Habitat for Humanity®
Greater Los Angeles

CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2015

rossi

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.
CONSOLIDATED FINANCIAL STATEMENTS

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Rossi LLP rossillp.com
Certified Public Accountants
Consultants

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Habitat for Humanity of Greater Los Angeles, Inc.
Bellflower, California

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Habitat for Humanity of Greater Los Angeles, Inc. ("HFHGLA") (a California Not-for-Profit Organization), which comprise the consolidated statement of financial position as of June 30, 2015, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related consolidated 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.

Auditor's Responsibility

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

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

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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 HFH GLA as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the HFHGLA's 2014 financial statements, and our report dated April 29, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented here in as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary information

The supplementary information included on pages 22 - 25 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the procedures applied in the audit of the financial statements, and we did not become aware of any material modifications that should be made to such information.

Rossi LLP

September 18, 2015
Long Beach, California

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of June 30,	**2015**	**2014**
ASSETS		
Cash and cash equivalents	$ 3,862,646	$ 5,224,546
Program service grants receivable	70,400	-
Unconditional promises to give, net of unamortized discount	2,460,623	1,157,213
Mortgage notes receivable, net of unamortized discount	11,695,523	11,591,158
Prepaid expenses	455,012	239,614
Inventories	550,250	815,075
Construction in process	6,665,814	4,453,452
Finished homes held for sale	563,995	633,096
Property and equipment, net of accumulated depreciation and amortization	4,594,586	4,631,953
Investments	-	21,508
Deposits and other assets	540,730	355,034
Total assets	$ 31,459,579	$ 29,122,649
LIABILITIES AND NET ASSETS		
Bank line of credit	$ 1,213,527	$ 978,625
Accounts payable	434,376	576,067
Accrued expenses	506,056	483,918
Deposits and impounds	157,521	151,668
Deferred revenue	1,463,190	594,639
Capital leases payable	19,646	11,035
Notes payable - governmental agencies	1,010,879	-
Notes payable - Habitat International	3,785,290	4,560,737
Notes payable - other	4,261,867	4,043,706
Total liabilities	12,852,352	11,400,395
Commitments		
Net assets:		
Unrestricted	15,751,667	16,468,330
Temporarily restricted	2,855,560	1,253,924
Total net assets	18,607,227	17,722,254
Total liabilities and net assets	$ 31,459,579	$ 29,122,649

The accompanying notes are an integral part of these financial statements

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2015, WITH COMPARATIVE TOTALS FOR JUNE 30, 2014

For the year ended June 30, 2015	**Unrestricted**	**Temporarily restricted**	**Totals**	**Prior year-totals**
Revenue, gains, and other support:				
Contributions	$ 2,260,845	$ 2,508,850	$ 4,769,695	$ 3,840,706
Government grants	-	200,000	200,000	1,001,667
NSP program service grants	-	-	-	17,828,791
Sales of homes	1,775,695		1,775,695	16,587,000
ReStores - donations and sales revenue	6,848,274	-	6,848,274	5,555,098
Mortgage loan discount amortization	614,833	-	614,833	529,389
In-kind contributions	419,036	1,422,881	1,841,917	1,461,549
New markets tax credits - amortized revenue	133,192	-	133,192	88,796
Other income	127,147	3,062	130,209	379,056
Net assets released from restrictions:				
Satisfaction of program/donor restrictions	2,533,157	(2,533,157)	-	-
Total revenue, gains, and other support	14,712,179	1,601,636	16,313,815	47,272,052
Expenses:				
Cost of homes sold and program support	14,025,386	-	14,025,386	37,510,535
Management and general	913,625	-	913,625	1,526,174
Fundraising	489,830	-	489,830	622,319
Total functional expenses	15,428,842	-	15,428,842	39,659,028
Relocation costs of organizational headquarters	-	-	-	179,578
Total expenses	15,428,842	-	15,428,842	39,838,606
Change in net assets	(716,663)	1,601,636	884,973	7,433,446
Net assets, beginning of year	16,468,330	1,253,924	17,722,254	10,288,808
Net assets, end of year	$ 15,751,667	$ 2,855,560	$ 18,607,227	$ 17,722,254

The accompanying notes are an integral part of these financial statements

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2015, WITH COMPARATIVE TOTALS FOR JUNE 30, 2014

For the year ended June 30, 2015	**Cost of homes transferred & program support**	**Management & general**	**Fundraising**	**Totals**	**Prior year-totals**
Cost of homes sold - construction costs	$ 2,005,776	$ -	$ -	$ 2,005,776	$ 19,784,784
Cost of homes sold - mortgage discount expense	518,220	-	-	518,220	7,121,340
Cost of goods sold - ReStores	3,696,319	-	-	3,696,319	3,020,925
Salaries	3,259,941	496,088	277,965	4,033,994	3,785,452
Payroll taxes and benefits	819,993	96,703	62,163	978,859	826,551
Americorp	127,369	1,875	2,625	131,869	133,355
Bad debt expense	42,016	-	-	42,016	64,000
Bank fees and charges	47,530	8,089	5,705	61,324	72,868
Home repair	81,722	-	-	81,722	402,526
RNLA program contract expense	10,821	-	-	10,821	124,031
Build events and community programs	174,164	24,940	34,712	233,816	257,745
Contributions to other non-profit organizations	46	-	-	46	1,557
Depreciation	187,349	31,455	17,998	236,802	343,963
Facilities - rent / lease costs	654,683	1,147	461	656,291	658,832
Insurance	99,628	1,349	794	101,771	70,555
Interest and amortization of loan fees	354,594	1,787	-	356,381	291,977
Office and other	623,198	85,797	38,047	747,042	587,292
Professional and outside services	589,700	149,558	43,212	782,470	1,041,260
Real estate - closing and development	112,281	-	-	112,281	202,157
Telephone	101,993	12,718	7,636	122,347	119,101
Tithes	(5,925)	(7,405)	(10,367)	(23,697)	231,400
Travel	42,502	6,223	6,812	55,537	78,010
Utilities and facility maintenance	277,496	3,301	2,067	282,864	202,356
Vehicles	203,970	-	-	203,970	236,991
	$ 14,025,386	$ 913,625	$ 489,830	$ 15,428,841	$ 39,659,028

The accompanying notes are an integral part of these financial statements

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended June 30,	**2015**	**2014**
Operating activities:		
Change in net assets	$ 884,973	$ 7,433,446
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities:		
Origination of non-interest bearing mortgages, net	(300,170)	(8,328,655)
Discount on origination of non-interest bearing mortgages	11,033	5,310,388
Forgiveness / transfer of notes payable, government agencies and related accrued interest to homeowners	1,010,879	(248,757)
Provision for doubtful grants receivable	-	-
In-kind contributions of property, construction costs, and other assets	(955,000)	(400,000)
Mortgage discount amortization	(614,833)	(529,389)
Provision for contributions receivable	42,016	64,000
Loss on termination of development project	-	-
Depreciation	236,802	343,964
(Increase) decrease in assets:		
Program service grants receivable	(70,400)	362,403
Contributions receivable	(1,345,426)	(513,271)
Prepaid expenses	(215,398)	3,487
Inventories	264,825	(172,372)
Construction in process, net of non-cash items	(1,257,362)	(2,324,952)
Finished homes held for sale, net of non-cash reacquistion of properties	69,101	16,823,851
Deposits and other assets (except loan fees)	(164,696)	(6,845)
Increase (decrease) in liabilities:		
Accounts payable	(141,691)	(170,055)
Accrued expenses, net of accrued capitalized interest and forgiven interest	22,138	(137,108)
Deposits and impounds	5,853	(56,087)
Deferred revenue	868,551	(17,970,431)
Net cash and cash equivalents provided by (used in) operating activities	(1,648,805)	(516,383)
Investing activities:		
Proceeds from sale of investments	21,508	10,751
Acquisition of property and equipment	(186,137)	(1,533,490)
Mortgage payments received	799,605	650,912
Net cash and cash equivalents provided by (used in) investing activities	634,976	(871,827)
Financing activities:		
Net proceeds (payments) on line of credit	234,902	59,716
Payment of loan fees	(21,000)	(21,000)
Cash proceeds from notes payable	640,760	3,108,200
Principal payments on notes payable	(1,198,046)	(1,371,945)
Payments on capital leases	(4,687)	(8,957)
Net cash and cash equivalents provided by (used in) financing activities	(348,071)	1,766,014
Net change in cash and cash equivalents	(1,361,900)	377,804
Cash and cash equivalents, beginning of the year	5,224,546	4,846,742
Cash and cash equivalents, end of the year	$ 3,862,646	$ 5,224,546

