

Multicultural Integration Funding

(FY2019 Appropriation Act - Public Act 207 of 2018)

November 30, 2019

Sec. 295. (1) From the funds appropriated in part 1 to agencies providing physical and behavioral health services to multicultural populations, the department shall award grants in accordance with the requirements of subsection (2). The state is not liable for any spending above the contract amount. Funds shall not be released until reporting requirements under section 295 of article X of 2017 PA 107 are satisfied.

(2) The department shall require each contractor described in subsection (1) that receives greater than \$1,000,000.00 in state grant funding to comply with performance-related metrics to maintain their eligibility for funding. The organizational metrics shall include, but not be limited to, all the following:

(a) Each contractor or subcontractor shall have accreditations that attest to their competency and effectiveness as behavioral health and social service agencies.

(b) Each contractor or subcontractor shall have a mission that is consistent with the purpose of the multicultural agency.

(c) Each contractor shall validate that any subcontractors utilized within these appropriations share the same mission as the lead agency receiving funding.

(d) Each contractor or subcontractor shall demonstrate cost-effectiveness.

(e) Each contractor or subcontractor shall ensure their ability to leverage private dollars to strengthen and maximize service provision.

(f) Each contractor or subcontractor shall provide timely and accurate reports regarding the number of clients served, units of service provision, and ability to meet their stated goals.

(3) The department shall require an annual report from the contractors described in subsection (2). The annual report, due 60 days following the end of the contract period, shall include specific information on services and programs provided, the client base to which the services and programs were provided, information on any wraparound services provided, and the expenditures for those services. The department shall provide the annual reports to the senate and house appropriations subcommittees on health and human services, the senate and house fiscal agencies, and the state budget office.



Section 295

(FY2019 Appropriation Act - Public Act 207 of 2018)

Multicultural Integration funding for Fiscal Year 2019 was obligated through contracts with the Jewish Federation of Metropolitan Detroit, Chaldean Community Foundation, Inter-Tribal Council of Michigan, Arab American and Chaldean Council, and Arab Community Center for Economic and Social Services. Funding for specific populations was also obligated through contracts with eleven (11) Community Mental Health Services Programs (CMHSPs).

The Jewish Federation of Metropolitan Detroit (\$3,750,000) subcontracts for a variety of services encompassing the provision of case management (to many of whom are Russian speaking), mental health counseling, psychiatric evaluations, transportation, translation, school-based services, and basic adaptation and living services for 8,845 individuals. Other services include, but are not limited to, therapeutic home visits and group programs for children with disabilities and their families; specialized programming for aging adults with developmental disabilities; nursing/medical supports; respite care; socialization and recreation; school advocacy; outreach services to the Orthodox community; assistance with access to entitlements and benefits; employment support services; mental health support group meetings for Holocaust survivors.

The Chaldean Community Foundation (\$3,750,000) partnered with the Chaldean American Association for Health and Macomb Community College to provide services to 14,996 clients. Services include, but are not limited to, comprehensive, community-based mental health and case management, interpretation/translation, immigration, transportation, long-term housing, job placement, English as a Second Language and workforce training for Iraqi refugee, asylee and asylum-seeking children, adults and families. The Breaking Barriers Program provides case management, programming, respite, outreach, and advocacy services. Project Bismutha provides medical screenings and healthcare services.

The Inter-Tribal Council of Michigan, Inc. (\$312,754) provides financial support to seven federally recognized tribes. These resources facilitated the provision of mental health services in an ethnically sensitive manner based on their cultural needs for 2,598 clients during the fiscal year. The project supports reservation-based mental health workers and clinicians who provide a broad range of services including, but not limited to, Talking Circles with Elders, outreach services, education sessions, health promotion, chronic disease social support groups, counseling/therapy, case management, crisis intervention, medication reviews, co-occurring services, interacting with drug courts, coordinating psychiatric referrals, community awareness, outreach, and training of provider staff.

The Arab American and Chaldean Council (\$3,750,000) served 11,833 Middle Eastern refugees and other individuals through basic adaptation and living services, interpreter and translation services, wraparound services, resettlement, outreach, advocacy, and prevention, education, as well as the full array of outpatient mental health and substance use services. Other services provide include, but are not limited to, assisting individuals with completing a general application for assistance, food assistance,

medical assistance, child support issues, family emergency assistance, vocational training and referrals to English as a second language (ESL) classes.

The Arab Community Center for Economic and Social Services (\$3,750,000) provides a bilingual and culturally sensitive service delivery model focused on the provision of essential social services to ensure that English limited, vulnerable, immigrants, refugees and or low-income populations, have their basic needs met in a timely and efficient manner. Behavioral health and basic adaptation and living services were provided to individuals throughout the year. Preventative mental health services were provided in a culturally and linguistically appropriate environment to individuals with mental illness. Action was taken to minimize health risks and to provide behavioral health education.

A total of \$1,486,292 was obligated to eleven (11) CMHSPs, including:

- Allegan County CMH:
Provided behavioral health services to 15 Hispanic clients
- Clinton-Eaton-Ingham CMH Authority:
Provided behavioral health services to 23 Hispanic clients
- Detroit-Wayne Mental Health Authority:
Provided behavioral health services to 1,194 Chinese/Asian, 278 Native American, 823 Hispanic, and 26 Vietnam Veteran clients
- Lakeshore Regional Entity:
Native American - Provided education and outreach to 79 individuals
Hispanic – Provided culturally appropriate trainings to staff and providers
- Lapeer County CMH Services:
Provided behavioral health services to 18 Hispanic clients
- Lenawee CMH Authority:
Provided behavioral health services to 18 Hispanic clients
- Muskegon County CMH (HealthWest):
Provided behavioral health services to 389 Hispanics and 7 Vietnam Veterans
- Oakland County CMH Authority:
Provided behavioral health services to 241 Hispanic clients
- Ottawa County CMH:
Provided behavioral health services to 660 Hispanic clients
- Saginaw County CMH Authority:
Provided behavioral health services to 14 Hispanic clients
- West Michigan CMH System:
Provided behavioral health services to 391 Hispanic clients

Services provided include, but are not limited to, psychiatric assessments; medication reviews; case management; supports coordination; crisis intervention; community living supports; outpatient therapy; home-based services; preadmission screening; psychiatric inpatient care; skill building, interpretation; individual, group, and family counseling; peer support services; supported employment services; substance abuse prevention and treatment; cultural competency and sensitivity training; interpretation; psychosocial rehabilitation; and respite services.

FINANCIAL STATUS REPORT

Arab Community Center for Economic and Social Services

FE ID Number 23-7444497	Contract Number E20192490-00	Page 1	Of 3				
Local Agency Name Arab Community Center for Economic and Social Services	Program Master Agreement Program - 2019	Title Human Services - Arab American					
Street Address 2651 Saulino Court	Report Period 09/01/2019 Thru 09/30/2019 Final <input checked="" type="checkbox"/>	Date Prepared 10/15/2019	Date Approved 10/18/2019				
City, State, ZIP Code Dearborn, MI, 48120 1556	Agreement Period 10/01/2018 Thru 09/30/2019	Operational Advance 0.00					
Category	Expenditures				Agreement		
	Current Period	Correction	Agreement YTD	Match YTD	Budget	Balance	Expend%
Program Expenses							
1. Salary & Wages	56,722.04	0.00	739,126.20	0.00	689,184.00	-49,942.20	107.25%
2. Fringe Benefits	12,293.65	0.00	148,126.64	0.00	141,283.00	-6,843.64	104.84%
3. Travel	0.00	0.00	1,045.63	0.00	3,570.00	2,524.37	29.29%
4. Supplies & Materials	0.00	0.00	7,472.34	0.00	15,200.00	7,727.66	49.16%
5. Contractual	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
6. Equipment	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
7. Other Expenses	7,377.32	0.00	175,122.71	0.00	202,181.00	27,058.29	86.62%
Total Program Expenses	76,393.01	0.00	1,070,893.52	0.00	1,051,418.00	-19,475.52	101.85%
Indirect Costs	9,774.27	0.00	138,236.48	0.00	157,712.00	19,475.52	87.65%
TOTAL EXPENDITURES	86,167.28	0.00	1,209,130.00	0.00	1,209,130.00	0.00	100.00%

Michigan Department of Health & Humans Services (MDHHS)
Arab Community Center for Economic and Social Services (ACCESS) Multicultural Integrated Fund
October 1, 2018- September 30, 2019
Wayne County

Contract: ADMIN-12-82003

ORGANIZATION:

ACCESS was established in 1971 by a small but passionate group of volunteers in Southeast Dearborn. The organization has grown from serving hundreds of Arab Americans in its first year, to serving tens of thousands of clients from diverse communities today. With nearly 440 employees and 11 locations, ACCESS offers approximately 120 programs in health and research, employment and training, youth and education, social services, business development, and more. In addition, ACCESS has three influential national institutions that are changing what it means to be Arab American: The Arab American National Museum (AANM), The Center for Arab American Philanthropy (CAAP) and the National Network for Arab American Communities (NNAAC).

For more information visit www.accesscommunity.org.

ACCESS services a diverse population throughout the counties of Wayne, Oakland, and Macomb. The 2018 Client Demographic is as follows:

- **Clients served by Race:**
 - Arab Americans: 56%
 - African American: 19%
 - White: 16%
 - Hispanic American 3%
 - Asian American & other 6%
- More than 1.1 million client visits per year
- Nearly 440 full- and part-time staff operate in a combined capacity of 21 languages.

Michigan Department of Health & Humans Services (MDHHS)
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Wayne County

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1. What is the purpose of ACCESS Program?

The aim of this program is to provide a bilingual and culturally sensitive service delivery model focused on the provision of essential social services to assure that low-income, immigrant, and refugee households have their basic needs met in an efficient manner, thereby enhancing their self-sufficiency. We also recognize that there are many clients who are income-limited such as seniors and the disabled. For this population, the goal is to prevent termination of benefits for noncompliance.

This is done by leveraging client access to services and benefits while improving navigation of a complex social services system. Many clients seek ACCESS' social services because they are in "crisis" mode and require immediate assistance. To this end, we focus on addressing long-term solutions to fulfilling basic needs, which include access to adequate food, clothing, housing, utility assistance, medical care, mental health, educational services, childcare, and employment services.

This program is housed in the ACCESS Social Services Department, which is one of various programs available to clients with the provision of essential services. ACCESS' Social Services Department has been the primary point of entry for clients that come to the organization seeking assistance with basic needs services and also assistance communicating with local, state, and federal entities, and other service providers. In 2009, ACCESS joined forces with MDHHS to establish a DHHS office physically located within ACCESS' One-Stop Employment and Human Services Center. DHHS caseworkers, with the assistance of ACCESS' bilingual staff members, provide clients with the necessary support to apply for public assistance.

2. Main Core of ACCESS Services:

ACCESS is an agency with more than 120 programs housed in 11 locations in the tri-county region. Our range of support services is leveraged to benefit clients in a model that focuses on interconnectedness through a holistic approach, offered by various divisions throughout the organization. During the 2018-2019 fiscal year, ACCESS provided over one million services in the areas of social services, youth and education, health and mental health, employment and training, entrepreneurship, and cultural arts programs.

The ACCESS Social Services Department is housed in the following three locations:

ACCESS Youth & Family Service Center

2651 Saulino Court
Dearborn, MI 48120
313-842-7010

ACCESS One-Stop Employment & Human Services Center

6451 Schaefer Road
Dearborn, MI 48126
313-945-8167

ACCESS Hamtramck Site

8625 Joseph Campau St.
Hamtramck, MI 48212
313-871-3338

Michigan Department of Health & Humans Services (MDHHS)
Arab Community Center for Economic and Social Services (ACCESS) Multicultural Integrated Fund
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3. Information and Referral (I/R):

Define information and referral services – Explain in detail the services offered. Also include if you have follow-up services.

Information and Referral (I/R)

Bilingual and culturally sensitive staff conduct assessments to identify needs and promote greater access to services/programs and provide information by comprehensively screening and assessing households for eligibility of private, local, state, and federal programs. Programs and/or benefits can include Food Assistance Program/SNAP (food stamps), cash assistance, State Disability Assistance (SDA), Refugee Cash Assistance (RCA), Child Development and Care (CDC – child care), Medicaid and Medicare Savings Program; unemployment benefits through the State of Michigan-Department of Talent and Economic Development, Social Security and Supplemental Security Income benefits, EXTRA Help program, and WIC benefits (Women, Infants, and Children-Food & Nutrition Services). Depending on eligibility, other benefits can include information, referrals, and/or enrollment in Focus: HOPE's monthly nutritional supplemental program for seniors, Halal Meals on Wheels, MiCafe program for low-income seniors that provides additional food stamp benefits, enrollment in the USDA free and reduced breakfast, lunch and afterschool meals for youth, low-income/government-subsidized housing programs, utility assistance, free tax preparation, etc.

In conjunction with screening and enrollment for benefits, households continue to receive referrals and follow-up services for education, vocational and employment training, health and mental health services, entrepreneurship, immigration, translation of documents, and legal, and interpretation services.

ACCESS has cultivated partners in every service sector who commit staff time and resources to our agency and the clients we serve daily. Where we do not possess the expertise to intervene, a litany of partnerships is available to serve our clients.

4. Advocacy:

Our staff are uniquely positioned to understand the complex needs of community members as many of them work and reside in the neighborhoods where clients live and therefore have firsthand experience dealing with the agencies and bureaucracies with which clients struggle. Also, our staff has been trained to effectively interface with other service providers and various governmental departments. We correspond daily on behalf of the clients we serve with the Department of Health & Human Services (DHHS) local offices, Social Security Administration, THAW, Area Agencies on Aging in the tri-county area, AARP, Michigan Works agencies, Lakeshore Legal Aid, State of Michigan, Department of Talent and Economic Development, Wayne Metropolitan Community Action Agency, Elder Law, United Way for Southern Michigan 211, LISC, housing authorities, municipalities, utility companies, hospitals, doctor offices, school systems, courts, etc.

These relationships are well developed, which improves our clients' ability to navigate a complex and fragmented human services system, which in turn ensures that their needs are met in an effective and efficient manner.

Confidentiality: All ACCESS staff members are issued the HIPAA Notice of Privacy Practices and sign a "Confidentiality Agreement" which is kept in each staff personnel file.

Michigan Department of Health & Humans Services (MDHHS)
Arab Community Center for Economic and Social Services (ACCESS) Multicultural Integrated Fund
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Wayne County

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5. Services Provided through the contract: as mandated

Services delivered: in the areas of INFORMATION & REFERRAL and/or ADVOCACY, bilingual and culturally sensitive case workers provide the following:

- Conduct assessment to identify needs and promote greater access to services
- Provide information, referral and advocacy, including language interpretation (English/Arabic/Chaldean, etc.) to facilitate access to programs such as SNAP/FAP, SSI, RSDI, FIP/cash assistance, SDA, unemployment benefits, childcare, child support, etc.
- MMAP Counseling and enrollment (Medicaid and or Medicare Parts A, B, and D) including EXTRA Help for prescription drugs
- Provide bilingual explanation of the rules, regulations, and eligibility guidelines of state, federal, and/or private programs before submitting applications
- Provide assistance with completion of related forms for state, federal, and privately funded programs; assist clients with identifying and gathering supportive documents before submitting applications
- Provide support to the DHHS workers during clients' interview process and/or pre-hearing conferences upon request from DHHS staff
- Provide information, referral and/or enrollment to services in the areas of education for adults (English as a Second Language) and youth, employment and training, health and mental health, legal and citizenship education services, free tax preparation services, home heating credits, utility assistance programs such as THAW and Low-income Self-Sufficiency program via DTE, housing and rental assistance programs, and any other applicable and/or relevant social services programs
- Continue and maintain customer contact until the provision of Information, Referral, and/or Advocacy services is complete, or the specific problem area is resolved

6. ACCESS Qualification and Experience – List education and experiences of contract staff:

ACCESS recruits staff that are knowledgeable about ACCESS and its organizational mission, and support the agency's goals. It is also important that these recruits are human service minded and demonstrate sensitivity to the community at large.

Minimum requirements for case workers include:

- Associate degree; however, bachelor's degree in social work is preferred
- Non-graduates with demonstrated community assessment and/or program planning skills
- Good command of the English, Arabic and/or Chaldean languages (verbal and written skills in English – Written skill in Arabic preferred)
- Ability to relate well to people
- Familiarity with urban living environment
- Must be sensitive to the needs of the low-income community
- Bilingual and bi-culturally sensitive
- Must demonstrate basic clerical skills
- Must be able to operate a computer
- Must be able to certify as Navigator to enroll clients in the Affordable Care Act – Market Place
- Must be able to certify as a MMAP Counselor – Michigan Medicaid/Medicare Assistance Program

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7. Client Base:

- Low-income households whose income does not exceed 200% of the federal poverty guidelines
- Applicants and or recipients of the Department of Health & Human Services
- English-limited populations – this also includes immigrants and refugees and the community at-large
- Those who have limited access to mainstream services due to language, cultural and transportation barriers

8. Describe the client population:

The target population includes immigrants and refugees, among all other low-income, disenfranchised individuals. The populations we serve face challenges that are unique, requiring responses to realities that often are out of the control of the individual. For example, from a basic needs perspective, immigrants and refugees face barriers associated with their eligibility for state and federal benefit and entitlement programs, as well as their ability to meet documentation requirements needed to obtain state licenses and identification. From an educational preparedness perspective, bilingual education programs are not widely available and oftentimes youth who are newcomers to the country are not able to meet basic education requirements. Moreover, family literacy services, which are particularly effective for non-English speaking families, are not sufficiently supported by state and federal sources. From a financial stability perspective, traditional employment and training services are designed to service the self-directed job seeker and offer little support to those who do not speak English or are computer illiterate. In addition, employment discrimination and a reluctance to hire immigrants and refugees continue to run rampant.

Compounding these problems is the undeniable impact of 9/11 and the domestic profiling of Arabs and Muslims across the nation, and particularly across our region. Immigrants, especially those originating from Arab countries or who are Muslim, face discrimination and unfair treatment at both community and institutional levels. The impact of these realities on individuals and families is profound as there is stress in the home, and in effect, immigrants and refugees are less likely to integrate into their communities.

Our agency navigates these barriers and offers a continuum of services to facilitate long-term community empowerment and economic independence. We accomplish this through linguistically and culturally sensitive program coordination within our agency and across the local social service sector. As the leading Arab American service provider in the region, we possess the necessary resources to deliver a strategic and deliberate trajectory of wrap-around services designed to better the lives of those whom we are privileged to serve.

Michigan Department of Health & Humans Services (MDHHS)
Arab Community Center for Economic and Social Services (ACCESS) Multicultural Integrated Fund
October 1, 2018- September 30, 2019
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9. Wraparound Service – define:

Because ACCESS is an agency with more than 120 programs at 11 locations, an integrated approach to deliver services in a manner that is comprehensive in nature and linguistically and culturally sensitive is critical. This process is facilitated through a strategic inter-agency referral system to ensure that the diverse needs of families are addressed in a coordinated and efficient manner. ACCESS staff focuses on developing client potential and success through services that are tailored to each participant's needs. This promotes stability and provides clients with a tangible roadmap to economic stability.

Utilizing basic needs as a platform for improving quality of life, we focus on two populations; (1) vulnerable heads of households (including seniors and disabled people) who are not able to increase their income level via employment. Our task for this population is to ensure that families continue to receive their entitlement benefits without the risk of moving into a revolving mode of crisis due to re-determinations; and (2) Adults and young adults with viable potential for gaining economic stability through additional training and education.

Clients will receive the following services:

- A comprehensive assessment to identify needs, remove barriers, and promote greater access to services
- Information, referrals, and advocacy, including language interpretation (Arabic/Chaldean/English, etc.) to facilitate access to services such as SNAP, TANF, SSI, and Social Security (pension and/or disability) unemployment benefits, Medicaid, Medicare Parts A, B and D, EXTRA Help Program, Affordable Care Act/Marketplace, MICafe, WIC, Focus Hope, homeless prevention and intervention programs & services, utility assistance via THAW, Low-Income Self-Sufficiency Program (LSP), immigration, legal, interpretation services, etc.
- Bilingual explanation of the rules, regulations, and eligibility guidelines of state, federal, and private programs
- Assistance with completion of related forms for state, federal, and private programs
- Referrals for services to education for adults (ESL) and youth, employment and training, health and mental health, legal and citizenship education services, free tax preparation services, home heating credits, housing and rental assistance programs, and any other applicable and relevant social services program

Once a household has demonstrated that they can meet their basic needs with a marginal level of assistance, they are given an opportunity to enroll in our Center for Working Families program to receive ongoing services through a comprehensive and intensive case management process that focuses on skill-building, employment, financial literacy, and asset-building. Those that enroll receive the following:

- Provision of career assessment, coaching, job placement/retention and career advancement services
- Provision of referrals to employability skills and job training
- Provision of referrals to education and workforce development opportunities
- Provision of one-on-one financial coaching, which includes assistance with repairing credit, budgeting to pay down debt, general household budgeting, and developing a savings plan
- Provision of referrals to financial literacy workshops
- IDA program orientation and enrollment as a means of building assets when applicable

Michigan Department of Health & Humans Services (MDHHS)
Arab Community Center for Economic and Social Services (ACCESS) Multicultural Integrated Fund
October 1, 2018- September 30, 2019
Wayne County

Contract: ADMIN-12-82003

10. Expenditures: Indicate year-to-date amount spend on this contract:

SEE ATTACHEMENT

11. Information on Services and Programs Provided:

- **DHHS/SSA:** Provided over 5,540 households with eligibility screening and or enrollment for state, federal and local benefit programs via MI Bridges and Social Security Administration; this includes explanation of rules and regulations and eligibility guidelines. Benefits include SNAP, FIP, SDA, refugee assistance, Medicaid, Medicare Saving Program, EXTRA Help, MiCafe, RSDI, SSI, Medicare, etc., also, the provision of advocacy and interpretation services to clients, DHHS and SSA representatives.

OTHER SERVICES PROVIDED:

- **EMERGENCY and BASIC NEEDS SERVICES: (Housing – Food – Utility – Miscellaneous Assistance)**
 - ❖ **Housing Assistance:** Provided 290 households (representing over 1,160 individuals) with case management, homelessness prevention and intervention services, housing payments, motel payments, outreach services that include but not limited to: visits to homeless shelters, Department of Health & Human Services, Social Security offices, other service providers, doctors' appointments, school enrollment, information, referral and enrollment when available and/or eligible for low-income housing, etc.
 - ❖ **Food Assistance:** Provided over 735 households (representing over 2,940) with food assistance (food vouchers and food baskets) and referrals to food pantries. Enrolled over 1,195 children in reduced/free breakfast and lunch programs
 - ❖ **Utility Assistance:** Provided over 530 households (representing over 2,120 individuals) with utility payments to prevent shut-off/reactivation and/or enrollment in the Low-Income Subsidy Program and provided supportive services.
 - ❖ **Other Miscellaneous Assistance:** over 325 households (representing 1,300 individuals) received assistance with clothing, furniture, household appliances, household items, bedding, blankets, etc.
- **UNEMPLOYMENT CLAIMS:** Assisted clients with unemployment-related services via the State of Michigan, Department of Talent and Economic Development, filed over 435 new unemployment claims; made over 950 MARVIN calls (for required bi-weekly certification of unemployment); and provided over 510 related services such as address changes, inquiries, appeals, etc.
- **INCOME TAX PREPARATION:** ACCESS hosted the Accounting Aid Society at ACCESS' Social Services Department where our staff volunteered every Saturday during the month of February to provide preliminary screening and interpretation services; 76 state and federal tax returns were completed and filed that generating \$126,423 in refunds, of which \$30,304 were EITC, to low-income families.
- **INFORMATION & REFERRAL and ADVOCACY:** Provided over 20,005 information/referral and advocacy services in the areas of general social services, basic needs, employment & training, health & mental health, youth & education, etc.
- **Provided** case management services to over 945 households through the Self-Sufficiency Matrix Program.
- **CWF:** Provided over 3,445 case management services to over 313 households through the Center for Working families in Wayne and Macomb counties in the areas of financial, employment and income supports coaching.

Michigan Department of Health & Humans Services (MDHHS)
Arab Community Center for Economic and Social Services (ACCESS) Multicultural Integrated Fund
October 1, 2018- September 30, 2019
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Information on Services and Programs Provided: (CONTINUED)

- **LEGAL AID:** over 2,409 services were provided to low-income households via Pro-Bono legal aid through a private attorney and Lakeshore Legal Aid.
- **IMMIGRATION SERVICES:** Provided 3,186 immigration services to households in the areas of U.S. Naturalization, family unification, status adjustments, affidavit of support, political asylum, rules and regulations, etc.
- **TRANSLATION SERVICES:** over 1015 documents were translated from Arabic into English and/or French and vice versa. Documents include certificates such as birth, marriage, divorce, school transcripts, driver's license, health records, etc.

ACCESS – DHHS ADMIN Contract
October 1, 2018 – September 30, 2019

DHHS ADMIN Contract Mandates the following	Result	ACTUAL Delivered by ACCESS	Result
Geographical Area	Wayne County	Geographical Area	Wayne County
# of Clients Served	5,400	# of Clients Served	5,540
# of Units Delivered (1 unit = 30 minutes of service)	12,500	# of Unites of Delivered (1Unit = 30 minutes of service)	22,400

**THE CHALDEAN COMMUNITY
FOUNDATION**

AUDITED FINANCIAL STATEMENTS

For the years ended September 30, 2018 and 2017

THE CHALDEAN COMMUNITY FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Chaldean Community Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of The Chaldean Community Foundation (a Michigan nonprofit organization), which comprise the statements of financial position as of September 30, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 financial statements.

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

To the Board of Directors of
The Chaldean Community Foundation
Page Two

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Chaldean Community Foundation as of September 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

UHY LLP

Farmington Hills, Michigan
March 1, 2019

THE CHALDEAN COMMUNITY FOUNDATION
STATEMENTS OF FINANCIAL POSITION

	<u>September 30,</u>	
	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,044,436	\$ 704,537
Certificates of deposit	126,344	125,897
Accounts receivable, net	112,408	113,850
Pledges receivable	354,732	298,749
Grant receivable	<u>605,062</u>	<u>381,076</u>
Total current assets	<u>2,242,982</u>	<u>1,624,109</u>
Property and equipment, net	3,064,409	2,944,880
Long-term pledges receivable, net	233,619	261,168
Other assets	<u>20,000</u>	<u>5,000</u>
Total assets	<u>\$ 5,561,010</u>	<u>\$ 4,835,157</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 88,493	\$ 94,647
Accrued payroll	39,321	30,623
Unearned revenue	20,650	-
Grant reimbursement advance	353,000	353,000
Current portion of lease obligation payable	-	19,801
Current portion of long-term debt	<u>50,832</u>	<u>48,769</u>
Total current liabilities	<u>552,296</u>	<u>546,840</u>
LONG-TERM LIABILITIES		
Lease obligation payable, less current portion	-	3,297
Long-term debt, less current portion	<u>1,056,287</u>	<u>1,209,941</u>
Total long-term liabilities	<u>1,056,287</u>	<u>1,213,238</u>
NET ASSETS		
Unrestricted	2,279,681	1,839,443
Temporarily restricted	<u>1,672,746</u>	<u>1,235,636</u>
Total net assets	<u>3,952,427</u>	<u>3,075,079</u>
Total liabilities and net assets	<u>\$ 5,561,010</u>	<u>\$ 4,835,157</u>

THE CHALDEAN COMMUNITY FOUNDATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	Year ended September 30, 2018			Year ended September 30, 2017		
	Unrestricted	Temporarily Restricted		Unrestricted	Temporarily Restricted	
		Total	Restricted		Total	Restricted
REVENUES						
Grant income	\$ 2,989,597	\$ 500,000	\$ 3,489,597	\$ 2,442,131	\$ -	\$ 2,442,131
Contributions	50,380	358,053	408,433	98,071	396,926	494,997
Special events	150,367	-	150,367	125,011	-	125,011
Program service	18,860	-	18,860	13,073	-	13,073
Rental income	200,500	-	200,500	138,000	-	138,000
Interest income	1,104	-	1,104	1,341	-	1,341
Total revenues	<u>3,410,808</u>	<u>858,053</u>	<u>4,268,861</u>	<u>2,817,627</u>	<u>396,926</u>	<u>3,214,553</u>
Net assets released from restrictions	420,943	(420,943)	-	281,357	(281,357)	-
	<u>3,831,751</u>	<u>437,110</u>	<u>4,268,861</u>	<u>3,098,984</u>	<u>115,569</u>	<u>3,214,553</u>
EXPENSES						
Program services	3,103,909	-	3,103,909	2,749,888	-	2,749,888
Fundraising	65,509	-	65,509	89,470	-	89,470
Management and general	222,095	-	222,095	149,410	-	149,410
Total expenses	<u>3,391,513</u>	<u>-</u>	<u>3,391,513</u>	<u>2,988,768</u>	<u>-</u>	<u>2,988,768</u>
CHANGE IN NET ASSETS	<u>440,238</u>	<u>437,110</u>	<u>877,348</u>	<u>110,216</u>	<u>115,569</u>	<u>225,785</u>
NET ASSETS, Beginning	<u>1,839,443</u>	<u>1,235,636</u>	<u>3,075,079</u>	<u>1,729,227</u>	<u>1,120,067</u>	<u>2,849,294</u>
NET ASSETS, Ending	<u>\$ 2,279,681</u>	<u>\$ 1,672,746</u>	<u>\$ 3,952,427</u>	<u>\$ 1,839,443</u>	<u>\$ 1,235,636</u>	<u>\$ 3,075,079</u>

THE CHALDEAN COMMUNITY FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES

	Years ended September 30, 2018			Years ended September 30, 2017				
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 1,695,713	\$ 45,000	\$ -	\$ 1,740,713	\$ 1,364,865	\$ 21,500	\$ -	\$ 1,386,365
Other payroll costs	488,108	983	-	489,091	375,538	-	-	375,538
Subcontractors	150,284	-	-	150,284	152,907	-	-	152,907
Occupancy	193,500	-	-	193,500	170,826	-	-	170,826
Supplies	117,069	3,345	-	120,414	90,803	2,133	-	92,936
Advertising	89,242	-	-	89,242	70,527	92	-	70,619
Educational outreach	91,765	-	-	91,765	61,059	-	-	61,059
Venue	-	-	20,768	20,768	-	-	20,160	20,160
Capital campaign costs	-	-	30,310	30,310	-	-	62,515	62,515
Other special event costs	-	-	14,431	14,431	-	-	6,795	6,795
Transportation	18,310	3,949	-	22,259	47,441	5,146	-	52,587
Professional fees	13,000	66,144	-	79,144	12,850	18,199	-	31,049
Facility maintenance	72,285	-	-	72,285	57,420	-	-	57,420
Property taxes	-	146	-	146	152	141	-	293
Bad debt	-	1,850	-	1,850	-	-	-	-
Interest expense	51,944	-	-	51,944	59,133	-	-	59,133
Donations	93,704	-	-	93,704	257,864	-	-	257,864
Pharmacy	15,000	-	-	15,000	13,670	-	-	13,670
Other program costs	11,090	-	-	11,090	11,000	-	-	11,000
Performance bonus	-	12,000	-	12,000	-	13,668	-	13,668
Insurance	2,895	-	-	2,895	3,833	-	-	3,833
Dues and subscriptions	-	59	-	59	-	600	-	600
Depreciation	-	86,591	-	86,591	-	86,591	-	86,591
Bank service charges	-	2,028	-	2,028	-	1,340	-	1,340
Total expenses	\$ 3,103,909	\$ 222,095	\$ 65,509	\$ 3,391,513	\$ 2,749,888	\$ 149,410	\$ 89,470	\$ 2,988,768

THE CHALDEAN COMMUNITY FOUNDATION
STATEMENTS OF CASH FLOWS

	<u>Years ended September 30,</u>	
	<u>2018</u>	<u>2017</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 877,348	\$ 225,785
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	86,591	86,591
Debt issuance costs amortization	2,277	2,277
Interest income from certificates of deposit	(447)	(897)
Changes in:		
Accounts receivable	1,442	43,720
Pledges receivable	(28,434)	121,122
Grants receivable	(223,986)	(108,172)
Prepaid expenses and other assets	(15,000)	(2,765)
Accounts payable	(6,156)	75,270
Accrued payroll	8,698	2,339
Unearned revenue	20,650	-
	<u>722,983</u>	<u>445,270</u>
Net cash provided by operating activities		
	<u>722,983</u>	<u>445,270</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(206,120)	(39,692)
Purchase of certificates of deposit	-	(125,000)
	<u>(206,120)</u>	<u>(164,692)</u>
Net cash used in investing activities		
	<u>(206,120)</u>	<u>(164,692)</u>
FINANCING ACTIVITY		
Payments on long-term debt	(176,964)	(141,478)
	<u>(176,964)</u>	<u>(141,478)</u>
Net cash used in financing activities		
	<u>(176,964)</u>	<u>(141,478)</u>
NET CHANGE IN CASH	339,899	139,100
CASH, Beginning	704,537	565,437
CASH, Ending	\$ 1,044,436	\$ 704,537
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash received for interest	<u>\$ 1,104</u>	<u>\$ 1,341</u>
Cash paid for interest	<u>\$ 49,667</u>	<u>\$ 56,856</u>

THE CHALDEAN COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of certain accounting policies followed in the preparation of these financial statements. The policies conform to generally accepted accounting principles (GAAP) and have been consistently applied in the preparation of the financial statements.

Nature of Organization

The Chaldean Community Foundation (the "Organization") was formed during 2006 for the purpose of advancing the needs of the Chaldean American community and communities in which they live and work through education, charitable giving, and advocacy. Specifically, the Organization will conduct fundraising activities and obtain grants exclusively to the Organization or for the benefit of its mission. On occasion, the Organization may also earn fees on administering or obtaining grants on behalf of unrelated entities.

Basis of Presentation

The Organization follows accounting standards set by the Financial Accounting Standards Board (FASB). The FASB sets GAAP that the Organization follows to ensure they consistently report their financial condition, results of operations and cash flows. References to GAAP issued by the FASB in the following footnotes are the *FASB Accounting Standards Codification (ASC)*.

Financial statement presentation follows the recommendations of the ASC topic Presentation of Financial Statements for Not-for-Profit Entities. The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. No permanently restricted assets were held by the Organization and accordingly, these financial statements do not reflect any activities related to that class of net assets.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents.

THE CHALDEAN COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Certificates of Deposit

Certificates of deposit are stated at cost plus interest earnings. A certificate of deposit for \$50,350.62 matures September 6, 2019. A certificate of deposit for \$50,269.58 matures June 14, 2019. A certificate of deposit for \$25,768.06 matures March 15, 2019. Any penalties for early withdrawal would not have a material effect on the financial statements. Interest income on the certificates of deposit is recorded as income when earned. These certificates of deposit were pledged as security in the bank for the Chaldean Loan Fund program. See Note 10 for detail.

Concentration of Credit Risk

The Organization from time to time during the year covered by these financial statements may have bank balances in excess of its insured limits. Management has deemed this as a normal business risk.

During the years ended September 30, 2018 and 2017, 66% and 73%, respectively, of the Organization's revenue was from the Michigan Department of Health and Human Services. At September 30, 2018 and 2017, \$355,062 and \$381,076, respectively, was due from the Michigan Department of Health and Human Services. At September 30, 2018 and 2017, \$353,000 was due to the Michigan Department of Health and Human Services.

