Austin Habitat for Humanity, Inc.

(A Nonprofit Corporation)

Report of Independent Auditor and Consolidated Financial Statements with Supplementary Information

December 31, 2017 and 2016

PMB Helin Donovan

AUSTIN HABITAT FOR HUMANITY, INC.
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Report of Independent Auditor

To the Board of Directors of
Austin Habitat for Humanity, Inc.:

We have audited the accompanying consolidated financial statements of Austin Habitat for Humanity and its subsidiaries (collectively, the "Organization"), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 the Organization as of December 31, 2017, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Predecessor Auditor

The consolidated financial statements of the Organization for the year ended December 31, 2016 were audited by another auditor who expressed an unmodified opinion on those statements on July 14, 2017.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedule of financial position information and consolidating schedule of activities information as of and for the year ended December 31, 2017 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.

PMB HELIN DONOVAN, LLP

PMB Helin Donovan, LLP

July 23, 2018
Austin, Texas

AUSTIN HABITAT FOR HUMANITY, INC.
Consolidated Statements of Financial Position
December 31, 2017 and 2016

	2017	2016
ASSETS:		
Current assets		
Cash and cash equivalents	$ 1,382,287	$ 820,061
Investments, at fair value	400,080	391,791
Accounts receivable, net	173,000	189,261
Pledges receivable, net	116,718	155,875
Mortgages receivable, current portion, net	816,838	808,474
ReStore inventory	619,453	529,738
Home construction in progress	484,299	551,469
Prepaid expenses and other current assets	248,190	285,420
Total current assets	4,240,865	3,732,089
Land held for development	3,500,621	3,248,276
Restricted cash	45,229	71,659
Pledges receivable, long-term portion, net	380,817	14,250
Other long-term assets	193,628	243,791
Mortages receivable, long-term potion, net	8,453,826	8,259,388
Notes receivable - 2nd liens, net	815,277	428,591
Investments, at cost - NMTC	2,491,147	2,509,068
Property and equipment, net	9,592,553	9,810,019
Total assets	$ 29,713,963	$ 28,317,131
LIABILITIES AND NET ASSETS:		
Current liabilities		
Accounts payable	$ 456,738	$ 170,704
Accrued expense	539,353	569,540
Deferred revenue	1,027,101	1,018,549
Capital lease obligation, current portion	33,251	32,269
Notes payable - TDHCA, current portion	87,149	84,316
Long-term debt, current portion	156,985	151,200
Total current liabilities	2,300,577	2,026,578
Capital lease obligation, long-term portion	256,670	292,647
Notes payable - TDHCA, long-term portion	1,175,498	1,161,396
Long-term debt, net of debt issuance costs	8,014,758	8,150,441
Total liabilities	11,747,503	11,631,062
Net assets		
Unrestricted	16,851,094	16,073,377
Temporarily restricted	1,115,366	566,826
Permanently restricted	-	45,866
Total net assets	17,966,460	16,686,069
TOTAL LIABILITIES AND NET ASSETS	$ 29,713,963	$ 28,317,131

The accompanying notes and report of independent auditor are an integral part of these consolidated financial statements.

AUSTIN HABITAT FOR HUMANITY, INC.
Consolidated Statement of Activities and Changes in Net Assets
Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES:				
Contributions and other income:				
Contributions	$ 1,510,797	$ 617,206	$ -	$ 2,128,003
In-kind contributions	188,197	-	-	188,197
Home building sponsorship revenues	1,002,224	-	-	1,002,224
Investment income	46,839	-	-	46,839
Other income	287,287	-	-	287,287
Net assets released from restrictions	114,532	(68,666)	(45,866)	-
Total contributions and other	3,149,876	548,540	(45,866)	3,652,550
ReStore revenues:				
ReStore sales	3,871,588	-	-	3,871,588
In-kind donation of inventory	1,910,324	-	-	1,910,324
Cost of goods sold	(2,806,608)	-	-	(2,806,608)
Sales discounts and refunds	(106,082)	-	-	(106,082)
Total ReStore revenues, net	2,869,222	-	-	2,869,222
Low-cost housing revenues:				
Home sales	1,714,500	-	-	1,714,500
In-kind contributions of labor and construction materials	786,123	-	-	786,123
Mortgage discount and amortization	353,429	-	-	353,429
Other housing revenues	42,580	-	-	42,580
Cost of homes sold	(2,318,340)	-	-	(2,318,340)
Total Low-cost housing revenues	578,292	-	-	578,292
Total revenues	6,597,390	548,540	(45,866)	7,100,064
EXPENSES:				
Low-cost housing program	2,143,443	-	-	2,143,443
ReStore program	2,034,006	-	-	2,034,006
Fundraising	1,084,041	-	-	1,084,041
Management and general	558,182	-	-	558,182
Total expenses	5,819,673	-	-	5,819,673
CHANGE IN NET ASSETS	777,717	548,540	(45,866)	1,280,391
NET ASSETS, BEGINNING OF YEAR	16,073,377	566,826	45,866	16,686,069
NET ASSETS, END OF YEAR	$ 16,851,094	$ 1,115,366	$ -	$ 17,966,460

The accompanying notes and report of independent auditor are an integral part of these consolidated financial statements.