The accompanying notes are an integral part of these financial statements

As of and for the year ended June 30, 2015

NOTE 1

ORGANIZATION AND PURPOSE

Habitat for Humanity of Greater Los Angeles, Inc. ("HFH GLA" or the "Organization") is an ecumenical Christian not-for-profit organization whose purpose is to make affordable home ownership possible for low-income, hardworking families and individuals throughout greater Los Angeles. Through volunteer labor and tax-deductible donations of money and materials, HFH GLA builds, renovates and repairs simple, sustainable and affordable homes with the help of the homeowner (partner) families and individuals. Habitat for Humanity ("HFH") houses are sold to the partner homeowners at no profit and financed with affordable, no-interest loans issued by HFH GLA or by a partner banking institution who offers zero equivalency mortgages to the partner homeowners. HFH is not a give-away program. In addition to a down payment and monthly mortgage payments, first-time homeowners who meet the selection criteria invest up to 500 hours of their own labor ("sweat equity") into the building of their homes.

HFH GLA is an affiliate of Habitat for Humanity International, Inc. ("Habitat International"). Although Habitat International assists with information resources, technical support, and national partnerships, HFH GLA is an independently operated and governed entity.

HFH GLA strives to effectively address the growing housing crisis with comprehensive and creative strategies through its different housing initiatives, including new construction, rehabilitating existing homes, home repairs, the WaterWise program, disaster relief and global builds. Currently, HFH GLA operates retail stores (the "Restores") which principally sell donated building materials to the public. Proceeds from Restore sales are used towards the Organization's mission.

NOTE 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation:

The accompanying consolidated financial statements as of and for the years ended June 30, 2015 and 2014, include the activities of Partnership Housing, Inc., a wholly controlled subsidiary. Partnership Housing, Inc. was formed as a Community Housing Development Organization (CHDO) to be able to offer not only affordable homeownership opportunities but also affordable housing opportunities while maximizing the use of public funds available for the overall mission of eliminating substandard housing in the Greater Los Angeles Area. All material intercompany accounts and transactions have been eliminated in consolidation.

Basis of financial statement presentation:

HFH GLA's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The Financial Accounting Standards Board ("FASB") has established the FASB Accounting Standards Codification ("ASC") as the sole source of authoritative accounting to be applied by nongovernmental entities in the preparation of financial statements in conformity with US GAAP.

In preparing these financial statements, HFH GLA evaluated the period from June 30, 2015 through September 18, 2015, the date that the financial statements were available to be issued, for subsequent events requiring recognition or disclosure in the accompanying financial statements.

As of and for the year ended June 30, 2015

Use of estimates:

The preparation of financial statements in conformity with US GAAP 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 these estimates and assumptions, and such differences may be material to the financial statements.

Net assets:

In accordance with ASC 958-205, *Not-for-Profit Entities - Presentation of Financial Statements*, HFH GLA's net assets, revenues, gains, expenses, and losses are classified as permanently restricted, temporarily restricted, and unrestricted based on the existence or absence of donor-imposed restrictions.

- *Unrestricted net assets* – Net assets that do not contain donor restrictions or the donor-imposed restrictions have expired due to the Organization's fulfillment of the restrictions and/or by the passage of time.

- *Temporarily restricted net assets* – Net assets that contain donor-imposed restrictions that permit Habitat to use or expend the donated net assets as specified and are satisfied either by the passage of time and/or by actions of Habitat.

- *Permanently restricted net assets* – Net assets that contain donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Contributions:

In accordance with ASC 958-605, *Not-for-Profit Entities - Revenue Recognition*, unconditional promises to give are recorded as contributions based on their fair value when the underlying promises are received, based on management's estimate of the present value of future cash flows expected to be received by the Organization. Subsequent changes in these estimates are recorded as an allowance for uncollectible promises to give.

Donor restricted contributions for which the restrictions expire during the same fiscal year in which the contributions are made are recorded as temporarily restricted net assets and released within the same year as an increase in temporarily restricted net assets and as a satisfaction of program restrictions.

Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met.

In-kind contributions and services:

Donated services are recognized as contributions in accordance with ASC 958-605 if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise need to be purchased by the Organization.

A substantial number of volunteers have made significant contributions of their time to HFH GLA's program and supporting services. The value of this contributed time is not reflected in the financial statements since it does not require a specialized skill.

Donations of construction materials, property and equipment are recorded as in–kind contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose.

Government funding:

HFH GLA receives funds from various government agencies ("Agencies") for pre-development costs associated with the development of land acquired for construction projects pursuant to "loan agreements." The Agencies provide funding to HFH GLA generally interest-free, with specified covenants and provisions that the property be used for low-income housing for the term of the note agreement. If HFH GLA complies with the provisions of the agreement, the note is forgiven by the agency when the property is sold to a qualified home buyer. At the date of property closing, the covenants and provisions of the note agreement transfer from HFH GLA to the qualified home buyer. Subsequent to the property's sale, if a covenant or provision is violated, the note is due and payable for the face amount of the note by the home buyer.

Home sales and cost of homes transferred:

Revenue is recognized from the sale of homes when title passes to eligible purchasers. HFH GLA generally recognizes home sale revenue based on the sum of the cash down payment, the face value of the non-interest bearing mortgage receivable, and the value of any government funding, such as notes payable forgiven and/or transferred to the homeowner at the time of sale.

Cost of homes sold consists of land cost, capitalized home construction costs and certain other related costs associated with the sale of a home. Cost of homes sold is considered a program expense in the statement of functional activities.

NSP program:

HFH GLA was awarded approximately $34.8 million in NSP funds through agreements with the City of Norwalk, Habitat International, and the City of Long Beach. Funding received under these grants was in the form of direct reimbursement for eligible activities performed (such as land acquisition, construction costs, and/or provision of loans to eligible purchasers of distressed or foreclosed homes in targeted census tracts); under the agreement with Habitat International in the form of a developer fee; and under the agreement with the City of Long Beach as a program delivery fee.

HFH GLA reports NSP funds and cost reimbursements as deferred revenue and recognizes the revenue when the related housing unit is sold to a qualified purchaser. Additionally, the Organization reports developer's fees as deferred revenue and recognizes the revenue at the time the housing unit is sold.

Retail stores:

HFH GLA operates ReStores to sell new and used home furnishings, and building and home improvement materials to the general public. ReStore revenue is classified as public support in the consolidated statement of activities, and cost of goods sold and operating expenses are reported as program expenses. ReStore revenue consists of cash receipts plus the estimated fair market value of donated goods, and cost of goods sold is the fair market value of the donated goods plus the cost of purchased items. ReStore revenue is classified as public support in the statement of activities. Cost of goods sold is reported as a program expense in the statement of functional expenses.

