HOME HEADQUARTERS, INC. AND AFFILIATES

Consolidated Financial Statements and
Supplementary Information
April 30, 2017
Together with
Independent Auditor's Report

Bonadio & Co., LLP
Certified Public Accountants

HOME HEADQUARTERS, INC. AND AFFILIATES

TABLE OF CONTENTS

HOME HEADQUARTERS, INC. AND AFFILIATES

TABLE OF CONTENTS
(Continued)

SUPPLEMENTARY INFORMATION: (Continued)

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

September 28, 2017

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, 2017, 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.

432 North Franklin Street, Suite 60
Syracuse, New York 13204
p (315) 476-4004
f (315) 475-1513

www.bonadio.com

(Continued)

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, 2017 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 2016 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 27, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended April 30, 2016, 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 2017 supplementary information included on pages 25 - 49 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 2017 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

The 2016 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 2016 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 2016 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 28, 2017 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, 2017
(With Comparative Totals for 2016)

	Unrestricted	Permanently Restricted NWA	Permanently Restricted CDFI	Total 2017	Total 2016
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	$ 6,915,318	$ -	$ -	$ 6,915,318	$ 5,439,312
Assets limited to use - current portion	268,072	9,000	-	277,072	5,562,793
Accounts receivable	2,938,244	-	-	2,938,244	2,144,301
Interfund transfers	(1,693,235)	1,028,690	664,545	-	-
Loans receivable, net of allowance of loan losses of $1,022,749 and $948,567 in 2017 and 2016, respectively	2,629,670	-	-	2,629,670	2,523,753
Properties held for resale	440,832			440,832	1,291,981
Prepaid expense and other assets	180,705	-	-	180,705	122,490
Total current assets	11,679,606	1,037,690	664,545	13,381,841	17,084,630
NON-CURRENT ASSETS:					
Certificates of deposit	669,934	-	-	669,934	1,061,850
Deposits held in trust	22,603	-	-	22,603	22,758
Assets limited to use, net - long-term portion	1,111,013	-	1,729,796	2,840,809	3,145,223
Investment in other entities	(7,533)	-	-	(7,533)	(41)
Loans receivable, net - long-term portion	11,621,695	1,980,590	5,300,595	18,902,880	14,858,192
Notes receivable	100,000	-	-	100,000	100,000
Property held for redevelopment	2,102,475	-	-	2,102,475	2,511,110
Property and equipment, net	3,863,685	-	-	3,863,685	2,967,518
Total non-current assets	19,483,872	1,980,590	7,030,391	28,494,853	24,666,610
Total assets	$ 31,163,478	$ 3,018,280	$ 7,694,936	$ 41,876,694	$ 41,751,240
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES:					
Accounts payable and accrued expenses	$ 382,660	$ 18,279	$ -	$ 400,939	$ 1,009,971
Deferred income - current portion	409,387	-	-	409,387	527,937
Escrow payable	1,329,445	-	-	1,329,445	771,038
Notes and mortgages payable - current portion	89,803	-	-	89,803	158,412
Total current liabilities	2,211,295	18,279	-	2,229,574	2,467,358
NON-CURRENT LIABILITIES:					
Tenant security deposits	22,603	-	-	22,603	22,758
Deferred income - long-term portion	1,139,127	-	-	1,139,127	745,829
Liability for Home Value Protection Program	700,000	-	-	700,000	900,000
Notes and mortgages payable - long-term portion	710,591	-	-	710,591	755,548
Total non-current liabilities	2,572,321	-	-	2,572,321	2,424,135
Total liabilities	4,783,616	18,279	-	4,801,895	4,891,493
NET ASSETS:					
Unrestricted - operating	20,423,806	-	-	20,423,806	19,610,482
Board designated	5,956,056	-	-	5,956,056	6,054,329
Permanently restricted	-	3,000,001	7,694,936	10,694,937	11,194,936
Total net assets	26,379,862	3,000,001	7,694,936	37,074,799	36,859,747
Total liabilities and net assets	$ 31,163,478	$ 3,018,280	$ 7,694,936	$ 41,876,694	$ 41,751,240

The accompanying notes are an integral part of these schedules.

HOME HEADQUARTERS, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
APRIL 30, 2017
(with Comparative Totals for 2016)

	Unrestricted	Permanently Restricted NWA	Permanently Restricted CDFI	Total 2017	Total 2016
OPERATING REVENUES:					
Program revenue					
Lending and finance products	$ 3,083,294	$ -	$ -	$ 3,083,294	$ 5,521,383
Real estate development	3,613,982	-	-	3,613,982	2,916,891
Other grant revenue	1,036,913	-	-	1,036,913	532,098
Commission income	54,707	-	-	54,707	136,996
Counseling fees	87,175	-	-	87,175	87,415
Homebuyer education	32,801	-	-	32,801	60,461
Rental revenue	360,844	-	-	360,844	130,431
Property management and maintenance fees	5,931	-	-	5,931	34,486
Other program revenue	167,471	-	-	167,471	437,852
Net assets released from restriction	499,999	(499,999)	-	-	-
Total program revenue	8,943,117	(499,999)	-	8,443,118	9,858,013
Other revenue					
Fee revenue	595,135	-	-	595,135	869,803
Unrestricted grants and contributions	1,024,236	-	-	1,024,236	1,032,947
Shared service revenue	30,683	-	-	30,683	-
Loan interest income	1,072,129	-	-	1,072,129	896,991
Other income	68,746	-	-	68,746	94,218
Total other revenue	2,790,928	-	-	2,790,928	2,893,959
				-	
Total operating revenues	11,734,045	(499,999)	-	11,234,046	12,751,972
OPERATING EXPENSES:					
Program expenses	7,775,614	-	-	7,775,614	7,033,488
Program delivery	2,636,999			2,636,999	2,514,758
Operating and administrative expenses	401,410	-	-	401,410	1,739,354
Fundraising expenses	4,070	-	-	4,070	17,735
Total operating expenses	10,818,093	-	-	10,818,093	11,305,335
CHANGE IN NET ASSETS FROM OPERATIONS	915,952	(499,999)	-	415,953	1,446,637
OTHER CHANGES:					
Contribution on acquisition	-				2,578,161
Unrealized loss on investment	(200,901)	-	-	(200,901)	-
Total other changes	(200,901)	-	-	(200,901)	2,578,161
CHANGE IN NET ASSETS	715,051	(499,999)	-	215,052	4,024,798
NET ASSETS - beginning of year	25,664,811	3,500,000	7,694,936	36,859,747	32,834,949
NET ASSETS - end of year	$ 26,379,862	$ 3,000,001	$ 7,694,936	$ 37,074,799	$ 36,859,747

The accompanying notes are an integral part of these schedules.

