Delta Institute and Affiliates

Consolidated Financial Report
with Supplemental Information
June 30, 2016

Contents

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Independent Auditor's Report

To the Board of Directors
Delta Institute and Affiliates

We have audited the accompanying consolidated financial statements of Delta Institute and Affiliates (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2016 and the related consolidated statements of activities and changes in net assets and cash flows 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 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. 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 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 Organization'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 Organization'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 opinions.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Delta Institute and Affiliates as of June 30, 2016 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.

To the Board of Directors
Delta Institute and Affiliates

Emphasis of Matter

As described in Note 12 to the consolidated financial statements, Delta Institute deconsolidated Delta Institute Building Material Reuse Center as of July 1, 2015. Accordingly, the accompanying consolidated statement of activities of Delta Institute and Affiliates includes a contribution to Delta Institute Building Material Reuse Center. Our opinion is not modified with respect to this matter.

Plante & Moran, PLLC

January 12, 2017

Delta Institute and Affiliates

Consolidated Statement of Financial Position
June 30, 2016

Assets		
Current Assets		
Cash and cash equivalents	$	1,312,766
Grants and miscellaneous receivables		869,256
Note receivable		108,500
Due from GLRSF, LLC (Note 2)		278,531
Prepaid expenses and other current assets		70,955
Total current assets		2,640,008
Beneficial Interest in Trust (Note 11)		5,041,230
Property and Equipment - Net (Note 4)		77,909
Other Assets		
Notes receivable - Revere Housing Program (Note 3)		708,336
Loan receivable - GLRSF, LLC (Note 2)		689,407
Total assets	**$**	**9,156,890**
Liabilities and Net Assets (Deficit)		
Current Liabilities		
Accounts payable	$	162,826
Deposits		21,000
Current portion of notes payable (Note 9)		500,000
Deferred revenue (Note 5)		21,943
Accrued liabilities		159,058
Total current liabilities		864,827
Long-term Liabilities		
Forgivable loan (Note 2)		689,407
Deferred contribution liability (Note 3)		708,336
Revolving loan fund - Cook County (Note 5)		221,202
Total liabilities		2,483,772
Net Assets		
Unrestricted		561,627
Temporarily restricted (Note 6)		1,070,261
Permanently restricted (Note 11)		5,041,230
Total net assets		6,673,118
Total liabilities and net assets	**$**	**9,156,890**

See Notes to Consolidated Financial Statements.

Delta Institute and Affiliates

Consolidated Statement of Activities and Changes in Net Assets
Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Support				
Contributions	$ 901,909	$ 1,387,400	$ -	$ 2,289,309
Government grants and contracts	213,311	-	-	213,311
Contract fees	812,290	-	-	812,290
Fees for service revenue	103,312	-	-	103,312
Interest and other income	28,508	-	-	28,508
Investment income from beneficial interest in trust	205,703	-	-	205,703
Change in fair value of beneficial interest in trust	-	-	(354,487)	(354,487)
Total revenue and support	2,265,033	1,387,400	(354,487)	3,297,946
Net Assets Released from Restrictions	631,350	(631,350)	-	-
Total revenue, support, and net assets released from restrictions	2,896,383	756,050	(354,487)	3,297,946
Expenses				
Program	1,921,037	-	-	1,921,037
General and administrative	954,700	-	-	954,700
Fundraising	43,644	-	-	43,644
Total expenses	2,919,381	-	-	2,919,381
Increase (Decrease) in Net Assets - Before effect of deconsolidation of Delta Institute Rebuilding Material Reuse Center (Note 12)	(22,998)	756,050	(354,487)	378,565
Contribution to Delta Institute Rebuilding Material Reuse Center	26,033	(30,231)	-	(4,198)
Increase (Decrease) in Net Assets	3,035	725,819	(354,487)	374,367
Net Assets - Beginning of year	558,592	344,442	5,395,717	6,298,751
Net Assets - End of year	**$ 561,627**	**$ 1,070,261**	**$ 5,041,230**	**$ 6,673,118**

