LACASA, INC. AND SUBSIDIARIES
(AN INDIANA NOT-FOR-PROFIT CORPORATION)

CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR’S REPORT

YEARS ENDED DECEMBER 31, 2017 AND 2016

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Dauby O'Connor & Zaleski, LLC
A Limited Liability Company
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
LaCasa, Inc. and Subsidiaries
(An Indiana Not-for-Profit Corporation)

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of LaCasa, Inc. and Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities, changes in net assets 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 financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LaCasa, Inc. and Subsidiaries as of December 31, 2017 and 2016, 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.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 32 to 39 are presented for purposes of additional analysis, and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

The accompanying supplementary information – Supplemental Schedule of financial position NeighborWorks America shown on page 49 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2018, on our consideration of LaCasa, Inc. and Subsidiaries' 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 LaCasa, Inc. and Subsidiaries' internal control over financial reporting and compliance.

Dauby O'Connor & Zaleski, LLC

March 27, 2018
Carmel, Indiana

Dauby O'Connor & Zaleski, LLC
Certified Public Accountants

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

ASSETS

	2017	2016
Current assets		
Cash	$ 520,656	$ 409,881
Accounts receivable - residents and commercial, net	123,404	55,712
Accounts and notes receivable - operations	100,898	60,118
Investments - properties for resale	336,694	151,641
Prepaid expenses	89,142	64,013
Current portion of mortgages receivable	73,203	70,027
Total current assets	**1,243,997**	**811,392**
Deposits held in trust - funded		
Resident security deposits	**106,913**	**104,517**
Restricted deposits and funded reserves		
Reserve for replacements	754,737	900,074
Operating and other reserves	713,335	413,059
Cash - IDA funds	707,853	747,242
Total restricted deposits and funded reserves	**2,175,925**	**2,060,375**
Property and equipment		
Land	201,505	201,505
Buildings and land improvements	36,794,126	36,290,076
Furniture and equipment	836,353	834,911
Office furniture and equipment	540,715	540,715
Vehicles	1,163	1,163
Construction in progress	241,575	317,529
	38,615,437	38,185,899
Less: Accumulated depreciation	(12,725,160)	(11,361,631)
Total property and equipment	**25,890,277**	**26,824,268**
Other assets		
Investments - entity	14,940	17,263
Unamortized costs, net	49,881	61,020
Mortgages receivable, net of current portion	1,498,018	1,837,321
Investments - CFEC	88,350	80,184
Other prepaids and deposits	-	9,700
Total other assets	**1,651,189**	**2,005,488**
	$ 31,068,301	**$ 31,806,040**

LACASA, INC. AND SUBSIDIARIES
(AN INDIANA NOT-FOR-PROFIT CORPORATION)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2017 AND 2016

LIABILITIES AND NET ASSETS

	2017	2016
Current liabilities		
Accounts payable	$ 135,642	$ 101,078
Accrued expenses and other payables	144,872	148,375
Current portion of accrued interest	4,520	6,276
Accrued real estate taxes	17,105	19,120
Prepaid revenue	8,850	4,411
Current portion of mortgage notes and notes payable	380,924	290,630
Total current liabilities	**691,913**	**569,890**
Deposit liabilities		
Resident security deposits	175,143	169,183
IDA funds held	236,249	321,187
Total deposit liabilities	**411,392**	**490,370**
Long term liabilities		
Development fee payable	268,185	268,185
Notes payable - entity, net of current portion	465,000	465,000
Notes payable, net of current portion	1,248,348	1,230,000
Mortgage notes payable - first mortgages, net of current portion	2,271,461	2,484,914
Other loans and notes payable, net of current portion	-	-
Less: Unamortized debt issuance costs, net	(17,110)	(19,769)
Notes payable - Elkhart County Housing Fund	1,450,256	1,774,615
Accrued interest, net of current portion	45,923	31,101
Total long term liabilities	**5,732,063**	**6,234,046**
Total liabilities	**6,835,368**	**7,294,306**
Net Assets		
Unrestricted net assets	13,371,761	12,361,034
Temporarily restricted net assets	482,488	468,202
Permanently restricted net assets	780,010	1,114,300
Non-controlling interest	9,598,674	10,568,198
Total net assets	**24,232,933**	**24,511,734**
	$ 31,068,301	**$ 31,806,040**

See notes to financial statements

LACASA, INC. AND SUBSIDIARIES
(AN INDIANA NOT-FOR-PROFIT CORPORATION)

CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

	2017			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Revenue				
Rental income, net of vacancy and concessions	$ 2,182,222	$ -	$ -	$ 2,182,222
Fees for services	341,193	-	-	341,193
Grant income	1,214,018	87,000	-	1,301,018
Donations income	258,494	207,216	-	465,710
Donated labor and assets	43,100	-	-	43,100
Interest income	12,700	-	-	12,700
Change in beneficial interest	8,166	-	-	8,166
Other income	71,424	-	-	71,424
Satisfaction of program restrictions	614,220	(279,930)	(334,290)	-
Total revenue	**4,745,537**	**14,286**	**(334,290)**	**4,425,533**
Expenses				
Program expenses				
Real estate development	367,375	-	-	367,375
Asset and property management	3,320,146	-	-	3,320,146
Financial empowerment	452,312	-	-	452,312
Immigration services	80,492	-	-	80,492
Community building and engagement	70,623	-	-	70,623
Total program expenses	**4,290,948**	**-**	**-**	**4,290,948**
Supporting services				
Development	184,301	-	-	184,301
Management and general	439,085	-	-	439,085
Total supporting services	**623,386**	**-**	**-**	**623,386**
Total expenses	**4,914,334**	**-**	**-**	**4,914,334**
Changes in net assets	**$ (168,797)**	**$ 14,286**	**$ (334,290)**	**$ (488,801)**
Non-controlling interest in net losses of subsidiaries	1,179,524	-	-	1,179,524
Changes in net assets excluding non-controlling interest	**$ 1,010,727**	**$ 14,286**	**$ (334,290)**	**$ 690,723**

LACASA, INC. AND SUBSIDIARIES
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CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

	2016			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Revenue				
Rental income, net of vacancy and concessions	$ 2,087,615	$ -	$ -	$ 2,087,615
Fees for services	387,041	-	-	387,041
Grant income	893,448	-	70,000	963,448
Donations income	283,642	171,917	-	455,559
Donated labor and assets	46,200	-	-	46,200
Interest income	4,737	-	-	4,737
Change in beneficial interest	808	-	-	808
Other income	121,854	-	-	121,854
Satisfaction of program restrictions	694,640	(416,065)	(278,575)	-
Total revenue	**4,519,985**	**(244,148)**	**(208,575)**	**4,067,262**
Expenses				
Program expenses				
Real estate development	738,867	-	-	738,867
Asset and property management	3,420,495	-	-	3,420,495
Financial empowerment	610,053	-	-	610,053
Immigration services	71,337	-	-	71,337
Community building and engagement	95,688	-	-	95,688
Total program expenses	**4,936,440**	**-**	**-**	**4,936,440**
Supporting services				
Development	140,753	-	-	140,753
Management and general	376,513	-	-	376,513
Total supporting services	**517,266**	**-**	**-**	**517,266**
Total expenses	**5,453,706**	**-**	**-**	**5,453,706**
Changes in net assets	**$ (933,721)**	**$ (244,148)**	**$ (208,575)**	**$ (1,386,444)**
Non-controlling interest in net losses of subsidiaries	1,343,915	-	-	1,343,915
Changes in net assets excluding non-controlling interest	**$ 410,194**	**$ (244,148)**	**$ (208,575)**	**$ (42,529)**

LACASA, INC. AND SUBSIDIARIES
(AN INDIANA NOT-FOR-PROFIT CORPORATION)

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	UNRESTRICTED		TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
	Controlled interest	Non-controlling			
Net assets, January 1, 2016	**$ 11,950,840**	**$ 7,955,279**	**$ 712,350**	**$ 1,322,875**	**$ 21,941,344**
Contributions	-	3,956,834	-	-	3,956,834
Changes in net assets	410,194	(1,343,915)	(244,148)	(208,575)	(1,386,444)
Net assets, December 31, 2016	**12,361,034**	**10,568,198**	**468,202**	**1,114,300**	**24,511,734**
Contributions	-	210,000	-	-	210,000
Changes in net assets	1,010,727	(1,179,524)	14,286	(334,290)	(488,801)
Net assets, December 31, 2017	**$ 13,371,761**	**$ 9,598,674**	**$ 482,488**	**$ 780,010**	**$ 24,232,933**

LACASA, INC. AND SUBSIDIARIES
(AN INDIANA NOT-FOR-PROFIT CORPORATION)

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Cash flow from operating activities		
Changes in net assets	$ (488,801)	$ (1,386,444)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,402,827	1,464,774
Amortization of debt issuance costs	2,659	38,784
Amortization	11,139	13,184
Change in beneficial interest	(8,166)	(808)
Gain on sale of property and equipment	(11,542)	(24,035)
(Gain)Loss on sale of investments - properties for sale	(4,524)	140,323
Change in assets and liabilities:		
Cash - IDA funds	39,389	(16,099)
commercial, net	(67,692)	(44,284)
Accounts and notes receivable - operations	(40,780)	(28,710)
Mortgages receivable	336,127	253,719
Prepaid expenses	(25,129)	31,155
Other prepaids and deposits	9,700	2,370
Resident security deposits held in trust	(2,396)	(1,650)
Accounts payable	34,564	30,165
Accounts payable - construction	-	-
IDA funds held	(84,938)	127,163
Other accrued expenses	-	-
Accrued expenses and other payables	(3,503)	6,522
Accrued interest	13,066	13,682
Accrued real estate taxes	(2,015)	5,701
Accrued incentive management and partnership fee	-	15,800
Prepaid revenue	4,439	(52,145)
Resident security deposits	5,960	5,173
Net cash provided by (used in) operating activities	**1,120,384**	**594,340**
Cash flow from investing activities		
Purchase of property and equipment	(736,300)	(415,312)
Proceeds from sale of property and equipment	106,887	143,306
Purchase of investments - properties for resale	(12,934)	(205,371)
Sale of investments - properties for resale	4,524	323,645
Net changes in reserve for replacements	145,337	24,748
Net changes in operating and other reserves	(300,276)	271,217
Net changes in earnest deposits	-	(9,600)
Investments - entity	2,323	7,955
Net cash provided by (used in) investing activities	**(790,439)**	**140,588**

LACASA, INC. AND SUBSIDIARIES
(AN INDIANA NOT-FOR-PROFIT CORPORATION)

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Cash flow from financing activities		
Proceeds from notes payable	$ 85,000	$ -
Proceeds from mortgage notes payable	-	159,299
Payments on mortgage notes payable	(192,826)	(4,106,213)
Payments on notes payable - Elkhart County Housing Fund	(321,344)	(240,376)
Net payments on line of credit	-	(499,657)
Contributions	210,000	3,956,834
Increase in unamortized costs, net	-	(2,850)
Net cash provided by (used in) financing activities	**(219,170)**	**(732,963)**
Change in cash and cash equivalents	**110,775**	**1,965**
Cash and cash equivalents, beginning of year	**409,881**	**407,916**
Cash and cash equivalents, end of year	**$ 520,656**	**$ 409,881**
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	**$ 130,473**	**$ 185,821**

NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

LaCasa, Inc. was formed as a Not-For-Profit Corporation under the laws of the State of Indiana on February 26, 1970. The mission of the organization is to work "…in partnership with individuals and community partners to create opportunity for personal empowerment, family stability and neighborhood vitality." This mission is carried out through the following lines of business: 1) real estate development, 2) asset and property management, 3) financial empowerment, 4) immigration services and 5) community building and engagement. LaCasa, Inc. utilizes a variety of city, county, state and federal grants, as well as private fundraising and program service revenues to fund these activities.