HOME HEADQUARTERS, INC. AND AFFILIATES

CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSES

APRIL 30, 2017
(With Comparative Totals for 2016)

	Program Expenses	Operating and Administrative Expenses	Fundraising Expenses	Total 2017	Total 2016
Grant expenses	$ 3,056,197	$ -	$ -	$ 3,056,197	$ 3,864,360
Rehab and acquisition expense	2,243,849	-	-	2,243,849	3,509,316
Salaries, fringes and payroll taxes	2,829,240	253,077	-	3,082,317	2,772,970
Bad debt expense	320,882	-	-	320,882	353,714
Contract service provided expense	222,019	51,595	-	273,614	1,163,177
Depreciation	410,193	23,191	-	433,384	322,797
Insurance	385,090	13,822	-	398,912	370,350
Rent and utilities	255,608	12,765	-	268,373	206,152
Professional fees	93,343	12,990	-	106,333	79,627
Computer and equipment services	73,741	9,478	-	83,219	68,688
Property management and maintenance	197,882	-	-	197,882	65,087
Warranty expense	1,082	-	-	1,082	36,932
Conferences, training and travel	34,536	10,157	-	44,693	45,407
Office equipment and supplies	66,171	7,069	-	73,240	27,494
Equipment rental and maintenance	20,507	2,636	-	23,143	18,581
Fundraising and events	-	-	4,070	4,070	21,749
Printing and postage	21,536	1,738	-	23,274	25,959
Bank charges and loan fees	4,665	82	-	4,747	15,741
Credit reports	11,011	-	-	11,011	13,437
Filing and rating fees	2,975	4,873	-	7,848	11,412
Advertising and marketing	15,535	722	-	16,257	12,300
Dues and publications	12,826	2,635	-	15,461	15,773
Miscellaneous	46,369	9,691	-	56,060	18,957
Interest	412	9,750	-	10,162	4,290
Office move	55,012	7,071	-	62,083	-
Total expenses	$ 10,325,669	$ 426,271	$ 4,070	$ 10,818,093	$ 13,044,269

The accompanying notes are an integral part of these statements.

HOME HEADQUARTERS, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS
APRIL 30, 2017
(With Comparative Totals for 2016)

	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES:		
Changes in net assets	$ 215,052	$ 4,024,798
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation expense	433,384	322,797
Contribution on acquisition	-	(1,592,582)
Unrealized loss on investment	200,901	-
Provision for loan losses	320,882	353,714
Net permanently restricted grants	-	(445,181)
Increase in allowance for loan losses	(74,182)	(104,667)
Loss on sale of property held for redevelopment	81,003	247,156
Changes in:		
Accounts receivable	(793,943)	(860,995)
Construction materials inventory	-	5,116
Investment in other entities	7,492	(521)
Prepaid expenses and other assets	(58,215)	(7,381)
Accounts payable and accrued expenses	(609,032)	821,411
Escrow payable	558,407	(1,239,332)
Tenant security deposits	(155)	45,424
Liability for Home Value Protection Program	(200,000)	-
Deferred income	274,748	886,720
Net cash flow from operating activities	356,342	2,456,477
CASH FLOW FROM INVESTING ACTIVITIES:		
Cash acquired in acquisition	-	1,084,165
Changes in assets limited to use	5,590,135	(1,242,790)
Changes in deposits held in trust	155	(43,950)
Issuance of loans	(10,385,342)	(5,916,649)
Repayment of loans	5,988,037	4,357,896
Issuance of notes	-	(100,000)
Purchase of certificates of deposit	191,015	(7,608)
Purchase of property and equipment	(1,329,551)	(2,695,223)
Change in properties held for sale	851,149	(1,291,981)
Purchases of property held for redevelopment	(5,981,552)	(8,626,697)
Sales of property held for redevelopment	6,309,184	8,644,906
Net cash flow from investing activities	1,233,230	(5,837,931)
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from permanently restricted grants	-	445,181
Proceeds on notes and mortgages payable	-	1,477,155
Payments on notes and mortgages payable	(113,566)	(1,295,277)
Net cash flow from financing activities	(113,566)	627,059
CHANGE IN CASH	1,476,006	(2,754,395)
CASH - beginning of year	5,439,312	8,193,707
CASH - end of year	$ 6,915,318	$ 5,439,312
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$ 413	$ 4,290

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 expending 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 the Corporation 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.

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.

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)

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 Private Foundation as the only earnings of the entity is interest on investments held to provide coverage of past protection policies sold.

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.

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.

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.

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.

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.

1. NATURE OF OPERATIONS (Continued)

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

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.

Superior Servicing HeadQuarters, LLC. is a limited liability company that was created in New York State on December 3, 2014. The organization will provide loan servicing and collection services. The organization will begin operations once they obtain the appropriate license from the Department of Treasury.

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, 2016, 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. and The Home Ownership Center at Home Headquarters, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status (Continued)
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.

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

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

CNY Affordable Properties, Inc., and Advanced Energy Corporation, Inc., are for-profit “C” Corporations.

Superior Servicing Headquarters, LLC is a single-member LLC that is disregarded as an entity separate from its owners for Federal and New York State tax purposes.

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 $2,808,891 and $2,878,354 at April 30, 2017 and 2016, respectively. The Board has directed that certain loan programs be funded by the company, 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 $3,147,165 and 3,175,975 at April 30, 2017 and 2016, respectively. Board designated net assets were $5,956,056 and $6,054,329 for the years ended April 30, 2017 and 2016, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted and Unrestricted Revenue (Continued)
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.

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, 2017 and 2016, there were no temporarily restricted net assets.

Concentrations:
As of April 30, 2017 and 2016 the Corporation had approximately 41% and 33% of its receivable balance due from Community Development Block (CDBG) grants, and 28% and 27% from New York State respectively.

During the years ended April 30, 2017 and 2016, the Corporation derived approximately 37% and 28% 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 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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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, 2017 and 2016.

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 the years ended April 30, 2017 and 2016, respectively. 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, 2017 and 2016 were $320,882 and $353,714, respectively.

