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

CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

YEARS ENDED DECEMBER 31, 2019 AND 2018

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

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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, 2019 and 2018, 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, 2019 and 2018, 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 34 to 41 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 51 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 April 21, 2020, 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

April 21, 2020
Carmel, Indiana

Dauby O'Connor & Zaleski, LLC
Certified Public Accountants

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

ASSETS

	2019	2018
Current assets		
Cash and cash equivalents		
Cash	$ 892,232	$ 1,087,516
Resident security deposits	108,451	107,062
Reserve for replacements	859,979	664,415
Operating reserves	1,495,013	908,411
Total cash and cash equivalents	**3,355,675**	**2,767,404**
Accounts receivable - residential and commercial, net	26,898	106,054
Accounts and notes receivable - operations	352,299	224,497
Investments - properties for resale	46,390	128,071
Prepaid expenses	62,938	53,972
Current portion of mortgages receivable	51,584	57,319
Total current assets	**3,895,784**	**3,337,317**
Restricted deposits and funded reserves		
Cash - IDA funds	707,144	707,104
Property and equipment		
Land	385,198	334,900
Buildings and land improvements	38,012,059	37,447,917
Furniture and equipment	844,835	844,835
Office furniture and equipment	548,240	544,380
Vehicles	1,163	1,163
Construction in progress	1,944,373	222,447
	41,735,868	39,395,642
Less: Accumulated depreciation	(15,390,230)	(14,066,179)
Total property and equipment	**26,345,638**	**25,329,463**
Other assets		
Investments - entity	13,939	14,408
Unamortized costs, net	41,513	45,563
Mortgages receivable, net of current portion	1,005,982	1,167,908
Investments - CFEC	86,144	82,667
Total other assets	**1,147,578**	**1,310,546**
	$ 32,096,144	**$ 30,684,430**

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2019 AND 2018

LIABILITIES AND NET ASSETS

	2019	2018
Current liabilities		
Accounts payable	$ 558,434	$ 87,859
Accrued expenses and other payables	130,711	126,417
Current portion of accrued interest	1,389	1,686
Accrued real estate taxes	20,402	19,755
Prepaid revenue	7,391	6,234
Current portion of mortgage notes and notes payable	321,290	471,321
Total current liabilities	**1,039,617**	**713,272**
Deposit liabilities		
Resident security deposits	174,184	178,320
IDA funds held	128,202	203,565
Total deposit liabilities	**302,386**	**381,885**
Long term liabilities		
Development fee payable	268,185	268,185
Line of credit	200,000	175,000
Notes payable - entity, net of current portion	465,000	465,000
Notes payable, net of current portion	1,405,453	1,191,147
Mortgage notes payable - first mortgages, net of current portion	2,350,705	2,091,729
Less: Unamortized debt issuance costs, net	(11,794)	(14,453)
Notes payable - Elkhart County Housing Fund	963,665	1,119,789
Accrued interest, net of current portion	71,031	57,218
Total long term liabilities	**5,712,245**	**5,353,615**
Total liabilities	**7,054,248**	**6,448,772**
Net Assets		
Without donor restrictions	16,839,738	14,694,273
With donor restrictions	961,147	1,050,176
Non-controlling interest	7,241,011	8,491,209
Total net assets	**25,041,896**	**24,235,658**
	$ 32,096,144	**$ 30,684,430**

CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

	2019		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Revenue			
Rental income, net of vacancy and concessions	$ 2,236,270	$ -	$ 2,236,270
Fees for services	817,894	-	817,894
Grant income	2,610,861	-	2,610,861
Donations income	438,684	93,709	532,393
Donated labor and assets	51,668	-	51,668
Interest income	25,111	-	25,111
Change in beneficial interest	3,477	-	3,477
Other income	57,215	-	57,215
Satisfaction of program restrictions	163,802	(163,802)	-
Total revenue	**6,404,982**	**(70,093)**	**6,334,889**
Expenses			
Program expenses			
Asset and property management	3,605,325	-	3,605,325
Community building and organizing	77,857	-	77,857
Home ownership center	526,423	-	526,423
Real estate development	394,787	-	394,787
Resident services	138,936	-	138,936
Total program expenses	**4,743,328**	**-**	**4,743,328**
Supporting services			
Development	296,825	-	296,825
Management and general	488,498	-	488,498
Total supporting services	**785,323**	**-**	**785,323**
Total expenses	**5,528,651**	**-**	**5,528,651**
Changes in net assets	**$ 876,331**	**$ (70,093)**	**$ 806,238**
Non-controlling interest in net losses of subsidiaries	1,250,198	-	1,250,198
Changes in net assets excluding non-controlling interest	**$ 2,126,529**	**$ (70,093)**	**$ 2,056,436**

See notes to financial statements

CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

	2018		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Revenue			
Rental income, net of vacancy and concessions	$ 2,223,341	$ -	$ 2,223,341
Fees for services	734,117	-	734,117
Grant income	1,144,106	(5,000)	1,139,106
Donations income	791,396	26,681	818,077
Donated labor and assets	58,211	-	58,211
Interest income	7,844	-	7,844
Change in beneficial interest	(5,683)	-	(5,683)
Other income	129,239	-	129,239
Satisfaction of program restrictions	234,003	(234,003)	-
Total revenue	**5,316,574**	**(212,322)**	**5,104,252**
Expenses			
Program expenses			
Asset and property management	3,391,916	-	3,391,916
Community building and organizing	76,216	-	76,216
Home ownership center	477,234	-	477,234
Real estate development	375,008	-	375,008
Resident services	89,225	-	89,225
Total program expenses	**4,409,599**	**-**	**4,409,599**
Supporting services			
Development	336,461	-	336,461
Management and general	430,467	-	430,467
Total supporting services	**766,928**	**-**	**766,928**
Total expenses	**5,176,527**	**-**	**5,176,527**
Changes in net assets	**$ 140,047**	**$ (212,322)**	**$ (72,275)**
Non-controlling interest in net losses of subsidiaries	1,182,465	-	1,182,465
Changes in net assets excluding non-controlling interest	**$ 1,322,512**	**$ (212,322)**	**$ 1,110,190**

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	WITHOUT DONOR RESTRICTIONS		WITH DONOR RESTRICTIONS	TOTAL
	Controlled interest	Non-controlling interest		
Net assets, January 1, 2018	**$ 13,371,761**	**$ 9,598,674**	**$ 1,262,498**	**$ 24,232,933**
Contributions	-	75,000	-	75,000
Changes in net assets	1,322,512	(1,182,465)	(212,322)	(72,275)
Net assets, December 31, 2018	**14,694,273**	**8,491,209**	**1,050,176**	**24,235,658**
Changes in net assets	2,126,529	(1,250,198)	(70,093)	806,238
Net assets, December 31, 2019	**$ 16,820,802**	**$ 7,241,011**	**$ 980,083**	**$ 25,041,896**