Real Estate Development

This line of business directs all real estate acquisition and development activities including single and multi-family construction and rehabilitation, owner-occupied rehabilitation and support for property maintenance activities.

Asset and Property Management

As of December 31, 2017, LaCasa, Inc. and Subsidiaries owned and operated 324 units of affordable rental housing and related commercial space. 173 of those units were owned directly by LaCasa, Inc. and the remaining 151 units were owned by the limited partnerships further described below. The LaCasa, Inc.-owned units include a 72-unit multi-family project known as Arbor Ridge Apartments, 33 units of Permanent Supportive Housing, two 10-unit multi-family residential buildings one 6-unit multi-family building, one 5-unit multifamily building, 30 scattered-site rental units and 7 units of commercial space. All housing and commercial units are located in Elkhart County, Indiana.

The Arbor Ridge Apartments were initially constructed and owned by a limited partnership like those further described below. In 2014, LaCasa, Inc. acquired the limited partner interest from National Equity Fund at the end of the 15-year compliance period and subsequently dissolved the limited partnership and related general partner organization. As of December 31, 2014, the apartments are wholly-owned and operated by LaCasa, Inc. The Permanent Supportive Housing is operated in collaboration with Oaklawn, the community mental health center who provides case management and other supportive services for tenants in those units. Commercial units are primarily leased to other social service agencies who utilize the space to provide services to their clients.

Residential housing and commercial space

The consolidated financial statements include the transactions and accounts of LaCasa, Inc. and its wholly owned subsidiaries; LaCasa WTP Development Corporation, Lincoln Avenue Housing Corporation, LaCasa RC Development Corporation, LaCasa HAEP Development Corporation, and LaCasa Real Estate Holdings, LLC (collectively, "LaCasa") and also Elkhart Senior Housing, LP ("WTP Apartments"), Lincoln Avenue Redevelopment, LP ("Lincoln Avenue"), Roosevelt Center, LP ("Roosevelt Center"), , and Hawks Arts & Enterprise Center, LP ("Hawks") (collectively, the "Subsidiaries") which are reported collectively as LaCasa, Inc. and Subsidiaries (the "Corporation").

NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Residential housing and commercial space (continued)

LaCasa WTP Development Corporation, a wholly owned subsidiary of LaCasa, Inc., was formed to own a general partnership interest in Elkhart Senior Housing, LP.

Lincoln Avenue Housing Corporation, a wholly owned subsidiary of LaCasa, Inc., was formed to own a general partnership interest in Lincoln Avenue Redevelopment, LP.

LaCasa RC Development Corporation, a wholly owned subsidiary of LaCasa, Inc., was formed to own a general partnership interest in Roosevelt Center, LP.

LaCasa HAEP Development Corporation, a wholly owned subsidiary of LaCasa, Inc., was formed to own a general partnership interest in Hawks Arts & Enterprise Center, LP.

LaCasa Real Estate Holdings, LLC, a wholly owned subsidiary of LaCasa, Inc., was formed to participate in the Indiana Housing and Community Development Authority Blight Elimination Program ("BEP") to acquire and demolish blighted residential structures and facilitate an end use of newly vacant residential lots.

WTP Apartments was formed as a limited partnership under the laws of the State of Indiana on October 5, 2006 for the purpose of constructing, developing, improving, maintaining, operating, and leasing a 52-unit affordable senior housing property located in Elkhart, Indiana. Pursuant to the terms of the partnership agreement, the general partner is LaCasa WTP Development Corporation, a wholly owned subsidiary of LaCasa, Inc., having a 0.1% ownership and the limited partner is Ohio Equity Fund for Housing Limited Partnership XVI having a 99.9% ownership. The term of the partnership shall extend until December 31, 2046, unless sooner terminated as provided in the partnership agreement. WTP Apartments qualifies for the low-income housing tax credit in accordance with Section 42 of the Internal Revenue Code and has entered into extended use agreements and loan agreements which govern the operation of the property and restricts the persons eligible to reside at the property.

Lincoln Avenue was formed as a limited partnership under the laws of the State of Indiana on August 11, 2006 for the purpose of constructing, developing, improving, maintaining, operating, and leasing a 28-unit affordable housing property and commercial space located in Goshen, Indiana. Pursuant to the terms of the partnership agreement, the general partner is Lincoln Avenue Housing Corporation, a wholly owned subsidiary of LaCasa, Inc., having a 0.01% ownership and the limited partners are Great Lakes Capital Fund for Housing Limited Partnership XV and Great Lakes Capital Fund for Housing 5/3 Fund I Limited Partnership having a 99.99% ownership. The term of the partnership shall extend until December 31, 2056, unless sooner terminated as provided in the partnership agreement. Lincoln Avenue qualifies for the low-income housing tax credit in accordance with Section 42 of the Internal Revenue Code and has entered into extended use agreements and loan agreements which govern the operation of the property and restricts the persons eligible to reside at the property.

NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Residential housing and commercial space (continued)

Roosevelt Center was formed as a limited partnership under the laws of the State of Indiana on August 13, 2007 for the purpose of constructing, developing, improving, maintaining, operating, and leasing a 35-unit affordable housing property located in Elkhart, Indiana. Pursuant to the terms of the partnership agreement, the general partner is LaCasa RC Development Corporation, a wholly owned subsidiary of LaCasa, Inc., having a 0.01% ownership and the limited partner is GL-Roosevelt Center Elkhart LLC having a 99.99% ownership. The term of the partnership shall extend until December 31, 2057, unless sooner terminated as provided in the partnership agreement. Roosevelt Center qualifies for the low-income housing tax credit in accordance with Section 42 of the Internal Revenue Code and has entered into extended use agreements and loan agreements which govern the operation of the property and restricts the persons eligible to reside at the property.

Hawks was formed as a limited partnership under the laws of the State of Indiana on March 20, 2013 for the purpose of constructing, developing, improving, maintaining, operating, and leasing a 35-unit affordable housing property located in Goshen, Indiana. Pursuant to the terms of the partnership agreement, the general partner is LaCasa HAEP Development Corporation, a wholly owned subsidiary of LaCasa, Inc., having a 0.01% ownership and the limited partner is Great Lakes Capital Fund for Housing Limited Partnership XXVII having a 99.99% ownership. The term of the partnership shall extend until December 31, 2112, unless sooner terminated as provided in the partnership agreement. Hawks qualifies for the low-income housing tax credit in accordance with Section 42 of the Internal Revenue Code and has entered into extended use agreements and loan agreements which govern the operation of the property and restricts the persons eligible to reside at the property.

Financial Empowerment

This line of business operates a NeighborWorks America-certified Homeownership Center serving six counties in north-central Indiana. This group provides pre- and post-home ownership counseling and training, administers Individual Development Accounts (matched savings accounts), provides foreclosure counseling and delivers a variety of other financial empowerment services.

Immigration Services

This line of business provides a variety of immigration and translation services for clients in north-central Indiana. Delivered by a Board of Immigration Appeals-certified counselor, services specialize in family-based petitions as well as citizenship and some humanitarian processes.

NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Community Building and Engagement

This line of business provides a variety of leadership development and support services to neighborhood and tenant associations in Goshen and Elkhart, Indiana. Staff assist with the development of neighborhood associations, training neighborhood leaders, supporting neighborhood initiatives and facilitating neighborhood communication while promoting the appreciation of diversity within neighborhoods. This line of business also facilitates leadership development in tenant associations at LaCasa, Inc.-managed properties.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial reporting

The consolidated financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America, and are in conformity with the provisions required by the Not-for-Profit Entities Presentation of Financial Statements topic of the FASB *Accounting Standards Codification* ("ASC") 958-205. This topic established standards for external financial reporting for Not-for-Profit Organizations.

The Not-for-Profit Entities Presentation of Financial Statements topic primarily affects the display of the consolidated financial statements and requires that the amounts for each of the classes of net assets - unrestricted, temporarily restricted and permanently restricted - be displayed in the statement of financial position and the amounts of the change in each of those classes of net assets be displayed in a statement of changes in net assets. Accordingly, assets of the Corporation and changes therein are classified and reported as follows:

Unrestricted assets - Assets that are not subject to donor-imposed stipulations. These are available to support the Corporation's activities and operations at the discretion of the Board of Directors.

Temporarily restricted assets - Assets subject to donor-imposed stipulations that will be met either by actions of the donor, the Corporation and/or the passage of time. See Note 13 for the composition of temporarily restricted assets as of December 31, 2017 and 2016.

Permanently restricted assets - Assets that are subject to donor-imposed stipulations that the corpus must be maintained permanently by the Corporation. The donors of these assets permit the Corporation to use all or part of the income or gains earned on the related investments for general (unrestricted) or specific purposes (temporarily restricted). See Note 13 for the composition of permanently restricted assets for December 31, 2017 and 2016.

NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidation

In accordance with FASB ASC 810-10, the consolidated financial statements include the accounts of the Corporation and its wholly owned partnerships, after elimination of all material intercompany accounts, transactions, and profits.

The financial statements also consolidate the assets, liabilities, and activities of LaCasa and various limited partnerships for which a wholly owned subsidiary of LaCasa, as the general partner, has a controlling financial and legal interest (see Note 1). All significant intercompany transactions have been eliminated in the consolidation.

Cash and cash equivalents

For the statements of cash flows, all unrestricted investments are cash equivalents. At December 31, 2017 and 2016, cash and cash equivalents consist of unrestricted checking accounts, savings accounts and petty cash.