Allowance for Loan Losses

The allowance for loan losses represents management's estimate of losses inherent in the loan portfolio as of the 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Loan Losses (Continued)

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.

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: 1) trends of past due loans, 2) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prepaid Expense and Other Assets
Prepaid expense and other assets consist primarily of prepaid insurance.

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 $81,003 and $247,156 for the years ended April 30, 2017 and 2016, 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.

Properties 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 includes 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, 2017 and 2016 was $433,384 and $322,797, 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 $1,329,445 and $771,038 for the years ended April 30, 2017 and 2016, respectively.

Deferred Income
Deferred income consists of grant revenue, which has been received but not expended.

Reclassifications
Certain reclassifications have been made to the 2016 consolidated financial statements to conform to the current year presentation.

3. ASSETS LIMITED TO USE

The composition of assets limited as to use consisted of the following at April 30:

	2017	2016
Limited to use for property acquisition and rehabilitations	$ 27,072	$ 1,026,728
Limited to use for lending activities	-	4,536,065
Board designated reserves	2,808,891	2,878,354
Replacement reserves	249,313	261,154
Escrow accounts	-	5,715
Operating reserves	32,605	-
	$ 3,117,881	$ 8,708,016

4. CERTIFICATES OF DEPOSIT

Certificates of deposit consisted of the following at April 30:

	2017	2016
Certificates of deposit	$ 669,934	$ 1,061,850

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.

	2017	2016
Interest income	$ 35,608	$ 7,889

5. GRANTS

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

	2017	2016
Expendable Grant Funds:		
NeighborWorks America	$ -	$ 202,700
Permanently Restricted Grants:		
NeighborWorks America, Neighborhood Reinvestment Home Ownership and Improvement Total Award	$ -	$ 500,000
Unrestricted Grants:		
NeighborWorks America, Neighborhood Reinvestment HUD Housing Counseling Total Award	$ 24,000	$ 19,286

6. LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES

Loans receivable consist of the following at April 30:

	2017	2016
Residential home improvement	$ 6,856,638	$ 8,194,427
Down payment & closing cost	273,086	152,682
Residential first mortgages	12,526,962	7,752,849
Investor loans	663,803	288,508
Commercial loans	1,236,000	-
Community impact loans	556,616	-
Interim financing to other not for profit housing organizations	442,194	1,942,046
Total loans receivable	22,555,299	18,330,512
Allowance for loan losses	(1,022,749)	(948,567)
	$ 21,532,550	$ 17,381,945

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

	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	$ 227,987	$ 6,628,651	$ 6856,638	$ -
Down payment & closing cost loans	275	-	792	1,067	272,019	273,086	-
Residential first mortgages	364,185	53,281	24,380	441,847	12,085,115	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	-	-	-	-	442,193	442,194	-
	$ 517,930	$ 80,718	$ 124,823	$ 723,471	$21,831,828	$22,555,299	$ -

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

	2016						
	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	$ 179,344	$ 17,425	$ 31,038	$ 227,807	$ 7,966,620	$ 8,194,427	$ -
Down payment & closing cost	1,606	947	-	2,553	150,129	152,682	-
Residential first mortgages	76,074	38,928	48,912	163,914	7,588,935	7,752,849	-
Investor loans	- -	-	-	-	288,508	288,508	-
Interim financing to other not for profit housing organizations	-	-	520,000	520,000	1,422,046	1,942,046	-
	$ 257,024	$ 57,300	$ 599,950	$ 914,274	$17,416,238	$18,330,512	$ -

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

	2017	2016
Amount of allowance for loan losses on loans individually evaluated for impairment	$ -	$ -
Amount of allowance for loan losses on loans collectively evaluated for impairment	1,022,749	948,567
Total allowance for loan losses	$ 1,022,749	$ 948,567
Loans individually evaluated for impairment	$ -	$ -
Loans collectively evaluated for impairment	22,555,299	18,330,512
Total loans	$ 22,555,299	$ 18,330,512

There are no loans on nonaccrual status as of April 30 2017 and 2016.

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

	2017	2016
Balance at beginning of year	$ 948,567	$ 843,900
Additions to provisions for loan loss reserve	237,583	278,848
Recoveries of loans previously charged-off	84,698	74,866
Loans charged-off	(248,099)	(249,047)
Balance at end of year	$ 1,022,749	$ 948,567

7. PROPERTY AND EQUIPMENT

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

	2017	2016
Land	$ 85,092	$ 18,919
Automobiles	88,060	88,060
Construction Equipment	10,281	10,709
Buildings and capital improvements (estimated life of 5-40 years)	4,548,160	3,386,182
Office furniture and equipment (estimated life of 3-7 years)	423,475	461,926
	5,155,068	3,965,796
Accumulated depreciation	(1,291,383)	(998,278)
Total	$ 3,863,685	$ 2,967,518

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:

	2017	2016
Total assets	$ -	$ -
Total liabilities	5,623	4,363
Total stockholders' equity	(5,623)	(4,363)
Total liabilities and stockholders' equity	$ -	$ -
Total revenue	$ -	$ -
Total expenses	(1,260)	(2,104)
Net loss	$ (1,260)	$ (2,104)

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

	2017	2016
Beginning equity interest in accumulated earnings	$ (2,182)	$ (1,130)
Share of net loss of SNDP LLC	(630)	(1,052)
Ending equity interest in accumulated earnings	$ (2,812)	$ (2,182)

8. INVESTMENT IN OTHER ENTITIES (Continued)

Babcock Shattuck House, LLC is a limited liability company, which was incorporated in New York and began operations in 2012. The company is 49% owned by Home Headquarters and 51% owned by another not-for profit organization. Home Headquarters, Inc.'s investment in Babcock Shattuck House, LLC is accounted for under the equity method of accounting; therefore, 49% of Babcock Shattuck House, 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 Babcock Shattuck House, LLC during the year, accordingly Babcock Shattuck House, LLC recognized the amount as accounts payable.

A summary of financial information for Babcock Shattuck House, LLC at April 30 is as follows:

	2017	2016
Total assets	$ -	$ 138
Total stockholders' equity	-	138
Total liabilities and stockholders' equity	$ -	$ 138
Total expenses	-	-
Net income	$ -	$ -

Investment in Babcock Shattuck House, LLC at April 30 is as follows:

	2017	2016
Beginning equity interest in accumulated earnings	$ 68	$ 68
Adjustment to equity	(68)	-
Member contribution	-	-
Ending equity interest in accumulated earnings	$ -	$ 68

Home Headquarters, Inc.'s share of net loss in other entities is presented in the consolidated statement of activities as miscellaneous revenue.

