A Safe Haven Foundation
(An Illinois not-for-profit corporation)

Consolidated Financial Statements
and Independent Auditor's Report

June 30, 2015

FGMK

A SAFE HAVEN FOUNDATION
(AN ILLINOIS NOT-FOR-PROFIT CORPORATION)

TABLE OF CONTENTS

ASSURANCE ▪ TAX ▪ ADVISORY

INDEPENDENT AUDITOR'S REPORT

Board of Directors
A Safe Haven Foundation

Report on the 2015 Financial Statements

We have audited the accompanying consolidated financial statements of A Safe Haven Foundation which comprise the consolidated statement of financial position as June 30, 2015, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the 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 consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of A Safe Haven Foundation as of June 30, 2015, 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 Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information, including the Schedule of Expenditures of Federal Awards, as required by the *Office of Management and Budget Circular A-133*, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

FGMK, LLC
2801 Lakeside Drive, 3rd Floor • Bannockburn, IL 60015 • 847 374 0400
333 W. Wacker Drive, 6th Floor • Chicago, IL 60606 • 312 818 4300 • fgmk.com

Report on Summarized Comparative Information

We have previously audited the A Safe Haven Foundation's 2014 financial statements, and our report dated October 31, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2015, on our consideration of A Safe Haven Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering A Safe Haven Foundation's internal control over financial reporting and compliance.

FGMK, LLC

Bannockburn, Illinois
December 3, 2015

A SAFE HAVEN FOUNDATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2015 AND 2014

ASSETS

	2015	2014
Current Assets		
Cash and cash equivalents	$ 1,701,600	$ 410,781
Restricted cash	1,064,074	-
Accounts receivable-net	2,661,873	1,799,309
Due from related parties	419,414	168,697
Prepaid expenses	49,372	84,758
Other current assets	8,017	-
Total current assets	5,904,350	2,463,545
Property and equipment		
Land	2,264,763	1,064,763
Buildings and improvements	29,699,834	13,143,144
Furniture, fixtures, and equipment	1,273,726	772,139
Automobiles	572,854	327,286
Site improvements	1,559,447	1,077,136
Computer software	777,849	136,531
Construction in progress	218,680	-
	36,367,153	16,520,999
Less: Accumulated depreciation	(9,549,815)	(2,008,209)
Net property and equipment	26,817,338	14,512,790
Other assets		
Debt issue costs	663,664	525,127
Other assets	35,514	-
Lease commissions	197,922	19,150
Less: Accumulated amortization	(497,267)	(237,737)
	399,833	306,540
Investment in partnerships	1,820,100	1,820,823
Total other assets	2,219,933	2,127,363
Total assets	$ 34,941,621	$ 19,103,698

A SAFE HAVEN FOUNDATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2015 AND 2014

LIABILITIES AND NET ASSETS

	2015	2014
Current liabilities		
Line of credit	$ 2,360,000	$ 180,000
Current portion of long-term debt	1,065,696	866,178
Current portion of capital leases	143,179	106,819
Accounts payable and accrued expenses	903,859	651,108
Accrued interest	66,740	80,454
Deferred revenue	78,565	-
Other current liabilities	485,608	-
Due to related parties	1,198,718	1,477,947
Total current liabilities	6,302,365	3,362,506
Long-term liabilities		
Long-term debt, net of current portion	18,432,051	12,532,960
Capital leases, net of current portion	211,729	128,417
Deferred rent	44,382	-
Deferred grant revenue	361,667	389,667
Total long-term liabilities	19,049,829	13,051,044
Total liabilities	25,352,194	16,413,550
Net Assets - Unrestricted		
Controlling interest	6,771,596	2,690,148
Noncontrolling interest	2,817,831	-
Total net assets	9,589,427	2,690,148
Total liabilities and net assets	$ 34,941,621	$ 19,103,698

The accompanying notes are an integral part of these statements.

A SAFE HAVEN FOUNDATION

CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Revenue and support		
Service contracts	$ 8,849,252	$ 7,277,693
Social enterprise revenue	5,064,370	3,027,073
Rental income	3,396,349	1,671,270
Tax incremental fund revenue	755,634	755,634
Contributions	2,623,608	563,396
Developer fee	364,000	-
Other revenue	580,524	657,159
Total support and revenue	21,633,737	13,952,225
Expenses		
Program services	19,534,027	11,215,103
Management and general	2,147,782	1,619,613
Fundraising	500,427	730,309
Total expenses	22,182,236	13,565,025
Change in unrestricted net assets before noncontrolling interest	(548,499)	387,200
Change in net assets attributable to noncontrolling interest	363,358	-
Change in net assets attributable to controlling interest	(185,141)	387,200
Controlling interest net assets - Beginning of year	2,690,148	2,302,948
Controlling interest from newly consolidated entities - see Note 1	4,266,589	-
Controlling interest net assets - End of year	$ 6,771,596	$ 2,690,148
Noncontrolling interest from newly consolidated entities - see Note 1	$ 3,181,189	$ -
Change in net assets attributable to noncontrolling interest	(363,358)	-
Noncontrolling interest net assets - End of year	$ 2,817,831	$ -
Total net assets - End of year	$ 9,589,427	$ 2,690,148

A SAFE HAVEN FOUNDATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2015
(With Summarized Financial Information for the Year Ended June 30, 2014)

	2015							
	Program Expenses							
	Health Initiatives	Education	Residential	Social Enterprise	Supportive Services	Workforce Development	Real Estate Operations	Total
Salaries and related expenses	$ 1,040,632	$ 104,734	$ 2,675,174	$ 4,347,584	$ 700,874	$ 228,793	$ 92,593	$ 9,190,384
Interest	-	-	504,917	54,916	-	-	254,820	814,653
Program food clothing and personal maintenance	-	316	1,209,612	20,733	6,767	53,206	-	1,290,634
Utilities, supplies and maintenance	424	18,019	814,467	641,005	16,750	15,279	648,376	2,154,320
General insurance	13,739	7,536	135,147	117,885	19,401	5,388	114,838	413,934
Professional fees / contract services	536,843	110,071	9,205	20,465	249,264	6,802	302,167	1,234,817
Office expenses	126,576	7,547	95,503	276,243	56,872	22,658	215,451	800,850
Miscellaneous	-	-	29,896	71,710	10,920	-	139,245	251,771
Special events	4,969	-	-	94,731	-	-	-	99,700
Telephone	39,858	1,636	23,521	47,898	9,954	-	105	122,972
Other program costs	6,322	18,184	411,749	7,565	1,003,351	65,239	-	1,512,410
Postage/printing	806	-	708	1,765	208	-	144	3,631
Transportation and travel	45,859	1,645	122,432	2,035	52,394	10,483	-	234,848
Total expenses before depreciation and amortization	1,816,028	269,688	6,032,331	5,704,535	2,126,755	407,848	1,767,739	18,124,924
Depreciation	8,440	6,700	512,339	144,491	-	3,189	675,521	1,350,680
Amortization	-	-	55,037	-	-	-	3,386	58,423
	$ 1,824,468	$ 276,388	$ 6,599,707	$ 5,849,026	$ 2,126,755	$ 411,037	$ 2,446,646	$ 19,534,027

A SAFE HAVEN FOUNDATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2015
(With Summarized Financial Information for the Year Ended June 30, 2014)

