HOME HEADQUARTERS, INC. AND AFFILIATES

Consolidated Financial Statements and
Supplementary Information
April 30, 2018
Together with
Independent Auditor's Report

Bonadio & Co., LLP
Certified Public Accountants

HOME HEADQUARTERS, INC. AND AFFILIATES

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Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

September 26, 2018

To the Boards of Directors of
Home Headquarters, Inc. and Affiliates:

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Home Headquarters, Inc. (a nonprofit Corporation) and Affiliates, which comprise the consolidated statement of financial position as of April 30, 2018, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

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

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

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

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INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Home Headquarters, Inc. (a nonprofit Corporation) and Affiliates as of April 30, 2018 and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Totals
We have previously audited Home Headquarters, Inc. and Affiliates 2017 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated September 28, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended April 30, 2017, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Report on Supplemental Information
Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying 2018 supplementary information included on pages 24 - 48 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2018 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

The 2017 supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2017 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of those consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepared the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2017 supplementary information is fairly stated in all material respects in relation to the consolidated financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2018 on our consideration of Home Headquarters, Inc. and Affiliates' 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 Home Headquarters, Inc. and Affiliates' internal control over financial reporting and compliance.

Bonadio & Co., LLP

HOME HEADQUARTERS, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
APRIL 30, 2018
(With Comparative Totals for 2017)

	Unrestricted	Permanently Restricted NWA	Permanently Restricted CDFI	Total 2018	Total 2017
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	$ 6,351,282	$ -	$ -	$ 6,351,282	$ 6,915,318
Assets limited to use - current portion	775,138	-	-	775,138	277,072
Accounts receivable	3,502,779	-	-	3,502,779	2,938,244
Interfund transfers	(2,296,741)	750,067	1,546,674	-	-
Loans receivable, net of allowance of loan losses of $1,221,748 and $1,022,749 in 2018 and 2017, respectively	4,116,493	-	-	4,116,493	2,629,670
Properties held for resale	827,763			827,763	440,832
Prepaid expense and other assets	165,400	-	-	165,400	180,705
Total current assets	13,442,114	750,067	1,546,674	15,738,855	13,381,841
NON-CURRENT ASSETS:					
Certificates of deposit	674,229	-	-	674,229	669,934
Deposits held in trust	42,347	-	-	42,347	22,603
Assets limited to use, net - long-term portion	2,747,742	-	-	2,747,742	2,840,809
Investment in other entities	(4,544)	-	-	(4,544)	(7,533)
Loans receivable, net - long-term portion	14,118,236	1,349,934	6,148,262	21,616,432	18,902,880
Notes receivable	100,000	-	-	100,000	100,000
Property held for redevelopment	3,372,541	-	-	3,372,541	2,102,475
Property and equipment, net	3,972,323	-	-	3,972,323	3,863,685
Total non-current assets	25,022,874	1,349,934	6,148,262	32,521,070	28,494,853
Total assets	$ 38,464,988	$ 2,100,001	$ 7,694,936	$ 48,259,925	$ 41,876,694
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES:					
Accounts payable and accrued expenses	$ 479,561	$ -	$ -	$ 479,561	$ 400,939
Deferred income - current portion	777,513	-	-	777,513	409,387
Escrow payable	2,355,093	-	-	2,355,093	1,329,445
Line of credit	666,667	-	-	666,667	-
Notes and mortgages payable - current portion	483,566	-	-	483,566	89,803
Total current liabilities	4,762,400	-	-	4,762,400	2,229,574
NON-CURRENT LIABILITIES:					
Tenant security deposits	32,130	-	-	32,130	22,603
Deferred income - long-term portion	1,193,805	-	-	1,193,805	1,139,127
Liability for Home Value Protection Program	700,000	-	-	700,000	700,000
Notes and mortgages payable - long-term portion	3,189,082	-	-	3,189,082	710,591
Total non-current liabilities	5,115,017	-	-	5,115,017	2,572,321
Total liabilities	9,877,417	-	-	9,877,417	4,801,895
NET ASSETS:					
Unrestricted - operating	13,558,985	-	-	13,558,985	20,423,806
Board designated	15,028,586	-	-	15,028,586	5,956,056
Permanently restricted	-	2,100,001	7,694,936	9,794,937	10,694,937
Total net assets	28,587,571	2,100,001	7,694,936	38,382,508	37,074,799
Total liabilities and net assets	$ 38,464,988	$ 2,100,001	$ 7,694,936	$ 48,259,925	$ 41,876,694

The accompanying notes are an integral part of these statements.

HOME HEADQUARTERS, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
APRIL 30, 2018
(With Comparative Totals for 2017)

	Unrestricted	Permanently Restricted NWA	Permanently Restricted CDFI	Total 2018	Total 2017
REVENUES:					
Program revenue					
Lending and finance products	$ 5,169,533	$ -	$ -	$ 5,169,533	$ 3,083,294
Real estate development	852,771	-	-	852,771	3,613,982
Other grant revenue	1,306,309	-	-	1,306,309	1,036,913
Commission income	50,749	-	-	50,749	180,754
Contract service provided revenue	1,615,618	-	-	1,615,618	1,732,282
Counseling fees	106,000	-	-	106,000	87,175
Homebuyer education	26,006	-	-	26,006	32,801
Rental revenue	373,440	-	-	373,440	360,844
Property management and maintenance fees	43,621	-	-	43,621	36,748
Servicing revenue	12,396	-	-	12,396	-
Other program revenue	6,416	-	-	6,416	167,471
Net assets released from restriction	900,000	(900,000)	-	-	-
Total program revenue	10,462,859	(900,000)	-	9,562,859	10,332,264
Other revenue					
Fee revenue	601,272	-	-	601,272	595,135
Unrestricted grants and contributions	1,321,058	-	-	1,321,058	1,024,236
Shared service revenue	1,600	-	-	1,600	30,683
Loan interest income	951,772	-	-	951,772	1,072,129
Other income	206,222	-	-	206,222	68,745
Total other revenue	3,081,924	-	-	3,081,924	2,790,928
Total revenues	13,544,783	(900,000)	-	12,644,783	13,123,192
EXPENSES:					
Program expenses	8,561,714	-	-	8,561,714	9,664,760
Program delivery	2,311,123			2,311,123	2,636,999
Operating and administrative expenses	368,857	-	-	368,857	401,410
Fundraising expenses	34,808	-	-	34,808	4,070
Total expenses	11,276,502	-	-	11,276,502	12,707,239
CHANGE IN NET ASSETS	2,268,281	(900,000)	-	1,368,281	415,953
Unrealized loss on investment	(60,573)	-	-	(60,573)	(200,901)
CHANGE IN NET ASSETS AFTER UNREALIZED LOSS	2,207,709	(900,000)	-	1,307,709	215,052
NET ASSETS - beginning of year	26,379,862	3,000,001	7,694,936	37,074,799	36,859,747
NET ASSETS - end of year	$ 28,587,571	$ 2,100,001	$ 7,694,936	$ 38,382,508	$ 37,074,799

The accompanying notes are an integral part of these statements.

HOME HEADQUARTERS, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES - HOME HEADQUARTERS, INC.
APRIL 30, 2018
(With Comparative Totals for 2017)

	Program Expenses	Operating and Administrative Expenses	Fundraising Expenses	Total 2018	Total 2017
Grant expenses	$ 4,089,583	$ -	$ -	$ 4,089,583	$ 3,056,197
Rehab and acquisition expense	911,223	-	-	911,223	3,269,711
Salaries, fringes and payroll taxes	2,793,983	249,282	-	3,043,265	3,082,317
Bad debt expense	362,272	-	-	362,272	320,882
Contract service provided expense	1,108,642	9,174	-	1,117,816	1,136,898
Depreciation	328,295	20,172	-	348,467	433,384
Insurance	380,792	10,966	-	391,758	398,912
Other grant expenses	-	852	-	852	-
Rent and utilities	329,153	11,530	-	340,683	268,373
Professional fees	85,112	6,548	-	91,660	106,333
Computer and equipment services	71,238	7,045	-	78,283	83,219
Property management and maintenance	170,857	-	-	170,857	197,882
Warranty expense	1,290	-	-	1,290	1,082
Conferences, training and travel	31,682	8,922	-	40,604	44,693
Office equipment and supplies	83,138	8,269	-	91,407	73,240
Equipment rental and maintenance	16,634	1,645	-	18,279	23,143
Fundraising and events	-	-	34,808	34,808	4,070
Printing and postage	18,519	1,237	-	19,756	23,274
Bank charges and loan fees	4,568	478	-	5,046	4,747
Credit reports	18,500	-	-	18,500	11,011
Filing and rating fees	-	4,625	-	4,625	7,848
Advertising and marketing	8,771	2,094	-	10,865	16,257
Dues and publications	5,618	12,140	-	17,758	15,461
Miscellaneous	33,764	13,878	-	47,642	56,060
Interest	19,203	-	-	19,203	10,162
Office move	-	-	-	-	62,083
Total expenses	$ 10,872,837	$ 368,857	$ 34,808	$ 11,276,502	$ 12,707,239

The accompanying notes are an integral part of these statements.

