

Physical and Behavioral Health Services to Multicultural Populations

(FY2018 Appropriation Act - Public Act 107 of 2017)

November 30, 2018

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 2016 PA 268 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 of 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.*



RICK SNYDER, GOVERNOR | NICK LYON, DIRECTOR

Section 295 Of Public Act 107 of 2017

Multicultural Integration funding for Fiscal Year 2018 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 11 Community Mental Health Services Programs (CMHSPs).

The Jewish Federation of Metropolitan Detroit (\$3,500,000) 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 10,002 individuals. Other services include, but are not limited to, therapeutic home visits 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 (\$3,118,900) partnered with the Chaldean American Association for Health and Macomb Community College to provide services to 15,080 clients. Services include, but are not limited to, comprehensive community-based mental health and case management, 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, which provides services and advocacy to those with mental and physical disabilities, was expanded. Culturally sensitive health and wellness education was also provided.

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 1,862 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/therapeutic services, case management, crisis intervention, medication reviews, interacting with drug courts, coordinating psychiatric referrals, community awareness, outreach, and training of provider staff.

The Arab American and Chaldean Council (\$3,500,000) served 13,446 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 (\$3,500,000) 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 8,919 individuals. 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 11 CMHSPs, including:

- Bay-Arenac Behavioral Health Authority:
Provided behavioral health services to 29 Hispanic clients
- Clinton-Eaton-Ingham CMH Authority:
Provided behavioral health services to 319 Hispanic clients
- Detroit-Wayne Mental Health Authority:
Provided behavioral health services to 228 Chinese/Asian, 49 Native American, 395 Hispanic, and 26 Vietnam Veteran clients
- Network180 (Kent County):
Provided behavioral health services to 193 Native American and 15 Vietnam Veteran clients
- Lapeer County CMH Services:
Provided behavioral health services to 48 Hispanic clients
- Lenawee CMH Authority:
Provided behavioral health services to 8 Hispanic clients
- Muskegon County CMH:
Provided behavioral health services to 150 Hispanic and 68 Vietnam Veteran clients
- Oakland County CMH Authority:
Provided behavioral health services to 142 Hispanic and 6 Vietnam Veteran clients
- Ottawa County CMH:
Provided behavioral health services to 900 Hispanic clients
- Saginaw County CMH Authority:
Provided behavioral health services to 31 Hispanic clients
- West Michigan CMH System:
Provided behavioral health services to 372 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.

Arab American and Chaldean Council – MDHHS Annual Report

(Fiscal Year 2017-2018)

Wayne County

Purpose of Arab American and Chaldean Council – MDHHS Program

The purpose, goal and the mission of the Arab American and Chaldean Council (ACC) – MDHHS program is to provide our community in large with the highest level of services including financial, medical and nutritional. In addition, ACC – MDHHS staffs are giving special attention to the new arrivals of refugees from Middle East, Europe as well as all other parts of the world. All services are free of charges to all clients.

In addition to the increasing need for services due to the ongoing tough economic times, Michigan has experienced a tremendous influx of refugees due to the situations in the Middle East resulting in a high demand for ACC - MDHHS services and an increasing work load. With new refugees fleeing from the ISIS threat in Syria and Iraq, MDHHS is bracing for another strong wave of refugees to Michigan.

ACC has a unique ability to serve the increasing influx of Middle Eastern refugees. 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 costs for interpreter/translator services 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 MDHHS sees in a day, the time required by an MDHHS employee would severely hamper the flow of services to all clients coming through MDHHS do 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.

ACC staff who work on this program are all educated with at the minimum a Bachelor's Degrees and an average of fifteen years of experience.

Main Core of ACC-DHHS services:

1. 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 a physical personal file which includes the client's date of service, MDHHS case number if available, name of his/her office out of which they

were 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 assistance client is seeking such as Medical Assistance, Food Assistance, Cash Assistance etc. or combined (Initial Intake Application). In the client personal files there are two forms used to reflect services. One reflects the initial services (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.

2. 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.

3. Services provided:

Per the ACC – MDHHS contract, the following services are provided:

- 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, Assistance Application and gathering of information that is to be attached to the application
- Interpretation and/or translation for customers when needed during meetings with MDHHS employees
- Attend subsequent appointments with MDHHS
- Assist customers in filling out forms such as shelter, bank statements, etc.
- Accompany MDHHS workers on home visit to a customer's residence
- Orient and familiarize customers with the Electronic Benefit Transfer (EBT) process for Cash and Food Assistance programs
- Explain to customers the rules and regulations of MDHHS and eligibility guidelines before submitting application DHS-1171
- Provide general and one-on-one session to inform customers of Work First/Partnership. Accountability. Training. Hope (PATH) programs requirements
- Provide customers with employment leads as well referrals to Vocational Training or English as a Secondary Language (ESL) classes
- Assist customers in completion of applications for state and federal disability benefits
- Follow up with Disability Determination Services (DDS) and respond to requests for information in order to satisfy their guidelines for disability

- Explain rules and regulation of immigration that relate directly to the MDHHS eligibility guidelines, i.e., asylums, refugees and visitors to MDHHS workers and customers
- Assist MDHHS 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 MDHHS
- 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 Document Management (EDM) system in order to provide the MDHHS worker documents needed to determine eligibility for DMHHS programs such as income verification, Social Security Numbers, etc.
- Assist in managing flow of the Arabic/Chaldean clients in the MDHHS lobby
- Referrals to child care providers

4. 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 Children's Protective Services (CPS) involvement, special education, mental health services, substance abuse treatment, and juvenile justice. ACC - MDHHS 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.

Fiscal Year 2017-2018 Statistics

10/01/2017-9/30/2018

In Wayne County, ACC - MDHHS staff serviced a total of 9182 clients and produced 17,090 units of Information/Referrals and Advocacy. As the contracted units are just 10,000, the Wayne County program exceeded the number of units by 71%. ACC has a total of 10 staff in 5 Wayne County MDHHS district offices: Inkster, Joy/Greenfield, Cadillac Place District Office, Hamtramck and 7 Mile Office.

Most clients in Wayne County are from Lebanon, Iraq, Yemen, Palestine, Syria, Jordan and Bangladesh though ACC-MDHHS staff also provide services to all clients from the Middle East and North African countries such as Egypt, Yemen, Jordan, Libya, Morocco, and Algeria. ACC's policy is to serve any client who reaches out for assistance whether in person, on the phone or via email. ACC fully complies with all Equal Opportunity laws and discrimination complaint policies are posted in each ACC and MDHHS office. Any complaints of discrimination will be handled as outlined by current policy.

Expenditures:

ACC annual expenditures combined for Tri County contracts as follows:

1- Total Grants: \$1,348,949.90

Arab American and Chaldean Council – MDHHS Annual Report

(Fiscal Year 2017-2018)

Oakland County

Purpose of Arab American and Chaldean Council – MDHHS Program

The purpose, goal and the mission of the Arab American and Chaldean Council (ACC) – MDHHS program is to provide our community in large with the highest level of services including financial, medical and nutritional. In addition, ACC – MDHHS staffs are giving special attention to the new arrivals of refugees from Middle East, Europe as well as all other parts of the world. All services are free of charges to all clients.

In addition to the increasing need for services due to the ongoing tough economic times, Michigan has experienced a tremendous influx of refugees due to the situations in the Middle East resulting in a high demand for ACC - MDHHS services and an increasing work load. With new refugees fleeing from the ISIS threat in Syria and Iraq, MDHHS is bracing for another strong wave of refugees to Michigan.

ACC has a unique ability to serve the increasing influx of Middle Eastern refugees. 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 costs for interpreter/translator services 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 MDHHS sees in a day, the time required by an MDHHS employee would severely hamper the flow of services to all clients coming through MDHHS do 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.

ACC staff who work on this program are all educated with at the minimum a Bachelor's Degrees and an average of fifteen years of experience.

Main Core of ACC-DHHS services:

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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 a physical personal file which includes the client's date of service, MDHHS case number if available, name of his/her office out of which they

were 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 assistance client is seeking such as Medical Assistance, Food Assistance, Cash Assistance etc. or combined (Initial Intake Application). In the client personal files there are two forms used to reflect services. One reflects the initial services (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.

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- Attend subsequent appointments with MDHHS
- Assist customers in filling out forms such as shelter, bank statements, etc.
- Accompany MDHHS workers on home visit to a customer's residence
- Orient and familiarize customers with the Electronic Benefit Transfer (EBT) process for Cash and Food Assistance programs
- Explain to customers the rules and regulations of MDHHS and eligibility guidelines before submitting application DHS-1171
- Provide general and one-on-one session to inform customers of Work First/ Partnership. Accountability. Training. Hope (PATH) programs requirements
- Provide customers with employment leads as well referrals to Vocational Training or English as a Secondary Language (ESL) classes
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- Assist in managing flow of the Arabic/Chaldean clients in the MDHHS lobby
- Referrals to child care providers

4. 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 Children's Protective Services (CPS) involvement, special education, mental health services, substance abuse treatment, and juvenile justice. ACC - MDHHS 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.

Fiscal Year 2017-2018 Statistics

10-01-2017-9-30-2018

In Oakland County, ACC - MDHHS staff serviced a total of 4,703 clients and produced 6,134 units of Information/Referrals and Advocacy. As the contracted units are just 3,000 the Oakland County program exceeded the number of units by 104%. ACC has a total of 4 staff in 2 Oakland County MDHHS district offices: Madison Heights and Southfield.

Most clients in Oakland County are from Iraq, Palestine, Syria and Jordan though ACC-MDHHS staff also provide services to all clients from the Middle East and North African countries such as Egypt, Yemen, Jordan, Libya, Morocco, Algeria, and other nationalities such as Bangladesh and Somalia. ACC's policy is to serve any client who reaches out to for assistance whether in person, on the phone or via email. ACC fully complies with all Equal Opportunity laws and discrimination complaint policies are posted in each ACC and MDHHS office. Any complaints of discrimination will be handled as outlined by current policy.

Expenditures:

ACC annual expenditures combined for Tri County contracts as follows:

1- Total Grants: \$1,348,949.90

Arab American and Chaldean Council – MDHHS Annual Report

(Fiscal Year 2017-2018)

Macomb County

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- Attend subsequent appointments with MDHHS
- Assist customers in filling out forms such as shelter, bank statements, etc.
- Accompany MDHHS workers on home visit to a customer's residence
- Orient and familiarize customers with the Electronic Benefit Transfer (EBT) process for Cash and Food Assistance programs
- Explain to customers the rules and regulations of MDHHS and eligibility guidelines before submitting application DHS-1171
- Provide general and one-on-one session to inform customers of Work First/ Partnership. Accountability. Training. Hope (PATH) programs requirements
- Provide customers with employment leads as well referrals to Vocational Training or English as a Secondary Language (ESL) classes
- Assist customers in completion of applications for state and federal disability benefits
- Follow up with Disability Determination Services (DDS) and respond to requests for information in order to satisfy their guidelines for disability

- Explain rules and regulation of immigration that relate directly to the MDHHS eligibility guidelines, i.e., asylums, refugees and visitors to MDHHS workers and customers
- Assist MDHHS 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 MDHHS
- 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 Document Management (EDM) system in order to provide the MDHHS worker documents needed to determine eligibility for DMHHS programs such as income verification, Social Security Numbers, etc.
- Assist in managing flow of the Arabic/Chaldean clients in the MDHHS lobby
- Referrals to child care providers

4. 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 Children's Protective Services (CPS) involvement, special education, mental health services, substance abuse treatment, and juvenile justice. ACC - MDHHS 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.

Fiscal Year 2017-2018 Statistics

10-01-2017-9-30-2018

In Macomb County, ACC - MDHHS staff serviced a total of 7,877 clients and produced 12,106 units of Information/Referrals and Advocacy. As the contracted units are just 3,977 the Macomb County program exceeded the number of units by 226%. ACC has a total of 4 staff in 2 Macomb County MDHHS district offices: Sterling Heights and Warren.

Most clients in Macomb County are from Lebanon, Iraq, Yemen, Palestine, Syria and Jordan though ACC-MDHHS staffs also provide services to all clients from the Middle East and North African countries such as Egypt, Libya, Morocco, and Algeria. ACC's policy is to serve any client who reaches out for assistance whether in person, on the phone or via email. ACC fully complies with all Equal Opportunity laws and discrimination complaint policies are posted in each ACC and MDHHS office. Any complaints of discrimination will be handled as outlined by current policy.

Expenditures:

ACC annual expenditures combined for Tri County contracts as follows:

1- Total Grants: \$1,348,949.90

Michigan Department of Health & Humans Services (MDHHS)
Arab Community Center for Economic and Social Services (ACCESS) Multicultural Integrated Fund
October 1, 2017- September 30, 2018
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 ten 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).

WWW.accesscommunity.org for more information

ACCESS services a diverse population throughout Wayne, Oakland, and Macomb counties. The 2017 Client Demographic is as follows:

- **Clients served by Race:**
 - Arab Americans: 65%
 - African American: 13%
 - White: 10%
 - Hispanic American 6%
 - Asian American & other 6%
- More than 1 million client visits per year
- Nearly 440 full and part-time staff operate in a combined capacity of 20 languages

Michigan Department of Health & Humans Services (MDHHS)
Arab Community Center for Economic and Social Services (ACCESS) Multicultural Integrated Fund
October 1, 2017- September 30, 2018
Wayne County

Contract: ADMIN-12-82003

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 immigrants, refugees, and or low-income 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 non-compliance.

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 core service delivery unit for the entire agency. It is also the primary point of entry for clients that come to the organization seeking assistance with basic services and assistance communicating with local, state and federal entities, and other service providers. ACCESS has joined forces with DHHS 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 ten facilities in the tri-county region. Our range of support services is leveraged to benefit clients in a model focusing on interconnectedness in a holistic manner offered by various divisions throughout the organization. During the 2017-2018 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.

Michigan Department of Health & Humans Services (MDHHS)
Arab Community Center for Economic and Social Services (ACCESS) Multicultural Integrated Fund
October 1, 2017- September 30, 2018
Wayne County

Contract: ADMIN-12-82003

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. provides information by comprehensively screening, assessment households for eligibility of private, local, state, 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 Saving Program; unemployment benefits through the Department of Licensing and Regulatory Affairs, 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 after school meals for youth, Low-income /government subsidized housing programs, utility assistance, free tax preparation, etc.

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

Michigan Department of Health & Humans Services (MDHHS)
Arab Community Center for Economic and Social Services (ACCESS) Multicultural Integrated Fund
October 1, 2017- September 30, 2018
Wayne County

Contract: ADMIN-12-82003

4. Advocacy:

Our staff are uniquely positioned to understand the complex needs of community members; many of them work and reside in the neighborhoods where clients live and 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 departments of government. 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, Michigan Department of Licensing and Regulator Affairs (LARA), 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.

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) 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
- Bilingual explanation of the rules, regulations, and eligibility guidelines of state, federal and provide and or private programs before submitting applications
- Assistance with completion of related forms for state, federal and private funded programs; assist clients with identifying and gathering supportive documents before submitting applications
- Provide support the DHHS workers during clients' interview process and/or pre-hearing conferences upon request from DHHS staff
- Provision of information, referral and or enrollment to services in the areas of 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, 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

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- 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 is knowledgeable about ACCESS and its organizational mission, and supports 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 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

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

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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; 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.

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9. Wraparound Service – define:

Because ACCESS is an agency with more than 120 programs in ten facilities, 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 self-sufficiency.

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) 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 (DTE), immigration, legal, interpretation, 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 service 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

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Wayne County

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

SEE ATTACHEMENT

11. Information on Services and Programs Provided:

- **DHHS/SSA:** Provided over 4,450 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.
- **EMERGENCY and BASIC NEEDS SERVICES: (Housing – Food – Utility – Miscellaneous Assistance)**
Provided over 1,360 households (impacting 4,080 individuals) with the followings
 - ❖ Housing Assistance: Provided over 305 households with case management, homeless 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 740 households with food assistance (food vouchers and food baskets) and referrals to food pantries. Enrolled over 1,180 children in reduced/free breakfast and lunch programs
 - ❖ Utility Assistance: Provided over 860 household 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 300 households received assistance with clothing, furniture, household appliances, household items, bedding, etc.
- **UNEMPLOYMENT CLAIMS:** Assisted clients with unemployment-related services via the Department of Licensing and Regulatory Affairs (LARA), filed over 360 new unemployed claims; made over 720 MARVIN calls (for required bi-weekly certification of unemployment); and provided over 400 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; 103 state and federal tax returns were completed and filed that generated over \$194,994 in tax credits and refunds to low-income families.
- **INFORMATION & REFERRAL and ADVOCACY:** Provided 19,692 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 915 households through the Self-Sufficiency Matrix Program.
- **CWF:** Provided over 4,002 case management services to over 364 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
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Information on Services and Programs Provided: (CONTINUED)

- **LEGAL AID:** over 1,768 services were provided to low-income households via Pro-Bono legal aid through a private attorney and Lakeshore Legal Aid.
- **IMMIGRATION SERVICES:** Provided 2,937 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 840 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, 2017 – September 30, 2018

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	5,501
# of Units Delivered (1 unit = 30 minutes of service)	12,500	# of Unites of Delivered (1Unit = 30 minutes of service)	18,414

FINANCIAL STATUS REPORT

Arab Community Center for Economic and Social Services

FE ID Number 23-7444497	Contract Number E20180389-00	Page 1	Of 3				
Local Agency Name Arab Community Center for Economic and Social Services	Program Master Agreement Program - 2018	Title Human Services - Arab American					
Street Address 2651 Saulino Court	Report Period 09/01/2018 Thru 09/30/2018 Final <input checked="" type="checkbox"/>	Date Prepared 10/15/2018	Date Approved 10/16/2018				
City, State, ZIP Code Dearborn, MI, 48120 1556	Agreement Period 10/01/2017 Thru 09/30/2018	Operational Advance 0.00					
Category	Expenditures				Agreement		
	Current Period	Correction	Agreement YTD	Match YTD	Budget	Balance	Expend%
Program Expenses							
1. Salary & Wages	48,501.28	0.00	619,008.59	0.00	609,191.00	-9,817.59	101.61%
2. Fringe Benefits	0.00	0.00	120,619.40	0.00	109,654.00	-10,965.40	110.00%
3. Travel	0.00	0.00	618.75	0.00	3,570.00	2,951.25	17.33%
4. Supplies & Materials	1,454.23	0.00	11,511.22	0.00	18,200.00	6,688.78	63.25%
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	13,065.04	0.00	218,359.87	0.00	222,150.00	3,790.13	98.29%
Total Program Expenses	63,020.55	0.00	970,117.83	0.00	962,765.00	-7,352.83	100.76%
Indirect Costs	0.00	0.00	114,012.17	0.00	121,365.00	7,352.83	93.94%
TOTAL EXPENDITURES	63,020.55	0.00	1,084,130.00	0.00	1,084,130.00	0.00	100.00%

ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)

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

YEARS ENDED SEPTEMBER 30, 2017 AND 2016

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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, 2017 and 2016, 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, 2017 and 2016, 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 18, 2017 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.

Manar Costainan PC

December 18, 2017

**ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2017 AND 2016**

	2017	2016
ASSETS		
CURRENT ASSETS:		
Cash	\$ 1,091,294	\$ 1,026,906
Contracts receivable	1,102,230	949,097
Contributions receivable	34,122	88,869
Prepaid expenses	70,350	53,659
TOTAL CURRENT ASSETS	2,297,996	2,118,531
PROPERTY AND EQUIPMENT, less accumulated depreciation	4,613,912	4,577,272
OTHER ASSETS	138,990	138,990
TOTAL ASSETS	\$ 7,050,898	\$ 6,834,793
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 54,521	\$ 127,169
Deferred revenue	98,118	97,536
Current portion of long-term debt	229,676	169,778
Current portion of deferred issuance costs - net	(5,712)	(5,712)
TOTAL CURRENT LIABILITIES	376,603	388,771
LONG-TERM DEBT, less current portion	3,176,560	3,327,689
DEFERRED ISSUANCE COSTS - NET, less current portion	(75,674)	(81,386)
SECURITY DEPOSIT	13,946	13,946
TOTAL LIABILITIES	3,491,435	3,649,020
NET ASSETS:		
Unrestricted	3,544,042	3,185,773
Temporarily restricted	15,421	-
TOTAL NET ASSETS	3,559,463	3,185,773
TOTAL LIABILITIES AND NET ASSETS	\$ 7,050,898	\$ 6,834,793

See notes to the financial statements.

**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)
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2016**

	2016		
	Unrestricted	Temporarily restricted	Total
REVENUES AND SUPPORT:			
Contracts	\$ 9,488,389	\$ -	\$ 9,488,389
Contributions	1,655,981	63,746	1,719,727
Net assets released from restrictions	203,349	(203,349)	-
Total revenues and support	<u>11,347,719</u>	<u>(139,603)</u>	<u>11,208,116</u>
EXPENSES:			
Program expenses	9,789,433	-	9,789,433
Management and general	1,212,597	-	1,212,597
Fundraising	202,339	-	202,339
Total expenses	<u>11,204,369</u>	<u>-</u>	<u>11,204,369</u>
CHANGE IN NET ASSETS	143,350	(139,603)	3,747
NET ASSETS:			
Beginning of year	<u>3,042,423</u>	<u>139,603</u>	<u>3,182,026</u>
End of year	<u>\$ 3,185,773</u>	<u>\$ -</u>	<u>\$ 3,185,773</u>

**ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2017 AND 2016**

	2017	2016
INCREASE (DECREASE) IN CASH:		
Cash flows from operating activities:		
Change in net assets	\$ 373,690	\$ 3,747
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	264,970	259,737
Amortization of deferred loan issuance costs (interest expense)	5,712	5,712
Contracts receivable	(153,133)	(98,659)
Contributions receivable	54,747	(48,034)
Prepaid expenses	(16,691)	(1,106)
Accounts payable	(72,648)	83,468
Deferred revenue	582	(40,928)
Security deposit	-	13,946
Total adjustments	83,539	174,136
Net cash provided by operating activities	457,229	177,883
Cash flows from investing activities:		
Purchase of property and equipment	(301,610)	-
Cash flows from financing activities:		
Payments on long-term debt	(91,231)	(184,250)
NET INCREASE (DECREASE) IN CASH	64,388	(6,367)
CASH:		
Beginning of year	1,026,906	1,033,273
End of year	\$ 1,091,294	\$ 1,026,906
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	\$ 32,275	\$ 10,787

**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, 2017 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, 2017 and 2016.

