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

Consolidated Financial Statements
and Independent Auditor's Report

June 30, 2018 and 2017

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

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Identifying opportunities.
Delivering solutions.

INDEPENDENT AUDITOR'S REPORT

Board of Directors
A Safe Haven Foundation

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of A Safe Haven Foundation which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 audits 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 consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of A Safe Haven Foundation as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), 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.

Other Reporting Required by Government Auditing Standards
In accordance with Government Auditing Standards, we have also issued our report dated December 17, 2018, 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.

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December 17, 2018

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A SAFE HAVEN FOUNDATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

ASSETS

	2018	2017
Current Assets		
Cash and cash equivalents	$ 1,541,204	$ 1,129,886
Restricted cash	1,559,904	1,133,726
Accounts receivable-net	2,611,930	2,062,682
Due from related parties	179,281	175,813
Prepaid expenses	212,947	146,354
Other current assets	-	255
Total current assets	6,105,266	4,648,716
Property and equipment		
Land	3,008,363	3,574,654
Buildings and improvements	40,266,152	40,279,534
Furniture, fixtures, and equipment	2,483,663	2,037,374
Automobiles	728,220	761,708
Computer software	75,462	144,133
Construction in progress	189,681	42,214
	46,751,541	46,839,617
Less: Accumulated depreciation	(13,599,547)	(11,993,272)
Net property and equipment	33,151,994	34,846,345
Other assets		
Deferred rent assets	172,733	131,200
Other assets	157,261	158,371
Lease commissions	123,745	123,745
Less: Accumulated amortization	(69,957)	(65,387)
	383,782	347,929
Investment in partnerships	1,820,534	1,820,657
Total other assets	2,204,316	2,168,586
Total assets	$ 41,461,576	$ 41,663,647

A SAFE HAVEN FOUNDATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

LIABILITIES AND NET ASSETS

	2018	2017
Current liabilities		
Lines of credit	$ 2,200,000	$ 1,977,917
Current portion of long-term debt	1,140,741	3,933,537
Current portion of capital leases	67,776	70,751
Accounts payable and accrued expenses	1,204,228	1,026,732
Accrued interest	67,057	35,813
Current portion of deferred grant revenue	70,000	70,000
Deferred revenue	130,768	328,830
Other current liabilities	132,585	305,470
Due to related parties	1,199,315	1,012,911
Total current liabilities	6,212,470	8,761,961
Long-term liabilities		
Long-term debt, net of current portion	16,833,865	17,240,917
Capital leases, net of current portion	83,149	150,927
Deferred grant revenue, net of current portion	764,167	834,167
Total long-term liabilities	17,681,181	18,226,011
Total liabilities	23,893,651	26,987,972
Net Assets - Unrestricted		
Controlling interest	6,285,690	5,868,520
Noncontrolling interest	9,805,631	8,057,155
Total net assets - unrestricted	16,091,321	13,925,675
Net Assets - Temporarily Restricted		
Controlling interest	1,476,604	750,000
Total net assets	17,567,925	14,675,675
Total liabilities and net assets	$ 41,461,576	$ 41,663,647

A SAFE HAVEN FOUNDATION

CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2018 AND 2017

	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue and support						
Service contracts	$ 5,440,183	$ -	$ 5,440,183	$ 6,033,942	$ -	$ 6,033,942
Social enterprise revenue	5,910,926	-	5,910,926	5,046,797	-	5,046,797
Rental income	3,681,118	-	3,681,118	4,027,699	-	4,027,699
Tax incremental fund revenue	755,634	-	755,634	755,634	-	755,634
Contributions	3,774,809	726,604	4,501,413	2,816,435	-	2,816,435
Gain on disposal of assets	623,883	-	623,883	-	-	-
Other revenue	216,599	-	216,599	237,999	-	237,999
Total support and revenue	20,403,152	726,604	21,129,756	18,918,506	-	18,918,506
Expenses						
Program services	19,696,852	-	19,696,852	18,766,452	-	18,766,452
Management and general	841,249	-	841,249	1,049,079	-	1,049,079
Fundraising	546,078	-	546,078	701,998	-	701,998
Total expenses	21,084,179	-	21,084,179	20,517,529	-	20,517,529
Change in net assets before noncontrolling interest	(681,027)	726,604	45,577	(1,599,023)	-	(1,599,023)
Change in net assets attributable to noncontrolling interest	1,151,524	-	1,151,524	1,146,508	(100)	1,146,408
Change in net assets attributable to controlling interest	470,497	726,604	1,197,101	(452,515)	(100)	(452,615)
Controlling interest net assets - Beginning of year	5,868,520	750,000	6,618,520	6,334,998	750,100	7,085,098
Distributions	(53,327)	-	(53,327)	(45,000)	-	(45,000)
Contributions	-	-	-	31,037	-	31,037
Controlling interest net assets - End of year	$ 6,285,690	$ 1,476,604	$ 7,762,294	$ 5,868,520	$ 750,000	$ 6,618,520
Noncontrolling interest net assets - Beginning of year	$ 8,057,155	$ -	$ 8,057,155	$ 4,892,095	$ -	$ 4,892,095
Contributions	2,900,000	-	2,900,000	4,311,468	-	4,311,468
Change in net assets attributable to noncontrolling interest	(1,151,524)	-	(1,151,524)	(1,146,408)	-	(1,146,408)
Noncontrolling interest net assets - End of year	$ 9,805,631	$ -	$ 9,805,631	$ 8,057,155	$ -	$ 8,057,155
Total net assets - End of year	$ 16,091,321	$ 1,476,604	$ 17,567,925	$ 13,925,675	$ 750,000	$ 14,675,675

A SAFE HAVEN FOUNDATION

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2018 AND 2017

	2018							
	Program Expenses							
	Health Initiatives	Education	Residential	Social Enterprise	Supportive Services	Workforce Development	Real Estate Operations	Total
Salaries and related expenses	$ 10,215	$ 157,790	$ 2,177,173	$ 4,579,623	$ 468,950	$ 668,460	$ 293,430	$ 8,355,641
Interest	-	-	388,125	64,065	-	675	237,301	690,166
Program food clothing and personal maintenance	-	33,854	1,560,198	202,776	1,668,167	361,091	3,967	3,830,053
Utilities, supplies and maintenance	-	17,241	858,102	622,481	15,812	23,817	529,692	2,067,145
General insurance	-	4,230	70,156	59,963	705	9,000	75,449	219,503
Professional fees / contract services	1,874	67,755	335,434	283,363	120,192	169,197	214,182	1,191,997
Office expenses	205	5,153	40,475	12,341	45,496	76,218	23,268	203,156
Miscellaneous	-	-	212,233	157,001	9,515	-	302,552	681,301
Special events	-	-	-	-	-	-	-	-
Telephone	-	1,158	24,998	2,668	5,473	-	26,778	61,075
Postage/printing	-	-	51	1,025	138	2,009	1,092	4,315
Transportation and travel	-	2,558	17,853	160,946	9,462	19,121	508	210,448
Total expenses before depreciation and amortization	12,294	289,739	5,684,798	6,146,252	2,343,910	1,329,588	1,708,219	17,514,800
Depreciation	713	1,057	391,268	120,858	-	3,189	1,566,202	2,083,287
Amortization	-	-	58,349	-	-	-	40,416	98,765
	$ 13,007	$ 290,796	$ 6,134,415	$ 6,267,110	$ 2,343,910	$ 1,332,777	$ 3,314,837	$ 19,696,852

The accompanying notes are an integral part of these statements.

