

Hope Communities, Inc. and Subsidiaries

**Consolidated Financial Statements and Report
of
Independent Auditor**

December 31, 2017

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**Haynie &
Company**

Certified Public Accountants (a professional corporation)

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Independent Auditor's Report

To the Board of Directors of
Hope Communities and Subsidiaries, Inc.:

We have audited the accompanying consolidated financial statements of Hope Communities, Inc. and Subsidiaries (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2017, and the related consolidated statements of activities, cash flows and functional expenses, for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Hope Communities, Inc. and Subsidiaries as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Littleton, Colorado
March 26, 2018



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Hope Communities, Inc. and Subsidiaries

Consolidated Statement of Financial Position

December 31, 2017

ASSETS

Current assets:

Cash	\$ 2,521,514
Restricted cash	1,431,896
Accounts receivable, net of allowance of \$7,152	20,769
Prepaid expenses	<u>34,233</u>
Total current assets	<u>4,008,412</u>

Long-Term assets:

Tax credit fees, net of accumulated amortization of \$21,604	8,296
Property and equipment, net	<u>12,780,840</u>
Total long-term assets	<u>12,789,136</u>

Total assets \$ 16,797,548

LIABILITIES

Current liabilities:

Accounts payable and accrued expenses	\$ 276,684
Related party payables	45,570
Refundable security deposits	142,265
Current portion of long-term debt	<u>217,949</u>
Total current liabilities	<u>682,468</u>

Long-Term liabilities:

Accrued expenses	79,648
Long-term debt, net of current portion and unamortized loan costs of \$49,219	<u>9,876,387</u>
Total long-term liabilities	<u>9,956,035</u>

Total liabilities 10,638,503

NET ASSETS

Unrestricted	
Board designated	818,445
Undesignated	4,427,294
Noncontrolling interests	<u>452,306</u>
Total unrestricted	<u>5,698,045</u>

Temporarily restricted 461,000

Total net assets 6,159,045

Total liabilities and net assets \$ 16,797,548

The accompanying notes are an integral part of these financial statements.

Hope Communities, Inc. and Subsidiaries

Consolidated Statement of Activities For the Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue, Gains and Other Support			
Rental income	\$ 2,868,245	\$ -	\$ 2,868,245
Contributions and grants	226,273	36,000	262,273
Interest income	4,350	-	4,350
Other income	207,345	-	207,345
Net assets released from restriction	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue, gains and other support	<u>3,306,213</u>	<u>36,000</u>	<u>3,342,213</u>
Expenses			
Affordable housing	2,791,284	-	2,791,284
Resident services	315,695	-	315,695
Development	<u>32,232</u>	<u>-</u>	<u>32,232</u>
Total program services	3,139,211	-	3,139,211
Administrative	454,201	-	454,201
Fundraising	<u>74,835</u>	<u>-</u>	<u>74,835</u>
Total expenses	<u>3,668,247</u>	<u>-</u>	<u>3,668,247</u>
Change in net assets	(362,034)	36,000	(326,034)
Change in net assets attributable to noncontrolling interest	(519,366)	-	(519,366)
Change in net assets attributable to Hope	<u>157,332</u>	<u>36,000</u>	<u>193,332</u>
Net assets , beginning of year	<u>6,060,079</u>	<u>425,000</u>	<u>6,485,079</u>
Net assets , ending of year	<u>\$ 5,698,045</u>	<u>\$ 461,000</u>	<u>\$ 6,159,045</u>

The accompanying notes are an integral part of these financial statements.

Hope Communities, Inc. and Subsidiaries

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2017

Cash Flows From Operating Activities	
Change in net assets attributable to Hope	\$ 193,332
Change in net assets attributable to noncontrolling interest	<u>(519,366)</u>
Change in net assets	(326,034)
Items not requiring (providing) operating activities cash flows	
Depreciation and amortization	682,272
Changes in	
Restricted cash	77,924
Accounts receivable	167,943
Prepaid expenses	1,692
Accounts payable and accrued expenses	(116,925)
Refundable security deposits	<u>12,561</u>
Net cash from operating activities	<u>499,433</u>
Cash Flows from Investing Activities	
Purchase of fixed assets	(132,916)
Payments received on notes receivable	<u>1,798</u>
Net cash from investing activities	<u>(131,118)</u>
Cash Flows from Financing Activities	
Principal payments on long-term debt	<u>(205,207)</u>
Net cash from financing activities	<u>(205,207)</u>
Net Change in Cash	163,108
Cash at Beginning of the Year	<u>2,358,386</u>
Cash at End of the Year	<u><u>\$ 2,521,494</u></u>
Cash paid for interest	<u>\$ 469,438</u>
Cash paid for income taxes	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these statements.

