HOUSING OPPORTUNITIES AND MAINTENANCE FOR THE ELDERLY, INC.

FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2016 AND 2015

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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Housing Opportunities and Maintenance for the Elderly, Inc.
Chicago, Illinois

We have audited the accompanying financial statements of Housing Opportunities and Maintenance for the Elderly, Inc. (the Organization), which comprise the statements of financial position as of September 30, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2016 and 2015, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Oak Brook, Illinois
February 3, 2017

HOUSING OPPORTUNITIES AND MAINTENANCE FOR THE ELDERLY, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2016 AND 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 1,206,720	$ 390,160
Certificates of Deposit	113,495	113,443
Investments	657,356	-
Accounts Receivable	76,232	160,460
Prepaid Expenses	17,602	18,362
Total Current Assets	2,071,405	682,425
PROPERTY AND EQUIPMENT (NET)	3,145,765	3,307,477
OTHER ASSETS		
Escrow Accounts	26,948	23,429
Security Deposits	2,500	2,500
Loan Fees, Net	9,425	9,740
Total Other Assets	38,873	35,669
Total Assets	$ 5,256,043	$ 4,025,571
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 35,891	$ 27,228
Current Portion of Long-Term Debt	8,250	8,250
Accrued Expenses	39,413	61,576
Deferred Revenue - Grants	3,200	3,200
Total Current Liabilities	86,754	100,254
LONG-TERM LIABILITIES		
Deferred Revenue - Grants, Long-Term	6,400	9,600
Notes Payable, Net of Current Portion	2,758,791	2,767,041
Total Long-Term Liabilities	2,765,191	2,776,641
Total Liabilities	2,851,945	2,876,895
NET ASSETS		
Unrestricted		
Board-Designated Building Reserve	288,903	288,903
Board-Designated Special Projects Reserve	1,640,696	223,754
Unrestricted, Undesignated	450,565	577,569
Total Unrestricted	2,380,164	1,090,226
Temporarily Restricted	23,934	58,450
Total Net Assets	2,404,098	1,148,676
Total Liabilities and Net Assets	$ 5,256,043	$ 4,025,571

See Accompanying Notes to Financial Statements.

HOUSING OPPORTUNITIES AND MAINTENANCE FOR THE ELDERLY, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES AND OTHER SUPPORT						
Contributions	$ 320,820	$ 33,000	$ 353,820	$ 326,292	$ 48,938	$ 375,230
Grants	334,722	10,713	345,435	252,500	105,000	357,500
Bequests	1,412,088	-	1,412,088	238,281	-	238,281
In-Kind Contributions	5,000	-	5,000	296,660	-	296,660
Rent from Housing Facilities and Rental Subsidies	669,752	-	669,752	617,544	-	617,544
Government Contracts	88,406	-	88,406	94,436	-	94,436
Net Investment Income, including Loss from Joint Venture	10,307	-	10,307	(22,289)	-	(22,289)
Special Event, Net of Costs of $21,852 and $31,409 in 2016 and 2015, Respectively	60,120	-	60,120	54,270	-	54,270
Other Income	56,214	-	56,214	62,756	-	62,756
Net Assets Released from Restrictions	78,229	(78,229)	-	141,245	(141,245)	-
Total Revenues and Other Support	3,035,658	(34,516)	3,001,142	2,061,695	12,693	2,074,388
EXPENSES						
Program Services	1,450,380	-	1,450,380	1,429,805	-	1,429,805
Management and General	165,408	-	165,408	140,198	-	140,198
Fundraising Expenses	129,932	-	129,932	142,186	-	142,186
Total Expenses	1,745,720	-	1,745,720	1,712,189	-	1,712,189
CHANGE IN NET ASSETS	1,289,938	(34,516)	1,255,422	349,506	12,693	362,199
Net Assets - Beginning of Year	1,090,226	58,450	1,148,676	740,720	45,757	786,477
NET ASSETS - END OF YEAR	$ 2,380,164	$ 23,934	$ 2,404,098	$ 1,090,226	$ 58,450	$ 1,148,676

See Accompanying Notes to Financial Statements.