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 \$61,404 and \$55,692 for the years ended September 30, 2017 and 2016, 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.

Reclassification - Certain prior year numbers have been reclassified to be in conformity with current year presentation.

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:

	2017		2016	
	Revenue	Receivable	Revenue	Receivable
Entity A	29%	21%	8%	23%
Entity B	21%	21%	16%	21%
Entity C	0%	0%	18%	0%
Entity D	14%	14%	14%	10%
Entity E	9%	8%	12%	10%
Entity F	13%	24%	13%	23%
Other items individually less than 10% of total	14%	12%	19%	13%
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 three to four 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 18, 2017, 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)	2017	2016
Land		\$ 1,139,066	\$ 987,000
Buildings and improvements	25	6,339,675	6,190,131
Vehicles	5	60,650	60,650
		<u>7,539,391</u>	<u>7,237,781</u>
Less accumulated depreciation		<u>(2,925,479)</u>	<u>(2,660,509)</u>
Total net property and equipment		<u>\$ 4,613,912</u>	<u>\$ 4,577,272</u>
Depreciation		<u>\$ 264,970</u>	<u>\$ 259,737</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, 2017 and 2016 was the bank's prime plus 1.25 percent (an effective rate of 5.50% and 4.75%, respectively). There was no balance outstanding on the line of credit as of September 30, 2017 and 2016.

**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:

	2017	2016
Promissory note, issued by the Michigan Strategic Fund, Series 2006 Bonds - for the years ended September 30, 2017 and 2016 the note bears interest at a fixed rate of 1.75%; payable in annual installments on November 1 ranging from \$155,000 to \$305,000 plus interest. The note is collateralized by all assets of the Council and matures November 2031.	\$ 3,320,000	\$ 3,465,000
Promissory bank note - original loan dated December 21, 2006, for \$500,000, payable at \$2,886 per month including interest at a variable interest rate of 0.25 percent below the bank's prime rate. On December 16, 2015, the promissory bank note was refinanced to mature December 16, 2016. Payments were \$3,033 per month including interest at a variable interest rate of 1.25 percent above the bank's prime rate (4.75% at September 30, 2016). The promissory bank note is collateralized by land and certain buildings of the Council.	-	12,281
Vehicle loan - payable in monthly installments of \$620 including interest of 5.74%. The loan is collateralized by the vehicle and matures September 2018.	7,215	14,028
Vehicle loan - payable in monthly installments of \$474 with no interest. The loan is collateralized by the vehicle and matures October 2017.	474	6,158
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.	78,547	-
Total	3,406,236	3,497,467
Less current portion	229,676	169,778
Long-term portion	\$ 3,176,560	\$ 3,327,689

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

NOTE 5 - LONG-TERM DEBT (Concluded)

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

Years ending September 30	Amount
2018	\$ 229,676
2019	171,560
2020	170,000
2021	175,000
2022	185,000
2023 - 2027	1,085,000
2028 - 2032	1,390,000
	\$ 3,406,236

Interest expense was \$37,987 and \$16,499 for the years ended September 30, 2017 and 2016, 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, 2017. 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 percent of participant's compensation. Contributions to the pension plan approximated \$252,000 and \$231,000 for the years ended September 30, 2017 and 2016, respectively.

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

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 \$693,000 and \$671,000 for the years ended September 30, 2017 and 2016, respectively.

Future minimum lease payments are summarized as follows:

Years ended September 30,	
2018	\$ 476,463
2019	325,123
2020	295,208
2021	293,633
2022	299,269

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

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

	2017	2016
Annual Civic and Humanitarian Awards Gala	\$ 15,421	\$ -

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, 2017 and 2016:

	2017	2016
Assets released from restrictions for operations:		
Annual Civic and Humanitarian Awards Gala	\$ 8,329	\$ 203,349

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

NOTE 9 - NEW ACCOUNTING STANDARD

In April 2015, the FASB issued ASU No. 2015-03, “Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs.” ASU No. 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the statement of financial position as a direct deduction from the carrying amount of the debt liability. The Council adopted ASU No. 2015- 03 for the year ending September 30, 2017. The September 30, 2016 comparative information has been reclassified to conform with the current year presentation. The adoption of this guidance did not have a significant impact on the Council’s financial statements.

SUPPLEMENTARY INFORMATION

ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
SCHEDULE OF PROGRAM REVENUE AND FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2017

	101	105	106	107	125	200	201	202
Revenue	\$ 1,058,950	\$ 99,751	\$ 147,144	\$ 76,054	\$ 175,009	\$ 2,051,050	\$ 21,708	\$ 43,400
Program expenses:								
Salaries	636,704	44,925	76,758	30,088	24,672	900,492	5,811	-
Employee benefits	228,802	16,491	27,816	12,109	1,663	273,089	4,722	-
Payroll taxes	44,880	3,296	5,634	2,206	1,887	67,740	415	-
Contractual services	-	5,447	7,500	4,351	6,318	296,296	-	15,000
Support services	-	-	-	-	-	4,103	-	-
Occupancy	18,430	9,391	15,789	6,047	48,094	199,470	28	-
Communication	6,577	1,620	2,710	962	7,514	39,481	-	-
Supplies	8,991	1,193	2,087	408	905	52,958	2,094	-
Equipment and maintenance	958	1,101	1,820	727	-	4,058	-	-
Travel	7,102	830	502	677	22	18,319	5,257	-
Building maintenance	-	-	-	-	85,772	-	-	-
Miscellaneous	4,921	843	2,541	322	886	12,371	3,148	-
Total program expenses	<u>957,365</u>	<u>85,137</u>	<u>143,157</u>	<u>57,897</u>	<u>177,733</u>	<u>1,868,377</u>	<u>21,475</u>	<u>15,000</u>
Management and general:								
Salaries	54,990	4,522	7,458	3,038	-	107,918	-	-
Employee benefits	19,752	1,350	2,221	944	-	32,181	-	-
Payroll taxes	7,022	294	487	209	-	7,041	-	-
Contractual services	4,934	293	886	-	-	6,650	-	-
Occupancy	9,813	712	1,151	524	-	16,990	-	-
Communication	787	59	95	33	-	1,414	-	-
Supplies	999	132	232	45	101	5,884	233	-
Travel	29	-	-	-	-	33	-	-
Miscellaneous	3,259	224	339	189	-	4,562	-	-
Total management and general	<u>101,585</u>	<u>7,586</u>	<u>12,869</u>	<u>4,982</u>	<u>101</u>	<u>182,673</u>	<u>233</u>	<u>-</u>
Total expenses	<u>1,058,950</u>	<u>92,723</u>	<u>156,026</u>	<u>62,879</u>	<u>177,834</u>	<u>2,051,050</u>	<u>21,708</u>	<u>15,000</u>
Excess of revenue over (under) expenses	<u>\$ -</u>	<u>\$ 7,028</u>	<u>\$ (8,882)</u>	<u>\$ 13,175</u>	<u>\$ (2,825)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,400</u>

ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
SCHEDULE OF PROGRAM REVENUE AND FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2017

	205	206	210	216	220	245	250	300
Revenue	\$ 2,240,264	\$ 100,373	\$ 303,580	\$ 311,483	\$ 430,513	\$ 334,939	\$ 1,001,409	\$ 127,941
Program expenses:								
Salaries	598,324	66,859	109,987	38,399	153,902	147,913	308,498	69,723
Employee benefits	196,361	9,790	33,861	16,313	47,131	70,181	92,883	15,125
Payroll taxes	44,735	5,061	8,234	2,847	11,375	10,931	23,179	5,283
Contractual services	430,854	-	43,806	1,488	80,494	5,572	27,883	-
Support services	3,750	-	353	-	-	5,000	-	5,184
Occupancy	112,811	3,698	31,255	4,079	62,592	66,090	45,164	12,015
Communication	33,619	1,572	4,193	377	2,818	7,602	8,608	1,507
Supplies	46,773	575	2,795	717	4,523	15,313	26,826	788
Equipment and maintenance	3,516	86	32	103	641	251	16,299	9,340
Travel	27,055	849	2,723	27	2,143	25,505	29,091	25
Building maintenance	-	-	-	-	-	6,446	-	-
Miscellaneous	8,236	419	1,231	2,998	1,700	2,090	7,393	367
Total program expenses	<u>1,506,034</u>	<u>88,909</u>	<u>238,470</u>	<u>67,348</u>	<u>367,319</u>	<u>362,894</u>	<u>585,824</u>	<u>119,357</u>
Management and general:								
Salaries	124,686	6,062	12,045	5,977	17,913	24,281	52,297	5,144
Employee benefits	33,043	2,190	3,596	1,767	5,353	7,286	14,972	1,673
Payroll taxes	7,488	451	779	380	1,160	1,585	3,311	355
Contractual services	7,520	737	786	403	1,114	1,660	2,519	80
Occupancy	17,841	-	1,919	915	2,869	3,455	7,862	919
Communication	1,525	1,295	153	74	226	745	639	68
Supplies	5,197	64	310	80	502	1,701	2,981	87
Travel	33	-	-	-	-	13	-	-
Miscellaneous	3,452	665	533	180	799	928	1,723	263
Total management and general	<u>200,785</u>	<u>11,464</u>	<u>20,121</u>	<u>9,776</u>	<u>29,936</u>	<u>41,654</u>	<u>86,304</u>	<u>8,589</u>
Total expenses	<u>1,706,819</u>	<u>100,373</u>	<u>258,591</u>	<u>77,124</u>	<u>397,255</u>	<u>404,548</u>	<u>672,128</u>	<u>127,946</u>
Excess of revenue over (under) expenses	<u>\$ 533,445</u>	<u>\$ -</u>	<u>\$ 44,989</u>	<u>\$ 234,359</u>	<u>\$ 33,258</u>	<u>\$ (69,609)</u>	<u>\$ 329,281</u>	<u>\$ (5)</u>

ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
SCHEDULE OF PROGRAM REVENUE AND FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2017

	602	720	740	745	755	782	785
Revenue	\$ 419,662	\$ 34,769	\$ 161,925	\$ 221,519	\$ 250,500	\$ 102,600	\$ 1,469,524
Program expenses:							
Salaries	194,249	18,750	97,549	133,960	135,066	49,786	784,850
Employee benefits	46,205	9,219	28,334	43,815	55,295	23,150	283,377
Payroll taxes	11,747	1,386	7,315	9,690	10,041	3,583	57,872
Contractual services	30,507	-	-	-	-	-	345
Support services	-	-	-	-	-	-	-
Occupancy	26,178	242	1,423	19,846	11,926	2,121	65,827
Communication	3,272	412	512	1,722	1,685	2,492	16,306
Supplies	6,320	396	8,672	5,476	1,649	8,450	58,778
Equipment and maintenance	846	21	1,690	290	1,783	58	2,307
Travel	474	3,400	6,397	-	6,665	1,129	9,380
Building maintenance	-	-	-	-	-	-	-
Miscellaneous	10,468	554	3,122	897	5,088	432	8,753
Total program expenses	<u>330,266</u>	<u>34,380</u>	<u>155,014</u>	<u>215,696</u>	<u>229,198</u>	<u>91,201</u>	<u>1,287,795</u>
Management and general:							
Salaries	26,907	-	4,020	-	12,321	5,917	103,039
Employee benefits	8,038	-	1,839	-	3,894	1,771	30,789
Payroll taxes	1,748	-	299	-	813	385	6,701
Contractual services	1,927	-	218	-	1,269	721	7,211
Occupancy	4,436	-	40	-	2,088	942	16,317
Communication	192	-	43	-	158	75	1,310
Supplies	702	44	963	608	183	939	6,531
Travel	9	-	-	9	-	19	21
Miscellaneous	9,948	627	607	6,176	576	630	9,810
Total management and general	<u>53,907</u>	<u>671</u>	<u>8,029</u>	<u>6,793</u>	<u>21,302</u>	<u>11,399</u>	<u>181,729</u>
Total expenses	<u>384,173</u>	<u>35,051</u>	<u>163,043</u>	<u>222,489</u>	<u>250,500</u>	<u>102,600</u>	<u>1,469,524</u>
Excess of revenue over (under) expenses	<u>\$ 35,489</u>	<u>\$ (282)</u>	<u>\$ (1,118)</u>	<u>\$ (970)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
SCHEDULE OF PROGRAM REVENUE AND FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2017

	865	870	Total program activity	Other activity	Total activity
Revenue	\$ 622,097	\$ 50,000	\$ 11,856,164	\$ 370,864	\$ 12,227,028
Direct expenses:					
Salaries	304,503	27,936	4,959,704	167,707	5,127,411
Employee benefits	100,604	7,699	1,644,035	31,816	1,675,851
Payroll taxes	22,994	2,117	364,448	12,735	377,183
Contractual services	-	-	955,861	72,937	1,028,798
Support services	11,671	-	30,061	7,982	38,043
Occupancy	71,708	13,633	847,857	(50,000)	797,857
Communication	10,026	2,993	158,580	10,214	168,794
Supplies	10,659	464	267,810	46,340	314,150
Equipment and maintenance	366	-	46,293	20,906	67,199
Travel	7,732	220	155,524	44,994	200,518
Building maintenance	-	-	92,218	226,024	318,242
Miscellaneous	12,443	334	91,557	399,889	491,446
Total program expenses	<u>552,706</u>	<u>55,396</u>	<u>9,613,948</u>	<u>991,544</u>	<u>10,605,492</u>
Management and general:					
Salaries	38,825	-	617,360	46,430	663,790
Employee benefits	11,725	-	184,384	120,522	304,906
Payroll taxes	2,548	-	43,056	2,533	45,589
Contractual services	6,497	75	45,500	-	45,500
Occupancy	6,337	-	95,130	-	95,130
Communication	497	-	9,388	110	9,498
Supplies	1,184	52	29,754	5,149	34,903
Travel	34	-	200	347	547
Miscellaneous	1,744	228	47,462	521	47,983
Total management and general	<u>69,391</u>	<u>355</u>	<u>1,072,234</u>	<u>175,612</u>	<u>1,247,846</u>
Total expenses	<u>622,097</u>	<u>55,751</u>	<u>10,686,182</u>	<u>1,167,156</u>	<u>11,853,338</u>
Excess of revenue over (under) expenses	<u>\$ -</u>	<u>\$ (5,751)</u>	<u>\$ 1,169,982</u>	<u>\$ (796,292)</u>	<u>\$ 373,690</u>

ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2017

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 Wayne County		37-16-801	\$ 21,600
Passed through Wayne County		37-16-803	<u>81,000</u>
Total passed through Wayne County			<u>102,600</u>
Passed through City of Detroit		2903113-A2	613,716
Passed through City of Detroit		6000545	855,808
Passed through City of Detroit		6000235	<u>175,009</u>
Total passed through City of Detroit			<u>1,644,533</u>
Total Special Supplemental Nutrition Program			<u>1,747,133</u>
for Women, Infants, and Children (WIC)			
State Administrative Matching Grants for the			
Supplemental Nutrition Assistance Program (SNAP) Cluster:	10.561		
Passed through Michigan Department of Health and Human Services		E20170059-001	<u>232,356</u>
Total U.S. Department of Agriculture			<u>1,979,489</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		E20172381-00	<u>34,769</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, 2017**

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		1701TANF	\$ 336,111
TANF Refugee Program (TRP)		1701TANF	<u>193,000</u>
Total passed through Oakland County			<u>529,111</u>
Passed through Michigan Department of Health and Human Services		E20170059-001	<u>105,176</u>
Total Temporary Assistance for Needy Families Cluster			<u>634,287</u>
Child Support Enforcement:	93.563		
Passed through Michigan Department of Health and Human Services		E20170059-001	<u>882</u>
Refugee and Entrant Assistance State/Replacement Designee Administered Programs:	93.566		
Passed through Michigan Department of Human Services:			
Refugee Health Assessment Services - Macomb County		RAHS-16-50001	147,144
Refugee Health Assessment Services - Oakland County		RAHS-16-63001	76,054
Refugee Health Assessment Services - Wayne County		RAHS-16-82001	<u>99,751</u>
Total Refugee and Entrant Assistance State/Replacement Designee Administered Programs			<u>322,949</u>
Social Services Block Grant:	93.667		
Passed through Michigan Department of Health and Human Services		E20170059-001	<u>32,379</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, 2017

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		E20170059-001	\$ 126,080
Block Grants for Prevention and Treatment of Substance Abuse:	93.959		
Passed through Oakland Community Health Network		2017-0011	161,925
Passed through Detroit Wayne Mental Health Authority		BA 17-08	200,000
Total Block Grants For Prevention and Treatment of Substance Abuse			<u>361,925</u>
Total U.S. Department of Health and Human Services pass-through programs			<u>1,513,271</u>
Direct award through the Office of Administration for Children and Families:	93.570		
Community Services Block Grant Discretionary Awards		90EE1132	28,863
Total U.S. Department of Health and Human Services			<u>1,542,134</u>
Total Expenditures of Federal Awards			<u><u>\$ 3,521,623</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, 2017

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, 2017. 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, 2017:

Total federal awards per the schedule of expenditures of federal awards	\$ 3,521,623
Add non-federal awards contained in the audited financial statements	<u>7,373,842</u>
Total contract revenues per audited financial statements	<u><u>\$ 10,895,465</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, 2017, 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 18, 2017.

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

A handwritten signature in cursive script that reads "Maher Costain PC". The signature is written in dark ink and is centered on the page.

December 18, 2017

**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, 2017. 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, 2017.

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.



December 18, 2017

**ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2017**

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:	\$ 750,000
➤ 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, 2017**

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, 2017 and 2016**



GORDON
Advisors, P.C.

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, 2017, 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, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



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 22, 2018, 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, 2016 and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 16, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gordon Advisors, P.C.

Troy, Michigan
February 22, 2018

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

	September 30,	
	2017	2016
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 5,791,529	\$ 4,385,140
Certificates of deposit and money market funds	2,050,000	802,767
Grants and contributions receivable	2,997,754	4,878,487
Gift shop inventory	108,726	107,468
Prepaid and reimbursable expenses	1,102,216	1,221,575
Total Current Assets	12,050,225	11,395,437
Other Assets		
Investments of endowed funds	4,710,650	2,875,331
Beneficial interest in perpetual endowment	1,141,441	1,076,697
	5,852,091	3,952,028
Property and Equipment		
Land	1,402,029	1,402,029
Buildings and improvements	27,769,819	27,738,824
Office furniture and equipment	2,554,414	2,281,506
	31,726,262	31,422,359
Less accumulated depreciation	(10,385,528)	(9,542,698)
Net Property and Equipment	21,340,734	21,879,661
Total Assets	\$ 39,243,050	\$ 37,227,126
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ 94,489	\$ 101,686
Accrued payroll and other related expenses	928,887	1,011,015
Deferred microloan funding	326,816	242,816
Total Liabilities	1,350,192	1,355,517
Net Assets		
Unrestricted		
Undesignated	28,587,175	28,907,281
Board designated	1,300,000	-
Total Unrestricted	29,887,175	28,907,281
Temporarily restricted	2,420,528	3,221,142
Permanently restricted	5,585,154	3,743,186
Total Net Assets	37,892,857	35,871,609
Total Liabilities and Net Assets	\$ 39,243,049	\$ 37,227,126

See Independent Auditors' Report and Accompanying Footnotes.