Hope Communities, Inc. and Subsidiaries
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2017

	Affordable Housing	Resident Services	Development	Total Program Services	Administrative	Fundraising	Total
Salaries and benefits	\$630,168	\$ 195,550	\$ 32,232	\$ 857,950	\$ 58,731	\$ 61,804	\$ 978,485
Operating and maintenance	396,434	-	-	396,434	14,781	-	411,215
Administrative expenses	89,675	-	-	89,675	102,580	-	192,255
Legal and professional fees	49,699	-	-	49,699	234	-	49,933
Advertising, Marketing, and Fundraising	1,768	-	-	1,768	-	13,031	14,799
Management fees	-	-	-	-	-	-	-
Utilities	234,605	-	-	234,605	11,818	-	246,423
Insurance & taxes	233,475	-	-	233,475	71,943	-	305,418
Resident programs	3,840	120,145	-	123,985	-	-	123,985
Interest expense	372,640	-	-	372,640	102,307	-	474,947
Repairs	108,029	-	-	108,029	-	-	108,029
Supplies	55,799	-	-	55,799	-	-	55,799
Bad debts	17,468	-	-	17,468	7,218	-	24,686
Total before depreciation and amortization	\$ 2,193,600	\$ 315,695	\$ 32,232	\$ 2,541,527	\$ 369,612	\$ 74,835	\$ 2,985,974
Depreciation and amortization	597,684	-	-	597,684	84,589	-	682,273
Total expenses	\$ 2,791,284	\$ 315,695	\$ 32,232	\$ 3,139,211	\$ 454,201	\$ 74,835	\$ 3,668,247

Hope Communities, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2017

1. Nature of Operations

Hope Communities, Inc. and subsidiaries (Hope) was incorporated as a Colorado nonprofit corporation on August 14, 1980. Hope's vision is a community in which everyone has a safe place to call home and the resources they need to thrive. The mission of Hope is to strengthen communities and provide pathways to economic and personal opportunity through affordable housing, educational programs and support services.

The organization offers case management, programs and resources to support residents and people in need from surrounding neighborhoods gain the skills and resources they need to attain economic mobility and reach personal life goals.

Goals for the organization include:

- Maintain and expand the number of service-enriched affordable housing units available to area residents.
- Revitalize and expand programs available for children and adults at Hope Communities properties.
- Ensure financial viability to support expanded capacity of the organization to serve residents and the community.
- Strengthen the visibility and reputation of the organization with regulators, city officials, partners, collaborators, investors and donors.
- Ensure strong and inclusive leadership to take the organization forward. Build and maintain a strong board and governance structure to fulfill essential fiduciary responsibilities related to planning, fiscal stability, fundraising and oversight. Build and strengthen the employee team.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Hope and its wholly owned subsidiaries and variable interest entities. The consolidated financial statements also include certain properties owned and managed by Hope.

Wholly Owned Subsidiaries

- Kittyhawk, LLC (limited liability company)
- Hope Neighborhood Center, LLC (limited liability company)
- Hope Development, LLC (limited liability company)
- Fern Hall, LLC (limited liability company)
- Carolton Corporation (for-profit corporation)
- The Gardens of Hope, LLC (limited liability company)
- Minute Spot, LLC (limited liability company)
- Westerly Creek Homes, LLC (limited liability company)
- Denver Revitalization Partnership VIII, Ltd. (limited liability partnership)

Hope Communities, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2017 (continued)

2. Summary of Significant Accounting Policies (continued)

Variable Interest Entities

- Kittyhawk/Canterbury Renovation LLLP (.005% interest by Westerly Creek Homes, LLC)
- Welton Homes, LLC (.01% interest by Minute Spot, LLC)

These entities are considered variable interest entities, and fully consolidated in the financial statements, due to Hope being the controlling member.

All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

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

Cash

Cash consists of bank deposits in federally insured accounts. The FDIC's insurance limits are \$250,000. At December 31, 2017, Hope's cash accounts exceeded federally insured limits by \$2,067,701.

Restricted Cash

Certain cash balances are restricted to fund capital expenditures and/or maintenance for certain properties, debt service, operating reserves restricted by investors and security deposits paid by tenants.

Accounts Receivable

Hope provides an allowance for doubtful accounts, which is primarily a calculation of ninety-five percent of outstanding receivables from former tenants. Rents are charged as of the first of the month and are receivables until they are collected. Receivables are considered late as of the fifth of the month. Late fees are assessed differently per property with some being a flat rate and some a per diem rate.

Notes Receivable

Notes receivable are stated at their outstanding principal amount, net of allowance for uncollectible notes. Hope provides an allowance for uncollectible notes, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Outstanding notes accrue interest based on the terms of the respective note agreements. Delinquent notes are written off based on individual credit evaluation and specific circumstances of the borrower.

Property and Equipment

Property and equipment acquisitions are recorded at cost and are depreciated over the estimated useful life of each asset. Annual depreciation is primarily computed using straight-line basis over the estimated useful life of 40 years for buildings and between five and 15 years for building improvements, furniture, and equipment.

Hope Communities, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2017 (continued)

2. Summary of Significant Accounting Policies (continued)

Other Assets

Fees paid to the state housing agency in connection with the ongoing compliance monitoring for certain residential properties are amortized over a period of 15 years.

Fees paid in connection with obtaining permanent financing are capitalized and amortized over the term of the respective debt.

Fair Value of Financial Instruments

GAAP requires disclosure of an estimate of fair value of certain financial instruments. Hope's significant financial instruments are cash, accounts receivable, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by Hope has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by Hope in perpetuity. Hope currently has no permanently restricted net assets.

Revenue Recognition

Rental income, principally from short-term leases on apartment units and commercial space, is recognized as the rentals become due.

Contributions and Grants

Contributions and grants of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Contributions and grants received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions and grants that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as temporarily restricted and then released from restriction.

Contributions of land, buildings, equipment and other long-lived assets are reported as unrestricted revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as temporarily or permanently restricted revenue and net assets. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of temporarily restricted net assets as unrestricted net assets are reported when the long-lived assets are placed in service.

Impairment Of Long-Lived Assets

Hope has reviewed long-lived assets to determine if the carrying value exceeds the undiscounted cash flows expected to be derived from the asset. If the carrying value exceeds the cash flows then recorded amounts of the assets will be reduced to their fair value. There was no asset impairment for the year ended December 31, 2017.

