

Physical and Behavioral Health Services to Multicultural Populations

(FY2020 Appropriation Act - Public Act 67 of 2019)

November 30, 2020

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 2018 PA 207 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.***



Section 295(3) PA 67 of 2019

Multicultural Integration funding for Fiscal Year 2020 was obligated through contracts with the Jewish Federation of Metropolitan Detroit, Chaldean Community Foundation, Inter-Tribal Council of Michigan, Arab American and Chaldean Council, and Arab Community Center for Economic and Social Services. Funding for specific populations was also obligated through contracts with eleven (11) Community Mental Health Services Programs (CMHSPs) and/or Prepaid Inpatient Health Plans (PIHPs).

The Jewish Federation of Metropolitan Detroit (\$3,850,000) subcontracts for a variety of services encompassing the provision of case management (to many of whom are Russian speaking), mental health counseling, psychiatric evaluations, transportation, translation, school-based services, and basic adaptation and living services for 8,344 individuals. Other services include, but are not limited to, therapeutic home visits and group programs for children with disabilities and their families; specialized programming for aging adults with developmental disabilities; nursing/medical supports; respite care; socialization and recreation; school advocacy; outreach services to the Orthodox community; assistance with access to entitlements and benefits; employment support services; mental health support group meetings for Holocaust survivors.

The Chaldean Community Foundation (\$3,850,000) partnered with the Chaldean American Association for Health and Macomb Community College to provide services to 15,109 clients. Services include, but are not limited to, comprehensive, community-based mental health and case management, interpretation/translation, immigration, transportation, long-term housing, job placement, English as a Second Language and workforce training for Iraqi refugee, asylee and asylum-seeking children, adults and families. The Breaking Barriers Program provides case management, programming, respite, outreach, and advocacy services. Project Bismutha provides medical screenings and healthcare services.

The Inter-Tribal Council of Michigan, Inc. (\$520,554) provides financial support to eight federally recognized tribes. These resources facilitated the provision of mental health services in an ethnically sensitive manner based on their cultural needs for 2386 clients during the fiscal year. The project supports reservation-based mental health workers and clinicians who provide a broad range of services including, but not limited to, Talking Circles with Elders, outreach services, education sessions, health promotion, chronic disease social support groups, counseling/therapy, case management, crisis intervention, medication reviews, co-occurring services, interacting with drug courts, coordinating psychiatric referrals, community awareness, outreach, and training of provider staff.

The Arab American and Chaldean Council (\$3,850,000) served 10,631 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 (\$3,850,000) provided a bilingual and culturally sensitive service delivery model to 19,941 clients. The focus is on the provision of essential social services to ensure that English limited, vulnerable, immigrants, refugees and or low-income populations, have their basic needs met in a timely and efficient manner. Behavioral health and basic adaptation and living services were provided to individuals throughout the year. Preventative mental health services were provided in a culturally and linguistically appropriate environment to individuals with mental illness. Action was taken to minimize health risks and to provide behavioral health education.

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

- Allegan County CMH:
Provided behavioral health services to 5 Hispanic clients
- Clinton-Eaton-Ingham CMH Authority:
Provided behavioral health services to 14 Hispanic clients
- Detroit-Wayne Mental Health Authority:
Provided behavioral health services to 1,842 Chinese/Asian, 62 Native American, 868 Hispanic, and 26 Vietnam Veteran clients
- Lakeshore Regional Entity:
Native American - Provided education and outreach to 337 individuals
Hispanic – Provided culturally appropriate trainings to staff and providers
- Lapeer County CMH Services:
Provided behavioral health services to 5 Hispanic clients
- Lenawee CMH Authority:
Provided behavioral health services to 21 Hispanic clients
- Muskegon County CMH (dba HealthWest):
Provided behavioral health services to 205 Hispanics and 5 Vietnam Veterans
- Oakland County CMH Authority:
Provided behavioral health services to 260 Hispanic clients
- Ottawa County CMH:
Provided behavioral health services to 204 Hispanic clients
- Saginaw County CMH Authority:
Provided behavioral health services to 20 Hispanic clients
- West Michigan CMH System:
Provided behavioral health services to 377 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 (ACC)**

**REPORT ON FINANCIAL
STATEMENTS (WITH
SUPPLEMENTARY
INFORMATION)**

**YEARS ENDED SEPTEMBER 30,
2019 AND 2018**

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT.....	1-2
 FINANCIAL STATEMENTS	
Statements of Financial Position.....	3
Statements of Activities.....	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows.....	8
 Notes to Financial Statements.....	 9-16
 SUPPLEMENTARY INFORMATION	 17
Schedule of Program Revenue and Functional Expenses.....	18-22
Schedule of Expenditures of Federal Awards.....	23-24
 Notes to the Schedule of Expenditures of Federal Awards.....	 25
 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 <i>GOVERNMENT AUDITING STANDARDS</i>	 26-27
 INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE	 28-29
 Schedule of Findings and Questioned Costs	 30
 Schedule of Prior Audit Findings.....	 31

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, 2019 and 2018, and the related 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 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, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2019 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.

Manes Costeiran PC

December 12, 2019

**ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2019 AND 2018**

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash	\$ 480,130	\$ 1,041,213
Contracts receivable	1,376,045	1,088,434
Contributions receivable	129,294	87,029
Other receivables	101,750	56,242
Prepaid expenses	63,087	86,262
TOTAL CURRENT ASSETS	2,150,306	2,359,180
PROPERTY AND EQUIPMENT, less accumulated depreciation	4,256,413	4,353,881
OTHER ASSETS	142,990	138,990
TOTAL ASSETS	\$ 6,549,709	\$ 6,852,051
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 116,527	\$ 151,422
Refundable advances	224,862	82,181
Current portion of long-term debt	170,000	171,560
Current portion of deferred issuance costs - net	(5,712)	(5,712)
TOTAL CURRENT LIABILITIES	505,677	399,451
LONG-TERM DEBT, less current portion	2,835,000	3,005,000
DEFERRED ISSUANCE COSTS - NET, less current portion	(64,250)	(69,962)
SECURITY DEPOSIT	13,946	13,946
TOTAL LIABILITIES	3,290,373	3,348,435
NET ASSETS		
Without donor restrictions		
Undesignated	3,259,336	3,503,616
TOTAL LIABILITIES AND NET ASSETS	\$ 6,549,709	\$ 6,852,051

See notes to the financial statements.

ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
STATEMENT OF ACTIVITIES

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contracts	\$ 12,109,008	\$ -	\$ 12,109,008
Contributions	377,120	173,446	550,566
Net assets released from restrictions	173,446	(173,446)	-
Total revenues and support	12,659,574	-	12,659,574
EXPENSES			
Program expenses	11,570,088	-	11,570,088
Management and general	1,149,928	-	1,149,928
Fundraising	183,838	-	183,838
Total expenses	12,903,854	-	12,903,854
CHANGE IN NET ASSETS	(244,280)	-	(244,280)
NET ASSETS			
Beginning of year	3,503,616	-	3,503,616
End of year	\$ 3,259,336	\$ -	\$ 3,259,336

See notes to the financial statements.

ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
STATEMENT OF ACTIVITIES

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contracts	\$ 11,861,020	\$ -	\$ 11,861,020
Contributions	331,045	278,080	609,125
Net assets released from restrictions	293,501	(293,501)	-
Total revenues and support	12,485,566	(15,421)	12,470,145
EXPENSES			
Program expenses	10,998,699	-	10,998,699
Management and general	1,269,657	-	1,269,657
Fundraising	257,636	-	257,636
Total expenses	12,525,992	-	12,525,992
CHANGE IN NET ASSETS	(40,426)	(15,421)	(55,847)
NET ASSETS			
Beginning of year	3,544,042	15,421	3,559,463
End of year	\$ 3,503,616	\$ -	\$ 3,503,616

See notes to the financial statements.

ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
STATEMENT OF FUNCTIONAL EXPENSES

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 6,226,965	\$ 134,415	\$ -	\$ 6,361,380
Employee benefits	1,816,017	185,596	-	2,001,613
Payroll taxes	457,523	8,759	-	466,282
Contractual services	1,076,856	73,087	16,717	1,166,660
Support services	20,524	32,336	-	52,860
Occupancy	990,293	102,345	79,679	1,172,317
Communication	186,941	4,250	421	191,612
Supplies	296,967	90,260	31,480	418,707
Equipment and maintenance	109,110	-	-	109,110
Travel	153,812	37,835	486	192,133
Building maintenance	90,517	97,595	-	188,112
Miscellaneous	<u>144,563</u>	<u>383,450</u>	<u>55,055</u>	<u>583,068</u>
	<u>\$ 11,570,088</u>	<u>\$ 1,149,928</u>	<u>\$ 183,838</u>	<u>\$ 12,903,854</u>

See notes to the financial statements.

ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
STATEMENT OF FUNCTIONAL EXPENSES

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 5,888,695	\$ 232,406	\$ -	\$ 6,121,101
Employee benefits	1,813,451	192,552	-	2,006,003
Payroll taxes	431,159	16,711	-	447,870
Contractual services	1,011,481	142,846	12,553	1,166,880
Support services	21,085	18,150	-	39,235
Occupancy	978,708	93,386	143,169	1,215,263
Communication	204,623	24,290	483	229,396
Supplies	225,152	55,436	52,560	333,148
Equipment and maintenance	29,286	1,000	-	30,286
Travel	161,421	51,624	3,790	216,835
Building maintenance	93,618	85,072	-	178,690
Miscellaneous	<u>140,020</u>	<u>356,184</u>	<u>45,081</u>	<u>541,285</u>
	<u>\$ 10,998,699</u>	<u>\$ 1,269,657</u>	<u>\$ 257,636</u>	<u>\$ 12,525,992</u>

See notes to the financial statements.

ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
INCREASE (DECREASE) IN CASH		
Cash flows from operating activities		
Change in net assets	\$ (244,280)	\$ (55,847)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	256,019	260,031
Amortization of deferred loan issuance costs (interest expense)	5,712	5,712
Contracts receivable	(287,611)	13,796
Contributions receivable	(42,265)	(52,907)
Other receivables	(45,508)	(56,242)
Prepaid expenses	23,175	(15,912)
Accounts payable	(34,895)	96,901
Refundable advances	142,681	(15,937)
Total adjustments	17,308	235,442
Net cash provided (used) by operating activities	(226,972)	179,595
Cash flows from investing activities		
Purchase of property and equipment	(158,551)	-
Purchase of other assets	(4,000)	-
Net cash used by investing activities	(162,551)	-
Cash flows from financing activities		
Payments on long-term debt	(171,560)	(229,676)
NET DECREASE IN CASH	(561,083)	(50,081)
CASH		
Beginning of year	1,041,213	1,091,294
End of year	\$ 480,130	\$ 1,041,213
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	\$ 70,365	\$ 45,167

See notes to the financial statements.

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.

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

Receivables - Contracts and contributions receivable, of which the Council has an unconditional right to receive, are expected to be collected within one year of recognition. 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 status of receivable accounts. Based on management's estimates, no allowance for bad debts was necessary for the years ended September 30, 2019 and 2018.

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 assets - Other non-current assets include artwork 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.

Refundable advances - 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. The activity within refundable advances is reported as follows for the year ended September 30:

	2019	2018
Refundable advances, beginning of year	\$ 82,181	\$ 98,118
Grant awards received	417,518	89,043
Grant expenditures	(274,837)	(104,980)
Refundable advances, end of year	\$ 224,862	\$ 82,181

Deferred loan issuance costs - Deferred loan issuance costs consist 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 \$72,828 and \$67,116 for the years ended September 30, 2019 and 2018, respectively. Amortization of debt issuance costs is reported as interest expense.

Functional allocation of expenses - The costs of providing program and other activities have been reported in the statement of activities. The statement of functional expenses presents the natural classification of expenses that are allocated to program and supporting functions of the Council. Allocated expenses primarily consist of payroll and related, contractual services, occupancy, and building maintenance expenses based on management's estimated use of resources.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Contract revenue recognized by the Council is comprised of contracts committed from various funding agencies for use in the Council's activities. All funding sources are providing revenue streams to the Council for the benefit of the public. Contract revenue is recognized as revenue upon receipt and meeting all conditional requirements of the funding arrangement. Any funds received in advance for which conditions of the agreement have not been met are recognized as refundable advances and then subsequently recognized as revenue upon meeting the conditions of the agreement.

Contribution revenue recognized by the Council is comprised of gifts and promises to give from individuals and organizations for use in the Council's activities. Contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give are recognized when the conditions on which they depend have been substantially met.

Net assets - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor or grantor restrictions.

Net assets with donor restrictions - Net assets subject to donor (or grantor) imposed restrictions. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources are maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, or when the stipulated purpose has been accomplished (See Note 9).

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.

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

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

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.

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:

	2019		2018	
	Revenue	Receivable	Revenue	Receivable
Entity A	0%	0%	26%	18%
Entity B	48%	48%	21%	19%
Entity C	15%	10%	15%	12%
Entity D	8%	7%	8%	14%
Entity E	12%	17%	12%	20%
Other items individually less than 10% of total	17%	18%	18%	17%
Total	100%	100%	100%	100%

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. The Council's revenue disaggregated by funding source consists of the following for the year ended September 30:

	2019	2018
Federal	24%	28%
State / municipality	68%	62%
Local	8%	10%
	100%	100%

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

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

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.

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

The Council evaluates events and transactions that occur after year-end for potential recognition or disclosure in the financial statements. These subsequent events have been considered through December 12, 2019, which is the date the financial statements were available to be issued.

NOTE 3 - LIQUIDITY AND AVAILABILITY

The following reflects the Council's financial assets as of September 30, 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the date of the statement of financial position. Amounts appropriated from donor-restricted net assets for general expenditures within one year of the date of the statement of financial position are considered available.

Financial assets and liquidity resources available within one year for general and operating expenditures comprise the following on September 30, 2019:

Financial assets available at year end	
Cash	\$ 480,130
Contracts receivable	1,376,045
Contributions receivable	129,294
Other receivables	<u>101,750</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,087,219</u>

The Council is substantially supported by contract and contribution revenue. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Council must maintain sufficient resources to meet those requirements. Therefore, certain financial assets may not be available for general expenditures within one year. The Council structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

In addition to financial assets available to meet general expenditures over the next 12 months, the Council anticipates collecting enough revenue to cover general expenditures. The Council does maintain an available line of credit in the event of an unanticipated liquidity need.

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

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment on September 30 are summarized as follows:

	Estimated useful life (in years)	<u>2019</u>	<u>2018</u>
Land		\$ 1,225,417	\$ 1,139,066
Buildings and improvements	25	6,391,017	6,339,675
Vehicles	5	<u>81,508</u>	<u>60,650</u>
		7,697,942	7,539,391
Less accumulated depreciation		<u>(3,441,529)</u>	<u>(3,185,510)</u>
Total net property and equipment		<u>\$ 4,256,413</u>	<u>\$ 4,353,881</u>
Depreciation		<u>\$ 256,019</u>	<u>\$ 260,031</u>

NOTE 5 - 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 the assets of the Council. The interest rate on September 30, 2019 and 2018 was the bank's prime plus 1.25% (an effective rate of 6.00% and 6.50%, respectively). There was no balance outstanding on the line of credit as of September 30, 2019 and 2018.

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

NOTE 6 - LONG-TERM DEBT

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

	2019	2018
Promissory note, issued by the Michigan Strategic Fund, Series 2006 Bonds - for the years ended September 30, 2019 and 2018 the note bears interest at a fixed rate of 1.75%; payable in annual installments on November 1 ranging from \$170,000 to \$305,000 plus interest. The note is collateralized by all assets of the Council and matures November 2031.	\$ 3,005,000	\$ 3,165,000
Land contract - original agreement dated May 2, 2017, for \$100,000, payable at \$5,823 per month including interest at 6.00%. Payments were made through November 2018. The land contract is collateralized by real estate.	-	11,560
Total	3,005,000	3,176,560
Less current portion	170,000	171,560
Long-term portion	<u>\$ 2,835,000</u>	<u>\$ 3,005,000</u>

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

Years ending September 30	Amount
2020	\$ 170,000
2021	175,000
2022	185,000
2023	195,000
2024	205,000
2025 - 2029	1,200,000
2030 - 2032	875,000
	<u>\$ 3,005,000</u>

Interest expense was \$76,077 and \$50,879 for the years ended September 30, 2019 and 2018, 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, 2019. All covenants remain in effect for future years or until the debt is retired.

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

NOTE 7 - PENSION PLAN

The Council has a defined contribution plan covering all full-time employees over 21 years of age and employed for at least one year. Council contributions are equal to 5% of participant's compensation. Contributions to the pension plan approximated \$266,000 and \$268,000 for the years ended September 30, 2019 and 2018, respectively.

NOTE 8 - OPERATING LEASES

The Council leases its buildings and office equipment under yearly operating lease agreements, as well as many months to month contracts which are not included in the minimum lease payments below. Rent expense was approximately \$710,000 and \$697,000 for the years ended September 30, 2019 and 2018, respectively.

Future minimum lease payments are summarized as follows:

Years ended September 30,	
2020	\$ 469,212
2021	274,170
2022	266,226
2023	44,630

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

The Council did not have any net assets with donor restrictions as of September 30, 2019 and 2018.

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, 2019 and 2018:

	2019	2018
Assets released from restrictions for operations		
Annual Civic and Humanitarian Awards Gala	\$ 173,446	\$ 293,501

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

NOTE 10 - NEW ACCOUNTING STANDARDS

In August 2016, the FASB issued ASU No. 2016-14, *“Presentation of Financial Statement of Not-for-Profit Entities” (Topic 958)*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. In addition, ASU 2016-14 removes the requirement that not-for-profit entities that chose to prepare the statements of cash flows using the direct method must also present a reconciliation (the indirect method). The Council adopted ASU No. 2016-14 for the year ending September 30, 2019. The September 30, 2018 comparative information has been reclassified to conform to the current year presentation.

In May 2014, the FASB issued ASU No. 2014-09, *“Revenue from Contracts with Customers” (Topic 606)*. The ASU supersedes nearly all existing revenue recognition guidance under GAAP. The ASU requires new qualitative and quantitative disclosures, including disaggregation of revenues and descriptions of performance obligations. The Council adopted the provisions of this guidance on October 1, 2018 using the full retrospective approach. The Council has performed an assessment of its revenue contracts as well as worked with industry participants on matters of interpretation and application and has not identified any material changes to the timing or amount of its revenue recognition under ASU 2014-09. The Council’s accounting policies did not change materially because of applying the principles of revenue recognition from ASU 2014- 09 and are largely consistent with existing guidance and current practices applied by the Council. There was no impact to net assets as of October 1, 2017, or to revenue for the years ended September 30, 2019 and 2018, after adopting ASU 2014-09, as revenue recognition and timing of revenue did not change as a result of implementing ASU 2014-09.

In June 2018, the FASB issued ASU No. 2018-08, *“Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made” (Topic 958)*. The ASU provides guidance to distinguish recognition practices of contribution activity related to the adoption of ASU 2014-09. The Council adopted the provisions of this guidance on October 1, 2018 in conjunction with ASU 2014-09. The Council’s accounting policies were revised to provide clarity of revenue recognition practices, but the Council’s accounting policies did not change materially and are largely consistent with historical practices applied by the Council. There was no impact to net assets as of October 1, 2017, or to revenue for the years ended September 30, 2019 and 2018, after adopting ASU 2018-08, as revenue recognition and timing of revenue did not change as a result of implementing ASU 2018-08.

SUPPLEMENTARY INFORMATION

**ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC) SCHEDULE
OF PROGRAM REVENUE AND FUNCTIONAL EXPENSES**

	<u>101</u>	<u>105</u>	<u>125</u>	<u>200</u>	<u>201</u>	<u>205</u>
Revenue	<u>\$ 1,550,000</u>	<u>\$ 184,616</u>	<u>\$ 171,880</u>	<u>\$ 2,200,000</u>	<u>\$ 27,411</u>	<u>\$ 1,774,529</u>
Program expenses						
Salaries	945,056	92,971	22,403	1,030,764	11,834	634,546
Employee benefits	303,400	32,423	8,021	292,493	7,062	175,473
Payroll taxes	70,699	7,016	1,670	77,413	858	47,643
Contractual services	10,715	2,669	2,386	308,590	-	436,559
Support services	-	-	-	3,750	-	3,750
Occupancy	34,066	18,163	53,288	208,532	220	110,018
Communication	11,212	2,726	4,689	36,572	-	33,370
Supplies	8,586	2,024	63	26,630	2,750	22,658
Equipment and maintenance	2,213	1,410	-	2,876	-	1,752
Travel	8,273	1,760	36	17,074	2,522	32,936
Building maintenance	-	-	88,084	-	-	-
Miscellaneous	<u>6,098</u>	<u>667</u>	<u>411</u>	<u>11,103</u>	<u>1,860</u>	<u>10,359</u>
Total program expenses	<u>1,400,318</u>	<u>161,829</u>	<u>181,051</u>	<u>2,015,797</u>	<u>27,106</u>	<u>1,509,064</u>
Management and general						
Salaries	96,587	9,126	-	114,410	-	88,022
Employee benefits	25,237	2,155	-	27,280	-	20,879
Payroll taxes	7,248	590	-	7,592	-	5,695
Contractual services	1,804	1,092	-	9,176	-	5,914
Occupancy	11,688	1,435	-	16,122	-	16,496
Communication	893	85	-	1,410	-	1,138
Supplies	954	225	7	2,959	305	2,517
Travel	67	-	-	74	-	126
Miscellaneous	<u>5,204</u>	<u>584</u>	<u>-</u>	<u>5,180</u>	<u>-</u>	<u>3,597</u>
Total management and general	<u>149,682</u>	<u>15,292</u>	<u>7</u>	<u>184,203</u>	<u>305</u>	<u>144,384</u>
Total expenses	<u>1,550,000</u>	<u>177,121</u>	<u>181,058</u>	<u>2,200,000</u>	<u>27,411</u>	<u>1,653,448</u>
Excess of revenue over (under) expenses	<u>\$ -</u>	<u>\$ 7,495</u>	<u>\$ (9,178)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,081</u>

**ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC) SCHEDULE
OF PROGRAM REVENUE AND FUNCTIONAL EXPENSES**

	<u>206</u>	<u>207</u>	<u>210</u>	<u>216</u>	<u>220</u>	<u>245</u>
Revenue	\$ 279,652	\$ 40,000	\$ 260,302	\$ 325,433	\$ 433,348	\$ 433,053
Program expenses						
Salaries	106,812	28,106	102,807	134,412	173,477	104,517
Employee benefits	26,890	5,792	34,679	41,995	46,873	46,252
Payroll taxes	7,929	2,121	7,666	10,055	12,959	7,744
Contractual services	-	56	33,559	38,531	96,688	14,400
Support services	3,000	-	-	-	-	5,501
Occupancy	6,779	308	40,539	12,872	46,198	64,603
Communication	2,358	26	3,306	8,791	3,811	9,510
Supplies	83,207	956	2,313	2,279	2,916	11,571
Equipment and maintenance	11,280	-	122	246	1,074	219
Travel	1,097	159	2,528	1,446	2,245	29,296
Building maintenance	-	-	-	-	-	2,433
Miscellaneous	551	2,370	1,436	4,812	2,368	2,446
Total program expenses	<u>249,903</u>	<u>39,894</u>	<u>228,955</u>	<u>255,439</u>	<u>388,609</u>	<u>298,492</u>
Management and general						
Salaries	11,750	-	12,362	17,649	20,644	21,151
Employee benefits	2,943	-	2,939	4,428	4,911	5,150
Payroll taxes	778	-	811	1,264	1,355	1,386
Contractual services	2,322	-	817	820	1,349	1,334
Occupancy	-	-	1,965	3,790	3,280	3,164
Communication	1,929	-	119	270	199	602
Supplies	9,245	106	257	253	324	1,286
Travel	-	-	16	-	-	-
Miscellaneous	782	-	513	739	866	691
Total management and general	<u>29,749</u>	<u>106</u>	<u>19,799</u>	<u>29,213</u>	<u>32,928</u>	<u>34,764</u>
Total expenses	<u>279,652</u>	<u>40,000</u>	<u>248,754</u>	<u>284,652</u>	<u>421,537</u>	<u>333,256</u>
Excess of revenue over (under) expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,548</u>	<u>\$ 40,781</u>	<u>\$ 11,811</u>	<u>\$ 99,797</u>

**ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC) SCHEDULE
OF PROGRAM REVENUE AND FUNCTIONAL EXPENSES**

	<u>250</u>	<u>300</u>	<u>350</u>	<u>602</u>	<u>740</u>	<u>745</u>
Revenue	<u>\$ 1,103,190</u>	<u>\$ 91,313</u>	<u>\$ 70,364</u>	<u>\$ 390,965</u>	<u>\$ 153,245</u>	<u>\$ 221,519</u>
Program expenses						
Salaries	355,423	70,550	-	230,932	94,200	130,229
Employee benefits	86,744	11,733	-	68,591	32,015	38,278
Payroll taxes	26,695	5,365	-	16,272	7,011	8,921
Contractual services	23,608	-	-	24,661	-	-
Support services	-	1,323	-	-	-	-
Occupancy	30,268	14,262	-	31,223	1,554	23,191
Communication	17,140	1,527	-	4,070	1,004	2,405
Supplies	4,376	353	-	14,108	2,103	6,170
Equipment and maintenance	934	53	67,014	1,388	-	907
Travel	24,999	15	-	2,026	5,236	132
Building maintenance	-	-	-	-	-	-
Miscellaneous	<u>5,457</u>	<u>277</u>	<u>-</u>	<u>15,267</u>	<u>1,557</u>	<u>4,217</u>
Total program expenses	<u>575,644</u>	<u>105,458</u>	<u>67,014</u>	<u>408,538</u>	<u>144,680</u>	<u>214,450</u>
Management and general						
Salaries	112,273	5,077	-	35,906	4,439	-
Employee benefits	22,375	1,280	-	8,521	1,847	-
Payroll taxes	6,391	353	-	2,375	329	-
Contractual services	3,202	415	-	2,178	1,048	151
Occupancy	14,344	879	-	9,939	40	-
Communication	1,006	47	-	225	25	-
Supplies	486	39	-	1,567	234	685
Travel	-	-	-	98	-	68
Miscellaneous	<u>1,903</u>	<u>241</u>	<u>-</u>	<u>10,484</u>	<u>603</u>	<u>6,165</u>
Total management and general	<u>161,980</u>	<u>8,331</u>	<u>-</u>	<u>71,293</u>	<u>8,565</u>	<u>7,069</u>
Total expenses	<u>737,624</u>	<u>113,789</u>	<u>67,014</u>	<u>479,831</u>	<u>153,245</u>	<u>221,519</u>
Excess of revenue over (under) expenses	<u>\$ 365,566</u>	<u>\$ (22,476)</u>	<u>\$ 3,350</u>	<u>\$ (88,866)</u>	<u>\$ -</u>	<u>\$ -</u>

**ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC) SCHEDULE
OF PROGRAM REVENUE AND FUNCTIONAL EXPENSES**

	<u>746</u>	<u>755</u>	<u>782</u>	<u>785</u>	<u>862</u>	<u>865</u>
Revenue	<u>\$ 117,311</u>	<u>\$ 200,364</u>	<u>\$ 102,600</u>	<u>\$ 1,327,916</u>	<u>\$ 9,028</u>	<u>\$ 604,540</u>
Direct expenses						
Salaries	43,033	118,000	54,868	704,116	-	320,578
Employee benefits	3,857	36,012	23,487	233,235	-	90,341
Payroll taxes	3,262	8,857	3,908	51,874	-	24,307
Contractual services	42,118	-	-	-	-	-
Support services	-	-	-	-	-	3,200
Occupancy	3,948	7,597	2,250	62,592	-	74,506
Communication	1,187	3,873	2,613	16,878	-	7,899
Supplies	12,618	877	2,679	54,802	25	2,765
Equipment and maintenance	5,197	116	75	2,852	9,000	382
Travel	424	5,032	998	6,908	-	8,178
Building maintenance	-	-	-	-	-	-
Miscellaneous	<u>265</u>	<u>3,584</u>	<u>386</u>	<u>7,135</u>	<u>-</u>	<u>11,782</u>
Total program expenses	<u>115,909</u>	<u>183,948</u>	<u>91,264</u>	<u>1,140,392</u>	<u>9,025</u>	<u>543,938</u>
Management and general						
Salaries	-	9,850	7,623	112,485	-	37,977
Employee benefits	-	2,780	1,813	26,724	-	9,109
Payroll taxes	-	738	502	7,383	-	2,488
Contractual services	-	855	532	6,107	-	2,624
Occupancy	-	1,980	1,218	17,900	-	6,158
Communication	-	94	72	1,061	-	359
Supplies	1,402	97	298	6,089	3	307
Travel	-	-	-	43	-	-
Miscellaneous	<u>-</u>	<u>558</u>	<u>731</u>	<u>9,732</u>	<u>-</u>	<u>1,580</u>
Total management and general	<u>1,402</u>	<u>16,952</u>	<u>12,789</u>	<u>187,524</u>	<u>3</u>	<u>60,602</u>
Total expenses	<u>117,311</u>	<u>200,900</u>	<u>104,053</u>	<u>1,327,916</u>	<u>9,028</u>	<u>604,540</u>
Excess of revenue over (under) expenses	<u>\$ -</u>	<u>\$ (536)</u>	<u>\$ (1,453)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC) SCHEDULE
OF PROGRAM REVENUE AND FUNCTIONAL EXPENSES**