Fair value of financial instruments:

The Organization's financial instruments consist of cash and cash equivalents, unconditional promises to give, accounts receivable, mortgage notes receivable, investments, accounts payable, and certain notes payable, which are stated at cost or settlement value which approximates fair value.

Concentration of credit risk:

Financial instruments that potentially subject the Organization to concentration of credit risk are primarily cash and cash equivalents and mortgage notes receivable. While the concentration of credit risk of mortgage notes receivable is diversified through numerous different borrowers, the borrowers are concentrated in Los Angeles County.
HFH GLA maintains its cash balances with various financial institutions. During the year, HFH GLA has maintained deposits at financial institutions in excess of the Federal Deposit Insurance Corporation ("FDIC") maximum insured deposit limit of $250,000 for all accounts combined at any one financial institution. However, HFH GLA has not experienced any loss in such accounts to date and does not anticipate nonperformance by any of the financial institutions.

Concentration of grants and revenue:

During the year ended June 30, 2014, HFH GLA reported $15,770,585 of Habitat International NSP2 revenue and $2,058,206 of City of Long Beach NSP2 revenue, or 34% and 4%, respectively, of total support and revenue.

***Cash and cash equivalents*:**

For purposes of the statements of financial position and the statements of cash flows, HFH GLA considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

Mortgage notes receivable:

Mortgage notes receivable primarily consist of non-interest bearing residential home loans made to qualified borrowers that are secured by a deed of trust, payable in monthly installments over the term of the note, generally ranging from 20 to 30 years. The mortgage note receivable must be probable of collection, fixed and determinable, not conditional on future events occurring and HFH GLA must have fulfilled all of its obligation to the home buyer, other than normal warranty claims, before the note is reportedly in HFH GLA's financial statements. These non-interest bearing mortgages are discounted based upon prevailing market rates for low income housing at the inception of each mortgage.

Additionally, the Organization enters into second, third and fourth trust deed mortgage notes receivable that have fixed and determinable repayment terms, generally due in 30 years. These mortgage notes receivable have been discounted and reported in the accompanying financial statements.

Homes may be encumbered with a trust deed in favor of either HFH GLA or a local government agency to ensure compliance with the terms of HFH's homeownership programs. These mortgage notes receivable are referred to as "silent". HFH GLA does not record a value for these silent mortgage notes receivable in its financial statements.

Allowance for mortgage receivable losses:

HFH GLA uses established lending criteria to ensure that only families who meet the Organization's financial and credit criteria are approved to be partner families, and receive a non-interest bearing mortgage loan from HFH GLA. This includes a thorough review of each prospective homeowner's credit report and scores, sources of income and financial history.

As of and for the year ended June 30, 2015

HFH GLA regularly reviews its mortgage receivables and monitors the accounts for delinquencies. As of the date of these financial statements, there are no mortgages subject to foreclosure proceedings. HFH GLA believes that losses resulting from non-payment of mortgage notes receivable are not reasonably probable, and accordingly, no allowance for mortgage notes receivable has been recorded at June 30, 2015 and 2014.

Inventories:

Inventories primarily consist of building materials, which are used in the construction of homes, and donated materials that are sold in the ReStores. Inventories are stated at lower of cost or market with cost determined by the first-in, first-out (FIFO) method. ReStore inventories are reported at estimated selling price, since the fair value is not reasonably determinable until the goods are sold.

Construction-in -process and finished homes held for sale:

Construction-in-process represents costs incurred to build or rehabilitate single-family homes and condominiums for eventual sale to HFH GLA partner families. In the event a development is no longer deemed to be probable, the costs previously capitalized are expensed. The Organization's projects consist of new single-family home and condominium developments and major rehabilitations of existing homes acquired by HFH GLA. Since the purpose and mission of HFH GLA is to build affordable housing for low-income families, the Organization does not generally write down the value of construction-in-process to estimated sales value, because any excess cost over sales value is a component of program services. Projects are classified as construction-in-process until the build/ rehabilitation project is substantially completed, at which time it is reclassified as "finished homes held for sale."

Property and equipment:

Expenditures which materially increase property lives are capitalized. The cost of maintenance and repair is charged to expense as incurred. When depreciable property is retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in the statements of activities.

Depreciation is provided using the straight line method over the estimated useful lives of the assets as follows:

Autos and trucks	3-5 years
Construction equipment	7 years
Furniture and equipment	5-7 years
Computer software and hardware	3-5 years
Leasehold improvements	3-10 years

Investments:

During the years ended June 30, 2015 and 2009, HFH GLA established restricted bank accounts as part of New Markets Tax Credits ("NMTC") transactions (see Note 19). The terms of the agreement required that the restricted bank account be used to pay certain legal, accounting, and administrative costs associated with the NMTC transaction and that the bank account be administered by a third-party.

Deposits and impounds:

Generally, after a home receives its certificate of occupancy, the family who has committed to purchase the home is allowed to reside in the home prior to close of escrow. HFH GLA generally follows a policy in which any interim payments received are credited to the buyer's future mortgage, thus resulting in a reduction of the mortgage at the time of sale. Accordingly, HFH GLA records interim rent payments as a deposit liability until the home is sold.

HFH GLA collects monthly payments from homeowners for property taxes and insurance, referred to as impounds, and records a liability until the amounts are remitted to the appropriate third party.

Retirement plan:

HFH GLA adopted a 401(k) plan (the "Plan") in May 2000 for the benefit of all permanent employees. All full time employees who are over the age of 21 may participate at the first enrollment period after employment commences. During the fiscal years ended June 30, 2015 and 2014, employer contributions to the Plan were $113,284 and $121,779, respectively.

Income taxes:

HFH GLA is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is exempt from state franchise taxes under Section 23701(d) of the California Revenue and Taxation Code, whereby only unrelated business income, as defined by Section 509(a)(1) of the Internal Revenue Code, is subject to federal income tax. HFH GLA does not believe that during the years ended June 30, 2015 and 2014 that it had unrelated business income and accordingly, no provision for income taxes has been recorded in the accompanying financial statements. A number of the Organization's tax returns remain subject to examination by taxing authorities, including U.S. federal returns for 2012 and later years and state tax returns for 2011 and later years.

HFH GLA follows the provisions of FASB ASC 740, *Income Taxes*. Accordingly, HFH GLA accounts for uncertain tax positions by recording a liability for unrecognized tax benefits resulting from uncertain tax positions taken, or expected to be taken, in its tax returns. HFH GLA recognizes the effect of income tax positions only if those positions are more likely than not of being sustained by the appropriate taxing authorities. HFH GLA does not believe that its financial statements include any uncertain tax positions and accordingly, has not recognized any liability for unrecognized tax benefits in the accompanying financial statements.

Functional expenses:

The Organization allocates expenses related to more than one functional expense classification based on its estimated functional use. Salaries, benefits and other related expenses are allocated based on job function. Directly identifiable expenses are charged to construction and program support, management and general, or fundraising as applicable.

Relocation costs of organizational headquarters:

The Organization reclassified portions of it payroll, legal, repair, and leasehold disposal costs that pertained to the relocation of its headquarters and newest ReStore location in Bellflower. The Organization believes that this reclassification results in a more transparent presentation of its results of operations.

Reclassifications:

Certain amounts reported in previous years, which are not material, have been combined and reclassified to conform to the current-year presentation.