HOME HEADQUARTERS, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS
APRIL 30, 2018
(With Comparative Totals for 2017)

	2018	2017
CASH FLOW FROM OPERATING ACTIVITIES:		
Changes in net assets	$ 1,307,709	$ 215,052
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation expense	348,467	433,384
Unrealized loss on investment	60,573	200,901
Provision for loan losses	362,272	320,882
Net permanently restricted grants	900,000	-
Increase in allowance for loan losses	(198,999)	(74,182)
Loss on sale of property held for redevelopment	204,492	81,003
Changes in:		
Accounts receivable	(564,535)	(793,943)
Investment in other entities	(2,989)	7,492
Prepaid expenses and other assets	15,305	(58,215)
Accounts payable and accrued expenses	78,622	(609,032)
Escrow payable	1,025,648	558,407
Tenant security deposits	9,527	(155)
Liability for Home Value Protection Program	-	(200,000)
Deferred income	422,804	274,748
Net cash flow from operating activities	3,968,895	356,342
CASH FLOW FROM INVESTING ACTIVITIES:		
Changes in assets limited to use	(404,999)	5,590,135
Changes in deposits held in trust	(19,744)	155
Issuance of loans	(9,424,043)	(10,385,342)
Repayment of loans	5,060,396	5,988,037
Change in certificates of deposit	(64,869)	191,015
Purchase of property and equipment	(457,105)	(1,329,551)
Sales of properties held for resale	440,832	1,291,981
Additions to properties held for resale	(827,763)	(440,832)
Purchases of property held for redevelopment	(9,345,673)	(5,981,552)
Sales of property held for redevelopment	7,871,116	6,309,184
Net cash flow from investing activities	(7,171,852)	1,233,230
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from permanently restricted grants	(900,000)	-
Proceeds from line of credit	1,000,000	-
Payments on line of credit	(333,333)	-
Proceeds on notes and mortgages payable	3,000,000	-
Payments on notes and mortgages payable	(127,746)	(113,566)
Net cash flow from financing activities	2,638,921	(113,566)
CHANGE IN CASH	(564,036)	1,476,006
CASH - beginning of year	6,915,318	5,439,312
CASH - end of year	$ 6,351,282	$ 6,915,318
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$ 19,203	$ 413

The accompanying notes are an integral part of these statements.

1. NATURE OF OPERATIONS

Home Headquarters, Inc. is a nonprofit Corporation, which was incorporated in New York State and is exempt from taxes under Section 501(c)(3) of the Internal Revenue Code. The Corporation's primary purpose is to improve the quality of housing and neighborhoods in Syracuse. This is achieved principally by retaining and expanding home ownership opportunities which are affordable to low to moderate income people. The Corporation's primary sources of revenues include federal grants, interest income, other loan fee revenue, and fees earned on property development.

The following Corporations have been consolidated with Home Headquarters, Inc. as Home Headquarters, Inc. has a controlling financial interest over them:

Opportunity Headquarters, Inc. is a nonprofit Corporation that was incorporated in New York State and is exempt from taxes under Section 501(c)(3) of the Internal Revenue Code. The Corporation's purpose is to operate a construction crew that performs work on and revitalizes properties in low and moderate-income neighborhoods. The entity also operates a construction apprentice program that provides paid training for low and moderate income individuals, with emphasis on recruiting minorities and women, interested in securing permanent employment in the construction trade while supporting the creation of new or green housing for underserved people or neighborhoods as a way to strengthen communities. The Corporation's board includes common members as well as management of Home Headquarters, Inc.

Equity Headquarters, Inc. is a nonprofit Corporation that was incorporated in New York State and is exempt from taxes under Section 501(c)(3) of the Internal Revenue Code. The Corporation was formed for the purpose of operating an innovative Home Value Protection Program which sought to stabilize housing prices in troubled neighborhoods in the City of Syracuse. Equity Headquarters is a membership corporation for which Home Headquarters is the sole member. As such, the Board of Directors is selected by Home Headquarters at the annual meeting of the membership. Currently, the entity no longer offers the Home Value Protection Program and, as such, is in the process of dissolving. The Corporation has been reclassified by the IRS as a Private Foundation as the only earnings of the entity is interest on investments held to provide coverage of past protection policies sold.

CNY Affordable Realty, Inc. is a nonprofit Corporation that was incorporated in New York State and is exempt from taxes under Section 501(c)(3) of the Internal Revenue Code and is considered a supporting organization. Operations began in 2011. The Corporation's primary objective is to assist first-time homebuyers and promote neighborhood revitalization efforts. CNY Affordable Realty, Inc. is a membership corporation for which Home Headquarters is the sole member. As such, the Board of Directors is selected by Home Headquarters at the annual meeting of the membership.

1. NATURE OF OPERATIONS (Continued)

The Home Ownership Center at Home Headquarters, Inc. is a nonprofit Corporation that was incorporated in New York State and is exempt from taxes under Section 501(c)(3) of the Internal Revenue Code and is considered a supporting organization. Operations began in 2013. The Corporation's primary purpose is to provide homebuyer counseling to prospective first-time homebuyers in order to prepare them for the benefits, costs and responsibilities of home ownership; to provide individual and group counseling services to increase knowledge of personal finance management for individuals and families seeking assistance; to provide on-going support services through pre- and post- purchase counseling; to assist individuals and families who may be at risk for foreclosure with housing counseling services; to develop and support programs that promote responsible and sustainable home-ownership and the public and quasi-public objective of this purpose is to assist low income individuals and families to purchase and remain in their homes.

CNY Affordable Properties, Inc. is a for-profit "C" Corporation subsidiary and began operations during 2003. The Corporation's primary purpose is to own and manage property within Syracuse and Central New York including, but not limited to, properties that are affordable to low and moderate income individuals. The properties are held in the short-term until an appropriate long-term strategy can be determined. The Corporation's stock is owned by Home Headquarters, Inc. and board members include common members of the board as well as management of Home Headquarters, Inc.

Advanced Energy Corporation, Inc. is a for-profit "C" Corporation that was incorporated in New York State on April 26, 2013. The Corporation's primary purpose is to operate a construction crew that performs work on home improvement projects. The Corporation's stock is owned by Opportunity Headquarters.

Superior Servicing HeadQuarters, LLC is a for profit limited liability company, which was formed on December 3, 2014 in New York State. Superior Servicing HeadQuarters, LLC is a community-driven, first mortgage servicing company created by Home HeadQuarters, Inc. Superior Servicing HeadQuarters, LLC services 'community building' first mortgages. This includes first mortgages originated by Home HeadQuarters or other nonprofit lenders, as well as loans extended by banks or credit unions to underserved areas for the purpose of community building. Superior Servicing Headquarters, LLC contracts with customers to collect loan payments on their behalf, provide borrower with monthly notices, and notify customers and borrowers of delinquent payments in exchange for a loan servicing fee.

Cayuga Developments, Inc. is a non-profit organization which administers various federal and state grant programs geared to help the underprivileged by providing counseling, job training, rental assistance and housing rehabilitation services to qualified residents. Cayuga Developments, Inc. is a membership corporation for which Home Headquarters is the sole member. As such, the Board of Directors is selected by Home Headquarters at the annual meeting of the membership.

Cayuga County Homsite Development Corporation is a non-profit organization which administers various federal and state grant programs geared to help the underprivileged by providing counseling, job training, rental assistance and housing rehabilitation services to qualified residents. Cayuga County Homsite Development Corporation is a membership corporation for which Home Headquarters is the sole member. As such, the Board of Directors is selected by Home Headquarters at the annual meeting of the membership.

1. NATURE OF OPERATIONS (Continued)

Homsite Fund, Inc. is a non-profit organization which administers state grant programs geared to help the underprivileged by providing counseling, job training, rental assistance and housing rehabilitation services to qualified residents. Homsite Fund, Inc. is a membership corporation for which Home Headquarters is the sole member. As such, the Board of Directors is selected by Home Headquarters at the annual meeting of the membership.

Homsite Holding Company, Inc., in association with its related corporations, Cayuga County Homsite Development Corporation, Cayuga Developments, Inc., and Homsite Fund, Inc., assists in administering various state and federal programs geared to help the underprivileged by providing counseling, job training, rental assistance and housing rehabilitation services to qualified residents. Homsite Holding Company, Inc. is a membership corporation for which Home Headquarters is the sole member. As such, the Board of Directors is selected by Home Headquarters at the annual meeting of the membership.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation
The financial statements include the accounts of Home Headquarters, Inc. and its Affiliates (collectively the "Corporation"). In accordance with generally accepted accounting principles, all significant intercompany accounts and transactions have been eliminated in the consolidation.

Basis of Accounting
The consolidated financial statements of the Corporation are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

Comparative Information
The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the consolidated financial statements for the year ended April 30, 2017, from which the summarized information was derived.

Net Assets
The classification of the Corporation's net assets and its support, revenue and expenses are based on the existence or absence of donor-imposed restrictions. Not-for-profit accounting standards require that the amounts for each of three classes of net assets - unrestricted, temporarily restricted, and permanently restricted - be displayed in a statement of financial position and that the changes in those classes of net assets be displayed in a statement of activities.

Income Tax Status
Home Headquarters, Inc., Opportunity Headquarters, Inc., CNY Affordable Realty, Inc., The Home Ownership Center at Home Headquarters, Inc., Cayuga County Homsite Development Corporation and Homsite Fund, Inc. are exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. They qualify for the charitable deduction under section 170(b)(1)(A) and have been classified as organizations other than private foundations under section 509(a)(2) of the Internal Revenue Code.

Equity Headquarters, Inc. is exempt from federal income taxes as an organization qualified under Section 501(c)(3) of the Internal Revenue Code. Equity Headquarters, Inc. has been classified by the Internal Revenue Service as a private foundation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status (Continued)
CNY Affordable Properties, Inc., and Advanced Energy Corporation, Inc., are for-profit "C" Corporations.

Cayuga Developments, Inc. is exempt from federal income taxes under section 501(c)(4) of the Internal Revenue Code.

Homsite Holding Company, Inc. is exempt from federal income taxes under section 501(c)(2) of the Internal Revenue Code.