AUSTIN HABITAT FOR HUMANITY, INC.
Consolidated Statement of Activities and Changes in Net Assets
Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES:				
Contributions and other:				
Contributions	$ 2,602,779	$ 390,379	$ -	$ 2,993,158
In-kind contributions	156,153	-	-	156,153
Home building sponsorship revenues	1,099,976	-	-	1,099,976
Investment income	48,934	-	-	48,934
Other income	1,265,559	-	12,147	1,277,706
Net assets released from restrictions	37,168	(37,168)	-	-
Total contributions and other	5,210,569	353,211	12,147	5,575,927
ReStore revenues:				
ReStore sales	2,876,088	-	-	2,876,088
In-kind donation of inventory	1,511,844	-	-	1,511,844
Cost of goods sold	(2,322,206)	-	-	(2,322,206)
Sales discounts and refunds	(57,521)	-	-	(57,521)
Total ReStore revenues, net	2,008,205	-	-	2,008,205
Low-cost housing revenues:				
Home sales	1,993,000	-	-	1,993,000
In-kind contributions of labor and construction materials	1,491,438	-	-	1,491,438
Mortgage discount and amortization	113,341	-	-	113,341
Other housing revenues	28,794	-	-	28,794
Cost of homes sold	(3,243,936)	-	-	(3,243,936)
Total Low-cost housing revenues	382,637	-	-	382,637
Total revenues	7,601,411	353,211	12,147	7,966,769
EXPENSES:				
Low-cost housing program	2,142,026	-	-	2,142,026
ReStore program	1,701,692	-	-	1,701,692
Fundraising	839,180	-	-	839,180
Management and general	489,862	-	-	489,862
Total expenses	5,172,760	-	-	5,172,760
CHANGE IN NET ASSETS	2,428,651	353,211	12,147	2,794,009
NET ASSETS, BEGINNING OF YEAR	13,644,726	213,615	33,719	13,892,060
NET ASSETS, END OF YEAR	$ 16,073,377	$ 566,826	$ 45,866	$ 16,686,069

The accompanying notes and report of independent auditor are an integral part of these consolidated financial statements.

AUSTIN HABITAT FOR HUMANITY, INC.
Consolidated Statement of Functional Expenses
Year Ended December 31, 2017

	Low-Cost Housing	ReStore	Fundraising	Management and General	Total
Salaries and related	$ 1,269,564	$ 1,337,992	$ 568,027	$ 440,302	$ 3,615,884
Advertisements	14,358	38,178	349,334	121	401,990
Office expenses	44,148	128,237	20,662	18,303	211,351
Information technology	22,377	7,458	8,888	9,866	48,589
Occupancy	101,923	39,776	8,337	4,199	154,236
Travel	17,256	14,139	8,867	1,192	41,453
Conference, conventions, and meetings	4,728	5,458	7,221	5,194	22,601
Interest expenses	53,683	174,349	18,207	23,100	269,339
Tithe to HFHI	53,000	-	-	-	53,000
Depreciation and amortization	34,592	179,966	16,929	20,462	251,949
Insurance	33,838	72,882	4,196	2,268	113,184
Warranty work	4,490	-	-	-	4,490
Tools and equipment	9,272	1,913	-	-	11,185
Professional services	40,651	7,626	21,178	23,202	92,657
NMTC transaction Fees	26,430	-	-	-	26,430
Dues and subscriptions	13,148	12,957	11,738	7,125	44,968
Home repair program	389,037	70	25,642	-	414,749
Other expense	10,949	13,005	14,815	2,849	41,618
Total Functional Expenses	$ 2,143,443	$ 2,034,006	$ 1,084,041	$ 558,182	$ 5,819,673

The accompanying notes and report of independent auditor are an integral part of these consolidated financial statements.

AUSTIN HABITAT FOR HUMANITY, INC.
Consolidated Statement of Functional Expenses
Year Ended December 31, 2016

	Low-Cost Housing	ReStore	Fundraising	Management and General	Total
Salaries and related	$ 1,095,654	$ 1,154,709	$ 490,216	$ 379,988	$ 3,120,567
Advertisements	12,826	53,499	137,298	33	203,656
Office expenses	40,300	78,632	14,853	14,672	148,457
Information technology	13,907	7,424	5,732	3,105	30,168
Occupancy	99,163	13,268	5,371	3,600	121,402
Travel	7,381	9,614	3,197	955	21,147
Conference, conventions, and meetings	5,016	4,217	6,409	5,666	21,308
Interest expenses	99,728	116,237	27,141	33,735	276,841
Tithe to HFHI	61,000	-	-	-	61,000
Depreciation and amortization	43,313	169,860	12,863	22,983	249,019
Insurance	33,007	65,376	3,678	2,592	104,653
Warranty work	5,040	-	-	-	5,040
Tools and equipment	9,351	-	-	-	9,351
Professional services	89,099	6,854	120,650	10,326	226,929
NMTC transaction Fees	26,989	-	-	-	26,989
Dues and subscriptions	6,900	13,900	9,361	9,658	39,819
Home repair program	482,872	4,918	-	-	487,790
Other expense	10,480	3,184	2,411	2,549	18,624
Total Functional Expenses	$ 2,142,026	$ 1,701,692	$ 839,180	$ 489,862	$ 5,172,760

The accompanying notes and report of independent auditor are an integral part of these consolidated financial statements.

AUSTIN HABITAT FOR HUMANITY, INC.

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	$ 1,280,391	$ 2,794,009
Adjustments to reconcile change in net assets to net cash provided by operations:		
Noncash interest expense	17,921	27,533
Depreciation and amortization	251,949	249,017
Unrealized gain on investments	(6,074)	(11,862)
Loss on disposal of property and equipment	40,383	-
(Increase) decrease in operating assets:		
Accounts receivable	16,261	86,813
Pledges receivable	(327,410)	(46,208)
Grants receivable	-	112,659
Mortgages receivable	(202,802)	(739,193)
ReStore Inventory	(89,715)	(241)
Home construction in Progress	67,170	575,527
Prepaid expenses and other	37,230	38,621
Land held for development	(252,345)	(1,693,511)
Notes receivable, 2nd liens	(386,686)	(450,572)
Other long-term assets	50,163	(275,819)
Increase (decrease) in operating liabilities:		
Accounts Payable	286,034	(61,855)
Accrued expenses	(30,187)	355,003
Deferred revenue	8,552	123,275
Escrow and custodial liability	-	(295,476)
Notes payable - TDHCA	16,935	152,676
Net cash provided by operating activities	777,770	940,396
Cash flows from investing activities:		
Restricted cash	26,430	26,989
Purchases of investments	(2,215)	(39,136)
Purchases of property and equipment	(74,866)	(97,421)
Net cash used in investing activities	(50,651)	(109,568)
Cash flows from financing activities:		
Payments on long-term debt	(129,898)	(287,089)
Payments on capital lease obligation	(34,995)	(34,781)
Net cash used in financing activities	(164,893)	(321,870)
Net increase in cash and cash equivalents	562,226	508,958
Cash and cash equivalents at beginning of year	820,061	311,103
Cash and cash equivalents at end of year	$ 1,382,287	$ 820,061
Supplemental disclosure of cash flow information:		
Interest paid	$ 241,808	$ 202,889
Income taxes paid	$ -	$ 359,697

The accompanying notes and report of independent auditor are an integral part of these consolidated financial statements.

