Habitat for Humanity®
Greater Los Angeles

Consolidated Financial Statements
As of and For the Year Ended
June 30, 2016

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. ("Habitat LA") (a California Not-for-Profit Organization), which comprise the consolidated statement of financial position as of June 30, 2016, 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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INDEPENDENT AUDITOR'S REPORT
(Continued)

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 consolidated financial position of Habitat LA as of June 30, 2016, and the consolidated 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 Habitat LA's 2015 financial statements, and our report dated September 18, 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, 2015 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 21 - 24 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

October 25, 2016
Long Beach, California

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

As of June 30,	2016	2015
ASSETS		
Cash and cash equivalents	$ 2,080,309	$ 3,862,646
Program service grants receivable	-	70,400
Unconditional promises to give, net of unamortized discount	3,216,431	2,460,623
Mortgage notes receivable, net of unamortized discount	11,995,713	11,695,523
Prepaid expenses	249,237	455,012
Inventories	1,041,473	550,250
Construction in process	7,966,705	6,665,814
Finished homes held for sale	-	563,995
Property and equipment, net of accumulated depreciation and amortization	4,458,312	4,594,586
Deposits and other assets	541,963	540,730
Total assets	$ 31,550,143	$ 31,459,579
LIABILITIES AND NET ASSETS		
Bank line of credit	$ 952,275	$ 1,213,527
Accounts payable	510,710	434,376
Accrued expenses	670,623	505,630
Deposits and impounds	47,900	157,947
Deferred revenue	1,401,251	1,463,190
Capitalized lease obligations payable	6,928	19,646
Notes payable - governmental agencies	1,701,441	1,010,879
Notes payable - Habitat International	3,004,019	3,785,290
Notes payable - other	4,079,986	4,261,867
Total liabilities	12,375,133	12,852,352
Commitments		
Net assets:		
Unrestricted	16,961,945	15,751,667
Temporarily restricted	2,213,065	2,855,560
Total net assets	19,175,010	18,607,227
Total liabilities and net assets	$ 31,550,143	$ 31,459,579

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, 2016, WITH COMPARATIVE TOTALS FOR JUNE 30, 2015

For the year ended June 30, 2016	**Unrestricted**	**Temporarily restricted**	**Totals**	**Prior year-totals**
Support and revenue:				
Contributions	$ 1,891,438	$ 1,774,197	$ 3,665,635	$ 4,298,242
In-kind contributions	627,369	236,530	863,899	1,760,229
Sales of homes	5,238,172		5,238,172	1,775,695
ReStore sales	3,938,504	-	3,938,504	3,518,053
ReStore value of donated goods received	3,940,381	-	3,940,381	3,696,319
Government grants	61,818	542,750	604,568	200,000
Special events, net	621,992	-	621,992	393,674
Mortgage loan discount amortization	652,889	-	652,889	614,833
Other income (loss)	324,905	(18,098)	306,807	263,401
Net assets released from restrictions:				
Satisfaction of program/donor restrictions	3,177,874	(3,177,874)	-	-
Total revenue, gains, and other support	20,475,342	(642,495)	19,832,847	16,520,446
Expenses:				
Cost of homes sold and program support	17,498,565	-	17,498,565	14,232,019
Management and general	922,455	-	922,455	913,624
Fundraising	844,041	-	844,041	489,830
Total functional expenses	19,265,061	-	19,265,061	15,635,473
Total expenses	19,265,061	-	19,265,061	15,635,473
Change in net assets	1,210,281	(642,495)	567,786	884,973
Net assets, beginning of year	15,751,664	2,855,560	18,607,224	17,722,254
Net assets, end of year	$ 16,961,945	$ 2,213,065	$ 19,175,010	$ 18,607,227

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, 2016, WITH COMPARATIVE TOTALS FOR JUNE 30, 2015

