TWIN CITIES HABITAT FOR HUMANITY, INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2015 AND 2014

TWIN CITIES HABITAT FOR HUMANITY, INC.
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2015 AND 2014

INDEPENDENT AUDITORS' REPORT

Board of Directors
Twin Cities Habitat for Humanity, Inc.
Minneapolis, Minnesota

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Twin Cities Habitat for Humanity, Inc., which comprise the consolidated balance sheets as of June 30, 2015 and 2014, and the related consolidated statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Twin Cities Habitat for Humanity, Inc. as of June 30, 2015 and 2014, 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.

Board of Directors
Twin Cities Habitat for Humanity, Inc.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating balance sheet and consolidating statement of activities are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
November 10, 2015

TWIN CITIES HABITAT FOR HUMANITY, INC.
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2015 AND 2014

	2015	2014
ASSETS		
Cash and Cash Equivalents	$ 6,992,311	$ 7,255,833
Certificate of Deposit	236,663	235,146
Accounts Receivable	449,765	408,871
Contributions Receivable, Net (Note 2)	613,549	1,604,258
Inventory (Note 3)	6,187,339	5,792,949
Prepaid and Other Assets	965,892	688,543
Property and Equipment, Net (Note 4)	9,371,514	9,694,896
Leveraged Loans Receivable (Note 5)	6,466,900	6,466,900
Mortgages Receivable (Note 6):		
Mortgages Receivable at Face Value	69,442,010	67,318,056
Less: Unamortized Discount	(27,455,015)	(27,199,968)
Mortgages Receivable, Net	41,986,995	40,118,088
Total Assets	$ 73,270,928	$ 72,265,484
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	$ 626,461	$ 361,081
Accrued Expenses	776,728	608,303
Line of Credit (Note 8)	300,000	450,000
Long-Term Notes Payable (Note 7):		
Long-Term Notes Payable at Face Value	46,133,595	44,218,542
Less: Unamortized Discount	(6,435,278)	(6,518,788)
Long-Term Notes Payable, Net	39,698,317	37,699,754
Total Liabilities	41,401,506	39,119,138
NET ASSETS		
Unrestricted	30,128,674	29,742,249
Temporarily Restricted (Note 12)	1,075,385	2,738,734
Permanently Restricted (Note 13)	665,363	665,363
Total Net Assets	31,869,422	33,146,346
Total Liabilities and Net Assets	$ 73,270,928	$ 72,265,484

See accompanying Notes to Consolidated Financial Statements.

TWIN CITIES HABITAT FOR HUMANITY, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2015 AND 2014

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING REVENUE AND SUPPORT				
Operating Revenue:				
Home Sales (Mortgages Received)	$ 6,358,853	$ -	$ -	$ 6,358,853
Interest Income	190,929	690	-	191,619
ReStore Sales (Net of Direct Expense of $629,305 and $529,095, Respectively)	304,200	-	-	304,200
Gain on Disposal of Assets	825	-	-	825
Other	17,082	-	-	17,082
Total Operating Revenue	6,871,889	690	-	6,872,579
Support:				
Foundations	336,211	193,612	-	529,823
Corporations	2,510,766	386,930	-	2,897,696
Religious Organizations	349,887	27,986	-	377,873
Individuals	2,683,665	63,364	-	2,747,029
Public Sector Funds	2,551,994	-	-	2,551,994
In-Kind (Note 10)	1,418,694	-	-	1,418,694
Special Events (Net of Direct Expense of $381,354 and $295,609, Respectively)	279,911	-	-	279,911
Total Support	10,131,128	671,892	-	10,803,020
Net Assets Released from Restrictions	2,335,931	(2,335,931)	-	-
Total Operating Revenue and Support	19,338,948	(1,663,349)	-	17,675,599
OPERATING EXPENSES				
Program Services	16,193,448	-	-	16,193,448
Management and General	737,839	-	-	737,839
Fundraising	1,635,456	-	-	1,635,456
Total Operating Expenses	18,566,743	-	-	18,566,743
OPERATING INCREASE (DECREASE) IN NET ASSETS	772,205	(1,663,349)	-	(891,144)
NONOPERATING ACTIVITIES				
Contribution of Below Market Interest Rate Debt	648,276	-	-	648,276
Home Sales Mortgage Discount	(2,480,761)	-	-	(2,480,761)
Amortization of Discount on Mortgages	2,225,713	-	-	2,225,713
Amortization of Discount on Long-Term Notes Payable	(794,183)	-	-	(794,183)
Contributions for Capital Purposes	15,175	-	-	15,175
Net Assets Released from Restrictions - Capital	-	-	-	-
NONOPERATING INCREASE (DECREASE) IN NET ASSETS	(385,780)	-	-	(385,780)
TOTAL INCREASE (DECREASE) IN NET ASSETS	386,425	(1,663,349)	-	(1,276,924)
Net Assets - Beginning of Year	29,742,249	2,738,734	665,363	33,146,346
NET ASSETS - END OF YEAR	$ 30,128,674	$ 1,075,385	$ 665,363	$ 31,869,422

See accompanying Notes to Consolidated Financial Statements.

2014			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
$ 6,942,128	$ -	$ -	$ 6,942,128
161,350	676	-	162,026
188,050	-	-	188,050
469,665	-	-	469,665
126,948	-	-	126,948
7,888,141	676	-	7,888,817
7,586	90,000	-	97,586
1,932,602	851,265	-	2,783,867
366,812	85,608	-	452,420
2,780,466	295,549	-	3,076,015
3,129,912	160,308	-	3,290,220
3,009,141	-	-	3,009,141
254,775	-	-	254,775
11,481,294	1,482,730	-	12,964,024
1,794,329	(1,794,329)	-	-
21,163,764	(310,923)	-	20,852,841
16,495,100	-	-	16,495,100
564,449	-	-	564,449
1,607,325	-	-	1,607,325
18,666,874	-	-	18,666,874
2,496,890	(310,923)	-	2,185,967
537,473	-	-	537,473
(3,056,407)	-	-	(3,056,407)
2,215,113	-	-	2,215,113
(738,852)	-	-	(738,852)
1,018,823	-	-	1,018,823
3,283,827	(3,283,827)	-	-
3,259,977	(3,283,827)	-	(23,850)
5,756,867	(3,594,750)	-	2,162,117
23,985,382	6,333,484	665,363	30,984,229
$ 29,742,249	$ 2,738,734	$ 665,363	$ 33,146,346