Accounts Receivable and Allowance for Doubtful Accounts

The Organization carries its accounts receivable at invoice amount less an allowance for doubtful accounts. The Organization does not generally require collateral to support its accounts receivable. On a periodic basis, the Organization evaluates its accounts receivable and establishes an allowance for doubtful accounts, when deemed necessary, based on the history of past write-offs, collections and current credit conditions.

The Organization's policy is to contact donors with outstanding balances that are 90 days past due via letter or telephone, determine if such receivables are collectible through communication with donors, and if necessary, write off these receivables. The Organization does not accrue interest on past due balances.

Pledges and Grants Receivable

Pledges and grants receivable consist of unconditional promises to give that are recognized as contributions when the promise is received. Pledges receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using the present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. No allowance for doubtful pledges was deemed necessary by management at September 30, 2018 and 2017.

THE CHALDEAN COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are stated at cost, if purchased or at fair value at the date of the gift, if donated, less accumulated depreciation. The cost of property and equipment purchased in excess of \$5,000 is capitalized. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Routine repairs and maintenance are expensed as incurred.

Revenue Recognition

Special Events

Special event funds are recognized when the event has occurred.

Contributions

Contributions are generally recorded as unrestricted revenue, unless specifically restricted by the donor. Contributions that are restricted by contributors are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the contributions are 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 restrictions expire (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 Statement of Activities and Changes in Net Assets.

Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

Grant Funds

The Organization also receives grant funds which are designated for specific uses. The grant revenues are recognized in accordance with the grant contracts.

THE CHALDEAN COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status

The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for charitable contribution deductions under IRS Section 170(b)(1)(A) and has been classified as a public charity under Section 509(a)(2).

ASC guidance regarding accounting for uncertainty in income taxes clarifies the accounting for income taxes by prescribing the minimum recognition threshold an income tax position is required to meet before being recognized in the financial statements and applies to all income tax positions. Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement. At September 30, 2018 and 2017, there were no uncertain tax positions that required accrual.

The Organization believes that it has been operating within its tax exempt status and has no unrelated business income.

Reclassification

Certain 2017 amounts in the statement of financial position, the statement of activities and changes in net assets, the statement of functional expenses, and the statement of cash flows have been reclassified to 2018 presentations. The reclassifications had no effect on net assets.

Subsequent Events

The Organization has performed a review of events subsequent to the Statement of Financial Position through March 1, 2019, the date the financials were available to be issued.

The Organization entered into a contract on September 2017 for purchase of parcels of property at a price of \$470,000 for the housing project located in the City of Sterling Heights, Michigan. The closing was completed in January 2019.

The Organization entered into a contract on October 2017 for purchase of a parcel of property at a price of \$269,000 for the housing project located in the city of Sterling heights, Michigan. The Organization expects the closing in 2019.

THE CHALDEAN COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

NOTE 2 – PLEDGES RECEIVABLE

Pledges receivable consists of the following:

	September 30,	
	2018	2017
Pledges receivable	\$ 607,982	\$ 575,066
Less: unamortized discount	<u>(19,631)</u>	<u>(15,149)</u>
Net pledges receivable	<u>\$ 588,351</u>	<u>\$ 559,917</u>
Amounts due in:		
Less than one year	\$ 354,732	\$ 298,749
One to five years	252,250	276,317
More than five years	<u>1,000</u>	<u>-</u>
Total pledges receivable	<u>\$ 607,982</u>	<u>\$ 575,066</u>

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using a rate of 5.25% and 4.15% for the years ended September 30, 2018 and 2017, respectively.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	September 30,	
	2018	2017
Land	\$ 636,282	\$ 636,282
Building	2,096,498	2,096,498
Vehicles	40,916	40,916
Furniture and equipment	300,868	300,868
Construction in progress	<u>245,812</u>	<u>39,692</u>
Total cost	3,320,376	3,114,256
Accumulated depreciation	<u>(255,967)</u>	<u>(169,376)</u>
Net carrying amount	<u>\$ 3,064,409</u>	<u>\$ 2,944,880</u>

THE CHALDEAN COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

NOTE 4 – CAPITAL LEASES

The Organization was the lessee of certain equipment held under capital lease. Accordingly, the equipment had been recorded as assets and the capital lease obligations recorded as a liability at the present value of the future minimum lease payments. The lease started on November 2015 and matures on October 2018. Assets are depreciated over the estimated productive life. Loan was paid off as of September 30, 2018.

Depreciation charged to expense on assets held under capital leases for the years ended September 30, 2018 and 2017 was \$5,940. There was no interest related to the capital leases for each years ended September 30, 2018 and 2017.

The lease agreement contained a bargain purchase option at the end of the lease term.

NOTE 5 – LONG-TERM DEBT

Long-term debt consists of the following:

	September 30,	
	<u>2018</u>	<u>2017</u>
In June 2016, the Organization converted the construction loan to a tem loan with a principle amount of \$1,400,000 and bears interest at 4.15% due in 59 monthly installments of \$8,628 each and one irregular last payment estimated at \$1,009,566. Maturity date is June 12, 2021. This loan is secured by the property.	\$ 1,113,380	1,267,247
Unamortized debt issuance costs	<u>(6,261)</u>	<u>(8,537)</u>
Total long-term debt	1,107,119	1,258,710
Less current portion	<u>50,832</u>	<u>48,769</u>
Long-term portion	<u>\$ 1,056,287</u>	<u>\$ 1,209,941</u>

Debt issuance costs related to long –term debt are presented in the statement of financial position as a direct deduction from the carrying amount of long-term debt. Amortization of the debt issuance costs totaled \$2,277 each for the years ended September 30, 2018 and 2017, and is included in interest expense in the statement of activities and changes in net assets.

THE CHALDEAN COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

NOTE 5 – LONG-TERM DEBT (CONTINUED)

Principal requirements on long-term debt for years ending after September 30, 2018 are as follows:

<u>Years ending September 30,</u>	
2019	\$ 50,832
2020	52,982
2021	<u>1,009,566</u>
	<u>\$ 1,113,380</u>

NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS

The temporarily restricted net assets of the Organization consist of contributions that are restricted as to use or time as specified by the donor. The restrictions expire when the purpose of the restriction has been accomplished.

The temporarily restricted net assets were comprised of the following:

	<u>September 30,</u>	
	<u>2018</u>	<u>2017</u>
Capital campaign	\$ 909,350	\$ 822,491
Scholarships	348,697	298,787
Center expansion	350,635	-
Project Bismutha	41,136	57,630
Giving Hearts	4,893	14,238
John Loussia cancer fund	18,035	18,035
Legal Defense fund	-	21,735
Other	-	<u>2,720</u>
	<u>\$ 1,672,746</u>	<u>\$ 1,235,636</u>

THE CHALDEAN COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

NOTE 7 – RELATED-PARTY TRANSACTIONS

During the years ended September 30, 2018 and 2017, the Organization paid \$12,000 and \$8,500 in fees, respectively, to Interlink Media, an entity owned by the President of the Organization from funds received through special events (not grant funds).

The Organization is related through common control to the Chaldean American Chamber of Commerce, Inc., a 501(c)(6) organization, (the "Chamber"). Advertising fees paid to the Chamber amounted to \$1,500 each during the years ended September 30, 2018 and 2017. During the years ended September 30, 2018 and 2017, the Organization paid \$20,000 each to the Chamber for staffing reimbursement associated with special events.

NOTE 8 – OPERATING LEASE

The Organization leases a copier. The lease expires in March 2019. Lease expense under this agreement was \$2,848 each for the years ended September 30, 2018 and 2017.

NOTE 9 – RETIREMENT PLAN

The Organization sponsors a 401(k) plan covering substantially all employees with three months of service. The plan allows the Organization to make a safe harbor contribution of 3% as well as an additional 50% on the next 2% of an employee's eligible earnings. Starting January 1, 2018, a percentage of safe harbor contributions changed to 6%. Total expense for the years ended September 30, 2018 and 2017 was \$38,839 and \$21,180, respectively.

NOTE 10 – CONTINGENCIES

The Organization guarantees loans with a bank as part of the Chaldean Loan Fund program. The program assists refugees in purchasing vehicles to secure employment. At September 30, 2018 and 2017, the Organization guaranteed loans totaling approximately \$232,000 and \$162,500, respectively. It is anticipated that the persons will be able to repay the amount due on the loan therefore, no liability has been recorded.

ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)

**REPORT ON FINANCIAL STATEMENTS
(with supplementary information)**

YEARS ENDED SEPTEMBER 30, 2018 AND 2017

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Arab-American and Chaldean Council (ACC)

Report on the Financial Statements

We have audited the accompanying financial statements of Arab-American and Chaldean Council, which comprise the statements of financial position as of September 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Arab-American and Chaldean Council as of September 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, as identified in the table of contents and the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2018 on our consideration of Arab-American and Chaldean Council's 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 solely 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 the effectiveness of Arab-American and Chaldean Council's 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 Arab-American and Chaldean Council's internal control over financial reporting and compliance.

Maney Costeiran PC

December 12, 2018

ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2018 AND 2017

	2018	2017
ASSETS		
CURRENT ASSETS:		
Cash	\$ 1,041,213	\$ 1,091,294
Contracts receivable	1,088,434	1,102,230
Contributions receivable	87,029	34,122
Other receivables	56,242	-
Prepaid expenses	86,262	70,350
TOTAL CURRENT ASSETS	2,359,180	2,297,996
PROPERTY AND EQUIPMENT, less accumulated depreciation	4,353,881	4,613,912
OTHER ASSETS	138,990	138,990
TOTAL ASSETS	\$ 6,852,051	\$ 7,050,898
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 151,422	\$ 54,521
Deferred revenue	82,181	98,118
Current portion of long-term debt	171,560	229,676
Current portion of deferred issuance costs - net	(5,712)	(5,712)
TOTAL CURRENT LIABILITIES	399,451	376,603
LONG-TERM DEBT, less current portion	3,005,000	3,176,560
DEFERRED ISSUANCE COSTS - NET, less current portion	(69,962)	(75,674)
SECURITY DEPOSIT	13,946	13,946
TOTAL LIABILITIES	3,348,435	3,491,435
NET ASSETS:		
Unrestricted	3,503,616	3,544,042
Temporarily restricted	-	15,421
TOTAL NET ASSETS	3,503,616	3,559,463
TOTAL LIABILITIES AND NET ASSETS	\$ 6,852,051	\$ 7,050,898

See notes to the financial statements.

ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2018

	2018		
	Unrestricted	Temporarily restricted	Total
REVENUES AND SUPPORT:			
Contracts	\$ 10,646,628	\$ -	\$ 10,646,628
Contributions	1,545,437	278,080	1,823,517
Net assets released from restrictions	293,501	(293,501)	-
Total revenues and support	<u>12,485,566</u>	<u>(15,421)</u>	<u>12,470,145</u>
EXPENSES:			
Program expenses	10,998,699	-	10,998,699
Management and general	1,269,657	-	1,269,657
Fundraising	257,636	-	257,636
Total expenses	<u>12,525,992</u>	<u>-</u>	<u>12,525,992</u>
CHANGE IN NET ASSETS	(40,426)	(15,421)	(55,847)
NET ASSETS:			
Beginning of year	<u>3,544,042</u>	<u>15,421</u>	<u>3,559,463</u>
End of year	<u>\$ 3,503,616</u>	<u>\$ -</u>	<u>\$ 3,503,616</u>

**ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2017**

	2017		
	Unrestricted	Temporarily restricted	Total
REVENUES AND SUPPORT:			
Contracts	\$ 10,895,465	\$ -	\$ 10,895,465
Contributions	1,307,813	23,750	1,331,563
Net assets released from restrictions	8,329	(8,329)	-
Total revenues and support	<u>12,211,607</u>	<u>15,421</u>	<u>12,227,028</u>
EXPENSES:			
Program expenses	10,686,182	-	10,686,182
Management and general	1,131,418	-	1,131,418
Fundraising	35,738	-	35,738
Total expenses	<u>11,853,338</u>	<u>-</u>	<u>11,853,338</u>
CHANGE IN NET ASSETS	358,269	15,421	373,690
NET ASSETS:			
Beginning of year	<u>3,185,773</u>	<u>-</u>	<u>3,185,773</u>
End of year	<u>\$ 3,544,042</u>	<u>\$ 15,421</u>	<u>\$ 3,559,463</u>

ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	2018	2017
INCREASE (DECREASE) IN CASH:		
Cash flows from operating activities:		
Change in net assets	\$ (55,847)	\$ 373,690
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	260,031	264,970
Amortization of deferred loan issuance costs (interest expense)	5,712	5,712
Contracts receivable	13,796	(153,133)
Contributions receivable	(52,907)	54,747
Other receivables	(56,242)	-
Prepaid expenses	(15,912)	(16,691)
Accounts payable	96,901	(72,648)
Deferred revenue	(15,937)	582
Total adjustments	235,442	83,539
Net cash provided by operating activities	179,595	457,229
Cash flows from investing activities:		
Purchase of property and equipment	-	(301,610)
Cash flows from financing activities:		
Payments on long-term debt	(229,676)	(91,231)
NET INCREASE (DECREASE) IN CASH	(50,081)	64,388
CASH:		
Beginning of year	1,091,294	1,026,906
End of year	\$ 1,041,213	\$ 1,091,294
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	\$ 45,167	\$ 32,275

**ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The accompanying financial statements are presented on the accrual basis of accounting.

Financial statement presentation - The Council is required to report its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets which are explained as follows:

- Unrestricted net assets consist of assets, public support, and program revenue that are available and used for operations and programs.
- Temporarily restricted net assets include funds with donor-imposed restrictions that permit the Council to expend the assets as specified. See Note 8 for temporarily restricted activities.
- Permanently restricted net assets are gift instruments requiring the principal to be maintained intact in perpetuity and only the income to be used for purposes specific by the donor. The Council has no permanently restricted net assets.

Cash - For purposes of the statement of cash flows, cash consists of balances of checking accounts and cash on-hand.

Contributions and contracts receivable - The Council's contracts receivable are comprised primarily of contracts committed from various funding agencies for use in the Council's activities. The Council's contributions receivable are comprised primarily of contributions pledged during the Council's annual banquet. Both contracts and contributions receivable at September 30, 2018 are expected to be collected within one year. The Council provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of receivable accounts. Based on management's estimates, no allowance for bad debts was necessary for the years ended September 30, 2018 and 2017.

Property and equipment - Purchases of property and equipment are recorded at cost and depreciated utilizing the straight-line method over the estimated useful lives of the assets. Donated property and equipment are capitalized at acquisition value as of the date of donation. Expenditures for office furniture and equipment made from awarded contracts are considered an expense of the contract because the sponsor retains title to the office furniture and equipment purchased.

Other non-current asset - Other non-current assets include art work that is capitalized and not being depreciated. The asset has cultural, esthetic, and historical value and is well maintained, and therefore is deemed to have an extraordinarily long useful life.

Deferred revenue - The Council records grant receipts as unearned revenue until they are expended for the purpose of the grant, at which time they are recognized as revenue.

**ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Deferred loan issuance costs - Deferred loan issuance costs consists of direct expenditures associated with the issuance of the \$4,500,000 variable rate demand limited obligation revenue bonds. The total cost amounted to \$142,790, and is amortized on the straight-line method over the term of the bonds. Total accumulated amortization amounts to \$67,116 and \$61,404 for the years ended September 30, 2018 and 2017, respectively. Amortization of debt issuance costs is reported as interest expense.

Contributions revenue - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 statement of activities as net assets released from restrictions.

Functional allocation of expenses - The cost of providing various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated to programs and supporting services based on management's estimated use of resources.

NOTE 2 - NATURE OF ORGANIZATION, RISKS AND UNCERTAINTIES

Arab-American and Chaldean Council (the "Council") is a non-profit organization whose primary purpose is to provide various human services to Arab and Chaldean Americans and others seeking its services through its 40 outreach offices in Wayne, Oakland and Macomb counties. The Council's significant programs consist of the following:

Behavioral Health - The Council's behavior health division is a comprehensive community-based outpatient program committed to the prevention and treatment of psychological and social problems in the Arab-American, Chaldean, and mainstream community. The program helps clients develop their inner potential and empowers them to become valuable and productive members of the community.

Employment and Training - The Council promotes the economic self-sufficiency of clients and provides qualified workers to local employers through the delivery of cost-effective, high-quality employment, training, and education services.

Public Health - The Council's public health division focuses on implementing preventative methods to improve the quality of life through community education and research. Their goal is to increase the health quality and longevity of the targeted Arab-Chaldean population, in addition to the mainstream population, by increasing early detection and prevention measures.

**ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - NATURE OF ORGANIZATION, RISKS AND UNCERTAINTIES (Continued)

Social Services - The Council’s health and human service agency is the only agency housed within the Department of Human Services. Located within 13 offices throughout the tri-county area, the division assists clients with all needs related to the Department of Human Services.

Youth Services - The Council’s youth center services include educational activities tailored to youths to develop and enhance academic and social skills while promoting responsible behavior and rational decision making to improve their quality of life.

The Council is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code, except for tax on “Unrelated Business Income” as defined. No provision for income taxes is required.

The Council is required to disclose significant concentrations of credit risk regardless of the degree of such risk. Financial instruments, which potentially subject the Council to concentrations of credit risk, consist principally of cash and accounts receivable. The Council’s cash is deposited with FDIC insured financial institutions. Although such cash balances exceeded the federally insured limit at certain times during the year, they are in the opinion of management subject to minimal risk. Contracts receivable primarily consist of amounts due from governmental entities. Management has determined an allowance for doubtful accounts is not deemed necessary. The breakdown of revenue and receivables by significant sources is as follows:

	2018		2017	
	Revenue	Receivable	Revenue	Receivable
Entity A	26%	18%	29%	21%
Entity B	21%	19%	21%	21%
Entity C	15%	12%	14%	14%
Entity D	8%	14%	9%	8%
Entity E	12%	20%	13%	24%
Other items individually less than 10% of total	18%	17%	14%	12%
Total	100%	100%	100%	100%

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts. Significant estimates include the functional allocation of expenses.

**ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - NATURE OF ORGANIZATION, RISKS AND UNCERTAINTIES (Concluded)

The Council received federal, state and local grants for specific purposes that are subject to review by the grantor agencies which could generate expenditure disallowance under terms of the grants.

In preparation of tax returns, tax positions are taken based on interpretation of federal, state and local income tax laws. Management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts, including interest and penalties, ultimately due or owed. No amounts have been identified, or recorded, as uncertain positions. Federal, State and local tax returns generally remain open for examination by the various taxing authorities for a period of 3 to 4 years.

The Council evaluates events and transactions that occur after year-end for potential recognition or disclosure in the financial statements. These subsequent events have been considered through December 12, 2018, which is the date the financial statements were available to be issued.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment at September 30 is summarized as follows:

	Estimated useful life (in years)	2018	2017
Land		\$ 1,139,066	\$ 1,139,066
Buildings and improvements	25	6,339,675	6,339,675
Vehicles	5	60,650	60,650
		<u>7,539,391</u>	<u>7,539,391</u>
Less accumulated depreciation		<u>(3,185,510)</u>	<u>(2,925,479)</u>
Total net property and equipment		<u>\$ 4,353,881</u>	<u>\$ 4,613,912</u>
Depreciation		<u>\$ 260,031</u>	<u>\$ 264,970</u>

NOTE 4 - LINE OF CREDIT

The Council has an available revolving line of credit agreement with a bank for \$800,000 for use in both operations and capital purchases. The line of credit is due on demand and is secured by all of the assets of the Council. The interest rate at September 30, 2018 and 2017 was the bank's prime plus 1.25% (an effective rate of 6.50% and 5.50%, respectively). There was no balance outstanding on the line of credit as of September 30, 2018 and 2017.

**ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - LONG-TERM DEBT

Long-term debt at September 30 is summarized as follows:

	2018	2017
Promissory note, issued by the Michigan Strategic Fund, Series 2006 Bonds - for the years ended September 30, 2018 and 2017 the note bears interest at a fixed rate of 1.75%; payable in annual installments on November 1 ranging from \$160,000 to \$305,000 plus interest. The note is collateralized by all assets of the Council and matures November 2031.	\$ 3,165,000	\$ 3,320,000
Vehicle loan - payable in monthly installments of \$620 including interest of 5.74%. The loan is collateralized by the vehicle and matured September 2018.	-	7,215
Vehicle loan - payable in monthly installments of \$474 with no interest. The loan is collateralized by the vehicle and matured October 2017.	-	474
Land contract - original agreement dated May 2, 2017, for \$100,000, payable at \$5,823 per month including interest at 6.00%. Payments will be made through November 2018. The land contract is collateralized by real estate.	11,560	78,547
Total	3,176,560	3,406,236
Less current portion	171,560	229,676
Long-term portion	\$ 3,005,000	\$ 3,176,560

Total maturities of long-term debt are summarized as follows:

Years ending September 30	Amount
2019	\$ 171,560
2020	170,000
2021	175,000
2022	185,000
2023	195,000
2024 - 2028	1,140,000
2029 - 2032	1,140,000
	\$ 3,176,560

ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - LONG-TERM DEBT (Concluded)

Interest expense was \$50,879 and \$37,987 for the years ended September 30, 2018 and 2017, respectively.

The Council must maintain certain affirmative covenants associated with the promissory note issued by the Michigan Strategic Fund and the line of credit. The Council has met or exceeded the requirements of all affirmative covenants for the year ended September 30, 2018. All covenants remain in effect for future years or until the debt is retired.

NOTE 6 - PENSION PLAN

The Council has a defined contribution plan covering all full-time employees over 21 years of age and employed for at least one year. Council contributions are equal to 5% of participant's compensation. Contributions to the pension plan approximated \$268,000 and \$252,000 for the years ended September 30, 2018 and 2017, respectively.

NOTE 7 - OPERATING LEASES

The Council leases its buildings and office equipment under yearly operating lease agreements, as well as many month to month contracts which are not included in the minimum lease payments below. Rent expense was approximately \$697,000 and \$693,000 for the years ended September 30, 2018 and 2017, respectively.

Future minimum lease payments are summarized as follows:

Years ended September 30,	
2019	\$ 529,239
2020	443,157
2021	237,633
2022	243,269
2023	40,782

**ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of September 30 were available for the following purposes:

	<u>2018</u>	<u>2017</u>
Annual Civic and Humanitarian Awards Gala	<u>\$ -</u>	<u>\$ 15,421</u>

Net assets were released from donor restrictions by incurring expenses which satisfied the restricted purposes or by occurrence of other events specified by donors. Below are the assets released from restrictions for the years ended September 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Assets released from restrictions for operations:		
Annual Civic and Humanitarian Awards Gala	<u>\$ 293,501</u>	<u>\$ 8,329</u>

SUPPLEMENTARY INFORMATION

ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
SCHEDULE OF PROGRAM REVENUE AND FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2018

	101	105	125	200	201	205
Revenue	\$ 1,348,950	\$ 259,470	\$ 172,078	\$ 2,151,050	\$ 26,620	\$ 1,804,724
Program expenses:						
Salaries	829,084	157,394	27,097	976,400	11,812	629,312
Employee benefits	265,737	49,641	2,436	278,047	7,695	188,246
Payroll taxes	59,202	11,605	2,073	73,435	853	48,936
Contractual services	9,472	3,917	4,458	318,220	-	382,780
Support services	-	-	-	3,000	-	3,000
Occupancy	21,740	36,032	58,704	198,940	228	116,139
Communication	14,105	14,052	5,476	35,779	-	29,009
Supplies	8,667	3,584	176	51,719	2,112	46,256
Equipment and maintenance	1,291	3,872	-	5,916	-	4,744
Travel	7,103	2,256	13	20,839	1,107	31,820
Building maintenance	-	-	87,172	-	-	-
Miscellaneous	6,082	2,087	(58)	12,309	2,578	11,080
Total program expenses	<u>1,222,483</u>	<u>284,440</u>	<u>187,547</u>	<u>1,974,604</u>	<u>26,385</u>	<u>1,491,322</u>
Management and general:						
Salaries	75,798	13,411	-	102,764	-	90,310
Employee benefits	24,840	3,929	-	29,980	-	24,472
Payroll taxes	8,527	854	-	6,397	-	5,344
Contractual services	7,527	3,582	-	7,440	-	4,763
Occupancy	13,491	2,250	-	17,714	-	13,980
Communication	999	252	-	1,390	-	1,150
Supplies	963	398	20	5,747	235	5,140
Travel	-	-	-	46	-	29
Miscellaneous	4,403	766	-	4,968	-	3,642
Total management and general	<u>136,548</u>	<u>25,442</u>	<u>20</u>	<u>176,446</u>	<u>235</u>	<u>148,830</u>
Total expenses	<u>1,359,031</u>	<u>309,882</u>	<u>187,567</u>	<u>2,151,050</u>	<u>26,620</u>	<u>1,640,152</u>
Excess of revenue over (under) expenses	<u>\$ (10,081)</u>	<u>\$ (50,412)</u>	<u>\$ (15,489)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 164,572</u>

ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
SCHEDULE OF PROGRAM REVENUE AND FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2018

	206	210	216	220	245	250
Revenue	\$ 100,373	\$ 236,610	\$ 497,330	\$ 484,745	\$ 366,070	\$ 1,081,510
Program expenses:						
Salaries	66,713	109,800	150,274	178,142	129,957	324,154
Employee benefits	12,848	32,424	46,473	51,130	62,433	84,417
Payroll taxes	3,487	8,219	10,830	13,108	9,592	24,296
Contractual services	-	40,237	65,454	74,250	5,282	25,233
Support services	-	-	119	-	5,500	-
Occupancy	3,789	35,427	6,667	47,382	65,882	30,401
Communication	2,194	3,903	7,757	5,940	7,718	10,196
Supplies	1,139	1,583	3,415	3,803	8,133	4,931
Equipment and maintenance	68	96	184	1,116	169	426
Travel	1,113	2,138	1,061	2,008	19,696	22,686
Building maintenance	-	-	-	-	6,446	-
Miscellaneous	546	1,670	5,249	2,630	5,361	5,929
Total program expenses	<u>91,897</u>	<u>235,497</u>	<u>297,483</u>	<u>379,509</u>	<u>326,169</u>	<u>532,669</u>
Management and general:						
Salaries	4,830	10,487	25,907	17,332	12,074	61,128
Employee benefits	1,730	3,067	6,769	5,070	4,300	15,838
Payroll taxes	360	670	1,336	1,096	900	3,509
Contractual services	648	744	3,576	1,313	750	4,397
Occupancy	-	1,763	4,038	2,937	2,435	9,302
Communication	1,178	138	360	228	464	792
Supplies	127	176	379	423	904	548
Travel	-	-	-	17	5	-
Miscellaneous	518	497	573	805	867	1,664
Total management and general	<u>9,391</u>	<u>17,542</u>	<u>42,938</u>	<u>29,221</u>	<u>22,699</u>	<u>97,178</u>
Total expenses	<u>101,288</u>	<u>253,039</u>	<u>340,421</u>	<u>408,730</u>	<u>348,868</u>	<u>629,847</u>
Excess of revenue over (under) expenses	<u>\$ (915)</u>	<u>\$ (16,429)</u>	<u>\$ 156,909</u>	<u>\$ 76,015</u>	<u>\$ 17,202</u>	<u>\$ 451,663</u>

ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
SCHEDULE OF PROGRAM REVENUE AND FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2018

	300	602	720	740	745	755
Revenue	\$ 107,246	\$ 481,123	\$ 35,000	\$ 154,100	\$ 221,519	\$ 209,416
Program expenses:						
Salaries	68,550	176,327	20,300	95,933	133,175	116,434
Employee benefits	11,608	52,707	9,096	30,604	40,718	38,416
Payroll taxes	5,211	12,382	1,504	7,164	9,158	8,707
Contractual services	-	28,575	-	-	-	-
Support services	2,735	-	-	-	-	-
Occupancy	13,569	30,601	263	1,614	22,008	10,578
Communication	2,000	6,139	501	552	2,171	3,733
Supplies	368	8,594	433	1,877	5,053	3,058
Equipment and maintenance	44	1,217	-	-	754	109
Travel	8	370	2,840	6,469	-	8,766
Building maintenance	-	-	-	-	-	-
Miscellaneous	479	9,654	122	2,192	2,068	4,366
Total program expenses	<u>104,572</u>	<u>326,566</u>	<u>35,059</u>	<u>146,405</u>	<u>215,105</u>	<u>194,167</u>
Management and general:						
Salaries	3,965	24,834	-	4,013	-	8,998
Employee benefits	1,260	7,256	-	1,662	-	2,977
Payroll taxes	267	1,557	-	299	-	602
Contractual services	356	1,702	119	826	113	822
Occupancy	757	4,419	-	44	-	1,796
Communication	90	150	-	42	-	117
Supplies	41	955	48	209	561	340
Travel	-	-	-	-	-	-
Miscellaneous	227	10,587	383	600	5,740	565
Total management and general	<u>6,963</u>	<u>51,460</u>	<u>550</u>	<u>7,695</u>	<u>6,414</u>	<u>16,217</u>
Total expenses	<u>111,535</u>	<u>378,026</u>	<u>35,609</u>	<u>154,100</u>	<u>221,519</u>	<u>210,384</u>
Excess of revenue over (under) expenses	<u>\$ (4,289)</u>	<u>\$ 103,097</u>	<u>\$ (609)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (968)</u>

ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
SCHEDULE OF PROGRAM REVENUE AND FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2018

	782	785	865	870	Total program activity	Other activity	Total activity
Revenue	\$ 102,600	\$ 1,326,516	\$ 651,470	\$ 42,500	\$ 11,861,020	\$ 609,125	\$ 12,470,145
Direct expenses:							
Salaries	51,086	714,791	325,437	7,935	5,300,107	72,121	5,372,228
Employee benefits	22,167	255,444	95,529	3,697	1,641,513	16,778	1,658,291
Payroll taxes	3,725	52,506	24,576	586	391,155	5,470	396,625
Contractual services	-	-	-	-	957,878	152,336	1,110,214
Support services	-	-	6,731	-	21,085	18,150	39,235
Occupancy	1,590	67,164	79,883	32,462	881,063	118,955	1,000,018
Communication	2,629	24,112	15,730	1,652	195,348	24,773	220,121
Supplies	8,577	30,016	8,799	341	202,634	97,196	299,830
Equipment and maintenance	53	2,593	6,634	-	29,286	1,000	30,286
Travel	1,402	8,276	21,323	14	161,308	54,633	215,941
Building maintenance	-	-	-	-	93,618	202,672	296,290
Miscellaneous	401	10,774	5,348	199	91,066	401,426	492,492
Total program expenses	<u>91,630</u>	<u>1,165,676</u>	<u>589,990</u>	<u>46,886</u>	<u>9,966,061</u>	<u>1,165,510</u>	<u>11,131,571</u>
Management and general:							
Salaries	5,709	91,964	35,064	-	588,588	160,285	748,873
Employee benefits	1,670	26,845	10,273	-	171,938	175,774	347,712
Payroll taxes	359	5,757	2,170	-	40,004	11,241	51,245
Contractual services	575	9,690	4,660	-	53,603	3,063	56,666
Occupancy	972	15,637	6,110	-	97,645	-	97,645
Communication	77	1,212	636	-	9,275	-	9,275
Supplies	953	3,335	978	38	22,518	10,800	33,318
Travel	-	-	16	-	113	781	894
Miscellaneous	655	9,780	1,573	141	48,954	(161)	48,793
Total management and general	<u>10,970</u>	<u>164,220</u>	<u>61,480</u>	<u>179</u>	<u>1,032,638</u>	<u>361,783</u>	<u>1,394,421</u>
Total expenses	<u>102,600</u>	<u>1,329,896</u>	<u>651,470</u>	<u>47,065</u>	<u>10,998,699</u>	<u>1,527,293</u>	<u>12,525,992</u>
Excess of revenue over (under) expenses	<u>\$ -</u>	<u>\$ (3,380)</u>	<u>\$ -</u>	<u>\$ (4,565)</u>	<u>\$ 862,321</u>	<u>\$ (918,168)</u>	<u>\$ (55,847)</u>

ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2018

Federal grantor/pass-through grantor/program title	Federal CFDA number	Grant or pass-through identifying number	Expenses
U.S. Department of Agriculture:			
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC):	10.557		
Passed through City of Detroit		6000967	\$ 1,326,516
Passed through City of Detroit		6000235	<u>172,078</u>
Total passed through City of Detroit			1,498,594
Passed through Wayne County		2017-08-044	<u>102,600</u>
Total Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)			<u>1,601,194</u>
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP) Cluster:	10.561		
Passed through Michigan Department of Health and Human Services		E20170037-001	<u>363,325</u>
Total U.S. Department of Agriculture			<u>1,964,519</u>
U.S. Department of Health and Human Services:			
National State Based Tobacco Control Programs:	93.305		
Passed through Michigan Department of Health and Human Services		E20182487-001	<u>35,000</u>

The accompanying notes are an integral part of this schedule.

**ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2018**

Federal grantor/pass-through grantor/program title	Federal CFDA number	Grant or pass-through identifying number	Expenses
U.S. Department of Health and Human Services (Continued):			
Temporary Assistance for Needy Families Cluster:	93.558		
Passed through Oakland County:			
Partnership, Accountability, Training, Hope (PATH) Program		FY-17 PATH	\$ 79,310
Partnership, Accountability, Training, Hope (PATH) Program		FY-18 PATH	<u>436,360</u>
Total passed through Oakland County			<u>515,670</u>
Passed through Michigan Department of Health and Human Services		E20170037-001	<u>91,855</u>
Total Temporary Assistance for Needy Families Cluster			<u>607,525</u>
Child Support Enforcement:	93.563		
Passed through Michigan Department of Health and Human Services		E20170037-001	<u>1,335</u>
Refugee and Entrant Assistance State/Replacement Designee Administered Programs:	93.566		
Passed through Michigan Department of Human Services		RAHS-16-50001	<u>223,557</u>
Refugee and Entrant Assistance Discretionary Grants:	93.576		
Passed through Michigan Department of Human Services		RAHS-16-50001	<u>35,913</u>
Social Services Block Grant:	93.667		
Passed through Michigan Department of Health and Human Services		E20170037-001	<u>134,231</u>

The accompanying notes are an integral part of this schedule.

ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2018

Federal grantor/pass-through grantor/program title	Federal CFDA number	Grant or pass-through identifying number	Expenses
U.S. Department of Health and Human Services (Concluded):			
Medicaid Cluster:			
Medical Assistance Program:	93.778		
Passed through Michigan Department of Health and Human Services		E20170037-001	\$ <u>178,373</u>
Block Grants for Prevention and Treatment of Substance Abuse:	93.959		
Passed through Oakland Community Health Network		2017-0011	154,100
Passed through Detroit Wayne Mental Health Authority		BA 18-07	<u>159,416</u>
Total Block Grants For Prevention and Treatment of Substance Abuse			<u>313,516</u>
Total U.S. Department of Health and Human Services pass-through programs			<u>1,529,450</u>
Direct award through the Office of Administration for Children and Families:	93.570		
Community Services Block Grant Discretionary Awards		90EE1132-01-00	<u>4,043</u>
Total U.S. Department of Health and Human Services			<u>1,533,493</u>
Total Expenditures of Federal Awards			<u><u>\$ 3,498,012</u></u>

The accompanying notes are an integral part of this schedule.

ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Arab-American and Chaldean Council under programs of the federal government for the year ended September 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Arab-American and Chaldean Council, it is not intended to and does not present the financial position, changes in net assets or cash flows of Arab-American and Chaldean Council.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. Arab-American and Chaldean Council has elected to not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. The Council does not pass through federal funds.