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Cash flow from operating activities		
Changes in net assets	$ 806,238	$ (72,275)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,324,051	1,430,635
Amortization of debt issuance costs	2,925	2,657
Amortization	4,050	4,318
Change in beneficial interest	(3,477)	5,683
(Gain)Loss on sale of property and equipment	30,334	(152,420)
(Gain)Loss on sale of investments - properties for sale	(68,777)	(68,124)
Change in assets and liabilities:		
Cash - IDA funds	(40)	749
Accounts receivable - residents and commercial, net	79,156	17,350
Accounts and notes receivable - operations	(127,802)	(123,599)
Prepaid expenses	(8,966)	35,170
Accounts payable	16,542	(47,783)
IDA funds held	(75,363)	(32,684)
Accrued expenses and other payables	4,294	(18,455)
Accrued interest	13,516	8,461
Accrued real estate taxes	647	2,650
Prepaid revenue	1,157	(2,616)
Resident security deposits	(4,136)	3,177
Net cash provided by (used in) operating activities	**1,994,349**	**992,894**
Cash flow from investing activities		
Mortgages receivable	167,661	345,994
Purchase of property and equipment	(2,095,093)	(950,837)
Proceeds from sale of property and equipment	208,900	151,500
Purchase of investments - properties for resale	(132,039)	(181,300)
Sale of investments - properties for resale	215,000	134,300
Investments - entity	469	532
Investments - ECCF	(3,477)	5,683
Net cash provided by (used in) investing activities	**(1,638,579)**	**(494,128)**

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Cash flow from financing activities		
Line of credit	$ 25,000	$ 175,000
Proceeds from notes payable	70,000	540,000
Payments on notes payable	(25,735)	(115,000)
Proceeds from mortgage notes payable	405,731	-
Payments on mortgage notes payable	(80,940)	(155,307)
Payments on notes payable - Elkhart County Housing Fund	(161,555)	(346,696)
Contributions	-	75,000
Net cash provided by (used in) financing activities	**232,501**	**172,997**
Change in cash and cash equivalents	**588,271**	**671,763**
Cash and cash equivalents, beginning of year	**2,767,404**	**2,095,641**
Cash and cash equivalents, end of year	**$ 3,355,675**	**$ 2,767,404**
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	**$ 145,455**	**$ 171,015**

Supplemental information:
Cash flows from investing activities related to the purchase of property and equipment excludes $454,033, which was included in accounts payable at December 31, 2019.

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, 2019, LaCasa, Inc. and Subsidiaries owned and operated 328 units of affordable rental housing and related commercial space. 177 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, 34 scattered-site rental units and 7 units of commercial space. All housing and commercial units are located in Elkhart County, Indiana. 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 ("Water Tower Place 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").

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

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

Residential housing and commercial space (continued)

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.

Water Tower Place 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 one 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, serving six counties in north-central Indiana, provides pre- and post-home ownership counseling and training, administers Individual Development Accounts (matched savings accounts), 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 U.S. Citizenship and Immigration Services ("USCIS")-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 and training for neighborhood leaders, while promoting the appreciation of diversity within neighborhoods.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial reporting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The primary intent of the financial statements is for the U.S. Office of Management and Budget. The accounts of the Corporation are maintained, and the consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenues are recognized when earned, and expenses are recognized when incurred. In addition, the consolidated financial statements 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 statement established standards for external financial reporting for Not-for-Profit Organizations.

The Not-for-Profit Entities Presentation of Financial Statements topic of the FASB ASC primarily affects the display of the financial statements and requires that the amounts for each of two classes of net assets - with or without donor restrictions be displayed in an aggregate statement of financial position and the amounts of change in each of those classes of net assets be displayed in a statement of changes in net assets. Assets held by the Corporation at December 31, 2019 and 2018 are classified as with donor restrictions (See Note 14) or without donor restrictions (See Note 16).

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.

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

New accounting pronouncements

The Corporation is subject to the provisions of the Revenue from Contracts with Customers topic of the Financial Accounting Standards Board (FASB) *Accounting Standards Update* (ASU) 2014-09. The FASB ASU 2014-09 amended the existing accounting standards for revenue recognition. The new standard (i) provides guidance for all revenue arising from contracts with customers and (ii) provides a model for the measurement and recognition of gains and losses on the sale of certain nonfinancial assets, such as property, including real estate. The Corporation adopted the FASB ASU 2014-09 on January 1, 2019 and there was no cumulative effect recognized.

The Corporation is subject to the provisions of the Statements of Cash Flows topic of the FASB ASU 2016-18. The FASB ASU 2016-18 amended the existing accounting standards for the Statement of Cash Flows. The new standard requires cash, cash equivalents, and restricted cash be included when reconciling the beginning of period and end of period cash in the statements of cash flows. The Corporation adopted the FASB ASU 2016-18 on January 1, 2019 and there was no cumulative effect recognized.

In February 2016, the FASB issued ASU 2016-02, Leases, which once implemented will result in lessees recognizing most leased assets and corresponding lease liabilities on the balance sheets. The standard is effective for 2021 year ends and early adoption is permitted.

Cash

For the statements of cash flows, all unrestricted investments are cash equivalents. At December 31, 2019 and 2018, cash and cash equivalents consist of unrestricted checking accounts, savings accounts and petty cash.

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 $25,736 and $20,397 at December 31, 2019 and 2018, respectively. Bad debts included in asset and property management in the consolidated statements of activities expensed for the years ended December 31, 2019 and 2018 totaled $21,475 and $16,963, respectively.

Investments - properties for resale

The real estate held for resale is recorded at cost less a valuation allowance after consideration of level 3 inputs within the fair value hierarchy, further described below.

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

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. Pledges receivable consists of written promises to give by donors. 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.

Management periodically reviews mortgages, grants, pledges, and development fees receivable and uses an allowance for doubtful accounts to recognize bad debts. Mortgages, grants, pledges, and development fee receivables on the consolidated statement of financial position is shown net of the allowance for doubtful accounts, which totaled $-0- and $9,726 at December 31, 2019 and 2018, respectively. Recovery of bad debt included in the Financial Empowerment Center in the consolidated statements of activities for the years ended December 31, 2019 and 2018 totaled $1,390 and $9,278, respectively. Bad debts included in Financial Empowerment Center in the consolidated statements of activities expensed for the years ended December 31, 2019 and 2018 totaled $-0-.

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 years ended December 31, 2019 and 2018. There is no allowance for doubtful accounts as of December 31, 2019 and 2018.

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, 2019 and 2018 was $1,423,923 and $1,430,635, 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, 2019 and 2018.

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, 2019 and 2018.

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 without donor restrictions 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 with donor restrictions. 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 net assets with donor restrictions to net assets without donor restrictions 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, 2019 and 2018 accrued compensated absences were $54,227 and $54,475, 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 or relevant subsidiary 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 to the consolidated financial statements, 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 may 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, 2019 and 2018, the Corporation received $51,668 and $58,211 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 representing its performance obligations, as specified in the respective agreements. Certain fees are deferred and payable from the properties' future available operating cash flow. In accordance with FASB ASC 606, an allowance should be established to reserve against balances determined to be uncollectible. However, the receivable balances are eliminated as intercompany transactions, and the difference is considered to not be material to the consolidated financial statements.