For the year ended June 30, 2016	**Cost of homes transferred & program support**	**Management & general**	**Fundraising**	**Totals**	**Prior year-totals**
Cost of homes sold - construction costs	$ 4,305,106	$ -	$ -	$ 4,305,106	$ 1,983,032
Cost of homes sold - mortgage discount expense	1,622,804	-	-	1,622,804	518,220
Cost of goods sold - ReStore	381,685	-	-	381,685	366,098
Value of donated items sold - ReStore	3,940,381	-	-	3,940,381	3,696,319
Salaries	3,326,543	536,706	518,862	4,382,111	4,033,994
Payroll taxes and benefits	804,052	98,150	91,738	993,940	978,859
Americorp	91,167	-	-	91,167	131,869
Bad debt expense	124,963	-	-	124,963	42,016
Bank fees and charges	57,585	9,506	14,528	81,619	61,324
Home repair	474,814	-	-	474,814	92,543
Build events and community programs	95,531	10,839	31,163	137,533	256,560
Contributions to other non-profit organizations	-	-	-	-	46
Depreciation	175,571	28,001	16,022	219,594	236,802
Facilities - rent / lease costs	266,220	-	-	266,220	656,291
Insurance	116,868	10,210	6,189	133,267	101,772
Interest and amortization of loan fees	344,743	-	-	344,743	356,381
Office and other	276,762	88,098	48,386	413,246	587,575
Professional and outside services	429,664	96,199	65,063	590,926	782,470
Real estate - closing and development	83,574	-	-	83,574	112,281
Telephone	97,149	21,305	14,031	132,485	122,347
Tithes	12,204	7,511	21,594	41,309	(23,697)
Travel	37,934	14,639	15,681	68,254	55,537
Utilities and facility maintenance	194,151	1,291	784	196,226	282,864
Vehicles	239,094	-	-	239,094	203,970
	$ 17,498,565	$ 922,455	$ 844,041	$ 19,265,061	$ 15,635,473

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,	**2016**	**2015**
Operating activities:		
Change in net assets	$ 567,786	$ 884,973
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	(516,414)	(289,137)
Forgiveness / transfer of notes payable, government agencies and related accrued interest to homeowners	(559,438)	1,010,879
In-kind contributions- value of donated land	-	(955,000)
Mortgage discount amortization	(652,889)	(614,833)
Provision for unconditional promises to give	124,963	42,016
Loss (gain) on long-term assets	(2,300)	-
Depreciation	219,594	236,802
(Increase) decrease in assets:		
Program service grants receivable	70,400	(70,400)
Contributions receivable	(880,771)	(1,345,426)
Prepaid expenses	205,775	(215,398)
Inventories	(491,223)	264,825
Construction in process, net of non-cash items	(50,891)	(1,257,362)
Finished homes held for sale	563,995	69,101
Deposits and other assets (except loan fees)	(1,236)	(164,696)
Increase (decrease) in liabilities:		
Accounts payable	76,334	(141,691)
Accrued expenses, net of accrued capitalized interest and forgiven interest	164,993	22,138
Deposits and impounds	(110,047)	5,853
Deferred revenue	(61,939)	868,551
Net cash and cash equivalents provided by (used in) operating activities	(1,333,308)	(1,648,805)
Investing activities:		
Proceeds from sale of investments	-	21,508
Acquisition of property and equipment	(83,320)	(186,137)
Proceeds from sale of equipment	2,300	-
Mortgage payments received	869,113	799,605
Net cash and cash equivalents provided by (used in) investing activities	788,093	634,976
Financing activities:		
Net proceeds (payments) on line of credit	(261,252)	234,902
Payment of loan fees	-	(21,000)
Cash proceeds from notes payable	210,000	640,760
Principal payments on notes payable	(1,173,152)	(1,198,046)
Payments on capitalized lease obligations payable	(12,718)	(4,687)
Net cash and cash equivalents provided by (used in) financing activities	(1,237,122)	(348,071)
Net change in cash and cash equivalents	(1,782,337)	(1,361,900)
Cash and cash equivalents, beginning of the year	3,862,646	5,224,546
Cash and cash equivalents, end of the year	$ 2,080,309	$ 3,862,646

The accompanying notes are an integral part of these financial statements

As of and for the year ended June 30, 2016

NOTE 1

ORGANIZATION AND PURPOSE

Habitat for Humanity of Greater Los Angeles, Inc. (“Habitat LA” or the “Organization”), is a nonprofit organization whose vision is a world where everyone has a decent place to live. Through volunteer labor and tax-deductible donations of money and materials, Habitat LA builds, renovates and repairs simple, sustainable and affordable homes in partnership with homeowner (partner) families and individuals. Habitat for Humanity (“HFH”) houses are sold to the partner homeowners at no profit and financed with affordable loans, issued by Habitat LA or by partner banking institutions. HFH is not a give-away program. In addition to a down payment and monthly mortgage payments, partner homeowners who meet the selection criteria invest up to 500 hours of their own labor (“sweat equity”) into the building of their homes.

Habitat LA is an affiliate of Habitat for Humanity International, Inc. (“Habitat International”) a housing ministry with ecumenical Christian roots. Given that, the Organization welcomes people of all faiths and beliefs as partners in improving our world. Although Habitat International assists with information resources, technical support, and national partnerships, Habitat LA is an independently operated and governed entity.