Hope Communities, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2017 (continued)

2. Summary of Significant Accounting Policies (continued)

Noncontrolling Interest

Noncontrolling interest represents noncontrolling interests in Hope's variable interest entities by other investors.

Income Taxes

Hope is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, Hope is subject to federal income tax on any unrelated business taxable income. Hope files tax returns in the U.S. federal jurisdiction. Hope has support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. Tax years that remain subject to examination are years 2014 and forward.

Hope's for-profit subsidiaries are subject to federal and state income taxes at the applicable corporate rates.

Hope's variable interest entities are not directly subject to income taxes under the provisions of the Internal Revenue Code and applicable state laws. Therefore, taxable income or loss is reported to the individual members/partners for inclusion in their respective tax returns and no provision for federal and state income taxes has been included in the accompanying consolidated financial statements.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities. Certain costs have been allocated among the program, management and general and fund raising categories based on time, usage and other methods.

Subsequent Events

The Organization has evaluated subsequent events through March 26, 2018, the date which the consolidated financial statements were available to be issued. During this period, Hope is not aware of any material recognizable subsequent events

3. Restricted Cash

As of December 31, 2017, restricted cash consisted of cash for the following purposes:

Capital expenditures and maintenance	\$ 755,292
Operating reserves restricted by investors	202,155
Security deposits paid by tenants	116,195
Debt service and escrow	<u>358,254</u>
Total	<u>\$ 1,431,896</u>

Hope Communities, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2017 (continued)

4. Property and Equipment

Property and equipment at December 31, 2017 consists of the following:

Land	\$ 1,552,312
Buildings and building improvements	19,737,100
Furniture, fixtures and equipment	998,519
Vehicles	<u>22,793</u>
	22,310,724
Less accumulated depreciation	<u>(9,529,884)</u>
Net property and equipment	<u>\$ 12,780,840</u>

Depreciation expense for the year ended December 31, 2017 was \$673,602.

5. Advances from Funding Sources

Hope has various interest-free loan agreements, which are payable in annual installments equal to 50% of surplus cash flow. In addition, certain notes are to be deferred and forgiven upon maturity provided certain obligations are met. These advances are included in long-term debt on the balance sheet.

Advances from funding sources at December 31, 2017 consist of the following:

Note payable to the City and County of Denver (CCOD) by Minute Spot, LLC; payable in annual installments equal to 50% of Minute Spot's available annual surplus cash; outstanding principal due June 1, 2027; secured by a deed of trust.	\$ 906,450
Note payable to the CCOD by KittyHawk, LLC; payable in annual installments equal to 50% of KittyHawk's net cash flow; outstanding principal due September 2, 2029; secured by a deed of trust.	345,000
Note payable to the CCOD by KittyHawk, LLC; deferred and forgiven on September 2, 2029, provided that the use of four rental units have remained rental housing affordable to low-income residents living with AIDS and provided that KittyHawk is in compliance with the terms of the note discussed above; secured by a deed of trust.	240,000
Note payable to the CCOD by Denver Revitalization Partners VIII, Ltd. (DRP VIII); outstanding principal and interest of 1% due February 1, 2019; secured by a deed of trust.	<u>419,200</u>
Total advances from funding sources	<u>\$ 1,910,650</u>

Hope Communities, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2017 (continued)

6. Long-Term Debt

At December 31, 2017 long-term debt consists of the following:

Colorado Housing and Finance Authority (CHFA) (A)	\$ 2,658,312
CHFA (B)	1,203,136
1 st Bank (C)	2,036,108
1 st Bank (D)	436,926
CCOD (E)	656,942
US Bank (F)	428,998
CCOD (G)	245,557
CCOD (H)	213,617
1st Bank (I)	<u>353,309</u>
	<u>8,232,905</u>
Less unamortized loan fees	<u>(49,219)</u>
Less current portion	<u>(217,949)</u>
Total long term notes payable	<u>\$ 7,965,737</u>

- (A) Note payable by Kittyhawk/Canterbury Renovation LLLP; due August 1, 2026; payable \$17,473 monthly, including interest at 6.75%; secured by deed of trust.
- (B) Note payable by Welton Homes, LLC; due February 1, 2024; payable \$7,639 monthly, including interest at 6.15%; secured by deed of trust.
- (C) Note payable by Gardens of Hope, LLC; due March 10, 2024; payable \$12,314 monthly including interest at 5.50%; secured by deed of trust.
- (D) Note payable by Hope Communities, Inc.; due March 1, 2019; payable \$4,474 monthly including interest at 5.50%; secured by deed of trust for Gardens of Hope, LLC.
- (E) Note payable by Minute Spot, LLC; due January 1, 2016; \$4,515 monthly including interest at 3.00%; secured by deed of trust. Note subsequently amended to suspend payments from January 1, 2014 through December 31, 2015; and maturity extended to July 1, 2032.
- (F) Note payable by Minute Spot, LLC; due January 1, 2026; payable \$33,889 semiannually including interest at 6.53%; secured by deed of trust.
- (G) Notes payable by Hope Development, LLC; due July 1, 2039; payable \$5,000 annually through 2019 and \$1,000 annually through maturity; interest at 0%; unsecured.
- (H) Note payable by Fern Hall, LLC; due July 1, 2038; payable \$1,159 monthly, including interest at 3%; secured by deed of trust.
- (I) Note payable by Hope Neighborhood Center, LLC; due March 1, 2022; payable \$2,527 monthly including interest at 5.30%; secured by deed of trust.