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.

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

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 years ended December 31, 2019 and 2018, fundraising costs were insignificant to the consolidated financial statements as a whole.

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, 2019 and 2018, 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, 2019 and 2018, the grants without donor restrictions were 41% and 22% of total revenue, respectively. At December 31, 2019 and 2018, approximately 74% and 6% of the Corporation's accounts receivable balance related to grants, respectively.

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.

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

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.

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, 2019 and 2018, 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, 2019 and 2018. 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.

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

Subsequent events

Management performed an evaluation of the Corporation's activity through April 21, 2020, 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.

Reclassification

Certain prior year amounts have been reclassified to conform to the current year financial statement presentation. These reclassifications had no effect on the reported consolidated statements of activities of the Corporation.

NOTE 2-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, 2019 and 2018, pledges receivable designated for the Impact Fund were $71,640 and $206,080, 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 $526,125 in cash and pledges.

NOTE 3-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. At December 31, 2019 and 2018, match funds held for individuals and families are included in the consolidated statements of financial position as IDA Funds held in the amount of $707,144 and $707,104, respectively.

NOTE 4-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, or resident security deposits, which must be maintained in separate interest bearing accounts. At December 31, 2019 and 2018, the balance of restricted deposits and funded reserves is $2,455,188 and $1,679,888 and the balance of the deposits held in trust-funded is $828,778 and $718,388, respectively.

NOTE 5-PROPERTIES FOR RESALE

Properties held for sale consists of the following:

	2019	2018
Held for future development	$ 136,470	$ 218,151
Currently in development	38,530	38,530
Total properties held for resale	175,000	256,681
Valuation allowance	(128,610)	(128,610)
Net properties held for resale	**$ 46,390**	**$ 128,071**

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:

	2019	2018
January 1	$ 128,071	$ 336,694
Development and construction costs	-	144,415
Properties sold	-	(232,272)
Transfer to rental property and CIP	(81,681)	(120,766)
December 31	**$ 46,390**	**$ 128,071**

NOTE 6-CONSTRUCTION IN PROGRESS

As of December 31, 2019 and 2018, property development and rehabilitation costs had been incurred on the following properties:

	2019	2018
East Lincoln Corridor	$ -	$ 222,163
Flake Street and Albany Street new construction	986,379	-
Benham Avenue new construction	943,301	-
Other projects under construction	14,693	284
	$ 1,944,373	**$ 222,447**

NOTE 6-CONSTRUCTION IN PROGRESS (CONTINUED)

The Corporation has two projects in development. The project involving the acquisition and rehabilitation of blighted multifamily properties in a near downtown Goshen, Indiana neighborhood was completed during the year ending December 31, 2019. The entire cost of the project was capitalized into buildings and land improvements on the accompanying consolidated statements of financial position. During the year ending December 31, 2019, the Corporation acquired and began construction on two new multi-family developments in Elkhart, Indiana. The development costs are included in construction in progress in the accompanying consolidated statements of financial position.

NOTE 7-UNAMORTIZED COSTS

Unamortized costs consist of $102,315 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, 2019 and 2018 was $4,050 and $4,318, respectively. At December 31, 2019 and 2018 accumulated amortization was $56,952 and $52,902, respectively.

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

2020	$ 4,050
2021	4,050
2022	4,050
2023	4,050
2024	4,050
Thereafter	25,313
	$ 45,563

NOTE 8-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.

Net mortgages consist of the following at December 31:

	2019	**2018**
Current portion	$ 51,584	$ 57,319
Long term portion	1,014,318	1,177,634
	1,065,902	1,234,953
Less allowance for doubtful accounts	(8,336)	(9,726)
	$ 1,057,566	**$ 1,225,227**

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

NOTE 9-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, 2019 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%	148,355	148,355	-
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	-
09/19/19	06/30/24	0.00%	50,000	50,000	-
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	-
				$4,120,067	**$ -**

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

NOTE 9-NOTES RECEIVABLE (CONTINUED)

At December 31, 2019 and 2018, intercompany notes receivable of $4,120,067 and $4,070,067 has been eliminated with intercompany notes payable, respectively. For the years ended December 31, 2019 and 2018, intercompany interest income of $347,247 and $313,280, respectively, has been eliminated with intercompany interest expense. At December 31, 2019 and 2018, intercompany accrued interest receivable of $2,580,260 and $2,248,228, respectively, has been eliminated with intercompany accrued interest.

NOTE 10-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 CFEC on behalf of the LaCasa, Inc. from other donors, as prescribed by GAAP, this portion of the Fund (fair value of $66,142 and $60,994 at December 31, 2019 and 2018, respectively) has not been reflected as part of the Corporation's beneficial interest.

During the years ended December 31, 2019 and 2018, the Corporation received distributions of $8,230 and $4,080, respectively, from the CFEC.

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 10-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, 2019 and 2018:

	2019	2018
Beginning balance	$ 82,667	$ 88,350
Change in value:		
Interest and dividend income	1,928	2,097
Realized gain on sales of investments	2,266	2,301
Unrealized gain (loss) on sales of investments	7,728	(5,784)
Distribution	(8,230)	(4,080)
Administration bank fees	(215)	(217)
	$ 86,144	$ 82,667

NOTE 11-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, 2019 are as follows:

Date of Note	Maturity Date	Lender	Interest Rate	Face Amount	Outstanding Balance Long term Portion	Outstanding Balance Current Portion
LaCasa, Inc.						
02/21/19	02/21/21	Individual	1.00%	$ 10,000	$ 10,000	$ -
12/31/19	12/31/22	Individual	1.00%	145,000	145,000	-
12/29/19	12/31/21	Individual	1.50%	13,348	13,348	-
11/20/19	11/20/24	Individual	2.00%	100,000	100,000	-
08/01/18	08/01/20	Individual	2.00%	25,000	-	25,000
02/08/19	02/08/24	Lake City Bank	4.86%	625,021	481,117	119,824
11/22/19	12/31/34	First State Bank	5.20%	375,000	356,832	16,808
08/15/12	12/31/22	City of Goshen	Variable	500,000	500,000	-
	See Note 10	Elkhart County Housing Fund	Various	1,571,451	963,665	43,531
09/17/14	09/17/21	Talmer Bank	5.15%	262,170	127,460	-
09/15/14	09/16/24	1st Source Bank	4.81%	1,200,000	940,481	47,102
12/31/15	12/31/23	Organization	2.00%	150,000	150,000	-
12/14/18	12/14/23	First State Bank of Middlebury	4.475%	540,000	487,105	27,160

NOTE 11-NOTES PAYABLE (CONTINUED)