Delta Institute and Affiliates

Consolidated Statement of Cash Flows
Year Ended June 30, 2016

Cash Flows from Operating Activities		
Increase in net assets	$	374,367
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation		34,373
Change in value of beneficial interest in trust		354,487
Effect of deconsolidation		4,198
Changes in operating assets and liabilities which (used) provided cash:		
Grants and miscellaneous receivables		(524,243)
Note receivable		31,000
Due from GLRSF, LLC		(37,451)
Prepaid expenses and other current assets		(20,450)
Accounts payable and accrued expenses		69,120
Deferred revenue		(6,744)
Net cash provided by operating activities		278,657
Cash Flows from Investing Activities - Purchases of furniture, equipment, and leasehold improvements		(9,850)
Cash Flows from Financing Activities - Cash transferred upon deconsolidation		(140,355)
Net Increase in Cash and Cash Equivalents		128,452
Cash and Cash Equivalents - Beginning of year		1,184,314
Cash and Cash Equivalents - End of year	**$**	**1,312,766**
Supplemental Disclosure of Cash Flow Information - Cash paid for Revere Housing Program forgiven and applied against deferred contribution liability	**$**	**573,327**

During the year ended June 30, 2016, the Organization deconsolidated Reuse; as a result, there were noncash transfers of assets and liabilities. See Note 12 for additional information.

Note 1 - Nature of Business and Significant Accounting Policies

Nature of Organization - Delta Institute (Delta) is chartered as an Illinois not-for-profit corporation and began operations on July 1, 1998. Delta works in partnership with businesses, government, and communities in the Great Lakes region to create and implement innovative, market-driven solutions that build environmental resilience, economic vitality, and healthy communities.

Delta Redevelopment Institute (REDI) is chartered as an Illinois not-for-profit corporation and began operations in December 1998. REDI facilitates Brownfield redevelopment in the metropolitan Chicago area by addressing pre-development barriers.

The Delta P2E2 Center, LLC (P2/E2) is a single-member limited liability company formed by Delta in 2004 to provide technical assistance and financing to support the implementation of pollution prevention and energy efficiency measures.

The Delta Revere Program, LLC (Revere) is a single-member limited liability company formed by Delta on June 1, 2005 to act as the Designated Lender under the Revere Community Affordable Housing Grant Program Agreement dated as of May 12, 2005 by and between Delta and the Comer Science and Education Foundation (Comer). Loans are made to eligible homebuyers to induce development of affordable housing and to combat community deterioration in the neighborhood and community surrounding the Revere School in Chicago, Illinois.

Significant accounting policies are as follows:

Principles of Consolidation - Through June 30, 2016, Delta had economic interest in and exercises control over the activities of REDI. Delta owns 100 percent of P2/E2 and Revere. Accordingly, consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. All significant intercompany accounts and transactions have been eliminated as of and for the year ended June 30, 2016. The consolidated entity is referred to as the "Organization."

Cash Equivalents - The Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Beneficial Interest in Trust - The Organization has funds held by Chicago Community Trust from which income is received based on the Organization's share. The interest in the trust is stated at the estimated fair value based on the percentage of the trust designated to the Organization applied to the total fair value of the trust, which is based primarily on quoted market prices of the trust's underlying assets. The Organization's share of such trust's assets is included in the consolidated statement of financial position as beneficial interest in trust and is classified as permanently restricted net assets.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Property and Equipment - Property and equipment with an individual value in excess of $1,000 are recorded at cost when purchased or at fair value at the date of donation and are being depreciated on a straight-line basis over their estimated useful lives. Estimated lives are five years for furniture and equipment and the remaining lease term for leasehold improvements. Costs of maintenance and repairs are charged to expense when incurred.

Classification of Net Assets - Net assets of the Organization are classified as unrestricted, temporarily restricted, or permanently restricted depending on the presence and characteristics of donor-imposed restrictions limiting the Organization's ability to use or dispose of contributed assets or the economic benefits embodied in those assets.

Donor-imposed restrictions that expire with the passage of time or can be removed by meeting certain requirements result in temporarily restricted net assets. Permanently restricted net assets result from donor-imposed restrictions that limit the use of net assets in perpetuity. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law.

Revenue Recognition - Contributions are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions.

Contributions, including unconditional promises to give and certain grants, are measured at their fair values and are reported as an increase in net assets when pledged by the donor. Conditional promises to give and certain grants are recognized when the conditions on which they depend are substantially met.