NOTE 3 - RECONCILIATION WITH AUDITED FINANCIAL STATEMENTS

The following summary reconciles total federal awards with the audited financial statements for the year ended September 30, 2018:

Total federal awards per the schedule of expenditures of federal awards	\$ 3,498,012
Add non-federal awards contained in the audited financial statements	<u>7,148,616</u>
Total contract revenues per audited financial statements	<u><u>\$ 10,646,628</u></u>

**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***

Board of Directors
Arab-American and Chaldean Council (ACC)

We have audited, 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, the financial statements of Arab-American and Chaldean Council, which comprise the statements of financial position as of September 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 12, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Arab-American and Chaldean Council'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Arab-American and Chaldean Council's internal control. Accordingly, we do not express an opinion on the effectiveness of Arab-American and Chaldean Council'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.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Arab-American and Chaldean Council'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.

Maney Costeiran PC

December 12, 2018

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Arab-American and Chaldean Council (ACC)

Report on Compliance for Each Major Federal Program

We have audited Arab-American and Chaldean Council's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Arab-American and Chaldean Council's major federal program for the year ended September 30, 2018. Arab-American and Chaldean Council's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Arab-American and Chaldean Council's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Arab-American and Chaldean Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Arab-American and Chaldean Council's compliance.

Opinion on Each Major Federal Program

In our opinion, Arab-American and Chaldean Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2018.

Report on Internal Control Over Compliance

Management of Arab-American and Chaldean Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Arab-American and Chaldean Council's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Arab-American and Chaldean Council's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Manes Costeiran PC

December 12, 2018

**ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2018**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	<i>Unmodified</i>
Internal control over financial reporting:	
➤ Material weakness(es) identified?	_____ Yes <u> X </u> No
➤ Significant deficiency(ies) identified?	_____ Yes <u> X </u> None reported
Noncompliance material to financial statements noted?	_____ Yes <u> X </u> No

Federal Awards

Internal control over major programs:	
➤ Material weakness(es) identified?	_____ Yes <u> X </u> No
➤ Significant deficiency(ies) identified?	_____ Yes <u> X </u> None reported

Type of auditor's report issued on compliance for major programs:	<i>Unmodified</i>
---	-------------------

Any audit findings disclosed that are required to be reported in accordance with Title 2 CFR Section 200.516(a)?	_____ Yes <u> X </u> No
--	---------------------------

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

Dollar threshold used to distinguish between Type A and Type B programs:	\$ <u>750,000</u>
➤ Auditee qualified as low-risk auditee?	<u> X </u> Yes _____ No

Section II - Financial Statement Findings

None noted.

Section III - Federal Award Findings and Questioned Costs

None noted.

**ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2018**

There were no audit findings for either of the prior two years.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES

**Consolidated Financial Report
Including Federal Awards
Supplementary Information
For the Years Ended
September 30, 2018 and 2017**



certified public accountants

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ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES
Dearborn, Michigan

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Arab Community Center for Economic and Social Services
Dearborn, Michigan

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Arab Community Center for Economic and Social Services (a non-profit corporation) and subsidiary (collectively, ACCESS) which comprise the consolidated statements of financial position as of September 30, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the 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.

Auditors' 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 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 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 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 Arab Community Center for Economic and Social Services and subsidiary as of September 30, 2018, 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.



Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with **Government Auditing Standards**, we have also issued our report dated February 4, 2019, on our consideration of Arab Community Center for Economic and Social Services and subsidiary's 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 ACCESS's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the ACCESS financial statements for the year ended September 30, 2017 and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 22, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gordon Advisors, P.C.

Troy, Michigan
February 4, 2019

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES
Consolidated Statements of Financial Position

	<u>September 30,</u>	
	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 6,375,486	\$ 5,791,529
Certificates of deposit and money market funds	3,550,000	2,050,000
Grants and contributions receivable	5,198,492	2,997,754
Prepaid and reimbursable expenses	1,430,959	1,210,942
Total Current Assets	<u>16,554,937</u>	<u>12,050,225</u>
Other Assets		
Investments of endowed funds	5,333,534	4,710,650
Beneficial interest in perpetual endowment	1,155,220	1,141,441
	<u>6,488,754</u>	<u>5,852,091</u>
Property and Equipment		
Land	1,402,029	1,402,029
Buildings and improvements	27,769,819	27,769,819
Office furniture and equipment	2,569,456	2,554,414
	<u>31,741,304</u>	<u>31,726,262</u>
Less accumulated depreciation	(11,210,848)	(10,385,528)
Net Property and Equipment	<u>20,530,456</u>	<u>21,340,734</u>
Total Assets	<u>\$ 43,574,147</u>	<u>\$ 39,243,050</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ 102,624	\$ 94,490
Accrued payroll and other related expenses	1,024,163	928,887
Deferred microloan funding	326,816	326,816
Total Liabilities	<u>1,453,603</u>	<u>1,350,193</u>
Net Assets		
Unrestricted		
Undesignated	30,192,527	28,793,175
Board designated	2,050,000	1,300,000
Total Unrestricted	<u>32,242,527</u>	<u>30,093,175</u>
Temporarily restricted	3,970,913	2,214,528
Permanently restricted	5,907,104	5,585,154
Total Net Assets	<u>42,120,544</u>	<u>37,892,857</u>
Total Liabilities and Net Assets	<u>\$ 43,574,147</u>	<u>\$ 39,243,050</u>

See Independent Auditors' Report and Accompanying Footnotes.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES
Consolidated Statements of Activities

	Year Ended September 30, 2018				2017
	Unrestricted	Temporarily	Permanently	Total	Total
Revenues					
Governmental agency and other grants	\$ 19,787,051	\$ 3,485,026	\$ -	\$ 23,272,077	\$ 19,076,979
Program service fees	2,401,947	10,072	-	2,412,019	2,189,391
Gifts and contributions	1,384,577	1,490,490	208,937	3,084,004	5,449,234
Medical services	235,450	-	-	235,450	239,501
Net investment income	45,843	-	230,630	276,473	363,524
Other	226,322	-	-	226,322	409,439
	<u>24,081,190</u>	<u>4,985,588</u>	<u>439,567</u>	<u>29,506,345</u>	<u>27,728,068</u>
Net Assets Released From Restrictions	<u>3,346,820</u>	<u>(3,229,203)</u>	<u>(117,617)</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>27,428,010</u>	<u>1,756,385</u>	<u>321,950</u>	<u>29,506,345</u>	<u>27,728,068</u>
Expenses					
Program services	21,787,131	-	-	21,787,131	22,077,697
Medical services	619,360	-	-	619,360	541,973
Management and general	2,060,998	-	-	2,060,998	2,456,098
Fundraising	811,169	-	-	811,169	631,052
	<u>25,278,658</u>	<u>-</u>	<u>-</u>	<u>25,278,658</u>	<u>25,706,820</u>
Total Expenses	<u>25,278,658</u>	<u>-</u>	<u>-</u>	<u>25,278,658</u>	<u>25,706,820</u>
Net Increase in Net Assets	<u>2,149,352</u>	<u>1,756,385</u>	<u>321,950</u>	<u>4,227,687</u>	<u>2,021,248</u>
Net Assets - Beginning of Year	<u>30,093,175</u>	<u>2,214,528</u>	<u>5,585,154</u>	<u>37,892,857</u>	<u>35,871,609</u>
Net Assets - End of Year	<u>\$ 32,242,527</u>	<u>\$ 3,970,913</u>	<u>\$ 5,907,104</u>	<u>\$ 42,120,544</u>	<u>\$ 37,892,857</u>

See Independent Auditors' Report and Accompanying Footnotes.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES
Consolidated Statement of Functional Expenses
For The Year Ended September 30, 2018
(With Summarized Information For The Year Ended September 30, 2017)

	Arab American National Museum	Social Services	National Outreach	National	Employment and Training	Community Health and Research Center	Youth and Education	Detroit Program	Center for Arab American Philanthropy
Salaries and benefits	\$ 955,074	\$ 1,109,799	\$ 560,307	\$ 110,896	\$ 3,709,840	\$ 5,087,176	\$ 3,031,857	\$ -	\$ 142,864
Contractual services	206,339	32,663	78,597	80,570	47,577	818,122	63,199	8,074	5,265
Professional fees	6,447	5,103	7,436	1,013	5,259	11,299	5,109	998	686
Office supplies	4,519	2,670	1,349	746	45,101	24,550	77,546	-	-
Program supplies	32,249	11,036	11,005	3,140	128,686	128,120	139,359	5,433	323
Telephone	51,919	27,606	13,928	205	30,334	108,760	32,906	2,742	103
Utilities	102,470	26,494	8,875	-	26,494	102,660	22,188	394	-
Occupancy	12,467	116,400	24,000	232	391,229	430,250	120,000	-	-
Insurance	23,095	11,712	6,273	-	23,307	73,871	12,545	1,363	-
Repairs and maintenance	59,263	27,695	9,817	-	21,429	100,895	27,738	4,871	-
Cleaning and janitorial	70,340	23,099	8,761	175	24,896	75,187	22,019	-	-
Equipment rental	11,946	14,126	5,606	-	16,120	25,822	20,048	954	-
Printing costs	14,318	1,501	7,991	2,455	2,574	16,223	3,082	-	2,807
Travel	28,758	4,953	17,805	14,445	5,644	90,605	66,037	267	1,781
Postage	7,296	2,362	1,995	-	1,946	4,842	3,003	-	611
Conference and meetings	32,711	563	19,202	85,626	18,610	250,720	337,473	730	3,002
Specific assistance	24	201,189	-	500	504,326	70,352	-	-	-
Depreciation	9,052	-	-	-	1,467	-	5,386	-	-
Advertising	8,221	-	232	339	-	87,354	-	-	4,450
Security	13,460	13,194	4,222	-	21,001	19,774	10,556	-	-
Bank charges	4,756	-	-	21	-	321	-	-	2,933
Dues and memberships	14,036	1,529	2,602	-	3,551	33,878	2,996	-	450
Donations	210	-	-	-	200	14,650	-	1,000	546
Vehicle expense	-	-	106	-	6,597	20,451	2,235	-	-
Employee screening	122	115	35	-	264	1,932	904	-	11
Property taxes	-	-	-	-	-	1,234	-	-	-
Concert of Colors costs	140,734	-	-	-	-	-	-	-	-
Grants to other organizations	1,000	-	122,500	-	-	-	-	-	1,235,644
Event costs	-	-	-	-	-	-	-	-	-
Miscellaneous	68,853	1,756	436	980	7,473	17,874	79,707	940	83,295
Less reimbursed costs	-	-	-	-	-	-	(18,769)	-	-
	<u>\$ 1,879,679</u>	<u>\$ 1,635,565</u>	<u>\$ 913,080</u>	<u>\$ 301,343</u>	<u>\$ 5,043,925</u>	<u>\$ 7,616,922</u>	<u>\$ 4,067,124</u>	<u>\$ 27,766</u>	<u>\$ 1,484,771</u>

See Independent Auditors' Report and Accompanying Footnotes.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES
Consolidated Statement of Functional Expenses
For The Year Ended September 30, 2018
(With Summarized Information For The Year Ended September 30, 2017)

	Entrepreneurial Program	Eliminations	Total Program Services	Medical Services	Management and General	Fundraising	2018	2017 (Summarized)
Salaries and benefits	\$ 43,374	\$ -	\$ 14,751,187	\$ 427,044	\$ 931,997	\$ 511,736	\$ 16,621,964	\$ 16,249,925
Contractual services	15,000	(382,509)	972,897	26,290	97,750	-	1,096,937	1,557,623
Professional fees	-	-	43,350	587	12,598	-	56,535	53,732
Office supplies	-	-	156,481	976	1,586	-	159,043	116,734
Program supplies	3,455	-	462,806	63,325	15,564	-	541,695	435,005
Telephone	-	-	268,503	1,227	5,571	-	275,301	296,055
Utilities	-	-	289,575	-	10,026	-	299,601	313,515
Occupancy	-	(870,000)	224,578	60,640	-	-	285,218	392,240
Insurance	-	-	152,166	4,475	6,586	-	163,227	171,766
Repairs and maintenance	-	-	251,708	5,184	15,253	-	272,145	332,130
Cleaning and janitorial	-	-	224,477	-	6,895	-	231,372	244,636
Equipment rental	3,949	-	98,571	5,827	1,852	-	106,250	126,971
Printing costs	104	-	51,055	482	1,597	-	53,134	53,372
Travel	72	-	230,367	812	20,805	19,190	271,174	233,308
Postage	-	-	22,055	-	-	6,986	29,041	38,774
Conference and meetings	969	-	749,606	285	60,906	6,195	816,992	603,529
Specific assistance	-	-	776,391	16,635	-	-	793,026	602,716
Depreciation	-	-	15,905	-	809,415	-	825,320	842,830
Advertising	40	-	100,636	-	1,869	-	102,505	20,731
Security	-	-	82,207	-	617	-	82,824	103,060
Bank charges	-	-	8,031	1,946	13,744	-	23,721	23,848
Dues and memberships	262	-	59,304	2,627	10,383	-	72,314	52,350
Donations	600	-	17,206	-	30,320	-	47,526	34,963
Vehicle expense	-	-	29,389	-	3,488	-	32,877	36,389
Employee screening	-	-	3,383	297	128	-	3,808	4,889
Property taxes	-	-	1,234	-	-	-	1,234	6,017
Concert of Colors expense	-	-	140,734	-	-	-	140,734	161,882
Grants to other organizations	-	-	1,359,144	-	-	-	1,359,144	2,202,756
Event expenses	-	-	-	-	-	262,338	262,338	247,118
Miscellaneous	1,640	-	262,954	701	2,048	4,724	270,427	168,991
Less reimbursed costs	-	-	(18,769)	-	-	-	(18,769)	(21,035)
	<u>\$ 69,465</u>	<u>\$ (1,252,509)</u>	<u>\$ 21,787,131</u>	<u>\$ 619,360</u>	<u>\$ 2,060,998</u>	<u>\$ 811,169</u>	<u>\$ 25,278,658</u>	<u>\$ 25,706,820</u>

See Independent Auditors' Report and Accompanying Footnotes.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES
Consolidated Statements of Cash Flows

	Years Ended September 30,	
	2018	2017
Operating Activities		
Increase in net assets	\$ 4,227,687	\$ 2,021,248
Adjustments to reconcile change in net assets to cash from operating activities:		
Depreciation	825,320	842,830
Decrease (increase) in operating assets:		
Grants and contributions receivable	(2,200,738)	1,880,733
Prepaid and reimbursable expenses	(220,017)	118,100
Increase (decrease) in operating liabilities:		
Accounts payable	8,134	(7,198)
Accrued payroll and other related expenses	95,276	(82,128)
Deferred microloan funding	0	84,000
Net Cash Provided By Operating Activities	2,735,662	4,857,585
Investing Activities		
Purchases of property and equipment	(15,043)	(303,899)
Purchase of investments	(636,662)	(1,900,064)
Purchases of certificates of deposit and money market funds	(1,500,000)	(1,247,233)
Net Cash Used In Investing Activities	(2,151,705)	(3,451,196)
Net Increase In Cash and Cash Equivalents	583,957	1,406,389
Cash and Cash Equivalents		
Beginning of Year	5,791,529	4,385,140
End of Year	\$ 6,375,486	\$ 5,791,529
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ 0	\$ 0

See Independent Auditors' Report and Accompanying Footnotes.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES
Notes to the Consolidated Financial Statements
Years Ended September 30, 2018 and 2017

NOTE:

1. Organization and Summary of Significant Accounting Policies

Nature of Organization – The Arab Community Center for Economic and Social Services (ACCESS) is a nonprofit, human service agency exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. ACCESS is classified as an organization that is not a private foundation under Section 509(a)(2) of the Code. Management of ACCESS believes the organization is designed and operated in compliance with the applicable requirements of the Code.

For over 40 years, ACCESS has supported communities and institutions that span several sectors with a focus on community empowerment. With headquarters in Dearborn, Michigan and locations in Detroit and Sterling Heights, ACCESS provides its local program services in the Metropolitan Detroit area. From human service programs serving recent immigrants to a national program promoting Arab American philanthropy, ACCESS has transitioned people from program participants to fully engaged citizens able to advance justice and equality.

Economic and cultural equality is core to the mission and vision of ACCESS. Utilizing experience providing human services, ACCESS has developed an integrated and comprehensive model of service delivery for low-income and immigrant communities; a model designed for impact and efficiency. Local services include public, clinical and mental health programs, employment and workforce development, entrepreneurship training and support, adult education, youth education and leadership, immigration and citizenship services, and case management support. These programs serve diverse populations of southeast Michigan that form the foundation of our community empowerment, moving individuals, families, and communities from poverty to economic stability.

Over the past decade, ACCESS has expanded this foundation of community empowerment by initiating and operating three national programs. The Arab American National Museum (AANM) is the only museum in the nation dedicated to preserving and celebrating Arab American history and culture. The Center for Arab American Philanthropy (CAAP) is the only Arab American community foundation in the United States. CAAP leverages the collective power of giving to increase the impact and visibility of Arab American civic participation. Lastly, ACCESS operates the National Network for Arab American Communities (NNAAC), a consortium of 27 independent Arab American community-based organizations in 11 states that focuses on building institutions and developing capacity from the grassroots to the national level.

ACCESS-IPA, Inc., a wholly owned subsidiary of ACCESS, was formed to provide health services to managed care plan enrollees. ACCESS-IPA, Inc. is a for-profit corporation subject to federal and state income taxes. Provisions for income taxes as well as the impact of temporary timing differences are not significant.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Grants and Contributions Receivable – Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues in the unrestricted net asset class.

No allowance for doubtful accounts was considered necessary at September 30, 2018 and 2017, based on a specific assessment of receivables at year end and historical experience collecting grant and contribution receivables.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES
Notes to the Consolidated Financial Statements (Continued)
Years Ended September 30, 2018 and 2017

NOTE:

1. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents – ACCESS considers only amounts held in checking and savings accounts as cash and cash equivalents. ACCESS primarily deposits cash with major banks within the State of Michigan and at times maintains balances that exceed federally insured limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any unusual credit risk related to cash and cash equivalents.

Net Assets – ACCESS reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Unrestricted net assets represent expendable funds currently available at the discretion of the Board of Directors for support of Organization operations.

Temporarily restricted net assets represent expendable funds restricted by a donor, grantor, or other outside party for particular operating purposes, or for the acquisition of property and equipment, or funds for use in a specific future period. Temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions when the purpose restriction or time restrictions have been met.

Permanently restricted net assets represent funds with donor imposed restrictions requiring the gift principal to remain intact in perpetuity. Income from such funds is generally available either for unrestricted purposes or for a specified purpose.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Comparative Financial Information – The financial information presented for comparative purposes for the year ended September 30, 2017 is not intended to be a complete financial statement presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with ACCESS's 2017 consolidated financial statements, from which the summarized information was derived.

Program Service Revenue Recognition – Cost reimbursement contract revenues are recognized when costs are incurred. Management estimates the amount of cost reimbursement revenue associated with paid time off and accrued payroll earned by employees that it will invoice when these amounts are paid to employees. Fee-for-service revenue is recognized when the contractually defined unit of service is accomplished by ACCESS. Adjustments to prior years' contract revenues made by contractors or federal agencies are recorded in the period ACCESS becomes aware of the adjustments. Management does not anticipate any such adjustments at September 30, 2018 and 2017.

Investments – Investments in marketable securities with readily determinable fair values are reported at their fair values based on quoted prices in active markets in the statement of financial position. Unrealized gains and losses and other investment income are reported in the statement of activities.

Donated Services – A substantial number of volunteers have donated significant time to the Organization's program services and fundraising campaigns, however, these services do not meet the criteria for recognition as contributed services.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES
Notes to the Consolidated Financial Statements (Continued)
Years Ended September 30, 2018 and 2017

NOTE:**1. Summary of Significant Accounting Policies (Continued)**

Property and Equipment – Property and equipment are recorded at cost when purchased. Donated property and equipment are recorded at fair value at the time of the donation. ACCESS capitalizes all property and equipment with cost in excess of \$500 that has an estimated useful life of over a year. Currently there are no restrictions pertaining to the disposition of property or equipment. Depreciation of property and equipment is calculated using the straight-line method over the following estimated useful lives:

Office equipment	5 years
Furniture and fixtures	7 years
Building improvements	40 years
Buildings	40 years

ACCESS reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, ACCESS reports expiration of donor restrictions when the donated or acquired long-lived assets are placed in service.

Museum Art Collection – The Arab American National Museum maintains a collection of items donated to the facility that have not been included in the statements of financial position. These pieces are not marketable art collection pieces but rather relics of the life and times of Arab Americans and therefore have not been assigned a value. AANM places all pieces on display at various times for public inspection. Likewise, the museum also displays borrowed items for a temporary period for public inspection from other museums or organizations and management has again, not included any value of these works within the financial statements of ACCESS.

Allocation of Expenses – The costs of providing the various programs and other activities of ACCESS have been presented on the statement of functional expense, certain costs have been allocated among those programs and supporting services that benefited using an estimate of how each program benefited.

Uncertain Tax Positions – Management evaluates whether tax positions reported on returns are more likely than not to be sustained if challenged. This assessment occurs at least annually and includes, most significantly, the exemption from income tax that ACCESS operates under. Management believes no such positions exist that would have a significant impact on the Organization's financial position. As of September 30, 2018 and 2017, no liability for uncertain tax benefits was recorded.

Subsequent Events – Management has evaluated subsequent events through February 4, 2019, the date which the financial statements were available for issue.

Beneficial Interest in Perpetual Endowment – The Community Foundation for Southeast Michigan (CFSEM) maintains perpetual endowment funds under a reciprocal transfer arrangement with ACCESS that entitles ACCESS to receive future benefits. The underlying donations that funded the reciprocal transfer require that the assets be maintained in perpetuity and stipulate the amount or percentage of income distributions that ACCESS may receive. Those distributions may also bear the donor's purpose restrictions. Although title for the endowment funds rests with CFSEM, the terms of the reciprocal transfer arrangement support the presentation of the carrying value of these funds (equal to their fair value) on the consolidated statements of financial position of ACCESS.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES
Notes to the Consolidated Financial Statements (Continued)
Years Ended September 30, 2018 and 2017

NOTE:**1. Summary of Significant Accounting Policies (Continued)**

Reclassification – Certain amounts for the year ended September 30, 2017 have been reclassified to conform to the financial statement presentation used for the year ended September 30, 2018.

Fair Value Measurement – Fair value refers to the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between participants in the market in which the reporting entity transacts such sales or transfers based on the assumptions market participants would use when pricing an asset or liability. Assumptions are developed based on prioritizing information within a fair value hierarchy that gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data, such as the reporting entity's own data.

2. Certificates of Deposit and Money Market Funds

ACCESS invests in bank certificates of deposit that mature through August 2019. At September 30, 2018 and 2017 ACCESS held certificates of deposit with purchase values that approximate fair value totaling \$3,550,000 and \$2,050,000, respectively. For determination purposes, ACCESS utilizes Level 2 inputs to assess the fair value of certificates of deposit.

3. Investments of Endowed Funds and Beneficial Interest in Perpetual Endowment

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements).

Level 1 inputs are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access. Level 2 inputs include quoted prices for similar assets or liabilities in active markets. Level 3 inputs are unobservable and significant to the fair value measurement.

The carrying amounts reported in the statement of financial position as of September 30, 2018 and 2017 for current assets, endowment funds and current liabilities approximate fair value because of the short maturities of those instruments.

Investments are all stated at a value based on quoted market prices that are considered Level 1 inputs.

The Community Foundation of Southeast Michigan maintains component funds under a reciprocal transfer endowment for the benefit of ACCESS. The underlying endowment fund assets are permanently restricted. CFSEM invests the funds on behalf of the Organization. CFSEM maintains title to the assets but does not have variance power over the funds as ACCESS can request distributions. For fair value purposes, ACCESS utilizes the value provided by CFSEM and considers this quoted input a Level 2 classification.

	<u>2018</u>	<u>2017</u>
Money market and sweep cash	\$ 490,843	\$ 1,478,074
Common stocks	575,028	2,203,536
Fixed income	1,266,769	807,092
Mutual funds	<u>3,000,894</u>	<u>221,949</u>
Total marketable securities	<u>\$ 5,333,534</u>	<u>\$ 4,710,651</u>
Beneficial interest in perpetual endowment	<u>\$ 1,155,220</u>	<u>\$ 1,141,441</u>

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES
Notes to the Consolidated Financial Statements (Continued)
Years Ended September 30, 2018 and 2017

NOTE:**4. Deferred Microloan Funding**

As part of the ACCESS Entrepreneurial Program, the Organization obtained funding from a governmental agency to fund loans to qualified individuals or entities to assist with the startup or expansion of a small trade or business. These loan arrangements are referred to as micro-loans. After providing the loans, ACCESS services the arrangements and is allowed to utilize the interest earned on the loans as unrestricted revenue. Principal repayments collected must be used by ACCESS to fund additional loans. The balance captioned deferred microloan funding in the liability section of the statement of financial position represents accumulated funding at September 30, 2018 and 2017 that is either awaiting repayment from program participants or that has not yet been loaned.

5. Lease Commitments

ACCESS entered into a lease that expired in December 2018 for office space in Detroit with a base monthly rent charge of approximately \$10,000. The agreement also required additional monthly payments towards common area maintenance. That additional monthly amount was approximately \$9,600 at September 30, 2018. The total rent expense paid in connection with this and other short term leases was \$325,725 and \$222,384 for the years ended 2018 and 2017, respectively.

In addition, ACCESS has several operating leases for office equipment with total lease payments amounting to \$78,793 and \$91,819 for the years ended 2018 and 2017, respectively.

As of September 30, 2018, future minimum lease payments under these leases are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Amount</u>
2019	\$ 238,908
2020	<u>121,188</u>
	<u>\$ 360,096</u>

ACCESS subleases portions of facilities in Dearborn and Sterling Heights with multiple tenants. Under the agreements monthly rental income totals \$16,920 at September 30, 2018 with various expiration dates through August 2019.

6. Board Designated Net Assets

During the year ended September 30, 2017, the Board of Directors designated \$1,300,000 of otherwise unrestricted net assets to set aside funding for program innovation, facilities, and as a long term contingency reserve. During the year ended September 30, 2018, an additional \$750,000 was designated for the same purposes.

7. Temporarily Restricted Net Assets

Temporarily restricted net assets as of September 30, 2018 and 2017 amounted to \$3,970,913 and \$2,214,528, respectively, and represent grants and contributions recognized which have time and purpose restrictions that have not expired in the current reporting period. When the time restrictions expire, or the purpose is achieved, temporarily restricted net assets are reclassified to unrestricted net assets. Net assets are restricted primarily for public programming and for the Center for Arab American Philanthropy.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES
Notes to the Consolidated Financial Statements (Continued)
Years Ended September 30, 2018 and 2017

NOTE:**8. Permanently Restricted Net Assets and Other Endowments**

Permanently restricted net assets consisted of the following amounts at September 30:

	<u>2018</u>	<u>2017</u>
Interest in Perpetual Endowments		
Arab American National Museum Endowment Fund	\$ 571,360	\$ 564,538
AANM Endowment Fund for Public Programming	570,650	563,852
Drs. Barbara and Adnan Aswad Endowment Fund	<u>13,210</u>	<u>13,052</u>
	<u>1,155,220</u>	<u>1,141,442</u>
Donor-Restricted Endowments		
Arab American National Museum Endowment Fund	\$ 2,679,522	\$ 2,602,189
Center for Arab American Philanthropy (CAAP)	<u>2,072,362</u>	<u>1,841,523</u>
	<u>4,751,884</u>	<u>4,443,712</u>
Total Permanently Restricted Net Assets	<u>\$ 5,907,104</u>	<u>\$ 5,585,154</u>

Interest in Perpetual Endowments

As described in Note 3, ACCESS transferred funds that represented certain permanently restricted net assets to the Community Foundation of Southeast Michigan under a reciprocal transfer endowment agreement. As a practical expedient, the balance of permanently restricted net assets associated with these funds is adjusted to equal the carrying value of the endowed funds held by CFSEM.

Donor-Restricted Endowments

ACCESS follows the Uniform Management of Institutional Funds Act of 1972 (UMIFA) and its own governing documents. UMIFA requires that the historical dollar amount of a donor-restricted endowment fund be preserved. At September 30, 2018 and 2017 there were no deficiencies of this nature. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable under UMIFA. The Organization's donors have not placed restrictions on the use of the investment income or net appreciation resulting from the donor-restricted endowment funds.

The Board of Directors of ACCESS have adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by the endowment while preserving the principal of the endowment. The spending and investment policies work together to achieve this objective for ACCESS. The investment policy establishes an achievable return objective through diversification of asset classes. To satisfy its investment objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

The spending policy calculates the amount of money annually distributed from the Organization's various endowed funds for grant making and administration. The current spending policy is to distribute an amount not to exceed 5% of a moving four-year average of the fair value of the endowment funds. Accordingly, over the long term, the Organization expects its current spending policy to allow its endowment assets to preserve the principal while allowing for a steady stream of distributions.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES
Notes to the Consolidated Financial Statements (Continued)
Years Ended September 30, 2018 and 2017

NOTE:**8. Permanently Restricted Net Assets and Other Endowments (Continued)**

Following is a summary of the donor-restricted endowments of ACCESS and changes therein for the years ended September 30:

	<u>2018</u>	<u>2017</u>
Endowed Net Assets – October 1	\$ 4,443,712	\$ 2,666,489
Contributions	208,937	1,597,427
Appropriation of endowment assets for expenditure	(117,617)	(105,369)
Net investment income	<u>216,851</u>	<u>285,165</u>
Endowed Net Assets – September 30	<u>\$ 4,751,883</u>	<u>\$ 4,443,712</u>

Other Endowments

As part of ACCESS's arrangement with the Community Foundation for Southeast Michigan, CFSEM accepts gifts from unrelated donors for the benefit of ACCESS. These assets are not reported on the statement of financial position since the Community Foundation for Southeast Michigan maintains variance power with respect to the assets contributed to them for the benefit of ACCESS. Total value of these assets as of September 30:

	<u>2018</u>	<u>2017</u>
Arab American National Museum Endowment Fund	\$ 2,053,785	\$ 2,029,315
AANM Endowment Fund for Public Programming	472,514	466,884
Drs. Barbara and Adnan Aswad Endowment Fund	<u>12,008</u>	<u>11,864</u>
	<u>\$ 2,538,307</u>	<u>\$ 2,508,063</u>

9. Funding Source Concentrations

ACCESS provides program services under contracts with various governmental and other agencies. Revenue from significant funding sources consists of the following for the year ended September 30, 2018:

Detroit Employment Solutions Corporation	\$ 4,333,866
Michigan Department of Health and Human Services	<u>4,689,841</u>
	<u>\$ 9,023,707</u>



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INDEPENDENT AUDITORS' 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**

Board of Directors
Arab Community Center for Economic and Social Services
Dearborn, Michigan

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 Arab Community Center for Economic and Social Services (a non-profit corporation) and subsidiary (collectively, ACCESS), which comprise the consolidated statement of financial position as of September 30, 2018, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 4, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered ACCESS'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of ACCESS's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

Compliance and Other Matters

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



INDEPENDENT AUDITORS' 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)

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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gordon Advisors, P.C.

Troy, Michigan
February 4, 2019

**ARAB COMMUNITY CENTER FOR
ECONOMIC AND SOCIAL SERVICES**

**Supplementary Information
For The Year Ended
September 30, 2018**

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Total 2018 Expenditures
<u>U. S. Department of Health and Human Services</u>		
Well-Integrated Screening and Evaluation for Women Across The Nation Pass-Through Michigan Department of Community Health and Human Services (MI-HHS) WISEWOMEN Program	93.094	11,600
Injury Prevention and Control Research Pass-Through Michigan Coalition to End Domestic and Sexual Violence Domestic Violence Prevention Program	93.136	73,672
Substance Abuse and Mental Health Services Projects of Regional and National Significance Integrated Health Care with Arab Americans in Michigan Program	93.243	400,000
Centers for Disease Control and Prevention Investigations and Technical Assistance Pass-Through MI-HHS Colorectal Cancer Education Project	93.283	50,000
National State Based Tobacco Control Programs Pass-Through MI-HHS Tobacco Reduction and Prevention	93.305	60,000
Trans-NIH Research Support Pass-Through HCM Strategies, LLC Community and Provider Gateway Initiative	93.310	183,900
Cooperative Agreement to Support Navigators in Federally-Facilitated Exchanges Centers for Medicare and Medicaid Services	93.332	327,390
Total Expenditures of Federal Awards on Page 17		<u>\$ 1,106,562</u>

See Independent Auditors' Report.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES
Schedule of Expenditures of Federal Awards (Continued)
Year Ended September 30, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Total 2018 Expenditures
Total Expenditures of Federal Awards From Page 17		\$ 1,106,562
<u>U.S. Department of Health and Human Services (Continued)</u>		
Temporary Assistance for Needy Families		
Pass-Through Southeast Michigan Community Alliance		
* Michigan Works!	93.558	792,304
Pass-Through City of Detroit Employment Solutions Corporation		
* Michigan Works!	93.558	4,285,866
Pass-Through MI-HHS		
* Arab American Program	93.558	143,906
Total Temporary Assistance for Needy Families		5,222,076
Child Support Enforcement		
Pass-Through MI-HHS		
Arab American Program	93.563	2,214
Refugee and Entrant Assistance Discretionary Grants		
Victims of Torture Program	93.576	237,120
Social Services Block Grant		
Pass-Through MI-HHS		
Arab American Program	93.667	163,705
Medical Assistance Program		
Pass-Through MI-HHS		
Arab American Program	93.778	122,421
Cancer Prevention and Control Programs		
Pass-Through MI-HHS		
Breast and Cervical Cancer Control Program	93.898	65,000
HIV Prevention Activities		
Pass-Through MI-HHS		
HIV Prevention Services	93.940	153,885
HIV PrEP Data Collection	93.940	76,350
Total HIV Prevention Activities		230,235
Total Expenditures of Federal Awards on Page 17 and 18		\$ 7,149,333

See Independent Auditors' Report.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES
Schedule of Expenditures of Federal Awards (Continued)
Year Ended September 30, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Total 2018 Expenditures
Total Expenditures of Federal Awards From Page 17 and 18		\$ 7,149,333
<u>U.S. Department of Health and Human Services (Continued)</u>		
Block Grant for Prevention and Treatment of Substance Abuse		
Pass-Through Macomb County Community Mental Health Substance Use Disorder Services (SUDS) Program	93.959	<u>34,836</u>
Sexually Transmitted Diseases Prevention and Control Grants		
Pass-Through MI-HHS Syphilis Elimination Program	93.977	<u>20,000</u>
<u>Total U. S. Department Health and Human Services (Pages 17, 18, and 19)</u>		<u>7,204,169</u>
<u>U. S. Department of Agriculture</u>		
Child and Adult Care Food Program	10.558	<u>\$ 253,460</u>
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)		
Pass-Through Wayne County Department of Health * WIC Supplemental Food Service Program	10.557	615,600
Pass-Through Macomb County Health Department * WIC Supplemental Food Service Program	10.557	252,000
* Breastfeeding Initiative	10.557	<u>41,740</u>
Total Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)		<u>909,340</u>
Summer Food Service Program for Children	10.559	<u>46,748</u>
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program		
Pass-Through MI-HHS Arab American Program	10.561	<u>116,425</u>
<u>Total U. S. Department of Agriculture</u>		<u>1,325,973</u>
Total Expenditures of Federal Awards on Page 17 through 19		<u>\$ 8,530,142</u>

See Independent Auditors' Report.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES
Schedule of Expenditures of Federal Awards (Continued)
Year Ended September 30, 2018

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Total 2018 Expenditures</u>
Total Expenditures of Federal Awards From Page 17 through 19		\$ 8,530,142
<u>U. S. Department of Housing and Urban Development</u>		
Community Development Block Grant		
Pass-Through City of Dearborn Community Development Block Grant	14.218	<u>75,000</u>
Supportive Housing Program		
Pass-Through Wayne Metropolitan Community Action Agency Emergency Solutions Grant Program	14.235	<u>37,475</u>
Continuum of Care Program		
Pass-Through Wayne Metropolitan Community Action Agency HUD Rapid Re-housing	14.267	16,875
SSO Central Intake	14.267	5,625
Total Continuum of Care Program		<u>22,500</u>
<u>Total U. S. Department of Housing and Urban Development</u>		<u>134,975</u>
<u>U. S. Department of Justice</u>		
Crime Victim Assistance		
Pass-Through MI-HHS Services for Victims of Crime	16.575	<u>526,487</u>
Grants for Outreach and Services to Underserved Populations	16.889	<u>95,888</u>
<u>Total U. S. Department of Justice</u>		<u>622,375</u>
<u>U. S. Department of Education</u>		
21st Century Community Learning Centers		
Pass-Through Michigan Department of Education 21st Century Program	84.287	<u>2,650,388</u>
<u>Total U. S. Department of Education</u>		<u>2,650,388</u>
Total Expenditures of Federal Awards on Page 17 through 20		\$ 11,937,880

See Independent Auditors' Report.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES
Schedule of Expenditures of Federal Awards (Continued)
Year Ended September 30, 2018

Total Expenditures of Federal Awards From Page 17 through 20		\$ 11,937,880
<u>U. S. Department of Labor</u>		
Workforce Innovation and Opportunity Cluster		
Pass-Through Southeast Michigan Community Alliance		
Dislocated Worker Program	17.278	152,086
Adult Program	17.258	92,587
Youth Activities	17.259	224,680
		469,353
Total Workforce Innovation and Opportunity Cluster		
H-1B Job Training Grants		
Pass-Through Southeast Michigan Community Alliance		
Catalyst Program	17.268	3,715
		3,715
<u>Total U. S. Department of Labor</u>		
		473,068
<u>Corporation for National and Community Service</u>		
Social Innovation Fund		
Pass-Through United Way for Southeast Michigan		
Social Innovation Fund	94.019	371,160
		371,160
<u>Total Corporation for National and Community Service</u>		
		371,160
<u>Institute of Museum and Library Services</u>		
Museums for America Program		
	45.301	109,216
		109,216
<u>Total Institute of Museum and Library Services</u>		
		109,216
Total Expenditures of Federal Awards		\$ 12,891,324

* Designates Major Program as defined by the Uniform Guidance

Note 1 - The Schedule of Expenditures of Federal Awards utilizes the same basis of accounting as the general purpose financial statements and is presented in accordance with the requirements of the Uniform Guidance.