HOUSING OPPORTUNITIES AND MAINTENANCE FOR THE ELDERLY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016				2015			
	Program Services	Management and General	Fundraising Expenses	Total	Program Services	Management and General	Fundraising Expenses	Total
Employment Costs (Excluding Housing Facilities):								
Salaries	$ 277,310	$ 92,310	$ 76,042	$ 445,662	$ 286,396	$ 74,953	$ 90,665	$ 452,014
Payroll Taxes	20,812	6,944	5,477	33,233	21,419	5,396	6,779	33,594
Other Benefits	10,348	3,686	2,899	16,933	8,365	535	3,730	12,630
Other	10,062	675	304	11,041	6,628	1,176	668	8,472
Salaries, Maintenance, and Programs at Housing Facilities	745,754	-	-	745,754	748,233	-	-	748,233
Program Supplies	85,273	-	-	85,273	87,033	-	-	87,033
Depreciation Expense	171,620	-	-	171,620	140,322	-	-	140,322
Telephone	9,494	1,607	1,839	12,940	10,194	1,955	1,695	13,844
Maintenance	5,458	1,269	1,100	7,827	5,207	1,058	1,220	7,485
General and Administrative	14,849	11,096	11,661	37,606	13,984	12,378	9,643	36,005
Outside Services	750	35,198	-	35,948	715	31,243	184	32,142
Fundraising and Promotion	-	16	19,320	19,336	-	-	14,541	14,541
Transportation	33,038	185	368	33,591	39,519	209	271	39,999
Rent	24,190	5,322	4,623	34,135	20,735	4,124	4,784	29,643
Insurance	27,697	6,560	5,831	40,088	27,150	6,266	6,962	40,378
Utilities	2,307	540	468	3,315	4,456	905	1,044	6,405
Bad Debt Expense	11,418	-	-	11,418	9,449	-	-	9,449
	$ 1,450,380	$ 165,408	$ 129,932	$ 1,745,720	$ 1,429,805	$ 140,198	$ 142,186	$ 1,712,189

See Accompanying Notes to Financial Statements.

HOUSING OPPORTUNITIES AND MAINTENANCE FOR THE ELDERLY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 1,255,422	$ 362,199
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	171,620	140,322
Amortization of Loan Fees	315	314
Donated Assets	-	(261,088)
Provision for Bad Debts	11,418	9,449
Loss on Sale of Fixed Assets	2,225	7,188
(Gain) Loss on PLHI Joint Venture	(1,884)	22,511
Net Realized and Unrealized Gain on Investments	(4,543)	-
(Increase) Decrease in:		
Accounts Receivable	72,810	(29,861)
Prepaid Expenses	760	9,206
Escrow Accounts	(3,519)	28,152
Increase (Decrease) in:		
Accounts Payable	8,663	(8,498)
Accrued Expenses	(20,279)	(20,727)
Deferred Revenue	(3,200)	(3,200)
Net Cash Provided by Operating Activities	1,489,808	255,967
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(652,865)	-
Purchase of Property and Equipment	(29,980)	(56,626)
Proceeds on Sale of Property and Equipment	17,847	-
Net Cash Used by Investing Activities	(664,998)	(56,626)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Long-Term Debt	(8,250)	(8,250)
NET INCREASE IN CASH AND CASH EQUIVALENTS	816,560	191,091
Cash and Cash Equivalents - Beginning of Year	390,160	199,069
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,206,720	$ 390,160
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	$ -	$ -

See Accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Housing Opportunities and Maintenance for the Elderly, Inc. (the Organization) is a nonprofit organization that provides housing and housing support services for low-income elderly in the city of Chicago. The Organization owns and operates three intergenerational apartment buildings, operates an upkeep and repair program for low-income homeowners, and provides a handicapped accessible shopping bus that serves senior citizens citywide.

Presentation of Financial Statements

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

Unrestricted – Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets include net assets subject to designations that may be imposed or removed at the discretion of the Organization's board of directors (board).

Temporarily Restricted – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or by the passage of time.

Permanently Restricted – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donor of these assets permits the use of all or part of the income earned on any related investments for general or specific purposes. At September 30, 2016 and 2015, the Organization had no permanently restricted net assets.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all short-term investments with an initial maturity of less than three months to be cash equivalents. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times, cash in the bank may exceed FDIC insurable limits.