Revenue from government grants and contracts designated for use in specific activities is recognized in the period when expenditures have been incurred in compliance with the grantor's restrictions. Deferred revenue represents payments received that have not been earned as of the report date. If activities are not completed during the periods, the governmental entities are not obligated to expend funds allotted under the grants and contracts.

Fee for service revenue consists of contract revenue for management and consulting services. The revenue is recognized as it is earned.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Functional Allocation of Expenses - The costs of providing the program and support services have been reported on a functional basis in the statement of activities and changes in net assets. Indirect costs have been allocated between the various programs and support services based on estimates, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

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 revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Federal Income Taxes - Delta Institute and Affiliates are exempt from income tax under provisions of Internal Revenue Code Section 501(c)(3). The Organization has been classified as other than a private foundation by the Internal Revenue Service. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Organization and has concluded that as of June 30, 2016, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the consolidated financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Subsequent Events - The consolidated financial statements and related disclosures include evaluation of events up through and including January 12, 2017, which is the date the consolidated financial statements were available to be issued.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Upcoming Accounting Change - The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, in August 2016. ASU 2016-14 requires significant changes to the financial reporting model of organizations that follow FASB not-for-profit rules, including changing from three classes of net assets to two classes: net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Organization, including required disclosures about the liquidity and availability of resources. The new standard is effective for the Organization's year ending June 30, 2019 and thereafter and must be applied on a retrospective basis. The Organization is currently evaluating the impact this standard will have on the consolidated financial statements.

Upcoming Accounting Change - In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Organization's year ending June 30, 2020. The ASU permits application of the new revenue recognition guidance to be applied using one of two retrospective application methods. The Organization has not yet determined which application method it will use or the potential effects of the new standard on the consolidated financial statements, if any.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Upcoming Accounting Change - In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of activities and changes in net assets. Currently, leases are classified as either capital or operating, with only capital leases recognized on the consolidated statement of financial position. The reporting of lease-related expenses in the consolidated statements of activities and changes in net assets and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Organization's year ending June 30, 2021 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The new lease standard is expected to have an effect on the Organization's consolidated financial statements as a result of the lease for its office space classified as an operating lease. The effect of applying the new lease guidance on the consolidated financial statements has not yet been determined.

Note 2 - Equity Interest in LLC

REDI owns a 99.999 percent interest in the Great Lakes Region Sustainability Funds, LLC (GLRSF). REDI has elected not to consolidate GLRSF because in accordance with Emerging Issue Task Force Abstract No. 96-16, *Investor's Accounting for an Investee When the Investor has a Majority of the Voting Interest but the Minority Shareholder or Shareholders have Certain Approval or Veto Rights*, REDI is deemed to not have a controlling financial interest in GLRSF. The minority owner has an equal say and vote over all business and financial decisions of GLRSF. Through June 30, 2010, REDI accounted for the investment in GLRSF under the equity method of accounting. Under the equity method, the original investment is recorded at cost and is adjusted periodically to recognize the investor's share of earnings or losses after the date of acquisition. At June 30, 2010, GLRSF had negative equity. Accordingly, REDI reduced its original investment of $999 to $0, at which point the use of the equity method was discontinued. Reducing the investment below $0 was not deemed appropriate as REDI has not guaranteed the obligations of GLRSF, nor has it committed to providing financial support.

Note 2 - Equity Interest in LLC (Continued)

During the year ended June 30, 2016, REDI earned management fees amounting to $103,312 from GLRSF. Fees and interest due from GLRSF at June 30, 2016 amounted to $277,532. In addition, REDI has a loan receivable from GLRSF amounting to $689,407 at June 30, 2016. The loan was issued as part of a lead poisoning prevention program funded through a grant from the City of Chicago. The loan bears interest at 2.5 to3.5 percent per annum and payments of interest only are due monthly. Interest income related to this loan amounted to $21,779 for year ended June 30, 2016. The loan receivable is mirrored by a forgivable loan in the amount of $689,407 from the City of Chicago. Under the terms of the grant agreement, the principal of both loans will be forgiven in like amounts if all monthly payments of interest are paid through and including the maturity dates.