Note 2 - As described in the Uniform Guidance Compliance Supplement, certain programs funded under the Workforce Innovation and Opportunity Act have been combined on this schedule and treated as one program cluster.

Note 3 - Arab Community Center for Economic and Social Services (ACCESS) did not receive any awards in the form of loans, non-cash assistance, insurance or other guarantees. Additionally, there were no amounts provided to sub-recipients as defined by the Uniform Guidance.

Note 4 - ACCESS did not utilize the 10% de minimis indirect cost rate provision on any of its federal awards.

See Independent Auditors' Report.



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Arab Community Center for Economic and Social Services
Dearborn, Michigan

Report on Compliance for Each Major Federal Program

We have audited Arab Community Center for Economic and Social Services (ACCESS)'s compliance with the types of compliance requirements described in the **OMB Circular Compliance Supplement** that could have a direct and material effect on each of ACCESS's major federal programs for the year ended September 30, 2018. ACCESS's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of ACCESS's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about ACCESS's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of ACCESS's compliance.

Opinion on Each Major Federal Program

In our opinion, ACCESS complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each major federal program for the year ended September 30, 2018.

Report on Internal Control over Compliance

Management of ACCESS is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered ACCESS's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of ACCESS's internal control over compliance.



Report on Internal Control over Compliance (Continued)

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies. However, material weakness or significant deficiencies may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purposes.

Gordon Advisors, P.C.

Troy, Michigan
February 4, 2019

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES (ACCESS)
Summary of Auditors' Results
Year Ended September 30, 2018

Financial Statements

I. Type of auditors' report issued	Unmodified opinion
II. Internal control over financial reporting	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None reported
III. Noncompliance material to the financial statements noted	No

Federal Awards

IV. Internal control over major programs	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None reported
V. Type of auditors' report issued on compliance for major programs	Unmodified opinion
VI. Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No
VII. Identification of major programs	
	<u>CFDA #</u>

U.S. Department of Agriculture

Special Supplemental Nutrition Program for Women, Infants, and Children	10.557
---	--------

U.S. Department of Health and Human Services

Temporary Assistance for Needy Families	93.558
---	--------

VIII. Dollar threshold used to distinguish between type A and type B programs	\$750,000
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IX. Auditee qualified as low-risk auditee?	Yes
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ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES
Schedule of Findings, Questioned Costs, and Prior Year Findings
Year Ended September 30, 2018

There were no findings relating to the consolidated financial statements that are required to be reported in accordance with Government Auditing Standards.

There were no findings relating to the federal award programs that are required to be reported in accordance with the Uniform Guidance.

There were no findings pertaining to the year ended September 30, 2017 and as such, a schedule of prior year findings and corrective action plan has not been prepared.

**JEWISH FEDERATION OF
METROPOLITAN DETROIT
AND UNITED JEWISH FOUNDATION**

Bloomfield Hills, Michigan

May 31, 2019 and 2018

COMBINED FINANCIAL STATEMENTS

Including Independent Auditor's Report

**JEWISH FEDERATION OF METROPOLITAN DETROIT
AND UNITED JEWISH FOUNDATION**

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Independent Auditor's Report

To the Board of Governors
Jewish Federation of Metropolitan Detroit and the
Board of Directors of the United Jewish Foundation

We have audited the accompanying combined financial statements of the Jewish Federation of Metropolitan Detroit and the United Jewish Foundation (collectively, the "Organizations"), which comprise the combined statement of financial position as of May 31, 2019 and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Jewish Federation of Metropolitan Detroit and the United Jewish Foundation as of May 31, 2019 and the combined changes in net assets, functional expenses, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The prior year summarized comparative information has been derived from the Organizations' 2018 combined financial statements, and, in our report dated October 4, 2018, we expressed an unmodified opinion on those combined financial statements.

To the Board of Governors
Jewish Federation of Metropolitan Detroit and the
Board of Directors of the United Jewish Foundation

Emphasis of Matter

As described in Note 2 to the combined financial statements, the Organizations adopted the provisions of ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, for the year ended May 31, 2019, applied retrospectively to all years presented. Our opinion is not modified with respect to this matter.

Plante & Moran, PLLC

October 11, 2019

JEWISH FEDERATION OF METROPOLITAN DETROIT AND UNITED JEWISH FOUNDATION

COMBINED STATEMENT OF FINANCIAL POSITION

May 31, 2019

(With Comparative Combined Totals as of May 31, 2018)

	Jewish Federation of Metropolitan Detroit	United Jewish Foundation	2019 Combined	2018 Combined
ASSETS				
ASSETS				
Cash and cash equivalents	\$ 600	\$ 752,331	\$ 752,931	\$ 751,039
Investments (Note 3)	19,072,423	521,888,925	540,961,348	549,051,646
Accounts receivable, net (Note 5)	225,194	9,831,382	10,056,576	11,874,008
Pledges receivable, net (Note 6)	22,208,813	11,458,477	33,667,290	31,203,878
Notes receivable, net (Note 7)	-	8,921,345	8,921,345	9,085,096
Interorganization (payable) receivable	(1,809,189)	1,809,189	-	-
Donated real estate and other interest held for investment, net	-	9,529,005	9,529,005	15,202,948
Advances and other assets	540,807	3,305,807	3,846,614	3,560,172
Property and equipment, net (Note 8)	336,453	59,202,472	59,538,925	60,497,379
TOTAL ASSETS	\$ 40,575,101	\$ 626,698,933	\$ 667,274,034	\$ 681,226,166
LIABILITIES AND NET ASSETS				
LIABILITIES				
Appropriations payable				
General	\$ 18,548,895	\$ 4,936,724	\$ 23,485,619	\$ 25,096,327
Jewish Federations of North America and overseas	8,059,530	-	8,059,530	7,903,930
Trade accounts and other payables	3,395,533	1,297,013	4,692,546	3,996,749
Constituent agencies and other deposits	-	66,381,494	66,381,494	68,618,270
Bonds, notes and other payables (Note 9)	-	1,195,783	1,195,783	1,620,153
Charitable trust annuities payable	-	8,435,299	8,435,299	9,344,554
Other organizations payable	-	13,886,336	13,886,336	13,259,468
Contributions designated for future periods	-	3,197,435	3,197,435	3,105,364
Total Liabilities	<u>30,003,958</u>	<u>99,330,084</u>	<u>129,334,042</u>	<u>132,944,815</u>
NET ASSETS				
Without Donor Restrictions	10,571,143	289,319,059	299,890,202	309,630,988
With Donor Restrictions	-	238,049,790	238,049,790	238,650,363
Total Net Assets	<u>10,571,143</u>	<u>527,368,849</u>	<u>537,939,992</u>	<u>548,281,351</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 40,575,101	\$ 626,698,933	\$ 667,274,034	\$ 681,226,166

JEWISH FEDERATION OF METROPOLITAN DETROIT AND UNITED JEWISH FOUNDATION

COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended May 31, 2019
(With Comparative Combined Totals for the Year Ended May 31, 2018)

	Jewish Federation of Metropolitan Detroit		United Jewish Foundation		Eliminating Adjustments	2019 Combined	2018 Combined
	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total UJF			
OPERATING REVENUE AND SUPPORT							
Public support from contributions	\$ 37,652,011	\$ 33,761,945	\$ 9,092,977	\$ 42,854,922	\$ (8,955,922)	\$ 71,551,011	\$ 98,869,601
Revenue							
Investment income (loss) (including unrealized gains)	9,286	(2,374,690)	1,944,837	(429,853)	-	(420,567)	22,355,742
Loss on disposition of assets	-	-	-	-	-	-	(2,757,391)
Interorganization appropriations	9,048,284	2,007,167	647,554	2,654,721	(11,703,005)	-	-
Miscellaneous fees and other	4,386,855	5,370,385	(242,466)	5,127,919	(305,000)	9,209,774	11,190,751
Net assets released from restrictions	-	13,152,778	(13,152,778)	-	-	-	-
Total Revenue	13,444,425	18,155,640	(10,802,853)	7,352,787	(12,008,005)	8,789,207	30,789,102
Total Operating Revenue and Support	51,096,436	51,917,585	(1,709,876)	50,207,709	(20,963,927)	80,340,218	129,658,703
OPERATING EXPENSES							
Program Services							
Distributions							
Federation's annual campaign	-	8,955,922	-	8,955,922	(8,955,922)	-	-
Jewish Federations of North America and overseas	9,401,089	51,000	-	51,000	-	9,452,089	9,405,657
Local agencies	24,810,597	20,897,259	-	20,897,259	(11,703,005)	34,004,851	36,508,397
Other charitable organizations	1,283,017	23,729,470	-	23,729,470	-	25,012,487	28,170,626
Other	6,550,381	5,401,254	-	5,401,254	-	11,951,635	13,198,768
Total Program Services	42,045,084	59,034,905	-	59,034,905	(20,658,927)	80,421,062	87,283,448
Support Services							
Administrative	6,083,396	764,579	-	764,579	(305,000)	6,542,975	6,379,260
Financial resource development	2,635,963	-	-	-	-	2,635,963	2,527,052
Bad debt (recovery) expense	520,849	274,071	-	274,071	-	794,920	(80,592)
Other	98,369	188,288	-	188,288	-	286,657	250,431
Total Support Services	9,338,577	1,226,938	-	1,226,938	(305,000)	10,260,515	9,076,151
Total Operating Expenses	51,383,661	60,261,843	-	60,261,843	(20,963,927)	90,681,577	96,359,599
(Decrease) Increase in Net Assets from Operations	(287,225)	(8,344,258)	(1,709,876)	(10,054,134)	-	(10,341,359)	33,299,104
Transfer of funds	-	(1,109,303)	1,109,303	-	-	-	-
(DECREASE) INCREASE IN NET ASSETS	(287,225)	(9,453,561)	(600,573)	(10,054,134)	-	(10,341,359)	33,299,104
NET ASSETS - Beginning of Year	10,858,368	298,772,620	238,650,363	537,422,983	-	548,281,351	514,982,247
NET ASSETS - END OF YEAR	\$ 10,571,143	\$ 289,319,059	\$ 238,049,790	\$ 527,368,849	\$ -	\$ 537,939,992	\$ 548,281,351

See accompanying notes to combined financial statements.

JEWISH FEDERATION OF METROPOLITAN DETROIT AND UNITED JEWISH FOUNDATION

COMBINED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended May 31, 2019
(With Comparative Combined Totals for the Year Ended May 31, 2018)

	Jewish Federation of Metropolitan Detroit			United Jewish Foundation			2019 Combined	2018 Combined
	Direct Programs	Administrative Services	Financial Resource Development	Direct Programs	Administrative Services	Eliminating Adjustments		
DISTRIBUTIONS								
Federation's annual campaign	\$ -	\$ -	\$ -	\$ 8,955,922	\$ -	\$ (8,955,922)	\$ -	\$ -
Jewish Federations of North America and overseas	9,401,089	-	-	51,000	-	-	9,452,089	9,405,657
Local agencies	24,810,597	-	-	20,897,259	-	(11,703,005)	34,004,851	36,508,397
Other charitable organizations	1,283,017	-	-	23,729,470	-	-	25,012,487	28,170,626
Total Distributions	35,494,703	-	-	53,633,651	-	(20,658,927)	68,469,427	74,084,680
OPERATING EXPENSES								
Other program services	1,256,429	-	-	435,248	-	-	1,691,677	1,930,272
Salaries and wages	3,070,435	3,840,909	1,827,193	-	-	-	8,738,537	9,278,793
Employee benefits	439,433	804,877	317,598	-	-	-	1,561,908	1,726,651
Other personnel	257,404	264,638	104,424	-	-	-	626,466	682,570
Rent and building costs	74,725	193,645	36,630	850,956	329,606	(305,000)	1,180,562	969,170
Professional services	36,113	176,494	-	-	249,626	-	462,233	356,787
Meetings and events	717,826	250,262	54,355	-	-	-	1,022,443	1,041,295
Missions	339,437	-	-	-	-	-	339,437	635,565
Marketing	89,402	47,892	35,824	-	-	-	173,118	168,887
Professional development and donor cultivation	72,972	115,727	32,853	-	-	-	221,552	165,280
Interest and bank fees	7,633	-	88,817	43,807	101,061	-	241,318	297,529
Postage	11,550	49,753	19,632	-	-	-	80,935	68,002
Office expense	14,335	32,246	7,751	-	-	-	54,332	36,861
Property expenses	-	-	-	165,633	33,972	-	199,605	403,383
Equipment repairs and maintenance	21,087	90,839	35,844	-	-	-	147,770	112,011
Information technology support	50,776	145,901	57,571	-	-	-	254,248	131,771
Telephone	12,531	44,275	17,471	-	-	-	74,277	69,318
Insurance	12,300	25,938	-	6,981	30,655	-	75,874	107,661
Other	-	-	-	76,680	19,659	-	96,339	183,196
Total Operating Expenses Before Depreciation and Bad Debt	6,484,388	6,083,396	2,635,963	1,579,305	764,579	(305,000)	17,242,631	18,365,002
Depreciation	65,993	70,536	27,833	3,821,949	188,288	-	4,174,599	3,990,509
Bad debt expense (recovery)	-	-	520,849	-	274,071	-	794,920	(80,592)
TOTAL OPERATING EXPENSES	\$ 42,045,084	\$ 6,153,932	\$ 3,184,645	\$ 59,034,905	\$ 1,226,938	\$ (20,963,927)	\$ 90,681,577	\$ 96,359,599

JEWISH FEDERATION OF METROPOLITAN DETROIT AND UNITED JEWISH FOUNDATION

COMBINED STATEMENT OF CASH FLOWS

May 31, 2019

(With Comparative Prior Year Information)

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) increase in net assets	\$ (10,341,359)	\$ 33,299,104
Adjustments to reconcile increase in net assets to net cash flows from operating activities		
Depreciation	4,174,599	3,990,509
Bad debt expense (recovery)	794,920	(80,592)
Change in value of liability for charitable trust annuities	269,574	(76,658)
Net unrealized loss (gain) on investments	16,296,968	(2,518,246)
Net realized gain on investments	(3,376,189)	(14,924,259)
Loss on disposals of donated real estate and other interests and property and equipment	249,656	2,895,791
Partnership and other investment (income) loss	(125,280)	22,076
Contributions restricted for permanent investment	(2,485,527)	(4,860,822)
Contribution of donated real estate and other interests held for investment	(1,000,000)	(2,412,498)
Increase (decrease) in assets and liabilities		
Accounts receivable	1,750,916	(4,052,441)
Pledges receivable	(1,482,920)	(137,262)
Advances and other assets	(286,442)	(301,889)
Appropriations payable, trade accounts, and other payables	(759,311)	(1,388,420)
Constituent agencies and other deposits	(2,236,776)	1,349,658
Other organizations payable	626,868	11,593
Contributions designated for future periods and charitable trust annuities payable	92,071	(60,528)
Net Cash Flows from Operating Activities	<u>2,161,768</u>	<u>10,755,116</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds from sale of donated real estate and other interests held for investment	3,492,034	3,346,168
Net uses from purchases of investments	(1,772,949)	(13,644,338)
Purchases of property and equipment	(3,216,144)	(1,987,508)
Net proceeds (payments) from collection (issuance) of notes receivable	164,518	(638,257)
Net Cash Flows used in Investing Activities	<u>(1,332,541)</u>	<u>(12,923,935)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts on contributions restricted for permanent investment	775,864	3,010,250
Payments on charitable trust annuities	(1,178,829)	(1,252,140)
Net (payments on) proceeds from issuance of bonds and notes payable	(424,370)	412,554
Net Cash Flows (used in) provided by Financing Activities	<u>(827,335)</u>	<u>2,170,664</u>
Net Increase in Cash and Cash Equivalents	1,892	1,845
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>751,039</u>	<u>749,194</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 752,931</u>	<u>\$ 751,039</u>
Supplemental cash flow disclosures		
Cash paid for interest	\$ 38,455	\$ 44,979
Cash paid for income taxes	\$ 22,440	\$ 27,074

See accompanying notes to combined financial statements.

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**JEWISH FEDERATION OF METROPOLITAN DETROIT
AND UNITED JEWISH FOUNDATION**

NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2019 and 2018

NOTE 1 – Organization

Organization

The Jewish Federation of Metropolitan Detroit (JFMD) and the United Jewish Foundation (UJF) are central organizations of the Jewish community. JFMD is the operating entity, which conducts various annual campaigns to raise funds to support local, national, and overseas agencies. UJF retains custody of property and investments held for the long-term benefit of the community. JFMD and UJF, although separate legal entities with separate governance, are referred to as the “organizations” throughout this report and are combined herein because they are under common management.

NOTE 2 – Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the organizations have been prepared on the accrual basis of accounting.

Classification of Net Assets

Net assets of the organizations are classified based on the presence or absence for donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed or the donor-imposed restriction have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the organizations.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the organizations or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

The organizations define cash and cash equivalents as highly liquid, short-term investments with a maturity date of three months or less. Cash and cash equivalents held with investment advisors are included in investments.

**JEWISH FEDERATION OF METROPOLITAN DETROIT
AND UNITED JEWISH FOUNDATION**

NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2019 and 2018

NOTE 2 – Summary of Significant Accounting Policies (continued)

Contributions

Contributions are generally reported as increases to net assets without donor restriction, unless the related assets are limited by donor-imposed restrictions. Contributions and investment income with donor-imposed restrictions are revenues reported as with donor restriction and are reclassified to net assets without donor restriction when expenses are incurred that satisfy the donor-imposed restrictions or upon expiration of donor-imposed time restrictions. Contributions are unconditional transfers of cash or other assets. Other assets include securities, land, buildings, and unconditional promises to give those items or financial support in the future. Contributions of securities and other assets are measured at their fair value at the date of receipt. Expenses are reported as decreases in net assets with donor restriction. Expirations of donor-imposed stipulations that simultaneously increase one class of net assets and decrease another are reported as reclassifications between the applicable classes of net assets.

Support Foundations and Philanthropic Funds

Net assets without donor restriction of UJF include various support foundations and philanthropic funds. Support foundations are governed by individual Boards of Directors (“the Boards”). However, the support foundations are included in the financial statements because of their shared purpose with UJF in supporting JFMD. These foundations have total assets of \$117,376,692 and \$101,414,827 as of May 31, 2019 and 2018, respectively. Philanthropic funds have total assets of \$86,362,853 and \$112,884,503 at May 31, 2019 and 2018, respectively.

Although support foundations and philanthropic funds are unrestricted, donors may suggest distributions to organizations exempt under Section 501(c)(3) of the Internal Revenue Code. Donors may also provide UJF direction as to the use of these funds, which may result in transfers of funds to net assets with donor restrictions.

Constituent Agency Deposits

Deposits from constituent agencies and other organizations are reported in the UJF portfolio at fair value on the combined statement of financial position. Changes in the fair value of these deposits are reflected as a change in the corresponding liability on the combined statement of financial position. These transactions are not included in the combined statement of activities and changes in net assets. Investment income related to these deposits totaled \$689,053 and \$3,214,984 for the years ended May 31, 2019 and 2018, respectively, and is recorded as a decrease or increase, respectively, to the related liability.

**JEWISH FEDERATION OF METROPOLITAN DETROIT
AND UNITED JEWISH FOUNDATION**

NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2019 and 2018

NOTE 2 – Summary of Significant Accounting Policies (continued)

Investments

The United Jewish Foundation manages the investment portfolio for the benefit of JFMD and UJF funds. The investment portfolio is comprised of equity securities, debt securities, hedge funds, funds of funds, and private equity investments. The Foundation records all investment in equity and debt securities with readily determinable fair values, based on published quotations at fair value in accordance with generally accepted accounting principles.

Each UJF fund carries its investment account based upon its original contribution, adjusted for subsequent receipts and disbursements and allocation of investment income. Each fund is allocated a portion of the portfolio's actual earnings, based on that fund's account balance.

JFMD and UJF invest in various investment funds (the "Funds") with investment managers who manage investment partnerships, managed accounts, commodity funds, hedge funds, and private equity funds which employ diversified styles and strategies. The goal of these investments is to generate a long-term return with less risk than the equity market. The net asset value of these investments is calculated by the investment manager based on prices and valuations supplied to it by the underlying investment or money manager, or similar financial data provider. Market values as of May 31, 2019 and 2018 are based on monthly valuations provided by the managers of the funds. Management, in coordination with the UJF investment committee and the investment consultant, obtains and considers the audited financial statements issued by nationally recognized accounting firms of such investments when evaluating the overall reasonableness of carrying value. Because of the inherent uncertainty of valuations, values may differ materially from values had a ready market existed.

The investment managers may utilize a variety of financial instruments in their trading strategies, including equity and debt securities of U.S. and foreign issuers as well as a variety of derivative instruments. Several of these financial instruments contain varying degrees of off-balance-sheet risk whereby changes in market value of the securities underlying the financial instruments may be in excess of the amounts recorded on the investments' balance sheet. However, due to the nature of JFMD and UJF's limited interest in these funds, JFMD and UJF's risk with respect to such transactions is limited to its capital balance in each fund.

Pledges Receivable

The organizations receive pledges and bequests of financial support. Support revenue is recognized when pledges representing unconditional promises to give are received. In the absence of such promises, revenue is recognized when pledges are paid. Conditional promises to give are not included as support until the conditions are met.

**JEWISH FEDERATION OF METROPOLITAN DETROIT
AND UNITED JEWISH FOUNDATION**

NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2019 and 2018

NOTE 2 – Summary of Significant Accounting Policies (continued)

Pledges Receivable (continued)

Unconditional promises to give that are expected to be collected in future years are recorded as pledges receivable in the year promised at the present value of expected future cash flows, net of an allowance for uncollectible amounts. The present value of such amounts is computed using appropriate discount rates ranging from 1.5 to 2.9 percent based on the years in which the promises are received and commensurate with the expected payment dates.

An allowance for uncollectible amounts is provided based on management's judgment. The determination includes such factors as prior collection history, type of contributions, and nature of fundraising.

Notes Receivable

Notes receivable are reported at the original issue amount plus accrued interest, less principal repaid. Interest is recognized according to terms of the specific notes. Notes and loans receivable consist primarily of amounts due to UJF from related parties (see Note 7).

The organizations consider a financing loan receivable to be impaired when, based upon current information and events, it believes it is probable that the organizations will be unable to collect all amounts due according to the contractual terms of the loan agreement. The organizations had \$341,152 and \$345,420 in loans 90 days or more past due and considered to be impaired or uncollectible as of May 31, 2019 and 2018. The full balance of these loans has been recorded as an allowance for uncollectible loans.

Donated Real Estate and Other Interests Held for Investment

Donated real estate and other interests held for investment consist of donated real estate or interests in real estate, carried at \$6,356,500 and \$9,636,500 as of May 31, 2019 and 2018, respectively, and donated interests in partnerships and trusts carried at \$465,520 and \$446,965 as of May 31, 2019 and 2018, respectively. The assets are recorded at their estimated fair values at the date of donation, as determined by independent appraisals. Subsequent to initial acquisition, donated interests in partnerships and trusts are accounted for under the cost or equity method, depending on the ownership level.

Also included in donated real estate and other interests held for investments are single premium annuity contracts related to life insurance policies on the respective donor's life, carried at \$2,663,979 as of May 31, 2019 and 2018. The organizations record these transactions in accordance with generally accepted accounting principles for deposit accounting. The organizations will ultimately receive, at a minimum, the original amount invested, plus interest, via annuity payments and death benefits. Since there is no transfer of risk associated with the life insurance policies, the related annuity and life insurance investments are accounted for as deposit transactions. Life insurance premium payments are recorded in a deposit account and are offset by the return of the principal portion of the annuity payments.

**JEWISH FEDERATION OF METROPOLITAN DETROIT
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NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2019 and 2018

NOTE 2 – Summary of Significant Accounting Policies (continued)

Advances and Other Assets

Included in advances and other assets is the cash surrender value of donated life insurance policies whereby UJF has been named as the beneficiary. The total cash surrender value of life insurance policies included in advances and other assets was \$2,557,953 and \$2,415,426 as of May 31, 2019 and 2018, respectively.

Property and Equipment

Property and equipment are recorded at cost or, if acquired by gift, at fair value as of the date of donation. Depreciation of equipment is provided using the straight-line method over estimated useful lives of 3 to 10 years. Buildings and building renovations are depreciated using the straight-line method over periods of 10 to 30 years. Upon retirement or sale, the cost of disposed assets and the related accumulated depreciation are removed from the accounts, and any resulting gains or losses are recorded as increases or decreases in the combined statement of activities and changes in net assets. Repair and maintenance costs are expensed as incurred.

Property and equipment include land, buildings, and other property used by the organizations and their constituent agencies.

Impairment of Long-Lived Assets

The organizations review long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

Appropriations Payable

Appropriations payable represent awards to constituent and other agencies as of May 31, with payments expected to be made generally throughout the next fiscal year. Also included in the UJF appropriations payable are certain multi-year awards granted by various philanthropic funds.

Charitable Trust Annuities Payable

Certain donors have established irrevocable split-interest agreements with the organizations, primarily charitable gift annuities, pooled life income funds, and irrevocable charitable remainder trusts, whereby the donated assets are invested and distributions are made to the donor and/or other beneficiaries in accordance with the agreement for a specified period of time, at which time the remaining assets and future investment return are retained by the organizations. The organizations typically serve as trustee for the split-interest agreement.

**JEWISH FEDERATION OF METROPOLITAN DETROIT
AND UNITED JEWISH FOUNDATION**

NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2019 and 2018

NOTE 2 – Summary of Significant Accounting Policies (continued)

Charitable Trust Annuities Payable (continued)

The organizations have recorded the estimated fair value of the investments associated with irrevocable split-interest agreements and an estimated liability, using various discount rates for the net present value of the future cash outflows to beneficiaries. For the years ended May 31, 2019 and 2018, the combined statement of activities and changes in net assets included changes to other operating income in the estimated liability for split-interest agreements of (\$277,725) and \$1,036,604, respectively, and investment income included in investment income of \$99,671 and \$903,900, respectively. Net assets of these trusts amounted to \$5,593,672 and \$5,671,398 at May 31, 2019 and 2018, respectively. Assets held in split-interest agreements, which are included in investments, totaled \$17,226,406 and \$18,121,316 as of May 31, 2019 and 2018, respectively.

Contributions Designated for Future Periods

Contributions designated for future periods represent the residual value of a charitable trust annuity agreement which is subject to donor control and has, therefore, been deferred pending final donor resolution of the distribution of the funds.

Fair Value of Financial Instruments

The organizations have estimated the fair value of their financial instruments using the following methods and assumptions:

The carrying amounts of cash, accounts receivable, pledges receivable, appropriations payable, and accounts payable approximate fair value due to their short-term nature, and the carrying amounts of the organizations' notes receivable and long-term debt are considered to approximate fair value because current rates approximate market rates available on instruments with similar terms and credit risk.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized in the period received. Conditional promises are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

UJF reports gifts of cash and other assets as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When donor restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statement of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as contributions without donor restrictions.

**JEWISH FEDERATION OF METROPOLITAN DETROIT
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NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2019 and 2018

NOTE 2 – Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent and building costs, postage, office and property expenses, equipment repairs and maintenance, information technology, telephone, and insurance. Rent, building costs and property expenses are allocated based on a square footage basis. Postage, office, equipment repairs and maintenance, information technology, telephone, insurance and salaries and benefits are allocated on the basis of estimates of time and effort.

Risks and Uncertainties

The organizations hold various investments in any combination of stocks, bonds, fixed-income securities, mutual funds, and other investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Given the level of risk associated with certain investment securities and the level of uncertainty related to the changes in the value of investment securities, it is at least reasonably possible that changes in values in the near term could materially affect investment balances and the amounts reported in the combined statement of financial position and the combined statement of activities and changes in net assets.

Tax-Exempt Status

The organizations are Michigan nonprofit corporations that have been granted exemption from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and have been determined to be other than private foundations. The organizations' management believes that the organizations continue to operate in a manner that preserves their tax-exempt status.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Prior Year Financial Information

The financial statements include certain prior year summarized comparative information. 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 organizations' financial statements for the year ended May 31, 2018, from which the summarized information was derived.

Subsequent Events

The organizations have evaluated subsequent events through October 11, 2019, which is the date that the combined financial statements were approved and available to be issued.

**JEWISH FEDERATION OF METROPOLITAN DETROIT
AND UNITED JEWISH FOUNDATION**

NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2019 and 2018

NOTE 2 – Summary of Significant Accounting Policies (continued)

Adoption of New Accounting Pronouncement

For the year ended May 31, 2019, the organizations adopted Accounting Standards Update No. 2016-14 – Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. This standard requires net assets to be classified in two categories, net assets without donor restrictions and net assets with donor restrictions, rather than the three previous classifications. In addition, the underwater portion of donor-restricted endowments is now reported as net assets with donor restrictions. This standard also requires changes in the way certain information is aggregated and reported by the organizations, including disclosures of quantitative and qualitative information about the liquidity and availability of resources and the presentation of expenses by both functional and natural classification. The standard also clarifies the definition of management and general expenses and prohibits certain expenses from being allocated out of management and general. As a result of the adoption of this standard, the financial information for the year ended May 31, 2018 has been restated, as follows: management and general expenses have increased \$1,502,501 and financial resource development have increase by \$244,874 from the amount previously reported, with a corresponding decrease in program expenses. Additionally, net assets of \$53,006,140 previously reported as temporarily restricted net assets and net assets of \$199,266,913 previously reported as permanently restricted net assets have been combined into net assets with donor restrictions and \$13,622,690 of underwater endowments previously included in net assets without donor restrictions have been reclassified to net assets with donor restrictions.

Upcoming Accounting Pronouncement – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made

In June 2019, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, which provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The accounting guidance will result in more governmental contracts being accounted for as contributions and may delay revenue recognition for certain grants and contributions that no longer meet the definition of unconditional. The new guidance will be effective for the organizations' year ending May 31, 2020 and will be applied on a modified prospective basis. The organizations do not expect the standard to have a significant impact on the timing of revenue recognition for government grants and contracts but have not yet determined the impact on the timing of recognition of foundation and individual grants and contributions.

**JEWISH FEDERATION OF METROPOLITAN DETROIT
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NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2019 and 2018

NOTE 3 – Fair Value Measurements

As defined in the accounting standards, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the organizations use various valuation methods including the market, income, and cost approaches. The assumptions used in the application of these valuation methods are developed from the perspective of market participants pricing the asset or liability. Inputs used in the valuation methods can be either readily observable, market corroborated, or generally unobservable inputs. Whenever possible, the organizations attempt to utilize valuation methods that maximize the use of observable inputs. Based on the observability of the inputs used in the valuation methods, the organizations are required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Assets and liabilities measured, reported, and/or disclosed at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Quoted market prices in active markets for identical assets or liabilities

Level 2 - Observable market-based inputs or unobservable inputs that are corroborated by market data

Level 3 - Unobservable inputs that are not corroborated by market data

The organizations hold as an investment various equity and fixed-income investments that are publicly traded securities. Fair values are based on quoted prices and are classified as Level 1. 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 in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals and net asset values. The organizations hold no investments that would be classified as Level 3. The organizations' policy is to recognize transfers between levels of the fair value hierarchy as of the actual date of the event of change in circumstances that caused the transfer. There were no significant transfers between levels of the fair value hierarchy during the years ended May 31, 2019 and 2018.

**JEWISH FEDERATION OF METROPOLITAN DETROIT
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NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2019 and 2018

NOTE 3 – Fair Value Measurements (continued)

The table below presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy.

	May 31, 2019			
	Total	Level 1	Level 2	Valued at NAV
Pooled Income Portfolio				
Money market	\$ 45,956,056	\$ 45,956,056	\$ -	-
Mutual Funds:				
Equity	226,472,793	202,665,991	-	23,806,802
Debt	16,322,810	16,322,810	-	-
Real Assets	40,222,336	40,222,336	-	-
Liquid Limited Partnerships'				
Equity	32,541,151	-	-	32,541,151
Alternative Investments:				
Direct hedge funds	102,958,023	-	-	102,958,023
Private equity	20,418,053	-	-	20,418,053
Total Pooled Income Portfolio	<u>484,891,222</u>	<u>305,167,193</u>	-	<u>179,724,029</u>
Other:				
Money market	6,522,738	6,522,738	-	-
Israel bonds	368,000	-	368,000	-
Certificate of deposit	254,790	254,790	-	-
Common stocks	21,830,936	21,830,936	-	-
U.S. government debt	1,248,727	1,248,727	-	-
Municipal Debt	194,189	-	194,189	-
Corporate debt	100,926	-	100,926	-
Mutual Funds:				
Equity	10,755,547	10,755,547	-	-
Debt	1,385,756	1,385,756	-	-
Pooled Investment Fund	2,375,096	-	-	2,375,096
Private Equity	11,033,421	-	-	11,033,421
Total Other Investments	<u>56,070,126</u>	<u>41,998,494</u>	<u>663,115</u>	<u>13,408,517</u>
Total Investments	<u>\$ 540,961,348</u>	<u>\$ 347,165,687</u>	<u>\$ 663,115</u>	<u>\$ 193,132,546</u>

**JEWISH FEDERATION OF METROPOLITAN DETROIT
AND UNITED JEWISH FOUNDATION**

NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2019 and 2018

NOTE 3 – Fair Value Measurements (continued)

The table below presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy.