Investments - properties for resale

The real estate held for resale is recorded at cost less a valuation allowance after consideration of level 1 inputs within the fair value hierarchy, further described below.

Resident and commercial tenant receivable and bad debt policy

Resident and commercial tenant rent charges for the current month are due on the first of the month. Resident and commercial tenants who are evicted or move out are charged with damages or cleaning fees, if applicable. Resident and commercial tenant receivables consist of amounts due for rents, damages and cleaning fees. The Corporation does not accrue interest on the resident or commercial receivables.

Management periodically reviews resident and commercial tenant receivables and uses an allowance for doubtful accounts to recognize bad debts. Resident and commercial tenant receivable on the consolidated statement of financial position is shown net of the allowance for doubtful accounts, which totaled $6,773 and $11,637 at December 31, 2017 and 2016, respectively. Bad debts included in asset and property management in the consolidated statements of activities expensed for the year ended December 31, 2017 and 2016 totaled $10,648 and $11,990, respectively.

Other receivables and bad debt policy

Mortgages receivable are carried at amounts contractually due, less an allowance for doubtful accounts. Grants receivable consists of formal commitments to provide funding. Development fees receivable consists of amounts due from related entities for construction development when earned per the development fee agreement and is eliminated in consolidation. The Corporation does not accrue interest on these receivable balances.

NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other receivables and bad debt policy (continued)

Management periodically reviews mortgages, grants, and development fees receivable and uses an allowance for doubtful accounts to recognize bad debts. Mortgages, grants and development fee receivables on the consolidated statement of financial position is shown net of the allowance for doubtful accounts, which totaled $19,004 and $9,238 at December 31, 2017 and 2016, respectively. Recovery of bad debt included in the Consolidated Statements of Activities for the year ended December 31, 2017 and 2016 totaled $-0- and $43, respectively. Bad debts included in home ownership center in the consolidated statements of activities expensed for the years ended December 31, 2017 and 2016 totaled $9,766 and $8,944, respectively.

Notes receivable

Notes receivable are carried at amounts contractually due, less an allowance for doubtful accounts. The Corporation accrues interest on the note receivable balances.

Management periodically reviews note receivables and uses an allowance for doubtful accounts to recognize bad debts. Notes receivable on the consolidated statement of financial position is shown net of the allowance for doubtful accounts. There were no bad debts expensed for the year ended December 31, 2017 and 2016. There is no allowance for doubtful accounts as of December 31, 2017 and 2016.

Property and equipment

Land, buildings and land improvements, and furniture and equipment are recorded at cost. Depreciation is provided for in amounts sufficient to relate the costs of depreciable assets to operations over their estimated service lives of 7-40 years using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Depreciation expense for the years ended December 31, 2017 and 2016 was $1,402,827 and $1,464,774, respectively.

The Corporation is subject to the provisions of the Impairment or Disposal of Long-Lived Assets topic of the FASB ASC 360-10. Impairment or Disposal of Long-Lived Assets has no retroactive impact on the Corporation’s consolidated financial statements. The standard requires impairment losses to be recorded on long-lived assets when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets (excluding interest) are less than the carrying amount of the assets. In such cases, the carrying value of assets to be held and used are adjusted to their estimated fair value and assets held for sale are adjusted to their estimated fair value less selling expenses. No impairment loss was recognized during the years ended December 31, 2017 and 2016.

NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Debt issuance costs

The Corporation is subject to the provisions of the Interest-Imputation of Interest topic of the FASB ASC 835-30 which requires unamortized debt issuance costs to be presented as a reduction of the outstanding debt and the amortization of the debt issuance costs to be presented as a component of interest expense. Generally accepted accounting principles require that the effective yield method be used to amortize debt issuance costs; however, the effect of using the straight-line method is not material to the financial statements for the years ended December 31, 2017 and 2016.

Donated assets

Donations of property and equipment and other assets are recorded as revenue at their estimated fair value at the date of donation. Such donations are reported as unrestricted revenue unless the donor has restricted the donated asset to a specific purpose. Assets with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment and other assets are reported as restricted revenue. Absent donor stipulations regarding how long these donated assets must be maintained, the Corporation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Corporation reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Compensated absences

Employees of the Corporation are entitled to paid vacation and paid sick days depending on length of service and other factors. At December 31, 2017 and 2016 accrued compensated absences were $63,261 and $51,108, respectively, and are included in accrued expenses and other payables on the consolidated statements of financial position.

Rental income

Rental income is recognized as rents become due. Rental payments received in advance are deferred until earned. All leases between the Corporation and the residents are operating leases and will be for terms of no longer than one year. The Corporation also receives rent under commercial leases of terms from one to ten years, some of which provide for increasing noncancelable lease payments. Generally accepted accounting principles require such revenue be recognized over the term of the lease using the straight-line method, when realization is reasonably assured and management follows this method for most leases. However, when the difference in revenue recognition is not material, management recognizes rental income from commercial leases as payments are due for these leases.

Grant income

Grants that the Corporation receives from various government and nongovernmental agencies have long-term compliance requirements. As management intends to fulfill the compliance requirements as part of their mission, those amounts are recognized as revenue in the period the grants funds were spent for their intended use.

NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and donations

Contributions and donations, including unconditional promises to give, are recognized in the period received or made, in accordance with FASB ASC 958-605 under the Revenue Recognition of Contributions Receivable topic.

Donated labor and assets

In accordance with FASB ASC 958-605, in-kind services are recognized if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Corporation. In addition, the Corporation receives donated services from unpaid volunteers that are essential to the completion of the Corporation's purposes. During the years ended December 31, 2017 and 2016, the Corporation received $43,100 and $46,200 of in-kind contributions included in donated labor and assets on the consolidated statements of activities, respectively.

Developer fee revenue

LaCasa earns developer fees primarily for orchestrating the financing and construction of low and moderate income housing, generally in its capacity as general partner or managing member of various real estate partnerships and limited liability companies. Fees are recognized based on completion of various phases of the property, as specified in the respective agreements. Certain fees are deferred and payable from the properties' future available operating cash flow.

Beneficial interest in assets

The Corporation records periodic distributions of income and realizes changes in the market value of its beneficial interest as gains (losses) in the consolidated statements of activities.

Advertising costs

Advertising costs are expensed as incurred and are included in asset and property management in the consolidated statements of activities.

Property taxes

The Corporation is exempt from some, but not all, real property taxes. For those properties that are required to pay property taxes, such taxes are expensed in the year of the lien on the property such that twelve months of expense are charged to operations each year.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon direct expenditures incurred or based upon time spent in the activities. For the year ended December 31, 2017, fundraising costs were insignificant to the consolidated financial statements as a whole.

NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration

The Corporation maintains various cash balances with various regional and national financial institutions. The balances in the accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. As of December 31, 2017 and 2016, the cash balances held at some of these financial institutions exceeded the FDIC insurance limit. The Corporation has not experienced any losses in such accounts. Management believes that LaCasa is not exposed to any significant credit risk on cash and cash equivalents.

The Corporation's operations are concentrated in the multifamily real estate market. In addition, the Corporation operates in a heavily regulated environment. The operations of the Corporation are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by the respective agency. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, if any, to comply with a change.

The Corporation has received grants from various government and nongovernmental agencies. The grants are contingent on periodic budget approvals, tax levies, and annual appropriations. At December 31, 2017 and 2016, the unrestricted grants were 27% and 22% of total revenue, respectively. At December 31, 2017 and 2016, approximately 10% and 52% of the Corporation's accounts receivable balance related to grants.

Use of estimates in the preparation of consolidated financial statements

The preparation of consolidated financial statements in conformity with accounting standards generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair value

The Corporation is subject to the provisions of the Fair Value Measurement topic of the FASB ASC 820-10 which provides guidance for assets and liabilities which are required to be measured at fair value and requires expanded disclosure for fair value measurement. The standard clarifies the principle that fair value should be based on the assumptions that market participants would use when pricing the asset or liability and establishes the following fair value hierarchy:

Level 1 - Quoted prices in active markets for identical assets or liabilities
Level 2 - Quoted prices for similar assets or liabilities in active markets
Level 3 - Unobservable inputs for the asset or liability based on the best available Information

For instances in which the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the fair value measurement will fall within the lowest level input that is significant to the fair value measurement in its entirety.

NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting for uncertainty in income taxes

LaCasa is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and state income tax and has been classified as other than a private foundation. Accordingly, no provision for federal and state taxes on revenue and income has been recognized in the accompanying financial statements. Generally, the Federal and State tax returns were subject to examinations from the three years after the later of the original or extended due date or the date filed with the applicable tax authority.

Even though LaCasa is recognized as tax exempt, it still may be liable for tax on its unrelated business income ("UBI"). LaCasa evaluates uncertain tax positions through its review of the sources of income to identify UBI and certain other matters, including those which may affect its tax exempt status. The effect of the uncertainty would be recorded if the outcome was considered probable and reasonably estimable. As of December 31, 2017 and 2016, LaCasa had no uncertain tax positions requiring accrual.

The Subsidiaries are treated as pass-through entities for income tax purposes and, as such, are not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by their owners on their respective income tax returns. These entities' federal tax statuses as pass-through entities are based on their legal status as limited partnerships and limited liability companies. Accordingly, these entities are not required to take any tax positions in order to qualify as pass-through entities. These entities are required to file and do file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these consolidated financial statements do not reflect a provision for income taxes and these entities have no other tax positions which they must consider for disclosure. There has been no interest or penalties recognized in the consolidated statements of activities or consolidated statements of financial position for the years ended December 31, 2017 and 2016. Generally, the federal and state returns are subject to examination for three years after the later of the original or extended due date or the date filed with the applicable tax authorities.

Subsequent events

Management performed an evaluation of the Corporation’s activity through March 27, 2018, the audit report date, and has concluded that there were no significant subsequent events requiring disclosure through the date these consolidated financial statements were available to be issued.

NOTE 2-CASH-IDA FUNDS

Cash-IDA Funds consists of cash designated to be used to assist low income individuals and families for the purchase of homes, pay for education costs or start up a business. Individual contributions are matched with grant funds. Match funds held for individuals and families are included in the consolidated statements of financial position as IDA Funds held in the amount of $707,853 and $747,242, respectively.

NOTE 3-RESTRICTED DEPOSITS AND FUNDED RESERVES

Various operating and loan agreements require the establishment of restricted deposits and funded reserves, including reserve for replacements, operating reserves, IDA funds or resident security deposits, which must be maintained in separate interest bearing accounts. At December 31, 2017 and 2016, the balance of restricted deposits and funded reserves is $2,175,925 and $2,060,375 and the balance of the deposits held in trust-funded is $106,913 and $104,517, respectively.