Cash and Cash Equivalents
For purposes of these consolidated financial statements, all highly liquid investments with a maturity of three months or less are considered to be cash equivalents. At times, the balances in these accounts may exceed federally insured limits. The Corporation has not experienced any losses in such accounts and believes they are not exposed to any significant credit risk with respect to cash and cash equivalents.

Unrestricted Net Assets
Unrestricted net assets includes funds having no restrictions as to use or purpose by donors. This category is used to account for the administrative and operating program expenses of the Corporation and its wholly-owned subsidiaries. The Board of Directors approved an Organizational cash reserve for loan losses shown under non-current assets on the Statement of Financial Position, in the amount of $1,318,521 and $2,808,891 at April 30, 2018 and 2017, respectively. The Board has directed that certain loan programs be funded by the Corporation, otherwise stated as board designated funds, these loan programs include: home improvement loans, interim financing loans and first mortgages. The amount of the board designated loans are $11,790,274 and $3,147,165 at April 30, 2018 and 2017, respectively. Board designated net assets were $15,028,586 and $5,956,056 for the years ended April 30, 2018 and 2017, respectively.

Permanently Restricted Net Assets
Permanently restricted net assets are those net assets whose principal may not be expended. This category is used to account for permanently restricted program income, consisting of monies that have been restricted by the donor in perpetuity. This category is comprised of NeighborWorks America (NWA) and Community Development Financial Institutions (CDFI) funds. Fund received from NWA are part of the revolving loan fund and are shown as permanently restricted based on requirements of the grantor. The assets are not functioning as an endowment under GAAP.

Restricted and Unrestricted Revenue
Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

Certain grant revenue is deemed to be in respect to exchange transactions classified as unrestricted revenue when received or receivable. Such grant revenue is not deemed to be a contribution, since the proceeds thereof are used to pursue objectives of the grantor.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted and Unrestricted Revenue (Continued)
Certain grant revenue is deemed to be a contribution and is classified as temporarily restricted revenue when received or receivable. Such grant revenue is not deemed to be in respect of exchange transactions, since the proceeds thereof are non-reciprocal, unconditional, and voluntary. As of April 30, 2018 and 2017, there were no temporarily restricted net assets.

Concentrations
As of April 30, 2018 and 2017 the Corporation had approximately 31% and 41% of its receivable balance due from Community Development Block (CDBG) grants, and 33% and 28% from New York State respectively.

During the years ended April 30, 2018 and 2017, the Corporation derived approximately 18% and 37% of its revenues from CDBG grants.

Assets Limited as to Use
Assets limited as to use are limited by actions of the Board and funders. Assets include amounts set aside for building replacement, property insurance and other required deposits. Withdrawals from these accounts require approval from the funder. These assets consist of bank demand deposits, money market accounts, and certificates of deposits stated at cost which at times, may exceed federally insured limits. The Corporation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to assets limited to use.

Deposits Held in Trust
These amounts represent funds held with the Corporation on behalf of tenants. These funds are held in separate interest bearing bank demand deposit accounts with the corresponding liability to the tenants reflected on the consolidated statement of financial position. The Corporation has not experienced any losses in such accounts and believes they are not exposed to any significant credit risk with respect to deposits held in trust.

Use of Estimates
The preparation of the consolidated financial statements is in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Expense Allocation
Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs, operating and administrative and fundraising on the basis of periodic time and expense studies. Operating and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Corporation.

Accounts Receivable
Accounts receivable are stated at net realizable value. The Corporation considers accounts receivable to be fully collectible. If collection becomes doubtful, an allowance for doubtful accounts will be established, or the accounts will be charged to income when that determination is made by management. Unpaid balances remaining after the stated payment terms are considered past due. Recoveries of previously charged off accounts are recorded when received. No allowance was considered necessary at April 30, 2018 and 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transfers
Interfund transfers represent unrestricted dollars used for temporarily or permanently restricted funds.

Certificates of Deposit
Certificates of deposit have maturities extending beyond a three month period from the date of the purchase and/or are due one year or more from the consolidated statement of financial position date. The Corporation reports certificates of deposit at cost plus accrued interest.

Loans Receivable
The Corporation grants home improvement loans, first mortgage loans, down payment and closing cost loans, investor loans, commercial loans and interim financing partner loans. First mortgage loans typically hold a term of 25 years, home improvement loan terms vary between 5 to 7 years, investor loans are typically given with a term of 20 years or less and interim financing partner loan terms vary by project. Details of loans, by class, are included in Note 6. A substantial portion of the loan portfolio is granted in the Central New York area. The ability of borrowers to honor their contracts is dependent upon the real estate and general economic conditions in the Corporation's market area.

Loans are reported at their outstanding unpaid principal balances, net of an allowance for loan losses and any deferred fees or costs. Interest income is not accrued on the unpaid principal balance and the amount is considered immaterial to the financial statements. Loan origination fees are received at closing. Interest rates charged on outstanding loans ranged from 1.00% to 6.99% for both years ended April 30, 2018 and 2017. The loans are secured by the borrowers' primary residence.

Loans over 30 days past due are considered delinquent. Management evaluates collectability of loans quarterly. Delinquent loans over 180 days past due are presented at the Business & Finance Committee and recommended to be charged off. Management reserves the right to make the determination if the loan should be forwarded to an outside collection agency or not. Bad debt expense for the years ended April 30, 2018 and 2017 were $358,560 and $320,882, respectively.

Allowance for Loan Losses
The allowance for loan losses represents management's estimate of losses inherent in the loan portfolio as of the Consolidated Statement of Financial Position date and is recorded as a reduction of loans. The allowance for loan losses is increased by the provision for loan losses and decreased by charge-offs, net of recoveries. Loans deemed to be uncollectible are charged against the allowance for loan losses, and subsequent recoveries, if any, are credited to the allowance. All, or part, of the principal balance of loans receivable is charged off to the allowance as soon as it is determined that the repayment of all, or part, of the principal balance is highly unlikely.

The allowance for loan losses is maintained at a level considered adequate to provide for losses that can be reasonably anticipated. Management performs a quarterly evaluation of the adequacy of the allowance. The allowance is based on the Corporation's past loan loss experience, past delinquency rates and subsequent recoveries. Other factors include known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral, composition of the loan portfolio, current economic conditions and other relevant factors. This evaluation is inherently subjective as it requires material estimates that may be susceptible to significant revision as more information becomes available.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Loan Losses (Continued)

The allowance consists of specific, general, and unallocated components. The specific component relates to loans that are classified as impaired. For loans that are considered impaired, an allowance is established for the carrying value of the loan. The general component covers pools of loans by loan class that are not impaired. This component represents the losses anticipated by management based on historical loss experience. The unallocated component represents an evaluation of loss exposure based upon qualitative risk factors applied to various aspects of the overall loan portfolio. Qualitative risk factors include: trends of past due loans, national, regional, and local economic and business conditions and the effects on the value of underlying collateral.

A loan is considered impaired when, based on current information and events; it is probable that the Corporation will be unable to collect the scheduled payments. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled payments. Loans that experience payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

Large groups of smaller balance homogeneous loans are collectively evaluated for impairment.

The Corporation does not restructure loans.

The allowance calculation methodology includes further segregation of loan classes into risk rating categories. The borrower's overall financial condition, repayment sources, guarantors and value of the collateral, if appropriate, are evaluated annually or when credit deficiencies arise. Credit quality risk ratings include classifications of loans as substandard, doubtful and loss. Loans classified as substandard may be inadequately protected by current worth or the paying capacity of the obligor. Substandard loans have also had past delinquencies. Loans classified as doubtful have all the weaknesses inherent in loans classified as substandard with the added characteristic that collection or liquidation in full, on the basis of current conditions and facts, is highly improbable. Additional criteria the Corporation considers for loans classified as doubtful are loans past due 60-90 days and loans for which the customer does not communicate with the Corporation. Loans classified as a loss are considered uncollectible as the loan is past due 90-120 days or more and loans for which the customer has not made any payments within the last 6 months. These loans are then considered in the calculation of the allowance for loan losses. Loans that are not classified are rated as pass.

Prepaid Expense and Other Assets

Prepaid expense and other assets consist primarily of prepaid insurance and prepaid rent.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Held for Redevelopment

Home Headquarters, Inc. and CNY Affordable Properties, Inc., have property held for redevelopment which consists of properties purchased by the Corporations. The Corporations intend to rehabilitate or demolish the properties with the intent to sell. Additionally, the corporations may decide to keep a property in its' internal portfolio for rental purposes at which time the property cost is reclassified to property and equipment and depreciated over its useful life. Since properties are held with the intent to sell, no depreciation is recorded. Loss on sale of property held for redevelopment was $280,862 and $81,003 for the years ended April 30, 2018 and 2017, respectively. Loss on sale of property held for redevelopment is recognized on the consolidated statement of activities and changes in net assets as a charge to real estate development program revenue.

Property Held for Resale

Home Headquarters, Inc. has property held for resale which consists of properties rehabbed by the Corporations and available to low to moderate income buyers for purchase. The value of properties held for resale include dollars the Corporation will receive from funders for rehabilitation costs incurred. In many cases the subsidy attached to the property is not disbursed until the day of the closing or after the property is sold. Amounts expected to be received from buyers and subsidies are expected to exceed cost.

Property and Equipment

The Corporation capitalizes all expenditures for property and equipment in excess of $10,000. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at date of donation. Depreciation is computed using the straight-line method over their estimated useful lives. Expenditures for repairs and maintenance not considered to substantially lengthen property lives are charged to expense as incurred. Depreciation expense for the years ended April 30, 2018 and 2017 was $348,467 and $433,384, respectively.