A SAFE HAVEN FOUNDATION

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2018 AND 2017

	2018			
	Management Expenses			
	Management and General	Fundraising	Total	Total
Salaries and related expenses	$ 389,760	$ 166,922	$ 556,682	$ 8,912,323
Interest	71,089	-	71,089	761,255
Program food clothing and personal maintenance	480	-	480	3,830,533
Utilities, supplies and maintenance	9,606	2,764	12,370	2,079,515
General insurance	29,663	-	29,663	249,166
Professional fees / contract services	176,567	149,776	326,343	1,518,340
Office expenses	105,790	47,040	152,830	355,986
Miscellaneous	12,145	5,112	17,257	698,558
Special events	-	150,053	150,053	150,053
Telephone	86	-	86	61,161
Postage/printing	16,508	9,565	26,073	30,388
Transportation and travel	25,082	14,846	39,928	250,376
Total expenses before depreciation and amortization	836,776	546,078	1,382,854	18,897,654
Depreciation	4,473	-	4,473	2,087,760
Amortization	-	-	-	98,765
	$ 841,249	$ 546,078	$ 1,387,327	$ 21,084,179

The accompanying notes are an integral part of these statements.

A SAFE HAVEN FOUNDATION

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2018 AND 2017

	2017							
	Program Expenses							
	Health Initiatives	Education	Residential	Social Enterprise	Supportive Services	Workforce Development	Real Estate Operations	Total
Salaries and related expenses	$ 61,637	$ 170,667	$ 2,303,179	$ 3,564,305	$ 423,529	$ 502,784	$ 510,579	$ 7,536,680
Interest	-	-	370,592	66,576	-	493	438,305	875,966
Program food clothing and personal maintenance	528	27,770	1,734,621	79,913	1,058,979	321,298	18,611	3,241,720
Utilities, supplies and maintenance	4	21,378	857,533	506,694	7,113	18,008	526,708	1,937,438
General insurance	2,348	7,071	149,719	100,653	12,929	19,753	62,267	354,740
Professional fees / contract services	2,563	35,382	611,912	272,232	99,604	114,849	371,124	1,507,666
Office expenses	1,059	3,777	72,253	10,041	39,321	38,253	77,645	242,349
Miscellaneous	-	-	370,635	176,476	11,101	257	175,086	733,555
Special events	-	-	2,241	-	-	-	-	2,241
Telephone	-	1,943	44,572	4,216	7,520	-	32,687	90,938
Postage/printing	-	-	411	1,202	731	204	877	3,425
Transportation and travel	-	218	15,626	151,784	5,776	6,753	1,979	182,136
Total expenses before depreciation and amortization	68,139	268,206	6,533,294	4,934,092	1,666,603	1,022,652	2,215,868	16,708,854
Depreciation	713	7,691	540,917	123,550	-	6,379	1,225,729	1,904,979
Amortization	-	-	55,036	-	-	-	97,583	152,619
	$ 68,852	$ 275,897	$ 7,129,247	$ 5,057,642	$ 1,666,603	$ 1,029,031	$ 3,539,180	$ 18,766,452

The accompanying notes are an integral part of these statements.

A SAFE HAVEN FOUNDATION

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2018 AND 2017

	2017			
	Management Expenses			
	Management and General	Fundraising	Total	Total
Salaries and related expenses	$ 424,322	$ 204,387	$ 628,709	$ 8,165,389
Interest	75,842	-	75,842	951,808
Program food clothing and personal maintenance	3,559	2,500	6,059	3,247,779
Utilities, supplies and maintenance	20,391	2,928	23,319	1,960,757
General insurance	32,918	628	33,546	388,286
Professional fees / contract services	277,505	87,111	364,616	1,872,282
Office expenses	142,369	169,978	312,347	554,696
Miscellaneous	24,692	17,503	42,195	775,750
Special events	-	194,006	194,006	196,247
Telephone	3,432	-	3,432	94,370
Postage/printing	13,213	9,561	22,774	26,199
Transportation and travel	23,433	13,396	36,829	218,965
Total expenses before depreciation and amortization	1,041,676	701,998	1,743,674	18,452,528
Depreciation	7,403	-	7,403	1,912,382
Amortization	-	-	-	152,619
	$ 1,049,079	$ 701,998	$ 1,751,077	$ 20,517,529

A SAFE HAVEN FOUNDATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Cash flows from operating activities		
Change in net assets attributable to controlling interest	$ 1,197,101	$(452,615)
Adjustments to reconcile change in net assets attributable to controlling interest to net cash provided by (used in) operating activities		
Change in net assets attributable to noncontrolling interest	(1,151,524)	(1,146,408)
Income (loss) from investment in partnerships	123	-
Loan payments made by third party	-	599,847
Gain from disposal of property and equipment	(623,883)	-
Non-cash contributions	-	31,037
Non-cash distributions	(53,327)	(45,000)
Depreciation and amortization	2,186,525	2,031,541
Change in allowance for doubtful accounts	51,396	17,561
Changes in operating assets and liabilities:		
Accounts receivable	(600,644)	312,565
Prepaid expenses and other assets	(66,593)	(66,868)
Accounts payable and accrued expenses	177,496	(3,909,716)
Accrued interest	31,244	(16,116)
Other assets	5,935	23,594
Deferred rent assets	(41,533)	(131,200)
Other liabilities	(172,885)	14,444
Deferred revenue	(268,062)	(2,183)
Net cash provided by (used in) operating activities	671,369	(2,739,517)
Cash flow from investing activities		
Purchases of property and equipment	(701,782)	(1,138,070)
Proceeds from sales of property and equipment	932,256	-
Net withdrawal of escrow and restricted reserves	(426,178)	(27,709)
Net cash used in investing activities	(195,704)	(1,165,779)
Cash flows from financing activities		
Net change in due to/from related parties	182,936	(498,801)
Proceeds from long-term debt	309,800	1,092,746
Net proceeds (repayment) from line of credit	222,083	17,967
Principal payments on capital leases	(70,753)	29,984
Principal payments on long-term debt	(3,608,413)	(599,847)
Contributions	2,900,000	4,311,468
Net cash provided by (used in) financing activities	(64,347)	4,353,517
Net change in cash and cash equivalents	411,318	448,221
Cash and cash equivalents - Beginning of year	1,129,886	681,665
Cash and cash equivalents - End of year	$ 1,541,204	$ 1,129,886
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid by Organization	$ 730,011	$ 967,924
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Financed property and equipment through debt, accounts payable and accrued expenses	$ -	$ 961,231

The accompanying notes are an integral part of these statements.

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 to provide for an alignment of revenue contracts, oversight of fund raising efforts, oversight of the human resources function, and to work 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 V"). KMA V 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.

In 2013, two of ASHF's board members became the majority board members for a 501(c)(3) organization known as Harborquest, Inc. Harborquest, Inc. 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. Collectively the organizations are referred to as Harborquest ("HQ"). 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, 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 The LP owns a 169 unit residential structure which sits on the upper floors of the same building at 600 S Wabash. Under the above mentioned management agreement and a CCIL board resolution, ASHF gained full management control of the CCIL operations.

In 2014, ASHF became the single member of an Illinois Limited Liability Company, 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 2016, 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, Melrose Park Veterans Housing, LP ("MPVH"), which is doing business as A Safe Haven Veterans Village ("ASHVV"). The financing closed on October 21, 2015 with a $2,396,563 initial equity injection by the limited partner, the National Equity Fund ("NEF"), and construction of the project, named A Safe Haven Veteran Village, began in earnest. In July 2016, the construction was completed and the building began leasing units. Melrose Park was fully leased in May 2017.

In 2017, ASHF became the single member of an Illinois Limited Liability Company, ASH IV, LLC ("ASH IV"). The entity was formed with the intent to renovate real estate in Chicago, Illinois. ASH IV is a minority partner in Celadon-KMA GP I, which is the general partner in WP School Redevelopment Limited Partnership. The limited partner in this development is Enterprise Community Partner (Enterprise). Once completed, this facility will provide 60 affordable housing units for seniors. Construction began in August 2018 is expected to be completed in the spring of 2019.

A SAFE HAVEN FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Organization and Program Description (concluded)

In 2018, ASH V, LLC was formed and became the single member of an Illinois Limited Partnership Company, Roosevelt Road Veteran Housing, LP ("RRVH"), also formed in 2018. The entity was formed with the intent to develop real estate in Chicago, Illinois. ASH V will be the general partner along with National Equity Fund ("NEF") as the limited partner. RRVH decided to utilize low income housing tax credits and to obtain a limited partner to bring significant equity to the project.