NOTE 4-PROPERTIES FOR RESALE

Properties held for sale consists of the following:

	2017	2016
Held for future development	$ 82,875	$ 82,875
Currently in development	382,429	207,376
Total properties held for resale	465,304	290,251
Valuation allowance	(128,610)	(138,610)
Net properties held for resale	**$ 336,694**	**$ 151,641**

The properties held for resale are recorded at cost less a valuation allowance. The eventual sales proceeds from these properties may be less than the carrying value of the property.

The reconciliation of the changes in properties held for resale measured on a recurring basis using significant unobservable inputs (level 3) is as follows:

	2017	2016
January 1	$ 151,641	$ 631,854
Development and construction costs	-	189,572
Transfers from CIP	223,053	-
Properties sold	-	(463,968)
Transfer to rental property	(38,000)	(205,817)
December 31	**$ 336,694**	**$ 151,641**

NOTE 5-CONSTRUCTION IN PROGRESS

As of December 31, 2017 and 2016, property development and rehabilitation costs had been incurred on the following properties.

	2017	2016
Hawks North	$ -	$ 210,112
East Lincoln Corridor	241,575	107,417
Construction in progress	**$ 241,575**	**$ 317,529**

The Corporation has one project in development. The project involves the acquisition and rehabilitation of blighted multifamily properties in a near downtown Goshen, Indiana neighborhood. The development costs are included in construction in progress in the accompanying consolidated financial statements. The estimated costs to complete the property in development and property in rehabilitation is approximately $858,000.

NOTE 6-UNAMORTIZED COSTS

Unamortized costs consist of $151,371 of tax credit application fees. The tax credit fees are being amortized over the 10 year tax credit period. Amortization expense for the years ended December 31, 2017 and 2016 was $11,139 and $13,184, respectively. During the year ended December 31, 2017, the Corporation removed $48,856 of fully amortized costs from the consolidated balance sheets, and reduced accumulated amortization by the same amount. The write-off results in original costs totaling $102,515. At December 31, 2017 and 2016 accumulated amortization was $52,634 and $90,351, respectively.

Amortization expense for each of the next five years and thereafter following December 31, 2016 is as follows:

2018	$ 4,318
2019	4,050
2020	4,050
2021	4,050
2022	4,050
Thereafter	29,363
	$ 49,881

NOTE 7-MORTGAGES RECEIVABLE

Mortgages have been granted to low to moderate income residents of Elkhart County, Indiana for the purchase of homes. These mortgages are in accordance with grant restrictions. Interest rates range from 0% to 6.0%. Terms range from 10 to 30 years. All mortgages are secured by deeds of trust.

NOTE 7-MORTGAGES RECEIVABLE (CONTINUED)

Net mortgages consist of the following at December 31:

	2017	2016
Current portion	$ 73,203	$ 70,027
Long term portion	1,517,022	1,846,559
	1,590,225	1,916,586
Less allowance for doubtful accounts	(19,004)	(9,238)
	$ 1,571,221	**$ 1,907,348**

Interest is recognized over the term of the loan and is calculated using the simple interest method.

NOTE 8–NOTES RECEIVABLE

LaCasa has entered into various note receivables with Subsidiaries. The outstanding notes and terms of the notes provide for, among other items, as of December 31, 2017 the following:

			Outstanding Balance		
Date of Note	**Maturity Date**	**Interest Rate**	**Face Amount**	**Long term Portion**	**Current Portion**
Lincoln Avenue					
10/27/06	12/31/26	5.5%	$ 100,000	$ 100,000	$ -
10/27/06	12/31/26	5.5%	266,000	266,000	-
10/27/06	12/31/26	5.5%	430,000	430,000	-
10/27/06	12/31/26	5.5%	88,355	88,355	-
10/27/06	12/31/26	5.5%	75,000	75,000	-
10/27/06	12/31/26	5.5%	70,000	70,000	-
10/27/06	12/31/26	5.5%	45,800	45,800	-
Roosevelt Center					
01/17/08	12/31/27	7.5%*	400,000	400,000	-
09/23/08	12/31/27	6.0%*	115,000	115,000	-
02/28/12	12/31/27	3.5%*	215,806	215,806	-
03/31/10	12/31/27	3.5%*	42,761	42,761	-
05/02/11	12/31/27	3.5%*	200,000	200,000	-
01/17/08	12/31/27	7.0%*	100,000	100,000	-
08/09/16	12/31/23	2.0%@	115,000	115,000	-
05/12/17	12/31/27	3.5%*	45,000	45,000	-
WTP Apartments					
12/06/06	12/06/36	5.29%	470,000	470,000	-
10/01/14	05/15/38	5.29%*	100,000	100,000	-
10/31/14	12/31/45	0.00%	40,000	40,000	-

NOTE 8–NOTES RECEIVABLE (CONTINUED)

Hawks					
03/27/14	12/31/44	6.00%	500,000	500,000	-
03/27/14	12/31/44	3.00%	400,000	400,000	-
03/27/14	12/31/44	6.00%	176,345	176,345	-
10/01/14	12/31/44	6.00%	15,000	15,000	-
				$4,010,067	**$ -**

*annual compounding
@ 2% through December 31, 2018 and 3% thereafter

At December 31, 2017 and 2016, intercompany notes receivable of $4,010,067 and $3,965,067 has been eliminated with intercompany notes payable, respectively. For the years ended December 31, 2017 and 2016, intercompany interest income of $292,442 and $288,874, respectively, has been eliminated with intercompany interest expense. At December 31, 2017 and 2016, intercompany accrued interest receivable of $2,002,854 and $1,710,412, respectively, has been eliminated with intercompany accrued interest.

NOTE 9-BENEFICIAL INTEREST IN COMMUNITY FOUNDATION OF ELKHART COUNTY

The Corporation transferred funds to the Community Foundation of Elkhart County (“CFEC”) in amount of $80,000, at cost.

Under the governing agreement for the fund, distributions are determined based on the spending formula adopted by the CFEC’s board of directors. Net income in excess of the spending formula distributions, administrative fees and direct expenses will be maintained in each fund unless the Corporation requests a distribution of excess income. Losses in each fund are deducted from the fund balance. Control over the investment of the funds lies solely with CFEC.

The beneficial interest in CFEC is carried at fair value using Level 3 inputs in accordance with FASB Accounting Standards Codification related to fair value measurements, which is based upon the organization’s interest in the underlying fair value of pooled investments purchased by CFEC, with the resulting realized and unrealized gain or losses reported in the Consolidated Statements of Activities as “change in beneficial interest.”

With respect to contributions received by the Community Foundation on behalf of the LaCasa, Inc. from other donors, as prescribed by GAAP, this portion of the Fund (fair value of $61,392 and $30,772 at December 31, 2017 and 2016, respectively) has not been reflected as part of the Corporation's beneficial interest.

During the years ended December 31, 2017 and 2016, the Corporation received distributions of $4,050 and $4,610, respectively, from the Community Foundation.

The CFEC invests in various investment securities. Investment securities 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 values of investment securities will occur in the near term and those changes could materially affect the beneficial interest in each fund at the CFEC.

NOTE 9-BENEFICIAL INTEREST IN COMMUNITY FOUNDATION OF ELKHART COUNTY (CONTINUED)

The following is a summary of the transactions for the fund for the years ended December 31, 2017 and 2016:

	2017	2016
Beginning balance	$ 80,184	$ 79,376
Change in value:		
Interest and dividend income	1,268	1,307
Realized gain on sales of investments	1,245	4,715
Unrealized gain on sales of investments	10,252	(680)
Distribution	(4,050)	(4,020)
Administration bank fees	(549)	(514)
	$ 88,350	$ 80,184

NOTE 10-NOTES PAYABLE

The Corporation has entered into various notes payable agreements with multiple financial institutions, individuals, organizations, LaCasa, Inc., and governmental agencies to fund acquisitions, pre-development, construction, and normal operations. The outstanding balances and terms of notes payable as of December 31, 2017 are as follows:

					Outstanding Balance	
Date of Note	Maturity Date	Lender	Interest Rate	Face Amount	Long term Portion	Current Portion
LaCasa, Inc.						
02/21/15	02/21/19	Individual	1.00%	$ 10,000	$ 10,000	$ -
12/31/16	12/31/19	Individual	1.00%	145,000	145,000	-
12/29/15	12/31/19	Individual	1.50%	13,348	13,348	-
12/20/15	12/20/19	Individual	2.00%	30,000	30,000	-
08/12/12	On Demand	Organization	1.00%	15,000	-	15,000
07/17/14	08/01/18	Individual	2.00%	25,000	-	25,000
11/08/13	06/09/18 (1)	Lake City Bank	3.35%	549,418	414,906	52,166
01/07/02	upon sale	City of Goshen	0.00%	45,000	11,500	-
10/02/14	10/02/24	First State Bank of Middlebury	5.04%	200,464	127,903	18,144
08/15/12	12/31/22	City of Goshen	Variable	500,000	500,000	-
	See Note 11	Elkhart County Housing Fund	Various	2,348,233	1,450,256	65,191
05/14/14	06/01/20	City of Goshen	1.00%	400,000	400,000	-
09/17/14	09/17/21	Talmer Bank	5.15%	262,170	156,305	25,143
09/15/14	09/16/24	1st Source Bank	4.81%	1,200,000	1,032,145	42,790
12/31/15	12/31/23	Organization	2.00%	150,000	150,000	-
07/13/17	On Demand	Organization	0.15%	100,000	-	100,000

NOTE 10-NOTES PAYABLE (CONTINUED)