Certificates of Deposit

Certificates of Deposit consist of certificates with an initial maturity of more than three months and are recorded at cost, which approximates fair value.

Investments

Investments are carried at fair value which generally represents quoted market price as of the last business day of the fiscal year. Realized and unrealized gains and losses are reflected in the statement of activities.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense based on its assessment of the current status of individual receivables from rents, contracts, and others. There was an allowance of $-0- and $1,055 as of September 30, 2016 and 2015, respectively.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions are recognized when the donor makes a gift to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Property, Equipment, and Depreciation

The Organization capitalizes all expenditures for property and equipment costing $1,000 or more that have an estimated useful life of more than one year. All property and equipment are recorded at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the individual assets as follows:

Equipment and Vehicles	3 - 7 Years
Furniture and Fixtures	3 - 10 Years
Buildings and Improvements	10 - 40 Years

Impairment of Long-Lived Assets

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

Loan Fees

Loan fees are amortized over the term of the mortgage loan using the straight-line method. Accumulated amortization at September 30, 2016 and 2015 was $2,513 and $2,198, respectively.

Donated Services, Materials, and Supplies

Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments that are not recognized as contributions in the financial statements since the recognition criteria were not met.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services, Materials, and Supplies (Continued)

Donated materials and supplies are recorded at fair market value. For the fiscal year ended September 30, 2016, the Organization received $5,000 in donated materials or supplies. For the fiscal year ended September 30, 2015, the Organization received approximately $261,000 of materials and installation of heating and cooling systems and upgraded common area lighting in their low-income housing.

Functional Expense Allocation

Functional expenses have been allocated between program services, management and general, and fundraising based on an analysis of personnel time and space utilized for the related activities.

Investment in PrimeLife Home Improvement Project

During 2013, the Organization invested in PrimeLife Home Improvement (PLHI), a 501(c)(3) exempt entity established by three members to provide improvements, maintenance, and repairs to residential homes for older adults and 501(c)(3) exempt institutional organizations. PLHI surplus revenue and losses are determined in accordance with accounting principles generally accepted in the United States of America for nonprofit organizations using the accrual method of accounting. The Organization invested a total of $50,000 to earn a one-third interest in the net assets of PLHI. In July 2015, PLHI discontinued operations due to consistent losses. As PLHI had negative net assets as of September 30, 2015, the Organization valued its investment at $-0- and recorded a $21,150 obligation to cover the Organization's share of the loss of PLHI. The liability was paid in full during 2016. For the year ended September 30, 2015, the Organization recognized a loss in the PLHI joint venture of $22,559. For the year ended September 30, 2016, the Organization recognized a gain of $1,884 from the settlement of the final obligation at an amount less than originally recorded.

Board-Designated Unrestricted Net Assets

The board has designated a portion of unrestricted net assets in 2016 and 2015 as a Special Projects Reserve designed to cover costs of special projects that could not be financed from normal sources of revenue and as a Building Reserve designated for improving and replacing capital equipment and other facilities improvements. These designations are at the board's discretion and all or any part of these designations may be re-designated for the general purpose of the Organization.

Income Tax Status

The Organization is a nonprofit organization exempt from paying corporate federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). It has been classified as an organization that is not a private foundation under the IRC and charitable contributions by donors are tax deductible.

The Organization has evaluated its tax positions and determined it has no uncertain tax positions at September 30, 2016.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncements

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (FASB) issued amended guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The guidance will initially be applied retrospectively using one of two methods. The standard will be effective for the Organization for annual periods beginning after December 15, 2018. Early adoption is permitted beginning for annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period.

Leases

In February 2016, the FASB issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance changes the accounting for sale and leaseback transactions to conform to the new revenue recognition standard. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the Organization’s leasing activities. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance are effective for fiscal years beginning after December 15, 2019. Early adoption is permitted.