Note 3 - Notes Receivable - Revere Housing Program and Deferred Contribution Liability

During the years ended June 30, 2006 through June 30, 2011, the Delta Revere Program, LLC (Revere) received grant funds amounting to $3,440,000 from Comer Science and Education Foundation (Comer) with which to make loans to eligible homebuyers for use in purchasing their home residences. Loans are made for home purchases within the neighborhood and community surrounding the Revere School in Chicago, Illinois.

Each eligible homebuyer has signed an interest-free promissory note with Revere subject to a mortgage, security, and recapture agreement (the "Agreement") in the amount of either $80,000 or $50,000. Should the homebuyer not default as defined in the Agreement and continue residence on the property, the note will be forgiven based on the following schedule:

	$80,000 Note	$50,000 Note
Mortgage anniversary:		
Prior to 5th year	$ -	$ -
Between 5th and 6th year	13,333	8,333
Between 6th and 7th year	26,667	16,667
Between 7th and 8th year	40,000	25,000
Between 8th and 9th year	53,333	33,333
Between 9th and 10th year	66,667	41,667
After the 10th year	80,000	50,000

Note 3 - Notes Receivable - Revere Housing Program and Deferred Contribution Liability (Continued)

In the event the eligible homebuyer defaults or discontinues residence in the property prior to the 10th anniversary of the mortgage, the balance not forgiven must be repaid to Revere. Under an agreement with Comer, Revere has agreed to use any such repayment for philanthropic reuse within the Revere community.

As of June 30, 2012, all grant funds received from Comer under the program were loaned to eligible homebuyers. Loans made are recorded in the accompanying consolidated statement of financial position under the caption "Notes receivable - Revere Housing Program," while grants received from Comer to fund the loans are reported as a liability under the caption "Deferred contribution liability." It is expected that this liability will be amortized to income as the notes are forgiven or defaulted. The forgiveness/amortization of the notes receivable and deferred contribution liability, assuming homebuyers remain in their residence for 10 years, for the years ending June 30 are as follows:

2017	$ 360,007
2018	239,997
2019	74,999
2020	25,000
2021	8,333
Total	$ 708,336

During the year ended June 30, 2016, portions of certain loans amounting to $573,327 were forgiven in accordance with the agreement. These amounts were recognized as both expenses, for the note forgiveness, and revenue, for recognition of a portion of the deferred contribution liability, in the accompanying consolidating statement of activities and changes in net assets for the year ended June 30, 2016.

Note 4 - Property and Equipment

Property and equipment as of June 30, 2016 are summarized as follows:

	Amount	Depreciable Life - Years
Machinery and equipment - Cost	$ 4,689	5
Furniture and fixtures - Cost	149,632	5
Leasehold improvements - Cost	55,940	Lease term
Total cost	210,261	
Accumulated depreciation	132,352	
Net property and equipment	$ 77,909	

Note 4 - Property and Equipment (Continued)

Depreciation expense was $34,373 for 2016.

Note 5 - Unearned Revenue and Advances

Unearned revenue and advances at June 30, 2016 consist of the following:

ERS	$ 3,229
All Cell Interest	6,564
Delta Emerging Leaders	9,599
HHDC Interest	2,551
Total	$ 21,943

During the year ended June 30, 2012, $511,699 advanced under the Energy Efficiency Conservation Block Grant Program was used to establish a revolving loan fund as defined in the grant agreement. The loan fund is included under the caption "Revolving Loan Fund - Cook County" in the accompanying consolidated statement of financial position as of June 30, 2016. The remaining advance amount was used to fund program expenditures.

Note 6 - Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2016 are purpose restricted for the following:

DeltaLumin Platform	$ 280,212
Little Village	37,195
Coal Project	44,000
Knight Cities	394,400
Other	14,454
Time restriction	300,000
Total temporarily restricted net assets	$ 1,070,261

Note 7 - Lease Commitments

Delta Office Lease

During October 2011, Delta entered into a lease agreement for office space commencing March 1, 2012. The lease has a 12-year term requiring monthly base rent payments of $12,472 starting in the fourth month of the lease through the end of the lease term. In addition to the base rent, Delta must pay its proportionate share of certain expenses and real estate taxes over the base year.