ASHF manages its programs and their related functional expenses under seven distinct areas of impact:

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 and catering 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, MPVH ("ASHVV"), CCIL, LLC, Commercial, LP, ASH IV, ASH V and RRVH (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 permanently restricted net assets as of June 30, 2018 and 2017.

Revenue Recognition and Support

ASHF receives 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. 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. Management believes that the Organization is in compliance with all grants and that no amounts are due to grantors as of June 30, 2018.

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.

A SAFE HAVEN FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (continued)

Revenue Recognition and Support (continued)

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 (See Note 4). 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. Certain leases provide for tenant occupancy during periods for which no rent is due and/or increases in minimum lease payments over the terms of the leases. Rental revenue is accrued for the full period of occupancy on a straight line basis. All leases between LP and the tenants of the property are considered operating leases and have terms of one year or less.

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 the 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 LP and MPVH. These escrowed funds are restricted as to their use based upon the applicable regulatory documents.

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 accompanying financial statements. Escrows and reserves were appropriately funded as of June 30, 2018 and 2017.

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 approximately $153,000 and $198,000 as of June 30, 2018 and 2017, respectively.

A SAFE HAVEN FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (continued)

Tenant Security Deposits

Regulations of IHDA require that security deposits be segregated from the general funds of LP and MPVH. Accordingly, these entities hold 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. The security deposit is included in other current liabilities in the consolidated statements of financial position.

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, 2018 and 2017. For projects where ASHF is functioning as the general partner in an affordable housing construction project, construction in progress entries are made based on the certified construction draw materials which document the capitalized costs of the project completed at the end of each month.

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	15-50
Furniture, fixtures, and equipment	5-20
Automobiles	5
Computer software	2-3
Tenant improvements	Lease Life

Depreciation expense totaled $2,087,760 and $1,912,382 for the years ended June 30, 2018 and 2017, 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 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, 2018 and 2017.

A SAFE HAVEN FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (concluded)

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 accompanying financial statements for the years ended June 30, 2018 and 2017, as all income is related to its tax exempt purpose. 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 years ended June 30, 2018 and 2017.

Corporations: ASH IV, ASH V, KMA V and KMA VIII have elected to be taxed as corporations. The Company provides for deferred income tax assets and liabilities based on the estimated future tax effects of differences between the consolidated financial statement and income tax basis of assets and liabilities based on the provision of enacted tax laws. Deferred income tax expenses or benefits are based on the charges in the asset and liability from year to year. The entities do not have a valuation allowance related to deferred income tax assets.

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 members individually.

Non-Controlling 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.

Reclassifications

Certain reclassifications have been made to 2017 amount to conform to 2018 presentation which did not impact net assets or the change in net assets. Approximately $1,000,000 of accounts payable was reclassified to due to related party in 2017.

Recent Accounting Pronouncements.

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606). This ASU is a comprehensive new revenue recognition model that requires an Organization to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. In August 2015, FASB issued ASU 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date, which deferred the effective date of ASU 2014-09 to reporting periods beginning after December 15, 2018. Early adoption is permitted for reporting periods beginning after December 15, 2016. Organizations may use either a full retrospective or a modified retrospective approach to adopt this ASU. Management is currently evaluating this standard, including which transition approach to use.

In August 2016, the FASB issued ASU No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. The amendments in this ASU make improvements to the information provided in financial statements and accompanying notes of not-for-profit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance, and cash flows. The new guidance is effective for fiscal years beginning after December 15, 2017 and for interim periods within fiscal years beginning after December 15, 2018. Earlier adoption is permitted. Management is currently evaluating this standard.

A SAFE HAVEN FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (concluded)

Recent Accounting Pronouncements (Continued)

In June 2018, FASB issued ASU 2018-08, Clarifying the Scope and or the Accounting Guidance for Contributions Received and Contributions Made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for contributions (nonreciprocal) with the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to Topic 606 or other guidance and (2) determining whether a contribution is conditional. The new guidance is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. Management is currently evaluating this standard.

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 V. 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 V. KMA V 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 V 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. This investment is recorded in accordance with the equity method of accounting in accordance with accounting principles generally accepted in the United States of America.

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 V. KMA V 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 V 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. This investment is recorded in accordance with the equity method of accounting in accordance with accounting principles generally accepted in the United States of America.

In July 2012, KMA V 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. This investment is recorded in accordance with the equity method of accounting in accordance with accounting principles generally accepted in the United States of America.

In October 2015, ASHF received a donation of land parcels in Melrose Park, Illinois valued at $750,000 to be used for the A Safe Haven Veteran Village project discussed in Note 1 and was included in the temporarily restricted net assets at June 30, 2018 and 2017. Additionally, ASHF was awarded another AHP grant of $630,000 through a Member bank of the Federal Home Loan Bank system in connection with the development. ASHF contributed these to KMA VIII, and they were in turn contributed to MPVH. As of June 30, 2017, construction on the project was complete and the development was fully leased.

A SAFE HAVEN FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 4 – Related Party Transactions

The Organization transacts business with entities under the control of related parties. Due to (from) related parties are disclosed in the accompanying consolidated statements of financial position as of June 30, 2018 and 2017. The following is a summary of transactions between the Organization and related parties for the years ended June 30, 2018 and 2017:

	2018	2017
Social enterprise revenue	$ 98,200	$ 48,100
Bed-leasing revenue	$ 1,360,100	$ 1,161,900
Management fee expense	$ 1,150,400	$ 1,326,100
Property rent expense	$ 155,400	$ 211,200
Supportive service fees expense	$ 72,100	$ 106,900
Reimbursed expenses	$ 502,400	$ 907,300
Other expenses	$ 16,300	$ 94,500

Note 5 – Working Capital

Current liabilities include the accrued interest on the short-term portion of the National Consumer Cooperative Bank loan described in Note 7 totaling $18,658 and $35,813 as of June 30, 2018 and 2017, respectively. Under the terms of the redevelopment agreement described in Note 14, 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 balances of $834,167 and $904,167 as of June 30, 2018, respectively, are comprised of amounts from the Affordable Housing Program grants used to fund ASHF's partnership investments as described in Note 3 for Gardiner Senior Development, LLC ("Gardiner") and MPVH. It consists of $277,667 and $305,667 for the Organization's investment in Gardiner as of June 30, 2018 and 2017, respectively, and $556,500 and $598,500 for the Organization's investment in MPVH as of June 30, 2018 and 2017, respectively. As of June 30, 2018 and 2017, respectively, the current portion of $70,000 and $70,000 is included in deferred revenue. The grant related to Gardiner 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 related to MPVH requires that 18 of the 35 total units of the project be leased to individuals who qualify as very low income under HUD guidelines and 17 of the 35 total units of the project be leased to individuals who qualify as low income under HUD guidelines. Both grants require that the projects be compliant with this use over the next 15 years. ASHF is recognizing the grant revenue evenly over the 15 year compliance periods which expire in 2028 and 2032 for Gardiner and MPVH, respectively.