	May 31, 2018			
	Total	Level 1	Level 2	Valued at NAV
Pooled Income Portfolio				
Money market	\$ 39,001,074	\$ 39,001,074	\$ -	-
Mutual Funds:				
Equity	232,219,815	206,392,077	-	25,827,738
Debt	17,517,760	17,517,760	-	-
Multi Strategy	-	-	-	-
Real Assets	40,731,605	40,731,605	-	-
 Liquid Limited Partnerships				
Equity	41,965,281	-	-	41,965,281
 Alternative Investments:				
Direct hedge funds	101,767,617	-	-	101,767,617
Private equity	21,468,629	-	-	21,468,629
Total Pooled Income Portfolio	<u>494,671,781</u>	<u>303,642,516</u>	<u>-</u>	<u>191,029,265</u>
 Other:				
Money market	7,121,220	7,121,220	-	-
Israel bonds	469,500	-	469,500	-
Certificate of deposit	1,642,503	1,642,503	-	-
Common stocks	28,132,309	28,132,309	-	-
U.S. Government Debt	13,704	13,704	-	-
Municipal Debt	197,650	-	197,650	-
Corporate Debt	658,750	-	658,750	-
Mutual funds:				
Equity	11,632,760	11,632,760	-	-
Debt	1,507,049	1,507,049	-	-
Multi-strategy	-	-	-	-
Pooled Investment Fund	2,456,077	-	-	2,456,077
Direct Hedge Fund	-	-	-	-
Private Equity	548,343	-	-	548,343
Total Other Investments	<u>54,379,865</u>	<u>50,049,545</u>	<u>1,325,900</u>	<u>3,004,420</u>
 Total Investments	<u>\$ 549,051,646</u>	<u>\$ 353,692,061</u>	<u>\$ 1,325,900</u>	<u>\$ 194,033,685</u>

**JEWISH FEDERATION OF METROPOLITAN DETROIT
AND UNITED JEWISH FOUNDATION**

NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2019 and 2018

NOTE 3 – Fair Value Measurements (continued)

Investment Type	Investment Objective	Percentage	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity Mutual Funds	Equity mutual funds valued at NAV include investments in closed funds which can be redeemed daily based on net asset values (NAV) provided by the fund managers. The organizations have no unfunded commitments for these funds as of May 31, 2019 and 2018, and there are no liquidity restrictions placed on these funds.	100%	None	N/A	N/A
Debt Mutual Funds	Debt mutual funds valued at NAV include investments in closed funds which can be redeemed daily based on net asset values (NAV) provided by the fund managers. The organizations have no unfunded commitments for these funds as of May 31, 2019 and 2018, and there are no liquidity restrictions placed on these funds.	100%	None	N/A	N/A
Direct Hedge Funds	Invest directly in debt, equity and derivative securities to produce equity-like returns, but with reduced volatility. Strategies employed include long/short equity, multi-strategy, arbitrage, relative value and event driven. Beta exposure to markets will vary based on the degree of hedging utilized by the managers. Approximately 58 percent of the funds within this category are subject to an investor gate which allows for only 25 percent redemption during any three-month period.	100%	None	Monthly - Biennially	30-120 days
Private Equity	Invests directly in securities of companies that are generally not actively traded at the time of investment, securities that are perceived to be trading at distressed levels (many of which are illiquid), or a basket of private equity funds that invest in said securities. Additionally, makes acquisitions of private equity limited partnership interests and direct investment portfolios with a focus of acquiring these interests at a significant discount. Investments may be in U.S. or foreign markets, and returns are expected to be higher than those that can be achieved in equity markets, albeit with higher expected volatility. Funds within this category are not redeemable. Certain funds within this category will be redeemable quarterly upon 60 days' notice following the expiration of an initial 12-month lock-up period.	49%	\$ 16,465,452	N/A	N/A
		51%	None	Quarterly	60 days
Liquid Limited Partnerships	Invest directly in publicly traded equity securities, fixed-income securities or futures through a commingled vehicle. Though the underlying securities have daily liquidity, funds within this category may offer liquidity ranging from daily to monthly.	100%	None	Monthly	None to 30 days

**JEWISH FEDERATION OF METROPOLITAN DETROIT
AND UNITED JEWISH FOUNDATION**

NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2019 and 2018

NOTE 4 – Investments

Investment income includes realized gains of \$3,376,189 and \$14,924,259, unrealized (losses)/gains of (\$16,296,968) and \$2,518,246, and interest and dividends of \$15,899,453 and \$11,749,683 (net of \$1,002,777 and \$913,756 in fees), in each case for the years ended May 31, 2019 and 2018, respectively. Investment income in the organizations' combined statement of activities and changes in net assets is presented net of investment income earned on amounts held for constituent agencies and other deposits, charitable trust annuities payable, and other organizations payable.

NOTE 5 – Accounts Receivable

Accounts receivable consists of the following as of May 31:

	2019			2018
	JFMD	UJF	Combined	
Advances to constituent agencies	\$ -	\$ 10,359,820	\$ 10,359,820	\$ 11,659,220
Other receivables	225,194	1,580	226,774	442,042
Total gross accounts receivable	225,194	10,361,400	10,586,594	12,101,262
Allowance for uncollectible amounts	-	(530,018)	(530,018)	(227,254)
Net accounts receivable	<u>\$ 225,194</u>	<u>\$ 9,831,382</u>	<u>\$ 10,056,576</u>	<u>\$ 11,874,008</u>

NOTE 6 – Pledges Receivable

	2019			2018
	JFMD	UJF	Combined	
Gross pledges receivable	\$ 26,845,819	\$ 15,130,091	\$ 41,975,910	\$ 39,115,180
Allowance for uncollectible amounts	(4,637,006)	(909,041)	(5,546,047)	(5,238,452)
Unamortized discount	-	(2,762,573)	(2,762,573)	(2,672,850)
Net pledges receivable	<u>\$ 22,208,813</u>	<u>\$ 11,458,477</u>	<u>\$ 33,667,290</u>	<u>\$ 31,203,878</u>

Payments on pledges receivable at May 31, 2019 are expected to be received as follows:

	JFMD	UJF	Combined
Within one year	\$ 26,845,819	\$ 2,674,526	\$ 29,520,345
Between one and five years	-	4,445,700	4,445,700
More than five years	-	8,009,865	8,009,865
Total	<u>\$ 26,845,819</u>	<u>\$ 15,130,091</u>	<u>\$ 41,975,910</u>

**JEWISH FEDERATION OF METROPOLITAN DETROIT
AND UNITED JEWISH FOUNDATION**

NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2019 and 2018

NOTE 6 – Pledges Receivable (continued)

UJF's pledges outstanding represent pledges in connection with the Centennial Campaign and various communal capital and endowment campaigns, and consist of the following at May 31:

	2019	2018
Centennial Campaign	\$ 13,265,250	\$ 10,216,514
Akiva Hebrew Day School	622,582	1,042,235
Jewish Women's Foundation	432,344	473,698
Jewish Hospice and Chaplance Network	400,000	-
Legacy Fund	119,265	125,200
BBYO Student Conference Center	100,150	127,650
JVS	100,000	100,000
Jean and Samuel Frankel Jewish Academy of Metropolitan Detroit	60,000	110,000
Robinson Pioneer Village - Fresh Air Society	20,000	23,000
Jewish Community Center	10,000	10,000
Berman Center for the Performing Arts	500	1,500
Max M. Fisher Federation Building	-	50,000
University of Michigan Hillel	-	600
Total Pledges Receivable	\$ 15,130,091	\$ 12,280,397

NOTE 7 – Notes Receivable

Notes receivable consist of the following at May 31:

	2019	2018
UJF:		
Gifted promissory note in the form of a mortgage receivable. The receivable is held in a Restricted Fund, and bears interest at 7.10%, with interest payments of \$47,333 due monthly. The principal is due the earlier of September 2033 or six months following the death of the donor. (The Restricted Fund holds an offsetting payable in the same amount, payable to an unaffiliated Jewish organization.)	\$ 8,000,000	\$ 8,000,000
Land contract receivable bearing interest at 7.00% annually, payable semi-annually with interest only payments. The entire unpaid principal is due on October 1, 2022.	821,886	821,886
Land contract receivable bearing interest at 7.00% annually, due in monthly principal and interest installments of \$10,000 through November 2019	58,035	169,694
Other notes receivable	382,576	438,936
Gross notes receivable	9,262,497	9,430,516
Allowance for uncollectible amounts	(341,152)	(345,420)
Notes receivable, net - UJF	\$ 8,921,345	\$ 9,085,096

**JEWISH FEDERATION OF METROPOLITAN DETROIT
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NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2019 and 2018

NOTE 8 – Property and Equipment – JFMD and UJF

Property and equipment consist of the following at May 31:

	2019	2018
Land	\$ 6,994,234	\$ 6,994,234
Buildings	122,784,545	119,525,734
Furniture and equipment	4,764,784	4,693,427
Construction in progress	57,662	243,168
Total	<u>134,601,225</u>	<u>131,456,563</u>
Accumulated depreciation	<u>(75,062,300)</u>	<u>(70,959,184)</u>
Property and Equipment, net	<u>\$ 59,538,925</u>	<u>\$ 60,497,379</u>

The majority of land and buildings represent communal properties and consist of the following at May 31, 2019:

	Land	Buildings	Total
United Jewish Foundation			
Max M. Fisher Federation Building	\$ 900,000	\$ 7,761,904	\$ 8,661,904
Fresh Air Society – Camp Tamarack			
Ortonville	381,073	15,565,073	15,946,146
Grange Hall Road	247,207	-	247,207
Kennedy	129,782	49,868	179,650
Wawa	6,750	11,942	18,692
Jewish Community Center			
Applebaum Campus site	2,412,155	53,089,978	55,502,133
Taubman Campus site	46,378	38,333	84,711
Jewish Family Service	1,537,176	7,044,130	8,581,306
Jean and Samuel Frankel Jewish Academy of Metropolitan Detroit	-	7,805,628	7,805,628
Farber Hebrew Day School - Yeshivat Akiva	291,482	12,742,539	13,034,021
B'nai B'rith Youth Organization	-	1,120,071	1,120,071
Jewish Senior Life			
Fleischman Residence	-	6,561,524	6,561,524
Epicenter	-	1,298,200	1,298,200
Brown Adult Day Care Center	-	1,476,812	1,476,812
Brown Memory Care Pavilion	-	1,298,297	1,298,297
JVS - Workshop – Woodward and Canfield	245,916	1,392,106	1,638,022
University of Michigan Hillel	-	3,311,702	3,311,702
Michigan State University Hillel	65,555	2,216,438	2,281,993
6866 W. Maple, West Bloomfield	175,760	-	175,760
14450 Ten Mile Road, Oak Park	555,000	-	555,000
	<u>6,994,234</u>	<u>122,784,545</u>	<u>129,778,779</u>
Accumulated depreciation	<u>-</u>	<u>(70,985,359)</u>	<u>(70,985,359)</u>
Total Land and Buildings	<u>\$ 6,994,234</u>	<u>\$ 51,799,186</u>	<u>\$ 58,793,420</u>

**JEWISH FEDERATION OF METROPOLITAN DETROIT
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NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2019 and 2018

NOTE 9 – Financing Arrangements

At May 31, 2019 and 2018, UJF has an unsecured note payable outstanding of \$100,000 and \$125,000, respectively, related to the purchase of land at 14450 Ten Mile Road, Oak Park. The note is noninterest-bearing with annual payments of \$25,000. The loan matures in February 2023.

At May 31, 2019 and 2018, UJF also has bonds payable outstanding of \$745,783 and \$905,153, respectively, which consist of Bank of America Public Capital Corp. limited obligation revenue notes, bearing interest at a fixed rate of 4.45% per annum. The bonds are callable at any time and mature July 1, 2023. The proceeds from the bond issuance were used to finance an HVAC system at the Jewish Community Center.

At May 31, 2019 and 2018, there is an unsecured line of credit, related to the construction of the Farber Hebrew Day School - Yeshivat Akiva. At May 31, 2019 and 2018, the balance on the line of credit is \$350,000 and \$590,000. The note bears a floating interest rate of LIBOR plus 1.38% with an effective interest rate of 3.82% as of May 31, 2019. The loan matures in February 2023.

Anticipated five-year maturities of bonds and notes payable are as follows:

May 31, 2020	\$	540,423
May 31, 2021		198,532
May 31, 2022		206,414
May 31, 2023		214,654
May 31, 2024		35,760
Thereafter		
Total Bonds and Notes Payable	\$	<u>1,195,783</u>

NOTE 10 – Transactions with Affiliates

The Federation and The Jewish Fund have entered into a management agreement whereby the Federation provides administrative support to the Fund for an agreed-upon fee. Such fees were \$330,000 and \$300,000 for the years ended May 31, 2019 and 2018.

Grants received from The Jewish Fund by the Federation were \$328,531 and \$441,574 and indirect grant expenses paid to other affiliated entities were \$34,004,851 and \$36,508,397 for the years ended May 31, 2019 and 2018, respectively.

Amounts owed to affiliated agencies at May 31 are summarized below:

	<u>2019</u>	<u>2018</u>
Appropriations payable	\$ 19,657,741	\$ 19,770,487
Constituent agency deposits	21,928,161	23,079,840
Total	<u>\$ 41,585,902</u>	<u>\$ 42,850,327</u>

**JEWISH FEDERATION OF METROPOLITAN DETROIT
AND UNITED JEWISH FOUNDATION**

NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2019 and 2018

NOTE 11 – Retirement Plans

The JFMD maintains the Jewish Federation of Metropolitan Detroit Pension Plan (the "Plan") which covers substantially all of the employees of the organization and certain constituent agencies. As of December 31, 2014, the JFMD Pension Plan was frozen. The Plan is not required to file Form 5500 and does not have a separate Employer Identification Number.

Contributions to the Plan were \$125,400 and \$133,800 for the years ended May 31, 2019 and 2018, respectively. Based on information as of December 31, 2018, the year end of the Plan, the organization's contributions to the Plan represent more than 5 percent of total contributions received by the Plan. The amount of the organization's contributions to the Plan decreased by approximately 7 percent from 2018 to 2019, primarily as a result of reduced window costs.

In addition, to the extent that the Plan is underfunded, and in the event that other organizations participating in the Plan have no assets available to pay their contributions, then the organization's future contributions to the Plan may increase to cover retirement benefits of employees of other organizations participating in the Plan. The following information is based on the financial statements of the Plan as of December 31, 2018.

Total plan assets	\$ 18,666,727
Actuarial present value of accumulated plan benefits	23,141,406
Total contributions received by the Plan	461,631
Indicated level of funding	At least 80%

The organization previously participated in a separate pension plan for union employees. Effective January 1, 2011, the union plan was merged into the plan described above.

Effective January 1, 2015, JFMD restated its 403(b) retirement plan to replace the Pension Plan. The Federation elected, for calendar year 2018, to offer a matching safe harbor contribution equal to 100% of the employee's 403(b) plan contributions up to 3% of pay and 50% of the employee's contributions above 3% up to 5% of pay.

**JEWISH FEDERATION OF METROPOLITAN DETROIT
AND UNITED JEWISH FOUNDATION**

NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2019 and 2018

NOTE 12 – Endowment Funds

UJF's endowments includes both donor restricted endowment funds and funds designated by the board of trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

Interpretation of Relevant Law - The organization is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of trustees appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of trustees of the organization had interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor restricted endowment funds, the organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The organization has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organizations and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organizations
7. The investment policies of the organizations

**JEWISH FEDERATION OF METROPOLITAN DETROIT
AND UNITED JEWISH FOUNDATION**

NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2019 and 2018

NOTE 12 – Endowment Funds (continued)

Endowment net asset composition as of May 31, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Board designated	\$ 13,057,153	\$ -	\$ 13,057,153
Donor restricted			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	199,748,415	199,748,415
Accumulated investment gains (losses)	-	9,162,357	9,162,357
Split-interest agreements	258,813	-	258,813
	<u>\$ 13,315,966</u>	<u>\$ 208,910,772</u>	<u>\$ 222,226,738</u>

Endowment net asset composition as of May 31, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Board designated	\$ 13,037,077	\$ -	\$ 13,037,077
Donor restricted			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	199,266,913	199,266,913
Accumulated investment gains (losses)	-	15,611,785	15,611,785
Split-interest agreements	233,829	-	233,829
	<u>\$ 13,270,906</u>	<u>\$ 214,878,698</u>	<u>\$ 228,149,604</u>

Changes in endowment net assets for the year ended May 31, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 13,270,906	\$ 214,878,698	\$ 228,149,604
Income from investments	565,092	1,884,107	2,449,199
Contributions	100,000	2,356,399	2,456,399
Appropriations of endowment assets for expenditures	(541,450)	(9,907,481)	(10,448,931)
Other income (loss)	(75,016)	40,894	(34,122)
Transfers of net assets	(3,566)	(341,845)	(345,411)
Endowment net assets, end of year	<u>\$ 13,315,966</u>	<u>\$ 208,910,772</u>	<u>\$ 222,226,738</u>

**JEWISH FEDERATION OF METROPOLITAN DETROIT
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NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2019 and 2018

NOTE 12 – Endowment Funds (continued)

Changes in endowment net assets for the year ended May 31, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 13,335,828	\$ 204,526,250	\$ 217,862,078
Income from investments	261,022	10,828,228	11,089,250
Contributions	-	4,892,747	4,892,747
Appropriations of endowment assets for expenditures	(595,252)	(9,139,421)	(9,734,673)
Other income (loss)	181,289	145,818	327,107
Transfers of net assets	88,019	3,625,076	3,713,095
Endowment net assets, end of year	\$ 13,270,906	\$ 214,878,698	\$ 228,149,604

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the organizations to retain as a fund of perpetual duration. Deficiencies of this nature exist in 506 and 451 donor restricted endowment funds, which together have an original gift value of \$100,785,829 and \$88,304,290, a current fair value of \$83,750,612 and \$74,681,600, and a deficiency of \$17,035,217 and \$13,622,690 as of May 31, 2019 and 2018, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor restricted endowment funds and continued appropriation for certain programs that was deemed prudent by the board of trustees.

Return Objectives and Risk Parameters - The organizations have adopted investment and pending policies for endowment assets that attempt to provide a predictable stream of funding to the organizations' programs and are supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organizations must hold in perpetuity or for a donor-specified period(s), as well as board-designated funds. Under this policy, as approved by the governing board, the endowment assets are invested in a manner that is intended to produce results that exceed 5% annually while assuming a moderate level of investment risk.

**JEWISH FEDERATION OF METROPOLITAN DETROIT
AND UNITED JEWISH FOUNDATION**

NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2019 and 2018

NOTE 12 – Endowment Funds (continued)

Strategies Employed for Achieving Objectives - To satisfy their long-term rate-of-return objectives, the organizations rely on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividend). The organizations target a diversified asset allocation that places a great emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy - The organizations have a policy of generally appropriating for distribution each year 5% of the endowment base. The endowment base is defined as the three-year moving average of the market value of the total endowment portfolio (calculated as of the last day of each of the previous 12 quarters). In establishing this policy, the organizations considered the long-term expected return on their endowment. Accordingly, over the long term, the organizations expect the current spending policy to allow their endowment to grow at an average of approximately 2% annually. This is consistent with the organizations' objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE 13 – Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of May 31:

	2019	2018
Subject to expenditures for specified purposes:		
Special-purpose funds	\$ 10,084,637	\$ 8,115,525
Constituent Agency Funds	19,054,381	15,656,140
Total Net Assets Subject to Expenditures for Specified Purposes:	29,139,018	23,771,665
Endowments:		
Perpetual in nature, earnings from which are subject to endowment spending policy and appropriations:		
Perpetual Annual Campaign Endowment (PACE) funds	65,635,948	68,633,469
Special-purpose funds	17,954,068	18,449,940
Constituent agency funds	125,320,756	127,795,289
Total endowments	208,910,772	214,878,698
Net assets with donor restrictions	\$ 238,049,790	\$ 238,650,363

**JEWISH FEDERATION OF METROPOLITAN DETROIT
AND UNITED JEWISH FOUNDATION**

NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2019 and 2018

NOTE 14 – Contingencies

During 2001, Jewish Senior Life (JSL) (formerly Jewish Apartments and Services), a constituent agency supported by the organizations, issued \$18,000,000 in variable rate demand limited obligation revenue bonds. A local lender issued a letter of credit guaranteeing payment of the bonds and related interest, which are being repaid over a 25-year period. Should JSL not meet its obligation to make required principal and interest payments, the bond trustee may draw on the letter of credit. In that event, UJF had guaranteed to reimburse the lender. On July 10, 2013, UJF was granted a second priority mortgage interest in the underlying property, the Meer Jewish Apartments, to provide collateral support for its guarantee obligation. On September 4, 2018, Jewish Senior Life refinanced the bonds, and UJF is no longer a guarantor on the note.

Jewish Community Center (JCC), a constituent agency supported by the organization, has a bank line of credit for \$500,000. The outstanding balance was \$0 and \$0 as of May 31, 2019 and 2018, respectively, and bears interest at LIBOR plus 1.35 percent. The bank line of credit is guaranteed by UJF and the line of credit expires on December 30, 2020.

NOTE 15 – Concentrations

The organizations maintain their cash in bank deposit accounts which, at times, may exceed federally insured limits. The organizations have not experienced losses in such accounts.

NOTE 16 – Self-Insurance

The organizations became self-insured for medical coverage effective December 1, 2014. The claims are administered by a third-party administrator. Initial losses of up to \$140,000 per person are the responsibility of the organizations, with an aggregate annual maximum of approximately \$1,200,000. Total claims expense for the years ended May 31, 2019 and 2018 were approximately \$879,000 and \$834,000, respectively. Liabilities for estimated claims incurred but not reported totaling approximately \$205,000 and \$157,000 as of May 31, 2019 and 2018, respectively have been recorded.

NOTE 17 – Liquidity and Availability of Resources

The organizations' financial assets and resources available to meet cash needs for general expenditures, that is, without

	2019	2018
Financial assets:		
Cash and cash equivalents	\$ 752,931	\$ 751,039
Short-term investments	35,454,515	35,002,625
Accounts receivable	1,845,256	1,418,583
Pledges receivable	22,208,813	22,606,202
Notes receivable	6,000	6,000
Total financial assets available within one year	\$ 60,267,515	\$ 59,784,449

As part of the organizations' liquidity management strategy, the organizations structure their financial assets to be available as their general expenditures, liabilities and other obligations come due. In addition, the organizations invest cash in excess of daily requirements in short-term working capital investments. Cash withdrawals from the managed investment pool normally coincide with the endowment spending distributions, but may be adjusted higher or lower based on the timing of gift receipts, capital calls, income and capital distributions, operating expenses and other factors affecting available cash.

Additionally, the organizations have board-designated endowment funds of approximately \$13,000,000 as of May 31, 2019 and 2018. Although the organizations do not intend to spend from their board-designated endowment funds other than amounts appropriated for expenditures as part of its annual budget approval process, amounts from their board designated endowments could be made available if necessary. However, both board-designated and donor-restricted endowments contain investments with lock-up provisions that reduce the total investments that could be made available (see Note 3 for disclosures about investments).

SUPPLEMENTAL INFORMATION

Independent Auditor's Report on Supplemental Information

To the Board of Governors
Jewish Federation of Metropolitan Detroit and the
Board of Directors of the United Jewish Foundation

We have audited the combined financial statements of the Jewish Federation of Metropolitan Detroit and the United Jewish Foundation as of and for the year ended May 31, 2019 and have issued our report thereon dated October 11, 2019, which contained an unmodified opinion on those combined financial statements. Our audit was performed for the purpose of forming an opinion on the 2019 combined financial statements as a whole. The accompanying combining statements of financial position and combining statements of activities and changes in net assets are presented for the purpose of additional analysis and are not a required part of the combined 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 2019 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2019 combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 2019 combined financial statements as a whole.

Plante & Moran, PLLC

October 11, 2019

JEWISH FEDERATION OF METROPOLITAN DETROIT

COMBINING STATEMENT OF FINANCIAL POSITION
May 31, 2019

ASSETS							
	Operating Fund	Federation Annual Campaign	JFMD Programming	Oversees Programming	Missions Fund	Jewish Life Fund	Total
ASSETS							
Cash and cash equivalents	\$ 600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600
Investments	1,296,552	14,556,555	2,263,983	749,583	192,745	13,005	19,072,423
Accounts receivable, net	224,980	-	-	214	-	-	225,194
Pledges receivable, net	-	21,998,975	206,038	3,800	-	-	22,208,813
Notes receivable, net	-	-	-	-	-	-	-
Interfund receivables (payables)	4,242,540	(8,716,587)	777,468	215,600	321,790	1,350,000	(1,809,189)
Advances and other assets	528,307	-	-	5,100	7,400	-	540,807
Property and equipment, net	278,791	-	57,662	-	-	-	336,453
TOTAL ASSETS	\$ 6,571,770	\$ 27,838,943	\$ 3,305,151	\$ 974,297	\$ 521,935	\$ 1,363,005	\$ 40,575,101
LIABILITIES AND NET ASSETS							
LIABILITIES							
Appropriations payable							
General	\$ 450	\$ 18,236,151	\$ 226,474	\$ 85,820	\$ -	\$ -	\$ 18,548,895
Jewish Federations of North America and overseas	-	8,059,530	-	-	-	-	8,059,530
Trade accounts and other payables	3,142,002	-	57	200,201	44,750	8,523	3,395,533
Total Liabilities	3,142,452	26,295,681	226,531	286,021	44,750	8,523	30,003,958
NET ASSETS							
Without Donor Restrictions	3,429,318	1,543,262	3,078,620	688,276	477,185	1,354,482	10,571,143
TOTAL LIABILITIES AND NET ASSETS	\$ 6,571,770	\$ 27,838,943	\$ 3,305,151	\$ 974,297	\$ 521,935	\$ 1,363,005	\$ 40,575,101

JEWISH FEDERATION OF METROPOLITAN DETROIT

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended May 31, 2019

	Operating Fund	Federation Annual Campaign	JFMD Programming	Overseas Programming	Missions Fund	Jewish Life Fund	Total
OPERATING REVENUE AND SUPPORT							
Public support from contributions	\$ 968	\$ 35,257,657	\$ 2,075,057	\$ 303,329	\$ 15,000	\$ -	\$ 37,652,011
Revenue							
Investment income (including unrealized gains)	-	9,286	-	-	-	-	9,286
Interorganization appropriations	4,346,619	105,000	3,479,661	11,099	25,000	1,080,905	9,048,284
Miscellaneous fees and other	3,819,434	38,781	344,815	5,549	178,276	-	4,386,855
Total Revenue	<u>8,166,053</u>	<u>153,067</u>	<u>3,824,476</u>	<u>16,648</u>	<u>203,276</u>	<u>1,080,905</u>	<u>13,444,425</u>
Total Operating Revenue and Support	<u>8,167,021</u>	<u>35,410,724</u>	<u>5,899,533</u>	<u>319,977</u>	<u>218,276</u>	<u>1,080,905</u>	<u>51,096,436</u>
OPERATING EXPENSES							
Program Services							
Distributions							
Jewish Federations of North America and overseas	-	9,366,880	34,209	-	-	-	9,401,089
Local agencies	311,182	18,758,071	3,496,582	38,198	100,000	2,106,564	24,810,597
Other charitable organizations	-	728,070	69,500	-	220,270	265,177	1,283,017
Other	4,927,461	-	780,207	503,277	339,436	-	6,550,381
Total Program Services	<u>5,238,643</u>	<u>28,853,021</u>	<u>4,380,498</u>	<u>541,475</u>	<u>659,706</u>	<u>2,371,741</u>	<u>42,045,084</u>
Support Services							
Administrative	6,083,396	-	-	-	-	-	6,083,396
Financial resource development	2,547,145	88,818	-	-	-	-	2,635,963
Bad debt expense	-	520,849	-	-	-	-	520,849
Other	98,369	-	-	-	-	-	98,369
Total Support Services	<u>8,728,910</u>	<u>609,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,338,577</u>
Total Operating Expenses	<u>13,967,553</u>	<u>29,462,688</u>	<u>4,380,498</u>	<u>541,475</u>	<u>659,706</u>	<u>2,371,741</u>	<u>51,383,661</u>
(Decrease) Increase in Net Assets from Operations	(5,800,532)	5,948,036	1,519,035	(221,498)	(441,430)	(1,290,836)	(287,225)
Transfer of funds	<u>5,650,834</u>	<u>(7,986,905)</u>	<u>245,584</u>	<u>227,289</u>	<u>572,362</u>	<u>1,290,836</u>	<u>-</u>
(DECREASE) INCREASE IN NET ASSETS	(149,698)	(2,038,869)	1,764,619	5,791	130,932	-	(287,225)
NET ASSETS - Beginning of Year	<u>3,579,016</u>	<u>3,582,131</u>	<u>1,314,001</u>	<u>682,485</u>	<u>346,253</u>	<u>1,354,482</u>	<u>10,858,368</u>
NET ASSETS - END OF YEAR	<u>\$ 3,429,318</u>	<u>\$ 1,543,262</u>	<u>\$ 3,078,620</u>	<u>\$ 688,276</u>	<u>\$ 477,185</u>	<u>\$ 1,354,482</u>	<u>\$ 10,571,143</u>

See independent auditors' report on supplemental information.

UNITED JEWISH FOUNDATION

COMBINING STATEMENT OF FINANCIAL POSITION
May 31, 2019

ASSETS							
	General Fund	Philanthropic Funds	Support Foundations	Land, Building and Equipment	Other Unrestricted Funds	Restricted Funds	Total
ASSETS							
Cash and cash equivalents	\$ 752,331	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 752,331
Investments	13,067,335	85,116,946	117,190,360	(48,635)	72,420,940	234,141,979	521,888,925
Accounts receivable, net	25,021	-	-	1,580	1,632,767	8,172,014	9,831,382
Pledges receivable, net	-	-	-	-	119,265	11,339,212	11,458,477
Notes receivable, net	28,500	12,924	-	-	58,035	8,821,886	8,921,345
Interfund receivables (payables)	-	(710,000)	(7,399,690)	-	1,729,987	8,188,892	1,809,189
Donated real estate and other interests held for investment	-	1,942,983	7,586,022	-	-	-	9,529,005
Advances and other assets	276,451	-	-	15,951	455,452	2,557,953	3,305,807
Property and equipment, net	-	-	-	59,202,472	-	-	59,202,472
TOTAL ASSETS	<u>\$ 14,149,638</u>	<u>\$ 86,362,853</u>	<u>\$ 117,376,692</u>	<u>\$ 59,171,368</u>	<u>\$ 76,416,446</u>	<u>\$ 273,221,936</u>	<u>\$ 626,698,933</u>
LIABILITIES AND NET ASSETS							
LIABILITIES							
Appropriations payable	\$ -	\$ 1,936,299	\$ 946,950	\$ -	\$ 1,927,225	\$ 126,250	\$ 4,936,724
Trade accounts and other payables	21,410	-	-	90,437	1,185,166	-	1,297,013
Constituent agencies and other deposits	-	-	-	-	66,381,494	-	66,381,494
Bonds, notes and other payables	-	-	-	845,783	-	350,000	1,195,783
Charitable trust annuities payable	-	-	-	-	-	8,435,299	8,435,299
Other organizations payable	-	-	-	-	-	13,886,336	13,886,336
Contributions designated for future periods	-	-	-	-	-	3,197,435	3,197,435
Total Liabilities	<u>21,410</u>	<u>1,936,299</u>	<u>946,950</u>	<u>936,220</u>	<u>69,493,885</u>	<u>25,995,320</u>	<u>99,330,084</u>
NET ASSETS							
Without Donor Restrictions	14,128,228	84,426,554	112,290,602	58,235,148	6,922,561	13,315,966	289,319,059
With Donor Restrictions	-	-	4,139,140	-	-	233,910,650	238,049,790
Total Net Assets	<u>14,128,228</u>	<u>84,426,554</u>	<u>116,429,742</u>	<u>58,235,148</u>	<u>6,922,561</u>	<u>247,226,616</u>	<u>527,368,849</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 14,149,638</u>	<u>\$ 86,362,853</u>	<u>\$ 117,376,692</u>	<u>\$ 59,171,368</u>	<u>\$ 76,416,446</u>	<u>\$ 273,221,936</u>	<u>\$ 626,698,933</u>

UNITED JEWISH FOUNDATION

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended May 31, 2019

	General Fund	Philanthropic Funds	Support Foundations	Land, Building and Equipment	Other Unrestricted Funds	Restricted Funds	Total
OPERATING REVENUE AND SUPPORT							
Public support from contributions	\$ 25,000	\$ 12,941,977	\$ 17,751,745	\$ 1,693,922	\$ 1,249,301	\$ 9,192,977	\$ 42,854,922
Revenue							
Investment income (including unrealized gains)	(61,827)	(2,929,961)	167,246	-	40,177	2,354,512	(429,853)
Loss on disposition of assets	-	-	-	-	-	-	-
Interorganization appropriations	286,315	20,000	-	20,852	1,680,000	647,554	2,654,721
Miscellaneous fees and other	4,180,995	363	-	626,874	637,168	(317,481)	5,127,919
Total Revenue	4,405,483	(2,909,598)	167,246	647,726	2,357,345	2,684,585	7,352,787
Total Operating Revenue and Support	4,430,483	10,032,379	17,918,991	2,341,648	3,606,646	11,877,562	50,207,709
OPERATING EXPENSES							
Program Services							
Distributions							
Federation's annual campaign	-	3,691,944	747,102	-	-	4,516,876	8,955,922
Jewish Federations of North America and overseas	-	-	51,000	-	-	-	51,000
Local agencies	4,305,000	2,639,339	4,125,357	-	1,202,594	8,624,969	20,897,259
Other charitable organizations	-	17,712,806	5,311,809	-	-	704,855	23,729,470
Other	241,292	-	246,015	4,134,982	672,363	106,602	5,401,254
Total Program Services	4,546,292	24,044,089	10,481,283	4,134,982	1,874,957	13,953,302	59,034,905
Support Services							
Administrative	247,473	60,494	102,560	352,868	-	1,184	764,579
Bad debt expense (recovery)	2	-	(767)	-	-	274,836	274,071
Other	-	-	-	188,288	-	-	188,288
Total Support Services	247,475	60,494	101,793	541,156	-	276,020	1,226,938
Total Operating Expenses	4,793,767	24,104,583	10,583,076	4,676,138	1,874,957	14,229,322	60,261,843
(Decrease) Increase in Net Assets from Operations	(363,284)	(14,072,204)	7,335,915	(2,334,490)	1,731,689	(2,351,760)	(10,054,134)
Transfer of funds	(66,066)	(10,888,193)	9,126,500	1,791,906	(1,848,558)	1,884,411	-
(DECREASE) INCREASE IN NET ASSETS	(429,350)	(24,960,397)	16,462,415	(542,584)	(116,869)	(467,349)	(10,054,134)
NET ASSETS - Beginning of Year	14,557,578	109,386,951	99,967,327	58,777,732	7,039,430	247,693,965	537,422,983
NET ASSETS - END OF YEAR	\$ 14,128,228	\$ 84,426,554	\$ 116,429,742	\$ 58,235,148	\$ 6,922,561	\$ 247,226,616	\$ 527,368,849

Inter-Tribal Council of Michigan, Inc.