	<u>870</u>	<u>Total Program Activity</u>	<u>Other Activity</u>	<u>Total Activity</u>
Revenue	\$ 36,429	\$ 12,109,008	\$ 550,566	\$ 12,659,574
Direct expenses				
Salaries	-	5,509,634	64,292	5,573,926
Employee benefits	-	1,645,646	16,774	1,662,420
Payroll taxes	-	410,245	4,413	414,658
Contractual services	576	1,035,116	80,853	1,115,969
Support services	-	20,524	32,336	52,860
Occupancy	32,918	879,895	182,024	1,061,919
Communication	2,440	177,407	4,607	182,014
Supplies	444	267,273	109,566	376,839
Equipment and maintenance	-	109,110	-	109,110
Travel	-	153,320	37,413	190,733
Building maintenance	-	90,517	97,595	188,112
Miscellaneous	<u>2</u>	<u>94,410</u>	<u>432,222</u>	<u>526,632</u>
Total program expenses	<u>36,380</u>	<u>10,393,097</u>	<u>1,062,095</u>	<u>11,455,192</u>
Management and general				
Salaries	-	717,331	70,123	787,454
Employee benefits	-	170,371	168,822	339,193
Payroll taxes	-	47,278	4,346	51,624
Contractual services	-	41,740	8,951	50,691
Occupancy	-	110,398	-	110,398
Communication	-	9,534	64	9,598
Supplies	49	29,694	12,174	41,868
Travel	-	492	908	1,400
Miscellaneous	<u>-</u>	<u>50,153</u>	<u>6,283</u>	<u>56,436</u>
Total management and general	<u>49</u>	<u>1,176,991</u>	<u>271,671</u>	<u>1,448,662</u>
Total expenses	<u>36,429</u>	<u>11,570,088</u>	<u>1,333,766</u>	<u>12,903,854</u>
Excess of revenue over (under) expenses	<u>\$ -</u>	<u>\$ 538,920</u>	<u>\$ (783,200)</u>	<u>\$ (244,280)</u>

ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR
ENDED SEPTEMBER 30 2019

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Grant or Pass-through Identifying Number	Expenses
U.S. Department of Agriculture			
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		
Passed through City of Detroit		6000967	\$ 1,327,916
Passed through Wayne County		2017-08-044	<u>102,600</u>
Total WIC Special Supplemental Nutrition Program for Women, Infants, and Children			<u>1,430,516</u>
SNAP Cluster			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		
Passed through Michigan Department of Health and Human Services		E20191052-00	<u>394,968</u>
Total U.S. Department of Agriculture			<u>1,825,484</u>
U.S. Department of Health and Human Services			
Temporary Assistance for Needy Families Cluster	93.558		
Passed through Oakland County			
Partnership, Accountability, Training, Hope (PATH) Program		1801MITANF	91,647
Partnership, Accountability, Training, Hope (PATH) Program		1901MITANF	<u>389,591</u>
Total passed through Oakland County			<u>481,238</u>
Passed through Michigan Department of Health and Human Services		E20191052-00	<u>70,988</u>
Total Temporary Assistance for Needy Families Cluster			<u>552,226</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 2019

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)			
Child Support Enforcement	93.563		
Passed through Michigan Department of Health and Human Services		E20191052-00	\$ <u>859</u>
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566		
Passed through Michigan Department of Health and Human Services		CT-180000000818	<u>133,666</u>
Refugee and Entrant Assistance Discretionary Grants	93.576		
Passed through Michigan Department of Health and Human Services		CT-180000000818	<u>50,950</u>
Social Services Block Grant	93.667		
Passed through Michigan Department of Health and Human Services		E20191052-00	<u>95,933</u>
Medicaid Cluster			
Medical Assistance Program	93.778		
Passed through Michigan Department of Health and Human Services		E20191052-00	<u>205,395</u>
Block Grants for Prevention and Treatment of Substance Abuse	93.959		
Passed through Detroit Wayne Mental Health Authority		2017-0011-SUDP	<u>153,245</u>
Total U.S. Department of Health and Human Services pass-through programs			<u>1,192,274</u>
Direct award through the Office of Administration for Children and Families			
Community Services Block Grant Discretionary Awards	93.570	90EE1132-01-00	<u>2,851</u>
Total U.S. Department of Health and Human Services			<u>1,195,125</u>
Total Expenditures of Federal Awards			<u>\$ 3,020,609</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, 2019

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, 2019. 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, 2019:

Total federal awards per the schedule of expenditures of federal awards	\$ 3,020,609
Add non-federal awards contained in the audited financial statements	<u>9,088,399</u>
Total contract revenues per audited financial statements	<u>\$ 12,109,008</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, 2019, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 12, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Arab-American and Chaldean Council's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Arab-American and Chaldean Council's internal control. Accordingly, we do not express an opinion on the effectiveness of Arab-American and Chaldean Council's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Arab-American and Chaldean Council's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Manes Costeiran PC

December 12, 2019

**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, 2019. 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, 2019.

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.

Maney Costeiran PC

December 12, 2019

**ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2019**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported
- Noncompliance material to financial statements noted? Yes, No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in

accordance with Title 2 CFR Section 200.516(a)?

Yes No

Identification of major programs:

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

Dollar threshold used to distinguish between

Type A and Type B programs:

\$ 750,000

- Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Findings

None noted.

Section III - Federal Award Findings and Questioned Costs

None noted.

**SCHEDULE OF
PRIOR AUDIT
FINDINGS YEAR
ENDED SEPTEMBER
30, 2019**

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

ACC-DHHS Annual Report for

(10/01/2019- 9/30/2020)

Macomb County

What is the purpose of ACC-DHHS program?

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

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

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

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

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

Main Core of ACC-DHHS services:

Information and Referral (I/R)

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

Form which is utilized by staff daily or as needed. In addition, you will find a variety of other documents and paperwork as well.

Advocacy Services:

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

ACC staff have a “duty of care” to the people they work with, especially in 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 this information’s are providing is a life-threatening nature.

Services provided:

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

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

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

Tasks-ACC-DHHS staff helps with:

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

ACC-DHHS Staff Qualifications and Experience:

Program Staffs are well educated with Bachelors, Master and Ph.D. Degrees with average of (17) years of experience.

Macomb County Contract Statistical Report

(10/01/2019 – 9/30/2020)

In Macomb County, ACC-DHHS staff serviced a total of **(4,675)** clients and produced **(8,301)** units of Information/Referrals and Advocacy. Contracted units are **(3977)** units. Which represents an amount **(100%)** above and beyond the number of contracted units with **(4)** staff at **(3)** DHHS Offices. The offices are Sterling Heights District Office, Warren District Office, and ACC Building Office in Sterling Heights City. Most clients in Macomb County are from Iraq, Lebanon, Yemen, Syria, and Jordan.

Client Base:

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

Wraparound Services:

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

Ratib Haddad, Ph.D., Program Director Thanks

December 8, 2020

ACC-DHHS Annual Report for

(10/01/2019 - 9/30/2020)

Oakland County

What is the purpose of ACC-DHHS program?

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

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

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

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

Main Core of ACC-DHHS services:

Information and Referral (I/R)

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

Advocacy Services:

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

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

Services provided:

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

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

- A bilingual interpreter to be present at all interviews or situations where an interpreter is necessary and appropriate

Tasks-ACC-DHHS staff helps with:

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

ACC-DHHS Staff Qualifications and Experience:

Staffs on this program are well educated with Bachelors, Master and Ph.D. Degrees with average of (17) years of experience.

Oakland County Contract Statistical Report

(10/01/2019 – 9/30/2020)

In Oakland County, ACC-DHHS staff serviced a total of **(3,332)** clients and produced **(4,829)** units of Information/Referrals and Advocacy. Contracted units are **(3,000)** units. Which represents an amount **(46%)** above and beyond the number of contracted units with **(3)** staff at **(2)** DHHS Offices. The offices are Madison Heights District Office and Southfield District Office. Most clients in Oakland County are from Iraq, Palestine, Syria, and Jordan.

Client Base:

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

Wraparound Services:

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

Ratib Haddad, Ph.D. Program Director Thanks

December 08, 2020

ACC-DHHS Annual Report for

(10/01/2019 - 9/30/2020)

Wayne County

What is the purpose of ACC-DHHS program?

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

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

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

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

Main Core of ACC-DHHS services:

Information and Referral (I/R)

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

Advocacy Services:

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

ACC staff have a “duty of care” to the people they work with, especially in 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 this information’s are providing is a life-threatening nature.

Services provided:

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

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

- A bilingual interpreter to be present at all interviews or situations where an interpreter is necessary and appropriate

Tasks-ACC-DHHS staff helps with:

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

ACC-DHHS Staff Qualifications and Experience:

Staffs on this program are well educated with Bachelors, Master and Ph.D. Degrees with average of (17) years of experience.

Wayne County Contract Statistical Report

(10/01/2019 – 9/30/2020)

In Wayne County, ACC-DHHS staff serviced a total of **(7,488)** clients and produced **(12,294)** units of Information/Referrals and Advocacy. Contracted units are **(10,000)** units. Which represents a **(18%)** above and beyond the number of contracted units with **(10)** staff at **(5)** DHHS Offices. The offices are Inkster District Office, Joy/Greenfield District Office, Cadillac Place District Office, Hamtramck District Office and 7 Mile Office (ACC building). Most clients in Wayne County are from Lebanon, Iraq, Yemen, Palestine, Syria, Jordan, and Bangladesh.

Client Base:

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

Wraparound Services:

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

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

BOILERPLATE REPORT

**October 1, 2019- September 30, 2020
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 420 employees and 11 locations, ACCESS offers approximately 120 programs in health and research, employment and training, youth and education, social services, business development, and more. In addition, ACCESS has three influential national institutions that are changing what it means to be Arab American: The Arab American National Museum (AANM), The Center for Arab American Philanthropy (CAAP) and the National Network for Arab American Communities (NNAAC).

For more information visit www.accesscommunity.org.

ACCESS services a diverse population throughout the counties of Wayne, Oakland, and Macomb.

The 2019-2020 Client Demographic breakdown is as follows:

- **Clients served by Race:**
 - Arab Americans: 65%
 - African American: 13%
 - White: 13%
 - Hispanic American 3%
 - Asian American & other 6%
- More than 1 million client visits per year
- Nearly 420 full- and part-time staff operate in a combined capacity of 20 languages.

1. What is the purpose of ACCESS Multicultural Integrated Fund Program?

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

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

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

2. Main Core of ACCESS Services:

ACCESS is an agency with more than 120 programs housed in 11 locations in the tri-county region. Our range of support services is leveraged to benefit clients in a model that focuses on interconnectedness through a holistic approach, offered by various divisions throughout the organization. During the 2019-2020 fiscal year, ACCESS provided over one million services in the areas of social services, youth and education, health and mental health, employment and training, entrepreneurship, and cultural arts programs.

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

ACCESS Youth & Family Service Center

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

ACCESS One-Stop Employment & Human Services Center

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

ACCESS Hamtramck Site

8625 Joseph Campau St.

Hamtramck, MI 48212
313-871-3338

3. Information and Referral (I/R):

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

Information and Referral (I/R)

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

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

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

4. Advocacy:

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

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

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

5. Services Provided through this contract: as mandated

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

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

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

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

Minimum requirements for case workers include:

- Associate degree: however, bachelor's degree in social work is preferred
- Non-graduates with demonstrated community assessment and/or program planning skills
- Good command of the English, Arabic and/or Chaldean languages (verbal and written skills in English – Written skill in Arabic preferred)

- Ability to relate well to people
- Familiarity with urban living environment
- Must be sensitive to the needs of the low-income community
- Bilingual and bi-culturally sensitive
- Must demonstrate basic clerical skills
- Must be able to operate a computer
- Must be able to certify as Navigator to enroll clients in the Affordable Care Act – Market Place
- Must be able to certify as a MMAP Counselor – Michigan Medicaid/Medicare Assistance Program

7. Client Base:

- Low-income households whose income does not exceed 200% of the federal poverty guidelines
- Applicants and or recipients of the Michigan 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 need's perspective, immigrants and refugees face barriers associated with their eligibility for state and federal benefit and entitlement programs, as well as their ability to meet documentation requirements needed to obtain state licenses and identification. From an educational preparedness perspective, bilingual education programs are not widely available and oftentimes youth who are newcomers to the country are not able to meet basic education requirements. Moreover, family literacy services, which are particularly effective for non-English speaking families, are not sufficiently supported by state and federal sources. From a financial stability perspective, traditional employment and training services are designed to service the self-directed job seeker and offer little support to those who do not speak English or are computer illiterate. In addition, employment discrimination and a reluctance to hire immigrants and refugees continue to run rampant.

Compounding these problems is the undeniable impact of 9/11 and the domestic profiling of Arabs and Muslims across the nation, and particularly across our region. Immigrants, especially those originating from Arab countries or who are Muslim, face discrimination and unfair treatment at both community and institutional levels. The impact of these realities on individuals and families is profound as there is

stress in the home, and in effect, immigrants and refugees are less likely to integrate into their communities.

Also, the coronavirus pandemic has brought conditions never seen before to our state, specifically to metro-Detroit as it became a hotspot for the virus, our commitment has not wavered. ACCESS continues to serve and uplift the most vulnerable in the region, as we have done for decades.

The spread of the coronavirus is having the most devastating effects on vulnerable populations that are already isolated due to poverty, lack of transportation, and other economic and social factors. Now, the situation of these disadvantaged communities has been exacerbated as individuals lost their hourly wages and part time jobs, making them vulnerable to extreme consequences with the evolution of the pandemic. Over the past few months, new issues have formed and demands for certain ACCESS services reached new heights. ACCESS rose-up to meet that challenge, even in the first few weeks of the pandemic. In March of 2020, we launched the COVID-19 response initiatives to help our clients navigate these unprecedented crises in the areas of emergency basic services, health, and children education, where many challenges and great surges in need have been identified.

Many families have turned to ACCESS during these critical months after unexpectedly losing their source of income, with the number of families increasing at an alarming rate. They needed and still require immediate support with their essential needs, including food, hygiene products, medical products, baby-care items, and other necessities for their survival and wellbeing. Through our food and basic needs assistance program, ACCESS provided the necessary resources for disadvantaged families in our community to get through this hardship and be able to get back on their feet after the pandemic. Food vouchers and gift cards are a preferred method of delivery because of the freedom and flexibility it gives our clients to choose groceries and other items, according to their dietary restrictions and food sensitivities. These vouchers can be redeemed at designated local businesses. Supporting local businesses during this time is an added benefit as it helps the economic wellbeing and stability of our region.

Our agency navigates these barriers and offers a continuum of services to facilitate long-term community empowerment and economic stability. 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.

9. Wraparound Service – define:

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

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

Clients received the following services: Effective Mid-March 2020 - Due to the COVID 19 Pandemic - Services were provided remotely

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

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

- Provision of career assessment, coaching, job placement/retention and career advancement services
- Provision of referrals to employability skills and job training
- Provision of referrals to education and workforce development opportunities

- Provision of one-on-one financial coaching, which includes assistance with repairing credit, budgeting to pay down debt, general household budgeting, and developing a savings plan
- Provision of referrals to financial literacy workshops
- IDA program orientation and enrollment as a means of building assets when applicable

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

SEE ATTACHEMENT

11. Information on Services and Programs Provided: 5,429 households received the following services:

- **DHHS/SSA:** 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, SSA representatives and other service providers.
- **EMERGENCY and BASIC NEEDS SERVICES: To ensure the health and safety of our staff and clients, all services were provided remotely.**
 - ❖ Basic Needs Assistance: Provided 945 households (representing over 4,725 individual) with housing, property taxes, utility, auto payment, homeowner's insurance, internet/phone payments, etc. to assure the health and safety during the COVID 19 Pandemic. **An increase of 242% from fiscal year 2018-2019**
 - ❖ Food Assistance: Provided over 2,000 households (representing over 8,000 individual) with food assistance such as food vouchers, food boxes, gift cards, etc., Clients were also referred to the ACCESS daily meals program where over 65,950 meals were distributed from various ACCESS location and neighborhood schools to supplement school lunches. **An increase of 272% from fiscal year 2018-2019**
 - ❖ Other Essential Assistance: over 1,000 households (representing 5,000 individuals) received assistance with essential items such cleaning and hygiene supplies, PPE, clothing, furniture, household appliances, household items, bedding, blankets, etc. **an increase of 307% from fiscal year 2018-2019.**
- **UNEMPLOYMENT CLAIMS:** Assisted clients with unemployment-related services via the State of Michigan; in the Social Services Dept. alone we assisted with the filing of over 800 new unemployment claims; made over 1,700 MARVIN calls (for required bi-weekly certification of unemployment); and provided over 3,952 related services such as

identity verification, account reset, address change, inquiries, appeals, etc. **an increase of 340% from fiscal year 2018-2019**

- **INFORMATION & REFERRAL and ADVOCACY:** Provided over 36,980, information/referral and advocacy services in the areas of general social services, basic needs, employment & training, health & mental health, youth & education, etc. an increase of **185% from fiscal year 2018-2019**

Information on Services and Programs Provided: (CONTINUED)

- **LEGAL AID:** over 2,500 services were provided to low-income households via Pro-Bono legal aid through a private attorney and Lakeshore Legal Aid – Landlord tenant, SSI, Social Security, etc.
- **IMMIGRATION SERVICES:** Provided 2,362 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 468 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, 2019 – September 30, 2020

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	5,429
# of Units Delivered (1 unit = 30 minutes of service)	12,500	# of Unites of Delivered (1Unit = 30 minutes of service)	25,983

An increase of 207% from the amount contracted to deliver

FINANCIAL STATUS REPORT

**Arab Community Center for Economic and Social
Services**

FE ID Number 23- 7444497					Contract Number E20202522-00	Page 1	Of 3
Local Agency Name Arab Community Center for Economic and Social Services			Program Master Agreement Program - 2020			Title Human Services - Arab American	
Street Address 2651 Saulino Court		Report Period 09/01/2020 Thru 09/30/2020 Final <input checked="" type="checkbox"/>				Date Prepared 11/04/2020	Date Approved 11/12/2020
City, State, ZIP Code Dearborn, MI, 48120 1556		Agreement Period 10/01/2019 Thru 09/30/2020				Operational Advance 0.00	
Category	Expenditures				Agreement		
	Current Period	Correction	Agreement YTD	Match YTD	Budget	Balance	Expend%
Program Expenses							
1. Salary & Wages	56,346.38	-2,146.92	766,115.83	0.00	729,000.00	-37,115.83	105.09%
2. Fringe Benefits	4,423.12	-161.46	166,413.05	0.00	144,707.00	-21,706.05	115.00%
3. Travel	0.00	0.00	459.94	0.00	3,570.00	3,110.06	12.88%
4. Supplies & Materials	0.00	0.00	7,240.20	0.00	15,438.00	8,197.80	46.90%
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	8,784.50	0.00	178,003.67	0.00	202,181.00	24,177.33	88.04%
Total Program Expenses	69,554.00	-2,308.38	1,118,232.69	0.00	1,094,896.00	-23,336.69	102.13%
Indirect Costs	8,763.81	-290.86	140,897.31	0.00	164,234.00	23,336.69	85.79%
TOTAL EXPENDITURES	78,317.81	-2,599.24	1,259,130.00	0.00	1,259,130.00	0.00	100.00%

Arab Community Center for Economic and Social Services

Contract Number: E20202522-00

See Independent Auditors' Report and Accompanying Footnotes.

A_{ARAB} **C**_{COMMUNITY} **C**_{CENTER} **F**_{OR} **E**_{ECONOMIC AND} **S**_{SOCIAL} **S**_{SERVICES}

**Consolidated Financial Report
Including Federal Awards
Supplementary Information
for the Years Ended
September 30, 2019 and 2018**



certified public accountants

1301 WEST LONG LAKE ROAD, SUITE 200, TROY MI 48098

PH: 248-952-0200 • FAX: 248-952-0290

See Independent Auditors' Report and Accompanying Footnotes.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES

Dearborn, Michigan

I N D E X

	<u>Page</u>
Independent Auditors' Report	1 - 2
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statement of Functional Expenses	5 - 6
Consolidated Statements of Cash Flows	7
Notes to the Consolidated Financial Statements	8 - 16
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 <i>Government Auditing Standards</i>	17 - 18

SUPPLEMENTARY INFORMATION

Schedule of Expenditures of Federal Awards	19- 24
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	25 - 26
Summary of Auditors' Results	27
Schedule of Findings, Questioned Costs, and Prior Year Findings	28

See Independent Auditors' Report and Accompanying Footnotes.

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, 2019, 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.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Arab Community Center for Economic and Social Services and subsidiary as of September 30, 2019, 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.

See Independent Auditors' Report and Accompanying Footnotes.



Other Matters

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with **Government Auditing Standards**, we have also issued our report dated February 4, 2020, 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 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 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, 2018 and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 4, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gordon Advisors, P.C.

Troy, Michigan
February 4, 2020

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES

Consolidated Statements of Financial Position

	<u>September 30,</u>	
	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 6,680,520	\$ 6,375,486
Certificates of deposit and money market funds	5,416,349	3,550,000
Grants and contributions receivable	4,189,057	5,198,492
Prepaid and reimbursable expenses	<u>1,331,505</u>	<u>1,430,959</u>
Total Current Assets	<u>17,617,431</u>	<u>16,554,937</u>
Other Assets		
Investments of endowed funds	5,732,087	5,333,534
Beneficial interest in perpetual endowment	<u>1,138,505</u>	<u>1,155,220</u>
	6,870,592	6,488,754
Property and Equipment		
Land	1,402,029	1,402,029
Buildings and improvements	27,781,619	27,769,819
Office furniture and equipment	<u>2,797,494</u>	<u>2,569,456</u>
	31,981,142	31,741,304
Less accumulated depreciation	<u>(12,056,477)</u>	<u>(11,210,848)</u>
Net Property and Equipment	<u>19,924,665</u>	<u>20,530,456</u>
Total Assets	<u>\$ 44,412,688</u>	<u>\$ 43,574,147</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 208,391	\$ 102,624
Accrued payroll and other related expenses	1,156,088	1,024,163
Deferred microloan funding	<u>326,816</u>	<u>326,816</u>
Total Liabilities	<u>1,691,295</u>	<u>1,453,603</u>
Net Assets		
Without donor restrictions	33,454,846	32,602,480
With donor restrictions	<u>9,266,547</u>	<u>9,518,064</u>
Total Net Assets	<u>42,721,393</u>	<u>42,120,544</u>
Total Liabilities and Net Assets	<u>\$ 44,412,688</u>	<u>\$ 43,574,147</u>

See Independent Auditors' Report and Accompanying Footnotes.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES

Consolidated Statements of Activities

	Year Ended September 30, 2019			2018
	Without	With		
	Donor Restriction	Donor Restriction	Total	Total
Revenues				
Governmental agency and other grants	\$ 21,082,553	\$ 666,060	\$ 21,748,613	\$ 23,272,077
Program service fees	2,936,679	28,109	2,964,788	2,412,019
Gifts and contributions	932,598	1,236,478	2,169,076	3,084,004
Medical services	251,105	-	251,105	235,450
Net investment income	107,084	142,935	250,019	276,473
Other	<u>256,443</u>	<u>-</u>	<u>256,443</u>	<u>226,322</u>
	25,566,462	2,073,582	27,640,044	29,506,345
Net Assets Released from Restrictions	<u>2,325,099</u>	<u>(2,325,099)</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>27,891,561</u>	<u>(251,517)</u>	<u>27,640,044</u>	<u>29,506,345</u>
Expenses				
Program services	22,874,912	-	22,874,912	21,787,131
Medical services	721,855	-	721,855	619,360
Management and general	2,547,350	-	2,547,350	2,060,998
Fundraising	<u>895,078</u>	<u>-</u>	<u>895,078</u>	<u>811,169</u>
Total Expenses	27,039,195	-	27,039,195	25,278,658
Net Increase (Decrease) in Net Assets	<u>852,366</u>	<u>(251,517)</u>	<u>600,849</u>	<u>4,227,687</u>
Net Assets - Beginning of Year	<u>32,602,480</u>	<u>9,518,064</u>	<u>42,120,544</u>	<u>37,892,857</u>
Net Assets - End of Year	<u>\$ 33,454,846</u>	<u>\$ 9,266,547</u>	<u>\$ 42,721,393</u>	<u>\$ 42,120,544</u>

See Independent Auditors' Report and Accompanying Footnotes.

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, 2019

(With Summarized Information for The Year Ended September 30, 2018)

	Arab American National Museum	Social Services	National	Employment and Training	Community Health and Research Center	Youth and Education	Center for Arab American Philanthropy	Eliminations	Total Program Services
Salaries and benefits	\$ 895,546	\$ 1,201,783	\$ 580,279	\$ 3,763,695	\$ 6,129,743	\$ 3,293,563	\$ 229,581	\$ -	\$ 16,094,190
Contractual services	197,603	33,289	150,374	52,220	884,627	60,537	7,281	(469,761)	916,169
Professional fees	2,858	2,245	1,734	9,647	13,336	5,900	2,040	-	37,760
Office supplies	6,874	4,281	100	32,192	48,499	68,344	-	-	160,290
Program supplies	49,958	8,516	14,565	116,917	285,002	192,382	1,053	-	668,393
Telephone	55,732	26,771	14,168	31,373	110,522	32,896	-	-	271,462
Utilities	115,096	27,965	9,969	44,410	120,266	24,922	-	-	342,628
Occupancy	12,714	115,650	24,927	402,187	434,100	120,000	-	(817,100)	292,478
Insurance	30,019	12,309	6,871	24,635	87,396	12,741	-	-	173,971
Repairs and maintenance	55,960	19,597	9,067	67,373	76,370	22,579	-	-	250,946
Cleaning and janitorial	62,469	20,107	6,880	25,691	72,334	17,196	-	-	204,677
Equipment rental	12,442	15,471	6,078	19,024	37,547	14,847	-	-	105,409
Printing costs	21,979	1,812	2,921	2,034	9,555	1,744	3,675	-	43,719
Travel	27,459	3,121	24,426	15,209	67,333	78,901	1,069	-	217,518
Postage	17,032	1,805	2,277	1,153	5,709	2,550	1	-	30,527
Conference and meetings	50,371	3,815	42,225	20,636	147,484	332,681	4,804	-	602,016
Specific assistance	-	129,058	0	507,305	90,074	-	-	-	726,437
Depreciation	9,052	-	0	-	3,488	-	-	-	12,540
Advertising	7,550	-	377	6	37,417	-	32	-	45,382
Security	13,543	8,033	386	18,635	18,980	965	-	-	60,542
Bank charges	4,043	21	141	-	-	-	3,610	-	7,815
Dues and memberships	24,332	1,494	3,234	4,584	28,129	13,354	15,403	-	90,531
Donations	100	100	2,105	1,500	45,825	-	313	-	49,943
Vehicle expense	-	-	0	2,987	24,601	2,651	-	-	30,239
Employee screening	422	206	126	157	2,446	6,628	-	-	9,985
Property taxes	-	-	273	-	1,541	-	-	-	1,814
Concert of Colors costs	-	-	0	-	-	-	-	-	0
Grants to other organizations	1,000	-	103,400	-	5,000	-	1,144,583	-	1,253,983
Event costs	-	-	0	-	-	-	-	-	0
Miscellaneous	60,765	3,525	1,584	1,388	6,806	108,611	2,000	#	184,680
Less reimbursed costs	-	-	0	-	-	(11,130)	-	-	(11,130)
	<u>\$ 1,734,919</u>	<u>\$ 1,640,974</u>	<u>\$ 1,008,484</u>	<u>\$ 5,164,958</u>	<u>\$ 8,794,130</u>	<u>\$ 4,402,862</u>	<u>\$ 1,415,445</u>	<u>\$ (1,286,861)</u>	<u>22,874,912</u>

See Independent Auditors' Report and Accompanying Footnotes.