Financial Statements of Not-for-Profit Entities

In August 2016, the Financial Accounting Standards Board (FASB) issued amended guidance to improve the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity’s liquidity, financial performance, and cash flows. The main provisions of the update are:

- Present on the face of the statement of financial position amounts for two classes of net assets at the end of the year, rather than the current three classes.
- Present on the face of the statement of activities the amount of the change in each of the two classes of net assets.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (Continued)

Financial Statements of Not-for-Profit Entities (Continued)

- Continue to present on the face of the statement of cash flows the net amount for operating cash flows using either the direct or indirect method of reporting. However, no longer require the presentation or disclosure of the indirect method reconciliation, if using the direct method.
- Enhanced disclosures in the following areas:
  - Board designated net assets
  - Donor restricted net assets
  - Qualitative and quantitative information on liquidity
  - Amounts of expenses by both their natural and functional classification
  - Methods used to allocate costs among program and supporting functions
  - Underwater endowments
- Report investment return net of external and direct internal investment expenses and no longer require disclosures of those netted expenses.

The amendments should be applied on a retrospective basis in the year that the pronouncement is first applied. The standard will be effective for the Organization for annual periods beginning after December 15, 2017. Early adoption is permitted.

NOTE 2 FAIR VALUE OF FINANCIAL INSTRUMENTS

In determining fair value, the Organization uses various valuation approaches within the fair value measurement framework of accounting principles generally accepted in the United States of America. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

The measurement framework establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The measurement framework defines levels within the hierarchy based on the reliability of inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;

Level 2 – Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and

Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models, and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

NOTE 2 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair values of assets and liabilities measured on a recurring basis at September 30, 2016 are as follows:

September 30, 2016	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Investments				
Mutual Funds:				
Short-Term Bond	$ 522,502	$ 522,502	$ -	$ -
World Bond	134,854	134,854	-	-
Total Assets	$ 657,356	$ 657,356	$ -	$ -

As of September 30, 2016, the only asset or liability that is measured at fair value on a recurring basis in periods subsequent to initial recognition is investments. Fair value for Level 1 investments include investments in mutual funds, which are listed on a national market or exchange, and are valued at the last sales price, or if there is no sale and the markets are still considered active, at the last transaction price before year-end. As of September 30, 2015, there were no assets or liabilities carried at fair value.

NOTE 3 INVESTMENTS

During the year ended September 30, 2016, the Organization opened an investment portfolio with Alliance Bernstein L.P. Investments as of September 30, 2016 are as follows:

September 30, 2016	Cost	Market	Appreciation (Depreciation)
Investments			
Mutual Funds:			
Short-Term Bond	$ 522,261	$ 522,502	$ 241
World Bond	131,373	134,854	3,481
Total Assets	$ 653,634	$ 657,356	$ 3,722

Investment income, net of fees, is summarized as follows:

	2016	2015
Interest and Dividends	$ 3,884	$ -
Realized and Unrealized Gains	4,543	-
Investment Fees	(821)	-
Investment Income from Portfolio	7,606	-
Other interest income	817	270
Gain/(Loss) from PLHI Joint Venture	1,884	(22,559)
Total Investment Income/(Loss)	$ 10,307	$ (22,289)

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment as of September 30, 2016 and 2015 consisted of the following:

	2016	2015
Land	$ 676,828	$ 676,828
Buildings and Improvements	4,984,071	4,984,071
Furniture and Fixtures	373,805	373,805
Equipment and Automobiles	647,719	658,993
Total	6,682,423	6,693,697
Less: Accumulated Depreciation	(3,536,658)	(3,386,220)
Property and Equipment (Net)	$ 3,145,765	$ 3,307,477

NOTE 5 ESCROW ACCOUNTS

Escrow accounts at September 30, 2016 and 2015 consist of the following:

	2016	2015
Resources for Repair and Maintenance	$ 14,802	$ 13,185
Insurance Escrow	8,000	6,104
Real Estate Tax Escrow	4,146	4,140
Total	$ 26,948	$ 23,429

The Organization makes monthly deposits into the insurance and repairs and maintenance escrow accounts.

NOTE 6 DEFERRED REVENUE

During 2006, the Organization received a grant for $48,000 for the construction and rehabilitation of Blackhawk Manor for the Affordable Housing Program (AHP). The Organization's liability is reduced annually over a period of 15 years based on a pro rata share of the grant provided that no defaults occur under the grant agreement. Should a default occur under the agreement, the Organization is liable for the remaining portion of the grant.