	2015				
	Management Expenses				
	Management and General	Fundraising	Total	Total	2014
Salaries and related expenses	$ 77,716	$ 222,469	$ 300,185	$ 9,490,569	$ 6,111,619
Interest	32,309	-	32,309	846,962	590,488
Program food clothing and personal maintenance	-	-	-	1,290,634	2,062,840
Utilities, supplies and maintenance	5,957	36	5,993	2,160,313	1,394,107
General insurance	52,188	6,686	58,874	472,808	152,082
Professional fees / contract services	1,777,126	37,911	1,815,037	3,049,854	1,675,604
Office expenses	162,589	30,670	193,259	994,109	222,323
Miscellaneous	14,212	-	14,212	265,983	196,286
Special events	355	190,114	190,469	290,169	77,750
Telephone	4,894	1,078	5,972	128,944	34,045
Other program costs	-	3,537	3,537	1,515,947	41,987
Postage/printing	16,330	1,422	17,752	21,383	14,338
Transportation and travel	3,754	6,504	10,258	245,106	325,738
Total expenses before depreciation and amortization	2,147,430	500,427	2,647,857	20,772,781	12,899,207
Depreciation	352	-	352	1,351,032	608,866
Amortization	-	-	-	58,423	56,952
	$ 2,147,782	$ 500,427	$ 2,648,209	$ 22,182,236	$ 13,565,025

A SAFE HAVEN FOUNDATION

CONSOLIDATED STATEMENTS OF CASH FLOW

YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Cash flows from operating activities		
Change in net assets attributable to controlling interest	$(185,141)	$ 387,200
Adjustments to reconcile change in net assets attributable to contolling interest to net cash provided by (used in) operating activities		
Change in net assets attributable to noncontrolling interest	(363,358)	-
Deemed contributions for investment in partnerships	723	(723)
Loan payments made by third party	(514,272)	(476,178)
Depreciation and amortization	1,301,698	665,818
Change in allowance for doubtful accounts	(38,076)	(78,298)
Changes in operating assets and liabilities:		
Accounts receivable	(547,752)	(117,424)
Prepaid expenses and other assets	89,427	(47,872)
Accounts payable	(258,770)	(128,651)
Accrued interest	(26,435)	(12,698)
Other liabilities	449,173	-
Deferred revenue	6,870	(35,898)
Net cash provided by (used in) operating activities	(85,913)	155,276
Cash flow from investing activities		
Purchases of property and equipment	(304,165)	(149,736)
Net withdrawal of escrow and restricted reserves	103,639	-
Net cash used in investing activities	(200,526)	(149,736)
Cash flows from financing activities		
Net change in due to/from related parties	(468,938)	338,447
Proceeds from long-term debt	38,552	13,998
Net proceeds from line of credit	2,031,667	180,000
Principal payments on capital leases	(163,390)	(114,540)
Principal payments on long-term debt	(366,481)	(348,884)
Net cash provided by financing activities	1,071,410	69,021
Net change in cash and cash equivalents	784,971	74,561
Cash and cash equivalents - Beginning of year	410,781	336,220
Beginning of year cash from newly consolidated entities - see Note 1	505,848	-
Cash and cash equivalents - End of year	$ 1,701,600	$ 410,781
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid by Organization	$ 798,343	$ 324,516
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Financed property and equipment	$ 572,854	$ 30,793

A SAFE HAVEN FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Organization and Program Description

A Safe Haven Foundation ("ASHF") was formed on April 26, 2001 as a not-for-profit corporation under the laws of the State of Illinois to provide job placement, rehabilitation services, and shelter to the people of the City of Chicago ("City") that are in need. In 2012, the Foundation added to its mission other activities to create and promote long-term housing for those in need.

On September 30, 2009, ASHF signed a management agreement with the Chicago Christian Industrial League ("CCIL"), an unrelated party at that time, to act as Manager and to oversee CCIL's programs and facilities. This agreement charged ASHF with the establishment of a long-term strategic plan and efficient operation of CCIL's business plan. On March 24, 2010, ASHF entered into a Strategic Alliance/Transfer Agreement ("Strategic Alliance") with CCIL that provides for an alignment of revenue contracts, oversight of fund raising efforts, oversight of the human resources function, and for working with service providers and other vendor relationships to carry out the strategic joint mission of ASHF and CCIL. Concurrent with the Strategic Alliance, CCIL assigned its interest in the 2750 W Roosevelt Building and related debt, and certain identified homeless service contracts with the City, to ASHF. Accordingly, assets and liabilities of approximately $15,572,000 were transferred and recorded by ASHF based on CCIL's net book value. The Strategic Alliance also provided an option of transferring future responsibility from CCIL to ASHF for any contractual responsibility when it becomes mutually beneficial to both organizations to do so. Additional program and contracts were subsequently transferred to ASHF.

In 2012, ASHF became the single member of an Illinois Limited Liability Company known as KMA Holdings V, LLC ("KMA"). KMA is a limited partner in real estate development projects (Note 3) for low income housing where ASHF will provide case management and supportive services to certain residents of the housing development once construction and leasing are complete. Once those services have been successfully put in place, KMA will be considered for the property management assignment.

In 2013, two of ASHF's board members became the majority board members for a 501(c) (3) organization known as Harborquest ("HQ"). Since then, ASHF has maintained effective control over Harborquest. Harborquest owns a single member L3C known as Civic Staffing ("CS") which provides a temporary employment labor force for clients that are in the need of such low cost alternatives to permanent hiring. The organizations began working together in a collaborative way to provide employment training services to the current customer base of CS and to fulfill the separate workforce development contracts of ASHF. In December 2013, each entity's Board of Directors approved a transaction that would combine the interests of each entity into one consolidated organization. As required by both HQ and ASHF debt agreements, both organizations have submitted requests for approval of a consolidation. The lender has approved the transaction for consolidation. As part of the Foundation's loan restructuring, ASHF became responsible for the outstanding HQ debt which satisfies the financial requirement for full consolidation of HQ and CS and accordingly the results for the full fiscal year 2015 are included in the consolidated financial statements.

In December 2013, ASHF's and CCIL's Boards of Directors approved a transaction that would combine the remaining business interests of CCIL into ASHF. CCIL owns two single member LLCs known as 600 S Wabash Commercial ("Commercial") and 600 S Wabash LLC ("LLC"). The LLC is the .01% general partner of 600 S Wabash LP ("LP'). Commercial owns six spaces of commercial space on the ground floor of the building and a roof top antenna lease for the ground floor of the building located at 600 S Wabash in Chicago. The LP owns a 169 unit residential structure which sits on the upper floors of the same building at 600 S Wabash. ASHF submitted a request to its funding bank for approval of a consolidation. The lender has approved the transaction for consolidation. Under the above mentioned management agreement and a CCIL board resolution, ASHF gained full management control of the CCIL operations. This satisfies the management control element for full consolidation of CCIL and its subsidiaries and, accordingly, the results for the full fiscal year 2015 are included in the consolidated financial statements.

In 2014, ASHF became the single member of an Illinois Limited Liability Company known as KMA Holdings VIII, LLC ("KMA VIII"). The entity was formed with the intent to develop real estate on several parcels of land in Melrose Park, Illinois. In 2015, KMA VIII admitted a minority partner to help with those development efforts. KMA VIII decided to utilize low income housing tax credits and to seek a limited partner to bring significant equity to the project. Therefore, in anticipation of that transaction, it formed a joint venture, A Safe Haven Veteran Village ('ASHVV"). As of June 30, 2015, the Foundation was working to admit the limited partner to ASHVV and close the acquisition of the development land parcels.

In 2015, ASHF began to manage its programs and their related functional expenses under seven distinct areas of impact: Health Initiatives, Education, Residential, Social Enterprise, Supportive Services, Workforce Development, and Real Estate Operations. The Organization's Fundraising & Development and Administrative Support areas were also tracked as separate functional areas.