TWIN CITIES HABITAT FOR HUMANITY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	$ (1,276,924)	$ 2,162,117
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	446,986	305,417
In-Kind Contributions	(1,577,046)	(3,096,387)
Forgiveness of Debt	(761,822)	(1,275,772)
Discounts on Mortgages Related to Current-Year Home Sales	2,480,761	3,056,407
Discounts on Current-Year Borrowings Under Long-Term Notes Payable	(648,276)	(537,473)
Amortization of Discounts on Mortgages Receivable	(2,225,713)	(2,215,113)
Amortization of Discount on Long-Term Notes Payable	794,183	738,852
Unrealized Gain on Certificate of Deposit	(1,517)	(1,507)
Gain on Disposal of Property and Equipment	(825)	(469,665)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(40,894)	123,673
Contributions Receivable, Net	990,709	1,870,444
Inventory	(4,773,568)	(3,634,335)
Prepaid and Other Assets	(339,746)	(220,021)
Accounts Payable	265,380	(520,025)
Accrued Expenses	168,425	(10,577)
Affiliate Payable	-	(23,421)
Net Cash Used by Operating Activities	(6,499,887)	(3,747,386)
CASH FLOWS FROM INVESTING ACTIVITIES		
Collections on Mortgages Receivable	3,822,270	3,935,763
Proceeds from the Sale of Property and Equipment	-	1,218,207
Purchases of Property and Equipment	(112,780)	(6,326,294)
Net Cash Provided (Used) by Investing Activities	3,709,490	(1,172,324)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Line of Credit	(150,000)	(300,000)
Withdrawals from Funds Held in Escrow	-	7,065,069
Required Payments on Long-Term Notes Payable	(1,782,654)	(1,698,933)
Additional Payments on Long-Term Notes Payable	-	(549,042)
Borrowings on Long-Term Notes Payable	4,459,529	3,892,606
Net Cash Provided by Financing Activities	2,526,875	8,409,700
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(263,522)	3,489,990
Cash and Cash Equivalents - Beginning	7,255,833	3,765,843
CASH AND CASH EQUIVALENTS - ENDING	$ 6,992,311	$ 7,255,833
SUPPLEMENTARY CASH FLOW INFORMATION		
Interest Paid	$ 932,676	$ 737,760
NONCASH ITEMS		
Inventory and Equipment Contributed by Donors	$ 1,418,694	$ 3,009,141
Mortgages Received in Exchange for Homes Sold	$ 5,946,225	$ 7,098,930
Contributions and Pledge Payments of Investment Securities	$ 214,345	$ 178,984

See accompanying Notes to Consolidated Financial Statements.

TWIN CITIES HABITAT FOR HUMANITY, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2015

	2015								
	Program Services					Support Services			
	Creating Local and International Homeownership	Financing Homeownership	Preserving Homeownership	Community Engagement	Total Program Services	Management and General	Fundraising	Total Support Services	Total All All Services
Cost of Production - Cash	$ 7,038,950	$ 47,636	$ 229,405	$ 11,615	$ 7,327,606	$ 38	$ 649	$ 687	$ 7,328,293
Cost of Production - In-Kind	852,075	-	78,938	4,155	935,168	-	-	-	935,168
Salaries, Taxes, and Benefits	3,212,451	243,511	648,227	783,337	4,887,526	451,440	927,731	1,379,171	6,266,697
Professional Fees	96,565	29,790	31,852	69,692	227,899	114,762	280,519	395,281	623,180
Printing and Media	189	610	3,608	25,886	30,293	7,107	119,067	126,174	156,467
Postage	10,766	640	2,624	5,091	19,121	3,425	34,600	38,025	57,146
Insurance	104,429	6,025	20,343	7,308	138,105	11,440	24,305	35,745	173,850
Telephone	46,778	840	8,400	1,963	57,981	2,022	3,835	5,857	63,838
Occupancy	258,176	5,240	60,021	9,131	332,568	12,518	21,668	34,186	366,754
Vehicle Fleet	61,814	1,294	15,620	4,312	83,040	3,092	6,428	9,520	92,560
General Supplies, Tools and Site Supplies	408,363	3,419	15,720	38,867	466,369	10,370	36,839	47,209	513,578
Equipment Lease and Maintenance	14,149	449	1,513	845	16,956	1,094	1,997	3,091	20,047
Warranty	8,606	-	-	-	8,606	-	-	-	8,606
Meals and Travel	25,746	3,204	4,298	27,238	60,486	9,938	20,851	30,789	91,275
Staff Development	39,263	2,992	8,993	9,672	60,920	24,683	10,039	34,722	95,642
Tithe for International Homes	200,000	-	-	-	200,000	-	-	-	200,000
Property Taxes	1,872	97	373	140	2,482	232	403	635	3,117
Loan Servicing and Bank Fees	9,377	101,692	4,733	1,673	117,475	17,725	30,644	48,369	165,844
Miscellaneous	489	1,968	4,654	1,145	8,256	1,777	2,112	3,889	12,145
Discount Amortization and Interest Expense	220,632	1,366,093	42,936	15,439	1,645,100	30,408	51,350	81,758	1,726,858
Bad Debt Expense	8,280	478	1,611	579	10,948	-	1,927	1,927	12,875
Depreciation	266,532	14,973	50,880	18,341	350,726	35,768	60,492	96,260	446,986
Total	$ 12,885,502	$ 1,830,951	$ 1,234,749	$ 1,036,429	$ 16,987,631	$ 737,839	$ 1,635,456	$ 2,373,295	$ 19,360,926
Operating	$ 12,885,502	$ 1,036,768	$ 1,234,749	$ 1,036,429	$ 16,193,448	$ 737,839	$ 1,635,456	$ 2,373,295	$ 18,566,743
Nonoperating	-	794,183	-	-	794,183	-	-	-	794,183
Total	$ 12,885,502	$ 1,830,951	$ 1,234,749	$ 1,036,429	$ 16,987,631	$ 737,839	$ 1,635,456	$ 2,373,295	$ 19,360,926
Percentage	66.55%	9.46%	6.38%	5.35%	87.74%	3.81%	8.45%	12.26%	100.00%

See accompanying Notes to Consolidated Financial Statements.