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:

	2017	2016
Total assets	$ 147,453	$ 148,158
Total stockholders' equity	(10,441)	2,357
Total liabilities and stockholders' equity	$ 147,453	$ 148,158
Total revenue	1,150	4,900
Total expenses	(12,086)	(2,643)
Net (loss) income	$ (10,936)	$ 2,257

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

	2017	2016
Beginning equity interest in accumulated earnings	$ 1,229	$ -
Adjustment to equity	(982)	-
Member contribution	-	100
Share of net income of RippleSyr, LLC	(5,468)	1,129
Ending equity interest in accumulated earnings	$ (5,221)	$ 1,229

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.

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, 2017 and 2016, Equity Headquarters. Inc. had $700,000 and $900,000 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, 2017 and 2016, Equity Headquarters, Inc. had $905,850 and $1,074,688 in total assets available to cover future claims.

10. LINE OF CREDIT

At April 30, 2017, Home Headquarters, Inc. had $1,500,000 in a line of credit. The line of credit has a zero balance, is payable on demand at 3% and contains certain financial loan covenants that were met for the year ended April 30, 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:

	2017	2016
Note payable, due in quarterly installments of $2,714 through January 2016, non-interest bearing, unsecured	$ -	$ 8,143
Note payable, due in quarterly installments of $5,089 through January 2018, non-interest bearing, unsecured	15,268	35,625
Note payable, due in quarterly installments of $1,357 through January 2018, non-interest bearing, unsecured	4,071	9,500
Note payable, due in quarterly installments of $8,482 through December 2018, non-interest bearing, unsecured	25,446	59,375
Note payable, due in quarterly installments of $8,482 through December 2018, non-interest bearing, unsecured	-	6,786

11. NOTES AND MORTGAGES PAYABLE (Continued)

	2017	2016
Note payable, due in quarterly installments of $1,357 through April 2019, non-interest bearing, unsecured	9,498	14,927
Note payable, due in quarterly installments of $1,357 through April 2020, non-interest bearing, unsecured	16,284	21,713
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	679,825	707,891
	800,394	913,960
Less: Current portion	89,803	158,412
	$ 710,591	$ 755,548

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

2018	$ 89,803
2019	44,082
2020	40,011
2021	34,584
2022	24,116
Thereafter	427,995
Mortgage not due unless property is sold	50,000
	$ 710,591

For the years ended April 30, 2017 and 2016, interest expense was $-0- and $24,347, respectively. The interest expense falls into operating and administrative expenses on the Statement of Activities but is shown in its own line on the 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, 2017 and 2016, pension plan expense was $51,234 and $49,303, respectively.

13. OPERATING LEASES

The Corporation entered into a ten-year operating lease for office space starting in July 2016. The corporation negotiated free rent for the months of July, August and September. The lease does not contain any yearly increases during the ten-year period. For the fiscal year ended April 30, 2017, the monthly rent was $9,458. Rent expense for 2017 and 2016 was $85,097 and $102,088, respectively.

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

2018	$ 113,500
2019	113,500
2020	113,500
2021	113,500
2022	113,500
Thereafter	472,916
	$ 1,040,416

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, 2017 and 2016 is as follows:

	2017	2016
Total NWA net assets beginning of year	$ 3,500,000	$ 3,554,819
Conversion approved	(499,999)	(554,819)
Capital received	-	500,000
Total permanently restricted NWA net assets	$ 3,000,001	$ 3,500,000

During the fiscal year ended April 30, 2017, 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 $499,999.

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 guarantee 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. SUBSEQUENT EVENTS

The Corporation has evaluated subsequent events through September 28, 2017, 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, 2017
(With Comparative Totals for 2016)

	Unrestricted	Permanently Restricted NWA	Permanently Restricted CDFI	Total 2017	Total 2016
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	$ 4,906,290	$ -	$ -	$ 4,906,290	$ 4,074,928
Assets limited to use - current portion	268,072	9,000	-	277,072	5,562,793
Accounts receivable	2,714,181	-	-	2,714,181	1,879,704
Interfund transfers	(1,693,235)	1,028,690	664,545	-	-
Loans receivable, net of allowance of loan losses of $1,022,749 and $948,567 in 2017 and 2016, respectively	2,629,670	-	-	2,629,670	2,523,753
Properties held for resale	440,832			440,832	1,154,938
Intercompany receivables	536,354	-	-	536,354	597,664
Prepaid expense and other assets	92,057	-	-	92,057	105,376
Total current assets	9,894,221	1,037,690	664,545	11,596,456	15,899,156
NON-CURRENT ASSETS:					
Assets limited to use	829,095	-	1,729,796	2,558,891	2,878,354
Investment in other entities	(2,812)	-	-	(2,812)	(1,160)
Loans receivable, net - long-term portion	12,114,865	1,980,590	5,300,595	19,396,050	15,142,520
Notes receivable	100,000	-	-	100,000	100,000
Property held for redevelopment	1,988,999	-	-	1,988,999	2,399,126
Property and equipment, net	1,454,277	-	-	1,454,277	346,889
Total non-current assets	16,484,424	1,980,590	7,030,391	25,495,405	20,865,729
Total assets	$ 26,378,645	$ 3,018,280	$ 7,694,936	$ 37,091,861	$ 36,764,885
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES:					
Accounts payable and accrued expenses	$ 336,237	$ 18,279	$ -	$ 354,516	$ 860,508
Accounts payable - intercompany	227,157	-	-	227,157	-
Deferred income - current portion	409,387	-	-	409,387	527,937
Escrow payable	1,327,245	-	-	1,327,245	764,038
Notes and mortgages payable - current portion	55,219	-	-	55,219	85,501
Total current liabilities	2,355,245	18,279	-	2,373,524	2,237,984
NON-CURRENT LIABILITIES					
Deferred income - long-term portion	1,139,127	-	-	1,139,127	745,829
Notes and mortgages payable - long-term portion	15,349	-	-	15,349	70,568
Total non-current liabilities	1,154,476	-	-	1,154,476	816,397
Total liabilities	3,509,721	18,279	-	3,528,000	3,054,381
NET ASSETS:					
Unrestricted - operating	16,912,868	-	-	16,912,868	16,461,239
Board designated	5,956,056	-	-	5,956,056	6,054,329
Permanently restricted	-	3,000,001	7,694,936	10,694,937	11,194,936
Total net assets	22,868,924	3,000,001	7,694,936	33,563,861	33,710,504
Total liabilities and net assets	$ 26,378,645	$ 3,018,280	$ 7,694,936	$ 37,091,861	$ 36,764,885