A SAFE HAVEN FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Organization and Program Description (continued)

The following is a brief description of each program area for the year ended June 30, 2015:

Health Initiatives – Assistance in accessing health insurance and services for populations at risk
Education – Life skills and literacy training for ASHF clients, including youth mentoring and support
Residential – Emergency and interim housing for populations at risk
Social Enterprise – Landscaping, staffing, catering and pest control services sold into multiple markets
Supportive Services – Homeless prevention interventions, substance abuse treatment and transitional housing
Workforce Development – Job skills training, transition back to work counseling and job placement support
Real Estate Operations – Rental of affordable housing and commercial space

Note 2 – Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of ASHF, KMA V, KMA VIII, HQ, CS, ASHVV, CCIL, 600 S Wabash LLC, 600 S Wabash Commercial LLC, and 600 S Wabash LP (collectively the "Organization").

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Information regarding the financial position and activities of the Organization are reported in three classes of net assets (as applicable): unrestricted, temporarily restricted, and permanently restricted. Management has determined that there were no temporarily or permanently restricted net assets as of June 30, 2015 and 2014.

Financial Statement Presentation

Comparative financial information presented on the consolidated financial statements does not present the functional analysis of that information. This prior year financial information is presented for comparative purposes only and does not include sufficient detail to constitute a presentation in accordance with GAAP. Accordingly, such financial information should be read in conjunction with ASHF's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

Revenue Recognition and Support

ASHF receives all of its grant revenue from federal, state and local agencies. Revenue is recognized as services are provided in accordance with the terms of the grants. Grant funds received in advance of being earned are reported as deferred revenue at year-end. Any of the funders may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by ASHF with the terms of the grants.

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets when the donor makes a promise to give to ASHF. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Rental income for office/retail space is from other service providers that provide specific services that complement ASHF's homeless service programs. ASHF also leases beds to a related entity that has similar government funded programs for populations better suited to be served at ASHF's Roosevelt Road site. Rental income is recognized as it is earned under the specific non-cancellable operating lease agreements.

Rental income of CCIL and its subsidiary entities is recognized as income on the accrual basis as it is earned. Advance receipts of rental income are deferred and classified as liabilities until earned. All leases between 600 S Wabash LP and tenants of the property are considered operating leases and have terms of one year or less.

A SAFE HAVEN FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (continued)

Allocation of Expenses

The costs of providing the various programs, fund-raising, and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain indirect costs have been allocated among seven program areas, administrative and fundraising activities on the basis of management's estimates.

Management Estimates and Assumptions

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid short-term investments with original maturities of three months or less to be cash equivalents. The Organization regularly maintains cash balances, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk related to cash and cash equivalents.

Restricted Cash

Escrows are maintained for the benefit of projects of 600 S Wabash LP. These escrowed funds are restricted as to their use based upon the applicable regulatory documents.

600 S Wabash LP, as mentioned further under Note 7, owns real property financed by mortgages through the Illinois Housing Development Authority ("IHDA"). It is IHDA's position, under Illinois statute, that project cash surplus cannot be used to pay off the IHDA mortgages, and, upon such payoff from other funds, IHDA is entitled to any surplus cash, including reserves and escrows remaining at such time as in excess of the maximum cash return allowable to the property owners set forth in the Regulatory Agreement at such times as the loan was consummated. The potential amount to be returned upon such an event cannot be determined and, as such, no related amounts have been reflected in the financial statements.

Escrows and reserves were appropriately funded as of June 30, 2015 and June 30, 2014.

Accounts Receivable

Accounts receivable represent amounts due for various program services provided to funding agencies and others, as well as earned revenue from social business enterprises. The allowance for doubtful accounts is determined based on historical experience and analysis of specific accounts. Uncollectible amounts are charged to bad debt expense when that determination is made. The allowance for doubtful accounts was $91,049 and $20,675 as of June 30, 2015 and 2014, respectively.

Tenant Security Deposits

Regulations of IHDA require that security deposits be segregated from the general funds of 600 Wabash LP. Accordingly, the LP holds all security deposit funds in a separate interest bearing account. When the tenant vacates the unit, any unpaid balance remaining after application of the security deposit is charged to bad debt expense. These amounts are included in restricted cash.

Property and Equipment

Property and equipment purchased are recorded at cost. Donations of property and equipment are recorded as contributions at their estimated fair market value at the time of donation. Improvements are capitalized, while expenditures for ordinary maintenance and repairs are expensed as incurred. Property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. There were no impairment charges for the years ended June 30, 2015 and 2014.

Note 2 – Summary of Significant Accounting Policies (continued)

Property and equipment are depreciated over their estimated useful lives, using the straight-line method as follows:

	Estimated Useful Lives (in Years)
Building and improvements	50
Furniture, fixtures, and equipment	5 -10
Automobiles	5
Site improvements	15
Computer software	3
Tenant improvements	Lease Life

Depreciation expense totaled $1,351,032 and $608,866 for the years ended of June 30, 2015 and June 30, 2014, respectively.

Debt Issue Costs and Amortization

Debt issue and financing costs consist of bond issuance costs and other fees incurred in order to obtain financing. Such amounts are amortized over the term of the related debt using the straight-line method. GAAP requires that the effective yield method be used to amortize financing costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method. Tax credit fees are amortized over 10 years using the straight-line method.

Investment In Partnerships

The Organization accounts for investments in unconsolidated partnerships under the equity method of accounting because the Organization does not have operational and financial control. The aspects of control are reviewed annually. The equity method of accounting shows the net equity investment in the partnerships consisting of total contributions to the partnerships less distributions adjusted for the income or loss allocated to the Organization from the partnerships. The investment in partnerships is reviewed for impairment when events or changes in circumstances indicate that the carrying value of the investment is not recoverable. There were no impairment charges for the years ended June 30, 2015 and 2014.

Income Taxes

Not-For-Profit: The Organization's primary entities qualify as tax-exempt organizations under Section 50l(c) (3) of the Internal Revenue Code and are exempt from federal and state income taxes excluding any income not related to its tax-exempt purpose. The operations of CS are reported by HQ for tax purposes and are considered to be related to its tax-exempt purposes. No provision for income taxes has been recorded in the financial statements for the years ended June 30, 2015 and 2014, as all income is related to its tax exempt purpose. Under provisions of the Internal Revenue Code, KMA has elected to be taxed as a corporation. However, these entities would be liable for taxes on unrelated business income generated from unrelated trade or business activities. These entities had no unrelated trade or business activity during the fiscal year ended June 30, 2015.

Limited Partnerships: No provision or benefit for income taxes has been included in these financial statements since taxable income or loss passes through to, and is reportable by, the partners individually.

Limited Liability Companies: The limited liability companies ("LLCs") are single member LLCs which are treated as disregarded entities for income tax purposes. Therefore, no provision or benefit for income taxes has been included in these financial statements since taxable income or loss passes through to, and is reportable by, the respective members individually.

A SAFE HAVEN FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (concluded)

Noncontrolling Interest in Limited Partnership

This amount represents the aggregate balance of limited partner equity interests in the non-wholly owned limited partnerships that are included in the consolidated financial statements.

Note 3 – Investment in Partnerships

In June 2012, ASHF received $400,100 of project fee rebates from the Village of East Dundee in connection with the first phase of a two phase development project to provide low income rental housing for individuals and families. ASHF contributed this amount to KMA. ASHF was also awarded an Affordable Housing Program (AHP) grant of $420,000 through a Member bank of the Federal Home Loan Bank system in connection with the development which it also contributed to KMA.

KMA used the combined funds of $820,100 to make a capital contribution to Gardiner Senior Development, LLC which is the general partner of Gardiner Senior Apartments, LP, and the owner of the first phase of a low income housing project. KMA has a 26% interest in the general partner and is a non-managing member. The general partner in turn made an $820,000 capital contribution to the owner.

In July 2012, ASHF received $1,000,000 of project rebate fees from the Village of East Dundee in connection with the second phase of the above two phase development project to provide low income rental housing for individuals and families. ASHF contributed this amount to KMA.