The lease provides for rent to be abated during the first three months of the term. Generally accepted accounting principles require the rent expense paid to be recognized ratably over the lease term. Accordingly, the amount of rent expense does not coincide with cash payments. This gives rise to a deferred lease benefit liability, which is being amortized over the term of the lease. The deferred lease benefit liability at June 30, 2016 amounted to $23,904, which is included in accrued liabilities on the consolidated statement of financial position.

Equipment

During July 2011, Delta entered into a lease agreement for copier equipment expiring in July 2017.

The future minimum base rental payments for the years ending June 30 are as follows:

Years Ending June 30	Delta Office	Copier	Total
2017	$ 149,660	$ 935	$ 150,595
2018	149,660	-	149,660
2019	149,660	-	149,660
2020	149,660	-	149,660
2021	149,660	-	149,660
Thereafter	399,093	-	399,093
Total	$ 1,147,393	$ 935	1,148,328

Rent expense on all operating leases for the year ended June 30, 2016 amounted to $149,660.

Note 8 - Retirement Plan

Delta offers a 401(k) plan to all employees meeting the eligibility requirements, as defined in the plan. The plan allows for elective employee contributions up to the amount set by federal law and a mandatory employer contribution limited to 3 percent of eligible compensation. Total Organization contributions charged to retirement costs in 2016 were $48,904.

Note 9 - Notes Payable

Notes payable at June 30, 2016 consist of the following:

P2/E2 - Note payable, Bank of America, unsecured, requiring monthly payments of interest only of 3 percent per annum and due in full on August 15, 2012. The principal amount of the note may be used to finance the redevelopment of programs supporting environmental quality and energy efficiency	$ 500,000

Note 10 - Concentration of Credit Risk

The Organization has concentrated its credit risk for cash by maintaining deposits in financial institutions, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

The Organization receives substantially all funding from a relatively small group of government, foundation, and corporate donors. There is a risk that this funding could be curtailed, in which case the Organization would seek alternative funding or reduce its scale of operations.

Note 11 - Fair Value Measurements

Accounting standards require certain assets be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following table presents information about the Organization's assets measured at fair value on a recurring basis at June 30, 2016 and the valuation techniques used by the Organization to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Note 11 - Fair Value Measurements (Continued)

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Organization's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Assets Measured at Fair Value on a Recurring Basis at June 30, 2016

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value	Balance at June 30, 2016
Beneficial interest in trust	$ -	$ -	$ 5,041,230	$ -	$ 5,041,230

The fair value of beneficial interest in trust at June 30, 2016 was determined based on the percentage of an investment pool held and managed by Chicago Community Trust that is designated to the Organization applied to the total fair value of the investment pool, which is based on quoted market prices of the underlying assets when available.

The Chicago Community Trust utilizes various third-party investment managers to monitor, participate in fund manager calls, and obtain underlying financial information on the investment pool. The Organization cannot independently assess the value of these underlying positions through a public exchange or over-the-counter market. Changes in the fair value of the underlying trust assets, as determined by the Chicago Community Trust, are recognized in the period in which they occur.

Changes in Level 3 assets measured at fair value on a recurring basis for the year ended June 30, 2016 are as follows:

	Beneficial Interest in Trust
Balance at June 30, 2015	$ 5,395,717
Total unrealized loss	(354,487)
Balance at June 30, 2016	$ 5,041,230

Note 11 - Fair Value Measurements (Continued)

Unrealized loss of $354,487 for the year ended June 30, 2016 is reported in change in fair value of beneficial interest in trust in the consolidated statement of activities and changes in net assets.

Note 12 - Deconsolidation of Delta Institute Rebuilding Material Reuse Center

At of July 1, 2015, Delta no longer had the ability to appoint or modify members of Delta Institute Building Material Reuse Center's (Reuse) board of directors. As a result, the following assets, liabilities, and net assets of Reuse were deconsolidated from the Organization and were contributed from Delta to Reuse:

Assets:	
Cash and cash equivalents	$ 140,355
Receivables	29,123
Prepaid expenses	1,468
Deposits	25,000
Property and equipment	34,017
Total assets	$ 229,963
Liabilities:	
Accounts payable	$ 10,002
Accrued liabilities	62,193
Notes payable	14,070
Forgivable loan	139,500
Total liabilities	$ 225,765
Net Assets (Deficit):	
Unrestricted	$ (26,033)
Temporarily restricted	30,231
Total net assets	$ 4,198

Supplemental Information

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Independent Auditor's Report on Supplemental Information

To the Board of Directors
Delta Institute and Affiliates

We have audited the consolidated financial statements of Delta Institute and Affiliates as of and for the year ended June 30, 2016 and have issued our report thereon dated January 12, 2017, 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 statement of financial position, consolidating statement of activities and changes in net assets (deficit), and consolidated statement of functional expenses are presented for the purpose of additional analysis rather than to present the financial position, results of operations, and cash flows of the individual organizations and are 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.