Note 7 – Long-Term Debt

Long-term debt consists of the following as of June 30:

	2018	2017
A promissory note dated May 1, 2004, held by National Consumer Cooperative Bank ("NCB"), bearing an effective interest rate of 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. Also see Note 14 for discussion regarding the Redevelopment Agreement. The outstanding balance is presented net of unamortized debt issuance costs of $4,750 and $8,549 as of June 30, 2018 and 2017, respectively.	$ 694,911	$ 1,338,947
Subtotal to Page 17	$ 694,911	$ 1,338,947

A SAFE HAVEN FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 7 – Long-Term Debt (continued)

	2018	2017
Subtotal from Page 16	$ 694,911	$ 1,338,947
Note A - portion of a Mortgage note with Urban Partnership Bank ("Urban"), collateralized by a mortgage lien on the 2750 W Roosevelt building, bearing an effective interest rate of 5%, requiring monthly payments of principal and interest of $538,224 maturing November 24, 2019. The outstanding balance is presented net of unamortized debt issuance costs of $50,234 and $90,421 at June 30, 2018 and 2017, respectively.	5,891,789	6,082,183
Note B - portion of a Mortgage note with Urban, collateralized by a mortgage lien on the 2750 W Roosevelt building. 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 and forgave all previously accrued interest. Principal and accrued interest at 2% are due at maturity, November 2019. The outstanding balance is presented net of unamortized debt issuance costs of $16,927 and $31,290 at June 30, 2018 and 2017, respectively.	3,237,721	3,223,828
A mortgage loan on certain real property, bearing interest at 5.5%, requiring monthly payments of principal and interest of $833, matured June 2018. Secured by assets referred to as the East End property which were sold in August 2017 and the loan was paid off.	-	208,777
A promissory note of Commercial, held by a bank bearing an effective interest rate of 5%, requiring monthly payments of principal and interest of $3,723, maturing August 29, 2019. This note is secured by land and improvements and personal property. The outstanding balance is presented net of unamortized debt issuance costs of $14,364 and $28,728 at June 30, 2018 and 2017, respectively.	1,842,538	1,876,268
A first mortgage note of LP held by IHDA bearing an effective interest rate of 6.5%, requiring monthly payments of principal and interest of $11,155, maturing July 1, 2025. The note is collateralized by real estate held for lease and an assignment of rents and leases. The outstanding balance is presented net of unamortized debt issuance costs of $24,480 and $27,902 at June 30, 2018 and 2017, respectively.	826,830	899,139
A second mortgage note of LP held by IHDA, non-interest bearing, requiring monthly principal payments of $417, maturing July 1, 2025. This loan is subordinated to the first mortgage. The note is collateralized by real estate held for lease and an assignment of rents and leases.	2,604,624	2,609,623
A third mortgage note of LP held by IHDA under the Trust Fund Act, non-interest bearing, requiring monthly principal payments of $100, maturing July 1, 2025. The note is collateralized by real estate held for lease and an assignment of rents and leases.	734,302	735,500
Subtotal to Page 18	$ 15,832,715	$ 16,974,265

A SAFE HAVEN FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 7 – Long-Term Debt (continued)

	2018	2017
Subtotal from Page 17	$ 15,832,715	$ 16,974,265
A fourth mortgage note of LP, held by IHDA under the Financing Adjustment Factor Refunding Agreement, non-interest bearing. All outstanding principal is due at maturity, July 1, 2025. The note is collateralized by real estate held for lease and an assignment of rents and leases.	290,000	290,000
A construction/equity bridge loan of MPVH issued by MB Financial to finance construction of the A Safe Haven Veteran Village property. The note bears an effective interest rate of LIBOR + 250 basis points (at June 30, 2017 and 2016, respectively, at an effective rate of 3.80% and 3.18%) per annum, requiring monthly payments of accrued interest which are funded from the interest reserve or added to the principal outstanding on the loan. The note is collateralized by all capital contributions made by MPVH's Limited Partner in the partnership and all of the General Partner's interests in the partnership. The maximum loan value per the agreement is in the amount $6,602,992. The outstanding balance is presented net of unamortized debt issuance costs of $49,041 at June 30, 2017. This loan was paid in full on October 31, 2017.	-	2,251,270
A pre-development loan was issued by Corporation for Supportive Housing to finance the costs associated with pre-development on the Roosevelt Road Veteran Housing project. The note bears an interest rate of 6% and matures on July 1, 2020 or the closing of construction financing.	250,000	-
A mortgage loan with a bank on certain real property, bearing interest at 5%, requiring monthly payments of $4,613, maturing July 2020.	109,218	157,686
An equipment loan with a financing company that is non-interest bearing and requires monthly principal payments of $723, maturing in July 2021.	30,370	39,047
A construction promissory note of MPVH issued by the County of Cook dated October 23, 2015 to finance construction of the A Safe Haven Veteran Village property. The note bears interest at an effective rate of 1.73% per annum, requiring annual payments of accrued interest only in the amount of $25,373 per year, paid in arrears, due beginning October 1, 2017 until maturity, October 16, 2055. The note is collateralized by the five land parcels in the village of Melrose Park on which the A Safe Haven Veteran Village property was constructed. The maximum loan value per the agreement is in the amount $1,466,674. The outstanding balance is presented net of unamortized debt issuance costs of $4,371 and $4,488 at June 30, 2018 and 2017, respectively.	1,462,303	1,462,186
	17,974,606	21,174,454
Current	1,140,741	3,933,537
Long-Term	$ 16,833,865	$ 17,240,917

A SAFE HAVEN FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 7 – Long-Term Debt (concluded)

Future minimum payments of long-term debt are as follows as of June 30, 2018:

Year Ending June 30:	Amount
2019	$ 1,140,741
2020	11,048,573
2021	111,156
2022	107,720
2023	109,213
Thereafter	5,457,203
	$ 17,974,606

Note 8 – Lines of Credit

Urban Partnership Bank Line of Credit: The Organization has an operating line of credit up to 75% of the value of receivables, as defined, secured by the certain receivables of ASHF and HQ/CS, not to exceed $1,500,000. Interest at a variable rate of 4.77% plus the three month Libor (an effective rate at June 30, 2018 of 7.11%) with a floor of 5% is due monthly and the balance was $1,200,000 and $819,000 as of June 30, 2018 and 2017, respectively. This line of credit expires March 31, 2019.

ABC Bank Line of Credit: The Organization has a revolving operating line of credit in the amount of $1,250,000. Interest at a rate of two percent above the Lender's prime rate (5.00% at June 30, 2018) is due monthly and the balance was $1,000,000 and $900,000 as of June 30, 2018 and 2017, respectively. This line of credit is secured by the mortgage and assignment of rents of the 600 S Wabash Commercial building and matures December 29, 2018.

Wintrust Line of Credit: The Organization had an operating line of credit in the amount of $260,000 at June 30, 2017. Interest of 5% was due monthly and the balance was $258,917, as of June 30, 2017. This line was secured by assets referred to as the East End property which was sold in August 2017 and the loan was paid off.

Note 9 – Capital Leases

The Organization leases certain equipment and automobiles under agreements accounted for as capital eases with various terms extending through Fiscal 2022 and with interest rates varying from 1.7% to 2.7%. The cost of leased assets was approximately $365,300 and $365,300 as of June 30, 2018 and 2017, respectively, and related accumulated depreciation was approximately $195,100 and $122,000, respectively, for the years then ended. Amortization of leased assets is included in depreciation expense. Future minimum payments under capital leases are as follows as of June 30, 2018:

Year Ending June 30:	Amount
2019	$ 71,268
2020	41,022
2021	30,482
2022	14,132
Total minimum lease payments	156,904
Less: Amount attributable to interest	5,979
Present value of minimum lease payments	150,925
Less: Current maturities	67,776
Long-term portion of capital lease payments	$ 83,149

A SAFE HAVEN FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 10 – Operating Leases

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 December 31, 2018 and September 30, 2019, with provisions for renewals.

Commercial leases space under operating lease agreements that expire based on terms of lease agreements through March 31, 2026. The terms of the leases call for monthly payments ranging between \$3,600 and \$18,000. Some leases allow tenants to occupy space rent-free before opening or feature accelerating monthly rents through the lease term. ASHF recognizes income from these agreements on a straight-line basis over the term of the lease. Accordingly, ASHF has recorded deferred rent assets of approximately \$172,700 and \$131,300 as of June 30, 2018 and 2017, respectively. Approximate future rentals to be received under the leases currently in place as of June 30, 2018 are as follows:

Year Ending June 30:	Amount
2019	$ 659,920
2020	494,938
2021	476,317
2022	451,556
2023	300,968
Thereafter	681,818
	$ 3,065,517

Note 11 – 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 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.