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

	Year Ended September 30, 2017				2016
	Unrestricted	Temporarily	Permanently	Total	Total
Revenues					
Governmental agency and other grants	\$ 18,665,367	\$ 411,612	\$ -	\$ 19,076,979	\$ 21,433,377
Program service fees	2,188,405	986	-	2,189,391	1,507,925
Gifts and contributions	1,690,079	2,161,728	1,597,427	5,449,234	2,993,084
Medical services	239,501	-	-	239,501	218,635
Net investment income	13,614	-	349,910	363,524	310,846
Other	409,439	-	-	409,439	452,156
	<u>23,206,405</u>	<u>2,574,326</u>	<u>1,947,337</u>	<u>27,728,068</u>	<u>26,916,023</u>
Net Assets Released From Restrictions	<u>3,480,309</u>	<u>(3,374,940)</u>	<u>(105,369)</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>26,686,714</u>	<u>(800,614)</u>	<u>1,841,968</u>	<u>27,728,068</u>	<u>26,916,023</u>
Expenses					
Program services	22,077,697	-	-	22,077,697	20,567,193
Medical services	541,973	-	-	541,973	345,090
Management and general	2,456,098	-	-	2,456,098	2,149,967
Fundraising	631,052	-	-	631,052	764,191
	<u>25,706,820</u>	<u>-</u>	<u>-</u>	<u>25,706,820</u>	<u>23,826,441</u>
Total Expenses	<u>25,706,820</u>	<u>-</u>	<u>-</u>	<u>25,706,820</u>	<u>23,826,441</u>
Net Increase (Decrease) in Net Assets	<u>979,894</u>	<u>(800,614)</u>	<u>1,841,968</u>	<u>2,021,248</u>	<u>3,089,582</u>
Net Assets - Beginning of Year	<u>28,907,281</u>	<u>3,221,142</u>	<u>3,743,186</u>	<u>35,871,609</u>	<u>32,782,027</u>
Net Assets - End of Year	<u>\$ 29,887,175</u>	<u>\$ 2,420,528</u>	<u>\$ 5,585,154</u>	<u>\$ 37,892,857</u>	<u>\$ 35,871,609</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, 2017
(With Summarized Information For The Year Ended September 30, 2016)

	Arab American National Museum	Social Services	National Outreach	National	Employment and Training	Community Health and Research Center	Youth and Education	Center for Arab American Philanthropy
Salaries and benefits	\$ 972,143	\$ 1,219,830	\$ 439,629	\$ 151,904	\$ 3,360,250	\$ 4,755,361	\$ 2,938,480	\$ 186,293
Contractual services	295,615	37,733	181,300	26,178	49,171	806,622	96,296	5,663
Professional fees	7,832	5,069	5,558	832	4,773	12,216	5,075	427
Office supplies	8,756	4,973	3,451	-	23,588	23,135	51,055	-
Program supplies	55,277	15,725	17,179	24	42,965	122,601	125,661	564
Telephone	54,816	31,561	17,155	32	32,911	115,873	35,217	101
Utilities	108,047	26,718	9,075	-	26,469	107,059	22,688	-
Occupancy	5,160	61,900	24,000	-	387,216	450,120	120,000	-
Insurance	33,711	12,603	6,808	-	14,674	83,209	13,267	-
Repairs and maintenance	82,940	28,137	13,272	-	27,710	110,760	35,863	-
Cleaning and janitorial	69,579	23,416	8,730	-	26,253	80,475	21,824	100
Equipment rental	11,425	17,748	6,733	-	15,530	28,739	25,760	-
Printing costs	19,437	1,968	4,882	802	5,840	6,083	4,194	2,863
Travel	41,613	6,348	36,761	-	6,366	53,841	56,008	2,576
Postage	16,497	2,687	2,133	-	2,741	3,896	3,525	1,004
Conference and meetings	56,414	3,249	58,590	2,100	11,768	51,572	340,052	1,281
Specific assistance	-	178,264	180	-	384,709	28,634	-	-
Depreciation	9,052	-	-	-	1,467	13,040	5,386	-
Advertising	11,320	-	193	2,552	-	1,700	165	486
Security	13,031	20,900	8,001	-	22,244	18,198	20,003	-
Bank charges	8,018	13	-	-	-	-	-	397
Dues and memberships	16,055	642	3,245	-	2,728	5,918	2,001	1,300
Donations	2,600	1,180	2,500	2,600	200	2,745	-	-
Interest	-	-	-	-	-	-	-	-
Vehicle expense	-	644	1,218	-	11,168	18,275	2,815	-
Employee screening	698	57	278	15	180	1,572	1,754	37
Property taxes	-	-	-	-	-	6,017	-	-
Concert of Colors costs	161,882	-	-	-	-	-	-	-
Grants to other organizations	1,000	-	44,000	-	-	-	-	2,157,756
Event costs	-	-	-	-	-	-	-	-
Miscellaneous	2,863	1,818	1,401	12,066	1,180	42,707	57,953	11,750
Less reimbursed costs	-	-	-	-	-	-	(21,035)	-
	<u>\$ 2,065,781</u>	<u>\$ 1,703,183</u>	<u>\$ 896,272</u>	<u>\$ 199,105</u>	<u>\$ 4,462,101</u>	<u>\$ 6,950,368</u>	<u>\$ 3,964,007</u>	<u>\$ 2,372,598</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, 2017
(With Summarized Information For The Year Ended September 30, 2016)

	2017						2016	
	Entrepreneurial Program	Eliminations	Total Program Services	Medical Services	Management and General	Fundraising	Total Expenses	Total
Salaries and benefits	\$ 314,652	\$ -	\$ 14,338,542	\$ 384,872	\$ 1,176,202	\$ 350,309	\$ 16,249,925	\$ 15,312,851
Contractual services	130,937	(297,771)	1,331,744	17,546	208,333	-	1,557,623	1,644,724
Professional fees	-	-	41,782	456	11,494	-	53,732	74,425
Office supplies	20	-	114,978	536	1,220	-	116,734	136,988
Program supplies	2,639	-	382,635	32,832	19,538	-	435,005	386,295
Telephone	1,325	-	288,991	1,856	5,208	-	296,055	313,612
Utilities	491	-	300,547	-	12,968	-	313,515	298,334
Occupancy	62,880	(779,500)	331,776	60,464	-	-	392,240	1,122,456
Insurance	1,255	-	165,527	-	6,239	-	171,766	172,600
Repairs and maintenance	643	-	299,325	8,667	24,138	-	332,130	411,823
Cleaning and janitorial	346	-	230,723	-	13,913	-	244,636	245,028
Equipment rental	11,956	-	117,891	5,370	3,710	-	126,971	99,422
Printing costs	1,676	-	47,745	3,312	2,315	-	53,372	67,738
Travel	2,088	-	205,601	26	11,051	16,630	233,308	248,375
Postage	10	-	32,493	-	-	6,281	38,774	39,081
Conference and meetings	6,613	-	531,639	-	65,208	6,682	603,529	641,677
Specific assistance	679	-	592,466	10,250	-	-	602,716	424,301
Depreciation	-	-	28,945	-	813,885	-	842,830	829,350
Advertising	35	-	16,451	-	4,280	-	20,731	53,208
Security	27	-	102,404	-	656	-	103,060	89,299
Bank charges	-	-	8,428	2,107	13,313	-	23,848	17,069
Dues and memberships	747	-	32,636	3,190	16,524	-	52,350	63,114
Donations	-	-	11,825	-	23,138	-	34,963	35,640
Interest	-	-	-	-	-	-	-	-
Vehicle expense	-	-	34,120	-	2,269	-	36,389	20,941
Employee screening	112	-	4,703	66	120	-	4,889	3,159
Property taxes	-	-	6,017	-	-	-	6,017	35,887
Concert of Colors expense	-	-	161,882	-	-	-	161,882	222,376
Grants to other organizations	-	-	2,202,756	-	-	-	2,202,756	1,306,382
Event expenses	-	-	-	-	-	247,118	247,118	220,689
Miscellaneous	2,422	-	134,160	10,423	20,376	4,032	168,991	121,443
Less reimbursed costs	-	-	(21,035)	-	-	-	(21,035)	(27,189)
	<u>\$ 541,553</u>	<u>\$ (1,077,271)</u>	<u>\$ 22,077,697</u>	<u>\$ 541,973</u>	<u>\$ 2,456,098</u>	<u>\$ 631,052</u>	<u>\$ 25,706,819</u>	<u>\$ 24,631,098</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,	
	2017	2016
Operating Activities		
Increase in net assets	\$ 2,021,248	\$ 3,089,582
Adjustments to reconcile change in net assets to cash from operating activities:		
Depreciation	842,830	829,350
Decrease (increase) in operating assets:		
Grants and contributions receivable	1,880,733	(2,016,486)
Prepaid and reimbursable expenses	119,359	(218,096)
Inventory	(1,259)	(10,959)
Increase (decrease) in operating liabilities:		
Accounts payable	(86,947)	261,716
Deferred microloan funding	81,621	86,801
Net Cash Provided By Operating Activities	4,857,585	2,021,908
Investing Activities		
Purchases of property and equipment	(303,900)	(372,280)
Purchase of investments	(1,900,064)	(808,063)
Purchases of certificates of deposit and money market funds	(1,247,233)	(2,767)
Net Cash Used In Investing Activities	(3,451,197)	(1,183,110)
Net Increase In Cash and Cash Equivalents	1,406,388	838,798
Cash and Cash Equivalents		
Beginning of Year	4,385,140	3,546,342
End of Year	\$ 5,791,528	\$ 4,385,140
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 (ACCESS)
Notes to the Consolidated Financial Statements
Years Ended September 30, 2017 and 2016**

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 service 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, 2017 and 2016, 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 (ACCESS)
Notes to the Consolidated Financial Statements (Continued)
Years Ended September 30, 2017 and 2016

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, 2016 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 2016 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, 2017 and 2016.

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 (ACCESS)
Notes to the Consolidated Financial Statements (Continued)
Years Ended September 30, 2017 and 2016

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, therefore, 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, 2017 and 2016, no liability for uncertain tax benefits was recorded.

Subsequent Events – Management has evaluated subsequent events through February 22, 2018, 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 requires that the assets be maintained in perpetuity and stipulates 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 presentation of the carrying value of these funds (equal to their fair value) on the statements of financial position of ACCESS.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES (ACCESS)
Notes to the Consolidated Financial Statements (Continued)
Years Ended September 30, 2017 and 2016

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

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 February 2019. At September 30, 2017 and 2016 ACCESS held certificates of deposit with purchase values that approximate fair value totaling \$2,050,000 and \$802,767, respectively. For determination purposes, ACCESS utilizes Level 2 inputs to assess the fair value of certificates of deposit. Access also maintained \$552,767 in a money market fund at 2016 which was held to be reinvested in 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, 2017 and 2016 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>2017</u>	<u>2016</u>
Money market and sweep cash	\$ 1,478,074	\$ 78,327
Common stocks	2,203,536	616,438
Fixed income	807,092	0
Mutual funds	<u>221,948</u>	<u>2,180,566</u>
Total marketable securities	<u>\$ 4,710,650</u>	<u>\$ 2,875,331</u>
Beneficial interest in perpetual endowment:	<u>\$ 1,141,441</u>	<u>\$ 1,076,697</u>

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES (ACCESS)
Notes to the Consolidated Financial Statements (Continued)
Years Ended September 30, 2017 and 2016

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, 2017 and 2016 that is either awaiting repayment from program participants or that has not yet been loaned.

5. Lease Commitments

ACCESS entered into a lease that expires in December 2018 for office space in Detroit with a base monthly rent charge of approximately \$10,000. The agreement also requires additional monthly payments towards common area maintenance. That additional monthly amount was approximately \$9,600 at September 30, 2017. The total rent expense paid in connection with this and other short term leases was \$222,384 and \$272,864 for the years ended 2017 and 2016, respectively.

In addition, ACCESS has several operating leases for office equipment with total lease payments amounting to \$91,819 and \$56,605 for the years ended 2017 and 2016, respectively.

As of September 30, 2017, future minimum lease payments under these leases are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Amount</u>
2018	\$ 235,858
2019	<u>106,605</u>
	<u>\$ 342,463</u>

ACCESS subleases portions of facilities in Dearborn and Sterling Heights with multiple tenants. The agreements require monthly rents that total \$23,050 at September 30, 2017 with various expiration dates through August 2018.

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.

7. Temporarily Restricted Net Assets

Temporarily restricted net assets as of September 30, 2017 and 2016 amounted to \$2,420,528 and \$3,221,142, respectively, in grants and contributions received 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 (ACCESS)
Notes to the Consolidated Financial Statements (Continued)
Years Ended September 30, 2017 and 2016

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

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

	<u>2017</u>	<u>2016</u>
Interest in Perpetual Endowments		
Arab American National Museum Endowment Fund	\$ 564,538	\$ 532,475
AANM Endowment Fund for Public Programming	563,852	531,909
Drs. Barbara and Adnan Aswad Endowment Fund	<u>13,052</u>	<u>12,313</u>
	<u>1,141,442</u>	<u>1,076,697</u>
Donor-Restricted Endowments		
Arab American National Museum Endowment Fund	\$ 2,602,189	\$ 1,141,358
Center for Arab American Philanthropy (CAAP)	<u>1,841,523</u>	<u>1,525,131</u>
	<u>4,443,712</u>	<u>2,666,489</u>
Total Permanently Restricted Net Assets	<u>\$ 5,585,154</u>	<u>\$ 3,743,186</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, 2017 and 2016 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 (ACCESS)
Notes to the Consolidated Financial Statements (Continued)
Years Ended September 30, 2017 and 2016

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>2017</u>	<u>2016</u>
Endowment Net Assets – October 1,	\$ 2,666,489	\$ 1,915,721
Contributions	1,597,427	527,337
Appropriation of endowment assets for expenditure	(105,369)	(25,000)
Net investment income	<u>285,165</u>	<u>248,430</u>
Endowment Net Assets – September 30,	<u>\$ 4,443,712</u>	<u>\$ 2,666,488</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>2017</u>	<u>2016</u>
Arab American National Museum Endowment Fund	\$ 2,029,315	\$ 1,914,346
AANM Endowment Fund for Public Programming	466,884	440,436
Drs. Barbara and Adnan Aswad Endowment Fund	<u>11,864</u>	<u>11,192</u>
	<u>\$ 2,508,063</u>	<u>\$ 2,365,974</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, 2017:

Detroit Employment Solutions Corporation	\$ 3,577,729
Michigan Department of Health and Human Services	<u>3,779,960</u>
	<u>\$ 7,357,689</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, 2017, 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 22, 2018.

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 Adkins, P.C.

Troy, Michigan
February 22, 2018

**ARAB COMMUNITY CENTER FOR,
ECONOMIC AND SOCIAL SERVICES
(ACCESS)**

**Supplementary Information
For The Year Ended
September 30, 2017**

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2017

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Total 2017 Expenditures</u>
<u>U. S. Department of Agriculture</u>		
Child and Adult Care Food Program	10.558	<u>\$ 339,264</u>
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)		
Pass-Through Wayne County Department of Health WIC Food Service Program	10.557	615,600
Pass-Through Macomb County Health Department WIC Food Service Program	10.557	252,000
Breastfeeding Initiative	10.557	<u>29,235</u>
Total Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)		<u>896,835</u>
Supplemental Nutrition Assistance Program		
Pass-Through Michigan Department of Community Health and Human Services (MI-HHS) - Arab American Program	10.551	<u>44,092</u>
<u>Total U. S. Department of Agriculture</u>		<u>1,280,191</u>
<u>U. S. Department of Homeland Security</u>		
Citizenship Education and Training		
Pass-Through United Way Community Services Emergency Food and Shelter Program	97.010	<u>41,783</u>
Emergency Food and Shelter National Board Program		
Citizenship Grant Program	97.024	<u>124,537</u>
<u>Total U. S. Department of Homeland Security</u>		<u>166,320</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>2,527,715</u>
<u>Total U. S. Department of Education</u>		<u>2,527,715</u>
Total Expenditures of Federal Awards on Page 17		<u>\$ 3,974,226</u>

See Independent Auditors' Report.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES
Schedule of Expenditures of Federal Awards (Continued)
Year Ended September 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Total 2017 Expenditures
Total Expenditures of Federal Awards From Page 17		\$ 3,974,226
<i>U. S. Department of Health and Human Services</i>		
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers		
Pass-Through Macomb County Area Agency on Aging 1-B Resource Advocacy	93.044	<u>8,500</u>
Well-Integrated Screening and Evaluation for Women Across The Nation		
Pass-Through MI-HHS WISEWOMEN	93.094	<u>22,500</u>
Injury Prevention and Control Research		
Pass-Through Michigan Coalition to End Domestic and Sexual Violence Domestic Violence Prevention	93.136	<u>108,216</u>
Substance Abuse and Mental Health Services Projects of Regional and National Significance		
* Integrated Health Care with Arab Americans in Michigan	93.243	<u>400,000</u>
Centers for Disease Control and Prevention Projects		
Pass-Through MI-HHS		
Tobacco Reduction and Prevention	93.283	17,585
Colorectal Cancer Education Project	93.283	60,000
Breast and Cervical Cancer Control Program	93.283	<u>75,000</u>
Total Centers for Disease Control and Prevention Projects		<u>152,585</u>
National State Based Tobacco Control Programs		
Pass-Through Michigan Community Health Agency Tobacco Reduction and Prevention	93.305	<u>17,184</u>
Cooperative Agreement to Support Navigators in Federally-Facilitated and State Partnership Marketplaces		
Centers for Medicare and Medicaid Services	93.332	<u>518,202</u>
Total Expenditures of Federal Awards on Page 17 and 18		\$ 5,201,413

See Independent Auditors' Report.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES
Schedule of Expenditures of Federal Awards (Continued)
Year Ended September 30, 2017

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Total 2017 Expenditures</u>
Total Expenditures of Federal Awards From Page 17 and 18		\$ 5,201,413
<u>U.S. Department of Health and Human Services (Continued)</u>		
Refugee and Entrant Assistance - Discretionary Grants		
Victims of Torture	93.576	237,120
Ethnic Community Self Help Program	93.576	175,000
Home Based Child Care	93.576	44,783
ACCESS Growth Center	93.576	207,733
Total Refugee and Entrant Assistance - Discretionary Grants		664,636
Temporary Assistance for Needy Families		
Pass-Through Southeast Michigan Community Alliance Work First	93.558	673,636
Pass-Through City of Detroit Employment Solutions Corporation Work First	93.558	3,577,729
Pass-Through MI-HHS Human Services - Arab American	93.558	70,162
Total Temporary Assistance for Needy Families		4,321,527
Child Support Enforcement		
Pass-Through MI-HHS Arab American Program	93.563	1,271
Office of Head Start		
Pass-Through Macomb County Early Head Start Early Head Start Program	93.600	135,770
Medical Assistance Program		
Pass-Through MI-HHS Arab American Program	93.778	52,706
HIV Prevention Activities		
Pass-Through MI-HHS HIV Prevention Services	93.940	125,885
HIV Prep Data-Collection	93.940	1,350
Total HIV Prevention Activities		127,235
Total Expenditures of Federal Awards on Page 17 through 19		\$ 10,504,558

See Independent Auditors' Report.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES
Schedule of Expenditures of Federal Awards (Continued)
Year Ended September 30, 2017

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Total 2017 Expenditures</u>
Total Expenditures of Federal Awards From Page 17 through 19		\$ 10,504,558
<u>U.S. Department of Health and Human Services (Continued)</u>		
Block Grant for Prevention and Treatment of Substance Abuse		
Pass-Through Detroit Wayne County Mental Health Agency Substance Abuse Prevention	93.959	43,501
Pass-Through Macomb County Community Mental Health Substance Use Disorder Services (SUDS) Program	93.959	34,000
Total Block Grant for Prevention and Treatment of Substance Abuse		77,501
Preventive Health Services & Sexually Transmitted Diseases Control Grant		
Pass-Through MI-HHS Syphilis Elimination Program	93.977	20,000
<u>Total U. S. Department Health and Human Services (Pages 18, 19, and 20)</u>		6,627,833
<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	75,000
Supportive Housing Program		
Pass-Through Wayne Metropolitan Community Action Agency Emergency Solutions Grant Program	14.235	29,926
Continuum of Care Program		
Pass-Through Wayne Metropolitan Community Action Agency HUD Rapid Rehousing	14.267	16,875
SSO Central Intake	14.267	5,625
Total Continuum of Care Program		22,500
<u>Total U. S. Department of Housing and Urban Development</u>		127,426
<u>U. S. Department of Justice</u>		
Crime Victim Assistance		
Pass-Through MI-HHS Services for Victims of Crime	16.575	293,937
<u>Total U. S. Department of Justice</u>		293,937
Total Expenditures of Federal Awards on Page 17 through 20		\$ 11,023,422

See Independent Auditors' Report.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES
Schedule of Expenditures of Federal Awards (Continued)
Year Ended September 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Total 2017 Expenditures
Total Expenditures of Federal Awards From Page 17 through 20		\$ 11,023,422
<u>J. S. Department of Labor</u>		
Workforce Innovation and Opportunity Cluster		
Pass-Through Southeast Michigan Community Alliance		
Dislocated Worker Program	17.278	185,975
Adult Program	17.258	105,513
Youth Activities	17.259	336,182
Total Workforce Innovation and Opportunity Cluster		627,670
<u>Total U. S. Department of Labor</u>		627,670
<u>Corporation for National and Community Service</u>		
Social Innovation Fund		
Pass-Through United Way for Southeast Michigan		
Social Innovation Fund	94.019	324,495
<u>Total Corporation for National and Community Service</u>		324,495
<u>U.S. Department of State</u>		
Professional and Cultural Exchange Programs - Citizen Exchanges		
Museum Connect	19.415	93,001
<u>Total U.S. Department of State</u>		93,001
<u>National Endowment for the Humanities</u>		
Promotion of the Humanities Public Programs		
The New Face of Arab America: Immigrant & Refugee Communities	45.164	45,000
Promotion of the Arts Partnership Agreements		
Arab American National Museum - General Operations Support	45.025	2,000
<u>Total National Endowment for the Humanities</u>		47,000
Total Expenditures of Federal Awards		\$ 12,115,588

* 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.

See Independent Auditors' Report.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES
Schedule of Expenditures of Federal Awards (Continued)
Year Ended September 30, 2017

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



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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, 2017. 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, 2017.

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

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 Adkins, P.C.

Troy, Michigan
February 22, 2018

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES (ACCESS)
Summary of Auditors' Results
Year Ended September 30, 2017

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 Health and Human Services

Substance Abuse and Mental Health Services Projects of Regional and National Significance – Integrated Health Care Program	93.243
--	--------

U.S. Department of Education

21 st Century Community Learning Centers	84.287
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VIII. Dollar threshold used to distinguish between type A and type B programs:	\$750,000
IX. Auditee qualified as low-risk auditee?	Yes

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES
Schedule of Findings, Questioned Costs, and Prior Year Findings
Year Ended September 30, 2017

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, 2016 and as such, a schedule of prior year findings and corrective action plan has not been prepared.