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, 2019

(With Summarized Information for The Year Ended September 30, 2018)

	Medical Services	Management and General	Fundraising	2019	2018 (Summarized)
Salaries and benefits \$	523,749	\$ 1,397,725	\$ 530,457	\$ 18,546,121	\$ 16,621,964
Contractual services	36,062	88,039	-	1,040,270	1,096,937
Professional fees	478	15,473	-	53,711	56,535
Office supplies	-	5,074	93	165,456	159,043
Program supplies	67,474	25,969	-	761,836	541,695
Telephone	1,000	5,386	-	277,848	275,301
Utilities	-	6,898	-	349,525	299,601
Occupancy	60,663	-	-	353,141	285,218
Insurance	-	6,334	-	180,306	163,227
Repairs and maintenance	5,357	8,100	-	264,402	272,145
Cleaning and janitorial	-	280	-	204,957	231,372
Equipment rental	8,278	1,791	-	115,478	106,250
Printing costs	-	555	5,178	49,452	53,134
Travel	68	17,639	15,905	251,129	271,174
Postage	-	(28)	6,134	36,633	29,041
Conference and meetings	128	71,295	13,326	686,765	816,992
Specific assistance	12,326	-	-	738,763	793,026
Depreciation	-	833,090	-	845,630	825,320
Advertising	-	274	1,923	47,580	102,505
Security	-	684	-	61,226	82,824
Bank charges	1,516	11,458	-	20,789	23,721
Dues and memberships	4,646	13,838	-	109,014	72,314
Donations	-	29,508	-	79,451	47,526
Vehicle expense	-	2,255	-	32,494	32,877
Employee screening	110	241	-	10,336	3,808
Property taxes	-	-	-	1,814	1,234
Concert of Colors expense	-	-	-	-	140,734
Grants to other organizations	-	-	-	1,253,983	1,359,144
Event expenses	-	-	317,347	317,347	262,338
Miscellaneous	-	5,474	4,715	194,869	270,427
Less reimbursed costs	-	-	-	(11,130)	(18,769)
	<u>\$ 721,855</u>	<u>\$ 2,547,350</u>	<u>\$ 895,078</u>	<u>\$ 27,039,195</u>	<u>\$ 25,278,658</u>

See Independent Auditors' Report and Accompanying Footnotes.

See Independent Auditors' Report and Accompanying Footnotes.

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

	<u>Years Ended September 30,</u>	
	<u>2019</u>	<u>2018</u>
Operating Activities		
Increase in net assets	\$ 600,849	\$ 4,227,687
Adjustments to reconcile change in net assets to cash from operating activities:		
Depreciation	845,630	825,320
Decrease (increase) in operating assets:		
Grants and contributions receivable	1,009,435	(2,200,738)
Prepaid and reimbursable expenses	99,454	(220,017)
Increase in operating liabilities:		
Accounts payable	105,767	8,134
Accrued payroll and other related expenses	<u>131,925</u>	<u>95,276</u>
Net Cash Provided by Operating Activities	<u>2,793,060</u>	<u>2,735,662</u>
Investing Activities		
Purchases of property and equipment	(239,839)	(15,043)
Purchase of investments	(381,839)	(636,662)
Purchases of certificates of deposit and money market funds	<u>(1,866,349)</u>	<u>(1,500,000)</u>
Net Cash Used in Investing Activities	<u>(2,488,027)</u>	<u>(2,151,705)</u>
Net Increase in Cash and Cash Equivalents	305,033	583,957
Cash and Cash Equivalents		
Beginning of Year	<u>6,375,486</u>	<u>5,791,529</u>
End of Year	<u>\$ 6,680,520</u>	<u>\$ 6,375,486</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	<u>\$ 0</u>	<u>\$ 0</u>

See Independent Auditors' Report and Accompanying Footnotes.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES
Notes to the Consolidated Financial Statements Years
Ended September 30, 2019 and 2018

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. As part of its operations, CAAP operates a donor advised fund that allows contributors to make donations to CAAP and later direct those funds to other charitable organizations. Lastly, ACCESS operates the National Network for Arab American Communities (NNAAC), a consortium of 27 independent Arab American community-based organizations in 11 states that focuses on building institutions and developing capacity from the grassroots to the national level.

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

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

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

See Independent Auditors' Report and Accompanying Footnotes.

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 without restrictions.

No allowance for doubtful accounts was considered necessary on September 30, 2019 and 2018, based on a specific assessment of receivables at year end and historical experience collecting grant and contribution receivables.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES**Notes to the Consolidated Financial Statements (Continued) Years**

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.

Contributions – Contributions of cash and other assets, including unconditional promises to give in the future (pledges), are measured at fair value and reported as revenue when received. Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift was received are all reported as unrestricted support. Other restricted contributions are reported as with restrictions when received and are reclassified to unrestricted net assets when the restrictions are met. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specially restricted by the donor.

Basis of Presentation – The accompanying consolidated financial statements focus on the organization as a whole and present transactions according to the existence or absence of donor-imposed restrictions. This is accomplished by classification of transactions into two classes of net assets – net assets without donor restrictions and net assets with donor restrictions. Therefore, net assets, revenues and support, expenses and gains or losses are classified based on the existence or absence of donor-imposed restrictions.

Net Assets Without Donor Restrictions – Net assets without donor restrictions are available for use at the discretion of management and/or the Board of Directors for general operating purposes. These include designated amounts which are revenues or funds the Board has set aside for a particular purpose.

Net Assets with Donor Restrictions – Net assets with donor restrictions consists of contributions that have been restricted by the donor for specific purposes or are time restricted. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature as the donor has stipulated that resources be maintained in perpetuity.

Revenues and support are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains or losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions, unless restricted by the donor. When donor restrictions expire, that is, when stipulated time restrictions end or a purpose restriction is accomplished, net assets with donor restrictions are released to net assets without donor restrictions.

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.

Comparative Financial Information – The financial information presented for comparative purposes for the

See Independent Auditors' Report and Accompanying Footnotes.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES**Notes to the Consolidated Financial Statements (Continued) Years**

year ended September 30, 2018 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 the 2018 consolidated financial statements of ACCESS from which the summarized information was derived.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES

Notes to the Consolidated Financial Statements (Continued) Years

NOTE:

1. Summary of Significant Accounting Policies (Continued)

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 on September 30, 2019 and 2018.

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.

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 more than \$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.

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, 2019, and 2018, no liability for uncertain tax benefits was recorded.

See Independent Auditors' Report and Accompanying Footnotes.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES**Notes to the Consolidated Financial Statements (Continued) Years**

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

Subsequent Events – Management has evaluated subsequent events through February 4, 2020, the date which the financial statements were available for issue.

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

Reclassification – Certain amounts for the year ended September 30, 2018 have been reclassified to conform to the financial statement presentation used for the year ended September 30, 2019.

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.

Change in Accounting Principle - In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and available resources, and the lack of consistency in the type of information provided about expenses and investment return. ACCESS has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The new standard is effective for ACCESS's year ending September 30, 2019 and thereafter and must be applied on a retrospective basis. ACCESS adopted the ASU effective October 1, 2018. Except for combining the donor restricted net asset balances, adoption of the ASU did not result in any other reclassifications or restatements to net assets or changes in net assets.

2. Certificates of Deposit and Money Market Funds

ACCESS invests in bank certificates of deposit that mature through September 2020. On September 30, 2019 and 2018 ACCESS held certificates of deposit with purchase values that approximate fair value totaling \$5,416,349 and \$3,550,000, respectively. For determination purposes, ACCESS utilizes Level 2 inputs to assess the fair value of certificates of deposit.

3. 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 can 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

See Independent Auditors' Report and Accompanying Footnotes.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES

Notes to the Consolidated Financial Statements (Continued) Years

deferred microloan funding in the liability section of the statement of financial position represents accumulated funding on September 30, 2019 and 2018 that is either awaiting repayment from program participants or that has not yet been loaned.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES

Notes to the Consolidated Financial Statements (Continued) Years

NOTE:

4. 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 can 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, 2019 and 2018 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>2019</u>	<u>2018</u>
Money market and sweep cash	\$ 124,364	\$ 490,843
Common stocks	0	575,028
Fixed income	4,173,394	1,266,769
Mutual funds	<u>1,434,329</u>	<u>3,000,894</u>
Total marketable securities	<u>\$ 5,732,087</u>	<u>\$ 5,333,534</u>
Beneficial interest in perpetual endowment	<u>\$ 1,138,505</u>	<u>\$ 1,155,220</u>

5. Lease Commitments

In January 2019, ACCESS entered a lease for office space in Detroit with a base monthly rent charge of approximately \$18,000. The total rent expense paid in connection with this and other short-term leases for office equipment was approximately \$470,000 and \$405,000 for the years ended 2019 and 2018, respectively.

As of September 30, 2019, future minimum lease payments under these leases are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Amount</u>
2020	\$ 231,845
2021	283,772

See Independent Auditors' Report and Accompanying Footnotes.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES**Notes to the Consolidated Financial Statements (Continued) Years**

2022	<u>115,062</u>
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<u>\$ 630,679</u>

ACCESS subleases portions of facilities in Dearborn and Sterling Heights with multiple tenants. Under the agreements monthly rental income totals \$16,920 on September 30, 2019 with various expiration dates through October 2022.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES

Notes to the Consolidated Financial Statements (Continued) Years

NOTE:

6. Net Assets with Donor Restrictions and Other Endowments

Net assets with donor restrictions and other endowments consisted of the following amounts on September 30:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose		
Public programming	\$ 424,954	\$ 490,000
Facility improvements	35,062	35,062
CAAP – Donor Advised Fund	1,306,467	1,234,090
CAAP – Other	<u>399,646</u>	<u>164,308</u>
	<u>2,166,129</u>	<u>1,923,460</u>
Subject to the passage of time		
Grants	1,125,000	1,687,500
Donor-Restricted Endowments, perpetual in nature, earnings are subject to endowment spending policy and appropriations		
Arab American National Museum Endowment Fund	\$ 2,712,333	\$ 2,679,522
Center for Arab American Philanthropy (CAAP)	<u>2,124,580</u>	<u>2,072,362</u>
	<u>4,836,913</u>	<u>4,751,884</u>
Perpetual in Nature, beneficial interests not subject to spending policy and appropriations		
Arab American National Museum Endowment Fund	\$ 563,096	\$ 571,360
AANM Endowment Fund for Public Programming	562,391	570,650
Drs. Barbara and Adnan Aswad Endowment Fund	<u>13,018</u>	<u>13,210</u>
	<u>1,138,505</u>	<u>1,155,220</u>
Total Net Assets with Donor Restrictions	<u>\$ 9,266,547</u>	<u>\$ 9,518,064</u>

Beneficial Interest in Perpetual Endowments

As described in Note 4, ACCESS transferred funds that represented certain donor 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.

Preservation of Donor-Restricted Endowments

ACCESS follows the State of Michigan Prudent Management of Institutional Funds Act (SPMIFA) and its own governing documents in connection with the donor restricted endowments that it maintains. SPMIFA requires that the historical dollar amount of a donor-restricted endowment fund be perpetually preserved in a prudent manner. On September 30, 2019 and 2018 there were no deficiencies of this nature. If such a deficiency occurs, the endowment would be considered underwater. When an endowment is underwater, it is management's policy to reinvest any dividends and interest until the endowment is made whole. At that time ACCESS will release remaining investment income for unrestricted use.

See Independent Auditors' Report and Accompanying Footnotes.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES

Notes to the Consolidated Financial Statements (Continued) Years

NOTE:

6. Net Assets with Donor Restrictions and Other Endowments (Continued)

Interpretation of Relevant Law

In accordance with the prudence prescribed by SPMIFA, absent explicit donor stipulations to the contrary, the Board of Directors of ACCESS has adopted policies that require preservation of the fair value of the original gift at the time donor-restricted endowment funds are contributed. As a result, ACCESS classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts donated to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not perpetual in nature is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by ACCESS, in a manner consistent with SPMIFA.

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

	<u>2019</u>	<u>2018</u>
Endowed Net Assets – October 1	\$ 4,751,883	\$ 4,443,712
Contributions	37,920	208,937
Appropriation of endowment assets for expenditure	(112,541)	(117,617)
Net investment income	<u>159,651</u>	<u>216,851</u>
Endowed Net Assets – September 30	<u>\$ 4,836,913</u>	<u>\$ 4,751,883</u>

Return Objectives and Risk Parameters

ACCESS has adopted investment policies for donor-restricted endowment assets to achieve a consistent total rate of return within reasonable and prudent levels of risk that will generate a sufficient income stream while preserving and enhancing the original principal of funds invested.

Strategies Employed for Achieving Objectives

The investment policy established utilized by ACCESS seeks an achievable return objective through diversification of asset classes. To satisfy its investment objectives, ACCESS 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).

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES

Notes to the Consolidated Financial Statements (Continued) Years

NOTE:

6. Net Assets with Donor Restrictions and Other Endowments (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The spending and investment policies work together to achieve the return objective described above. 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.

Donors of ACCESS have not placed restrictions on either investment policies or the use of investment income or net appreciation resulting from the donor-restricted endowment funds.

Other Endowments not Included in Net Assets

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>2019</u>	<u>2018</u>
Arab American National Museum Endowment Fund	\$ 2,024,063	\$ 2,053,785
AANM Endowment Fund for Public Programming	465,676	472,514
Drs. Barbara and Adnan Aswad Endowment Fund	<u>11,834</u>	<u>12,008</u>
	<u>\$ 2,501,573</u>	<u>\$ 2,538,307</u>

7. 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, 2019:

Detroit Employment Solutions Corporation	\$ 4,223,419	
Michigan Department of Education	<u>3,169,691</u>	
	<u>\$ 7,393,110</u>	

8. Functional Allocation of Expenses

Expenditures incurred in connection with the Organization's operations are summarized on a functional basis in the statement of activities to segregate program service expenses from administrative and fundraising costs.

The cost of providing program and supporting services are reported in the statement of functional expenses using natural expense categories. Salaries, employee benefits, and certain other expenses have been allocated to programs and services based on estimated employee time and effort. Occupancy costs have allocated using analysis of the utilization of ACCESS facilities. Indirect costs have been allocated between the various programs and supporting services based on estimates by management.

See Independent Auditors' Report and Accompanying Footnotes.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES
Notes to the Consolidated Financial Statements (Continued) Years
Ended September 30, 2019 and 2018

NOTE:**9. Available Resources and Liquidity**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of September 30, 2019, comprise the following:

Financial Assets

Cash and cash equivalents	\$ 6,680,520
Certificates of deposit and money market funds	5,416,349
Grants and contributions receivable	4,189,057
Investment of endowed funds	<u>5,732,087</u>
Total Financial Assets	<u>\$ 22,018,013</u>

Less amounts with limits on usage

Net assets designated for facility improvements	35,062
Net assets designated for CAAP	1,706,113
Spendable net assets with donor time restrictions	1,125,000
Endowment assets subject to endowment	
Spending policy or appropriations	<u>4,836,913</u>

Total financial assets available for general use within one year \$ 14,314,925

For purposes of this calculation, ACCESS does not consider net assets restricted by donors to fund specific programs that are within the organization's normal operations to be limits on usage.

ACCESS has an Investment Committee, that along with the Board of Directors has established an investment policy statement for the investments of ACCESS. The investment policy addresses the preservation of capital, risk aversion, and adherence to investment discipline.

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, 2019, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 4, 2020.

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

See Independent Auditors' Report and Accompanying Footnotes.

objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under ***Government Auditing Standards***.



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH **GOVERNMENT AUDITING STANDARDS** (CONTINUED)

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with **Government Auditing Standards** in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gordon Advisors, P.C.

Troy, Michigan
February 4, 2020

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

**Supplementary Information
for The Year Ended
September 30, 2019**

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES
Schedule of Expenditures of Federal Awards Year
Ended September 30, 2019

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Total 201 9 Expenditures</u>
<u>U. S. Department of Health and Human Services</u>		
Injury Prevention and Control Research		
Pass-Through Michigan Coalition to End Domestic and Sexual Violence DELTA Program	93.136	85,467
Substance Abuse and Mental Health Services Projects of Regional and National Significance		
Integrated Health Care with Arab Americans in Michigan Program	93.243	425,000
Drug-Free Communities Support Program Grants		
ACCESS Substance Abuse Program Community Coalition	93.276	125,000
Centers for Disease Control and Prevention Investigations and Technical Assistance		
Pass-Through Michigan Department of Community Health and Human Services (MI-HHS) Colorectal Cancer Education Project	93.283	60,000
National State Based Tobacco Control Programs		
Pass-Through MI-HHS Tobacco Reduction and Prevention	93.305	52,000
Trans-NIH Research Support		
Pass-Through HCM Strategies, LLC Community and Provider Gateway Initiative (See Note 5)	93.310	289,540
Cooperative Agreement to Support Navigators in Federally Facilitated Exchanges		
Centers for Medicare and Medicaid Services	93.332	180,957

See Independent Auditors' Report and Accompanying Footnotes.

Innovative State and Local Public Health Strategies to Prevent and
Manage Diabetes and Heart Disease and Stroke

Pass-Through MI-HHS

Diabetes and Cardiovascular Disease Innovative

93.435 **172,835**

Total Expenditures of Federal Awards on Page 19

\$ 1,390,799

See Independent Auditors' Report.

See Independent Auditors' Report and Accompanying Footnotes.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES

**Schedule of Expenditures of Federal Awards (Continued) Year Ended
September 30, 2019**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Total 2019 Expenditures</u>
Total Expenditures of Federal Awards from Page 19		<u>\$ 1,390,799</u>
<u>U.S. Department of Health and Human Services (Continued)</u>		
Temporary Assistance for Needy Families		
Pass-Through Southeast Michigan Community Alliance		
PATH Program	93.558	790,990
Pass-Through City of Detroit Employment Solutions Corporation		
PATH Program	93.558	4,181,576
Pass-Through MI-HHS		
Arab American Program	93.558	<u>37,225</u>
Total Temporary Assistance for Needy Families		<u>5,009,791</u>
Child Support Enforcement		
Pass-Through MI-HHS		
Arab American Program	93.563	<u>700</u>
Refugee and Entrant Assistance Discretionary Grants		
Victims of Torture Program	93.576	<u>289,920</u>
Social Services Block Grant		
Pass-Through MI-HHS		
Arab American Program	93.667	<u>58,839</u>
Medical Assistance Program		
Pass-Through MI-HHS		
Arab American Program	93.778	<u>24,233</u>

See Independent Auditors' Report and Accompanying Footnotes.

Cancer Prevention and Control Programs

Pass-Through MI-HHS

Breast and Cervical Cancer Control Program	93.898	<u>55,000</u>
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HIV Prevention Activities

Pass-Through MI-HHS

HIV Prevention Services	93.940	180,000
HIV PrEP Data Collection	93.940	<u>1,350</u>

Total HIV Prevention Activities		<u>181,350</u>
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Block Grant for Prevention and Treatment of Substance Abuse

Pass-Through Macomb County Community Mental Health
Substance Use Disorder Services (SUDS) Program

93.959	<u>34,532</u>
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Total Expenditures of Federal Awards on Page 19 and 20	<u>\$ 7,045,164</u>
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See Independent Auditors' Report.

See Independent Auditors' Report and Accompanying Footnotes.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES

Schedule of Expenditures of Federal Awards (Continued) Year Ended

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Total 201 9 <u>Expenditures</u>
Total Expenditures of Federal Awards from Page 19 and 20		\$ 7,045,164
<u>U.S. Department of Health and Human Services (Continued)</u>		
Sexually Transmitted Diseases (STD) Prevention and Control Grants		
Pass-Through MI-HHS Syphilis Elimination Program	93.977	35,000
STD Specialty Services	93.977	<u>50,000</u>
Total Sexually Transmitted Diseases Prevention and Control Grants		<u>85,000</u>
<u>Total U. S. Department Health and Human Services (Pages 19, 20, and 21)</u>		<u>7,130,164</u>
<u>U. S. Department of Agriculture</u>		
Child and Adult Care Food Program	10.558	\$ <u>260,588</u>
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)		
Pass-Through Wayne County Department of Health WIC Supplemental Food Service Program	10.557	615,600
Pass-Through Macomb County Health Department WIC Supplemental Food Service Program	10.557	252,000
Breastfeeding Initiative	10.557	<u>49,000</u>
Total Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)		<u>916,600</u>
Summer Food Service Program for Children	10.559	<u>29,608</u>
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program		
Pass-Through MI-HHS Arab American Program	10.561	<u>24,271</u>
<u>Total U. S. Department of Agriculture</u>		<u>1,231,067</u>
Total Expenditures of Federal Awards on Page 19 through 21		<u>\$ 8,361,231</u>

See Independent Auditors' Report and Accompanying Footnotes.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES

Schedule of Expenditures of Federal Awards (Continued) Year Ended

See Independent Auditors' Report.

See Independent Auditors' Report and Accompanying Footnotes.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES

Schedule of Expenditures of Federal Awards (Continued) Year Ended

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Total 201 9 Expenditures</u>
Total Expenditures of Federal Awards from Page 19 through 21		\$ <u>8,361,231</u>
<u>U. S. Department of Housing and Urban Development</u>		
Community Development Block Grant		
Pass-Through City of Dearborn		
Community Development Block Grant	14.218	<u>75,000</u>
Supportive Housing Program		
Pass-Through Wayne Metropolitan Community Action Agency		
Emergency Solutions Grant Program	14.235	<u>37,476</u>
Continuum of Care Program		
Pass-Through Wayne Metropolitan Community Action Agency		
HUD Rapid Re-housing	14.267	16,875
SSO Central Intake	14.267	<u>5,625</u>
Total Continuum of Care Program		<u>22,500</u>
<u>Total U. S. Department of Housing and Urban Development</u>		<u>134,976</u>
<u>U. S. Department of Justice</u>		
Crime Victim Assistance		
Pass-Through MI-HHS		
Services for Victims of Crime	16.575	<u>489,837</u>
Grants for Outreach and Services to Underserved Populations	16.889	<u>146,518</u>
<u>Total U. S. Department of Justice</u>		<u>636,355</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>3,169,691</u>
<u>Total U. S. Department of Education</u>		<u>3,169,691</u>
<u>National Archives and Records Administration</u>		
National Historical Publications and Records Grant		

See Independent Auditors' Report and Accompanying Footnotes.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES

Schedule of Expenditures of Federal Awards (Continued) Year Ended	<u>1,214</u>
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Arab American Archive Collaborative 89-003

<u>Total National Archives and Records Administration</u>	<u>1,214</u>
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Total Expenditures of Federal Awards on Page 19 through 22	<u>\$ 12,303,467</u>
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See Independent Auditors' Report.

See Independent Auditors' Report and Accompanying Footnotes.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES

Schedule of Expenditures of Federal Awards (Continued) Year Ended

 Total Expenditures of Federal Awards from Page 19 through 22 \$ 12,303,467
National Endowment for the Arts

Promotion of the Arts Grants to Organizations and Individuals

Artist Residency	45.024	<u>20,000</u>
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Promotion of the Arts Partnership Agreements

Pass-Through Michigan Council for Arts and Cultural Affairs		
Arab American Archive Collaborative	45.025	<u>3,380</u>

		<u>23,380</u>
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Institute of Museum and Library Services

Museums for America Program	45.301	<u>90,784</u>
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		<u>90,784</u>
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U. S. Department of Labor**Workforce Innovation and Opportunity Cluster**

Pass-Through Southeast Michigan Community Alliance		
Dislocated Worker Program	17.278	125,786
Adult Program	17.258	139,348
Youth Activities	17.259	245,364

Pass-Through City of Detroit Employment Solutions Corporation		
Dislocated Worker Program	17.278	17,047
Adult Program	17.258	<u>24,796</u>

Total Workforce Innovation and Opportunity Cluster		<u>552,341</u>
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H-1B Job Training Grants

Pass-Through Southeast Michigan Community Alliance		
Catalyst Program	17.268	<u>7,086</u>

Total H-1B Job Training Grants		<u>7,086</u>
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		<u>559,427</u>
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Corporation for National and Community Service**Social Innovation Fund**

Pass-Through United Way for Southeast Michigan		
Social Innovation Fund	94.019	<u>325,039</u>

Total Corporation for National and Community Service		<u>325,039</u>
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Total Expenditures of Federal Awards on Page 19 through 23		\$ <u>13,302,097</u>
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See Independent Auditors' Report and Accompanying Footnotes.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES

Schedule of Expenditures of Federal Awards (Continued) Year Ended

See Independent Auditors' Report.

See Independent Auditors' Report and Accompanying Footnotes.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES

Schedule of Expenditures of Federal Awards (Continued) Year Ended

Total Expenditures of Federal Awards from Page 19 through 23	\$ <u>13,302,097</u>
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Department of Homeland Security

Emergency Food and Shelter National Board Program

Pass-Through United Way Community Services

Emergency Food and Shelter Program

97.024 29,861

Total Department of Homeland Security

29,861

Total Expenditures of Federal Awards

\$ 13,331,958

* Designates Major Program as defined by the Uniform Guidance

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

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

Note 3 - Arab Community Center for Economic and Social Services (ACCESS) did not receive any awards in the form of loans, non-cash assistance, insurance, or other guarantees.

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

Note 5 - The expenditures of federal awards for the Community and Provider Gateway Initiative program shown above includes \$60,000 of awards that were passed through to subrecipients of ACCESS.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES

Schedule of Expenditures of Federal Awards (Continued) Year Ended

See Independent Auditors' Report.

See Independent Auditors' Report and Accompanying Footnotes.

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, 2019. 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, 2019.

Report on Internal Control over Compliance

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



Report on Internal Control over Compliance (Continued)

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

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

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

Gordon Advisors, P.C.

Troy, Michigan
February 4, 2020

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES (ACCESS)
Summary of Auditors' Results Year
Ended September 30, 2019

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 formajor programs	Unmodified opinion
VI. Any audit findings disclosed that are required to be reported in accordancewith the Uniform Guidance?	No
VII. Identification of major programs	

CFDA #

U.S. Department of Education

21st Century Community Learning Centers Program	84.287
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, 2019

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, 2018 and as such, a schedule of prior year findings and corrective action plan has not been prepared.

See Independent Auditors' Report and Accompanying Footnotes.

**THE CHALDEAN COMMUNITY
FOUNDATION AND SUBSIDIARY**

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended September 30, 2019

THE CHALDEAN COMMUNITY FOUNDATION AND SUBSIDIARY

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Consolidated Financial Statements	
<i>Consolidated Statement of Financial Position</i>	3
<i>Consolidated Statement of Activities</i>	4
<i>Statement of Functional Expenses – The Chaldean Community</i> Foundation	5
<i>Consolidated Statement of Cash Flows</i>	6
<i>Notes to Financial Statements</i>	7

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Chaldean Community Foundation and Subsidiary

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The Chaldean Community Foundation and Subsidiary (the "Organization", a Michigan nonprofit organization), which comprise the consolidated statement of financial position as of September 30, 2019, and the related consolidated statement of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements. We have also audited the accompanying statement of functional expenses of The Chaldean Community Foundation for the year ended September 30, 2019.

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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our 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 consolidated financial statements are free from material misstatement.

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

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

A member of UHY International, a network of independent accounting and consulting firms

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

Opinion

In our opinion, the consolidated financial statements and the statement of functional expenses referred to above present fairly, in all material respects, the financial position of The Chaldean Community Foundation and Subsidiary as of September 30, 2019, 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.