MPVH has received an allocation of low-income housing tax credits from the State of Illinois totaling \$9,458,480. The building of the project has qualified for and been allocated low-income housing tax credits pursuant to 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. The credit allocation will be allowed annually in the amount of \$945,848 for 10 years up to 15 years if the Project remains in compliance, and dependent on unit lease-up during the two initial years of operations.

Note 12 – Commitments and Guarantees

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.

MPVH has executed a regulatory agreement with IHDA which requires the operation of the 35 unit 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.

Note 13 – Partnership Profits, Losses, and Distributions

As the general partner, LLC and KMA VIII have a 0.01% interest in LP and MPVH, respectively, while one limited partner, NEF, has a 99.99% interest. Generally, profits and losses from the limited partnerships are allocated to their 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 respective partnership agreements. Additionally, the partnership agreements provide for other instances in which a special allocation of profits, losses and distributions may be required.

Note 14 – Redevelopment Agreement

ASHF is bound by 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 7. 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 years ended June 30, 2018 and 2017, and are reported as tax incremental fund revenue on the accompanying consolidated statement of activities. This loan will be paid in full at the end of February 2019.

Note 15 – Significant Contracts

ASHF has two revenue contracts to provide homeless housing and supportive services with projected annual revenues of approximately $1,000,000 that renew annually. The CHA contract renews on July 1 and the DFSS contract renews on May 31. 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 2018 and 2017, the HAP contracts contributed approximately 62 and 60 percent of rental revenue, respectively. The remaining revenue was received directly from the tenants.

ASHF has four HUD grants to provide transitional housing and supportive services to a variety of populations. 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 $791,946 and $745,167 for the years ended June 30, 2018 and 2017, respectively.

ASHF has contracts with the City of Chicago Department of Families and Support Services to perform supportive services for people who are formerly homeless. These contracts allow ASHF to serve an additional three populations of families and at-risk youth and provide funding for the program costs, as defined. Total revenue recognized by ASHF under these contracts was $1,231,147 and $1,320,800 for the years ended June 30, 2018 and 2017, respectively.

A SAFE HAVEN FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 15 – Significant Contracts (concluded)

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. Revenues from this contract were $378,852 and $322,163 for the years ended June 30, 2018 and 2017, respectively.

As part of providing a comprehensive training employment program, ASHF has various contracts with the City and the Chicago Public Schools to perform landscape maintenance services throughout the City. Revenues from these contracts were $2,444,323 and $2,408,797 for the years ended June 30, 2018 and 2017, respectively.

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. This contract ended December 31, 2016. 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 $364,643 and $1,191,723 for the years ended June 30, 2018 and 2017, respectively.

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 Foundation's rental property. Total management fees incurred under the agreements were $1,081,110 and $1,224,301 for the years ended June 30, 2018 and 2017, respectively.

Note 16 – 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 $20,815 and $20,093 were made for the years ended June 30, 2018 and 2017, respectively. No annual profit sharing contributions were elected for either year.

Note 17 – Donated Services and Items

ASHF received donated services and items in the amount of $2,574,736 and $1,712,775 during the years ended June 30, 2018 and 2017, 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 18 – Concentrations

Three grantors accounted for approximately 15% and 29% of total support and revenue for the years ended June 30, 2018 and 2017, respectively, and approximately 37% and 9% of total accounts receivable as of June 30, 2018 and 2017, respectively. One customer accounted for approximately 14% of total revenue for the year ended June 30, 2017. A different customer accounted for approximately 25% of total accounts receivable as of June 30, 2017.

A SAFE HAVEN FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 19 – Construction in Progress

Construction in progress as of June 30, 2018 and 2017 includes the 90 unit affordable housing project of Roosevelt Road Veteran Housing ("RRVH"), totaling $189,681 and $42,214, which comprises all costs incurred by the Foundation through June 30, 2018 and 2017, respectively. Ground breaking is expected to occur in the spring of 2019.

Note 20 – Sale of Properly

In August 2017, the property known as East End was sold for approximately $730,000, resulting in a gain of approximately $460,000. The line of credit and the loan collateralized by the building were paid in full as a result of the transaction (See Note 8).

Note 21 – Temporarily Restricted Net Assets

Temporarily restricted net assets arise from contributions that were restricted by donors for the following:

	2018	2017
Purpose Restriction:		
Donated property	$ 750,000	$ 750,000
Program related	426,604	-
Purpose and Time Restriction:		
Program related	300,000	-
	$ 1,476,604	$ 750,000

Note 22 – Contingent Liabilities

ASHF is a defendant in various legal actions arising from the normal course of its operations. While it is not possible to predict accurately or determine the eventual outcome of such actions, management believes that the outcome of these proceedings will not have a material adverse effect on the financial position of the Organization, its changes in net assets, or its cash flows.

Note 23 – Subsequent Events

Management has evaluated all known subsequent events from June 30, 2018 through December 17, 2018, the date the accompanying consolidated financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

A SAFE HAVEN FOUNDATION

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

JUNE 30, 2018

ASSETS

	ASHF	KMA Holdings V (KMA V)	KMA Holdings VIII (KMA VIII)	A Safe Haven Veteran Village (ASHVV)	Harborquest (HQ)	CCIL	600 S. Wabash Commercial (Commercial)
Current Assets							
Cash and cash equivalents	$ 358,433	$ 12,510	$ 2,833	$ 316,038	$ 83,181	$ 7,727	$ 452,243
Restricted cash	-	-	-	254,804	-	-	15,221
Accounts receivable-net	2,503,893	-	-	56,497	181,235	-	199
Due from related parties	2,386,890	-	269,203	10,900	6,482	2,096,340	1,000,000
Prepaid expenses	127,104	-	-	19,945	27,949	-	-
Other current assets	-	-	-	-	-	-	-
Total current assets	5,376,320	12,510	272,036	658,184	298,847	2,104,067	1,467,663
Property and equipment							
Land	1,058,263	-	-	750,100	-	-	184,800
Buildings and improvements	14,269,694	-	-	9,986,615	-	-	2,140,528
Furniture, fixtures, and equipment	948,061	-	-	1,078,599	2,425	-	-
Automobiles	728,220	-	-	-	-	-	-
Computer software	69,862	-	-	-	5,600	-	-
Construction in progress	-	-	-	-	-	-	-
	17,074,100	-	-	11,815,314	8,025	-	2,325,328
Less: Accumulated depreciation	(4,216,097)	-	-	(1,425,805)	(7,605)	-	(644,790)
Net property and equipment	12,858,003	-	-	10,389,509	420	-	1,680,538
Other assets							
Deferred rent assets	-	-	-	-	-	-	172,733
Other assets	-	-	-	113,585	13,176	-	-
Lease commissions	19,150	-	-	-	-	-	104,595
Less: Accumulated amortization	(19,150)	-	-	(15,117)	-	-	(35,190)
	-	-	-	98,468	13,176	-	242,138
Investment in partnerships	1,838,908	1,820,534	750,100	-	-	-	120,100
Total other assets	1,838,908	1,820,534	750,100	98,468	13,176	-	362,238
Total assets	$ 20,073,231	$ 1,833,044	$ 1,022,136	$ 11,146,161	$ 312,443	$ 2,104,067	$ 3,510,439