1. ORGANIZATION

Austin Habitat for Humanity, Inc. ("AHFH") is a nonprofit, affordable housing developer dedicated to the elimination of substandard housing in Austin, Texas. It is affiliated with Habitat for Humanity International, Inc. ("HFHI") based in Americus, Georgia. AHFH was incorporated in 1985 under the laws of the State of Texas. While adhering to the policies and procedures prescribed by HFHI, AHFH exists as a separate corporation with its own Board of Directors. Local policies, strategies, operations, and fundraising are the responsibility of each affiliate.

Austin Neighborhood Alliance for Habitat, Inc., (the "Alliance") is a wholly owned non-profit corporation formed to support AHFH. The Alliance receives federal financial assistance to acquire land and develop infrastructure for homes.

HomeBase Texas ("HomeBase") is a wholly owned non-profit corporation that provides affordable homeownership opportunities to homeowners that meet a higher family income threshold than those served by AHFH.

The Alliance and HomeBase financial statements are consolidated into the financial statements of AHFH because AHFH has control over and an economic interest in the Alliance and HomeBase. AHFH and its affiliates, the Alliance and HomeBase, are collectively referred to as the Organization.

Low-Cost Housing Program
To be considered for home ownership, families must be low-income families who demonstrate a need for better housing, an ability to make mortgage payments, and a willingness to work in partnership with AHFH. The partnership consists, in part, of each family completing 300 hours of "sweat equity" and meeting monthly mortgage payments. AHFH acquires the land, finds and qualifies the families, raises the funding, finds and supervises construction volunteers, builds the houses, and funds the mortgages. Houses are sold resulting in either a no interest or zero profit on the mortgage. By policy of HFHI, AHFH may accept government support for land, infrastructure improvements and construction.

ReStore Program
AHFH also operates a ReStore in Austin. The ReStore program provides access to quality building materials, new and used, household goods, clothing, etc., to the general public to help them create a better human habitat in which to live and work. The ReStore receives donated materials, purchases items, and sells them.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The consolidated financial statements are presented in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") as defined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC").

Classification of Net Assets - The consolidated financial statements report information regarding the Organization's consolidated financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified as follows:

Unrestricted net assets - Net assets are not subject to donor-imposed stipulations. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Temporarily restricted net assets - Net assets are subject to donor-imposed stipulations, which limit their use by the Organization to a specific purpose and/or the passage of time.

Permanently restricted net assets - Net assets are subject to donor-imposed stipulations, which require them to be maintained permanently by the Organization.

Use of Estimates - The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates include the fair value of investments, allowances for uncollectable receivables, useful lives of property and equipment, and the valuation of in-kind services and materials.

Advertising Costs - Advertising costs are expensed when incurred. Advertising expense for the years ended December 31, 2017 and 2016 were $401,990 and $203,656, respectively.

Fair Value Measurements - The Organization measures and discloses fair value measurements in accordance with the authoritative literature. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

Level 1 - Inputs based on quoted market prices in active markets for identical assets or liabilities. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - Observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.

Level 3 - Unobservable inputs that reflect the Organization’s own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value: 1) market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities, 2) cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost), and 3) income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations.

Cash and Cash Equivalents - The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Restricted Cash - As a condition of the loan agreements with HFHI-SA NMTC VI, LLC and CCM Community Development XXVII, LLC and through its investment in two New Market Tax Credit ("NMTC") programs (Note 10), AHFH has established separate bank accounts for receiving and disbursing certain amounts related to the NMTC transactions. Total restricted cash was $45,299 and $71,659 as of December 31, 2017 and 2016, respectively.

Investments, at fair value - Investments in mutual funds are carried at fair market value based on quoted market prices. Any changes in market value are reported in the consolidated statements of activities as increases or decreases to investment income.

Investments, at cost - NMTC - In November 2011, AHFH invested, along with eleven other Habitat affiliates, in a joint venture named HFHI-SA Leverage IX, LLC with 4.82% ownership to take advantage of NMTC financing. In July 2012, AHFH participated in a second NMTC transaction along with eleven other Habitat affiliates. As a result of this transaction, AHFH acquired a 9.09% ownership in a joint venture named CCML Leverage II, LLC. Since AHFH has no ability to influence the operating or financial policies of HFHI-SA Leverage IX, LLC and CCML Leverage II, LLC, the cost method is used to account for these investments. Under that method, AHFH records income only to the extent of distributions received.

The Organization has capitalized, as, certain structuring and guarantee fees and closing costs for the loans to finance these investments and construction costs. These fees are being amortized to interest expense over seven to sixteen years and are reflected as costs of the investments.

Accounts Receivable - Accounts receivable are recorded at the amount the Organization expects to collect on outstanding balances. The Organization has not recorded an allowance for uncollectible accounts receivables at December 31, 2017 or 2016 as management believes all balances to be collectible.

Pledges Receivable - Pledges receivable are recorded at the amount the Organization expects to receive from donors. Promises to give are recorded at fair value if expected to be collected in one year and at net present value if expected to be collected in more than one year. Although the Organization has not experienced material uncollectible amounts in the past, an allowance for uncollectible pledges receivable has been established. The allowance at December 31, 2017 and 2016, was $58,282 and $19,125, respectively. The Organization did not apply a net present value discount on the pledges receivable balance as of December 31, 2017 and 2016 as management considered the amount to be insignificant.

