

Physical and Behavioral Health Services to Multicultural Populations

(FY2017 Appropriation Act - Public Act 268 of 2016)

November 30, 2017

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.

(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.*



Michigan Department of
Health & Human Services

RICK SNYDER, GOVERNOR
NICK LYON, DIRECTOR

Section 295

(FY2017 Appropriation Act - Public Act 268 of 2016)

Multicultural Integration funding for Fiscal Year 2017 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, as well as an Inter-Agency Agreement with the Department of Licensing and Regulatory Affairs. Funding for specific populations was also obligated through contracts with eleven (11) Community Mental Health Services Programs (CMHSP).

The Jewish Federation of Metropolitan Detroit (\$3,000,000) 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 9,104 individuals. Other services include, but are not limited to, therapeutic home visits for children with disabilities and their families; specialized programming for aging adults with developmental disabilities; nursing/medical supports; respite care; socialization and recreation; school advocacy; outreach services to the Orthodox community; assistance with access to entitlements and benefits; employment support services; mental health support group meetings for Holocaust survivors.

The Chaldean Community Foundation (\$2,618,900) partnered with the St. John Health System - Eastwood Clinics, Chaldean Federation of America, Chaldean American Association of Health Professionals, and Macomb Community College to provide Refugee Mental Health and Acculturation Services to 4,226 clients. Services include, but are not limited to, trilingual, bicultural clinical and medical services, basic adaptation and living services, community education and outreach to refugees, and acculturation programs. These are provided through outreach, psychotherapy sessions, respite, counseling, education, case management, medication reviews, and transportation. In addition, legal consulting services, and English as a Second Language (ESL) courses are provided as well as permanent housing solutions and job placement.

The Inter-Tribal Council of Michigan, Inc. (\$312,754) provides financial support to seven federally recognized tribes. These resources facilitated the provision of mental health services in an ethnically sensitive manner based on their cultural needs for 2,482 clients during the fiscal year. The project supports reservation-based mental health workers and clinicians who provide a broad range of services including, but not limited to, Talking Circles with Elders, outreach services, education sessions, health promotion, chronic disease social support groups, counseling/therapeutic services, case management, crisis intervention, medication reviews, interacting with drug courts, coordinating psychiatric referrals, community awareness, outreach, and training of provider staff. Barriers encountered include lack of funding for full-time psychiatrists, transportation issues, and the ability to only provide funding through this initiative to seven of the twelve federally-recognized tribes.

The Arab American and Chaldean Council (\$3,000,000) served 22,750 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 services. Other services provided 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 (\$3,000,000) provides a bilingual and culturally sensitive service delivery model focused on the provision of essential social services to ensure that English limited, vulnerable, immigrants, refugees and or low-income populations, have their basic needs met in a timely and efficient manner. Behavioral health and basic adaptation and living services were provided to 9,745 individuals. Preventative mental health services were provided in a culturally and linguistically appropriate environment to individuals with mental illness, implements effective services that reduce the likelihood of psychiatric inpatient hospitalizations, and provides mental health prevention awareness to the community.

The Department of Civil Rights (\$260,473) provided mental health therapy sessions to 3,885 Hispanic clients during the fiscal year through partnerships with Community Health and Social Services Center in Detroit and Centro Multicultural La Familia in Pontiac. Other services included, but were not limited to, promoting the benefit of mental health services to the Hispanic community; translation; transportation; wraparound; outreach; and case management.

A total of \$1,225,819 was obligated to eleven (11) CMHSPs, including:

- Bay-Arenac Behavioral Health Authority:
Provided behavioral health services to Hispanic clients
- Clinton-Eaton-Ingham CMH Authority:
Provided behavioral health services to Hispanic clients
- Detroit-Wayne Mental Health Authority:
Provided behavioral health services to Chinese/Asian, Native American, Hispanic, and Vietnam Veteran clients
- Network180 (Kent County):
Provided behavioral health services to Native American and Vietnam Veteran clients
- Lapeer County CMH Services:
Provided behavioral health services to Hispanic clients
- Lenawee CMH Authority:
Provided behavioral health services to Hispanic clients
- Muskegon County CMH:
Provided behavioral health services to Hispanic and Vietnam Veteran clients
- Oakland County CMH Authority:
Provided behavioral health services to Hispanic and Vietnam Veteran clients
- Ottawa County CMH:
Provided behavioral health services to Hispanic clients
- Saginaw County CMH Authority:
Provided behavioral health services to Hispanic clients
- West Michigan CMH System:
Provided behavioral health services to Hispanic clients

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

Arab American and Chaldean Council – MDHHS Annual Report

(Fiscal Year 2017)

Wayne County

Purpose of Arab American and Chaldean Council – MDHHS Program

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

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

ACC has a unique ability to serve the increasing influx of Middle Eastern refugees. As a culturally diverse organization, ACC's staff possesses the language skills and cultural knowledge to effectively serve the growing refugee population resettling in the State of Michigan.

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

ACC is required to spend at least 30 minutes per unit because of the language barrier, the lack of knowledge in how the system functions, the forms, and the culture of the community served. With the quantity of individuals MDHHS sees in a day, the time required by an MDHHS employee would severely hamper the flow of services to all clients coming through MDHHS 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.

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

Main Core of ACC-DHHS services:

1. Information and Referral (I/R)

The information and referral services are the "active process of linking a client with a need or problem with the particular services which will meet the need or solve the problem". Therefore, each client we serve has a physical personal file which includes the client's date of service, MDHHS case number if available, name of his/her office out of which they

were served, full name, address, phone number, spouse and children's full names, social security numbers, date of birth, age, gender, country of origin, citizen status, type of assistance client is seeking such as Medical Assistance, Food Assistance, Cash Assistance etc. or combined (Initial Intake Application). In the client personal files there are two forms used to reflect services. One reflects the initial services (Information, Referral and/or Advocacy Units) used for the first interview or services with basic vital clients information. Second, is the "Follow up Units" Form which is utilized by staff on a daily basis or as needed. In addition you will find a variety of other documents and paper work as well.

2. Advocacy Services:

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

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

3. Services provided:

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

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

- Explain rules and regulation of immigration that relate directly to the MDHHS eligibility guidelines, i.e., asylums, refugees and visitors to MDHHS workers and customers
- Assist MDHHS workers and administrators in communicating with customers regarding Child Support, Chore Services as well domestic violence
- Maintain customers' files with confidentiality on cases where Contractor has provided information, referral and /or advocacy service accordingly
- Other services as deemed necessary to both ACC and MDHHS
- Assist clients to apply for their benefits online by using a computer and the internet
- Scanning each client's documents as necessary for the client's eligibility requirements
- Facilitate the Electronic Document Management (EDM) system in order to provide the MDHHS worker documents needed to determine eligibility for MDHHS programs such as income verification, Social Security Numbers, etc.
- Assist in managing flow of the Arabic/Chaldean clients in the MDHHS lobby
- Referrals to child care providers

4. Wraparound Services:

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

Fiscal Year 2017 Statistics

In Wayne County, ACC - MDHHS staff serviced a total of 7,827 clients and produced 14,112 units of Information/Referrals and Advocacy. As the contracted units is just 10,000, the Wayne County program exceeded the number of units by 41%. ACC has a total of 10 staff in 5 Wayne County MDHHS district offices: Inkster, Joy/Greenfield, Cadillac Place District Office, Hamtramck and 7 Mile/Gratiot.

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

Expenditures:

ACC annual expenditures combined for Tri County contracts as follows:

- 1- Initial Grant: \$948,950
- 2- Supplemental Grant: \$110,000
- 3- Total Grants: \$1,058,950

Arab American and Chaldean Council – MDHHS Annual Report

(Fiscal Year 2017)

Oakland County

Purpose of Arab American and Chaldean Council – MDHHS Program

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

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

ACC has a unique ability to serve the increasing influx of Middle Eastern refugees. As a culturally diverse organization, ACC's staff possesses the language skills and cultural knowledge to effectively serve the growing refugee population resettling in the State of Michigan.

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

ACC is required to spend at least 30 minutes per unit because of the language barrier, the lack of knowledge in how the system functions, the forms, and the culture of the community served. With the quantity of individuals MDHHS sees in a day, the time required by an MDHHS employee would severely hamper the flow of services to all clients coming through MDHHS 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.

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

Main Core of ACC-DHHS services:

1. Information and Referral (I/R)

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were served, full name, address, phone number, spouse and children's full names, social security numbers, date of birth, age, gender, country of origin, citizen status, type of assistance client is seeking such as Medical Assistance, Food Assistance, Cash Assistance etc. or combined (Initial Intake Application). In the client personal files there are two forms used to reflect services. One reflects the initial services (Information, Referral and/or Advocacy Units) used for the first interview or services with basic vital clients information. Second, is the "Follow up Units" Form which is utilized by staff on a daily basis or as needed. In addition you will find a variety of other documents and paper work as well.

2. Advocacy Services:

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- Accompany MDHHS workers on home visit to a customer's residence
- Orient and familiarize customers with the Electronic Benefit Transfer (EBT) process for Cash and Food Assistance programs
- Explain to customers the rules and regulations of MDHHS and eligibility guidelines before submitting application DHS-1171
- Provide general and one-on-one session to inform customers of Work First/Partnership.Accountability.Training.Hope (PATH) programs requirements
- Provide customers with employment leads as well referrals to Vocational Training or English as a Secondary Language (ESL) classes
- Assist customers in completion of applications for state and federal disability benefits
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- Explain rules and regulation of immigration that relate directly to the MDHHS eligibility guidelines, i.e., asylums, refugees and visitors to MDHHS workers and customers
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- Assist in managing flow of the Arabic/Chaldean clients in the MDHHS lobby
- Referrals to child care providers

4. Wraparound Services:

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

Fiscal Year 2017 Statistics

In Oakland County, ACC - MDHHS staff serviced a total of 4,831 clients and produced 4,831 units of Information/Referrals and Advocacy. As the contracted units is just 3,000 the Oakland County program exceeded the number of units by 61%. ACC has a total of 3 staff in 2 Oakland County MDHHS district offices: Madison Heights and Southfield.

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

Arab American and Chaldean Council – MDHHS Annual Report

(Fiscal Year 2017)

Macomb County

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

- Explain rules and regulation of immigration that relate directly to the MDHHS eligibility guidelines, i.e., asylums, refugees and visitors to MDHHS workers and customers
- Assist MDHHS workers and administrators in communicating with customers regarding Child Support, Chore Services as well domestic violence
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- Assist in managing flow of the Arabic/Chaldean clients in the MDHHS lobby
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4. Wraparound Services:

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

Fiscal Year 2017 Statistics

In Macomb County, ACC - MDHHS staff serviced a total of 5,669 clients and produced 8,731 units of Information/Referrals and Advocacy. As the contracted units is just 3,977 the Macomb County program exceeded the number of units by 119%. ACC has a total of 3 staff in 2 Macomb County MDHHS district offices: Sterling Heights and Warren.

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

**Arab Community Center for Economic and Social Services (ACCESS)
Fiscal Year 2017
MDHHS Boilerplate Report**

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 ten locations and nearly 450 employees, ACCESS offers approximately 120 programs in health and research, employment and training, youth and education, social services, business development and more. In addition, ACCESS operates 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). You may visit www.accesscommunity.org for more information.

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

- **Clients served by Race:**
 - ❖ Arab Americans: 62%
 - ❖ African American: 23%
 - ❖ White: 11%
 - ❖ Hispanic American 3%
 - ❖ Asian American & other 1%
- More than 1 million client visits per year
- Nearly 450 full and part-time staff operate in a combined capacity of 20 languages

1. What is the purpose of ACCESS Program?

The aim of this program is to provide a bilingual and culturally sensitive service delivery model focused on the provision of essential social services to assure that immigrants, refugees, and/or low-income households have their basic needs met in an efficient manner, thereby enhancing their self-sufficiency. We also recognize that there are many clients who are income-limited such as seniors and the disabled; for this population, the goal is to provide stability by preventing termination of benefits due to non-compliance. This is done by leveraging client access to services and benefits while improving navigation of a complex social services system. Many clients seek ACCESS' social services because they are in "crisis" mode and require immediate assistance. To this end, we focus on addressing long-term solutions to fulfilling basic needs, which include access to adequate food, clothing, housing, utility assistance, medical care, mental health, educational services, childcare, and employment services. This program is housed in the ACCESS Social Services Department, which is one of various programs available to clients with a focus on the provision of essential services. Our Social Services Department has been the core service delivery unit for the entire agency. It is also the primary point of entry for clients that come to the organization seeking assistance with basic services and assistance communicating with local, state and federal entities, and other service providers. ACCESS has joined forces with MDHHS to establish an MDHHS office physically located within ACCESS' One-Stop Employment and Human Services Center. MDHHS caseworkers, with the assistance of ACCESS' bilingual staff members, provide clients with the necessary support to apply for public assistance benefits. They also resolve any issues related to their cases without multiple visits to the MDHHS office.

2. Main Core of ACCESS Services:

ACCESS is an agency with more than 120 programs housed in ten facilities in the tri-county region. Our range of support services is leveraged to benefit clients in a model focusing on interconnectedness in a holistic manner offered by various divisions throughout the organization. During Fiscal Year 2017, 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.

3. Information and Referral (I/R):

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

In conjunction with screening and enrollment for benefits, households continued to receive referrals and follow-up services for education, vocational and employment training, financial stability, health and mental health services, entrepreneurship, immigration, translation of documents, legal, and interpretation services. ACCESS has cultivated partners in every service sector who commit staff time and resources to our agency and the clients we serve daily. Where we do not possess the expertise to intervene, a litany of partnerships is available to serve our clients.

4. Advocacy:

Our staff is uniquely positioned to understand the complex needs of community members; they reside in the neighborhoods where clients live, and have first-hand 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 departments of government. We collaborate daily on behalf of the clients we serve with MDHHS local offices, Social Security Administration, THAW, Area Agencies on Aging in the tri-county area, AARP, Michigan Works agencies, Lakeshore Legal Aid, LARA, Wayne Metropolitan Community Action Agency, Elder Law, United Way for Southern Michigan 211, LISC, housing authorities, municipalities, utility companies, hospitals, doctor offices, school systems, courts, etc.

These relations are well developed, which improves a client's ability to navigate a complex system, which in turn ensures that needs are met.

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

5. Services Provided through the contract:

- Conduct assessments to identify needs and promote greater access to services
- Provide information, referral and advocacy including language interpretation (English/Arabic/Chaldean) to facilitate access to programs such as Food Assistance Program/SNAP (food stamps), cash assistance (Family Independence Program, Refugee Cash Assistance, State Disability Assistance), Child Development and Care (CDC – child care assistance), Social Security benefits (RSDI and SSI) unemployment benefits, child support, etc.
- Michigan Medicaid/Medicare Assistance Program (MMAP) Counseling and enrollment (Medicaid and or Medicare Parts A, B, and D) including EXTRA Help for prescription drugs
- Bilingual explanation of the rules, regulations, and eligibility guidelines of local, state and federal benefits as well as private programs before submitting applications
- Assist with completion of related forms for state, federal and private funded programs; assist clients with identifying and gathering supportive documents before submitting applications
- Provide support to the MDHHS workers during clients' interview process as well as pre-hearing conferences upon their request
- Provide information, referral and enrollment to services in the areas of education for adults (English as a Second Language) and youth, employment and training, health and mental health legal and citizenship education services, free tax preparation services, home heating credits, utility assistance programs such as THAW and Low-income Self-Sufficiency program via DTE, housing and rental assistance programs and any other applicable and or relevant social services programs
- Continue and maintain customer contact until the provision of Information, Referral, and/or Advocacy services is complete or the specific problem area is resolved

6. ACCESS Qualification and Experience:

ACCESS recruits staff members that are knowledgeable about ACCESS and its organizational mission, and supports the agency's goals. It is also important that these recruits are human service minded and demonstrate sensitivity to the community at-large. Minimum requirements for case workers include:

- Associate Degree, however, Bachelor degree in Social Work is preferred
- Non-graduates with demonstrated community assessment and or program planning skills
- Good command of the English, Arabic and/or Chaldean languages (verbal and written skills in English – Written skill in Arabic preferred)
- Ability to relate well to people
- Familiarity with urban living environment
- Must be sensitive to the needs of the low-income community
- Bilingual and bi-culturally sensitive
- Must demonstrate basic clerical skills
- Must be able to operate a computer
- Must be able to certify as Navigator to enroll clients in Medical Assistance through the Affordable Care Act (Federal Marketplace)
- Must be able to certify as an MMAP Counselor

Location of Services:

ACCESS Youth & Family Service Center

Social Service Unit
2651 Saulino Court
Dearborn, MI 48120
313-842-7010

ACCESS One-Stop Employment & Human Services Center

Social Services Unit
6451 Schaefer Road
Dearborn, MI 48126
313-945-8167

ACCESS Hamtramck

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

7. Client Base:

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

8. Describe the client population:

The target population includes immigrants and refugees, among all other low-income, disenfranchised individuals. The populations we serve face challenges that are unique, requiring responses to realities that often are out of the control of the individual. For example, from a basic needs perspective, immigrants and refugees face barriers associated with their eligibility for state and federal benefits 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 the September 11th attacks in America and the domestic profiling of Arabs and Muslims across the nation, and particularly across our region. Immigrants, especially those originating from Arab countries or who are Muslim, face discrimination and unfair treatment at both community and institutional levels. The impact of these realities on individuals and families is profound; there is stress in the home, and in effect, immigrants and refugees are less likely to integrate into their communities.

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

9. Wraparound Service:

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

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

Clients will receive the following services:

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

Once a household has demonstrated that they can meet their basic needs with a marginal level of assistance, they are given an opportunity to enroll in our Center for Working Families (CWF) 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

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

SEE ATTACHMENT

11. Information on Services and Programs Provided:

- **MDHHS/SSA:** Provided over 4,300 households with eligibility screening and/or enrollment for state, federal and local benefit programs via MiBridges and Social Security Administration; this includes explanation of rules and regulations and eligibility guidelines. Benefits include SNAP, FIP, SDA, Refugee Assistance including Cash and Medical, Medicaid, Medicare Saving Program, EXTRA Help, MiCAFE, RSDI, SSI, Medicare, etc. Also, the provision of advocacy and interpretation services to clients, MDHHS and SSA representatives.
- **EMERGENCY and BASIC NEEDS SERVICES: (Housing – Food – Utility – Miscellaneous Assistance)**
Provided over 1,395 households (impacting 4,185 individuals) with the followings:
 - ❖ Housing Assistance: Provided over 290 households with case management, homeless prevention and intervention services, housing payments, motel payments, outreach services that include but not limited to: visits to homeless shelters, Department of Health & Human Services, Social Security offices, other service providers, doctors' appointments, school enrollment, information, referral and enrollment when available and or eligible for low-income housing, etc.
 - ❖ Food Assistance: Provided over 750 households with food assistance (food vouchers and food baskets) and referrals to food pantries. Enrolled over 1,130 children in reduced/free breakfast and lunch programs
 - ❖ Utility Assistance: Provided over 859 household with utility payments to prevent shut-off/reactivation and or enrollment in the Low-Income Subsidy Program and provided supportive services.
 - ❖ Other Miscellaneous Assistance: over 270 households received assistance with clothing, furniture, household appliances, household items, bedding, etc.
- **UNEMPLOYMENT CLAIMS:** Assisted clients with unemployment-related services via LARA, filed 396 new unemployed claims; made 738 MARVIN calls (for required bi-weekly certification of unemployment); and provided 409 related services such as address changes, inquiries, appeals, etc.
- **INCOME TAX PREPARATION:** In 2016, ACCESS hosted the Accounting Aid Society at ACCESS' Social Services Department where our staff volunteered every Saturday, during the months of February and March to provide preliminary screening and interpretation services; 221 state and federal tax returns were completed and filed that generated over \$348,846 in tax credits and refunds to low-income families.
- **INFORMATION & REFERRAL and ADVOCACY:** Provided 20,525 information/referral and advocacy services in the areas of general social services, basic needs, employment & training, health & mental health, youth & education, etc.
- **Case Management Services:** Provided case management services to over 907 households through the Self-Sufficiency Matrix Program.
- **CWF:** Provided over 3,187 case management services to over 290 households through CWF in Wayne and Macomb counties in the areas of financial, employment and income supports coaching.
- **Affordable Care Act (ACA):** Disseminated information on ACA and the Federal Marketplace to over 1,090 households.
- **LEGAL AID:** Of the 326 new cases opened during 2016-2017 over 66 households received Pro-Bono legal aid through a private attorney
- **IMMIGRATION SERVICES:** Provided 4,138 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:** 1,407 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.

Contract Requirements recap:

MDHHS Contract Mandates the following:	Result		ACCESS delivered:	Result
Geographical Area	Wayne County		Geographical Area	Wayne County
# of Clients Served	5,400		# of Clients Served	5,771
# of Units Delivered (1 unit = 30 minutes of service)	12,500		# of Unites of Delivered (1Unit = 30 minutes of service)	19,357

FINANCIAL STATUS REPORT

Arab Community Center for Economic and Social Services

FE ID Number 23-7444497	Contract Number E20172463-00	Page 1	Of 3				
Local Agency Name Arab Community Center for Economic and Social Services	Program Master Agreement Program - 2017	Title Human Services - Arab American					
Street Address 2651 Saulino Court	Report Period 09/01/2017	Thru 09/30/2017	Final <input checked="" type="checkbox"/>				
City, State, ZIP Code Dearborn, MI, 48120 1556	Agreement Period 10/01/2016	Thru 09/30/2017	Operational Advance 0.00				
Category	Expenditures				Agreement		
	Current Period	Correction	Agreement YTD	Match YTD	Budget	Balance	Expend%
1. Salary & Wages	32,719.02	0.00	421,226.55	0.00	413,873.00	-7,353.55	101.78%
2. Fringe Benefits	6,586.34	0.00	85,288.15	0.00	93,291.00	8,002.85	91.42%
3. Travel	0.00	0.00	933.47	0.00	1,050.00	116.53	88.90%
4. Supplies & Materials	973.10	0.00	11,375.40	0.00	13,200.00	1,824.60	86.18%
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	10,264.16	0.00	184,767.43	0.00	182,177.00	-2,590.43	101.42%
Total Program Expenses	50,542.62	0.00	703,591.00	0.00	703,591.00	0.00	100.00%
Indirect Costs	7,471.18	0.00	105,539.00	0.00	105,539.00	0.00	100.00%
TOTAL EXPENDITURES	58,013.80	0.00	809,130.00	0.00	809,130.00	0.00	100.00%

ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)

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

YEARS ENDED SEPTEMBER 30, 2016 AND 2015

CONTENTS

	<u>Page</u>
Independent auditor's report	3 - 4
Financial statements:	
Statements of financial position	5
Statements of activities	6 - 7
Statements of cash flows	8
Notes to financial statements	9 - 15
Supplementary information	16
Schedule of program revenue and functional expenses	17 - 21
Schedule of expenditures of federal awards	22 - 23
Notes to the schedule of expenditures of federal awards	24
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>	25 - 26
Independent auditor's report on compliance for each major program and on internal control over compliance required by Uniform Guidance	27 - 28
Schedule of findings and questioned costs	29
Schedule of prior audit findings	30

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, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Arab-American and Chaldean Council as of September 30, 2016 and 2015, 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 9, 2016 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Arab-American and Chaldean Council's internal control over financial reporting and compliance.

