TWIN CITIES HABITAT FOR HUMANITY, INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

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

Report on the Consolidated 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, 2016 and 2015, 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.

A member of Nexia International

Board of Directors
Twin Cities Habitat for Humanity, Inc.

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, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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, 2016

TWIN CITIES HABITAT FOR HUMANITY, INC.
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2016 AND 2015

	2016	2015
ASSETS		
Cash and Cash Equivalents	$ 6,910,951	$ 6,992,311
Certificate of Deposit	-	236,663
Accounts Receivable	482,863	449,765
Contributions Receivable, Net (Note 2)	329,951	613,549
Inventory (Note 3)	5,973,155	6,187,339
Prepaid and Other Assets	1,143,140	965,892
Property and Equipment, Net (Note 4)	9,140,330	9,371,514
Leveraged Loans Receivable (Note 5)	6,466,900	6,466,900
Mortgages Receivable (Note 6):		
Mortgages Receivable at Face Value	71,664,388	69,442,010
Less: Unamortized Discount	(27,726,106)	(27,455,015)
Mortgages Receivable, Net	43,938,282	41,986,995
Total Assets	$ 74,385,572	$ 73,270,928
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	$ 812,118	$ 626,461
Accrued Expenses	739,546	776,728
Line of Credit (Note 8)	747,749	300,000
Long-Term Notes Payable (Note 7):		
Long-Term Notes Payable at Face Value	47,016,857	46,133,595
Less: Unamortized Discount	(6,429,458)	(6,435,278)
Long-Term Notes Payable, Net	40,587,399	39,698,317
Total Liabilities	42,886,812	41,401,506
NET ASSETS		
Unrestricted	29,521,159	30,128,674
Temporarily Restricted (Note 12)	1,312,238	1,075,385
Permanently Restricted (Note 13)	665,363	665,363
Total Net Assets	31,498,760	31,869,422
Total Liabilities and Net Assets	$ 74,385,572	$ 73,270,928

See accompanying Notes to Consolidated Financial Statements.

TWIN CITIES HABITAT FOR HUMANITY, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2016 AND 2015

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING REVENUE AND SUPPORT				
Operating Revenue:				
Home Sales (Mortgages Received)	$ 6,714,785	$ -	$ -	$ 6,714,785
Interest Income	167,893	693	-	168,586
ReStore Sales (Net of Direct Expense of $678,644 and $629,305, Respectively)	391,012	-	-	391,012
Gain on Disposal of Assets	-	-	-	-
Other	151,489	-	-	151,489
Total Operating Revenue	7,425,179	693	-	7,425,872
Support:				
Foundations	336,641	317,779	-	654,420
Corporations	3,339,845	282,587	-	3,622,432
Religious Organizations	294,526	48,312	-	342,838
Individuals	3,001,603	200,368	-	3,201,971
Public Sector Funds	2,790,032	521	-	2,790,553
In-Kind (Note 10)	1,559,662	-	-	1,559,662
Special Events (Net of Direct Expense of $423,162 and $381,354, Respectively)	173,684	-	-	173,684
Total Support	11,495,993	849,567	-	12,345,560
Net Assets Released from Restrictions (Note 12)	913,407	(913,407)	-	-
Total Operating Revenue and Support	19,834,579	(63,147)	-	19,771,432
OPERATING EXPENSES				
Program Services	17,238,660	-	-	17,238,660
Management and General	659,823	-	-	659,823
Fundraising	2,184,046	-	-	2,184,046
Total Operating Expenses	20,082,529	-	-	20,082,529
OPERATING INCREASE (DECREASE) IN NET ASSETS	(247,950)	(63,147)	-	(311,097)
NONOPERATING ACTIVITIES				
Contribution of Below Market Interest Rate Debt	716,916	-	-	716,916
Home Sales Mortgage Discount	(2,642,609)	-	-	(2,642,609)
Amortization of Discount on Mortgages	2,371,518	-	-	2,371,518
Amortization of Discount on Long-Term Notes Payable	(810,024)	-	-	(810,024)
Contributions for Capital Purposes	4,634	300,000	-	304,634
NONOPERATING INCREASE (DECREASE) IN NET ASSETS	(359,565)	300,000	-	(59,565)
TOTAL INCREASE (DECREASE) IN NET ASSETS	(607,515)	236,853	-	(370,662)
Net Assets - Beginning of Year	30,128,674	1,075,385	665,363	31,869,422
NET ASSETS - END OF YEAR	$ 29,521,159	$ 1,312,238	$ 665,363	$ 31,498,760

See accompanying Notes to Consolidated Financial Statements.