Notes Receivable, 2nd Liens - Notes receivable are a non-amortizing repayable second lien due in 30-35 years at 0% interest. The second lien is attached to a home sale to qualified applicants under the HomeBase Texas program. The first lien is provided for by a traditional third-party lender. The second lien is due and payable between 30-35 years to allow for the first lien to have been paid off and provides a subsidy that allows the home sale to meet the affordability requirements of the HomeBase Texas program. These notes are discounted based upon prevailing market interest rates for low-income housing at the inception of the mortgages. The Organization has not recorded an allowance for uncollectible notes receivable at December 31, 2017 or 2016 as management believes all balances to be collectible.

Home Sales and Mortgages Receivable - Home sales represent the sale to qualified families of houses built in Austin, Texas by the Organization. Homes are sold at cost when possible and the sales are financed by the Organization utilizing non-interest bearing 15 to 35-year mortgages due in monthly installments from the families. The mortgages are secured by the underlying real estate and are carried at the unpaid principal balances. The Organization obtains a deed of trust for any difference between the agreed-upon purchase price and the current fair value of the property. This difference, referred to as “the equity”, is payable to the Organization should the homeowner sell the property before the mortgage is paid off or if the home is foreclosed and sold in the open market.

The mortgages receivable are discounted based upon prevailing market interest rates for low-income housing at the inception of the mortgages. The financing discounts are amortized and reflected as mortgage discount and amortization in the accompanying consolidated statements of activities when mortgage payments are collected.

The Organization monitors the mortgages on a monthly basis and considers all mortgages to be collectible, thus no allowance for loan losses has been recorded. The Organization maintains a partner relationship with the mortgagees (“partner families”). However, the Organization will consider foreclosure proceedings on any delinquent accounts if the partner family ceases to have the ability to pay and make payments on the mortgage or no longer has a willingness to partner with the Organization. At December 31, 2017 and 2016, the Organization had no investment in foreclosed loans.

ReStore Inventory - ReStore inventory consists of donated building materials, household items and clothing as well as purchased building materials available for sale. Donated inventory is recorded as in-kind contributions at fair value when received based on estimated sales value. Purchased inventory is stated at the lower of cost or market determined by the first-in first-out method.

Home Construction in Progress – Home construction in progress represents home construction and land costs incurred on incomplete homes in progress and completed homes not yet conveyed to the recipient family. Once sold and conveyed, the home costs are expensed to cost of homes sold in the accompanying consolidated statements of activities.

Property and Equipment - Property and equipment consists of land, buildings, and equipment. Property and equipment additions are recorded at cost if purchased or estimated fair value if donated less accumulated depreciation. The Organization capitalizes all additions over $1,000 and expenses maintenance and repairs that do not improve or extend the useful lives of the respective assets. Depreciation is calculated on a straight-line basis over the estimated useful lives of the respective assets. Estimated useful lives are three to five years for computer equipment; five years for building improvements, software and vehicles; three to seven years for tools and construction equipment; and twenty to forty years for completed houses and buildings. Property and equipment under capital lease is amortized over the shorter of the lease term or the expected useful life of the asset.

Long-lived assets subject to amortization are reviewed for impairment whenever events or circumstances indicate that the amount recorded may not be recoverable. An impairment loss is recognized by the amount in which the carrying amount of the asset exceeds fair value, if the carrying amount of the asset is not recoverable. Management believes there has been no impairment of such assets as of December 31, 2017 and 2016.

Debt Issuance Costs - Debt issuance costs associated with long-term debt are recorded as a reduction of the related debt balance and amortized to interest expense over the term of the related arrangement.

Notes Payable – TDHCA - The Texas Department of Housing and Community Affairs Department ("TDHCA") administers the Owner-Builder Loan Program, also known as the Texas Bootstrap Loan Program ("Bootstrap Program"). The Bootstrap Program is a self-help housing construction program that provides the owners and builders of very low-income families an opportunity to purchase or refinance real property on which to build new housing or repair their existing homes through "sweat equity." Owner builder's household income may not exceed 60% of Area Median Family Income. The Bootstrap Program notes payable are discounted based upon prevailing market interest rates at the inception of the mortgage. The financing discounts are amortized and reflected as mortgage discount and amortization in the accompanying consolidated statements of activities as the mortgage payments are made.

Contribution Revenue - All contributions, including home building sponsorship revenues and non-cash contributions, are recorded at their fair value and are considered to be available for operations of the Organization unless specifically restricted by the donor. Unconditional promises to give cash and other assets are reported as temporarily restricted net assets if they are received with donor stipulations that limit the use of donated assets. When donor restrictions expire, that is, when a stipulated time restriction ends or restricted purpose is accomplished, the related temporarily restricted net assets are reclassified to unrestricted net assets. This is reported in the accompanying consolidated statements of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire within the fiscal year in which the contributions are received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Government Grant Revenue - The Organization receives funding from governmental financial assistance programs that supplement its traditional funding sources. The awards provide for reimbursement of qualifying costs incurred, as defined in the underlying award agreements. The Organization recognizes revenue from these awards as services are rendered and expenses are incurred.

In-Kind Contributions of Labor - A substantial number of volunteers have made significant contributions of their time to the Organization's program and supporting services. Donated services are recognized as contributions if the services (1) create or enhance non-financial assets, or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Under those criteria, volunteer time and professional services donated to construct homes is recognized as contribution revenue and capitalized as home construction in progress. When homes are transferred to recipient families, home construction in progress is recorded as component of cost of homes sold within the accompanying consolidated statements of activities.

Functional Expense Allocation - The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Federal Income Taxes - AHFH, the Alliance, and HomeBase are all non-profit organizations exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except with respect to any unrelated business income. AHFH, the Alliance and HomeBase did not incur any tax liabilities for unrelated business income during the years ended December 31, 2017 or 2016. The Board assesses uncertainties in income taxes in its consolidated financial statements and uses a threshold of more-likely-than-not for recognition and derecognition of tax positions taken. There is no provision or liability for federal income taxes in the accompanying combined financial statements related to the Organization. AHFH, the Alliance, and HomeBase file Form 990 tax returns in the U.S. federal jurisdiction and are subject to routine examinations of its returns. However, there are no examinations currently in progress. The Board's management believes it is no longer subject to income tax examinations for years prior to 2014.