Habitat LA 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, neighborhood revitalization, disaster relief and global builds. Currently, Habitat LA 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, 2016 and 2015, 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:

Habitat LA’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, Habitat LA evaluated the period from June 30, 2016 through October 25, 2016, 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, 2016

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*, Habitat LA'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 Habitat LA'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:

Habitat LA 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 Habitat LA 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 Habitat LA 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 Habitat LA 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. Habitat LA 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.

Retail stores:

Habitat LA operates ReStores that sell new and used home furnishings, construction 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 estimated 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.

Habitat LA maintains its cash balances with various financial institutions. During the year, Habitat LA 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.

As of and for the year ended June 30, 2016

However, Habitat LA has not experienced any loss in such accounts to date and does not anticipate nonperformance by any of the financial institutions.

As of June 30, 2016 and 2015 a concentration of business and credit risk exists due to one and two donors comprising twenty-three (23%) and forty (40%) percent, respectively, of the unconditional promises to give.

***Cash and cash equivalents*:**

For purposes of the statements of financial position and the statements of cash flows, Habitat LA 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 Habitat LA must have fulfilled all of its obligations to the home buyer, other than normal warranty claims, before the note is reported in Habitat LA's financial statements. Non-interest bearing mortgages that meet the forgoing recognition criteria are discounted based upon prevailing market rates for low income housing at the inception of each mortgage.

Additionally, the Organization may enter into second, third and fourth trust deed mortgage notes receivable that have fixed and determinable repayment terms, generally due in 30 years, that are not conditional on future events occurring and for which Habitat LA has fulfilled all of its obligations to the home buyer. Mortgage notes receivable that meet the foregoing criteria are discounted based upon prevailing market rates for low income housing at the inception of each mortgage and are reported in the accompanying financial statements.

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

Allowance for mortgage receivable losses:

Habitat LA 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 Habitat LA. This includes a thorough review of each prospective homeowner's credit report and scores, sources of income and financial history.

Habitat LA 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. Habitat LA believes that losses resulting from non-payment of mortgage notes receivable are not reasonably probable, given that the mortgage notes receivable are secured by property with fair values that exceed the carrying value of the mortgage note receivable. Accordingly, no allowance for mortgage notes receivable has been recorded at June 30, 2016 and 2015.

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 Habitat LA 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 Habitat LA. Since the purpose and mission of Habitat LA 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:

Habitat LA established restricted bank accounts as part of its 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:

Habitat LA generally follows a policy in which any interim payments received prior to the close of escrow are credited to the buyer's future mortgage, thus resulting in a reduction of the mortgage at the time of sale. Accordingly, Habitat LA records interim rent payments as a deposit liability until the home is sold.

Habitat LA 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:

Habitat LA 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, 2016 and

2015, employer contributions to the Plan were $87,753 and $113,284, respectively.

Income taxes:

Habitat LA 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. Habitat LA does not believe that during the years ended June 30, 2016 and 2015 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 2013 and later years and state tax returns for 2012 and later years.

Habitat LA follows the provisions of FASB ASC 740, *Income Taxes*. Accordingly, Habitat LA 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. Habitat LA recognizes the effect of income tax positions only if those positions are more likely than not of being sustained by the appropriate taxing authorities. Habitat LA 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.

Special event revenues, net of direct costs

The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payments for the direct costs of the benefits received by the participant at the event. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Organization. The direct costs of the special events, which ultimately benefits the donor rather than the Organization, are recorded as direct costs, along with the costs of organizing and operating the events. Total direct costs of events were $435,981 and $159,467 for the years ended June 30, 2016 and 2015, respectively.

Reclassifications:

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

NOTE 3

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Following is a supplemental disclosure of cash flow information for the years ended June 30, 2016 and 2015:

For the year ended June 30,	**2016**	**2015**
Recognition of in-kind contributions and related assets and expenses	$ 863,899	$ 1,841,917
Non-cash acquisition of property through financing	-	13,298
Interest paid	$ 344,743	$ 356,381

As of and for the year ended June 30, 2016

NOTE 4

UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of the following:

As of June 30,	2016	2015
Unconditional promises to give, gross	$ 3,499,409	$ 2,668,178
Less: unamortized discount	(107,978)	(107,555)
Less: allowance for doubtful accounts	(175,000)	(100,000)
Unconditional promises to give, net	$ 3,216,431	$ 2,460,623

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 2016, Habitat LA had $1,518,410 of unconditional promises to give due in excess of one year.

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, 2016, Habitat LA imputed a discount interest rate of 3.88% to 4.38% for loans originated during that year. Habitat LA imputed a discount rate of 4.16% to 4.49% for loans originated during the year ended June 30, 2015. 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, Habitat LA 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%. Habitat LA imputed a discount rate of 5.25% for second and third trust deed loans originated during the fiscal years ended June 30, 2016 and 2015.