Escrow Payable

Escrow payable represents amounts held by the Corporation on behalf of borrowers. Escrow payable is reduced as the money is released to pay contractors on behalf of the borrower. Escrow payables were $2,355,093 and $1,329,445 for the years ended April 30, 2018 and 2017, respectively.

Deferred Income

Deferred income consists of grant revenue, revenue on property sales and loan repayment income; all of which has been received but not expended.

Reclassifications

Certain reclassifications have been made to the 2017 consolidated financial statements to conform to the current year presentation.

3. ASSETS LIMITED TO USE

Assets limited as to use are limited by actions of the Board and funders. These amounts are maintained in bank demand deposits, money market accounts, and certificates of deposit and are recorded at cost which approximates fair value. The composition of assets limited as to use consisted of the following at April 30:

	2018	2017
Limited to use for property acquisition and rehabilitations	$ -	$ 27,072
Board designated reserves	3,238,312	2,808,891
Replacement reserves	259,185	249,313
Restricted cash	25,383	32,605
	$ 3,522,880	$ 3,117,881

4. CERTIFICATES OF DEPOSIT

Certificates of deposit consisted of the following at April 30:

	2018	2017
Certificates of deposit	$ 674,229	$ 669,934

Interest income earned on certificates of deposits is summarized as follows and is included in loan and interest income on the consolidated statement of activities and changes in net assets.

	2018	2017
Interest income	$ 7,889	$ 35,608

5. GRANTS

Home Headquarters, Inc. received grants from NeighborWorks America (NWA) as follows:

	2018	2017
Expendable Grant Funds:		
NeighborWorks America	$ 440,337	$ -
Permanently Restricted Grants:		
NeighborWorks America, Neighborhood Reinvestment Home Ownership and Improvement Total Award	$ 689,444	$ -
Unrestricted Grants:		
NeighborWorks America, Neighborhood Reinvestment HUD Housing Counseling Total Award	$ 24,000	$ 24,000

6. LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES

Loans receivable consist of the following at April 30:

	2018	2017
Residential home improvement	$ 7,047,032	$ 6,856,638
Down payment & closing cost	299,895	273,086
Residential first mortgages	15,762,842	12,526,962
Investor loans	1,555,498	663,803
Commercial loans	1,661,206	1,236,000
Community impact loans	55,298	556,616
Interim financing to other not for profit housing organizations	572,901	442,194
Total loans receivable	26,954,672	22,555,299
Allowance for loan losses	(1,221,748)	(1,022,749)
	$ 25,732,924	$ 21,532,550

The following tables present the classes of the loan portfolio summarized by past due status as of April 30:

	2018						
	30-59 Days Past Due	60-89 Days Past Due	Greater than 90 Days Past Due	Total Past Due	Current	Total Loans Receivable	Loans Receivable >90 Days and Accruing
Residential home improvement	$ 66,350	$ 21,033	$ 2,776	$ 90,159	$ 6,956,873	$ 7,047,032	$ -
Down payment & closing cost loans	1,752	853	-	2,605	297,290	299,895	-
Residential first mortgages	358,843	15,319	-	374,162	15,388,680	15,762,842	-
Investor loans	-	-	-	-	1,555,498	1,555,498	-
Commercial loans	-	-	-	-	1,661,206	1,661,206	-
Community impact loans	-	-	-	-	55,298	55,298	-
Interim financing to other not for profit housing organizations	-	-	-	-	572,901	572,901	-
	$ 426,945	$ 37,205	$ 2,776	$ 466,926	$26,487,746	$26,954,672	$ -

6. LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES (Continued)

	2017						
	30-59 Days Past Due	60-89 Days Past Due	Greater than 90 Days Past Due	Total Past Due	Current	Total Loans Receivable	Loans Receivable >90 Days and Accruing
Residential home improvement	$ 153,470	$ 27,437	$ 47,081	$ 227,988	$ 6,628,650	$ 6,856,638	$ -
Down payment & closing cost loans	275	-	792	1,067	272,019	273,086	-
Residential first mortgages	364,185	53,281	24,380	441,846	12,085,116	12,526,962	-
Investor loans	-	-	52,570	52,570	611,233	663,803	-
Commercial loans	-	-	-	-	1,236,000	1,236,000	-
Community impact loans	-	-	-	-	556,616	556,616	-
Interim financing to other not for profit housing organizations	-	-	-	-	442,194	442,194	-
	$ 517,930	$ 80,718	$ 124,823	$ 723,471	$21,831,828	$22,555,299	$ -

Loans individually and collectively evaluated for impairment is as follows at April 30:

	2018	2017
Amount of allowance for loan losses on loans individually evaluated for impairment	$ -	$ -
Amount of allowance for loan losses on loans collectively evaluated for impairment	1,221,748	1,022,749
Total allowance for loan losses	$ 1,221,748	$ 1,022,749
Loans individually evaluated for impairment	$ -	$ -
Loans collectively evaluated for impairment	26,954,672	22,555,299
Total loans	$ 26,954,672	$ 22,555,299

There are no loans on nonaccrual status as of April 30, 2018 and 2017.

Activity in the allowance for loan losses is summarized as follows:

	2018	2017
Balance at beginning of year	$ 1,022,749	$ 948,567
Additions to provisions for loan loss reserve	286,771	158,880
Recoveries of loans previously charged-off	(87,772)	(84,698)
Balance at end of year	$ 1,221,748	$ 1,022,749

7. PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at April 30:

	2018	2017
Land	$ 275,768	$ 85,092
Automobiles	88,060	88,060
Construction equipment	10,281	10,281
Buildings and capital improvements (estimated life of 5-40 years)	4,734,939	4,548,160
Office furniture and equipment (estimated life of 3-7 years)	503,124	423,475
	5,612,172	5,155,068
Accumulated depreciation	(1,639,849)	(1,291,383)
Total	$ 3,972,323	$ 3,863,685

8. INVESTMENT IN OTHER ENTITIES

Syracuse Neighborhood Development Partners, LLC (SNDP, LLC) is a limited liability company, which was incorporated in Delaware and began operations in 2002. The company is 50% owned by Home Headquarters, Inc. and 50% owned by another not-for-profit organization. Home Headquarters, Inc.'s investment in SNDP, LLC is accounted for under the equity method of accounting; therefore, 50% of SNDP LLC's net income or loss is attributed to Home Headquarters, Inc. as an investment in other entities and net income of other entities.

A summary of financial information for SNDP, LLC at April 30 is as follows:

	2018	2017
Total assets	$ -	$ -
Total liabilities	7,165	5,623
Total stockholders' equity	(7,165)	(5,623)
Total liabilities and stockholders' equity	$ -	$ -
Total revenue	$ -	$ -
Total expenses	(1,542)	(1,260)
Net loss	$ (1,542)	$ (1,260)

Investment in SNDP, LLC at April 30 is as follows:

	2018	2017
Beginning equity interest in accumulated earnings	$ (2,812)	$ (2,182)
Share of net loss of SNDP LLC	(771)	(630)
Ending equity interest in accumulated earnings	$ (3,583)	$ (2,812)

8. INVESTMENT IN OTHER ENTITIES (Continued)

RippleSyr, LLC is a limited liability company, which was incorporated in New York and began operations in November 2015. The company is 50% owned by CNY Affordable Properties, Inc. and 50% owned by an outside partner. CNY Affordable Properties, Inc.'s investment in RippleSyr, LLC is accounted for under the equity method of accounting; therefore, 50% of RippleSyr, LLC's net income or loss is attributed to Home Headquarters, Inc. as an investment in other entities and net income of other entities.

Home Headquarters, Inc. paid expenses on behalf of RippleSyr, LLC during the year, accordingly RippleSyr, LLC recognized the amount as accounts payable.

A summary of financial information for RippleSyr, LLC at April 30 is as follows:

	2018	2017
Total assets	$ 5,666	$ 147,453
Total liabilities	8,589	157,894
Total stockholders' equity	(2,923)	(10,441)
Total liabilities and stockholders' equity	$ 5,666	$ 147,453
Total revenue	7,519	1,150
Total expenses	-	(12,086)
Net income/loss	$ 7,519	$ (10,936)

Investment in RippleSyr, LLC at April 30 is as follows:

	2018	2017
Beginning equity interest in accumulated earnings	$ (5,221)	$ 1,229
Adjustment to equity	-	(982)
Member contribution	-	-
Share of net income of RippleSyr, LLC	3,760	(5,468)
Ending equity interest in accumulated earnings	$ (1,461)	$ (5,221)

CNY Affordable Properties, Inc.'s share of net income in other entities is presented in the consolidated statement of activities as gain/loss on investment in subsidiary.

9. LIABILITY FOR HOME VALUE PROTECTION PROGRAM

In July 2002 Home Headquarters, Inc. launched a Home Equity Protection Program (now called Home Value Protection) in partnership with Neighborhood Reinvestment Corporation and the Yale School of Management. The program provides homeowners in the City of Syracuse with the opportunity to purchase protection against declines in the value of housing in their neighborhood.

9. LIABILITY FOR HOME VALUE PROTECTION PROGRAM (Continued)

Home Headquarters, Inc. received federal funding from the U.S. Department of Housing and Urban Development to be used for the Home Equity Assurance pilot program as well as other Neighborhood Initiative Programs. Equity Headquarters, Inc. was set up to manage the Home Value Protection Program. As of April 30, 2018 and 2017, Equity Headquarters. Inc. had $700,000 in liability for the Home Value Protection Program.