BASIC FINANCIAL STATEMENTS

September 30, 2018

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MICHIGAN & WISCONSIN**

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Inter-Tribal Council of Michigan, Inc.
2956 Ashmun Street
Sault Ste. Marie, Michigan 49783

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, of the Inter-Tribal Council of Michigan, Inc., (a Michigan non-profit corporation), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Inter-Tribal Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these 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 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 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 financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Inter-Tribal Council of Michigan, Inc., as of September 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 10 and pages 34 through 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Inter-Tribal Council of Michigan, Inc.'s basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Board of Directors
Inter-Tribal Council of Michigan, Inc.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2019 on our consideration of the Inter-Tribal Council of Michigan, Inc.'s 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 the Inter-Tribal Council of Michigan, Inc.'s 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 the Inter-Tribal Council of Michigan, Inc.'s internal control over financial reporting and compliance.



Anderson, Tackman & Company, PLC
Certified Public Accountants
Kincheloe, Michigan

February 8, 2019

Management's Discussion and Analysis

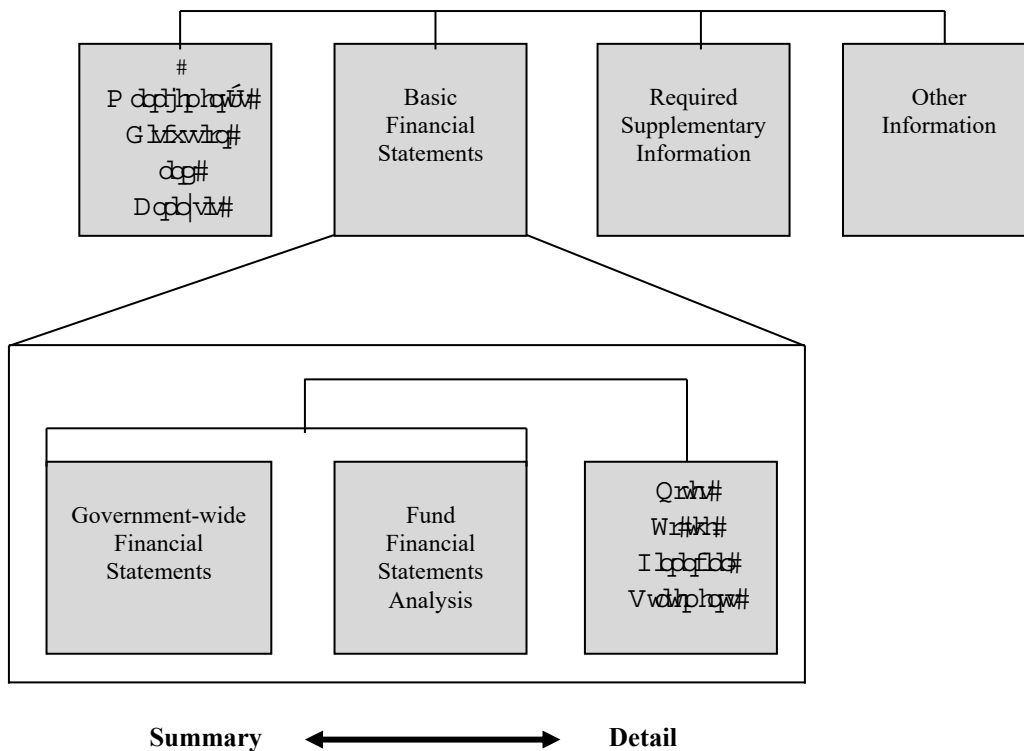
Introduction

The Management’s Discussion and Analysis section provides an overview of the financial position and activities of the Inter-Tribal Council of Michigan, Inc. for the year ending September 30, 2018, and should be read in conjunction with the financial statements and notes thereto.

Overview of Financial Statements

This annual report consists of four parts - management’s discussion and analysis (this section), the basic financial statements, required supplementary information and other information that presents combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the Inter-Tribal Council.

**Figure A-1
Required Components of
Inter-Tribal Council’s
Annual Financial Report**



- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Inter-Tribal Council’s overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Inter-Tribal Council’s government, reporting the Inter-Tribal Council’s operations in more detail than the government-wide statements.
 - The governmental funds statements tell how general government services like health and welfare were financed in the short-term as well as what remains for future spending.

Overview of Financial Statements (Continued)

- Fiduciary fund statements provide information about the financial relationships-like the retirement plan of the Inter-Tribal Council’s employees- in which the Inter-Tribal Council acts solely as a trustee or agent for the benefit of others, to whom the resources belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining statements that provide details about our governmental funds and internal service funds each of which are added together and presented in single columns in the basic financial statements. Figure A-2 summarizes the major features of the Inter-Tribal Council’s financial statements. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

Figure A-2				
Major Features of Inter-Tribal Council’s Government-wide and Fund Financial Statements				
	<u>Government-wide Statements</u>	<u>Fund Statements</u>		
Scope	Entire Inter-Tribal Council government (except fiduciary funds) and the Inter-Tribal Council’s component units	<u>Governmental Funds</u> The activities of the Inter-Tribal Council that are not proprietary or fiduciary, such as health & welfare and education	<u>Proprietary Funds</u> Activities the Inter-Tribal Council operates similar to private businesses	<u>Fiduciary Funds</u> Instances in which the Inter-Tribal Council is the trustee or agent for someone else’s resources such as the retirement plan for Inter-Tribal Council Employees
Required Financial Information	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balance 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term	All assets and liabilities, both short-term and long-term
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year regardless of when cash is received or paid	All revenues and expenses during year regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about the Inter-Tribal Council as a whole using accounting methods similar to those used by private sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The Inter-Tribal Council's financial statements show the Net Position and the Statement of Activities both of which provide information about the activities of the Inter-Tribal Council as a whole and presents a longer-term view of the Inter-Tribal Council of Michigan finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report Inter-Tribal Council's operations in more detail than the government-wide financial statements.

Government Wide Financial Statements:

The government wide financial statements consist of the Statement of Net Position and the Statement of Activities.

Statement of Net Position:

The Statement of Net Position includes all assets and liabilities of the organization using the full accrual basis of accounting and presents the financial position of the Inter-Tribal Council at a specific time. The difference between the total assets and total liabilities is net position, which is one indicator of the financial position of the Inter-Tribal Council. The changes in net position that occur over time indicate improvements or deterioration in the Inter-Tribal Council's financial position. In the statement of net position there are sections for:

- Current assets that include cash and equivalents and receivables.
- Capital assets include land, building, improvements, equipment, vehicles, and accumulated depreciation on buildings, improvements, equipment and vehicles.
- Total assets are the combination of both current and noncurrent assets.
- Current liabilities include accounts payable, accrued liabilities, unearned revenue, and principal on debt for next year.
- Noncurrent liabilities include: amount of accrued sick and annual leave due to employees, and the long-term principal owed on the building.
- Total liabilities include current and noncurrent liabilities.
- Net position includes dollars invested in capital assets - net of debt, and unrestricted funds which can be used to finance day to day operations.
- Total net position equals the sum of unrestricted net position and net investment in capital assets.

Net position for the years ended September 30, 2017 and 2018 is as follows:

	Governmental Activities	
	2017	2018
Current Assets	\$ 3,135,005	\$ 3,552,441
Capital Assets	981,733	924,270
Total Assets	\$ 4,116,738	\$ 4,476,711
Current Liabilities	\$ 1,652,341	\$ 1,858,663
Noncurrent Liabilities	846,440	829,960
Total Liabilities	\$ 2,498,781	\$ 2,688,623
Net Position		
Net investment in Capital Assets	\$ 169,038	\$ 130,182
Unrestricted	1,448,919	1,657,906
Total Net Position	\$ 1,617,957	\$ 1,788,088

Unrestricted net position, the part of the assets that can be used to finance day to day operations increased by \$208,987 for the government activities. This represents an increase of approximately 14%. The current level of unrestricted net position for our governmental activities stands at \$1,657,906. Capital Assets include the building, land, improvements, equipment and vehicles. Inter-Tribal Council is still leasing a portion of their offices out to another non-profit entity to ensure that building costs were met and the building maintained. The building fund has excess revenues in the account of which a portion will be utilized during fiscal year 2018.

The agency's cash flow has increased from the prior year. Compensated absences have increased by \$3,030 and will decrease as the year progresses as management has mandated a use or lose policy for annual leave. As projected in last year's audit, new and additional grants also assisted in increasing revenues and availability of unrestricted net position for this current year.

A summary of changes in net position for the years ended September 30, 2017 and 2018 is as follows:

	Governmental Activities	
	2017	2018
Program Revenues		
Operating Grants and Contributions	\$ 16,271,780	\$ 16,206,620
Total Program Revenues	16,271,780	16,206,620
Other Revenues		
Investment Earnings	1,138	2,538
Total Revenues	16,272,918	16,209,158
Program Expenses		
General and Administration	20,702	14,657
Education	7,884,259	7,662,564
Health and Welfare	7,932,838	8,294,389
Interest Expense - Unallocated	39,063	38,201
Depreciation - Unallocated	55,411	29,216
Total Program Expenses	15,932,273	16,039,027
Change in Net Position	340,645	170,131
Beginning Net Position	1,277,312	1,617,957
Ending Net Position	\$ 1,617,957	\$ 1,788,088

Under Program Revenues, the charges for services are basically subcontracts provided by the tribes, for purchases of services of environmental and sanitation activities.

Operating grants are the amounts documented for all federal and state grants that the Inter-Tribal Council has administered over the past year. The Inter-Tribal Council is showing a decrease of \$65,160 in program revenues since the end of fiscal year 2017. The Director had anticipated decreases for the past two years.

Under Other Revenues, the local-generated revenues include the discretionary fund, donations, fringes, indirect, building rent and all other miscellaneous revenues. Again, this revenue was adjusted for fiscal year 2017 and 2018 to make up indirect/administrative expenses the Inter-Tribal Council was losing though reduced programs. Investment earnings are interest derived on existing cash and investment balances.

The Inter-Tribal Council as a Whole

The Inter-Tribal Council of Michigan Inc. is a non-profit 501(c) tribal consortium which over the past year has provided \$16,206,620 in federal and state, and local supported programs at different financial levels to eleven tribes. The programs provided by the Inter-Tribal Council include a wide array of health and human services including: Environmental which provides new source water, underground storage tanks, new source review, air assistance, general assistance, and air monitoring. The Behavior Health department includes Access to Recovery and a substance abuse program. Health Education includes Partners (NARC) a tobacco program, NNTCP, Prostate Cancer, BCCCP, Cancer Analysis and EHIP. Administration which provides the necessary infrastructure that includes Human Resources, Accounting, Facilities, Information Technology, and all subcontract approvals. Children's services which include Head Start, Early Head Start, and Early On, and incorporates several partnerships with Michigan State University for the enhancement and improvement of services. Family Services that include Low Income Energy Assistance, and Community Services Block Grants, Health Promotion which includes: Resource Development, Healthy Start, WSU, Elderly Long-Term Planning HIV/AIDS, Sanitarian and Mental Health Programming. The Manpower and Elderly Department includes WIA, Title VI Elderly Programming, and EDA Planning for Economic Development.

Governmental Activities

After many years of losing funds, particularly indirect, where various programs did not pay the full rate as needed, the agency has made a remarkable recovery. Over the past three years, and anticipated again for 2019, the agency has administered programming that has restored approximately \$6 million back into the agency. A large amount of those funds does pay the full amount of indirect, and the agency does not anticipate any problems for the next fiscal year with their administrative or programmatic needs.

The Inter-Tribal Council's Funds

Our analysis of the Inter-Tribal Council's major funds begins on page 13, following the entity wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Inter-Tribal Council as a whole. The Inter-Tribal Council creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as Education and Health and Welfare. The Inter-Tribal Council's major funds for 2018 were the Agency Discretionary, Head Start, Early Head Start, and the Access to Recovery Program.

The agency discretionary fund is not the Inter-Tribal Council's primary operating fund, nor does it account for all financial resources of the Inter-Tribal Council of Michigan, Inc. and definitely does not provide all the needed revenues used for the administration of operating the Inter-Tribal Council of Michigan, Inc. These costs are derived from the indirect cost budget, which pays for the Executive Director, Accounting Services, Human Resources, miscellaneous rental costs and other administrative support. It does account for any general-purpose monies the agency receives. Indirect Cost Program issues have been resolved with no anticipated problems this past year, or any expected for 2018. Cash flow problems did not occur this past fiscal year. Electronic payment requests and direct wire transfer of funds have greatly reduced the prior problems of cash flow.

Budgetary Highlights

The Inter-Tribal Council Program Departments all stayed within their budgets, and over expenditures were not a problem for this past fiscal year. The agency will see an increase in their health insurance, but prior year changes have created a surplus that we have used, to attempt to keep employee's cost down. The agency also maintained their 401(k) contribution rate of 7%.

Capital Asset and Debt Administration

At the end of 2018, the Inter-Tribal Council of Michigan has \$924,270 invested in a broad range of capital assets, including land, buildings, improvements, equipment and vehicles. The buildings, including land, land improvements, and building improvements currently has a net book value of \$824,351 with a mortgage payable of \$794,088. The equity of the property is currently estimated at \$30,263. The Inter-Tribal Council began paying back principal and interest in 2003 and shall continue to do so until 2041, foreseeing no problem with the eventual payoff of the loan, based upon the history and payoff of the previously owned Easterday property. The building fund continues to be financially healthy and is able to assume all debt associated with the cost of maintaining the facility. In order to compensate for reduced staff and vacant offices, the Inter-Tribal Council had initially leased 6-7 offices to the Upper Peninsula Commission for Area Progress. Due to losing the long-term care program from the State of Michigan, a couple of offices were vacated, which Inter-Tribal Council utilized, due to obtaining additional employees. The building account has done well this current fiscal year, and has generated sufficient dollars to assist with the administrative costs of the agency, as explained in the prior section of this section. This past year, the agency did sell busses, and purchase new busses for applicable Head Start sites.

Economic Factors and Next Year's Budgets and Rates

The Inter-Tribal Council will continue to monitor their programs and administrative budgets throughout the 2019 fiscal year, and make adjustments as necessary to avoid significant deficiencies, while actively seeking additional programs to assist our member tribes to become stronger and healthier communities.

Contacting the Inter-Tribal Council of Michigan, Inc., Management

The financial report is intended to provide our member tribes, grantor agencies, and customers with a general overview of the Inter-Tribal Council's finances and to show that ITC is accountable for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the Director's or Accounting offices at the following numbers/addresses.

L. John Lufkins, Executive Director
2956 Ashmun Street
Sault Ste. Marie, Michigan 49783
Phone: 906-632-6896

Diane Rogers, Accounting Supervisor
2956 Ashmun Street
Sault Ste. Marie, Michigan 49783
Phone: 906-632-6896

Basic Financial Statements

	<u>Primary Government Governmental Activities</u>
ASSETS:	
Cash and Equivalents	\$ 2,020,139
Accounts Receivable	30
Due from Governmental Units	1,532,272
Capital Assets, Not Depreciated	140,085
Capital Assets, Net of Depreciation	<u>784,185</u>
Total Assets	<u><u>\$ 4,476,711</u></u>
LIABILITIES:	
Accounts Payable	\$ 1,464,916
Accrued Liabilities	241,870
Unearned Revenue	132,367
Note Payable - Due within one year	19,510
Note Payable - Due in more than one year	774,578
Compensated Absences - Due in more than one year	<u>55,382</u>
Total Liabilities	<u>2,688,623</u>
NET POSITION:	
Net Investment in Capital Assets	130,182
Unrestricted	<u>1,657,906</u>
Total Net Position	<u><u>\$ 1,788,088</u></u>

Inter-Tribal Council of Michigan, Inc.

**Statement of Activities
For the Year Ended September 30, 2018**

Functions/Programs	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Primary Government Governmental Activities
Primary Government:			
Governmental Activities:			
General and Administrative	\$ 14,657	\$ -	\$ (14,657)
Education	7,662,564	7,788,097	125,533
Health and Welfare	8,294,389	8,418,523	124,134
Interest expense - Unallocated	38,201	-	(38,201)
Depreciation - Unallocated	29,216	-	(29,216)
Total Governmental Activities	\$ 16,039,027	\$ 16,206,620	167,593
General Revenues:			
Investment Earnings			2,538
Total General Revenues			2,538
Changes in Net Position			170,131
Net Position - Beginning			1,617,957
Net Position - Ending			\$ 1,788,088

Inter-Tribal Council of Michigan, Inc.

**Balance Sheet
Governmental Funds
September 30, 2018**

	Agency Discretionary	Head Start 10/18	Head Start 10/17	Early Head Start 10/18	Early Head Start 10/17	TBHI 9/18	Nonmajor Governmental Funds	Total
ASSETS:								
Cash and Equivalents	\$ 1,960,148	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,960,148
Due from Other Funds	-	11,385	-	33,752	-	-	501,686	546,823
Due from Governmental Units	-	110,579	-	102,680	-	592,825	726,188	1,532,272
TOTAL ASSETS	\$ 1,960,148	\$ 121,964	\$ -	\$ 136,432	\$ -	\$ 592,825	\$ 1,227,874	\$ 4,039,243
LIABILITIES:								
Accounts Payable	\$ 1,591	\$ 41,810	\$ -	\$ 74,598	\$ -	\$ 524,178	\$ 811,122	\$ 1,453,299
Due to Other Funds	1,918,062	-	-	-	-	65,567	210,939	2,194,568
Accrued Liabilities	-	80,154	-	61,834	-	3,080	73,446	218,514
Unearned Revenue	-	-	-	-	-	-	132,367	132,367
TOTAL LIABILITIES	1,919,653	121,964	-	136,432	-	592,825	1,227,874	3,998,748
FUND BALANCES:								
Unassigned	40,495	-	-	-	-	-	-	40,495
TOTAL FUND BALANCES	40,495	-	-	-	-	-	-	40,495
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,960,148	\$ 121,964	\$ -	\$ 136,432	\$ -	\$ 592,825	\$ 1,227,874	

Reconciliation to amounts reported for governmental activities in the statement of net position:

Capital assets used by governmental activities	289,917
Compensated absences liability	(55,382)
Internal service funds included in governmental activities	1,513,058
Net position of governmental activities	\$ 1,788,088

Inter-Tribal Council of Michigan, Inc.

**Statement of Revenues, Expenditures, and
Changes in Fund Balance - Governmental Funds
For the Year Ended September 30, 2018**

	Agency Discretionary	Head Start 10/18	Head Start 10/17	Early Head Start 10/18	Early Head Start 10/17	TBHI 9/18	Nonmajor Governmental Funds	Total
REVENUES:								
Federal Grants	\$ -	\$ 2,410,704	\$ 265,763	\$ 1,891,030	\$ 278,338	\$ 1,142,020	\$ 7,689,592	\$ 13,677,447
State Grants	-	-	-	-	-	-	629,454	629,454
Local Contributions	-	-	694,727	-	543,456	-	19,148	1,257,331
Interest Income	2,538	-	-	-	-	-	-	2,538
Other Revenues	8,152	-	-	-	-	-	634,236	642,388
TOTAL REVENUES	10,690	2,410,704	960,490	1,891,030	821,794	1,142,020	8,972,430	16,209,158
EXPENDITURES:								
General and Administrative	14,657	-	-	-	-	-	-	14,657
Education	-	2,410,704	960,490	1,891,030	821,794	-	1,695,927	7,779,945
Health and Welfare	-	-	-	-	-	1,142,020	7,276,503	8,418,523
TOTAL EXPENDITURES	14,657	2,410,704	960,490	1,891,030	821,794	1,142,020	8,972,430	16,213,125
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,967)	-	-	-	-	-	-	(3,967)
FUND BALANCE-BEGINNING	44,462	-	-	-	-	-	-	44,462
FUND BALANCE-ENDING	\$ 40,495	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,495

Inter-Tribal Council of Michigan, Inc.

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance of Governmental Funds
to the Statement of Activities
For the Year Ended September 30, 2018**

Net changes in fund balances - total governmental funds \$ (3,967)

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is capitalized and the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$29,216), exceeded capital outlay \$0 in the current period. (29,216)

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available:

Compensated absences (3,030)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. 206,344

Changes in net position of governmental activities \$ 170,131

**Statement of Net Position
Proprietary Funds
September 30, 2018**

	<u>Proprietary Funds</u>
	Internal Service Funds
ASSETS:	
Cash and Equivalents	\$ 59,991
Due From Other Funds	1,682,527
Accounts Receivable	30
Capital Assets (Net of Depreciation)	<u>634,353</u>
Total Assets	<u><u>\$ 2,376,901</u></u>
LIABILITIES:	
Accounts Payable	\$ 11,617
Accrued Liabilities	23,356
Due To Other Funds	34,782
Note Payable - Due within one year	19,510
Note Payable - Due in more than one year	<u>774,578</u>
Total Liabilities	<u>863,843</u>
NET POSITION:	
Net Investment in Capital Assets	(159,735)
Unrestricted	<u>1,672,793</u>
Total Net Position	<u><u>\$ 1,513,058</u></u>

Inter-Tribal Council of Michigan, Inc.**Statement of Revenues, Expenses, and
Changes in Net Position - Proprietary Funds
For the Year Ended September 30, 2018**

	<u>Proprietary Funds</u>
	Internal Service Funds
OPERATING REVENUES:	
Charges for Services	\$ 3,124,298
TOTAL REVENUES	<u>3,124,298</u>
OPERATING EXPENSES:	
Personnel Services	2,653,841
Utilities	18,061
Repairs and Maintenance	11,722
Other Supplies and Expenses	167,988
Depreciation Expense	28,247
TOTAL OPERATING EXPENSES	<u>2,879,859</u>
OPERATING INCOME (LOSS)	<u>244,439</u>
NON-OPERATING REVENUE (EXPENSES):	
Interest Expense	(38,201)
Interest Income	106
TOTAL NON-OPERATING REVENUE (EXPENSES):	<u>(38,095)</u>
CHANGES IN NET POSITION	206,344
NET POSITION-BEGINNING	<u>1,306,714</u>
NET POSITION-ENDING	<u>\$ 1,513,058</u>

**Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2018**

	Proprietary Funds
	Internal Service Funds
Cash Flows from Operating Activities:	
Receipts from customers or users	\$ 2,865,698
Payments to suppliers or users	(186,816)
Payments to employees	(2,622,074)
Net Cash Provided (Used) by Operating Activities	56,808
Cash flows from Capital and Related Financing Activities:	
Principal Payments on Long Term Debt	(18,607)
Interest Payments on Long Term Debt	(38,201)
Net Cash Provided (Used) by Capital and Related Financing Activities	(56,808)
Cash flows from Investing Activities:	
Interest Income	106
Net Cash Provided (Used) by Investing Activities	106
Net Increase (Decrease) in Cash and Equivalents	106
Cash and Equivalents, Beginning of Period	59,885
Cash and Equivalents, End of Period	\$ 59,991
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ 244,439
Non-Cash and Other Non-Operating Expenses:	
Depreciation	28,247
(Increase) Decrease in Current Assets:	
Accounts Receivable (Net)	31,937
Due From Other Funds	(258,570)
Increase (Decrease) in Current Liabilities:	
Due To Other Funds	3,169
Accounts Payable	7,801
Accrued Liabilities	(215)
Net Cash Provided (Used) by Operating Activities	\$ 56,808

**Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2018**

	<u>Pension Trust</u> <u>Employee</u> <u>Retirement Plan</u>
ASSETS:	
Investments (at fair value) - Restricted	\$ 3,975,741
NET POSITION:	
Held in Trust for Pension Benefits and Other Purposes	\$ 3,975,741

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended September 30, 2018**

	<u>Pension Trust Employee Retirement Plan</u>
ADDITIONS:	
Contributions:	
Employer	\$ 279,131
Employees	216,459
Total Contributions	<u>495,590</u>
Investment Income:	
Net appreciation (depreciation) in fair value of investments	<u>246,780</u>
Total Additions	<u>742,370</u>
DEDUCTIONS:	
General and Administration:	
Benefits	<u>702,786</u>
Total Deductions	<u>702,786</u>
Net Increase	39,584
Net Position, Beginning of the Year	<u>3,936,157</u>
Net Position, End of the Year	<u><u>\$ 3,975,741</u></u>

Notes to Financial Statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Inter-Tribal Council of Michigan, Inc. (the “Inter-Tribal Council”) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. The following is a summary of the significant accounting policies:

Reporting Entity

Inter-Tribal Council of Michigan, Inc. is a non-profit corporation, chartered by the State of Michigan. The Inter-Tribal Council is considered a governmental not-for-profit organization. The American Institute of Certified Public Accountants categorizes this type of entity as a “Certain Nonprofit Organization” which is evaluated using the criteria established by the Governmental Accounting Standards Board (GASB). The Inter-Tribal Council administers grants, contracts and awards for its members, which consists of all members of the Keweenaw Bay Indian Community; Bay Mills Indian Community; Hannahville Indian Community; LacVieux Desert Band of Lake Superior Chippewa Indians; Sault Ste. Marie Tribe of Chippewa Indians; the Saginaw Chippewa Indian Tribe; the Grand Traverse Band of Ottawa and Chippewa Indians; the Little Traverse Bay Bands of Odawa Indians; the Pokagon Band of Pottawatomi Indians; the Match-E-Be-Nash-She-Wish Band of Pottawatomi Indians; the Little River Band of Ottawa Indians, and the Huron Pottawatomi Nation. The governing body of the Inter-Tribal Council consists of the duly elected chairpersons of the respective tribes.

The Inter-Tribal Council is organized to conserve common property, to develop common resources and promote the common welfare of the member communities. As such, the Inter-Tribal Council is entitled to receive and administer contracts on the same basis as the communities it serves.

The accompanying financial statements reflect the financial position and activities resulting from Inter-Tribal Council of Michigan, Inc. a Michigan non-profit organization, funds which are received, disbursed, or in the custody of Inter-Tribal Council of Michigan, Inc. over which the Inter-Tribal Council exercises fiscal and administrative control.

The financial statements do not include any assets, liabilities or equities of the individual Tribal communities that make up the Inter-Tribal Council.

Inter-Tribal Council of Michigan, Inc. was granted a nonprofit corporate charter by the State of Michigan on April 16, 1968. As such, the Inter-Tribal Council considers itself to be exempt from federal and state income taxes.

Basis of Presentation – Government-Wide Financial Statements

The statement of net position and the statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange are recognized in accordance with Governmental Accounting Standards Board Statement 33.

The statement of net position and the statement of activities display information about the Inter-Tribal Council as a whole. The statements include all funds of the primary government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities.

The statement of net position and the statement of activities are presented to distinguish between governmental and business - type activities of the Inter-Tribal Council. Governmental activities are financed through grants, intergovernmental revenues, and other non-exchange revenues. These activities are reported in governmental funds. Business - type activities are financed by fees charged to external parties for goods or services. The Inter-Tribal Council does not have business-type activities.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Inter-Tribal Council's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all investment earnings, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Inter-Tribal Council's funds, including its fiduciary funds. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Inter-Tribal Council reports the following major governmental funds:

Agency Discretionary Fund. This is the Inter-Tribal Council's discretionary general fund. It accounts for all financial resources not related to grant activity or program activity of the Inter-Tribal Council, except those required to be accounted for in another fund. This fund does not have a constant source of revenue.

Head Start and Early Head Start 10/18. These funds provide comprehensive health, educational, nutritional, social, and other developmental services primarily to economically-disadvantaged preschool children (ages 3-5) and infants and toddlers (birth through age 3) so that the children will attain school readiness. Parents receive social services and participate in various decision-making processes related to the operation of the program.

TBHI 09/18. The Tribal Behavioral Health Implementation and Tribal Models for Civil Commitment Program "TBHI" is designed to improve access to appropriate treatment and case management for adults with serious mental illness who meet the civil commitment criteria for Native Americans from eight of the federally recognized tribes in the State of Michigan ("Participating Tribes") in order to address serious mental illness.

The Inter-Tribal Council reports the following fund types:

Special Revenues. These funds account for revenue sources that are legally restricted to expenditures for specific purposes (not including major capital projects).

Internal Service Funds. These funds account for services and insurance coverages provided to other funds on a cost-reimbursement basis.

Agency Funds. These funds account for monies held on behalf of Inter-Tribal Council members, employees, and retirement boards that use the Inter-Tribal Council as a custodian.

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Inter-Tribal Council gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Inter-Tribal Council considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year end. Grants and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Inter-Tribal Council funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Inter-Tribal Council’s policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

Accrual Basis

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

Capital Assets

Capital assets purchased or acquired are recorded at historical cost or estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. The Inter-Tribal Council established a threshold of \$10,000 for capitalization of depreciable assets.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Buildings	40 years
Building improvements	15 years
Land improvements	15 years
Vehicles	7 years
Equipment	7 years

Compensated Absences

The Inter-Tribal Council accrues vested or accumulated sick and vacation leave when earned by the employee. The noncurrent portion (that is the amount not expected to be liquidated with expendable available financial resources) for governmental funds is maintained separately and represents a reconciling item between fund and government-wide presentations.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Receivables and Payables**

All trade receivables are shown net of an allowance for uncollectibles in the amount of \$0.

Modified Accrual Basis

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on long-term debt is recognized when due.

The Inter-Tribal Council reports unearned revenue on its governmental funds balance sheet. Unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the Inter-Tribal Council before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria's are met, or when the government has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.

Cash and Investments

Cash and Equivalents – Cash and equivalents consist of demand deposits; cash in savings, money market accounts, and short-term certificates of deposit with an original maturity of three months or less.

Investments – Investment purchases and sales are recorded as of the trade date and are reported at fair value. Fair value is the amount reasonably expected to be received for an investment in a current sale between a willing buyer and a willing seller. Investments held by ITC are in relation to 401(k) retirement which is currently located in the Trust and Agency Fund.

Cash Management – The Inter-Tribal Council operates essentially all of its funds through its central checking account. Expenditures are allocated among the contracts and activities with a corresponding entry to the "cash position" account of the respective ledgers. Cash positions are reconciled to actual bank balances on a monthly basis.

Interfund Transfers

During the course of normal operations, the Inter-Tribal Council has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. The classification of amounts recorded as subsidies, advances, or equity contributions is determined by management. Internal activity is eliminated on the government-wide statements generally.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Deferred Outflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Inter-Tribal Council has no items that qualify for reporting in this category.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Inter-Tribal Council has no items that qualify for reporting in this category.

Budgetary Data

The Inter-Tribal Council is not required to adopt an operating budget by law; however, a budgetary comparison has been included in the financial statements for the Agency Discretionary Fund. Other budgets are approved by the grantor agency when the Inter-Tribal Council is awarded a grant.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Inter-Tribal Council is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable**: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Inter-Tribal Council has no items classified as being Nonspendable.
- **Restricted**: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed**: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Inter-Tribal Council. These amounts cannot be used for any other purpose unless the Inter-Tribal Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Assigned: This classification includes amounts that are constrained by the Inter-Tribal Council’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Inter-Tribal Council through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the Agency Discretionary Fund.
- Unassigned: This classification includes the residual fund balance for the Agency Discretionary Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The Inter-Tribal Council would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B - CASH AND EQUIVALENTS AND INVESTMENTS

Cash and Equivalents

At year end, the Inter-Tribal Council’s cash and equivalents were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and Equivalents	\$ 2,020,139	\$ -	\$ 2,020,139
Investments – Restricted	<u>-</u>	<u>3,975,741</u>	<u>3,975,741</u>
Total	<u>\$ 2,020,139</u>	<u>\$ 3,975,741</u>	<u>\$ 5,995,880</u>

Classification of cash and investments is as follows:

Bank Deposits (checking and savings)	\$ 2,020,139
Investments in Securities or Mutual Funds	<u>3,975,741</u>
Total	<u>\$ 5,995,880</u>

NOTE B - CASH AND EQUIVALENTS AND INVESTMENTS (Continued)

Investments

As of September 30, 2018, all Inter-Tribal Council investments are in external investment pools.

Custodial deposit credit risk. Custodial deposit credit risk is the risk that in the event of a bank failure, the Inter-Tribal Council's deposits may not be returned. Federal law does not require and the Inter-Tribal Council does not have a policy for deposit custodial credit risk. As of year-end, \$2,070,015 of the Inter-Tribal Council's bank balance of \$2,321,250 was exposed to credit risk.

Interest rate risk. ITC does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial credit risk. Investment custodial credit risk is the risk that in the event of the failure of the counterparty, the Inter-Tribal Council will not be able to recover the value of its investment of securities that are in the possession of an outside party. Of the Inter-Tribal Council's \$3,975,741 in investments, \$3,975,741 is not in the name of the Inter-Tribal Council's but in the name of the agent.

Credit risk. As of September 30, 2018, Inter-Tribal Council's investments in the external investment pools had the following Morning Star ratings:

<u>Fund Name</u>	<u>Ticker Symbol</u>	**Overall Morningstar Rating
Amfds Europacfc Gr R6	RERGX	3-STAR
Amfds New Prspct R6	RNPGX	4-STAR
Carlin Eagle Mdcap Cr 1	HAGAX	4-STAR
Col Ovrseas Bal Inst2	COAVX	4-STAR
Dfa Intmd Govt Fxdinc Inst	DFIGX	4-STAR
Dfa Emrg Mkt	DFEMX	4-STAR
Dfa Us Smcap Inst	DFSTX	4-STAR
Dfa Us Trgt Val Inst	DFVX	3-STAR
Fed Bd Inst	FDBIX	4-STAR
Fed Gov Oblgtns Prmr	GOFXX	5-STAR
Fed Inst Hi Yld Bd Inst	FIHBX	4-STAR
Jnshdrsn Triton N	JGMNX	5-STAR
Nw Mdcap Mkt Indx R6	GMXIX	4-STAR
Pimco Inc Inst	PIMIX	5-STAR
Trowepr Gr Stk	RRGSX	4-STAR

NOTE B - CASH AND EQUIVALENTS AND INVESTMENTS (Continued)

Fund Name	Ticker Symbol	**Overall Morningstar Rating
Vngrd Trgt Rtrmt 2020 Inv	VTWNX	4-STAR
Vngrd Trgt Rtrmt 2025 Inv	VTTVX	4-STAR
Vngrd Trgt Rtrmt 2030 Inv	VTHRX	4-STAR
Vngrd Trgt Rtrmt 2035 Inv	VTTHX	4-STAR
Vngrd Trgt Rtrmt 2040 Inv	VFORX	4-STAR
Vngrd Trgt Rtrmt 2045 Inv	VTIVX	4-STAR
Vngrd Trgt Rtrmt 2050 Inv	VFIFX	4-STAR
Vngrd Trgt Rtrmt 2055 Inv	VFFVX	4-STAR
Vngrd Trgt Rtrmt 2060 Inv	VTTSX	4-STAR
Vngrd Intl Exlr Inv	VINEX	3-STAR
Vngrd Smcap Val Indx Adml	VSMAX	5-STAR
Vngrd Eq Inc Adml	VEIRX	4-STAR
Vngrd Ttl Stmkt Fd As	VTSMX	4-STAR
Vngrd Bal Indx Adml	VBIAX	4-STAR
Vngrd Trgt Rtrmt 2015 Inv	VTXVX	4-STAR
Nw Fxd Sel Optn	FIXED	UNRATED

**Morningstar rates mutual funds from one to five stars based on how well they've performed (after adjusting for risk and accounting for all sales charges) in comparison to similar funds. Within each Morningstar Category, the top 10-% of funds receive five stars, the next 22.5% four stars, the middle 35% three stars, the next 22.5% two stars, and the bottom 10% receive one star. Funds are rated for up to three time periods (three, five and 10 years) and these ratings are combined to produce an overall rating. Funds with less than three years of history are not rated. Ratings are objective, based entirely on a mathematical evaluation of past performance. They are a useful tool for identifying funds worthy of further research, but should not be considered buy or sell recommendations.