Date of Note	Maturity Date	Lender	Interest Rate	Face Amount	Outstanding Balance Long term Portion	Outstanding Balance Current Portion
WTP Apartments						
10/17/14	12/31/23	Ohio Equity Fund	3.25%	$ 425,000	$ 425,000	$ -
12/15/14	01/01/25	IHCDA	1.00%	150,000	91,934	14,767
12/06/06	12/06/36	LaCasa, Inc.	5.29%	470,000	470,000	-
10/01/14	05/15/38	LaCasa, Inc.	5.29%	100,000	100,000	-
10/31/14	12/31/45	LaCasa, Inc.	0.00%	40,000	40,000	-
02/09/15	12/31/45	PIRHL	0.00%	40,000	40,000	-
Lincoln Avenue						
10/08/12	10/27/26	1st Source Bank	5.00%	183,000	117,382	12,043
10/27/06	12/31/26	LaCasa, Inc.	5.50%	100,000	100,000	-
10/27/06	12/31/26	LaCasa, Inc.	5.50%	266,000	266,000	-
10/27/06	12/31/26	LaCasa, Inc.	5.50%	430,000	430,000	-
10/27/06	12/31/26	LaCasa, Inc.	5.50%	84,000	88,355	-
10/27/06	12/31/26	LaCasa, Inc.	5.50%	75,000	75,000	-
10/27/06	12/31/26	LaCasa, Inc.	5.50%	115,800	115,800	-
Roosevelt Center						
01/17/08	12/31/27	LaCasa, Inc.	7.50%	400,000	400,000	-
09/23/08	12/31/27	LaCasa, Inc.	6.00%	115,000	115,000	-
02/28/12	12/31/27	LaCasa, Inc.	3.50%	215,806	215,806	-
03/31/10	12/31/27	LaCasa, Inc.	3.50%	42,761	42,761	-
05/02/11	12/31/27	LaCasa, Inc.	3.50%	200,000	200,000	-
01/17/08	12/31/26	LaCasa, Inc.	7.00%	100,000	100,000	-
09/09/16	12/31/23	LaCasa, Inc.	2.00% (2)	115,000	115,000	-
05/12/17	12/31/27	LaCasa, Inc.	3.50%	45,000	45,000	-
Hawks						
05/06/16	04/01/36	1st Source	4.01%	350,000	319,386	10,680
03/27/14	12/31/44	LaCasa, Inc.	6.00%	500,000	500,000	-
03/27/14	12/31/44	LaCasa, Inc.	3.00%	400,000	400,000	-
03/27/14	12/31/44	LaCasa, Inc.	6.00%	176,345	176,345	-
10/01/14	12/31/44	LaCasa, Inc.	6.00%	15,000	15,000	-
					9,445,132	380,924
			Less eliminations		(4,010,067)	-
					$ 5,435,065	**$ 380,924**

(1) This loan matures during 2018 by its current terms. The Corporation is in discussions with the lender to renew the balance of this loan prior to its maturity. The Corporation believes these discussions will be successful and considers the debt to be long term.

(2) 2% through December 31, 2018 and 3% thereafter

NOTE 10-NOTES PAYABLE (CONTINUED)

Interest has not been imputed on any of the above mortgages that carry below-market rates as they are payable to governmental entities and carry legal restrictions. The restrictions require the Corporation to use the property for low income housing, as defined by the mortgages' regulatory agreements or other restriction agreements. Certain mortgages provide for the deferral of interest payments. Accrued interest totaled $2,053,295 and $1,747,789 of which $2,002,852 and $1,710,412 was estimated at December 31, 2017 and 2016, respectively. For the years ended December 31, 2017 and 2016, the Corporation has incurred interest of $435,979 and $490,474, respectively. For the years ended December 31, 2017 and 2016, the Corporation eliminated interest of $292,442 and $288,974, respectively.

The loans are generally secured by the real estate and assignments of rents on the Properties. The Corporation is not in default on any of the loan agreements.

Maturities of notes payable

The Corporation is obligated for the following estimated principal payments in each of the next five years and thereafter under notes payable obligations:

	Total
2018	$ 380,924
2019	449,844
2020	660,415
2021	271,037
2022	277,463
Thereafter	7,786,373
	9,826,056
Unamortized debt issuance costs, net	(17,110)
Total	**$ 9,808,946**

Financing costs of $86,729 were incurred in connection with the acquisition of various properties and obtaining various debt financing arrangements. These costs are amortized over the respective terms of the loans using the straight-line method. For each of the years ended December 31, 2017 and 2016, amortization expense was $2,659 and $38,784, respectively. During the year ended December 31, 2017, the Corporation removed $44,347 of fully amortized costs from the consolidated balance sheets, and reduced the accumulated amortization by the same amount. The write-off results in original costs totaling $42,382. At December 31, 2017 and 2016, accumulated amortization was $25,272 and $66,960, respectively.

NOTE 10-NOTES PAYABLE (CONTINUED)

Maturities of notes payable

Estimated amortization expense for each of the next five years and thereafter is as follows:

2018	$	2,658
2019		2,658
2020		2,658
2021		2,658
2022		2,658
Thereafter		3,820
	$	**17,110**

NOTE 11–LINE OF CREDIT

On June 11, 2013, the Corporation entered into a revolving line of credit agreement with Lake City Bank. The agreement provides, among other things, for:

a. A maximum note amount of $600,000;
b. An interest rate of prime, as defined in the line of credit agreement (4.5% at December 31, 2017); and
c. An original maturity date of July 11, 2018.

During the years ended December 31, 2017 and 2016, $-0- and $167,484 was drawn on the line of credit, $-0- and $667,141 was repaid, and at December 31, 2017 and 2016, the outstanding principal balance is $-0-.

NOTE 12-ELKHART COUNTY HOUSING FUND

Elkhart County Housing Fund is a coalition of banks participating in five loan pools totaling $900,000, $1,050,000, $1,200,000, $2,450,000 and $2,100,000 to provide first or second mortgages for the purchase or rehabilitation of homes. The maximum amount of an individual loan is $100,000, and the minimum individual loan is $5,000.

In Pool #1 as of December 31, 2017 and 2016, banks have funded 100% of their commitment, and the Corporation has a $36,837 and $38,386 mortgage receivable and a note payable of $36,837 and $38,386 to the bank coalition, all respectively.

In Pool #2 as of December 31, 2017 and 2016, banks have funded 100% of their commitment, and the Corporation has a $104,952 and $107,860 mortgage receivable and a note payable of $104,952 and $107,860 to the bank coalition, all respectively.

In Pool #3 as of December 31, 2017 and 2016, banks have funded 100% of their commitment, and the Corporation has a $59,331 and $61,304 mortgage receivable and a note payable of $59,331 and $61,304 to the bank coalition, all respectively.

NOTE 12-ELKHART COUNTY HOUSING FUND (CONTINUED)

In Pool #4 as of December 31, 2017 and 2016, banks have funded 100% of their commitment, and the Corporation has a $232,956 and $351,016 mortgage receivable and a note payable of $232,926 and $351,016 to the bank coalition, all respectively.

In Pool #5 as of December 31, 2017 and 2016, banks have funded 100% of their commitment, and the Corporation has a $1,081,401 and $1,278,225 mortgage receivable and a note payable of $1,081,401 and $1,278,225 to the bank coalition, all respectively.

NOTE 13-TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Net assets were temporarily restricted for the following purposes at December 31:

	2017	2016
Funds restricted for IDA program	$ 471,603	$ 426,180
HOME programs	-	-
Neighborhood Assistance Program (NAP) of Indiana Housing and Community Development Authority	-	42,022
Community Foundation of Elkhart County Neighborhood Revitalization	-	-
Funds restricted for various programs	10,885	-
	$ 482,488	**$ 468,202**

NeighborWorks America

LaCasa, Inc. received NeighborWorks America grant awards, which are permanently restricted net assets, of $780,010 and $1,114,300, respectively, as of December 31, 2017 and 2016. The grants have been recorded as permanently restricted net assets and income is unrestricted to support the operations of the Corporation.

NOTE 14-RELATED PARTIES

Developer fee revenue and receivables

In connection with the development of housing properties, LaCasa, Inc. earns a developer fee in accordance with the developer fee agreement. During the years ended December 31, 2017 and 2016, developer fee revenue totaled $-0-. At December 31, 2017 and 2016, intercompany receivables of $764,296 and $837,611, respectively, has been eliminated with intercompany payables. During the years ended December 31, 2017 and 2016, no amounts were included in allowance for doubtful accounts. There was no bad debt expense attributable to developer fees receivable for the years ended December 31, 2017 and 2016.

NOTE 14-RELATED PARTIES (CONTINUED)

Developer fee revenue and receivables (continued)

LaCasa, Inc., an affiliate of the General Partner, was paid development fees of $891,469 for its services in connection with the development of WTP Apartments. LaCasa, Inc. entered into a subcontract agreement with PIRHL Developers, LLC ("Co-Developer") to provide consulting and developer services for $412,148 of the total development fees. The entire fee has been capitalized into property and equipment. During the years ended December 31, 2017 and 2016, $-0- was paid. At December 31, 2017 and 2016, $268,185 remains payable to the Co-Developer.

Asset management fee

Pursuant to the Partnership Agreement for WTP Apartments, Ohio Capital Corporation for Housing ("OCCH") earns an asset management fee annually to provide property management oversight, tax credit compliance monitoring and related services. OCCH will be paid asset management fees equal to $4,000 for the first year and increased 3% annually as set forth in the Partnership Agreement. During the years ended December 31, 2017 and 2016, asset management fees of $5,220 and $5,064 were expensed. At December 31, 2017 and 2016, there were no accrued asset management fees.

Partnership management fee

For its efforts in the administration of the property, Hawks Arts & Enterprise Center, L.P. shall pay to the General Partner an annual partnership management fee of $13,000, increasing by 3% per annum. The partnership management fee is cumulative and shall be payable from cash flow, as defined in the Partnership Agreement. During the years ended December 31, 2017 and 2016, partnership management fees of $13,390 and $13,000 were expensed, respectively, and no partnership management fees were paid. The expenses were eliminated with the revenue recognized by LaCasa, Inc. As of December 31, 2017 and 2016, $26,390 and $13,000 remained payable, respectively, which is eliminated with the Developer fees receivable for LaCasa, Inc.

Investor services fee

As compensation for its services in handling relations between Hawks Arts & Enterprise Center, L.P. and the Limited Partners, Hawks Arts & Enterprise Center, L.P. shall pay Great Lakes Capital, an affiliate of the Investor Limited Partner, an annual investor services fee of $2,800 commencing in 2016. The investor services fee is cumulative and shall be paid out of the investor services fee reserve and shall increase by 3% per annum. During the years ended December 31, 2017 and 2016, investor services fees of $2,884 and $2,800 were expensed, and $2,800 and $-0- were paid, all respectively. The investor service fee was paid from operations during the year ended December 31, 2017, and will be reimbursed from the investor services fee reserve in 2018. As of December 31, 2017 and 2016, $2,884 and $2,800 remain payable, respectively, and is included in accrued expenses and other payables on the consolidated statements of financial position.

NOTE 15-COMMERCIAL LEASES

Unrelated operating leases

LaCasa, Inc. leases residential housing units to clients in its Scattered Site program. These units, with a few exceptions, are rented at below market rates, to individuals at, or below, 80% of the median income. These leases are generally for a 12 month term.