**THE CHALDEAN COMMUNITY
FOUNDATION**

AUDITED FINANCIAL STATEMENTS

For the years ended September 30, 2017 and 2016

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, 2017 and 2016, 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, 2017 and 2016, 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
February 20, 2018

THE CHALDEAN COMMUNITY FOUNDATION
STATEMENTS OF FINANCIAL POSITION

	<u>September 30,</u>	
	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 704,537	\$ 565,437
Certificates of deposit	125,897	-
Accounts receivable, net	113,850	156,700
Pledges receivable	298,749	218,916
Grant receivable	381,076	272,904
Related party receivable	-	870
Prepaid expenses	-	2,235
	<u>1,624,109</u>	<u>1,217,062</u>
Property and equipment, net	2,944,880	2,991,779
Long-term pledges receivable, net	261,168	462,123
Other assets	13,537	10,814
	<u>4,843,694</u>	<u>\$ 4,681,778</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 94,647	\$ 19,377
Accrued payroll	30,623	28,284
Grant reimbursement advance	353,000	353,000
Current portion of lease obligation payable	19,801	19,801
Current portion of long-term debt	48,769	47,112
	<u>546,840</u>	<u>467,574</u>
LONG-TERM LIABILITIES		
Lease obligation payable, less current portion	3,297	23,098
Long-term debt, less current portion	1,218,478	1,341,812
	<u>1,221,775</u>	<u>1,364,910</u>
NET ASSETS		
Unrestricted	1,839,443	1,729,227
Temporarily restricted	1,235,636	1,120,067
	<u>3,075,079</u>	<u>2,849,294</u>
Total liabilities and net assets	<u>\$ 4,843,694</u>	<u>\$ 4,681,778</u>

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

	Year ended September 30, 2017			Year ended September 30, 2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES						
Grant income	\$ 2,442,131	\$ -	\$ 2,442,131	\$ 2,592,873	\$ 15,000	\$ 2,607,873
Contributions	98,071	396,926	494,997	35,668	758,610	794,278
Special events	125,011	-	125,011	114,195	5,075	119,270
Program service	13,073	-	13,073	11,420	-	11,420
Gain on sale of fixed assets	-	-	-	953	-	953
Rental income	138,000	-	138,000	78,040	-	78,040
Interest income	1,341	-	1,341	652	-	652
Total revenues	<u>2,817,627</u>	<u>396,926</u>	<u>3,214,553</u>	<u>2,833,801</u>	<u>778,685</u>	<u>3,612,486</u>
Net assets released from restrictions	<u>281,357</u>	<u>(281,357)</u>	<u>-</u>	<u>649,442</u>	<u>(649,442)</u>	<u>-</u>
	<u>3,098,984</u>	<u>115,569</u>	<u>3,214,553</u>	<u>3,483,243</u>	<u>129,243</u>	<u>3,612,486</u>
EXPENSES						
Program services	2,747,611	-	2,747,611	2,169,038	-	2,169,038
Fundraising	89,470	-	89,470	109,228	-	109,228
Management and general	151,687	-	151,687	125,042	-	125,042
Total expenses	<u>2,988,768</u>	<u>-</u>	<u>2,988,768</u>	<u>2,403,308</u>	<u>-</u>	<u>2,403,308</u>
CHANGE IN NET ASSETS	<u>110,216</u>	<u>115,569</u>	<u>225,785</u>	<u>1,079,935</u>	<u>129,243</u>	<u>1,209,178</u>
NET ASSETS, Beginning	<u>1,729,227</u>	<u>1,120,067</u>	<u>2,849,294</u>	<u>649,292</u>	<u>990,824</u>	<u>1,640,116</u>
NET ASSETS, Ending	<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>

THE CHALDEAN COMMUNITY FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES

	Years ended September 30, 2017				Years ended September 30, 2016			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 1,364,865	\$ 21,500	\$ -	\$ 1,386,365	\$ 1,168,427	\$ 17,630	\$ -	\$ 1,186,057
Other payroll costs	375,538	-	-	375,538	294,328	946	-	295,274
Subcontractors	152,907	-	-	152,907	112,080	-	-	112,080
Occupancy	170,826	-	-	170,826	188,871	-	-	188,871
Supplies	90,803	2,133	-	92,936	84,145	2,744	-	86,889
Advertising	70,527	92	-	70,619	48,074	-	-	48,074
Educational outreach	61,059	-	-	61,059	65,164	-	-	65,164
Venue	-	-	20,160	20,160	-	-	19,109	19,109
Capital campaign costs	-	-	62,515	62,515	-	-	53,946	53,946
Other special event costs	-	-	6,795	6,795	-	-	36,173	36,173
Transportation	47,441	5,146	-	52,587	8,278	1,645	-	9,923
Professional fees	12,850	20,476	-	33,326	12,100	8,015	-	20,115
Facility maintenance	57,420	-	-	57,420	46,954	-	-	46,954
Property taxes	152	141	-	293	4,048	-	-	4,048
Interest expense	56,856	-	-	56,856	56,647	-	-	56,647
Donations	257,864	-	-	257,864	69,686	-	-	69,686
Pharmacy	13,670	-	-	13,670	5,262	-	-	5,262
Other program costs	11,000	-	-	11,000	3,013	-	-	3,013
Performance bonus	-	13,668	-	13,668	-	8,500	-	8,500
Insurance	3,833	-	-	3,833	1,961	322	-	2,283
Dues and subscriptions	-	600	-	600	-	705	-	705
Meetings	-	-	-	-	-	1,640	-	1,640
Depreciation	-	86,591	-	86,591	-	80,794	-	80,794
Bank service charges	-	1,340	-	1,340	-	2,101	-	2,101
Total expenses	\$ 2,747,611	\$ 151,687	\$ 89,470	\$ 2,988,768	\$ 2,169,038	\$ 125,042	\$ 109,228	\$ 2,403,308

THE CHALDEAN COMMUNITY FOUNDATION
STATEMENTS OF CASH FLOWS

	Years ended September 30,	
	2017	2016
OPERATING ACTIVITIES		
Change in net assets	\$ 225,785	\$ 1,209,178
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	86,591	80,794
(Gain) on sale of property and equipment	-	(953)
Interest income from certificates of deposit	(897)	-
Changes in:		
Accounts receivable	43,720	(126,419)
Pledges receivable	121,122	(40,397)
Grants receivable	(108,172)	(27,888)
Prepaid expenses and other assets	(488)	19,347
Accounts payable	75,270	(60,466)
Accrued payroll	2,339	(27,155)
	<u>445,270</u>	<u>1,026,041</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(39,692)	(1,211,283)
Proceeds from sale of property and equipment	-	8,500
Purchase of certificates of deposit	(125,000)	-
	<u>(164,692)</u>	<u>(1,202,783)</u>
FINANCING ACTIVITY		
Borrowings on long-term debt	-	643,373
Payments on long-term debt	(141,478)	(377,724)
	<u>(141,478)</u>	<u>265,649</u>
NET CHANGE IN CASH	139,100	88,907
CASH, Beginning	565,437	476,530
CASH, Ending	\$ 704,537	\$ 565,437
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash received for interest	<u>\$ 1,341</u>	<u>\$ 652</u>
Cash paid for interest	<u>\$ 56,856</u>	<u>\$ 56,647</u>

See notes to financial statements.

THE CHALDEAN COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

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, 2017 and 2016

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 \$50,176 matures September 6, 2018. A certificate of deposit for \$50,044 matures June 14, 2018. A certificate of deposit for \$25,678 matures March 15, 2018. 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, 2017 and 2016, 73% and 56%, respectively, of the Organization's revenue was from the Michigan Department of Community Health. At September 30, 2017 and 2016, \$381,076 and \$272,904, respectively, was due from the Michigan Department of Community Health. At September 30, 2017 and 2016, \$353,000 was due to the Michigan Department of Community Health.

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 allowance for doubtful accounts at September 30, 2017 and 2016 was \$-0- and \$1,000, respectively.

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, 2017 and 2016.

THE CHALDEAN COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

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, 2017 and 2016

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, 2017 and 2016, 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.

Subsequent Events

The Organization has performed a review of events subsequent to the Statement of Financial Position date through February 20, 2018, the date the financial statements 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 a proposed housing project located in the City of Sterling Heights, Michigan. The Organization expects the closing in 2018

THE CHALDEAN COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

NOTE 2 – PLEDGES RECEIVABLE

Pledges receivable consists of the following:

	September 30,	
	<u>2017</u>	<u>2016</u>
Pledges receivable	\$ 575,066	\$ 717,399
Less: unamortized discount	<u>(15,149)</u>	<u>(36,360)</u>
Net pledges receivable	<u>\$ 559,917</u>	<u>\$ 681,039</u>
Amounts due in:		
Less than one year	\$ 298,749	\$ 218,916
One to five years	<u>276,317</u>	<u>498,483</u>
Total pledges receivable	<u>\$ 575,066</u>	<u>\$ 717,399</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 4.15% for the years ended September 30, 2017 and 2016.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	September 30,	
	<u>2017</u>	<u>2016</u>
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>39,692</u>	<u>-</u>
Total cost	3,114,256	3,074,564
Accumulated depreciation	<u>(169,376)</u>	<u>(82,785)</u>
Net carrying amount	<u>\$ 2,944,880</u>	<u>\$ 2,991,779</u>

THE CHALDEAN COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

NOTE 4 – CAPITAL LEASES

The Organization is the lessee of certain equipment held under capital lease. Accordingly, the equipment has 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.

Depreciation charged to expense on assets held under capital leases for the years ended September 30, 2017 and 2016 was \$5,940 and \$5,445, respectively. There is no interest related to the capital leases for the year ended September 30, 2017.

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

The following is a schedule of future minimum lease payments required under the capital lease:

<u>Years ending September 30,</u>	
2018	\$ 19,801
2019	<u>3,297</u>
Total minimum lease payments	23,098
Less amount representing interest	<u>-</u>
Present value of minimum lease payments	23,098
Less current portion	<u>19,801</u>
Long-term portion	<u><u>\$ 3,297</u></u>

THE CHALDEAN COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

NOTE 5 – LONG-TERM DEBT

Long-term debt consists of the following:

	September 30,	
	2017	2016
In June 2016, the Organization converted the construction loan to a term 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 \$1,114,664. Maturity date is June 12, 2021. This loan is secured by the property.	\$ 1,267,247	\$ 1,388,924
Total long-term debt	1,267,247	1,388,924
Less current portion	48,769	47,112
Long-term portion	\$ 1,218,478	\$ 1,341,812

Principal requirements on long-term debt for years ending after September 30, 2017 are as follows:

Years ending September 30,	
2018	\$ 48,769
2019	50,832
2020	52,982
2021	1,114,664
	\$ 1,267,247

THE CHALDEAN COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

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>2017</u>	<u>2016</u>
Project Bismutha	\$ 57,630	\$ 80,026
Capital campaign	822,491	724,553
Scholarships	298,787	300,800
Giving Hearts	14,238	8,138
John Loussia cancer fund	18,035	6,550
Legal Defense fund	21,735	-
Other	2,720	-
	<u>\$ 1,235,636</u>	<u>\$ 1,120,067</u>

NOTE 7 – RELATED-PARTY TRANSACTIONS

During the years ended September 30, 2017 and 2016, the Organization paid \$8,500 and \$9,305 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 during the years ended September 30, 2017 and 2016, respectively. During the years ended September 30, 2017 and 2016, the Organization paid \$20,000 and \$10,000, respectively, to the Chamber for staffing reimbursement associated with special events. At September 30, 2016, \$870 was owed to the Organization by the Chamber for special event deposits made in error.

THE CHALDEAN COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

NOTE 8 – OPERATING LEASE

In November 2014, the Organization began leasing office space from an unrelated entity, in Bingham Farms, Michigan for \$3,250 per month for the first year of the lease and \$3,750 for the second year of the lease. The lease expired in October 2016. The organization continued to pay rent on a month to month basis until March 2017.

The Organization leases office space in a building located in Sterling Heights, Michigan for \$4,750 per month from an unrelated entity. The lease was extended until September 2016. Through December 2015, the Organization paid \$4,750 per month but beginning in January 2016, the monthly payment was reduced to \$2,500. The Organization continued to pay rent on a month to month basis until December 2016.

Lease expense amounted to \$30,000 and \$81,350 for the years ended September 30, 2017 and 2016, respectively.

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. Total expense for the years ended September 30, 2017 and 2016 was \$21,180 and \$17,775, 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, 2017 and 2016, the Organization guaranteed loans totaling approximately \$162,500 and \$52,700, respectively. It is anticipated that the persons will be able to repay the amount due on the loan therefore, no liability has been recorded.

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

Bloomfield Hills, Michigan

May 31, 2018 and 2017

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, 2018 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, 2018 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.

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

Other Matters

The prior year summarized comparative information has been derived from the Organizations' 2017 combined financial statements and, in our report dated October 4, 2017, we expressed an unmodified opinion on those combined financial statements.

Plantz & Moran, PLLC

October 4, 2018

JEWISH FEDERATION OF METROPOLITAN DETROIT AND UNITED JEWISH FOUNDATION

COMBINED STATEMENT OF FINANCIAL POSITION
May 31, 2018

(With Comparative Combined Totals as of May 31, 2017)

	ASSETS			
	Jewish Federation of Metropolitan Detroit	United Jewish Foundation	2018 Combined	2017 Combined
ASSETS				
Cash and cash equivalents	\$ 600	\$ 750,439	\$ 751,039	\$ 749,194
Investments (Note 3)	17,808,427	531,243,219	549,051,646	517,964,803
Accounts receivable, net (Note 5)	225,877	11,648,131	11,874,008	7,826,420
Pledges receivable, net (Note 6)	22,606,202	8,597,676	31,203,878	29,130,600
Notes receivable, net (Note 7)	-	9,085,096	9,085,096	8,446,839
Interorganization (payable) receivable	(1,479,189)	1,479,189	-	-
Donated real estate and other interest held for investment, net	-	15,202,948	15,202,948	14,476,190
Advances and other assets	543,465	3,016,707	3,560,172	3,258,283
Property and equipment, net (Note 8)	325,414	60,171,965	60,497,379	67,078,677
TOTAL ASSETS	\$ 40,030,796	\$ 641,195,370	\$ 681,226,166	\$ 648,931,006
 LIABILITIES AND NET ASSETS				
LIABILITIES				
Appropriations payable				
General	\$ 17,880,126	\$ 7,216,201	\$ 25,096,327	\$ 25,647,259
Jewish Federations of North America and overseas	7,903,930	-	7,903,930	7,937,630
Trade accounts and other payables	3,388,372	608,377	3,996,749	4,800,537
Constituent agencies and other deposits	-	68,618,270	68,618,270	67,268,612
Bonds, notes and other payables (Note 9)	-	1,620,153	1,620,153	1,207,599
Charitable trust annuities payable	-	9,344,554	9,344,554	10,673,355
Other organizations payable	-	13,259,468	13,259,468	13,247,875
Contributions designated for future periods	-	3,105,364	3,105,364	3,165,892
Total Liabilities	29,172,428	103,772,387	132,944,815	133,948,759
NET ASSETS				
Unrestricted	10,858,368	285,149,930	296,008,298	271,630,863
Temporarily restricted (Note 13)	-	53,006,140	53,006,140	53,132,368
Permanently restricted (Note 13)	-	199,266,913	199,266,913	190,219,016
Total Net Assets	10,858,368	537,422,983	548,281,351	514,982,247
TOTAL LIABILITIES AND NET ASSETS	\$ 40,030,796	\$ 641,195,370	\$ 681,226,166	\$ 648,931,006

JEWISH FEDERATION OF METROPOLITAN DETROIT AND UNITED JEWISH FOUNDATION

COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
 Year Ended May 31, 2018
 (With Comparative Combined Totals for the Year Ended May 31, 2017)

	Jewish Federation of Metropolitan Detroit		United Jewish Foundation		Eliminating Adjustments	2018 Combined	2017 Combined	
	Unrestricted	Unrestricted	Temporarily Restricted	Permanently Restricted				Total UJF
OPERATING REVENUE AND SUPPORT								
Public support from contributions	\$ 39,472,713	\$ 63,146,448	\$ 2,421,236	\$ 4,660,822	\$ 70,228,506	\$ (10,831,618)	\$ 98,869,601	\$ 92,096,620
Revenue								
Investment income (including unrealized gains)	17,538	10,904,695	11,433,509	-	22,338,204	-	22,355,742	41,770,357
Loss on disposition of assets	-	(2,757,391)	-	-	(2,757,391)	-	(2,757,391)	(4,555,681)
Interorganization appropriations	10,624,475	2,728,462	359,289	-	3,087,751	(13,712,226)	-	-
Miscellaneous fees and other	5,284,663	5,320,513	510,282	380,293	6,211,088	(305,000)	11,190,751	12,331,068
Net assets released from restrictions	-	10,808,733	(10,808,733)	-	-	-	-	-
Total Revenue	15,926,676	27,005,012	1,494,347	380,293	28,879,652	(14,017,226)	30,789,102	49,545,744
Total Operating Revenue and Support	55,399,389	90,151,460	3,915,583	5,041,115	99,108,158	(24,848,844)	129,658,703	141,642,364
OPERATING EXPENSES								
Program Services								
Distributions								
Federation's annual campaign	-	10,831,618	-	-	10,831,618	(10,831,618)	-	-
Jewish Federations of North America and overseas	9,350,657	55,000	-	-	55,000	-	9,405,657	9,346,462
Local agencies	25,765,006	24,455,617	-	-	24,455,617	(13,712,226)	36,508,397	28,580,838
Other charitable organizations	1,916,731	26,253,895	-	-	26,253,895	-	28,170,626	18,008,926
Other	9,100,390	5,845,753	-	-	5,845,753	-	14,946,143	15,892,843
Total Program Services	46,132,784	67,441,883	-	-	67,441,883	(24,543,844)	89,030,823	71,829,069
Support Services								
Administrative	4,914,528	446,656	-	-	446,656	(305,000)	5,056,184	4,777,220
Financial resource development	2,285,145	-	-	-	-	-	2,285,145	2,523,632
Bad debt (recovery) expense	716,381	(796,973)	-	-	(796,973)	-	(80,592)	(252,397)
Other	51,098	16,941	-	-	16,941	-	68,039	76,264
Total Support Services	7,967,152	(333,376)	-	-	(333,376)	(305,000)	7,328,776	7,124,739
Total Operating Expenses	54,099,936	67,108,507	-	-	67,108,507	(24,848,844)	96,359,599	78,953,808
Increase (Decrease) in Net Assets from Operations	1,299,453	23,042,953	3,915,583	5,041,115	31,999,651	-	33,299,104	62,688,556
Transfer of funds	-	35,029	(4,041,811)	4,006,782	-	-	-	-
INCREASE (DECREASE) IN NET ASSETS	1,299,453	23,077,982	(126,228)	9,047,897	31,999,651	-	33,299,104	62,688,556
NET ASSETS - Beginning of Year	9,558,915	262,071,948	53,132,368	190,219,016	505,423,332	-	514,982,247	452,293,691
NET ASSETS - END OF YEAR	\$ 10,858,368	\$ 285,149,930	\$ 53,006,140	\$ 199,266,913	\$ 537,422,983	\$ -	\$ 548,281,351	\$ 514,982,247

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, 2018

(With Comparative Combined Totals for the Year Ended May 31, 2017)

	Jewish Federation of Metropolitan Detroit			United Jewish Foundation			2018 Combined	2017 Combined
	Direct Programs	Administrative Services	Financial Resource Development	Direct Programs	Administrative Services	Eliminating Adjustments		
DISTRIBUTIONS								
Federation's annual campaign	\$ -	\$ -	\$ -	\$ 10,831,618	\$ -	\$ (10,831,618)	\$ -	\$ -
Jewish Federations of North America and overseas	9,350,657	-	-	55,000	-	-	9,405,657	9,346,462
Local agencies	25,765,006	-	-	24,455,617	-	(13,712,226)	36,508,397	28,580,838
Other charitable organizations	1,916,731	-	-	26,253,895	-	-	28,170,626	18,008,926
Total Distributions	37,032,394	-	-	61,596,130	-	(24,543,844)	74,084,680	55,936,226
OPERATING EXPENSES								
Other program services	1,512,811	-	-	417,461	-	-	1,930,272	937,530
Salaries and wages	4,506,712	3,233,343	1,538,738	-	-	-	9,278,793	9,359,143
Employee benefits	745,267	715,920	265,464	-	-	-	1,726,651	1,801,778
Other personnel	353,774	239,857	88,939	-	-	-	682,570	695,188
Rent and building costs	149,771	117,719	37,510	941,137	28,033	(305,000)	969,170	965,234
Professional services	5,064	141,544	-	-	210,179	-	356,787	998,425
Meetings and events	809,402	126,990	104,903	-	-	-	1,041,295	1,799,672
Missions	635,565	-	-	-	-	-	635,565	704,181
Marketing	98,173	43,108	27,606	-	-	-	168,887	177,451
Professional development and donor cultivation	69,520	57,313	38,447	-	-	-	165,280	211,264
Interest and bank fees	12,170	-	105,431	48,907	131,021	-	297,529	311,827
Postage	17,996	36,479	13,527	-	-	-	68,002	88,068
Office expense	7,569	21,351	7,941	-	-	-	36,861	63,060
Property expenses	-	-	-	399,503	3,880	-	403,383	563,338
Equipment repairs and maintenance	29,075	60,502	22,434	-	-	-	112,011	153,913
Information technology support	55,513	55,630	20,628	-	-	-	131,771	213,039
Telephone	19,125	36,616	13,577	-	-	-	69,318	68,683
Insurance	11,591	28,156	-	17,032	50,882	-	107,661	111,397
Other	-	-	-	160,535	22,661	-	183,196	152,303
Total Operating Expenses Before Depreciation and Bad Debt	9,039,098	4,914,528	2,285,145	1,984,575	446,656	(305,000)	18,365,002	19,375,494
Depreciation	61,292	37,276	13,822	3,861,178	16,941	-	3,990,509	3,894,485
Bad debt (recovery) expense	-	-	716,381	-	(796,973)	-	(80,592)	(252,397)
TOTAL OPERATING EXPENSES	\$ 46,132,784	\$ 4,951,804	\$ 3,015,348	\$ 67,441,883	\$ (333,376)	\$ (24,848,844)	\$ 96,359,599	\$ 78,953,808

See accompanying notes to combined financial statements.