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. Habitat LA imputed a 7% discount rate based upon prevailing market interest rates of junior lien mortgages for these notes.

Habitat LA 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,	2016	2015
First trust deeds	$ 16,805,215	$ 16,921,693
Second/third/fourth trust deeds	10,387,442	9,000,857
Junior lien position	1,000,000	1,000,000
Discount to present value	(16,196,944)	(15,227,027)
Present value of mortgage notes receivable	$11,995,713	$11,695,523

As of and for the year ended June 30, 2016

Scheduled mortgage notes receivable collections are summarized as follows:

Year ending June 30,	
2017	$ 744,766
2018	730,569
2019	717,901
2020	684,909
2021	644,587
Thereafter	23,669,925
Total	$ 27,192,657

Mortgage loan discount amortization revenue for the years ended June 30, 2016 and 2015 was $652,889 and $614,833, respectively.

NOTE 6

INVENTORIES

Inventories consist of the following:

As of June 30,	2016	2015
Building materials for home construction projects	$ 569,296	$ 159,989
Inventory received for sale at special events	47,844	60,700
ReStore inventory	424,333	329,561
	$ 1,041,473	$ 550,250

NOTE 7

CONSTRUCTION- IN-PROCESS

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

As of June 30,	2016	2015
Long Beach	$ 3,962,734	$ 3,175,772
Los Angeles	1,196,050	752,377
Community Development Commission- L.A.	530,090	768,235
Montebello	770,400	-
Downey	938,909	-
Lakewood	319,529	-
Inglewood	248,993	136,411
Lynwood	-	1,833,019
	$ 7,966,705	$ 6,665,814

Following is a summary of home building activity:

During the year ended June 30, 2016	Number of homes	Cost
Home construction in process, beginning of year	74	$ 6,665,814
Costs incurred on homes during fiscal 2016 - new and existing projects	35	3,031,769
Homes transferred to finished homes	(5)	(1,730,878)
	104	$ 7,966,705

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 2014 - new and existing projects	8	3,926,880
Homes transferred to finished homes	(24)	(1,714,518)
	74	$ 6,665,814

NOTE 8

FINISHED HOMES HELD FOR SALE

Finished homes held for sale consist of the following projects:

As of June 30,	2016	2015
Long Beach	$ -	$ 290,000
Long Beach - Rehab	-	$ 203,722
Los Angeles - Vermont	-	70,273
	$ -	$ 563,995

Following is a summary of finished homes activity:

During the year ended June 30, 2016	**Number of homes**	**Cost**
Finished homes, beginning of year	3	$ 563,995
Costs transferred to Finished Homes from construction in process	5	1,730,878
Homes transferred to new owners	(8)	(2,294,873)
	0	$ -

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

NOTE 9

PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following:

As of June 30,	**2016**	**2015**
Autos and trucks	$ 226,397	$ 237,769
Land and building	4,719,723	4,194,119
Construction equipment	13,265	13,265
Furniture and equipment	55,670	55,670
Computer software and hardware	254,579	254,579
Leasehold improvements	393,513	840,797
Total	5,663,147	5,596,199
Less: accumulated depreciation	(1,204,835)	(1,001,613)
Property and equipment, net	$ 4,458,312	$ 4,594,586

Depreciation expense for the years ended June 30, 2016 and 2015 was $219,594 and $236,802, respectively.

NOTE 10

DEPOSITS AND OTHER ASSETS

Deposits and other assets consist of the following:

As of June 30,	**2016**	**2015**
Deposits	$ 123,314	$ 125,524
Loan fees	156,267	178,017
Beneficial interest in charitable remainder trusts	167,011	185,109
Other receivables	95,371	52,080
	$ 541,963	$ 540,730

Included within other assets at June 30, 2016 and 2015 are beneficial interests in charitable remainder trusts, summarized as follows.

Under a 1998 unitrust agreement, Habitat LA 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, 2016 and 2015, 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 $72,825 and $75,045 at June 30, 2016 and 2015, respectively.

Under a 2002 unitrust agreement, Habitat LA 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, 2016 and 2015, 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 $58,124 and $71,956 at June 30, 2016 and 2015, respectively.

As of and for the year ended June 30, 2016

Under a 2002 charitable remainder insurance trust agreement, Habitat LA 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, 2016 and 2015, 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 $36,062 and $38,108, 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 (3.50%) 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, 2016 and 2015, the Organization owed $952,275 and $1,213,527, 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, 2016 and 2015, respectively.