Manes Costeiran PC

December 9, 2016

ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2016 AND 2015

	2016	2015
ASSETS		
CURRENT ASSETS:		
Cash	\$ 1,026,906	\$ 1,033,273
Contracts receivable	949,097	850,438
Contributions receivable	88,869	40,835
Prepaid expenses	53,659	52,553
TOTAL CURRENT ASSETS	2,118,531	1,977,099
PROPERTY AND EQUIPMENT,		
less accumulated depreciation	4,577,272	4,837,009
DEFERRED LOAN ISSUANCE COSTS,		
less accumulated amortization	87,098	92,810
OTHER ASSETS	138,990	138,990
TOTAL ASSETS	\$ 6,921,891	\$ 7,045,908
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 169,778	\$ 196,531
Accounts payable	127,169	43,701
Deferred revenue	97,536	138,464
TOTAL CURRENT LIABILITIES	394,483	378,696
LONG-TERM DEBT, less current portion	3,327,689	3,485,186
SECURITY DEPOSIT	13,946	-
TOTAL LIABILITIES	3,736,118	3,863,882
NET ASSETS:		
Unrestricted	3,185,773	3,042,423
Temporarily restricted	-	139,603
TOTAL NET ASSETS	3,185,773	3,182,026
TOTAL LIABILITIES AND NET ASSETS	\$ 6,921,891	\$ 7,045,908

See notes to the financial statements.

**ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2016**

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

**ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2015**

	2015		
	Unrestricted	Temporarily restricted	Total
REVENUES AND SUPPORT:			
Contracts	\$ 9,303,014	\$ -	\$ 9,303,014
Contributions	930,649	206,939	1,137,588
Net assets released from restrictions	172,560	(172,560)	-
Total revenues and support	<u>10,406,223</u>	<u>34,379</u>	<u>10,440,602</u>
EXPENSES:			
Program expenses	9,659,759	-	9,659,759
Management and general	1,732,696	-	1,732,696
Fundraising	102,882	-	102,882
Total expenses	<u>11,495,337</u>	<u>-</u>	<u>11,495,337</u>
CHANGE IN NET ASSETS	(1,089,114)	34,379	(1,054,735)
NET ASSETS:			
Beginning of year	<u>4,131,537</u>	<u>105,224</u>	<u>4,236,761</u>
End of year	<u>\$ 3,042,423</u>	<u>\$ 139,603</u>	<u>\$ 3,182,026</u>

**ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2016 AND 2015**

	2016	2015
INCREASE (DECREASE) IN CASH:		
Cash flows from operating activities:		
Change in net assets	\$ 3,747	\$ (1,054,735)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	259,737	279,845
Loss on sale of property and equipment	-	207,326
Amortization of deferred loan issuance costs	5,712	5,712
Contracts receivable	(98,659)	(88,017)
Contributions receivable	(48,034)	(37,478)
Prepaid expenses	(1,106)	13,713
Accounts payable	83,468	21,923
Deferred revenue	(40,928)	108,964
Security deposit	13,946	-
Total adjustments	174,136	511,988
Net cash provided (used) by operating activities	177,883	(542,747)
Cash flows from investing activities:		
Proceeds from sale of property and equipment	-	146,554
Cash flows from financing activities:		
Payments on long-term debt	(184,250)	(175,295)
NET INCREASE (DECREASE) IN CASH	(6,367)	(571,488)
CASH:		
Beginning of year	1,033,273	1,604,761
End of year	\$ 1,026,906	\$ 1,033,273
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	\$ 10,787	\$ 6,208

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Contributions and contracts receivable - The Council's contracts receivable are comprised primarily of contracts committed from various funding agencies for use in the Council's activities. The Council's contributions receivable are comprised primarily of contributions pledged during the Council's annual banquet. Both contracts and contributions receivable at September 30, 2016 are expected to be collected within one year. The Council provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of receivable accounts. Based on management's estimates, no allowance for bad debts was necessary for the years ended September 30, 2016 and 2015.

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 fair market value as of the date of acquisition. Expenditures for office furniture and equipment made from awarded contracts are considered an expense of the contract because the sponsor retains title to the office furniture and equipment purchased.

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Deferred loan issuance costs - Deferred loan issuance costs consists of direct expenditures associated with the issuance of the \$4,500,000 variable rate demand limited obligation revenue bonds. The total cost amounted to \$142,790, and is amortized on the straight-line method over the term of the bonds. Total accumulated amortization amounts to \$55,692 and \$49,980 for the years ended September 30, 2016 and 2015, respectively.

Contributions revenue - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Functional allocation of expenses - The cost of providing various programs and other activities has been summarized on a functional basis in the supplementary schedule of program revenue and functional expenses following the notes to the financial statements.

NOTE 2 - NATURE OF ORGANIZATION, RISKS AND UNCERTAINTIES

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

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

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

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

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.

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

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

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:

	2016		2015	
	Revenue	Receivable	Revenue	Receivable
Entity A	8%	23%	0%	0%
Entity B	16%	21%	15%	3%
Entity C	18%	0%	26%	24%
Entity D	14%	10%	20%	21%
Entity E	12%	10%	11%	9%
Entity F	13%	23%	10%	27%
Other items individually less than 10% of total	19%	13%	18%	16%
Total	100%	100%	100%	100%

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

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

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

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

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

The Council evaluates events and transactions that occur after year-end for potential recognition or disclosure in the financial statements. These subsequent events have been considered through December 9, 2016, which is the date the financial statements were available to be issued.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment at September 30 is summarized as follows:

	Estimated useful life (in years)	2016	2015
Land		\$ 987,000	\$ 987,000
Buildings and improvements	25	6,190,131	6,190,131
Vehicles	5	60,650	60,650
		<u>7,237,781</u>	<u>7,237,781</u>
Less accumulated depreciation		<u>(2,660,509)</u>	<u>(2,400,772)</u>
Total net property and equipment		<u>\$ 4,577,272</u>	<u>\$ 4,837,009</u>
Depreciation		<u>\$ 259,737</u>	<u>\$ 279,845</u>

NOTE 4 - LINE OF CREDIT

The Council has an available revolving line of credit agreement with a bank for \$800,000 for use in both operations and capital purchases. The line of credit is due on demand and is secured by all of the assets of the Council. The interest rate at September 30, 2016 and 2015 was the bank's prime plus 1.25 percent (an effective rate of 4.5%). There was no balance outstanding on the line of credit as of September 30, 2016 and 2015.

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

NOTE 5 - LONG-TERM DEBT

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

	2016	2015
Promissory note, issued by the Michigan Strategic Fund, Series 2006 Bonds - for the years ended September 30, 2016 and 2015 the note bears interest at a fixed rate of 1.75%; payable in annual installments on November 1 ranging from \$145,000 to \$305,000 plus interest. The bonds are collateralized by all assets of the Council and matures November 2031.	\$ 3,465,000	\$ 3,605,000
Promissory bank note - original loan dated December 21, 2006, for \$500,000, payable at \$2,886 per month including interest at a variable interest rate of 0.25 percent below the bank's prime rate. On January 1, 2012, the promissory bank note was amended to reflect payments of \$3,033 per month including interest at a variable interest rate of 1.25 percent above the bank's prime rate (4.50% at September 30, 2015). On December 16, 2015, the promissory bank note was refinanced and matures December 16, 2016. Payments remained at \$3,033 per month including interest at a variable interest rate of 1.25 percent above the bank's prime rate (4.75% at September 30, 2016). The promissory bank note is collateralized by land and certain buildings of the Council.	12,281	44,413
Vehicle loan - payable in monthly installments of \$620 including interest of 5.74%. The loan is collateralized by the vehicle and matures September 2018.	14,028	20,462
Vehicle loan - payable in monthly installments of \$474 with no interest. The loan is collateralized by the vehicle and matures October 2017.	6,158	11,842
Total	3,497,467	3,681,717
Less current portion	169,778	196,531
Long-term portion	\$ 3,327,689	\$ 3,485,186

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

NOTE 5 - LONG-TERM DEBT (Concluded)

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

Years ending September 30	Amount
2017	\$ 169,778
2018	162,689
2019	160,000
2020	170,000
2021	175,000
2022 - 2026	1,030,000
2027 - 2031	1,325,000
2032	305,000
	\$ 3,497,467

Interest expense was \$10,787 and \$6,208 for the years ended September 30, 2016 and 2015, 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, 2016. All covenants remain in effect for future years or until the debt is retired.

NOTE 6 - PENSION PLAN

The Council has a defined contribution plan covering all full-time employees over 21 years of age and employed for at least one year. Council contributions are equal to 5 percent of participant's compensation. Contributions to the pension plan approximated \$231,000 and \$207,000 for the years ended September 30, 2016 and 2015, respectively.

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

NOTE 7 - OPERATING LEASES

The Council leases its buildings and office equipment under yearly operating lease agreements, as well as many month to month contracts which are not included in the minimum lease payments below. Rent expense was approximately \$671,000 and \$690,000 for the years ended September 30, 2016 and 2015, respectively.

Future minimum lease payments are summarized as follows:

<u>Years ended September 30,</u>	
2017	\$ 422,421
2018	103,418
2019	65,600
2020	61,200

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2016</u>	<u>2015</u>
Annual Civic and Humanitarian Awards Gala	<u>\$ -</u>	<u>\$ 139,603</u>

Net assets were released from donor restrictions by incurring expenses which satisfied the restricted purposes or by occurrence of other events specified by donors. Below are the assets released from restrictions for the years ended September 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Assets released from restrictions for operations:		
Annual Civic and Humanitarian Awards Gala	<u>\$ 203,349</u>	<u>\$ 172,560</u>

SUPPLEMENTARY INFORMATION

ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
SCHEDULE OF PROGRAM REVENUE AND FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2016

	101	102	104	105	106	107	200	201
Revenue	\$ 605,200	\$ 170,750	\$ 129,000	\$ 102,569	\$ 82,706	\$ 58,648	\$ 1,374,661	\$ 12,322
Program expenses:								
Salaries	345,326	100,942	70,986	37,470	37,328	20,226	579,290	5,506
Employee benefits	132,561	52,755	33,777	16,934	16,657	9,018	196,284	4,301
Payroll taxes	22,929	7,476	5,254	2,678	2,672	1,441	43,140	398
Contractual services	-	-	-	11,261	-	7,157	177,010	-
Support services	-	-	-	-	-	-	-	-
Occupancy	19,195	1,754	1,441	7,858	7,547	4,328	122,199	-
Communication	7,532	378	1,137	1,415	1,400	734	35,955	-
Supplies	4,187	1,304	837	548	345	171	47,678	576
Equipment and maintenance	1,284	157	118	759	669	446	4,382	-
Travel	5,636	190	29	750	371	377	17,865	1,177
Building maintenance	-	-	-	-	-	-	-	-
Miscellaneous	2,011	388	535	214	216	685	11,295	-
Total program expenses	<u>540,661</u>	<u>165,344</u>	<u>114,114</u>	<u>79,887</u>	<u>67,205</u>	<u>44,583</u>	<u>1,235,098</u>	<u>11,958</u>
Management and general:								
Salaries	46,122	11,436	8,634	4,743	4,793	2,497	84,046	-
Employee benefits	12,847	3,743	2,827	1,340	1,333	692	23,385	-
Payroll taxes	5,957	846	639	310	317	158	5,420	-
Contractual services	-	-	-	-	-	-	4,082	-
Occupancy	6,562	2,234	1,709	719	762	393	13,210	300
Communication	859	189	144	94	87	49	1,747	-
Supplies	465	145	93	61	38	19	5,298	64
Travel	85	43	3	-	-	-	39	-
Miscellaneous	1,845	669	843	2,204	1,228	2,147	2,383	-
Total management and general	<u>74,742</u>	<u>19,305</u>	<u>14,892</u>	<u>9,471</u>	<u>8,558</u>	<u>5,955</u>	<u>139,610</u>	<u>364</u>
Total expenses	<u>615,403</u>	<u>184,649</u>	<u>129,006</u>	<u>89,358</u>	<u>75,763</u>	<u>50,538</u>	<u>1,374,708</u>	<u>12,322</u>
Excess of revenue over (under) expenses	<u>\$ (10,203)</u>	<u>\$ (13,899)</u>	<u>\$ (6)</u>	<u>\$ 13,211</u>	<u>\$ 6,943</u>	<u>\$ 8,110</u>	<u>\$ (47)</u>	<u>\$ -</u>

ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
SCHEDULE OF PROGRAM REVENUE AND FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2016

	202	205	206	210	212	214	216	218
Revenue	\$ 95,862	\$ 1,554,902	\$ 113,200	\$ 599,499	\$ 16,569	\$ 396,454	\$ 235,225	\$ 145
Program expenses:								
Salaries	-	596,800	65,403	222,675	180	143,788	920	-
Employee benefits	-	205,702	15,291	74,164	9	39,265	52	-
Payroll taxes	-	44,545	4,851	16,642	14	10,859	70	-
Contractual services	-	309,834	-	56,225	-	73,603	-	-
Support services	-	-	-	-	-	-	38	-
Occupancy	-	123,344	5,521	64,057	-	41,267	-	-
Communication	-	32,129	1,783	8,033	-	4,863	2,500	-
Supplies	23,092	49,421	1,939	7,053	-	5,042	161	48
Equipment and maintenance	-	5,782	1,144	1,013	-	259	9,906	-
Travel	-	26,774	927	4,206	-	1,027	-	-
Building maintenance	-	-	-	-	-	-	-	-
Miscellaneous	-	12,453	815	2,290	-	2,324	2,422	-
Total program expenses	<u>23,092</u>	<u>1,406,784</u>	<u>97,674</u>	<u>456,358</u>	<u>203</u>	<u>322,297</u>	<u>16,069</u>	<u>48</u>
Management and general:								
Salaries	-	123,725	9,741	29,039	-	22,904	-	-
Employee benefits	-	32,497	2,734	8,095	-	6,388	-	-
Payroll taxes	-	7,734	621	1,878	-	1,483	-	-
Contractual services	-	4,471	448	3,406	-	1,288	-	-
Occupancy	-	17,256	-	4,533	-	3,594	-	-
Communication	-	2,529	1,590	543	-	432	-	-
Supplies	2,566	5,491	215	784	-	560	18	5
Travel	-	75	5	13	-	-	-	-
Miscellaneous	-	2,568	204	790	-	597	-	-
Total management and general	<u>2,566</u>	<u>196,346</u>	<u>15,558</u>	<u>49,081</u>	<u>-</u>	<u>37,246</u>	<u>18</u>	<u>5</u>
Total expenses	<u>25,658</u>	<u>1,603,130</u>	<u>113,232</u>	<u>505,439</u>	<u>203</u>	<u>359,543</u>	<u>16,087</u>	<u>53</u>
Excess of revenue over (under) expenses	<u>\$ 70,204</u>	<u>\$ (48,228)</u>	<u>\$ (32)</u>	<u>\$ 94,060</u>	<u>\$ 16,366</u>	<u>\$ 36,911</u>	<u>\$ 219,138</u>	<u>\$ 92</u>

ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
SCHEDULE OF PROGRAM REVENUE AND FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2016

	220	240	245	250	265	300	602	720
Revenue	\$ 271,711	\$ 20,000	\$ 385,412	\$ 938,245	\$ 6,241	\$ 22,742	\$ 458,387	\$ 40,448
Program expenses:								
Salaries	124,553	8,137	194,831	259,756	4,199	33,852	190,108	23,304
Employee benefits	32,867	5,998	81,575	54,901	1,286	6,767	49,718	11,823
Payroll taxes	9,365	588	14,405	19,575	314	2,570	13,198	1,719
Contractual services	73,429	-	1,788	10,158	-	-	28,600	-
Support services	-	-	-	-	-	-	-	-
Occupancy	40,898	-	68,271	17,632	875	5,421	32,074	433
Communication	4,826	-	9,738	4,384	-	877	4,426	365
Supplies	4,982	3,264	11,741	3,838	-	149	21,858	309
Equipment and maintenance	237	-	385	2,804	-	234	172	-
Travel	2,471	1,650	15,847	22,653	96	1	278	2,163
Building maintenance	-	-	6,446	-	-	-	-	-
Miscellaneous	2,101	-	7,258	2,917	-	395	23,701	421
Total program expenses	<u>295,729</u>	<u>19,637</u>	<u>412,285</u>	<u>398,618</u>	<u>6,770</u>	<u>50,266</u>	<u>364,133</u>	<u>40,537</u>
Management and general:								
Salaries	20,924	-	35,713	48,393	-	1,867	17,877	-
Employee benefits	5,834	-	9,929	13,529	-	670	4,984	-
Payroll taxes	1,359	-	2,312	3,147	-	139	1,155	-
Contractual services	1,246	-	1,796	3,778	-	380	2,411	-
Occupancy	3,293	-	5,114	8,638	-	413	3,008	-
Communication	384	-	1,180	945	-	28	204	-
Supplies	553	363	1,305	426	-	17	2,429	34
Travel	9	-	6	-	-	-	84	-
Miscellaneous	547	-	1,013	948	-	81	-	74
Total management and general	<u>34,149</u>	<u>363</u>	<u>58,368</u>	<u>79,804</u>	<u>-</u>	<u>3,595</u>	<u>32,152</u>	<u>108</u>
Total expenses	<u>329,878</u>	<u>20,000</u>	<u>470,653</u>	<u>478,422</u>	<u>6,770</u>	<u>53,861</u>	<u>396,285</u>	<u>40,645</u>
Excess of revenue over (under) expenses	<u>\$ (58,167)</u>	<u>\$ -</u>	<u>\$ (85,241)</u>	<u>\$ 459,823</u>	<u>\$ (529)</u>	<u>\$ (31,119)</u>	<u>\$ 62,102</u>	<u>\$ (197)</u>

ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
SCHEDULE OF PROGRAM REVENUE AND FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2016

	725	740	745	755	770	782	785	790
Revenue	\$ 45,000	\$ 58,450	\$ 221,519	\$ 200,000	\$ 41,464	\$ 94,149	\$ 1,401,122	\$ 88,464
Program expenses:								
Salaries	2,749	36,159	121,081	91,462	20,851	47,931	753,528	17,260
Employee benefits	1,790	11,756	37,171	40,314	5,108	24,657	261,856	5,322
Payroll taxes	200	2,710	8,319	6,784	1,569	3,474	55,612	1,282
Contractual services	13,800	-	-	11,300	4,100	-	-	-
Support services	-	-	-	-	-	-	-	-
Occupancy	-	576	16,889	8,927	26	1,155	64,467	581
Communication	-	201	3,574	1,343	85	2,314	22,538	2
Supplies	9,551	583	5,659	12,312	1,994	901	30,564	581
Equipment and maintenance	-	-	155	336	30	250	3,098	-
Travel	9,567	4,747	615	6,793	686	608	9,198	-
Building maintenance	-	-	-	-	-	-	-	-
Miscellaneous	6,282	163	7,829	2,442	2,783	755	11,517	65,080
Total program expenses	<u>43,939</u>	<u>56,895</u>	<u>201,292</u>	<u>182,013</u>	<u>37,232</u>	<u>82,045</u>	<u>1,212,378</u>	<u>90,108</u>
Management and general:								
Salaries	-	1,783	13,489	9,488	1,903	7,068	115,808	-
Employee benefits	-	816	3,752	2,989	683	1,967	32,250	-
Payroll taxes	-	132	873	651	141	462	7,480	-
Contractual services	-	600	-	1,261	791	-	-	-
Occupancy	-	23	2,049	1,734	397	1,100	18,137	-
Communication	-	15	236	175	28	131	2,163	-
Supplies	1,061	65	629	1,368	222	100	3,396	64
Travel	-	-	2	4	2	1	25	-
Miscellaneous	-	160	304	324	65	2,228	9,489	857
Total management and general	<u>1,061</u>	<u>3,594</u>	<u>21,334</u>	<u>17,994</u>	<u>4,232</u>	<u>13,057</u>	<u>188,748</u>	<u>921</u>
Total expenses	<u>45,000</u>	<u>60,489</u>	<u>222,626</u>	<u>200,007</u>	<u>41,464</u>	<u>95,102</u>	<u>1,401,126</u>	<u>91,029</u>
Excess of revenue over (under) expenses	<u>\$ -</u>	<u>\$ (2,039)</u>	<u>\$ (1,107)</u>	<u>\$ (7)</u>	<u>\$ -</u>	<u>\$ (953)</u>	<u>\$ (4)</u>	<u>\$ (2,565)</u>

ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
SCHEDULE OF PROGRAM REVENUE AND FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2016

	865	870	Total program activity	Other activity	Total activity
Revenue	\$ 620,698	\$ 37,500	\$ 10,499,264	\$ 708,852	\$ 11,208,116
Direct expenses:					
Salaries	280,268	17,358	4,454,227	187,762	4,641,989
Employee benefits	104,054	9,364	1,543,097	66,331	1,609,428
Payroll taxes	21,069	1,277	326,999	14,646	341,645
Contractual services	21,792	-	800,057	82,321	882,378
Support services	6,741	-	6,779	9,706	16,485
Occupancy	69,867	28,829	755,432	84,696	840,128
Communication	10,120	2,793	165,445	23,474	188,919
Supplies	5,099	418	256,205	64,646	320,851
Equipment and maintenance	823	-	34,443	815	35,258
Travel	8,827	-	145,529	53,511	199,040
Building maintenance	-	-	6,446	390,000	396,446
Miscellaneous	19,542	39	188,873	389,115	577,988
Total program expenses	<u>548,202</u>	<u>60,078</u>	<u>8,683,532</u>	<u>1,367,023</u>	<u>10,050,555</u>
Management and general:					
Salaries	44,132	-	666,125	30,000	696,125
Employee benefits	12,276	-	185,560	4,872	190,432
Payroll taxes	2,815	-	46,029	2,295	48,324
Contractual services	3,666	-	29,624	-	29,624
Occupancy	6,910	-	102,088	-	102,088
Communication	831	-	14,583	-	14,583
Supplies	567	46	28,467	7,182	35,649
Travel	77	-	473	522	995
Miscellaneous	1,222	162	32,952	3,042	35,994
Total management and general	<u>72,496</u>	<u>208</u>	<u>1,105,901</u>	<u>47,913</u>	<u>1,153,814</u>
Total expenses	<u>620,698</u>	<u>60,286</u>	<u>9,789,433</u>	<u>1,414,936</u>	<u>11,204,369</u>
Excess of revenue over (under) expenses	<u>\$ -</u>	<u>\$ (22,786)</u>	<u>\$ 709,831</u>	<u>\$ (706,084)</u>	<u>\$ 3,747</u>

**ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2016**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Identifying Number	Expenses
U.S. Department of Agriculture:			
Special Supplemental Nutrition Program			
for Women, Infants, and Children (WIC):	10.557		
Passed through Wayne County		37-16-801	\$ 17,037
Passed through Wayne County		37-16-803	<u>77,112</u>
Total passed through Wayne County			94,149
Passed through City of Detroit		2903113	<u>1,401,122</u>
Total U.S. Department of Agriculture			<u>1,495,271</u>
U.S. Department of Health and Human Services:			
National State Based Tobacco Control Programs:	93.305		
Passed through Michigan Department of Health and Human Services		20160457-002	<u>40,448</u>
Assistance for Torture Victims:	93.604		
Passed through Wayne State University		WSU15002	<u>6,241</u>
Temporary Assistance for Needy Families:	93.558		
Passed through Oakland County Workforce Development Division:			
Partnership, Accountability, Training, Hope Program (PATH)		15-18	433,394
State Refugee		15-25	<u>187,304</u>
Total Temporary Assistance for Needy Families			<u>620,698</u>

See notes to the schedule of expenditures of federal awards.

**ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2016**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Identifying Number	Expenses
U.S. Department of Health and Human Services (Continued):			
Refugee and Entrant Assistance State Administered Programs:	93.566		
Passed through Michigan Department of Human Services:			
Refugee Health Assessment Services - Macomb County		RAHS-16-50001	\$ 82,706
Refugee Health Assessment Services - Oakland County		RAHS-16-63001	58,648
Refugee Health Assessment Services - Wayne County		RAHS-16-82001	<u>102,569</u>
Total Refugee and Entrant Assistance - State Administered Programs			<u>243,923</u>
Block Grants for Prevention and Treatment of Substance Abuse:	93.959		
Passed through Oakland County Community Mental Health Authority:			
Substance Use Disorder Services Program		2015-0006	45,591
Substance Use Disorder Services Program		2016-0093	<u>29,144</u>
Total passed through Oakland County Community Mental Health Authority			74,735
Passed through Detroit Wayne Mental Health Authority		BA 16-21	<u>150,000</u>
Total Block Grants For Prevention and Treatment of Substance Abuse			<u>224,735</u>
Total U.S. Department of Health and Human Services pass-through programs			1,136,045
Direct award through the Office of Administration for Children and Families:			
Community Services Block Grant Discretionary Awards	93.570	N/A	<u>109,895</u>
Total U.S. Department of Health and Human Services			<u>1,245,940</u>
Total Expenditures of Federal Awards			<u>\$ 2,741,211</u>

See notes to the schedule of expenditures of federal awards.

ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2016

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, 2016. 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 and in OMB Circular A-122, *Cost Principles for Non Profit Organizations*, 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.

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, 2016:

Total federal awards per the schedule of expenditures of federal awards	\$ 2,741,211
Add non-federal awards contained in the audited financial statements	<u>6,747,178</u>
Total contract revenues per audited financial statements	<u><u>\$ 9,488,389</u></u>

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Arab-American and Chaldean Council, which comprise the statements of financial position as of September 30, 2016, 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 9, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Manes Costeiran PC

December 9, 2016

**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, 2016. 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, 2016.

Report on Internal Control Over Compliance

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

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

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

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

Manes Costeiran PC

December 9, 2016

**ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2016**

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 | _____ <u>X</u> No | |
| ➤ | Significant deficiency(ies) identified? | _____ Yes | _____ <u>X</u> None reported | |
| | Noncompliance material to financial statements noted? | _____ Yes | _____ <u>X</u> No | |

Federal Awards

Internal control over major programs:

- | | | | | |
|---|---|-----------|------------------------------|--|
| ➤ | Material weakness(es) identified? | _____ Yes | _____ <u>X</u> No | |
| ➤ | Significant deficiency(ies) identified? | _____ Yes | _____ <u>X</u> None reported | |

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Title 2 CFR Section 200.516(a)?

_____ Yes _____ X No

Identification of major programs:

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

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

- | | | | | |
|---|--|--------------------|----------|--|
| ➤ | Auditee qualified as low-risk auditee? | _____ <u>X</u> Yes | _____ No | |
|---|--|--------------------|----------|--|

Section II - Financial Statement Findings

None noted.

Section III - Federal Award Findings and Questioned Costs

None noted.

**ARAB-AMERICAN AND CHALDEAN COUNCIL (ACC)
SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2016**

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

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

**Consolidated Financial Report
Including Federal Awards
Supplementary Information
For the Years Ended
September 30, 2016 and 2015**



certified public accountants

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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 - 14
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>	15 - 16

SUPPLEMENTARY INFORMATION

Schedule of Expenditures of Federal Awards	17 - 21
Independent Auditors' Report on Compliance For Each Major Program And on Internal Control Over Compliance Required by the Uniform Guidance	22 - 23
Summary of Auditors' Results	24
Schedule of Findings, Questioned Costs, and Prior Year Findings	25



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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Arab Community Center for Economic and Social Services (a non-profit corporation) and subsidiary (collectively, ACCESS) which comprise the consolidated statements of financial position as of September 30, 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Arab Community Center for Economic and Social Services and subsidiary as of September 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Supplementary and 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 16, 2017**, on our consideration of Arab Community Center for Economic and Social Services and subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with **Government Auditing Standards** in considering ACCESS's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the ACCESS financial statements for the year ended September 30, 2015 and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 3, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gordon Advisors, P.C.

Troy, Michigan
February 16, 2017

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

	<u>September 30,</u>	
	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 4,385,140	\$ 3,546,342
Certificates of deposit and money market funds	802,767	800,000
Grants and contributions receivable	4,878,487	2,841,538
Gift shop inventory	107,468	96,508
Prepaid and reimbursable expenses	1,221,575	1,023,942
Total Current Assets	11,395,437	8,308,330
Other Assets		
Investments of endowed funds	2,875,331	2,108,474
Beneficial interest in perpetual endowment	1,076,697	1,035,493
	3,952,028	3,143,967
Property and Equipment		
Land	1,402,029	1,402,029
Buildings and improvements	27,738,824	27,585,424
Office furniture and equipment	2,281,506	2,062,626
	31,422,359	31,050,079
Less accumulated depreciation	(9,542,698)	(8,713,348)
Net Property and Equipment	21,879,661	22,336,731
Total Assets	\$ 37,227,126	\$ 33,789,028
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ 101,686	\$ 57,093
Accrued payroll and other related expenses	1,011,015	791,092
Deferred microloan funding	242,816	158,816
Total Liabilities	1,355,517	1,007,001
Net Assets		
Unrestricted	28,907,281	28,291,251
Temporarily restricted	3,221,142	1,539,562
Permanently restricted	3,743,186	2,951,214
Total Net Assets	35,871,609	32,782,027
Total Liabilities and Net Assets	\$ 37,227,126	\$ 33,789,028

See Independent Auditors' Report and Accompanying Footnotes.

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

	Year Ended September 30, 2016				2015
	Unrestricted	Temporarily	Permanently	Total	Total
Revenues					
Governmental agency and other grants	\$ 18,496,770	\$ 2,936,607	\$ 0	\$ 21,433,377	\$ 17,159,298
Program service fees	1,507,925	0	0	1,507,925	1,321,584
Gifts and contributions	1,197,060	1,268,687	527,337	2,993,084	3,377,769
Medical services	218,635	0	0	218,635	227,427
Net investment income (loss)	21,211	0	289,635	310,846	(220,368)
Other	452,156	0	0	452,156	352,301
	<u>21,893,757</u>	<u>4,205,294</u>	<u>816,972</u>	<u>26,916,023</u>	<u>22,218,011</u>
Net Assets Released From Restrictions	<u>2,548,714</u>	<u>(2,523,714)</u>	<u>(25,000)</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>24,442,471</u>	<u>1,681,580</u>	<u>791,972</u>	<u>26,916,023</u>	<u>22,218,011</u>
Expenses					
Program services	20,567,193	0	0	20,567,193	19,852,491
Medical services	345,090	0	0	345,090	372,404
Management and general	2,149,967	0	0	2,149,967	2,038,974
Fundraising	764,191	0	0	764,191	685,346
Loss on sale of property	0	0	0	0	100,250
	<u>23,826,441</u>	<u>0</u>	<u>0</u>	<u>23,826,441</u>	<u>23,049,465</u>
Total Expenses	<u>23,826,441</u>	<u>0</u>	<u>0</u>	<u>23,826,441</u>	<u>23,049,465</u>
Net Increase (Decrease) in Net Assets	<u>616,030</u>	<u>1,681,580</u>	<u>791,972</u>	<u>3,089,582</u>	<u>(831,454)</u>
Net Assets - Beginning of Year	<u>28,291,251</u>	<u>1,539,562</u>	<u>2,951,214</u>	<u>32,782,027</u>	<u>33,613,481</u>
Net Assets - End of Year	<u>\$ 28,907,281</u>	<u>\$ 3,221,142</u>	<u>\$ 3,743,186</u>	<u>\$ 35,871,609</u>	<u>\$ 32,782,027</u>

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, 2016
(With Summarized Information For The Year Ended September 30, 2015)

	Arab American National Museum	Social Services	National Outreach	National	Employment and Training	Community Health and Research Center	Youth and Education	Center for Arab American Philanthropy
Salaries and benefits	\$ 880,787	\$ 1,172,904	\$ 334,943	\$ 217,145	\$ 3,273,430	\$ 4,501,789	\$ 3,027,665	\$ 169,222
Contractual services	207,045	32,849	90,902	0	52,965	559,745	83,833	27,641
Professional fees	5,965	5,066	5,555	0	5,072	11,948	5,072	0
Office supplies	5,767	7,195	3,739	0	33,854	32,483	51,888	103
Program supplies	39,123	11,531	24,443	0	65,178	86,251	101,987	1,864
Telephone	50,131	41,017	17,460	0	33,088	127,272	34,493	66
Utilities	106,378	28,921	9,199	0	31,425	87,247	22,998	0
Occupancy	0	38,400	24,000	0	393,379	409,280	120,000	0
Insurance	34,306	13,831	7,360	0	12,724	80,103	16,683	0
Repairs and maintenance	106,580	36,803	15,233	0	56,108	136,503	42,488	0
Cleaning and janitorial	79,138	22,756	9,235	0	22,261	73,248	23,255	0
Equipment rental	18,489	9,175	4,057	0	8,137	24,455	22,556	0
Printing costs	31,271	4,112	9,652	0	1,628	7,924	3,318	6,335
Travel	31,611	7,584	36,240	0	11,773	42,941	76,655	2,980
Postage	10,573	2,007	1,885	0	1,377	3,836	2,344	941
Conference and meetings	55,250	1,289	69,729	0	9,501	65,689	332,565	10,370
Specific assistance	0	59,937	(140)	0	332,929	16,571	(600)	0
Depreciation	9,312	0	0	0	8,628	13,040	5,386	0
Advertising	18,314	4,353	11,706	0	0	10,513	4,358	1,119
Security	11,725	16,471	6,455	0	25,616	12,419	16,139	0
Bank charges	5,780	0	0	0	0	0	0	1,324
Dues and memberships	18,531	248	3,757	0	1,033	6,959	1,404	1,000
Donations	2,250	190	4,785	0	175	2,720	(250)	0
Interest	0	0	0	0	0	0	0	0
Vehicle expense	145	0	160	0	5,627	10,187	3,412	0
Employee screening	203	200	206	21	608	437	1,179	29
Property taxes	0	0	0	0	0	35,887	0	0
Concert of Colors costs	222,376	0	0	0	0	0	0	0
Grants to other organizations	0	0	93,197	0	0	0	(200)	1,213,385
Event costs	0	0	0	0	0	0	0	0
Miscellaneous	7,271	2,273	2,832	0	2,921	10,674	75,046	1,048
Less reimbursed costs	0	0	(6,500)	0	0	0	(20,689)	0
	<u>\$ 1,958,321</u>	<u>\$ 1,519,112</u>	<u>\$ 780,090</u>	<u>\$ 217,166</u>	<u>\$ 4,389,437</u>	<u>\$ 6,370,121</u>	<u>\$ 4,052,985</u>	<u>\$ 1,437,427</u>

See Independent Auditors' Report and Accompanying Footnotes.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES
Consolidated Statement of Functional Expenses
For The Year Ended September 30, 2016
(With Summarized Information For The Year Ended September 30, 2015)

	2016						2015	
	<u>Entrepreneurial Program</u>	<u>Eliminations</u>	<u>Total Program Services</u>	<u>Medical Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>	<u>Total</u>
Salaries and benefits	\$ 317,041	\$ 0	\$ 13,894,926	\$ 247,228	\$ 708,793	\$ 461,904	\$ 15,312,851	\$ 13,207,712
Contractual services	196,546	(126,451)	1,251,526	(19,469)	412,667	0	1,644,724	2,506,589
Professional fees	0	0	38,678	452	35,295	0	74,425	111,629
Office supplies	243	0	135,272	434	1,282	0	136,988	178,535
Program supplies	8,481	0	338,858	26,093	21,344	0	386,295	611,460
Telephone	3,669	0	307,196	2,399	4,017	0	313,612	332,186
Utilities	1,961	0	288,129	0	10,205	0	298,334	352,566
Occupancy	71,520	(678,206)	1,056,579	65,877	0	0	1,122,456	320,432
Insurance	1,498	0	166,505	0	6,095	0	172,600	176,878
Repairs and maintenance	4,938	0	398,653	2,276	10,894	0	411,823	339,463
Cleaning and janitorial	1,727	0	231,620	0	13,408	0	245,028	214,444
Equipment rental	11,696	0	98,565	0	857	0	99,422	110,249
Printing costs	1,221	0	65,461	1,091	1,186	0	67,738	75,011
Travel	5,335	0	215,119	0	7,925	25,331	248,375	375,757
Postage	19	0	22,982	52	0	16,047	39,081	30,029
Conference and meetings	13,790	0	558,183	0	48,036	35,458	641,677	822,131
Specific assistance	2,925	0	411,622	7,679	5,000	0	424,301	553,980
Depreciation	0	0	36,366	0	792,984	0	829,350	793,754
Advertising	1,195	0	51,558	0	1,650	0	53,208	20,165
Security	97	0	88,922	0	377	0	89,299	66,465
Bank charges	0	0	7,104	1,330	8,635	0	17,069	28,258
Dues and memberships	2,112	0	35,044	2,049	26,021	0	63,114	59,844
Donations	870	0	10,740	0	24,900	0	35,640	36,355
Interest	0	0	0	0	0	0	0	11,533
Vehicle expense	0	0	19,531	0	1,410	0	20,941	13,701
Employee screening	133	0	3,016	143	0	0	3,159	3,912
Property taxes	0	0	35,887	0	0	0	35,887	37,530
Concert of Colors expense	0	0	222,376	0	0	0	222,376	144,232
Grants to other organizations	0	0	1,306,382	0	0	0	1,306,382	1,169,529
Event expenses	0	0	0	0	0	220,689	220,689	218,330
Miscellaneous	175	0	102,240	7,456	6,986	4,762	121,444	43,468
Less reimbursed costs	0	0	(27,189)	0	0	0	(27,189)	(16,915)
	<u>\$ 647,192</u>	<u>\$ (804,657)</u>	<u>\$ 21,371,850</u>	<u>\$ 345,090</u>	<u>\$ 2,149,967</u>	<u>\$ 764,191</u>	<u>\$ 24,631,098</u>	<u>\$ 22,949,215</u>

See Independent Auditors' Report and Accompanying Footnotes.

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

	Years Ended September 30,	
	2016	2015
Operating Activities		
Increase (decrease) in net assets	\$ 3,089,582	\$ (831,454)
Adjustments to reconcile change in net assets to cash from operating activities:		
Depreciation	829,350	793,754
Loss on sale of property	0	100,250
Decrease in operating assets:		
Receivables and other assets	(2,234,582)	(256,894)
Inventory	(10,959)	(13,639)
Increase in operating liabilities:		
Accounts payable and other accruals	348,517	150,512
Net Cash Provided By (Used In) Operating Activities	2,021,908	(57,471)
Investing Activities		
Purchases of property and equipment	(372,280)	(105,097)
Proceeds from sale of property and equipment	0	50,722
Purchase of investments	(808,063)	(261,559)
Purchases of certificates of deposit and money market funds	(2,767)	(500,000)
Net Cash Used In Investing Activities	(1,183,110)	(815,934)
Financing Activities		
Payments on mortgage payable	0	(604,566)
Net Cash Used In Financing Activities	0	(604,566)
Net Increase (Decrease) In Cash and Cash Equivalents	838,798	(1,477,971)
Cash and Cash Equivalents		
Beginning of Year	3,546,342	5,024,313
End of Year	\$ 4,385,140	\$ 3,546,342
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ 0	\$ 11,533

See Independent Auditors' Report and Accompanying Footnotes.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES (ACCESS)
Notes to the Consolidated Financial Statements
Years Ended September 30, 2016 and 2015

NOTE:

1. Organization and Summary of Significant Accounting Policies

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

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

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

Over the past decade, ACCESS has expanded this foundation of community empowerment by initiating and operating three national programs. The Arab American National Museum (AANM) is the only museum in the nation dedicated to preserving and celebrating Arab American history and culture. The Center for Arab American Philanthropy (CAAP) is the only Arab American community foundation in the United States. CAAP leverages the collective power of giving to increase the impact and visibility of Arab American civic participation. Lastly, ACCESS operates the National Network for Arab American Communities (NNAAC), a consortium of 24 independent Arab American community-based organizations in 11 states that focuses on building institutions and developing capacity from the grassroots to the national level.

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

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

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

No allowance for doubtful accounts was considered necessary at September 30, 2016 and 2015, based on a specific assessment of receivables at year end and historical experience collecting grant and contribution receivables.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES (ACCESS)
Notes to the Consolidated Financial Statements (Continued)
Years Ended September 30, 2016 and 2015

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

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

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

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

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

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

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

Comparative Financial Information – The financial information presented for comparative purposes for the year ended September 30, 2015 is not intended to be a complete financial statement presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with ACCESS's 2015 financial statements, from which the summarized information was derived.

Program Service Revenue Recognition - Cost reimbursement contract revenues are recognized when costs are incurred. Management estimates the amount of cost reimbursement revenue associated with paid time off and accrued payroll earned by employees that it will invoice when these amounts are paid to employees. Fee-for-service revenue is recognized when the contractually defined unit of service is accomplished by ACCESS. Adjustments to prior years' contract revenues made by contractors or federal agencies are recorded in the period ACCESS becomes aware of the adjustments.

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 fund raising campaigns, however, these services do not meet the criteria for recognition as contributed services.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES (ACCESS)
Notes to the Consolidated Financial Statements (Continued)
Years Ended September 30, 2016 and 2015

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

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

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

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

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

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

Uncertain Tax Positions – Management evaluates whether tax positions reported on returns are more likely than not to be sustained if challenged. This assessment occurs at least annually and includes, most significantly, the exemption from income tax that ACCESS operates under. Management believes no such positions exist that would have a significant impact on the Organization's financial position. As of September 30, 2016 and 2015, no liability for uncertain tax benefits was recorded.

Subsequent Events – Management has evaluated subsequent events through February 16, 2017, the date which the financial statements were available for issue.

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

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES (ACCESS)
Notes to the Consolidated Financial Statements (Continued)
Years Ended September 30, 2016 and 2015

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

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

2. Certificates of Deposit and Money Market Funds

ACCESS invests in bank certificates of deposit that mature currently. At September 30, 2016 and 2015 ACCESS held certificates of deposit with purchase values that approximate fair value totaling \$250,000 and \$800,000, respectively. For determination purposes, ACCESS utilizes Level 2 inputs to assess the fair value of certificates of deposit. Access also maintained \$552,767 in a money market fund at September 30, 2016 which was held to be reinvested in certificates of deposit.

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

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

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

The carrying amounts reported in the statement of financial position as of September 30, 2016 and 2015 for current assets, endowment funds, current liabilities, and mortgages payable 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>2016</u>	<u>2015</u>
Money market and sweep cash	\$ 78,327	\$ 87,467
Common stocks	616,438	543,062
Mutual funds	<u>2,180,566</u>	<u>1,477,946</u>
Total marketable securities	<u>\$ 2,875,331</u>	<u>\$ 2,108,474</u>
Beneficial interest in perpetual endowment	<u>\$ 1,076,697</u>	<u>\$ 1,035,493</u>

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES (ACCESS)
Notes to the Consolidated Financial Statements (Continued)
Years Ended September 30, 2016 and 2015

NOTE:**4. Deferred Microloan Funding**

As part of the ACCESS Entrepreneurial Program, the Organization obtained funding from a governmental agency to fund loans to qualified individuals or entities to assist with the startup or expansion of a small trade or business. These loan arrangements are referred to as micro-loans. After providing the loans, ACCESS services the loans and is allowed to utilize the interest earned on the loans as unrestricted revenue. Principal repayments collected must be used by ACCESS to fund additional loans. The balance captioned deferred microloan funding in the liability section of the statement of financial position represents accumulated funding at September 30, 2016 and 2015 that is either awaiting repayment from program participants or that has not yet been loaned.

5. Lease Commitments

ACCESS entered into a lease that expires in December 2018 for office space in Detroit with a base monthly rent charge of approximately \$10,000. The agreement also requires additional monthly payments towards common area maintenance. That additional monthly amount was approximately \$9,600 at September 30, 2016. The Organization also leases other facilities under a lease through June 2017 with monthly rent of approximately \$1,725. The total rent expense paid in connection with facility leases was \$272,864 and \$259,190 for the years ended 2016 and 2015, respectively.

In addition, ACCESS has several operating leases for office equipment with total lease payments amounting to \$56,605 and \$79,554 for the years ended 2016 and 2015, respectively.

As of September 30, 2016, future minimum lease payments under these leases are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2017	\$ 216,909
2018	203,908
2019	<u>106,605</u>
	<u>\$ 527,422</u>

ACCESS subleases portions of facilities in Dearborn and Sterling Heights with multiple tenants. The agreements require monthly rents that total \$16,640 at September 30, 2016 with various expiration dates through August 2018.

6. Temporarily Restricted Net Assets

Temporarily restricted net assets as of September 30, 2016 and 2015 amounted to \$3,221,142 and \$1,539,562, respectively, in grants and contributions received which have time and purpose restrictions that have not expired in the current reporting period. When the time restrictions expire, or the purpose is achieved, temporarily restricted net assets are reclassified to unrestricted net assets. Net assets are restricted primarily for public programming and for the Center for Arab American Philanthropy.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES (ACCESS)
Notes to the Consolidated Financial Statements (Continued)
Years Ended September 30, 2016 and 2015

NOTE:**7. Permanently Restricted Net Assets and Other Endowments**

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

	<u>2016</u>	<u>2015</u>
Interest in perpetual endowments		
Arab American National Museum Endowment Fund	\$ 532,475	\$ 511,942
AANM Endowment Fund for Public Programming	531,909	511,706
Drs. Barbara and Adnan Aswad Endowment Fund	<u>12,313</u>	<u>11,845</u>
	<u>1,076,697</u>	<u>1,035,493</u>
Donor-restricted endowments		
Arab American National Museum Endowment Fund	\$ 1,141,358	\$ 1,025,030
Center for Arab American Philanthropy (CAAP)	<u>1,525,131</u>	<u>890,691</u>
	<u>2,666,489</u>	<u>1,915,721</u>
Total Permanently Restricted Net Assets	<u>\$ 3,743,186</u>	<u>\$ 2,951,214</u>

Interest in Perpetual Endowments

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

Donor-Restricted Endowments

ACCESS follows the Uniform Management of Institutional Funds Act of 1972 (UMIFA) and its own governing documents. UMIFA requires that the historical dollar amount of a donor-restricted endowment fund be preserved. At September 30, 2016 and 2015 there were no deficiencies of this nature. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable under UMIFA. The Organization's donors have not placed restrictions on the use of the investment income or net appreciation resulting from the donor-restricted endowment funds.