Kittyhawk/Canterbury Renovation LLLP and Welton Homes, LLC, both carry notes payable with Colorado Housing Finance Authority (CHFA), of which one of the Hope board members is also an employee.

Hope Communities, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2017 (continued)

6. Long-Term Debt (continued)

Aggregate required principal payments of long-term debt at December 31, 2017:

2018	\$ 217,949
2019	604,252
2020	208,500
2021	220,031
2022	232,191
Thereafter	<u>6,749,982</u>
	<u>\$ 8,232,905</u>

7. Net Assets

Temporarily Restricted Net Assets

Temporarily restricted net assets were \$461,000 as of December 31, 2017. This balance consists of capital grants received from the Home Investment Partnership Program (“HOME”) totaling \$425,000 as well as unspent grant proceeds received from the Colorado Health Foundation totaling \$36,000. These assets will be released from restriction at the end of the compliance period.

Board Designated Net Assets

As of December 31, 2017, the Hope’s Board of Directors had designated \$818,445 of the unrestricted net assets balance for future operational expenses.

8. Pension and Other Postretirement Plans

Hope has a defined contribution pension plan covering substantially all employees. The Board of Directors annually determines the amount, if any, of Hope's contributions to the plan. No contributions were made to the plan during the year ending December 31, 2017.

9. Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Low-income Housing Tax Credits

Low-income housing tax credits stem from Hope's variable interest entities. The low-income housing credits are contingent upon the ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility and/or unit gross rent or to correct non-compliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential non-compliance may require an adjustment to the contributed capital by the Investor Member.

Hope Communities, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2017 (continued)

9. Significant Estimates and Concentrations (continued)

General Litigation

Hope is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the consolidated financial position, results of operations and cash flows of the Company.

10. Related Parties

The Managing Member and Investment Member of Welton Homes, LLC, a fully consolidated variable interest entity of Hope, agreed to each fund one-half of the property's monthly cash flow deficits, based on amounts determined through their review of the property's monthly financial information. The Managing Member's contributions come from the deferral of monthly management fees, and the Investment Member's contributions through cash advances. Repayment of the Investment Member advances will take first priority under the terms of the Operating Agreement. As of December 31, 2017, \$45,570 was due to the Investment Member, which is presented in the consolidated financial statements under related party payables.

Hope has cash deposits and two loan agreements at a financial institution of which one of the board members is also an employee. At December 31, 2017, total cash deposits at this financial institution were \$1,720,230 and the outstanding loan balances were \$2,826,343.

11. Contingencies

In May 2006, Hope Development received a forgivable loan of \$490,000 in federal "Home Program" funds from the City of Denver to be used toward the design and construction of ten single-family homes. The loan required that the homes be sold to moderate-income buyers, and would be forgiven after twenty years. Hope has been advised that it has fulfilled its obligation by selling all ten homes to qualified moderate-income buyers, all transactions specifically subject to income restrictions contained in the City's Inclusionary Housing Ordinance (IHO), recorded with each transaction. The City has noted that should any of these homes be transferred to subsequent owners who do not qualify as moderate-income, Hope Development may be subject to repayment for some of this loan.

In June 2015, Hope Development filed a Notification Regarding Limitations on Resale Price and Buyer Income Covenant with City of Denver, in connection with this loan. This filing requests notification of any events of default under any financing secured by the properties that could result in Hope Development being required to repay the loan balance.

Hope Communities, Inc. and Subsidiaries

Supplementary Information



**Haynie &
Company**

Certified Public Accountants (a professional corporation)

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of
Hope Communities, Inc. and Subsidiaries
Denver, Colorado

We have audited the consolidated financial statements of Hope Communities, Inc. and Subsidiaries as of and for the year ended December 31, 2017, and have issued our report thereon dated March 26, 2018, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Littleton, Colorado
March 26, 2018



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An independently owned member
RSM US Alliance



Hope Communities, Inc. and Subsidiaries
Consolidating Information—Statement of Financial Position
December 31, 2017