JEWISH FEDERATION OF METROPOLITAN DETROIT AND UNITED JEWISH FOUNDATION

COMBINED STATEMENT OF CASH FLOWS

May 31, 2018

(With Comparative Prior Year Information)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 33,299,104	\$ 62,688,556
Adjustments to reconcile increase in net assets to net cash flows from operating activities		
Depreciation	3,990,509	3,894,485
Bad debt recovery	(80,592)	(252,397)
Change in value of liability for charitable trust annuities	(76,658)	(1,768,092)
Net unrealized gain on investments	(2,518,246)	(43,886,267)
Net realized gain on investments	(14,924,259)	(2,415,830)
Loss on disposals of donated real estate and other interests and property and equipment	2,895,791	4,555,681
Partnership and other investment loss	22,076	395,224
Contributions restricted for permanent investment	(4,860,822)	(1,863,750)
Contribution of donated real estate and other interests held for investment	(2,412,498)	(54,900)
Increase (decrease) in assets and liabilities		
Accounts receivable	(4,052,441)	(863,069)
Pledges receivable	(137,262)	2,528,635
Advances and other assets	(301,889)	(112,663)
Appropriations payable, trade accounts, and other payables	(1,388,420)	(519,463)
Constituent agencies and other deposits	1,349,658	8,358,529
Other organizations payable	11,593	429,955
Contributions designated for future periods and charitable trust annuities payable	(60,528)	415,457
Net Cash Flows from Operating Activities	10,755,116	31,530,091
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds from sale of donated real estate and other interests held for investment	3,346,168	2,147,430
Net uses from purchases of investments	(13,644,338)	(21,383,227)
Purchases of property and equipment	(1,987,508)	(11,988,755)
Net (payments) proceeds from (issuance) collection of notes receivable	(638,257)	86,963
Net Cash Flows from Investing Activities	(12,923,935)	(31,137,589)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts on contributions restricted for permanent investment	3,010,250	1,739,193
Payments on charitable trust annuities	(1,252,140)	(1,309,032)
Net proceeds (payments) on (issuance) bonds and notes payable	412,554	(570,823)
Net Cash Flows used in Financing Activities	2,170,664	(140,662)
Net Increase in Cash and Cash Equivalents	1,845	251,840
CASH AND CASH EQUIVALENTS - Beginning of Year	749,194	497,354
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 751,039	\$ 749,194
Supplemental cash flow disclosures		
Cash paid for interest	\$ 44,979	\$ 51,602
Cash paid for income taxes	\$ 27,074	\$ 9,789

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, 2018 and 2017**

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.

The organizations classify resources for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. A description of the three categories is as follows:

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the organizations. Generally, donors of these assets require the organizations to maintain and invest the original contributions, but permit the use of investment earnings for general or specific purposes.

Temporarily Restricted Net Assets – Net assets whose use by the organizations is subject to donor-imposed stipulations that can be fulfilled by actions of the organizations pursuant to those stipulations or that expire by the passage of time.

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Boards or may otherwise be limited to contractual agreements with outside parties.

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, 2018 and 2017

NOTE 2 – Summary of Significant Accounting Policies (continued)

Contributions

Contributions are generally reported as increases to unrestricted net assets, unless the related assets are limited by donor-imposed restrictions. Contributions and investment income with donor-imposed restrictions are reported as temporarily restricted revenues and are reclassified to unrestricted net assets 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 unrestricted net assets. 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

Unrestricted net assets 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 \$101,414,827 and \$100,602,119 as of May 31, 2018 and 2017, respectively. Philanthropic funds have total assets of \$112,884,503 and \$85,403,094 at May 31, 2018 and 2017, 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 temporarily or permanently restricted net assets.

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 \$3,214,984 and \$6,917,705 for the years ended May 31, 2018 and 2017, 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, 2018 and 2017

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, 2018 and 2017 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, 2018 and 2017**

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 \$345,420 in loans 90 days or more past due and considered to be impaired or uncollectible as of May 31, 2018 and 2017. 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 \$9,636,500 and \$11,020,800 as of May 31, 2018 and 2017, respectively, and donated interests in partnerships and trusts carried at \$446,965 and \$748,409 as of May 31, 2018 and 2017, 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.

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**NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2018 and 2017**

NOTE 2 – Summary of Significant Accounting Policies (continued)

Donated Real Estate and Other Interests Held for Investment (continued)

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, 2018 and 2017. 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.

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 \$2,415,426 and \$2,286,399 as of May 31, 2018 and 2017, 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.

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NOTE 2 – Summary of Significant Accounting Policies (continued)

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.

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, 2018 and 2017, the combined statement of activities and changes in net assets included an increase to other operating income for changes in the estimated liability for split-interest agreements of \$1,036,604 and \$3,532,340, respectively, and investment income included in investment income of \$903,900 and \$2,196,853, respectively. Net assets of these trusts amounted to \$5,671,398 and \$5,380,868 at May 31, 2018 and 2017, respectively. Assets held in split-interest agreements, which are included in investments, totaled \$18,121,316 and \$19,220,115 as of May 31, 2018 and 2017, 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.

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**NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2018 and 2017**

NOTE 2 – Summary of Significant Accounting Policies (continued)

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.

The fair value of the financial instruments above is determined using Level 2 inputs as described in Note 3.

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 restricted support if they are received with donor stipulations that limit the use of the donated assets. When donor restrictions expire, temporarily restricted net assets are reclassified to unrestricted net assets 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 unrestricted support.

Allocation of Expenses

The organizations adhere to generally accepted accounting principles in reporting expenses according to their functional classifications. Accordingly, certain costs have been allocated among the programs and support services benefited. Although the methods used are considered reasonable, other methods could be used that would produce a different result.

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.

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**NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2018 and 2017**

NOTE 2 – Summary of Significant Accounting Policies (continued)

Tax-Exempt Status

The organizations are Michigan nonprofit corporations under Section 509(a)(3) of the Internal Revenue Code that have been granted an exemption from the payment of income taxes under 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, 2017, from which the summarized information was derived.

Subsequent Events

The organizations have evaluated subsequent events through October 4, 2018, which is the date that the combined financial statements were approved and available to be issued.

**JEWISH FEDERATION OF METROPOLITAN DETROIT
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NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2018 and 2017

NOTE 2 – Summary of Significant Accounting Policies (continued)

Upcoming Accounting Pronouncement – Not-for Profit Entities Financial Reporting Model

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, in August 2016. ASU 2016-14 requires significant changes to the financial reporting model of organizations that follow FASB not-for-profit rules, including changing from three classes of net assets to two classes: net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the organizations, including required disclosures about the liquidity and availability of resources. The new standard is effective for the organizations' year ending May 31, 2019 and thereafter and must be applied on a retrospective basis. The organizations have evaluated the anticipated impact of the standard to primarily be the conversion to two classes of net assets and the required disclosures regarding liquidity and availability of assets. Based on current market conditions, the organizations anticipate a reclassification of net assets once the new accounting rules for endowment funds with deficiencies are implemented. If these rules had been in effect at May 31, 2018, this would have resulted in an increase to net assets without donor restrictions of approximately \$13.6 million and a decrease to net assets with donor restrictions of approximately \$13.6 million due to certain endowment funds with deficiencies as disclosed in Note 12.

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

In June 2018, 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.

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**NOTES TO COMBINED FINANCIAL STATEMENTS
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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, 2018 and 2017.

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NOTES TO COMBINED FINANCIAL STATEMENTS
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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	-	-
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>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	-	-
Pooled Investment Fund	2,456,077	-	-	2,456,077
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>

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**NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2018 and 2017**

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, 2017			
	Total	Level 1	Level 2	Valued at NAV
Pooled Income Portfolio				
Money market	\$ 25,857,140	\$ 25,857,140	-	-
Mutual Funds:				
Equity	210,872,216	173,254,241	-	37,617,975
Debt	55,467,138	18,341,313	-	37,125,825
Multi Strategy	-	-	-	-
Real Assets	38,993,802	38,993,802	-	-
 Liquid Limited Partnerships				
Equity	7,812,768	-	-	7,812,768
 Alternative Investments:				
Direct hedge funds	105,261,710	-	-	105,261,710
Private equity	19,119,463	-	-	19,119,463
Total Pooled Income Portfolio	<u>463,384,237</u>	<u>256,446,496</u>	<u>-</u>	<u>206,937,741</u>
 Other:				
Money market	6,996,348	6,996,348	-	-
Israel bonds	2,177,000	-	2,177,000	-
Certificate of deposit	1,640,169	1,640,169	-	-
Common stocks	27,956,236	27,956,236	-	-
U.S. Government Debt	267,323	267,323	-	-
Municipal Debt	410,755	-	410,755	-
Corporate Debt	507,188	-	507,188	-
Mutual funds:				
Equity	8,585,909	8,585,909	-	-
Debt	1,352,485	1,352,485	-	-
Multi-strategy	-	-	-	-
Pooled Investment Fund	2,250,306	-	-	2,250,306
Direct Hedge Fund	2,303,420	-	-	2,303,420
Private Equity	133,427	-	-	133,427
Total Other Investments	<u>54,580,566</u>	<u>46,798,470</u>	<u>3,094,943</u>	<u>4,687,153</u>
 Total Investments	<u>\$ 517,964,803</u>	<u>\$ 303,244,966</u>	<u>\$ 3,094,943</u>	<u>\$ 211,624,894</u>

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**NOTES TO COMBINED FINANCIAL STATEMENTS
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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, 2018 and 2017, 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, 2018 and 2017, 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 44 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	Quarterly - 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.	39%	\$ 5,704,298	N/A	N/A
		61%	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

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**NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2018 and 2017**

NOTE 4 – Investments

Investment income includes realized gains of \$14,924,259 and \$2,415,830, unrealized gains of \$2,518,246 and \$43,886,267, and interest and dividends of \$11,749,683 and \$7,405,885 (net of \$913,756 and \$714,068 in fees), in each case for the years ended May 31, 2018 and 2017, 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:

	2018			2017
	JFMD	UJF	Combined	
Advances to constituent agencies	\$ -	\$ 11,659,220	\$ 11,659,220	\$ 7,668,440
Other receivables	225,877	216,165	442,042	383,247
Total gross accounts receivable	225,877	11,875,385	12,101,262	8,051,687
Allowance for uncollectible amounts	-	(227,254)	(227,254)	(225,267)
Net accounts receivable	<u>\$ 225,877</u>	<u>\$ 11,648,131</u>	<u>\$ 11,874,008</u>	<u>\$ 7,826,420</u>

NOTE 6 – Pledges Receivable

	2018			2017
	JFMD	UJF	Combined	Net Receivables
Gross pledges receivable	\$ 26,834,783	\$ 12,280,397	\$ 39,115,180	\$ 37,039,123
Allowance for uncollectible amounts	(4,228,581)	(1,009,871)	(5,238,452)	(5,948,075)
Unamortized discount	-	(2,672,850)	(2,672,850)	(1,960,448)
Net pledges receivable	<u>\$ 22,606,202</u>	<u>\$ 8,597,676</u>	<u>\$ 31,203,878</u>	<u>\$ 29,130,600</u>

Payments on pledges receivable at May 31, 2018 are expected to be received as follows:

	JFMD	UJF	Combined
Within one year	\$ 26,834,783	\$ 1,587,016	\$ 28,421,799
Between one and five years	-	3,060,680	3,060,680
More than five years	-	7,632,701	7,632,701
Total	<u>\$ 26,834,783</u>	<u>\$ 12,280,397</u>	<u>\$ 39,115,180</u>

**JEWISH FEDERATION OF METROPOLITAN DETROIT
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**NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2018 and 2017**

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:

	2018	2017
Centennial Campaign	\$ 10,216,514	\$ 8,990,000
Akiva Hebrew Day School	1,042,235	1,264,353
Jewish Women's Foundation	473,698	473,615
BBYO Student Conference Center	127,650	132,650
Legacy Fund	125,200	120,179
Jean and Samuel Frankel Jewish Academy of Metropolitan Detroit	110,000	130,000
JVS	100,000	100,000
Max M. Fisher Federation Building	50,000	-
Robinson Pioneer Village - Fresh Air Society	23,000	26,000
Jewish Community Center	10,000	15,950
Berman Center for the Performing Arts	1,500	2,100
University of Michigan Hillel	600	600
Millennium - Jewish Life Fund	-	975,000
Millennium - Jewish Community Center	-	551,566
Harris Nature Center	-	145,000
Jewish Senior Life	-	5,000
	\$ 12,280,397	\$ 12,932,013
Total Pledges Receivable		

**JEWISH FEDERATION OF METROPOLITAN DETROIT
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NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2018 and 2017

NOTE 7 – Notes Receivable

Notes receivable consist of the following at May 31:

	2018	2017
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	-
Land contract receivable bearing interest at 7.00% annually, due in monthly principal and interest installments of \$10,000 through November 2019	169,694	273,825
Other notes receivable	438,936	500,765
Gross notes receivable	9,430,516	8,774,590
Allowance for uncollectible amounts	(345,420)	(345,420)
Notes receivable, net - UJF	9,085,096	8,429,170
JFMD - Other notes receivable	-	17,669
Notes receivable, net - Combined	\$ 9,085,096	\$ 8,446,839

NOTE 8 – Property and Equipment – JFMD and UJF

Property and equipment consist of the following at May 31:

	2018	2017
Land	\$ 6,994,234	\$ 7,210,208
Buildings	119,525,734	125,286,639
Furniture and equipment	4,693,427	4,475,196
Construction in progress	243,168	1,467,287
Total	131,456,563	138,439,330
Accumulated depreciation	(70,959,184)	(71,360,653)
Property and Equipment, net	\$ 60,497,379	\$ 67,078,677

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**NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 8 – Property and Equipment – JFMD and UJF (continued)

The majority of land and buildings represent communal properties and consist of the following at May 31, 2018:

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
United Jewish Foundation			
Max M. Fisher Federation Building	\$ 900,000	\$ 7,741,051	\$ 8,641,051
Fresh Air Society – Camp Tamarack			
Ortonville	381,073	13,080,686	13,461,759
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	7,039,228	8,576,404
Jean and Samuel Frankel Jewish Academy of Metropolitan Detroit	-	7,805,628	7,805,628
Farber Hebrew Day School - Yeshivat Akiva	291,482	11,993,870	12,285,352
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>119,525,734</u>	<u>126,519,968</u>
Accumulated depreciation	-	(67,068,115)	(67,068,115)
Total Land and Buildings	<u><u>\$ 6,994,234</u></u>	<u><u>\$ 52,457,619</u></u>	<u><u>\$ 59,451,853</u></u>

**JEWISH FEDERATION OF METROPOLITAN DETROIT
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**NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2018 and 2017**

NOTE 9 – Financing Arrangements

At May 31, 2018 and 2017, UJF has an unsecured note payable outstanding of \$125,000 and 150,000, 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, 2018 and 2017, UJF also has bonds payable outstanding of \$905,153 and \$1,057,599, 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, 2018, there is an unsecured line of credit, related to the construction of the Farber Hebrew Day School - Yeshivat Akiva. At May 31, 2018, the balance on the line of credit is \$590,000. The note bears a floating interest rate of LIBOR plus 1.38%. The loan matures in February 2023.

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

May 31, 2019	\$ 583,780
May 31, 2020	381,013
May 31, 2021	198,532
May 31, 2022	206,414
May 31, 2023	214,654
Thereafter	35,760
Total Bonds and Notes Payable	<u>\$ 1,620,153</u>

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

**NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2018 and 2017**

NOTE 10 – 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 \$133,800 and \$197,000 for the years ended May 31, 2018 and 2017, respectively. Based on information as of December 31, 2017, 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 32 percent from 2017 to 2018, primarily as a result of higher than expected investment returns.

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, 2017.

Total plan assets	\$ 21,443,470
Actuarial present value of accumulated plan benefits	23,519,338
Total contributions received by the Plan	663,329
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 2017, 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.

NOTE 11 – 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 \$300,000 for the years ended May 31, 2018 and 2017.

Grants received from The Jewish Fund by the Federation were \$441,574 and \$405,500 and indirect grant expenses paid to other affiliated entities were \$36,508,397 and \$28,580,836 for the years ended May 31, 2018 and 2017, respectively.

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

**NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2018 and 2017**

NOTE 11 – Transactions with Affiliates (continued)

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

	2018	2017
Appropriations payable	\$ 19,770,487	\$ 19,138,955
Constituent agency deposits	23,079,840	22,943,563
Total	<u>\$ 42,850,327</u>	<u>\$ 42,082,518</u>

NOTE 12 – Endowment Funds

UJF's endowment consists of 1,130 individual donor-restricted funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law - The organizations have interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent donor stipulations to the contrary. As a result of this interpretation, the organizations classify as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment.

The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organizations in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the organizations consider 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, 2018 and 2017**

NOTE 12 – Endowment Funds (continued)

Endowment net asset composition as of May 31, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted	\$ (13,622,690)	\$ 29,234,475	\$ 199,266,913	\$ 214,878,698
Board Designated	13,037,077	-	-	13,037,077
Split-interest agreements	233,829	-	-	233,829
	<u>\$ (351,784)</u>	<u>\$ 29,234,475</u>	<u>\$ 199,266,913</u>	<u>\$ 228,149,604</u>

Endowment net asset composition as of May 31, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted	\$ (13,383,843)	\$ 27,691,077	\$ 190,219,016	\$ 204,526,250
Board Designated	13,141,307	-	-	13,141,307
Split-interest agreements	194,521	-	-	194,521
	<u>\$ (48,015)</u>	<u>\$ 27,691,077</u>	<u>\$ 190,219,016</u>	<u>\$ 217,862,078</u>

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ (48,015)	\$ 27,691,077	\$ 190,219,016	\$ 217,862,078
Income from investments	261,022	10,828,122	106	11,089,250
Contributions	-	231,925	4,660,822	4,892,747
Appropriation of endowment assets for expenditures	(595,252)	(9,139,421)	-	(9,734,673)
Other income (loss)	181,289	(234,475)	380,293	327,107
Transfers of net assets	88,019	(381,600)	4,006,676	3,713,095
Reclassification of income	(238,847)	238,847	-	-
Endowment net assets, end of year	<u>\$ (351,784)</u>	<u>\$ 29,234,475</u>	<u>\$ 199,266,913</u>	<u>\$ 228,149,604</u>

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

**NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2018 and 2017**

NOTE 12 – Endowment Funds (continued)

Changes in endowment net assets for the year ended May 31, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ (7,947,729)	\$ 19,002,158	\$ 184,117,527	\$ 195,171,956
Income from investments	1,477,751	24,372,143	-	25,849,894
Contributions	172	1,831,384	1,863,750	3,695,306
Appropriation of endowment assets for expenditures	(81,677)	(8,654,193)	(800,000)	(9,535,870)
Other income	13,534	265,554	84,999	364,087
Transfers of net assets	-	(2,636,035)	4,952,740	2,316,705
Reclassification of income	6,489,934	(6,489,934)	-	-
Endowment net assets, end of year	<u>\$ (48,015)</u>	<u>\$ 27,691,077</u>	<u>\$ 190,219,016</u>	<u>\$ 217,862,078</u>

Funds with Deficiencies - From time to time, the fair value associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA require the organizations to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature that are reported in unrestricted net assets were \$13,622,690 and \$13,383,843 as of May 31, 2018 and 2017, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of new permanently restricted contributions. Subsequent gains that restore the fair value of the assets of endowment funds to the required level will be classified as an increase in unrestricted net assets.

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, 2018 and 2017

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 – Restricted Net Assets

UJF's temporarily restricted net assets consist of the following at May 31:

	Temporarily Restricted	
	2018	2017
Unappropriated Endowment Earnings:		
Perpetual Annual Campaign		
Endowment (PACE) funds	\$ 2,915,159	\$ 2,845,745
Special-purpose funds	4,407,725	4,377,352
Constituent agency funds	21,911,591	20,467,980
Total Unappropriated Endowment Earnings	29,234,475	27,691,077
Other Time and/or Purpose Restrictions:		
Special-purpose funds	8,115,525	8,263,660
Constituent agency funds	15,656,140	17,177,631
Total Other Time and/or Purpose Restrictions	23,771,665	25,441,291
Total Temporarily Restricted Net Assets	\$ 53,006,140	\$ 53,132,368

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

**NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2018 and 2017**

NOTE 13 – Restricted Net Assets (Continued)

UJF's permanently restricted net assets consist of the following at May 31:

	Permanently Restricted	
	2018	2017
Perpetual Annual Campaign Endowment (PACE) funds	\$ 71,729,973	\$ 67,839,091
Special-purpose funds	16,175,023	15,580,324
Constituent agency funds	111,361,917	106,799,601
Total Permanently Restricted Net Assets	\$ 199,266,913	\$ 190,219,016

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 has 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. At May 31, 2018 and 2017, \$8,200,000 and \$10,200,000 of the bonds were outstanding, respectively. Subsequent to the balance sheet date, JSL refinanced the bonds. Under the terms of the new bond agreement, 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 \$500,000 as of May 31, 2018 and 2017, respectively, and bears interest at LIBOR plus 1.35 percent. The bank line of credit is guaranteed by UJF.

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.

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

**NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2018 and 2017**

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, 2018 and 2017 were approximately \$834,000 and \$825,000, respectively. Liabilities for estimated claims incurred but not reported totaling approximately \$157,000 and \$125,000 as of May 31, 2018 and 2017, respectively have been recorded.

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, 2018 and have issued our report thereon dated October 4, 2018, which contained an unmodified opinion on those combined financial statements. Our audit was performed for the purpose of forming an opinion on the 2018 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 2018 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2018 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 2018 combined financial statements as a whole.