2015			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
$ 6,358,853	$ -	$ -	$ 6,358,853
190,929	690	-	191,619
304,200	-	-	304,200
825	-	-	825
17,082	-	-	17,082
6,871,889	690	-	6,872,579
336,211	193,612	-	529,823
2,510,766	386,930	-	2,897,696
349,887	27,986	-	377,873
2,683,665	63,364	-	2,747,029
2,551,994	-	-	2,551,994
1,418,694	-	-	1,418,694
279,911	-	-	279,911
10,131,128	671,892	-	10,803,020
2,335,931	(2,335,931)	-	-
19,338,948	(1,663,349)	-	17,675,599
16,193,448	-	-	16,193,448
737,839	-	-	737,839
1,635,456	-	-	1,635,456
18,566,743	-	-	18,566,743
772,205	(1,663,349)	-	(891,144)
648,276	-	-	648,276
(2,480,761)	-	-	(2,480,761)
2,225,713	-	-	2,225,713
(794,183)	-	-	(794,183)
15,175	-	-	15,175
(385,780)	-	-	(385,780)
386,425	(1,663,349)	-	(1,276,924)
29,742,249	2,738,734	665,363	33,146,346
$ 30,128,674	$ 1,075,385	$ 665,363	$ 31,869,422

TWIN CITIES HABITAT FOR HUMANITY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in Net Assets	$ (370,662)	$ (1,276,924)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	472,522	446,986
In-Kind Contributions	(1,723,945)	(1,577,046)
Forgiveness of Debt	(1,441,091)	(761,822)
Discounts on Mortgages Related to Current-Year Home Sales	2,642,609	2,480,761
Discounts on Current-Year Borrowings Under Long-Term Notes Payable	(716,916)	(648,276)
Amortization of Discounts on Mortgages Receivable	(2,371,518)	(2,225,713)
Amortization of Discount on Long-Term Notes Payable	810,024	794,183
Unrealized Gain on Certificate of Deposit	-	(1,517)
Gain on Disposal of Property and Equipment	(500)	(825)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(33,098)	(40,894)
Contributions Receivable, Net	283,598	990,709
Inventory	(4,617,326)	(4,773,568)
Prepaid and Other Assets	(55,703)	(339,746)
Accounts Payable	185,657	265,380
Accrued Expenses	(37,182)	168,425
Net Cash Used by Operating Activities	(6,973,531)	(6,499,887)
CASH FLOWS FROM INVESTING ACTIVITIES		
Collections on Mortgages Receivable	4,073,926	3,822,270
Proceeds on Sale of Certificate of Deposit	236,663	-
Proceeds from the Sale of Property and Equipment	500	-
Purchases of Property and Equipment	(191,020)	(112,780)
Net Cash Provided by Investing Activities	4,120,069	3,709,490
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings on Line of Credit	500,000	-
Payments on Line of Credit	(52,251)	(150,000)
Required Payments on Long-Term Notes Payable	(1,956,743)	(1,782,654)
Borrowings on Long-Term Notes Payable	4,281,096	4,459,529
Net Cash Provided by Financing Activities	2,772,102	2,526,875
NET DECREASE IN CASH AND CASH EQUIVALENTS	(81,360)	(263,522)
Cash and Cash Equivalents - Beginning	6,992,311	7,255,833
CASH AND CASH EQUIVALENTS - ENDING	$ 6,910,951	$ 6,992,311
SUPPLEMENTARY CASH FLOW INFORMATION		
Interest Paid	$ 975,976	$ 932,676
NONCASH ITEMS		
Inventory and Equipment Contributed by Donors	$ 1,559,662	$ 1,418,694
Mortgages Received in Exchange for Homes Sold	$ 6,296,304	$ 5,946,225
Contributions and Pledge Payments of Investment Securities	$ 182,200	$ 214,345

See accompanying Notes to Consolidated Financial Statements.