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

The spending policy calculates the amount of money annually distributed from the Organization's various endowed funds for grant making and administration. The current spending policy is to distribute an amount equal to at least 5% of a moving four-year average of the fair value of the endowment funds. Accordingly, over the long term, the Organization expects its current spending policy to allow its endowment assets to preserve the principal while allowing for a steady stream of distributions.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES (ACCESS)
Notes to the Consolidated Financial Statements (Continued)
Years Ended September 30, 2016 and 2015

NOTE:**7. Permanently Restricted Net Assets and Other Endowments (continued)**

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

	<u>2016</u>	<u>2015</u>
Endowment Net Assets – Beginning	\$ 1,915,721	\$ 1,542,945
Contributions	527,337	576,153
Appropriation of endowment assets for expenditure	(25,000)	(82,406)
Net investment income/(loss)	<u>248,430</u>	<u>(120,971)</u>
Endowment Net Assets – Ending	<u>\$ 2,666,489</u>	<u>\$ 1,915,721</u>

Other Endowments

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

	<u>2016</u>	<u>2015</u>
Arab American National Museum Endowment Fund	\$ 1,914,346	\$ 1,841,594
AANM Endowment Fund for Public Programming	440,436	423,707
Drs. Barbara and Adnan Aswad Endowment Fund	<u>11,192</u>	<u>10,765</u>
	<u>\$ 2,365,974</u>	<u>\$ 2,276,066</u>

8. 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, 2016:

Detroit Employment Solutions Corporation	\$ 3,600,342
Michigan Department of Education	<u>2,991,977</u>
	<u>\$ 6,592,319</u>

9. Related Party Transactions

For the years ended September 30, 2016 and 2015, ACCESS paid approximately \$29,000 and \$58,000, respectively, for printing services to a vendor owned by a relative of an officer of ACCESS.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in **Government Auditing Standards** issued by the Comptroller General of the United States, the consolidated financial statements of Arab Community Center for Economic and Social Services (a non-profit corporation) and subsidiary (collectively, ACCESS), which comprise the consolidated statement of financial position as of September 30, 2016, 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 16, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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



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

Purpose of this Report

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

Gordon Advisors, P.C.

Troy, Michigan
February 16, 2017

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

**Supplementary Information
For The Year Ended
September 30, 2016**

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2016

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Total 2016 Expenditures</u>
<u>U. S. Department of Agriculture</u>		
Summer Food Service Program for Children		
School Foods Program	10.559	\$ <u>348,481</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	572,158
Pass-Through Macomb County Health Department WIC Supplemental Food Service Program	10.557	<u>252,000</u>
Total Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)		<u>824,158</u>
<u>Total U. S. Department of Agriculture</u>		<u>1,172,639</u>
<u>U. S. Department of Homeland Security</u>		
Citizenship Education and Training		
Pass-Through United Way Community Services Emergency Food and Shelter Program	97.010	<u>125,463</u>
<u>Total U. S. Department of Homeland Security</u>		<u>125,463</u>
<u>U. S. Department of Education</u>		
21st Century Community Learning Centers		
Pass-Through Michigan Department of Education * 21st Century Program	84.287	<u>2,643,496</u>
<u>Total U. S. Department of Education</u>		<u>2,643,496</u>
<u>U. S. Department of Health and Human Services</u>		
Well-Integrated Screening and Evaluation for Women Across The Nation		
Pass-Through Michigan Department of Community Health Domestic Violence Prevention	93.094	<u>10,600</u>
Injury Prevention and Control Research		
Pass-Through Michigan Coalition to End Domestic and Sexual Violence Domestic Violence Prevention	93.136	<u>86,022</u>
Total Expenditures of Federal Awards on Page 17		<u>\$ 4,038,220</u>

See Independent Auditors' Report.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES
Schedule of Expenditures of Federal Awards (Continued)
Year Ended September 30, 2016

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Total 2016 Expenditures</u>
Total Expenditures of Federal Awards From Page 17		\$ 4,038,220
<u>U.S. Department of Health and Human Services (Continued)</u>		
Centers for Disease Control and Prevention Projects		
Pass-Through Michigan Community Health Agency Tobacco Reduction and Prevention	93.283	17,198
Pass-Through Michigan Department of Community Health Colorectal Cancer Education Project	93.283	60,000
Breast and Cervical Cancer Control Program	93.283	<u>50,000</u>
Total Centers for Disease Control and Prevention Projects		<u>127,198</u>
National State Based Tobacco Control Programs		
Pass-Through Michigan Community Health Agency Tobacco Reduction and Prevention	93.305	<u>20,750</u>
PPHF Cooperative Agreement to Support Navigators in Federally-Facilitated and State Partnership Marketplaces		
Centers for Medicare and Medicaid Services	93.332	597,178
Pass-Through Michigan Council for Arts and Cultural Affairs Arab American National Museum - General Operations Support	93.332	<u>3,230</u>
Total PPHF Cooperative Agreement to Support Navigators in Federally-Facilitated and State Partnership Marketplaces		<u>600,408</u>
Refugee and Entrant Assistance - Discretionary Grants		
Pass-Through Office of Refugee Resettlement Victims of Torture	93.576	237,120
Ethnic Community Self Help Program	93.576	175,000
Home Based Child Care	93.576	140,217
ACCESS Growth Center	93.576	<u>207,733</u>
Total Refugee and Entrant Assistance - Discretionary Grants		<u>760,070</u>
Total Expenditures of Federal Awards on Page 17 and 18		\$ <u>5,546,646</u>

See Independent Auditors' Report.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES
Schedule of Expenditures of Federal Awards (Continued)
Year Ended September 30, 2016

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Total 2016 Expenditures</u>
Total Expenditures of Federal Awards From Page 17 and 18		\$ 5,546,646
<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	867,218
Pass-Through City of Detroit Employment Solutions Corporation		
* PATH Program	93.558	<u>3,600,342</u>
Total Temporary Assistance for Needy Families		<u>4,467,560</u>
Block Grant for Prevention and Treatment of Substance Abuse		
Pass-Through Detroit Wayne County Mental Health Agency		
Substance Abuse Prevention	93.959	77,000
Pass-Through Macomb County Community Mental Health		
Substance Use Disorder Services (SUDS) Program	93.959	<u>23,731</u>
Total Block Grant for Prevention and Treatment of Substance Abuse		<u>100,731</u>
Office of Head Start		
Pass-Through Macomb County Early Head Start		
Early Head Start Program	93.600	<u>226,154</u>
HIV Prevention Activities		
Pass-Through Michigan Department of Community Health		
HIV Prevention Services	93.940	<u>125,885</u>
Preventive Health Services & Sexually Transmitted Diseases Control Grant		
Pass-Through Michigan Department of Community Health		
Syphilis Elimination	93.977	<u>20,000</u>
<u>Total U. S. Department Health and Human Services (Pages 17, 18, and 19)</u>		<u>6,545,378</u>
Total Expenditures of Federal Awards on Page 17 through 19		\$ <u>10,486,976</u>

See Independent Auditors' Report.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES
Schedule of Expenditures of Federal Awards (Continued)
Year Ended September 30, 2016

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Total 2016 Expenditures</u>
Total Expenditures of Federal Awards From Page 17 through 19		\$ 10,486,976
<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 Metro Emergency Solutions Grant Program	14.235	<u>28,775</u>
Continuum of Care Program		
Pass-Through Wayne Metro HUD Rapid Rehousing	14.267	28,875
Wayne Homeless Network Project II	14.267	<u>20,625</u>
Total Continuum of Care Program		<u>49,500</u>
<u>Total U. S. Department of Housing and Urban Development</u>		<u>153,275</u>
<u>U. S. Department of Justice</u>		
Crime Victim Assistance		
Pass-Through Michigan Community Health Agency Services for Victims of Crime	16.575	<u>287,845</u>
<u>Total U. S. Department of Justice</u>		<u>287,845</u>
<u>U. S. Department of Labor</u>		
Workforce Investment Act Cluster		
Pass-Through Southeast Michigan Community Alliance Dislocated Worker Program	17.278	193,054
Adult Program	17.258	102,224
Year Round Youth Program	17.259	<u>257,848</u>
Total Workforce Investment Act Cluster		<u>553,126</u>
<u>Total U. S. Department of Labor</u>		<u>553,126</u>
Total Expenditures of Federal Awards on Page 17 through 20		\$ 11,481,222

See Independent Auditors' Report.

ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES
Schedule of Expenditures of Federal Awards (Continued)
Year Ended September 30, 2016

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Total 2016 Expenditures</u>
Total Expenditures of Federal Awards From Page 17 through 20		\$ 11,481,222
<u>Corporation for National and Community Service</u>		
Social Innovation Fund (SIF)		
Pass-Through United Way for Southeast Michigan SIF	94.019	<u>263,573</u>
<u>Total Corporation for National and Community Service</u>		<u>263,573</u>
<u>U.S. Department of State</u>		
Embassy Algiers		
Pass-Through Algerian Ministry of Culture Education Algerian Education & Workshop	19.040	<u>14,001</u>
<u>Total U.S. Department of State</u>		<u>14,001</u>
<u>National Endowment For The Humanities</u>		
Impacting Dearborn: The Arab American Community	45.149	<u>12,000</u>
<u>Total National Endowment For The Humanities</u>		<u>12,000</u>
Total Expenditures of Federal Awards		\$ 11,770,796

* 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 did not receive any awards in the form of non-cash assistance, insurance, loans, or other guarantees. Additionally, there were no amounts provided to sub-recipients as defined by the Uniform Guidance.

Note 4 - ACCESS did not receive any federal awards funded under the American Reinvestment and Recovery Act.

See Independent Auditors' Report.



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

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

Report on Compliance for Each Major Federal Program

We have audited Arab Community Center for Economic and Social Services (ACCESS)'s compliance with the types of compliance requirements described in the **OMB Circular Compliance Supplement** that could have a direct and material effect on each of ACCESS's major federal programs for the year ended September 30, 2016. 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, 2016.

Report on Internal Control over Compliance

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



Report on Internal Control over Compliance

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

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

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

Gordon Advisors, P.C.

Troy, Michigan
February 16, 2017

**ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES (ACCESS)
 Summary of Auditors' Results
 Year Ended September 30, 2016**

Financial Statements

I. Type of auditors' report issued	Unmodified Opinion
II. Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	No
III. Noncompliance material to the financial statements noted	No

Federal Awards

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

U.S. Department of Labor

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

U.S. Department of Education

21 st Century Program	84.287
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VIII. Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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IX. Auditee qualified as low-risk auditee?	No
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ARAB COMMUNITY CENTER FOR ECONOMIC AND SOCIAL SERVICES
Schedule of Findings, Questioned Costs, and Prior Year Findings
Year Ended September 30, 2016

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, 2015 and as such, a schedule of prior year findings and corrective action plan has not been prepared.

**THE CHALDEAN COMMUNITY
FOUNDATION**

AUDITED FINANCIAL STATEMENTS

For the years ended September 30, 2016 and 2015

THE CHALDEAN COMMUNITY FOUNDATION

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Chaldean Community Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of The Chaldean Community Foundation (a Michigan nonprofit organization), which comprise the statements of financial position as of September 30, 2016 and 2015, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Chaldean Community Foundation as of September 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

UHY LLP

Farmington Hills, Michigan
March 1, 2017

THE CHALDEAN COMMUNITY FOUNDATION
STATEMENTS OF FINANCIAL POSITION

	September 30,	
	2016	2015
ASSETS		
CURRENT ASSETS		
Cash	\$ 565,437	\$ 476,530
Accounts receivable, net	156,700	30,793
Pledges receivable	218,916	205,000
Grant receivable	272,904	245,016
Related party receivable	870	358
Prepaid expenses	2,235	12,853
	<u>1,217,062</u>	<u>970,550</u>
Total current assets		
Property and equipment, net	2,991,779	1,868,837
Long-term pledges receivable, net	462,123	435,642
Other assets	10,814	19,544
	<u>4,681,778</u>	<u>3,294,573</u>
Total assets		
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 19,377	\$ 79,843
Accrued payroll	28,284	55,439
Grant reimbursement advance	353,000	353,000
Current portion of lease obligation payable	19,801	-
Current portion of long-term debt	47,112	100,000
	<u>467,574</u>	<u>588,282</u>
Total current liabilities		
LONG-TERM LIABILITIES		
Lease obligation payable, less current portion	23,098	-
Long-term debt, less current portion	1,341,812	1,066,175
	<u>1,364,910</u>	<u>1,066,175</u>
Total long-term liabilities		
NET ASSETS		
Unrestricted	1,185,947	649,292
Temporarily restricted	1,663,347	990,824
	<u>2,849,294</u>	<u>1,640,116</u>
Total net assets		
Total liabilities and net assets	<u>\$ 4,681,778</u>	<u>\$ 3,294,573</u>

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

	Year ended September 30, 2016			Year ended September 30, 2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES						
Grant income	\$ 2,592,873	\$ 15,000	\$ 2,607,873	\$ 1,998,084	\$ 45,000	\$ 2,043,084
Contributions	35,668	758,610	794,278	50,316	973,252	1,023,568
Special events	114,195	5,075	119,270	130,450	5,250	135,700
Program service	11,420	-	11,420	18,162	-	18,162
Gain (loss) on sale of fixed assets	953	-	953	(250)	-	(250)
Rental income	78,040	-	78,040	-	-	-
Other income	-	-	-	2,136	-	2,136
Interest income	652	-	652	406	-	406
Total revenues	<u>2,833,801</u>	<u>778,685</u>	<u>3,612,486</u>	<u>2,199,304</u>	<u>1,023,502</u>	<u>3,222,806</u>
Net assets released from restrictions	<u>106,162</u>	<u>(106,162)</u>	<u>-</u>	<u>160,415</u>	<u>(160,415)</u>	<u>-</u>
	<u>2,939,963</u>	<u>672,523</u>	<u>3,612,486</u>	<u>2,359,719</u>	<u>863,087</u>	<u>3,222,806</u>
EXPENSES						
Program services	2,169,038	-	2,169,038	1,991,837	-	1,991,837
Fundraising	109,228	-	109,228	166,612	-	166,612
Management and general	125,042	-	125,042	36,365	-	36,365
Total expenses	<u>2,403,308</u>	<u>-</u>	<u>2,403,308</u>	<u>2,194,814</u>	<u>-</u>	<u>2,194,814</u>
CHANGE IN NET ASSETS	<u>536,655</u>	<u>672,523</u>	<u>1,209,178</u>	<u>164,905</u>	<u>863,087</u>	<u>1,027,992</u>
NET ASSETS, Beginning	<u>649,292</u>	<u>990,824</u>	<u>1,640,116</u>	<u>484,387</u>	<u>127,737</u>	<u>612,124</u>
NET ASSETS, Ending	<u>\$ 1,185,947</u>	<u>\$ 1,663,347</u>	<u>\$ 2,849,294</u>	<u>\$ 649,292</u>	<u>\$ 990,824</u>	<u>\$ 1,640,116</u>

THE CHALDEAN COMMUNITY FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES

	Years ended September 30, 2016				Years ended September 30, 2015			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 1,168,427	\$ 17,630	\$ -	\$ 1,186,057	\$ 1,027,570	\$ 16,774	\$ -	\$ 1,044,344
Other payroll costs	294,328	946	-	295,274	252,682	463	-	253,145
Subcontractors	112,080	-	-	112,080	237,582	-	-	237,582
Occupancy	188,871	-	-	188,871	169,273	-	-	169,273
Supplies	84,145	2,744	-	86,889	95,400	-	-	95,400
Advertising	48,074	-	-	48,074	49,543	-	-	49,543
Educational outreach	65,164	-	-	65,164	68,835	-	-	68,835
Venue	-	-	19,109	19,109	-	-	21,055	21,055
Capital campaign costs	-	-	53,946	53,946	-	-	95,528	95,528
Other special event costs	-	-	36,173	36,173	-	-	50,029	50,029
Transportation	8,278	1,645	-	9,923	36,395	-	-	36,395
Professional fees	12,100	8,015	-	20,115	10,850	-	-	10,850
Facility maintenance	46,954	-	-	46,954	-	-	-	-
Property taxes	4,048	-	-	4,048	-	-	-	-
Interest expense	56,647	-	-	56,647	-	-	-	-
Donations	69,686	-	-	69,686	36,429	-	-	36,429
Pharmacy	5,262	-	-	5,262	6,278	-	-	6,278
Other program costs	3,013	-	-	3,013	1,000	-	-	1,000
Performance bonus	-	8,500	-	8,500	-	10,805	-	10,805
Insurance	1,961	322	-	2,283	-	-	-	-
Dues and subscriptions	-	705	-	705	-	-	-	-
Meetings	-	1,640	-	1,640	-	557	-	557
Depreciation	-	80,794	-	80,794	-	6,720	-	6,720
Bank service charges	-	2,101	-	2,101	-	1,046	-	1,046
Total expenses	\$ 2,169,038	\$ 125,042	\$ 109,228	\$ 2,403,308	\$ 1,991,837	\$ 36,365	\$ 166,612	\$ 2,194,814

THE CHALDEAN COMMUNITY FOUNDATION
STATEMENTS OF CASH FLOWS

	Years ended September 30,	
	2016	2015
OPERATING ACTIVITIES		
Change in net assets	\$ 1,209,178	\$ 1,027,992
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	80,794	6,720
Loss (gain) on sale of property and equipment	(953)	250
Changes in:		
Accounts receivable	(126,419)	7,299
Pledges receivable	(40,397)	(640,642)
Grants receivable	(27,888)	326,387
Prepaid expenses and other assets	19,347	(14,333)
Accounts payable	(60,466)	675
Accrued payroll	(27,155)	11,726
	<u>1,026,041</u>	<u>726,074</u>
Net cash provided by operating activities	<u>1,026,041</u>	<u>726,074</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(1,211,283)	(1,608,577)
Proceeds from sale of property and equipment	8,500	1,000
	<u>(1,202,783)</u>	<u>(1,607,577)</u>
Net cash used in investing activities	<u>(1,202,783)</u>	<u>(1,607,577)</u>
FINANCING ACTIVITY		
Borrowings on long-term debt	643,373	1,166,175
Payments on long-term debt	(377,724)	-
	<u>265,649</u>	<u>1,166,175</u>
Net cash provided by financing activities	<u>265,649</u>	<u>1,166,175</u>
NET CHANGE IN CASH	88,907	284,672
CASH, Beginning	476,530	191,858
CASH, Ending	\$ 565,437	\$ 476,530
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash received for interest	<u>\$ 652</u>	<u>\$ 406</u>
Cash paid for interest	<u>\$ 56,647</u>	<u>\$ -</u>

THE CHALDEAN COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2016 and 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Nature of Organization

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

Basis of Presentation

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

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

Use of Estimates

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

THE CHALDEAN COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2016 and 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Credit Risk

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

During the years ended September 30, 2016 and 2015, 56% and 60%, respectively, of the Organization's revenue was from the Michigan Department of Community Health. At September 30, 2016 and 2015, \$272,904 and \$245,016, respectively, was due from the Michigan Department of Community Health. At September 30, 2016 and 2015, \$353,000 was due to the Michigan Department of Community Health.

Accounts Receivable and Allowance for Doubtful Accounts

The Organization carries its accounts receivable at invoice amount less an allowance for doubtful accounts. The Organization does not generally require collateral to support its accounts receivable. On a periodic basis, the Organization evaluates its accounts receivable and establishes an allowance for doubtful accounts, when deemed necessary, based on the history of past write-offs, collections and current credit conditions. The allowance for doubtful accounts at September 30, 2016 and 2015 was \$1,000.

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

Pledges and Grants Receivable

Pledges and grants receivable consist of unconditional promises to give that are recognized as contributions when the promise is received. Pledges receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using the present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. No allowance for doubtful pledges was deemed necessary by management at September 30, 2016 and 2015.

Property and Equipment

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

THE CHALDEAN COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2016 and 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Special Events

Special event funds are recognized when the event has occurred.

Contributions

Contributions are generally recorded as unrestricted revenue, unless specifically restricted by the donor. Contributions that are restricted by contributors are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Changes in Net Assets.

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

Grant Funds

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

Income Tax Status

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

ASC guidance regarding accounting for uncertainty in income taxes clarifies the accounting for income taxes by prescribing the minimum recognition threshold an income tax position is required to meet before being recognized in the financial statements and applies to all income tax positions. Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement. At September 30, 2016 and 2015, there were no uncertain tax positions that required accrual.

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

THE CHALDEAN COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2016 and 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

The Organization has performed a review of events subsequent to the Statement of Financial Position date through March 1, 2017 the date the financial statements were available to be issued.

NOTE 2 – PLEDGES RECEIVABLE

Pledges receivable consists of the following:

	September 30,	
	<u>2016</u>	<u>2015</u>
Pledges receivable	\$ 717,399	\$ 682,000
Less: unamortized discount	<u>(36,360)</u>	<u>(41,358)</u>
Net pledges receivable	<u>\$ 681,039</u>	<u>\$ 640,642</u>
Amounts due in:		
Less than one year	\$ 218,916	\$ 205,000
One to five years	<u>498,483</u>	<u>477,000</u>
Total pledges receivable	<u>\$ 717,399</u>	<u>\$ 682,000</u>

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using a rate of 4.15% for the years ended September 30, 2016 and 2015.

THE CHALDEAN COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2016 and 2015

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	September 30,	
	<u>2016</u>	<u>2015</u>
Land	\$ 636,282	\$ 254,704
Building	2,096,498	-
Vehicles	40,916	57,088
Furniture and equipment	300,868	-
Construction in progress	<u>-</u>	<u>1,567,661</u>
Total cost	3,074,564	1,879,453
Accumulated depreciation	<u>(82,785)</u>	<u>(10,616)</u>
Net carrying amount	<u>\$ 2,991,779</u>	<u>\$ 1,868,837</u>

Depreciation expense was \$80,794 and \$6,720 for the years ended September 30, 2016 and 2015, respectively.

NOTE 4 – CAPITAL LEASES

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

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

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

THE CHALDEAN COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2016 and 2015

NOTE 4 – CAPITAL LEASES (Continued)

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

<u>Years ending September 30,</u>		
2017	\$	19,801
2018		19,801
2019		<u>3,297</u>
Total minimum lease payments		42,899
Less amount representing interest		<u>-</u>
Present value of minimum lease payments		42,899
Less current portion		<u>19,801</u>
Long-term portion	\$	<u><u>23,098</u></u>

THE CHALDEAN COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2016 and 2015

NOTE 5 – LONG-TERM DEBT

Long-term debt consists of the following:

	September 30,	
	2016	2015
In June 2016, the Organization converted the construction loan to a term loan with a principle amount \$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 \$1,158,555. Maturity date is June 12, 2021. This loan is secured by the property.	\$ 1,388,924	\$ -
In June 2015, the Organization began construction on a building using a construction draw loan, collateralized by substantially all of the Organization's assets. This construction loan turned into a mortgage note.	-	1,016,175
In August 2015, the Organization received a non-interest bearing loan from a related party. The loan was due on demand.	-	100,000
In February 2015, the Organization received a non-interest bearing note from a donor in the amount of \$50,000 which was due in February 2017. It was paid off on January 2016.	-	50,000
Total long-term debt	1,388,924	1,166,175
Less current portion	<u>47,112</u>	<u>100,000</u>
Long-term portion	<u>\$ 1,341,812</u>	<u>\$ 1,066,175</u>

THE CHALDEAN COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2016 and 2015

NOTE 5 – LONG-TERM DEBT (continued)

Principal requirements on long-term debt for years ending after September 30, 2016 are as follows:

<u>Years ending September 30,</u>		
2017	\$	47,112
2018		48,769
2019		50,832
2020		52,982
2021		<u>1,189,229</u>
	\$	<u>1,388,924</u>

NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS

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

The temporarily restricted net assets were comprised of the following:

	<u>September 30,</u>	
	<u>2016</u>	<u>2015</u>
Project Bismutha	\$ 80,026	\$ 77,076
Capital campaign	586,794	151,782
Scholarships	300,800	100,000
Time restricted pledges	681,039	640,842
Giving Hearts	8,138	11,124
Aramaic language tutorial	-	10,000
John Loussia cancer fund	<u>6,550</u>	<u>-</u>
	<u>\$ 1,663,347</u>	<u>\$ 990,824</u>

THE CHALDEAN COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2016 and 2015

NOTE 7 – RELATED PARTY TRANSACTIONS

During the years ended September 30, 2016 and 2015, the Organization paid \$8,500 and \$9,305 in fees, respectively, to Interlink Media, an entity owned by the President of the Organization from funds received through special events (not grant funds).