TWIN CITIES HABITAT FOR HUMANITY, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2014

	2014								
	Program Services					Support Services			
	Creating Local and International Homeownership	Financing Homeownership	Preserving Homeownership	Community Engagement	Total Program Services	Management and General	Fundraising	Total Support Services	Total All All Services
Cost of Production - Cash	$ 7,519,112	$ 30,776	$ 215,559	$ 8,262	$ 7,773,709	$ -	$ -	$ -	$ 7,773,709
Cost of Production - In-Kind	1,222,960	-	174,940	9,207	1,407,107	-	-	-	1,407,107
Salaries, Taxes, and Benefits	3,053,580	198,142	620,673	742,281	4,614,676	364,738	1,020,028	1,384,766	5,999,442
Professional Fees	61,189	23,330	21,079	63,368	168,966	56,888	166,309	223,197	392,163
Printing and Media	2,148	1,409	3,674	35,847	43,078	662	152,859	153,521	196,599
Postage	13,199	753	2,297	7,103	23,352	1,963	32,120	34,083	57,435
Insurance	106,296	5,115	17,692	9,778	138,881	15,560	23,633	39,193	178,074
Telephone	48,132	845	8,587	2,817	60,381	2,546	4,177	6,723	67,104
Occupancy	228,578	3,041	41,676	9,904	283,199	9,251	17,152	26,403	309,602
Vehicle Fleet	73,724	1,102	9,017	7,848	91,691	3,351	6,392	9,743	101,434
General Supplies, Tools and Site Supplies	438,818	4,610	14,066	34,667	492,161	10,488	33,565	44,053	536,214
Equipment Lease and Maintenance	16,563	378	1,486	2,134	20,561	1,383	2,899	4,282	24,843
Warranty	2,169	-	-	-	2,169	-	-	-	2,169
Meals and Travel	34,857	3,864	6,951	30,018	75,690	8,438	41,868	50,306	125,996
Staff Development	29,589	1,536	7,705	15,561	54,391	11,105	8,216	19,321	73,712
Tithe for International Homes	175,000	-	-	-	175,000	-	-	-	175,000
Property Taxes	379	10	45	57	491	32	57	89	580
Loan Servicing and Bank Fees	2,931	105,033	2,982	7,489	118,435	12,628	25,447	38,075	156,510
Miscellaneous	-	273	1,760	142	2,175	1,299	314	1,613	3,788
Discount Amortization and Interest Expense	130,124	1,264,862	21,658	11,971	1,428,615	19,048	28,930	47,978	1,476,593
Bad Debt Expense	15,313	737	2,549	1,409	20,008	18,822	3,405	22,227	42,235
Depreciation	183,786	8,629	29,932	16,869	239,216	26,247	39,954	66,201	305,417
Total	$ 13,358,447	$ 1,654,445	$ 1,204,328	$ 1,016,732	$ 17,233,952	$ 564,449	$ 1,607,325	$ 2,171,774	$ 19,405,726
Operating	$ 13,358,447	$ 915,593	$ 1,204,328	$ 1,016,732	$ 16,495,100	$ 564,449	$ 1,607,325	$ 2,171,774	$ 18,666,874
Nonoperating	-	738,852	-	-	738,852	-	-	-	738,852
Total	$ 13,358,447	$ 1,654,445	$ 1,204,328	$ 1,016,732	$ 17,233,952	$ 564,449	$ 1,607,325	$ 2,171,774	$ 19,405,726
Percentage	68.84%	8.53%	6.21%	5.24%	88.81%	2.91%	8.28%	11.19%	100.00%

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organizational Purpose

Twin Cities Habitat for Humanity, Inc. is a Minnesota nonprofit corporation, incorporated in 1985. The mission of Twin Cities Habitat for Humanity (TCHFH or the Organization) is to eliminate poverty housing from the Twin Cities and to make decent, affordable shelter for all people a matter of conscience. TCHFH fulfills its mission through four major program initiatives which address homeownership needs in the community while engaging the community in the issues of affordable homeownership.

Creating affordable homeownership is the primary program. TCHFH builds or renovates homes utilizing volunteer labor, donated materials and contributed funds. The homes are then sold to pre-qualified, low-income families. Homebuyers are selected based on need, ability to repay the TCHFH mortgage, and willingness to partner. The Organization also tithes a portion of its general donations to Habitat for Humanity International to improve the housing conditions for people living in poverty around the world.

Long-term mortgage financing is a key component which makes Habitat homes affordable. Homes are sold to local low-income buyers with affordable mortgages based on households paying no more than 30% of their monthly income for housing costs. The mortgages are profit-free.

Preserving homeownership includes two activities which allow existing homeowners in the community to remain in their home. “A Brush with Kindness” offers painting and critical remodeling services throughout the metropolitan area, serving low-income, elderly, or disabled homeowners seeking to stay in an affordable home. Volunteers provide these services and materials are received in-kind. In circumstances where repairs are more extensive, homeowners take out a loan through Federal Home Loan Bank sources. “Mortgage Foreclosure Prevention Program” is a contract service for any City of Minneapolis resident in need of foreclosure prevention counseling or intervention.

Community engagement is a program initiative which runs throughout the activities of the Organization. These initiatives include soliciting and coordinating volunteers, educating the public about affordable housing, advocating for housing issues, community outreach and initiatives to serve veterans.

Basis of Consolidation

The consolidated financial statements include the activities of Twin Cities Habitat for Humanity – Community Housing Development Organization, Inc (the CHDO) and Twin Cities Habitat for Humanity St. Paul HQ, LLC (the TCHFH St. Paul HQ, LLC). Twin Cities Habitat for Humanity, Inc. controls the CHDO’s Board of Directors and economic interest exists between the entities. TCHFH controls and has a 95% ownership interest in TCHFH St. Paul HQ, LLC. The remaining 5% interest in TCHFH St. Paul HQ, LLC is owned by another nonprofit affordable housing organization.

All intercompany transactions and accounts have been eliminated in the consolidated financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidated Financial Statement Presentation

Net assets and revenues, gains, and losses are classified based on donor imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted – Resources over which the board of directors has discretionary control.

Temporarily Restricted – Those resources subject to donor imposed restrictions which will be satisfied by actions of the Organization or passage of time.