KMA used the $1,000,000 to make a capital contribution to River Haven Place GP, LLC which is the general partner of River Haven Place, LP, and the owner of the second phase of a low income housing project. KMA has a 26% interest in the general partner and is a non-managing member. The general partner, in turn, made a $1,000,000 capital contribution to the owner.

In July 2012, KMA also entered into a joint venture agreement with the same investor group for an interest in Oswego Mill Street Station GP, LLC which is the general partner of Oswego Mill Street Station LP. The LP is the owner of a development project that plans to construct and rent townhomes to low income individuals and families in the Oswego, Illinois area.

The general partner acts as developer for the construction and that role generates owner development fees in addition to future property cash flows. Accordingly, ASHF records its share of development fees earned through its general partnership interest. ASHF will provide social service support for a portion of the tenants in the housing development. In 2013, the two East Dundee projects finished construction and lease-up and became operational. The Oswego project was finished in December 2014 and became operational.

Note 4 – Related Party Transactions

The Organization transacts business with entities under the control of related parties. The following is a summary of transactions between the Organization and related parties as of and for the years ended June 30, 2015 and 2014:

	2015	2014
Property rent expense	$ 235,200	$ 231,210
Management revenue	$ 15,252	$ 38,056
Bed-leasing revenue	$ 1,204,302	$ 1,132,890
Management fee expense	$ 1,401,162	$ 1,451,719
Supportive service fees expense	$ 107,897	$ 134,383

A SAFE HAVEN FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 5 – Working Capital

Current liabilities include the short-term portion of the National Consumer Cooperative Bank loan described in Note 7 and accrued interest thereon totaling $622,154 and $594,726 as of June 30, 2015 and 2014, respectively. Under the terms of the redevelopment agreement described in Note 13, this obligation is met from funds provided by the City and does not impact ASHF's cash flows.

Note 6 – Deferred Grant Revenue

Deferred grant revenue balance of $440,232 as of June 30, 2015, includes $361,667 for the Affordable Housing Program grant used to fund ASHF's partnership investment as described in Note 3. Deferred grant revenue as of June 30, 2014, consists of the $420,000 Affordable Housing Program grant used to fund ASHF's partnership investment as described in Note 3. The grant requires that 70 units of the 80 total units of the project be leased to individuals who qualify as very low and/or low income under HUD guidelines. The grant requires that the project be compliant with this use over the 15 year period ending in 2028. ASHF is recognizing the grant revenue evenly over the 15 year compliance period.

Note 7 – Long-Term Debt

In connection with the Strategic Alliance, the following is a summary of debt that was transferred to ASHF on March 24, 2010.

A promissory note dated May 1, 2004, held by National Consumer Cooperative Bank ("NCB"), bearing interest at 8.00%, requiring an annual payment of principal and interest due on each February 28, maturing February 28, 2019. This note is collateralized by two Tax Increment Financing ("TIF") notes granted by the City. The balance on this note was $2,502,756 and $3,017,028 as of June 30, 2015 and June 30, 2014, respectively. Also see Note 12 for discussion regarding the Redevelopment Agreement.

A loan that was originally with Amalgamated Bank (the "Trustee") and Illinois Finance Authority (the "Issuer") dated December 1, 2006, and collateralized by a mortgage lien on the 2750 W Roosevelt Building. This loan was funded from the issuance of tax-exempt Adjustable Rate Demand Revenue Bonds Series 2006A and 2006B (Bonds) in the amount of $10,870,000. Urban Partnership Bank ("Urban"), formerly known as Shore Bank, issued a letter of credit to provide credit and liquidity support for the Bonds. As of December 1, 2009, the Illinois Finance Authority under its right pursuant to the letter of credit received proceeds from Urban and transferred its rights to the bonds to Urban. On December 29, 2009, prior to the Strategic Alliance, ASHF negotiated on behalf of CCIL a reduction of certain loans and modification of the original terms of other loans whereby the balance on the original note was divided into two portions (Note A and Note B). In November 2014, the notes were modified to allow an additional line of credit with a maximum balance of $2.5 million and with different repayment terms. A summary of the new terms for the loans are as follows:

- Note A Portion – This loan is in the amount of $6,581,979 and $6,796,279 as of June 30, 2015 and 2014, respectively. It accrues interest at 5%. The loan provides for a monthly payment of $44,852 of principal and interest for a five year term which matures November 24, 2019.

- Note B Portion – This loan is in the amount $3,255,542 and $3,255,550 as of June 30, 2015 and 2014, respectively. The loan restructuring completed in November 2014 provides a provision of accelerated repayment where one dollar of repayment will reduce the loan balance by four dollars. The interest previously accrued under the old agreement was forgiven.

During the year ended June 30, 2012, the Organization obtained a mortgage loan in the amount of $150,000 on certain real property. This note requires minimum monthly payments of principal and interest of $3,272, bears interest at 5.00%, and matures June 2016. The balance on this loan was $40,253 and $78,658 as of June 30, 2015 and 2014, respectively

Note 7 – Long-Term Debt (continued)

During the year ended June 30, 2013, the Organization obtained a rehabilitation construction line of credit financing for the purposes of rehabilitation of certain real property. The rehabilitation was completed during the year and the property began operations. In July 2013, the Organization converted the rehabilitation loan to permanent financing that will have a balloon payment in June 2018. Monthly principal payment of $833 and interest is due monthly at a rate of 5.5%. The permanent loan is secured by the single real estate property upon which the loan was made. The balance on this loan was $228,777 and $240,833 as of June 30, 2015 and 2014, respectively.

600 S. Wabash Commercial, LLC holds a promissory note, dated December 31, 2003, issued by Citibank, F.S.B. The note was refinanced on February 26, 2008 in the amount of $2,246,517 at a fixed interest rate of 5.56%. Payments of interest only are due monthly and are in arrears. The promissory note matured on March 1, 2014. The note is secured by land and improvements and personal property. This agreement continued on a month to month basis after the maturity on March 1, 2014. Subsequent to year end, the note was refinanced with ABC Bank on August 29, 2014 in the amount of $2,030,000 at a fixed rate of 5.00%. Payments of $3,542 in principal and interest are due monthly and are in arrears. At June 30, 2015, the balance outstanding totaled $1,994,569. The note matures on August 29, 2019, at which time the entire remaining principal balance and all accrued and unpaid interest, shall be due and payable.

600 S Wabash, LP has a mortgage note dated April 20, 2007 that is held by IHDA. The original amount of the note was $1,473,819. The note bears interest at 6.50% per annum. Payments of principal and interest in the amount of $11,146 are due monthly. The note matures on July 1, 2025, at which time the entire remaining principal balance and all accrued and unpaid interest, shall be due and payable. The note is collateralized by real estate held for lease and an assignment of rents and leases. At June 30, 2015, the balance totaled $1,064,540.

600 S Wabash, LP has a second mortgage note dated January 26, 2004 that is held by IHDA. The original amount of the loan was $2,700,000 and is subordinated to the first mortgage. The note is non-interest bearing. Principal installments of $417 are due monthly. The note matures on July 1, 2025, at which time all remaining principal is due. The note is collateralized by real estate held for lease and an assignment of rents and leases. At June 30, 2015, the balance totaled $2,619,623.

600 S Wabash, LP has a third mortgage note, dated January 26, 2004 that is held by IHDA, under the Trust Fund Act in the original amount of $750,000. The note is non-interest bearing. Principal installments of $100 are due monthly. The note matures on July 1, 2025, at which time the entire remaining principal balance will be due. The note is collateralized by real estate held for lease and an assignment of rents and leases. At June 30, 2015, the balance totaled $737,900.

600 S Wabash, LP has a fourth mortgage note, dated January 26, 2004 that is held by IHDA under the Financing Adjustment Factor Refunding Agreement in the original amount of $290,000. The note is non-interest bearing. The note matures on July 1, 2025, at which time the entire remaining principal balance will be due. The note is collateralized by real estate held for lease and an assignment of rents and leases. At June 30, 2015, the balance totaled $290,000.