Plante & Moran, PLLC

January 12, 2017

Consolidating Statement of Financial Position
June 30, 2016

	Delta Institute	Delta Redevelopment Institute	Delta P2E2 Center, LLC	Delta Revere Program, LLC	Eliminating Entries	Total
Assets						
Current Assets						
Cash and cash equivalents	$ 1,047,813	$ 235,947	$ 8,268	$ 20,738	$ -	$ 1,312,766
Grants and miscellaneous receivables	868,724	532	-	-	-	869,256
Note receivable	108,500	-	-	-	-	108,500
Due from GLRSF, LLC	-	278,531	-	-	-	278,531
Prepaid expenses and other current assets	70,955	-	-	-	-	70,955
Total current assets	2,095,992	515,010	8,268	20,738	-	2,640,008
Beneficial Interest in Trust	5,041,230	-	-	-	-	5,041,230
Property and Equipment - Net	77,909	-	-	-	-	77,909
Other Assets						
Notes receivable - Revere Housing Program	-	-	-	708,336	-	708,336
Loan receivable - GLRSF, LLC	-	689,407	-	-	-	689,407
Total assets	**$ 7,215,131**	**$ 1,204,417**	**$ 8,268**	**$ 729,074**	**$ -**	**$ 9,156,890**

Consolidating Statement of Financial Position (Continued)
June 30, 2016

	Delta Institute	Delta Redevelopment Institute	Delta P2E2 Center, LLC	Delta Revere Program, LLC	Eliminating Entries	Total
Liabilities and Net Assets (Deficit)						
Current Liabilities						
Accounts payable	$ 137,139	$ 25,687	$ -	$ -	$ -	$ 162,826
Deposits	-	-	-	21,000	-	21,000
Current portion of notes payable	-	-	500,000	-	-	500,000
Deferred revenue	21,943	-	-	-	-	21,943
Accrued liabilities	87,526	4,637	66,895	-	-	159,058
Total current liabilities	246,608	30,324	566,895	21,000	-	864,827
Long-term Liabilities						
Forgivable loan	-	689,407	-	-	-	689,407
Deferred contribution liability	-	-	-	708,336	-	708,336
Revolving loan fund - Cook County	221,202	-	-	-	-	221,202
Total liabilities	467,810	719,731	566,895	729,336	-	2,483,772
Net Assets (Deficit)						
Unrestricted	635,830	484,686	(558,627)	(262)	-	561,627
Temporarily restricted	1,070,261	-	-	-	-	1,070,261
Permanently restricted	5,041,230	-	-	-	-	5,041,230
Total net assets (deficit)	6,747,321	484,686	(558,627)	(262)	-	6,673,118
Total liabilities and net assets (deficit)	**$ 7,215,131**	**$ 1,204,417**	**$ 8,268**	**$ 729,074**	**$ -**	**$ 9,156,890**

Delta Institute and Affiliates

Consolidating Statement of Activities and Changes in Net Assets (Deficit)
Year Ended June 30, 2016