Fair value measurement. The Inter-Tribal Council categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or equivalent) as a practical expedient are not classified in the fair value hierarchy below.

NOTE B - CASH AND EQUIVALENTS AND INVESTMENTS (Continued)

In instances where 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 Inter-Tribal Council’s assessment of the significance of particular inputs to these fair value measurements required judgment and considers factors specific to each asset or liability.

The Inter-Tribal Council has the following fair value measurements as of September 30, 2018:

Investment	Balances at 09/30/2018	Quoted Prices (Level 1*)	Significant Other Observable Inputs (Level 2*)	Significant Unobservable Inputs (Level 3*)
Mutual Funds	\$ 3,975,741	\$ 3,975,741	\$ -	\$ -
Total Investments	<u>\$ 3,975,741</u>	<u>\$ 3,975,741</u>	<u>\$ -</u>	<u>\$ -</u>

Equity funds classified in Level 1 are valued using prices quoted in active markets for those funds.

NOTE C - PENSION PLAN

The Inter-Tribal Council contributes to the Inter-Tribal Council 401(k) Retirement Plan, which is a defined contribution pension plan, fully funded through Nationwide Life Insurance. The 401(k) Plan was adopted for the Inter-Tribal Council eligible employees effective May 1, 1997.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual’s account are to be determined instead of specifying the amounts of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant’s account, the returns earned on investments of those contributions, and forfeitures of other participant’s benefits that may be allocated to such participant’s account. Contributions made by the Inter-Tribal Council are vested at 25% in one year, 50% in 2 years, 75% in three years, and 100% in 4 years. At September 30, 2018, there were 116 plan members. Plan members are not required to contribute; however, the Inter-Tribal Council is required to contribute 7% of annual covered payroll. During the current year, the Inter-Tribal Council contributed \$279,131 and employees contributed \$216,459 to the plan.

The Inter-Tribal Council 401(k) Plan held no securities in or loans to parties related to the plan.

NOTE D - RELATED PARTIES

The Inter-Tribal Council provides awards to subrecipients who are tribes that are members of the Inter-Tribal Council.

NOTE E - CAPITAL ASSETS

A summary of capital assets is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 140,085	\$ -	\$ -	\$ 140,085
<i>Capital assets being depreciated:</i>				
Buildings	1,040,000	-	-	1,040,000
Land improvements	43,310	-	-	43,310
Building improvements	112,559	-	-	112,559
Equipment	371,553	-	-	371,553
Vehicles	<u>865,268</u>	<u>-</u>	<u>(51,091)</u>	<u>814,177</u>
Subtotal	<u>2,432,690</u>	<u>-</u>	<u>(51,091)</u>	<u>2,381,599</u>
<i>Less accumulated depreciation:</i>				
Buildings	(381,333)	(26,000)	-	(407,333)
Land improvements	(34,256)	(2,887)	-	(37,143)
Building improvements	(59,623)	(7,504)	-	(67,127)
Equipment	(364,750)	(2,041)	51,091	(315,700)
Vehicles	<u>(751,080)</u>	<u>(19,031)</u>	<u>-</u>	<u>(770,111)</u>
Subtotal	<u>(1,591,042)</u>	<u>(57,463)</u>	<u>51,091</u>	<u>(1,597,414)</u>
Net capital assets being depreciated	<u>841,648</u>	<u>(57,463)</u>	<u>-</u>	<u>784,185</u>
Total Capital Assets Net of Depreciation	<u>\$ 981,733</u>	<u>\$ (57,463)</u>	<u>\$ -</u>	<u>\$ 924,270</u>

Depreciation expense was charged to programs as follows:

Governmental Activities:	
General and Administrative	\$ 28,247
Unallocated	<u>29,216</u>
Total Governmental Activities	<u>\$ 57,463</u>

NOTE F - LONG-TERM DEBT

The following is a summary of pertinent information concerning the Inter-Tribal Council's long-term debt. Changes in long-term debt consist of the following:

	<u>Balance</u> <u>10/01/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>09/30/18</u>	<u>Due In</u> <u>One Year</u>
2002 Note Payable, payable monthly in the amount of \$4,734, including interest at 4.875%, secured by real estate	\$ 812,695	\$ -	\$ (18,607)	\$ 794,088	\$ 19,510
Compensated absences - net	<u>52,352</u>	<u>3,030</u>	<u>-</u>	<u>55,382</u>	<u>-</u>
Total Long-Term Debt	<u>\$ 865,047</u>	<u>\$ 3,030</u>	<u>\$ (18,607)</u>	<u>\$ 849,470</u>	<u>\$ 19,510</u>

The annual principal and interest requirements for the years ending September 30, 2018 and after, excluding accrued compensated absences are as follows.

	<u>General Obligations</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 19,510	\$ 37,298
2020	20,457	36,351
2021	21,450	35,358
2022	22,492	34,316
2023	23,584	33,224
2024-2028	136,245	147,795
2029-2033	172,687	111,353
2034-2038	218,877	65,163
2039-2041	<u>158,786</u>	<u>11,895</u>
TOTAL	<u>\$ 794,088</u>	<u>\$ 512,753</u>

NOTE G - CONTINGENCIES

Grant Assistance – The Inter-Tribal Council has received significant financial assistance from state and federal agencies in the form of various grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and are subject to audit by the grantor agency. Any disallowed claims resulting from such audits could become a liability of the applicable fund of the Inter-Tribal Council. However, in the opinion of management, any such disallowed claims would not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the Inter-Tribal Council at September 30, 2018.

NOTE H - COMPENSATED ABSENCES

The Council's employment policies provide for vacation benefits to be earned in varying amounts depending on the employee's years of service.

The annual vacation benefits earned by each employee during the current year are credited to the employee at year end. Annual leave in excess of 104 hours accumulated as of September 30, of each year, shall be lost.

The Council's employment policies provide for sick leave benefits to be earned at the rate of four hours per bi-weekly pay period. Unlimited accrual of sick leave can be carried over. When employees separate from employment with the Inter-Tribal Council, any accrued sick leave would be lost, and pay could not be requested for sick leave accrued.

The Inter-Tribal Council has recorded a liability at September 30, 2018 for accrued vacation due employees. The amount of accrued vacation due employees is \$55,382.

NOTE I – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The Inter-Tribal Council reports interfund balances between many of its funds. Some of the balances are considered immaterial and are aggregated into a single column or row. The total of all balances agrees with the sum of interfund balances presented in the statements of net position/balance sheet for governmental funds, proprietary funds, and fiduciary funds. Interfund transactions resulting in interfund Receivables and Payable are as follows:

		DUE FROM OTHER FUNDS				
		Head Start 10/18	Early Head Start 10/18	Nonmajor Governmental	Internal Service	Total
DUE TO OTHER FUNDS	Agency Discretionary	\$ 11,385	\$ 33,752	\$ 190,398	\$ 1,682,527	\$ 1,918,062
	TBHI	-	-	65,567	-	65,567
	Nonmajor Governmental	-	-	210,939	-	210,939
	Internal Service	-	-	34,782	-	34,782
	Total	<u>\$ 11,385</u>	<u>\$ 33,752</u>	<u>\$ 501,686</u>	<u>\$ 1,682,527</u>	<u>\$ 2,229,350</u>

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Required Supplementary Information

**Required Supplementary Information
Budgetary Comparison Schedule
Agency Discretionary
For the Year Ended September 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, September 30, 2017	\$ 44,462	\$ 44,462	\$ 44,462	\$ -
RESOURCES (INFLOWS)				
Other	8,153	8,153	8,152	(1)
Interest Income	2,550	2,550	2,538	(12)
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>10,703</u>	<u>10,703</u>	<u>10,690</u>	<u>(13)</u>
CHARGES TO APPROPRIATION (OUTFLOWS)				
General and Administrative	<u>14,591</u>	<u>14,591</u>	<u>14,657</u>	<u>(66)</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>14,591</u>	<u>14,591</u>	<u>14,657</u>	<u>(66)</u>
Budgetary Fund Balance, September 30, 2018	<u>\$ 40,574</u>	<u>\$ 40,574</u>	<u>\$ 40,495</u>	<u>\$ (79)</u>

**Required Supplementary Information
Budgetary Comparison Schedule
Head Start 10/18
For the Year Ended September 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, September 30, 2017	\$ -	\$ -	\$ -	\$ -
RESOURCES (INFLOWS)				
Federal	2,855,200	2,855,200	2,410,704	(444,496)
Local	713,800	713,800	-	(713,800)
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>3,569,000</u>	<u>3,569,000</u>	<u>2,410,704</u>	<u>(1,158,296)</u>
CHARGES TO APPROPRIATION (OUTFLOWS)				
Education	<u>3,569,000</u>	<u>3,569,000</u>	<u>2,410,704</u>	<u>1,158,296</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>3,569,000</u>	<u>3,569,000</u>	<u>2,410,704</u>	<u>1,158,296</u>
Budgetary Fund Balance, September 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Required Supplementary Information
Budgetary Comparison Schedule
Head Start 10/17
For the Year Ended September 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, September 30, 2017	\$ -	\$ -	\$ -	\$ -
RESOURCES (INFLOWS)				
Federal	2,778,910	2,778,910	265,763	(2,513,147)
Match	694,727	694,727	694,727	-
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>3,473,637</u>	<u>3,473,637</u>	<u>960,490</u>	<u>(2,513,147)</u>
CHARGES TO APPROPRIATION (OUTFLOWS)				
Education	<u>3,473,637</u>	<u>3,473,637</u>	<u>960,490</u>	<u>2,513,147</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>3,473,637</u>	<u>3,473,637</u>	<u>960,490</u>	<u>2,513,147</u>
Budgetary Fund Balance, September 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Required Supplementary Information
Budgetary Comparison Schedule
Early Head Start 10/18
For the Year Ended September 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary Fund Balance, September 30, 2017	\$ -	\$ -	\$ -	\$ -
RESOURCES (INFLOWS)				
Federal	2,229,017	2,229,017	1,891,030	(337,987)
Local	557,255	557,255	-	(557,255)
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>2,786,272</u>	<u>2,786,272</u>	<u>1,891,030</u>	<u>(895,242)</u>
CHARGES TO APPROPRIATION (OUTFLOWS)				
Education	<u>2,786,272</u>	<u>2,786,272</u>	<u>1,891,030</u>	<u>895,242</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>2,786,272</u>	<u>2,786,272</u>	<u>1,891,030</u>	<u>895,242</u>
Budgetary Fund Balance, September 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Required Supplementary Information
Budgetary Comparison Schedule
Early Head Start 10/17
For the Year Ended September 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary Fund Balance, September 30, 2017	\$ -	\$ -	\$ -	\$ -
RESOURCES (INFLOWS)				
Federal	2,173,822	2,173,822	278,338	(1,895,484)
Local	543,456	543,456	543,456	-
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>2,717,278</u>	<u>2,717,278</u>	<u>821,794</u>	<u>(1,895,484)</u>
CHARGES TO APPROPRIATION (OUTFLOWS)				
Education	<u>2,717,278</u>	<u>2,717,278</u>	<u>821,794</u>	<u>1,895,484</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>2,717,278</u>	<u>2,717,278</u>	<u>821,794</u>	<u>1,895,484</u>
Budgetary Fund Balance, September 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Required Supplementary Information
Budgetary Comparison Schedule
TBHI 09/18
For the Year Ended September 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, September 30, 2017	\$ -	\$ -	\$ -	\$ -
RESOURCES (INFLOWS)				
Federal	1,660,815	1,660,815	1,142,020	(518,795)
AMOUNTS AVAILABLE FOR APPROPRIATION	1,660,815	1,660,815	1,142,020	(518,795)
CHARGES TO APPROPRIATION (OUTFLOWS)				
Health and Welfare	1,660,815	1,660,815	1,142,020	518,795
TOTAL CHARGES TO APPROPRIATIONS	1,660,815	1,660,815	1,142,020	518,795
Budgetary Fund Balance, September 30, 2018	\$ -	\$ -	\$ -	\$ -

Other Information

	BMIC-E 12/17	STFM 3/18	BMIC 10/17	BMIC-E 12/18	SCIT 9/18	M/DIMES 3/19	MTFAC 4/19	GTBB 9/18
ASSETS:								
Due from Other Funds	\$ -	\$ -	\$ -	\$ 14,672	\$ 3,372	\$ 401	\$ 135,491	\$ 2,664
Due from Governmental Units	-	-	-	-	60	731	927	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,672</u>	<u>\$ 3,432</u>	<u>\$ 1,132</u>	<u>\$ 136,418</u>	<u>\$ 2,664</u>
LIABILITIES:								
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 2,096	\$ -	\$ 17,432	\$ 2,664
Due to Other Funds	-	-	-	-	-	-	-	-
Accrued Liabilities	-	-	-	-	1,336	1,132	1,291	-
Unearned Revenues	-	-	-	14,672	-	-	117,695	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,672</u>	<u>3,432</u>	<u>1,132</u>	<u>136,418</u>	<u>2,664</u>
FUND BALANCES:								
Restricted	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,672</u>	<u>\$ 3,432</u>	<u>\$ 1,132</u>	<u>\$ 136,418</u>	<u>\$ 2,664</u>

Inter-Tribal Council of Michigan, Inc.

**Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2018**

	STIC 9/18	BIA 12/18	BIA-CC 12/18	DISPAR 3/19	DISPAR 3/18	NNTCP 9/18	CSBG 9/18	LIHEAP 9/18
ASSETS:								
Due from Other Funds	\$ 14,933	\$ 310	\$ -	\$ 4,610	\$ -	\$ 55,785	\$ -	\$ -
Due from Governmental Units	-	983	10,481	86,788	-	-	-	-
TOTAL ASSETS	\$ 14,933	\$ 1,293	\$ 10,481	\$ 91,398	\$ -	\$ 55,785	\$ -	\$ -
LIABILITIES:								
Accounts Payable	\$ 11,329	\$ 1,293	\$ 2,079	\$ 88,070	\$ -	\$ 49,234	\$ -	\$ -
Due to Other Funds	-	-	5,168	-	-	-	-	-
Accrued Liabilities	3,604	-	3,234	3,328	-	6,551	-	-
Unearned Revenues	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	14,933	1,293	10,481	91,398	-	55,785	-	-
FUND BALANCES:								
Restricted	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	-	-	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 14,933	\$ 1,293	\$ 10,481	\$ 91,398	\$ -	\$ 55,785	\$ -	\$ -

Inter-Tribal Council of Michigan, Inc.

**Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2018**

	TPREP 9/18	TQI 9/18	REACH 9/18	EDA 3/18	EDA 3/19	WSU 6/18	MIPPA 9/18	NSIP 3/20
ASSETS:								
Due from Other Funds	\$ 54,200	\$ 9,929	\$ 70,351	\$ -	\$ -	\$ -	\$ -	\$ -
Due from Governmental Units	-	-	-	-	9,961	-	-	2,191
TOTAL ASSETS	\$ 54,200	\$ 9,929	\$ 70,351	\$ -	\$ 9,961	\$ -	\$ -	\$ 2,191
LIABILITIES:								
Accounts Payable	\$ 48,019	\$ 5,279	\$ 70,351	\$ -	\$ 79	\$ -	\$ -	\$ 2,191
Due to Other Funds	-	-	-	-	7,048	-	-	-
Accrued Liabilities	6,181	4,650	-	-	2,834	-	-	-
Unearned Revenues	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	54,200	9,929	70,351	-	9,961	-	-	2,191
FUND BALANCES:								
Restricted	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	-	-	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 54,200	\$ 9,929	\$ 70,351	\$ -	\$ 9,961	\$ -	\$ -	\$ 2,191

	CARE/G 3/20	ELDERLY 3/20	CCC 6/18	CCC 6/19	TCCS 7/18	TCCS 7/19	CACFP 9/18	THV 9/18
ASSETS:								
Due from Other Funds	\$ -	\$ 657	\$ -	\$ 295	\$ -	\$ 1,804	\$ -	\$ 116,226
Due from Governmental Units	92	10,483	-	8,091	-	7,819	23,783	-
TOTAL ASSETS	<u>\$ 92</u>	<u>\$ 11,140</u>	<u>\$ -</u>	<u>\$ 8,386</u>	<u>\$ -</u>	<u>\$ 9,623</u>	<u>\$ 23,783</u>	<u>\$ 116,226</u>
LIABILITIES:								
Accounts Payable	\$ 92	\$ 10,783	\$ -	\$ 8,109	\$ -	\$ 7,991	\$ 1,113	\$ 112,043
Due to Other Funds	-	-	-	-	-	-	22,670	-
Accrued Liabilities	-	357	-	277	-	1,632	-	4,183
Unearned Revenues	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>92</u>	<u>11,140</u>	<u>-</u>	<u>8,386</u>	<u>-</u>	<u>9,623</u>	<u>23,783</u>	<u>116,226</u>
FUND BALANCES:								
Restricted	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 92</u>	<u>\$ 11,140</u>	<u>\$ -</u>	<u>\$ 8,386</u>	<u>\$ -</u>	<u>\$ 9,623</u>	<u>\$ 23,783</u>	<u>\$ 116,226</u>

	WIA/SYP 6/18	WIA/SYP 6/19	W/ADULT 6/18	W/ADULT 6/19	4 X 4 9/18	CHV 9/18	OPIOID 9/18	TOBACCO 9/18
ASSETS:								
Due from Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from Governmental Units	-	3,503	-	1,590	28,194	62,297	171,584	868
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 3,503</u>	<u>\$ -</u>	<u>\$ 1,590</u>	<u>\$ 28,194</u>	<u>\$ 62,297</u>	<u>\$ 171,584</u>	<u>\$ 868</u>
LIABILITIES:								
Accounts Payable	\$ -	\$ 3,503	\$ -	\$ 1,494	\$ 22,739	\$ 33,971	\$ 124,396	\$ -
Due to Other Funds	-	-	-	96	2,738	27,493	47,188	868
Accrued Liabilities	-	-	-	-	2,717	833	-	-
Unearned Revenues	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>3,503</u>	<u>-</u>	<u>1,590</u>	<u>28,194</u>	<u>62,297</u>	<u>171,584</u>	<u>868</u>
FUND BALANCES:								
Restricted	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 3,503</u>	<u>\$ -</u>	<u>\$ 1,590</u>	<u>\$ 28,194</u>	<u>\$ 62,297</u>	<u>\$ 171,584</u>	<u>\$ 868</u>

Inter-Tribal Council of Michigan, Inc.

**Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2018**

	CO/CAN 9/18	NAS 9/18	BRFS 9/18	BCCCP 9/18	CAN/ANA 9/18	INFANT 9/18	MCC 9/18	MCW 8/18
ASSETS:								
Due from Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from Governmental Units	49,787	31,204	10,000	26,475	3,940	585	-	-
TOTAL ASSETS	\$ 49,787	\$ 31,204	\$ 10,000	\$ 26,475	\$ 3,940	\$ 585	\$ -	\$ -
LIABILITIES:								
Accounts Payable	\$ 26,906	\$ 6,903	\$ -	\$ 7,594	\$ 191	\$ -	\$ -	\$ -
Due to Other Funds	21,676	21,635	6,075	17,111	3,749	585	-	-
Accrued Liabilities	1,205	2,666	3,925	1,770	-	-	-	-
Unearned Revenues	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	49,787	31,204	10,000	26,475	3,940	585	-	-
FUND BALANCES:								
Restricted	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	-	-	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 49,787	\$ 31,204	\$ 10,000	\$ 26,475	\$ 3,940	\$ 585	\$ -	\$ -

Inter-Tribal Council of Michigan, Inc.

**Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2018**

	MH 9/18	EARLY 9/18	CCF 9/18	AIR 3/19	AIR 3/18	GAP 9/18	UIC 1/18	USTP 9/18
ASSETS:								
Due from Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,620	\$ -	\$ 3,640
Due from Governmental Units	51,322	6,857	5,439	3,514	-	-	-	-
TOTAL ASSETS	\$ 51,322	\$ 6,857	\$ 5,439	\$ 3,514	\$ -	\$ 6,620	\$ -	\$ 3,640
LIABILITIES:								
Accounts Payable	\$ 36,058	\$ -	\$ 1,293	\$ 2,942	\$ -	-	\$ -	\$ 834
Due to Other Funds	15,264	6,857	4,146	572	-	-	-	-
Accrued Liabilities	-	-	-	-	-	6,620	-	2,806
Unearned Revenues	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	51,322	6,857	5,439	3,514	-	6,620	-	3,640
FUND BALANCES:								
Restricted	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	-	-	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 51,322	\$ 6,857	\$ 5,439	\$ 3,514	\$ -	\$ 6,620	\$ -	\$ 3,640

	ATR 9/18	Total
ASSETS:		
Due from Other Funds	\$ 5,726	\$ 501,686
Due from Governmental Units	106,639	726,188
TOTAL ASSETS	<u>\$ 112,365</u>	<u>\$ 1,227,874</u>
LIABILITIES:		
Accounts Payable	\$ 102,051	\$ 811,122
Due to Other Funds	-	210,939
Accrued Liabilities	10,314	73,446
Unearned Revenues	-	132,367
TOTAL LIABILITIES	<u>112,365</u>	<u>1,227,874</u>
FUND BALANCES:		
Restricted	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 112,365</u>	<u>\$ 1,227,874</u>

Inter-Tribal Council of Michigan, Inc.

**Other Supplementary Information
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance - Nonmajor Governmental Funds
For the Year Ended September 30, 2018**

	BMIC-E 12/17	STFM 3/18	BMIC 10/17	BMIC-E 12/18	SCIT 9/18	M/DIMES 3/19	MTFAC 4/19	GTBB 9/18
REVENUES:								
Federal Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-	-	-	-	-
Local Contributions	-	-	-	-	-	-	-	-
Other Revenues	23,543	7,500	17,335	13,828	50,995	11,230	424,309	29,000
TOTAL REVENUES	23,543	7,500	17,335	13,828	50,995	11,230	424,309	29,000
EXPENDITURES:								
Health And Welfare	23,543	7,500	17,335	13,828	50,995	11,230	424,309	29,000
Education	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	23,543	7,500	17,335	13,828	50,995	11,230	424,309	29,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-	-	-	-	-
FUND BALANCES, OCTOBER 1	-	-	-	-	-	-	-	-
FUND BALANCES, SEPTEMBER 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Inter-Tribal Council of Michigan, Inc.

**Other Supplementary Information
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance - Nonmajor Governmental Funds
For the Year Ended September 30, 2018**

	STIC 9/18	BIA 12/18	BIA-CC 12/18	DISPAR 3/19	DISPAR 3/18	NNTCP 9/18	CSBG 9/18	LIHEAP 9/18
REVENUES:								
Federal Grants	\$ -	\$ 16,669	\$ 114,293	\$ 546,275	\$ 527,116	\$ 622,536	\$ 107,575	\$ 86,036
State Grants	-	-	-	-	-	-	-	-
Local Contributions	-	-	-	-	-	-	-	-
Other Revenues	50,400	-	-	-	-	-	-	-
TOTAL REVENUES	50,400	16,669	114,293	546,275	527,116	622,536	107,575	86,036
EXPENDITURES:								
Health And Welfare	50,400	16,669	114,293	-	-	-	107,575	86,036
Education	-	-	-	546,275	527,116	622,536	-	-
TOTAL EXPENDITURES	50,400	16,669	114,293	546,275	527,116	622,536	107,575	86,036
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-	-	-	-	-
FUND BALANCES, OCTOBER 1	-	-	-	-	-	-	-	-
FUND BALANCES, SEPTEMBER 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Inter-Tribal Council of Michigan, Inc.

**Other Supplementary Information
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance - Nonmajor Governmental Funds
For the Year Ended September 30, 2018**

	TPREP 9/18	TQI 9/18	REACH 9/18	EDA 3/18	EDA 3/19	WSU 6/18	MIPPA 9/18	NSIP 3/20
REVENUES:								
Federal Grants	\$ 382,154	\$ 91,666	\$ 696,235	\$ 45,900	\$ 61,062	\$ -	\$ 2,000	\$ 3,571
State Grants	-	-	-	-	-	-	-	-
Local Contributions	-	-	-	-	-	-	-	-
Other Revenues	-	-	-	-	-	6,096	-	-
TOTAL REVENUES	382,154	91,666	696,235	45,900	61,062	6,096	2,000	3,571
EXPENDITURES:								
Health And Welfare	382,154	91,666	696,235	45,900	61,062	6,096	2,000	3,571
Education	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	382,154	91,666	696,235	45,900	61,062	6,096	2,000	3,571
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-	-	-	-	-
FUND BALANCES, OCTOBER 1	-	-	-	-	-	-	-	-
FUND BALANCES, SEPTEMBER 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Inter-Tribal Council of Michigan, Inc.

**Other Supplementary Information
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance - Nonmajor Governmental Funds
For the Year Ended September 30, 2018**

	CARE/G 3/20	ELDERLY 3/20	CCC 6/18	CCC 6/19	TCCS 7/18	TCCS 7/19	CACFP 9/18	THV 9/18
REVENUES:								
Federal Grants	\$ 15,007	\$ 85,278	\$ 203,421	\$ 14,182	\$ 187,448	\$ 13,608	\$ 256,769	\$ 895,000
State Grants	-	-	-	-	-	-	-	-
Local Contributions	-	-	-	-	-	-	-	-
Other Revenues	-	-	-	-	-	-	-	-
TOTAL REVENUES	15,007	85,278	203,421	14,182	187,448	13,608	256,769	895,000
EXPENDITURES:								
Health And Welfare	15,007	85,278	203,421	14,182	187,448	13,608	256,769	895,000
Education	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	15,007	85,278	203,421	14,182	187,448	13,608	256,769	895,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-	-	-	-	-
FUND BALANCES, OCTOBER 1	-	-	-	-	-	-	-	-
FUND BALANCES, SEPTEMBER 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Inter-Tribal Council of Michigan, Inc.

**Other Supplementary Information
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance - Nonmajor Governmental Funds
For the Year Ended September 30, 2018**

	WIA/SYP 6/18	WIA/SYP 6/19	W/ADULT 6/18	W/ADULT 6/19	4 X 4 9/18	CHV 9/18	OPIOID 9/18	TOBACCO 9/18
REVENUES:								
Federal Grants	\$ 5,051	\$ 15,929	\$ 58,231	\$ 3,983	\$ -	\$ -	\$ 973,681	\$ 20,000
State Grants	-	-	-	-	71,875	200,000	-	-
Local Contributions	-	-	-	-	17,969	-	-	-
Other Revenues	-	-	-	-	-	-	-	-
TOTAL REVENUES	5,051	15,929	58,231	3,983	89,844	200,000	973,681	20,000
EXPENDITURES:								
Health And Welfare	5,051	15,929	58,231	3,983	89,844	200,000	973,681	20,000
Education	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	5,051	15,929	58,231	3,983	89,844	200,000	973,681	20,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-	-	-	-	-
FUND BALANCES, OCTOBER 1	-	-	-	-	-	-	-	-
FUND BALANCES, SEPTEMBER 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Inter-Tribal Council of Michigan, Inc.

**Other Supplementary Information
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance - Nonmajor Governmental Funds
For the Year Ended September 30, 2018**

	CO/CAN 9/18	NAS 9/18	BRFS 9/18	BCCCP 9/18	CAN/ANA 9/18	INFANT 9/18	MCC 9/18	MCW 8/18
REVENUES:								
Federal Grants	\$ 75,000	\$ 31,204	\$ 10,000	\$ 55,000	\$ 27,144	\$ -	\$ 10,000	\$ 3,525
State Grants	-	-	-	-	-	29,000	-	-
Local Contributions	-	-	-	-	-	-	-	-
Other Revenues	-	-	-	-	-	-	-	-
TOTAL REVENUES	75,000	31,204	10,000	55,000	27,144	29,000	10,000	3,525
EXPENDITURES:								
Health And Welfare	75,000	31,204	10,000	55,000	27,144	29,000	10,000	3,525
Education	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	75,000	31,204	10,000	55,000	27,144	29,000	10,000	3,525
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-	-	-	-	-
FUND BALANCES, OCTOBER 1	-	-	-	-	-	-	-	-
FUND BALANCES, SEPTEMBER 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Inter-Tribal Council of Michigan, Inc.

**Other Supplementary Information
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance - Nonmajor Governmental Funds
For the Year Ended September 30, 2018**

	MH 9/18	EARLY 9/18	CCF 9/18	AIR 3/19	AIR 3/18	GAP 9/18	UIC 1/18	USTP 9/18
REVENUES:								
Federal Grants	\$ 7,800	\$ 27,108	\$ -	\$ 45,126	\$ 47,575	\$ 134,547	\$ 20,638	\$ 101,066
State Grants	312,754	-	15,825	-	-	-	-	-
Local Contributions	-	-	-	-	1,179	-	-	-
Other Revenues	-	-	-	-	-	-	-	-
TOTAL REVENUES	320,554	27,108	15,825	45,126	48,754	134,547	20,638	101,066
EXPENDITURES:								
Health And Welfare	320,554	27,108	15,825	45,126	48,754	134,547	20,638	101,066
Education	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	320,554	27,108	15,825	45,126	48,754	134,547	20,638	101,066
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-	-	-	-	-
FUND BALANCES, OCTOBER 1	-	-	-	-	-	-	-	-
FUND BALANCES, SEPTEMBER 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Other Supplementary Information
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance - Nonmajor Governmental Funds
For the Year Ended September 30, 2018**

	ATR 9/18	TOTALS
REVENUES:		
Federal Grants	\$ 1,043,183	\$ 7,689,592
State Grants	-	629,454
Local Contributions	-	19,148
Other Revenues	-	634,236
	<u>1,043,183</u>	<u>8,972,430</u>
TOTAL REVENUES		
EXPENDITURES:		
Health And Welfare	1,043,183	7,276,503
Education	-	1,695,927
	<u>1,043,183</u>	<u>8,972,430</u>
TOTAL EXPENDITURES		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-
FUND BALANCES, OCTOBER 1	<u>-</u>	<u>-</u>
FUND BALANCES, SEPTEMBER 30	<u>\$ -</u>	<u>\$ -</u>

Inter-Tribal Council of Michigan, Inc.**Combining Statement of Net Position
Internal Service Funds
September 30, 2018**

	<u>IDC</u>	<u>Fringe Pool</u>	<u>Building</u>	<u>Totals</u>
ASSETS:				
Cash and Equivalents	\$ -	\$ -	\$ 59,991	\$ 59,991
Due From Other Funds	-	1,284,775	397,752	1,682,527
Accounts Receivable	-	-	30	30
Capital Assets (Net)	-	-	634,353	634,353
Total Assets	<u>\$ -</u>	<u>\$ 1,284,775</u>	<u>\$ 1,092,126</u>	<u>\$ 2,376,901</u>
LIABILITIES:				
Accounts Payable	\$ 618	\$ 35	\$ 10,964	\$ 11,617
Accrued Liabilities	20,488	2,868	-	23,356
Due To Other Funds	34,782	-	-	34,782
Note Payable - Due within one year	-	-	19,510	19,510
Note Payable - Due in more than one year	-	-	774,578	774,578
Total Liabilities	<u>55,888</u>	<u>2,903</u>	<u>805,052</u>	<u>863,843</u>
NET POSITION:				
Net Investment in Capital Assets	-	-	(159,735)	(159,735)
Unrestricted	(55,888)	1,281,872	446,809	1,672,793
Total Net Position	<u>\$ (55,888)</u>	<u>\$ 1,281,872</u>	<u>\$ 287,074</u>	<u>\$ 1,513,058</u>

Inter-Tribal Council of Michigan, Inc.**Combining Statement of Revenues, Expenses, and
Changes in Net Position - Internal Service Funds
For the Year Ended September 30, 2018**

	IDC	Fringe Pool	Building	Totals
OPERATING REVENUES:				
Charges for Services	\$ 748,777	\$ 2,184,327	\$ 191,194	\$ 3,124,298
TOTAL REVENUES	<u>748,777</u>	<u>2,184,327</u>	<u>191,194</u>	<u>3,124,298</u>
OPERATING EXPENSES:				
Personnel Services	615,697	2,038,144	-	2,653,841
Utilities	-	-	18,061	18,061
Repairs and Maintenance	-	-	11,722	11,722
Other Supplies and Expenses	132,828	-	35,160	167,988
Depreciation Expense	-	-	28,247	28,247
TOTAL OPERATING EXPENSES	<u>748,525</u>	<u>2,038,144</u>	<u>93,190</u>	<u>2,879,859</u>
OPERATING INCOME (LOSS)	<u>252</u>	<u>146,183</u>	<u>98,004</u>	<u>244,439</u>
NON-OPERATING REVENUE (EXPENSES):				
Interest Expense	-	-	(38,201)	(38,201)
Interest Income	-	-	106	106
TOTAL NON-OPERATING REVENUE (EXPENSES)	<u>-</u>	<u>-</u>	<u>(38,095)</u>	<u>(38,095)</u>
CHANGES IN NET POSITION	252	146,183	59,909	206,344
NET POSITION-BEGINNING	(56,140)	1,135,689	227,165	1,306,714
NET POSITION-ENDING	<u>\$ (55,888)</u>	<u>\$ 1,281,872</u>	<u>\$ 287,074</u>	<u>\$ 1,513,058</u>

Inter-Tribal Council of Michigan, Inc.**Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2018**

	IDC	Fringe Pool	Building	Totals
Cash Flows from Operating Activities:				
Receipts from customers or users	\$ 748,777	\$ 2,004,569	\$ 112,352	\$ 2,865,698
Payments to suppliers or users	(131,272)	-	(55,544)	(186,816)
Payments to employees	(617,505)	(2,004,569)	-	(2,622,074)
Net Cash Provided (Used) by Operating Activities	-	-	56,808	56,808
Cash flows from Capital and Related Financing Activities:				
Principal Payments on Long Term Debt	-	-	(18,607)	(18,607)
Interest Payments on Long Term Debt	-	-	(38,201)	(38,201)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	-	(56,808)	(56,808)
Cash flows from Investing Activities:				
Interest Income	-	-	106	106
Net Cash Provided (Used) by Investing Activities	-	-	106	106
Net Increase (Decrease) in Cash and Equivalents	-	-	106	106
Cash and Equivalents, Beginning of Period	-	-	59,885	59,885
Cash and Equivalents, End of Period	\$ -	\$ -	\$ 59,991	\$ 59,991
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 252	\$ 146,183	\$ 98,004	\$ 244,439
Non-Cash and Other Non-operating Expenses:				
Depreciation	-	-	28,247	28,247
(Increase) Decrease in Current Assets:				
Accounts Receivable (Net)	-	31,967	(30)	31,937
Due From Other Funds	-	(179,758)	(78,812)	(258,570)
Increase (Decrease) in Current Liabilities:				
Due To Other Funds	3,169	-	-	3,169
Accounts Payable	(1,613)	15	9,399	7,801
Accrued Liabilities	(1,808)	1,593	-	(215)
Net Cash Provided (Used) by Operating Activities	\$ -	\$ -	\$ 56,808	\$ 56,808

Reports on Compliance



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

SUE A. BOWLBY, CPA, PRINCIPAL
KENNETH A. TALSMA, CPA, PRINCIPAL
AMBER N. MACK, CPA, PRINCIPAL

PHILLIP J. WOLF, CPA
LESLIE BOHN, CPA

MEMBER AICPA
DIVISION FOR CPA FIRMS

MEMBER MACPA

OFFICES IN
MICHIGAN & WISCONSIN

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

Board of Directors
Inter-Tribal Council of Michigan, Inc.
2956 Ashmun Street
Sault Ste. Marie, Michigan 49783

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Inter-Tribal Council of Michigan, Inc., as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Inter-Tribal Council of Michigan, Inc.'s basic financial statements and have issued our report thereon dated February 8, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Inter-Tribal Council of Michigan, Inc.'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Inter-Tribal Council of Michigan, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Inter-Tribal Council of Michigan, Inc.'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.