NOTE 12

NOTES PAYABLE - GOVERNMENTAL AGENCIES

Habitat LA 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 Habitat LA 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 Habitat LA sells/transfers the property to a qualified buyer, the proportionate amount of debt owed by Habitat LA on the property is forgiven as to Habitat LA, 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 Habitat LA.

As set forth herein, the terms and conditions of notes payable – governmental agencies do not require Habitat LA 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 Habitat LA's notes payable – governmental agencies:

As of June 30,	**2016**	**2015**
City of Downey	$ 881,185	$ -
City of Montebello	762,655	-
City of Lynwood	-	633,592
City of Long Beach	34,860	377,287
City of Bellflower	22,741	-
	$ 1,701,441	$ 1,010,879

NOTE 13

NOTES PAYABLE - HABITAT INTERNATIONAL

FlexCAP program loans through Habitat International which provide funding to Habitat LA, secured by mortgage notes receivable. Pursuant to the loan and security agreements entered into with Habitat International, Habitat LA 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 FlexCAP 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 an aggregate principal balance of $6,822,614.

At June 30, 2016, 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.

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

June 30,	2016	2015
FlexCAP 3	$ 1,804,019	$ 1,985,290
Capital Magnet Fund	1,200,000	1,800,000
Net loan	-	-
	$ 3,004,019	$ 3,785,290

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

For the year ending June 30,	
2017	$ 790,038
2018	799,227
2019	208,860
2020	218,959
2021	229,547
Thereafter	757,388
Total	$ 3,004,019

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 its headquarter facilities 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, Habitat LA 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 $2,955,063 and $3,093,706, at June 30, 2016 and 2015, respectively.

Note Payable Royal Business Bank. 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 a property 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 Habitat LA'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 Habitat LA 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 $914,923 and $950,000, at June 30, 2016 and 2015, respectively.

Habitat LA was awarded a grant by Restore Neighborhood Los Angeles ("RNLA") a not-for-profit, in the form of a loan to finance the acquisition and development of a property in the City of Los Angeles. This loan is secured by a deed of trust on the property, and is non-interest bearing, due on sale of the property. Upon the sale of the developed property to a qualified buyer, Habitat LA will remit $35,000 to RNLA from the home sales proceeds and the remaining $175,000 will be forgiven by RNLA. The balance due on the note was $210,000 and $0, at June 30, 2016 and 2015, respectively.

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

For the year ending June 30,	
2017	$ 989,064
2018	77,947
2019	81,948
2020	85,780
2021	2,845,247
Thereafter	-
Total	$ 4,079,986

NOTE 15

RELATED PARTY TRANSACTIONS

Habitat LA 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, Habitat LA receives significant pass-through funding on behalf of domestic and international Habitat affiliates. In general, this pass-through funding is credited towards the Tithe. These pass-through funds generally do not permit Habitat LA 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 year ended June 30, 2016, Habitat LA recorded $753,379 in contributions and pledge payments from members of Habitat LA's Board of Directors or from companies that they or their families represent. All Board members serve as volunteers and have no financial interest in the national organizations.

For the years ended June 30, 2016 and 2015, Tithes due Habitat International were $7,322 and $18,257, respectively. Included in accounts payable are $9,603 and $23,092 due to Habitat International.

NOTE 16

NEW MARKETS TAX CREDIT TRANSACTIONS

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 CDE I is a below market interest 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 CDE I. For financial statement presentation purposes, the Organization has offset 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 2015 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 is being amortized over seven (7) years, the expected life of the transaction. Accordingly, at June 30, 2016 and 2015, the Organization reported deferred revenue of $572,821 and $668,291, respectively, 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 reported as revenue $133,192 for the year ended June 30, 2015 from the 2008 NMTC Transaction. At June 30, 2015, there was no deferred revenue from the 2008 NMTC Transaction.

NOTE 17

COMMITMENTS AND CONTINGENCIES

Habitat LA leases ReStore facilities under non-cancellable operating leases. Rent expense for the years ended June 30, 2016 and 2015 under these leases was $266,220 and $656,291, respectively. One of the Organization's ReStore facility operating leases extends through July 2024.

Habitat LA leases various vehicles under non-cancellable operating leases through December 2015. Vehicle rental expense for the year ended June 30, 2016 and 2015 was $166,188 and $120,835, respectively.