			Outstanding Balance			
Date of Note	**Maturity Date**	**Lender**	**Interest Rate**	**Face Amount**	**Long term Portion**	**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	61,954	15,065
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	-
09/19/19	06/30/24	LaCasa, Inc.	0.00%	50,000	50,000	-
Lincoln Avenue						
10/08/12	10/27/26	1st Source Bank	5.00%	183,000	91,641	13,307
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%	148,355	148,355	-
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% (1)	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	291,221	13,493
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	-
					9,304,891	321,290
			Less eliminations		(4,120,067)	-
					$ 5,184,824	$ 321,290

(1) 2% through December 31, 2018 and 3% thereafter

NOTE 11-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 $2,652,680 and $2,307,132 of which $2,596,063 and $2,248,228 was eliminated at December 31, 2019 and 2018, respectively. For the years ended December 31, 2019 and 2018, the Corporation has incurred interest of $506,218 and $446,865, respectively. For the years ended December 31, 2019 and 2018, the Corporation eliminated interest of $347,247 and $313,280, 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:

2020	$ 321,290
2021	632,436
2022	813,677
2023	721,823
2024	259,906
Thereafter	7,027,047
	9,776,179
Unamortized debt issuance costs, net	(11,795)
Total	**$ 9,764,384**

Financing costs of $42,382 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 the years ended December 31, 2019 and 2018, amortization expense was $2,658 and $2,657, respectively. The write-off results in original costs totaling $42,382. At December 31, 2019 and 2018, accumulated amortization was $30,587 and $27,929, respectively.

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

2020	$ 2,658
2021	2,658
2022	2,658
2023	1,041
2024	504
Thereafter	2,276
	$ 11,795

NOTE 12-LINE OF CREDIT

On June 11, 2013, the Corporation entered into a revolving line of credit agreement with Lake City Bank. The agreement provided, 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 (5.5% at December 31, 2019); and
c. An original maturity date of July 11, 2018.

During the years ended December 31, 2019 and 2018, $-0- was drawn on the line of credit, $-0- was repaid, all respectively, and at December 31, 2019 and 2018, the outstanding principal balance is $-0-.

On September 22, 2017, the Corporation entered into a revolving line of credit agreement with First State Bank of Middlebury. The agreement provides, among other things, for:

a. A maximum note amount of $300,000;
b. An interest rate of prime, as defined in the line of credit agreement (5.5% at December 31, 2019); and
c. An original maturity date of September 10, 2019 with option to extend until 2020, which was executed.

During the years ended December 31, 2019 and 2018, $25,000 and $175,000 was drawn on the line of credit, $-0- was repaid, and at December 31, 2019 and 2018, the outstanding principal balance is $200,000 and $175,000, all respectively.

NOTE 13-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, 2019 and 2018, banks have funded 100% of their commitment, and the Corporation has a $32,990 and $34,895 mortgage receivable and a note payable of $32,990 and $34,895 to the bank coalition, all respectively.

In Pool #2 as of December 31, 2019 and 2018, banks have funded 100% of their commitment, and the Corporation has a $97,525 and $57,411 mortgage receivable and a note payable of $97,525 and $57,411 to the bank coalition, all respectively.

In Pool #3 as of December 31, 2019 and 2018, banks have funded 100% of their commitment, and the Corporation has a $55,122 and $57,411 mortgage receivable and a note payable of $55,122 and $57,411 to the bank coalition, all respectively.

In Pool #4 as of December 31, 2019 and 2018, banks have funded 100% of their commitment, and the Corporation has an $85,711 and $153,533 mortgage receivable and a note payable of $85,711 and $153,533 to the bank coalition, all respectively.

In Pool #5 as of December 31, 2019 and 2018, banks have funded 100% of their commitment, and the Corporation has a $735,847 and $822,097 mortgage receivable and a note payable of $735,847 and $822,097 to the bank coalition, all respectively.

NOTE 14-NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were for the following purposes at December 31:

	2019	2018
Net assets with donor restrictions not invested in perpetuity, subject to purpose or time restrictions:		
Funds restricted for IDA program	$ 591,993	$ 498,284
Funds restricted from United Way	5,885	5,885
Funds restricted from NeighborWorks America grant awards	382,205	546,007
	$ 980,083	**$ 1,050,176**

NeighborWorks America

LaCasa, Inc. received NeighborWorks America grant awards, which are net assets with donor restrictions. The grants have been recorded as net assets with donor restrictions and income is without donor restrictions to support the operations of the Corporation.

NOTE 15-NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor-imposed restrictions for the years ended December 31, 2019 and 2018 by incurring expenses satisfying the restricted purposes, by the passage of time, or by occurrence of other events specified by donors were as follows:

Satisfaction of purpose and time restrictions	$ 163,802
Total net assets released from donor restrictions	**$ 163,802**

NOTE 16-NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of the following as of December 31, 2019:

Undesignated controlled interest net assets	$ 16,105,171
Management restricted:	
NeighborWorks funds to be spent	191,110
Capital projects - East Lincoln pledges	11,500
Impact fund contributions - received	328,120
Impact fund contributions - pledged	71,640
Community Foundation of Elkhart	126,365
Total controlled interest net assets without donor restrictions	**$16,833,906**

NOTE 16-NET ASSETS WITHOUT DONOR RESTRICTIONS (CONTINUED)

Management has restricted NeighborWorks funds, East Lincoln pledges received, impact fund contributions received and pledged, and Community Foundation of Elkhart funds internally.

The Board of Directors has established operating and other reserves with the objective of setting funds aside to be drawn upon in the event of financial stress of an immediate liquidity need or if said funds have been designated for a specific purpose. The goal of the Corporation is to maintain operating and other reserves at a level to meet normal operating needs.

NOTE 17-LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Corporation manages its liquidity by completing annual operating budgets that provide sufficient funds for general expenditures in meeting liabilities and other obligations as they become due and maintains cash and cash equivalents that may be drawn upon as needed during the year to manage cash flow and make necessary expenditures. The Corporation's cash and cash equivalents is available within one year of the statement of financial position date to meet cash needs for general expenditures. There are funds (operating and other reserves) established by the governing board that may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities. In the event of an unanticipated liquidity need, the Corporation also could draw upon $100,000 of available lines of credit (as further discussed in Note 12).

The following reflects the organizations financial assets as of the December 31, 2019, reduced by amounts not available for general use within one year of the December 31, 2019 because of internal designations. Amounts not available include amounts set aside as payable on mortgages and investments designated by the Board of Directors as held for future development or currently in development. These amounts could be drawn upon if needed with approval from the Board of Directors.

Cash	$ 900,487
Accounts receivable - residents and commercial net	26,898
Accounts and notes receivable - operations	352,299
Investments - properties for resale	46,390
Current portion of mortgages receivable	51,584
	1,377,658
Internal designations	
Investments - properties for resale	(46,390)
Current portion of mortgages receivable	(51,584)
Financial assets available to meet cash needs for general expenditures within one year	**$ 1,279,684**

NOTE 18-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, 2019 and 2018, developer fee revenue totaled $-0-. At December 31, 2019 and 2018, intercompany receivables of $757,199 has been eliminated with intercompany payables. During the years ended December 31, 2019 and 2018, 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, 2019 and 2018.

