liabilities:				
Accounts receivable:				
Program service grants and fees	(94,640)	-	(94,640)	85,468
Pledges receivable	(245,044)	-	(245,044)	(150,600)
Patient services	(11,014)	-	(11,014)	(619,071)
Other	264,864	(15)	264,849	(632,314)
Inter-agency	(1,187,048)	1,146,760	(40,288)	283,191
Prepaid expenses and other current assets	21,424	-	21,424	(94,664)
Accounts payable and other accrued expenses	598,453	15,052	613,505	177,654
Accrued payroll and related liabilities	73,427	-	73,427	127,871
Deferred rent liability	-	-	-	(8,196)
Deferred revenue	(84,059)	-	(84,059)	85,888
Net cash provided by (used in) operating activities	(693,171)	1,159,494	466,323	420,964
Cash flows from investing activities:				
Change in restricted cash	(92,452)	-	(92,452)	(51,198)
Additions to property and equipment	95,469	(4,329,970)	(4,234,501)	(258,582)
Purchases of investments, net	(51,667)	-	(51,667)	-
Cash paid in exchange for notes receivable	(2,530,605)	-	(2,530,605)	-
Deposits to escrow accounts	-	(641,024)	(641,024)	-
Net cash used in investing activities	(2,579,255)	(4,970,994)	(7,550,249)	(309,780)
Cash flows from financing activities:				
Repayments of borrowings	(14,709)	-	(14,709)	-
Proceeds from borrowings	2,415,900	3,811,500	6,227,400	-
Net cash provided by financing activities	2,401,191	3,811,500	6,212,691	-
Net (decrease) increase in cash	(871,235)	-	(871,235)	111,184
Cash:				
Beginning of year	2,276,863	-	2,276,863	2,165,679
End of year	$ 1,405,628	$ -	$ 1,405,628	$ 2,276,863