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

Year ending June 30,	Building leases	Equipment leases
2017	$ 258,271	$ 65,517
2018	259,512	66,200
2019	275,316	68,186
2020	275,316	-
2021	293,172	-
Thereafter	934,550	-
Total	$ 2,296,137	$ 199,903

NOTE 18

TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2016 and 2015 consist of amounts restricted by donor-imposed stipulations as follows:

As of June 30,	2016	2015
Home Sponsorships	$ 1,173,857	$ 1,489,317
Community Programs	505,647	703,209
Charitable Remainder Trusts	167,011	185,109
Multi-Year Capital Campaign Funds	366,551	477,925
Total	$ 2,213,065	$ 2,855,560

NOTE 19

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	2015
ASSETS						
Cash and cash equivalents	$ 2,040,054	$ 40,255	$ 2,080,309	$ -	$ 2,080,309	$ 3,862,646
Program service grants receivable		-	-		-	70,400
Unconditional promises to give, net of unamortized discount	3,222,865	285,837	3,508,702	(292,271)	3,216,431	2,460,623
Mortgage notes receivable, net of unamortized discount	11,995,713	-	11,995,713	-	11,995,713	11,695,523
Prepaid expenses	249,237	-	249,237		249,237	455,012
Inventories	1,041,473	-	1,041,473		1,041,473	550,250
Construction in process	6,234,655	1,732,050	7,966,705		7,966,705	6,665,814
Finished homes held for sale	-	-	-		-	563,995
Property and equipment, net of accumulated depreciation and amortization	4,458,312	-	4,458,312		4,458,312	4,594,586
Deposits and other assets	541,963	-	541,963		541,963	540,730
Total assets	$ 29,784,272	$ 2,058,142	$ 31,842,414	$ (292,271)	$ 31,550,143	$ 31,459,579
LIABILITIES AND NET ASSETS						
Bank line of credit	$ 952,275	$ -	$ 952,275	$ -	$ 952,275	$ 1,213,527
Accounts payable	505,385	297,596	802,981	(292,271)	510,710	434,376
Accrued expenses	670,623	459	671,082		670,623	505,630
Deposits and impounds	47,441	-	47,441		47,900	157,947
Deferred revenue	1,401,251	-	1,401,251		1,401,251	1,463,190
Capital leases payable	6,928	-	6,928		6,928	19,646
Notes payable - governmental agencies	34,860	1,666,581	1,701,441		1,701,441	1,010,879
Notes payable - Habitat International	3,004,019	-	3,004,019		3,004,019	3,785,290
Notes payable - other	4,079,986	-	4,079,986		4,079,986	4,261,867
Total liabilities	$ 10,702,768	$ 1,964,636	$ 12,667,404	$ (292,271)	$ 12,375,133	$ 12,852,352
Commitments						
Net assets:						
Unrestricted	$ 16,868,439	$ 93,506	$ 16,961,945		$ 16,961,945	$ 15,751,667
Temporarily restricted	2,213,065	-	2,213,065		2,213,065	2,855,560
Total net assets	$ 19,081,504	$ 93,506	$ 19,175,010		$ 19,175,010	$ 18,607,227
Total liabilities and net assets	$ 29,784,272	$ 2,058,142	$ 31,842,414	$ (292,271)	$ 31,550,143	$ 31,459,579

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, 2016	Unrestricted	Temporarily restricted	Totals	Unrestricted	Temporarily restricted	Totals	Unrestricted	Temporarily restricted	Totals	Unrestricted	Temporarily restricted	Totals	Prior year-totals
Support and revenue:													
Contributions	$ 2,863,866	$ 1,774,197	$ 4,638,063	$ -	$ -	$ -	(972,428)	$ -	$ (972,428)	$ 1,891,438	$ 1,774,197	$ 3,665,635	$ 4,298,242
In-kind contributions	627,369	236,530	863,899	534,781	-	534,781	(534,781)	-	(534,781)	627,369	236,530	863,899	1,760,229
Sales of homes	3,397,064	-	3,397,064	2,778,000	-	2,778,000	(936,892)	-	(936,892)	5,238,172	-	5,238,172	1,775,695
ReStore sales	3,938,504	-	3,938,504	-	-	-	-	-	-	3,938,504	-	3,938,504	3,518,053
ReStore value of donated goods received	3,940,381	-	3,940,381	-	-	-	-	-	-	3,940,381	-	3,940,381	3,696,319
Government grants	61,818	542,750	604,568	-	-	-	-	-	-	61,818	542,750	604,568	200,000
Special events, net	621,992	-	621,992	-	-	-	-	-	-	621,992	-	621,992	393,674
Mortgage loan discount amortization	652,889	-	652,889	-	-	-	-	-	-	652,889	-	652,889	614,833
Other income	841,022	(18,098)	822,924	18,664	-	18,664	(534,781)	-	(534,781)	324,905	(18,098)	306,807	263,401
Net assets released from restrictions:							-	-					
Satisfaction of program/donor restrictions	3,177,874	(3,177,874)	-	-	-	-	-	-	-	3,177,874	(3,177,874)	-	-
Total revenue, gains, and other support	20,122,779	(642,495)	19,480,284	3,331,445	-	3,331,445	(2,978,882)	-	(2,978,882)	20,475,342	(642,495)	19,832,847	16,520,446
Expenses:													
Cost of homes sold and program support	16,049,725	-	16,049,725	4,427,722	-	4,427,722	(2,978,882)	-	(2,978,882)	17,498,565	-	17,498,565	14,232,019
Management and general	922,455	-	922,455	-	-	-	-	-	-	922,455	-	922,455	913,624
Fundraising	844,041	-	844,041	-	-	-	-	-	-	844,041	-	844,041	489,830
Total functional expenses	17,816,221	-	17,816,221	4,427,722	-	4,427,722	(2,978,882)	-	(2,978,882)	19,265,061	-	19,265,061	15,635,473
Total expenses	17,816,221	-	17,816,221	4,427,722	-	4,427,722	(2,978,882)	-	(2,978,882)	19,265,061	-	19,265,061	15,635,473
Change in net assets	2,306,558	(642,495)	1,664,063	(1,096,277)	-	(1,096,277)	-	-	-	1,210,281	(642,495)	567,786	884,973
Net assets, beginning of year	14,561,881	2,855,560	17,417,441	1,189,783	-	1,189,783	-	-	-	15,751,664	2,855,560	18,607,224	17,722,254
Net assets, end of year	$ 16,868,439	$ 2,213,065	$ 19,081,504	$ 93,506	$ -	$ 93,506	$ -	$ -	$ -	$ 16,961,945	$ 2,213,065	$ 19,175,010	$ 18,607,227