Recent Accounting Pronouncements- In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This ASU requires a lessee to recognize a right-of-use asset and a lease liability under most operating leases in its balance sheet. For non-public companies, the ASU is effective for years beginning after December 15, 2019. Early adoption is permitted. The Organization has elected not to early adopt this ASU as of December 31, 2017.

Accounting Standards Update No. 2016-14, *Not-for-Profit Entities* (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities decreases the number of net asset classes from three to two. The new classes will be net assets with donor restrictions and net assets without donor restrictions. The standard also:

- Requires reporting of the underwater amounts of donor-restricted endowment funds in net assets with donor restrictions and enhances disclosures about underwater endowments.
- Continues to allow preparers to choose between the direct method and indirect method for presenting operating cash flows, eliminating the requirement for those who use the direct method to perform reconciliation with the indirect method.
- Requires a not-for-profit to provide in the notes qualitative information on how it manages its liquid available resources and liquidity risks. Quantitative information that communicates the availability of a not-for-profit's financial assets at the balance sheet date to meet cash needs for general expenditures within one year is required to be presented on the face of the financial statement and/or in the notes.
- Requires reporting of expenses by function and nature, as well as an analysis of expenses by both function and nature.

The standard will take effect for annual financial statements issued for fiscal years beginning after December 15, 2017. Early application of the standard is permitted. The Organization has elected not to early adopt this ASU as of December 31, 2017.

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update (ASU) 2014-09, *Revenue Recognition* (Topic 606). This ASU provides a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. The revenue standard contains principles that an entity will apply to determine the measurement of revenue and the timing of revenue recognition. The new standard, as initially released, would be effective for fiscal years, and interim periods within those years, beginning after December 15, 2016 and early adoption would not be permitted. In July 2015, the FASB deferred the effective date of the new revenue standard by one year resulting in the new revenue standard being effective for fiscal years and interim periods beginning after December 15, 2017 and allowing entities to adopt one year earlier if they so elect. The new standard allows for two alternative implementation methods: the use of either (1) full retrospective application to each prior reporting period presented or (2) modified retrospective application in which the cumulative effect of initially applying the revenue standard is recognized as an adjustment to the opening balance of retained earnings in the period of adoption. The Board plans to adopt the new standard for the fiscal year ending December 31, 2018 but has not yet determined the method by which the standard will be adopted. The Organization is currently evaluating the impact of the standard on its financial statements.

In April, 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. This ASU requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents would be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. For private companies, the ASU is effective for years beginning after December 15, 2018. The Organization has elected to not early adopt this ASU as of December 31, 2017.

Reclassification - Certain amounts in the prior year have been reclassified to conform to the presentation adopted in the current year. There was no impact on net assets as a result of reclassifications.

3. CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, investments and its receivables.

The Organization places its cash and cash equivalents with a limited number of high quality financial institutions and may exceed the amount of insurance provided on such deposits. Management believes no significant risk exists with respect to cash and cash equivalents.

Investments do not represent a significant concentration of credit risk due to the diversification of the Organization's portfolio among instruments and issues. However, investment securities, including money market funds, are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the near-term could materially affect the amounts reported in the statement of financial position.

The Organization does not maintain collateral for its receivables except for mortgages and notes receivable and does not believe significant risk exists at December 31, 2017 or 2016. Credit risk for mortgages and notes receivable is concentrated because substantially all of the balances are due from individuals located in the same geographic region. Management considered the collateral pledged from mortgages and notes receivable to be adequate at December 31, 2017 and 2016.

4. INVESTMENTS

Investments at fair value
Marketable investments are stated at fair value using the market approach. Marketable investments consisted of mutual funds at December 31, 2017 and 2016. The inputs used to determine the fair value of mutual funds were considered Level 1.

Investments at cost
AHFH participated in NMTC programs in November 2011 and in July 2012. The programs, administered by the U.S. Department of the Treasury, provide funds from outside investors to eligible organizations for investment in qualified low-income community investments. Outside investors receive new markets tax credits to be applied against their federal tax liability. Program compliance requirements included creation of promissory notes and investments in qualified community development entities ("CDE or sub-CDE"). Tax credit recapture is required if compliance requirements are not met over a seven-year period after each transaction settlement date.

In November 2011, AHFH invested $1,000,044 in HFHI-SA Leverage IX, LLC and secured a 16-year loan in the amount of $1,320,965 payable to the sub-CDE named HFHI-SA NMTC VI, LLC (see Note 10). The loan proceeds are to be used solely for the purpose of constructing and selling qualified housing properties to low income residents. The loan requires semi-annual interest only payments until November 15, 2019 at 0.75%. Commencing November 15, 2019, semi-annual principal payments are due through maturity date of July 13,2027. The loan is secured by substantially all the assets acquired by AHFH from the project loan proceeds. As part of the NMTC program, 99.98% of the interest payments will be refunded to the Organization on a semi-annual basis.

In November 2019, HFHI-SA Investment Fund VI, LLC (the "Fund"), the effective owner of HFHI-SA NMTC VI, LLC (holder of the promissory note due from AHFH), is expected to exercise a put option. Under the terms of the put option agreement, HFHI-SA Leverage IX, LLC is expected to purchase the ownership interest of the Fund. Exercise of the option will effectively allow AHFH to extinguish its outstanding debt owed to the Fund.

In July 2012, AHFH invested $1,431,009 in CCML Leverage II, LLC and secured a 16-year loan in the amount of $1,880,000 payable to the sub-CDE named CCM Community Development XXVII, LLC (see Note 10). The loan proceeds are to be used solely for the purpose of constructing and selling qualified housing properties to low income residents. The loan requires semi-annual interest only payments until November 10, 2020 at 0.76%. Commencing November 10, 2020, semi-annual principal payments are due through maturity date of July 26, 2028. The loan is secured by substantially all the assets acquired by AHFH from the project loan proceeds. As part of the NMTC program, 99.99% of the interest payments will be refunded to the Organization on a semi-annual basis.