Permanently Restricted – Those resources subject to a donor imposed restriction that they be maintained permanently by the Organization.

The Organization has elected to present temporarily restricted contributions, which are fulfilled in the same time period, within the unrestricted net asset class.

Non-operating activities include all noncash activities relating to discounting mortgages receivable and debt and contributions and releases related to capital purposes.

Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with an initial maturity of three months or less to be cash and cash equivalents. At times, amounts may exceed FDIC insured limits.

Certificate of Deposit

Certificates of deposit are recorded at cost which approximates market.

Accounts Receivable

Accounts receivable are recorded at net realizable value. The Organization accounts for doubtful accounts receivable by the reserve method, based on management's best estimate and past history. All accounts receivable are due on demand. Receivables are assessed individually for collectability based on the surrounding facts and circumstances and management's past history. When all collection efforts have been exhausted, the accounts are written off against the related allowance. As of June 30, 2015 and 2014, no allowance for doubtful accounts was necessary for accounts receivable.

Leveraged Loans Receivable

Leveraged loans receivable consist of Leveraged Loans A and B, which are part of the new market tax credit transaction involving TCHFH St. Paul HQ, LLC.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Mortgages Receivable

Mortgage notes receivable entered into at rates substantially below market rates are discounted to net present value. The discounts are charged directly to operations at the inception of the mortgage and amortized over the life of the contract. Discount amortization is reported as amortization of discount on mortgages on the consolidated statements of activities in the period amortized.

Allowance for Credit Losses

The Organization’s allowance for credit losses is that amount considered adequate to absorb probable losses based on management’s evaluations of the size and current risk characteristics of the loan and mortgage portfolios. Such evaluations consider historical information and experience with clients. Specific allowances for credit losses are established for large impaired notes on an individual basis. A note is considered impaired when, based on current information and events, it is probable that the Organization will be unable to collect the scheduled payments when due according to the contractual terms of the promissory note. The specific allowances established for these loans are based on a thorough analysis of the most probable source of repayment, including the estimated fair value of the underlying collateral.

At June 30, 2015, the Organization has individually evaluated mortgage notes for impairment. Management believes all mortgages receivable are realizable through either collection or foreclosure proceeds if not collected, with the exception of one program. Due to current market conditions and credit quality, one mortgage program recorded an allowance for doubtful accounts of $75,878 as of June 30, 2015 and 2014.

At June 30, 2015, the Organization has individually evaluated leveraged loans receivable for impairment and no allowance is deemed necessary.

Contributions Receivable

Contributions receivable are recorded at net realizable value. Conditional pledges are not included as support until such time as the conditions are substantially met. Receivables are assessed individually for collectability based on the surrounding facts and circumstances and management’s past history. When all collection efforts have been exhausted, the accounts are written off against the related allowance As of June 30, 2015 and 2014, the allowance for doubtful accounts was $16,672 and $41,330, respectively.

Inventory

Inventories are valued at cost based on a specific identification method. In-kind inventory is recorded at its estimated market value when received. Inventory for homeownership is expensed to cost of production sold at time of sale to homeowners.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment purchased are stated at cost. The Organization capitalizes items over $1,000. Contributed items are recorded at fair market value at date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulation, contributions of property and equipment are recorded as unrestricted. Depreciation of property and equipment is computed on a straight-line basis over the estimated useful lives of the assets.

In-Kind Contributions

In-kind contributions consist of donated land, homes, materials, and specialized labor. Donated land is valued using independent appraisals, or if unavailable, comparative market analysis or the tax appraisal values. Donated materials and specialized labor are valued at market value on the date of donation.

Home Sales

Nearly all sales to homeowners are financed by TCHFH and are recorded when title is transferred, at the first mortgage amount classified as operating revenues, and the related discount is recorded at the same time as a non-operating activity. Noninterest-bearing mortgages have been discounted based upon prevailing market rates for low-income housing at the inception of the mortgages. Utilizing the effective interest method, this discount will be recognized as income over the term of the mortgage.

Public Sector Funds

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

Grant Awards that are Contributions – Grants that qualify as contributions are recorded as revenue as they are received.

Grant Awards that are Exchange Transactions – Exchange transactions are recognized as revenue as they are earned and expenses as they are incurred.

Income Taxes

The Organization and the CHDO have exempt status relative to federal and Minnesota corporate income taxes under Internal Revenue Code Section 501(c)(3) and applicable state statutes. The Organization and the CHDO are not private foundations and contributions to the Organization qualify as a charitable tax deduction by the contributor. TCHFH St. Paul HQ, LLC is a 95% owned LLC of Twin Cities Habitat for Humanity, Inc. with the remaining 5% owned by another nonprofit affordable housing organization, and subject to a member control agreement. TCHFH St. Paul HQ, LLC will file a Form 1065.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The Organization follows the accounting standards for contingencies in evaluating uncertain tax positions. This guidance prescribes recognition threshold principles for the consolidated financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. No liability has been recognized by the Organization as a result of the implementation of this standard. The Organization's returns are subject to review and examination by federal and state authorities.

Functional Allocation of Expense

Salaries and related expenses are allocated based on job descriptions and the best estimates of management. Expenses, other than salaries and related expenses which are not directly identifiable by program or support service, are allocated based on the best estimates of management.

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Reclassification

Certain reclassifications have been made to the prior year financial statements to conform to current year presentation. The reclassification has no effect on the change in net assets or the total net assets as previously reported.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 10, 2015, the date the financial statements were available to be issued.

NOTE 2 CONTRIBUTIONS RECEIVABLE

The present value of the contributions receivable were summarized as follows at June 30, 2015 and 2014:

	2015	2014
Gross Contributions Receivable	$ 659,713	$ 1,702,377
Less: Allowance for Doubtful Accounts	(16,672)	(41,330)
Less: Present Value Discount - 5%	(29,492)	(56,789)
Net Contributions Receivable	$ 613,549	$ 1,604,258
Amounts Due in:		
Less Than One Year	$ 292,266	$ 1,196,454
One to Five Years	321,283	407,804
Total	$ 613,549	$ 1,604,258

At June 30, 2014, one contributor comprised 16% of the contributions receivable and at June 30, 2015, two contributors comprised 29% of the contributions receivable.