The rental homes are included in the consolidated statements of financial position under property and equipment. The total cost of rental real estate at December 31, 2017 was $12,441,551, and the accumulated depreciation on the property totaled $5,011,895. Total cost of rental real estate at December 31, 2016 was $12,080,349, and the accumulated depreciation on the property totaled $4,625,149.

LaCasa, Inc. leases space for seven commercial tenants. Two of the spaces were vacant during the years ended December 31, 2017 and 2016. The base rent ranges from $4,320 to $27,600 per annum with some of the operating lease base rents increasing annually. Rent income under these leases were $97,092 and $86,933 for the years ended December 31, 2017 and 2016, respectively.

As of December 31, 2017, the future minimum rental receipts are as follows:

2018	$ 43,492
	$ 43,492

NOTE 16-EMPLOYEE RETIREMENT PLAN

The Corporation has a defined contribution pension plan under Internal Revenue Code Section 403(b) covering all regular employees after they have worked 90 days. A regular employee is defined as one who works 30 hours per week or more. The Corporation will match contributions of regular employees based on the following schedule: a) year 2 - up to 1% of gross wages; b) year 3 - up to 2% of gross wages; c) year 4 - up to 3% of gross wages; and d) year 5 and later - up to 4% of gross wages. The plan is managed by various third parties. The Corporation's contributions to the plan for the years ended December 31, 2017 and 2016 were $68,955 and $62,284, respectively.

NOTE 17-PLEDGES RECEIVABLE

During the year ended December 31, 2017, the Corporation initiated a fundraising campaign to finance the implementation of its strategic plan. Known as the "Impact Fund," the goal is to raise $1.2 million in private and public monies to develop new programming, initiate new development projects and improve organizational capacity. As of December 31, 2017 and 2016, pledges receivable designated for the Impact Fund were $77,300 and $-0-, respectively, and included in accounts and notes receivable – operations on the accompanying consolidated statements of financial position. As of the date of this report, the Corporation has received a total of $444,100 in cash and pledges.

NOTE 18-COMMITMENTS AND CONTINGENCIES

LaCasa, Inc. receives funds under numerous contracts, grants and agreements with federal, state, and local governmental agencies, some of which were loaned to limited liability entities to carry out the defined requirements. In the event of noncompliance with these requirements, LaCasa, Inc. may be subject to repayment of funds received under contracts, grants and agreements with governmental agencies that provide for payments by LaCasa, Inc. based on cost or statistical data. Most contracts, grants and agreements are subject to audit by the funding sources.

LaCasa, Inc. has provided unconditional construction completion guarantees and in a number of cases is required to make operating deficit contributions for any operating deficits not funded from the operating reserves, as defined. This operating deficit obligation is limited to a stated amount and for a stated period. Operating deficit contributions are repayable from Cash Flow, as defined, in the order of priority documented in the respective partnership or operating agreements.

In accordance with the respective partnership or operating agreements, in a few cases LaCasa, Inc. has agreed to unconditionally guarantee the due and punctual performance by the general partner or managing member of all its obligations under the partnership or operating agreement. In accordance with the respective partnership or operating agreements, in a few cases LaCasa, Inc. is required to fund required reserve payments or any unpaid portion of developer fee for a period defined in partnership or operating agreement.

Certain properties have received allocations of low-income housing tax credits. The tax credits are contingent on the applicable partnerships' ability to maintain compliance with applicable sections of Section 42 of the Internal Revenue Code. Failure to maintain compliance with occupant eligibility, and/or unit gross rent, or to correct non-compliance within a specified time period could result in recapture of previously taken tax credits. In addition, such potential noncompliance may require adjustments as disclosed in the properties' partnership or operating agreements.

In connection with the development of certain affordable housing properties, which are owned by limited partnerships, LaCasa, Inc. has the option to purchase the properties at the close of the properties’ 15-year compliance period.

LACASA, INC. AND SUBSIDIARIES
(AN INDIANA NOT-FOR-PROFIT CORPORATION)

DETAIL OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

ASSETS	LaCasa, Inc.	Elkhart Senior Housing, L.P.	Lincoln Avenue Redevelopment, L.P.	Roosevelt Center, L.P.	Hawks Arts & Enterprise Center, L.P.	LaCasa Real Estate Holdings, LLC	Eliminations	Total
Current assets								
Cash	$ 472,852	$ 11,136	$ 5,993	$ 6,629	$ 20,070	$ 3,976	$ -	$ 520,656
Accounts receivable - residents and commercial, net	110,445	135	89	52	127	12,556	-	123,404
Accounts and notes receivable - operations	410,217	478	113	-	-	-	(309,910)	100,898
Developer fees receivable	790,686	-	-	-	-	-	(790,686)	-
Investments - properties for resale	336,694	-	-	-	-	-	-	336,694
Prepaid expenses	89,142	-	-	-	-	-	-	89,142
Current portion of mortgages receivable	73,203	-	-	-	-	-	-	73,203
Total current assets	**2,283,239**	**11,749**	**6,195**	**6,681**	**20,197**	**16,532**	**(1,100,596)**	**1,243,997**
Deposits held in trust - funded								
Resident security deposits	**23,861**	**24,914**	**15,639**	**21,580**	**20,919**	**-**	**-**	**106,913**
Restricted deposits and funded reserves								
Reserve for replacements	402,226	124,944	86,653	98,777	42,137	-	-	754,737
Operating and other reserves	452,158	2,055	41,391	23,817	193,914	-	-	713,335
Cash - IDA funds	707,853	-	-	-	-	-	-	707,853
Total restricted deposits and funded reserves	**1,562,237**	**126,999**	**128,044**	**122,594**	**236,051**	**-**	**-**	**2,175,925**
Property and equipment								
Land	-	142,791	58,714	-	-	-	-	201,505
Buildings and land improvements	13,287,437	6,462,992	5,240,386	5,768,853	6,034,458	-	-	36,794,126
Furniture and equipment	-	134,688	62,760	80,616	558,289	-	-	836,353
Office furniture and equipment	540,715	-	-	-	-	-	-	540,715
Vehicles	1,163	-	-	-	-	-	-	1,163
Construction in progress	241,291	-	-	-	-	284	-	241,575
	14,070,606	**6,740,471**	**5,361,860**	**5,849,469**	**6,592,747**	**284**	**-**	**38,615,437**
Less: Accumulated depreciation	(5,999,116)	(2,412,482)	(1,739,117)	(1,637,601)	(936,844)	-	-	(12,725,160)
Total property and equipment	**8,071,490**	**4,327,989**	**3,622,743**	**4,211,868**	**5,655,903**	**284**	**-**	**25,890,277**
Other assets								
Investments - entity	441,737	-	-	-	-	-	(426,797)	14,940
Unamortized costs, net	-	268	-	-	49,613	-	-	49,881
Notes receivable	4,010,067	-	-	-	-	-	(4,010,067)	-
Interest receivable	2,002,854	-	-	-	-	-	(2,002,854)	-
Mortgages receivable, net of current portion	1,498,018	-	-	-	-	-	-	1,498,018
Investments - CFEC	88,350	-	-	-	-	-	-	88,350
Other prepaids and deposits	-	-	-	-	-	-	-	-
Total other assets	**8,041,026**	**268**	**-**	**-**	**49,613**	**-**	**(6,439,718)**	**1,651,189**
	$ 19,981,853	**$ 4,491,919**	**$ 3,772,621**	**$ 4,362,723**	**$ 5,982,683**	**$ 16,816**	**$ (7,540,314)**	**$ 31,068,301**

LACASA, INC. AND SUBSIDIARIES
(AN INDIANA NOT-FOR-PROFIT CORPORATION)

DETAIL OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2017

LIABILITIES AND NET ASSETS	LaCasa, Inc.	Elkhart Senior Housing, L.P.	Lincoln Avenue Redevelopment, L.P.	Roosevelt Center, L.P.	Hawks Arts & Enterprise Center, L.P.	LaCasa Real Estate Holdings, LLC	Eliminations	Total
Current liabilities								
Accounts payable	$ 86,124	$ 12,654	$ 16,821	$ 15,844	$ 4,677	$ -	$ (478)	$ 135,642
Accounts payable - related party	-	-	-	-	1,419	8,282	(9,701)	-
Accrued expenses and other payables	141,988	-	-	-	29,274	-	(26,390)	144,872
Current portion of accrued interest	4,271	-	-	249	-	-	-	4,520
Accrued real estate taxes	-	1,576	2,424	1,263	3,592	8,250	-	17,105
Prepaid revenue	-	3,981	2,935	424	1,510	-	-	8,850
Current portion of mortgage notes and notes payable	343,434	14,767	12,043	-	10,680	-	-	380,924
Total current liabilities	**575,817**	**32,978**	**34,223**	**17,780**	**51,152**	**16,532**	**(36,569)**	**691,913**
Deposit liabilities								
Resident security deposits	94,164	25,298	15,853	19,356	20,472	-	-	175,143
IDA funds held	236,249	-	-	-	-	-	-	236,249
Total deposit liabilities	**330,413**	**25,298**	**15,853**	**19,356**	**20,472**	**-**	**-**	**411,392**
Long term liabilities								
Accounts payable - related party	-	86,755	84,862	128,115	-	-	(299,732)	-
Development fee payable	-	611,370	185,000	229,014	7,097	-	(764,296)	268,185
Notes payable - entity, net of current portion	-	1,075,000	1,075,155	1,233,567	1,091,345	-	(4,010,067)	465,000
Notes payable, net of current portion	1,248,348	-	-	-	-	-	-	1,248,348
Mortgage notes payable - first mortgages, net of current portion	1,742,759	91,934	117,382	-	319,386	-	-	2,271,461
Less: Unamortized debt issuance costs, net	-	(11,306)	(3,192)	-	(2,612)	-	-	(17,110)
Notes payable - Elkhart County Housing Fund	1,450,256	-	-	-	-	-	-	1,450,256
Accrued interest, net of current portion	-	362,206	792,810	707,738	186,021	-	(2,002,852)	45,923
Total long term liabilities	**4,441,363**	**2,215,959**	**2,252,017**	**2,298,434**	**1,601,237**	**-**	**(7,076,947)**	**5,732,063**
Total liabilities	**5,347,593**	**2,274,235**	**2,302,093**	**2,335,570**	**1,672,861**	**16,532**	**(7,113,516)**	**6,835,368**
Net Assets								
Unrestricted net assets	13,371,762	(2,833)	429,738	(271)	(121)	284	(426,798)	13,371,761
Temporarily restricted net assets	482,488	-	-	-	-	-	-	482,488
Permanently restricted net assets	780,010	-	-	-	-	-	-	780,010
Non-controlling interest	-	2,220,517	1,040,790	2,027,424	4,309,943	-	-	9,598,674
Total net assets	**14,634,260**	**2,217,684**	**1,470,528**	**2,027,153**	**4,309,822**	**284**	**(426,798)**	**24,232,933**
	$ 19,981,853	**$ 4,491,919**	**$ 3,772,621**	**$ 4,362,723**	**$ 5,982,683**	**$ 16,816**	**$ (7,540,314)**	**$ 31,068,301**