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, 2019 and 2018, $-0- was paid. At December 31, 2019 and 2018, $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, 2019 and 2018, asset management fees of $5,532 and $5,376 were expensed and paid, respectively. At December 31, 2019 and 2018, 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, 2019 and 2018, partnership management fees of $16,883 and $13,792 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, 2019 and 2018, $57,065 and $40,182 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, 2019 and 2018, investor services fees of $2,971 were expensed, and $3,605 and $2,884 were paid, all respectively. The investor service fee was paid from operations during the years ended December 31, 2018 and 2017, and will be reimbursed from the investor services fee reserve in 2020. As of December 31, 2019 and 2018, $2,337 and $2,971 remain payable, respectively, and is included in accrued expenses and other payables on the consolidated statements of financial position.

NOTE 19-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, 2019 was $14,534,430, and the accumulated depreciation on the property totaled $5,721,970. Total cost of rental real estate at December 31, 2018 was $13,154,244, and the accumulated depreciation on the property totaled $5,371,490.

LaCasa, Inc. leases space for seven commercial tenants. Two of the spaces were vacant during the years ended December 31, 2019 and 2018. The base rent ranges from $4,200 to $28,440 per annum with some of the operating lease base rents increasing annually. Rent income under these leases were $113,110 and $97,742 for the years ended December 31, 2019 and 2018, respectively.

As of December 31, 2019, the future minimum rental receipts are as follows:

2020	$ 46,325
2021	47,221
2022	48,160
2023	49,145
2024	31,220
Thereafter	87,057
	$ 309,128

NOTE 20-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, 2019 and 2018 were $71,898 and $73,213, respectively.

NOTE 21-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.

COVID - 19

In December 2019, a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world in the first quarter of 2020 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Corporation is unable to determine if it will have a material impact to its operations.

NOTE 22-SUBSEQUENT EVENT

On April 16, 2020, the Company entered into a new Small Business Administration Paycheck Protection Program Loan in the original amount of $366,800. Proceeds from the new loan may be forgiven so long as the 75% of the funds are used for payroll and payroll related costs, and not more than 25% shall be used for non-payroll costs.

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

DETAIL OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

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 and cash equivalents								
Cash	$ 854,866	$ 7,828	$ 14,428	$ 5,623	$ 7,647	$ 1,840	$ -	$ 892,232
Resident security deposits	23,174	24,918	17,016	21,641	21,702	-	-	108,451
Reserve for replacements	451,944	151,458	100,382	114,384	41,811	-	-	859,979
Operating reserves	1,231,072	2,055	43,558	26,370	191,958	-	-	1,495,013
Total cash and cash equivalents	**2,561,056**	**186,259**	**175,384**	**168,018**	**263,118**	**1,840**	**-**	**3,355,675**
Accounts receivable - residents and commercial, net	23,332	510	1,496	147	1,413	-	-	26,898
Accounts and notes receivable - operations	764,471	1,037	-	-	-	-	(413,209)	352,299
Developer fees receivable	814,263	-	-	-	-	-	(814,263)	-
Investments - properties for resale	46,390	-	-	-	-	-	-	46,390
Prepaid expenses	62,938	-	-	-	-	-	-	62,938
Current portion of mortgages receivable	51,584	-	-	-	-	-	-	51,584
Total current assets	**4,324,034**	**187,806**	**176,880**	**168,165**	**264,531**	**1,840**	**(1,227,472)**	**3,895,784**
Restricted deposits and funded reserves								
Cash - IDA funds	707,144	-	-	-	-	-	-	707,144
Property and equipment								
Land	183,693	142,791	58,714	-	-	-	-	385,198
Buildings and land improvements	14,353,635	6,527,176	5,303,710	5,768,853	6,058,685	-	-	38,012,059
Furniture and equipment	-	139,129	62,760	84,657	558,289	-	-	844,835
Office furniture and equipment	548,240	-	-	-	-	-	-	548,240
Vehicles	1,163	-	-	-	-	-	-	1,163
Construction in progress	1,944,089	-	-	-	-	284	-	1,944,373
	17,030,820	**6,809,096**	**5,425,184**	**5,853,510**	**6,616,974**	**284**	**-**	**41,735,868**
Less: Accumulated depreciation	(6,807,114)	(2,894,457)	(2,101,427)	(1,981,690)	(1,605,542)	-	-	(15,390,230)
Total property and equipment	**10,223,706**	**3,914,639**	**3,323,757**	**3,871,820**	**5,011,432**	**284**	**-**	**26,345,638**
Other assets								
Investments - entity	381,743	-	-	-	-	-	(367,804)	13,939
Unamortized costs, net	-	-	-	-	41,513	-	-	41,513
Notes receivable	4,119,480	-	-	-	-	-	(4,119,480)	-
Interest receivable	2,596,063	-	-	-	-	-	(2,596,063)	-
Mortgages receivable, net of current portion	1,005,982	-	-	-	-	-	-	1,005,982
Investments - CFEC	86,144	-	-	-	-	-	-	86,144
Other prepaids and deposits								
	8,189,412	**-**	**-**	**-**	**41,513**	**-**	**(7,083,347)**	**1,147,578**
Total other assets								
	$ 23,444,296	**$ 4,102,445**	**$ 3,500,637**	**$ 4,039,985**	**$ 5,317,476**	**$ 2,124**	**$ (8,310,819)**	**$ 32,096,144**