As of and for the year ended June 30, 2015

NOTE 3

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Following is a supplemental disclosure of cash flow information for the years ended June 30, 2015 and 2014:

For the year ended June 30,	2015	2014
Recognition of in-kind contributions and related assets and expenses	$ 1,841,917	$ 1,461,549
Non-cash acquisition of property through financing	13,298	3,150,000
Interest paid	$ 356,381	$ 291,977

NOTE 4

UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of the following:

As of June 30,	2015	2014
Unconditional promises to give, gross	$ 2,668,178	$ 1,221,213
Less: unamortized discount	(107,555)	-
Less: allowance for doubtful accounts	(100,000)	(64,000)
Unconditional promises to give, net	$ 2,460,623	$ 1,157,213

Unconditional promises to give which are due more than twelve (12) months from the date of donation are discounted using an interest rate of approximately 2.50%. At June 2015, HFH GLA had $1,518,410 of unconditional promises to give due in excess of one year. As of June 30, 2015 and 2014, the allowance for doubtful unconditional promises to give was $100,000 and $64,000, respectively.

NOTE 5

MORTGAGE NOTES RECEIVABLE

Mortgage notes receivable consist of non-interest bearing loans secured by real estate and payable in monthly installments over 20 to 30 years. These non-interest bearing mortgages have been discounted based upon prevailing market interest rates for low income housing at the inception of each mortgage and range from 3.41% to 8.30% per annum. During the fiscal year ended June 30, 2015, HFH GLA imputed a discount interest rate of 3.88% to 4.38% for loans originated during that year. HFH GLA imputed a discount rate of 4.16% to 4.49% for loans originated during the year ended June 30, 2014. The Organization recognizes the discount as interest income over the term of the mortgage using the effective interest method.

Mortgage notes receivable, second and third trust deeds, consist of non-interest bearing loans secured by trust deeds. During the fiscal year ended June 30, 2013, HFH GLA modified the payment terms of new second and third mortgage notes receivable to include fixed and determinable repayment terms. These second and third mortgages payment terms require a balloon payment upon the earlier of the sale or transfer of the property or 30 years. The mortgages are discounted using an interest rate of prime plus 2%. HFH GLA imputed a discount rate of 5.25% for second and third trust deed loans originated during the fiscal years ended June 30, 2015 and 2014.

Mortgage notes receivable, junior lien position, consist of sixteen (16) mortgages originated with funds received from the California Department Housing and Community Development ("CalHome"). These mortgages have a term of 30 years, bear no interest, and require no payments, unless the homeowner sells the home prior to the end of the 30-year term. At the end of 30 years, the homeowner is required to repay the principal amount of the loan in full. HFH GLA imputed a 7% discount rate based upon prevailing market interest rates of junior lien mortgages for these notes.

HFH GLA at times pledges various mortgage notes receivable as collateral to secure various notes payable and obligations to its creditors. These arrangements may restrict the Organization's ability to sell, transfer or re-pledge these mortgages to other entities.

Mortgage notes receivable and the related discount are summarized as follows:

As of June 30,	2015	2014
First trust deeds	$ 16,921,693	$ 17,284,815
Second/third/fourth trust deeds	9,000,857	8,629,985
Junior lien position	1,000,000	1,000,000
Discount to present value	(15,227,027)	(15,323,642)
Present value of mortgage notes receivable	$11,695,523	$11,591,158

Scheduled mortgage notes receivable collections are summarized as follows:

Year ending June 30,	
2016	$ 746,861
2017	734,994
2018	724,008
2019	714,660
2020	683,807
Thereafter	22,318,220
Total	$ 25,922,550

Mortgage loan discount amortization revenue for the years ended June 30, 2015 and 2014 was $614,833 and $529,389, respectively.

NOTE 6

INVENTORIES

Inventories consist of the following:

As of June 30,	2015	2014
Building materals for home construction projects	$ 159,989	$ 290,275
Inventory received for sale in special events	60,700	-
ReStore inventory	329,561	524,800
	$ 550,250	$ 815,075

NOTE 7

CONSTRUCTION- IN-PROCESS

Construction- in- process is summarized by project as follows:

As of June 30,	2015	2014
Long Beach	$ 3,175,772	$ 2,362,092
Lynwood	1,833,019	1,073,796
Community Development Commission- L.A.	768,235	440,977
Inglewood	136,411	328,027
Predevelopment and other project costs		248,560
Los Angeles	752,377	-
	$ 6,665,814	$ 4,453,452

Following is a summary of home building activity:

During the year ended June 30, 2015	Number of homes	Cost
Home construction in process, beginning of year	90	$ 4,453,452
Costs incurred on homes during fiscal 2015 - new and existing projects	8	3,926,880
Homes transferred to finished homes	(24)	(1,714,518)
	74	$ 6,665,814

As of and for the year ended June 30, 2015

During the year ended June 30, 2014	**Number of homes**	**Cost**
Home construction in process, beginning of year	6	$ 1,728,500
Costs incurred on homes during fiscal 2014 - new and existing projects	91	5,564,322
Write-off of previously capitalized costs due to termination of projects	-	-
Homes transferred to finished homes	(7)	(2,839,370)
	90	$ 4,453,452

NOTE 8

FINISHED HOMES HELD FOR SALE

Finished homes held for sale consist of the following projects:

As of June 30,	**2015**	**2014**
Long Beach	$ 290,000	$ -
Long Beach - Rehab	203,722	$ -
Los Angeles - Vermont	70,273	72,097
Long Beach - NSP2	-	284,215
Compton	-	276,784
	$ 563,995	$ 633,096

Following is a summary of finished homes activity:

During the year ended June 30, 2015	**Number of homes**	**Cost**
Finished homes, beginning of year	3	$ 633,096
Costs transferred to Finished Homes from construction in process	6	1,749,828
Homes transferred to new owners	(6)	(1,818,929)
	3	$ 563,995

During the year ended June 30, 2014	**Number of homes**	**Cost**
Finished homes, beginning of year	54	$ 17,456,947
Costs transferred to Finished Homes from construction in process	7	2,839,370
Homes transferred to new owners	(58)	(19,663,221)
	3	$ 633,096

NOTE 9

PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following:

As of June 30,	**2015**	**2014**
Autos and trucks	$ 237,769	$ 211,391
Land and building	4,194,119	4,194,119
Construction equipment	13,265	13,265
Furniture and equipment	55,670	55,670
Computer software and hardware	254,579	245,579
Leasehold improvements	840,797	673,623
Total	5,596,199	5,393,647
Less: accumulated depreciation	(1,001,613)	(761,694)
Property and equipment, net	$ 4,594,586	$ 4,631,953

Depreciation expense for the years ended June 30, 2015 and 2014 was $236,802 and $343,963, respectively.

NOTE 10

DEPOSITS AND OTHER ASSETS

Deposits and other assets consist of the following:

As of June 30,	2015	2014
Deposits	$ 125,524	$ 140,937
Loan fees	178,017	31,350
Beneficial interest in charitable remainder trusts	185,109	182,047
Other receivables	52,080	700
	$ 540,730	$ 355,034

Included within other assets at June 30, 2015 and 2014 are beneficial interests in charitable remainder trusts, summarized as follows.

Under a 1998 unitrust agreement, HFH GLA receives 50% of the value of the trust at the time of the donor's and his income beneficiary's death. Assets held under the trust were $209,783 and $214,225 at June 30, 2015 and 2014, respectively. Based on the donor and beneficiary life expectancy and the use of a 6% discount rate, the present value of future benefits expected to be received by the Organization were estimated to be $75,045 and $73,346 at June 30, 2015 and 2014, respectively.