NOTE 3 INVENTORY

Inventory consists of the following at June 30, 2015 and 2014:

	2015	2014
Homes in Progress	$ 2,665,288	$ 2,166,239
Land and Acquired Property	2,876,996	2,969,026
Building Material	530,835	494,996
Held for Resale	114,220	162,688
Total Inventory	$ 6,187,339	$ 5,792,949

NOTE 4 PROPERTY AND EQUIPMENT

A summary of the property and equipment costs and related accumulated depreciation at June 30, 2015 and 2014 are as follows:

	2015		
	Cost	Accumulated Depreciation	Life
Land	$ 1,198,825	$ -	N/A
Buildings and Improvements	7,465,201	429,215	5 - 39 Years
Furniture and Equipment	1,979,211	934,576	5 - 7 Years
Vehicles	483,258	391,190	3 - 5 Years
	$ 11,126,495	$ 1,754,981	
Property and Equipment, Net		$ 9,371,514	

	2014		
	Cost	Accumulated Depreciation	Life
Land	$ 1,198,825	$ -	N/A
Buildings and Improvements	7,465,201	259,048	5 - 39 Years
Furniture and Equipment	1,891,380	715,927	5 - 7 Years
Vehicles	446,578	332,113	3 - 5 Years
	$ 11,001,984	$ 1,307,088	
Property and Equipment, Net		$ 9,694,896	

On November 6, 2013, the Organization entered into a purchase agreement to sell their existing headquarters building in Minneapolis, MN. The sale was finalized on April 3, 2014. A gain on disposal was recognized in the amount of $469,665 for the year ended June 30, 2014.

NOTE 5 LEVERAGED LOANS RECEIVABLE

At June 30, 2015 and 2014, the composition of leveraged loans receivable was as follows:

Description	2015	2014
Leveraged Loan A, 2.4316%, Due in interest-only installments with principal due on April 16, 2020.	$ 3,700,000	$ 3,700,000
Leveraged Loan B, 2.4316%, Due in interest-only installments through April 16, 2020, Commencing May 1, 2020 due in monthly installments of $13,098 with principal due on April 16, 2043.	2,766,900	2,766,900
Total	$ 6,466,900	$ 6,466,900

The loans are secured by substantially all assets of the borrower. As of June 30, 2015 and 2014, the Organization has not reserved any allowance for losses on the leveraged loans receivable, as these loans are being collected consistent with their payment terms.

NOTE 6 MORTGAGES RECEIVABLE

A home is considered sold when a formal closing transaction has been finalized. Homes are sold at fair market value based on an appraisal of the property. Contract periods span 20 to 30 years, and monthly payments are no greater than 30% of the family's income at the time of sale. At June 30, 2015 and 2014, the Organization had 848 and 815 mortgages outstanding, respectively.

Nearly all of the mortgage loans receivable are noninterest-bearing mortgages. When the first mortgage on each home is less than the market value, the Organization also obtains a second mortgage for the difference between the first mortgage and market value. The second mortgage, which is forgiven at the end of the first mortgage term, is assumed to have no economic value and, accordingly, is not recognized in the Organization's financial statements. At June 30, 2015 and 2014, the composition of mortgages receivable is as follows:

	2015	2014
Mortgages Receivable	$ 69,442,010	$ 67,318,056
Less: Unamortized Discount	(27,379,137)	(27,124,090)
Less: Allowance for Credit Losses	(75,878)	(75,878)
Total	$ 41,986,995	$ 40,118,088

NOTE 6 MORTGAGES RECEIVABLE (CONTINUED)

The first mortgages receivable have been discounted in order to reflect their economic value. The interest rates used to determine the discount range from 3.74% to 10.0% based on prevailing market rates in the year the mortgage originated. These original discounts and related amortization are reflected as a non-operating activity in the consolidated statement of activities.

The allowance for credit losses and recorded investment in loans is as follows:

	2015	2014
Allowance for Credit Losses:		
Balance at Beginning of the Year	$ 75,878	$ 75,878
Provision for Loan Losses	-	-
Loans Charged-Off	-	-
Recoveries on Sales of Loans	-	-
Balance at End of Year	$ 75,878	$ 75,878

The following tables show an aging analysis of the loan portfolio by time past due:

	June 30, 2015			
	Current	30-89 Days Past Due	90 Days or More Past Due	Total
Mortgages Receivable	$ 67,355,859	$ 975,638	$ 1,110,513	$ 69,442,010

	June 30, 2014			
	Current	30-89 Days Past Due	90 Days or More Past Due	Total
Mortgages Receivable	$ 64,296,320	$ 1,454,407	$ 1,567,329	$ 67,318,056

NOTE 7 LONG-TERM NOTES PAYABLE

Long-term notes payable consists of the following as of June 30, 2015 and 2014:

Description	2015	2014
Interest-Bearing Notes:		
Notes Payable, 3%, Secured by Specifically Identified Mortgages Receivable, Due in Monthly Installments of $10,335 with Maturity Dates from March 1, 2018 to December 1, 2019 (a)	$ 406,505	$ 516,532
Note Payable, 1%, Secured by Specifically Identified Mortgages Receivable, Due in Monthly Installments of $1,738 through March 1, 2022 (a)	136,103	155,497
Note Payable, 2.81%, Secured by Specifically Identified Mortgages Receivable Due, in Monthly Installments of $80,166 through April 1, 2040 (a)	14,637,383	13,451,496
Note Payable, 4.25%, Secured by Specific Mortgages Receivable, Due in Monthly Installments of $7,683 through May 18, 2023	630,535	694,065
Note Payable, 2.99%, Secured by Specifically Identified Mortgages Receivable, Due in Monthly Installments of $4,491 through February 1, 2019	186,792	234,239
Note Payable, 3%, Interest Forgiven through April 1, 2011, Unsecured, Due in Quarterly Interest-Only Installments of $6,000 with Principal Balance Due in Full on December 27, 2017	800,000	800,000
Note Payable, 4.8%, Secured by Specific Mortgages Receivable, Due in Quarterly Installments of $9,665 through June 30, 2018	49,820	93,559
Note Payable, 3.75%, Secured by specifically identified mortgages receivable, Due in monthly installments of $7,505 through May 1, 2021	476,753	547,224
Note Payable, 2%, Unsecured, Due in quarterly interest-only installments of $5,000 with principal balance due on October 1, 2015	1,000,000	1,000,000
Note Payable, 1%, Unsecured, Annual interest only payments of $10,000 with principal balance due on November 24, 2016	1,000,000	-