Corporation for Supportive Housing – This loan is a promissory note with an original principal amount of $500,000 provided to finance the predevelopment expenses of the ASHVV veteran's housing project. The note has a maturity date of the earlier of closing of construction/permanent financing or June 1, 2016. The note accrues interest at 6% annual rate, accrued and paid at maturity. As of June 30, 2015, $174,517 had been drawn.

A SAFE HAVEN FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 7 – Long-Term Debt (concluded)

Maturities of long-term debt as of June 30, 2015, are as follows:

Year Ending June 30:	Amount
2016	$ 1,065,696
2017	863,995
2018	1,075,568
2019	1,329,040
2020	10,864,077
thereafter	4,299,371
	19,497,747
Less: Current portion	1,065,696
	$ 18,432,051

Note 8 – Line of Credit

Urban Bank Line of Credit - This line is a borrowing based line of credit secured by the governmental receivables of ASHF and HQ/CS. The line allows for borrowing up to 75% of the value of those receivables and is utilized to fund short term cash flow needs of the Organization. The balance of $1,300,000 as of June 30, 2015 accrues interest at 5%.

ABC Bank Line of Credit – This line is a variable rate revolving line of credit note secured by the mortgage and assignment of rents of the 600 S Wabash Commercial building. The line allows for borrowing up to $1,250,000 and accrues interest on the unpaid principal balance at the rate of two percent above the Lender's prime rate. The line is used to fund cash flow needs of the Organization. The balance on the note was $800,000 as of June 30, 2015. Subsequent to year end, the loan was renewed with a new maturity date of August 29, 2016 with a current variable interest rate of 3.25%.

Wintrust Line of Credit – This line is a promissory note with an original principal amount of $300,000 dated June 21, 2013 and accrues interest at 5%. The line is used to fund cash flow needs of the Organization. The note was renewed and extended until June 21, 2015 and the principal amount decreased to $260,000. The balance was $260,000 as of June 30, 2015. The maturity date was extended until November 21, 2015.

Note 9 – Capital Leases

The Organization leases certain equipment and automobiles under agreements accounted for as capital leases with various terms extending through Fiscal 2019 and with interest rates varying from 0.00% to 8.1%. The cost of leased assets was approximately $354,908 and $235,236 as of June 30, 2015 and 2014, respectively and related accumulated depreciation was approximately $136,000 and $51,000, respectively, for the years then ended, respectively. Amortization of leased assets is included in depreciation expense.

A SAFE HAVEN FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 9 – Capital Leases (concluded)

Future minimum payments under capital leases are as follows as of June 30, 2015:

Year Ending June 30:		
2016	$	152,600
2017		109,708
2018		109,219
Total minimum lease payments		370,527
Less: Amount attributable to interest		15,619
Present value of minimum lease payments		354,908
Less: Current maturities		143,179
Long-term portion of capital lease payments	$	211,729

Note 10 – Tax Credits

The LP has received an allocation of low-income housing tax credits from the State of Illinois totaling $10,779,710. The building of the project has qualified for and been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42 (Section 42). These tax credits are contingent on its ability to maintain compliance with applicable provisions of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent, or to correct noncompliance within a specified time period, could result in recapture of previously claimed tax credits plus interest. In addition, such potential noncompliance could result in an adjustment to the capital contributed by the Limited Partner.

Primarily due to a fire in the LP's building in 2006, the timing of the tax credits was delayed from the initial projections and therefore the value of the credits delivered to the Limited Partner was diminished. According to the terms of the partnership agreement, a Tax Credit Adjustment of $730,000 was calculated by the Limited Partner and reviewed and approved by the general partner. The Limited Partner had reduced its capital contributions by $443,893 to partially offset the difference in value. The partnership paid the difference of $286,107 of amounts withheld and the full tax credit adjustment back to the Limited Partner in October 2013 and an amendment was signed to clarify how future available cash flow would be shared going forward.

Note 11 – Commitments and Guarantees

LLC has guaranteed to lend to the LP any amounts required to fund operating deficits incurred by the LP during the operating deficit guaranty period that are not funded from the operating reserve account as defined in the LP agreement. The agreement commences with the achievement of breakeven operations and ending on the latest of the sixth anniversary of the date of achievement of breakeven operations or the date upon which the LP achieves 36 calendar months with a debt service coverage ratio of 1.15 or better. The aggregate principal amount of the operating deficit loan cannot exceed $425,000.

As of June 30, 2015, there was no funding under this guarantee.

In addition, CCIL has a general obligation to fund any operating liabilities of the LP that are not outstanding since CCIL, and by extension, the Organization as a whole, owns 100% of the General Partner's interest. The Organization does not currently project that any funding will be required.

In addition, the LP has executed a regulatory agreement with IHDA which requires the operation of the low-and moderate-income rental housing project pursuant to Section 42 for a minimum of 30 years. The agreement provides for regulation of rental charges, restrictions on disposition of property, and the limitation of annual cash distributions to the partners.

A SAFE HAVEN FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 12 – Partnership Profits, Losses, and Distributions

As the General Partner, the LLC has a 0.01% interest in the LP, while one Limited Partner, NEF Assignment Corporation, has a 99.99% interest. Generally, profits and losses from the Limited Partnership are allocated to the Partners in accordance with their percentage interests. Cash flow, as defined by the Partnership Agreement, generally is distributable as scheduled. Profits and losses arising from the sale, refinancing, or other disposition of all or substantially all of the Partnership's assets will be specifically allocated as scheduled in the Partnership Agreement. Additionally, the Partnership Agreement provides for other instances in which a special allocation of profits, losses and distributions may be required.

Note 13 – Redevelopment Agreement

In connection with the Strategic Alliance, ASHF assumed the rights and obligations of a Redevelopment Agreement originally entered into on May 14, 2004 between CCIL and the City. The City, through the West Ogden TIF, and the Near West TIF, provided substantial financing for the 2750 W Roosevelt Building. The agreement expires February 5, 2021. The Redevelopment Agreement provides funding for a transitional housing facility, adult and child training center, and staff offices.

The Redevelopment Agreement provides for the City to provide funds subject to the terms and conditions as defined in the agreement. The expected future payments under the Redevelopment Agreement match the loan obligation to NCB described in Note 5. The anticipated revenue from the TIF received by the City pursuant to the Redevelopment Agreement is in an annual amount of approximately $756,000 and over the course of the remainder of the agreement will pay off the NCB loan and accrued interest. Management believes that the provisions within the Redevelopment Agreement define the financing as a gain contingency and as such, ASHF only recognizes revenue when the payment has been made by the City. Payments of $755,634 were made to NCB during each of the fiscal years ended June 30, 2015 and 2014, and are reported as tax incremental fund revenue on the consolidated statement of activities.

Note 14 – Significant Contracts

In connection with the Strategic Alliance, ASHF took assignment of two revenue contracts from CCIL to provide homeless housing and supportive services. These contracts have projected annual revenues of approximately $1,000,000 and renew annually. The CHA contract renews on July 1 and the DFSS contract renews on May 25. The CHA payments are received by direct deposit into the LP's operating account, and the DFSS payments are received by ASHF and flow through to the LP. In 2015 and 2014, the HAP contracts contributed 50 and 51 percent of rental revenue, respectively. The remaining revenue was received directly from the tenants.

ASHF assumed five HUD grants from CCIL to provide transitional housing and supportive services to a variety of populations. Projected annual revenues are approximately $1,000,000. These contracts provide for partial funding of total program costs and require a portion of the program costs, as defined, to be matched by other contracts or contributions. Revenues from these contracts were $797,016 and $1,787,269 for the years ended June 30, 2015 and 2014, respectively.