Under a 2002 unitrust agreement, HFH GLA receives 100% of the value of the trust at the time of the donor's death. Assets held under the trust were $96,026 and $102,214 as of June 30, 2015 and 2014, respectively. Based on a donor and beneficiary life expectancy and the use of a 5% discount rate, the present value of future benefits expected to be received by the Organization was estimated to be $71,956 and $74,899 at June 30, 2015 and 2014, respectively.

Under a 2002 charitable remainder insurance trust agreement, HFH GLA receives 50% of the value of the trust at the time of the donor's and his income beneficiary's death. Assets held under the trust were $106,675 and $101,055, at June 30, 2015 and 2014, respectively. Based on a donor and beneficiary life expectancy and the use of a 5% discount rate, the present value of future benefits expected to be received by the Organization were estimated to be $38,108 and $33,802, respectively.

NOTE 11

BANK LINES OF CREDIT

On or about February 11, 2008 the Organization entered into a revolving line-of-credit agreement (the "Credit Agreement") for borrowings not to exceed $1,500,000, until the lender cancels the Organization's right to borrow. Under the Credit Agreement, interest is payable at the Wall Street Journal Prime Rate and is subject to certain covenants. Minimum monthly payments of accrued interest and fees are due each month and the Organization may prepay principal at any time without penalty. Should the lender cancel the Credit Agreement, the outstanding balance on the cancellation date will be payable in 48 equal monthly principal installments. Indebtedness under the Credit Agreement is secured by substantially all of the Organization's personal property. As of June 30, 2015 and 2014, the Organization owed $1,213,527 and $978,625, respectively, on this line of credit. Interest expense incurred under this Credit Agreement was $37,472 and $37,753, during the years ended June 30, 2015 and 2014, respectively.

NOTE 12

NOTES PAYABLE - GOVERNMENTAL AGENCIES

HFH GLA is awarded grants by governmental agencies, generally in the form of a loan to finance, in part, the acquisition and/or development of specific housing projects. The grant / loan agreements usually require a written Disposition and Development Agreement ("DDA") between HFH GLA and the city. These loans are secured by deeds of trust on the development property, and are generally non-interest bearing with a maturity date of the earlier of one to two years or the sale/transfer of the property. No payments of interest of principal are due during the loan term except in the case of an "Event of Default" as defined in the loan agreement. Upon project completion, if HFH GLA sells/transfers the property to a qualified buyer, the proportionate amount of debt owed by HFH GLA on the property is forgiven as to HFH GLA, but remains a lien on the property that transfers to the home owner as a mortgage. Accordingly, at the date the property sale/transfer and fulfillment of the terms of the loan agreement occur, the debt owed is recorded as additional home sale proceeds by HFH GLA.

As set forth herein, the terms and conditions of notes payable – governmental agencies do not require HFH GLA to remit payments on the obligation. Accordingly, the Organization does not believe a table setting forth scheduled debt payments would be meaningful.

The following is a summary of HFH GLA's notes payable – governmental agencies:

As of June 30,	**2015**	**2014**
City of Lynwood	$ 633,592	$ -
City of Long Beach	377,287	-
	$ 1,010,879	$ -

NOTE 13

NOTES PAYABLE - HABITAT INTERNATIONAL

Flex CAP program loans through Habitat International which provide funding to HFH GLA, secured by mortgage notes receivable. Pursuant to the loan and security agreements entered into with Habitat International, HFH GLA has agreed to certain covenants and financial covenants, including but not limited to: at all times maintain minimum net assets of $250,000; have at least ten (10) mortgage loans in its performing mortgage pool; own free and clear of all liens and encumbrances at least 40% of the total of mortgage loans in the performing mortgage pool; that mortgage notes receivable pledged have aggregate mortgage payments equal to or greater than 105% of the quarterly payment; and assigned and pledged mortgage notes receivable aggregate values must be equal to or greater than, 125% of the outstanding note balance. The Flex Cap loans were refinanced in June 2014 with interest at 4.75% per annum, quarterly principal and interest payments of $68,094 through June 30, 2024, and secured by mortgage notes receivable with aggregate principal balance of $6,822,614.

At June 30, 2015, management believes that the Organization was in compliance with the terms and conditions of the FlexCap Note program.

Capital Magnet Fund Sub-Award loans through Habitat International are to be used solely for the development, preservation, rehabilitation or purchase of affordable housing units for low-income families in Los Angeles County. The loan agreement requires monthly interest payments at 2.00% per annum and annual principal payments of $600,000, commencing June 30, 2015 through June 30, 2018.

Funds received under Self-Help Homeownership Opportunity Program ("SHOP") are to be used solely and exclusively for eligible expenses paid or incurred in connection with the construction or rehabilitation of low-income quality residential dwellings. Draws made by HFH GLA are allocated 75% to grant revenue and 25% to loans payable. The loan tranche of the SHOP funds requires equal monthly payments over 48 months, with imputed interest at 6.00% per annum.

As of and for the year ended June 30, 2015

The following is a summary of outstanding Habitat International notes payable:

June 30,	**2015**	**2014**
Flex CAP 3	$ 1,985,290	$ 2,158,200
Capital Magnet Fund	1,800,000	2,400,000
SHOP loans	-	6,348
Less: discount	-	(3,811)
Net loan	-	2,537
	$ 3,785,290	$ 4,560,737

The following table summarizes the scheduled maturities of notes payable, Habitat International:

For the year ending June 30,	
2016	$ 781,273
2017	790,038
2018	799,227
2019	208,860
2020	218,959
Thereafter	986,933
Total	$ 3,785,290

NOTE 14

NOTES PAYABLE – OTHER

Note Payable California Bank & Trust entered into on October 1, 2013 and maturing August 31, 2020 for borrowings of $3,150,000 which provided funding to purchase the new headquarters facility in the city of Bellflower, California. The note is secured by a first deed of trust with interest at 4.94% per annum with a monthly principal and interest payment of $18,430 through July 31, 2020, and a onetime payment of $2,645,677 due on August 31, 2020. Pursuant to the loan and security agreement, HFH GLA is required to maintain a debt service coverage ratio of greater than 1.25 evaluated annually at year-end. The balance due on the note was $3,025,918 and $3,093,706, at June 30, 2015 and 2014, respectively.

Note Payable Tomato Bank, N.A. entered into on August 16, 2013 with an original maturity date of September 1, 2014 for borrowings of $950,000 to finance the purchase of properties located in Long Beach, California. The note is secured by a first deed of trust on the acquired properties with interest ranging between 7.0% to 8.0% per annum. The note was extended, subsequent to the balance sheet date, with a maturity date of September 1, 2016, and a fixed interest rate of 6.0% per annum. The Organization established a payment reserve of $80,800 at the date of extension. The note contains covenants including, but not limited to, restrictions on HFH GLA's ability to: (1) sell, transfer, mortgage, assign, pledge, lease, grant a security interest in, or encumber the collateralized asset, (2) engage in any business activities substantially different than those in which HFH GLA is presently engaged in, (3) cease operations, liquidate, merge, transfer, acquire or consolidate with any other entity, and (4) loan, invest in or advance money or assets to any other person, enterprise or entity, purchase, create or acquire any interest in any other enterprise or entity. The balance due on the note was $935,949 and $950,000, at June 30, 2015 and 2014, respectively.