Based on an actuarial analysis performed in October 2016, the Home Value Protection (HVP) program had 95 active policies issued under the program, with an average protected value of $67,778 per property. The total protected value across all policies is $6,000,000. Periodically, Home Headquarters, Inc. has an actuarial analysis performed to determine if Equity Headquarters, Inc. has adequate reserves to cover the HVP program. Based on the latest analysis performed in October 2016, Equity Headquarters, Inc. needed at least $700,000 in reserves to cover future claims. As of April 30, 2018 and 2017, Equity Headquarters, Inc. had $936,594 and $905,850 in total assets available to cover future claims.

10. LINE OF CREDIT

Home Headquarters, Inc. has $1,500,000 in a line of credit. The Corporation had a balance of $666,667 outstanding as of April 30, 2018. As of April 30, 2017, there was no balance outstanding. The line of credit is payable on demand at 3% and contains certain financial loan covenants that were met for both years ended April 30, 2018 and 2017. The line of credit is unsecured.

11. NOTES AND MORTGAGES PAYABLE

Obligations under notes and mortgages payable consist of the following at April 30:

	2018	2017
Home Headquarters, Inc.:		
Note payable, due in quarterly installments of $8,929 through October 2024, non-interest bearing, unsecured	$ 232,143	$ -
Note payable, due in quarterly installments of $28,016 through January 2025, interest at 1.25%, unsecured	724,274	-
Note payable, due in quarterly installments of $8,929 through March 2025, non-interest bearing, unsecured	250,000	-
Note payable, due in quarterly installments of $28,036 through March 2025, interest at 1.25%, unsecured	750,000	-
Note payable, due in quarterly installments of $8,929 through April 2025, non-interest bearing, unsecured	250,000	-
Note payable, due in quarterly installments of $28,051 through March 2025, interest at 1.25%, unsecured	750,000	-
Note payable, due in quarterly installments of $5,089 through January 2018, non-interest bearing, unsecured	-	15,268

11. NOTES AND MORTGAGES PAYABLE (Continued)

Note payable, due in quarterly installments of $1,357 through January 2018, non-interest bearing, unsecured	-	4,071
Note payable, due in quarterly installments of $8,482 through December 2017, non-interest bearing, unsecured	-	25,448
Note payable, due in quarterly installments of $1,357 through April 2018, non-interest bearing, unsecured	-	9,498
Note payable, due in quarterly installments of $1,357 through April 2020, non-interest bearing, unsecured	9,497	16,284
Mortgage payable, payments due when the property is sold, interest at 0%, collateralized by the property and equipment	50,000	50,000
Mortgage payable, due in monthly installments of $2,882 through March 2045, interest at 8.25%, collateralized by the property and equipment	656,734	679,825
	3,672,648	800,394
Less: Current portion	(483,566)	(89,803)
	$ 3,189,082	$ 710,591

The future scheduled maturities of long-term debt are as follows:

2019	$ 483,566
2020	478,138
2021	478,138
2022	478,137
2023	478,137
Thereafter	742,966
Mortgage not due unless property is sold	50,000
	$ 3,189,082

For the years ended April 30, 2018 and 2017, interest expense was $19,203 and $10,162, respectively. The interest expense falls into operating and administrative expenses on the consolidated statement of activities but is shown in its own line on the consolidated statement of functional expenses.

Cayuga Developments, Inc. operates a twenty-four unit low income housing project located in Cayuga, New York and began operations in October, 1990. The project was funded by New York State Housing Trust Fund Corporation (NYSHTFC) with initial funding of $1,377,631 which requires no repayment terms unless Cayuga Developments, Inc. does not follow the terms of the grant. NYSHTFC provides significant oversight and restrictions on the operation and use of operating funds and facilities. Restrictions are due to expire in October 2089.

12. PENSION PLAN

Home Headquarters, Inc. provides a pension plan to all full-time employees. Employees are eligible for participation after working for the Corporation for twelve months. The plan is a tax-deferred savings program, where the Corporation contributes an amount up to 6% of an employee's annual base pay. The employee may contribute voluntary tax-deferred contributions up to the legal limit.

For the years ended April 30, 2018 and 2017, pension plan expense was $80,848 and $58,853, respectively.

13. OPERATING LEASES

The Corporation entered into a ten-year operating lease for office space starting in July 2016. The lease does not contain any yearly increases during the ten-year period. For the fiscal year ended April 30, 2018, the monthly rent was $9,458. Rent expense for 2018 and 2017 was $115,300 and $85,097, respectively.

The minimum payments under these non-cancelable leases are as follows:

2019	$ 113,496
2020	113,496
2021	113,496
2022	113,496
2023	113,496
Thereafter	359,420
	$ 926,900

14. RECONCILIATIONS OF NWA CAPITAL FUNDS

NeighborWorks America (NWA) capital funds are required to be maintained in a permanently restricted net asset classification. A reconciliation of the net assets at April 30, 2018 and 2017 is as follows:

	2018	2017
Total NWA net assets beginning of year	$ 3,000,001	$ 3,500,000
Conversion approved	(900,000)	(499,999)
Total permanently restricted NWA net assets	$ 2,100,001	$ 3,000,001

During the fiscal year ended April 30, 2018, Home Headquarters, Inc. was offered a conversion opportunity from NeighborWorks America, to convert restricted capital received in the current year and prior years to unrestricted uses that support the Organization's strategic plan and mission. Home Headquarters, Inc. applied for and was approved for conversions of $900,000.

15. LOAN GUARANTEE PROGRAM

In an effort to encourage investment within the City of Syracuse and encourage responsible local landlords in the City of Syracuse, Home Headquarters, Inc. and a national banking association (Bank) established a first mortgage loan guaranty program totaling $1,500,000. Under the loan guarantee program Home HeadQuarters Inc. will fund investors who have been appropriately vetted through the Home HeadQuarters Loan Committee. If however, the investor defaults under the mortgage two local foundations and the Greater Syracuse Property Development Corp. have guaranteed Home Headquarters, Inc.'s repurchase obligations up to a total of $300,000.

16. RELATED PARTY TRANSACTIONS

The Corporation has outstanding loans receivable from employees totaling $577,359 as of April 30, 2018. The related party loans are subject to terms and interest rates that are consistent with the Corporation's policies.

17. SUBSEQUENT EVENTS

The Corporation has evaluated subsequent events through September 26, 2018, which is the date the financial statements were available to be issued.

HOME HEADQUARTERS, INC.

SUPPLEMENTARY SCHEDULE OF FINANCIAL POSITION -
HOME HEADQUARTERS, INC.
APRIL 30, 2018
(With Comparative Totals for 2017)

	Unrestricted	Permanently Restricted NWA	Permanently Restricted CDFI	Total 2018	Total 2017
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	$ 4,141,740	$ -	$ -	$ 4,141,740	$ 4,906,290
Assets limited to use - current portion	749,755	-	-	749,755	277,072
Accounts receivable	2,972,930	-	-	2,972,930	2,714,181
Interfund transfers	(2,296,741)	750,067	1,546,674	-	-
Loans receivable, net of allowance of loan losses of $1,221,748 and $1,022,749 in 2018 and 2017, respectively	4,216,493	-	-	4,216,493	2,629,670
Properties held for resale	827,763	-	-	827,763	440,832
Intercompany receivables	370,906	-	-	370,906	536,354
Prepaid expense and other assets	94,400	-	-	94,400	92,057
Total current assets	11,077,246	750,067	1,546,674	13,373,987	11,596,456
NON-CURRENT ASSETS:					
Assets limited to use	2,488,557	-	-	2,488,557	2,558,891
Deposits held in trust	20,008	-	-	20,008	-
Investment in other entities	(3,582)	-	-	(3,582)	(2,812)
Loans receivable, net - long-term portion	14,226,361	1,349,934	6,148,262	21,724,557	19,396,050
Notes receivable	100,000	-	-	100,000	100,000
Property held for redevelopment	3,155,076	-	-	3,155,076	1,988,999
Property and equipment, net	1,718,061	-	-	1,718,061	1,454,277
Total non-current assets	21,704,481	1,349,934	6,148,262	29,202,677	25,495,405
Total assets	$ 32,781,727	$ 2,100,001	$ 7,694,936	$ 42,576,664	$ 37,091,861
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES:					
Accounts payable and accrued expenses	$ 270,301	$ -	$ -	$ 270,301	$ 344,983
Accounts payable - intercompany	-	-	-	-	227,157
Deferred income - current portion	622,673	-	-	622,673	409,387
Escrow payable	2,081,020	-	-	2,081,020	1,327,245
Line of credit	666,667	-	-	666,667	-
Notes and mortgages payable - current portion	448,982	-	-	448,982	55,219
Total current liabilities	4,089,643	-	-	4,089,643	2,363,991
NON-CURRENT LIABILITIES					
Tenant security deposits	10,213	-	-	10,213	9,533
Deferred income - long-term portion	1,193,805	-	-	1,193,805	1,139,127
Notes and mortgages payable - long-term portion	2,516,986	-	-	2,516,986	15,349
Total non-current liabilities	3,721,004	-	-	3,721,004	1,164,009
Total liabilities	7,810,647	-	-	7,810,647	3,528,000
NET ASSETS:					
Unrestricted - operating	9,942,494	-	-	9,942,494	16,912,868
Board designated	15,028,586	-	-	15,028,586	5,956,056
Permanently restricted	-	2,100,001	7,694,936	9,794,937	10,694,937
Total net assets	24,971,080	2,100,001	7,694,936	34,766,017	33,563,861
Total liabilities and net assets	$ 32,781,727	$ 2,100,001	$ 7,694,936	$ 42,576,664	$ 37,091,861

The accompanying notes are an integral part of these schedules.