ASHF was awarded contract amendments with the City of Chicago Department of Families and Support Services to perform supportive services for people who are formerly homeless. These amendments allow ASHF to serve an additional three populations of families and at-risk youth. These amendments provide funding for the program costs, as defined. Total revenue recognized by ASHF under these amendments was $990,389 and $244,785 for the years ended June 30, 2015 and 2014 respectively.

ASHF has a contract with the Illinois Department of Human Services to perform supportive services for people who are formerly homeless, or who are under threat of homelessness, who occupy units of affordable housing with affiliated companies. This contract provides partial funding for the program and requires a portion of the program costs, as defined, to be matched by other contracts or contributions. In 2013, an additional site was added to increase the total contract to $538,507 for the fiscal year. Revenues from this contract were $476,352 and $528,572 for the years ended June 30, 2015 and 2014, respectively.

As part of providing a comprehensive training employment program, ASHF has various contracts with the City of Chicago and the Chicago Public Schools to perform landscape maintenance services throughout the City. Revenues from these contracts were $2,005,234 and $1,916,760 for the years ended June 30, 2015 and 2014, respectively.

Note 14 – Significant Contracts (concluded)

In 2011, ASHF was awarded a five year federal contract to provide transitional housing services to the Veteran's Administration that reimburses ASHF at a per diem rate. Also, ASHF was awarded a contract under the Veterans Administration's Capital and per diem program that provides for longer term housing for former veterans that are also reimbursed on a per diem basis. Revenues from these contracts were $2,041,297 and $2,408,332 for the years ended June 30, 2015 and 2014, respectively.

ASHF has portions of its 2750 W Roosevelt Building under lease to two unrelated service providers whose services complement the homeless service programs housed at the facility. The leases expire March 1, 2015 and January 9, 2018, with provisions for renewals. The lease that expired in March 2015 was renewed until February 28, 2016. Approximate future rentals to be received under the leases currently in place as of June 30, 2015 are as follows:

Year Ending June 30:	Amount
2016	$ 245,509
2017	118,125
2018	121,669
	$ 485,303

ASHF has a management agreement whereby a related party provides management services to ASHF in the form of corporate management and property management for the Foundations rental property. Total management fees incurred under the agreements were $1,587,036 and $1,451,719 for the years ended June 30, 2015 and 2014, respectively.

Note 15 – Employee Benefit Plan

The ASHF benefit plan provides for discretionary matching contributions, not to exceed 6% of each participant's eligible compensation per payroll period. The plan also provides for an annual profit sharing contribution to be made at the discretion of ASHF for the benefit of all eligible employees who have worked at least 1,000 hours during the plan year. The plan is offered to those Eligible employees defined as those who are 21 years of age or older, who have completed three months or more of service and who are not members of a union. Matching contributions of $29,149 and $24,662 were made for the years ended June 30, 2015 and 2014, respectively. No annual profit sharing contributions were elected for either year.

Note 16 – Donated Services and Items

ASHF received donated services and items in the amount of $1,378,800 and $261,991 during the years ended June 30, 2015 and 2014, respectively. These donated services, which primarily pertained to the Organization's interim housing and Veteran's Support programs, and items, which were mainly comprised of food donations from the Greater Chicago Food Depository and surplus clothing from the Department of Defense, were recorded at fair value and recognized as income and expense when the services were performed or the items were received.

Note 17 – Concentrations

Three grantors accounted for approximately 34% and 51% of total support and revenue for the years ended June 30, 2015 and 2014, respectively, and approximately 41% and 74% of total accounts receivable as of June 30, 2015 and 2014, respectively.

Note 18 – Subsequent Events

Management has evaluated all known subsequent events from June 30, 2015 through November 20, 2015, the date the accompanying consolidated financial statements were available to be issued, and is not aware of any material subsequent events occurring during this period that have not been disclosed in the notes to the consolidated financial statements.

SUPPLEMENTARY INFORMATION

A SAFE HAVEN FOUNDATION

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

JUNE 30, 2015

ASSETS

	ASHF	KMA Holdings V	KMA Holdings VIII	A Safe Haven Veteran Village	Harborquest	CCIL
Current Assets						
Cash and cash equivalents	$ 874,635	$ 4,403	$ -	$ -	$ 14,201	$ 113,218
Restricted cash	13,975	-	-	-	-	-
Accounts receivable-net	2,471,988	-	-	-	142,004	-
Due from related parties	1,045,148	-	-	-	89,327	2,359,473
Prepaid expenses	30,506	-	-	-	18,866	-
Other current assets	-	-	-	-	8,017	-
Total current assets	4,436,252	4,403	-	-	272,415	2,472,691
Property and equipment						
Land	1,064,763	-	-	-	-	-
Buildings and improvements	13,153,943	-	-	-	-	-
Furniture, fixtures, and equipment	874,197	-	-	-	273,600	-
Automobiles	572,854	-	-	-	-	-
Site improvements	1,095,662	-	-	-	95,076	-
Computer software	138,533	-	-	-	639,316	-
Construction in progress	-	-	-	218,680	-	-
	16,899,952	-	-	218,680	1,007,992	-
Less: Accumulated depreciation	(2,672,431)	-	-	-	(929,568)	-
Net property and equipment	14,227,521	-	-	218,680	78,424	-
Other assets						
Debt issue costs	525,127	-	-	-	-	-
Other assets	-	-	-	-	35,014	-
Lease commissions	19,150	-	-	-	-	-
Less: Accumulated amortization	(296,624)	-	-	-	-	-
	247,653	-	-	-	35,014	-
Investment in partnerships	1,886,652	1,820,741	-	-	-	-
Total other assets	2,134,305	1,820,741	-	-	35,014	-
Total assets	$ 20,798,078	$ 1,825,144	$ -	$ 218,680	$ 385,853	$ 2,472,691

The accompanying notes are an integral part of these statements.

A SAFE HAVEN FOUNDATION

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

JUNE 30, 2015

ASSETS

	600 S. Wabash Commercial	600 S. Wabash LLC	600 S. Wabash LP	Total	Eliminations	2015
Current Assets						
Cash and cash equivalents	$ 492,726	$ -	$ 202,417	$ 1,701,600	$ -	$ 1,701,600
Restricted cash	9,127	-	1,040,972	1,064,074	-	1,064,074
Accounts receivable-net	-	-	47,881	2,661,873	-	2,661,873
Due from related parties	920,100	1,897,232	-	6,311,280	(5,891,866)	419,414
Prepaid expenses	-	-	-	49,372	-	49,372
Other current assets	-	-	-	8,017	-	8,017
Total current assets	1,421,953	1,897,232	1,291,270	11,796,216	(5,891,866)	5,904,350
Property and equipment						
Land	184,800	-	1,015,200	2,264,763	-	2,264,763
Buildings and improvements	2,140,528	-	14,821,636	30,116,107	(416,273)	29,699,834
Furniture, fixtures, and equipment	-	-	125,929	1,273,726	-	1,273,726
Automobiles	-	-	-	572,854	-	572,854
Site improvements	-	-	368,709	1,559,447	-	1,559,447
Computer software	-	-	-	777,849	-	777,849
Construction in progress	-	-	-	218,680	-	218,680
	2,325,328	-	16,331,474	36,783,426	(416,273)	36,367,153
Less: Accumulated depreciation	(484,452)	-	(5,661,871)	(9,748,322)	198,507	(9,549,815)
Net property and equipment	1,840,876	-	10,669,603	27,035,104	(217,766)	26,817,338
Other assets						
Debt issue costs	71,821	-	66,716	663,664	-	663,664
Other assets	-	-	500	35,514	-	35,514
Lease commissions	178,772	-	-	197,922	-	197,922
Less: Accumulated amortization	(167,919)	-	(32,724)	(497,267)	-	(497,267)
	82,674	-	34,492	399,833	-	399,833
Investment in partnerships	-	309,450	-	4,016,843	(2,196,743)	1,820,100
Total other assets	82,674	309,450	34,492	4,416,676	(2,196,743)	2,219,933
Total assets	$ 3,345,503	$ 2,206,682	$ 11,995,365	$ 43,247,996	$(8,306,375)	$ 34,941,621

The accompanying notes are an integral part of these statements.