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, 2017
(with Comparative Totals for 2016)

	Unrestricted	Permanently Restricted NWA	Permanently Restricted CDFI	Total 2017	Total 2016
OPERATING REVENUES:					
Program revenue					
Lending and finance products	$ 3,083,294	$ -	$ -	$ 3,083,294	$ 5,521,383
Real estate development	3,676,267	-	-	3,676,267	2,916,891
Total program revenue	6,759,561	-	-	6,759,561	8,438,274
Other revenue					
Fee revenue	595,135	-	-	595,135	869,803
Unrestricted grants and contributions	1,024,236	-	-	1,024,236	1,032,947
Shared service revenue	247,183	-	-	247,183	310,846
Loan interest income	1,072,129	-	-	1,072,129	896,991
Other income	26,658	-	-	26,658	33,309
Total other revenue	2,965,340	-	-	2,965,340	3,143,896
				-	-
Total operating revenues	9,724,901	-	-	9,724,901	11,582,170
NET ASSETS RELEASED FROM RESTRICTION	499,999	(499,999)	-	-	-
OPERATING EXPENSES:					
Program expense					
Lending and finance products	2,897,665	-	-	2,897,665	3,805,492
Real estate development	3,534,479	-	-	3,534,479	3,313,421
Total program expenses	6,432,144	-	-	6,432,144	7,118,913
Program delivery expenses	2,595,800			2,595,800	2,484,546
Operating and administrative expenses	388,629	-	-	388,629	442,800
Fundraising expenses	4,070	-	-	4,070	21,749
Total operating expenses	9,420,643	-	-	9,420,643	10,068,008
CHANGE IN NET ASSETS FROM OPERATIONS	804,257	(499,999)	-	304,258	1,514,162
OTHER CHANGES:					
Unrealized loss on investment	(200,901)	-	-	(200,901)	-
Equity transfer to affiliate	(250,000)	-	-	(250,000)	-
Total other changes	(450,901)	-	-	(450,901)	-
CHANGE IN NET ASSETS	353,356	(499,999)	-	(146,643)	1,514,162
NET ASSETS - beginning of year	22,515,568	3,500,000	7,694,936	33,710,504	32,196,342
NET ASSETS - end of year	$ 22,868,924	$ 3,000,001	$ 7,694,936	$ 33,563,861	$ 33,710,504

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, 2017
(With Comparative Totals for 2016)

	Program Expenses	Operating and Administrative Expenses	Fundraising Expenses	Total 2017	Total 2016
Grant expenses	$ 2,576,484	$ -	$ -	$ 2,576,484	$ 3,417,205
Rehab and acquisition expense	3,269,711	-	-	3,269,711	3,268,956
Salaries, fringes and payroll taxes	1,675,177	253,077	-	1,928,254	1,857,240
Bad debt expense	320,882		-	320,882	353,714
Contract service provided expense	278,126	47,592	-	325,718	300,176
Depreciation	204,885	7,144	-	212,029	176,334
Insurance	176,851	11,577	-	188,428	149,786
Rent and utilities	72,332	12,765	-	85,097	102,088
Professional fees	66,014	12,290	-	78,304	79,583
Computer and equipment services	73,741	9,478	-	83,219	68,688
Property management and maintenance	114,683	-	-	114,683	42,105
Warranty expense	1,082	-	-	1,082	36,933
Conferences, training and travel	10,889	8,767	-	19,656	14,993
Office equipment and supplies	43,535	5,596	-	49,131	39,033
Equipment rental and maintenance	20,507	2,636	-	23,143	16,971
Fundraising and events	-	-	4,070	4,070	21,749
Printing and postage	13,555	1,738	-	15,293	16,802
Bank charges and loan fees	4,639	524	-	5,163	9,199
Credit reports	9,577	-	-	9,577	13,037
Filing and rating fees	2,975	-	-	2,975	10,487
Advertising and marketing	6,500	722	-	7,222	11,158
Dues and publications	7,907	2,635	-	10,542	10,039
Miscellaneous	22,467	5,017	-	27,484	47,496
Interest	413	-	-	413	4,237
Office move	55,012	7,071	-	62,083	-
Total expenses	$ 9,027,944	$ 388,629	$ 4,070	$ 9,420,643	$ 10,068,007

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, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 161,538	$ 242,602
Accounts receivable	121,800	3,916
Intercompany receivables	-	91,396
Prepaid expense and other assets	71,853	16,234
Total current assets	355,191	354,148
NON-CURRENT ASSETS:		
Property and equipment, net	148,074	164,549
Total assets	$ 503,265	$ 518,697
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 48,808	$ 83,134
Total current liabilities	48,808	83,134
NON-CURRENT LIABILITIES:		
Intercompany note payable	113,501	123,627
Total non-current liabilities	113,501	123,627
Total liabilities	162,309	206,761
NET ASSETS	340,956	311,936
Total liabilities and net assets	$ 503,265	$ 518,697

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.
YEARS ENDED APRIL 30, 2017 AND 2016

	2017	2016
OPERATING REVENUES:		
Program revenue		
Contract service provided revenue	$ 1,732,282	$ 1,839,770
Property management and maintenance fees	-	1,890
Total program revenue	1,732,282	1,841,660
Total operating revenues	1,732,282	1,841,660
OPERATING EXPENSES:		
Program expense		
Contract service provided expense	1,058,071	1,170,914
Property management and maintenance expense	3,725	385
Utilities	3,463	4,056
Salaries, fringes and payroll taxes	425,202	437,080
Insurance	173,831	183,606
Tools and equipment	8,842	5,358
Total program expense	1,673,134	1,801,399
Operating and administrative expenses		
Depreciation	16,047	11,597
Miscellaneous	2,552	3,576
Conferences, staff training and travel	1,390	2,148
Bank charges and loan fees	-	215
Interest	9,750	53
Office equipment and supplies	389	-
Total operating and administrative expenses	30,128	17,589
Total operating expenses	1,703,262	1,818,988
CHANGE IN NET ASSETS	29,020	22,672
NET ASSETS - beginning of year	311,936	289,264
NET ASSETS - end of year	$ 340,956	$ 311,936

The accompanying notes are an integral part of these schedules.