TWIN CITIES HABITAT FOR HUMANITY, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2016

	2016								
	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	$ 7,472,478	$ -	$ 245,659	$ 12,051	$ 7,730,188	$ -	$ 65	$ 65	$ 7,730,253
Cost of Production - In-Kind	1,110,997	-	24,521	1,291	1,136,809	-	-	-	1,136,809
Salaries, Taxes, and Benefits	3,181,500	338,199	692,518	756,166	4,968,383	443,332	1,373,765	1,817,097	6,785,480
Professional Fees	69,242	225,280	29,050	84,750	408,322	109,083	268,574	377,657	785,979
Printing and Media	618	262	688	18,810	20,378	606	125,550	126,156	146,534
Postage	9,273	750	2,827	5,711	18,561	813	32,325	33,138	51,699
Insurance	92,898	6,891	21,067	22,132	142,988	6,822	29,589	36,411	179,399
Telephone	41,748	951	6,605	4,018	53,322	962	4,749	5,711	59,033
Occupancy	239,985	5,704	55,190	20,790	321,669	5,666	28,314	33,980	355,649
Vehicle Fleet	42,692	938	11,321	5,330	60,281	932	5,092	6,024	66,305
General Supplies, Tools, and Site Supplies	521,777	2,785	14,547	47,279	586,388	5,596	48,558	54,154	640,542
Equipment Lease and Maintenance	10,976	587	1,806	2,869	16,238	746	7,874	8,620	24,858
Warranty	2,259	-	-	-	2,259	-	-	-	2,259
Meals and Travel	21,685	1,632	5,320	24,810	53,447	7,061	53,043	60,104	113,551
Staff Development	29,596	1,974	8,352	14,311	54,233	27,644	14,125	41,769	96,002
Tithe for International Homes	190,008	-	-	-	190,008	-	-	-	190,008
Property Taxes	2,145	142	486	482	3,255	141	624	765	4,020
Loan Servicing and Bank Fees	16,962	104,966	4,575	1,706	128,209	16,641	39,004	55,645	183,854
Miscellaneous	7,608	290	5,287	1,789	14,974	1,840	3,554	5,394	20,368
Discount Amortization and Interest Expense	194,204	1,425,828	43,705	46,163	1,709,900	14,250	61,849	76,099	1,785,999
Bad Debt Expense	33,125	2,447	7,455	7,871	50,898	-	10,532	10,532	61,430
Depreciation	248,065	17,807	54,623	57,479	377,974	17,688	76,860	94,548	472,522
Total	$ 13,539,841	$ 2,137,433	$ 1,235,602	$ 1,135,808	$ 18,048,684	$ 659,823	$ 2,184,046	$ 2,843,869	$ 20,892,553
Operating	$ 13,539,841	$ 1,327,409	$ 1,235,602	$ 1,135,808	$ 17,238,660	$ 659,823	$ 2,184,046	$ 2,843,869	$ 20,082,529
Nonoperating	-	810,024	-	-	810,024	-	-	-	810,024
Total	$ 13,539,841	$ 2,137,433	$ 1,235,602	$ 1,135,808	$ 18,048,684	$ 659,823	$ 2,184,046	$ 2,843,869	$ 20,892,553
Percentage	64.81%	10.23%	5.91%	5.44%	86.39%	3.16%	10.45%	13.61%	100.00%

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.

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), TCHFH Lending, Inc. 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 is the sole member of TCHFH Lending, Inc. 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. The CHDO and TCHFH Lending, Inc. had no activity in fiscal year 2016 and therefore have not been presented in consolidating schedules.

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 for 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 collectibility 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, 2016 and 2015, 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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2016, 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, 2016 and 2015.

At June 30, 2016, 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, 2016 and 2015, the allowance for doubtful accounts was $71,500 and $16,672, 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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, the CHDO and TCHFH Lending, Inc. 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 Lending, Inc. is a supporting organization of the Organization. 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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 10, 2016, the date the consolidated 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:

	2016	2015
Gross Contributions Receivable	$ 410,663	$ 659,713
Less: Allowance for Doubtful Accounts	(71,500)	(16,672)
Less: Present Value Discount - 5%	(9,212)	(29,492)
Net Contributions Receivable	$ 329,951	$ 613,549
Amounts Due in:		
Less Than One Year	$ 320,665	$ 292,266
One to Five Years	89,998	367,447
Total	$ 410,663	$ 659,713

At June 30, 2016, three contributors comprised 52% 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:

	2016	2015
Homes in Progress	$ 2,630,351	$ 2,665,288
Land and Acquired Property	2,670,903	2,876,996
Building Material	505,078	530,835
Held for Resale	166,823	114,220
Total Inventory	$ 5,973,155	$ 6,187,339