The following table summarizes the scheduled maturities of notes payable, other:

For the year ending June 30,	
2016	$ 1,306,071
2017	74,141
2018	77,947
2019	81,948
2020	2,721,760
Thereafter	-
Total	$ 4,261,867

NOTE 15

RESTORES

The following is a summary of revenue and cost of goods sold for the ReStores:

For the year ended June 30,	**2015**	**2014**
Fair market value of goods donated	$ 3,811,116	$ 3,138,851
Cash sales of donated and purchased items	3,403,256	2,902,763
Purchased inventory	(366,098)	(486,516)
ReStores - gross sales revenue	6,848,274	5,555,098
Cost of goods sold	(3,696,319)	(3,020,925)
Gross margin on ReStores - donations and sales	$ 3,151,955	$ 2,534,173

NOTE 16

RELATED PARTY TRANSACTIONS

HFH GLA remits a discretionary portion of its unrestricted contributions (excluding in-kind contributions) to Habitat International on an annual basis (the "Tithe"). The Tithe is used to construct homes in economically depressed areas around the world. In addition, HFH GLA receives significant pass-through funding on behalf of domestic and international HFH affiliates. In general, this pass-through funding is credited towards the Tithe. These pass-through funds generally do not permit HFH GLA variance power as to which affiliates the funds are designated for; accordingly, the Organization does not recognize contribution revenue upon receipt of the funds and does not record an expense upon the disbursement of these funds to other affiliates.

For the years ended June 30, 2015 and 2014, Tithes due Habitat International were $18,257 and $168,849, respectively. Included in accounts payable are $23,092 and $174,020 due to Habitat International.

NOTE 17

NEW MARKETS TAX CREDIT TRANSACTION

In April 2015, the Organization became an investor in HFHI NMTC Leverage Lender 2013-1, LLC (Leverage Lender) for $1,436,986 along with three (3) other Habitat Affiliates, of which Habitat NMTC Management, LLC was the managing member. U.S. Bancorp Community Development Corporation (USBCDC) structured the transaction in order to qualify for New Markets Tax Credits that would afford USBCDC the ability to provide funding for low-income housing construction by the members of the Leverage Lender. Through a series of transactions the Organization obtained a loan from HFHI NMTC Sub-CDE I, LLC ("CDE I") in an amount of $2,104,359 with interest at 0.682930% per annum, payable in semi-annual payments of interest only through May 5, 2024, at which time the Organization shall make semi-annual principal payments in amounts sufficient to amortize the loan over twenty-one (21) years. The closing costs and structuring fees associated with this transaction were $146,667, which are being amortized over seven (7) years. Additionally, a cash reserve fund was established in the amount of $105,647 for compliance costs over the estimated life of the 2015 NMTC Transaction or seven (7) years. As a result of the 2015 NMTC transaction, the Organization received $415,059 of net cash to invest in the construction of low-income housing projects. This amount represents the net profit the Organization expects to realize on the 2015 NMTC transaction.

The loan payable to CDE I is a below market rate loan. Furthermore, the cash flows of the 2015 NMTC Transaction are structured such that the Organization will not be obligated to fund any cash flow for repayment of the debt due to CDE I. For financial statement presentation purposes, the Organization has netted the investment in

Leverage Lender with its loan payable to CDE I based on a right of offset because of the economic substance of the 2015 NMTC Transaction. Accordingly, the Organization's financial statements report only the net asset value of the NMTC transaction, after offsetting the discounted note payable CDE, transaction costs and investment in LLC.

The Organization recorded net deferred revenue of $668,291 from the 2015 NMTC transaction, which it will amortize over seven (7) years, the expected life of the transaction. Accordingly, at June 30,2015, the Organization reported deferred revenue of $668,291, associated with the 2015 NMTC transaction.

Previously, in December 2008, the Organization entered into a NMTC transaction involving USBCDC, its related entities and agents ("2008 NMTC transaction"). The Organization acquired a 50% membership interest in HFHI – SA Leverage II, L.L.C. (the "LLC") in exchange for a capital contribution of $2,420,299. The LLC was owned 50% by an affiliate of Habitat International, and managed by a third party. The LLC was formed to provide financing for the borrower's equity investment in a community development entity – MBS-UI Sub-CDE VIII, L.L.C ("CDE"). As a component of the 2008 NMTC transaction, the Organization received a loan of $3,430,000 from the CDE under a loan and security agreement ("Agreement"). The Organization was obligated under the Agreement and related promissory note to pay interest on the borrowings at a rate of 0.706% per annum with a maturity date of December 18, 2023. The Organization imputed a fair value rate of interest of approximately 4.0% on the Note Payable to CDE, resulting in a discount of approximately $1,010,000 of the note payable at December 18, 2008. This discount, net of the 2008 NMTC transaction costs of $388,000, resulted in a net amortizable discount approximately equal to the cash flow received by the Organization.

Furthermore, the LLC entered into an option agreement with USBCDC and the sole member (the "2008 Fund") of MBS-UI Investment Fund VIII, LLC to put the ownership interest in the 2008 Fund for $1,000 commencing on June 15, 2015 and continuing for 3 months. The option to put the ownership interest in the 2008 Fund was exercised on or about June 18, 2015, thereby effectively terminating this transaction.

The Organization recorded net deferred revenue of $621,570 to reflect the revenue the Organization would receive from the NMTC transaction over its term, and amortized the net deferred revenue over 7 years. The Organization amortized and reported as revenue, $133,192 and $88,796 for each of the years ended June 30, 2015 and 2014, respectively. Deferred revenue related to the NMTC transaction, was $0 and $133,192 at June 30, 2015 and 2014, respectively.

The 2008 NMTC transaction provided the Organization, from an economic perspective, a right of offset of the loan payable to the CDE and the loan receivable from the Borrower. Accordingly, the Organization's financial statements report only the net asset value of the NMTC transaction, after offsetting the discounted note payable CDE, transaction costs and investment in LLC.

NOTE 18

COMMITMENTS AND CONTINGENCIES

HFH GLA leases ReStore facilities under non-cancellable operating leases. Rent expense for the years ended June 30, 2015 and 2014 under these leases was $390,071 and $442,551, respectively. Subsequent to year end, the Organization renewed one of its ReStore facility operating leases through July 2024.

In addition, HFH GLA leased a warehouse for building materials inventory under a non-cancellable operating lease through August 2014. Rent expense for the years ended June 30, 2015 and 2014 under this lease was $14,443 and $210,881, respectively.

HFH GLA leases various vehicles under non-cancellable operating leases through December 2015. Vehicle rental expense for the year ended June 30, 2015 and 2014 was $120,835 and $137,159, respectively.

Future minimum rental payments under the non-cancellable operating leases are as follows:

Year ending June 30,	**Building lease**	**Equipment leases**
2016	$ 244,620	$ 63,645
2017	259,512	64,272
2018	259,512	66,200
2019	275,316	68,186
2020	275,316	-
Thereafter	1,226,481	-
Total	$ 2,540,757	$ 262,303

NOTE 19

TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2015 and 2014 consist of amounts restricted by donor-imposed stipulations as follows:

As of June 30,	**2015**	**2014**
Delta Airlines	$ 600,000	$ -
Home Repair Program	524,013	178,685
Campaign Ask FY2015	477,925	-
Culver City - Globe Ave	475,971	486,994
Charitable remainder trusts	185,109	182,047
11720-22 Compton Blvd.	158,052	-
1236 W 101 St. Delta	126,443	-
Family Invest Program	123,750	112,500
1232 W 101St St.	61,250	-
1917 E 126Th St.	34,823	-
Lions Club of Long Beach	25,000	-
Pfaffinger Foundation Grant	17,124	17,124
Inglewood - FCB	14,046	14,046
Student Leaders Program	10,000	10,000
Long Beach - Thrivent	-	242,312
Other	22,055	10,216
Total	$ 2,855,560	$ 1,253,924

NOTE 20

LEGAL CONTINGENCIES

The Organization is subject to various claims which might arise in the normal course of its activities. In the opinion of management, the ultimate disposition of any such claims will not have a material adverse effect on the financial position, liquidity or changes in net assets of the Organization.