HOME HEADQUARTERS, INC. AND AFFILIATES

SUPPLEMENTARY BALANCE SHEET -
CNY AFFORDABLE PROPERTIES, INC.
APRIL 30, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 225,820	$ 250,226
Investment in other entities	(5,221)	619
Properties held for resale	-	137,043
Accounts receivable	-	108,913
Total current assets	220,599	496,801
NON-CURRENT ASSETS:		
Properties for redevelopment	113,476	111,984
Total assets	$ 334,075	$ 608,785
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABIILITIES:		
Accounts payable and accrued expenses	$ -	$ 11,466
Accounts payable - intercompany	-	111,922
Total current liabilities	-	123,388
NON-CURRENT LIABIILITIES:		
Intercompany notes payable	408,324	528,208
Total non-current liabilities	408,324	528,208
Total liabilities	408,324	651,596
STOCKHOLDERS’ DEFICIT:		
Common stock, authorized 200 shares no par value, 10 shares issued	100	100
Paid-in capital	281	281
Retained deficit	(74,630)	(43,192)
Total stockholders’ deficit	(74,249)	(42,811)
Total liabilities and stockholders’ deficit	$ 334,075	$ 608,785

The accompanying notes are an integral part of these schedules.

HOME HEADQUARTERS, INC. AND AFFILIATES

SUPPLEMENTARY SCHEDULE OF INCOME AND RETAINED DEFICIT - CNY AFFORDABLE PROPERTIES, INC.
YEARS ENDED APRIL 30, 2017 AND 2016

	2017	2016
OPERATING REVENUES:		
Program revenue		
Loss on property redevelopment	$ (25,160)	$ -
Property demolition program revenue	-	339,360
Total program revenue	(25,160)	339,360
Other revenue		
Other income (loss)	(5,840)	619
Total other revenue	(5,840)	619
Total operating revenues	(31,000)	339,979
OPERATING EXPENSES:		
Program expense		
Property demolition expense	-	339,360
Total program expense	-	339,360
Operating and administrative expense		
Insurance	273	1,364
Application fee	-	59
Miscellaneous	165	175
Bank charges and loan fees	-	30
Total operating and administrative expense	438	1,628
Total operating expenses	438	340,988
Net loss	(31,438)	(1,009)
RETAINED DEFICIT - beginning of year	(43,192)	(42,183)
RETAINED DEFICIT - end of year	$ (74,630)	$ (43,192)

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, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 316,592	$ 230,701
Accounts receivable	3,837	7,844
Intercompany receivables	142	-
Prepaid expense and other assets	1,310	-
Total current assets	321,881	238,545
NON-CURRENT ASSETS:		
Investment in other entities	500	500
Total non-current assets	500	500
Total assets	$ 322,381	$ 239,045
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 1,519	$ 210
Escrow payable	2,200	7,000
Total current liabilities	3,719	7,210
NET ASSETS	318,662	231,835
Total liabilities and net assets	$ 322,381	$ 239,045

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.
YEARS ENDED APRIL 30, 2017 AND 2016

	2016	2016
OPERATING REVENUES:		
Program revenue		
Property management and maintenance fees	$ 36,748	$ 32,596
Commission income	180,754	136,996
Miscellaneous Revenue	166	-
Total program revenue	217,668	169,592
Other revenue		
Other income	-	515
Total other revenue	-	515
Total operating revenues	217,668	170,107
OPERATING EXPENSES:		
Program expense		
Dues and publications	3,537	4,500
Depreciation	-	3,947
Conferences, training and travel	5,713	2,899
Rent and utilities	1,322	1,438
Advertising and marketing	2,736	1,142
Contracted service provided expense	22,718	594
Shared services	91,500	137,500
Total program expense	127,526	152,020
Operating and administrative expense -		
Insurance	1,310	1,930
Miscellaneous	920	744
Office equipment and supplies	1,085	488
Total operating and administrative expense	3,315	3,162
Total operating expenses	130,841	155,182
CHANGE IN NET ASSETS	86,827	14,925
NET ASSETS - beginning of year	231,835	216,910
NET ASSETS - end of year	$ 318,662	$ 231,835

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, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 8,759	$ 11,887
Intercompany receivables	227,157	951
Total current assets	235,916	12,838
NON-CURRENT ASSETS:		
Certificates of deposit	669,934	1,061,850
Total assets	$ 905,850	$ 1,074,688
LIABILITIES AND NET ASSETS		
NON-CURRENT LIABILITIES:		
Liability for Home Value Protection Program	700,000	900,000
Total liabilities	700,000	900,000
NET ASSETS	205,850	174,688
Total liabilities and net assets	$ 905,850	$ 1,074,688

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.
YEARS ENDED APRIL 30, 2017 AND 2016

	2017	2016
OPERATING REVENUES:		
Other revenue		
Interest Income	$ 35,608	$ 7,889
Total operating revenues	35,608	7,889
OPERATING EXPENSES:		
Operating and administrative expense		
Contract service provided expense	4,000	2,000
Bank charges and loan fees	261	295
Miscellaneous	185	156
Total operating and administrative expense	4,446	2,451
Total operating expenses	4,446	2,451
CHANGE IN NET ASSETS	31,162	5,438
UNRESTRICTED NET ASSETS - beginning of year	174,688	169,250
UNRESTRICTED NET ASSETS - end of year	$ 205,850	$ 174,688

The accompanying notes are an integral part of these schedules.

HOME HEADQUARTERS, INC. AND AFFILIATES

SUPPLEMENTARY BALANCE SHEET -
ADVANCED ENERGY CONSTRUCTION, INC.
APRIL 30, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 425	$ 425
Total current assets	425	425
Total assets	$ 425	$ 425
LIABILITIES AND RETAINED EARNINGS		
CURRENT LIABILITIES:		
Accounts payable - intercompany	$ 645	$ 500
Total current liabilities	645	500
RETAINED (DEFICIT) EARNINGS	(220)	(75)
Total liabilities and retained earnings	$ 425	$ 425

The accompanying notes are an integral part of these schedules.