The Organization is related through common control to the Chaldean American Chamber of Commerce, Inc., a 501(c)(6) organization, (the “Chamber”). Advertising fees paid to the Chamber amounted to \$1,500 during the years ended September 30, 2016 and 2015, respectively. During the year ended September 30, 2016, \$10,000 was paid to the Chamber for staffing reimbursement associated with special events. In August 2015, the Chamber loaned the Organization \$100,000. The loan was interest free. The entire loan balance was repaid back to Chamber in December 2015. At September 30, 2016 and 2015, \$870 and \$358, respectively, was owed to the Organization by the Chamber for special event deposits made in error.

NOTE 8 – OPERATING LEASE

In November 2014, the Organization began leasing office space from an unrelated entity, in Bingham Farms, Michigan for \$3,250 per month for the first year of the lease and \$3,750 for the second year of the lease. The lease expires in October 2016.

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

Lease expense amounted to \$81,350 and \$117,224 for the years ended September 30, 2016 and 2015, respectively.

NOTE 9 – RETIREMENT PLAN

The Organization sponsors a 401(k) plan covering substantially all employees with three months of service. The plan allows the Organization to make a safe harbor contribution of 3% as well as an additional 50% on the next 2% of an employee’s eligible earnings. Total expense for the years ended September 30, 2016 and 2015 was \$17,775 and \$17,528, respectively.

NOTE 10 – CONTINGENCIES

The Organization guarantees loans with a bank as part of the Chaldean Loan Fund program. The program assists refugees in purchasing vehicles to secure employment. At September 30, 2016 and 2015, the Organization guaranteed loans totaling approximately \$52,700 and \$43,500 respectively. It is anticipated that the persons will be able to repay the amount due on the loan therefore, no liability has been recorded.

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

Bloomfield Hills, Michigan

May 31, 2017 and 2016

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	
Combined Statement of Financial Position	3
Combined Statement of Activities and Changes in Net Assets	4
Combined Statement of Functional Expenses	5
Combined Statement of Cash Flows	6
Notes to Combined Financial Statements	7 - 30
Supplemental Information	
Independent Auditor's Report on Supplemental Information	31
Jewish Federation of Metropolitan Detroit	
Combining Statement of Financial Position	32
Combining Statement of Activities and Changes in Net Assets	33
United Jewish Foundation	
Combining Statement of Financial Position	34
Combining Statement of Activities and Changes in Net Assets	35

Independent Auditor's Report

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

We have audited the accompanying combined financial statements of the Jewish Federation of Metropolitan Detroit and the United Jewish Foundation, which comprise the combined statement of financial position as of May 31, 2017 and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 opinions.

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

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

Other Matters

The prior year summarized comparative information has been derived from the organizations' 2016 combined financial statements and, in our report dated October 13, 2016, we expressed an unmodified opinion on those financial statements.

Plante & Moran, PLLC

October 4, 2017

JEWISH FEDERATION OF METROPOLITAN DETROIT AND UNITED JEWISH FOUNDATION

COMBINED STATEMENT OF FINANCIAL POSITION
 May 31, 2017
 (With Comparative Combined Totals as of May 31, 2016)

	ASSETS			
	Jewish Federation of Metropolitan Detroit	United Jewish Foundation	2017 Combined	2016 Combined
ASSETS				
Cash and cash equivalents	\$ 600	\$ 748,594	\$ 749,194	\$ 497,354
Investments (Note 3)	19,221,107	498,743,696	517,964,803	450,279,479
Accounts receivable, net (Note 5)	175,282	7,651,138	7,826,420	6,967,143
Pledges receivable, net (Note 6)	20,472,682	8,657,918	29,130,600	31,279,439
Notes receivable, net (Note 7)	17,669	8,429,170	8,446,839	8,532,852
Interorganization (payable) receivable	(2,189,189)	2,189,189	-	-
Donated real estate and other interest held for investment, net	-	14,476,190	14,476,190	16,878,514
Advances and other assets	571,801	2,686,482	3,258,283	3,145,620
Property and equipment, net (Note 8)	242,895	66,835,782	67,078,677	63,625,518
TOTAL ASSETS	\$ 38,512,847	\$ 610,418,159	\$ 648,931,006	\$ 581,205,919
LIABILITIES AND NET ASSETS				
LIABILITIES				
Appropriations payable:				
General	\$ 17,476,801	\$ 8,170,458	\$ 25,647,259	\$ 25,875,748
Jewish Federations of North America and overseas	7,937,630	-	7,937,630	7,905,130
Trade accounts and other payables	3,539,501	1,261,036	4,800,537	5,124,011
Constituent agencies and other deposits	-	67,268,612	67,268,612	58,910,083
Bonds, notes and other payables (Note 9)	-	1,207,599	1,207,599	1,778,422
Charitable trust annuities payable	-	10,673,355	10,673,355	13,750,479
Other organizations payable	-	13,247,875	13,247,875	12,817,920
Contributions designated for future periods	-	3,165,892	3,165,892	2,750,435
Total Liabilities	28,953,932	104,994,827	133,948,759	128,912,228
NET ASSETS				
Unrestricted	9,558,915	262,071,948	271,630,863	215,953,618
Temporarily restricted (Note 13)	-	53,132,368	53,132,368	52,222,546
Permanently restricted (Note 13)	-	190,219,016	190,219,016	184,117,527
Total Net Assets	9,558,915	505,423,332	514,982,247	452,293,691
TOTAL LIABILITIES AND NET ASSETS	\$ 38,512,847	\$ 610,418,159	\$ 648,931,006	\$ 581,205,919

JEWISH FEDERATION OF METROPOLITAN DETROIT AND UNITED JEWISH FOUNDATION

COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended May 31, 2017
(With Comparative Combined Totals for the Year Ended May 31, 2016)

	Jewish Federation of Metropolitan Detroit		United Jewish Foundation			Eliminating Adjustments	2017 Combined	2016 Combined
	Unrestricted	Unrestricted	Temporarily Restricted	Permanently Restricted	Total UJF			
OPERATING REVENUE AND SUPPORT								
Public support from contributions	\$ 37,992,648	\$ 58,460,631	\$ 3,609,437	\$ 1,863,750	\$ 63,933,818	\$ (9,829,846)	\$ 92,096,620	\$ 68,434,292
Revenue:								
Investment income (loss), including unrealized gains (losses)	15,082	23,011,698	18,743,577	-	41,755,275	-	41,770,357	(17,761,836)
Loss on disposition of assets	-	(4,555,681)	-	-	(4,555,681)	-	(4,555,681)	(51,405)
Interorganization appropriations	7,254,112	3,245,527	419,439	-	3,664,966	(10,919,078)	-	-
Miscellaneous fees and other	4,058,973	7,893,848	573,248	84,999	8,552,095	(280,000)	12,331,068	7,126,277
Net assets released from restrictions	-	2,808,118	(2,008,118)	(800,000)	-	-	-	-
Total Revenue	11,328,167	32,403,510	17,728,146	(715,001)	49,416,655	(11,199,078)	49,545,744	(10,686,964)
Total Operating Revenue and Support	49,320,815	90,864,141	21,337,583	1,148,749	113,350,473	(21,028,924)	141,642,364	57,747,328
OPERATING EXPENSES								
Program Services:								
Distributions:								
Federation's annual campaign	-	9,829,846	-	-	9,829,846	(9,829,846)	-	-
Jewish Federations of North America and overseas	9,314,462	32,000	-	-	32,000	-	9,346,462	10,368,944
Local agencies	21,287,847	18,212,069	-	-	18,212,069	(10,919,078)	28,580,838	33,458,773
Other charitable organizations	1,113,831	16,895,095	-	-	16,895,095	-	18,008,926	21,273,302
Other	9,724,728	6,168,115	-	-	6,168,115	-	15,892,843	15,213,054
Total Program Services	41,440,868	51,137,125	-	-	51,137,125	(20,748,924)	71,829,069	80,314,073
Support Services:								
Administrative	4,601,440	455,780	-	-	455,780	(280,000)	4,777,220	4,994,445
Financial resource development	2,523,632	-	-	-	-	-	2,523,632	2,087,934
Bad debt recovery	(217,559)	(34,838)	-	-	(34,838)	-	(252,397)	(452,526)
Other	58,842	17,442	-	-	17,442	-	76,284	80,559
Total Support Services	6,966,355	438,384	-	-	438,384	(280,000)	7,124,739	6,710,412
Total Operating Expenses	48,407,223	51,575,509	-	-	51,575,509	(21,028,924)	78,953,808	87,024,485
Increase (Decrease) in Net Assets from Operations	913,592	39,288,632	21,337,583	1,148,749	61,774,964	-	62,688,556	(29,277,157)
Transfer of funds	-	15,475,021	(20,427,761)	4,952,740	-	-	-	-
INCREASE (DECREASE) IN NET ASSETS	913,592	54,763,653	909,822	6,101,489	61,774,964	-	62,688,556	(29,277,157)
NET ASSETS - Beginning of Year	8,645,323	207,308,295	52,222,546	184,117,527	443,648,368	-	452,293,691	481,570,848
NET ASSETS - End of Year	\$ 9,558,915	\$ 262,071,948	\$ 53,132,368	\$ 190,219,016	\$ 505,423,332	\$ -	\$ 514,982,247	\$ 452,293,691

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, 2017
(With Comparative Combined Totals for the Year Ended May 31, 2016)

	Jewish Federation of Metropolitan Detroit			United Jewish Foundation		Eliminating Adjustments	2017 Combined	2016 Combined
	Direct Programs	Administrative Services	Financial Resource Development	Direct Programs	Administrative Services			
DISTRIBUTIONS								
Federation's annual campaign	\$ -	\$ -	\$ -	\$ 9,829,846	\$ -	\$ (9,829,846)	\$ -	\$ -
Jewish Federations of North America and overseas	9,314,462	-	-	32,000	-	-	9,346,462	10,368,944
Local agencies	21,287,847	-	-	18,212,069	-	(10,919,078)	28,580,838	33,458,773
Other charitable organizations	1,113,831	-	-	16,895,095	-	-	18,008,926	21,273,302
Total Distributions	31,716,140	-	-	44,969,010	-	(20,748,924)	55,936,226	65,101,019
OPERATING EXPENSES								
Other program services	389,682	-	-	547,848	-	-	937,530	420,635
Salaries and wages	4,788,495	2,955,752	1,614,896	-	-	-	9,359,143	8,805,153
Employee benefits	806,074	674,079	321,625	-	-	-	1,801,778	1,564,668
Other personnel	376,117	216,007	103,064	-	-	-	695,188	656,278
Rent and building costs	138,589	102,542	38,869	948,421	16,813	(280,000)	965,234	1,116,117
Professional services	447,607	162,714	-	180,606	207,498	-	998,425	1,129,861
Meetings and events	1,577,231	104,003	118,438	-	-	-	1,799,672	1,644,102
Missions	704,181	-	-	-	-	-	704,181	685,888
Marketing	122,360	17,708	37,383	-	-	-	177,451	230,239
Professional development and donor cultivation	85,155	75,484	50,625	-	-	-	211,264	338,018
Interest and bank fees	12,665	-	108,564	53,352	137,246	-	311,827	285,069
Postage	25,823	42,139	20,106	-	-	-	88,068	89,579
Office expense	20,117	28,114	14,829	-	-	-	63,060	69,484
Property expenses	-	-	-	544,304	19,034	-	563,338	364,849
Equipment repairs and maintenance	51,049	69,638	33,226	-	-	-	153,913	168,656
Information technology support	69,370	97,262	46,407	-	-	-	213,039	227,473
Telephone	20,388	32,695	15,600	-	-	-	68,683	52,800
Insurance	11,750	23,303	-	29,507	46,837	-	111,397	101,549
Other	-	-	-	123,951	28,352	-	152,303	241,737
Total Operating Expenses Before Depreciation and Bad Debt	9,646,653	4,601,440	2,523,632	2,427,989	455,780	(280,000)	19,375,494	18,192,155
Depreciation	78,075	39,835	19,007	3,740,126	17,442	-	3,894,485	4,183,837
Bad debt recovery	-	-	(217,559)	-	(34,838)	-	(252,397)	(452,526)
TOTAL OPERATING EXPENSES	\$ 41,440,868	\$ 4,641,275	\$ 2,325,080	\$ 51,137,125	\$ 438,384	\$ (21,028,924)	\$ 78,953,808	\$ 87,024,485

JEWISH FEDERATION OF METROPOLITAN DETROIT AND UNITED JEWISH FOUNDATION

COMBINED STATEMENT OF CASH FLOWS
Years Ended May 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 62,688,556	\$ (29,277,157)
Adjustments to reconcile increase (decrease) in net assets to net cash flows from operating activities:		
Depreciation	3,894,485	4,183,837
Bad debt recovery	(252,397)	(452,526)
Change in value of liability for charitable trust annuities	(1,768,092)	990,210
Net unrealized (gain) loss on investments	(43,886,267)	31,238,388
Net realized gain on investments	(2,415,830)	(1,519,733)
Loss on disposals of donated real estate and other interests and property and equipment	4,555,681	51,405
Partnership and other investment loss	395,224	507,067
Contributions restricted for permanent investment	(1,863,750)	(2,559,986)
Contribution of donated real estate and other interests held for investment	(54,900)	(213,400)
Increase (decrease) in assets and liabilities:		
Accounts receivable	(863,069)	(2,527,047)
Pledges receivable	2,528,635	3,336,445
Advances and other assets	(112,663)	(425,647)
Appropriations payable, trade accounts, and other payables	(519,463)	6,499,044
Constituent agencies and other deposits	8,358,529	(932,140)
Other organizations payable	429,955	(399,031)
Contributions designated for future periods and charitable trust annuities payable	415,457	(385,366)
Net Cash Flows from Operating Activities	<u>31,530,091</u>	<u>8,114,363</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds from sale of donated real estate and other interests held for investment	2,147,430	647,584
Net uses from purchases of investments	(21,383,227)	(5,152,228)
Purchases of property and equipment	(11,988,755)	(5,073,840)
Net proceeds from collection of notes receivable	86,963	1,928,264
Net Cash Flows used in Investing Activities	<u>(31,137,589)</u>	<u>(7,650,220)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts on contributions restricted for permanent investment	1,739,193	1,429,986
Payments on charitable trust annuities	(1,309,032)	(2,127,781)
Net (payments on) proceeds from issuance of bonds and notes payable	(570,823)	235,513
Net Cash Flows used in Financing Activities	<u>(140,662)</u>	<u>(462,282)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	251,840	1,861
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>497,354</u>	<u>495,493</u>
CASH AND CASH EQUIVALENTS - End of Year	<u>\$ 749,194</u>	<u>\$ 497,354</u>
SUPPLEMENTAL CASH FLOWS DISCLOSURES		
Cash paid for interest	\$ 51,602	\$ 58,771
Cash paid for income taxes	9,789	25,754

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

NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2017 and 2016

NOTE 1 – Organization

Organization

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

NOTE 2 – Summary of Significant Accounting Policies

Basis of Accounting

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

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

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

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

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

Cash and Cash Equivalents

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

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

NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2017 and 2016

NOTE 2 – Summary of Significant Accounting Policies (continued)

Contributions

Contributions are generally reported as increases to unrestricted net assets, unless the related assets are limited by donor-imposed restrictions. Contributions and investment income with donor-imposed restrictions are reported as temporarily restricted revenues and are reclassified to unrestricted net assets when expenses are incurred that satisfy the donor-imposed restrictions or upon expiration of donor-imposed time restrictions. Contributions are unconditional transfers of cash or other assets. Other assets include securities, land, buildings, and unconditional promises to give those items or financial support in the future. Contributions of securities and other assets are measured at their fair value at the date of receipt. Expenses are reported as decreases in unrestricted net assets. Expirations of donor-imposed stipulations that simultaneously increase one class of net assets and decrease another are reported as reclassifications between the applicable classes of net assets.

Support Foundations and Philanthropic Funds

Unrestricted net assets of UJF include various support foundations and philanthropic funds. Support foundations are governed by individual Boards of Directors (the "Boards"). However, the support foundations are included in the financial statements because of their shared purpose with UJF in supporting JFMD. These foundations have total assets of \$100,602,119 and \$80,228,273 as of May 31, 2017 and 2016, respectively. Philanthropic funds have total assets of \$85,403,094 and \$73,016,397 at May 31, 2017 and 2016, respectively.

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

Constituent Agency Deposits

Deposits from constituent agencies and other organizations are reported in the UJF portfolio at fair value on the combined statement of financial position. Changes in the fair value of these deposits are reflected as a change in the corresponding liability on the combined statement of financial position. These transactions are not included in the combined statement of activities and changes in net assets. Investment income (loss) related to these deposits totaled \$6,971,705 and (\$2,866,940) for the years ended May 31, 2017 and 2016, respectively, and is recorded as an increase or decrease, respectively, to the related liability.

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

NOTES TO COMBINED FINANCIAL STATEMENTS

May 31, 2017 and 2016

NOTE 2 – Summary of Significant Accounting Policies (continued)

Investments

UJF 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. UJF 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, 2017 and 2016 are based on monthly valuations provided by the managers of the funds. Management, in coordination with the UJF investment committee and the investment consultant, obtains and considers the audited financial statements issued by nationally recognized accounting firms of such investments when evaluating the overall reasonableness of carrying value. Because of the inherent uncertainty of valuations, values may differ materially from values had a ready market existed.

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

Pledges Receivable

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

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

NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2017 and 2016

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

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

Notes Receivable

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

The organizations consider a financing loan receivable to be impaired when, based upon current information and events, it believes it is probable that the organizations will be unable to collect all amounts due according to the contractual terms of the loan agreement. The organizations had \$345,420 and \$346,370 in loans 90 days or more past due and considered to be impaired or uncollectible as of May 31, 2017 and 2016, respectively. 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 \$11,020,800 and \$11,615,900 as of May 31, 2017 and 2016, respectively, and donated interests in partnerships and trusts carried at \$748,409 and \$1,143,629 as of May 31, 2017 and 2016, 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.

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

NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2017 and 2016

NOTE 2 – Summary of Significant Accounting Policies (continued)

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

Also included in donated real estate and other interests held for investments are single premium annuity contracts related to life insurance policies on the respective donor's life, carried at \$2,663,979 and \$4,075,979 as of May 31, 2017 and 2016, respectively. The organizations record these transactions in accordance with generally accepted accounting principles for deposit accounting. The organizations will ultimately receive, at a minimum, the original amount invested, plus interest, via annuity payments and death benefits. Since there is no transfer of risk associated with the life insurance policies, the related annuity and life insurance investments are accounted for as deposit transactions. Life insurance premium payments are recorded in a deposit account and are offset by the return of the principal portion of the annuity payments.

Advances and Other Assets

Included in advances and other assets is the cash surrender value of donated life insurance policies whereby UJF has been named as the beneficiary. The total cash surrender value of life insurance policies included in advances and other assets was \$2,286,399 and \$2,201,837 as of May 31, 2017 and 2016, 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.

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

NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2017 and 2016

NOTE 2 – Summary of Significant Accounting Policies (continued)

Appropriations Payable

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

Charitable Trust Annuities Payable

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

The organizations have recorded the estimated fair value of the investments associated with irrevocable split-interest agreements and an estimated liability, using various discount rates for the net present value of the future cash outflows to beneficiaries. For the years ended May 31, 2017 and 2016, the combined statement of activities and changes in net assets included an increase (decrease) to other operating income for changes in the estimated liability for split-interest agreements of \$3,532,340 and (\$1,766,954), respectively, and investment income (loss) included in investment income of \$2,196,853 and (\$1,152,091), respectively. Net assets of these trusts amounted to \$5,380,868 and \$4,338,900 at May 31, 2017 and 2016, respectively. Assets held in split-interest agreements, which are included in investments, totaled \$19,220,115 and \$17,982,775 as of May 31, 2017 and 2016, 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.

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

NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2017 and 2016

NOTE 2 – Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments

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

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

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

Revenue Recognition

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

UJF reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When donor restrictions expire, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statement of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Allocation of Expenses

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

Risks and Uncertainties

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

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

NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2017 and 2016

NOTE 2 – Summary of Significant Accounting Policies (continued)

Tax-Exempt Status

The organizations are Michigan nonprofit corporations under Section 509(a)(3) of the Internal Revenue Code that have been granted an exemption from the payment of income taxes under Section 501(c)(3) and have been determined to be other than private foundations. The organizations' management believes that the organizations continue to operate in a manner that preserves their tax-exempt status.

Use of Estimates

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

Prior Year Financial Information

The financial statements include certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organizations' financial statements for the year ended May 31, 2016, from which the summarized information was derived.

Subsequent Events

The organizations have evaluated subsequent events through October 4, 2017, which is the date that the combined financial statements were approved and available to be issued.

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

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, in August 2016. ASU 2016-14 requires significant changes to the financial reporting model of organizations that follow FASB not-for-profit rules, including changing from three classes of net assets to two classes: net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the organizations, including required disclosures about the liquidity and availability of resources. The new standard is effective for the organizations' year ending May 31, 2019 and thereafter and must be applied on a retrospective basis. The organizations have evaluated the anticipated impact of the standard to primarily be the conversion to two classes of net assets and the required disclosures regarding liquidity and availability of assets. Based on current market conditions, the organizations anticipate a reclassification of net assets once the new accounting rules for endowment funds with deficiencies are implemented. If these rules had been in effect at May 31, 2017, this would have resulted in an increase to net assets without donor restrictions of approximately \$13.4 million and a decrease to net assets with donor restrictions of approximately \$13.4 million due to certain endowment funds with deficiencies as disclosed in Note 12.

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

NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2017 and 2016

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, 2017 and 2016.