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

As of June 30	Habitat for Humanity - Greater Los Angeles	Partnership Housing, Inc.	Subtotal	Elimination	Consolidated	2014
ASSETS						
Cash and cash equivalents	$ 3,861,041	$ 1,605	$ 3,862,646		$ 3,862,646	$ 5,224,546
Program service grants receivable		70,400	$ 70,400		70,400	-
Unconditional promises to give, net of unamortized discount	2,456,123	158,525	2,614,648	$ (154,025)	2,460,623	1,157,213
Mortgage notes receivable, net of unamortized discount	11,695,523	-	11,695,523		11,695,523	11,591,158
Prepaid expenses	455,012	-	455,012		455,012	239,614
Inventories	550,250	-	550,250		550,250	815,075
Construction in process	4,832,795	1,833,019	6,665,814		6,665,814	4,453,452
Finished homes held for sale	563,995	-	563,995		563,995	633,096
Property and equipment, net of accumulated depreciation and amortization	4,594,586	-	4,594,586		4,594,586	4,631,953
Investments	-	-	-		-	21,508
Deposits and other assets	540,730	-	540,730		540,730	355,034
Total assets	$ 29,550,055	$ 2,063,549	$ 31,613,604	$ (154,025)	$ 31,459,579	$ 29,122,649
LIABILITIES AND NET ASSETS						
Bank line of credit	$ 1,213,527	$ -	$ 1,213,527		$ 1,213,527	$ 978,625
Accounts payable	419,053	169,348	588,401	$ (154,025)	434,376	576,067
Accrued expenses	505,630	426	506,056		506,056	483,918
Deposits and impounds	157,521	-	157,521		157,521	151,668
Deferred revenue	1,392,791	70,399	1,463,190		1,463,190	594,639
Capital leases payable	19,646	-	19,646		19,646	11,035
Notes payable - governmental agencies	377,287	633,592	1,010,879		1,010,879	-
Notes payable - Habitat International	3,785,290	-	3,785,290		3,785,290	4,560,737
Notes payable - other	4,261,867	-	4,261,867		4,261,867	4,043,706
Total liabilities	12,132,612	873,765	13,006,377	(154,025)	12,852,352	11,400,395
Commitments						
Net assets:						
Unrestricted	13,624,915	1,189,784	14,814,699		14,814,699	16,242,545
Temporarily restricted	3,792,528	-	3,792,528		3,792,528	1,479,709
Total net assets	17,417,443	1,189,784	18,607,227		18,607,227	17,722,254
Total liabilities and net assets	$ 29,550,055	$ 2,063,549	$ 31,613,604	$ (154,025)	$ 31,459,579	$ 29,122,649

The accompanying notes are an integral part of these financial statements

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES

	Habitat for Humanity- Greater Los Angeles			Partnership Housing, Inc.			Elimination			Consolidated			
For the year ended June 30, 2015	**Unrestricted**	**Temporarily restricted**	**Totals**	**Unrestricted**	**Temporarily restricted**	**Totals**	**Unrestricted**	**Temporarily restricted**	**Totals**	**Unrestricted**	**Temporarily restricted**	**Totals**	**Prior year-totals**
Revenue, gains, and other support:													
Contributions	$ 2,260,845	$ 2,508,850	$ 4,769,695	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,260,845	$ 2,508,850	$ 4,769,695	$ 3,840,706
Government grants	-	200,000	200,000	-	-	-	-	-	-	-	200,000	200,000	1,001,667
NSP program service grants	-	-	-	-	-	-	-	-	-	-	-	-	17,828,791
Sales of homes	838,727	936,968	1,775,695	-	-	-	-	-	-	838,727	936,968	1,775,695	16,587,000
ReStores - donations and sales revenue	6,848,274	-	6,848,274	-	-	-	-	-	-	6,848,274	-	6,848,274	5,555,098
Mortgage loan discount amortization	614,833	-	614,833	-	-	-	-	-	-	614,833	-	614,833	529,389
In-kind contributions	419,036	1,422,881	1,841,917	1,820,555.00	-	1,820,555	(1,820,555)	-	(1,820,555)	419,036	1,422,881	1,841,917	1,461,549
New markets tax credits - amortized revenue	133,192	-	133,192	-	-	-	-	-	-	133,192	-	133,192	88,796
Other income	760,739	3,062	763,801	19,500	-	19,500	(653,092)	-	(653,092)	127,147	3,062	130,209	379,056
Net assets released from restrictions:							-	-					
Satisfaction of program/donor restrictions	2,533,157	(2,533,157)	-	-	-	-	-	-	-	2,533,157	(2,533,157)	-	-
Total revenue, gains, and other support	14,408,803	2,538,604	16,947,407	1,840,055	-	1,840,055	(2,473,647)	-	(2,473,647)	13,775,211	2,538,604	16,313,815	47,272,052
Expenses:													
Cost of homes sold and program support	15,848,764	-	15,848,764	650,271	-	650,271	(2,473,647)	-	(2,473,647)	14,025,388	-	14,025,388	37,510,535
Management and general	913,624	-	913,624	-	-	-	-	-	-	913,624	-	913,624	1,526,174
Fundraising	489,830	-	489,830	-	-	-	-	-	-	489,830	-	489,830	622,319
Total functional expenses	17,252,219	-	17,252,219	650,271	-	650,271	(2,473,647)	-	(2,473,647)	15,428,842	-	15,428,842	39,659,028
Relocation costs of organizational headquarters	-	-	-	-	-	-			-	-	-	-	179,578
Total expenses	17,252,219	-	17,252,219	650,271	-	650,271	(2,473,647)	-	(2,473,647)	15,428,842	-	15,428,842	39,838,606
Change in net assets	(2,843,416)	2,538,604	(304,812)	1,189,784	-	1,189,784	-	-	-	(1,653,631)	2,538,604	884,973	7,433,446
Net assets, beginning of year	16,468,330	1,253,924	17,722,254	-	-	-	-	-	-	16,468,330	1,253,924	17,722,254	10,288,808
Net assets, end of year	$ 13,624,914	$ 3,792,528	$ 17,417,442	$ 1,189,784	$ -	$ 1,189,784	$ -	$ -	$ -	$ 14,814,699	$ 3,792,528	$ 18,607,227	$ 17,722,254