Plante & Moran, PLLC

October 4, 2018

JEWISH FEDERATION OF METROPOLITAN DETROIT

COMBINING STATEMENT OF FINANCIAL POSITION

May 31, 2018

ASSETS							
	<u>Operating Fund</u>	<u>Federation Annual Campaign</u>	<u>JFMD Programming</u>	<u>Oversees Programming</u>	<u>Missions Fund</u>	<u>Jewish Life Fund</u>	<u>Total</u>
ASSETS							
Cash and cash equivalents	\$ 600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600
Investments	1,464,290	14,383,915	1,422,165	507,489	15,963	14,605	17,808,427
Accounts receivable, net	225,877	-	-	-	-	-	225,877
Pledges receivable, net	-	22,603,902	-	2,300	-	-	22,606,202
Notes receivable, net	-	-	-	-	-	-	-
Interfund receivables (payables)	4,365,615	(7,979,794)	250,000	213,200	321,790	1,350,000	(1,479,189)
Advances and other assets	529,945	-	-	5,020	8,500	-	543,465
Property and equipment, net	325,414	-	-	-	-	-	325,414
TOTAL ASSETS	\$ 6,911,741	\$ 29,008,023	\$ 1,672,165	\$ 728,009	\$ 346,253	\$ 1,364,605	\$ 40,030,796
LIABILITIES AND NET ASSETS							
LIABILITIES							
Appropriations payable							
General	\$ -	\$ 17,521,962	\$ 358,164	\$ -	\$ -	\$ -	\$ 17,880,126
Jewish Federations of North America and overseas	-	7,903,930	-	-	-	-	7,903,930
Trade accounts and other payables	3,332,725	-	-	45,524	-	10,123	3,388,372
Total Liabilities	3,332,725	25,425,892	358,164	45,524	-	10,123	29,172,428
NET ASSETS							
Unrestricted	3,579,016	3,582,131	1,314,001	682,485	346,253	1,354,482	10,858,368
TOTAL LIABILITIES AND NET ASSETS	\$ 6,911,741	\$ 29,008,023	\$ 1,672,165	\$ 728,009	\$ 346,253	\$ 1,364,605	\$ 40,030,796

JEWISH FEDERATION OF METROPOLITAN DETROIT
COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended May 31, 2018

	Operating Fund	Federation Annual Campaign	JFMD Programming	Overseas Programming	Missions Fund	Jewish Life Fund	Total
OPERATING REVENUE AND SUPPORT							
Public support from contributions	\$ 14,833	\$ 37,559,922	\$ 1,518,510	\$ 280,298	\$ 99,150	\$ -	\$ 39,472,713
Revenue							
Investment income (including unrealized gains)	-	17,538	-	-	-	-	17,538
Interorganization appropriations	4,419,697	5,200	3,547,560	14,726	29,368	2,607,924	10,624,475
Miscellaneous fees and other	4,378,412	80,000	277,609	210,933	337,709	-	5,284,663
Total Revenue	<u>8,798,109</u>	<u>102,738</u>	<u>3,825,169</u>	<u>225,659</u>	<u>367,077</u>	<u>2,607,924</u>	<u>15,926,676</u>
Total Operating Revenue and Support	<u>8,812,942</u>	<u>37,662,660</u>	<u>5,343,679</u>	<u>505,957</u>	<u>466,227</u>	<u>2,607,924</u>	<u>55,399,389</u>
OPERATING EXPENSES							
Program Services							
Distributions							
Jewish Federations of North America and overseas	-	9,323,695	24,333	2,629	-	-	9,350,657
Local agencies	151,252	19,424,995	3,623,750	22,500	147,506	2,395,003	25,765,006
Other charitable organizations	-	1,066,617	360,330	47,500	230,790	211,494	1,916,731
Other	6,899,329	-	879,309	690,358	631,394	-	9,100,390
Total Program Services	<u>7,050,581</u>	<u>29,815,307</u>	<u>4,887,722</u>	<u>762,987</u>	<u>1,009,690</u>	<u>2,606,497</u>	<u>46,132,784</u>
Support Services							
Administrative	4,914,528	-	-	-	-	-	4,914,528
Financial resource development	2,172,884	105,431	2,579	80	4,171	-	2,285,145
Bad debt recovery	-	716,381	-	-	-	-	716,381
Other	51,098	-	-	-	-	-	51,098
Total Support Services	<u>7,138,510</u>	<u>821,812</u>	<u>2,579</u>	<u>80</u>	<u>4,171</u>	<u>-</u>	<u>7,967,152</u>
Total Operating Expenses	<u>14,189,091</u>	<u>30,637,119</u>	<u>4,890,301</u>	<u>763,067</u>	<u>1,013,861</u>	<u>2,606,497</u>	<u>54,099,936</u>
(Decrease) Increase in Net Assets from Operations	(5,376,149)	7,025,541	453,378	(257,110)	(547,634)	1,427	1,299,453
Transfer of funds	5,664,855	(7,350,945)	(582,140)	490,167	458,613	1,319,450	-
INCREASE (DECREASE) IN NET ASSETS	288,706	(325,404)	(128,762)	233,057	(89,021)	1,320,877	1,299,453
NET ASSETS - Beginning of Year	3,290,310	3,907,535	1,442,763	449,428	435,274	33,605	9,558,915
NET ASSETS - END 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>

UNITED JEWISH FOUNDATION
COMBINING STATEMENT OF FINANCIAL POSITION
 May 31, 2018

ASSETS							
	General Fund	Philanthropic Funds	Support Foundations	Land, Building and Equipment	Other Unrestricted Funds	Restricted Funds	Total
ASSETS							
Cash and cash equivalents	\$ 750,439	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 750,439
Investments	13,989,486	110,539,312	98,284,264	(77,890)	74,451,974	234,056,073	531,243,219
Accounts receivable, net	25,023	-	-	6,313	1,415,572	10,201,223	11,648,131
Pledges receivable, net	-	-	-	-	125,201	8,472,475	8,597,676
Notes receivable, net	40,500	29,710	23,306	-	169,694	8,821,886	9,085,096
Interfund receivables (payables)	(250,000)	(2,040,000)	(7,740,210)	-	1,529,987	9,979,412	1,479,189
Donated real estate and other interests held for investment	-	4,355,481	10,847,467	-	-	-	15,202,948
Advances and other assets	17,108	-	-	375	520,798	2,478,426	3,016,707
Property and equipment, net	-	-	-	59,928,797	2,876	240,292	60,171,965
TOTAL ASSETS	\$ 14,572,556	\$ 112,884,503	\$ 101,414,827	\$ 59,857,595	\$ 78,216,102	\$ 274,249,787	\$ 641,195,370
LIABILITIES AND NET ASSETS							
LIABILITIES							
Appropriations payable	\$ -	\$ 3,497,552	\$ 1,447,500	\$ -	\$ 2,160,448	\$ 110,701	\$ 7,216,201
Trade accounts and other payables	14,978	-	-	49,710	397,954	145,735	608,377
Constituent agencies and other deposits	-	-	-	-	68,618,270	-	68,618,270
Bonds, notes and other payables	-	-	-	1,030,153	-	590,000	1,620,153
Charitable trust annuities payable	-	-	-	-	-	9,344,554	9,344,554
Other organizations payable	-	-	-	-	-	13,259,468	13,259,468
Contributions designated for future periods	-	-	-	-	-	3,105,364	3,105,364
Total Liabilities	14,978	3,497,552	1,447,500	1,079,863	71,176,672	26,555,822	103,772,387
NET ASSETS							
Unrestricted	14,557,578	109,386,951	95,740,023	58,777,732	7,039,430	(351,784)	285,149,930
Temporarily restricted	-	-	952,304	-	-	52,053,836	53,006,140
Permanently restricted	-	-	3,275,000	-	-	195,991,913	199,266,913
Total Net Assets	14,557,578	109,386,951	99,967,327	58,777,732	7,039,430	247,693,965	537,422,983
TOTAL LIABILITIES AND NET ASSETS	\$ 14,572,556	\$ 112,884,503	\$ 101,414,827	\$ 59,857,595	\$ 78,216,102	\$ 274,249,787	\$ 641,195,370

UNITED JEWISH FOUNDATION

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended May 31, 2018

	General Fund	Philanthropic Funds	Support Foundations	Land, Building and Equipment	Other Unrestricted Funds	Restricted Funds	Total
OPERATING REVENUE AND SUPPORT							
Public support from contributions	\$ -	\$ 53,266,277	\$ 8,761,235	\$ 767,801	\$ 351,136	\$ 7,082,057	\$ 70,228,506
Revenue							
Investment income (including unrealized gains)	691,065	3,489,108	6,695,526	-	58,738	11,403,767	22,338,204
Loss on disposition of assets	-	-	(35,775)	(2,581,594)	(140,022)	-	(2,757,391)
Interorganization appropriations	129,252	277,760	-	-	2,321,450	359,289	3,087,751
Miscellaneous fees and other	4,169,945	1,909	21,788	609,667	335,915	1,071,864	6,211,088
Total Revenue	4,990,262	3,768,777	6,681,539	(1,971,927)	2,576,081	12,834,920	28,879,652
Total Operating Revenue and Support	4,990,262	57,035,054	15,442,774	(1,204,126)	2,927,217	19,916,977	99,108,158
OPERATING EXPENSES							
Program Services							
Distributions							
Federation's annual campaign	-	5,149,430	1,276,418	-	-	4,405,770	10,831,618
Jewish Federations of North America and overseas	-	-	55,000	-	-	-	55,000
Local agencies	5,506,953	4,533,115	3,104,696	2,000	1,771,140	9,537,713	24,455,617
Other charitable organizations	-	20,410,577	5,215,076	-	-	628,242	26,253,895
Other	248,024	-	261,999	4,455,492	458,849	421,389	5,845,753
Total Program Services	5,754,977	30,093,122	9,913,189	4,457,492	2,229,989	14,993,114	67,441,883
Support Services							
Administrative	298,796	3,375	78,394	60,555	-	5,536	446,656
Bad debt recovery	-	-	-	-	-	(796,973)	(796,973)
Other	-	-	-	16,941	-	-	16,941
Total Support Services	298,796	3,375	78,394	77,496	-	(791,437)	(333,376)
Total Operating Expenses	6,053,773	30,096,497	9,991,583	4,534,988	2,229,989	14,201,677	67,108,507
(Decrease) Increase in Net Assets from Operations	(1,063,511)	26,938,557	5,451,191	(5,739,114)	697,228	5,715,300	31,999,651
Transfer of funds	480,743	(157,082)	(4,040,983)	324,037	289,347	3,103,938	-
(DECREASE) INCREASE IN NET ASSETS	(582,768)	26,781,475	1,410,208	(5,415,077)	986,575	8,819,238	31,999,651
NET ASSETS - Beginning of Year	15,140,346	82,605,476	98,557,119	64,192,809	6,052,855	238,874,727	505,423,332
NET ASSETS - END OF YEAR	\$ 14,557,578	\$ 109,386,951	\$ 99,967,327	\$ 58,777,732	\$ 7,039,430	\$ 247,693,965	\$ 537,422,983

See independent auditors' report on supplemental information.

October 4, 2018

To the Audit Committee
Jewish Federation of Metropolitan Detroit
and United Jewish Foundation

We have audited the combined financial statements of the Jewish Federation of Metropolitan Detroit and the United Jewish Foundation (collectively, the "Organizations") as of and for the year ended May 31, 2018 and have issued our report thereon dated October 4, 2018. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 17, 2018, our responsibility, as described by professional standards, is to express an opinion about whether the combined financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with generally accepted accounting principles in the United States. Our audit of the combined financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the combined financial statements are free of material misstatement.

As part of our audit, we considered the internal control of the Organizations. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the combined financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on May 17, 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 Organizations are described in Note 2 to the combined financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the fiscal year.

We noted no transactions entered into by the Organizations during the year for which there is a lack of authoritative guidance or consensus.

We noted no significant transactions that have been recognized in the combined financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the combined 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 combined financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the combined financial statements were the fair value of investments and the allowance for uncollectible pledges receivable.

The estimates of the fair values of investment securities have been determined by management using available market information and appropriate valuation methodologies. Those estimates are subjective in nature and by design involve uncertainties and matters of judgment. Accordingly, the estimates presented in the combined financial statements are not necessarily indicative of the amounts the Organizations could realize in a current market exchange. The use of different assumptions, judgments, and/or estimation methodologies may have an effect on the estimated fair value amounts. We evaluated the key factors and assumptions used to develop the fair value of investments and determined it is reasonable and appropriate in relation to the combined financial statements taken as a whole.

Management's estimate of the allowance for uncollectible pledges receivable is based on collection history, past-due amounts, and donor communications. We evaluated the key factors and assumptions used to develop the allowance for uncollectible pledges and determined it is reasonable in relation to the combined financial statements taken as a whole.

The disclosures in the combined financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

There were no difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the combined financial statements or the auditor's report. We report that no such disagreements arose during the course of 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 trivial, and communicate them to the appropriate level of management. We did not detect any misstatements as a result of audit procedures.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Organizations, and business plans and strategies that may affect the risks of material misstatement, with management each year prior to our retention as the Organizations' auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition of our retention.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 4, 2018.

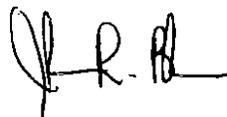
Management Consultations with Other Independent Accountants

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 Organizations' combined 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.

This information is intended solely for the use of the audit committee and management of the Organizations and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in black ink, appearing to read "J.R. Bebes", written over a horizontal line.

John R. Bebes

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) 05/31/18	
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)

10/31/18

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.

Inter-Tribal Council of Michigan, Inc.

BASIC FINANCIAL STATEMENTS

September 30, 2017

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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

**MEMBER AICPA
DIVISION FOR CPA FIRMS**

MEMBER MACPA

**OFFICES IN
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, 2017, 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, 2017, 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 33 through 38 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 January 8, 2018 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 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

January 8, 2018

Management's Discussion and Analysis

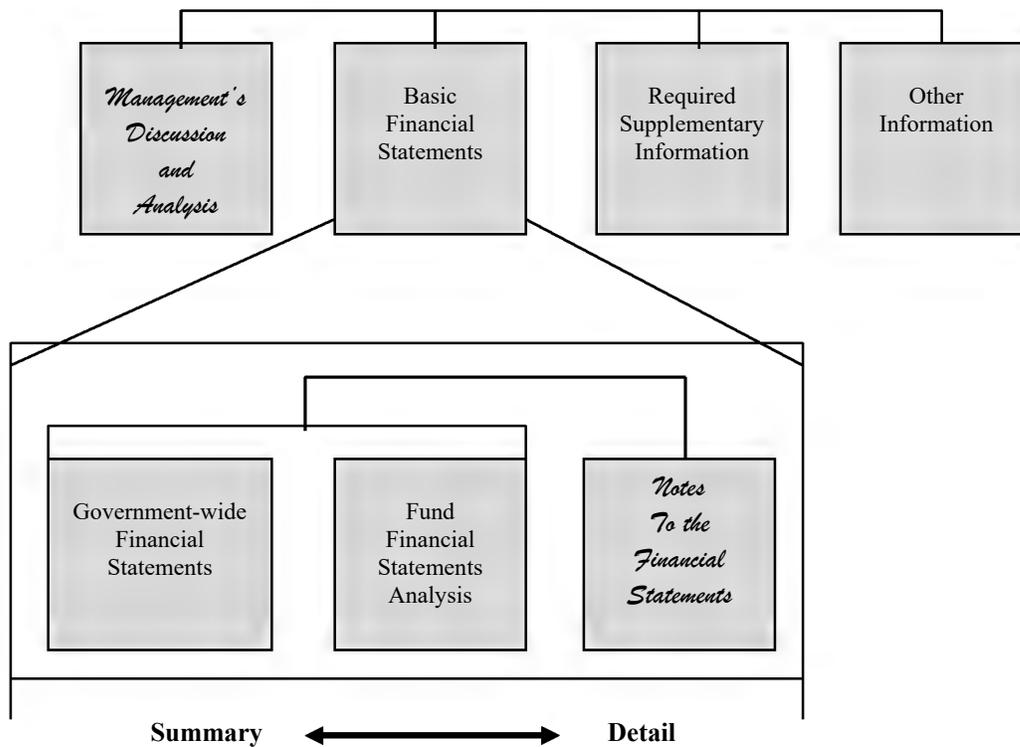
Introduction

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, 2017, 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, 2016 and 2017 is as follows:

	Governmental Activities	
	2016	2017
Current Assets	\$ 2,761,979	\$ 3,135,005
Capital Assets	1,015,533	981,733
Total Assets	\$ 3,777,512	\$ 4,116,738
Current Liabilities	\$ 1,633,364	\$ 1,652,341
Noncurrent Liabilities	866,836	846,440
Total Liabilities	\$ 2,500,200	\$ 2,498,781
Net Position		
Net investment in Capital Assets	\$ 185,093	\$ 169,038
Unrestricted	1,092,219	1,448,919
Total Net Position	\$ 1,277,312	\$ 1,617,957

Unrestricted net position, the part of the assets that can be used to finance day to day operations increased by \$356,700 for the governmental activities. This represents an increase of approximately 33%. The current level of unrestricted net position for our governmental activities stands at \$1,448,919. 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 2017.

The agency's cash flow has increased from the prior year. Compensated absences have decreased by \$1,789 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, 2016 and 2017 is as follows:

	Governmental Activities	
	2016	2017
Program Revenues		
Operating Grants and Contributions	\$ 16,388,230	\$ 16,271,780
Total Program Revenues	16,388,230	16,271,780
Other Revenues		
Investment Earnings	518	1,138
Total Revenues	16,388,748	16,272,918
Program Expenses		
General and Administration	23,221	20,702
Education	8,112,726	7,884,259
Health and Welfare	7,976,148	7,932,838
Interest Expense - Unallocated	39,884	39,063
Depreciation - Unallocated	135,895	55,411
Total Program Expenses	16,287,874	15,932,273
Change in Net Position	100,874	340,645
Beginning Net Position	1,176,438	1,277,312
Ending Net Position	\$ 1,277,312	\$ 1,617,957

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 \$116,450 in program revenues since the end of fiscal year 2016. 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 2016 and 2017 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 \$16,271,780 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 2018, the agency has administered programming that has restored approximately \$6 million back into the agency. A large amount of those funds do 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 2017 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 2017. 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 2017, the Inter-Tribal Council of Michigan has \$981,733 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 \$860,742 with a mortgage payable of \$812,695. The equity of the property is currently estimated at \$48,047. 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 2018 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	\$ 1,876,072
Accounts Receivable	31,967
Due from Governmental Units	1,226,966
Capital Assets, Not Depreciated	140,085
Capital Assets, Net of Depreciation	<u>841,648</u>
Total Assets	<u><u>\$ 4,116,738</u></u>
LIABILITIES:	
Accounts Payable	\$ 1,016,166
Accrued Liabilities	246,941
Unearned Revenue	370,627
Note Payable - Due within one year	18,607
Note Payable - Due in more than one year	794,088
Compensated Absences - Due in more than one year	<u>52,352</u>
Total Liabilities	<u>2,498,781</u>
NET POSITION:	
Net Investment in Capital Assets	169,038
Unrestricted	<u>1,448,919</u>
Total Net Position	<u><u>\$ 1,617,957</u></u>

Inter-Tribal Council of Michigan, Inc.**Statement of Activities
For the Year Ended September 30, 2017**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position Primary Government Governmental Activities</u>
Primary Government:			
Governmental Activities:			
General and Administrative	\$ 20,702	\$ 403,036	\$ 382,334
Education	7,884,259	7,145,506	(738,753)
Health and Welfare	7,932,838	8,723,238	790,400
Interest expense - Unallocated	39,063	-	(39,063)
Depreciation - Unallocated	55,411	-	(55,411)
Total Governmental Activities	<u>\$ 15,932,273</u>	<u>\$ 16,271,780</u>	<u>339,507</u>
General Revenues:			
Investment Earnings			<u>1,138</u>
Total General Revenues			<u>1,138</u>
Changes in Net Position			340,645
Net Position - Beginning			<u>1,277,312</u>
Net Position - Ending			<u>\$ 1,617,957</u>

Inter-Tribal Council of Michigan, Inc.

**Balance Sheet
Governmental Funds
September 30, 2017**

	Agency Discretionary	Head Start 10/17	Head Start 10/16	Early Head Start 10/17	Early Head Start 10/16	ATR 9/18	Nonmajor Governmental Funds	Total
ASSETS:								
Cash and Equivalents	\$ 1,816,187	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,816,187
Due from Other Funds	-	-	-	-	-	-	815,177	815,177
Due from Governmental Units	-	263,961	-	122,549	-	80,996	759,460	1,226,966
TOTAL ASSETS	\$ 1,816,187	\$ 263,961	\$ -	\$ 122,549	\$ -	\$ 80,996	\$ 1,574,637	\$ 3,858,330
LIABILITIES:								
Accounts Payable	\$ 946	\$ 115,310	\$ -	\$ 16,539	\$ -	\$ 72,655	\$ 806,900	\$ 1,012,350
Due to Other Funds	1,770,779	53,767	-	49,338	-	2,960	330,676	2,207,520
Accrued Liabilities	-	94,884	-	56,672	-	5,381	66,434	223,371
Unearned Revenue	-	-	-	-	-	-	370,627	370,627
TOTAL LIABILITIES	1,771,725	263,961	-	122,549	-	80,996	1,574,637	3,813,868
FUND BALANCES:								
Unassigned	44,462	-	-	-	-	-	-	44,462
TOTAL FUND BALANCES	44,462	-	-	-	-	-	-	44,462
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,816,187	\$ 263,961	\$ -	\$ 122,549	\$ -	\$ 80,996	\$ 1,574,637	

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

Capital assets used by governmental activities	319,133
Compensated absences liability	(52,352)
Internal service funds included in governmental activities	1,306,714
Net position of governmental activities	\$ 1,617,957

Inter-Tribal Council of Michigan, Inc.