	Hope Communities, Inc.	Hope Development LLC	Hope Neighborhood Center LLC	Gardens of Hope, LLC	KittyHawk, LLC	Fern Hall, LLC
ASSETS						
Cash and cash equivalents	\$ 1,016,287	\$ 896,024	\$ -	\$ 292,225	\$ -	\$ 7,563
Restricted cash	60,239	-	-	695,455	-	-
Accounts receivable, net	7,413	-	-	3,735	-	-
Prepaid expenses	6,886	-	-	10,476	-	886
Notes receivable, trade, net	-	-	-	-	-	-
Investments in subsidiaries	945,025	-	-	-	-	-
Property and equipment, net	-	-	1,104,286	970,669	-	347,020
Tax credit fees, net	-	-	-	-	-	-
Related party receivables						
Accounts receivable	2,172,087	-	317,387	5,000	20,630	-
Notes receivable	2,114,636	-	-	-	2,121,541	-
Developer fees	187,506	-	-	-	-	-
Total assets	<u>\$ 6,510,079</u>	<u>\$ 896,024</u>	<u>\$ 1,421,673</u>	<u>\$ 1,977,560</u>	<u>\$ 2,142,171</u>	<u>\$ 355,469</u>
Liabilities and Net Assets						
Liabilities						
Accounts payable, trade	\$ 3,887	\$ -	\$ -	\$ 5,467	\$ -	\$ -
Accrued expenses	21,640	-	1,664	75,675	-	15,448
Long-term debt	434,504	245,557	353,309	2,019,691	585,000	213,617
Refundable security deposits	5,370	-	-	39,913	-	4,503
Related party payables						
Accounts payable	338,017	754,128	398,948	-	5,000	373,166
Notes payable	-	-	-	-	-	-
Developer fees	-	-	-	-	-	-
Total liabilities	<u>803,418</u>	<u>999,685</u>	<u>753,921</u>	<u>2,140,746</u>	<u>590,000</u>	<u>606,734</u>
NET ASSETS						
Unrestricted						
Board designated	818,445	-	-	-	-	-
Undesignated	4,427,216	(103,661)	667,752	(163,186)	1,552,171	(251,265)
Noncontrolling interests	-	-	-	-	-	-
Total unrestricted	<u>5,245,661</u>	<u>(103,661)</u>	<u>667,752</u>	<u>(163,186)</u>	<u>1,552,171</u>	<u>(251,265)</u>
Temporarily restricted	461,000	-	-	-	-	-
Total net assets	<u>5,706,661</u>	<u>(103,661)</u>	<u>667,752</u>	<u>(163,186)</u>	<u>1,552,171</u>	<u>(251,265)</u>
Total liabilities and net assets	<u>\$ 6,510,079</u>	<u>\$ 896,024</u>	<u>\$ 1,421,673</u>	<u>\$ 1,977,560</u>	<u>\$ 2,142,171</u>	<u>\$ 355,469</u>

Hope Communities, Inc. and Subsidiaries
Consolidating Information—Statement of Financial Position
December 31, 2017

	Westerly Creek Homes LLC	Kittyhawk/ Canterbury Renovation LLLP	Eliminations	Consolidated Westerly Creek Homes LLC
ASSETS				
Cash and cash equivalents	\$ -	\$ 262,678	\$ -	\$ 262,678
Restricted cash	-	431,477	-	431,477
Accounts receivable, net	-	917	-	917
Prepaid expenses	-	12,137	-	12,137
Notes receivable, trade, net	-	-	-	-
Investments in subsidiaries	529,539	-	(529,539)	-
Property and equipment, net	-	6,297,680	-	6,297,680
Tax credit fees, net	-	8,296	-	8,296
Related party receivables				
Accounts receivable	-	-	-	-
Notes receivable	-	-	-	-
Developer fees	-	-	-	-
Total assets	<u>\$ 529,539</u>	<u>\$ 7,013,185</u>	<u>\$ (529,539)</u>	<u>\$ 7,013,185</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable, trade	\$ -	\$ 11,847	\$ -	\$ 11,847
Accrued expenses	-	30,202	-	30,202
Long-term debt	-	2,642,867	-	2,642,867
Refundable security deposits	-	47,960	-	47,960
Related party payables				
Accounts payable	-	-	-	-
Notes payable	-	2,121,541	-	2,121,541
Developer fees	-	-	-	-
Total liabilities	<u>-</u>	<u>4,854,417</u>	<u>-</u>	<u>4,854,417</u>
NET ASSETS				
Unrestricted				
Board designated	-	-	-	-
Undesignated	529,539	529,539	(529,539)	529,539
Noncontrolling interests	-	1,629,229	-	1,629,229
Total unrestricted	<u>529,539</u>	<u>2,158,768</u>	<u>(529,539)</u>	<u>2,158,768</u>
Temporarily restricted	-	-	-	-
Total net assets	<u>529,539</u>	<u>2,158,768</u>	<u>(529,539)</u>	<u>2,158,768</u>
Total liabilities and net assets	<u>\$ 529,539</u>	<u>\$ 7,013,185</u>	<u>\$ (529,539)</u>	<u>\$ 7,013,185</u>

Hope Communities, Inc. and Subsidiaries
Consolidating Information—Statement of Financial Position
December 31, 2017

	Carolton Corporation	DRP VIII Carolton Arms Apartments	Eliminations	Consolidated Carolton Corporation
ASSETS				
Cash and cash equivalents	\$ -	\$ 33,858	\$ -	\$ 33,858
Restricted cash	-	49,728	-	49,728
Accounts receivable, net	-	-	-	-
Prepaid expenses	-	2,107	-	2,107
Notes receivable, trade, net	-	-	-	-
Investments in subsidiaries	(9,719)	-	9,719	-
Property and equipment, net	-	253,070	-	253,070
Tax credit fees, net	-	-	-	-
Related party receivables				
Accounts receivable	-	-	-	-
Notes receivable	-	-	-	-
Developer fees	-	-	-	-
Total assets	<u>\$ (9,719)</u>	<u>\$ 338,763</u>	<u>\$ 9,719</u>	<u>\$ 338,763</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable, trade	\$ -	\$ 1,237	\$ -	\$ 1,237
Accrued expenses	-	100,087	-	100,087
Long-term debt	-	419,200	-	419,200
Refundable security deposits	-	9,524	-	9,524
Related party payables				
Accounts payable	-	-	-	-
Notes payable	-	780,640	-	780,640
Developer fees	-	-	-	-
Total liabilities	<u>-</u>	<u>1,310,688</u>	<u>-</u>	<u>1,310,688</u>
NET ASSETS				
Unrestricted				
Board designated	-	-	-	-
Undesignated	(9,719)	(971,925)	9,719	(971,925)
Non-Controlling interest	-	-	-	-
Total unrestricted	<u>(9,719)</u>	<u>(971,925)</u>	<u>9,719</u>	<u>(971,925)</u>
Temporarily restricted	-	-	-	-
Total net assets	<u>(9,719)</u>	<u>(971,925)</u>	<u>9,719</u>	<u>(971,925)</u>
Total liabilities and net assets	<u>\$ (9,719)</u>	<u>\$ 338,763</u>	<u>\$ 9,719</u>	<u>\$ 338,763</u>