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, 2016	**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	$ 2,867,579	$ -	$ -	$ 2,507,089	$ -	$ -	$ 5,374,668	$ -	$ -	$ (1,069,562)	$ -	$ -	$ 4,305,106	$ -	$ -	$ 4,305,106	$ 1,983,032
Cost of homes sold - mortgage discount expense	1,622,804	-	-	-	-	-	1,622,804	-	-	-	-	-	1,622,804	-	-	1,622,804	518,220
Cost of goods sold - ReStore	381,685	-	-	-	-	-	381,685	-	-	-	-	-	381,685	-	-	381,685	366,098
Value of donated goods sold - ReStore	3,940,381	-	-	-	-	-	3,940,381	-	-	-	-	-	3,940,381	-	-	3,940,381	3,696,319
Salaries	3,321,865	536,706	518,862	4,678	-	-	3,326,543	536,706	518,862	-	-	-	3,326,543	536,706	518,862	4,382,111	4,033,994
Payroll taxes and benefits	803,526	98,150	91,738	526	-	-	804,052	98,150	91,738	-	-	-	804,052	98,150	91,738	993,940	978,859
Americorp	91,167	-	-	-	-	-	91,167	-	-	-	-	-	91,167	-	-	91,167	131,869
Bad debt expense	124,963	-	-	-	-	-	124,963	-	-	-	-	-	124,963	-	-	124,963	42,016
Bank fees and charges	57,585	9,506	14,528	-	-	-	57,585	9,506	14,528	-	-	-	57,585	9,506	14,528	81,619	61,324
Home repair	474,814	-	-	-	-	-	474,814	-	-	-	-	-	474,814	-	-	474,814	92,543
Build events and community programs	95,531	10,839	31,163	-	-	-	95,531	10,839	31,163	-	-	-	95,531	10,839	31,163	137,533	256,560
Contributions to other non-profit organizations	-	-	-	1,909,320	-	-	1,909,320	-	-	(1,909,320)	-	-	-	-	-	-	45
Depreciation	175,571	28,001	16,022	-	-	-	175,571	28,001	16,022	-	-	-	175,571	28,001	16,022	219,594	236,802
Facilities - rent / lease costs	266,220	-	-	-	-	-	266,220	-	-	-	-	-	266,220	-	-	266,220	656,291
Insurance	116,868	10,210	6,189	-	-	-	116,868	10,210	6,189	-	-	-	116,868	10,210	6,189	133,267	101,772
Interest and amortization of loan fees	344,743	-	-	-	-	-	344,743	-	-	-	-	-	344,743	-	-	344,743	356,381
Office and other	271,921	88,098	48,386	4,841	-	-	276,762	88,098	48,386	-	-	-	276,762	88,098	48,386	413,246	587,575
Professional and outside services	428,396	96,199	65,063	1,268	-	-	429,664	96,199	65,063	-	-	-	429,664	96,199	65,063	590,926	782,471
Real estate - closing and development	83,574	-	-	-	-	-	83,574	-	-	-	-	-	83,574	-	-	83,574	112,281
Telephone	97,149	21,305	14,031	-	-	-	97,149	21,305	14,031	-	-	-	97,149	21,305	14,031	132,485	122,347
Tithes	12,204	7,511	21,594	-	-	-	12,204	7,511	21,594	-	-	-	12,204	7,511	21,594	41,309	(23,697)
Travel	37,934	14,639	15,681	-	-	-	37,934	14,639	15,681	-	-	-	37,934	14,639	15,681	68,254	55,537
Utilities and facility maintenance	194,151	1,291	784	-	-	-	194,151	1,291	784	-	-	-	194,151	1,291	784	196,226	282,864
Vehicles	239,094	-	-	-	-	-	239,094	-	-	-	-	-	239,094	-	-	239,094	203,970
	$ 16,049,725	$ 922,455	$ 844,041	$ 4,427,722	$ -	$ -	$ 20,477,447	$ 922,455	$ 844,041	$ (2,978,882)	$ -	$ -	$ 17,498,565	$ 922,455	$ 844,041	$ 19,265,061	$ 15,635,473