HOME HEADQUARTERS, INC.

SUPPLEMENTARY SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS -
HOME HEADQUARTERS, INC.
YEAR ENDED APRIL 30, 2018
(with Comparative Totals for 2017)

	Unrestricted	Permanently Restricted NWA	Permanently Restricted CDFI	Total 2018	Total 2017
REVENUES:					
Program revenue					
Lending and finance products	$ 5,110,972	$ -	$ -	$ 5,110,972	$ 3,083,294
Real estate development	900,235	-	-	900,235	3,676,267
Net assets released from restriction	900,000	(900,000)	-	-	-
Total program revenue	6,911,207	(900,000)	-	6,011,207	6,759,561
Other revenue					
Fee revenue	601,272	-	-	601,272	595,134
Unrestricted grants and contributions	1,278,782	-	-	1,278,782	1,024,236
Shared service revenue	237,100	-	-	237,100	247,183
Loan interest income	956,214	-	-	956,214	1,072,129
Other income	149,350	-	-	149,350	26,658
Total other revenue	3,222,718	-	-	3,222,718	2,965,340
Total revenues	10,133,925	(900,000)	-	9,233,925	9,724,901
EXPENSES:					
Program expense					
Lending and finance products	4,027,331	-	-	4,027,331	2,897,665
Real estate development	903,006	-	-	903,006	3,534,479
Program delivery expenses	2,650,603	-	-	2,650,603	2,595,800
Total program expenses	7,580,940	-	-	7,580,940	9,027,944
Operating and administrative expenses	330,448	-	-	330,448	388,629
Fundraising expenses	34,808	-	-	34,808	4,070
Total expenses	7,946,196	-	-	7,946,196	9,420,643
CHANGE IN NET ASSETS	2,187,729	(900,000)	-	1,287,729	304,258
Unrealized loss on investment	(60,573)	-	-	(60,573)	(200,901)
CHANGE IN NET ASSETS AFTER UNREALIZED LOSS	2,127,156	(900,000)	-	1,227,156	103,357
Equity transfer to affiliate	(25,000)	-	-	(25,000)	(250,000)
CHANGE IN NET ASSETS AFTER EQUITY TRANSFER	2,102,156	(900,000)	-	1,202,156	(146,643)
NET ASSETS - beginning of year	22,868,924	3,000,001	7,694,936	33,563,861	33,710,504
NET ASSETS - end of year	$ 24,971,080	$ 2,100,001	$ 7,694,936	$ 34,766,017	$ 33,563,861

The accompanying notes are an integral part of these schedules.

HOME HEADQUARTERS, INC. AND AFFILIATES

SUPPLEMENTARY SCHEDULE OF FUNCTIONAL EXPENSES -
HOME HEADQUARTERS, INC.
APRIL 30, 2018
(With Comparative Totals for 2017)

	Program Expenses	Operating and Administrative Expenses	Fundraising Expenses	Total 2018	Total 2017
Grant expenses	$ 3,327,733	$ -	$ -	$ 3,327,733	$ 2,576,484
Rehab and acquisition expense	986,294	-	-	986,294	3,269,711
Salaries, fringes and payroll taxes	1,733,550	249,282	-	1,982,832	1,928,254
Bad debt expense	358,560		-	358,560	320,882
Contract service provided expense	297,816	7,174	-	304,991	325,718
Depreciation	167,230	4,491	-	171,721	212,029
Insurance	193,048	3,940	-	196,987	188,428
Rent and utilities	103,770	11,530	-	115,300	85,097
Professional fees	53,348	6,548	-	59,896	78,304
Computer and equipment services	71,238	7,045	-	78,283	83,219
Property management and maintenance	131,989	-	-	131,989	114,683
Warranty expense	1,290	-	-	1,290	1,082
Conferences, training and travel	14,006	4,788	-	18,794	19,656
Office equipment and supplies	50,141	4,959	-	55,100	49,131
Equipment rental and maintenance	16,634	1,645	-	18,279	23,143
Fundraising and events	-	-	34,808	34,808	4,070
Printing and postage	12,512	1,237	-	13,749	15,293
Bank charges and loan fees	4,533	-	-	4,533	5,163
Credit reports	15,355	-	-	15,355	9,577
Filing and rating fees	-	4,625	-	4,625	2,975
Advertising and marketing	8,347	2,094	-	10,441	7,222
Dues and publications	-	12,140	-	12,140	10,542
Miscellaneous	14,343	8,950	-	23,293	27,484
Interest	19,203	-	-	19,203	413
Office move	-	-	-	-	62,083
Total expenses	$ 7,580,940	$ 330,448	$ 34,808	$ 7,946,196	$ 9,420,643

The accompanying notes are an integral part of these schedules.

HOME HEADQUARTERS, INC. AND AFFILIATES

SUPPLEMENTARY SCHEDULE OF FINANCIAL POSITION - OPPORTUNITY HEADQUARTERS, INC.
APRIL 30, 2018
(With Comparative Totals for 2017)

	2018	2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 136,856	$ 161,538
Intercompany receivables	550,692	121,800
Prepaid expense and other assets	58,338	71,853
Total current assets	745,886	355,191
NON-CURRENT ASSETS:		
Property and equipment, net	132,394	148,074
Total assets	$ 878,280	$ 503,265
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 98,665	$ 48,808
Intercompany payable	292,809	-
Total current liabilities	391,474	48,808
NON-CURRENT LIABILITIES		
Intercompany note payable	108,126	113,501
Total liabilities	499,600	162,309
NET ASSETS	378,680	340,956
Total liabilities and net assets	$ 878,280	$ 503,265

The accompanying notes are an integral part of these schedules.

HOME HEADQUARTERS, INC. AND AFFILIATES

SUPPLEMENTARY SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS - OPPORTUNITY HEADQUARTERS, INC.
YEAR ENDED APRIL 30, 2018
(With Comparative Totals for 2017)

	2018	2017
REVENUES:		
Program revenue		
Contract service provided revenue	$ 1,615,618	$ 1,732,282
Total program revenue	1,615,618	1,732,282
Other revenue		
Contributions	26,250	-
Rental income	6,000	-
Other income	13,511	-
Total other revenue	45,761	-
Total revenues	1,661,379	1,732,282
EXPENSES:		
Program expense		
Contract service provided expense	1,080,262	1,058,071
Property management and maintenance expense	1,549	3,725
Utilities	2,819	3,463
Salaries, fringes and payroll taxes	346,067	425,202
Insurance	161,142	173,831
Tools and equipment	5,475	8,842
Total program expense	1,597,314	1,673,134
Operating and administrative expenses		
Depreciation	15,681	16,047
Miscellaneous	1,379	2,552
Conferences, staff training and travel	4,135	1,390
Bank charges and loan fees	35	-
Interest	4,442	9,750
Office equipment and supplies	669	389
Total operating and administrative expenses	26,341	30,128
Total expenses	1,623,655	1,703,262
CHANGE IN NET ASSETS	37,724	29,020
NET ASSETS - beginning of year	340,956	311,936
NET ASSETS - end of year	$ 378,680	$ 340,956

The accompanying notes are an integral part of these schedules.

HOME HEADQUARTERS, INC. AND AFFILIATES

SUPPLEMENTARY BALANCE SHEET -
CNY AFFORDABLE PROPERTIES, INC.
APRIL 30, 2018
(With Comparative Totals for 2017)

	2018	2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 209,504	$ 225,820
Intercompany receivables	55	-
Total current assets	209,559	225,820
NON-CURRENT ASSETS:		
Investment in other entities	(1,461)	(5,221)
Properties for redevelopment	217,465	113,476
Total non-current assets	216,004	108,255
Total assets	$ 425,563	$ 334,075
LIABILITIES AND RETAINED EARNINGS DEFICIT		
CURRENT LIABIILITIES:		
Accounts payable - intercompany	$ 90,629	$ -
Total current liabilities	90,629	-
NON-CURRENT LIABIILITIES:		
Intercompany notes payable	408,324	408,324
Total liabilities	498,953	408,324
STOCKEHOLDERS' DEFICIT:		
Common stock, authorized 200 shares no par value, 10 shares issued	100	100
Paid-in capital	281	281
Retained earnings deficit	(73,770)	(74,630)
Total stockholders' deficit	(73,389)	(74,249)
Total liabilities and stockholders' deficit	$ 425,563	$ 334,075

The accompanying notes are an integral part of these schedules.

HOME HEADQUARTERS, INC. AND AFFILIATES

SUPPLEMENTARY SCHEDULE OF INCOME AND RETAINED EARNINGS -
CNY AFFORDABLE PROPERTIES, INC.
YEAR ENDED APRIL 30, 2018
(With Comparative Totals for 2017)

	2018	2017
REVENUES:		
Program revenue		
Loss on property redevelopment	$ -	$ (25,160)
Total program revenue	-	(25,160)
Other revenue		
Other income (loss)	3,760	(5,840)
Total other revenue	3,760	(5,840)
Total revenues	3,760	(31,000)
EXPENSES:		
Program expense		
Property maintenance	58	-
Total program expense	58	-
Operating and administrative expense		
Insurance	2,668	273
Miscellaneous	175	165
Total operating and administrative expense	2,843	438
Total expenses	2,901	438
Net loss	859	(31,438)
RETAINED EARNINGS DEFICIT - beginning of year	(74,630)	(43,192)
RETAINED EARNINGS DEFICIT - end of year	$ (73,770)	$ (74,630)

The accompanying notes are an integral part of these schedules.