UHY LLP

Farmington Hills, Michigan July
6, 2020

THE CHALDEAN COMMUNITY FOUNDATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
September 30, 2019

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 531,135
Accounts receivable, net	113,695
Pledges receivable	611,682
Grant receivable	507,290
Prepaid expenses	<u>8,481</u>
Total current assets	1,772,283
Property and equipment, net	5,728,414
Long-term pledges receivable, net	257,611
Investment	327,705
Intangible assets, net	<u>721,241</u>
Total assets	<u>\$ 8,807,254</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 1,205,030
Accrued payroll	74,422
Unearned revenue	74,350
Grant reimbursement advance	353,000
Current portion of long-term debt	<u>52,982</u>
Total current liabilities	<u>1,759,784</u>

LONG-TERM LIABILITIES

Long-term debt, less current portion	<u>998,619</u>
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NET ASSETS

Without donor restrictions	5,100,028
With donor restrictions	<u>948,823</u>
Total net assets	<u>6,048,851</u>
Total liabilities and net assets	<u>\$ 8,807,254</u>

See notes to financial statements

THE CHALDEAN COMMUNITY FOUNDATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
For the year ended September 30, 2019

	Without Donor Restrictions	with Donor Restrictions	Total
REVENUES			
Grant income	\$ 3,911,755	\$ 500,000	\$ 4,411,755
Contributions			1,288,268
Special events	405,705	882,563	274,614
Rental income			243,444
Revenue from subsidiary (Note 13)	274,614	-	20,251
Program service			12,925
Investment income - net	243,444	-	<u>2,118</u>
	20,251	-	
	12,925	-	
	<u>2,118</u>	<u>-</u>	
Total revenues	<u>4,870,812</u>	<u>1,382,563</u>	<u>6,253,375</u>
Net assets released from restrictions	<u>2,106,486</u>	<u>(2,106,486)</u>	<u>-</u>
	<u>6,977,298</u>	<u>(723,923)</u>	<u>6,253,375</u>
EXPENSES			
Program services	3,784,616	-	3,784,616
Fundraising	246,133	-	246,133
Management and general	80,355	-	80,355
Subsidiary expenses (Note 13)	<u>45,847</u>	<u>-</u>	<u>45,847</u>
Total expenses	<u>4,156,951</u>	<u>-</u>	<u>4,156,951</u>
CHANGE IN NET ASSETS	2,820,347	(723,923)	2,096,424
NET ASSETS, Beginning	<u>2,279,681</u>	<u>1,672,746</u>	<u>3,952,427</u>
NET ASSETS, Ending	<u>\$ 5,100,028</u>	<u>\$ 948,823</u>	<u>\$ 6,048,851</u>

See notes to financial statements.

THE CHALDEAN COMMUNITY FOUNDATION AND SUBSIDIARY
STATEMENT OF FUNCTIONAL EXPENSES - THE CHALDEAN COMMUNITY FOUNDATION
For the year ended September 30, 2019

	Supporting Services				Total
	Program Services	Management and General	Fundraising	Supporting	
Salaries and wages	\$ 2,159,446	\$ 80,097	\$ -	\$ 80,097	\$ 2,239,543
Other payroll costs	607,637	6,216	-	6,216	613,853
Subcontractors	122,879	-	-	-	122,879
Occupancy	251,844	-	-	-	251,844
Supplies	170,208	5,709	-	5,709	175,917
Advertising	106,012	923	-	923	106,935
Educational outreach	113,546	-	-	-	113,546
Venue	-	-	20,495	20,495	20,495
Capital campaign costs	-	-	7,086	7,086	7,086
Annual dinner costs	-	-	39,491	39,491	39,491
Other special event costs	-	-	13,283	13,283	13,283
Transportation	38,312	10,321	-	10,321	48,633
Professional fees	13,000	42,920	-	42,920	55,920
Facility maintenance	67,151	-	-	-	67,151
Interest expense	48,015	-	-	-	48,015
Donations	51,005	-	-	-	51,005
Pharmacy	15,494	-	-	-	15,494
Other program costs	21,994	-	-	-	21,994
Performance bonus	-	10,000	-	10,000	10,000
Insurance	4,758	-	-	-	4,758
Dues and subscriptions	-	154	-	154	154
Depreciation and amortization	-	86,591	-	86,591	86,591
Bank service charges	-	3,202	-	3,202	3,202
Total expenses	<u>\$ 3,791,301</u>	<u>\$ 246,133</u>	<u>\$ 80,355</u>	<u>\$ 326,488</u>	<u>\$ 4,117,789</u>

See notes to financial statements.

THE CHALDEAN COMMUNITY FOUNDATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended September 30, 2019

OPERATING ACTIVITIES	
Change in net assets	\$ 2,096,424
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation and amortization	95,362
Debt issuance costs amortization	2,277
Changes in:	
Accounts receivable	29,368
Pledges receivable	(280,942)
Grants receivable	97,772
Prepaid expenses and other assets	11,519
Accounts payable	1,116,537
Accrued payroll	35,101
Unearned revenue	<u>53,700</u>
Net cash provided by operating activities	<u>3,257,118</u>
INVESTING ACTIVITIES	
Purchase of operating company	(780,000)
Purchase of property and equipment	(2,731,263)
Purchase of investments	(531,492)
Proceeds from sale of investments	<u>330,131</u>
Net cash (used in) investing activities	<u>(3,712,624)</u>
FINANCING ACTIVITY	
Payments on long-term debt	<u>(57,795)</u>
Net cash (used in) financing activities	<u>(57,795)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(513,301)
Cash and cash equivalents, Beginning	<u>1,044,436</u>
Cash and cash equivalents, Ending	<u>\$ 531,135</u>
SUPPLEMENTAL CASH FLOW INFORMATION	
Cash received for interest	<u>\$ 1,955</u>
Cash paid for interest	<u>\$ 48,015</u>

See notes to financial statements.

THE CHALDEAN COMMUNITY FOUNDATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Nature of Organization

The Chaldean Community Foundation (the “Foundation”) 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 Foundation will conduct fundraising activities and obtain grants exclusively to the Organization or for the benefit of its mission. On occasion, the Foundation may also earn fees on administering or obtaining grants on behalf of unrelated entities.

The Chaldean News, LLC (the “News”) is a limited liability company. The Foundation purchased the News in August 2019. The News was formed to support the Chaldean American community through publication and marketing services committed to furthering the success of the community. The News’ sole member is the Foundation.

Principles of Consolidation

The accompanying consolidated financial statements reflect the consolidated assets and liabilities, changes in net assets, and cash flows of the Chaldean Community Foundation and the Chaldean News, LLC (collectively, the “Organization”). All significant interrelated transactions between the Foundation and the News have been eliminated in consolidation.

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 the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization’s management and the Board of Directors.

THE CHALDEAN COMMUNITY FOUNDATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Use of Estimates

The preparation of consolidated 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 consolidated 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.

Concentration of Credit Risk

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

During the year ended September 30, 2019, 55% of the Organization's revenue was from the Michigan Department of Health and Human Services. On September 30, 2019, \$443,168 was due from the Michigan Department of Health and Human Services. The Organization has grant reimbursement advance from the Michigan Department of Health and Human Services in amount of \$353,000 on September 30, 2019.

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. No allowance for doubtful accounts receivable was deemed necessary by management on September 30, 2019.

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.

THE CHALDEAN COMMUNITY FOUNDATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges Receivable and Allowance for Doubtful Pledges

Pledges receivable are comprised of amounts committed from individuals for use in its capital campaign. Revenue is recognized when a pledge representing an unconditional promise to pay is received; in the absence of such a promise, revenue is recognized when the financial support is received. Pledges receivable that are expected to be collected in more than one year are recorded at present value of their estimated future cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. No allowance for doubtful pledges was deemed necessary by management on September 30, 2019.

Investments

The Organization records its investments in marketable equity securities in accordance with ASC topic Not-for-Profit entities Investments. Accordingly, investments in equity securities with readily determinable fair values and all investments in debt securities are stated at fair market value. Any related gains or losses are reported in the statement of activities. Investment return is presented net of investment fees.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of financial position.

Property, Plant and Equipment, and Depreciation and Amortization

Property, plant, 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, plant and equipment purchased more than \$5,000 is capitalized. Depreciation and amortization are provided over the estimated useful lives of the respective assets on a straight-line basis. Routine repairs and maintenance are expensed as incurred. Any expenditures, including interest, are capitalized in connection with construction of qualified assets and recorded as construction-in-progress until the qualified assets are placed in service.

THE CHALDEAN COMMUNITY FOUNDATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangibles

Goodwill is the result from the acquisition of net assets of The Chaldean News, LLC in August 2019, when the purchase cost exceeded the net asset value. In accordance with the Financial Accounting Standards ASC 350, "Goodwill and Other", the Organization shall compare the fair value of goodwill with current carrying value. Furthermore, the Organization shall perform tests for impairment of goodwill annually or more frequently if events or circumstances indicate it might be impaired. Should the fair value of goodwill be less than current carrying value, an impairment loss would be recognized. Impairment assessments are performed using a variety of methodologies, including cash flow analysis, estimates of sale proceeds and independent appraisals. Where applicable, an appropriate discount rate is used, based on the Organization's cost of capital rate or location-specific economic factors.

The Organization adopted Accounting Standards Update ("ASU") No. 2019-06. This ASU provides Not-for-Profit Entities the option to elect an accounting alternative for the subsequent measurement of goodwill. An entity that elects accounting alternative should amortize goodwill on a straight-line basis over years, or less than 10 years if the entity demonstrates that another useful life is more appropriate. An entity is further required to make an account policy election to test goodwill for impairment at the entity level or the reporting unit level. The Organization has elected to amortize goodwill over 15 years and to test goodwill for impairment at the entity level.

The Organization records acquired identifiable intangible assets at estimated cost. Identifiable assets with finite useful lives amortized over their estimated useful lives.

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 net assets without donor restrictions if the restrictions expire in the reporting period in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statement of Activities.

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

THE CHALDEAN COMMUNITY FOUNDATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contract, Grant Funds, and Grant Receivable

Funds received from reimbursable contracts and grants are recorded as revenue when the Organization incurs the eligible costs allowed under the contract or grant. A receivable is recognized for any eligible costs that have been incurred, but the related funding has not been received by the Organization.

The funds received are subject to review or audit by the funding sources and the Organization must comply with the specific rules and regulations defined in the contracts.

Advertising Income

Advertising income is recognized when advertising is posted.

Subscription Income

Subscription fees are collected on an annual basis. Subscription income is recognized when a fund is collected. There is no refund for subscription termination beyond a 60-day window from a subscription date.

Advertising

Advertising costs are expensed as incurred. Advertising expense for the year ended September 30, 2019 were \$100,250, excluding \$6,685 advertising income and expense between the News and the Foundation eliminated from the consolidated financial statements.

Income Tax Status

The Foundation 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. On September 30, 2019 and 2018, there were no uncertain tax positions that required accrual.

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

THE CHALDEAN COMMUNITY FOUNDATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Chaldean News, LLC is a for-profit entity for federal income tax purpose and therefore is subject to income tax. As the Foundation is a sole member of the News, the News's net income will be reported in the Foundation income tax return as unrelated business income. The News's tax expense during the year ended September 30, 2019 was no material to the consolidated financial statements. The News was no tax audit through the year ended September 30, 2019.

New Accounting Pronouncement

In August 2016, FASB issues ASU 2016-14 Not-for-Profit Entities (Topic 958) – Presentation of the Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly.

Functional Allocation of Expenses

Directly identifiable expenses are charged to program services and support services. Expenses related to more than one function are charged to program services and support services based on management's estimates of periodic time and expense allocation. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation. Although the allocation method used is considered appropriate, other methods could be used that would produce different amounts.

Subsequent Events

The Organization has performed a review of events after the consolidated statement of financial position date through July 6, 2020, the date the consolidated financials were available to be issued.

In December 2019, a new strain of coronavirus ("COVID-19") emerged globally. The Organization's operations may be affected by the recent and ongoing outbreak of the COVID-19 which was declared a pandemic by the World Health Organization in March 2020. The COVID-19 pandemic has had a significant impact on global markets yielding unfavorable investment returns, job loss and financial hardship on various corporations. Given the ever-evolving nature of this global emergency, the long-term impact is not yet known. During this crisis, Management expects that in the near-term donation and grant revenue will likely decline due to delays in events and donors redirecting support funds. Management is carefully monitoring the situation and identifying the current and future needs of the community the Organization serves.

THE CHALDEAN COMMUNITY FOUNDATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor restriction or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following on September 30, 2019:

Cash	\$	531,135
Accounts receivables, net		113,695
Grant receivable		<u>507,290</u>
Total financial assets		1,152,120
Amounts not available for general use as restricted in special events		74,350
as restricted in scholarship program		<u>50,000</u>
Total amount not available for general use		<u>124,350</u>
Financial assets available to meet general expenditure in one year		<u>\$ 1,027,770</u>

Grant receivable are amounts reimbursed and due from the grantors.

The Organization's financial assets have been reduced by amounts not available for general use because of funds restricted in special events and the scholarship program as the Organization received the funds in advance.

NOTE 3 - PLEDGES RECEIVABLE

Pledges receivable consists of the following:

Pledges receivable	\$	895,432
Less: unamortized discount		<u>(26,139)</u>
Net pledges receivable		<u>\$ 869,293</u>
Amounts due in: Less than one year	\$	611,682
One to five years		<u>257,611</u>
Total pledges receivable		<u>\$ 869,293</u>

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using a rate of 5.00% for the year ended September 30, 2019.

THE CHALDEAN COMMUNITY FOUNDATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 – ENDOWMENT

The Organization's endowment consists of three individual funds established for the purpose of providing scholarship. The endowment is a donor-restricted fund. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Organization has 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 explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to perpetuity endowment, (b) the original value of subsequent gifts to the perpetuity endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriate for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the Organization and the donor-restricted endowment funds, (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 Organization, and (7) the Organization's investment policies.

Return Objective, Risk Parameters and Strategies

The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Under this policy, as approved by the board of directors, the endowment net assets are to be managed with a view toward maximization of total return considering inflation risk, interest rate risk, and business or economic risk, while at all times being prudently diversified. The Organization expects its endowment fund over times to provide an average annual rate of return of approximately 5 percent. Actual returns in any given year will vary from this amount.

THE CHALDEAN COMMUNITY FOUNDATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 – ENDOWMENT (Continued)

Spending Policy

The Organization has a policy of appropriating for distribution. Decisions with respect to spending shall be made in accordance with the donor and the Board's wishes and subject to management and the Board's approval.

Changes in endowment net assets for the year ended September 30, 2019 are as follows:

Net assets with donor restrictions, beginning	\$	-
Contributions		200,000
Net investment return		<u>164</u>
Net assets with donors' restrictions, ending	\$	<u>200,164</u>

NOTE 5 – INVESTMENTS

Investments consist of the following:

Money market fund	\$	70,724
Equities		69,365
Fixed income		60,075
Certificates of deposit		<u>127,541</u>
Total	\$	<u>327,705</u>

Net investment income consists of the following:

Investment income	\$	2,260
Realized losses		(19)
Unrealized gains		7
Investment fees		<u>(130)</u>
	\$	<u>2,118</u>

THE CHALDEAN COMMUNITY FOUNDATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 – FAIR VALUE MEASUREMENTS

ASC topic *Fair Value Measurements* establishes a framework for measuring fair value. That framework 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 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC topic *Fair Value Measurements* are described as follows:

THE CHALDEAN COMMUNITY FOUNDATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 – FAIR VALUE MEASUREMENTS (Continued)

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization can access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets.
- quoted prices for identical or similar assets or liabilities in inactive markets.
- inputs other than quoted prices that are observable for the asset or liability.
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specific (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement. There are no comparable assets or liabilities that the Organization can access.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Money market funds and certificates of deposit: Value at cost plus interest earnings through the year end.

Equity funds and fixed income funds: Valued at the net asset value of share held by the Organization at year end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value or certain financial instruments could result in a different fair value measurement at the reporting date.

THE CHALDEAN COMMUNITY FOUNDATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 – FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth, by level within the fair value hierarchy, the Organization’s financial assets at fair value:

	September 30, 2019			Total
	Level1	Level2	Level3	
Assets:				
Money market funds	\$ 70,724	\$ -	\$ -	\$ 70,724
Equity funds	69,365	-	-	69,365
Fixed income	60,075	-	-	60,075
Certificates of deposit	<u>127,541</u>	-	-	<u>127,541</u>
Total	<u>\$ 327,705</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 327,705</u>

NOTE 7 – PROPERTY, PLANT AND EQUIPMENT

Property and equipment consist of the following:

Land	\$ 1,377,604
Building	2,096,498
Vehicles	40,916
Furniture and equipment	320,868
Construction in progress	<u>2,235,753</u>
Total cost	6,071,639
Accumulated depreciation	<u>(343,225)</u>
Net carrying amount	<u>\$ 5,728,414</u>

Depreciation and amortization expense were \$99,526 for the year ended September 30, 2019.

THE CHALDEAN COMMUNITY FOUNDATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 - INTANGIBLE ASSETS

Intangible assets subject to amortization consist of the following:

Customer list, net of accumulated amortization in the amount of \$1,667.	\$ 148,333
Subscription list, net of accumulated amortization in the amount of \$833.	74,167
Trade name, net of accumulated amortization in the amount of \$1,667	148,333
Goodwill, net of accumulated amortization in the amount of \$3,937	<u>350,408</u>
	<u>\$ 721,241</u>

The cost of obtaining customer list, subscription list and trade name as a part of the purchase of the Company is being amortized over 15 years on a straight-line basis. Amortization for the year ended September 30, 2019 was \$4,167.

The cost of obtaining goodwill as a part of the purchase of the Company is being amortized over 10 years on a straight-line basis. Amortization for the year ended September 30, 2019 was \$3,937.

Total amortization expense was \$8,104 for the year ended September 30, 2019. The following is the schedule of estimate future amortization expense for each of the next years and in aggregate:

<u>Years ending September 30,</u>	
2020	\$ 48,623
2021	48,623
2022	48,623
2023	48,623
2024	48,623
Subsequent	<u>478,126</u>
	<u>\$ 721,241</u>

THE CHALDEAN COMMUNITY FOUNDATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 – LONG-TERM DEBT

Long-term debt consists of the following:

	<u>Amount</u>
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 \$1,002,603. Maturity date is June 12, 2021. This loan is secured by the property.	\$ 1,055,585
Unamortized debt issuance costs	<u>(3,984)</u>
Total long-term debt	1,051,601
Less current portion	<u>52,982</u>
Long-term portion	<u>\$ 998,619</u>

Debt issuance costs related to long-term debt is presented in the consolidated statement of financial position as a direct deduction from the carrying amount of long-term debt. Amortization of the debt issuance costs totaled \$2,277 for the year ended September 30, 2019 and is included in interest expense in the consolidated statement of activities and changes in net assets.

Principal requirements on long-term debt for years ending after September 30, 2019 are as follows:

<u>Years ending September 30,</u>	
2020	\$ 52,982
2021	<u>1,002,603</u>
	<u>\$ 1,055,585</u>

The Organization entered the construction and term loan contract effective March 15, 2019. The Organization can borrow up to \$3,752,003 for the first 18 months at fixed interest rate at 3% per annum. Then the borrowing is converted to a loan at fixed interest rate at 4.94% per annum for a period ending on September 30, 2025. The loan contract requires an initial amount of \$180,000 to be funded by the borrower for the interest reserve. The loan is secured by the property. The Organization started withdrawals in October 2019.

THE CHALDEAN COMMUNITY FOUNDATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 – NET ASSETS – WITH DONOR RESTRICTIONS

Donor 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.

Donor restricted net assets consist of the following purposes as of September 30, 2019:

Capital campaign	\$ 510,405
Scholarships	358,861
John Loussia cancer fund	42,195
Project Bismutha	25,810
Giving Hearts	6,552
Emergency food & shelter	<u>5,000</u>
	<u>\$ 948,823</u>

NOTE 11 – ACQUISITION

On August 4, 2019, the Foundation acquired 100% of the membership interest of The Chaldean News, LLC. (“News”), for consideration totaling \$780,000, summarized as follow:

Cash paid to sellers	\$ 400,000
Contributions from sellers	<u>380,000</u>
	<u>\$ 780,000</u>

The following table summarizes estimated fair value of the assets acquired and liabilities assumed for the acquisition:

Accounts receivable	\$ 30,655
Property, plant, and equipment	20,000
Intangible assets	<u>375,000</u>
Total identifiable net assets	425,655
Goodwill	<u>354,345</u>
	<u>\$ 780,000</u>

The intangible assets of \$375,000 consist of customer list, subscription list and trade name. All of these are recorded at estimated fair value.

As result of the acquisition, the News recognized goodwill of \$354,345 on the date of acquisition. The goodwill primarily reflects the News’ market position.

THE CHALDEAN COMMUNITY FOUNDATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 – RELATED-PARTY TRANSACTIONS

During the year ended September 30, 2019, the Organization paid \$20,200 in fees 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 year ended September 30, 2019. During the year ended September 30, 2019, the Organization paid \$20,000 to the Chamber for staffing reimbursement associated with special events, and \$13,250 to the Chamber for office lease.

NOTE 13 – SUBSIDIARY’S INCOME AND EXPENSE

Income from subsidiary consists of the following:

Advertising income	\$ 20,096
Subscription income	<u>155</u>
Total income	<u>\$ 20,251</u>

Subsidiary’s expense consists of the following:

Salaries and wages and payroll tax	\$ 16,743
Depreciation and amortization	8,771
Cost of production	8,744
Professional fees	6,750
Office expense	1,913
Contract labor	1,676
Rent	<u>1,250</u>
	<u>\$ 45,847</u>

NOTE 14 – OPERATING LEASE

The Organization leases a copier. The lease expires in June 2022. Total lease expense for the year ended September 30, 2019 was \$3,069.

Following is a schedule of required lease payment for the future years:

<u>Year ending September 30,</u>	<u>Amount</u>
2020	\$ 2,833
2021	2,833
2022	<u>2,125</u>
	<u>\$ 7,791</u>

NOTE 15 – RETIREMENT PLAN

The Organization sponsors a 401(k)-plan covering substantially all employees with three months of service. The plan allows the Organization to make a safe harbor contribution of 3% as well as an additional 50% on the next 2% of an employee’s eligible earnings. Starting January 1, 2018, a percentage of safe harbor contributions changed to 6%. Total expense for the year ended September 30, 2019 was \$63,618.

NOTE 16 – 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. The Organization pledges its certificates of deposit as security for the Chaldean Loan Fund program. As of September 30, 2019, the Organization guaranteed loans totaling approximately \$238,500 with pledged certificates of deposit in the bank for a total balance of \$127,541. It is anticipated that the persons will be able to repay the amount due on the loan therefore, no liability has been recorded.

NOTE 17 – SUBSEQUENT EVENTS

The Organization received the SBA Paycheck Protection Program loan amounting \$473,558 in April 2020.

In April 2020, the bank released the guarantees that relate to the Chaldean Loan fund program.

Inter-Tribal Council of Michigan, Inc.

BASIC FINANCIAL STATEMENTS

September 30, 2019

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS:	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Position	11
Statement of Activities	12
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	13
Statement of Revenues, Expenditures, and	
Changes in Fund Balance – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures,	
and Changes in Fund Balance of Governmental Funds to	
the	
Statement of Activities	15
<i>Proprietary Funds:</i>	
Statement of Net Position	16
Statement of Revenues, Expenses, and	
Changes in Net Position	17
Statement of Cash Flows.....	18
<i>Fiduciary Funds:</i>	
Statement of Fiduciary Net Position.....	19
Statement of Changes in Fiduciary Net Position	20
NOTES TO FINANCIAL STATEMENTS.....	21

REQUIRED SUPPLEMENTARY INFORMATION:

MAJOR FUNDS:

Budgetary Comparison Schedules:

Agency Discretionary.....	33
Head Start 10/18.....	34
Head Start 10/19.....	35
Early Head Start 10/18.....	36
Early Head Start 10/19.....	37
OPIOID 09/19.....	38
TBHI 09/19.....	39

OTHER INFORMATION:

Combining Balance Sheet – Nonmajor Governmental Funds.....	40
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds.....	48
Combining Statement of Net Position – Internal Service Funds.....	56
Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds.....	57
Combining Statement of Cash Flows – Internal Service Funds.....	58

REPORTS ON COMPLIANCE:

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 <i>Government Auditing Standards</i>	59
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	61
Schedule of Expenditures of Federal Awards.....	63
Notes to Schedule of Expenditures of Federal Awards.....	65
Schedule of Findings and Questioned Costs.....	66
Summary Schedule of Prior Audit Findings.....	68

-----ANDERSON, TACKMAN & COMPANY, PLC



CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

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OFFICES IN
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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, 2019, and the related notes to the financial statements, which collectively comprise the Inter-Tribal Council of Michigan, Inc.'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.



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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, 2019, 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 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2020 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 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 the Inter-Tribal Council of Michigan, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Inter-Tribal Council of Michigan, Inc.'s internal control over financial reporting and compliance.



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

January 31, 2020

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, 2019, 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.

- 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>Fund Statements</u>			
Scope	<u>Government-wide Statements</u> Entire Inter-Tribal Council government (except fiduciary funds) and the Inter-Tribal Council’s component units	<u>Governmental Funds</u> activities of the Inter-Tribal Council that are proprietary or fiduciary, such as health, welfare and education	<u>Proprietary Funds</u> Activities the Inter-Tribal Council operates like private businesses	<u>Fiduciary Funds</u> Instances in which the Inter-Tribal Council is not the trustee or agent for someone else’s resources & 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 	<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 revenues, position expenditures, and changes in fund balance 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 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 received during after the end of expenditures 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 cash is expenses during year or soon regardless of when cash the year; is received or paid when goods or services

Government-wide Statements

The government-wide statements report information about the Inter-Tribal Council using accounting methods like those used by private sector companies. The statement of net position includes all the government's assets and liabilities. All 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, 2018 and 2019 is as follows:

	Governmental Activities	
	2018	2019
Current Assets \$	3,552,441	\$ 3,533,942
Capital Assets	924,270	864,647
Total Assets \$	4,476,711	\$ 4,398,589
Current Liabilities \$	1,858,663	\$ 1,926,398
Noncurrent Liabilities	829,960	811,958
Total Liabilities \$	2,688,623	\$ 2,738,356
Net Position		
Net investment in Capital Assets \$	130,182	\$ 90,069
Unrestricted	1,657,906	1,570,164
Total Net Position \$	1,788,088	\$ 1,660,233

Unrestricted net position, the part of the assets that can be used to finance day to day operations decreased by \$87,742 for the government activities. This represents a decrease of approximately 5%. The current level of unrestricted net position for our governmental activities stands at \$1,570,164. 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 2020.

The agency’s cash flow has increased from the prior year. Compensated absences have increased by \$2,455 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, 2018 and 2019 is as follows:

	Governmental Activities	
	<u>2018</u>	<u>2019</u>
Program Revenues		
Operating Grants and Contributions	\$ 16,206,620	\$ 15,926,990
Total Program Revenues	<u>16,206,620</u>	<u>15,926,990</u>
Other Revenues		
Investment Earnings	<u>2,538</u>	<u>7,744</u>
Total Revenues	<u>16,209,158</u>	<u>15,934,734</u>
Program Expenses		
General and Administration	14,657	17,524
Education	7,662,564	8,257,350
Health and Welfare	8,294,389	7,722,221
Interest Expense - Unallocated	38,201	37,298
Depreciation - Unallocated	<u>29,216</u>	<u>28,196</u>
Total Program Expenses	<u>16,039,027</u>	<u>16,062,589</u>
Change in Net Position	170,131	(127,855)
Beginning Net Position	<u>1,617,957</u>	<u>1,788,088</u>
Ending Net Position	<u>\$ 1,788,088</u>	<u>\$ 1,660,233</u>

Under Program Revenues, the local contributions 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 \$279,630 in program revenues since the end of fiscal year 2018. 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 2018 and 2019 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 \$15,926,990 in federal and state, and local supported programs at different financial levels to twelve 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 2020, the agency has administered programming that has restored approximately \$6 million back into the agency. A large amount of those funds does pay the full amount of indirect, and the agency does not anticipate any problems for the next fiscal year with their administrative or programmatic needs.

The Inter-Tribal Council's Funds

Our analysis of the Inter-Tribal Council's major funds begins on page 13, following the entity wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Inter-Tribal Council as a whole. The Inter-Tribal Council creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as Education and Health and Welfare. The Inter-Tribal Council's major funds for 2019 were the Agency Discretionary, Head Start, and Early Head Start.

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 2020. 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 2019, the Inter-Tribal Council of Michigan has \$864,647 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 \$788,521 with a mortgage payable of \$774,578. The equity of the property is currently estimated at \$13,943. 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 can assume all debt associated with the cost of maintaining the facility. 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 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 2020 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

Inter-Tribal Council of Michigan, Inc.