HOME HEADQUARTERS, INC. AND AFFILIATES

SUPPLEMENTARY SCHEDULE OF INCOME AND RETAINED DEFICIT - ADVANCED ENERGY CONSTRUCTION, INC.
YEARS ENDED APRIL 30, 2017 AND 2016

	2017	2016
OPERATING EXPENSES:		
Operating and administrative expenses		
Miscellaneous	$ 145	$ 425
Bank charges and loan fees	-	32
Total operating and administrative expenses	145	457
Total operating expenses	145	457
Net loss	(145)	(457)
RETAINED (DEFICIT) EARNINGS - beginning of year	(75)	382
RETAINED DEFICIT - end of year	$ (220)	$ (75)

The accompanying notes are an integral part of these schedules.

HOME HEADQUARTERS, INC. AND AFFILIATES

SUPPLEMENTARY SCHEDULE OF FINANCIAL POSITION
HOME OWNERSHIP CENTER AT HHQ
APRIL 30, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 301,884	$ 207,023
Accounts receivable	-	24,465
Prepaid expense and other assets	-	880
Total current assets	301,884	232,368
Total assets	$ 301,884	$ 232,368
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 22,176	$ 16,050
Accounts payable- intercompany	68,744	9,131
Total current liabilities	90,920	25,181
NON-CURRENT LIABILITIES:		
Intercompany note payable	200,000	200,000
Total non-current liabilities	200,000	200,000
Total liabilities	290,920	225,181
NET ASSETS	10,964	7,187
Total liabilities and net assets	$ 301,884	$ 232,368

The accompanying notes are an integral part of these schedules.

HOME HEADQUARTERS, INC. AND AFFILIATES

SUPPLEMENTARY SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS - HOME OWNERSHIP CENTER AT HHQ
YEARS ENDED APRIL 30, 2017 AND 2016

	2017	2016
OPERATING REVENUES:		
Program revenue		
Contract revenue	$ 273,611	$ 266,959
Counseling fees	87,175	87,415
Homebuyer education	32,801	60,461
Total program revenue	393,587	414,835
Total operating revenues	393,587	414,835
OEPRATING EXPENSES:		
Program expenses		
Salaries, fringes and payroll taxes	249,993	275,387
Printing and postage	1,296	7,249
Conferences, training and travel	9,384	11,527
Insurance	1,088	987
Office equipment and supplies	4,280	597
Rent and utilities	37,824	560
Bank charges and loan fees	26	464
Credit reports	1,434	400
Advertising marketing	6,300	-
Miscellaneous expenses	3,185	-
Total program expenses	314,810	297,171
Operating and administrative expenses		
Shared services	75,000	115,080
Total operating and administrative expenses	75,000	115,080
Total operating expenses	389,810	412,251
CHANGES IN NET ASSETS	3,777	2,584
NET ASSETS - beginning of year	7,187	4,603
NET ASSETS - end of year	$ 10,964	$ 7,187

The accompanying notes are an integral part of these schedules.

HOME HEADQUARTERS, INC. AND AFFILIATES

SUPPLEMENTARY SCHEDULE OF FINANCIAL POSITION - SUPERIOR SERVICING HEADQUARTERS, LLC
APRIL 30, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 250,000	$ -
Prepaid expenses	1,212	-
Total current assets	251,212	-
Total assets	$ 251,212	$ -
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Intercompany payable	$ 6,748	$ -
Total current liabilities	6,748	-
Total liabilities	6,748	-
NET ASSETS	$ 244,464	$ -
Total liabilities and net assets	$ 251,212	$ -

The accompanying notes are an integral part of these schedules.

HOME HEADQUARTERS, INC. AND AFFILIATES

SUPPLEMENTARY SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS - SUPERIOR SERVICING HEADQUARTERS, LLC
YEARS ENDED APRIL 30, 2017 AND 2016

	2017	2016
OPERATING EXPENSES:		
Operating and administrative expense		
Insurance	663	-
NMLS Subscription	3,130	-
Start up/licensing expenses	1,743	-
Total operating and administrative expense	5,536	-
Total operating expenses	5,536	-
CHANGE IN NET ASSETS FROM OPERATIONS	(5,536)	-
OTHER CHANGES		
Equity transfer from affiliate	250,000	-
CHANGE IN NET ASSETS	244,464	-
UNRESTRICTED NET ASSETS - beginning of year	-	-
UNRESTRICTED NET ASSETS - end of year	$ 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 APRIL 30, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 10,052	$ 751
Accounts receivable	3,765	-
Intercompany receivable	1,000	-
Prepaid expenses	214	-
Total current assets	15,031	751
NON-CURRENT ASSETS:		
Deposits held in trust	1,471	1,209
Assets limited as to use	43,515	45,407
Property and equipment, net	283,993	299,945
Total non-current assets	328,979	346,561
Total assets	$ 344,010	$ 347,312
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 830	$ -
Intercompany payable	18,791	-
Total current liabilities	19,621	-
NON-CURRENT LIABILITIES:		
Tenant security deposits	1,471	1,209
Total non-current liabilities	1,471	1,209
Total liabilities	21,092	1,209
NET ASSETS	322,918	346,103
Total liabilities and net assets	$ 344,010	$ 347,312

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
YEARS ENDED APRIL 30, 2017 AND 2016

	2017	2016
OPERATING REVENUES:		
Program revenue		
Rental revenue	$ 46,013	$ 16,570
Other revenue		
Other income	1,154	259
Total operating revenues	47,167	16,829
OPERATING EXPENSES:		
Program expenses		
Salaries, benefits and payroll taxes	14,652	-
Property management and maintenance	28,241	8,974
Depreciation	15,953	7,057
Rent and utilities	8,509	3,012
Professional fees	2,706	44
Other expenses	291	-
Total program expenses	70,352	19,087
Operating and administrative expenses		
Shared services	-	134
Total operating and administrative expenses	-	134
Total operating expenses	70,352	19,221
CHANGE IN NET ASSETS FROM OPERATIONS	(23,185)	(2,392)
OTHER CHANGES		
Contribution on acquisition	-	348,495
CHANGE IN NET ASSETS	(23,185)	346,103
NET ASSETS - beginning of year	346,103	-
NET ASSETS - end of year	$ 322,918	$ 346,103

The accompanying notes are an integral part of these schedules.