HOME HEADQUARTERS, INC. AND AFFILIATES

SUPPLEMENTARY SCHEDULE OF FINANCIAL POSITION - CNY AFFORDABLE REALTY, INC.
APRIL 30, 2018
(With Comparative Totals for 2017)

	2018	2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 342,518	$ 316,592
Accounts receivable	-	3,837
Intercompany receivables	2,745	142
Prepaid expense and other assets	1,309	1,310
Total current assets	346,572	321,881
NON-CURRENT ASSETS:		
Investment in other entities	500	500
Total assets	$ 347,072	$ 322,381
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 1,156	$ 1,519
Accounts payable - intercompany	3,161	-
Escrow payable	6,350	2,200
Total current liabilities	10,667	3,719
NET ASSETS	336,405	318,662
Total liabilities and net assets	$ 347,072	$ 322,381

The accompanying notes are an integral part of these schedules.

HOME HEADQUARTERS, INC. AND AFFILIATES

SUPPLEMENTARY SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS - CNY AFFORDABLE REALTY, INC.
YEAR ENDED APRIL 30, 2018
(With Comparative Totals for 2017)

	2018	2017
REVENUES:		
Program revenue		
Property management and maintenance fees	$ 35,222	$ 36,748
Commission income	125,820	180,754
Miscellaneous revenue	75	166
Total program revenue	161,117	217,668
Total revenues	161,117	217,668
EXPENSES:		
Program expense		
Dues and publications	4,906	3,537
Conferences, training and travel	4,374	5,713
Rent and utilities	1,522	1,322
Advertising and marketing	424	2,736
Contracted service provided expense	22,580	22,718
Shared services	103,000	91,500
Property management and maintenance expense	3,376	-
Total program expense	140,182	127,526
Operating and administrative expense -		
Insurance	1,310	1,310
Miscellaneous	238	920
Office equipment and supplies	1,644	1,085
Total operating and administrative expense	3,192	3,315
Total expenses	143,374	130,841
CHANGE IN NET ASSETS	17,743	86,827
NET ASSETS - beginning of year	318,662	231,835
NET ASSETS - end of year	$ 336,405	$ 318,662

The accompanying notes are an integral part of these schedules.

HOME HEADQUARTERS, INC. AND AFFILIATES

SUPPLEMENTARY SCHEDULE OF FINANCIAL POSITION -
EQUITY HEADQUARTERS, INC.
APRIL 30, 2018
(With Comparative Totals for 2017)

	2018	2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 262,365	$ 8,759
Intercompany receivables	-	227,157
Total current assets	262,365	235,916
NON-CURRENT ASSETS:		
Certificates of deposit	674,229	669,934
Total assets	$ 936,594	$ 905,850
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Intercompany payable	$ 23,209	$ -
Total current liabilities	23,209	-
NON-CURRENT LIABILITIES:		
Liability for Home Value Protection Program	700,000	700,000
Total liabilities	723,209	700,000
NET ASSETS	213,385	205,850
Total liabilities and net assets	$ 936,594	$ 905,850

The accompanying notes are an integral part of these schedules.

HOME HEADQUARTERS, INC. AND AFFILIATES

SUPPLEMENTARY SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS - EQUITY HEADQUARTERS, INC.
YEAR ENDED APRIL 30, 2018
(With Comparative Totals for 2017)

	2018	2017
REVENUES:		
Other revenue		
Interest Income	$ 10,514	$ 35,608
Total revenues	10,514	35,608
EXPENSES:		
Operating and administrative expense		
Contract service provided expense	2,000	4,000
Bank charges and loan fees	343	261
Miscellaneous	636	185
Total operating and administrative expense	2,979	4,446
Total expenses	2,979	4,446
CHANGE IN NET ASSETS	7,535	31,162
UNRESTRICTED NET ASSETS - beginning of year	205,850	174,688
UNRESTRICTED NET ASSETS - end of year	$ 213,385	$ 205,850

The accompanying notes are an integral part of these schedules.

HOME HEADQUARTERS, INC. AND AFFILIATES

SUPPLEMENTARY BALANCE SHEET -
ADVANCED ENERGY CONSTRUCTION, INC.
APRIL 30, 2018
(With Comparative Totals for 2017)

	2018	2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 325	$ 425
Total current assets	325	425
Total assets	$ 325	$ 425
LIABILITIES AND RETAINED EARNINGS		
CURRENT LIABILITIES:		
Accounts payable- intercompany	$ 645	$ 645
Total current liabilities	645	645
RETAINED EARNINGS DEFICIT	(320)	(220)
Total liabilities and retained deficit	$ 325	$ 425

The accompanying notes are an integral part of these schedules.

HOME HEADQUARTERS, INC. AND AFFILIATES

SUPPLEMENTARY SCHEDULE OF INCOME AND RETAINED EARNINGS - ADVANCED ENERGY CONSTRUCTION, INC.
YEAR ENDED APRIL 30, 2018
(With Comparative Totals for 2017)

	2018	2017
EXPENSES:		
Operating and administrative expenses		
Miscellaneous	$ -	$ 145
Bank charges and loan fees	100	-
Total operating and administrative expenses	100	145
Total expenses	100	145
Net loss	(100)	(145)
RETAINED EARNINGS DEFICIT - beginning of year	(220)	(75)
RETAINED EARNINGS DEFICIT - end of year	$ (320)	$ (220)

The accompanying notes are an integral part of these schedules.

HOME HEADQUARTERS, INC. AND AFFILIATES

SUPPLEMENTARY SCHEDULE OF FINANCIAL POSITION -
THE HOME OWNERSHIP CENTER AT HOME HEADQUARTERS, INC.
APRIL 30, 2018
(With Comparative Totals for 2017)

	2018	2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 154,961	$ 301,884
Intercompany receivables	23,893	-
Prepaid expense and other assets	4,516	-
Total current assets	183,370	301,884
Total assets	$ 183,370	$ 301,884
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 17,956	$ 22,176
Accounts payable- intercompany	-	68,744
Intercompany payable	131,580	-
Total current liabilities	149,536	90,920
NON-CURRENT LIABILITIES		
Intercompany note payable	-	200,000
Total liabilities	149,536	290,920
NET ASSETS	33,834	10,964
Total liabilities and net assets	$ 183,370	$ 301,884

The accompanying notes are an integral part of these schedules.

HOME HEADQUARTERS, INC. AND AFFILIATES

SUPPLEMENTARY SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS - THE HOME OWNERSHIP CENTER AT HOME HEADQUARTERS, INC.
YEAR ENDED APRIL 30, 2018
(With Comparative Totals for 2017)

	2018	2017
REVENUES:		
Program revenue		
Contract revenue	$ 292,016	$ 273,611
Counseling fees	106,000	87,175
Homebuyer education	26,006	32,801
Total program revenue	424,022	393,587
Other revenue		
Contributions	16,026	-
Total revenues	440,048	393,587
EXPENSES:		
Program expenses		
Salaries, fringes and payroll taxes	258,718	249,993
Grant expenses	12,500	-
Printing and postage	463	1,296
Conferences, training and travel	5,608	9,384
Insurance	1,073	1,088
Office equipment and supplies	6,133	4,280
Rent, maintenance and utilities	51,297	37,824
Bank charges and loan fees	35	26
Credit reports	3,145	1,434
Advertising marketing	-	6,300
Miscellaneous expenses	3,206	3,185
Total program expenses	342,178	314,810
Operating and administrative expenses		
Shared services	75,000	75,000
Total operating and administrative expenses	75,000	75,000
Total expenses	417,178	389,810
CHANGES IN NET ASSETS	22,870	3,777
NET ASSETS - beginning of year	10,964	7,187
NET ASSETS - end of year	$ 33,834	$ 10,964

The accompanying notes are an integral part of these schedules.

HOME HEADQUARTERS, INC. AND AFFILIATES

SUPPLEMENTARY BALANCE SHEET -
SUPERIOR SERVICING HEADQUARTERS, LLC
APRIL 30, 2018
(With Comparative Totals for 2017)

	2018	2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 273,336	$ 250,000
Escrow deposits	83,699	-
Restricted cash	25,383	-
Accounts receivable	2,488	-
Prepaid expenses	2,176	1,212
Total current assets	387,082	251,212
Total assets	$ 387,082	$ 251,212
LIABILITIES AND MEMBER'S EQUITY		
CURRENT LIABILITIES		
Escrows payable	$ 83,699	$ -
Payments received on servicing due to agencies	25,383	-
Intercompany payable	-	6,748
Total current liabilities	109,082	6,748
Total liabilities	109,082	6,748
MEMBER'S EQUITY	278,000	244,464
Total liabilities and member's equity	$ 387,082	$ 251,212

The accompanying notes are an integral part of these schedules.

HOME HEADQUARTERS, INC. AND AFFILIATES

SUPPLEMENTARY SCHEDULE OF INCOME AND MEMBER'S EQUITY - SUPERIOR SERVICING HEADQUARTERS, LLC
YEAR ENDED APRIL 30, 2018
(With Comparative Totals for 2017)

	2018	2017
SERVICING REVENUE	$ 12,396	$ -
OPERATING EXPENSES:		
Insurance	3,049	663
Other operating expenses	811	4,873
Total operating expenses	3,860	5,536
NET INCOME	8,536	(5,536)
MEMBER'S EQUITY, beginning of year	244,464	-
EQUITY CONTRIBUTION	25,000	250,000
MEMBER'S EQUITY, end of year	$ 278,000	$ 244,464

The accompanying notes are an integral part of these schedules.