Statement of Net Position

September 30,
2019

	Primary Government
	<u>Governmental Activities</u>
ASSETS:	
Cash and Equivalents	\$ 1,879,874
Accounts Receivable	136
Due from Governmental Units	1,653,932
Capital Assets, Not Depreciated	140,085
Capital Assets, Net of Depreciation	<u>724,562</u>
Total Assets	\$ 4,398,589
LIABILITIES:	
Accounts Payable	\$ 1,359,635
Accrued Liabilities	275,467
Unearned Revenue	270,839
Note Payable - Due within one year	20,457
Note Payable - Due in more than one year	754,121
Compensated Absences - Due in more than one year	<u>57,837</u>
Total Liabilities	<u>2,738,356</u>
NET POSITION:	
Net Investment in Capital Assets	90,069
Unrestricted	<u>1,570,164</u>
Total Net Position	<u><u>\$ 1,660,233</u></u>

Inter-Tribal Council of Michigan, Inc.

*Statement of Activities for
the Year Ended September 30, 2019*

<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>
<i>Primary Government:</i>			
Governmental Activities:			
General and Administrative	\$ 17,524	\$ -	\$ (17,524)
Education	8,257,350	8,230,179	(27,171)
Health and Welfare	7,722,221	7,696,811	(25,410)
Interest expense - Unallocated	37,298	-	(37,298)
Depreciation - Unallocated	28,196	-	(28,196)
Total Governmental Activities	<u>\$ 16,062,589</u>	<u>\$ 15,926,990</u>	<u>(135,599)</u>
General Revenues:			
		Investment Earnings	<u>7,744</u>
		Total General Revenues	<u>7,744</u>
		Changes in Net Position	(127,855)
		Net Position - Beginning	<u>1,788,088</u>
		Net Position - Ending	<u>\$ 1,660,233</u>

Inter-Tribal Council of Michigan, Inc.

**Balance Sheet
Governmental Funds
September 30, 2019**

ASSETS:	Agency Discretionary	Head Start 10/18	Head Start 10/19	Early Head Start 10/18	Early Head Start 10/19	OPIOID 09/19	TBHI 09/19	Nonmajor Governmental Funds	Total
Cash and Equivalents	\$ 1,819,678	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,819,678
Due from Other Funds	-	-	81,503	-	26,376	-	-	568,027	675,906
Due from Governmental Units	-	-	119,447	-	94,111	179,567	275,145	985,662	1,653,932
TOTAL ASSETS	\$ 1,819,678	\$ -	\$ 200,950	\$ -	\$ 120,487	\$ 179,567	\$ 275,145	\$ 1,553,689	\$ 4,149,516
LIABILITIES:									
Accounts Payable	\$ -	\$ -	\$ 114,827	\$ -	\$ 60,757	\$ 147,381	\$ 172,566	\$ 858,565	\$ 1,354,096
Due to Other Funds	1,781,748	-	-	-	-	32,186	102,579	324,420	2,240,933
Accrued Liabilities	-	-	86,123	-	59,730	-	-	99,865	245,718
Unearned Revenue	-	-	-	-	-	-	-	270,839	270,839
TOTAL LIABILITIES	1,781,748	-	200,950	-	120,487	179,567	275,145	1,553,689	4,111,586
F Unassigned	37,930	-	-	-	-	-	-	-	37,930
TOTAL FUND BALANCES	37,930	-	-	-	-	-	-	-	37,930
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,819,678	\$ -	\$ 200,950	\$ -	\$ 120,487	\$ 179,567	\$ 275,145	\$	1,553,689

UND BALANCES:

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

Capital assets used by governmental activities	257,980
Compensated absences liability	(57,837)
Internal service funds included in governmental activities	1,422,160

Net position of governmental activities

\$ 1,660,233

Inter-Tribal Council of Michigan, Inc.

Statement of Revenues, Expenditures, and
Changes in Fund Balance - Governmental Funds for
the Year Ended September 30, 2019

REVENUES:	Agency	Head Start	Head Start	Early Head Start	Early Head Start	OPIOID	TBHI	Nonmajor Governmental	Total
	Discretionary	10/18	10/19	10/18	10/19	09/19	09/19	Funds	
Federal Grants	\$ -	\$ 444,496	\$ 2,584,784	\$ 337,987	\$ 2,005,971	\$ 1,003,920	\$ 811,272	\$ 6,132,398	\$ 13,320,828
State Grants	-	-	-	-	-	-	-	786,244	786,244
Local Contributions	-	713,800	-	557,255	-	-	-	1,484	1,272,539
Interest Income	7,744	-	-	-	-	-	-	-	7,744
Other Revenues	3,474	-	-	-	-	-	-	543,905	547,379
EXPENDITURES:									
General and Administrative	13,783	-	-	-	-	-	-	-	13,783
Education	-	1,158,296	2,584,784	895,242	2,005,971	-	-	1,583,909	8,228,202
Health and Welfare	-	-	-	-	-	1,003,920	811,272	5,880,122	7,695,314
TOTAL EXPENDITURES	13,783	1,158,296	2,584,784	895,242	2,005,971	1,003,920	811,272	7,464,031	15,937,299
NET CHANGE IN FUND BALANCES	(2,565)	-	-	-	-	-	-	-	(2,565)
FUND BALANCE-BEGINNING	40,495	-	-	-	-	-	-	-	40,495
FUND BALANCE-ENDING	\$ 37,930	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,930

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, 2019**

Net changes in fund balances - total governmental funds \$ (2,565)

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 (\$28,196) and a loss on disposal of assets (\$3,741), exceeded capital outlay \$0 in the current period. (31,937)

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 (2,455)

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 are reported with governmental activities. (90,898)

Changes in net position of governmental activities \$ (127,855)

Inter-Tribal Council of Michigan, Inc.

Statement of Net Position
Proprietary Funds
September 30, 2019

	Proprietary Funds
	Internal Service Funds
ASSETS:	
Cash and Equivalents	\$ 60,196
Due from Other Funds	1,599,942
Accounts Receivable	136
Capital Assets (Net of Depreciation)	606,667
Total Assets	\$ 2,266,941
LIABILITIES:	
Accounts Payable	\$ 5,539
Accrued Liabilities	29,749
Due to Other Funds	34,915
Note Payable - Due within one year	20,457
Note Payable - Due in more than one year	754,121
Total Liabilities	844,781
NET POSITION:	
Net Investment in Capital Assets	(167,911)
Unrestricted	1,590,071
Total Net Position	\$ 1,422,160

Inter-Tribal Council of Michigan, Inc.*Statement of Revenues, Expenses, and
Changes in Net Position - Proprietary Funds for the
Year Ended September 30, 2019*

	Proprietary Funds
	Internal Service Funds
OPERATING REVENUES:	
Charges for Services	\$ 3,113,690
TOTAL REVENUES	3,113,690
OPERATING EXPENSES:	
Personnel Services	2,881,790
Utilities	17,336
Repairs and Maintenance	35,675
Other Supplies and Expenses	205,008
Depreciation Expense	27,686
TOTAL OPERATING EXPENSES	3,167,495
OPERATING INCOME (LOSS)	(53,805)
NON-OPERATING REVENUE (EXPENSES):	
Interest Expense	(37,298)
Interest Income	205
TOTAL NON-OPERATING REVENUE (EXPENSES):	(37,093)
CHANGES IN NET POSITION	(90,898)
NET POSITION-BEGINNING	1,513,058
NET POSITION-ENDING \$	1,422,160

	Proprietary Funds
	Internal Service Funds
<i>Cash Flows from Operating Activities:</i>	
Receipts from customers or users	\$ 3,196,169
Payments to suppliers or users	(266,576)
Payments to employees	(2,872,785)
<i>Net Cash Provided (Used) by Operating Activities</i>	<u>56,808</u>
Cash flows from Capital and Related Financing Activities:	
Principal payments on long-term debt	(19,510)
Interest payments on long-term debt	(37,298)
<i>Net Cash Provided (Used) by Capital and Related Financing Activities</i>	<u>(56,808)</u>
<i>Cash flows from Investing Activities:</i>	
Interest income	<u>205</u>
Net Cash Provided (Used) by Investing Activities	<u>205</u>
Net Increase (Decrease) in Cash and Equivalents	205
Cash and Equivalents, Beginning of Period	<u>59,991</u>
Cash and Equivalents, End of Period	<u>\$ 60,196</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss) \$	(53,805)
Non-Cash and Other Non-Operating Expenses:	
Depreciation	27,686
(Increase) Decrease in Current Assets:	
Accounts Receivable (Net)	(106)
Due from Other Funds	82,585
Increase (Decrease) in Current Liabilities:	
Due to Other Funds	133
Accounts Payable	(6,078)
Accrued Liabilities	6,393

Inter-Tribal Council of Michigan, Inc.

Net Cash Provided (Used) by Operating Activities

\$ 56,808

Inter-Tribal Council of Michigan, Inc.

Statement of Fiduciary Net Position

**Fiduciary Funds
September 30, 2019**

	<u>Pension Trust Employee Retirement Plan</u>
ASSETS:	
Investments (at fair value) - Restricted	\$ 4,188,179
NET POSITION:	
Held in Trust for Pension Benefits and Other Purposes	\$ 4,188,179

Inter-Tribal Council of Michigan, Inc.

Statement of Changes in Fiduciary Net Position

Fiduciary Funds for the Year Ended September 30, 2019

	<u>Pension Trust Employee Retirement Plan</u>
ADDITIONS:	
Contributions:	
Employer	\$ 495,748
Employees	<u>226,957</u>
Total Contributions	<u>722,705</u>
Investment Income:	
Net appreciation (depreciation) in fair value of investments	<u>84,027</u>
Total Additions	<u>806,732</u>
DEDUCTIONS:	
General and Administration:	
	Benefits <u>594,294</u>
	Total Deductions <u>594,294</u>
	Net Increase 212,438
Net Position, Beginning of the Year	<u>3,975,741</u>
Net Position, End of the Year \$	<u>4,188,179</u>

Notes to Financial Statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

The Inter-Tribal Council is organized to conserve common property, to develop common resources and promote the common welfare of the member communities. As such, the Inter-Tribal Council is entitled to receive and administrate 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 comprise the Inter-Tribal Council.

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

Basis of Presentation – Government-Wide Financial Statements

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

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

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Head Start and Early Head Start 10/18 and 10/19. These funds provide comprehensive health, educational, nutritional, social, and other developmental services primarily to poor 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.

OPIOID 09/19. The ITC Opioid project provides treatment and prevention services for individuals and communities impacted by the opioid epidemic. There are two components. The Tribal Treatment and Recovery Initiative (TOTR) provides treatment and recovery support services for uninsured and underinsured American Indian/Alaskan Natives (AI/AN) with an opioid use disorder (OUD). The TOTR participants must be 12 and older and reside within the service area of one of the twelve federally recognized tribes in Michigan.

TBHI 09/19. The Tribal Behavioral Health Implementation and Tribal Models for Civil Commitment Program "TBHI" is designed to improve access to appropriate treatment and case management for adults with serious mental illness who meet the civil commitment criteria for Native Americans from eight of the federally recognized tribes in the State of Michigan ("Participating Tribes") in order to address serious mental illness.

The Inter-Tribal Council reports the following fund types:

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

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

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 regarding interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated.

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 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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Receivables

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 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 Pension Trust Fund.

Cash Management – The Inter-Tribal Council operates essentially all 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 monthly.

Interfund Transfers

During 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 and Head Start and Early Head Start 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	\$ 1,879,874	\$ -	\$ 1,879,874
Investments – Restricted	<u>-</u>	<u>4,188,179</u>	<u>4,188,179</u>
Total	<u>\$ 1,879,874</u>	<u>\$ 4,188,179</u>	<u>\$ 6,068,053</u>

Classification of cash and investments is as follows:

Bank Deposits (checking and savings)	\$ 1,879,874
Investments in Securities or Mutual Funds	<u>4,188,179</u>
Total	<u>\$ 6,068,053</u>

NOTE B - CASH AND EQUIVALENTS AND INVESTMENTS (Continued)

Investments

As of September 30, 2019, all Inter-Tribal Council investments are in external investment pools.

Custodial deposit credit risk. Custodial deposit credit risk is the risk that in the event of a bank failure, the Inter-Tribal Council’s deposits may not be returned. Federal law does not require, and the Inter-Tribal Council does not have a policy for deposit custodial credit risk. As of year-end, \$1,966,669 of the Inter-Tribal Council’s bank balance of \$2,217,684 was exposed to credit risk.

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

Custodial credit risk. Investment custodial credit risk is the risk that in the event of the failure of the counterparty, the Inter-Tribal Council will not be able to recover the value of its investment of securities that are in the possession of an outside party. Of the Inter-Tribal Council’s \$4,188,179 in investments, \$4,188,179 is not in the name of the Inter-Tribal Council’s but in the name of the agent.

Credit risk. As of September 30, 2019, Inter-Tribal Council’s investments in the external investment pools had the following Morning Star ratings:

Fund Name	Ticker Symbol	**Overall Morningstar Rating
AmFds 2010 Trgt Dt Rtrmt R6	RFTTX	4-STAR
AmFds 2015 Trgt Dt Rtrmt R6	RFJTX	4-STAR
AmFds 2020 Trgt Dt Rtrmt R6	RRCTX	4-STAR
AmFds 2025 Trgt Dt Rtrmt R6	RFDTX	5-STAR
AmFds 2030 Trgt Dt Rtrmt R6	RFETX	5-STAR
AmFds 2035 Trgt Dt Rtrmt R6	RFFTX	5-STAR
AmFds 2040 Trgt Dt Rtrmt R6	RFGTX	5-STAR
AmFds 2045 Trgt Dt Rtrmt R6	RFHTX	5-STAR
AmFds 2050 Trgt Dt Rtrmt R6	RFITX	5-STAR
AmFds 2055 Trgt Dt Rtrmt R6	FDBIX	5-STAR
AmFds 2060 Trgt Dt Rtrmt R6	RFUTX	5-STAR
AmFds EuroPacfc	RERGX	3-STAR
AmFds New Prspct R6	RNPGX	5-STAR
Carlin Eagle MdCap Gr I	HAGIX	4-STAR
Col Ovrseas Val Inst2	COSSX	5-STAR
DFA Emrg Mkt	DFEMX	3-STAR
DFA Intmd Govt Fxd Inc Inst	DFIGX	5-STAR

NOTE B -

CASH AND EQUIVALENTS AND INVESTMENTS (Continued)

Fund Name	Ticker Symbol	**Overall Morningstar Rating
DFA US SmCap Inst	DFSTX	3-STAR
DFA US Trgt Val Inst	DFFVX	4-STAR
Fed Bd Inst	FDBIX	4-STAR
Fed Gov Oblgtns Prmr	GOFXX	UNRATED
Fed Inst Hi Yld Bd Inst	FIHBX	5-STAR
Jns Hndrson Triton	JGMNX	5-STAR
NW Fxd Sel Optn	FIXED	UNRATED
NW MdCap Mkt Indx R6	GMXIX	4-STAR
PIMCO Inc Inst	PIMIX	5-STAR
TRowePr Gr Stk	PRGFX	4-STAR
Vngrd Bal Indx Adml	VBIAX	5-STAR
Vngrd Eq Inc Adml	VEIRX	5-STAR
Vngrd Intl Explr Inv	VINEX	2-STAR
Vngrd SmCap Val Indx Adml	VSIAX	4-STAR
Vngrd Trgt Rtrmt 2015 Inv	VTXVX	4-STAR
Vngrd Trgt Rtrmt 2020 Inv	VTWNX	5-STAR
Vngrd Trgt Rtrmt 2025 Inv	VTTVX	5-STAR
Vngrd Trgt Rtrmt 2030 Inv	VTHRX	4-STAR
Vngrd Trgt Rtrmt 2035 Inv	VTTHX	4-STAR
Vngrd Trgt Rtrmt 2040 Inv	VFORX	4-STAR
Vngrd Trgt Rtrmt 2045 Inv	VTIVX	4-STAR
Vngrd Trgt Rtrmt 2050 Inv	VFIFX	4-STAR

Inter-Tribal Council of Michigan, Inc.

Notes to Financial Statements

Vngrd Trgt Rtrmt 2055 Inv	VFFVX	4-STAR
Vngrd Trgt Rtrmt 2060 Inv	VTTSX	5-STAR
Vngrd Trgt Rtrmt Inc	VTINX	4-STAR
Vngrd Ttl St Mkt IndxFd AS	VTSAX	4-STAR

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

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

NOTE B - CASH AND EQUIVALENTS AND INVESTMENTS (Continued)

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Inter-Tribal Council’s assessment of the significance of 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, 2019:

<u>Investment</u>	<u>Balances at 09/30/2019</u>	<u>Quote d Prices (Level 1)</u>	<u>Significant Other Observabl e Inputs (Level 2)</u>	<u>Significant Unobservabl e Inputs (Level 3)</u>
Mutual Funds	\$ 4,188,179	\$ 4,188,179	\$ -	\$ -
Total Investments	<u>\$ 4,188,179</u>	<u>\$ 4,188,179</u>	<u>\$ -</u>	<u>\$ -</u>

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

NOTE C - PENSION PLAN

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

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual’s account are to be determined instead of specifying the amounts of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant’s account, the returns earned on investments of those contributions, and forfeitures of other participant’s benefits that may be allocated to such participant’s account. Contributions made by the Inter-Tribal Council are vested at 25% in one year, 50% in 2 years, 75% in three years, and 100% in 4 years. On September 30, 2019, there were 103 plan members. Plan members are not required to contribute; however, the Inter-Tribal Council is required to contribute 7% of annual covered payroll. On March 1, 2019, the contribution increased to 15%. During the current year, the Inter-Tribal Council contributed \$495,748 and employees contributed \$226,957 to the plan.

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

NOTE D - RELATED PARTIES

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

NOTE E - CAPITAL ASSETS

A summary of capital assets is as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
<i>Governmental Activities:</i>				
<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		-	(137,915)
Vehicles	814,177		-	(35,941)
				<u>778,236</u>
Subtotal	<u>2,381,599</u>	-		<u>(173,856)</u> <u>2,207,743</u>
<i>Less accumulated depreciation:</i>				
Buildings	(407,333)	(26,000)	-	(433,333)
Land improvements	(37,143)	(2,326)	-	(39,469)
Building improvements	(67,127)	(7,504)	-	(74,631)
Equipment	(315,700)	(1,021)	83,083	(233,638)
Vehicles	(770,111)	(19,031)	87,032	(702,110)
Subtotal	<u>(1,597,414)</u>	<u>(55,882)</u>	170,115	<u>(1,483,181)</u>
Net capital assets being depreciated	<u>784,185</u>	<u>(55,882)</u>	<u>(3,741)</u>	724,562
Total Capital Assets Net of Depreciation	<u>\$ 924,270</u>	<u>\$ (55,882)</u>	<u>\$ (3,741)</u>	<u>\$ 864,647</u>

Depreciation expense was charged to programs as follows:

<i>Governmental Activities:</i>	
General and Administrative	\$ 27,686
Unallocated	<u>28,196</u>
Total Governmental Activities	<u>\$ 55,882</u>

NOTE F - LONG-TERM DEBT

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

	Balance		Balance	Due In
	<u>10/01/18</u>	Additions	<u>Deletions</u>	<u>09/30/19</u>
				One Year
2002 Note Payable, payable monthly in the amount of \$4,734, including interest at 4.875%, secured by real estate	\$ 794,088	\$ -	\$ (19,510)	\$ 774,578
Compensated absences - net	<u>55,382</u>	<u>2,455</u>	<u>-</u>	<u>57,837</u>
Total Long-Term Debt	<u>\$ 849,470</u>	<u>\$ 2,455</u>	<u>\$ (19,510)</u>	<u>\$ 832,415</u>
				<u>\$ 20,457</u>

The annual principal and interest requirements for the years ending September 30, 2019 and after, excluding accrued compensated absences are as follows.

	<u>General Obligations</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 20,457	\$ 36,351
2021	21,450	35,358
2022	22,492	34,316
2023	23,584	33,224
2024	24,728	32,080
2025-2029	142,859	141,180
2030-2034	181,070	102,970
2035-2039	229,503	54,537
2040-2041	<u>108,435</u>	<u>5,439</u>
TOTAL	<u>\$ 774,578</u>	<u>\$ 475,455</u>

NOTE G - CONTINGENCIES

Grant Assistance – The Inter-Tribal Council has received significant financial assistance from state and federal agencies in the form of various grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and are subject to audit by the grantor agency. Any disallowed claims resulting from such audits could become a liability of the applicable fund of the Inter-Tribal Council. However, in the opinion of management, any such disallowed claims would not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the Inter-Tribal Council at September 30, 2019.

NOTE H - COMPENSATED ABSENCES

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

The annual vacation benefits earned by each employee during the current year are credited to the employee at year end. Annual leave more than 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 on September 30, 2019 for accrued vacation due employees. The amount of accrued vacation due employees is \$57,837.

NOTE I – INTERFUND RECEIVABLES AND PAYABLES

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 Payables are as follows:

		DUE FROM OTHER FUNDS				
		Head Start 10/19	Early Head Start 10/19	Nonmajor Governmental	Internal Service	Totals
DUE TO OTHER FUNDS	Agency Discretionary	\$ 81,503	\$ 26,376	\$ 73,927	\$ 1,599,942	\$ 1,781,748
	OPIOID 09/19	-	-	32,186	-	32,186
	TBHI 09/19	-	-	102,579	-	102,579
	Nonmajor Governmental	-	-	324,420	-	324,420
	Internal Service	-	-	34,915	-	34,915
	Total	\$ 81,503	\$ 26,376	\$ 568,027	\$ 1,599,942	\$ 2,275,848

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, September 30, 2018	\$ 40,495	\$ 40,495	\$ 40,495	\$ -
RESOURCES (INFLOWS)				
Other	3,474	3,474	3,474	-
Interest Income	7,744	7,744	7,744	-
AMOUNTS AVAILABLE FOR APPROPRIATION	11,218	11,218	11,218	-
CHARGES TO APPROPRIATION (OUTFLOWS)				
General and Administrative	13,783	13,783	13,783	-
TOTAL CHARGES TO APPROPRIATIONS	13,783	13,783	13,783	-
Budgetary Fund Balance, September 30, 2019	\$ 37,930	\$ 37,930	\$ 37,930	\$ -

Required Supplementary Information
Budgetary Comparison Schedule

Head Start 10/18

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary Fund Balance, September 30, 2018	\$ -	\$ -	\$ -	\$ -
RESOURCES (INFLOWS)				
Federal	444,496	444,496	444,496	-
Local	<u>713,800</u>	<u>713,800</u>	<u>713,800</u>	-
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>1,158,296</u>	<u>1,158,296</u>	<u>1,158,296</u>	-
CHARGES TO APPROPRIATION (OUTFLOWS)				
Education	<u>1,158,296</u>	<u>1,158,296</u>	<u>1,158,296</u>	-
TOTAL CHARGES TO APPROPRIATIONS	<u>1,158,296</u>	<u>1,158,296</u>	<u>1,158,296</u>	-
Budgetary Fund Balance, September 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Required Supplementary Information
Budgetary Comparison Schedule

Head Start 10/19

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary Fund Balance, September 30, 2018	\$ -	\$ -	\$ -	\$ -
RESOURCES (INFLOWS)				
Federal	3,031,061	3,031,061	2,584,784	(446,277)
Match	<u>757,766</u>	<u>757,766</u>	-	<u>(757,766)</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>3,788,827</u>	<u>3,788,827</u>	<u>2,584,784</u>	<u>(1,204,043)</u>
CHARGES TO APPROPRIATION (OUTFLOWS)				
Education	<u>3,788,827</u>	<u>3,788,827</u>	<u>2,584,784</u>	<u>1,204,043</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>3,788,827</u>	<u>3,788,827</u>	<u>2,584,784</u>	<u>1,204,043</u>
Budgetary Fund Balance, September 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Required Supplementary Information
Budgetary Comparison Schedule

Early Head Start 10/18

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary Fund Balance, September 30, 2018	\$ -	\$ -	\$ -	\$ -
RESOURCES (INFLOWS)				
Federal	2,229,017	337,987	337,987	-
Local	557,255	557,255	557,255	-
AMOUNTS AVAILABLE FOR APPROPRIATION	2,786,272	895,242	895,242	-
CHARGES TO APPROPRIATION (OUTFLOWS)				
Education	2,786,272	895,242	895,242	-
TOTAL CHARGES TO APPROPRIATIONS	2,786,272	895,242	895,242	-
Budgetary Fund Balance, September 30, 2019	\$ -	\$ -	\$ -	\$ -

Required Supplementary Information
Budgetary Comparison Schedule

Early Head Start 10/19

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary Fund Balance, September 30, 2018	\$ -	\$ -	\$ -	\$ -
RESOURCES (INFLOWS)				
Federal	2,267,569	2,267,569	2,005,971	(261,598)
Local	566,892	566,892	-	(566,892)
AMOUNTS AVAILABLE FOR APPROPRIATION	2,834,461	2,834,461	2,005,971	(828,490)
CHARGES TO APPROPRIATION (OUTFLOWS)				
Education	2,834,461	2,834,461	2,005,971	828,490
TOTAL CHARGES TO APPROPRIATIONS	2,834,461	2,834,461	2,005,971	828,490
Budgetary Fund Balance, September 30, 2019	\$ -	\$ -	\$ -	\$ -

Required Supplementary Information
Budgetary Comparison Schedule

OPIOID 09/19

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary Fund Balance, September 30, 2018	\$ -	\$ -	\$ -	\$ -
RESOURCES (INFLOWS)				
Federal	1,156,243	1,156,243	1,003,920	(152,323)
AMOUNTS AVAILABLE FOR APPROPRIATION	1,156,243	1,156,243	1,003,920	(152,323)
CHARGES TO APPROPRIATION (OUTFLOWS)				
Health and Welfare	1,156,243	1,156,243	1,003,920	152,323
TOTAL CHARGES TO APPROPRIATIONS	1,156,243	1,156,243	1,003,920	152,323
Budgetary Fund Balance, September 30, 2019	\$ -	\$ -	\$ -	\$ -

Required Supplementary Information
Budgetary Comparison Schedule

TBHI 09/19

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary Fund Balance, September 30, 2018	\$ -	\$ -	\$ -	\$ -
RESOURCES (INFLOWS)				
Federal	1,143,429	1,143,429	811,272	(332,157)
AMOUNTS AVAILABLE FOR APPROPRIATION	1,143,429	1,143,429	811,272	(332,157)
CHARGES TO APPROPRIATION (OUTFLOWS)				
Health and Welfare	1,143,429	1,143,429	811,272	332,157
TOTAL CHARGES TO APPROPRIATIONS	1,143,429	1,143,429	811,272	332,157
Budgetary Fund Balance, September 30, 2019	\$ -	\$ -	\$ -	\$ -

Other Information

Inter-Tribal Council of Michigan, Inc.

**Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds**

	BMIC-E 12/18	BMIC-E 12/19	SCIT 9/20	M/DIMES 5/19	MTFA 8/21	MTFAC 8/19	STIC 9/19	GTBB 9/19
ASSETS:								
Due from Other Funds	\$ -	\$ 8,955	\$ 8,113	\$ -	\$ 244,863	\$ -	\$ -	\$ 8,670
Due from Governmental Units	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 8,955</u>	<u>\$ 8,113</u>	<u>\$ -</u>	<u>\$ 244,863</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,670</u>
LIABILITIES:								
Accounts Payable	\$ -	\$ 1,008	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,631
Due to Other Funds	-	-	-	-	-	-	-	-
Accrued Liabilities	-	951	951	-	3,876	-	-	2,039
Unearned Revenues	-	6,996	7,162	-	240,987	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>8,955</u>	<u>8,113</u>	<u>-</u>	<u>244,863</u>	<u>-</u>	<u>-</u>	<u>8,670</u>
FUND BALANCES:								
Restricted	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 8,955</u>	<u>\$ 8,113</u>	<u>\$ -</u>	<u>\$ 244,863</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,670</u>

Other Supplementary Information
 Combining Balance Sheet
 Nonmajor Governmental Funds

	STFIRE 12/19	FFPPS 12/19	BIA 3/20	BIA 6/19	BIA-CC 12/18	BIA-F 12/19	DISPAR 3/19	DISPAR 3/20
ASSETS:								
Due from Other Funds		\$ 38,226		\$ -	\$ -		\$ -	\$ -
Due from Governmental Units	4,046	-	2,378	-	-	2,835	-	115,599
TOTAL ASSETS	<u>\$ 4,046</u>	<u>\$ 38,226</u>	<u>\$ 2,378</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,835</u>	<u>\$ -</u>	<u>\$ 115,599</u>
LIABILITIES:								
Accounts Payable	\$ -	\$ 22,532	\$ 1,552	\$ -	\$ -	\$ -	\$ -	\$ 110,330
Due to Other Funds	3,254	-	826	-	-	776	-	980
Accrued Liabilities	792	-	-	-	-	2,059	-	4,289
Unearned Revenues	-	15,694	-	-	-	-	-	-
TOTAL LIABILITIES	<u>4,046</u>	<u>38,226</u>	<u>2,378</u>	<u>-</u>	<u>-</u>	<u>2,835</u>	<u>-</u>	<u>115,599</u>
FUND BALANCES:								
Restricted	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,046</u>	<u>\$ 38,226</u>	<u>\$ 2,378</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,835</u>	<u>\$ -</u>	<u>\$ 115,599</u>

**Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds**

	NNTCP 9/19	CSBG 9/19	LIHEAP 9/19	TPREP 9/19	MAT 9/19	LAUNCH 9/19	EDA 3/19	EDA 3/20
ASSETS:								
Due from Other Funds	\$ 46,320	\$ -	\$ -	\$ 39,293	\$ 3,725	\$ 4,438	\$ -	\$ -
Due from Governmental Units	<u>1,201</u>	<u>-</u>	<u>52</u>	<u>-</u>	<u>23,152</u>	<u>133,722</u>	<u>-</u>	<u>1,082</u>
TOTAL ASSETS	<u>\$ 47,521</u>	<u>\$ -</u>	<u>\$ 52</u>	<u>\$ 39,293</u>	<u>\$ 26,877</u>	<u>\$ 138,160</u>	<u>\$ -</u>	<u>\$ 1,082</u>
LIABILITIES:								
Accounts Payable	\$ 42,965	\$ -	\$ -	\$ 38,764	\$ 17,868	\$ 124,821	\$ -	\$ 622
Due to Other Funds	-	-	52	-	-	-	-	460
Accrued Liabilities	4,556	-	-	529	9,009	13,339	-	-
Unearned Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>47,521</u>	<u>-</u>	<u>52</u>	<u>39,293</u>	<u>26,877</u>	<u>138,160</u>	<u>-</u>	<u>1,082</u>
FUND BALANCES:								
Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 47,521</u>	<u>\$ -</u>	<u>\$ 52</u>	<u>\$ 39,293</u>	<u>\$ 26,877</u>	<u>\$ 138,160</u>	<u>\$ -</u>	<u>\$ 1,082</u>

Other Supplementary Information
 Combining Balance Sheet
 Nonmajor Governmental Funds

	WSU 6/19	MIPPA 9/19	NSIP 3/20	CARE/G 3/20 6/19	ELDERLY 3/20	CCC 6/20	CCC 6/19	TCCS 7/19
ASSETS:								
Due from Other Funds	\$ -	\$ 2,100	\$ -	\$ -	\$ -	\$ 12,236	\$ -	\$ -
Due from Governmental Units	-	-	1,000	1,106	5,820	3,466	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 2,100</u>	<u>\$ 1,000</u>	<u>\$ 1,106</u>	<u>\$ 5,820</u>	<u>\$ 15,702</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES:								
Accounts Payable	\$ -	\$ 2,100	\$ 1,000	\$ 1,106	\$ 3,804	\$ 9,189	\$ -	\$ -
Due to Other Funds	-	-	-	-	106	-	-	-
Accrued Liabilities	-	-	-	-	1,910	6,513	-	-
Unearned Revenues	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>2,100</u>	<u>1,000</u>	<u>1,106</u>	<u>5,820</u>	<u>15,702</u>	<u>-</u>	<u>-</u>
FUND BALANCES:								
Restricted	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 2,100</u>	<u>\$ 1,000</u>	<u>\$ 1,106</u>	<u>\$ 5,820</u>	<u>\$ 15,702</u>	<u>\$ -</u>	<u>\$ -</u>

**Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds**

	TCCS <u>7/20</u>	CACFP <u>6/19</u>	THV <u>9/19</u>	WIA/SYP <u>6/20</u>	WIA/SYP <u>6/19</u>	W/ADULT <u>6/19</u>	W/ADULT <u>6/20</u>	MHDP <u>9/19</u>
ASSETS:								
Due from Other Funds	\$ 1,882	\$ -	\$ 144,794	\$ -	\$ -	\$ -	\$ -	\$ -
Due from Governmental Units	<u>8,671</u>	<u>27,156</u>	<u>-</u>	<u>6,698</u>	<u>-</u>	<u>-</u>	<u>16,880</u>	<u>3,173</u>
TOTAL ASSETS	<u>\$ 10,553</u>	<u>\$ 27,156</u>	<u>\$ 144,794</u>	<u>\$ 6,698</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,880</u>	<u>\$ 3,173</u>
LIABILITIES:								
Accounts Payable	\$ 9,449	\$ 18,189	\$ 138,132	\$ 6,483	\$ -	\$ -	\$ 16,818	\$ 1,579
Due to Other Funds	-	8,967	-	215	-	-	62	1,174
Accrued Liabilities	1,104	-	6,662	-	-	-	-	420
Unearned Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>10,553</u>	<u>27,156</u>	<u>144,794</u>	<u>6,698</u>	<u>-</u>	<u>-</u>	<u>16,880</u>	<u>3,173</u>
FUND BALANCES:								
Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 10,553</u>	<u>\$ 27,156</u>	<u>\$ 144,794</u>	<u>\$ 6,698</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,880</u>	<u>\$ 3,173</u>

**Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds**

	GDPP 9/19	TOR 9/19	CHV 9/19	SOR 9/19	CO/CAN 9/19	NAS 9/19	BCCCP 9/19	CAN/ANA 9/19
ASSETS:								
Due from Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 292	\$ -
Due from Governmental Units	<u>26,198</u>	<u>149,391</u>	<u>84,830</u>	<u>78,363</u>	<u>33,814</u>	<u>128,500</u>	<u>177</u>	<u>1,850</u>
TOTAL ASSETS	<u>\$ 26,198</u>	<u>\$ 149,391</u>	<u>\$ 84,830</u>	<u>\$ 78,363</u>	<u>\$ 33,814</u>	<u>\$ 128,500</u>	<u>\$ 469</u>	<u>\$ 1,850</u>
LIABILITIES:								
Accounts Payable	\$ 2,200	\$ 82,248	\$ 60,715	\$ 27,322	\$ 6,687	\$ 78,546	\$ 150	\$ 1,500
Due to Other Funds	17,943	63,777	21,344	34,415	26,266	48,869	-	350
Accrued Liabilities	6,055	3,366	2,771	16,626	861	1,085	319	-
Unearned Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>26,198</u>	<u>149,391</u>	<u>84,830</u>	<u>78,363</u>	<u>33,814</u>	<u>128,500</u>	<u>469</u>	<u>1,850</u>
FUND BALANCES:								
Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 26,198</u>	<u>\$ 149,391</u>	<u>\$ 84,830</u>	<u>\$ 78,363</u>	<u>\$ 33,814</u>	<u>\$ 128,500</u>	<u>\$ 469</u>	<u>\$ 1,850</u>

Other Supplementary Information
 Combining Balance Sheet
 Nonmajor Governmental Funds

	INFANT 9/19	MCC 9/19	MCW 3/19	MCW 3/20	MH 9/19	EARLY ON 9/19	CCF 9/19	AIR 3/19
ASSETS:								
Due from Other Funds	\$ -	\$ 460	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from Governmental Units	<u>32,898</u>	<u>713</u>	<u>-</u>	<u>13,883</u>	<u>47,909</u>	<u>18,260</u>	<u>7,292</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 32,898</u>	<u>\$ 1,173</u>	<u>\$ -</u>	<u>\$ 13,883</u>	<u>\$ 47,909</u>	<u>\$ 18,260</u>	<u>\$ 7,292</u>	<u>\$ -</u>
LIABILITIES:								
Accounts Payable	\$ 1,537	\$ 600	\$ -	\$ -	\$ 19,278	\$ -	\$ 1,552	\$ -
Due to Other Funds	29,758	-	-	12,069	28,631	18,260	5,740	-
Accrued Liabilities	1,603	573	-	1,814	-	-	-	-
Unearned Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>32,898</u>	<u>1,173</u>	<u>-</u>	<u>13,883</u>	<u>47,909</u>	<u>18,260</u>	<u>7,292</u>	<u>-</u>
FUND BALANCES:								
Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 32,898</u>	<u>\$ 1,173</u>	<u>\$ -</u>	<u>\$ 13,883</u>	<u>\$ 47,909</u>	<u>\$ 18,260</u>	<u>\$ 7,292</u>	<u>\$ -</u>

	GAP	UIC	USTP	
ASSETS:	<u>9/20</u>	<u>10/19</u>	<u>9/20</u>	<u>Total</u>
Due from Other Funds	\$ 2,275	\$ 1,385	\$ -	\$ 568,027
Due from Governmental Units	<u>1,641</u>	<u>870</u>	<u>1,036</u>	<u>985,662</u>
TOTAL ASSETS	<u><u>\$ 3,916</u></u>	<u><u>\$ 2,255</u></u>	<u><u>\$ 1,036</u></u>	<u><u>\$ 1,553,689</u></u>
LIABILITIES:				
Accounts Payable	\$ 378		\$ 910	\$ 858,565
Due to Other Funds	-	-	126	324,420
Accrued Liabilities	3,538	2,255	-	99,865
Unearned Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>270,839</u>
TOTAL LIABILITIES	<u><u>3,916</u></u>	<u><u>2,255</u></u>	<u><u>1,036</u></u>	<u><u>1,553,689</u></u>
FUND BALANCES:				
Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 3,916</u></u>	<u><u>\$ 2,255</u></u>	<u><u>\$ 1,036</u></u>	<u><u>\$ 1,553,689</u></u>

Other Supplementary Information
 Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance - Nonmajor Governmental Funds

For the Year Ended September 30, 2019

	BMIC-E 12/18	BMIC-E 12-19	SCIT 9/20	M/DIMES 5/19	MTFA 8/21	MTFAC 8/21	STIC 9/19	GTBB 9/19
REVENUES:								
Federal Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-	-	-	-	-
Local Contributions	-	-	-	-	-	-	-	-
Other Revenues	<u>24,172</u>	<u>21,504</u>	<u>29,838</u>	<u>9,770</u>	<u>8,936</u>	<u>314,433</u>	<u>50,400</u>	<u>29,000</u>
TOTAL REVENUES	<u>24,172</u>	<u>21,504</u>	<u>29,838</u>	<u>9,770</u>	<u>8,936</u>	<u>314,433</u>	<u>50,400</u>	<u>29,000</u>
EXPENDITURES:								
Health and Welfare	24,172	21,504	29,838	9,770	8,936	314,433	50,400	29,000
Education	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>24,172</u>	<u>21,504</u>	<u>29,838</u>	<u>9,770</u>	<u>8,936</u>	<u>314,433</u>	<u>50,400</u>	<u>29,000</u>
NET CHANGE IN FUND BALANCES	-	-	-	-	-	-	-	-
FUND BALANCES, OCTOBER 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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, 2019

REVENUES:	STFIRE	FFPPS	BIA	BIA	BIA-CC	BIA-F	DISPAR	DISPAR
	<u>12/19</u>	<u>12/19</u>	<u>3/20</u>	<u>6/19</u>	<u>12/18</u>	<u>12/19</u>	<u>3/19</u>	<u>3/20</u>
Federal Grants	\$ -	\$ -	\$ 16,772	\$ 12,202	\$ 48,768	\$ 54,892	\$ 592,885	\$ 491,024
State Grants	-	-	-	-	-	-	-	-
Local Contributions	-	-	-	-	-	-	-	-
Other Revenues	<u>16,546</u>	<u>31,806</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>16,546</u>	<u>31,806</u>	<u>16,772</u>	<u>12,202</u>	<u>48,768</u>	<u>54,892</u>	<u>592,885</u>	<u>491,024</u>
EXPENDITURES:								
Health and Welfare	16,546	31,806	16,772	12,202	48,768	54,892	-	-
Education	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>592,885</u>	<u>491,024</u>
TOTAL EXPENDITURES	<u>16,546</u>	<u>31,806</u>	<u>16,772</u>	<u>12,202</u>	<u>48,768</u>	<u>54,892</u>	<u>592,885</u>	<u>491,024</u>
NET CHANGE IN FUND BALANCES	-	-	-	-	-	-	-	-
FUND BALANCES, OCTOBER 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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, 2019

	NNTCP	CSBG	LIHEAP	TPREP	MAT	LAUNCH	EDA	EDA
REVENUES:	9/19	9/19	9/19	9/19	9/19	9/19	3/19	3/20
Federal Grants	\$ 500,000	\$ 107,980	\$ 88,204	\$ 382,154	\$ 376,066	\$ 352,055	\$ 91,938	\$ 67,211
State Grants	-	-	-	-	-	-	-	-
Local Contributions	-	-	-	-	-	-	-	-
Other Revenues	-	-	-	-	-	-	-	-
TOTAL REVENUES	500,000	107,980	88,204	382,154	376,066	352,055	91,938	67,211
EXPENDITURES:								
Health and Welfare	-	107,980	88,204	382,154	376,066	352,055	91,938	67,211
Education	500,000	-	-	-	-	-	-	-
TOTAL EXPENDITURES	500,000	107,980	88,204	382,154	376,066	352,055	91,938	67,211
NET CHANGE IN FUND BALANCES	-	-	-	-	-	-	-	-
FUND BALANCES, OCTOBER 1	-	-	-	-	-	-	-	-
FUND BALANCES, SEPTEMBER 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2019

	WSU	MIPPA	NSIP	CARE/G	ELDERLY	CCC	CCC	TCCS
REVENUES:	6/19	9/19	3/20	3/20	3/20	6/20	6/19	7/19
Federal	\$ -	\$ 2,100	\$ 5,242	\$ 11,652	\$ 100,463	\$ 52,057	\$ 196,056	\$ 186,391
Grants State	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-
Local Contributions								
Other Revenues	<u>7,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>7,500</u>	<u>2,100</u>	<u>5,242</u>	<u>11,652</u>	<u>100,463</u>	<u>52,057</u>	<u>196,056</u>	<u>186,391</u>
EXPENDITURES:								
Health and Welfare	7,500	2,100	5,242	11,652	100,463	52,057	196,056	186,391
Education	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>7,500</u>	<u>2,100</u>	<u>5,242</u>	<u>11,652</u>	<u>100,463</u>	<u>52,057</u>	<u>196,056</u>	<u>186,391</u>
NET CHANGE IN FUND BALANCES	-	-	-	-	-	-	-	-
FUND BALANCES, OCTOBER 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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, 2019

REVENUES:	TCCS	CACFP	THV	WIA/SYP	WIA/SYP	W/ADULT	W/ADULT	MHDP
	7/20	9/19	9/19	6/20	6/19	6/19	6/20	9/19
Federal Grants	\$ 17,480	\$ 238,241	\$ 798,240	\$ 20,190	\$ 12,803	\$ 86,440	\$ 22,948	\$ 21,800
State Grants	-	-	-	-	-	-	-	-
Local Contributions	-	-	-	-	-	-	-	-
Other Revenues	-	-	-	-	-	-	-	-
TOTAL REVENUES	17,480	238,241	798,240	20,190	12,803	86,440	22,948	21,800
EXPENDITURES:								
Health and Welfare	17,480	238,241	798,240	20,190	12,803	86,440	22,948	21,800
Education	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	17,480	238,241	798,240	20,190	12,803	86,440	22,948	21,800
NET CHANGE IN FUND BALANCES	-	-	-	-	-	-	-	-
FUND BALANCES, OCTOBER 1	-	-	-	-	-	-	-	-
FUND BALANCES, SEPTEMBER 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**Other Supplementary Information
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance - Nonmajor Governmental Funds**

	GDPP	TOR	CHV	SOR	CO/CAN	NAS	BCCCP	CAN/ANA
REVENUES:	9/19	9/19	9/19	9/19	9/19	9/19	9/19	9/19
Federal	\$ -	\$ 255,866	\$ -	\$ 156,671	\$ 125,000	\$ 242,663	\$ 50,000	\$ 27,144
Grants State	138,070	-	216,570	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-
Local Contributions	-	-	-	-	-	-	-	-
Other Revenues	-	-	-	-	-	-	-	-
TOTAL REVENUES	138,070	255,866	216,570	156,671	125,000	242,663	50,000	27,144
EXPENDITURES:								
Health and Welfare	138,070	255,866	216,570	156,671	125,000	242,663	50,000	27,144
Education	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	138,070	255,866	216,570	156,671	125,000	242,663	50,000	27,144
NET CHANGE IN FUND BALANCES	-	-	-	-	-	-	-	-
FUND BALANCES, OCTOBER 1	-	-	-	-	-	-	-	-
FUND BALANCES, SEPTEMBER 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**Other Supplementary Information
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance - Nonmajor Governmental Funds**

	INFANT	MCC	MCW	MCW	MH	EARLY ON	CCF	AIR
REVENUES:	9/19	9/19	3/19	3/20	9/19	9/19	9/19	3/19
Federal Grants	\$ -	\$ 11,500	\$ 8,844	\$ 13,883	\$ 7,800	\$ 28,612	\$ -	\$ 33,390
State Grants	92,500	-	-	-	312,754	-	26,350	-
Local Contributions	-	-	-	-	-	-	-	1,484
Other Revenues	-	-	-	-	-	-	-	-
TOTAL REVENUES	92,500	11,500	8,844	13,883	320,554	28,612	26,350	34,874
EXPENDITURES:								
Health and Welfare	92,500	11,500	8,844	13,883	320,554	28,612	26,350	34,874
Education	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	92,500	11,500	8,844	13,883	320,554	28,612	26,350	34,874
NET CHANGE IN FUND BALANCES	-	-	-	-	-	-	-	-
FUND BALANCES, OCTOBER 1	-	-	-	-	-	-	-	-
FUND BALANCES, SEPTEMBER 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**Other Supplementary Information
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance - Nonmajor Governmental Funds**

	GAP	UIC	USTP	
REVENUES:	<u>9/20</u>	<u>10/19</u>	<u>9/20</u>	<u>TOTALS</u>
Federal Grants	\$ 104,237	\$ 43,362	\$ 69,172	6,132,398
State Grants	-	-	-	786,244
Local Contributions	-	-	-	1,484
Other Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>543,905</u>
TOTAL REVENUES	<u>104,237</u>	<u>43,362</u>	<u>69,172</u>	<u>7,464,031</u>
EXPENDITURES:				
Health and Welfare	104,237	43,362	69,172	5,880,122
Education	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,583,909</u>
TOTAL EXPENDITURES	<u>104,237</u>	<u>43,362</u>	<u>69,172</u>	<u>7,464,031</u>
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCES, OCTOBER 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, SEPTEMBER 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Internal Service Funds
September 30, 2019**

	<u>IDC</u>	<u>Fringe Pool</u>	<u>Building</u>	<u>Totals</u>
ASSETS:				
Cash and Equivalents	\$ -	\$ -	\$ 60,196	\$ 60,196
Due from Other Funds	-	1,166,159	433,783	1,599,942
Accounts Receivable	-	-	136	136
Capital Assets (Net)	-	-	606,667	606,667
Total Assets	<u>\$ -</u>	<u>\$ 1,166,159</u>	<u>\$ 1,100,782</u>	<u>\$ 2,266,941</u>
LIABILITIES:				
Accounts Payable	\$ 2,239	\$ 2,647	\$ 653	\$ 5,539
Accrued Liabilities	23,398	6,351	-	29,749
Due to Other Funds	34,915	-	-	34,915
Note Payable - Due within one year	-	-	20,457	20,457
Note Payable - Due in more than one year	-	-	754,121	754,121
Total Liabilities	<u>60,552</u>	<u>8,998</u>	<u>775,231</u>	<u>844,781</u>
NET POSITION:				
Net Investment in Capital Assets	-	-	(167,911)	(167,911)
Unrestricted	-	1,157,161	493,462	1,590,071
	<u>(60,552)</u>			
	}			
Total Net Position	<u>\$ (60,552)</u>	<u>\$ 1,157,161</u>	<u>\$ 325,551</u>	<u>\$ 1,422,160</u>
	<u>}</u>			

Inter-Tribal Council of Michigan, Inc.

*Combining Statement of Revenues, Expenses, and
Changes in Net Position - Internal Service Funds for the
Year Ended September 30, 2019*

	Fringe			
	IDC	Pool	Building	Totals
OPERATING REVENUES:				
Charges for Services	<u>\$ 767,105</u>	<u>\$ 2,127,607</u>	<u>\$ 218,978</u>	<u>\$ 3,113,690</u>
TOTAL REVENUES	<u>767,105</u>	<u>2,127,607</u>	<u>218,978</u>	<u>3,113,690</u>
OPERATING EXPENSES:				
Personnel Services	629,472	2,252,318	-	2,881,790
Utilities	-	-	17,336	17,336
Repairs and Maintenance	-	-	35,675	35,675
Other Supplies and Expenses	142,297	-	62,711	205,008
Depreciation Expense	<u>-</u>	<u>-</u>	<u>27,686</u>	<u>27,686</u>
TOTAL OPERATING EXPENSES	<u>771,769</u>	<u>2,252,318</u>	<u>143,408</u>	<u>3,167,495</u>
OPERATING INCOME (LOSS)	<u>(4,664)</u>	<u>(124,711)</u>	<u>75,570</u>	<u>(53,805)</u>
NON-OPERATING REVENUE (EXPENSES):				
Interest Expense	-	-	(37,298)	(37,298)
Interest Income	<u>-</u>	<u>-</u>	<u>205</u>	<u>205</u>
TOTAL NON-OPERATING REVENUE (EXPENSES)	<u>-</u>	<u>-</u>	<u>(37,093)</u>	<u>(37,093)</u>
CHANGES IN NET POSITION	<u>(4,664)</u>	<u>(124,711)</u>	<u>38,477</u>	<u>(90,898)</u>
NET POSITION-BEGINNING	<u>(55,888)</u>	<u>1,281,872</u>	<u>287,074</u>	<u>1,513,058</u>
NET POSITION-ENDING	<u>\$ (60,552)</u>	<u>\$ 1,157,161</u>	<u>\$ 325,551</u>	<u>\$ 1,422,160</u>

Inter-Tribal Council of Michigan, Inc.

Combining Statement of Cash Flows

Internal Service Funds for the Year Ended September 30, 2019

	IDC	Fringe Pool	Building	Totals
Cash Flows from Operating Activities:				
Receipts from customers or users	\$ 767,105	\$ 2,246,223	\$ 182,841	\$ 3,196,169
Payments to suppliers or users	(140,543)	-	(126,033)	(266,576)
)	
Payments to employees	(626,562)	-	-	(2,872,785)
		(2,246,223)		
)		
Net Cash Provided (Used) by Operating Activities	-	-	56,808	56,808
Cash flows from Capital and Related Financing Activities:				
Principal Payments on Long Term Debt	-	-	(19,510)	(19,510)
)	
Interest Payments on Long Term Debt	-	-	-	(37,298)
			(37,298)	
)	
Net Cash Provided (Used) by Capital and Related Financing Activities	-	-	(56,808)	(56,808)
)	
Cash flows from Investing Activities:				
Interest Income	-	-	205	205
Net Cash Provided (Used) by Investing Activities	-	-	205	205
Net Increase (Decrease) in Cash and Equivalents	-	-	205	205
Cash and Equivalents, Beginning of Period	-	-	59,991	59,991
Non-Cash and Other Non-operating Cash and Equivalents, End of Period	\$ -	\$ -	\$ 60,196	\$ 60,196
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (4,664)	\$ (124,711)	\$ 75,570	\$ (53,805)
)		
Depreciation	-	-	27,686	27,686
Accounts Receivable (Net)	-	-	(106)	(106)

Reports on Compliance

KINROSS OFFICE

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

PHILLIP J. WOLF, CPA
LESLIE BOHN, CPA

**MEMBER AICPA
DIVISION FOR CPA FIRMS**

MEMBER MACPA

**OFFICES IN
MICHIGAN & WISCONSIN**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Inter-Tribal Council of Michigan, Inc., as of and for the year ended September 30, 2019, 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 31, 2020.

[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.

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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 31, 2020

KINROSS OFFICE

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

PHILLIP J. WOLF, CPA
LESLIE BOHN, CPA

**MEMBER AICPA
DIVISION FOR CPA FIRMS**

MEMBER MACPA

**OFFICES IN
MICHIGAN & WISCONSIN**

**INDEPENDENT AUDITOR'S REPORT ON 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, 2019. 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.

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61

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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, 2019.

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 31, 2020

Inter-Tribal Council of Michigan, Inc.

Schedule of Expenditures of Federal Awards for the Year Ended September 30, 2019

Grantor-Pass Through Grantor-Program Title	Contract Number	CFDA Number	Expenditures	
			Federal Expenditures	to Federal Subrecipients
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES:				
<i>Direct Awards (Public Health Service):</i>				
TCCS - 08-01-2019 to 07-31-2020	STTMP151121-05-00	93.296	\$ 17,480	\$ -
TCCS - 08-01-2018 to 07-31-2019	STTMP151121-04-00	93.296	186,391	-
CCC - 06-30-2018 to 06-29-2019	NU58DP006275-02-01	93.898	196,056	46,217
CCC - 06-30-2019 to 06-29-2020	NU58DP006275-03-00	93.898	52,057	6,033
NNTCP - 09-30-2018 to 09-29-2019	NU58DP006493-01-00	93.431	500,000	161,593
Healthy Start - Disparities -04-01-2019 to 03-31-2020	5H49MC00131-19-01	93.926	491,024	359,884
Healthy Start - Disparities - 04-01-2018 to 03-31-2019	6H49MC00131-18-02	93.926	<u>592,885</u>	<u>439,751</u>
Subtotal - PHS			<u>2,035,893</u>	<u>1,013,478</u>
<i>Direct Awards (Substance Abuse and Mental Health Services):</i>				
LAUNCH - 09-30-2018 to 09-29-2019	6H79SM080170-01M001	93.243	352,055	132,032
MAT - 09-30-2018 to 09-29-2019	1H79T1081385-01	93.243	<u>376,066</u>	<u>116,749</u>
Subtotal - SAMHS			<u>728,121</u>	<u>248,781</u>
<i>Direct Awards (Administration for Children & Families):</i>				
TPREP - 09-30-2018 to 09-29-2019	90AT0019-03-00	93.092	382,154	229,522
THV - 09-30-2018 to 09-29-2019	90TH0048-01-00	93.872	798,240	521,736
LIHEAP - 10-01-2018 to 09-30-2019	G-19JBMILIEA	93.568	88,204	77,337
477 Cluster				
CSBG - 10-01-2018 to 09-30-2019	G-19PCMICOSR	93.569	107,980	-
Early Head Start - 11-01-2018 TO 10-31-2019	90C1009981-01-03	93.600	2,005,971	1,611,633
Early Head Start - 11-01-2017 to 10-31-2018	90C19821-05-03	93.600	337,987	267,824
Head Start -11-01-2018 to 10-31-2019	90C1009981-01-03	93.600	2,584,784	2,027,996
Head Start -11-01-2017 to 10-31-2018	90C19821-05-03	93.600	<u>444,496</u>	<u>437,577</u>
Subtotal - ACF			<u>6,749,816</u>	<u>5,173,625</u>
<i>Direct Awards (Administration on Aging):</i>				
Elderly Outreach - 04-01-2018 to 03-31-2020	1702MIT6NS	93.047	100,463	45,271
NSIP - 04-01-2018 to 03-31-2020	1702MINSIT	93.053	5,242	5,242
MIPPA - 09-30-2018 to 09-29-2019	1802MIMTRB	93.071	2,100	2,100
Title VI - Caregiver -04-01-2017 to 03-31-2020	1702MIT6CG	93.054	<u>11,652</u>	<u>11,652</u>
Subtotal - AOA			<u>119,457</u>	<u>64,265</u>
<i>Pass-through from Michigan Department of Community Health:</i>				
MCC -10-01-2018 to 09-30-2019	E20192494-00	93.898	11,500	-
Co-Cancer - 10-01-2018 to 09-30-2019	E20192493-00	93.283	125,000	-
Analysis of Cancer -10-01-2018 to 09-30-2019	E20192639-00	93.898	27,144	-
Breast & Cervical Cancer - 10-01-2018 to 09-30-2019	E20192492-00	93.898	50,000	-
MHDP 10-01-2018 to 09-30-2019	E20193202-00	93.991	21,800	-
TOR - 10-01-2018 to 09-30-2019	E20193181-00	93.788	255,866	170,029
NAS - 10-01-2018 to 09-30-2019	E20192397-00	93.959	242,663	162,163
OPIOID -10-01-2018 to 09-30-2019	E20192424-00	93.788	1,003,920	827,854
SOR - 10-01-2018 to 09-30-2019	E20193447-00	93.788	156,671	10,020
TBHI -10-01-2018 to 09-30-2019	E20192154-00	93.958	811,272	800,159
Mental Health - 10-01-2018 to 09-30-2019	E20192153-00	93.958	<u>7,800</u>	<u>7,800</u>
Subtotal -MDCH			<u>2,713,636</u>	<u>1,978,025</u>
<i>Pass-through from the Medical College of Wisconsin, Inc:</i>				
Environmental Health	IR01ES028255	93.113	13,883	-

Inter-Tribal Council of Michigan, Inc.