A SAFE HAVEN FOUNDATION

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

JUNE 30, 2018

ASSETS

	600 S. Wabash LLC (LLC)	600 S. Wabash LP (LP)	RRVH	ASH V	ASH IV	Subtotal	Eliminations	2018
Current Assets								
Cash and cash equivalents	$ -	$ 308,239	$ -	$ -	$ -	$ 1,541,204	$ -	$ 1,541,204
Restricted cash	-	1,289,879	-	-	-	1,559,904	-	1,559,904
Accounts receivable-net	-	14,402	-	-	-	2,756,226	(144,296)	2,611,930
Due from related parties	2,388,481	163,263	60,319	-	-	8,381,878	(8,202,597)	179,281
Prepaid expenses	-	37,949	-	-	-	212,947	-	212,947
Other current assets	-	-	-	-	-	-	-	-
Total current assets	2,388,481	1,813,732	60,319	-	-	14,452,159	(8,346,893)	6,105,266
Property and equipment								
Land	-	1,015,200	-	-	-	3,008,363	-	3,008,363
Buildings and improvements	-	14,918,794	-	-	-	41,315,631	(1,049,479)	40,266,152
Furniture, fixtures, and equipment	-	502,641	-	-	-	2,531,726	(48,063)	2,483,663
Automobiles	-	-	-	-	-	728,220	-	728,220
Computer software	-	-	-	-	-	75,462	-	75,462
Construction in progress	-	-	189,681	-	-	189,681	-	189,681
	-	16,436,635	189,681	-	-	47,849,083	(1,097,542)	46,751,541
Less: Accumulated depreciation	-	(7,371,419)	-	-	-	(13,665,716)	66,169	(13,599,547)
Net property and equipment	-	9,065,216	189,681	-	-	34,183,367	(1,031,373)	33,151,994
Other assets								
Deferred rent assets	-	-	-	-	-	172,733	-	172,733
Other assets	-	30,500	-	-	-	157,261	-	157,261
Lease commissions	-	-	-	-	-	123,745	-	123,745
Less: Accumulated amortization	-	(500)	-	-	-	(69,957)	-	(69,957)
	-	30,000	-	-	-	383,782	-	383,782
Investment in partnerships	-	-	-	-	-	4,529,642	(2,709,108)	1,820,534
Total other assets	-	30,000	-	-	-	4,913,424	(2,709,108)	2,204,316
Total assets	$ 2,388,481	$ 10,908,948	$ 250,000	$ -	$ -	$ 53,548,950	$(12,087,374)	$ 41,461,576

See Independent Auditor's Report.

A SAFE HAVEN FOUNDATION

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

JUNE 30, 2018

LIABILITIES AND NET ASSETS

	ASHF	KMA Holdings V (KMA V)	KMA Holdings VIII (KMA VIII)	A Safe Haven Veteran Village (ASHVV)	Harborquest (HQ)	CCIL	600 S. Wabash Commercial (Commercial)
Current liabilities							
Line of credit	$ 1,200,000	$ -	$ -	$ -	$ -	$ -	$ 1,000,000
Current portion of long-term debt	1,003,018	-	-	-	-	-	50,721
Current portion of capital leases	67,776	-	-	-	-	-	-
Accounts payable and accrued expenses	1,030,779	-	57,644	469,185	229,478	1,440	43,019
Accrued interest	43,416	-	-	19,030	-	-	-
Current portion of deferred grant revenue	70,000	-	-	-	-	-	-
Deferred revenue	293,768	-	-	-	-	-	-
Other current liabilities	-	-	-	19,210	-	-	63,171
Due to related parties	2,135,577	-	212,459	630,000	200,000	-	319,338
Total current liabilities	5,844,334	-	270,103	1,137,425	429,478	1,440	1,476,249
Long-term liabilities							
Long-term debt, net of current portion	9,210,992	-	-	1,462,303	-	-	1,791,817
Capital leases, net of current portion	83,149	-	-	-	-	-	-
Deferred grant revenue, net of current portion	764,167	-	-	-	-	-	-
Total long-term liabilities	10,058,308	-	-	1,462,303	-	-	1,791,817
Total liabilities	15,902,642	-	270,103	2,599,728	429,478	1,440	3,268,066
Net Assets							
Controlling interest	4,170,589	1,833,044	858,960	749,903	(117,035)	2,102,627	242,373
Noncontrolling interest	-	-	(106,927)	7,796,530	-	-	-
Total net assets	4,170,589	1,833,044	752,033	8,546,433	(117,035)	2,102,627	242,373
Total liabilities and net assets	$ 20,073,231	$ 1,833,044	$ 1,022,136	$ 11,146,161	$ 312,443	$ 2,104,067	$ 3,510,439

See Independent Auditor's Report.

A SAFE HAVEN FOUNDATION

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

JUNE 30, 2018

LIABILITIES AND NET ASSETS

	600 S. Wabash LLC (LLC)	600 S. Wabash LP (LP)	RRVH	ASH V	ASH IV	Subtotal	Eliminations	2018
Current liabilities								
Line of credit	$ -	$ -	$ -	$ -	$ -	$ 2,200,000	$ -	$ 2,200,000
Current portion of long-term debt	-	87,002	-	-	-	1,140,741	-	1,140,741
Current portion of capital leases	-	-	-	-	-	67,776	-	67,776
Accounts payable and accrued expenses	-	10,213	-	256	1,864	1,843,878	(639,650)	1,204,228
Accrued interest	-	4,611	-	-	-	67,057	-	67,057
Current portion of deferred grant revenue	-	-	-	-	-	70,000	-	70,000
Deferred revenue	-	-	-	-	-	293,768	(163,000)	130,768
Other current liabilities	-	50,204	-	-	-	132,585	-	132,585
Due to related parties	-	3,976,133	250,000	-	-	7,723,507	(6,524,192)	1,199,315
Total current liabilities	-	4,128,163	250,000	256	1,864	13,539,312	(7,326,842)	6,212,470
Long-term liabilities								
Long-term debt, net of current portion	-	4,368,753	-	-	-	16,833,865	-	16,833,865
Capital leases, net of current portion	-	-	-	-	-	83,149	-	83,149
Deferred grant revenue, net of current portion	-	-	-	-	-	764,167	-	764,167
Total long-term liabilities	-	4,368,753	-	-	-	17,681,181	-	17,681,181
Total liabilities	-	8,496,916	250,000	256	1,864	31,220,493	(7,326,842)	23,893,651
Net Assets								
Controlling interest	2,388,481	296,004	-	(256)	(1,864)	12,522,826	(4,760,532)	7,762,294
Noncontrolling interest	-	2,116,028	-	-	-	9,805,631	-	9,805,631
Total net assets	2,388,481	2,412,032	-	(256)	(1,864)	22,328,457	(4,760,532)	17,567,925
Total liabilities and net assets	$ 2,388,481	$ 10,908,948	$ 250,000	$ -	$ -	$ 53,548,950	$(12,087,374)	$ 41,461,576

A SAFE HAVEN FOUNDATION

CONSOLIDATING SCHEDULE OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

	ASHF	KMA Holdings V (KMA V)	KMA Holdings VIII (KMA VIII)	A Safe Haven Veteran Village (ASHVV)	Harborquest (HQ)	CCIL	600 S. Wabash Commercial (Commercial)
Revenue and support							
Service contracts	$ 5,440,183	$ -	$ -	$ -	$ -	$ -	$ -
Social enterprise revenue	3,856,549	-	-	-	3,878,151	-	-
Rental income	1,781,000	-	-	325,858	-	-	581,085
Tax incremental fund revenue	755,634	-	-	-	-	-	-
Contributions	4,837,990	-	-	10,000	-	3,423	-
Management fees	7,995	-	-	-	-	-	-
Gain on disposal of assets	465,868	-	-	-	-	-	-
Other revenue	251,267	64,940	-	21,874	101,751	58,391	9,100
Total support and revenue	17,396,486	64,940	-	357,732	3,979,902	61,814	590,185
Expenses							
Program services	14,843,957	45,608	2,722	1,328,735	3,756,168	-	318,364
Management and general	835,183	-	-	-	4,209	366,648	-
Fundraising	594,107	-	-	-	-	-	-
Total expenses	16,273,247	45,608	2,722	1,328,735	3,760,377	366,648	318,364
Change in unrestricted net assets before noncontrolling interest	1,123,239	19,332	(2,722)	(971,003)	219,525	(304,834)	271,821
Change in net assets attributable to noncontrolling interest	-	-	817	970,906	-	-	-
Change in net assets attributable to controlling interest	1,123,239	19,332	(1,905)	(97)	219,525	(304,834)	271,821
Controlling interest net assets - Beginning of year	3,047,350	1,823,712	860,865	750,000	(336,560)	2,452,461	(29,448)
Distributions	-	(10,000)	-	-	-	(45,000)	-
Contributions	-	-	-	-	-	-	-
Controlling interest net assets - End of year	$ 4,170,589	$ 1,833,044	$ 858,960	$ 749,903	$(117,035)	$ 2,102,627	$ 242,373
Noncontrolling interest net assets - Beginning of year	$ -	$ -	$(106,110)	$ 5,867,436	$ -	$ -	$ -
Contributions	-	-	-	2,900,000	-	-	-
Change in net assets attributable to noncontrolling interest	-	-	(817)	(970,906)	-	-	-
Noncontrolling interest net assets - End of year	$ -	$ -	$(106,927)	$ 7,796,530	$ -	$ -	$ -
Total net assets - End of year	$ 4,170,589	$ 1,833,044	$ 752,033	$ 8,546,433	$(117,035)	$ 2,102,627	$ 242,373

See Independent Auditor's Report.