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

DETAIL OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2019

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	$ 522,026	$ 9,488	$ 15,761	$ 9,557	$ 23,190	$ -	$ (21,588)	$ 558,434
Accounts payable - related party	-	-	-	-	1,408	49,800	(51,208)	-
Accrued expenses and other payables	128,374	-	-	-	59,402	-	(57,065)	130,711
Current portion of accrued interest	1,276	113	-	-	-	-	-	1,389
Accrued real estate taxes	-	3,528	3,140	1,445	1,940	10,349	-	20,402
Prepaid revenue	-	2,120	708	1,650	2,913	-	-	7,391
Line of credit	-	-	-	-	-	-	-	-
Current portion of mortgage notes and notes payable	279,425	15,065	13,307	-	13,493	-	-	321,290
Total current liabilities	**931,101**	**30,314**	**32,916**	**12,652**	**102,346**	**60,149**	**(129,861)**	**1,039,617**
Deposit liabilities								
Resident security deposits	93,887	24,393	16,420	19,406	20,078	-	-	174,184
IDA funds held	128,202	-	-	-	-	-	-	128,202
Total deposit liabilities	**222,089**	**24,393**	**16,420**	**19,406**	**20,078**	**-**	**-**	**302,386**
Long term liabilities								
Accounts payable - related party	-	42,950	144,723	152,740	-	-	(340,413)	-
Development fee payable	-	611,370	185,000	229,014	-	-	(757,199)	268,185
Line of credit	200,000	-	-	-	-	-	-	200,000
Notes payable - entity, net of current portion	-	1,125,000	1,135,155	1,233,567	1,091,345	-	(4,120,067)	465,000
Notes payable, net of current portion	1,405,453	-	-	-	-	-	-	1,405,453
Mortgage notes payable - first mortgages, net of current portion	1,905,889	61,954	91,641	-	291,221	-	-	2,350,705
Other loans and notes payable, net of current portion	-	-	-	-	-	-	-	-
Less: Unamortized debt issuance costs, net	-	(6,999)	(2,469)	-	(2,326)	-	-	(11,794)
Notes payable - Elkhart County Housing Fund	963,665	-	-	-	-	-	-	963,665
Accrued interest, net of current portion	-	483,540	1,007,293	935,378	225,080	-	(2,580,260)	71,031
Total long term liabilities	**4,475,007**	**2,317,815**	**2,561,343**	**2,550,699**	**1,605,320**	**-**	**(7,797,939)**	**5,712,245**
Total liabilities	**5,628,197**	**2,372,522**	**2,610,679**	**2,582,757**	**1,727,744**	**60,149**	**(7,927,800)**	**7,054,248**
Net Assets								
Without donor restrictions	16,854,952	(3,321)	429,680	(328)	(201)	(58,025)	(383,019)	16,839,738
With donor restrictions	961,147	-	-	-	-	-	-	961,147
Non-controlling interest	-	1,733,244	460,278	1,457,556	3,589,933	-	-	7,241,011
Total net assets	**17,816,099**	**1,729,923**	**889,958**	**1,457,228**	**3,589,732**	**(58,025)**	**(383,019)**	**25,041,896**
	$ 23,444,296	**$ 4,102,445**	**$ 3,500,637**	**$ 4,039,985**	**$ 5,317,476**	**$ 2,124**	**$ (8,310,819)**	**$ 32,096,144**

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

DETAIL OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2018

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 and cash equivalents								
Cash	$ 993,834	$ 8,864	$ 46,081	$ 7,945	$ 14,837	$ 15,955	$ -	$ 1,087,516
Resident security deposits	23,954	24,916	15,663	21,608	20,921	-	-	107,062
Reserve for replacements	262,790	144,163	88,408	108,853	60,201	-	-	664,415
Operating reserves	644,084	2,055	42,568	25,221	194,483	-	-	908,411
Total cash and cash equivalents	**1,924,662**	**179,998**	**192,720**	**163,627**	**290,442**	**15,955**	**-**	**2,767,404**
Deposits held in trust - funded								
Accounts receivable - residents and commercial, net	101,087	384	948	1,764	1,871	-	-	106,054
Accounts and notes receivable - operations	584,074	678	383	-	-	-	(360,638)	224,497
Developer fees receivable	797,380	-	-	-	-	-	(797,380)	-
Investments - properties for resale	128,071	-	-	-	-	-	-	128,071
Prepaid expenses	53,972	-	-	-	-	-	-	53,972
Current portion of mortgages receivable	57,319	-	-	-	-	-	-	57,319
Total current assets	**3,646,565**	**181,060**	**194,051**	**165,391**	**292,313**	**15,955**	**(1,158,018)**	**3,337,317**
Restricted deposits and funded reserves								
Cash - IDA funds	707,104	-	-	-	-	-	-	707,104
Property and equipment								
Land	133,395	142,791	58,714	-	-	-	-	334,900
Buildings and land improvements	13,907,750	6,462,992	5,273,864	5,768,853	6,034,458	-	-	37,447,917
Furniture and equipment	-	139,129	62,760	84,657	558,289	-	-	844,835
Office furniture and equipment	544,380	-	-	-	-	-	-	544,380
Vehicles	1,163	-	-	-	-	-	-	1,163
Construction in progress	222,163	-	-	-	-	284	-	222,447
	14,808,851	**6,744,912**	**5,395,338**	**5,853,510**	**6,592,747**	**284**	**-**	**39,395,642**
Less: Accumulated depreciation	(6,410,261)	(2,650,174)	(1,918,659)	(1,809,571)	(1,277,514)	-	-	(14,066,179)
Total property and equipment	**8,398,590**	**4,094,738**	**3,476,679**	**4,043,939**	**5,315,233**	**284**	**-**	**25,329,463**
Other assets								
Investments - entity	425,086	-	-	-	-	-	(410,678)	14,408
Unamortized costs, net	-	-	-	-	45,563	-	-	45,563
Notes receivable	4,070,067	-	-	-	-	-	(4,070,067)	-
Interest receivable	2,248,228	-	-	-	-	-	(2,248,228)	-
Mortgages receivable, net of current portion	1,167,908							1,167,908
Investments - CFEC	82,667	-	-	-	-	-	-	82,667
Total other assets	**7,993,956**	**-**	**-**	**-**	**45,563**	**-**	**(6,728,973)**	**1,310,546**
	$ 20,746,215	**$ 4,275,798**	**$ 3,670,730**	**$ 4,209,330**	**$ 5,653,109**	**$ 16,239**	**$ (7,886,991)**	**$ 30,684,430**

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

DETAIL OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2018

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	$ 56,153	$ 8,018	$ 12,972	$ 9,133	$ 5,467	$ -	$ (3,884)	$ 87,859
Accounts payable - related party	-	-	-	-	1,452	21,391	(22,843)	-
Accrued expenses and other payables	123,446	-	-	-	43,153	-	(40,182)	126,417
Current portion of accrued interest	1,573	113	-	-	-	-	-	1,686
Accrued real estate taxes	-	1,337	2,431	1,246	4,392	10,349	-	19,755
Prepaid revenue	-	1,979	1,696	1,084	1,475	-	-	6,234
Line of credit	-	-	-	-	-	-	-	-
Current portion of mortgage notes and notes payable	432,448	14,915	12,659	-	11,299	-	-	471,321
Total current liabilities	**613,620**	**26,362**	**29,758**	**11,463**	**67,238**	**31,740**	**(66,909)**	**713,272**
Deposit liabilities								
Resident security deposits	95,100	25,003	16,728	20,913	20,576	-	-	178,320
IDA funds held	203,565	-	-	-	-	-	-	203,565
Total deposit liabilities	**298,665**	**25,003**	**16,728**	**20,913**	**20,576**	**-**	**-**	**381,885**
Long term liabilities								
Accounts payable - related party	-	70,654	113,009	150,249	-	-	(333,912)	-
Development fee payable	-	611,370	185,000	229,014	-	-	(757,199)	268,185
Line of credit	175,000	-	-	-	-	-	-	175,000
Notes payable - entity, net of current portion	-	1,075,000	1,135,155	1,233,567	1,091,345	-	(4,070,067)	465,000
Notes payable, net of current portion	1,191,147	-	-	-	-	-	-	1,191,147
Mortgage notes payable - first mortgages, net of current portion	1,603,547	77,019	104,815	-	306,348	-	-	2,091,729
Other loans and notes payable, net of current porti	-	-	-	-	-	-	-	-
Less: Unamortized debt issuance costs, net	-	(9,153)	(2,831)	-	(2,469)	-	-	(14,453)
Notes payable - Elkhart County Housing Fund	1,119,789	-	-	-	-	-	-	1,119,789
Accrued interest, net of current portion	-	420,374	895,561	817,912	171,599	-	(2,248,228)	57,218
Total long term liabilities	**4,089,483**	**2,245,264**	**2,430,709**	**2,430,742**	**1,566,823**	**-**	**(7,409,406)**	**5,353,615**
Total liabilities	**5,001,768**	**2,296,629**	**2,477,195**	**2,463,118**	**1,654,637**	**31,740**	**(7,476,315)**	**6,448,772**
Net Assets								
Without donor restrictions	14,694,271	(3,072)	429,710	(299)	(160)	(15,501)	(410,676)	14,694,273
With donor restrictions	1,050,176	-	-	-	-	-	-	1,050,176
Non-controlling interest	-	1,982,241	763,825	1,746,511	3,998,632	-	-	8,491,209
Total net assets	**15,744,447**	**1,979,169**	**1,193,535**	**1,746,212**	**3,998,472**	**(15,501)**	**(410,676)**	**24,235,658**
	$ 20,746,215	**$ 4,275,798**	**$ 3,670,730**	**$ 4,209,330**	**$ 5,653,109**	**$ 16,239**	**$ (7,886,991)**	**$ 30,684,430**