A SAFE HAVEN FOUNDATION

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

JUNE 30, 2015

LIABILITIES AND NET ASSETS

	ASHF	KMA Holdings V	KMA Holdings VIII	A Safe Haven Veteran Village	Harborquest	CCIL
Current liabilities						
Line of credit	$ 1,560,000	$ -	$ -	$ -	$ -	$ -
Current portion of long-term debt	951,608	-	-	-	-	-
Current portion of capital leases	131,836	-	-	-	11,343	-
Accounts payable and accrued expenses	451,648	-	-	-	276,306	31,316
Accrued interest	66,740	-	-	-	-	-
Deferred revenue	78,565	-	-	-	-	-
Other current liabilities	399,114	-	-	-	-	-
Due to related parties	2,090,173	-	-	218,680	305,000	102,054
Total current liabilities	5,729,684	-	-	218,680	592,649	133,370
Long-term liabilities						
Long-term debt, net of current portion	11,839,506	-	-	-	-	-
Capital leases, net of current portion	211,729	-	-	-	-	-
Deferred rent	-	-	-	-	44,382	-
Deferred grant revenue	361,667	-	-	-	-	-
Total long-term liabilities	12,412,902	-	-	-	44,382	-
Total liabilities	18,142,586	-	-	218,680	637,031	133,370
Net Assets - Unrestricted						
Controlling interest	2,655,492	1,825,144	-	-	(251,178)	2,339,321
Noncontrolling interest	-	-	-	-	-	-
Total net assets	2,655,492	1,825,144	-	-	(251,178)	2,339,321
Total liabilities and net assets	$ 20,798,078	$ 1,825,144	$ -	$ 218,680	$ 385,853	$ 2,472,691

The accompanying notes are an integral part of these statements.

A SAFE HAVEN FOUNDATION

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

JUNE 30, 2015

LIABILITIES AND NET ASSETS

	600 S. Wabash Commercial	600 S. Wabash LLC	600 S. Wabash LP	Total	Eliminations	2015
Current liabilities						
Line of credit	$ 800,000	$ -	$ -	$ 2,360,000	$ -	$ 2,360,000
Current portion of long-term debt	43,489	-	70,599	1,065,696	-	1,065,696
Current portion of capital leases	-	-	-	143,179	-	143,179
Accounts payable and accrued expenses	119,350	-	25,239	903,859	-	903,859
Accrued interest	-	-	-	66,740	-	66,740
Deferred revenue	-	-	-	78,565	-	78,565
Other current liabilities	38,963	-	47,531	485,608	-	485,608
Due to related parties	291,342	-	4,083,335	7,090,584	(5,891,866)	1,198,718
Total current liabilities	1,293,144	-	4,226,704	12,194,231	(5,891,866)	6,302,365
Long-term liabilities						
Long-term debt, net of current portion	1,951,080	-	4,641,465	18,432,051	-	18,432,051
Capital leases, net of current portion	-	-	-	211,729	-	211,729
Deferred rent	-	-	-	44,382	-	44,382
Deferred grant revenue	-	-	-	361,667	-	361,667
Total long-term liabilities	1,951,080	-	4,641,465	19,049,829	-	19,049,829
Total liabilities	3,244,224	-	8,868,169	31,244,060	(5,891,866)	25,352,194
Net Assets - Unrestricted						
Controlling interest	101,279	2,206,682	309,365	9,186,105	(2,414,509)	6,771,596
Noncontrolling interest	-	-	2,817,831	2,817,831	-	2,817,831
Total net assets	101,279	2,206,682	3,127,196	12,003,936	(2,414,509)	9,589,427
Total liabilities and net assets	$ 3,345,503	$ 2,206,682	$ 11,995,365	$ 43,247,996	$(8,306,375)	$ 34,941,621

The accompanying notes are an integral part of these statements.

A SAFE HAVEN FOUNDATION

CONSOLIDATING SCHEDULE OF ACTIVITIES

YEAR ENDED JUNE 30, 2015

	ASHF	KMA Holdings V	KMA Holdings VIII	A Safe Haven Veteran Village	Harborquest	CCIL
Revenue and support						
Service contracts	$ 8,849,252	$ -	$ -	$ -	$ -	$ -
Social enterprise revenue	2,896,169	-	-	-	3,978,755	-
Rental income	1,731,482	-	-	-	-	-
Tax incremental fund revenue	755,634	-	-	-	-	-
Contributions	2,677,777	-	-	-	-	45,831
Management fees	15,252	-	-	-	-	-
Developer fee	-	364,000	-	-	-	-
Other revenue	117,245	-	-	-	445,707	80,263
Total support and revenue	17,042,811	364,000	-	-	4,424,462	126,094
Expenses						
Program services	14,577,134	440,080	-	-	4,669,061	-
Management and general	1,970,082	-	-	-	-	177,700
Fundraising	515,679	-	-	-	-	-
Total expenses	17,062,895	440,080	-	-	4,669,061	177,700
Change in unrestricted net assets before noncontrolling interest	(20,084)	(76,080)	-	-	(244,599)	(51,606)
Change in net assets attributable to noncontrolling interest	-	-	-	-	-	-
Change in net assets attributable to controlling interest	(20,084)	(76,080)	-	-	(244,599)	(51,606)
Controlling interest net assets - Beginning of year	2,675,576	1,834,672	-	-	-	-
Controlling interest from newly consolidated entities	-	-	-	-	(6,579)	2,390,927
Contributions	-	66,552	-	-	-	-
Controlling interest net assets - End of year	$ 2,655,492	$ 1,825,144	$ -	$ -	$(251,178)	$ 2,339,321
Noncontrolling interest from newly consolidated entities	$ -	$ -	$ -	$ -	$ -	$ -
Change in net assets attributable to noncontrolling interest	-	-	-	-	-	-
Noncontrolling interest net assets - End of year	$ -	$ -	$ -	$ -	$ -	$ -
Total net assets - End of year	$ 2,655,492	$ 1,825,144	$ -	$ -	$(251,178)	$ 2,339,321

A SAFE HAVEN FOUNDATION

CONSOLIDATING SCHEDULE OF ACTIVITIES

YEAR ENDED JUNE 30, 2015

	600 S. Wabash Commercial	600 S. Wabash LLC	600 S. Wabash LP	Subtotal	Eliminations	Total
Revenue and support						
Service contracts	$ -	$ -	$ -	$ 8,849,252	$ -	$ 8,849,252
Social enterprise revenue	-	-	-	6,874,924	(1,810,554)	5,064,370
Rental income	390,141	-	1,274,726	3,396,349	-	3,396,349
Tax incremental fund revenue	-	-	-	755,634	-	755,634
Contributions	-	-	-	2,723,608	(100,000)	2,623,608
Management fees		-	-	15,252	(15,252)	-
Developer fee	-	-	-	364,000		364,000
Other revenue	-	60,600	-	703,815	(123,291)	580,524
Total support and revenue	390,141	60,600	1,274,726	23,682,834	(2,049,097)	21,633,737
Expenses						
Program services	306,982	-	1,638,120	21,631,377	(2,097,350)	19,534,027
Management and general	-	-	-	2,147,782	-	2,147,782
Fundraising	-	-	-	515,679	(15,252)	500,427
Total expenses	306,982	-	1,638,120	24,294,838	(2,112,602)	22,182,236
Change in unrestricted net assets before noncontrolling interest	83,159	60,600	(363,394)	(612,004)	63,505	(548,499)
Change in net assets attributable to noncontrolling interest	-	-	363,358	363,358	-	363,358
Change in net assets attributable to controlling interest	83,159	60,600	(36)	(248,646)	63,505	(185,141)
Controlling interest net assets - Beginning of year	-	-	-	4,510,248	(1,820,100)	2,690,148
Controlling interest from newly consolidated entities	18,120	2,146,082	309,401	4,857,951	(591,362)	4,266,589
Contributions	-	-	-	66,552	(66,552)	-
Controlling interest net assets - End of year	$ 101,279	$ 2,206,682	$ 309,365	$ 9,186,105	$(2,414,509)	$ 6,771,596
Noncontrolling interest from newly consolidated entities	$ -	$ -	$ 3,181,189	$ 3,181,189	$ -	$ 3,181,189
Change in net assets attributable to noncontrolling interest	-	-	(363,358)	(363,358)	-	(363,358)
Noncontrolling interest net assets - End of year	$ -	$ -	$ 2,817,831	$ 2,817,831	$ -	$ 2,817,831
Total net assets - End of year	$ 101,279	$ 2,206,682	$ 3,127,196	$ 12,003,936	$(2,414,509)	$ 9,589,427