**Statement of Revenues, Expenditures, and
Changes in Fund Balance - Governmental Funds
For the Year Ended September 30, 2017**

	Agency Discretionary	Head Start 10/17	Head Start 10/16	Early Head Start 10/17	Early Head Start 10/16	ATR 9/18	Nonmajor Governmental Funds	Total
REVENUES:								
Federal Grants	\$ -	\$ 2,513,147	\$ 348,247	\$ 1,895,484	\$ 224,023	\$ 2,224,367	\$ 6,326,432	\$ 13,531,700
State Grants	-	-	-	-	-	-	625,240	625,240
Local Contributions	-	-	687,921	-	538,201	-	17,969	1,244,091
Interest Income	1,082	-	-	-	-	-	-	1,082
Other Revenues	58,057	-	-	-	-	-	467,713	525,770
TOTAL REVENUES	59,139	2,513,147	1,036,168	1,895,484	762,224	2,224,367	7,437,354	15,927,883
EXPENDITURES:								
General and Administrative	20,702	-	-	-	-	-	-	20,702
Education	-	2,513,147	986,310	1,895,484	762,224	-	1,727,094	7,884,259
Health and Welfare	-	-	-	-	-	2,224,367	5,710,260	7,934,627
Capital Outlay	-	-	49,858	-	-	-	-	49,858
TOTAL EXPENDITURES	20,702	2,513,147	1,036,168	1,895,484	762,224	2,224,367	7,437,354	15,889,446
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	38,437	-	-	-	-	-	-	38,437
FUND BALANCE-BEGINNING	6,025	-	-	-	-	-	-	6,025
FUND BALANCE-ENDING	\$ 44,462	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,462

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, 2017**

Net changes in fund balances - total governmental funds \$ 38,437

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 (\$55,411), exceeded capital outlay \$49,858 in the current period.

(5,553)

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 1,789

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.

305,972

Changes in net position of governmental activities \$ 340,645

Inter-Tribal Council of Michigan, Inc.**Statement of Net Position
Proprietary Funds
September 30, 2017**

	Proprietary Funds
	Internal Service Funds
ASSETS:	
Cash and Equivalents	\$ 59,885
Due From Other Funds	1,423,956
Accounts Receivable	31,967
Capital Assets (Net of Depreciation)	662,600
Total Assets	\$ 2,178,408
LIABILITIES:	
Accounts Payable	\$ 3,816
Accrued Liabilities	23,570
Due To Other Funds	31,613
Note Payable - Due within one year	18,607
Note Payable - Due in more than one year	794,088
Total Liabilities	871,694
NET POSITION:	
Net Investment in Capital Assets	(150,095)
Unrestricted	1,456,809
Total Net Position	\$ 1,306,714

**Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2017**

	Proprietary Funds
	Internal Service Funds
Cash Flows from Operating Activities:	
Receipts from customers or users	\$ 3,107,933
Payments to suppliers or users	(159,985)
Payments to employees	(2,575,464)
Other receipts (payments)	(315,676)
	56,808
Cash flows from Capital and Related Financing Activities:	
Principal Payments on Long Term Debt	(17,745)
Interest Payments on Long Term Debt	(39,063)
	(56,808)
Cash flows from Investing Activities:	
Interest Income	56
	56
Net Increase (Decrease) in Cash and Equivalents	56
Cash and Equivalents, Beginning of Period	59,829
Cash and Equivalents, End of Period	\$ 59,885
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ 344,979
Non-Cash and Other Non-Operating Expenses:	
Depreciation	28,247
(Increase) Decrease in Current Assets:	
Accounts Receivable (Net)	(24,682)
Due From Other Funds	(308,347)
Increase (Decrease) in Current Liabilities:	
Due To Other Funds	18,887
Accounts Payable	1,461
Accrued Liabilities	(3,737)
	56,808
Net Cash Provided (Used) by Operating Activities	\$ 56,808

**Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2017**

	<u>Pension Trust</u> <u>Employee</u> <u>Retirement Plan</u>
ASSETS:	
Investments (at fair value) - Restricted	\$ 3,936,157
NET POSITION:	
Held in Trust for Pension Benefits and Other Purposes	\$ 3,936,157

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended September 30, 2017**

	<u>Pension Trust Employee Retirement Plan</u>
ADDITIONS:	
Contributions:	
Employer	\$ 280,044
Employees	182,783
Rollovers	<u>3,545,265</u>
Total Contributions	<u>4,008,092</u>
Investment Income:	
Net appreciation (depreciation) in fair value of investments	<u>360,086</u>
Total Additions	<u>4,368,178</u>
DEDUCTIONS:	
General and Administration:	
Benefits	<u>3,807,888</u>
Total Deductions	<u>3,807,888</u>
Net Increase	560,290
Net Position, Beginning of the Year	<u>3,375,867</u>
Net Position, End of the Year	<u><u>\$ 3,936,157</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; 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 10/17. 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.

Access to Recovery (ATR) 09/16 – 03/18. This program is a nationwide presidential initiative which provides vouchers to clients for purchase of substance abuse clinical treatments and recovery support services. The goals of the program are to: expand capacity, support client choice, and increase the array of services.

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	\$ 1,876,072	\$ -	\$ 1,876,072
Investments – Restricted	<u>-</u>	<u>3,936,157</u>	<u>3,936,157</u>
Total	<u>\$ 1,876,072</u>	<u>\$ 3,936,157</u>	<u>\$ 5,812,229</u>

Classification of cash and investments is as follows:

Bank Deposits (checking and savings)	\$ 1,876,072
Investments in Securities or Mutual Funds	<u>3,936,157</u>
Total	<u>\$ 5,812,229</u>

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, \$1,965,082 of the Inter-Tribal Council’s bank balance of \$2,215,904 was exposed to credit risk.

NOTE B - CASH AND EQUIVALENTS AND INVESTMENTS (Continued)

Investments

As of September 30, 2017, all Inter-Tribal Council investments are in external investment pools.

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 \$3,936,158 in investments, \$3,936,158 is not in the name of the Inter-Tribal Council's but in the name of the agent.

Credit risk. As of September 30, 2017, 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
Vic Gbl Natrl Rssrc Y	RSNYX	2-5 STAR
Nw Geneua Smcapgr Inst Svc	NWKDX	4-STAR
Trowepr Gr Stk	PRGFX	4-STAR
Fid Spartan 500 Indx Advtg	VFINX	4-STAR
Vngrd Trgt Rtrmt 2020 Inv	VTWNX	5-STAR
Vngrd Trgt Rtrmt 2025 Inv	VTTVX	4-STAR
Vngrd Trgt Rtrmt 2030 Inv	VTHR X	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	3-STAR
Fed Gov Oblgtns Prmr	GOFXX	-
Inv sco Inc Alloc R5	ILAAX	4-STAR
Vngrd Trgt Rtrmt 2015 Inv	VTXVX	4-STAR
Vngrd Trgt Rtrmt Inc	VTINX	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.

NOTE B - CASH AND EQUIVALENTS AND INVESTMENTS (Continued)

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.

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, 2017:

Investment	Balances at 09/30/2017	Quoted Prices (Level 1*)	Significant Other Observable Inputs (Level 2*)	Significant Unobservable Inputs (Level 3*)
Mutual Funds	\$ 3,936,157	\$ 3,936,157	\$ -	\$ -
Total Investments	<u>\$ 3,936,157</u>	<u>\$ 3,936,157</u>	<u>\$ -</u>	<u>\$ -</u>

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

NOTE D - 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, 2017, 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 \$268,926 and employees contributed \$160,164 to the plan.

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

NOTE E - RELATED PARTIES

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

NOTE F - 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>888,235</u>	<u>49,858</u>	<u>(72,825)</u>	<u>865,268</u>
Subtotal	<u>2,455,657</u>	<u>49,858</u>	<u>(72,825)</u>	<u>2,432,690</u>
<i>Less accumulated depreciation:</i>				
Buildings	(355,333)	(26,000)	-	(381,333)
Land improvements	(31,369)	(2,887)	-	(34,256)
Building improvements	(52,119)	(7,504)	-	(59,623)
Equipment	(353,505)	(11,245)	-	(364,750)
Vehicles	<u>(787,883)</u>	<u>(36,022)</u>	<u>72,825</u>	<u>(751,080)</u>
Subtotal	<u>(1,580,209)</u>	<u>(83,658)</u>	<u>72,825</u>	<u>(1,591,042)</u>
Net capital assets being depreciated	<u>875,448</u>	<u>(33,800)</u>	<u>-</u>	<u>841,648</u>
Total Capital Assets Net of Depreciation	<u>\$ 1,015,533</u>	<u>\$ (33,800)</u>	<u>\$ -</u>	<u>\$ 981,733</u>

Depreciation expense was charged to programs as follows:

Governmental Activities:		
General and Administrative		\$ 28,247
Unallocated		<u>55,411</u>
Total Governmental Activities		<u>\$ 83,658</u>

NOTE G - 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>10/01/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>09/30/17</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	\$ 830,440	\$ -	\$ (17,745)	\$ 812,695	\$ 18,607
Compensated absences - net	<u>54,141</u>	<u>-</u>	<u>(1,789)</u>	<u>52,352</u>	<u>-</u>
Total Long-Term Debt	<u>\$ 884,581</u>	<u>\$ -</u>	<u>\$ (19,534)</u>	<u>\$ 865,047</u>	<u>\$ 18,607</u>

The annual principal and interest requirements for the years ending September 30, 2017 and after, excluding accrued compensated absences are as follows.

	<u>General Obligations</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 18,607	\$ 38,201
2019	19,510	37,298
2020	20,457	36,351
2021	21,450	35,358
2022	22,492	34,316
2023-2027	129,936	154,104
2028-2032	164,692	119,348
2033-2037	208,744	75,296
2038-2041	<u>206,807</u>	<u>20,682</u>
TOTAL	<u>\$ 812,695</u>	<u>\$ 550,954</u>

NOTE H - 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, 2017.

NOTE I - 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, 2017 for accrued vacation due employees. The amount of accrued vacation due employees is \$52,352.

NOTE J – 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 TO OTHER FUNDS						
DUE FROM OTHER FUNDS		Agency <u>Discretionary</u>	Head <u>Start</u>	Early Head <u>Start</u>	<u>ATR</u>	Nonmajor <u>Governmental</u>	Internal <u>Service</u>	<u>Total</u>
		Nonmajor Governmental	\$ 346,823	\$ 53,767	\$ 49,338	\$ 2,960	\$ 330,676	\$ 31,613
	Internal Service	<u>1,423,956</u>	-	-	-	-	-	<u>1,423,956</u>
	Total	<u>\$ 1,770,779</u>	<u>\$ 53,767</u>	<u>\$ 49,338</u>	<u>\$ 2,960</u>	<u>\$ 330,676</u>	<u>\$ 31,613</u>	<u>\$ 2,239,133</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, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, September 30, 2016	\$ 6,025	\$ 6,025	\$ 6,025	\$ -
RESOURCES (INFLOWS)				
Other	46,382	58,057	58,057	-
Interest Income	-	1,082	1,082	-
AMOUNTS AVAILABLE FOR APPROPRIATION	46,382	59,139	59,139	-
CHARGES TO APPROPRIATION (OUTFLOWS)				
General and Administrative	23,200	20,702	20,702	-
TOTAL CHARGES TO APPROPRIATIONS	23,200	20,702	20,702	-
Budgetary Fund Balance, September 30, 2017	\$ 29,207	\$ 44,462	\$ 44,462	\$ -

**Required Supplementary Information
Budgetary Comparison Schedule
Head Start 10/17
For the Year Ended September 30, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary Fund Balance, September 30, 2016	\$ -	\$ -	\$ -	\$ -
RESOURCES (INFLOWS)				
Federal	2,778,910	2,778,910	2,513,147	(265,763)
Local	694,727	694,727	-	(694,727)
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>3,473,637</u>	<u>3,473,637</u>	<u>2,513,147</u>	<u>(960,490)</u>
CHARGES TO APPROPRIATION (OUTFLOWS)				
Education	<u>3,473,637</u>	<u>3,473,637</u>	<u>2,513,147</u>	<u>960,490</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>3,473,637</u>	<u>3,473,637</u>	<u>2,513,147</u>	<u>960,490</u>
Budgetary Fund Balance, September 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Required Supplementary Information
Budgetary Comparison Schedule
Head Start 10/16
For the Year Ended September 30, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary Fund Balance, September 30, 2016	\$ -	\$ -	\$ -	\$ -
RESOURCES (INFLOWS)				
Federal	2,886,104	2,886,104	348,247	(2,537,857)
Match	687,921	687,921	687,921	-
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>3,574,025</u>	<u>3,574,025</u>	<u>1,036,168</u>	<u>(2,537,857)</u>
CHARGES TO APPROPRIATION (OUTFLOWS)				
Education	3,574,025	3,574,025	986,310	2,587,715
Capital Outlays	-	-	49,858	(49,858)
TOTAL CHARGES TO APPROPRIATIONS	<u>3,574,025</u>	<u>3,574,025</u>	<u>1,036,168</u>	<u>2,537,857</u>
Budgetary Fund Balance, September 30, 2017	<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, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary Fund Balance, September 30, 2016	\$ -	\$ -	\$ -	\$ -
RESOURCES (INFLOWS)				
Federal	2,173,822	2,173,822	1,895,484	(278,338)
Local	543,456	543,456	-	(543,456)
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>2,717,278</u>	<u>2,717,278</u>	<u>1,895,484</u>	<u>(821,794)</u>
CHARGES TO APPROPRIATION (OUTFLOWS)				
Education	<u>2,717,278</u>	<u>2,717,278</u>	<u>1,895,484</u>	<u>821,794</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>2,717,278</u>	<u>2,717,278</u>	<u>1,895,484</u>	<u>821,794</u>
Budgetary Fund Balance, September 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Inter-Tribal Council of Michigan, Inc.

**Required Supplementary Information
Budgetary Comparison Schedule
Early Head Start 10/16
For the Year Ended September 30, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary Fund Balance, September 30, 2016	\$ -	\$ -	\$ -	\$ -
RESOURCES (INFLOWS)				
Federal	2,152,804	2,152,804	224,023	(1,928,781)
Local	538,201	538,201	538,201	-
AMOUNTS AVAILABLE FOR APPROPRIATION	2,691,005	2,691,005	762,224	(1,928,781)
CHARGES TO APPROPRIATION (OUTFLOWS)				
Education	2,691,005	2,691,005	762,224	1,928,781
TOTAL CHARGES TO APPROPRIATIONS	2,691,005	2,691,005	762,224	1,928,781
Budgetary Fund Balance, September 30, 2017	\$ -	\$ -	\$ -	\$ -

**Required Supplementary Information
Budgetary Comparison Schedule
Access to Recovery (ATR) 09/18
For the Year Ended September 30, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary Fund Balance, September 30, 2016	\$ -	\$ -	\$ -	\$ -
RESOURCES (INFLOWS)				
Federal	3,267,550	3,267,550	2,224,367	(1,043,183)
AMOUNTS AVAILABLE FOR APPROPRIATION	3,267,550	3,267,550	2,224,367	(1,043,183)
CHARGES TO APPROPRIATION (OUTFLOWS)				
Health and Welfare	3,267,550	3,267,550	2,224,367	1,043,183
TOTAL CHARGES TO APPROPRIATIONS	3,267,550	3,267,550	2,224,367	1,043,183
Budgetary Fund Balance, September 30, 2017	\$ -	\$ -	\$ -	\$ -

Other Information

Inter-Tribal Council of Michigan, Inc.

**Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2017**

	BMIC-E 12/16	BMIC-E 12/17	BMIC 10/17	SCIT 9/18	MTFAC 4/18	STIC 9/17	GTBB 9/17	BRFSS 9/17
ASSETS:								
Due from Other Funds	\$ -	\$ 14,382	\$ 6,337	\$ 14,661	\$ 345,289	\$ -	\$ -	\$ -
Due from Governmental Units	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ -	\$ 14,382	\$ 6,337	\$ 14,661	\$ 345,289	\$ -	\$ -	\$ -
LIABILITIES:								
Accounts Payable	\$ -	\$ 339	\$ 40	\$ 666	\$ 2,538	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	-	-	-
Accrued Liabilities	-	-	5,712	-	747	-	-	-
Unearned Revenues	-	14,043	585	13,995	342,004	-	-	-
TOTAL LIABILITIES	-	14,382	6,337	14,661	345,289	-	-	-
FUND BALANCES:								
Restricted	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	-	-	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 14,382	\$ 6,337	\$ 14,661	\$ 345,289	\$ -	\$ -	\$ -

Inter-Tribal Council of Michigan, Inc.

**Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2017**

	BIA 12/17	BIA-CC 12/18	KELLOGG 9/17	DISPAR 3/17	DISPAR 3/18	NNTCP 9/17	CSBG 9/17	LIHEAP 9/17
ASSETS:								
Due from Other Funds	\$ -	\$ -	\$ 1,455	\$ -	\$ -	\$ 81,584	\$ -	\$ 516
Due from Governmental Units	4,397	13,775	-	-	113,492	-	-	-
TOTAL ASSETS	\$ 4,397	\$ 13,775	\$ 1,455	\$ -	\$ 113,492	\$ 81,584	\$ -	\$ 516
LIABILITIES:								
Accounts Payable	\$ 2,000	\$ 3,655	\$ 844	\$ -	\$ 89,133	\$ 76,306	\$ -	\$ 516
Due to Other Funds	2,397	7,694	-	-	19,474	-	-	-
Accrued Liabilities	-	2,426	611	-	4,885	5,278	-	-
Unearned Revenues	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	4,397	13,775	1,455	-	113,492	81,584	-	516
FUND BALANCES:								
Restricted	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	-	-	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,397	\$ 13,775	\$ 1,455	\$ -	\$ 113,492	\$ 81,584	\$ -	\$ 516

Inter-Tribal Council of Michigan, Inc.

**Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2017**

	TPREP 9/17	TQI 9/17	REACH 9/18	EDA 3/17	EDA 3/18	WSU 6/17	WSU 6/18	NSIP 3/17
ASSETS:								
Due from Other Funds	\$ 75,558	\$ 30,105	\$ 124,825	\$ -	\$ -	\$ -	\$ -	\$ -
Due from Governmental Units	-	-	-	-	39,426	-	1,404	-
TOTAL ASSETS	\$ 75,558	\$ 30,105	\$ 124,825	\$ -	\$ 39,426	\$ -	\$ 1,404	\$ -
LIABILITIES:								
Accounts Payable	\$ 72,791	\$ 30,105	\$ 119,172	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	34,621	-	1,076	-
Accrued Liabilities	2,767	-	5,653	-	4,805	-	328	-
Unearned Revenues	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	75,558	30,105	124,825	-	39,426	-	1,404	-
FUND BALANCES:								
Restricted	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	-	-	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 75,558	\$ 30,105	\$ 124,825	\$ -	\$ 39,426	\$ -	\$ 1,404	\$ -

Inter-Tribal Council of Michigan, Inc.

**Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2017**

	NSIP 3/18	C/GIVER 3/17	C/GIVER 3/20	ELDERLY 3/17	ELDERLY 3/20	CCC 6/18	TCCS 7/17	TCCS 7/18
ASSETS:								
Due from Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from Governmental Units	1,380	-	4,398	-	6,385	5,746	-	10,090
TOTAL ASSETS	\$ 1,380	\$ -	\$ 4,398	\$ -	\$ 6,385	\$ 5,746	\$ -	\$ 10,090
LIABILITIES:								
Accounts Payable	\$ 1,380	\$ -	\$ 4,397	\$ -	\$ 5,014	\$ 1,540	\$ -	\$ 3,462
Due to Other Funds	-	-	1	-	588	3,060	-	4,059
Accrued Liabilities	-	-	-	-	783	1,146	-	2,569
Unearned Revenues	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	1,380	-	4,398	-	6,385	5,746	-	10,090
FUND BALANCES:								
Restricted	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	-	-	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,380	\$ -	\$ 4,398	\$ -	\$ 6,385	\$ 5,746	\$ -	\$ 10,090

Inter-Tribal Council of Michigan, Inc.

**Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2017**

	CACFP 9/17	THV 9/17	WIA/SYP 6/17	WIA/SYP 6/18	W/ADULT 6/17	W/ADULT 6/18	4 X 4 9/17	FIMR 9/17
ASSETS:								
Due from Other Funds	\$ -	\$ 118,785	\$ -	\$ -	\$ -	\$ -	\$ 1,680	\$ -
Due from Governmental Units	27,294	-	-	7,392	-	17,354	35,507	-
TOTAL ASSETS	\$ 27,294	\$ 118,785	\$ -	\$ 7,392	\$ -	\$ 17,354	\$ 37,187	\$ -
LIABILITIES:								
Accounts Payable	\$ 17,739	\$ 106,727	\$ -	\$ 7,392	\$ -	\$ 8,132	\$ 22,608	\$ -
Due to Other Funds	9,555	-	-	-	-	9,222	13,803	-
Accrued Liabilities	-	12,058	-	-	-	-	776	-
Unearned Revenues	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	27,294	118,785	-	7,392	-	17,354	37,187	-
FUND BALANCES:								
Restricted	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	-	-	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 27,294	\$ 118,785	\$ -	\$ 7,392	\$ -	\$ 17,354	\$ 37,187	\$ -

Inter-Tribal Council of Michigan, Inc.

**Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2017**

	CHV 9/17	OPIOID 9/17	TOBACCO 9/17	CO/CAN 9/17	BCCCP 9/17	CAN/ANA 9/17	INFANT 9/17	MCC 9/17
ASSETS:								
Due from Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from Governmental Units	29,549	109,004	1,024	30,227	21,736	8,788	2,825	12,865
TOTAL ASSETS	\$ 29,549	\$ 109,004	\$ 1,024	\$ 30,227	\$ 21,736	\$ 8,788	\$ 2,825	\$ 12,865
LIABILITIES:								
Accounts Payable	\$ 16,442	\$ 35,479	\$ 37	\$ 9,554	\$ 6,462	\$ 215	\$ 485	\$ 2,438
Due to Other Funds	13,107	67,945	987	20,673	15,274	6,780	2,340	10,233
Accrued Liabilities	-	5,580	-	-	-	1,793	-	194
Unearned Revenues	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	29,549	109,004	1,024	30,227	21,736	8,788	2,825	12,865
FUND BALANCES:								
Restricted	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	-	-	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 29,549	\$ 109,004	\$ 1,024	\$ 30,227	\$ 21,736	\$ 8,788	\$ 2,825	\$ 12,865

Inter-Tribal Council of Michigan, Inc.

**Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2017**

	MCW 8/18	TBHI 9/17	MH 9/17	MHA 9/17	EARLY ON 9/17	CCF 9/17	AIR 3/17	AIR 3/18
ASSETS:								
Due from Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from Governmental Units	6,363	130,927	93,316	6,742	-	5,551	-	4,518
TOTAL ASSETS	\$ 6,363	\$ 130,927	\$ 93,316	\$ 6,742	\$ -	\$ 5,551	\$ -	\$ 4,518
LIABILITIES:								
Accounts Payable	\$ 20	\$ 113,610	\$ 37,946	\$ 3,960	\$ -	\$ 1,810	\$ -	\$ 389
Due to Other Funds	6,343	14,545	55,370	2,782	-	3,741	-	1,385
Accrued Liabilities	-	2,772	-	-	-	-	-	2,744
Unearned Revenues	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	6,363	130,927	93,316	6,742	-	5,551	-	4,518
FUND BALANCES:								
Restricted	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	-	-	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,363	\$ 130,927	\$ 93,316	\$ 6,742	\$ -	\$ 5,551	\$ -	\$ 4,518

	GAP 9/18	UIC 11/17	USTP 9/18	SDWA 6/17	Total
ASSETS:					
Due from Other Funds	\$ -	\$ -	\$ -	\$ -	\$ 815,177
Due from Governmental Units	1,497	4,534	1,954	-	759,460
TOTAL ASSETS	\$ 1,497	\$ 4,534	\$ 1,954	\$ -	\$ 1,574,637
LIABILITIES:					
Accounts Payable	\$ 216	\$ 882	\$ 459	\$ -	\$ 806,900
Due to Other Funds	1,281	845	1,495	-	330,676
Accrued Liabilities	-	2,807	-	-	66,434
Unearned Revenues	-	-	-	-	370,627
TOTAL LIABILITIES	1,497	4,534	1,954	-	1,574,637
FUND BALANCES:					
Restricted	-	-	-	-	-
TOTAL FUND BALANCES	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,497	\$ 4,534	\$ 1,954	\$ -	\$ 1,574,637

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, 2017**

	BMIC-E 12/16	BMIC-E 12/17	BMIC 10/17	SCIT 9/18	MTFAC 4/18	STIC 9/17	GTBB 9/17	BRFSS 9/17
REVENUES:								
Federal Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000
State Grants	-	-	-	-	-	-	-	-
Local Contributions	-	-	-	-	-	-	-	-
Other Revenues	32,906	14,458	46,809	23,005	56,384	50,400	29,000	-
TOTAL REVENUES	32,906	14,458	46,809	23,005	56,384	50,400	29,000	10,000
EXPENDITURES:								
Health And Welfare	32,906	14,458	46,809	23,005	56,384	50,400	29,000	10,000
Education	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	32,906	14,458	46,809	23,005	56,384	50,400	29,000	10,000
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, 2017**

	BIA 12/17	BIA-CC 12/18	KELLOGG 9/17	DISPAR 3/17	DISPAR 3/18	NNTCP 9/17	CSBG 9/17	LIHEAP 9/17
REVENUES:								
Federal Grants	\$ 20,274	\$ 92,445	\$ -	\$ 543,274	\$ 561,284	\$ 622,536	\$ 106,505	\$ 84,348
State Grants	-	-	-	-	-	-	-	-
Local Contributions	-	-	-	-	-	-	-	-
Other Revenues	-	-	205,847	-	-	-	-	-
TOTAL REVENUES	20,274	92,445	205,847	543,274	561,284	622,536	106,505	84,348
EXPENDITURES:								
Health And Welfare	20,274	92,445	205,847	-	-	-	106,505	84,348
Education	-	-	-	543,274	561,284	622,536	-	-
TOTAL EXPENDITURES	20,274	92,445	205,847	543,274	561,284	622,536	106,505	84,348
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, 2017**

	TPREP 9/17	TQI 9/17	REACH 9/18	EDA 3/17	EDA 3/18	WSU 6/17	WSU 6/18	NSIP 3/17
REVENUES:								
Federal Grants	\$ 399,999	\$ 91,666	\$ 994,621	\$ 54,347	\$ 64,728	\$ -	\$ -	\$ 1,723
State Grants	-	-	-	-	-	-	-	-
Local Contributions	-	-	-	-	-	-	-	-
Other Revenues	-	-	-	-	-	7,500	1,404	-
TOTAL REVENUES	399,999	91,666	994,621	54,347	64,728	7,500	1,404	1,723
EXPENDITURES:								
Health And Welfare	399,999	91,666	994,621	54,347	64,728	7,500	1,404	1,723
Education	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	399,999	91,666	994,621	54,347	64,728	7,500	1,404	1,723
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, 2017**

	NSIP 3/18	CARE/G 3/17	CARE/G 3/20	ELDERLY 3/17	ELDERLY 3/20	CCC 6/18	TCCS 7/17	TCCS 7/18
REVENUES:								
Federal Grants	\$ 1,380	\$ 30,546	\$ 5,097	\$ 32,824	\$ 38,805	\$ 6,817	\$ 183,955	\$ 12,551
State Grants	-	-	-	-	-	-	-	-
Local Contributions	-	-	-	-	-	-	-	-
Other Revenues	-	-	-	-	-	-	-	-
TOTAL REVENUES	1,380	30,546	5,097	32,824	38,805	6,817	183,955	12,551
EXPENDITURES:								
Health And Welfare	1,380	30,546	5,097	32,824	38,805	6,817	183,955	12,551
Education	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	1,380	30,546	5,097	32,824	38,805	6,817	183,955	12,551
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, 2017**

	CACFP 9/17	THV 9/17	WIA/SYP 6/17	WIA/ADULT 6/18	W/ADULT 6/17	W/ADULT 6/18	4 X 4 9/17	FIMR 9/17
REVENUES:								
Federal Grants	\$ 241,198	\$ 1,015,000	\$ 2,813	\$ 22,625	\$ 60,047	\$ 25,585	\$ -	\$ 810
State Grants	-	-	-	-	-	-	71,875	-
Local Contributions	-	-	-	-	-	-	17,969	-
Other Revenues	-	-	-	-	-	-	-	-
TOTAL REVENUES	241,198	1,015,000	2,813	22,625	60,047	25,585	89,844	810
EXPENDITURES:								
Health And Welfare	241,198	1,015,000	2,813	22,625	60,047	25,585	89,844	810
Education	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	241,198	1,015,000	2,813	22,625	60,047	25,585	89,844	810
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, 2017**

	CHV 9/17	OPIOID 9/17	TOBACCO 9/18	CO/CAN 9/17	BCCCP 9/17	CAN/ANA 9/17	INFANT 9/17	MCC 9/17
REVENUES:								
Federal Grants	\$ -	\$ 148,747	\$ 20,000	\$ 75,000	\$ 75,000	\$ 27,144	\$ -	\$ 40,000
State Grants	200,000	-	-	-	-	-	22,500	-
Local Contributions	-	-	-	-	-	-	-	-
Other Revenues	-	-	-	-	-	-	-	-
TOTAL REVENUES	200,000	148,747	20,000	75,000	75,000	27,144	22,500	40,000
EXPENDITURES:								
Health And Welfare	200,000	148,747	20,000	75,000	75,000	27,144	22,500	40,000
Education	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	200,000	148,747	20,000	75,000	75,000	27,144	22,500	40,000
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, 2017**

	MCW 8/18	TBHI 9/17	MH 9/17	MHA 9/17	EARLY ON 9/17	CCF 9/17	AIR 3/17	AIR 3/18
REVENUES:								
Federal Grants	\$ 29,551	\$ 189,627	\$ 7,800	\$ 14,056	\$ 26,612	\$ -	\$ 58,077	\$ 51,546
State Grants	-	-	312,754	-	-	18,111	-	-
Local Contributions	-	-	-	-	-	-	-	-
Other Revenues	-	-	-	-	-	-	-	-
TOTAL REVENUES	29,551	189,627	320,554	14,056	26,612	18,111	58,077	51,546
EXPENDITURES:								
Health And Welfare	29,551	189,627	320,554	14,056	26,612	18,111	58,077	51,546
Education	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	29,551	189,627	320,554	14,056	26,612	18,111	58,077	51,546
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, 2017**

	GAP 9/18	UIC 11/17	USTP 9/18	SDWA 6/17	TOTALS
REVENUES:					
Federal Grants	\$ 95,453	\$ 43,362	\$ 58,934	\$ 37,720	\$ 6,326,432
State Grants	-	-	-	-	625,240
Local Contributions	-	-	-	-	17,969
Other Revenues	-	-	-	-	467,713
TOTAL REVENUES	95,453	43,362	58,934	37,720	7,437,354
EXPENDITURES:					
Health And Welfare	95,453	43,362	58,934	37,720	5,710,260
Education	-	-	-	-	1,727,094
TOTAL EXPENDITURES	95,453	43,362	58,934	37,720	7,437,354
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-	-
FUND BALANCES, OCTOBER 1	-	-	-	-	-
FUND BALANCES, SEPTEMBER 30	<u>\$ -</u>				

Inter-Tribal Council of Michigan, Inc.**Combining Statement of Net Position
Internal Service Funds
September 30, 2017**

	IDC	Fringe Pool	Building	Totals
ASSETS:				
Cash and Equivalents	\$ -	\$ -	\$ 59,885	\$ 59,885
Due From Other Funds	-	1,105,016	318,940	1,423,956
Accounts Receivable	-	31,967	-	31,967
Capital Assets (Net)	-	-	662,600	662,600
Total Assets	\$ -	\$ 1,136,983	\$ 1,041,425	\$ 2,178,408
LIABILITIES:				
Accounts Payable	\$ 2,231	\$ 20	\$ 1,565	\$ 3,816
Accrued Liabilities	22,296	1,274	-	23,570
Due To Other Funds	31,613	-	-	31,613
Note Payable - Due within one year	-	-	18,607	18,607
Note Payable - Due in more than one year	-	-	794,088	794,088
Total Liabilities	56,140	1,294	814,260	871,694
NET POSITION:				
Net Investment in Capital Assets	-	-	(150,095)	(150,095)
Unrestricted	(56,140)	1,135,689	377,260	1,456,809
Total Net Position	\$ (56,140)	\$ 1,135,689	\$ 227,165	\$ 1,306,714

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, 2017**

	IDC	Fringe Pool	Building	Totals
OPERATING REVENUES:				
Charges for Services	\$ 746,475	\$ 2,203,543	\$ 182,597	\$ 3,132,615
TOTAL REVENUES	<u>746,475</u>	<u>2,203,543</u>	<u>182,597</u>	<u>3,132,615</u>
OPERATING EXPENSES:				
Personnel Services	641,731	1,929,996	-	2,571,727
Utilities	-	-	17,580	17,580
Repairs and Maintenance	-	-	8,636	8,636
Other Supplies and Expenses	122,290	-	39,156	161,446
Depreciation Expense	-	-	28,247	28,247
TOTAL OPERATING EXPENSES	<u>764,021</u>	<u>1,929,996</u>	<u>93,619</u>	<u>2,787,636</u>
OPERATING INCOME (LOSS)	<u>(17,546)</u>	<u>273,547</u>	<u>88,978</u>	<u>344,979</u>
NON-OPERATING REVENUE (EXPENSES):				
Interest Expense	-	-	(39,063)	(39,063)
Interest Income	-	-	56	56
TOTAL NON-OPERATING REVENUE (EXPENSES)	<u>-</u>	<u>-</u>	<u>(39,007)</u>	<u>(39,007)</u>
CHANGES IN NET POSITION	(17,546)	273,547	49,971	305,972
NET POSITION-BEGINNING	<u>(38,594)</u>	<u>862,142</u>	<u>177,194</u>	<u>1,000,742</u>
NET POSITION-ENDING	<u>\$ (56,140)</u>	<u>\$ 1,135,689</u>	<u>\$ 227,165</u>	<u>\$ 1,306,714</u>

**Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2017**

	IDC	Fringe Pool	Building	Totals
Cash Flows from Operating Activities:				
Receipts from customers or users	\$ 746,475	\$ 2,176,723	\$ 184,735	\$ 3,107,933
Payments to suppliers or users	(121,675)	(465)	(37,845)	(159,985)
Payments to employees	(643,687)	(1,931,777)	-	(2,575,464)
Other receipts (payments)	18,887	(244,481)	(90,082)	(315,676)
Net Cash Provided (Used) by Operating Activities	<u>-</u>	<u>-</u>	<u>56,808</u>	<u>56,808</u>
Cash flows from Capital and Related Financing Activities:				
Principal Payments on Long Term Debt	-	-	(17,745)	(17,745)
Interest Payments on Long Term Debt	-	-	(39,063)	(39,063)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>(56,808)</u>	<u>(56,808)</u>
Cash flows from Investing Activities:				
Interest Income	-	-	56	56
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>-</u>	<u>56</u>	<u>56</u>
Net Increase (Decrease) in Cash and Equivalents	<u>-</u>	<u>-</u>	<u>56</u>	<u>56</u>
Cash and Equivalents, Beginning of Period	<u>-</u>	<u>-</u>	<u>59,829</u>	<u>59,829</u>
Cash and Equivalents, End of Period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,885</u>	<u>\$ 59,885</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (17,546)	\$ 273,547	\$ 88,978	\$ 344,979
Non-Cash and Other Non-operating Expenses:				
Depreciation	-	-	28,247	28,247
(Increase) Decrease in Current Assets:				
Accounts Receivable (Net)	-	(26,820)	2,138	(24,682)
Due From Other Funds	-	(244,481)	(63,866)	(308,347)
Increase (Decrease) in Current Liabilities:				
Due To Other Funds	18,887	-	-	18,887
Accounts Payable	615	(465)	1,311	1,461
Accrued Liabilities	(1,956)	(1,781)	-	(3,737)
Net Cash Provided (Used) by Operating Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,808</u>	<u>\$ 56,808</u>

Reports on Compliance



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

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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, 2017, 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 January 8, 2018.

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

January 8, 2018



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

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OFFICES IN
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, 2017. 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.

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, 2017.

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**

January 8, 2018

Inter-Tribal Council of Michigan, Inc.

Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2017

<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 - 09/29/2016 to 09/28/2017	5U38OT000240-04	93.098	\$ 91,666	\$ 45,000
TCCS - 08/15/2016 to 07/31/2017	STTMP151121-02-00	93.296	183,955	-
TCCS - 08/01/2017 to 07/31/2018	STTMP151121-03-00	93.296	12,551	-
CCC - 06/30/2017 to 06/29/2018	NU58DP006275-01-00	93.898	6,817	2,611
NNTCP - 09/30/2016 to 09/29/2017	5U58DP004979-04-00	93.283	622,536	174,553
REACH - 09/30/2015 to 09/29/2018	5NU58DP005946-03-01	93.738	994,621	504,592
Healthy Start - Disparities - 04/01/2016 to 03/31/2017	5H49MC00131-16-00	93.926	543,274	406,018
Healthy Start - Disparities - 04/01/2017	6H49MC00131-17-01	93.926	561,284	376,646
Subtotal - PHS			3,016,704	1,509,420
<i>Direct Awards (Substance Abuse and Mental Health Services):</i>				
Access to Recovery - 09/30/2015 to 09/29/2018	1H79T1025514-01	93.243	2,224,367	1,856,331
<i>Direct Awards (Administration for Children & Families):</i>				
TPREP - 09/30/2016 to 09/29/2017	90AT0019-01-00	93.092	399,999	240,000
THV - 09/30/2016 to 09/29/2017	90TH0025-05-00	93.508	1,015,000	586,260
LIHEAP - 10/01/2016 to 09/30/2017	G-17JBMILIEA	93.568	84,348	74,086
CSBG - 10/01/2016 to 09/30/2017	G-17PCMICOSR	93.569	106,505	-
Early Head Start - 11/01/2015 to 10/31/2016	90C19821/03-03	93.600	224,023	121,082
Early Head Start - 11/01/2016 to 10/31/2017	90C19821/04-04	93.600	1,895,484	1,594,036
Head Start -11/01/2015 to 10/31/2016	90C19821/03-03	93.600	348,247	256,971
Head Start -11/01/2016 to 10/31/2017	90C19821/04-04	93.600	2,513,147	2,000,347
Subtotal - ACF			6,586,753	4,872,782
<i>Direct Awards (Administration on Aging):</i>				
Elderly Outreach - 04/01/2015 to 03/31/2017	1402MIT6NS	93.047	32,824	16,697
Elderly Outreach - 04/01/2017 to 03/31/2020	1702MIT6NS	93.047	38,805	24,495
NSIP - 04/01/2015 to 03/31/2017	1402MINSIT	93.053	1,723	1,723
NSIP - 04/01/2017 to 03/31/2020	1702MINSIT	93.053	1,380	1,380
Title VI - Caregiver -04/01/2015 to 03/31/2017	1402MIT6CG	93.054	30,546	30,546
Title VI - Caregiver -04/01/2017 to 03/31/2020	1702MIT6CG	93.054	5,097	5,097
Subtotal - AOA			110,375	79,938
<i>Pass-through from Michigan Department of Community Health:</i>				
MCC -11/01/2016 to 09/30/2017	E20171786-00	93.000	40,000	-
Co/Cancer - 10/01/2016 to 09/30/2017	E20170193-00	93.283	75,000	-
Analysis of Cancer -10/01/2016 to 09/30/2017	E20170191-00	93.283	27,144	-
Breast & Cervical Cancer - 10/01/2016 to 09/30/2017	E20170192-00	93.283	75,000	-
Tobacco - 10/01/2016 to 09/30/2017	E20170194-00	93.283	10,000	-
Tobacco - 10/01/2016 to 09/30/2017	E20170194-00	93.305	10,000	-
BRFSS - 01/01/2017 to 09/30/2017	E20172687-00	93.758	10,000	-
OPIOID - 05/01/2017 to 09/30/2017	E20172703-00	93.788	148,747	109,682
TBHI - 04/01/2017 to 09/30/2017	E20172703-00	93.958	189,627	146,922
Mental Health - 10/01/2016 to 09/30/2017	E20172273-00	93.958	7,800	7,800
Mental Health & Aging -10/01/2016 to 09/30/2017	E20172478-00	93.958	14,056	-
FIMR - 10/01/2016 to 09/30/2017	E20172685-00	93.994	810	810
Subtotal -MDCH			608,184	265,214
<i>Pass-through from the Medical College of Wisconsin, Inc:</i>				
Environmental Health	1R21ES025788-02	93.113	29,551	-
Total U.S. Department of Health & Human Services			12,575,934	8,583,685

Inter-Tribal Council of Michigan, Inc.

Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2017

<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 - 09/30/2017	170000006	10.558	241,198	241,198
U.S. ENVIRONMENTAL PROTECTION AGENCY:				
<i>Direct Awards:</i>				
AIR - 04/01/2015 to 03/31/2017	TX-97522905	66.038	58,077	-
AIR - 04/01/2017 to 03/31/2018	TX-97522906	66.038	51,546	-
SDWA-10/01/2014 to 06/30/2017	DI-OOE01410	66.473	37,720	-
USTP - 10/01/2016 to 09/30/2018	DI-96589406	66.473	58,934	-
UIC - 08/01/2016 to 11/30/2017	DI-00E02027	66.473	43,362	-
GAP - 10/01/2016 to 09/30/2018	GA-99519612	66.926	95,453	-
Total U.S. Environmental Protection Agency			345,092	-
U.S. DEPARTMENT OF INTERIOR:				
<i>Direct Awards:</i>				
BIA Climate Change-04/01/2015 to 12/31/2018	A15AV00507	15.156	92,445	8,716
BIA Child Care Welfare Assist. Program - 01/01/2016 to 12/31/2017	A16AV00532	15.113	20,274	20,274
Total U.S. Department of Interior			112,719	28,990
U.S. DEPARTMENT OF LABOR:				
<i>Direct Awards:</i>				
WIA/SYP -04/01/2014 to 06/30/2018	AB-29270-16-55-A-26	17.265	22,625	21,564
WIA/SYP - 04/01/2016 to 06/30/2018	AB-29270-16-55-A-26	17.265	2,813	2,570
WIA/Adult -04/01/2014 to 06/30/2018	AB-29270-16-55-A-26	17.265	25,585	23,423
WIA/Adult - 04/01/2016 to 06/30/2018	AB-29270-16-55-A-26	17.265	60,047	49,869
Total U.S. Department of Labor			111,070	97,426
U.S. DEPARTMENT OF COMMERCE:				
<i>Direct Awards:</i>				
EDA - 04/01/2016 to 03/31/2017	ED16CHI3020011	11.302	54,347	-
EDA - 04/01/2017 to 03/31/2018	ED17CH13020007	11.302	64,728	-
Total U.S. Department of Commerce			119,075	-
U.S. DEPARTMENT OF EDUCATION:				
<i>Pass-through from Michigan Department of Community Health:</i>				
Infant & Families with Disabilities (Early On) - 10/01/2016 to 09/30/2017	171330-IACITC	84.181	26,612	-
Total Expenditures of Federal Awards			\$ 13,531,700	\$ 8,951,299

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.

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>
93.296	State Partnership Grant Program To Improve Minority Health
93.600	Early Head Start/Head Start
93.958	Block Grants for Community Mental Health Services
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

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

**MEMBER AICPA
DIVISION FOR CPA FIRMS**

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, 2017, and have issued our report thereon dated January 8, 2018. 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 September 27, 2017, 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 September 27, 2017.

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 January 8, 2018.

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

January 8, 2018