NOTE 7 LONG-TERM NOTES PAYABLE (CONTINUED)

Description	2015	2014
Interest-Bearing Notes (Continued):		
Note Payable, 2.99%, Unsecured, Due in monthly installments of $4,491 with principal balance due on February 1, 2020	234,237	-
Note Payable, 4%, Unsecured, Due in monthly installments of $7,593 with principal balance due on May 18, 2022	560,910	627,797
Note Payable, 4.25%, Secured by notes receivable of $3,700,000 and $2,766,900, TCHFH St. Paul HQ, LLC capital campaign pledges and related restricted cash collection account, Due in interest-only installments with principal due on April 16, 2020	3,700,000	3,700,000
Subtotal - Interest-Bearing Notes	23,819,038	21,820,409
Qualified Low Income Community Investment Notes:		
QALICI Note A, 2.315%, Secured by specific parcels of land, buildings, improvements, fixtures and personal property thereon and leases, rents, issues and profits therefrom, Due in interest-only installments with principal due on April 16, 2020	3,700,000	3,700,000
QALICI Note B, 2.315%, Secured by specific parcels of land, buildings, improvements, fixtures and personal property thereon and leases, rents, issues and profits therefrom, Due in interest-only installments through April 16, 2020, Commencing May 1, 2020 due in monthly installments of $12,939 with principal due on April 16, 2043	2,766,900	2,766,900
QALICI Note C, 2.315%, Secured by specific parcels of land, buildings, improvements, fixtures and personal property thereon and leases, rents, issues and profits therefrom, Due in interest-only installments through April 1, 2020, Commencing May 1, 2020 due in monthly installments of $12,407 with principal due on April 16, 2043	2,653,100	2,653,100
Subtotal - Qualified Low Income Community Investment Notes	9,120,000	9,120,000
Non-Interest Bearing Notes:		
Notes Payable, Noninterest-bearing, Secured by Specifically Identified Mortgages Receivable, Due in Monthly Installments Based on the Term of the Loans, Current Monthly Installments of $64,765 with Balances Due through April 6, 2029 (a)	11,020,392	10,854,817

NOTE 7 LONG-TERM NOTES PAYABLE (CONTINUED)

Description	2015	2014
Non-Interest Bearing Notes (Continued):		
Notes Payable, Noninterest-bearing, Unsecured, Due in Monthly Installments to Habitat for Humanity International for the SHOP program over 48 months (b)	471,860	398,189
Note Payable, Noninterest-bearing, Secured by Underlying Interest in Property, Amount Due in Monthly Installments of $1,000 or once a year at $12,000 through December 31, 2019	60,000	72,000
Note Payable, Noninterest-bearing, Unsecured, Amount Due in Yearly Installments of $6,667 through January 1, 2036	139,997	146,664
Subtotal - Non-Interest Bearing Notes	11,692,249	11,471,670
Forgivable Notes:		
Note Payable, Noninterest-bearing, Unsecured, No Payments Required, Forgivable on February 1, 2018 Contingent on Specific Requirements Being Met	110,000	110,000
Note Payable, Noninterest-bearing, Unsecured, No Payments Required, Forgivable on January 31, 2019 Contingent on Specific Requirements Being Met	70,000	70,000
Note Payable, Noninterest-bearing, Unsecured, No Payments Required, Forgivable on January 31, 2019 Contingent on Specific Requirements Being Met	80,000	80,000
Notes Payable, Noninterest-bearing, Unsecured, No Payments Required, Forgivable between July 1, 2032 and June 1, 2038 Contingent on Specific Requirements Being Met	523,274	523,274
Notes Payable, Noninterest-bearing, Unsecured, No Payments Required, Forgivable Contingent on Specific Requirements Being Met	719,034	1,023,189
Subtotal - Forgivable Notes	1,502,308	1,806,463
Total	46,133,595	44,218,542
Less: Unamortized Discount	(6,435,278)	(6,518,788)
Long-Term Notes Payable, Net	$ 39,698,317	$ 37,699,754

(a) Notes Payable due to Habitat for Humanity of Minnesota, Inc., an affiliate of Habitat for Humanity International
(b) Notes Payable due to Habitat for Humanity International, a related party

NOTE 7 LONG-TERM NOTES PAYABLE (CONTINUED)

Maturities of long-term notes payable are as follows:

Year Ending June 30,	Repayable	Forgivable
2016	$ 2,285,541	$ 719,034
2017	3,618,729	-
2018	2,748,891	-
2019	1,869,355	-
2020	10,891,831	-
Thereafter	23,216,940	783,274
Total	$ 44,631,287	$ 1,502,308

The interest-bearing notes payable were made to the Organization at rates below the prevailing market rates and are discounted at the prevailing market rate at time of origination. These discounts are reflected as contributions in the year of origination.

These original discounts and related amortization are reflected as non-operating activity in the consolidated statement of activities. Notes payable are secured by pledged mortgages receivable equal to the notes balance.

Subsequent to year-end, the Organization increased their borrowings with Habitat for Humanity of Minnesota, Inc. for $1,501,683 and at interest rates between 0% and 3%.

New Market Tax Credit Financing

In April 2013, TCHFH St. Paul HQ, LLC obtained a new market tax credit enhanced mortgage loan for a total of $9,120,000 (consisting of QALICI Notes A, B and C) to finance project costs related to the construction of the new corporate headquarters for TCHFH and TCHFH St. Paul HQ, LLC. TCHFH St. Paul HQ, LLC is a 95% owned LLC of Twin Cities Habitat for Humanity, Inc. with the remaining 5% owned by another nonprofit affordable housing organization, and subject to a member control agreement. TCHFH and the other nonprofit affordable housing organization contributed $359,237 and $18,907, respectively, of capital to TCHFH St. Paul HQ, LLC. Participating lenders received an allocation of new market tax credits pursuant to Section 45D of the Code in order to assist eligible businesses in making new investments in certain communities. As part of the NMTC transaction, TCHFH loaned $6,466,900 (consisting of Leveraged Loans A and B) to a third-party investment fund, which along with new market tax credit equity from a participating bank, loaned NMTC proceeds to TCHFH St. Paul HQ, LLC in the form of QALICI Notes A, B and C, which are eligible for prepayment on April 1, 2020.