The accompanying notes are an integral part of these statements.

A SAFE HAVEN FOUNDATION

CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2015

Federal Grantor	Annual Contribution Contract #	Program or Award CFDA#	Federal Awards Expended
U.S. Department of Housing and Urban Development			
Family Wellness	IL0121L5T101306	14.267	$ 350,676
Westside Independent	IL0236L5T101306	14.267	216,425
1801 Studios	IL0222L5T101306	14.267	163,476
600 South	IL0095L5T101306	14.267	49,536
600 Studios	IL0095L5T101407	14.267	16,903
			797,016
Passed-through the City of Chicago Department of Family and Support Services			
Shelter Plus Care	24416 R 4	14.238	257,509
Interim Housing	27120 R 30	14.231	18,694
Interim Housing West	27120 R 31	14.231	172,478
Interim Housing	31456 R 1	14.231	45,207
Interim Housing West	31456 R 2	14.231	125,253
			361,632
Interim Housing	27120 R 28	14.218	47,736
Interim Housing West	27120 R 27	14.218	101,145
Industry Specific Job Training	29184 R 2	14.218	64,387
Interim Housing	31173 R 1	14.218	35,789
Interim Housing West	31173 R2	14.218	93,041
Industry Specific Job Training	31185 R 1	14.218	29,250
			371,348
Total U.S. Department of Housing and Urban Development			**1,787,505**
U.S. Department of Veteran Affairs			
VA Homeless Providers and Per Diem - Grant	10-804-IL	64.024	411,756
VA Homeless Providers and Per Diem - Program Income	10-804-IL	64.024	46,643
			458,399
U.S. Department of Agriculture			
Passed Through from the Illinois Department of Human Services			
Earnfare	FCSTG00014	10.561	4,264
Earnfare	FCSTG00015	10.561	177,638
			181,902
Passed Through from the Greater Chicago Food Depository			
Emergency Food Assistance Program		10.569	224,670
Total U.S. Department of Agriculture			**406,572**
U.S. Department of Health and Human Services			
Navigator	1 NAVCA 130067-01-00	93.750	58,869
Navigator	1 NAVCA 140193-01-00	93.332	197,119

A SAFE HAVEN FOUNDATION

CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2015

Federal Grantor	Annual Contribution Contract #	Program or Award CFDA#	Federal Awards Expended
Passed-through the City of Chicago Department of Family and Support Services			
Interim Housing South	27120 R 33	93.569	27,596
Interim Housing	27120 R 34	93.569	186,130
Interim Housing	27120 R 36	93.569	85,206
Interim Housing South	31290 R 1	93.569	148,969
Interim Housing	31290 R 2	93.569	356,839
			804,740
Passed Through from the Illinois Department of Public Health			
Affordable Care Act In Person Counselor Grant	50180024C	93.525	1,945,126
Total U.S. Department of Health and Human Services			**3,005,854**
U.S. Department of Education			
Passed Through from the Illinois Community College Board			
Adult Education and Family Literacy	508CA	84.002A	**43,190**
U.S. Department of Labor			
Veterans' Employment and Training Service	SD258181460517	17.805	**4,832**
U.S. Department of Homeland Security			
Passed Through from the Greater Chicago Food Depository			
Emergency Food and Shelter National Board Program Assistance Program		97.024	**9,842**
Total Federal Program Expenditures			**$ 5,716,194**

See Independent Auditor's Report.

A SAFE HAVEN FOUNDATION

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 – Basis of Presentation

The schedule of expenditures of federal awards (the "Schedule") of A Safe Haven Foundation ("ASHF") is presented on the same basis of accounting as ASHF's consolidated financial statements. ASHF uses the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations.* Therefore, some amounts presented in the Schedule may differ from the amounts presented in, or used in the preparation of the basic consolidated financial statements.

Note 2 – Program Costs

Expenditures represent only the federally funded portions of ASHF programs. Entire program costs, including the portions funded by ASHF may be more than shown.

Note 3 – Non-cash Awards

The amount reported for the Emergency Food Assistance and Emergency Food and Shelter National Board Program Assistance programs on the Schedule is the value of food distributed and priced by the Greater Chicago Food Depository during the current year.

Note 4 – Sub-recipients

ASHF provided no awards to sub-recipients during the year ended June 30, 2015 with respect to the federal awards reported on the Schedule.

Note 5 – Non-cash Assistance from Federal Loans and Insurance

ASHF had no insurance provided under federal awards during the year ended June 30, 2015 or any federal loans or federal loan guarantees outstanding at June 30, 2015.

INDEPENDENT AUDITORS REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
A Safe Haven Foundation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of A Safe Haven Foundation ("ASHF"), 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 notes to the consolidated financial statements, and have issued our report thereon dated December 3, 2015.

Internal Control Over Financial Reporting
In planning and performing our audit of the consolidated financial statements, we considered ASHF's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ASHF's internal control. Accordingly, we do not express an opinion on the effectiveness of ASHF's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether ASHF's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FGMK, LLC

Bannockburn, Illinois
December 3, 2015

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
A Safe Haven Foundation

Report on Compliance for Each Major Federal Program

We have audited A Safe Haven Foundation's ("ASHF") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of ASHF's major federal programs for the year ended June 30, 2015. ASHF's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of ASHF's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about ASHF's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of ASHF's compliance.

Opinion on Each Major Federal Program

In our opinion, ASHF complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of ASHF is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered ASHF's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of ASHF's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

FGMK, LLC

Bannockburn, Illinois
December 3, 2015

A SAFE HAVEN FOUNDATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

<u>Section I – Summary of Auditors' Results</u>

Financial Statements

The type of report issued: **Unqualified**

Internal control over financial reporting:

Material weakness(es) identified? ______Yes __X__No

Deficiencies identified not considered to be material weaknesses?
___Yes ___X__None reported

Noncompliance material to financial statements noted?
______Yes ___X__None reported

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ______Yes ___X__No

Deficiencies identified not considered to be material weaknesses?
_____Yes ___X_ None reported

Type of auditor's report issued on compliance for major programs: **Unqualified**

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?
_____Yes _X__No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.525	State Planning and Establishment Grants for the Affordable Care Act Exchanges
93.569	Community Services Block Grant

Dollar threshold used to distinguish between Type A and Type B programs: $ <u>300,000</u>

Auditee qualified as low-risk auditee? __X__Yes____No

A SAFE HAVEN FOUNDATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Concluded)

Section II – Financial Statement Findings

None Noted

Section III – Federal Award Findings and Questioned Costs

None noted.

Section IV – Summary of Prior Year Audit Findings

None noted.