HOME HEADQUARTERS, INC. AND AFFILIATES

SUPPLEMENTARY SCHEDULE OF FINANCIAL POSITION - HOMSITE FUND, INC.
APRIL 30, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 124,191	$ 21,907
Prepaid expenses	1,285	-
Accounts receivable	94,058	118,508
Total current assets	219,534	140,415
NON-CURRENT ASSETS:		
Deposits held in trust	3,493	3,760
Assets limited as to use	120,273	102,732
Property and equipment, net	273,934	311,545
Total non-current assets	397,700	418,037
Total assets	$ 617,234	$ 558,452
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 11,103	$ 9,133
Accounts payable - intercompany	162,653	111,723
Total current liabilities	173,756	120,856
NON-CURRENT LIABILITIES:		
Tenant security deposits	3,493	3,760
Note payable	50,000	50,000
Total non-current liabilities	53,493	53,760
Total liabilities	227,249	174,616
NET ASSETS	389,985	383,836
Total liabilities and net assets	$ 617,234	$ 558,452

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.
YEARS ENDED APRIL 30, 2017 AND 2016

	2017	2016
OPERATING REVENUES:		
Program revenue		
Rental revenue	$ 60,881	$ 20,567
Grant revenue	151,947	-
Total program revenue	212,828	20,567
Other revenue		
Other grant revenue	-	225,019
Other income	1,930	727
Total other revenue	1,930	225,746
Total operating revenues	214,758	246,313
OPERATING EXPENSES:		
Program expenses		
Depreciation	41,887	81,824
Salaries, benefits and payroll taxes	91,946	57,096
Rent and utilities	36,102	23,572
Insurance	7,333	2,191
Professional fees	6,006	-
Office equipment and supplies	179	596
Conferences, training and travel	700	183
Total program expenses	184,153	165,462
Operating and administrative expenses		
Other grant expenses	706	120,098
Shared services	23,750	9,375
Total operating and administrative expenses	24,456	129,473
Total operating expenses	208,609	294,935
CHANGE IN NET ASSETS FROM OPERATIONS	6,149	(48,622)
OTHER CHANGES		
Contribution on acquisition	-	432,458
CHANGE IN NET ASSETS	6,149	383,836
NET ASSETS - beginning of year	383,836	-
NET ASSETS - end of year	$ 389,985	$ 383,836

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, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 178,084	$ 128,186
Accounts receivable	603	-
Prepaid expenses	1,213	-
Total current assets	179,900	128,186
NON-CURRENT ASSETS:		
Deposits held in trust	17,639	17,789
Assets limited as to use	118,130	118,730
Property and equipment, net	1,696,744	1,834,186
Total non-current assets	1,832,513	1,970,705
Total assets	$ 2,012,413	$ 2,098,891
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 6,082	$ 5,002
Accounts payable - intercompany	135,314	52,766
Mortgage payable - current portion	34,584	22,911
Total current liabilities	175,980	80,679
NON-CURRENT LIABILITIES:		
Mortgage payable - long-term portion	645,242	684,980
Tenant security deposits	17,639	17,789
Total non-current liabilities	662,881	702,769
Total liabilities	838,861	783,448
NET ASSETS	1,173,552	1,315,443
Total liabilities and net assets	$ 2,012,413	$ 2,098,891

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.
YEARS ENDED APRIL 30, 2017 AND 2016

	2017	2016
OPERATING REVENUES:		
Program revenue		
Rental revenue	$ 253,950	$ 93,294
Other revenue		
Other income	9,236	1,304
Total operating revenues	263,186	94,598
OPERATING EXPENSES:		
Program expenses		
Rent and utilities	91,670	42,160
Depreciation	143,728	38,821
Insurance	25,987	29,530
Salaries, benefits and payroll taxes	79,273	24,368
Property maintenance and management	41,565	10,120
Miscellaneous	13,066	2,879
Professional fees	5,706	-
Conferences, training and travel	2,623	957
Office equipment and supplies	1,459	908
Total program expenses	405,077	149,743
Total operating expenses	405,077	149,743
CHANGE IN NET ASSETS FROM OPERATIONS	(141,891)	(55,145)
OTHER CHANGES		
Contribution on acquisition	-	1,370,588
CHANGES IN NET ASSETS	(141,891)	1,315,443
NET ASSETS - beginning of year	1,315,443	-
NET ASSETS - end of year	$ 1,173,552	$ 1,315,443

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, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 431,683	$ 270,676
Prepaid expenses	11,561	-
Intercompany receivables	315,758	164,489
Total current assets	759,002	435,165
NON-CURRENT ASSETS:		
Property and equipment, net	6,663	10,404
Total assets	$ 765,665	$ 445,569
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 47,748	$ 24,468
Intercompany payable	139,861	-
Total liabilities	187,609	24,468
NET ASSETS	578,056	421,101
Total liabilities and net assets	$ 765,665	$ 445,569

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
YEARS ENDED APRIL 30, 2017 AND 2016

	2017	2016
OPERATING REVENUES:		
Program revenue		
Grant revenue	$ 884,966	$ 278,425
Interest income	3,361	-
Other income	163,944	75,906
Total program revenue	1,052,271	354,331
Total operating revenues	1,052,271	354,331
OPERATING EXPENSES:		
Program expenses		
Grant expenses	479,713	206,670
Salaries, benefits and payroll taxes	292,996	121,799
Rent and utilities	41,510	8,847
Office equipment and supplies	7,875	4,213
Property maintenance and management	9,668	3,503
Depreciation	3,741	3,217
Professional fees	12,906	-
Printing and postage	6,685	1,908
Miscellaneous expenses	7,363	-
Dues and subscriptions	1,382	1,234
Conferences, training and travel	5,227	1,167
Total program expenses	869,066	352,558
Operating and administrative expenses		
Shared services	26,250	7,292
Total operating and administrative expenses	26,250	7,292
Total operating expenses	895,316	359,850
CHANGE IN NET ASSETS FROM OPERATIONS	156,955	(5,519)
OTHER CHANGES		
Contribution on acquisition	-	426,620
CHANGES IN NET ASSETS	156,955	421,101
NET ASSETS - beginning of year	421,101	-
NET ASSETS - end of year	$ 578,056	$ 421,101

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 28, 2017

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 Corporation), which comprise the consolidated statement of financial position as of April 30, 2017, and the related consolidated statement of activities and change 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 28, 2017.

Internal Control Over Financial Reporting
In planning and performing our audit of the consolidated financial statements, we considered the Corporation'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 Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Corporation'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.

432 North Franklin Street, Suite 60
Syracuse, New York 13204
p (315) 476-4004
f (315) 475-1513

www.bonadio.com

(Continued)

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 Corporation'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