In August 2019, CCM CD 27 Investment Fund, LLC (the "Fund"), the effective owner of CCM Community Development XXVII, LLC (holder of the promissory note due from AHFH), is expected to exercise a put option. Under the terms of the put option agreement, CCML Leverage II, LLC is expected to purchase the ownership interest of the Fund. Exercise of the option will effectively allow AHFH to extinguish its outstanding debt owed to the Fund.

The investments in these joint ventures are reported at cost using the cost method. For each of the years ended December 31, 2017 and 2016, AHFH received $24,266 in distributions. These distributions are reported as investment income in the consolidated statements of activities. During the years ended December 31, 2017 and 2016, the total interest expense associated with the amortization of these costs was $17,921 and $27,533, respectively. At December 31, 2017 and 2016, the balance in these joint ventures was $2,491,147 and $2,509,068, respectively.

5. RELATED PARTY TRANSACTIONS AND AFFILIATIONS

Contributions from members of the Board of Directors for the years ended December 31, 2017 and 2016 were $231,732 and $83,135, respectively.

The Organization operates within a covenant agreement with HFHI. The Organization tithes to support HFHI's international homebuilding work. Tithes to HFHI totaled $53,000 and $61,000 for the years ended December 31, 2017 and 2016, respectively.

The United States Department of Housing and Urban Development ("HUD") has awarded grants to HFHI under the Self-Help Home Ownership Program ("SHOP") for land acquisition and infrastructure improvements for houses. Grant funds are passed through by HFHI directly to participating U.S. affiliates in the form of a 75% grant and 25% loan. Notes payable to HFHI under SHOP arrangements totaled $11,224 and $15,700 at December 31, 2017 and 2016, respectively, and are included in notes payable in the consolidated statements of financial position.

6. MORTGAGES AND NOTES RECEIVABLE

Mortgages receivable consisted of the following at December 31:

		2017		2016
Gross mortgages receivable	$	14,731,866	$	14,513,198
Financing discount based on imputed interest at rates ranging from 4% to 8%		(5,461,202)		(5,445,336)
Mortgages receivable, net of unamortized discount		9,270,664		9,067,862
Current portion of mortgages receivable		(816,838)		(808,474)
	$	8,453,826	$	8,259,388

Mortgages receivable were valued using the income approach and inputs were considered Level 2 under the fair value hierarchy. Gross undiscounted future mortgage payments scheduled to be collected at December 31, 2017 are as follows:

2018	$	816,838
2019		790,213
2020		772,491
2021		752,304
2022		736,022
Thereafter		10,863,998
Total	$	14,731,866

Notes receivable on 2nd liens consisted of the following at December 31:

		2017		2016
Gross notes receivable for 2nd lien	$	3,110,446	$	1,526,016
Financing discount based on imputed interest at rates ranging from 4% to 8%		(2,295,169)		(1,097,425)
Notes receivable on 2nd liens, net of unamortized discount	$	815,277	$	428,591

7. RESTORE INVENTORY

ReStore inventory consisted of the following at December 31:

		2017		2016
Donated goods	$	155,000	$	155,000
Purchased materials		464,453		374,738
	$	619,453	$	529,738

8. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

		2017		2016
Land	$	3,090,000	$	3,090,000
Building and improvements		6,763,658		6,795,482
Equipment		414,603		362,180
Trucks		267,929		288,893
Total		10,536,190		10,536,555
Accumulated depreciation		(943,637)		(726,536)
Property and equipment, net	$	9,592,553	$	9,810,019

Property and equipment financed under capital lease obligations totaled $289,921 and $320,730, net of accumulated amortization of $69,776 and $38,967, as of December 31, 2017 and 2016, respectively. Total depreciation and amortization expense associated with property and equipment was $251,949 and $249,017 for the years ended December 31, 2017 and 2016, respectively.

9. PLEDGES RECEVIABLE

The Organization received pledges to cover the costs of the capital campaign. Pledges are stated at their realizable value, net of a discount on long-term pledges, and an allowance for uncollectible pledges.

Pledges receivable consist of the following characteristics at December 31, 2017 and 2016 as follows:

		2017		**2016**
Capital campaign pledges	$	555,817	$	189,250
Less: allowance for doubtful collections		(58,282)		(19,125)
Pledges receivable, net	$	497,535	$	170,125
Amounts due in:				
Less than one year	$	175,000	$	175,000
One to five years		380,817		14,250
Total	$	555,817	$	189,250

10. LONG-TERM DEBT

Long-term debt consisted of the following at December 31:

	2017	2016
Non-interest bearing, unsecured notes payable to HFHI under SHOP grants, due in monthly installments through 2019.	$ 11,244	$ 15,700
Promissory note to HFHI-SA NMTC VI, LLC, semi-annual interest only payments until November 15, 2019 at 0.75% followed by semi- annual principal payments due through maturity date of July 13, 2027, secured by substantially all the assets acquired by AHFH from the NMTC project loan proceeds.	1,320,965	1,320,965
Promissory note to CCM Community Development XXVII, LLC, semi-annual interest only payments until November 10, 2020 at 0.76% followed by semi-annual principal payments due through maturity date of July 26, 2028, secured by substantially all the assets acquired by AHFH from the NMTC project loan proceeds.	1,880,000	1,880,000
Promissory note to a bank, due in monthly installments of $28,662 fixed principal and interest at a fixed rate (3.82% at December 31, 2017 and 2016) through 2039, secured by ReStore's land and building.	5,023,973	5,159,006
Total debt	8,236,182	8,375,671
Unamortized debt issuance costs	(64,439)	(74,030)
Total debt, net of unamortized debt issuance costs	8,171,743	8,301,641
Current portion of debt	(156,985)	(151,200)
Long-term debt, net of current portion and debt issuance costs	$ 8,014,758	$ 8,150,441

The credit facility (Note 11), notes payable and other long-term debt agreements contain certain financial covenants, including requirements for liquidity, earnings, and fixed charge coverage. The agreements also contain additional conditions limiting indebtedness, capital expenditures, and various other covenants as defined in the agreements. Failure to comply with the covenants could result in the debt being called by the lenders. As of December 31, 2017, and through the date of this report, the Organization was in compliance with such covenants.