Environmental Health	IR01ES028255	93.113	<u>8,844</u>	<u>-</u>
Subtotal -MCW			<u>22,727</u>	<u>-</u>
Total U.S. Department of Health & Human Services			<u>12,369,650</u>	<u>8,478,174</u>

Inter-Tribal Council of Michigan, Inc.

Schedule of Expenditures of Federal Awards for the Year Ended September 30, 2019

<u>Grantor-Pass Through Grantor-Program Title</u>	<u>Contract Number</u>	<u>CFDA Number</u>	<u>Expenditures</u>	
			<u>Federal Expenditures</u>	<u>to Federal Subrecipients</u>
U.S. DEPARTMENT OF AGRICULTURE:				
<i>Pass-through from Michigan Department of Education:</i>				
Child and Adult Care Food Program - 09-30-2019	170000006	10.558	<u>238,241</u>	<u>238,241</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY:				
<i>Direct Awards:</i>				
AIR - 04-01-2018 to 03-31-2019	TX-97522907	66.038	33,390	-
USTP - 10-01-2018 to 09-30-2020	DI-96589407	66.473	69,172	-
UIC - 09-10-2018 to 10-31-2019	DI-01E02027	66.473	43,362	-
GAP - 10-01-2018 to 09-30-2020	GA-99519613	66.926	<u>104,237</u>	<u>-</u>
Total U.S. Environmental Protection Agency			<u>250,161</u>	<u>-</u>
U.S. DEPARTMENT OF INTERIOR:				
<i>Direct Awards:</i>				
477 Cluster				
BIA Child Care Welfare Assist. Program - 01-01-2016 to 06-30-2019	A16AV00532	15.113	12,202	12,202
BIA Child Care Welfare Assist. Program - 04-15-2019 to 03-31-2020	A19AV00672	15.113	16,772	16,772
BIA Forest Development - 01-01-2019 to 12-31-2019	A19AV00399	15.035	54,892	-
BIA Climate Change-04-01-2015 to 12-31-2018	A15AV00507	15.156	<u>48,768</u>	<u>-</u>
Total U.S. Department of Interior			<u>132,634</u>	<u>28,974</u>
U.S. DEPARTMENT OF LABOR:				
<i>Direct Awards:</i>				
477 Cluster				
WIA-SYP -04-01-2019 to 06-30-2020	AB-33532-19-60-A-26	17.265	20,190	18,734
WIA-SYP - 07-01-2018 to 06-30-2019	AB-32372-18-60-A-26	17.265	12,803	8,829
WIA-Adult - 07-01-2019 to 06-30-2020	AB-33532-19-60-A-26	17.265	22,948	22,155
WIA-Adult - 07-01-2018 to 06-30-2019	AB-32372-18-60-A-26	17.265	<u>86,440</u>	<u>77,883</u>
Total U.S. Department of Labor			<u>142,381</u>	<u>127,601</u>
U.S. DEPARTMENT OF COMMERCE:				
<i>Direct Awards:</i>				
EDA - 04-01-2016 to 03-31-2019	ED18CHI3020013	11.302	91,938	-
EDA - 04-01-2019 to 03-31-2020	ED19CH13020012	11.302	<u>67,211</u>	<u>-</u>
Total U.S. Department of Commerce			<u>159,149</u>	<u>-</u>
U.S. DEPARTMENT OF EDUCATION:				
<i>Pass-through from Michigan Department of Community Health:</i>				
Infant & Families with Disabilities (Early On) - 10-01-2018 to 09-30-2019	H181A180012	84.181	<u>28,612</u>	<u>-</u>

Inter-Tribal Council of Michigan, Inc.

Total Expenditures of Federal Awards

\$ 13,320,828

\$ 8,872,990

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

NOTE C - OVERSIGHT AGENCY:

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

NOTE D - CLUSTERS:

The 477-cluster received funding from the following sources:

<u>Federal Award Program</u>	<u>CFDA Number</u>
CSBG - 10/1/18-9/30/19	93.569
BIA Child Care Welfare Assist. Program 1/1/16-6/30/19	15.113
BIA Child Care Welfare Assist. Program 4/15/19- 3/31/20	15.113
WIA/SYP 4/1/14-6/30/18	17.265
WIA/SYP 7/1/18-6/30/19	17.265
WIA/Adult 4/1/18-6/30/21	17.265
WIA/Adult 1/1/19-6/30/20	17.265

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Awards

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

Identification of Major Programs

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.092	T PREP
93.926	Healthy Start
93.872	THV
93.958	TBHI
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.

KINROSS OFFICE

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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, 2019, and have issued our report thereon dated January 31, 2020. 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 30, 2019, 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.



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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 30, 2019.

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 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 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 because 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 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 our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 31, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, like 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 (Prior Year)

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.

Status: Corrected.

Subrecipient Awards (Prior Year)

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 the 2 CFR 200.331(a) requirements.

Status: Uncorrected.

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 31, 2020

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

Bloomfield Hills,

Michigan May 31, 2020

and 2019

COMBINED FINANCIAL STATEMENTS

Including Independent Auditor's Report

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

TABLE OF CONTENTS

Independent Auditor's Report	1 - 2
Financial Statements	
<i>Combined Statement of Financial Position</i>	3
<i>Combined Statement of Activities and Changes in Net Assets</i>	4
<i>Combined Statement of Functional Expenses</i>	5
<i>Combined Statement of Cash Flows</i>	6
<i>Notes to Combined Financial Statements</i>	7 - 28
Supplemental Information	
<i>Independent Auditor's Report on Supplemental Information Jewish Federation of Metropolitan Detroit</i>	29
Combining Statement of Financial Position	30
Combining Statement of Activities and Changes in Net Assets	31
<i>United Jewish Foundation</i>	
Combining Statement of Financial Position	32
Combining Statement of Activities and Changes in Net Assets	33



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Independent Auditor's Report

To the Board of Governors
 and the Board of Directors
 Jewish Federation of Metropolitan Detroit
 and 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, 2020 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, 2020 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.

Report on Summarized Comparative Information

We have previously audited the Jewish Federation of Metropolitan Detroit and the United Jewish Foundation's 2019 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated October 11, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2019 is consistent, in all mat



the audited combined financial statements from which it has been derived.

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

Emphasis of Matters

As described in Note 2 to the combined financial statements, as of June 1, 2019, the Jewish Federation of Metropolitan Detroit and the United Jewish Foundation adopted Financial Accounting Standards Board Accounting Standards Update No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

Additionally, also as described in Note 2 to the combined financial statements, the Jewish Federation of Metropolitan Detroit and the United Jewish Foundation were impacted by the COVID-19 pandemic.

Our opinion is not modified with respect to either of these matters.

Plante & Moran, PLLC

October 7, 2020

JEWISH FEDERATION OF METROPOLITAN DETROIT AND UNITED JEWISH FOUNDATION

COMBINED STATEMENT OF FINANCIAL POSITION May 31,
2020

(With Comparative Combined Totals as of May 31, 2019)

ASSETS				
	Jewish Federation of Metropolitan	United Jewish	2020	2019
	Detroit	Foundation	Combined	Combined
ASSETS				
Cash and cash equivalents	\$ 600	\$ 752,898	\$ 753,498	\$ 752,931
Investments (Note 3)	26,461,781	533,427,650	559,889,431	540,961,348
Accounts receivable, net (Note 5)	400,236	10,309,304	10,709,540	10,056,576
Pledges receivable, net (Note 6)	19,791,460	11,782,686	31,574,146	33,667,290
Notes receivable, net (Note 7)	-	8,869,122	8,869,122	8,921,345
Interorganization (payable) receivable	(1,567,323)	1,567,323	-	-
Donated real estate and other interest held for investment, net	-	3,243,662	3,243,662	9,529,005
Advances and other assets	219,984	3,079,302	3,299,286	3,846,614
Property and equipment, net (Note 8)	301,972	57,290,094	57,592,066	59,538,925
TOTAL ASSETS	<u>\$ 45,608,710</u>	<u>\$ 630,322,041</u>	<u>\$ 675,930,751</u>	<u>\$ 667,274,034</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Appropriations payable				
General	\$ 13,078,615	\$ 3,441,949	\$ 16,520,564	\$ 23,485,619
Jewish Federations of North America and overseas	7,110,927	-	7,110,927	8,059,530
Trade accounts and other payables	2,456,360	1,420,562	3,876,922	4,692,546
Constituent agencies and other deposits	-	68,024,489	68,024,489	66,381,494
Bonds, notes and other payables (Note 9)	1,499,989	654,175	2,154,164	1,195,783
Charitable trust annuities payable	-	7,671,248	7,671,248	8,435,299
Other organizations payable	-	13,673,207	13,673,207	13,886,336
Contributions designated for future periods	-	3,285,174	3,285,174	3,197,435
Total Liabilities	<u>24,145,891</u>	<u>98,170,804</u>	<u>122,316,695</u>	<u>129,334,042</u>
NET ASSETS				
Without Donor Restrictions	21,462,819	299,207,516	320,670,335	299,890,202
With Donor Restrictions	-	232,943,721	232,943,721	238,049,790
Total Net Assets	<u>21,462,819</u>	<u>532,151,237</u>	<u>553,614,056</u>	<u>537,939,992</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 45,608,710</u>	<u>\$ 630,322,041</u>	<u>\$ 675,930,751</u>	<u>\$ 667,274,034</u>

See accompanying notes to combined financial statements.

Page 3

JEWISH FEDERATION OF METROPOLITAN DETROIT AND UNITED JEWISH FOUNDATION

COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended May 31, 2020

(With Comparative Combined Totals for the Year Ended May 31, 2019)

	Jewish Federation of Metropolitan Detroit		United Jewish Foundation		Eliminating Adjustments	2020 Combined	2019 Combined
	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total UJF			
OPERATING REVENUE AND SUPPORT							
Public support from contributions	\$ 43,034,766	\$ 52,416,868	\$ 7,125,348	\$ 59,542,216	\$ (13,892,912)	\$ 88,684,070	\$ 71,551,011
Revenue							
Investment income (loss) (including unrealized losses)	8,622	4,763,688	1,013,990	5,777,678	-	5,786,300	(420,567)
Loss on disposition of assets	-	(768,857)	-	(768,857)	-	(768,857)	-
Interorganization appropriations	7,672,371	1,633,034	683,130	2,316,164	(9,988,535)	-	-
Miscellaneous fees and other	5,159,461	5,048,736	(329,023)	4,719,713	(290,000)	9,589,174	9,209,774
Net assets released from restrictions	-	14,386,461	(14,386,461)	-	-	-	-
Total Revenue	12,840,454	25,063,062	(13,018,364)	12,044,698	(10,278,535)	14,606,617	8,789,207
Total Operating Revenue and Support	55,875,220	77,479,930	(5,893,016)	71,586,914	(24,171,447)	103,290,687	80,340,218
OPERATING EXPENSES							
Program Services Distributions							
Federation's annual campaign	-	13,892,912	-	13,892,912	(13,892,912)	-	-
Jewish Federations of North America and overseas	7,702,342	-	-	-	-	7,702,342	9,452,089
Local agencies	18,252,572	17,704,751	-	17,704,751	(9,988,535)	25,968,788	34,004,851
Other charitable organizations	1,268,148	28,790,084	-	28,790,084	-	30,058,232	25,012,487
Other	8,720,431	5,481,014	-	5,481,014	-	14,201,445	11,951,635
Total Program Services	35,943,493	65,868,761	-	65,868,761	(23,881,447)	77,930,807	80,421,062
Support Services Administrative							
Financial resource development	6,294,106	684,438	-	684,438	(290,000)	6,688,544	6,542,975
Bad debt (recovery) expense	2,740,531	-	-	-	-	2,740,531	2,635,963
Other	(102,461)	63,123	-	63,123	-	(39,338)	794,920
Other	107,875	188,204	-	188,204	-	296,079	286,657
Total Support Services	9,040,051	935,765	-	935,765	(290,000)	9,685,816	10,260,515
Total Operating Expenses	44,983,544	66,804,526	-	66,804,526	(24,171,447)	87,616,623	90,681,577
Increase (Decrease) in Net Assets from Operations	10,891,676	10,675,404	(5,893,016)	4,782,388	-	15,674,064	(10,341,359)
Transfer of funds	-	(786,947)	786,947	-	-	-	-

See accompanying notes to combined financial statements.

INCREASE (DECREASE) IN NET ASSETS	10,891,676	9,888,457	(5,106,069)	4,782,388	-	15,674,064	(10,341,359)
NET ASSETS - Beginning of Year	10,571,143	289,319,059	238,049,790	527,368,849		537,939,992	548,281,351
NET ASSETS - END OF YEAR	\$ 21,462,819	\$ 299,207,516	\$ 232,943,721	\$ 532,151,237	\$ -	\$ 553,614,056	\$ 537,939,992

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, 2020

(With Comparative Combined Totals for the Year Ended May 31, 2019)

	Jewish Federation of Metropolitan Detroit			United Jewish Foundation			2020 Combined	2019 Combined
	Direct Programs	Administrative Services	Resource	Direct Programs	Administrative Services	Eliminating		
			Development			Adjustments		
DISTRIBUTIONS								
Federation's annual campaign	\$			\$ 13,892,912	\$ -	\$ (13,892,912)	\$ -	\$ -
Jewish Federations of North America								
and overseas	7,702,342			-	-	-	7,702,342	9,452,089
Local agencies	18,252,572			17,704,751	-	(9,988,535)	25,968,788	34,004,851
Other charitable organizations	1,268,148			28,790,084	-	-	30,058,232	25,012,487
Total Distributions	27,223,062	-	-	60,387,747	-	(23,881,447)	63,729,362	68,469,427
OPERATING EXPENSES								
Other program services	2,467,355			713,033	-	-	3,180,388	1,691,677
Salaries and wages	3,254,160	3,862,580	1,849,708	-	-	-	8,966,448	8,738,537
Employee benefits	554,593	973,690	393,048	-	-	-	1,921,331	1,561,908
Other personnel	257,449	269,041	108,603	-	-	-	635,093	626,466
Rent and building costs	70,760	183,425	35,815	529,560	320,160	(290,000)	849,720	1,180,562
Professional services	33,863	213,248		7,310	161,488	-	415,909	462,233
Meetings and events	811,790	233,832	55,713				1,101,335	1,022,443
Missions	951,164						951,164	339,437
Marketing	64,019	51,695	30,923				146,637	173,118
Professional development and donor cultivation	48,349	98,649	21,566				168,564	221,552
Interest and bank fees	8,346		109,216	39,138	80,679	-	237,379	241,318
Postage	9,459	41,176	16,621				67,256	80,935
Office expense	11,357	47,822	12,464				71,643	54,332
Property expenses				289,163	30,025	-	319,188	199,605
Equipment repairs and maintenance	18,315	80,897	32,656				131,868	147,770
Information technology support	50,012	141,248	57,017				248,277	254,248
Telephone	13,359	42,562	17,181				73,102	74,277
Insurance	16,044	54,241		14,657	77,907	-	162,849	75,874
Other				45,363	14,179	-	59,542	96,339
Depreciation and Bad Debt	8,640,394	6,294,106	2,740,531	1,638,224	684,438	(290,000)	19,707,693	17,242,631
Total Operating Expenses Before								
Depreciation	80,037	76,852	31,023	3,842,790	188,204	-	4,218,906	4,174,599
Bad debt expense (recovery)	-		(102,461)		63,123	-	(39,338)	794,920
TOTAL OPERATING EXPENSES	\$ 35,943,493	\$ 6,370,958	\$ 2,669,093	\$ 65,868,761	\$ 935,765	\$ (24,171,447)	\$ 87,616,623	\$ 90,681,577

See accompanying notes to combined financial statements.

JEWISH FEDERATION OF METROPOLITAN DETROIT AND UNITED JEWISH FOUNDATION

COMBINED STATEMENT OF CASH FLOWS May 31,
2020

(With Comparative Prior Year Information)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 15,674,064	\$ (10,341,359)
Adjustments to reconcile increase in net assets to net cash flows from operating activities		
Depreciation	4,218,906	4,174,599
Bad debt (recovery) expense	(39,338)	794,920
Change in value of liability for charitable trust annuities	365,829	269,574
Net unrealized loss on investments	16,629,129	16,296,968
Net realized gain on investments	(10,125,165)	(3,376,189)
Loss on disposals of donated real estate and other interests and property and equipment	768,857	249,656
Partnership and other investment loss (income)	4,342	(125,280)
Contributions restricted for permanent investment	(3,381,116)	(2,485,527)
Contribution of donated real estate and other interests held for investment	-	(1,000,000)
Increase (decrease) in assets and liabilities		
Accounts receivable	(708,132)	1,750,916
Pledges receivable	2,126,688	(1,482,920)
Advances and other assets	547,328	(286,442)
Appropriations payable, trade accounts, and other payables	(8,729,282)	(759,311)
Constituent agencies and other deposits	1,642,995	(2,236,776)
Other organizations payable	(213,129)	626,868
Contributions designated for future periods and charitable trust annuities payable	<u>87,739</u>	<u>92,071</u>
Net Cash Flows from Operating Activities	<u>18,869,715</u>	<u>2,161,768</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds from sale of donated real estate and other interests held for investment	5,512,145	3,492,034
Net uses from purchases of investments	(25,432,047)	(1,772,949)
Purchases of property and equipment	(2,272,047)	(3,216,144)
Net proceeds from collection of notes receivable	<u>52,223</u>	<u>164,518</u>
Net Cash Flows used in Investing Activities	<u>(22,139,726)</u>	<u>(1,332,541)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts on contributions restricted for permanent investment	3,442,077	775,864
Payments on charitable trust annuities	(1,129,880)	(1,178,829)
Net proceeds (payments) on notes payable	<u>958,381</u>	<u>(424,370)</u>
Net Cash Flows provided by (used in) Financing Activities	<u>3,270,578</u>	<u>(827,335)</u>
Net Increase in Cash and Cash Equivalents	567	1,892
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>752,931</u>	<u>751,039</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 753,498</u>	<u>\$ 752,931</u>
Supplemental cash flow disclosures		
Cash paid for interest	<u>\$ 31,217</u>	<u>\$ 38,455</u>
Cash paid for income taxes	<u>\$ 17,332</u>	<u>\$ 22,440</u>

See accompanying notes to combined financial statements.

Page 6

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

NOTES TO COMBINED FINANCIAL STATEMENTS May 31,
2020 and 2019

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. All material transactions between JFMD and UJF have been eliminated in the combination.

NOTE 2 – Summary of Significant Accounting Policies

Basis of Accounting

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

Classification of Net Assets

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

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

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

Cash and Cash Equivalents

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

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

NOTES TO COMBINED FINANCIAL STATEMENTS May 31,
2020 and 2019

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

NOTES TO COMBINED FINANCIAL STATEMENTS May 31,
2020 and 2019

NOTE 2 – Summary of Significant Accounting Policies (continued)

Contributions

Contributions are generally reported as increases to net assets without donor restriction unless the related assets are limited by donor-imposed restrictions. Contributions and investment income with donor-imposed restrictions are revenues reported as with donor restriction and are reclassified to net assets without donor restriction when expenses are incurred that satisfy the donor-imposed restrictions or upon expiration of donor-imposed time restrictions. Contributions are transfers of cash or other assets, which 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. Expirations of donor-imposed stipulations that simultaneously increase one class of net assets and decrease another are reported as reclassifications between the applicable classes of net assets.

Support Foundations and Philanthropic Funds

Net assets without donor restriction of UJF include various support foundations and philanthropic funds. Support foundations are governed by individual Boards of Directors (“the Boards”). However, the support foundations are included in the financial statements because of their shared purpose with UJF in supporting JFMD. These foundations have total assets of \$123,444,355 and \$117,376,692 as of May 31, 2020 and 2019, respectively. Philanthropic funds have total assets of \$92,198,824 and \$86,362,853 on May 31, 2020 and 2019, respectively.

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

Constituent Agency Deposits

Deposits from constituent agencies and other organizations are reported in the UJF portfolio at fair value on the combined statement of financial position. Changes in the fair value of these deposits are reflected as a change in the corresponding liability on the combined statement of financial position. These transactions are not included in the combined statement of activities and changes in net assets. Investment (loss)/ income related to these deposits totaled (\$55,513) and \$689,053 for the years ended May 31, 2020 and 2019, 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,
2020 and 2019

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, 2020 and 2019 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 more than 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,
2020 and 2019

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 0.2 to 2.9 percent based on the years in which the promises are received and commensurate with the expected payment dates.

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

Notes Receivable

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

The organizations consider a financing loan receivable to be impaired when, based upon current information and events, it believes it is probable that the organizations will be unable to collect all amounts due according to the contractual terms of the loan agreement. The organizations had \$341,152 in loans 90 days or more past due and considered to be impaired or uncollectible as of May 31, 2020 and 2019. 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 \$436,500 and \$6,356,500 as of May 31, 2020 and 2019, respectively, and donated interests in partnerships and trusts carried at \$461,183 and \$465,520 as of May 31, 2020 and 2019, respectively. The assets are recorded at their estimated fair values at the date of donation, as determined by independent appraisals. Subsequent to initial acquisition, donated interests in partnerships and trusts are accounted for under the cost or equity method, depending on the ownership level.

Also included in donated real estate and other interests held for investments are single premium annuity contracts related to life insurance policies on the respective donor's life, carried at \$2,345,979 and

\$2,663,979 as of May 31, 2020 and 2019. The organizations record these transactions in accordance with generally accepted accounting principles for deposit accounting. The organizations will ultimately receive, at a minimum, the

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

NOTES TO COMBINED FINANCIAL STATEMENTS May 31,
2020 and 2019

original amount invested, plus interest, via annuity payments and death benefits. Since there is no transfer of risk associated with the life insurance policies, the related annuity and life insurance investments are accounted for as deposit transactions. Life insurance premium payments are recorded in a deposit account and are offset by the return of the principal portion of the annuity payments.

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

NOTES TO COMBINED FINANCIAL STATEMENTS May 31,
2020 and 2019

NOTE 2 – Summary of Significant Accounting Policies (continued)

Advances and Other Assets

Included in advances and other assets is the cash surrender value of donated life insurance policies whereby UJF has been named as the beneficiary. The total cash surrender value of life insurance policies included in advances and other assets was \$2,753,933 and \$2,557,953 as of May 31, 2020 and 2019, respectively.

Property and Equipment

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

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

Impairment of Long-Lived Assets

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

Appropriations Payable

Appropriations payables 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

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

NOTES TO COMBINED FINANCIAL STATEMENTS May 31,
2020 and 2019

accordance with the agreement for a specified period of time, at which time the remaining assets and future investment return are retained by the organizations. The organizations typically serve as trustee for the split-interest agreement.

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

NOTES TO COMBINED FINANCIAL STATEMENTS May 31,
2020 and 2019

NOTE 2 – Summary of Significant Accounting Policies (continued)

Charitable Trust Annuities Payable (continued)

The organizations have recorded the estimated fair value of the investments associated with irrevocable split-interest agreements and an estimated liability, using various discount rates for the net present value of the future cash outflows to beneficiaries. For the years ended May 31, 2020 and 2019, the combined statement of activities and changes in net assets included changes to other operating income in the estimated liability for split-interest agreements of (\$87,739) and (\$277,725), respectively, and investment income included in investment (loss)/income of (\$56,976) and \$99,671, respectively. Net assets of these trusts amounted to \$5,302,356 and \$5,593,672 on May 31, 2020 and 2019, respectively. Assets held in split-interest agreements, which are included in investments, totaled \$16,258,778 and \$17,226,406 as of May 31, 2020 and 2019, respectively.

Contributions Designated for Future Periods

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

Fair Value of Financial Instruments

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

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

Revenue Recognition

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

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

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

NOTES TO COMBINED FINANCIAL STATEMENTS May 31,
2020 and 2019

contributions without donor restrictions.

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

NOTES TO COMBINED FINANCIAL STATEMENTS May 31,
2020 and 2019

NOTE 2 – Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

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

Risks and Uncertainties

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

Tax-Exempt Status

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

Use of Estimates

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

Prior Year Financial Information

The financial statements include certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles.

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

NOTES TO COMBINED FINANCIAL STATEMENTS May 31,
2020 and 2019

~~Accordingly, such information should be read in conjunction with the organizations' financial statements for the year ended May 31, 2019, from which the summarized information was derived.~~

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

NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2020 and 2019

NOTE 2 – Summary of Significant Accounting Policies (continued)

Subsequent Events

In March 2020, the U.S. and global economies reacted in response to worldwide concerns due to the economic impacts of COVID-19. These concerns, including a potential economic downturn, and any potential resulting direct and/or indirect negative impacts to the Organizations cannot be determined but may have a material prospective impact on the Organizations' operations and cash flows. The Organizations hold significant investments that are subject to the general fluctuations in the financial markets. However, because the values of individual investments fluctuate with market conditions, the amount of losses that may be recognized in subsequent periods, if any, cannot be determined. The organizations have evaluated subsequent events through October 7, 2020, which is the date that the combined financial statements were approved and available to be issued.

Adoption of New Accounting Pronouncement

As of June 1, 2019, the Organizations adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update No. 2018-08, Clarifying the Scope and 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 Organizations adopted the new standard on a modified prospective basis, and it impacted the recognition of certain contribution and grant agreements. Government grants now meet the criteria of a nonreciprocal (contribution) transaction, typically with conditions to be met before revenue is recognized. The standard did not require a restatement of prior year amounts.

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

NOTES TO COMBINED FINANCIAL STATEMENTS May
31, 2020 and 2019

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, 2020 and 2019.