HOME HEADQUARTERS, INC. AND AFFILIATES

SUPPLEMENTARY SCHEDULE OF FINANCIAL POSITION -
HOMSITE HOLDING COMPANY, INC.
APRIL 30, 2018
(With Comparative Totals for 2017)

	2018	2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 3,020	$ 10,052
Accounts receivable	3,914	3,765
Intercompany receivable	10,625	1,000
Prepaid expenses	140	214
Total current assets	17,699	15,031
NON-CURRENT ASSETS:		
Deposits held in trust	1,334	1,471
Assets limited as to use	44,285	43,515
Property and equipment, net	268,370	283,993
Total non-current assets	313,989	328,979
Total assets	$ 331,688	$ 344,010
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 3,646	$ 830
Intercompany payable	29,520	18,791
Total current liabilities	33,166	19,621
NON-CURRENT LIABILITIES:		
Tenant security deposits	1,334	1,471
Total non-current liabilities	1,334	1,471
Total liabilities	34,500	21,092
NET ASSETS	297,188	322,918
Total liabilities and net assets	$ 331,688	$ 344,010

The accompanying notes are an integral part of these schedules.

HOME HEADQUARTERS, INC. AND AFFILIATES

SUPPLEMENTARY SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS - HOMSITE HOLDING COMPANY, INC.
YEAR ENDED APRIL 30, 2018
(With Comparative Totals for 2017)

	2018	2017
REVENUES:		
Program revenue		
Rental revenue	$ 47,031	$ 46,013
Other revenue		
Other income	1,281	1,154
Total revenues	48,312	47,167
EXPENSES:		
Program expenses		
Salaries, benefits and payroll taxes	13,284	14,652
Property management and maintenance	25,805	28,241
Depreciation	15,623	15,953
Rent and utilities	14,473	8,509
Professional fees	2,625	2,706
Office supplies and equipment	1,350	-
Other expenses	882	291
Total program expenses	74,042	70,352
Total expenses	74,042	70,352
CHANGES IN NET ASSETS	(25,730)	(23,185)
NET ASSETS - beginning of year	322,918	346,103
NET ASSETS - end of year	$ 297,188	$ 322,918

HOME HEADQUARTERS, INC. AND AFFILIATES

SUPPLEMENTARY SCHEDULE OF FINANCIAL POSITION - HOMSITE FUND, INC.
APRIL 30, 2018
(With Comparative Totals for 2017)

	2018	2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 237,637	$ 124,191
Prepaid expenses	1,631	1,285
Accounts receivable	464,417	94,058
Total current assets	703,685	219,534
NON-CURRENT ASSETS:		
Deposits held in trust	4,181	3,493
Assets limited as to use	121,262	120,273
Property and equipment, net	247,624	273,934
Total non-current assets	373,067	397,700
Total assets	$ 1,076,752	$ 617,234
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 26,343	$ 11,103
Accounts payable - intercompany	203,246	162,653
Escrow payable	184,024	-
Deferred revenue	152,867	-
Total current liabilities	566,480	173,756
NON-CURRENT LIABILITIES:		
Tenant security deposits	3,759	3,493
Note payable	50,000	50,000
Total non-current liabilities	53,759	53,493
Total liabilities	620,239	227,249
NET ASSETS	456,513	389,985
Total liabilities and net assets	$ 1,076,752	$ 617,234

The accompanying notes are an integral part of these schedules.

HOME HEADQUARTERS, INC. AND AFFILIATES

SUPPLEMENTARY SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS - HOMSITE FUND, INC.
YEAR ENDED APRIL 30, 2018
(With Comparative Totals for 2017)

	2018	2017
REVENUES:		
Program revenue		
Rental revenue	$ 64,048	$ 60,881
Grant revenue	875,052	151,947
Loan revenue	58,561	-
Total program revenue	997,661	212,828
Other revenue		
Other income	20,755	1,930
Total other revenue	20,755	1,930
Total revenues	1,018,416	214,758
EXPENSES:		
Program expenses		
Depreciation	42,010	41,887
Salaries, benefits and payroll taxes	153,755	91,946
Rent and utilities	35,482	36,102
Property maintenance	3,737	-
Insurance	5,860	7,333
Professional fees	8,570	6,006
Grant expenses	662,775	-
Bad debts - rents	3,712	-
Office equipment and supplies	4,426	179
Conferences, training and travel	526	700
Total program expenses	920,853	184,153
Operating and administrative expenses		
Other grant expenses	852	706
Shared services	30,000	23,750
Other expenses	183	-
Total operating and administrative expenses	31,035	24,456
Total expenses	951,888	208,609
CHANGES IN NET ASSETS	66,528	6,149
NET ASSETS - beginning of year	389,985	383,836
NET ASSETS - end of year	$ 456,513	$ 389,985

The accompanying notes are an integral part of these schedules.

HOME HEADQUARTERS, INC. AND AFFILIATES

SUPPLEMENTARY SCHEDULE OF FINANCIAL POSITION -
CAYUGA DEVELOPMENTS, INC.
APRIL 30, 2018
(With Comparative Totals for 2017)

	2018	2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 294,599	$ 178,084
Accounts receivable	801	603
Prepaid expenses	513	1,213
Total current assets	295,913	179,900
NON-CURRENT ASSETS:		
Deposits held in trust	16,824	17,639
Assets limited as to use	93,639	118,130
Property and equipment, net	1,601,782	1,696,744
Total non-current assets	1,712,245	1,832,513
Total assets	$ 2,008,158	$ 2,012,413
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 8,420	$ 6,082
Accounts payable - intercompany	224,701	135,314
Deferred revenue	1,973	-
Mortgage payable - current portion	34,584	34,584
Total current liabilities	269,678	175,980
NON-CURRENT LIABILITIES:		
Mortgage payable - long-term portion	622,096	645,242
Tenant security deposits	16,824	17,639
Total non-current liabilities	638,920	662,881
Total liabilities	908,598	838,861
NET ASSETS	1,099,560	1,173,552
Total liabilities and net assets	$ 2,008,158	$ 2,012,413

The accompanying notes are an integral part of these schedules.

HOME HEADQUARTERS, INC. AND AFFILIATES

SUPPLEMENTARY SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS - CAYUGA DEVELOPMENTS, INC.
YEAR ENDED APRIL 30, 2018
(With Comparative Totals for 2017)

	2018	2017
REVENUES:		
Program revenue		
Rental revenue	$ 256,360	$ 253,950
Other revenue		
Other income	7,050	9,236
Total revenues	263,410	263,186
EXPENSES:		
Program expenses		
Rent and utilities	112,855	91,670
Depreciation	100,862	143,728
Insurance	19,670	25,987
Salaries, benefits and payroll taxes	46,899	79,273
Property maintenance and management	30,103	41,565
Miscellaneous	12,495	13,066
Professional fees	10,925	5,706
Conferences, training and travel	2,177	2,623
Office equipment and supplies	1,416	1,459
Total program expenses	337,402	405,077
Total expenses	337,402	405,077
CHANGES IN NET ASSETS	(73,992)	(141,891)
NET ASSETS - beginning of year	1,173,552	1,315,443
NET ASSETS - end of year	$ 1,099,560	$ 1,173,552

The accompanying notes are an integral part of these schedules.

HOME HEADQUARTERS, INC. AND AFFILIATES

SUPPLEMENTARY SCHEDULE OF FINANCIAL POSITION - CAYUGA COUNTY HOMSITE DEVELOPMENT CORPORATION
APRIL 30, 2018
(With Comparative Totals for 2017)

	2018	2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 210,721	$ 431,683
Grants receivable	58,229	-
Prepaid expenses	2,377	11,561
Intercompany receivables	348,907	315,758
Total current assets	620,234	759,002
NON-CURRENT ASSETS:		
Property and equipment, net	4,093	6,663
Total assets	$ 624,327	$ 765,665
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	27,692	47,748
Intercompany payable	-	139,861
Total liabilities	27,692	187,609
NET ASSETS	596,635	578,056
Total liabilities and net assets	$ 624,327	$ 765,665

The accompanying notes are an integral part of these schedules.

HOME HEADQUARTERS, INC. AND AFFILIATES

SUPPLEMENTARY SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS - CAYUGA COUNTY HOMSITE DEVELOPMENT CORPORATION
YEAR ENDED APRIL 30, 2018
(With Comparative Totals for 2017)

	2018	2017
REVENUES:		
Program revenue		
Grant revenue and contributions	$ 431,257	$ 884,966
Property management fees	43,020	37,568
Interest income	489	3,361
Other income	5,854	126,376
Total revenues	480,620	1,052,271
EXPENSES:		
Program expenses		
Grant expenses	86,575	479,713
Salaries, benefits and payroll taxes	241,711	292,996
Rent and utilities	54,399	41,510
Office equipment and supplies	13,317	7,875
Property maintenance	7,739	9,668
Depreciation	2,570	3,741
Professional fees	9,644	12,906
Printing and postage	5,545	6,685
Miscellaneous expenses	4,839	7,363
Dues and subscriptions	711	1,382
Conferences, training and travel	4,991	5,227
Total program expenses	432,041	869,066
Operating and administrative expenses		
Shared services	30,000	26,250
Total operating and administrative expenses	30,000	26,250
Total expenses	462,041	895,316
CHANGES IN NET ASSETS	18,579	156,955
NET ASSETS - beginning of year	578,056	421,101
NET ASSETS - end of year	$ 596,635	$ 578,056

The accompanying notes are an integral part of these schedules.

Bonadio & Co., LLP
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*

September 26, 2018

To the Boards of Directors of
Home Headquarters, Inc. and Affiliates:

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 consolidated financial statements of Home Headquarters, Inc. and Affiliates (the Organization), which comprise the consolidated statement of financial position as of April 30, 2018, and the related consolidated statement of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 26, 2018.

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

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

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

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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*
(Continued)

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

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

Bonadio & Co., LLP