Future maturities of long-term debt at December 31, 2017 are as follows:

2018	$ 156,985
2019	243,249
2020	442,125
2021	563,546
2022	573,277
Thereafter	6,257,000
Total	$ 8,236,182

11. CREDIT FACILITY AND LETTERS OF CREDIT

The Organization maintains a twelve-month revolving credit facility with a bank, renewable annually, that charges interest at a variable rate (3.5% at December 31, 2017) that is secured by the assets of the Organization and is cross-collateralized with the notes payable – TDHCA. During the year ended December 31, 2017, the Organization amended the facility to extend the maturity date to April 2019. No amounts have been drawn against this facility at December 31, 2017.

In connection with this credit facility, the Organization entered into letters of credit with financial institutions totaling $462,730 and $84,230 at December 31, 2017 and 2016, pursuant to subdivision construction agreements with the City of Austin. The letters of credit expired in April 15, 2018 and the amount of $462,730 was renewed through April 15, 2019. The letters specify that drafts may be drawn by the City of Austin Watershed Protection and Development Review Department. There have been no amounts drawn under these letters of credit.

12. NOTES PAYABLE – TDHCA

Notes payable to TDHCA consisted of the following at December 31:

	2017	2016
Gross notes payable - TDHCA	$ 2,042,260	$ 2,050,367
Financing discount based on imputed interest at rates ranging from 4% to 8%	(779,613)	(804,655)
Mortgages receivable, net of unamortized discount	1,262,647	1,245,712
Current portion of mortgages receivable	(87,149)	(84,316)
	$ 1,175,498	$ 1,161,396

Notes payable to TDHCA were valued using the income approach and inputs were considered Level 2 under the fair value hierarchy. Gross undiscounted future mortgage payments scheduled to be collected from mortgagees and remitted to TDHCA at December 31, 2017 are as follows:

2018	$ 87,149
2019	87,149
2020	87,149
2021	87,149
2022	87,149
Thereafter	1,606,515
Total	$ 2,042,260

13. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes at December 31:

	2017	2016
Capital campaign	$ 1,109,605	$ 492,400
Caldwell Chapter	-	68,024
UT Campus Chapter	5,760	6,402
	$ 1,115,366	$ 566,826

14. PERMANENTLY RESTRICTED NET ASSETS

During the year ended December 31, 2014, HomeBase was awarded a total of $450,000, in capital fund grants by the U.S. Department of the Treasury's Community Development Financial Institution ("CDFI"). These funds were awarded to establish and maintain a capital fund for the establishment of a CDFI network to provide below market financing to developers of affordable housing and a loan loss reserve. Under the terms of the agreement, loan repayments must be returned to the capital fund to ensure its perpetuity; thus, these funds have been accounted for as permanently restricted. In October 2014, HomeBase issued a $430,000, 3% interest bearing loan to AHFH. This loan was to be repaid in monthly installments of principal and interest and was scheduled to mature on October 1, 2039. Loan proceeds and repayments were eliminated upon consolidation each reporting period. Once the compliance period has expired, any remaining funds become unrestricted and can be utilized by the Organization. CDFI monitored HomeBase's compliance through December 31, 2016, the end of the compliance period. As a result, the Organization reclassified the remaining $45,866 in permanently restricted funds to unrestricted during the year ended December 31, 2017.

15. RETIREMENT PLAN

The Organization sponsors a 401(k) plan that covers substantially all employees. The Organization's contributions to the plan for the years ended December 31, 2017 and 2016 were $112,926 and $82,018, respectively.

16. LEASE COMMITMENTS

The Organization leases office space, a construction warehouse, telephone equipment, and a copier under various non-cancellable operating leases. Rent expense under these leases totaled $72,252 and $25,730, respectively, for the years ended December 31, 2017 and 2016, which are reflected as occupancy costs in the accompanying statements of functional expenses. Future minimum payments under operating leases consisted of the following as of December 31, 2017:

2018	$	72,481
2019		74,356
2020		50,404
Total minimum lease payments	$	146,837

The Organization also has a non-cancelable capital lease agreement for solar panels. Future minimum payments under the capital lease consisted of the following as of December 31, 2017:

2018	$	41,575
2019		41,575
2020		41,575
2021		41,575
2022		41,575
Thereafter		118,536
Total minimum lease payments		326,411
Less: amount representing interest		(36,490)
		289,921
Less: current portion of capital lease obligations		(33,251)
Long term portion of capital lease obligation	$	256,670

17. CONTINGENCIES

The Organization receives government grants for specific purposes that are subject to review and audit by government agencies. The Organization is also funded by grants and contracts that are subject to review and audit by the grantor agencies. These contracts have certain compliance requirements and, should audits by the government or grantor agencies disclose any areas of substantial noncompliance, the Organization may be required to refund any disallowed costs.

On October 31, 2013, HomeBase entered into a zero interest $1,250,000 forgivable loan agreement with Westgate Momark L.L.C. (“Momark”), a private developer, to acquire land and develop no fewer than 50 afforable new housing units to be sold to low and moderate-income buyers. The loan was funded by the AHFC and was then transferred to Momark. HomeBase retains joint liability with Momark for the loan, which matures on January 31, 2021. In the event Momark fails to meet the forgivable loan requirements, HomeBase is still responsible for ensuring the completion of the project.

18. FEDERAL INCOME TAXES

The Organization is subject to federal income taxes on unrelated business income, which consists of ReStore sales of purchased materials. As of December 31, 2017 and 2016, the Organization has incurred cumulative net operating losses of approximately $1,929,000 and $1,943,000, respectively, for federal income tax purposes. These net operating losses may be used to offset future taxable unrelated business income. If not utilized, these losses will expire in the years 2027 through 2036. A full valuation allowance has been recorded as utilization is uncertain. The net change in the total valuation allowance for the years ended December 31, 2017 and 2016 was approximately $5,000 and $110,000, respectively.

19. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through July 23, 2018, the date the consolidated financial statements were available to be issued. In 2018, the Organization executed a merger agreement with San Marcos Habitat for Humanity, effective January 1, 2018. There were no other events that have occurred from the statement of financial position date through July 23, 2018 that would impact or require disclosure within the consolidated financial statements.

AUSTIN HABITAT FOR HUMANITY, INC.
Supplemental Schedule - Consolidating Statement of Financial Position Information
December 31, 2017

	Austin Habitat for Humanity	Austin Neighborhood Alliance for Habitat, Inc.	HomeBase Texas	Eliminations	Total
ASSETS:					
Current assets					
Cash and cash equivalents	$ 887,446	$ -	$ 494,841	$ -	$ 1,382,287
Investments, at fair value	400,080	-	-	-	400,080
Accounts receivable, net	46,332	-	126,668	-	173,000
Pledges receivable, net	116,718	-	-	-	116,718
Mortgages receivable, current portion, net	816,838	-	-	-	816,838
Intercompany receivable	928,257	5,131,316	601,807	(6,661,380)	-
ReStore inventory	619,453	-	-	-	619,453
Home construction in progress	484,299	-	-	-	484,299
Prepaid expenses and other current assets	248,190	-	-	-	248,190
Total current assets	4,547,613	5,131,316	1,223,316	(6,661,380)	4,240,865
Land held for development	3,500,621	-	-	-	3,500,621
Restricted cash	45,229	-	-	-	45,229
Pledges receivable, long-term portion, net	380,817	-	-	-	380,817
Other long-term assets	-	-	193,628	-	193,628
Mortages receivable, long-term potion, net	8,453,826	-	-	-	8,453,826
Notes receivable - 2nd liens, net	-	-	815,277	-	815,277
Investments, at cost - NMTC	2,491,147	-	-	-	2,491,147
Property and equipment, net	9,592,553	-	-	-	9,592,553
Total assets	$ 29,011,806	$ 5,131,316	$ 2,232,221	$ (6,661,380)	$ 29,713,963
LIABILITIES AND NET ASSETS:					
Current liabilities					
Accounts payable	$ 430,385	$ -	$ 26,353	$ -	$ 456,738
Accrued expense	243,877	-	295,476	-	539,353
Intercompany payable	6,661,380	-	-	(6,661,380)	-
Deferred revenue	1,027,101	-	-	-	1,027,101
Capital lease obligation, current portion	33,251	-	-	-	33,251
Notes payable - TDHCA, current portion	87,149	-	-	-	87,149
Long-term debt, current portion	156,985	-	-	-	156,985
Total current liabilites	8,640,128	-	321,829	(6,661,380)	2,300,577
Capital lease obligation, long-term portion	256,670	-	-	-	256,670
Notes payable - TDHCA, long-term portion	1,175,498	-	-	-	1,175,498
Long-term debt, net of debt issuance costs	8,014,758	-		-	8,014,758
Total liabilities	18,087,054	-	321,829	(6,661,380)	11,747,503
Net assets					
Unrestricted	9,809,386	5,131,316	1,910,392	-	16,851,094
Temporarily restricted	1,115,366	-	-	-	1,115,366
Permanently restricted	-	-	-	-	-
Total net assets	10,924,752	5,131,316	1,910,392	-	17,966,460
TOTAL LIABILITIES AND NET ASSETS	$ 29,011,806	$ 5,131,316	$ 2,232,221	$ (6,661,380)	$ 29,713,963

The accompanying notes and report of independent auditor are an integral part of these consolidated financial statements.

AUSTIN HABITAT FOR HUMANITY, INC.

Supplemental Schedule- Consolidating Schedule of Activities Information

Years Ended December 31, 2017

	Austin Habitat for Humanity	Austin Neighborhood Alliance for Habitat, Inc.	HomeBase Texas	Eliminations	Total
REVENUES:					
Contributions and other income:					
Contributions	$ 2,128,003	$ -	$ -	$ -	$ 2,128,003
In-kind contributions	188,197	-	-	-	188,197
Home building sponsorship revenues	1,002,224				1,002,224
Investment income	33,004	-	13,835	-	46,839
Other income	550,593	-	7,282	(270,588)	287,287
Total contributions and other income	3,902,021	-	21,117	(270,588)	3,652,550
ReStore revenues:					
ReStore sales	3,871,588	-	-	-	3,871,588
In-kind donation of inventory	1,910,324				1,910,324
Cost of goods sold	(2,806,608)	-	-	-	(2,806,608)
Sales discounts and refunds	(106,082)	-	-	-	(106,082)
Total ReStore revenues, net	2,869,222	-	-	-	2,869,222
Low-cost housing revenues:					
Home sales	1,714,500	-	-	-	1,714,500
In-kind contributions of labor and construction materials	786,123				786,123
Mortgage discount and amortization	(33,275)		386,704		353,429
Other housing revenues	-	-	42,580	-	42,580
Cost of homes sold	(2,318,340)	-	-	-	(2,318,340)
Total Low-cost housing revenues	149,008	-	429,284	-	578,292
Total revenues	6,920,251	-	450,401	(270,588)	7,100,064
EXPENSES:					
Low-cost housing program	2,143,443	-	-	-	2,143,443
ReStore program	2,034,006	-	-	-	2,034,006
Fundraising	1,084,041	-	-	-	1,084,041
Management and general	549,369	453	278,948	(270,588)	558,182
Total expenses	5,810,860	453	278,948	(270,588)	5,819,673
CHANGE IN NET ASSETS	1,109,391	(453)	171,453	-	1,280,391
NET ASSETS, BEGINNING OF YEAR	9,815,361	5,131,769	1,738,939	-	16,686,069
NET ASSETS, END OF YEAR	$ 10,924,752	$ 5,131,316	$ 1,910,392	$ -	$ 17,966,460

The accompanying notes and report of independent auditor are an integral part of these consolidated financial statements.