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

NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2017 and 2016

NOTE 3 – Fair Value Measurements (continued)

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

	May 31, 2017			
	Total	Level 1	Level 2	Valued at NAV
Pooled Income Portfolio				
Money Market	\$ 25,857,140	\$ 25,857,140	\$ -	-
Mutual Funds:				
Equity	210,872,216	173,254,241	-	37,617,975
Debt	55,467,138	18,341,313	-	37,125,825
Real Assets	38,993,802	38,993,802	-	-
Liquid Limited Partnerships'				
Equity	7,812,768	-	-	7,812,768
Alternative Investments:				
Direct Hedge Funds	105,261,710	-	-	105,261,710
Private Equity	19,119,463	-	-	19,119,463
Total Pooled Income Portfolio	<u>463,384,237</u>	<u>256,446,496</u>	<u>-</u>	<u>206,937,741</u>
Other:				
Money Market	6,996,348	6,996,348	-	-
Israel Bonds	2,177,000	-	2,177,000	-
Certificate of Deposit	1,640,169	1,640,169	-	-
Common Stocks	27,956,236	27,956,236	-	-
U.S. Government Debt	267,323	267,323	-	-
Municipal Debt	410,755	410,755	-	-
Corporate Debt	507,188	507,188	-	-
Mutual Funds:				
Equity	8,585,909	8,585,909	-	-
Debt	1,352,485	1,352,485	-	-
Pooled Investment Fund	2,250,306	-	-	2,250,306
Direct Hedge Fund	2,303,420	-	-	2,303,420
Private Equity	133,427	-	-	133,427
Total Other Investments	<u>54,580,566</u>	<u>47,716,413</u>	<u>2,177,000</u>	<u>4,687,153</u>
Total Investments	<u>\$ 517,964,803</u>	<u>\$ 304,162,909</u>	<u>\$ 2,177,000</u>	<u>\$ 211,624,894</u>

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

NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2017 and 2016

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, 2016			
	Total	Level 1	Level 2	Valued at NAV
Pooled Income Portfolio				
Money Market	\$ 30,787,433	\$ 30,787,433	\$ -	\$ -
Mutual Funds:				
Equity	148,883,175	125,504,016	-	23,379,159
Debt	41,635,141	25,085,511	-	16,549,630
Multi Strategy	49,390,944	49,390,944	-	
Real Assets	16,600,959	16,600,959	-	
Liquid Limited Partnerships				
Equity	5,296,446	-	-	5,296,446
Alternative Investments:				
Direct Hedge Funds	99,756,906	-	-	99,756,906
Private Equity	15,734,637	-	-	15,734,637
Total Pooled Income Portfolio	<u>408,085,641</u>	<u>247,368,863</u>	<u>-</u>	<u>160,716,778</u>
Other:				
Money Market	4,314,405	4,314,405	-	-
Israel Bonds	3,935,500	-	3,935,500	-
Certificate of Deposit	1,888,913	1,888,913	-	-
Common stocks	17,226,023	17,081,938	-	144,085
U.S. Government Debt	352,401	352,401	-	-
Corporate Debt	376,625	376,625	-	-
Mutual Funds:				
Equity	5,980,416	5,976,775	-	3,641
Debt	680,611	680,611	-	-
Pooled Investment Fund	4,779,150	-	-	4,779,150
Direct Hedge Fund	2,659,794	-	-	2,659,794
Total Other Investments	<u>42,193,838</u>	<u>30,671,668</u>	<u>3,935,500</u>	<u>7,586,670</u>
Total Investments	<u>\$ 450,279,479</u>	<u>\$ 278,040,531</u>	<u>\$ 3,935,500</u>	<u>\$ 168,303,448</u>

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

NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2017 and 2016

NOTE 3 – Fair Value Measurements (continued)

Investment Type	Investment Objective	Percentage	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity Mutual Funds	Equity mutual funds valued at NAV include investments in closed funds which can be redeemed daily based on net asset values (NAV) provided by the fund managers. The organizations have no unfunded commitments for these funds as of May 31, 2017 and 2016, 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, 2017 and 2016, and there are no liquidity restrictions placed on these funds.	100%	None	N/A	N/A
Direct Hedge Funds	Invest directly in debt, equity and derivative securities to produce equity-like returns, but with reduced volatility. Strategies employed include long/short equity, multi-strategy, arbitrage, relative value and event driven. Beta exposure to markets will vary based on the degree of hedging utilized by the managers. Approximately 44 percent of the funds within this category are subject to an investor gate which allows for only 25 percent redemption during any three-month period.	100%	None	Quarterly - Biennially	30-120 days
Private Equity	Invests directly in securities of companies that are generally not actively traded at the time of investment, securities that are perceived to be trading at distressed levels (many of which are illiquid), or a basket of private equity funds that invest in said securities. Additionally, makes acquisitions of private equity limited partnership interests and direct investment portfolios with a focus of acquiring these interests at a significant discount. Investments may be in U.S. or foreign markets, and returns are expected to be higher than those that can be achieved in equity markets, albeit with higher expected volatility. Funds within this category are not redeemable. Certain funds within this category will be redeemable quarterly upon 60 days' notice following the expiration of an initial 12-month lock-up period.	38%	\$ 6,513,488	N/A	N/A
		62%	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	30 days

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

NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2017 and 2016

NOTE 4 – Investments

Investment income includes realized gains of \$2,415,830 and \$1,519,733, unrealized gains (losses) of \$43,886,267 and (\$31,238,388), and interest and dividends of \$7,405,885 and \$9,686,502 (net of \$714,068 and \$718,521 in fees), in each case for the years ended May 31, 2017 and 2016, 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:

	2017			2016
	JFMD	UJF	Combined	
Advances to constituent agencies	\$ -	\$ 7,668,440	\$ 7,668,440	\$ 6,969,474
Other receivables	175,282	207,965	383,247	750,717
Total gross accounts receivable	175,282	7,876,405	8,051,687	7,720,191
Allowance for uncollectible amounts	-	(225,267)	(225,267)	(753,048)
Net accounts receivable	<u>\$ 175,282</u>	<u>\$ 7,651,138</u>	<u>\$ 7,826,420</u>	<u>\$ 6,967,143</u>

NOTE 6 – Pledges Receivable

	2017			2016
	JFMD	UJF	Combined	Net Receivables
Gross pledges receivable	\$ 24,107,110	\$ 12,932,013	\$ 37,039,123	\$ 39,957,511
Allowance for uncollectible amounts	(3,634,428)	(2,313,647)	(5,948,075)	(6,487,681)
Unamortized discount	-	(1,960,448)	(1,960,448)	(2,190,391)
Net pledges receivable	<u>\$ 20,472,682</u>	<u>\$ 8,657,918</u>	<u>\$ 29,130,600</u>	<u>\$ 31,279,439</u>

Payments on pledges receivable at May 31, 2017 are expected to be received as follows:

	JFMD	UJF	Combined
Within one year	\$ 24,107,110	\$ 1,935,957	\$ 26,043,067
Between one and five years	-	2,130,878	2,130,878
More than five years	-	8,865,178	8,865,178
Total	<u>\$ 24,107,110</u>	<u>\$ 12,932,013</u>	<u>\$ 37,039,123</u>

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

NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2017 and 2016

NOTE 6 – Pledges Receivable (continued)

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

	2017	2016
Centennial Campaign	\$ 8,990,000	\$ 10,780,000
Farber Hebrew Day School-Yeshivat Akiva	1,264,353	933,192
Millennium - Jewish Life Fund	975,000	1,075,000
Millennium - Jewish Community Center	551,566	551,566
Jewish Women's Foundation	473,615	401,606
Harris Nature Center	145,000	425,000
BBYO Student Conference Center	132,650	137,650
Jean and Samuel Frankel Jewish Academy of Metropolitan Detroit	130,000	163,000
Legacy Fund	120,179	118,160
Jewish Vocational Service	100,000	100,000
Robinson Pioneer Village - Fresh Air Society	26,000	29,000
Jewish Community Center	15,950	120,950
Jewish Senior Life	5,000	30,837
Berman Center for the Performing Arts	2,100	2,600
University of Michigan Hillel	600	600
Henrietta & Alvin Weisberg Holocaust Memorial Center	-	203,201
Alan & Sue Kaufman Family Sports Program	-	25,000
Alliance for Jewish Education	-	9,000
	\$ 12,932,013	\$ 15,106,362
Total Pledges Receivable		

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

NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2017 and 2016

NOTE 7 – Notes Receivable

Notes receivable consist of the following at May 31:

	2017	2016
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, due in monthly principal and interest installments of \$10,000 through November 2019	273,825	370,935
Other notes receivable	500,765	490,618
Gross notes receivable	8,774,590	8,861,553
Allowance for uncollectible amounts	(345,420)	(346,370)
Notes receivable, net - UJF	8,429,170	8,515,183
JFMD - Other notes receivable	17,669	17,669
Notes receivable, net - Combined	\$ 8,446,839	\$ 8,532,852

NOTE 8 – Property and Equipment – JFMD and UJF

Property and equipment consist of the following at May 31:

	2017	2016
Land	\$ 7,210,208	\$ 7,375,208
Buildings	125,286,639	122,268,637
Furniture and equipment	4,475,196	4,267,207
Construction in progress	1,467,287	4,042,823
Total	138,439,330	137,953,875
Accumulated depreciation	(71,360,653)	(74,328,357)
Net Property and Equipment	\$ 67,078,677	\$ 63,625,518

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

NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2017 and 2016

NOTE 8 – Property and Equipment – JFMD and UJF (continued)

The majority of land and buildings represent communal properties and consist of the following at May 31, 2017:

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
United Jewish Foundation			
Max M. Fisher Federation Building	\$ 900,000	\$ 7,741,051	\$ 8,641,051
Fresh Air Society – Camp Tamarack:			
Ortonville	425,215	12,312,886	12,738,101
Grange Hall Road	247,207	-	247,207
Mesick	5,185	2,777	7,962
Mio	5,000	2,835	7,835
Kennedy	129,782	49,868	179,650
Wawa	6,750	11,942	18,692
Jewish Community Center:			
Applebaum Campus site	2,412,155	52,841,796	55,253,951
Taubman Campus site	46,378	38,333	84,711
Jewish Family Service	1,537,176	6,944,131	8,481,307
Jean and Samuel Frankel Jewish Academy of Metropolitan Detroit	-	7,805,628	7,805,628
Farber Hebrew Day School - Yeshivat Akiva	291,482	10,237,231	10,528,713
B'nai B'rith Youth Organization	-	1,120,071	1,120,071
Jewish Senior Life:			
Fleischman Residence	-	6,561,523	6,561,523
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
Yeshivas Darchei Torah	40,147	6,467,073	6,507,220
University of Michigan Hillel	-	3,311,702	3,311,702
Michigan State University Hillel	65,555	2,216,438	2,281,993
Yeshiva Beth Yehudah	121,500	2,155,939	2,277,439
6866 W. Maple, West Bloomfield	175,760	-	175,760
14450 Ten Mile Road, Oak Park	555,000	-	555,000
	<u>7,210,208</u>	<u>125,286,639</u>	<u>132,496,847</u>
Accumulated depreciation	-	<u>(67,548,785)</u>	<u>(67,548,785)</u>
Total Land and Buildings	<u>\$ 7,210,208</u>	<u>\$ 57,737,854</u>	<u>\$ 64,948,062</u>

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

NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2017 and 2016

NOTE 9 – Financing Arrangements

At May 31, 2017 and 2016, UJF has an unsecured note payable outstanding of \$150,000 and \$175,000, respectively, related to the purchase of land at 14450 Ten Mile Road, Oak Park. The note is noninterest-bearing with annual payments of \$25,000. The loan matures in February 2023.

At May 31, 2017 and 2016, UJF has an unsecured note payable outstanding of \$0 and \$400,000, respectively, related to an outstanding receivable made to an unaffiliated agency, on behalf of an anonymous lender. The note bears interest at a fixed rate of 7.0% per annum, with monthly payments of \$5,000 ending on November 15, 2016. A lump-sum payment of the remaining balance is due no later than November 28, 2016. If the principal amount, plus interest, is repaid in full on or before November 28, 2016, then UJF, on behalf of the anonymous donor, will donate an amount equal to the interest portion of the repayment to the unaffiliated agency.

At May 31, 2017 and 2016, UJF also has bonds payable outstanding of \$1,057,599 and \$1,203,422, respectively, which consist of Bank of America Public Capital Corp. limited obligation revenue notes, bearing interest at a fixed rate of 4.45% per annum. The bonds are callable at any time and mature July 1, 2023. The proceeds from the bond issuance were used to finance an HVAC system at the Jewish Community Center.

At May 31, 2017, there is an unsecured line of credit, related to the construction of the Farber Hebrew Day School - Yeshivat Akiva. At May 31, 2017, there have been no draws on the line of credit. The note bears a floating interest rate of LIBOR plus 1.38%.

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

May 31, 2018	\$ 176,882
May 31, 2019	183,780
May 31, 2020	191,013
May 31, 2021	198,532
May 31, 2022	206,414
Thereafter	250,978
Total Bonds and Notes Payable	<u>\$ 1,207,599</u>

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

NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2017 and 2016

NOTE 10 – Retirement Plans

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

Contributions to the Plan were \$197,000 and \$203,700 for the years ended May 31, 2017 and 2016, respectively. Based on information as of December 31, 2016, the year end of the Plan, JFMD's contributions to the Plan represent more than 5 percent of total contributions received by the Plan. The amount of the organization's contributions to the Plan decreased by approximately 3 percent from 2016 to 2017, primarily as a result of higher than expected investment returns.

In addition, to the extent that the Plan is underfunded, and in the event that other organizations participating in the Plan have no assets available to pay their contributions, then JFMD'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, 2016.

Total plan assets	\$ 19,606,100
Actuarial present value of accumulated plan benefits	23,954,823
Total contributions received by the Plan	573,957
Indicated level of funding	At least 80%

JFMD 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. JFMD elected, for calendar year 2016, to offer a matching safe harbor contribution equal to 100% of the employee's 403(b) plan contributions up to 3% of pay and 50% of the employee's contributions above 3% up to 5% of pay.

NOTE 11 – Transactions with Affiliates

JFMD and The Jewish Fund (the "Fund") have entered into a management agreement whereby JFMD provides administrative support to the Fund for an agreed-upon fee. Such fees were \$300,000 and \$250,000 for the fiscal years ended May 31, 2017 and 2016, respectively.

Grants received from the Fund by JFMD were \$405,500 and \$901,061 and indirect grant expenses paid to other affiliated entities were \$28,580,836 and \$33,458,772 for the years ended May 31, 2017 and 2016, respectively.

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

NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2017 and 2016

NOTE 11 – Transactions with Affiliates (continued)

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

	2017	2016
Appropriations payable	\$ 19,138,955	\$ 19,506,560
Constituent agency deposits	22,943,563	22,011,283
Total	<u>\$ 42,082,518</u>	<u>\$ 41,517,843</u>

NOTE 12 – Endowment Funds

UJF's endowment consists of 1,099 individual donor-restricted funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

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

The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organizations in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the organizations consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

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

NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2017 and 2016

NOTE 12 – Endowment Funds (continued)

Endowment net asset composition as of May 31, 2017:

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

Endowment net asset composition as of May 31, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted	\$ (19,873,777)	\$ 19,002,158	\$ 184,117,527	\$ 183,245,908
Board designated	11,745,060			11,745,060
Split-interest agreements	180,988			180,988
	<u>\$ (7,947,729)</u>	<u>\$ 19,002,158</u>	<u>\$ 184,117,527</u>	<u>\$ 195,171,956</u>

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

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

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

NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2017 and 2016

NOTE 12 – Endowment Funds (continued)

Changes in endowment net assets for the year ended May 31, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ (5,835,504)	\$ 25,671,420	\$ 176,504,912	\$ 196,340,828
Loss from investments	(91,206)	(8,228,753)	-	(8,319,959)
Contributions		(175,379)	1,709,986	1,534,607
Appropriation of endowment assets for expenditures	(120,071)	(8,807,861)	(4,026)	(8,931,958)
Other expense	(112,987)	(116,733)	(410,988)	(640,708)
Transfers of net assets	8,777,826	93,677	6,317,643	15,189,146
Reclassification of income	(10,565,787)	10,565,787		-
Endowment net assets, end of year	<u>\$ (7,947,729)</u>	<u>\$ 19,002,158</u>	<u>\$ 184,117,527</u>	<u>\$ 195,171,956</u>

Funds with Deficiencies - From time to time, the fair value associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA require the organizations to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature that are reported in unrestricted net assets were \$13,383,843 and \$19,873,777 as of May 31, 2017 and 2016, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of new permanently restricted contributions. Subsequent gains that restore the fair value of the assets of endowment funds to the required level will be classified as an increase in unrestricted net assets.

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

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

NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2017 and 2016

NOTE 12 – Endowment Funds (continued)

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

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

NOTE 13 – Restricted Net Assets

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

	Temporarily Restricted	
	2017	2016
Unappropriated Endowment Earnings:		
Perpetual Annual Campaign		
Endowment (PACE) funds	\$ 2,845,745	\$ 314,681
Special-purpose funds	4,377,352	4,024,766
Constituent agency funds	20,467,980	14,662,711
Total Unappropriated Endowment Earnings	27,691,077	19,002,158
Other Time and/or Purpose Restrictions:		
Perpetual Annual Campaign		
Endowment (PACE) funds	-	-
Special-purpose funds	8,263,660	7,550,091
Constituent agency funds	17,177,631	25,670,297
Total Other Time and/or Purpose Restrictions	25,441,291	33,220,388
Total Temporarily Restricted Net Assets	\$ 53,132,368	\$ 52,222,546

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

NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2017 and 2016

NOTE 13 – Restricted Net Assets (Continued)

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

	<u>Permanently Restricted</u>	
	<u>2017</u>	<u>2016</u>
Perpetual Annual Campaign Endowment (PACE) funds	\$ 67,839,091	\$ 67,574,700
Special-purpose funds	15,580,324	14,715,103
Constituent agency funds	<u>106,799,601</u>	<u>101,827,724</u>
Total Net Assets	<u><u>\$ 190,219,016</u></u>	<u><u>\$ 184,117,527</u></u>

NOTE 14 – Contingencies

During 2001, Jewish Senior Life (JSL) (formerly Jewish Apartments and Services), a constituent agency supported by the organizations, issued \$18,000,000 in variable rate demand limited obligation revenue bonds. A local lender issued a letter of credit guaranteeing payment of the bonds and related interest, which are being repaid over a 25-year period. Should JSL not meet its obligation to make required principal and interest payments, the bond trustee may draw on the letter of credit. In that event, UJF has guaranteed to reimburse the lender. On July 10, 2013, UJF was granted a second priority mortgage interest in the underlying property, the Meer Jewish Apartments, to provide collateral support for its guarantee obligation. At May 31, 2017 and 2016, \$10,200,000 and \$11,100,000 of the bonds were outstanding, respectively.

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 as of May 31, 2017 and 2016, and bears interest at LIBOR plus 1.35 percent. The bank line of credit is guaranteed by UJF.

NOTE 15 – Concentrations

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

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

NOTES TO COMBINED FINANCIAL STATEMENTS
May 31, 2017 and 2016

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 \$120,000 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, 2017 and 2016 was approximately \$825,000 and \$680,000, respectively. Liabilities for estimated claims incurred but not reported totaling approximately \$125,000 and \$263,000 as of May 31, 2017 and 2016, respectively, have been recorded.

SUPPLEMENTAL INFORMATION

Independent Auditor's Report on Supplemental Information

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

We have audited the combined financial statements of the Jewish Federation of Metropolitan Detroit and the United Jewish Federation as of and for the year ended May 31, 2017, and have issued our report thereon dated October 4, 2017, which contained an unmodified opinion on those combined financial statements. Our audit was performed for the purpose of forming an opinion on the 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements as a whole.

Plante & Moran, PLLC

October 4, 2017

JEWISH FEDERATION OF METROPOLITAN DETROIT

COMBINING STATEMENT OF FINANCIAL POSITION

May 31, 2017

ASSETS

	Operating Fund	Federation Annual Campaign	JFMD Programming	Oversees Programming	Missions Fund	Jewish Life Fund	Total
ASSETS							
Cash and cash equivalents	\$ 600	-	-	-	-	-	\$ 600
Investments	1,446,469	15,981,977	1,191,198	266,262	301,596	33,605	19,221,107
Accounts receivable, net	150,282	-	-	-	25,000	-	175,282
Pledges receivable, net	-	20,443,632	29,050	-	-	-	20,472,682
Notes receivable, net	-	17,669	-	-	-	-	17,669
Interfund receivables (payables)	4,203,318	(7,398,797)	500,000	184,500	321,790	-	(2,189,189)
Advances and other assets	505,036	-	-	500	66,265	-	571,801
Property and equipment, net	242,895	-	-	-	-	-	242,895
TOTAL ASSETS	\$ 6,548,600	\$ 29,044,481	\$ 1,720,248	\$ 451,262	\$ 714,651	\$ 33,605	\$ 38,512,847

LIABILITIES AND NET ASSETS

LIABILITIES							
Appropriations payable:							
General	\$ -	17,199,316	277,485	-	-	-	\$ 17,476,801
Jewish Federations of North America and overseas	-	7,937,630	-	-	-	-	7,937,630
Trade accounts and other payables	3,258,290	-	-	1,834	279,377	-	3,539,501
Total Liabilities	3,258,290	25,136,946	277,485	1,834	279,377	-	28,953,932
NET ASSETS							
Unrestricted	3,290,310	3,907,535	1,442,763	449,428	435,274	33,605	9,558,915
TOTAL LIABILITIES AND NET ASSETS	\$ 6,548,600	\$ 29,044,481	\$ 1,720,248	\$ 451,262	\$ 714,651	\$ 33,605	\$ 38,512,847

JEWISH FEDERATION OF METROPOLITAN DETROIT

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended May 31, 2017

	Operating Fund	Federation Annual Campaign	JFMD Programming	Overseas Programming	Missions Fund	Jewish Life Fund	Total
OPERATING REVENUE AND SUPPORT							
Public support from contributions	\$ 639,721	36,185,842	1,048,414	-	118,671	-	\$ 37,992,648
Revenue:							
Investment income (including unrealized gains)	-	15,082	-	-	-	-	15,082
Interorganization appropriations	5,065,544	-	244,050	-	115,898	1,828,620	7,254,112
Miscellaneous fees and other	3,242,372	-	246,660	5,117	564,824	-	4,058,973
Total Revenue	8,307,916	15,082	490,710	5,117	680,722	1,828,620	11,328,167
Total Operating Revenue and Support	8,947,637	36,200,924	1,539,124	5,117	799,393	1,828,620	49,320,815
OPERATING EXPENSES							
Program Services:							
Distributions:							
Jewish Federations of North America and overseas	-	9,314,462	-	-	-	-	9,314,462
Local agencies	114,127	19,103,488	276,099	22,500	118,200	1,653,433	21,287,847
Other charitable organizations		784,265	17,438	80,000	221,790	10,338	1,113,831
Other	8,608,152	-	379,977	42,360	694,239	-	9,724,728
Total Program Services	8,722,279	29,202,215	673,514	144,860	1,034,229	1,663,771	41,440,868
Support Services:							
Administrative	4,601,440	-	-	-	-	-	4,601,440
Financial resource development	2,405,127	108,539	25	-	9,941	-	2,523,632
Bad debt recovery		(217,559)	-	-	-	-	(217,559)
Other	58,842	-	-	-	-	-	58,842
Total Support Services	7,065,409	(109,020)	25	-	9,941	-	6,966,355
Total Operating Expenses	15,787,688	29,093,195	673,539	144,860	1,044,170	1,663,771	48,407,223
(DECREASE) INCREASE IN NET ASSETS FROM OPERATIONS	(6,840,051)	7,107,729	865,585	(139,743)	(244,777)	164,849	913,592
Transfer of funds	5,965,080	(5,225,956)	(1,017,813)	69,659	373,890	(164,860)	-
(DECREASE) INCREASE IN NET ASSETS	(874,971)	1,881,773	(152,228)	(70,084)	129,113	(11)	913,592
NET ASSETS - Beginning of Year	4,165,281	2,025,762	1,594,991	519,512	306,161	33,616	8,645,323
NET ASSETS - End of Year	\$ 3,290,310	\$ 3,907,535	\$ 1,442,763	\$ 449,428	\$ 435,274	\$ 33,605	\$ 9,558,915

See independent auditors' report on supplemental information.