Board of Directors
Inter-Tribal Council of Michigan, Inc.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.



Anderson, Tackman & Company, PLC
Certified Public Accountants
Kincheloe, Michigan

February 8, 2019



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

SUE A. BOWLBY, CPA, PRINCIPAL
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MICHIGAN & WISCONSIN

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Inter-Tribal Council of Michigan, Inc.
2956 Ashmun Street
Sault Ste. Marie, Michigan 49783

Report on Compliance for Each Major Federal Program

We have audited the Inter-Tribal Council of Michigan, Inc.'s, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Inter-Tribal Council of Michigan, Inc.'s major federal programs for the year ended September 30, 2018. The Inter-Tribal Council of Michigan, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for each of the Inter-Tribal Council of Michigan, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Inter-Tribal Council of Michigan, Inc.'s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Inter-Tribal Council of Michigan, Inc.'s compliance.

Board of Directors
Inter-Tribal Council of Michigan, Inc.

Opinion on Each Major Federal Program

In our opinion, the Inter-Tribal Council of Michigan, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018.

Report on Internal Control Over Compliance

Management of the Inter-Tribal Council of Michigan, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Inter-Tribal Council of Michigan, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Inter-Tribal Council of Michigan, Inc.'s internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Anderson, Tackman and Company, PLC
Certified Public Accountants
Kincheloe, Michigan

February 8, 2019

Inter-Tribal Council of Michigan, Inc.

Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2018

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Contract Number</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES:				
<i>Direct Awards (Public Health Services):</i>				
TQI - 09/29/2017 to 09/28/2018	NU380T000240-05	93.098	\$ 91,666	\$ 40,000
TCCS - 08/15/2017 to 07/31/2018	STTMP151121-03-01	93.296	187,448	-
TCCS - 08/01/2018 to 07/31/2019	STTMP151121-04-00	93.296	13,608	-
CCC - 06/30/2017 to 06/29/2018	NU58DP006275-01-01	93.898	203,421	46,691
CCC - 06/30/2018 to 06/29/2019	NU58DP006275-02-01	93.898	14,182	3,659
NNTCP - 09/30/2017 to 09/29/2018	5U58DP004979-05-01	93.283	622,536	177,982
REACH - 09/30/2016 to 09/29/2018	5NU58DP005946-03-03	93.738	696,235	319,943
Healthy Start - Disparities - 04/01/2017 to 03/31/2018	5H49MC00131-17-01	93.926	527,116	437,849
Healthy Start - Disparities - 04/01/2018 to 03/31/2019	6H49MC00131-18-02	93.926	546,275	385,456
Subtotal - PHS			2,902,487	1,411,580
<i>Direct Awards (Substance Abuse and Mental Health Services):</i>				
Access to Recovery - 09/30/2016 to 09/29/2018	1H79T1025514-01	93.243	1,043,183	846,176
<i>Direct Awards (Administration for Children & Families):</i>				
TPREP - 09/30/2017 to 09/29/2018	90AT0019-02-00	93.092	382,154	234,000
THV - 09/30/2017 to 09/29/2018	90TH0025-06-01	93.508	895,000	560,781
LIHEAP - 10/01/2017 to 09/30/2018	G-18JBMILIEA	93.568	86,036	75,432
477 Cluster				
CSBG - 10/01/2017 to 09/30/2018	G-18PCMICOSR	93.569	107,575	-
Early Head Start - 11/01/2016 to 10/31/2017	90C19821/04-03	93.600	278,338	177,249
Early Head Start - 11/01/2017 to 10/31/2018	90C19821/05-03	93.600	1,891,030	1,552,788
Head Start -11/01/2016 to 10/31/2017	90C19821/04-03	93.600	265,763	262,661
Head Start -11/01/2017 to 10/31/2018	90C19821/05-03	93.600	2,410,704	1,890,927
Subtotal - ACF			6,316,600	4,753,838
<i>Direct Awards (Administration on Aging):</i>				
Elderly Outreach - 04/01/2018 to 03/31/2020	1702MIT6NS	93.047	85,278	45,193
NSIP - 04/01/2018 to 03/31/2020	1702MINSIT	93.053	3,571	3,571
MIPPA - 09/30/2017 to 09/29/2018	1702MIMTRB	93.071	2,000	2,000
Title VI - Caregiver -04/01/2017 to 03/31/2020	1702MIT6CG	93.054	15,007	15,007
Subtotal - AOA			105,856	65,771
<i>Pass-through from Michigan Department of Community Health:</i>				
MCC -10/01/2017 to 09/30/2018	E20181332-00	93.898	10,000	-
Co/Cancer - 10/01/2017 to 09/30/2018	E20182509-00	93.283	75,000	-
Analysis of Cancer -10/01/2017 to 09/30/2018	E20182580-00	93.898	27,144	-
Breast & Cervical Cancer - 10/01/2017 to 09/30/2018	E20182699-00	93.898	55,000	-
Tobacco - 10/01/2017 to 09/30/2018	E20181713-00	93.305	20,000	-
NAS - 10/01/2017 to 09/30/2018	E20183149-00	93.959	31,204	-
BRFSS - 01/01/2018 to 09/30/2018	E20183188-00	93.758	10,000	-
OPIOID -10/01/2017 to 09/30/2018	E20182709-00	93.788	973,681	270,942
TBHI - 10/01/2017 to 09/30/2018	E20180620-00	93.958	1,142,020	1,042,395
Mental Health - 10/01/2017 to 09/30/2018	E20180390-00	93.958	7,800	7,800
Subtotal -MDCH			2,351,849	1,321,137
<i>Pass-through from the Medical College of Wisconsin, Inc:</i>				
Environmental Health	1R21ES025788-02	93.113	3,525	-
Total U.S. Department of Health & Human Services			12,723,500	8,398,502

Inter-Tribal Council of Michigan, Inc.

Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2018

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Contract Number</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
U.S. DEPARTMENT OF AGRICULTURE:				
<i>Pass-through from Michigan Department of Education:</i>				
Child and Adult Care Food Program - 09/30/2018	170000006	10.558	256,769	256,769
U.S. ENVIRONMENTAL PROTECTION AGENCY:				
<i>Direct Awards:</i>				
AIR - 04/01/2018 to 03/31/2019	TX-97522907	66.038	45,126	-
AIR - 04/01/2017 to 03/31/2018	TX-97522906	66.038	47,575	-
USTP - 10/01/2016 to 09/30/2018	DI-96589406	66.473	101,066	-
UIC - 08/01/2016 to 01/31/2018	DI-00E02027	66.473	20,638	-
GAP - 10/01/2016 to 09/30/2018	GA-99519612	66.926	134,547	-
Total U.S. Environmental Protection Agency			348,952	-
U.S. DEPARTMENT OF INTERIOR:				
<i>Direct Awards:</i>				
477 Cluster				
BIA Child Care Welfare Assist. Program - 01/01/2016 to 12/31/2018	A16AV00532	15.113	16,669	16,669
BIA Climate Change-04/01/2015 to 12/31/2018	A15AV00507	15.156	114,293	-
Total U.S. Department of Interior			130,962	16,669
U.S. DEPARTMENT OF LABOR:				
<i>Direct Awards:</i>				
477 Cluster				
WIA/SYP - 04/01/2014 to 06/30/2018	AB-29270-16-55-A-26	17.265	5,051	2,461
WIA/SYP - 07/01/2018 to 06/30/2019	AB-32372-18-60-A-26	17.265	15,929	15,845
WIA/Adult - 04/01/2014 to 06/30/2018	AB-29270-16-55-1-26	17.265	58,231	49,460
WIA/Adult - 07/01/2018 to 06/30/2019	AB-32372-18-60-A-26	17.265	3,983	942
Total U.S. Department of Labor			83,194	68,708
U.S. DEPARTMENT OF COMMERCE:				
<i>Direct Awards:</i>				
EDA - 04/01/2016 to 03/31/2019	ED18CHI3020013	11.302	61,062	-
EDA - 04/01/2017 to 03/31/2018	ED17CH13020007	11.302	45,900	-
Total U.S. Department of Commerce			106,962	-
U.S. DEPARTMENT OF EDUCATION:				
<i>Pass-through from Michigan Department of Community Health:</i>				
Infant & Families with Disabilities (Early On) - 10/01/2017 to 09/30/2018	181330-IACITC	84.181	27,108	-
Total Expenditures of Federal Awards			<u>\$ 13,677,447</u>	<u>\$ 8,740,648</u>

NOTE A - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Inter-Tribal Council of Michigan, Inc. and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in Note A to the Agency's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance (2CFR 200), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Cash received is recorded on the cash basis. Revenues are recognized when the qualifying expenditures have been included and all grant requirements have been met.

For purposes of charging indirect costs to federal awards, the Tribe has not elected to use the 10% de minimis cost rate as permitted by Section 200.414 of the Uniform Guidance. Instead, the Council has applied its last negotiated rate of 17.4% of direct costs.

NOTE C - OVERSIGHT AGENCY:

The U.S. Department of Health and Human Services is the oversight agency of the Inter-Tribal Council of Michigan, Inc. as this federal agency provided the largest amount of direct federal funding.

NOTE D - CLUSTERS

The 477 cluster received funding from the following sources:

Program	CFDA Number
CSBG - 10/1/17-9/30/18	93.569
BIA Child Care Welfare Assist. Program 1/1/16-12/31/18	15.113
WIA/SYP 4/1/14-6/30/18	17.265
WIA/SYP 7/1/18-6/30/19	17.265
WIA/Adult 4/1/14-6/30/18	17.265
WIA/Adult 7/1/18-6/30/19	17.265

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No

Identification of Major Programs

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.243	Access to Recovery
93.283	NNTCP/Cancer
93.738	REACH
93.788	OPIOID
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

NONE.

Section III – Federal Award Findings and Questioned Costs

NONE.

Section III – Federal Award Findings and Questioned Costs

NONE.



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

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MEMBER MACPA

**OFFICES IN
MICHIGAN & WISCONSIN**

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

Board of Directors
Inter-Tribal Council of Michigan, Inc.
2956 Ashmun
Sault Ste. Marie, MI 49783

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Inter-Tribal Council of Michigan, Inc. for the year ended September 30, 2018, and have issued our report thereon dated February 8, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, if applicable, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards, *Government Auditing Standards* and the Uniform Guidance

As stated in our engagement letter dated November 13, 2018, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the Inter-Tribal Council of Michigan, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

As part of obtaining reasonable assurance about whether the Inter-Tribal Council of Michigan, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with the Uniform Guidance, we will examine, on a test basis, evidence about the Inter-Tribal Council of Michigan, Inc.'s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the Inter-Tribal Council of Michigan, Inc.'s compliance with those requirements. While our audit will provide a reasonable basis for our opinion, it will not provide a legal determination on the Inter-Tribal Council of Michigan, Inc.'s compliance with those requirements.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the management's discussion and analysis and budgetary comparison schedules, which supplement(s) the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

We have been engaged to report on combining fund financial statements and schedule of expenditures of federal awards, which accompany the financial statements but are not RSI. Our responsibility for this supplementary information, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our correspondence about planning matters on November 13, 2018.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Inter-Tribal Council of Michigan, Inc. are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the depreciation expense is based on estimated lives. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.
- Management's estimate of the allowance for uncollectible accounts receivable is based on past experience and future expectations for collection of various account balances and has been determined to be zero.

The financial statements disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreement with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 8, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Comments and Recommendations

Credit Cards

During credit card testing, statements were reviewed for proper documentation and authorization. We noted instances where charges were made without providing proper documentation to support those charges at the time of payment. Although the invoices were eventually obtained, the invoices and purchase orders were not present at the time of payment. In accordance with the credit card policy in effect, no charges should be made on the credit card without prior authorization on a purchase order and supporting documentation must be supplied timely.

Subrecipient Awards

It was noted during our review of sub recipient award documents that on multiple occasions sub award agreements were missing indirect cost information, and in one occurrence they were missing the CFDA numbers as required by 2 CFR 200.331(a). We recommend that all sub awards be reviewed to ensure compliance with all of the 2 CFR 200.331(a) requirements.

Other Matters

We applied certain limited procedures to the management's discussion and analysis and budgetary comparison schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquires of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and our knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining fund financial statements and schedule of expenditures of federal awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquires of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Conclusion

We would like to express our appreciation, as well as that of our staff for the excellent cooperation we received while performing the audit. If we can be of assistance, please contact us.

This information is intended solely for the information and use of management, the Inter-Tribal Council of Michigan, Inc., federal awarding agencies, pass-through entities, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.



Anderson, Tackman & Company, PLC
Certified Public Accountants
Kincheloe, Michigan

February 8, 2019

AUDIT EXEMPTION NOTICE
Michigan Department of Health and Human Services

Please fill in the following information, sign after the statement below and email it to:
MDHHS-AuditReports@michigan.gov.

Agency Name Jewish Federation of Metropolitan Detroit		
Agency Address 6735 Telegraph Road, Bloomfield Hills, MI 48301		
Federal ID Number 38-1359214	Agency's Fiscal Year End for the Year This Exemption Applies (MM/DD/YY) 05/31/19	
Agency Contact Name Linda Blumberg	Agency Contact Title Senior Planning Advisor	Agency Contact Phone Number 248-203-1468
Agency Contact Email blumberg@jfmd.org		

The purpose of this document is to certify that the agency listed above has expended less than \$750,000 in federal awards from all funding sources and is therefore exempt from MDHHS single audit submission requirements.

Please Note: If the agency has a financial statement audit that includes disclosures that may negatively impact MDHHS funded programs including, but not limited to, fraud, going concern uncertainties, financial statement misstatements, and violations of contract and grant provisions, the agency must submit the financial statement audit and corrective action plan in addition to this document.



Signature

Rebecca Stasch, Finance Dir

Print Name/Title (Financial Director or Designee)

10/23/19

Date

The Michigan Department of Health and Human Services (MDHHS) does not discriminate against any individual or group because of race, religion, age, national origin, color, height, weight, marital status, genetic information, sex, sexual orientation, gender identity or expression, political beliefs or disability.

ACC-DHHS Annual Report for

(10/01/2018 - 9/30/2019)

Macomb County

What is the purpose of ACC-DHHS program?

The purpose, goals and the mission of ACC-DHHS is to provide our community in large with the highest level of services including financial, medical, nutritional and food distribution. In addition, ACC-DHS staffs are giving special attention to the refugees from Middle East, Europe and the rest of the world countries as well. All services are free of charges to all clients.

As a culturally diverse organization, ACC's staff possesses the language skills and cultural knowledge to effectively serve the growing refugee population resettling in the State of Michigan.

As a culturally diverse organization, ACC's staff possesses the language skills and cultural knowledge to effectively serve the growing refugee population resettling in the State of Michigan.

The delivery of service through tri-lingual and culturally sensitive staff not only saves all costs for interpreters/translators but also makes clients feel more comfortable and aids in the efficiency of service.

ACC is required to spend at least 30 minutes per unit because of the language barrier, the lack of knowledge in how the system functions, the forms, and the culture of the community served. With the quantity of individuals DHHS sees in a day, the time required by a DHHS employee would severely hamper the flow of services to all clients coming through DHHS due to not only the language barrier but the lack of cultural knowledge that is required by the Arab and Chaldean population that is not accustomed to the system and come from countries where the government was not to be trusted.

Main Core of ACC-DHHS services;

Information and Referral (I/R);

The information and referral services are the “active process of linking a client with a need or problem with the particular services which will meet the need or solve the problem”. Therefore, each client we serve has his/her physical personal file which includes the client’s date of service, DHHS case number if available, name of his/her office out of which he /she was served, full name, address, phone number, spouse and children’s full names, social security numbers, date of birth, age, gender, country of origin, citizen status, type of services client is seeking such as Medicaid, Food Stamps program and cash benefits program or combined (Initial Intake Application). In the client personal files there are (2) forms used to reflect services. One reflects the initial services called (Information, Referral and/ or Advocacy Units) used for the first interview or services with basic vital clients information. Second, is the “Follow up Units” Form which is utilized by staff on a daily bases or as needed. In addition you will find a variety of other documents and paper work as well.

Advocacy Services:

Advocacy generally speaking is a process of supporting and enabling the most vulnerable people to express their views and concerns, access information and services, defend and promote their rights and responsibilities and have their voice heard on issues that are important to them to explore choices and options.

ACC staff have a “duty of care” to the people they work with, especially in the area of confidentiality. This issue is so important to clients that staff have the commitment and the obligation not to release any information to anyone without client’s written or oral permission unless these information’s are providing is a life-threatening nature.

Services provided:

Per the DHHS and ACC contract we are provided the following services:

- Attend and facilitate the customer's initial interview with DHHS staff at the time of application for benefits
- Assist in completion of the DHS 1171, main application and gathering of information that is to be attached to the application
- Provide interpreting and translating services in the Arabic or Chaldean languages for those who have limited English proficiency
- Attend follow up interviews with the customer's as well as annual reviews at the DHHS offices
- Assist customers in filling out forms such as shelter, bank statements, etc.
- Escort DHHS workers on home visit to a customer's residence
- Orient and familiarize customers with the Electronic FS process
- Explain to customers the rules and regulations of DHHS and eligibility guidelines before submitting application DHS 1171
- Provide general and one-on-one session to inform customers of WF/PATH programs requirements
- Provide customers with employment leads as well referrals to Vocational Training or ESL Classes
- Assist customers in completion of application for Supplement Security Income (SSI), State Disability Assistant (SDA)
- Follow up with the State Medical Review Team (MRT) and to respond for any certain request in order to satisfied the (MRT) guidelines' of disability
- Explain rules and regulation of immigration that relate directly to the DHHS eligibility guidelines, i.e., asylums, refugees and visitors to DHHS workers and customers
- Interpretation and/or translation for customers during (Pre-Hearing Conference with DHHS Workers, his/her immediate supervisor, and customers as well regular Administrating Hearing with the State Administrative Judge
- Assist DHHS Workers and administrators in communicating with customers regarding Child Support, Chore Services as well domestic violence
- Maintain customers' files with confidentiality on cases where Contractor has provided information, referral and /or advocacy service accordingly
- Other services as deemed necessary to both ACC and DHHS

- Assist clients to apply for their benefits online by using a computer and the Internet
- Scanning each client's documents as necessary for the client's eligibility requirements
- Facilitate the (Electronic Documents Managements (EDM) system in order to provide the case workers with a proof of client's eligibility such as payroll evidence, Social Security Numbers and etc.
- Assist in managing flow of the Arabic/Chaldean clients in the DHHS lobby
- A bilingual interpreter to be present at all interviews or situations where an interpreter is necessary and appropriate

Tasks-ACC-DHHS staff helps with:

- General Application ([DHS- 1171](#))
- Application for Health Coverage & Help Paying Cost ([DCH-1426](#))
- Family Independent Program (Cash Benefit Program)
- Food Assistance Program (FAP Program)
- Medical Assistance Program (Medicaid)
- Day Care referral
- Child Support issues
- Social Supplement Income issues (SSI)
- Family Emergency Assistance
- State Disability Assistance Program (SDA)
- Refugees Assistance
- Referrals to ACC program or outside agencies such as Job Training (PATH Program) and Social Security Office

ACC-DHHS Staff Qualifications and Experience;

Program Staffs are well educated with Bachelors, Master and Ph.D. Degrees with average of (16) years of experience.

Macomb County Contract Statistical Report

(10/01/2018 – 9/30/2019)

In Macomb County, ACC-DHHS staff serviced a total of **(7,424)** clients and produced **(11,943)** units of Information/Referrals and Advocacy. Contracted units are **(3977)** units. Which represents an amount **(200%)** above and beyond the number of contracted units with **(3)** staff at **(3)** DHHS Offices. The offices are Sterling Heights District Office, Warren District Office and ACC Building Office in Sterling Heights City. Most clients in Macomb County are from Iraq, Lebanon, Yemen, Syria and Jordan.

Client Base:

ACC-DHHS Program's primary source of clients comes from Arabic and Chaldean communities in large. We received clients from other cities such as Flint and Ann Arbor. Also ACC-DHHS staffs are instructed to provide services to all clients from the Middle East and North African countries such as Iraq, Syria, Egypt, Yemen, Jordan, Libya, Morocco, Algeria, and other nationalities such as Bangladesh and Somalia. ACC's policy is to serve any client who walks in to our offices or through any other means of communication such as by phone or email. ACC fully complies with all Equal Opportunity laws and discrimination complaint policies are posted in each ACC and DHHS office. Any complaints of discrimination will be handled as outlined by current policy.

Wraparound Services:

Wraparound is a philosophy and planning process to create a plan of care for children and youth with emotional or behavioral disabilities through the collaboration of multiple systems to make one plan to build on the strengths of the family such as CPS involvement, special education, mental health services, substance abuse treatment, and juvenile justice. ACC-DHHS staffs are not certified to provide “Wraparound” activities; therefore, they refer such cases to ACC’s Behavioral Health Wraparound Program, schools, and doctor’s offices in the community.

Expenditures:

ACC annual expenditures combined for Tri County as follows:

1- \$1,550,000.00

(Same amount to Wayne, Oakland and Macomb County)

Rh/Ratib Haddad, Ph.D., Program Director

Thanks

November 15, 2019

ACC-DHHS Annual Report for

(10/01/2018 - 9/30/2019)

Oakland County

What is the purpose of ACC-DHHS program?

The purpose, goals and the mission of ACC-DHHS is to provide our community in large with the highest level of services including financial, medical, nutritional and food distribution. In addition, ACC-DHS staffs are giving special attention to the refugees from Middle East, Europe and the rest of the world countries as well. All services are free of charges to all clients.

As a culturally diverse organization, ACC's staff possesses the language skills and cultural knowledge to effectively serve the growing refugee population resettling in the State of Michigan.

The delivery of service through tri-lingual and culturally sensitive staff not only saves all costs for interpreters/translators but also makes clients feel more comfortable and aids in the efficiency of service.

ACC is required to spend at least 30 minutes per unit because of the language barrier, the lack of knowledge in how the system functions, the forms, and the culture of the community served. With the quantity of individuals DHHS sees in a day, the time required by a DHHS employee would severely hamper the flow of services to all clients coming through DHHS due to not only the language barrier but the lack of cultural knowledge that is required by the Arab and Chaldean population that is not accustomed to the system and come from countries where the government was not to be trusted.

Main Core of ACC-DHHS services;

Information and Referral (I/R);

The information and referral services are the “active process of linking a client with a need or problem with the particular services which will meet the need or solve the problem”. Therefore, each client we serve has his/her physical personal file which includes the client’s date of service, DHHS case number if available, name of his/her office out of which he /she was served, full name, address, phone number, spouse and children’s full names, social security numbers, date of birth, age, gender, country of origin, citizen status, type of services client is seeking such as Medicaid, Food Stamps program and cash benefits program or combined (Initial Intake Application). In the client personal files there are (2) forms used to reflect services. One reflects the initial services called (Information, Referral and/ or Advocacy Units) used for the first interview or services with basic vital clients information. Second, is the “Follow up Units” Form which is utilized by staff on a daily bases or as needed. In addition you will find a variety of other documents and paper work as well.

Advocacy Services:

Advocacy generally speaking is a process of supporting and enabling the most vulnerable people to express their views and concerns, access information and services, defend and promote their rights and responsibilities and have their voice heard on issues that are important to them to explore choices and options.

ACC staff have a “duty of care” to the people they work with, especially in the area of confidentiality. This issue is so important to clients that staff have the commitment and the obligation not to release any information to anyone without client’s written or oral permission unless these information’s are providing is a life-threatening nature.

Services provided:

Per the DHHS and ACC contract we are provided the following services:

- Attend and facilitate the customer's initial interview with DHHS staff at the time of application for benefits
- Assist in completion of the DHS 1171, main application and gathering of information that is to be attached to the application
- Provide interpreting and translating services in the Arabic or Chaldean languages for those who have limited English proficiency
- Attend follow up interviews with the customer's as well as annual reviews at the DHHS offices
- Assist customers in filling out forms such as shelter, bank statements, etc.
- Escort DHHS workers on home visit to a customer's residence
- Orient and familiarize customers with the Electronic FS process
- Explain to customers the rules and regulations of DHHS and eligibility guidelines before submitting application DHS 1171
- Provide general and one-on-one session to inform customers of WF/PATH programs requirements
- Provide customers with employment leads as well referrals to Vocational Training or ESL Classes
- Assist customers in completion of application for Supplement Security Income (SSI), State Disability Assistant (SDA)
- Follow up with the State Medical Review Team (MRT) and to respond for any certain request in order to satisfied the (MRT) guidelines' of disability
- Explain rules and regulation of immigration that relate directly to the DHHS eligibility guidelines, i.e., asylums, refugees and visitors to DHHS workers and customers
- Interpretation and/or translation for customers during (Pre-Hearing Conference with DHHS Workers, his/her immediate supervisor, and customers as well regular Administrating Hearing with the State Administrative Judge
- Assist DHHS Workers and administrators in communicating with customers regarding Child Support, Chore Services as well domestic violence
- Maintain customers' files with confidentiality on cases where Contractor has provided information, referral and /or advocacy service accordingly
- Other services as deemed necessary to both ACC and DHHS

- Assist clients to apply for their benefits online by using a computer and the Internet
- Scanning each client's documents as necessary for the client's eligibility requirements
- Facilitate the (Electronic Documents Managements (EDM) system in order to provide the case workers with a proof of client's eligibility such as payroll evidence, Social Security Numbers and etc.
- Assist in managing flow of the Arabic/Chaldean clients in the DHHS lobby
- A bilingual interpreter to be present at all interviews or situations where an interpreter is necessary and appropriate

Tasks-ACC-DHHS staff helps with:

- General Application ([DHS- 1171](#))
- Application for Health Coverage & Help Paying Cost ([DCH-1426](#))
- Family Independent Program (Cash Benefit Program)
- Food Assistance Program (FAP Program)
- Medical Assistance Program (Medicaid)
- Day Care referral
- Child Support issues
- Social Supplement Income issues (SSI)
- Family Emergency Assistance
- State Disability Assistance Program (SDA)
- Refugees Assistance
- Referrals to ACC program or outside agencies such as Job Training (PATH Program) and Social Security Office

ACC-DHHS Staff Qualifications and Experience;

Staffs on this program are well educated with Bachelors, Master and Ph.D. Degrees with average of (16) years of experience.

Oakland County Contract Statistical Report

(10/01/2018 – 9/30/2019)

In Oakland County, ACC-DHHS staff serviced a total of **(4,545)** clients and produced **(5,823)** units of Information/Referrals and Advocacy. Contracted units are **(3,000)** units. Which represents an amount **(94%)** above and beyond the number of contracted units with **(3)** staff at **(2)** DHHS Offices. The offices are Madison Heights District Office and Southfield District Office. Most clients in Oakland County are from Iraq, Palestine, Syria, and Jordan.

Client Base:

ACC-DHHS Program's primary source of clients comes from Arabic and Chaldean communities in large. We received clients from other cities such as Flint and Ann Arbor. Also ACC-DHHS staffs are instructed to provide services to all clients from the Middle East and North African countries such as Iraq, Syria, Egypt, Yemen, Jordan, Libya, Morocco, Algeria, and other nationalities such as Bangladesh and Somalia. ACC's policy is to serve any client who walks in to our offices or through any other means of communication such as by phone or email. ACC fully complies with all Equal Opportunity laws and discrimination complaint policies are posted in each ACC and DHHS offices. Any complaints of discrimination will be handled as outlined by current policy.

Wraparound Services:

Wraparound is a philosophy and planning process to create a plan of care for children and youth with emotional or behavioral disabilities through the collaboration of multiple systems to make one plan to build on the strengths of the family such as CPS involvement, special education, mental health services, substance abuse treatment, and juvenile justice. ACC-DHHS staffs are not certified to provide "Wraparound" activities; therefore, they refer such cases to ACC's Behavioral Health Wraparound Program, schools, and doctor's offices in the community.

Expenditures:

ACC annual expenditures combined for Tri County as follows:

1- \$1,550,000.00

(Same Amount for Wayne, Oakland and Macomb County)

Rh/Ratib Haddad, Ph.D. Program Director

Thanks

November 15, 2019

ACC-DHHS Annual Report for

(10/01/2018 - 9/30/2019)

Wayne County

What is the purpose of ACC-DHHS program?

The purpose, goals and the mission of ACC-DHHS is to provide our community in large with the highest level of services including financial, medical, nutritional and food distribution. In addition, ACC-DHS staffs are giving special attention to the refugees from Middle East, Europe and the rest of the world countries as well. All services are free of charges to all clients.

As a culturally diverse organization, ACC's staff possesses the language skills and cultural knowledge to effectively serve the growing refugee population resettling in the State of Michigan.

The delivery of service through tri-lingual and culturally sensitive staff not only saves all costs for interpreters/translators but also makes clients feel more comfortable and aids in the efficiency of service.

ACC is required to spend at least 30 minutes per unit because of the language barrier, the lack of knowledge in how the system functions, the forms, and the culture of the community served. With the quantity of individuals DHHS sees in a day, the time required by a DHHS employee would severely hamper the flow of services to all clients coming through DHHS due to not only the language barrier but the lack of cultural knowledge that is required by the Arab and Chaldean population that is not accustomed to the system and come from countries where the government was not to be trusted.

Main Core of ACC-DHHS services;

Information and Referral (I/R);

The information and referral services are the “active process of linking a client with a need or problem with the particular services which will meet the need or solve the problem”. Therefore, each client we serve has his/her physical personal file which includes the client’s date of service, DHHS case number if available, name of his/her office out of which he /she was served, full name, address, phone number, spouse and children’s full names, social security numbers, date of birth, age, gender, country of origin, citizen status, type of services client is seeking such as Medicaid, Food Stamps program and cash benefits program or combined (Initial Intake Application). In the client personal files there are (2) forms used to reflect services. One reflects the initial services called (Information, Referral and/ or Advocacy Units) used for the first interview or services with basic vital clients information. Second, is the “Follow up Units” Form which is utilized by staff on a daily bases or as needed. In addition you will find a variety of other documents and paper work as well.

Advocacy Services:

Advocacy generally speaking is a process of supporting and enabling the most vulnerable people to express their views and concerns, access information and services, defend and promote their rights and responsibilities and have their voice heard on issues that are important to them to explore choices and options.

ACC staff have a “duty of care” to the people they work with, especially in the area of confidentiality. This issue is so important to clients that staff have the commitment and the obligation not to release any information to anyone without client’s written or oral permission unless these information’s are providing is a life-threatening nature.

Services provided:

Per the DHHS and ACC contract we are provided the following services:

- Attend and facilitate the customer's initial interview with DHHS staff at the time of application for benefits
- Assist in completion of the DHS 1171, main application and gathering of information that is to be attached to the application
- Provide interpreting and translating services in the Arabic or Chaldean languages for those who have limited English proficiency
- Attend follow up interviews with the customer's as well as annual reviews at the DHHS offices
- Assist customers in filling out forms such as shelter, bank statements, etc.
- Escort DHHS workers on home visit to a customer's residence
- Orient and familiarize customers with the Electronic FS process
- Explain to customers the rules and regulations of DHHS and eligibility guidelines before submitting application DHS 1171
- Provide general and one-on-one session to inform customers of WF/PATH programs requirements
- Provide customers with employment leads as well referrals to Vocational Training or ESL Classes
- Assist customers in completion of application for Supplement Security Income (SSI), State Disability Assistant (SDA)
- Follow up with the State Medical Review Team (MRT) and to respond for any certain request in order to satisfied the (MRT) guidelines' of disability
- Explain rules and regulation of immigration that relate directly to the DHHS eligibility guidelines, i.e., asylums, refugees and visitors to DHHS workers and customers
- Interpretation and/or translation for customers during (Pre-Hearing Conference with DHHS Workers, his/her immediate supervisor, and customers as well regular Administrating Hearing with the State Administrative Judge
- Assist DHHS Workers and administrators in communicating with customers regarding Child Support, Chore Services as well domestic violence
- Maintain customers' files with confidentiality on cases where Contractor has provided information, referral and /or advocacy service accordingly
- Other services as deemed necessary to both ACC and DHHS

- Assist clients to apply for their benefits online by using a computer and the Internet
- Scanning each client's documents as necessary for the client's eligibility requirements
- Facilitate the (Electronic Documents Managements (EDM) system in order to provide the case workers with a proof of client's eligibility such as payroll evidence, Social Security Numbers and etc.
- Assist in managing flow of the Arabic/Chaldean clients in the DHHS lobby
- A bilingual interpreter to be present at all interviews or situations where an interpreter is necessary and appropriate

Tasks-ACC-DHHS staff helps with:

- General Application ([DHS 1171](#))
- Application for Health Coverage & Help Paying Cost ([DCH-1426](#))
- Family Independent Program (Cash Benefit Program)
- Food Assistance Program (FAP Program)
- Medical Assistance Program (Medicaid)
- Day Care referral
- Child Support issues
- Social Supplement Income issues (SSI)
- Family Emergency Assistance
- State Disability Assistance Program (SDA)
- Refugees Assistance
- Referrals to ACC program or outside agencies such as Job Training (PATH Program) and Social Security Office

ACC-DHHS Staff Qualifications and Experience;

Staffs on this program are well educated with Bachelors, Master and Ph.D. Degrees with average of (16) years of experience.

Wayne County Contract Statistical Report

(10/01/2018 – 9/30/2019)

In Wayne County, ACC-DHHS staff serviced a total of **(9,402)** clients and produced **(17,601)** units of Information/Referrals and Advocacy. Contracted units are **(10,000)** units. Which represents a **(76%)** above and beyond the number of contracted units with **(10)** staff at **(5)** DHHS Offices. The offices are Inkster District Office, Joy/Greenfield District Office, Cadillac Place District Office, Hamtramck District Office and 7 Mile Office (ACC building). Most clients in Wayne County are from Lebanon, Iraq, Yemen, Palestine, Syria, Jordan and Bangladesh.

Client Base:

ACC-DHHS Program's primary source of clients comes from Arabic, Chaldean and Bangladesh communities in large. We received clients from other cities such as Flint and Ann Arbor. Also ACC-DHHS staffs are instructed to provide services to all clients from the Middle East and North African countries such as Iraq, Syria, Egypt, Yemen, Jordan, Libya, Morocco, Algeria, and other nationalities such as Bangladesh and Somalia. ACC's policy is to serve any client who walks in to our offices or through any other means of communication such as by phone or email. ACC fully complies with all Equal Opportunity laws and discrimination complaint policies are posted in each ACC and DHHS office. Any complaints of discrimination will be handled as outlined by current policy.

Wraparound Services:

Wraparound is a philosophy and planning process to create a plan of care for children and youth with emotional or behavioral disabilities through the collaboration of multiple systems to make one plan to build on the strengths of the family such as CPS involvement, special education, mental health services, substance abuse treatment, and juvenile justice. ACC-DHHS staffs are not certified to provide “Wraparound” activities; therefore, they refer such cases to ACC’s Behavioral Health Wraparound Program, schools, and doctor’s offices in the community.

Expenditures:

ACC annual expenditures combined for Tri County contracts as follows:

1- \$1,550,000.00

(Same Amount for Wayne, Oakland and Macomb County).

Rh/ Ratib Haddad, Ph.D. Program Director

Thanks

November 15, 2019