The accompanying notes are an integral part of these financial statements

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES

	Habitat for Humanity- Greater Los Angeles			Partnership Housing, Inc.			Subtotal			Eliminations			Consolidated				
For the year ended June 30, 2015	**Cost of homes transferred & program support**	**Management & general**	**Fundraising**	**Cost of homes transferred & program support**	**Management & general**	**Fundraising**	**Cost of homes transferred & program support**	**Management & general**	**Fundraising**	**Cost of homes transferred & program support**	**Management & general**	**Fundraising**	**Cost of homes transferred & program support**	**Management & general**	**Fundraising**	**Totals**	**Prior year-totals**
Cost of homes sold - construction costs	$ 2,010,275	$ -	$ -	$ 648,593	$ -	$ -	$ 2,658,868	$ -	$ -	$ (653,092)	$ -	$ -	$ 2,005,776	$ -	$ -	$ 2,005,776	$ 19,784,784
Cost of homes sold - mortgage discount expense	518,220	-	-	-	-	-	518,220	-	-	-	-	-	518,220	-	-	518,220	7,121,340
Cost of goods sold - ReStores	3,696,319	-	-	-	-	-	3,696,319	-	-	-	-	-	3,696,319	-	-	3,696,319	3,020,925
Salaries	3,258,753	496,088	277,965	1,188	-	-	3,259,941	496,088	277,965	-	-	-	3,259,941	496,088	277,965	4,033,994	3,785,452
Payroll taxes and benefits	819,860	96,703	62,163	133	-	-	819,993	96,703	62,163	-	-	-	819,993	96,703	62,163	978,859	826,551
Americorp	127,369	1,875	2,625	-	-	-	127,369	1,875	2,625	-	-	-	127,369	1,875	2,625	131,869	133,355
Bad debt expense	42,016	-	-	-	-	-	42,016	-	-	-	-	-	42,016	-	-	42,016	64,000
Bank fees and charges	47,530	8,089	5,705	-	-	-	47,530	8,089	5,705	-	-	-	47,530	8,089	5,705	61,324	72,868
Home repair	81,722	-	-	-	-	-	81,722	-	-	-	-	-	81,722	-	-	81,722	402,526
RNLA program contract expense	10,821	-	-	-	-	-	10,821	-	-	-	-	-	10,821	-	-	10,821	124,031
Build events and community programs	1,994,719	24,940	34,712	-	-	-	1,994,719	24,940	34,712	(1,820,555)	-	-	174,164	24,940	34,712	233,816	257,745
Contributions to other non-profit organizations	45	-	-	-	-	-	45	-	-	-	-	-	45	-	-	45	1,557
Depreciation	187,349	31,455	17,998	-	-	-	187,349	31,455	17,998	-	-	-	187,349	31,455	17,998	236,802	343,963
Facilities - rent / lease costs	654,683	1,147	461	-	-	-	654,683	1,147	461	-	-	-	654,683	1,147	461	656,291	658,832
Insurance	99,629	1,349	794	-	-	-	99,629	1,349	794	-	-	-	99,629	1,349	794	101,772	70,555
Interest and amortization of loan fees	354,594	1,787	-	-	-	-	354,594	1,787	-	-	-	-	354,594	1,787	-	356,381	291,977
Office and other	622,842	85,796	38,047	357	-	-	623,199	85,796	38,047	-	-	-	623,199	85,796	38,047	747,042	587,292
Professional and outside services	589,701	149,558	43,212	-	-	-	589,701	149,558	43,212	-	-	-	589,701	149,558	43,212	782,471	1,041,260
Real estate - closing and development	112,281	-	-	-	-	-	112,281	-	-	-	-	-	112,281	-	-	112,281	202,157
Telephone	101,993	12,718	7,636	-	-	-	101,993	12,718	7,636	-	-	-	101,993	12,718	7,636	122,347	119,101
Tithes	(5,925)	(7,405)	(10,367)	-	-	-	(5,925)	(7,405)	(10,367)	-	-	-	(5,925)	(7,405)	(10,367)	(23,697)	231,400
Travel	42,502	6,223	6,812	-	-	-	42,502	6,223	6,812	-	-	-	42,502	6,223	6,812	55,537	78,010
Utilities and facility maintenance	277,496	3,301	2,067	-	-	-	277,496	3,301	2,067	-	-	-	277,496	3,301	2,067	282,864	202,356
Vehicles	203,970	-	-	-	-	-	203,970	-	-	-	-	-	203,970	-	-	203,970	236,991
	$ 15,848,764	$ 913,624	$ 489,830	$ 650,271	$ -	$ -	$ 16,499,035	$ 913,624	$ 489,830	$ (2,473,647)	$ -	$ -	$ 14,025,388	$ 913,624	$ 489,830	$ 15,428,842	$ 39,659,028

The accompanying notes are an integral part of these financial statements

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.

CONSOLIDATING STATEMENT OF CASH FLOWS

For the year ended June 30,	**Habitat for Humanity-Greater Los Angeles**	**Partnership Housing, Inc.**	**Subtotal**	**Elimination**	**Consolidated**	**2014**	
Operating activities:							
Change in net assets	$ (304,811)	$ 1,189,784	$ 884,973		$ 884,973	$ 7,433,446 x	
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities:	-		-		-		
Origination of non-interest bearing mortgages, net	(300,170)	-	(300,170)		(300,170)	(8,328,655) x	
Discount on origination of non-interest bearing mortgages	11,033	-	11,033		11,033	5,310,388	
Forgiveness / transfer of notes payable, government agencies and related	1,010,879		1,010,879		1,010,879		
accrued interest to homeowners	-	-	-		-	(248,757)	
Provision for doubtful grants receivable	-	-	-		-	-	
In-kind contributions of property, construction costs, and other assets	878,019	(1,833,019)	(955,000)		(955,000)	(400,000)	
Mortgage discount amortization	(614,833)	-	(614,833)		(614,833)	(529,389)	
Provision for contributions receivable	42,016	-	42,016		42,016	64,000	
Loss on termination of development project	-	-	-		-	-	
Depreciation	236,802	-	236,802		236,802	343,964	-
(Increase) decrease in assets:	-		-		-		
Program service grants receivable	-	(70,400)	(70,400)		(70,400)	362,403	
Contributions receivable	(1,186,901)	(158,525)	(1,345,426)		(1,345,426)	(513,271)	
Prepaid expenses	(215,398)	-	(215,398)		(215,398)	3,487	
Inventories	264,825	-	264,825		264,825	(172,372)	
Construction in process, net of non-cash items	(1,257,362)	-	(1,257,362)		(1,257,362)	(2,324,952)	
Finished homes held for sale, net of non-cash reacquistion of properties	69,101	-	69,101		69,101	16,823,851	
Deposits and other assets (except loan fees)	(164,696)	-	(164,696)		(164,696)	(6,845)	
Increase (decrease) in liabilities:	-		-		-		
Accounts payable	(311,039)	169,348	(141,691)		(141,691)	(170,055)	
Accrued expenses, net of accrued capitalized interest and forgiven interest	21,712	426	22,138		22,138	(137,108)	
Deposits and impounds	5,853	-	5,853		5,853	(56,087)	
Deferred revenue	798,152	70,399	868,551		868,551	(17,970,431)	
Net cash and cash equivalents provided by (used in) operating activities	(1,016,818)	(631,987)	(1,648,805)		(1,648,805)	(516,383)	
Investing activities:							
Proceeds from sale of investments	21,508	-	21,508		21,508	10,751	
Acquisition of property and equipment	(186,137)	-	(186,137)		(186,137)	(1,533,490)	
Mortgage payments received	799,605	-	799,605		799,605	650,912	
Net cash and cash equivalents provided by (used in) investing activities	**634,976**	**-**	**634,976**		634,976	(871,827)	
Financing activities:					-		
Net proceeds (payments) on line of credit	234,902	-	234,902		234,902	59,716	
Payment of loan fees	(21,000)	-	(21,000)		(21,000)	(21,000)	
Cash proceeds from notes payable	7,168	633,592	640,760		640,760	3,108,200	
Principal payments on notes payable	(1,198,046)	-	(1,198,046)		(1,198,046)	(1,371,945)	
Payments on capital leases	(4,687)	-	(4,687)		(4,687)	(8,957)	
Net cash and cash equivalents provided by (used in) financing activities	(981,663)	633,592	(348,071)		(348,071)	1,766,014	
Net change in cash and cash equivalents	(1,363,505)	1,605	(1,361,900)		(1,361,900)	377,804	
Cash and cash equivalents, beginning of the year	5,224,546	-	5,224,546		5,224,546	4,846,742	
Cash and cash equivalents, end of the year	$ 3,861,041	$ 1,605	$ 3,862,646		$ 3,862,646	$ 5,224,546	

The accompanying notes are an integral part of these financial statements