TCHFH also obtained a short-term loan in the amount of $1,911,605 in April 2013, the proceeds of which were combined with proceeds of the Pledge Loan Payable and $330,859 of TCHFH's own cash and re-loaned to the third party investment fund as Leveraged Loan B. The short-term loan of $1,911,605, plus interest at 2.75% plus one-month LIBOR, was repaid on the closing date of the NMTC transaction.

NOTE 8 LINE OF CREDIT

The Organization has a revolving line of credit, expiring March 1, 2016, that permits borrowings up to $500,000. Interest is calculated at 2.85% plus the one-month LIBOR rate. The agreement is secured by assets held by the Organization, excluding mortgages receivable, and has certain financial and non-financial covenants for which the Organization must comply with. As of June 30, 2015 and 2014, there was no outstanding balance.

The Organization has a revolving line of credit, expiring March 1, 2016, that permits borrowings up to $1,200,000. Interest is calculated at 2.85% plus the one-month LIBOR rate. The agreement is secured by multi-year donation pledges. As of June 30, 2015 and 2014, there was an outstanding balance of $300,000 and $450,000, respectively.

NOTE 9 LEASES

The Organization leases a warehouse facility and an outlet store under non-cancelable operating lease agreements. Each of these leases requires monthly rent payments and requires the Organization to pay its portion of taxes, maintenance and operating expenses. Rent expense for the years ended June 30, 2015 and 2014 was $386,216 and $332,759, respectively.

Minimum lease payments for operating leases in future years are as follows:

Year Ending June 30,	Operating Leases
2016	$ 231,328
2017	228,240
2018	133,736
Total Minimum Lease Payments	$ 593,304

NOTE 10 IN-KIND CONTRIBUTIONS

In-kind contributions consisted of the following for the years ended June 30, 2015 and 2014:

	2015	2014
Land and Building	$ 670,408	$ 2,636,010
Materials and Equipment	691,399	325,212
Specialized Labor	56,887	47,919
Subtotal In-Kind Contributions	1,418,694	3,009,141
Special Event Donated Material	158,352	87,246
Total In-Kind Contributions	$ 1,577,046	$ 3,096,387

In-kind contributions were expended as follows for the years ended June 30, 2015 and 2014:

	2015	2014
Cost of Homes Sold	$ 929,083	$ 1,407,107
Specialized Labor and Services	56,887	47,919
Materials and Equipment	691,399	322,098
Special Event Direct Benefits	158,352	87,246
Total In-Kind Expenses	$ 1,835,721	$ 1,864,370

The difference between revenue and expense is due to in-kind contributions that are either held in inventory or expensed out of inventory.

NOTE 11 DEFINED CONTRIBUTION PLAN

The Organization sponsors a 401(k) and Profit Sharing Plan. Under this plan, eligible employees may elect to defer up to 80% of their eligible compensation.

Under the plan, the Organization contributes an amount on behalf of each eligible participant equal to 100% of their contribution up to 3% of the employees' contributions. Contributions to these plans by the Organization were $92,456 and $92,870 for the years ended June 30, 2015 and 2014, respectively.

NOTE 12 TEMPORARILY RESTRICTED

Temporarily restricted net assets consist of the following at June 30, 2015 and 2014:

	2015	2014
Time Restricted Pledges	$ 454,218	$ 1,277,086
Restricted for Program Purposes	596,043	1,437,214
Unappropriated Endowment Earnings	25,124	24,434
Total Temporarily Restricted Net Assets	$ 1,075,385	$ 2,738,734

NOTE 12 TEMPORARILY RESTRICTED (CONTINUED)

Net assets released from restriction consist of the following at June 30, 2015 and 2014:

	2015	2014
Net Pledges Received	$ 947,717	$ 1,335,490
House Expenditures Incurred	1,388,214	458,839
Operating Net Assets Released from Restrictions	2,335,931	1,794,329
Net Assets Released from Restrictions - Capital	-	3,283,827
Total Releases from Restriction	$ 2,335,931	$ 5,078,156

NOTE 13 ENDOWMENT

Donor Restricted Endowments

During the year ended June 30, 2004, the Organization received a $665,363 foundation contribution that was permanently restricted for endowment purposes. All funds are currently invested in cash and cash equivalents. Prior to June 30, 2008, all endowment earnings were made available and used to support operating activities.

The composition of endowment funds by type of fund are as follows at June 30, 2015 and 2014:

2015	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor Restricted Endowment Funds	$ -	$ 25,124	$ 665,363	$ 690,487

2014	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor Restricted Endowment Funds	$ -	$ 24,434	$ 665,363	$ 689,797

The summary of changes in endowment net assets are as follows:

2015	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Fund Balance, June 30, 2014	$ -	$ 24,434	$ 665,363	$ 689,797
Contributions	-	-	-	-
Investment Income	-	690	-	690
Appropriations	-	-	-	-
Endowment Fund Balance, June 30, 2015	$ -	$ 25,124	$ 665,363	$ 690,487

NOTE 13 ENDOWMENT (CONTINUED)

Donor Restricted Endowments (Continued)

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Fund Balance, June 30, 2013	$ -	$ 23,758	$ 665,363	$ 689,121
Contributions	-	-	-	-
Investment Income	-	676	-	676
Appropriations	-	-	-	-
Endowment Fund Balance, June 30, 2014	$ -	$ 24,434	$ 665,363	$ 689,797

This donor restricted endowment fund was established for the purpose of securing the Organization's long-term financial viability. As required by accounting principles generally accepted in the United States of America, net assets of the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions. The board of directors has interpreted the State's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as maintaining the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation the Organization classifies as permanently restricted net assets the original value of the gift to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets, until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

Investment Objectives and Strategies

The Organization has adopted an investment policy to guide the investing of this single donor endowment asset. Under the approved policy this endowment asset is invested in a manner that is intended to maintain its principal, in accordance with the donors' wishes.

Spending Policy

The board of directors authorized appropriations as it deems prudent. The Organization has a practice of appropriating for distribution only investment earnings in excess of original endowed principal. Unappropriated earnings for the fiscal years 2009 - 2015 total $25,124.