NOTE 4 PROPERTY AND EQUIPMENT

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

	2016		
	Cost	Accumulated Depreciation	Life
Land	$ 1,198,825	$ -	N/A
Buildings and Improvements	7,478,457	611,019	5 - 39 Years
Furniture and Equipment	2,156,777	1,169,023	5 - 7 Years
Vehicles	529,593	443,280	3 - 5 Years
Total	$ 11,363,652	$ 2,223,322	
Property and Equipment, Net		$ 9,140,330	

	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
Total	$ 11,126,495	$ 1,754,981	
Property and Equipment, Net		$ 9,371,514	

NOTE 5 LEVERAGED LOANS RECEIVABLE

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

Description	2016	2015
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, 2016 and 2015, 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, 2016 and 2015, the Organization had 875 and 848 mortgages outstanding, respectively.

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 unless such mortgage becomes collectible in accordance with the terms of the mortgage agreement. At June 30, the composition of mortgages receivable is as follows:

	2016	2015
Mortgages Receivable	$ 71,664,388	$ 69,442,010
Less: Unamortized Discount	(27,650,228)	(27,379,137)
Less: Allowance for Credit Losses	(75,878)	(75,878)
Total	$ 43,938,282	$ 41,986,995

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:

	2016	2015
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, 2016			
	Current	30-89 Days Past Due	90 Days or More Past Due	Total
Mortgages Receivable	$ 68,933,699	$ 1,538,282	$ 1,192,407	$ 71,664,388

	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

NOTE 7 LONG-TERM NOTES PAYABLE

Long-term notes payable consists of the following as of June 30:

Description	2016	2015
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)	$ 293,132	$ 406,505
Note Payable, 1%, Secured by Specifically Identified Mortgages Receivable, Due in Monthly Installments of $1,738 through March 1, 2022 (a)	116,514	136,103
Note Payable, 2.81%, Secured by Specifically Identified Mortgages Receivable, Due in Monthly Installments of $88,977 through September 1, 2040 (a)	15,911,767	14,637,383
Note Payable, 4.25%, Secured by Specific Mortgages Receivable, Due in Monthly Installments of $7,683 through May 18, 2023	564,283	630,535
Note Payable, 2.99%, Secured by Specifically Identified Mortgages Receivable, Due in Monthly Installments of $4,491 through February 1, 2019	137,899	186,792
Note Payable, 3%, 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	17,461	49,820
Note Payable, 3.75%, Secured by specifically identified mortgages receivable, Due in monthly installments of $7,505 through May 1, 2021	403,600	476,753
Note Payable, 2%, Unsecured, Due in quarterly interest-only installments of $5,000 with principal balance due on April 4, 2021	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	1,000,000
Note Payable, 2.99%, Unsecured, Due in monthly installments of $4,491 with principal balance due on February 1, 2020	186,805	234,237

NOTE 7 LONG-TERM NOTES PAYABLE (CONTINUED)

Description	2016	2015
Interest-Bearing Notes (Continued):		
Note Payable, 4%, Unsecured, Due in monthly installments of $7,593 with principal balance due on May 18, 2022	491,318	560,910
Note Payable, 3%, Secured by pledged residential loans and mortgages. Due in monthly installments of $1,423 with principal balance due on July 1, 2041	299,995	-
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	24,922,774	23,819,038
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 $68,089 with Balances Due through June 1, 2043 (a)	11,178,533	11,020,392

NOTE 7 LONG-TERM NOTES PAYABLE (CONTINUED)

Description	2016	2015
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)	487,814	471,860
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	48,000	60,000
Note Payable, Noninterest-bearing, Unsecured, Amount Due in Yearly Installments of $6,667 through January 1, 2036	133,330	139,997
Subtotal - Non-Interest Bearing Notes	11,847,677	11,692,249
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	343,132	719,034
Subtotal - Forgivable Notes	1,126,406	1,502,308
Total	47,016,857	46,133,595
Less: Unamortized Discount	(6,429,458)	(6,435,278)
Long-Term Notes Payable, Net	$ 40,587,399	$ 39,698,317

(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
2017	$ 3,039,477	$ 343,132
2018	2,827,048	110,000
2019	1,948,970	150,000
2020	5,616,703	-
2021	3,117,826	-
Thereafter	29,340,427	523,274
Total	$ 45,890,451	$ 1,126,406

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 also borrowed $1,000,000 at an interest rate of 1.43%.

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.