A SAFE HAVEN FOUNDATION

CONSOLIDATING SCHEDULE OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

	600 S. Wabash LLC (LLC)	600 S. Wabash LP (LP)	RRVH	ASH V	ASH IV	Subtotal	Eliminations	Total
Revenue and support								
Service contracts	$ -	$ -	$ -	$ -	$ -	$ 5,440,183	$ -	$ 5,440,183
Social enterprise revenue	-	-	-	-	-	7,734,700	(1,823,774)	5,910,926
Rental income	-	1,412,480	-	-	-	4,100,423	(419,305)	3,681,118
Tax incremental fund revenue	-	-	-	-	-	755,634	-	755,634
Contributions	-	-	-	-	-	4,851,413	(350,000)	4,501,413
Management fees	-	-	-	-	-	7,995	(7,995)	-
Gain on disposal of assets	-	158,015				623,883	-	623,883
Other revenue	60,600	(44,221)	-	-	-	523,702	(307,103)	216,599
Total support and revenue	60,600	1,526,274	-	-	-	24,037,933	(2,908,177)	21,129,756
Expenses								
Program services	-	1,706,093	-	256	1,864	22,003,767	(2,306,915)	19,696,852
Management and general	-	-	-	-	-	1,206,040	(364,791)	841,249
Fundraising	-	-	-	-	-	594,107	(48,029)	546,078
Total expenses	-	1,706,093	-	256	1,864	23,803,914	(2,719,735)	21,084,179
Change in unrestricted net assets before noncontrolling interest	60,600	(179,819)	-	(256)	(1,864)	234,019	(188,442)	45,577
Change in net assets attributable to noncontrolling interest	-	179,801	-	-	-	1,151,524	-	1,151,524
Change in net assets attributable to controlling interest	60,600	(18)	-	(256)	(1,864)	1,385,543	(188,442)	1,197,101
Controlling interest net assets - Beginning of year	2,327,881	294,349	-	-	-	11,190,610	(4,572,090)	6,618,520
Distributions	-	1,673	-	-	-	(53,327)	-	(53,327)
Contributions	-	-	-	-	-	-	-	-
Controlling interest net assets - End of year	$ 2,388,481	$ 296,004	$ -	$(256)	$(1,864)	$ 12,522,826	$(4,760,532)	$ 7,762,294
Noncontrolling interest net assets - Beginning of year	$ -	$ 2,295,829	$ -	$ -	$ -	$ 8,057,155	-	$ 8,057,155
Contributions	-	-	-	-	-	2,900,000	-	2,900,000
Change in net assets attributable to noncontrolling interest	-	(179,801)	-	-	-	(1,151,524)	-	(1,151,524)
Noncontrolling interest net assets - End of year	$ -	$ 2,116,028	$ -	$ -	$ -	$ 9,805,631	-	$ 9,805,631
Total net assets - End of year	$ 2,388,481	$ 2,412,032	$ -	$(256)	$(1,864)	$ 22,328,457	$(4,760,532)	$ 17,567,925

A SAFE HAVEN FOUNDATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2018

Federal Grantor	Annual Contribution Contract #	Program or Award CFDA#	Federal Awards Expended
U.S. Department of Housing and Urban Development			
Family Wellness Center	IL0121L5T101609	14.267	$ 350,676
Westside Housing and Independent Living	IL0236L5T101609	14.267	216,425
The Studios (1801)	IL0222L5T101609	14.267	158,630
600 South	IL0095L5T101609	14.267	33,576
600 South	IL0095L5T101710	14.267	12,769
Shelter Plus Care	IL0371L5T101608	14.267	347,078
Shelter Plus Care	IL0371L5T101709	14.267	68,855
			1,188,009 *
Passed-through the City of Chicago Department of Family and Support Services			
Interim Housing West	31456 R 5	14.231	145,455
Interim Housing West	67620 R 1	14.231	150,447
			295,902
Passed-through All Chicago			
Rapid Re-Housing Vets Expansion Program	31544	14.231	29,059
Rapid Re-Housing	67628	14.231	37,466
			66,525
			362,427
Passed-through the City of Chicago Department of Family and Support Services			
Interim Housing	31173 R 5	14.218	5,297
Interim Housing West	31173 R 6	14.218	99,006
Industry-Specific Training and Placement Program (WFD)	43772 R 1	14.218	69,375
Interim Housing	67616 R 1	14.218	142,290
Interim Housing West	67616 R 2	14.218	79,228
Industry-Specific Training and Placement Program (WFD)	43772 R 2	14.218	19,500
			414,696
Total U.S. Department of Housing and Urban Development			**1,965,132**
U.S. Department of Veteran Affairs			
VA Homeless Providers and Per Diem - Grant	10-804-IL	64.024	364,643
VA Homeless Providers and Per Diem - Program Income	10-804-IL		35,841
			400,484
U.S. Department of Agriculture			
Passed Through from the Greater Chicago Food Depository			
Emergency Food Assistance Program (USDA Commodities)		10.569	273,400
Passed Through from the State of Illinois, Department of Commerce and Economic Opportunity			
SNAP Employment and Training Pilots	15-762001	10.596	206,018
Total U.S. Department of Agriculture			**479,418**

See Independent Auditor's Report.

A SAFE HAVEN FOUNDATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2018

Federal Grantor	Annual Contribution Contract #	Program or Award CFDA#	Federal Awards Expended
U.S. Department of Health and Human Services			
Passed-through the City of Chicago Department of Family and Support Services			
Interim Housing South	31290 R 7	93.569	204,988
Interim Housing	31290 R 8	93.569	513,394
Interim Housing	67619 R 1	93.569	276,162
Interim Housing South	67619 R 2	93.569	96,436
			1,090,980
U.S. Department of Education			
Passed Through from the Illinois Community College Board			
Adult Education and Literacy	508CA18	84.002	**24,583**
U.S. Department of Labor			
Homeless Veterans' Reintegration Program	SD-31743-18-60-5-17	17.805	6,937
Passed-through STRIVE International, Inc.			
STRIVE	YF-27304-15-60-A-36	17.270	154,549
Total U.S. Department of Labor			**161,486**
U.S. Department of Homeland Security			
Passed Through from the Greater Chicago Food Depository			
Emergency Food and Shelter Program (FEMA)		97.024	**13,711**
Total Federal Program Expenditures			**$ 4,135,794**

* Indicates major program.

A SAFE HAVEN FOUNDATION

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 – Basis of Presentation

The accompanying 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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements. 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 Program 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, 2018 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, 2018 or any federal loans or federal loan guarantees outstanding at June 30, 2018.

Note 6 – Indirect Cost Rate

ASHF did not elect to use the de minimis 10% rate for allocating indirect costs.