TWIN CITIES HABITAT FOR HUMANITY, INC.
CONSOLIDATING BALANCE SHEET
JUNE 30, 2015

	Twin Cities Habitat for Humanity, Inc.	CHDO	TCHFH St. Paul HQ, LLC	Eliminations	Consolidated
ASSETS					
Cash and Cash Equivalents	$ 6,919,748	$ -	$ 72,563	$ -	$ 6,992,311
Certificate of Deposit	236,663	-	-	-	236,663
Equity Investment in TCHFH St. Paul HQ, LLC	807,574	-	-	(807,574)	-
Accounts Receivable	450,615	-	-	(850)	449,765
Contributions Receivable, Net	613,549	-	-	-	613,549
Inventory	6,187,339	-	-	-	6,187,339
Prepaid and Other Assets	965,892	-	-	-	965,892
Leveraged Loans Receivable	6,466,900	-	-	-	6,466,900
Property and Equipment, Net	320,196	-	9,540,845	(489,527)	9,371,514
Mortgages Receivable:					
Mortgages Receivable at Face Value	69,442,010	-	-	-	69,442,010
Less: Unamortized Discount	(27,455,015)	-	-	-	(27,455,015)
Mortgages Receivable, Net	41,986,995	-	-	-	41,986,995
Total Assets	$ 64,955,471	$ -	$ 9,613,408	$ (1,297,951)	$ 73,270,928
LIABILITIES AND NET ASSETS					
LIABILITIES					
Accounts Payable	$ 626,461	$ -	$ -	$ -	$ 626,461
Accrued Expenses	759,720	-	17,858	(850)	776,728
Line of Credit	300,000	-	-	-	300,000
Long-Term Notes Payable:					
Long-Term Notes Payable at Face Value	37,013,595	-	9,120,000	-	46,133,595
Less: Unamortized Discount	(6,435,278)	-	-	-	(6,435,278)
Long-Term Notes Payable, Net	30,578,317	-	9,120,000	-	39,698,317
Total Liabilities	32,264,498	-	9,137,858	(850)	41,401,506
NET ASSETS					
Unrestricted	30,950,225	-	475,550	(1,297,101)	30,128,674
Temporarily Restricted	1,075,385	-	-	-	1,075,385
Permanently Restricted	665,363	-	-	-	665,363
Total Net Assets	32,690,973	-	475,550	(1,297,101)	31,869,422
Total Liabilities and Net Assets	$ 64,955,471	$ -	$ 9,613,408	$ (1,297,951)	$ 73,270,928

TWIN CITIES HABITAT FOR HUMANITY, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

	Twin Cities Habitat for Humanity, Inc.			CHDO	TCHFH St. Paul HQ, LLC			Consolidated		
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Unrestricted	Temporarily Restricted	Eliminations	Unrestricted	Temporarily Restricted	Permanently Restricted
OPERATING REVENUE AND SUPPORT										
Operating Revenue:										
Home Sales (Mortgages Received)	$ 6,358,853	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,358,853	$ -	$ -
Interest Income	190,929	690	-	-	-	-	-	190,929	690	-
ReStore Sales (Net of Direct Expense of $629,305)	304,200	-	-	-	-	-	-	304,200	-	-
Gain on Disposal of Assets	825	-	-	-	-	-	-	825	-	-
Other	465,419	-	-	-	240,000	-	(688,337)	17,082	-	-
Total Operating Revenue	7,320,226	690	-	-	240,000	-	(688,337)	6,871,889	690	-
Support:										
Foundations	336,211	193,612	-	-	-	-	-	336,211	193,612	-
Corporations	2,510,766	386,930	-	-	-	-	-	2,510,766	386,930	-
Religious Organizations	349,887	27,986	-	-	-	-	-	349,887	27,986	-
Individuals	2,683,665	63,364	-	-	-	-	-	2,683,665	63,364	-
Public Sector Funds	2,461,994	-	-	90,000	-	-	-	2,551,994	-	-
In-Kind	1,418,694	-	-	-	-	-	-	1,418,694	-	-
Special Events (Net of Direct Expense of $381,354)	279,911	-	-	-	-	-	-	279,911	-	-
Total Support	10,041,128	671,892	-	90,000	-	-	-	10,131,128	671,892	-
Net Assets Released from Restrictions	2,335,931	(2,335,931)	-	-	-	-	-	2,335,931	(2,335,931)	-
Total Operating Revenue and Support	19,697,285	(1,663,349)	-	90,000	240,000	-	(688,337)	19,338,948	(1,663,349)	-
OPERATING EXPENSES										
Program Services	15,864,760	-	-	90,000	456,714	-	(218,026)	16,193,448	-	-
Management and General	712,961	-	-	-	47,604	-	(22,726)	737,839	-	-
Fundraising	1,593,443	-	-	-	80,390	-	(38,377)	1,635,456	-	-
Total Operating Expenses	18,171,164	-	-	90,000	584,708	-	(279,129)	18,566,743	-	-
OPERATING INCREASE (DECREASE) IN NET ASSETS	1,526,121	(1,663,349)	-	-	(344,708)	-	(409,208)	772,205	(1,663,349)	-
NONOPERATING ACTIVITIES										
Contribution of Below Market Interest Rate Debt	648,276	-	-	-	-	-	-	648,276	-	-
Home Sales Mortgage Discount	(2,480,761)	-	-	-	-	-	-	(2,480,761)	-	-
Amortization of Discount on Mortgages	2,225,713	-	-	-	-	-	-	2,225,713	-	-
Amortization of Discount on Long-Term Notes Payable	(794,183)	-	-	-	-	-	-	(794,183)	-	-
Contributions for Capital Purposes	15,175	-	-	-	-	-	-	15,175	-	-
NONOPERATING INCREASE (DECREASE) IN NET ASSETS	(385,780)	-	-	-	-	-	-	(385,780)	-	-
TOTAL INCREASE (DECREASE) IN NET ASSETS	1,140,341	(1,663,349)	-	-	(344,708)	-	(409,208)	386,425	(1,663,349)	-
Net Assets - Beginning of Year	29,809,884	2,738,734	665,363	-	820,258	-	(887,893)	29,742,249	2,738,734	665,363
NET ASSETS - END OF YEAR	$ 30,950,225	$ 1,075,385	$ 665,363	$ -	$ 475,550	$ -	$ (1,297,101)	$ 30,128,674	$ 1,075,385	$ 665,363