DETAIL OF CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

	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	$ 1,217,427	$ 317,217	$ 212,120	$ 248,545	$ 240,961	$ -	$ -	$ 2,236,270
Fees for services	900,438	-	-	-	-	-	(82,544)	817,894
Grant income	2,610,861	-	-	-	-	-	-	2,610,861
Donations income	532,393	-	-	-	-	-	-	532,393
Donated labor and assets	51,668	-	-	-	-	-	-	51,668
Interest income	370,765	69	200	213	1,111	-	(347,247)	25,111
Change in beneficial interest	3,477	-	-	-	-	-	-	3,477
Other income	(16,791)	9,185	4,965	8,241	8,741	-	42,874	57,215
Satisfaction of program restrictions	-	-	-	-	-	-	-	-
Total revenue	**5,670,238**	**326,471**	**217,285**	**256,999**	**250,813**	**-**	**(386,917)**	**6,334,889**
Expenses								
Program expenses								
Asset and property management	1,675,260	575,717	520,862	545,983	659,553	42,524	(414,574)	3,605,325
Community building and organizing	77,857	-	-	-	-	-	-	77,857
Home ownership center	526,423	-	-	-	-	-	-	526,423
Real estate development	394,787	-	-	-	-	-	-	394,787
Resident services	138,936	-	-	-	-	-	-	138,936
Total program expenses	**2,813,263**	**575,717**	**520,862**	**545,983**	**659,553**	**42,524**	**(414,574)**	**4,743,328**
Supporting services								
Development	296,825	-	-	-	-	-	-	296,825
Management and general	488,498	-	-	-	-	-	-	488,498
Total supporting services	**785,323**	**-**	**-**	**-**	**-**	**-**	**-**	**785,323**
Non-operating expense								
Total expenses	**3,598,586**	**575,717**	**520,862**	**545,983**	**659,553**	**42,524**	**(414,574)**	**5,528,651**
Changes in net assets	**$ 2,071,652**	**$ (249,246)**	**$ (303,577)**	**$ (288,984)**	**$ (408,740)**	**$ (42,524)**	**$ 27,657**	**$ 806,238**

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

DETAIL OF CONSOLIDATED STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

	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	$ 1,217,893	$ 310,438	$ 205,253	$ 244,114	$ 245,643	$ -	$ -	$ 2,223,341
Fees for services	770,732	-	-	-	-	42,012	(78,627)	734,117
Grant income	1,139,106	-	-	-	-	-	-	1,139,106
Donations income	818,077	-	-	-	-	-	-	818,077
Donated labor and assets	58,211	-	-	-	-	-	-	58,211
Interest income	320,078	70	176	204	596	-	(313,280)	7,844
Change in beneficial interest	(5,683)	-	-	-	-	-	-	(5,683)
Other income	76,845	8,204	11,172	6,928	9,971	-	16,119	129,239
Satisfaction of program restrictions	-	-	-	-	-	-	-	-
Total revenue	**4,395,259**	**318,712**	**216,601**	**251,246**	**256,210**	**42,012**	**(375,788)**	**5,104,252**
Expenses								
Program expenses								
Asset and property management	1,500,461	557,227	493,594	532,187	642,560	57,797	(391,910)	3,391,916
Community building and organizing	76,216	-	-	-	-	-	-	76,216
Home ownership center	477,234	-	-	-	-	-	-	477,234
Real estate development	375,008	-	-	-	-	-	-	375,008
Resident services	89,225	-	-	-	-	-	-	89,225
Total program expenses	**2,518,144**	**557,227**	**493,594**	**532,187**	**642,560**	**57,797**	**(391,910)**	**4,409,599**
Supporting services								
Development	336,461	-	-	-	-	-	-	336,461
Management and general	430,467	-	-	-	-	-	-	430,467
Total supporting services	**766,928**	**-**	**-**	**-**	**-**	**-**	**-**	**766,928**
Non-operating expense								
Total expenses	**3,285,072**	**557,227**	**493,594**	**532,187**	**642,560**	**57,797**	**(391,910)**	**5,176,527**
Changes in net assets	**$ 1,110,187**	**$ (238,515)**	**$ (276,993)**	**$ (280,941)**	**$ (386,350)**	**$ (15,785)**	**$ 16,122**	**$ (72,275)**

DETAIL OF CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2019

	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, 2019	**$ 15,744,447**	**$ 1,979,169**	**$ 1,193,535**	**$ 1,746,212**	**$ 3,998,472**	**$ (15,501)**	**$ (410,676)**	**$ 24,235,658**
Contributions	-	-	-	-	-	-	-	**-**
Distributions	-	-	-	-	-	-	-	**-**
Changes in net assets	2,071,652	(249,246)	(303,577)	(288,984)	(408,740)	(42,524)	27,657	**806,238**
Equity investments eliminated	-	-	-	-	-	-	-	**-**
Net assets, December 31, 2019	**$ 17,816,099**	**$ 1,729,923**	**$ 889,958**	**$ 1,457,228**	**$ 3,589,732**	**$ (58,025)**	**$ (383,019)**	**$ 25,041,896**