NOTE 8 LINE OF CREDIT

The Organization has a revolving line of credit, expiring February 24, 2017, 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, 2016 and 2015, there was an outstanding balance of $500,000 and $-0-, respectively.

The Organization has a second revolving line of credit, expiring February 24, 2017, that permits borrowings up to $500,000. 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, 2016 and 2015, there was an outstanding balance of $247,749 and $300,000, respectively.

NOTE 9 LEASES

The Organization leases a warehouse facility, office space for the Mortgage Foreclosure Prevention Program, and two outlet stores 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, 2016 and 2015 was $368,698 and $344,803, respectively.

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

Year Ending June 30,	Operating Leases
2017	$ 356,612
2018	265,020
2019	126,362
2020	127,795
2021	131,033
Total Minimum Lease Payments	$ 1,006,822

NOTE 10 IN-KIND CONTRIBUTIONS

In-kind contributions consisted of the following for the years ended June 30:

	2016	2015
Land and Building Materials	$ 1,052,968	$ 670,408
Tools and Equipment	478,089	691,399
Specialized Labor	28,605	56,887
Subtotal In-Kind Contributions	1,559,662	1,418,694
Special Event Donated Material	164,283	158,352
Total In-Kind Contributions	$ 1,723,945	$ 1,577,046

NOTE 10 IN-KIND CONTRIBUTIONS (CONTINUED)

In-kind contributions were expended as follows for the years ended June 30:

	2016	2015
Cost of Homes Sold	$ 1,136,809	$ 929,083
Specialized Labor and Services	28,605	56,887
Materials and Equipment	478,089	691,399
Special Event Direct Benefits	164,283	158,352
Total In-Kind Expenses	$ 1,807,786	$ 1,835,721

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 $102,673 and $92,456 for the years ended June 30, 2016 and 2015, respectively.

NOTE 12 TEMPORARILY RESTRICTED

Temporarily restricted net assets consist of the following at June 30:

	2016	2015
Time Restricted Pledges	$ 317,717	$ 454,218
Restricted for Program Purposes	668,704	596,043
Unappropriated Endowment Earnings	25,817	25,124
Restricted for Future Capital Projects	300,000	-
Total Temporarily Restricted Net Assets	$ 1,312,238	$ 1,075,385

Net assets released from restriction consist of the following at June 30:

	2016	2015
Net Pledges Received	$ 347,147	$ 947,717
House Expenditures Incurred	566,260	1,388,214
Total Releases from Restriction	$ 913,407	$ 2,335,931

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:

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor Restricted Endowment Funds	$ -	$ 25,817	$ 665,363	$ 691,180

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

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

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Fund Balance, June 30, 2015	$ -	$ 25,124	$ 665,363	$ 690,487
Contributions	-	-	-	-
Investment Income	-	693	-	693
Appropriations	-	-	-	-
Endowment Fund Balance, June 30, 2016	$ -	$ 25,817	$ 665,363	$ 691,180

	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)

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 - 2016 total $25,817.

TWIN CITIES HABITAT FOR HUMANITY, INC.
CONSOLIDATING BALANCE SHEET
JUNE 30, 2016

	Twin Cities Habitat for Humanity, Inc.	TCHFH St. Paul HQ, LLC	Eliminations	Consolidated
ASSETS				
Cash and Cash Equivalents	$ 6,819,273	$ 91,678	$ -	$ 6,910,951
Equity Investment in TCHFH St. Paul HQ, LLC	146,402	-	(146,402)	-
Accounts Receivable	484,294	-	(1,431)	482,863
Contributions Receivable, Net	329,951	-	-	329,951
Inventory	5,973,155	-	-	5,973,155
Prepaid and Other Assets	1,143,140	-	-	1,143,140
Leveraged Loans Receivable	6,466,900	-	-	6,466,900
Property and Equipment, Net	431,190	9,171,048	(461,908)	9,140,330
Mortgages Receivable:				
Mortgages Receivable at Face Value	71,664,388	-	-	71,664,388
Less: Unamortized Discount	(27,726,106)	-	-	(27,726,106)
Mortgages Receivable, Net	43,938,282	-	-	43,938,282
Total Assets	$ 65,732,587	$ 9,262,726	$ (609,741)	$ 74,385,572
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts Payable	$ 812,118	$ -	$ -	$ 812,118
Accrued Expenses	722,538	18,439	(1,431)	739,546
Line of Credit	747,749	-	-	747,749
Long-Term Notes Payable:				
Long-Term Notes Payable at Face Value	37,896,857	9,120,000	-	47,016,857
Less: Unamortized Discount	(6,429,458)	-	-	(6,429,458)
Long-Term Notes Payable, Net	31,467,399	9,120,000	-	40,587,399
Total Liabilities	33,749,804	9,138,439	(1,431)	42,886,812
NET ASSETS				
Unrestricted	30,005,182	124,287	(608,310)	29,521,159
Temporarily Restricted	1,312,238	-	-	1,312,238
Permanently Restricted	665,363	-	-	665,363
Total Net Assets	31,982,783	124,287	(608,310)	31,498,760
Total Liabilities and Net Assets	$ 65,732,587	$ 9,262,726	$ (609,741)	$ 74,385,572