Deferred revenue consisted of $9,600 and $12,800 from AHP at September 30, 2016 and 2015, respectively.

NOTE 7 NOTES PAYABLE

Notes payable as of September 30, 2016 and 2015 consisted of the following:

Description	2016	2015
Interest-free note payable to the City of Chicago, single payment, maturing on May 12, 2033, collateralized by a first mortgage on the related building and land.	$ 2,518,854	$ 2,518,854
Interest-free note payable to the Illinois Housing Development Authority, due in monthly payments of $688, maturing in September of 2046, secured by the related land and buildings.	248,187	256,437
Total	2,767,041	2,775,291
Less: Current Portion	(8,250)	(8,250)
Long-Term Portion	$ 2,758,791	$ 2,767,041

Future scheduled maturities of long-term debt are as follows:

Years Ending September 30,	Amount
2017	$ 8,250
2018	8,250
2019	8,250
2020	8,250
2021	8,250
Thereafter	2,725,791
Total	$ 2,767,041

Interest expense was $-0- at September 30, 2016 and 2015.

NOTE 8 UNRESTRICTED NET ASSETS

Unrestricted net assets consisted of the following at September 30, 2016:

	Beginning Balance	Increases/ (Decreases)	Uses of Board-Designated Funds	Transfers In (Out)	Ending Balance
Unrestricted, Undesignated	$ 577,569	$ (127,004)	$ -	$ -	$ 450,565
Board-Designated Building Reserve	288,903	-	-	-	288,903
Board-Designated Special Projects Reserve	223,754	1,486,209	(69,267)	-	1,640,696
Total Unrestricted Net Assets	$ 1,090,226	$ 1,359,205	$ (69,267)	$ -	$ 2,380,164

NOTE 8 UNRESTRICTED NET ASSETS (CONTINUED)

Unrestricted net assets consisted of the following at September 30, 2015.

	Beginning Balance	Increases/ (Decreases)	Uses of Board-Designated Funds	Transfers In (Out)	Ending Balance
Unrestricted, Undesignated	$ 466,853	$ 125,752	$ -	$ (15,036)	$ 577,569
Board-Designated Building Reserve	273,867	-	-	15,036	288,903
Board-Designated Special Projects Reserve	-	243,754	(20,000)	-	223,754
Total Unrestricted Net Assets	$ 740,720	$ 369,506	$ (20,000)	$ -	$ 1,090,226

The board designated the use of $20,000 from the board-designated special projects reserve to make a contribution to PLHI.

NOTE 9 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at September 30:

	2016	2015
Vehicle Capital Campaign	$ 13,696	$ -
Housing Food Fund	238	-
Bulter Family Foundation for Fiscal Year 2017	10,000	-
RRF Grant for Moving Program	-	58,450
Total	$ 23,934	$ 58,450

NOTE 10 OPERATING LEASE COMMITMENT

The Organization is committed under a lease agreement for office space through July 2018. The lease provides for a base monthly rental plus a percentage of the property taxes based on the Organization’s proportionate share of the lease space. Rent expense was $36,973 and $32,194, respectively, for the years ended September 30, 2016 and 2015.

Future minimum payments on the lease are as follows:

Years Ending September 30,	Amount
2017	$ 36,001
2018	30,747
Total	$ 66,748

NOTE 11 RETIREMENT PLAN

The Organization has a contributory, defined contribution retirement plan covering full-time employees who have met certain requirements as to length of service and age. Annual contributions to the plan are made at the discretion of the board. Total retirement plan expense for the years ended September 30, 2016 and 2015 was $3,050 and $1,350, respectively.

NOTE 12 RELATED PARTY TRANSACTIONS

At September 30, 2016 and 2015, the Organization received $19,382 and $24,576, respectively, in individual contributions from its board members.

NOTE 13 SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 3, 2017, the date the financial statements were available to be issued. Subsequent to year-end, the Organization was in the process of securing a loan from a bank in the amount of $350,000 to assist in the renovations at Nathalie Salmon House.

CliftonLarsonAllen

A member of Nexia International