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

DETAIL OF CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

	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, 2018	**$ 14,634,260**	**$ 2,217,684**	**$ 1,470,528**	**$ 2,027,153**	**$ 4,309,822**	**$ 284**	**$ (426,798)**	**$ 24,232,933**
Contributions	-	-	-	-	75,000	-	-	**75,000**
Distributions	-	-	-	-	-	-	-	**-**
Changes in net assets	1,110,187	(238,515)	(276,993)	(280,941)	(386,350)	(15,785)	16,122	**(72,275)**
Investments eliminated on equity method	-	-	-	-	-	-	-	**-**
Net assets, December 31, 2018	**$ 15,744,447**	**$ 1,979,169**	**$ 1,193,535**	**$ 1,746,212**	**$ 3,998,472**	**$ (15,501)**	**$ (410,676)**	**$ 24,235,658**

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2019

Federal Grantor *Pass-through Grantor* "Program Title"	**CFDA Number**	**Pass-Through Identification Number**	**Federal Expenditures**
U.S. Department of Treasury			
NeighborWorks America - Capital Grant	21.000	R-NEC-2019-51595	$ 75,000
NeighborWorks America - Expendable Grant	21.000	R-NEC-2019-51595	155,000
NeighborWorks America - Expendable Grants	21.000	R-SUPTEXT-2019-54345	25,000
NeighborWorks America - Expendable Grants	21.000	None	50,000
Total U.S. Department of Treasury			**$ 305,000**
Department of Housing and Urban Development			
Indiana Housing and Community Development Authority			
"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-016-007	86,113
"Home Investment Partnership Program"	14.239	CO-017-005	887,543
"Home Investment Partnership Program"	14.239	CO-018-003	50,000
"Home Investment Partnership Program"	14.239	CH-018-007	62,568
"Home Investment Partnership Program"	14.239	CH-018-002	414,736
"Home Investment Partnership Program"	14.239	HTF-018-001	582,500
			2,953,460
City of Goshen			
"Community Development Block Grants/Entitlement Grants"	14.218	None	50,000
"Community Development Block Grants/Entitlement Grants"	14.218	None	7,000
"Community Development Block Grants/Entitlement Grants"	14.218	None	3,855
"Community Development Block Grants/Entitlement Grants"	14.218	None	105,926
			166,781
Neighborworks America			
"Housing Counseling Grant"	14.169	None	25,000
			25,000
Total Department of Housing and Urban Development			**3,145,241**
Total Expenditures of Federal Awards			**$ 3,450,241**

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, 2019, 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 April 21, 2020.

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.

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

Dauby O'Connor & Zaleski, LLC
Certified Public Accountants

April 21, 2020
Carmel, Indiana

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, 2019. 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, 2019.

501 Congressional Blvd., Suite 300, Carmel, Indiana 46032 | DOZ.net | OFFICE 317.848.5700 | FAX 317.815.6140

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

April 21, 2020
Carmel, Indiana

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

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, 2019

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, 2019

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, 2019

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, 2019 AND 2018

Schedule I

	2019	2018
Assets		
Notes Receivable - Roosevelt Center	$ 90,860	$ 254,662
Notes Receivable - Hawks Arts & Enterprise Center	191,345	191,345
Notes Receivable - Elkhart Senior Housing	100,000	100,000
Total assets	**$ 382,205**	**$ 546,007**
Net Assets		
With donor restrictions	$ 382,205	$ 546,007
Total net assets	**$ 382,205**	**$ 546,007**

Schedule II

	2019	2018
Revenue, Gains, and Other Support		
Expendable Grant - NeighborWorks America	$ 255,000	$ 281,370
Capital Grant - NeighborWorks America	75,000	75,000
Total revenue, gains and other support	**330,000**	**356,370**
Funds expended	330,000	356,370
Change in net assets	-	-
Net assets released from restrictions	(163,802)	(234,003)
Net assets at beginning of year	546,007	780,010
Net assets at end of year	**$ 382,205**	**$ 546,007**

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

SUPPLEMENTAL SCHEDULE - CONSOLIDATED STATEMENT OF ACTIVITIES - NATURAL
YEAR ENDED DECEMBER 31, 2019

	2019		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Revenue			
Rental income, net of vacancy and concessions	$ 2,236,270	$ -	$ 2,236,270
Fees for services	817,894	-	817,894
Grant income	2,610,861	-	2,610,861
Donations income	438,684	93,709	532,393
Donated labor and assets	51,668	-	51,668
Interest income	25,111	-	25,111
Change in beneficial interest	3,477	-	3,477
Other income	57,215	-	57,215
Satisfaction of program restrictions	163,802	(163,802)	-
Total revenue	**6,404,982**	**(70,093)**	**6,334,889**
Operating Expense			
Salaries and wages	1,831,877		1,831,877
Administrative	462,268	-	462,268
Utilities	345,464	-	345,464
Operating and maintenance	720,668	-	720,668
Taxes and insurance	331,130	-	331,130
Total operating expenses	**3,691,407**	**-**	**3,691,407**
Changes in net assets from operations	**2,713,575**	**(70,093)**	**2,643,482**
Other expenses			
Interest expense	506,218	-	506,218
Interest - debt issuance costs	2,925	-	2,925
Depreciation	1,324,051	-	1,324,051
Amortization	4,050	-	4,050
Total other expenses	**1,837,244**	**-**	**1,837,244**
Changes in net assets	**$ 876,331**	**$ (70,093)**	**$ 806,238**
Non-controlling interest in net losses of subsidiaries	1,250,198	-	1,250,198
Changes in net assets excluding non-controlling interest	**$ 2,126,529**	**$ (70,093)**	**$ 2,056,436**

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

SUPPLEMENTAL SCHEDULE - CONSOLIDATED STATEMENT OF ACTIVITIES - NATURAL
YEAR ENDED DECEMBER 31, 2018

	2018		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Revenue			
Rental income, net of vacancy and concessions	$ 2,223,341	$ -	$ 2,223,341
Fees for services	734,117	-	734,117
Grant income	1,144,106	(5,000)	1,139,106
Donations income	791,396	26,681	818,077
Donated labor and assets	58,211	-	58,211
Interest income	7,844	-	7,844
Change in beneficial interest	(5,683)	-	(5,683)
Other income	129,239	-	129,239
Satisfaction of program restrictions	234,003	(234,003)	-
Total revenue	**5,316,574**	**(212,322)**	**5,104,252**
Operating Expense			
Salaries and wages	1,667,979		1,667,979
Administrative	356,369	-	356,369
Utilities	357,231	-	357,231
Operating and maintenance	647,117	-	647,117
Taxes and insurance	300,975	-	300,975
Total operating expenses	**3,329,671**	**-**	**3,329,671**
Changes in net assets from operations	**1,986,903**	**(212,322)**	**1,774,581**
Other expenses			
Interest expense	409,246	-	409,246
Interest - debt issuance costs	2,657	-	2,657
Depreciation	1,430,635	-	1,430,635
Amortization	4,318	-	4,318
Total other expenses	**1,846,856**	**-**	**1,846,856**
Changes in net assets	**$ 140,047**	**$ (212,322)**	**$ (72,275)**
Non-controlling interest in net losses of subsidiaries	1,182,465	-	1,182,465
Changes in net assets excluding non-controlling interest	**$ 1,322,512**	**$ (212,322)**	**$ 1,110,190**