LACASA, INC. AND SUBSIDIARIES
(AN INDIANA NOT-FOR-PROFIT CORPORATION)

DETAIL OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2016

ASSETS	LaCasa, Inc.	Elkhart Senior Housing, L.P.	Lincoln Avenue Redevelopment, L.P.	Roosevelt Center, L.P.	Hawks Arts & Enterprise Center, L.P.	LaCasa Real Estate Holdings, LLC	Eliminations	Total
Current assets								
Cash	$ 309,474	$ 28,481	$ 4,035	$ 11,772	$ 41,537	$ 14,582	$ -	$ 409,881
Accounts receivable - residents and commercial, net	52,322	2,452	-	908	30	-	-	55,712
Accounts and notes receivable - operations	385,182	373	428	-	-	-	(325,865)	60,118
Developer fees receivable	850,611	-	-	-	-	-	(850,611)	-
Investments - properties for resale	151,641	-	-	-	-	-	-	151,641
Prepaid expenses	64,013	-	-	-	-	-	-	64,013
Current portion of mortgages receivable	70,027	-	-	-	-	-	-	70,027
Total current assets	**1,883,270**	**31,306**	**4,463**	**12,680**	**41,567**	**14,582**	**(1,176,476)**	**811,392**
Deposits held in trust - funded								
Resident security deposits	**22,659**	**24,917**	**15,618**	**21,206**	**20,117**	**-**	**-**	**104,517**
Restricted deposits and funded reserves								
Reserve for replacements	590,340	106,281	92,102	85,074	26,277	-	-	900,074
Operating and other reserves	305,860	-	41,360	23,798	42,041	-	-	413,059
Cash - IDA funds	747,242	-	-	-	-	-	-	747,242
Total restricted deposits and funded reserves	**1,643,442**	**106,281**	**133,462**	**108,872**	**68,318**	**-**	**-**	**2,060,375**
Property and equipment								
Land	-	142,791	58,714	-	-	-	-	201,505
Buildings and land improvements	12,850,281	6,459,416	5,234,071	5,711,850	6,034,458	-	-	36,290,076
Furniture and equipment	-	134,688	61,318	80,616	558,289	-	-	834,911
Office furniture and equipment	540,715	-	-	-	-	-	-	540,715
Vehicles	1,163	-	-	-	-	-	-	1,163
Construction in progress	317,245	-	-	-	-	284	-	317,529
	13,709,404	**6,736,895**	**5,354,103**	**5,792,466**	**6,592,747**	**284**	**-**	**38,185,899**
Less: Accumulated depreciation	(5,562,833)	(2,175,861)	(1,560,480)	(1,466,283)	(596,174)	-	-	(11,361,631)
Total property and equipment	**8,146,571**	**4,561,034**	**3,793,623**	**4,326,183**	**5,996,573**	**284**	**-**	**26,824,268**
Other assets								
Investments - entity	442,340	-	-	-	-	-	(425,077)	17,263
Unamortized costs, net	-	4,444	-	2,696	53,880	-	-	61,020
Notes receivable	3,965,067	-	-	-	-	-	(3,965,067)	-
Interest receivable	1,710,412	-	-	-	-	-	(1,710,412)	-
Mortgages receivable, net of current portion	1,837,321	-	-	-	-	-	-	1,837,321
Investments - CFEC	80,184	-	-	-	-	-	-	80,184
Other prepaids and deposits	-	-	9,700	-	-	-	-	9,700
Total other assets	**8,035,324**	**4,444**	**9,700**	**2,696**	**53,880**	**-**	**(6,100,556)**	**2,005,488**
	$ 19,731,266	**$ 4,727,982**	**$ 3,956,866**	**$ 4,471,637**	**$ 6,180,455**	**$ 14,866**	**$ (7,277,032)**	**$ 31,806,040**

LACASA, INC. AND SUBSIDIARIES
(AN INDIANA NOT-FOR-PROFIT CORPORATION)

DETAIL OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2016

LIABILITIES AND NET ASSETS	LaCasa, Inc.	Elkhart Senior Housing, L.P.	Lincoln Avenue Redevelopment, L.P.	Roosevelt Center, L.P.	Hawks Arts & Enterprise Center, L.P.	LaCasa Real Estate Holdings, LLC	Eliminations	Total
Current liabilities								
Accounts payable	$ 62,079	$ 7,869	$ 16,146	$ 11,335	$ 4,023	$ -	$ (374)	$ 101,078
Accounts payable - related party	-	-	-	-	4,803	8,027	(12,830)	-
Accrued expenses and other payables	145,575	-	-	-	15,800	-	(13,000)	148,375
Current portion of accrued interest	4,332	1,357	-	587	-	-	-	6,276
Accrued real estate taxes	430	3,354	2,091	2,011	2,612	8,622	-	19,120
Prepaid revenue	-	1,965	779	-	1,667	-	-	4,411
Line of credit	-	-	-	-	-	-	-	-
Current portion of notes payable	239,977	29,101	11,457	-	10,095	-	-	290,630
Total current liabilities	**452,393**	**43,646**	**30,473**	**13,933**	**39,000**	**16,649**	**(26,204)**	**569,890**
Deposit liabilities								
Resident security deposits	92,323	22,863	14,908	19,613	19,476	-	-	169,183
IDA funds held	321,187	-	-	-	-	-	-	321,187
Earnest deposits	-	-	-	-	-	-	-	-
Total deposit liabilities	**413,510**	**22,863**	**14,908**	**19,613**	**19,476**	**-**	**-**	**490,370**
Long term liabilities								
Accounts payable - related party	-	107,322	77,751	127,588	-	-	(312,661)	-
Development fee payable	-	611,370	185,000	229,014	80,412	-	(837,611)	268,185
Notes payable - entity, net of current portion	-	1,075,000	1,075,155	1,188,567	1,091,345	-	(3,965,067)	465,000
Notes payable, net of current portion	1,230,000	-	-	-	-	-	-	1,230,000
Mortgage notes payable - first mortgages, net of current portion	1,917,211	106,561	129,246	-	331,896	-	-	2,484,914
Less: Unamortized debt issuance costs, net	-	(13,460)	(3,554)	-	(2,755)	-	-	(19,769)
Notes payable - Elkhart County Housing Fund	1,774,615	-	-	-	-	-	-	1,774,615
Accrued interest, net of current portion	-	302,961	695,415	604,953	138,184	-	(1,710,412)	31,101
Total long term liabilities	**4,921,826**	**2,189,754**	**2,159,013**	**2,150,122**	**1,639,082**	**-**	**(6,825,751)**	**6,234,046**
Total liabilities	**5,787,729**	**2,256,263**	**2,204,394**	**2,183,668**	**1,697,558**	**16,649**	**(6,851,955)**	**7,294,306**
Net Assets								
Unrestricted net assets	12,361,035	(2,579)	429,766	(245)	(83)	(1,783)	(425,077)	12,361,034
Temporarily restricted net assets	468,202	-	-	-	-	-	-	468,202
Permanently restricted net assets	1,114,300	-	-	-	-	-	-	1,114,300
Non-controlling interest	-	2,474,298	1,322,706	2,288,214	4,482,980	-	-	10,568,198
Total net assets	**13,943,537**	**2,471,719**	**1,752,472**	**2,287,969**	**4,482,897**	**(1,783)**	**(425,077)**	**24,511,734**
	$ 19,731,266	**$ 4,727,982**	**$ 3,956,866**	**$ 4,471,637**	**$ 6,180,455**	**$ 14,866**	**$ (7,277,032)**	**$ 31,806,040**

LACASA, INC. AND SUBSIDIARIES
(AN INDIANA NOT-FOR-PROFIT CORPORATION)

DETAIL OF CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

	LaCasa, Inc.	Elkhart Senior Housing, L.P.	Lincoln Avenue Redevelopment, L.P.	Roosevelt Center, L.P.	Hawks Arts & Enterprise Center, L.P.	LaCasa Real Estate Holdings, LLC	Eliminations	Total
Revenue								
Rental income, net of vacancy and concessions	$ 1,191,307	$ 299,794	$ 202,334	$ 254,958	$ 233,829	$ -	$ -	$ 2,182,222
Fees for services	359,978	-	-	-	-	58,432	(77,217)	341,193
Grant income	1,301,018	-	-	-	-	-	-	1,301,018
Donations income	465,710	-	-	-	-	-	-	465,710
Donated labor and assets	43,100	-	-	-	-	-	-	43,100
Interest income	298,777	61	5,828	99	377	-	(292,442)	12,700
Change in beneficial interest	8,166	-	-	-	-	-	-	8,166
Other income	42,884	9,671	4,614	8,430	7,550	-	(1,725)	71,424
Satisfaction of program restrictions	-	-	-	-	-	-	-	-
Total revenue	**3,710,940**	**309,526**	**212,776**	**263,487**	**241,756**	**58,432**	**(371,384)**	**4,425,533**
Expenses								
Program expenses								
Real estate development	367,375	-	-	-	-	-	-	367,375
Asset and property management	1,426,029	563,561	494,720	524,303	624,831	56,365	(369,663)	3,320,146
Financial empowerment	452,312	-	-	-	-	-	-	452,312
Immigration services	80,492	-	-	-	-	-	-	80,492
Community building and engagement	70,623	-	-	-	-	-	-	70,623
Total program expenses	**2,396,831**	**563,561**	**494,720**	**524,303**	**624,831**	**56,365**	**(369,663)**	**4,290,948**
Supporting services								
Development	184,301	-	-	-	-	-	-	184,301
Management and general	439,085	-	-	-	-	-	-	439,085
Total supporting services	**623,386**	**-**	**-**	**-**	**-**	**-**	**-**	**623,386**
Non-operating expense								
Total expenses	**3,020,217**	**563,561**	**494,720**	**524,303**	**624,831**	**56,365**	**(369,663)**	**4,914,334**
Changes in net assets	**$ 690,723**	**$ (254,035)**	**$ (281,944)**	**$ (260,816)**	**$ (383,075)**	**$ 2,067**	**$ (1,721)**	**$ (488,801)**

LACASA, INC. AND SUBSIDIARIES
(AN INDIANA NOT-FOR-PROFIT CORPORATION)