Hope Communities, Inc. and Subsidiaries
Consolidating Information—Statement of Financial Position
December 31, 2017

	Minute Spot, LLC	Welton Homes, LLC	Eliminations	Consolidated Minute Spot LLC
ASSETS				
Cash and cash equivalents	\$ 2,296	\$ 10,583	\$ -	\$ 12,879
Restricted cash	128,901	66,096	-	194,997
Accounts receivable, net	7,232	980	-	8,212
Prepaid expenses	100	1,641	-	1,741
Notes receivable, trade, net	-	-	-	-
Investments in subsidiaries	434,159	-	(434,159)	-
Property and equipment, net	702,698	3,105,417	-	3,808,115
Tax credit fees, net	-	-	-	-
Related party receivables				
Accounts receivable	-	-	-	-
Notes receivable	1,330,265	-	-	1,330,265
Developer fees	-	-	-	-
Total assets	<u>\$ 2,605,651</u>	<u>\$ 3,184,717</u>	<u>\$ (434,159)</u>	<u>\$ 5,356,209</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable, trade	\$ -	\$ 14,296	\$ -	\$ 14,296
Accrued expenses	29,239	45,151	-	74,390
Long-term debt	1,992,390	1,188,201	-	3,180,591
Refundable security deposits	16,200	18,795	-	34,995
Related party payables				
Accounts payable	168,434	522,981	-	691,415
Notes payable	526,244	2,138,017	-	2,664,261
Developer fees	187,506	-	-	187,506
Total liabilities	<u>2,920,013</u>	<u>3,927,441</u>	<u>-</u>	<u>6,847,454</u>
NET ASSETS				
Unrestricted				
Board designated	-	-	-	-
Undesignated	(314,362)	434,199	(434,159)	(314,322)
Noncontrolling interests	-	(1,176,923)	-	(1,176,923)
Total unrestricted	<u>(314,362)</u>	<u>(742,724)</u>	<u>(434,159)</u>	<u>(1,491,245)</u>
Temporarily restricted	-	-	-	-
Total net assets	<u>(314,362)</u>	<u>(742,724)</u>	<u>(434,159)</u>	<u>(1,491,245)</u>
Total liabilities and net assets	<u>\$ 2,605,651</u>	<u>\$ 3,184,717</u>	<u>\$ (434,159)</u>	<u>\$ 5,356,209</u>

Hope Communities, Inc. and Subsidiaries
Consolidating Information—Statement of Financial Position
December 31, 2017

	Subtotal	Eliminations	Consolidated Totals
ASSETS			
Cash and cash equivalents	\$ 2,521,514	\$ -	\$ 2,521,514
Restricted cash	1,431,896	-	1,431,896
Accounts receivable, net	20,277	492	20,769
Prepaid expenses	34,233	-	34,233
Notes receivable, trade, net	-	-	-
Investments in subsidiaries	945,025	(945,025)	-
Property and equipment, net	12,780,840	-	12,780,840
Tax credit fees, net	8,296	-	8,296
Related party receivables			
Accounts receivable	2,515,104	(2,515,104)	-
Notes receivable	5,566,442	(5,566,442)	-
Developer fees	187,506	(187,506)	-
Total assets	<u>\$ 26,011,133</u>	<u>\$ (9,213,585)</u>	<u>\$ 16,797,548</u>
Liabilities and Net Assets			
Liabilities			
Accounts payable, trade	36,734	\$ 492	\$ 37,226
Accrued expenses	319,106	-	319,106
Long-term debt	10,094,336	-	10,094,336
Refundable security deposits	142,265	-	142,265
Related party payables			
Accounts payable	2,560,674	(2,515,104)	45,570
Notes payable	5,566,442	(5,566,442)	-
Developer fees	187,506	(187,506)	-
Total liabilities	<u>18,907,063</u>	<u>(8,268,560)</u>	<u>10,638,503</u>
NET ASSETS			
Unrestricted			
Board designated	818,445	-	818,445
Undesignated	5,372,319	(945,025)	4,427,294
Noncontrolling interests	452,306	-	452,306
Total unrestricted	<u>6,643,070</u>	<u>(945,025)</u>	<u>5,698,045</u>
Temporarily restricted	461,000	-	461,000
Total net assets	<u>7,104,070</u>	<u>(945,025)</u>	<u>6,159,045</u>
Total liabilities and net assets	<u>\$ 26,011,133</u>	<u>\$ (9,213,585)</u>	<u>\$ 16,797,548</u>

Hope Communities, Inc. and Subsidiaries
Consolidating Information—Statement of Activities
For the Year Ended December 31, 2017