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

NOTES TO COMBINED FINANCIAL STATEMENTS May 31,
2020 and 2019

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, 2020			
	Total	Level 1	Level 2	Valued at NAV
Pooled Income Portfolio				
Money market	\$ 43,612,263	\$ 43,612,263	\$ -	-
Mutual Funds:				
Equity	257,379,552	234,927,067	-	22,452,485
Debt	14,898,710	14,898,710	-	-
Real Assets	39,155,685	39,155,685	-	-
Liquid Limited Partnerships'				
Equity	21,795,652	-	-	21,795,652
Alternative Investments:				
Direct hedge funds	92,216,390	-	-	92,216,390
Private equity	<u>29,666,646</u>	<u>-</u>	<u>-</u>	<u>29,666,646</u>
Total Pooled Income Portfolio	<u>498,724,898</u>	<u>332,593,725</u>	<u>-</u>	<u>166,131,173</u>
Other:				
Money market	10,247,985	10,247,985	-	-
Israel bonds	310,500	-	310,500	-
Certificate of deposit	262,743	262,743	-	-
Common stocks	23,916,027	23,916,027	-	-
U.S. government debt	299,852	299,852	-	-
Municipal Debt	95,395	95,395	-	-
Traded Products	285,093	285,093	-	-
Mutual Funds:				
Equity	12,476,565	12,476,565	-	-
Debt	1,244,516	1,244,516	-	-
Pooled Investment Fund	2,095,349	-	-	2,095,349
Private Equity	<u>9,930,508</u>	<u>-</u>	<u>-</u>	<u>9,930,508</u>
Total Other Investments	<u>61,164,533</u>	<u>48,828,176</u>	<u>310,500</u>	<u>12,025,857</u>
Total Investments	<u>\$ 559,889,431</u>	<u>\$ 381,421,901</u>	<u>\$ 310,500</u>	<u>\$ 178,157,030</u>

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

NOTES TO COMBINED FINANCIAL STATEMENTS May 31,
2020 and 2019

NOTE 3 – Fair Value Measurements (continued)

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

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

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

NOTES TO COMBINED FINANCIAL STATEMENTS May 31,
2020 and 2019

NOTE 3 – Fair Value Measurements (continued)

The following provides information about the attributes of certain alternative investments:

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, 2020 and 2019, 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, 2020 and 2019, and there are no liquidity restrictions placed on these funds.	100%	None	N/A	N/A
Direct Hedge Funds	Invest directly in debt, equity, and derivative securities to produce equity-like returns, but with reduced volatility. Strategies employed include long/short equity, multi-strategy, arbitrage, relative value, and event driven. Beta exposure to markets will vary based on the degree of hedging utilized by the managers. Approximately 58 percent of the funds within this category are subject to an investor gate which allows for only 25 percent redemption during any three-month period.	100%	None	Monthly - Biennially	60-120 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. Approximately \$19.1 million or 64% within this category is not redeemable. \$10.6 million or 36% within this category will be redeemable quarterly upon 60 days' notice following the expiration of an initial 12-month lock-up period.	64%	\$ 16,312,475	N/A	N/A
		36%	None	Quarterly	60 days
Liquid Limited Partnerships	Invest directly in publicly traded equity securities, fixed-income securities, or futures through a commingled vehicle. Though the underlying securities have daily liquidity, funds within this category may offer liquidity ranging from daily to monthly.	100%	None	Monthly	None to 30 days

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

NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2020 and 2019

NOTE 4 - Investments

Investment income includes realized gains of \$10,125,165 and \$3,376,189, unrealized losses of \$16,629,129 and \$16,296,968, and interest and dividends of \$14,803,930 and \$15,899,453 (net of \$1,229,272 and \$1,002,777 in fees), in each case for the years ended May 31, 2020 and 2019, 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:

	2020			2019
	JFMD	UJF	Combined	
Advances to constituent agencies	\$ -	\$ 10,740,027	\$ 10,740,027	\$ 10,359,820
Other receivables	400,236	154,463	554,699	226,774
Total gross accounts receivable	400,236	10,894,490	11,294,726	10,586,594
Allowance for uncollectible amounts	-	(585,186)	(585,186)	(530,018)
Net accounts receivable	<u>\$ 400,236</u>	<u>\$ 10,309,304</u>	<u>\$ 10,709,540</u>	<u>\$ 10,056,576</u>

NOTE 6 - Pledges Receivable

	2020			2019
	JFMD	UJF	Combined	
Gross pledges receivable	\$ 23,939,726	\$ 14,319,736	\$ 38,259,462	\$ 41,975,910
Allowance for uncollectible amounts	(4,148,266)	(914,996)	(5,063,262)	(5,546,047)
Unamortized discount	-	(1,622,054)	(1,622,054)	(2,762,573)
Net pledges receivable	<u>\$ 19,791,460</u>	<u>\$ 11,782,686</u>	<u>\$ 31,574,146</u>	<u>\$ 33,667,290</u>

Payments on pledges receivable on May 31, 2020 are expected to be received as follows:

	JFMD	UJF	Combined
Within one year	\$ 23,939,726	\$ 3,113,708	\$ 27,053,434
Between one and five years		3,263,800	3,263,800
More than five years		7,942,228	7,942,228
Total	<u>\$ 23,939,726</u>	<u>\$ 14,319,736</u>	<u>\$ 38,259,462</u>

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

NOTES TO COMBINED FINANCIAL STATEMENTS May 31,
2020 and 2019

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 on May 31:

	2020	2019
Centennial Campaign	\$ 11,850,000	\$ 13,265,250
Community Wide Security	1,200,000	-
Jewish Women's Foundation	346,540	432,344
Jewish Hospice and Chaplance Network	300,000	400,000
Farber Akiva Hebrew Day School	188,200	622,582
Legacy Fund	108,428	119,265
BBYO Student Conference Center	100,150	100,150
JVS	100,000	100,000
Jean and Samuel Frankel Jewish Academy of Metropolitan Detroit	60,000	60,000
Missions	25,000	-
Robinson Pioneer Village - Fresh Air Society	17,000	20,000
Amigour Renovation	14,418	-
Jewish Community Center	10,000	10,000
Berman Center for the Performing Arts	-	500
Total Pledges Receivable	<u>\$ 14,319,736</u>	<u>\$ 15,130,091</u>

NOTE 7 – Notes Receivable

Notes receivables consist of the following on May 31:

	2020	2019
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. May 31, 2020 balance includes accrued interest of \$28,737.	850,623	821,886
Land contract receivable bearing interest at 7.00% annually, due in monthly principal and interest installments of \$10,000 through November 2019	-	58,035
Other notes receivable	359,651	382,576
Gross notes receivable	9,210,274	9,262,497
Allowance for uncollectible amounts	(341,152)	(341,152)
Notes receivable, net - UJF	<u>\$ 8,869,122</u>	<u>\$ 8,921,345</u>

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

NOTES TO COMBINED FINANCIAL STATEMENTS May 31,
2020 and 2019

NOTE 8 – Property and Equipment – JFMD and UJF

Property and equipment consist of the following on May 31:

	2020	2019
Land	\$ 6,994,234	\$ 6,994,234
Buildings	124,903,160	122,784,545
Furniture and equipment	4,749,175	4,764,784
Construction in progress	63,893	57,662
Total	136,710,462	134,601,225
Accumulated depreciation	(79,118,396)	(75,062,300)
Property and Equipment, net	\$ 57,592,066	\$ 59,538,925

Most of the land and buildings represent communal properties and consist of the following on May 31, 2020:

	Land	Buildings	Total
United Jewish Foundation			
Max M. Fisher Federation Building	\$ 900,000	\$ 7,761,904	\$ 8,661,904
Fresh Air Society – Camp Tamarack			
Ortonville	381,073	17,318,732	17,699,805
Grange Hall Road	247,207	-	247,207
Kennedy	129,782	49,868	179,650
Wawa	6,750	11,942	18,692
Jewish Community Center			
Applebaum Campus site	2,412,155	53,089,978	55,502,133
Taubman Campus site	46,378	38,333	84,711
Jewish Family Service	1,537,176	7,044,130	8,581,306
Jean and Samuel Frankel Jewish Academy			
of Metropolitan Detroit	-	7,805,628	7,805,628
Farber Hebrew Day School - Yeshivat Akiva	291,482	12,855,097	13,146,579
B'nai B'rith Youth Organization	-	1,120,071	1,120,071
Jewish Senior Life			
Fleischman Residence	-	6,813,922	6,813,922
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
	6,994,234	124,903,160	131,897,394
Accumulated depreciation	-	(74,923,360)	(74,923,360)
Total Land and Buildings	\$ 6,994,234	\$ 49,979,800	\$ 56,974,034

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

NOTES TO COMBINED FINANCIAL STATEMENTS May 31,
2020 and 2019

NOTE 9 – Financing Arrangements

On May 31, 2020 and 2019, JFMD has a note payable outstanding of \$1,498,060 and \$0, respectively, related to an SBA Paycheck Protection Program (PPP) loan. The Federation will be applying for forgiveness of the loan prior to May 31, 2021. The PPP loan is payable in monthly payments of \$63,071 including principal and interest. Interest is at a rate of 1% per annum. Interest and principal payments are to be deferred until the earliest of the following dates:

- a. The date that the lender receives payment from the SBA of the forgiveness amount if any
- b. The date that it is determined that the PPP Loan is not eligible for any forgiveness
- c. The date that is ten months after the last day of the covered period, or August 1, 2021

The final unforgiven portion of the loan, if any, will be determined after year end. Required monthly payments will be adjusted accordingly.

On May 31, 2020 and 2019, UJF has an unsecured note payable outstanding of \$75,000 and \$100,000, 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.

On May 31, 2020 and 2019, UJF also has bonds payable outstanding of \$579,175 and \$745,783, 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.

On May 31, 2019, there was an unsecured line of credit, related to the construction of the Farber Hebrew Day School - Yeshivat Akiva. On May 31, 2019, the balance on the line of credit was paid off \$350,000. The note during 2020.

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

May 31, 2021	\$	199,175
May 31, 2022		832,081
May 31, 2023		965,351
May 31, 2024		157,557
Thereafter		-
Total Bonds and Notes Payable	\$	<u>2,154,164</u>

NOTE 10 – Transactions with Affiliates

JFMD and The Jewish Fund have entered into a management agreement whereby JFMD provides administrative support to The Jewish Fund for an agreed-upon fee. Such fees were \$340,000 and

\$330,000 for the years ended May 31, 2020 and 2019.

Grants received from The Jewish Fund by JFMD were \$505,600 and \$328,531 and indirect grant expenses paid to other affiliated entities were \$25,968,788 and \$34,004,851 for the years ended May 31, 2020 and 2019, respectively.

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

	<u>2020</u>	<u>2019</u>
Appropriations payable	\$ 14,445,695	\$ 19,657,741
Constituent agency deposits	<u>23,538,789</u>	<u>21,928,161</u>
Total	<u>\$ 37,984,484</u>	<u>\$ 41,585,902</u>

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

NOTES TO COMBINED FINANCIAL STATEMENTS May 31,
2020 and 2019

NOTE 11 – Retirement Plans

The JFMD maintains the Jewish Federation of Metropolitan Detroit Pension Plan (the "Plan") which covers 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 \$132,300 and \$125,400 for the years ended May 31, 2020 and 2019, respectively. Based on information as of December 31, 2019, 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 increased by approximately 6 percent from 2019 to 2020, due to increased window costs. In May 2020, the Jewish Federation made an additional one-time contribution to the plan of \$250,000, from an operating budget surplus.

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, 2019.

Total plan assets	\$ 19,487,750
Actuarial present value of accumulated plan benefits	22,268,401
Total contributions received by the Plan	656,187
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 2019, to offer a matching safe harbor contribution equal to 100% of the employee's 403(b) plan contributions up to 3% of pay and 50% of the employee's contributions above 3% up to 5% of pay.

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

NOTES TO COMBINED FINANCIAL STATEMENTS May 31,
2020 and 2019

NOTE 12 – Endowment Funds

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

Interpretation of Relevant Law - The organization is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of trustees appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of trustees of the organization had interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor restricted endowment funds, the organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The organization has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the organization considers the following factors in deciding 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,
2020 and 2019

NOTE 12 – Endowment Funds (continued)

Endowment net asset composition as of May 31, 2020:	Without Donor	with Donor	
	<u>Restrictions</u>	<u>Restrictions</u>	<u>Total</u>
Board designated	\$ 12,645,215	\$ -	\$ 12,645,215
Donor restricted			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	202,139,659	202,139,659
Accumulated investment gains (losses)	-	1,564,188	1,564,188
Split-interest agreements	<u>243,379</u>	<u>-</u>	<u>243,379</u>
	<u>\$ 12,888,594</u>	<u>\$ 203,703,847</u>	<u>\$ 216,592,441</u>

Endowment net asset composition as of May 31, 2019:

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

Changes in endowment net assets for the year ended May 31, 2020:

	Without Donor	with Donor	
	<u>Restrictions</u>	<u>Restrictions</u>	<u>Total</u>

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

NOTES TO COMBINED FINANCIAL STATEMENTS May 31,
2020 and 2019

	end of year	<u>\$ 12,888,594</u>	<u>\$ 203,703,847</u>	<u>\$ 216,592,441</u>
	Endowment net assets, beginning of year	\$ 13,315,966	\$ 208,910,772	\$ 222,226,738
	Income from investments	52,543	1,010,354	1,062,897
	Contributions	44,338	5,255,173	5,299,511
	Appropriations of endowment assets for expenditures	(655,788)	(11,074,127)	(11,729,915)
	Other income (loss)	(57,522)	326,741	269,219
	Transfers of net assets	<u>189,057</u>	<u>(725,066)</u>	<u>(536,009)</u>
	Endowment net assets,			-

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

NOTES TO COMBINED FINANCIAL STATEMENTS May 31,
2020 and 2019

NOTE 12 – Endowment Funds (continued)

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

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

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the organizations to retain as a fund of perpetual duration. Deficiencies of this nature exist in 581 and 506 donor restricted endowment funds, which together have an original gift value of \$134,238,934 and \$100,785,829, a current fair value of \$111,548,958 and

\$83,750,612, and a deficiency of \$22,689,975 and \$17,035,217 as of May 31, 2020 and 2019, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor restricted endowment funds and continued appropriation for certain programs that was deemed prudent by the board of trustees.

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

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

NOTES TO COMBINED FINANCIAL STATEMENTS May 31,
2020 and 2019

NOTE 12 – Endowment Funds (continued)

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

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

NOTE 13 – Net Assets with Donor Restrictions

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

	2020	2019
Subject to expenditures for specified purposes:		
Special-purpose funds	\$ 10,197,981	\$ 10,084,637
Constituent Agency Funds	<u>19,041,893</u>	<u>19,054,381</u>
Total Net Assets Subject to Expenditures for Specified Purposes:	<u>29,239,874</u>	<u>29,139,018</u>
Endowments:		
Perpetual in nature, earnings from which are subject to endowment spending policy and appropriations:		
Perpetual Annual Campaign Endowment (PACE) funds	62,579,549	65,635,948
Special-purpose funds	18,169,058	17,954,068
Constituent agency funds	<u>122,955,240</u>	<u>125,320,756</u>
Total endowments	<u>203,703,847</u>	<u>208,910,772</u>
Net assets with donor restrictions	<u>\$ 232,943,721</u>	<u>\$ 238,049,790</u>

NOTE 14 – Contingencies

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

1.25 percent. The bank line of credit is guaranteed by JFMD and by UJF and the line of credit expires on December 30, 2020.

NOTE 15 – Concentrations

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

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

NOTES TO COMBINED FINANCIAL STATEMENTS May 31,
2020 and 2019

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, 2020 and 2019 were approximately \$1,112,000 and \$879,000, respectively. Liabilities for estimated claims incurred but not reported totaling approximately \$238,000 and \$205,000 as of May 31, 2020 and 2019, respectively have been recorded in other payables on the Combined Statements of Financial Position.

NOTE 17 – Liquidity and Availability of Resources

The organizations' financial assets and resources available to meet cash needs for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the date of the Combined Statements of Financial Position were as follows:

	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 753,498	\$ 752,931
Short-term investments	42,036,393	35,454,515
Accounts receivable	1,740,948	1,845,256
Pledges receivable	19,791,460	22,208,813
Notes receivable	12,000	6,000
Total financial assets available within one year	\$ 64,334,299	\$ 60,267,515

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

Additionally, the organizations have board-designated endowment funds of approximately \$13,000,000 as of May 31, 2020 and 2019. Although the organizations do not intend to spend from their board-designated endowment funds other than amounts appropriated for expenditures as part of its annual budget approval process, amounts from their board designated endowments could be made available if necessary. However, both board-designated and donor-restricted endowments contain investments with lock-up provisions that reduce the total investments that could be made available (see Note 3 for disclosures about investments).

SUPPLEMENTAL INFORMATION



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Independent Auditor's Report on Supplemental Information

To the Board of Governors
and the Board of Directors
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 as of and for the year ended May 31, 2020 and have issued our report thereon dated October 7, 2020, which contained an unmodified opinion on those combined financial statements. Our audit was performed for the purpose of forming an opinion on the 2020 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 2020 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2020 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 2020 combined financial statements as a whole.

Plante & Moran, PLLC

October 7, 2020

JEWISH FEDERATION OF METROPOLITAN DETROIT

COMBINING STATEMENT OF FINANCIAL POSITION May 31, 2020

ASSETS

	Federation Annual		JFMD	Oversees	Missions	Jewish Life	Security Fund	Total
	Operating	Campaign	Programing	Programing	Fund	Fund		
	Fund							
ASSETS								
Cash and cash equivalents	\$ 600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600
Investments	2,092,337	16,145,976	7,030,816	802,735	189,008	27,110	173,799	26,461,781
Accounts receivable, net	189,616	-	142,627	-	-	800	67,193	400,236
Pledges receivable, net	-	18,610,100	1,180,360	1,000	-	-	-	19,791,460
Notes receivable, net	-	-	-	-	-	-	-	-
Interfund receivables (payables)	2,996,672	(7,358,817)	868,652	155,089	184,419	1,151,163	435,499	(1,567,323)
Advances and other assets	201,545	-	-	2,850	-	-	15,589	219,984
Property and equipment, net	238,079	-	63,893	-	-	-	-	301,972
TOTAL ASSETS	\$ 5,718,849	\$ 27,397,259	\$ 9,286,348	\$ 961,674	\$ 373,427	\$ 1,179,073	\$ 692,080	\$ 45,608,710

LIABILITIES AND NET ASSETS

LIABILITIES

Appropriations payable								
General	\$ 6,324	\$ 12,716,243	\$ 312,853	\$ 43,195	\$ -	\$ -	\$ -	\$ 13,078,615
Jewish Federations of North America and overseas	-	7,110,927	-	-	-	-	-	7,110,927
Trade accounts and other payables	2,213,804	-	-	200,000	5,600	19,253	17,703	2,456,360
Bonds, notes and other payables	1,499,989	-	-	-	-	-	-	1,499,989
Total Liabilities	3,720,117	19,827,170	312,853	243,195	5,600	19,253	17,703	24,145,891

NET ASSETS

Without Donor Restrictions	1,998,732	7,570,089	8,973,495	718,479	367,827	1,159,820	674,377	21,462,819
TOTAL LIABILITIES AND NET ASSETS	\$ 5,718,849	\$ 27,397,259	\$ 9,286,348	\$ 961,674	\$ 373,427	\$ 1,179,073	\$ 692,080	\$ 45,608,710

JEWISH FEDERATION OF METROPOLITAN DETROIT
COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended May 31, 2020

	Operating Fund	Federation Annual Campaign	JFMD Programming	Overseas Programming	Missions Fund	Jewish Life Fund	Security Fund	Total
OPERATING REVENUE AND SUPPORT								
Public support from contributions Revenue	\$ 49,025	\$ 35,466,498	\$ 6,927,802	\$ 249,431	\$ 322,010	\$ -	\$ 20,000	\$ 43,034,766
Investment income (including unrealized gains)	-	8,622	-	-	-	-	-	8,622
Interorganization appropriations	4,576,066	-	1,745,739	14,170	264,233	933,722	138,441	7,672,371
Miscellaneous fees and other	<u>3,638,763</u>	<u>2,145</u>	<u>770,775</u>	<u>36,128</u>	<u>339,491</u>	<u>-</u>	<u>372,159</u>	<u>5,159,461</u>
Total Revenue	<u>8,214,829</u>	<u>10,767</u>	<u>2,516,514</u>	<u>50,298</u>	<u>603,724</u>	<u>933,722</u>	<u>510,600</u>	<u>12,840,454</u>
Total Operating Revenue and Support	<u>8,263,854</u>	<u>35,477,265</u>	<u>9,444,316</u>	<u>299,729</u>	<u>925,734</u>	<u>933,722</u>	<u>530,600</u>	<u>55,875,220</u>
OPERATING EXPENSES								
Program Services Distributions								
Jewish Federations of North America and overseas	-	7,692,342	10,000	-	-	-	-	7,702,342
Local agencies	261,423	14,330,513	1,809,368	-	65,078	1,786,190	-	18,252,572
Other charitable organizations	-	561,144	294,301	-	211,790	200,913	-	1,268,148
Other	<u>4,785,070</u>	<u>-</u>	<u>1,976,065</u>	<u>492,015</u>	<u>951,164</u>	<u>335</u>	<u>515,782</u>	<u>8,720,431</u>
Total Program Services	<u>5,046,493</u>	<u>22,583,999</u>	<u>4,089,734</u>	<u>492,015</u>	<u>1,228,032</u>	<u>1,987,438</u>	<u>515,782</u>	<u>35,943,493</u>
Support Services								
Administrative	6,294,106	-	-	-	-	-	-	6,294,106
Financial resource development	2,631,315	109,216	-	-	-	-	-	2,740,531
Bad debt expense	-	(102,461)	-	-	-	-	-	(102,461)
Other	<u>107,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>107,875</u>
Total Support Services	<u>9,033,296</u>	<u>6,755</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,040,051</u>
Total Operating Expenses	<u>14,079,789</u>	<u>22,590,754</u>	<u>4,089,734</u>	<u>492,015</u>	<u>1,228,032</u>	<u>1,987,438</u>	<u>515,782</u>	<u>44,983,544</u>
(Decrease) Increase in Net Assets from Operations	<u>(5,815,935)</u>	<u>12,886,511</u>	<u>5,354,582</u>	<u>(192,286)</u>	<u>(302,298)</u>	<u>(1,053,716)</u>	<u>14,818</u>	<u>10,891,676</u>
Transfer of funds	<u>4,385,349</u>	<u>(6,859,684)</u>	<u>540,293</u>	<u>222,489</u>	<u>192,940</u>	<u>859,054</u>	<u>659,559</u>	<u>-</u>
(DECREASE) INCREASE IN NET ASSETS	<u>(1,430,586)</u>	<u>6,026,827</u>	<u>5,894,875</u>	<u>30,203</u>	<u>(109,358)</u>	<u>(194,662)</u>	<u>674,377</u>	<u>10,891,676</u>
NET ASSETS - Beginning of Year	<u>3,429,318</u>	<u>\$ 1,543,262</u>	<u>\$ 3,078,620</u>	<u>\$ 688,276</u>	<u>\$ 477,185</u>	<u>\$ 1,354,482</u>	<u>\$ -</u>	<u>\$ 10,571,143</u>
NET ASSETS - END OF YEAR	<u>\$ 1,998,732</u>	<u>\$ 7,570,089</u>	<u>\$ 8,973,495</u>	<u>\$ 718,479</u>	<u>\$ 367,827</u>	<u>\$ 1,159,820</u>	<u>\$ 674,377</u>	<u>\$ 21,462,819</u>

See independent auditors' report on supplemental

UNITED JEWISH FOUNDATION

COMBINING STATEMENT OF FINANCIAL POSITION May 31, 2020

	ASSETS						
	General	Philanthropic	Support	Land, Building	Other	Restricted	
	Fund	Funds	Foundations	and Equipment	Unrestricted	Funds	Total
	Fund	Funds	Foundations	and Equipment	Funds	Funds	Total
ASSETS							
Cash and cash equivalents	\$ 752,898	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 752,898
Investments	11,543,584	91,053,841	128,955,768	(79,717)	74,200,949	227,753,225	533,427,650
Accounts receivable, net	976	-	-	4,105	1,362,948	8,941,275	10,309,304
Pledges receivable, net	-	-	-	-	133,429	11,649,257	11,782,686
Notes receivable, net	18,500	-	-	-	-	8,850,622	8,869,122
Interfund receivables (payables)	257,923	(480,000)	(7,287,869)	-	1,112,790	7,964,479	1,567,323
Donated real estate and other interests held for investment	-	1,624,983	1,618,679	-	-	-	3,243,662
Advances and other assets	51,130	-	157,777	22,936	251,303	2,596,156	3,079,302
Property and equipment, net	-	-	-	57,290,094	-	-	57,290,094
TOTAL ASSETS	\$ 12,625,011	\$ 92,198,824	\$ 123,444,355	\$ 57,237,418	\$ 77,061,419	\$ 267,755,014	\$ 630,322,041
LIABILITIES AND NET ASSETS							
LIABILITIES							
Appropriations payable	\$ -	970,286	1,099,193	-	1,219,241	153,229	\$ 3,441,949
Trade accounts and other payables	14,038	-	-	95,264	1,305,021	6,239	1,420,562
Constituent agencies and other deposits	-	-	-	-	68,024,489	-	68,024,489
Bonds, notes and other payables	-	-	-	654,175	-	-	654,175
Charitable trust annuities payable	-	-	-	-	-	7,671,248	7,671,248
Other organizations payable	-	-	-	-	-	13,673,207	13,673,207
Contributions designated for future periods	-	-	-	-	-	3,285,174	3,285,174
Total Liabilities	14,038	970,286	1,099,193	749,439	70,548,751	24,789,097	98,170,804
NET ASSETS							
Without Donor Restrictions	12,610,973	91,228,538	119,478,764	56,487,979	6,512,668	12,888,594	299,207,516
With Donor Restrictions	-	-	2,866,398	-	-	230,077,323	232,943,721
Total Net Assets	12,610,973	91,228,538	122,345,162	56,487,979	6,512,668	242,965,917	532,151,237
TOTAL LIABILITIES AND NET ASSETS	\$ 12,625,011	\$ 92,198,824	\$ 123,444,355	\$ 57,237,418	\$ 77,061,419	\$ 267,755,014	\$ 630,322,041

UNITED JEWISH FOUNDATION

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended May 31, 2020

General	Philanthropic	Support	Land, Building	Other	Restricted	Total
<u>Fund</u>	<u>Funds</u>	<u>Foundations</u>	<u>and Equipment</u>	<u>Funds</u>	<u>Funds</u>	

UNITED JEWISH FOUNDATION

OPERATING REVENUE AND SUPPORT

Public support from contributions	\$ -	\$ 28,608,691	\$ 21,351,403	\$ 2,006,057	\$ 406,379	\$ 7,169,686	\$ 59,542,216
Revenue							
Investment income (including unrealized gains)	(1,344,181)	3,894,071	2,265,810	-	(12,001)	973,979	5,777,678
Loss on disposition of assets	-	-	(768,857)	-	-	-	(768,857)
Interorganization appropriations	257,923	12,321	-	-	1,362,790	683,130	2,316,164
Miscellaneous fees and other	<u>4,194,622</u>	<u>195</u>	<u>17,464</u>	<u>618,614</u>	<u>275,364</u>	<u>(386,546)</u>	<u>4,719,713</u>
Total Revenue	<u>3,108,364</u>	<u>3,906,587</u>	<u>1,514,417</u>	<u>618,614</u>	<u>1,626,153</u>	<u>1,270,563</u>	<u>12,044,698</u>
Total Operating Revenue and Support	<u>3,108,364</u>	<u>32,515,278</u>	<u>22,865,820</u>	<u>2,624,671</u>	<u>2,032,532</u>	<u>8,440,249</u>	<u>71,586,914</u>

OPERATING EXPENSES

Program Services Distributions

Federation's annual campaign	-	5,826,712	3,507,680	-	-	4,558,520	13,892,912
Local agencies	4,350,000	2,453,488	1,553,075	-	1,215,347	8,132,841	17,704,751
Other charitable organizations	-	17,378,545	10,666,834	-	-	744,705	28,790,084
Other	<u>305,377</u>	<u>-</u>	<u>132,529</u>	<u>4,154,741</u>	<u>598,045</u>	<u>290,322</u>	<u>5,481,014</u>
Total Program Services	<u>4,655,377</u>	<u>25,658,745</u>	<u>15,860,118</u>	<u>4,154,741</u>	<u>1,813,392</u>	<u>13,726,388</u>	<u>65,868,761</u>

Support Services

Administrative	224,821	11,031	89,872	358,714	-	-	684,438
Bad debt expense (recovery)	-	-	-	-	-	63,123	63,123
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>188,204</u>	<u>-</u>	<u>-</u>	<u>188,204</u>
Total Support Services	<u>224,821</u>	<u>11,031</u>	<u>89,872</u>	<u>546,918</u>	<u>-</u>	<u>63,123</u>	<u>935,765</u>

Total Operating Expenses	<u>4,880,198</u>	<u>25,669,776</u>	<u>15,949,990</u>	<u>4,701,659</u>	<u>1,813,392</u>	<u>13,789,511</u>	<u>66,804,526</u>
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(Decrease) Increase in Net Assets from Operations	(1,771,834)	6,845,502	6,915,830	(2,076,988)	219,140	(5,349,262)	4,782,388
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Transfer of funds	<u>254,579</u>	<u>(43,518)</u>	<u>(1,000,410)</u>	<u>329,819</u>	<u>(629,033)</u>	<u>1,088,563</u>	<u>-</u>
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(DECREASE) INCREASE IN NET ASSETS	(1,517,255)	6,801,984	5,915,420	(1,747,169)	(409,893)	(4,260,699)	4,782,388
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NET ASSETS - Beginning of Year	<u>14,128,228</u>	\$ <u>84,426,554</u>	\$ <u>116,429,742</u>	\$ <u>58,235,148</u>	\$ <u>6,922,561</u>	\$ <u>247,226,616</u>	\$ <u>527,368,849</u>
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NET ASSETS - END OF YEAR	\$ <u>12,610,973</u>	\$ <u>91,228,538</u>	\$ <u>122,345,162</u>	\$ <u>56,487,979</u>	\$ <u>6,512,668</u>	\$ <u>242,965,917</u>	\$ <u>532,151,237</u>
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