TWIN CITIES HABITAT FOR HUMANITY, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

	Twin Cities Habitat for Humanity, Inc.			TCHFH St. Paul HQ, LLC		Consolidated		
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Eliminations	Unrestricted	Temporarily Restricted	Permanently Restricted
OPERATING REVENUE AND SUPPORT								
Operating Revenue:								
Home Sales (Mortgages Received)	$ 6,714,785	$ -	$ -	$ -	$ -	$ 6,714,785	$ -	$ -
Interest Income	167,893	693	-	-	-	167,893	693	-
ReStore Sales (Net of Direct Expense of $678,644)	391,012	-	-	-	-	391,012	-	-
Other	151,489	-	-	240,000	(240,000)	151,489	-	-
Total Operating Revenue	7,425,179	693	-	240,000	(240,000)	7,425,179	693	-
Support:								
Foundations	336,641	317,779	-	-	-	336,641	317,779	-
Corporations	3,339,845	282,587	-	-	-	3,339,845	282,587	-
Religious Organizations	294,526	48,312	-	-	-	294,526	48,312	-
Individuals	3,001,603	200,368	-	-	-	3,001,603	200,368	-
Public Sector Funds	2,790,032	521	-	-	-	2,790,032	521	-
In-Kind	1,559,662	-	-	-	-	1,559,662	-	-
Special Events (Net of Direct Expense of $423,162)	173,684	-	-	-	-	173,684	-	-
Total Support	11,495,993	849,567	-	-	-	11,495,993	849,567	-
Net Assets Released from Restrictions	913,407	(913,407)	-	-	-	913,407	(913,407)	-
Total Operating Revenue and Support	19,834,579	(63,147)	-	240,000	(240,000)	19,834,579	(63,147)	-
OPERATING EXPENSES								
Program Services	16,980,778	-	-	471,122	(213,240)	17,238,660	-	-
Management and General	647,508	-	-	22,498	(10,183)	659,823	-	-
Fundraising	2,130,599	-	-	97,643	(44,196)	2,184,046	-	-
Total Operating Expenses	19,758,885	-	-	591,263	(267,619)	20,082,529	-	-
OPERATING INCREASE (DECREASE) IN NET ASSETS	75,694	(63,147)	-	(351,263)	27,619	(247,950)	(63,147)	-
NONOPERATING ACTIVITIES								
Contribution of Below Market Interest Rate Debt	716,916	-	-	-	-	716,916	-	-
Home Sales Mortgage Discount	(2,642,609)	-	-	-	-	(2,642,609)	-	-
Amortization of Discount on Mortgages	2,371,518	-	-	-	-	2,371,518	-	-
Amortization of Discount on Long-Term Notes Payable	(810,024)	-	-	-	-	(810,024)	-	-
Change in Equity Investment in TCHFH St. Paul HQ, LLC	(661,172)	-	-	-	661,172	-	-	-
Contributions for Capital Purposes	4,634	300,000	-	-	-	4,634	300,000	-
NONOPERATING INCREASE (DECREASE) IN NET ASSETS	(1,020,737)	300,000	-	-	661,172	(359,565)	300,000	-
TOTAL INCREASE (DECREASE) IN NET ASSETS	(945,043)	236,853	-	(351,263)	688,791	(607,515)	236,853	-
Net Assets - Beginning of Year	30,950,225	1,075,385	665,363	475,550	(1,297,101)	30,128,674	1,075,385	665,363
NET ASSETS - END OF YEAR	$ 30,005,182	$ 1,312,238	$ 665,363	$ 124,287	$ (608,310)	$ 29,521,159	$ 1,312,238	$ 665,363