UNITED JEWISH FOUNDATION

COMBINING STATEMENT OF FINANCIAL POSITION
May 31, 2017

ASSETS							
	General Fund	Philanthropic Funds	Support Foundations	Land, Building and Equipment	Other Unrestricted Funds	Restricted Funds	Total
ASSETS							
Cash and cash equivalents	\$ 748,594	-	-	-	-	-	\$ 748,594
Investments	13,576,143	86,253,408	95,970,259	(62,526)	72,485,960	230,520,452	498,743,696
Accounts receivable, net	25,023	-	-	50	1,347,452	6,278,613	7,651,138
Pledges receivable, net	-	-	-	-	120,179	8,537,739	8,657,918
Notes receivable, net	52,500	46,003	56,842	-	273,825	8,000,000	8,429,170
Interfund receivables (payables)	800,000	(2,839,300)	(6,628,789)	-	1,249,987	9,607,291	2,189,189
Donated real estate and other interests held for investment	-	1,942,983	11,203,807	-	1,329,400	-	14,476,190
Advances and other assets	2,898	-	-	-	334,184	2,349,400	2,686,482
Property and equipment, net	-	-	-	65,517,492	-	1,318,290	66,835,782
TOTAL ASSETS	<u>\$ 15,205,158</u>	<u>\$ 85,403,094</u>	<u>\$ 100,602,119</u>	<u>\$ 65,455,016</u>	<u>\$ 77,140,987</u>	<u>\$ 266,611,785</u>	<u>\$ 610,418,159</u>
LIABILITIES AND NET ASSETS							
LIABILITIES							
Appropriations payable	-	2,797,618	2,045,000	-	3,117,840	210,000	\$ 8,170,458
Trade accounts and other payables	64,812	-	-	54,608	701,680	439,936	1,261,036
Constituent agencies and other deposits	-	-	-	-	67,268,612	-	67,268,612
Bonds, notes and other payables	-	-	-	1,207,599	-	-	1,207,599
Charitable trust annuities payable	-	-	-	-	-	10,673,355	10,673,355
Other organizations payable	-	-	-	-	-	13,247,875	13,247,875
Contributions designated for future periods	-	-	-	-	-	3,165,892	3,165,892
Total Liabilities	<u>64,812</u>	<u>2,797,618</u>	<u>2,045,000</u>	<u>1,262,207</u>	<u>71,088,132</u>	<u>27,737,058</u>	<u>104,994,827</u>
NET ASSETS							
Unrestricted	15,140,346	82,605,476	94,128,477	64,192,809	6,052,855	(48,015)	262,071,948
Temporarily restricted	-	-	1,153,642	-	-	51,978,726	53,132,368
Permanently restricted	-	-	3,275,000	-	-	186,944,016	190,219,016
Total Net Assets	<u>15,140,346</u>	<u>82,605,476</u>	<u>98,557,119</u>	<u>64,192,809</u>	<u>6,052,855</u>	<u>238,874,727</u>	<u>505,423,332</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 15,205,158</u>	<u>\$ 85,403,094</u>	<u>\$ 100,602,119</u>	<u>\$ 65,455,016</u>	<u>\$ 77,140,987</u>	<u>\$ 266,611,785</u>	<u>\$ 610,418,159</u>

UNITED JEWISH FOUNDATION

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended May 31, 2017

	General Fund	Philanthropic Funds	Support Foundations	Land, Building and Equipment	Other Unrestricted Funds	Restricted Funds	Total
OPERATING REVENUE AND SUPPORT							
Public support from contributions	\$ -	28,428,678	22,569,085	4,442,873	3,019,822	5,473,360	\$ 63,933,818
Revenue:							
Investment income (including unrealized gains)	2,008,122	7,076,620	7,416,951		336,842	24,916,740	41,755,275
Gain (loss) on disposition of assets	-	85,430	-	(4,641,111)	-	-	(4,555,681)
Interorganization appropriations	1,382,668	-	-	2,000	1,860,859	419,439	3,664,966
Miscellaneous fees and other	4,213,118	7,515	2,879,706	565,758	214,218	671,780	8,552,095
Total Revenue	<u>7,603,908</u>	<u>7,169,565</u>	<u>10,296,657</u>	<u>(4,073,353)</u>	<u>2,411,919</u>	<u>26,007,959</u>	<u>49,416,655</u>
Total Operating Revenue and Support	<u>7,603,908</u>	<u>35,598,243</u>	<u>32,865,742</u>	<u>369,520</u>	<u>5,431,741</u>	<u>31,481,319</u>	<u>113,350,473</u>
OPERATING EXPENSES							
Program Services:							
Distributions:							
Federation's annual campaign	-	3,660,115	1,855,957	-	-	4,313,774	9,829,846
Jewish Federations of North America and overseas	-	-	30,000	-	-	2,000	32,000
Local agencies	5,305,174	1,448,915	631,949	-	3,581,079	7,244,952	18,212,069
Other charitable organizations	-	11,518,011	4,752,266	-	-	624,818	16,895,095
Other	340,052	-	244,400	4,227,163	806,209	550,291	6,168,115
Total Program Services	<u>5,645,226</u>	<u>16,627,041</u>	<u>7,514,572</u>	<u>4,227,163</u>	<u>4,387,288</u>	<u>12,735,835</u>	<u>51,137,125</u>
Support Services:							
Administrative	303,291	13,441	71,902	54,325	-	12,821	455,780
Bad debt recovery	-	-	(950)	-	-	(33,888)	(34,838)
Other	-	-	-	17,442	-	-	17,442
Total Support Services	<u>303,291</u>	<u>13,441</u>	<u>70,952</u>	<u>71,767</u>	<u>-</u>	<u>(21,067)</u>	<u>438,384</u>
Total Operating Expenses	<u>5,948,517</u>	<u>16,640,482</u>	<u>7,585,524</u>	<u>4,298,930</u>	<u>4,387,288</u>	<u>12,714,768</u>	<u>51,575,509</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	1,655,391	18,957,761	25,280,218	(3,929,410)	1,044,453	18,766,551	61,774,964
Transfer of funds	996,227	(4,129,168)	(2,289,834)	10,210,523	(1,139,395)	(3,648,353)	-
INCREASE (DECREASE) IN NET ASSETS	2,651,618	14,828,593	22,990,384	6,281,113	(94,942)	15,118,198	61,774,964
NET ASSETS - Beginning of Year	12,488,728	67,776,883	75,566,735	57,911,696	6,147,797	223,756,529	443,648,368
NET ASSETS - End of Year	<u>\$ 15,140,346</u>	<u>\$ 82,605,476</u>	<u>\$ 98,557,119</u>	<u>\$ 64,192,809</u>	<u>\$ 6,052,855</u>	<u>\$ 238,874,727</u>	<u>\$ 505,423,332</u>

Inter-Tribal Council of Michigan, Inc.

BASIC FINANCIAL STATEMENTS

September 30, 2016

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Position.....	11
Statement of Activities	12
Fund Financial Statements:	
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
Proprietary Funds:	
Statement of Net Position.....	16
Statement of Revenues, Expenses, and Changes in Net Position.....	17
Statement of Cash Flows.....	18
Fiduciary Funds:	
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:

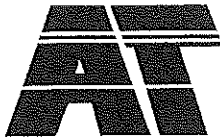
Agency Discretionary.....	34
Head Start 10/16.....	35
Head Start 10/15.....	36
Early Head Start 10/16.....	37
Early Head Start 10/15.....	38
Access to Recovery (ATR) 09/16.....	39

OTHER INFORMATION:

Combining Balance Sheet – Nonmajor Governmental Funds.....	40
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds.....	47
Combining Statement of Net Position – Internal Service Funds.....	54
Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds.....	55
Combining Statement of Cash Flows – Internal Service Funds.....	56

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>	57
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	59
Schedule of Expenditures of Federal Awards.....	61
Notes to Schedule of Expenditures of Federal Awards.....	63
Schedule of Findings and Questioned Costs.....	64
Summary Schedule of Prior Audit Findings.....	66



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

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DIVISION FOR CPA FIRMS

MEMBER MACPA

OFFICES IN
MICHIGAN & WISCONSIN

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, of the Inter-Tribal Council of Michigan, Inc., (a Michigan non-profit corporation), as of and for the year ending September 30, 2016, and the related notes to the financial statements, which collectively comprise the Inter-Tribal Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

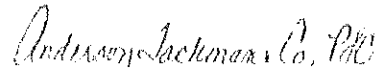
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Inter-Tribal Council of Michigan, Inc.'s basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2017 on our consideration of the Inter-Tribal Council of Michigan, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Inter-Tribal Council of Michigan, Inc.'s internal control over financial reporting and compliance.



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

January 25, 2017

Management's Discussion and Analysis

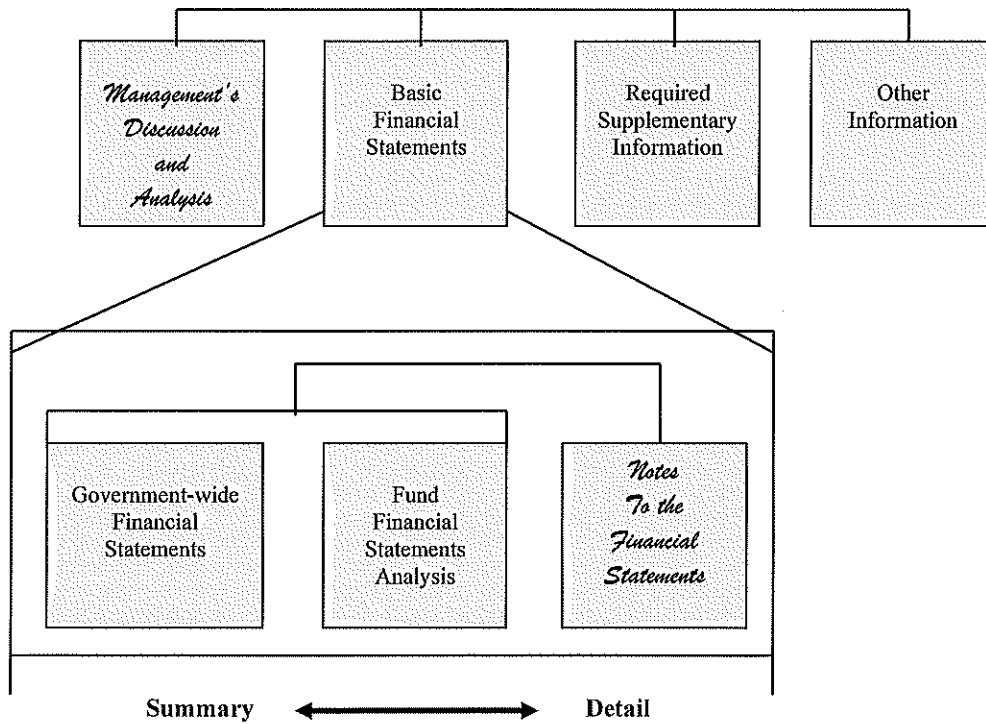
Introduction

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, 2016, and should be read in conjunction with the financial statements and notes thereto.

Overview of Financial Statements

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

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



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

Overview of Financial Statements (Continued)

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

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

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

Government-wide Statements

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

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

Government Wide Financial Statements:

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

Statement of Net Position:

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

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

Net position for the years ended September 30, 2016 and 2015 is as follows:

	Governmental Activities	
	2016	2015
Current Assets	\$ 2,761,979	\$ 2,369,883
Capital Assets	1,015,533	1,096,314
Total Assets	\$ 3,777,512	\$ 3,466,197
Current Liabilities	\$ 1,633,364	\$ 1,403,548
Noncurrent Liabilities	866,836	886,211
Total Liabilities	\$ 2,500,200	\$ 2,289,759
Net Position		
Net investment in Capital Assets	\$ 185,093	\$ 248,950
Unrestricted	1,092,219	927,488
Total Net Position	\$ 1,277,312	\$ 1,176,438

Unrestricted net position, the part of the assets that can be used to finance day to day operations increased by \$164,731 for the government activities. This represents an increase of approximately 18%. The current level of unrestricted net position for our governmental activities stands at \$1,092,219. Capital Assets include the building, land, improvements, equipment and vehicles. Inter-Tribal Council is still leasing a portion of their offices out to another non-profit entity to ensure that building costs were met and the building maintained. The building fund has excess revenues in the account of which a portion will be utilized during fiscal year 2017.

The agency's cash flow has increased from the prior year. Compensated absences have decreased by \$1,630 and will decrease as the year progresses as management has mandated a use or lose policy for annual leave. As projected in last year's audit, new and additional grants also assisted in increasing revenues and availability of unrestricted net position for this current year.

A summary of changes in net position for the years ended September 30, 2016 and 2015 is as follows:

	Governmental Activities	
	2016	2015
Program Revenues		
Operating Grants and Contributions	\$ 16,388,230	\$ 15,539,920
Total Program Revenues	<u>16,388,230</u>	<u>15,539,920</u>
Other Revenues		
Investment Earnings	518	437
Total Revenues	<u>16,388,748</u>	<u>15,540,357</u>
Program Expenses		
General and Administration	23,221	16,242
Education	8,112,726	7,145,506
Health and Welfare	7,976,148	8,086,644
Interest Expense - Unallocated	39,884	40,668
Depreciation - Unallocated	135,895	145,432
Total Program Expenses	<u>16,287,874</u>	<u>15,434,492</u>
Change in Net Position	100,874	105,865
Beginning Net Position	<u>1,176,438</u>	<u>1,070,573</u>
Ending Net Position	<u>\$ 1,277,312</u>	<u>\$ 1,176,438</u>

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

Operating grants are the amounts documented for all federal and state grants that the Inter-Tribal Council has administered over the past year. The Inter-Tribal Council is showing an increase of \$848,310 in program revenues since the end of fiscal year 2015. The Director had anticipated decreases for the past two years.

Under Other Revenues, the local-generated revenues include the discretionary fund, donations, fringes, indirect, building rent and all other miscellaneous revenues. Again, this revenue was adjusted for fiscal year 2016 and 2015 to make up indirect/administrative expenses the Inter-Tribal Council was losing though reduced programs. Investment earnings are interest derived on existing cash and investment balances.

The Inter-Tribal Council as a Whole

The Inter-Tribal Council of Michigan Inc. is a non-profit 501(c) tribal consortium which over the past year has provided \$16,388,230 in federal and state, and local supported programs at different financial levels to eleven tribes. The programs provided by the Inter-Tribal Council include a wide array of health and human services including: Environmental which provides new source water, underground storage tanks, new source review, air assistance, general assistance, and air monitoring. The Behavior Health department includes Access to Recovery and a substance abuse program. Health Education includes Partners (NARC) a tobacco program, NNTCP, Prostate Cancer, BCCCP, Cancer Analysis and EHIP. Administration which provides the necessary infrastructure that includes Human Resources, Accounting, Facilities, Information Technology, and all subcontract approvals. Children's services which include Head Start, Early Head Start, and Early On, and incorporates several partnerships with Michigan State University for the enhancement and improvement of services. Family Services that include Low Income Energy Assistance, and Community Services Block Grants, Health Promotion which includes: Resource Development, Healthy Start, WSU, Elderly Long Term Planning HIV/AIDS, Sanitarian and Mental Health Programming. The Manpower and Elderly Department includes WIA, Title VI Elderly Programming, and EDA Planning for Economic Development.

Governmental Activities

After many years of losing funds, particularly indirect, where various programs did not pay the full rate as needed, the agency has made a remarkable recovery. Over the past three years, and anticipated again for 2017, the agency has administered programming that has restored approximately \$6 million back into the agency. A large amount of those funds do pay the full amount of indirect, and the agency does not anticipate any problems for the next fiscal year with their administrative or programmatic needs.

The Inter-Tribal Council's Funds

Our analysis of the Inter-Tribal Council's major funds begins on page 13, following the entity wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Inter-Tribal Council as a whole. The Inter-Tribal Council creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as Education and Health and Welfare. The Inter-Tribal Council's major funds for 2016 were the Agency Discretionary, Head Start, Early Head Start, and the Access to Recovery Program.

The agency discretionary fund is not the Inter-Tribal Council's primary operating fund, nor does it account for all financial resources of the Inter-Tribal Council of Michigan, Inc. and definitely does not provide all the needed revenues used for the administration of operating the Inter-Tribal Council of Michigan, Inc. These costs are derived from the indirect cost budget, which pays for the Executive Director, Accounting Services, Human Resources, miscellaneous rental costs and other administrative support. It does account for any general purpose monies the agency receives. Indirect Cost Program issues have been resolved with no anticipated problems this past year, or any expected for 2017. Cash flow problems did not occur this past fiscal year. Electronic payment requests and direct wire transfer of funds have greatly reduced the prior problems of cash flow.

Budgetary Highlights

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

Capital Asset and Debt Administration

At the end of 2016, the Inter-Tribal Council of Michigan has \$1,015,533 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 \$1,015,533 with a mortgage payable of \$830,440. The equity of the property is currently estimated at \$185,093. The Inter-Tribal Council began paying back principal and interest in 2003 and shall continue to do so until 2041, foreseeing no problem with the eventual payoff of the loan, based upon the history and payoff of the previously owned Easterday property. The building fund continues to be financially healthy and is able to assume all debt associated with the cost of maintaining the facility. In order to compensate for reduced staff and vacant offices, the Inter-Tribal Council had initially leased 6-7 offices to the Upper Peninsula Commission for Area Progress. Due to losing the long term care program from the State of Michigan, a couple of offices were vacated, which Inter-Tribal Council utilized, due to obtaining additional employees. The building account has done well this current fiscal year, and has generated sufficient dollars to assist with the administrative costs of the agency, as explained in the prior section of this section. This past year, the agency did sell busses, and purchase new busses for applicable Head Start sites.

Economic Factors and Next Year's Budgets and Rates

The Inter-Tribal Council will continue to monitor their programs and administrative budgets throughout the 2017 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, 2016

	<u>Primary Government Governmental Activities</u>
ASSETS:	
Cash and Equivalents	\$ 1,465,684
Accounts Receivable	7,285
Due from Governmental Units	1,289,010
Capital Assets, Not Depreciated	140,085
Capital Assets, Net of Depreciation	<u>875,448</u>
Total Assets	<u><u>\$ 3,777,512</u></u>
LIABILITIES:	
Accounts Payable	\$ 1,108,485
Accrued Liabilities	263,987
Unearned Revenue	243,147
Note Payable - Due within one year	17,745
Note Payable - Due in more than one year	812,695
Compensated Absences - Due in more than one year	<u>54,141</u>
Total Liabilities	<u>2,500,200</u>
NET POSITION:	
Net Investment in Capital Assets	185,093
Unrestricted	<u>1,092,219</u>
Total Net Position	<u><u>\$ 1,277,312</u></u>

Inter-Tribal Council of Michigan, Inc.**Statement of Activities
For the Year Ended September 30, 2016**

<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 Governmental Activities</u>
Primary Government:			
Governmental Activities:			
General and Administrative	\$ 23,221	\$ 214,365	\$ 191,144
Education	8,112,726	8,112,726	-
Health and Welfare	7,976,148	8,061,139	84,991
Interest expense - Unallocated	39,884	-	(39,884)
Depreciation - Unallocated	135,895	-	(135,895)
Total Governmental Activities	<u>\$ 16,287,874</u>	<u>\$ 16,388,230</u>	<u>100,356</u>
General Revenues:			
Investment Earnings			<u>518</u>
Total General Revenues			<u>518</u>
Changes in Net Position			100,874
Net Position - Beginning			<u>1,176,438</u>
Net Position - Ending			<u>\$ 1,277,312</u>

Inter-Tribal Council of Michigan, Inc.

**Balance Sheet
Governmental Funds
September 30, 2016**

	Agency Discretionary	Head Start 10/16	Head Start 10/15	Early Head Start 10/16	Early Head Start 10/15	ATR 9/16	Nonmajor Governmental Funds	Total
ASSETS:								
Cash and Equivalents	\$ 1,405,855	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,405,855
Due from Other Funds	-	-	-	-	-	-	688,437	688,437
Due from Governmental Units	-	222,362	-	214,645	-	272,028	579,975	1,289,010
TOTAL ASSETS	\$ 1,405,855	\$ 222,362	\$ -	\$ 214,645	\$ -	\$ 272,028	\$ 1,268,412	\$ 3,383,302
LIABILITIES:								
Accounts Payable	\$ -	\$ 105,563	\$ -	\$ 39,332	\$ -	\$ 250,249	\$ 710,986	\$ 1,106,130
Due to Other Funds	1,399,830	24,171	-	114,268	-	8,845	244,206	1,791,320
Accrued Liabilities	-	92,628	-	61,045	-	12,934	70,073	236,680
Unearned Revenue	-	-	-	-	-	-	243,147	243,147
TOTAL LIABILITIES	1,399,830	222,362	-	214,645	-	272,028	1,268,412	3,377,277
FUND BALANCES:								
Unassigned	6,025	-	-	-	-	-	-	6,025
TOTAL FUND BALANCES	6,025	-	-	-	-	-	-	6,025
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,405,855	\$ 222,362	\$ -	\$ 214,645	\$ -	\$ 272,028	\$ 1,268,412	

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

Capital assets used by governmental activities	324,686
Compensated absences liability	(54,141)
Internal service funds included in governmental activities	1,000,742
Net position of governmental activities	\$ 1,277,312

Inter-Tribal Council of Michigan, Inc.

**Statement of Revenues, Expenditures, and
Changes in Fund Balance - Governmental Funds
For the Year Ended September 30, 2016**

	Agency Discretionary	Head Start 10/16	Head Start 10/15	Early Head Start 10/16	Early Head Start 10/15	ATR 9/16	Nonmajor Governmental Funds	Total
REVENUES:								
Federal Grants	\$ -	\$ 2,537,857	\$ 416,497	\$ 1,928,781	\$ 138,111	\$ 2,644,114	\$ 6,158,868	\$ 13,824,228
State Grants	-	-	-	-	-	-	649,443	649,443
Local Contributions	-	-	647,962	-	527,983	-	34,449	1,210,394
Interest Income	479	-	-	-	-	-	-	479
Other Revenues	5,480	-	-	-	-	-	489,800	495,280
TOTAL REVENUES	5,959	2,537,857	1,064,459	1,928,781	666,094	2,644,114	7,332,560	16,179,824
EXPENDITURES:								
General and Administrative	23,221	-	-	-	-	-	-	23,221
Education	-	2,454,496	1,064,459	1,928,781	666,094	-	1,915,535	8,029,365
Health and Welfare	-	-	-	-	-	2,644,114	5,417,025	8,061,139
Capital Outlay	-	83,361	-	-	-	-	-	83,361
TOTAL EXPENDITURES	23,221	2,537,857	1,064,459	1,928,781	666,094	2,644,114	7,332,560	16,197,086
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(17,262)	-	-	-	-	-	-	(17,262)
FUND BALANCE-BEGINNING	23,287	-	-	-	-	-	-	23,287
FUND BALANCE-ENDING	\$ 6,025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,025

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, 2016**

Net changes in fund balances - total governmental funds \$ (17,262)

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 (\$135,895), exceeded capital outlay \$83,361 in the current period.

(52,534)

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

Compensated absences 1,630

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

169,040

Changes in net position of governmental activities

\$ 100,874

Inter-Tribal Council of Michigan, Inc.