	Delta Institute			Delta Redevelopment Institute		Delta P2E2 Center, LLC		Delta Revere Program, LLC		Delta Institute Building Material Reuse Center			Total			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Eliminations	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Support																
Contributions	$ 901,909	$ 1,387,400	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 901,909	$ 1,387,400	$ -	$ 2,289,309
Government grants and contracts	213,311	-	-	-	-	-	-	-	-	-	-	-	213,311	-	-	213,311
Contract fees	238,963	-	-	-	-	-	-	573,327	-	-	-	-	812,290	-	-	812,290
Fees for service revenue	-	-	-	103,312	-	-	-	-	-	-	-	-	103,312	-	-	103,312
Interest and other income	6,081	-	-	22,426	-	1	-	-	-	-	-	-	28,508	-	-	28,508
Investment income from beneficial interest in trust	205,703	-	-	-	-	-	-	-	-	-	-	-	205,703	-	-	205,703
Change in fair value of beneficial interest in trust	-	-	(354,487)	-	-	-	-	-	-	-	-	-	-	-	(354,487)	(354,487)
Total revenue and support	1,565,967	1,387,400	(354,487)	125,738	-	1	-	573,327	-	-	-	-	2,265,033	1,387,400	(354,487)	3,297,946
Net Assets Released from Restriction	631,350	(631,350)	-	-	-	-	-	-	-	-	-	-	631,350	(631,350)	-	-
Total revenue, support, and net assets released from restriction	2,197,317	756,050	(354,487)	125,738	-	1	-	573,327	-	-	-	-	2,896,383	756,050	(354,487)	3,297,946
Expenses																
Program	1,230,928	-	-	101,535	-	15,007	-	573,567	-	-	-	-	1,921,037	-	-	1,921,037
General and administrative	954,700	-	-	-	-	-	-	-	-	-	-	-	954,700	-	-	954,700
Fundraising	43,644	-	-	-	-	-	-	-	-	-	-	-	43,644	-	-	43,644
Total expenses	2,229,272	-	-	101,535	-	15,007	-	573,567	-	-	-	-	2,919,381	-	-	2,919,381
(Decrease) Increase in Net Assets - Before changes related to deconsolidation	(31,955)	756,050	(354,487)	24,203	-	(15,006)	-	(240)	-	-	-	-	(22,998)	756,050	(354,487)	378,565
Contribution to Delta Institute Building Material Reuse Center	-	-	-	-	-	-	-	-	-	26,033	(30,231)	-	26,033	(30,231)	-	(4,198)
(Decrease) Increase in Net Assets	(31,955)	756,050	(354,487)	24,203	-	(15,006)	-	(240)	-	26,033	(30,231)	-	3,035	725,819	(354,487)	374,367
Net Assets (Deficit) - Beginning of year	667,783	314,211	5,395,717	460,485	-	(543,621)	-	(22)	-	(26,033)	30,231	-	558,592	344,442	5,395,717	6,298,751
Net Assets (Deficit) - End of year	**$ 635,828**	**$ 1,070,261**	**$ 5,041,230**	**$ 484,688**	**$ -**	**$ (558,627)**	**$ -**	**$ (262)**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 561,627**	**$ 1,070,261**	**$ 5,041,230**	**$ 6,673,118**

Delta Institute and Affiliates

Consolidated Statement of Functional Expenses
Year Ended June 30, 2016

	Program Services	Support Services: Fundraising	Support Services: General and Administrative	Support Services: Total	Total Expenses
Salaries	$ 585,736	$ 26,110	$ 594,754	$ 620,864	$ 1,206,600
Payroll taxes and benefits	92,387	4,826	109,905	114,731	207,118
Total salaries and related expenses	678,123	30,936	704,659	735,595	1,413,718
Revere program note forgiveness	573,327	-	-	-	573,327
Consultants	134,760	1,402	31,934	33,336	168,096
Rent and utilities	104,413	3,801	86,578	90,379	194,792
Scholarships and grants	-	195	4,436	4,631	4,631
Information technology	22,266	942	21,467	22,409	44,675
Equipment	15,782	490	11,168	11,658	27,440
Depreciation	16,686	744	16,943	17,687	34,373
Organizational insurance	9,939	443	10,093	10,536	20,475
Communications	8,836	539	8,971	9,510	18,346
Office expenses	5,723	1,256	4,528	5,784	11,507
Legal/Accounting	18,200	811	18,481	19,292	37,492
Meetings/Conferences	16,470	975	12,155	13,130	29,600
Travel	50,290	893	18,326	19,219	69,509
Training	610	27	619	646	1,256
Bank and other fees	2,881	128	2,926	3,054	5,935
Other project expenses	262,731	62	1,416	1,478	264,209
Total functional expenses	**$1,921,037**	**$ 43,644**	**$ 954,700**	**$ 998,344**	**$2,919,381**