	Hope Communities, Inc.	Hope Development LLC	Hope Neighborhood Center LLC	Gardens of Hope, LLC	KittyHawk, LLC	Fern Hall, LLC
Unrestricted Revenues						
Rental income	\$ 35,820	\$ -	\$ 30,000	\$1,011,443	\$ -	\$ 52,861
Interest income	38,212	1,766	-	540	138,792	-
Development and management fees	325,496	-	-	-	-	-
Gain (loss) on investment in subsidiaries	205,815	-	-	-	-	-
Contributions and grants	226,273	-	-	-	-	-
Other income	27,075	-	-	17,791	-	-
Net assets released from restrictions	-	-	-	-	-	-
Total unrestricted revenue	<u>858,691</u>	<u>1,766</u>	<u>30,000</u>	<u>1,029,774</u>	<u>138,792</u>	<u>52,861</u>
Expenses						
Affordable housing	56,960	-	-	916,276	-	2,399
Resident services	315,695	-	-	-	-	-
Development	<u>32,232</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total program services	404,887	-	-	916,276	-	2,399
Administrative	221,675	2,737	60,238	-	-	61,847
Fundraising	<u>74,835</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses (and losses)	<u>701,397</u>	<u>2,737</u>	<u>60,238</u>	<u>916,276</u>	<u>-</u>	<u>64,246</u>
Change in unrestricted net assets	<u>157,294</u>	<u>(971)</u>	<u>(30,238)</u>	<u>113,498</u>	<u>138,792</u>	<u>(11,385)</u>
Temporarily Restricted						
Contributions	36,000	-	-	-	-	-
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in temporarily restricted net assets	<u>36,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets Before Transfers and Dividends Declared	193,294	(971)	(30,238)	113,498	138,792	(11,385)
Transfers and dividends in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets Attributable to Noncontrolling Interest	-	-	-	-	-	-
Change in Net Assets Attributable to Hope	193,294	(971)	(30,238)	113,498	138,792	(11,385)
Change in Net Assets	193,294	(971)	(30,238)	113,498	138,792	(11,385)
Net Assets, Beginning of Year	<u>5,513,367</u>	<u>(102,690)</u>	<u>697,990</u>	<u>(276,684)</u>	<u>1,413,379</u>	<u>(239,880)</u>
Net Assets, End of Year	<u>\$ 5,706,661</u>	<u>\$ (103,661)</u>	<u>\$ 667,752</u>	<u>\$ (163,186)</u>	<u>\$1,552,171</u>	<u>\$ (251,265)</u>

Hope Communities, Inc. and Subsidiaries
Consolidating Information—Statement of Activities
For the Year Ended December 31, 2017

	Westerly Creek Homes LLC	Kittyhawk/ Canterbury Renovation LLLP	Eliminations	Consolidated Westerly Creek Homes LLC
Unrestricted Revenues				
Rental income	\$ -	\$ 1,168,245	\$ -	\$ 1,168,245
Interest income	-	210	-	210
Development and management fees	-	-	-	-
Gain (loss) on investment in subsidiaries	(16)	-	16	-
Contributions and grants	-	-	-	-
Other income	-	70,184	-	70,184
Net assets released from restrictions	-	-	-	-
Total unrestricted revenue	<u>(16)</u>	<u>1,238,639</u>	<u>16</u>	<u>1,238,639</u>
Expenses				
Affordable housing	-	1,559,643	-	1,559,643
Resident services	-	-	-	-
Development	-	-	-	-
Total program services	-	1,559,643	-	1,559,643
Administrative	-	-	-	-
Fundraising	-	-	-	-
Total expenses (and losses)	<u>-</u>	<u>1,559,643</u>	<u>-</u>	<u>1,559,643</u>
Change in unrestricted net assets	<u>(16)</u>	<u>(321,004)</u>	<u>16</u>	<u>(321,004)</u>
Temporarily Restricted				
Contributions	-	-	-	-
Net assets released from restrictions	-	-	-	-
Change in temporarily restricted net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets Before Transfers and Dividends Declared				
	(16)	(321,004)	16	(321,004)
Transfers and dividends in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets Attributable to Noncontrolling Interest				
	-	(320,988)	-	(320,988)
Change in Net Assets Attributable to Hope	<u>(16)</u>	<u>(16)</u>	<u>16</u>	<u>(16)</u>
Change in Net Assets	(16)	(321,004)	16	(321,004)
Capital contributions	-	-	-	-
Net Assets, Beginning of Year	<u>529,555</u>	<u>2,479,772</u>	<u>(529,555)</u>	<u>2,479,772</u>
Net Assets, End of Year	<u>\$ 529,539</u>	<u>\$ 2,158,768</u>	<u>\$ (529,539)</u>	<u>\$ 2,158,768</u>

Hope Communities, Inc. and Subsidiaries
Consolidating Information—Statement of Activities
For the Year Ended December 31, 2017

	Carolton Corporation	DRP VIII Carolton Arms Apartments	Eliminations	Consolidated Carolton Corporation
Unrestricted Revenues				
Rental income	\$ -	\$ 213,931	\$ -	\$ 213,931
Interest income	-	5	-	5
Development and management fees	-	-	-	-
Gain (loss) on investment in subsidiaries	35	-	(35)	-
Contributions and grants	-	-	-	-
Other income	-	2,299	-	2,299
Net assets released from restrictions	-	-	-	-
Total unrestricted revenue	<u>35</u>	<u>216,235</u>	<u>(35)</u>	<u>216,235</u>
Expenses				
Affordable housing	-	218,551	-	218,551
Resident services	-	-	-	-
Development	-	-	-	-
Total program services	-	218,551	-	218,551
Administrative	-	-	-	-
Fundraising	-	-	-	-
Total expenses (and losses)	<u>-</u>	<u>218,551</u>	<u>-</u>	<u>218,551</u>
Change in unrestricted net assets	<u>35</u>	<u>(2,316)</u>	<u>(35)</u>	<u>(2,316)</u>
Temporarily Restricted				
Contributions	-	-	-	-
Net assets released from restrictions	-	-	-	-
Change in temporarily restricted net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets Before Transfers and Dividends Declared				
	35	(2,316)	(35)	(2,316)
Transfers and dividends in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets Attributable to Noncontrolling Interest				
	-	-	-	-
Change in Net Assets Attributable to Hope	<u>35</u>	<u>(2,316)</u>	<u>(35)</u>	<u>(2,316)</u>
Change in Net Assets	35	(2,316)	(35)	(2,316)
Net Assets, Beginning of Year	<u>(9,754)</u>	<u>(969,609)</u>	<u>9,754</u>	<u>(969,609)</u>
Net Assets, End of Year	<u>\$ (9,719)</u>	<u>\$ (971,925)</u>	<u>\$ 9,719</u>	<u>\$ (971,925)</u>