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	2015
Operating activities:						
Change in net assets	$ 1,664,063	$ (1,096,277)	$ 567,786	$ -	$ 567,786	$ 884,973
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	(516,414)	-	(516,414)		(516,414)	(289,137)
Forgiveness / transfer of notes payable, government agencies and related accrued interest to homeowners	(559,438)	-	(559,438)		(559,438)	1,010,879
In-kind contributions- value of donated land	-	-	-		-	(955,000)
Mortgage discount amortization	(652,889)	-	(652,889)		(652,889)	(614,833)
Provision for unconditional promises to give	124,963	-	124,963		124,963	42,016
Loss (gain) on long-term assets	(2,300)		(2,300)		(2,300)	-
Depreciation	219,594	-	219,594		219,594	236,802
(Increase) decrease in assets:	-		-		-	-
Program service grants receivable	-	70,400	70,400		70,400	(70,400)
Cash held in trust	-		-		-	-
Contributions receivable	(753,459)	(127,312)	(880,771)		(880,771)	(1,345,426)
Prepaid expenses	205,775	-	205,775		205,775	(215,398)
Inventories	(491,223)	-	(491,223)		(491,223)	264,825
Construction in process, net of non-cash items	(1,186,453)	1,135,562	(50,891)		(50,891)	(1,257,362)
Finished homes held for sale	563,995	-	563,995		563,995	69,101
Deposits and other assets (except loan fees)	(1,236)	-	(1,236)		(1,236)	(164,696)
Increase (decrease) in liabilities:	-		-		-	-
Accounts payable	(51,914)	128,248	76,334		76,334	(141,691)
Accrued expenses, net of accrued capitalized interest and forgiven interest	164,960	33	164,993		164,993	22,138
Deposits and impounds	(110,047)	-	(110,047)		(110,047)	5,853
Deferred revenue	8,460	(70,399)	(61,939)		(61,939)	868,551
Net cash and cash equivalents provided by (used in) operating activities	(1,373,563)	40,255	(1,333,308)	-	(1,333,308)	(1,648,805)
Investing activities:						
Proceeds from sale of investments	-	-	-		-	21,508
Acquisition of property and equipment	(83,320)	-	(83,320)		(83,320)	(186,137)
Proceeds from sale of equipment	2,300	-	2,300		2,300	-
Mortgage payments received	869,113	-	869,113		869,113	799,605
Net cash and cash equivalents provided by (used in) investing activities	788,093	-	788,093	-	788,093	634,976
Financing activities:					-	
Net proceeds (payments) on line of credit	(261,252)	-	(261,252)		(261,252)	234,902
Payment of loan fees	-	-	-		-	(21,000)
Cash proceeds from notes payable	210,000	-	210,000		210,000	640,760
Principal payments on notes payable	(1,173,152)	-	(1,173,152)		(1,173,152)	(1,198,046)
Payments on capitalized lease obligations payable	(12,718)	-	(12,718)		(12,718)	(4,687)
Net cash and cash equivalents provided by (used in) financing activities	(1,237,122)	-	(1,237,122)	-	(1,237,122)	(348,071)
Net change in cash and cash equivalents	(1,822,592)	40,255	(1,782,337)	-	(1,782,337)	(1,361,900)
Cash and cash equivalents, beginning of the year	3,862,646	-	3,862,646	-	3,862,646	5,224,546
Cash and cash equivalents, end of the year	$ 2,040,054	$ 40,255	$ 2,080,309	$ -	$ 2,080,309	$ 3,862,646

The accompanying notes are an integral part of these financial statements