A SAFE HAVEN FOUNDATION

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

	Program	Management and General	Fundraising	Total
Salaries and related expenses	$ 6,139,693	$ 396,556	$ 181,100	$ 6,717,349
Interest	467,929	71,089	-	539,018
Program food clothing and personal maintenance	4,209,709	480	-	4,210,189
Utilities, supplies and maintenance	1,548,525	9,606	2,764	1,560,895
General insurance	138,233	29,663	-	167,896
Professional fees / contract services	993,393	165,232	149,776	1,308,401
Office expenses	178,593	105,321	47,040	330,954
Miscellaneous	337,673	11,217	5,112	354,002
Special events	-	-	183,903	183,903
Telephone	34,147	85	-	34,232
Postage/printing	2,408	16,482	9,566	28,456
Transportation and travel	210,141	25,082	14,846	250,069
Total expenses before depreciation and amortization	14,260,444	830,813	594,107	15,685,364
Depreciation	521,354	4,370	-	525,724
Amortization	62,159	-	-	62,159
	$ 14,843,957	$ 835,183	$ 594,107	$ 16,273,247

Identifying opportunities.
Delivering solutions.

INDEPENDENT AUDITOR'S 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, 2018, 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 October 31, 2018.

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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs findings as item 2018-1, that we consider to be a significant deficiency.

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*.

ASHF's Response to Findings
ASHF's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. ASHF's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 17, 2018

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
A Safe Haven Foundation

Report on Compliance for Each Major Federal Program
We have audited A Safe Haven Foundation's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on A Safe Haven Foundation's major federal program for the year ended June 30, 2018. A Safe Haven Foundation's major federal program is 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 A Safe Haven Foundation's major federal program 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance 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 A Safe Haven Foundation'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 the federal program. However, our audit does not provide a legal determination of A Safe Haven Foundation's compliance.

Opinion on Major Federal Program
In our opinion, A Safe Haven Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance
Management of A Safe Haven Foundation 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 A Safe Haven Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on its' 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 the Uniform Guidance, 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 A Safe Haven Foundation'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

FGMK, LLC

Bannockburn, Illinois
December 17, 2018

A SAFE HAVEN FOUNDATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditors' Results

Financial Statements

The type of report issued: **Unmodified**

Internal control over financial reporting:

Material weakness(es) identified? ____ Yes __X__ No

Significant deficiencies identified? __X__ Yes ____ 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

Significant deficiencies identified? ____ Yes __X__ No

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

Any audit findings disclosed that are required to be reported in accordance with Code of Federal Regulations Section 200.516?
____ Yes __X__ No

Identification of major programs:

CFDA Number	Name of Federal Program
14.267	Continuum of Care Program

Dollar threshold used to distinguish between Type A and Type B programs: **$ 750,000**

Auditee qualified as low-risk auditee? __X__ Yes ____ No

A SAFE HAVEN FOUNDATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section II – Financial Statement Findings

Finding 2018-1:

***Criteria**:* GAAP requires contributions to be recorded at the time when promises are made.

Condition and Context: For the year ended June 30, 2018, a multi-year pledge of $300,000 should be recorded as pledge receivable and temporarily restricted contribution. An audit adjustment was recorded to properly reflect the balances.

Cause: Pledge receivable and temporarily restricted contribution were both understated prior to adjustment.

Effect or Potential Effect: Pledge receivable and temporarily restricted contributions were both understated and an audit adjustment was required to properly reflect the balances as of June 30, 2018.

Recommendation: Management should establish the revenue recognition policy to identify and record multi-year pledges in order to keep the Organization's books and records in accordance with GAAP.

Responsible Official's Response: Management concurs with finding and has established the processes that will identify and record multi-year pledges appropriately. Management has created a tracking sheet to keep track of the additions and releases from restriction for temporarily restricted contributions.

A SAFE HAVEN FOUNDATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Concluded)

Section III – Federal Award Findings and Questioned Costs

None noted

Section IV – Summary of Prior Year Audit Findings

None noted.

Identifying opportunities.
Delivering solutions.

INDEPENDENT AUDITOR'S REPORT ON OTHER FINANCIAL INFORMATION

Board of Directors
A Safe Haven Foundation

We have audited the consolidated financial statements of A Safe Haven Foundation as of and for the years ended June 30, 2018 and 2017, and our report thereon dated December 17, 2018 which expressed an unmodified opinion appears on page 1. Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying financial information presented on pages 41-44, which is the responsibility of management, is presented for purposes of additional analysis, as well as to comply with certain reporting requirements of the Illinois Department of Human Services, and is not a required part of the basic consolidated financial statements. Such information was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. That information has been subjected to the auditing procedures applied in the audits 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, that information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

FGMK, LLC

Bannockburn, Illinois
December 17, 2018

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A SAFE HAVEN FOUNDATION

Grant Allowable Cost Summary

GRANT REPORT for the period 7/1/2017 - 6/30/2018

Agency Name: A Safe Haven Foundation FEIN: 364444200

		DHS Grant - Funded Services		All Other Programs	Mgmt. and General	Total
		Program 1	Program 2			
	Program Name/Number/Contract Number/Other Identification	FCSTH00217	FCSTH002083			
A	Direct Program Expense	437,431	-	19,805,257	841,491	21,084,179
B	Allocate Management and General Costs (Note 1)	17,458	-	824,033	(841,491)	-
C	SUBTOTAL A & B	454,889	-	20,629,290	-	21,084,179
D	Subtract Unallowable costs per page 2	48,039	-			
E	Add other approved uses (attach documentation)	-	-			
F	TOTAL Allowable Costs	406,850	-			
G	Special provisions (see instructions)	none	none			
H	Interest Earned (see instructions)	-	-			

Note 1: Management and General costs are allocated based: total direct costs.

A SAFE HAVEN FOUNDATION

State of Illinois - Department of Human Services

UNALLOWABLE COST REPORT

Agency Name· A Safe Haven Foundation FEIN 36-4444200

Program Name/Number/Contract Number	DHS Grant-Funded Services				
	Program 1	Program 2	Program 3	Program 4	Program 5
	FCSTH00217	FCSTH002083			
Unallowable Costs (see instructions)					
Compensation of Governing Body					
Entertainment					
Association Dues					
Meetings and Conventions					
Fundraising					
Bad Debt					
Charity and Grants					
Unallowable Interest					
Inventories					
Depreciation of OHS-funded Assets					
Cost of Production					
In-Kind Expenses					
Alcoholic Beverages					
Personal Automobile					
Fines and Penalties	100				
Personal Use Items					
Lobbying					
Unallowable Relocation					
Gratuities					
Political Contributions					
Related Party Transactions	47,939				
Costs Where a Conflict of Interest Exists					
Unallowable Cost if Program is Federally Funded or Cost Restricted by Contract (See Instructions)					
Explain:					
Explain:					
Total Unallowable Costs (to line D of Grant Report) - See below if None	48,039				

If no unallowable costs are listed, sign and date as follows.

I certify that no unallowable costs are included in either direct costs or allocated Management and General costs on the Grant Rep ort.

Signature: Date:

Printed Name and Title: Barbara Gorczyca, Controller

Reset Form

IL 444-2682 (R-4-10)

See Independent Auditor's Report on Other Financial Information.

Illinois Grant Accountability and Transparency Act
Grantee Portal - Audit Consolidated Year-End Financial Report

Grantee Portal / Audit Reviews / Audit / CYEFR

The CYEFR has been submitted. If changes are needed, contact your state cognizant agency.

	CSFA #	Program Name	$ State	$ Federal	$ Other	$ Total
View	420-30-0481	Reduce Dependency and Increase Work Requirements and Work Effort Under SNAP	0	206,018	88,903	294,921
View	444-80-0658	Supportive Housing Program	370,258	0	115,212	485,470
View	497-00-1177	Veterans Scratch-Off Lottery Ticket Program	9,326	0	2,689	12,015
View	684-00-0823	Career and Technical Education Early School Leaver Transition Program	33,650	0	5,528	39,178
View	684-00-0824	Adult Education State Basic and State Performance	13,725	0	2,255	15,980
View	684-01-1625	Adult Education - Basic Grants to States - Federal and	83,160	24,583	22,382	130,126
		Totals:	510,119	4,135,793	11,627,577	16,273,488

		State Funding Combined				
View		Other grant programs and activities		3,905,191	9,961,076	13,866,267
View		All other costs not allocated			1,429,531	1,429,531
		Totals:	510,119	4,135,793	11,627,577	16,273,488