Hope Communities, Inc. and Subsidiaries
Consolidating Information—Statement of Activities
For the Year Ended December 31, 2017

	Minute Spot, LLC	Welton Homes, LLC	Eliminations	Consolidated Minute Spot LLC
Unrestricted Revenues				
Rental income	\$ 55,345	\$ 330,600	\$ -	\$ 385,945
Interest income	16,612	12	-	16,624
Development and management fees	-	-	-	-
Gain (loss) on investment in subsidiaries	(20)	-	20	-
Contributions and grants	-	-	-	-
Other income	80,664	9,332	-	89,996
Net assets released from restrictions	-	-	-	-
Total unrestricted revenue	<u>152,601</u>	<u>339,944</u>	<u>20</u>	<u>492,565</u>
Expenses				
Affordable housing	17,439	538,342	-	555,781
Resident services	-	-	-	-
Development	-	-	-	-
Total program services	<u>17,439</u>	<u>538,342</u>	<u>-</u>	<u>555,781</u>
Administrative	136,673	-	-	136,673
Fundraising	-	-	-	-
Total expenses (and losses)	<u>154,112</u>	<u>538,342</u>	<u>-</u>	<u>692,454</u>
Change in unrestricted net assets	<u>(1,511)</u>	<u>(198,398)</u>	<u>20</u>	<u>(199,889)</u>
Temporarily Restricted				
Contributions	-	-	-	-
Net assets released from restrictions	-	-	-	-
Change in temporarily restricted net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets Before Transfers and Dividends Declared				
	(1,511)	(198,398)	20	(199,889)
Transfers and dividends in (out)	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets Attributable to Noncontrolling Interest				
	-	(198,378)	-	(198,378)
Change in Net Assets Attributable to Hope				
	<u>(1,511)</u>	<u>(20)</u>	<u>20</u>	<u>(1,511)</u>
Change in Net Assets				
	(1,511)	(198,398)	20	(199,889)
Capital contributions	-	-	-	-
Net Assets, Beginning of Year	<u>(312,851)</u>	<u>(544,326)</u>	<u>(434,179)</u>	<u>(1,291,356)</u>
Net Assets, End of Year	<u>\$ (314,362)</u>	<u>\$ (742,724)</u>	<u>\$ (434,159)</u>	<u>\$(1,491,245)</u>

Hope Communities, Inc. and Subsidiaries
Consolidating Information—Statement of Activities
For the Year Ended December 31, 2017

	Subtotal	Eliminations	Consolidated Totals
Unrestricted Revenues			
Rental income	\$ 2,898,245	\$ (30,000)	\$ 2,868,245
Interest income	196,149	(191,799)	4,350
Development and management fees	325,496	(325,496)	-
Gain (loss) on investment in subsidiaries	205,815	(205,815)	-
Contributions and grants	226,273	-	226,273
Other income	207,345	-	207,345
Net assets released from restrictions	-	-	-
Total unrestricted revenue	<u>4,059,323</u>	<u>(753,110)</u>	<u>3,306,213</u>
Expenses			
Affordable housing	3,308,579	(517,295)	2,791,284
Resident services	315,695	-	315,695
Development	<u>32,232</u>	<u>-</u>	<u>32,232</u>
Total program services	3,656,506	(517,295)	3,139,211
Administrative	484,201	(30,000)	454,201
Fundraising	<u>74,835</u>	<u>-</u>	<u>74,835</u>
Total expenses (and losses)	<u>4,215,542</u>	<u>(547,295)</u>	<u>3,668,247</u>
Change in unrestricted net assets	<u>(156,219)</u>	<u>(205,815)</u>	<u>(362,034)</u>
Temporarily Restricted			
Contributions	36,000	-	36,000
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Change in temporarily restricted net assets	<u>36,000</u>	<u>-</u>	<u>36,000</u>
Change in Net Assets Before Transfers and Dividends Declared			
Dividends Declared	(120,219)	(205,815)	(326,034)
Transfers and dividends in (out)	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets Attributable to Noncontrolling Interest			
Noncontrolling Interest	(519,366)	-	(519,366)
Change in Net Assets Attributable to Hope	<u>399,147</u>	<u>(205,815)</u>	<u>193,332</u>
Change in Net Assets	(120,219)	(205,815)	(326,034)
Net Assets, Beginning of Year	<u>7,224,289</u>	<u>(739,210)</u>	<u>6,485,079</u>
Net Assets, End of Year	<u>\$ 7,104,070</u>	<u>\$ (945,025)</u>	<u>\$ 6,159,045</u>