DETAIL OF CONSOLIDATED STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

	LaCasa, Inc.	Elkhart Senior Housing, L.P.	Lincoln Avenue Redevelopment, L.P.	Roosevelt Center, L.P.	Hawks Arts & Enterprise Center, L.P.	LaCasa Real Estate Holdings, LLC	Eliminations	Total
Revenue								
Rental income, net of vacancy and concessions	$ 1,130,010	$ 292,599	$ 205,227	$ 231,740	$ 228,039	$ -	$ -	$ 2,087,615
Fees for services	433,418	-	-	-	-	28,477	(74,854)	387,041
Grant income	963,448	-	-	-	-	-	-	963,448
Donations income	455,559	-	-	-	-	-	-	455,559
Donated labor and assets	46,200	-	-	-	-	-	-	46,200
Interest income	293,343	54	86	75	53	-	(288,874)	4,737
Change in beneficial interest	808	-	-	-	-	-	-	808
Other income	88,919	11,608	6,361	8,006	10,517	-	(3,557)	121,854
Satisfaction of program restrictions	-	-	-	-	-	-	-	-
Total revenue	**3,411,705**	**304,261**	**211,674**	**239,821**	**238,609**	**28,477**	**(367,285)**	**4,067,262**
Expenses								
Program expenses								
Real estate development	738,867	-	-	-	-	-	-	738,867
Asset and property management	1,421,023	571,070	502,752	589,307	675,526	26,428	(365,611)	3,420,495
Financial empowerment	610,053	-	-	-	-	-	-	610,053
Immigration services	71,337	-	-	-	-	-	-	71,337
Community building and engagement	95,688	-	-	-	-	-	-	95,688
Total program expenses	**2,936,968**	**571,070**	**502,752**	**589,307**	**675,526**	**26,428**	**(365,611)**	**4,936,440**
Supporting services								
Development	140,753	-	-	-	-	-	-	140,753
Management and general	376,513	-	-	-	-	-	-	376,513
Total supporting services	**517,266**	**-**	**-**	**-**	**-**	**-**	**-**	**517,266**
Total expenses	**3,454,234**	**571,070**	**502,752**	**589,307**	**675,526**	**26,428**	**(365,611)**	**5,453,706**
Changes in net assets	**$ (42,529)**	**$ (266,809)**	**$ (291,078)**	**$ (349,486)**	**$ (436,917)**	**$ 2,049**	**$ (1,674)**	**$ (1,386,444)**

LACASA, INC. AND SUBSIDIARIES
(AN INDIANA NOT-FOR-PROFIT CORPORATION)

DETAIL OF CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2017

	LaCasa, Inc.	Elkhart Senior Housing, L.P.	Lincoln Avenue Redevelopment, L.P.	Roosevelt Center, L.P.	Hawks Arts & Enterprise Center, L.P.	LaCasa Real Estate Holdings, LLC	Eliminations	Total
Net assets, December 31, 2016	**$ 13,943,537**	**$ 2,471,719**	**$ 1,752,472**	**$ 2,287,969**	**$ 4,482,897**	**$ (1,783)**	**$ (425,077)**	**$ 24,511,734**
Contributions	-	-	-	-	210,000	-	-	**210,000**
Changes in net assets	690,723	(254,035)	(281,944)	(260,816)	(383,075)	2,067	(1,721)	**(488,801)**
Net assets, December 31, 2017	**$ 14,634,260**	**$ 2,217,684**	**$ 1,470,528**	**$ 2,027,153**	**$ 4,309,822**	**$ 284**	**$ (426,798)**	**$ 24,232,933**

DETAIL OF CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

	LaCasa, Inc.	Elkhart Senior Housing, L.P.	Lincoln Avenue Redevelopment, L.P.	Roosevelt Center, L.P.	Hawks Arts & Enterprise Center, L.P.	LaCasa Real Estate Holdings, LLC	Eliminations	Total
Net assets, January 1, 2016	**$ 13,986,066**	**$ 2,738,528**	**$ 2,043,550**	**$ 2,637,455**	**$ 962,980**	**$ (3,832)**	**$ (423,403)**	**$ 21,941,344**
Contributions	-	-	-	-	3,956,834	-	-	**3,956,834**
Changes in net assets	(42,529)	(266,809)	(291,078)	(349,486)	(436,917)	2,049	(1,674)	**(1,386,444)**
Net assets, December 31, 2016	**$ 13,943,537**	**$ 2,471,719**	**$ 1,752,472**	**$ 2,287,969**	**$ 4,482,897**	**$ (1,783)**	**$ (425,077)**	**$ 24,511,734**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2017

Federal Grantor *Pass-through Grantor* "Program Title"	**CFDA Number**	**Pass-Through Identification Number**	**Federal Expenditures**
Department of Housing and Urban Development			
Indiana Housing and Community Development Authority			
"Home Investment Partnerships Program"	14.239	CH-006-001	430,000
"Home Investment Partnerships Program"	14.239	CH-012-007	400,000
"Home Investment Partnerships Program"	14.239	CH-006-009	470,000
"Home Investment Partnership Program"	14.239	CH-016-001	217,940
"Home Investment Partnership Program"	14.239	CO-016-006	50,000
			1,567,940
City of Goshen			
"Community Development Block Grants/Entitlement Grants"	14.218	None	5,325
"Community Development Block Grants/Entitlement Grants"	14.218	None	77,235
"Community Development Block Grants/Entitlement Grants"	14.218	None	5,118
City of Elkhart			
"Community Development Block Grants/Entitlement Grants"	14.218	None	47,398
			135,076
Total Department of Housing and Urban Development			**1,703,016**
Total Expenditures of Federal Awards			**$ 1,703,016**

Note 1: The schedule of expenditures of federal awards is prepared on the accrual basis of accounting and the Corporation elected not to use the 10% de minimis cost rule.

Note 2: The accompanying schedule of expenditures of federal awards includes the federal grant activity of LaCasa, Inc. and its Subsidiaries and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Dauby O'Connor & Zaleski, LLC
A Limited Liability Company
Certified Public Accountants

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*

To the Board of Directors of
LaCasa, Inc. and Subsidiaries
(An Indiana Not-for-Profit Corporation)

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 LaCasa, Inc. and Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2017, and the related consolidated statements of activities, change in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 27, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered LaCasa, Inc. and Subsidiaries' 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 LaCasa, Inc. and Subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of LaCasa, Inc. and Subsidiaries' 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 LaCasa, Inc. and Subsidiaries' financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether LaCasa, Inc. and Subsidiaries' 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 financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Dauby O'Connor & Zaleski, LLC

March 27, 2018
Carmel, Indiana

Dauby O'Connor & Zaleski, LLC
Certified Public Accountants

Dauby O'Connor & Zaleski, LLC
A Limited Liability Company
Certified Public Accountants

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

To the Board of Directors of
LaCasa, Inc. and Subsidiaries
(An Indiana Not-for-Profit Corporation)

Report on Compliance for Each Major Federal Program

We have audited LaCasa, Inc. and Subsidiaries' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of LaCasa, Inc. and Subsidiaries' major federal programs for the year ended December 31, 2017. LaCasa, Inc. and Subsidiaries' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of LaCasa, Inc. and Subsidiaries' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 LaCasa, Inc. and Subsidiaries' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, LaCasa, Inc. and Subsidiaries complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

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Report on Internal Control Over Compliance

Management of LaCasa, Inc. and Subsidiaries 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 LaCasa, Inc. and Subsidiaries' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 LaCasa, Inc. and Subsidiaries' 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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

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.

Dauby, O'Connor & Zaleski, LLC

March 27, 2018
Carmel, Indiana

Dauby, O'Connor & Zaleski, LLC
Certified Public Accountants

SUMMARY OF AUDITOR'S RESULTS
YEAR ENDED DECEMBER 31, 2017

Section I-Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	___ yes _X_ no
• Significant deficiencies identified that are not considered to be material weaknesses?	___ yes _X_ none reported
Noncompliance material to financial statements noted?	___ yes _X_ no

Federal Awards

Dollar threshold to distinguish Type A and B programs	$750,000
Internal control over major programs:	
• Material weakness(es) identified?	___ yes _X_ no
• Auditee qualifies as a low-risk auditee?	_X_ yes ___ 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 section 2 CFR 200.516(a)?	___ yes _X_ no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.239	Home Investment Affordable Housing

Section II-Financial Statement Findings

Our audit disclosed no findings that are required to be reported.

Section III-Federal Award Findings and Questioned Costs

Our audit disclosed no findings that are required to be reported.

CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2017

Name of auditee: LaCasa, Inc. and Subsidiaries

Name of audit firm: Dauby O'Connor & Zaleski, LLC

Period covered by the audit: Year ended December 31, 2017

CAP prepared by

Name: James Davis

Position: Chief Operating Officer

Telephone number: 574-533-4450

Current Findings on the Schedule of Findings, Questioned Costs, and Recommendations

No corrective action plan is required to be reported.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2017

There were no findings or questioned costs from the prior audit report.

LACASA, INC. AND SUBSIDIARIES
(AN INDIANA NOT-FOR-PROFIT CORPORATION)

SUPPLEMENTAL SCHEDULES OF FINANCIAL POSITION NEIGHBORWORKS AMERICA (UNAUDITED)
DECEMBER 31, 2017 AND 2016

Schedule I

	2017	2016
Assets		
Cash	$ -	$ -
Property and equipment	-	161,033
Notes Receivable - Lincoln Avenue Redevelopment	-	88,355
Notes Receivable - Roosevelt Center	488,665	573,567
Notes Receivable - Hawks Arts & Enterprise Center	191,345	191,345
Notes Receivable - Elkhart Senior Housing	100,000	100,000
Total assets	**$ 780,010**	**$ 1,114,300**
Net Assets		
Temporarily restricted	$ -	$ -
Permanently restricted	780,010	1,114,300
Permanently restricted - Capital Funding for the Rehabilitation of Affordable Housing (CFRAH)	-	-
Total net assets	**$ 780,010**	**$ 1,114,300**

Schedule II

	2017	2016
Revenue, Gains, and Other Support		
Expendable Grant - NeighborWorks America	$ 300,762	$ 179,913
Capital Grant - NeighborWorks America	75,000	70,000
Total revenue, gains and other support	**375,762**	**249,913**
Funds expended	375,762	179,913
Change in net assets	-	70,000
Net assets released from restriction	(334,290)	(278,575)
Net assets at beginning of year	1,114,300	1,322,875
Net assets at end of year	**$ 780,010**	**$ 1,114,300**