Statement of Net Position Proprietary Funds September 30, 2016

	Proprietary Funds	
	Internal	Service
	Funds	
ASSETS:		
Cash and Equivalents	\$	59,829
Due From Other Funds		1,115,609
Accounts Receivable		7,285
Capital Assets (Net of Depreciation)		690,847
Total Assets	\$	1,873,570
LIABILITIES:		
Accounts Payable	\$	2,355
Accrued Liabilities		27,307
Due To Other Funds		12,726
Note Payable - Due within one year		17,745
Note Payable - Due in more than one year		812,695
Total Liabilities		872,828
NET POSITION:		
Net Investment in Capital Assets		(139,593)
Unrestricted		1,140,335
Total Net Position	\$	1,000,742

Inter-Tribal Council of Michigan, Inc.**Statement of Revenues, Expenses, and
Changes in Net Position - Proprietary Funds
For the Year Ended September 30, 2016**

	<u>Proprietary Funds</u>
	Internal Service Funds
OPERATING REVENUES:	
Charges for Services	\$ 3,080,582
TOTAL REVENUES	<u>3,080,582</u>
OPERATING EXPENSES:	
Personnel Services	2,652,140
Utilities	15,803
Repairs and Maintenance	10,897
Other Supplies and Expenses	164,610
Depreciation Expense	28,247
TOTAL OPERATING EXPENSES	<u>2,871,697</u>
OPERATING INCOME (LOSS)	<u>208,885</u>
NON-OPERATING REVENUE (EXPENSES):	
Interest Expense	(39,884)
Interest Income	39
TOTAL NON-OPERATING REVENUE (EXPENSES):	<u>(39,845)</u>
CHANGES IN NET POSITION	169,040
NET POSITION-BEGINNING	<u>831,702</u>
NET POSITION-ENDING	<u>\$ 1,000,742</u>

Inter-Tribal Council of Michigan, Inc.**Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2016**

	<u>Proprietary Funds</u>
	<u>Internal Service Funds</u>
Cash Flows from Operating Activities:	
Receipts from customers or users	\$ 3,073,326
Payments to suppliers or users	(195,325)
Payments to employees	(2,642,348)
Other receipts (payments)	(178,843)
	<u>56,810</u>
Net Cash Provided (Used) by Operating Activities	<u>56,810</u>
Cash flows from Capital and Related Financing Activities:	
Principal Payments on Long Term Debt	(16,923)
Interest Payments on Long Term Debt	(39,884)
	<u>(56,807)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(56,807)</u>
Cash flows from Investing Activities:	
Interest Income	39
	<u>39</u>
Net Cash Provided (Used) by Investing Activities	<u>39</u>
Net Increase (Decrease) in Cash and Equivalents	42
Cash and Equivalents, Beginning of Period	<u>59,787</u>
Cash and Equivalents, End of Period	<u>\$ 59,829</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ 208,885
Non-Cash and Other Non-Operating Expenses:	
Depreciation	28,247
(Increase) Decrease in Current Assets:	
Accounts Receivable (Net)	(7,256)
Due From Other Funds	(175,891)
Increase (Decrease) in Current Liabilities:	
Due To Other Funds	(2,952)
Accounts Payable	(3,530)
Accrued Liabilities	9,307
	<u>56,810</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 56,810</u>

See accompanying notes to financial statements.

Inter-Tribal Council of Michigan, Inc.

**Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2016**

	<u>Pension Trust</u> Employee Retirement Plan
ASSETS:	
Investments (at fair value) - Restricted	<u>\$ 3,375,867</u>
NET POSITION:	
Held in Trust for Pension Benefits and Other Purposes	<u>\$ 3,375,867</u>

Inter-Tribal Council of Michigan, Inc.

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended September 30, 2016**

	<u>Pension Trust Employee Retirement Plan</u>
ADDITIONS:	
Contributions:	
Employer	\$ 268,926
Employees	160,164
Rollovers	<u>106,658</u>
Total Contributions	<u>535,748</u>
Investment Income:	
Net appreciation (depreciation) in fair value of investments	<u>249,504</u>
Total Additions	<u>785,252</u>
DEDUCTIONS:	
General and Administration:	
Benefits	<u>479,087</u>
Total Deductions	<u>479,087</u>
Net Increase	306,165
Net Position, Beginning of the Year	<u>3,069,702</u>
Net Position, End of the Year	<u><u>\$ 3,375,867</u></u>

Notes to Financial Statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

Basis of Presentation – Government-Wide Financial Statements

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

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

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Head Start and Early Head Start 10/16. These funds provide comprehensive health, educational, nutritional, social, and other developmental services primarily to economically-disadvantaged preschool children (ages 3-5) and infants and toddlers (birth through age 3) so that the children will attain school readiness. Parents receive social services and participate in various decision-making processes related to the operation of the program.

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

The Inter-Tribal Council reports the following fund types:

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

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

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

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Accrual Basis

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

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

Capital Assets

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

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

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

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

Compensated Absences

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables and Payables

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

Modified Accrual Basis

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

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

Cash and Investments

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

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

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

Interfund Transfers

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows of Resources

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

Deferred Inflows of Resources

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

Budgetary Data

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

Fund Balance Classification

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Use of Estimates

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

NOTE B - CASH AND EQUIVALENTS AND INVESTMENTS

Cash and Equivalents

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

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and Equivalents	\$ 1,465,684	\$ -	\$ 1,465,684
Investments – Restricted	-	<u>3,375,867</u>	<u>3,375,867</u>
Total	<u>\$ 1,465,684</u>	<u>\$ 3,375,867</u>	<u>\$ 4,841,551</u>

Classification of cash and investments is as follows:

Bank Deposits (checking and savings)	\$ 1,465,684
Investments in Securities or Mutual Funds	<u>3,375,867</u>
Total	<u>\$ 4,841,551</u>

NOTE B - CASH AND EQUIVALENTS AND INVESTMENTS (Continued)

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, \$1,547,568 of the Inter-Tribal Council's bank balance of \$1,797,568 was exposed to credit risk.

Investments

As of September 30, 2016, all Inter-Tribal Council investments are in external investment pools.

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

Custodial credit risk. Investment custodial credit risk is the risk that in the event of the failure of the counterparty, the Inter-Tribal Council will not be able to recover the value of its investment of securities that are in the possession of an outside party. Of the Inter-Tribal Council's \$3,375,867 in investments, \$3,375,867 is not in the name of the Inter-Tribal Council's but in the name of the agent.

Credit risk. As of September 30, 2016, Inter-Tribal Council's investments in the external investment pools had the following Morning Star ratings:

Fund Name	Ticker Symbol	**Overall Morningstar Rating
Blkrk Smcap Gr Eq Inv A	CSGEX	2-STAR
Col Sel Lgcap Gr R5	CLWFX	4-STAR
Dfa Emrg Mkt Cor Eq Inst	DFCEX	4-STAR
Gdmnscs Smcap Val A	GSSMX	3-STAR
Jpm Dynmc Smcap Gr A	VSCOX	2-STAR
Jpm Smcap Val A	PSOAX	3-STAR
Pionr Emrg Mkt A	PEMFX	1-STAR
Prudntl Jnism Gr A	PEEAX	3-STAR
Vngrd Explr Adml	VEXRX	3-STAR
Ab Intl Val K	AIVKX	2-STAR
Abrden Glbl Eq A	GLLAX	1-STAR
Abrden Intl Eq A	GIGAX	2-STAR
Blkrk Lgcap Gr Inv A	MCLHX	3-STAR
Eagle series Tr Mdcap Gr A	HAGAX	4-STAR
Harbor Intl Inst	HAINX	3-STAR
Natixis Loomis Gr A	LSIIX	4-STAR
Nw Mdcap Mkt Indx A	GMXAX	3-STAR
Opp Intl Gr A	OIGAX	3-STAR
Prncpl Lgcap Gr Inst	PLGIX	4-STAR
Troepr Gr Stk R	RRGSX	4-STAR

NOTE B - CASH AND EQUIVALENTS AND INVESTMENTS (Continued)

<u>Fund Name</u>	<u>Ticker Symbol</u>	<u>**Overall Morningstar Rating</u>
Amfds Europacfc Gr R3	RERCX	4-STAR
De Val A	VAL	UNRATED
Dfa Us Lg Co	DFLVX	4-STAR
Drey S P 500 Indx	PEOPX	4-STAR
Fidvip Contra Initial	VPCAX	UNRATED
Jpm Eq Inc A	OIEIX	4-STAR
Mfs Val A	MEIAX	4-STAR
Nw Inv Dest Aggr Svc	NDAAX	2-STAR
Pionr Eq Inc A	PEQIX	4-STAR
Prudntl Glbl Realest A	PURAX	3-STAR
Vngrd 500 Index Fd As	VFINX	4-STAR
Blkrk Hi Yld Bd Inv A	BHYAX	3-STAR
Fid Puritan	FPURX	5-STAR
FnkIntmp Glbl Bd A	TPINX	4-STAR
Jns Bal S	JNS	UNRATED
Jns Intch Us Mgd Vltlty S	JRSTX	4-STAR
Mnsty Epoch Glbl Eq Yld A	EPSYX	4-STAR
Nw Inv Dest Mod Aggr Svc	NDMSX	3-STAR
Nw Inv Dest Mod Svc	NSDMX	3-STAR
Amcent Shtdrinflprtbd Inst	ASCQX	3-STAR
Ev Flotng Rt A	EVBLX	3-STAR
Blkrk Strat Inc Oppr Inv A	BASIX	3-STAR
Fed Bd F	DFE	UNRATED
Leggm Wstras Corplsbd I	WAPA	UNRATED
Leggm Wstras Infndplsbd I	WIXA	UNRATED
Mnsty Ttl Rtn Bd I	MTMIX	4-STAR
Nw Inv Dest Cnsrv Svc	NDCSX	3-STAR
Nw Inv Dest Mod Cnsrv Svc	NSDCX	3-STAR
Nw Mny Mkt Inst	GMIXX	UNRATED
Opp intl Bd A	OIBAX	3-STAR

NOTE B - CASH AND EQUIVALENTS AND INVESTMENTS (Continued)

<u>Fund Name</u>	<u>Ticker Symbol</u>	**Overall Morningstar Rating
Pimco Real Rtn Inst	PRRIX	5-STAR
Pimco Ttl Rtn Inst	PTTRX	4-STAR
Pionr Strat Inc A	PSRAX	3-STAR
Prudntl Ttl Rtn Bd A	PDBAX	3-STAR
Vngrd St Bd Indx Adml	VSCSX	5-STAR
Nw Fxd Sel Optn	FIXED	UNRATED

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

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

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

The Inter-Tribal Council has the following fair value measurements as of September 30, 2016:

<u>Investment</u>	<u>Balances at 09/30/2016</u>	<u>Quoted Prices (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Mutual Funds	\$ 3,375,867	\$ 3,375,867	\$ -	\$ -
Total Investments	\$ 3,375,867	\$ 3,375,867	\$ -	\$ -

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

NOTE D - PENSION PLAN

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

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amounts of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participant's benefits that may be allocated to such participant's account. Contributions made by the Inter-Tribal Council are vested at 25% in one year, 50% in 2 years, 75% in three years, and 100% in 4 years. At September 30, 2016, there were 116 plan members. Plan members are not required to contribute; however, the Inter-Tribal Council is required to contribute 7% of annual covered payroll. During the current year, the Inter-Tribal Council contributed \$268,926 and employees contributed \$160,164 to the plan.

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

NOTE E - RELATED PARTIES

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

NOTE F - CAPITAL ASSETS

A summary of capital assets is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 140,085	\$ -	\$ -	\$ 140,085
<i>Capital assets being depreciated:</i>				
Buildings	1,040,000	-	-	1,040,000
Land improvements	43,310	-	-	43,310
Building improvements	112,559	-	-	112,559
Equipment	371,553	-	-	371,553
Vehicles	<u>863,404</u>	<u>83,361</u>	<u>(58,530)</u>	<u>888,235</u>
Subtotal	<u>2,430,826</u>	<u>83,361</u>	<u>(58,530)</u>	<u>2,455,657</u>

Inter-Tribal Council of Michigan, Inc.

**Notes to Financial Statements
September 30, 2016**

NOTE F - CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
<i>Less accumulated depreciation:</i>				
Buildings	(329,333)	(26,000)	-	(355,333)
Land improvements	(28,482)	(2,887)	-	(31,369)
Building improvements	(44,615)	(7,504)	-	(52,119)
Equipment	(314,810)	(38,695)	-	(353,505)
Vehicles	(757,357)	(89,056)	58,530	(787,883)
Subtotal	(1,474,597)	(164,142)	58,530	(1,580,209)
Net capital assets being depreciated	956,229	(80,781)	-	875,448
Total Capital Assets Net of Depreciation	<u>\$ 1,096,314</u>	<u>\$ (80,781)</u>	<u>\$ -</u>	<u>\$ 1,015,533</u>

Depreciation expense was charged to programs as follows:

Governmental Activities:		
General and Administrative		\$ 28,247
Unallocated		<u>135,895</u>
Total Governmental Activities		<u>\$ 164,142</u>

NOTE G - LONG-TERM DEBT

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

	Balance 10/01/15	Additions	Deletions	Balance 09/30/16	Due In One Year
2002 Note Payable, payable monthly in the amount of \$4,734, including interest at 4.875%, secured by real estate	\$ 847,363	\$ -	\$ (16,923)	\$ 830,440	\$ 17,745
Compensated absences - net	55,771	-	(1,630)	54,141	-
Total Long-Term Debt	<u>\$ 903,134</u>	<u>\$ -</u>	<u>\$ (18,553)</u>	<u>\$ 884,581</u>	<u>\$ 17,745</u>

NOTE G - LONG-TERM DEBT (Continued)

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

	General Obligations	
	Principal	Interest
2017	\$ 17,745	\$ 39,063
2018	18,607	38,201
2019	19,510	37,298
2020	20,457	36,351
2021	21,450	35,358
2022-2026	123,919	160,119
2027-2031	157,067	126,973
2032-2036	199,078	84,962
2037-2041	252,607	31,692
TOTAL	\$ 830,440	\$ 590,017

NOTE H - CONTINGENCIES

Grant Assistance – The Inter-Tribal Council has received significant financial assistance from state and federal agencies in the form of various grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and are subject to audit by the grantor agency. Any disallowed claims resulting from such audits could become a liability of the applicable fund of the Inter-Tribal Council. However, in the opinion of management, any such disallowed claims would not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the Inter-Tribal Council at September 30, 2016.

NOTE I - COMPENSATED ABSENCES

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

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

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

The Inter-Tribal Council has recorded a liability at September 30, 2016 for accrued vacation due employees. The amount of accrued vacation due employees is \$54,141.

NOTE K – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

DUE FROM OTHER FUNDS		DUE TO OTHER FUNDS					
	Agency Discretionary	Head Start	Early Head Start	ATR	Nonmajor Governmental	Internal Service	Total
Nonmajor Governmental	\$ 284,221	\$ 24,171	\$ 114,268	\$ 8,845	\$ 244,206	\$ 12,726	\$ 688,437
Internal Service	1,115,609	-	-	-	-	-	1,115,609
Total	<u>\$ 1,399,830</u>	<u>\$ 24,171</u>	<u>\$ 114,268</u>	<u>\$ 8,845</u>	<u>\$ 244,206</u>	<u>\$ 12,726</u>	<u>\$ 1,804,046</u>

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

Required Supplementary Information

Inter-Tribal Council of Michigan, Inc.

**Required Supplementary Information
Budgetary Comparison Schedule
Agency Discretionary
For the Year Ended September 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, September 30, 2015	\$ -	\$ -	\$ 23,287	\$ 23,287
RESOURCES (INFLOWS)				
Other	3,000	5,500	5,480	(20)
Interest Income	400	480	479	(1)
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>3,400</u>	<u>5,980</u>	<u>5,959</u>	<u>(21)</u>
CHARGES TO APPROPRIATION (OUTFLOWS)				
General and Administrative	<u>23,285</u>	<u>23,285</u>	<u>23,221</u>	<u>64</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>23,285</u>	<u>23,285</u>	<u>23,221</u>	<u>64</u>
Budgetary Fund Balance, September 30, 2016	<u>\$ (19,885)</u>	<u>\$ (17,305)</u>	<u>\$ 6,025</u>	<u>\$ 23,330</u>

Inter-Tribal Council of Michigan, Inc.

**Required Supplementary Information
Budgetary Comparison Schedule
Head Start 10/16
For the Year Ended September 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary Fund Balance, September 30, 2015	\$ -	\$ -	\$ -	\$ -
RESOURCES (INFLOWS)				
Federal	1,351,773	2,886,104	2,537,857	(348,247)
Local	337,944	687,921	-	(687,921)
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>1,689,717</u>	<u>3,574,025</u>	<u>2,537,857</u>	<u>(1,036,168)</u>
CHARGES TO APPROPRIATION (OUTFLOWS)				
Education	<u>1,689,717</u>	<u>3,574,025</u>	<u>2,537,857</u>	<u>1,036,168</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>1,689,717</u>	<u>3,574,025</u>	<u>2,537,857</u>	<u>1,036,168</u>
Budgetary Fund Balance, September 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Inter-Tribal Council of Michigan, Inc.

**Required Supplementary Information
Budgetary Comparison Schedule
Head Start 10/15
For the Year Ended September 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary Fund Balance, September 30, 2015	\$ -	\$ -	\$ -	\$ -
RESOURCES (INFLOWS)				
Federal	1,351,774	2,820,043	416,497	(2,403,546)
Match	337,944	675,887	647,962	(27,925)
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>1,689,718</u>	<u>3,495,930</u>	<u>1,064,459</u>	<u>(2,431,471)</u>
CHARGES TO APPROPRIATION (OUTFLOWS)				
Education	<u>1,689,718</u>	<u>3,495,930</u>	<u>1,064,459</u>	<u>2,431,471</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>1,689,718</u>	<u>3,495,930</u>	<u>1,064,459</u>	<u>2,431,471</u>
Budgetary Fund Balance, September 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Inter-Tribal Council of Michigan, Inc.

**Required Supplementary Information
Budgetary Comparison Schedule
Early Head Start 10/16
For the Year Ended September 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary Fund Balance, September 30, 2015	\$ -	\$ -	\$ -	\$ -
RESOURCES (INFLOWS)				
Federal	1,057,820	2,152,804	1,928,781	(224,023)
Local	264,455	538,201	-	(538,201)
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>1,322,275</u>	<u>2,691,005</u>	<u>1,928,781</u>	<u>(762,224)</u>
CHARGES TO APPROPRIATION (OUTFLOWS)				
Education	<u>1,322,275</u>	<u>2,691,005</u>	<u>1,928,781</u>	<u>762,224</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>1,322,275</u>	<u>2,691,005</u>	<u>1,928,781</u>	<u>762,224</u>
Budgetary Fund Balance, September 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Inter-Tribal Council of Michigan, Inc.

**Required Supplementary Information
Budgetary Comparison Schedule
Early Head Start 10/15
For the Year Ended September 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary Fund Balance, September 30, 2015	\$ -	\$ -	\$ -	\$ -
RESOURCES (INFLOWS)				
Federal	1,057,821	2,115,640	138,111	(1,977,529)
Local	264,455	528,910	527,983	(927)
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>1,322,276</u>	<u>2,644,550</u>	<u>666,094</u>	<u>(1,978,456)</u>
CHARGES TO APPROPRIATION (OUTFLOWS)				
Education	<u>1,322,276</u>	<u>2,644,550</u>	<u>666,094</u>	<u>1,978,456</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>1,322,276</u>	<u>2,644,550</u>	<u>666,094</u>	<u>1,978,456</u>
Budgetary Fund Balance, September 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Inter-Tribal Council of Michigan, Inc.

**Required Supplementary Information
Budgetary Comparison Schedule
Access to Recovery (ATR) 09/16
For the Year Ended September 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, September 30, 2015	\$ -	\$ -	\$ -	\$ -
RESOURCES (INFLOWS)				
Federal	3,289,442	3,289,442	2,644,114	(645,328)
AMOUNTS AVAILABLE FOR APPROPRIATION	3,289,442	3,289,442	2,644,114	(645,328)
CHARGES TO APPROPRIATION (OUTFLOWS)				
Health and Welfare	3,289,442	3,289,442	2,644,114	645,328
TOTAL CHARGES TO APPROPRIATIONS	3,289,442	3,289,442	2,644,114	645,328
Budgetary Fund Balance, September 30, 2016	\$ -	\$ -	\$ -	\$ -

Other Information

Inter-Tribal Council of Michigan, Inc.

**Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2016**

	BMIC-E 12/16	BMIC-E 12/15	BMIC-CC 4/17	BMIC-C 7/16	SCIT 9/16	GTBB 9/16	STIC 9/16	PHA 9/16
ASSETS:								
Due from Other Funds	\$ 23,406	\$ -	\$ 14,439	\$ -	\$ 34		\$ 2,354	\$ -
Due from Governmental Units	-	-	-	-	-	5,000	-	-
TOTAL ASSETS	\$ 23,406	\$ -	\$ 14,439	\$ -	\$ 34	\$ 5,000	\$ 2,354	\$ -
LIABILITIES:								
Accounts Payable	\$ -	\$ -	\$ 13	\$ -	\$ 34	\$ 8	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	4,207	-	-
Accrued Liabilities	-	-	532	-	-	785	2,354	-
Unearned Revenues	23,406	-	13,894	-	-	-	-	-
TOTAL LIABILITIES	23,406	-	14,439	-	34	5,000	2,354	-
FUND BALANCES:								
Restricted	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	-	-	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 23,406	\$ -	\$ 14,439	\$ -	\$ 34	\$ 5,000	\$ 2,354	\$ -

Inter-Tribal Council of Michigan, Inc.

**Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2016**

	GLITEC 9/16	BIA 12/15	BIA 12/17	BIA-CC 12/16	KELLOGG 4/17	DISPAR 3/17	DISPAR 3/16	NNTCP 9/16
ASSETS:								
Due from Other Funds	\$ -	\$ -	\$ -	\$ -	\$ 241,983	\$ -	\$ -	\$ 80,039
Due from Governmental Units	10,000	-	16,874	6,538	-	113,562	-	873
TOTAL ASSETS	\$ 10,000	\$ -	\$ 16,874	\$ 6,538	\$ 241,983	\$ 113,562	\$ -	\$ 80,912
LIABILITIES:								
Accounts Payable	\$ 3,487	\$ -	\$ 15,057	\$ -	\$ 34,477	\$ 98,581	\$ -	\$ 72,389
Due to Other Funds	6,513	-	1,817	3,587	-	13,554	-	-
Accrued Liabilities	-	-	-	2,951	1,659	1,427	-	8,523
Unearned Revenues	-	-	-	-	205,847	-	-	-
TOTAL LIABILITIES	10,000	-	16,874	6,538	241,983	113,562	-	80,912
FUND BALANCES:								
Restricted	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	-	-	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 10,000	\$ -	\$ 16,874	\$ 6,538	\$ 241,983	\$ 113,562	\$ -	\$ 80,912

Inter-Tribal Council of Michigan, Inc.

**Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2016**

	CSBG 9/16	LIHEAP 9/16	TPREP 9/16	TQI 9/16	Reach 9/16	EDA 3/17	EDA 3/16	WSU 6/16
ASSETS:								
Due from Other Funds	\$ -	\$ 62	\$ 28,988	\$ 25,050	\$ 93,735	\$ -	\$ -	\$ -
Due from Governmental Units	-	-	-	-	1,151	28,624	-	-
TOTAL ASSETS	\$ -	\$ 62	\$ 28,988	\$ 25,050	\$ 94,886	\$ 28,624	\$ -	\$ -
LIABILITIES:								
Accounts Payable	\$ -	\$ 62	\$ 28,988	\$ 25,050	\$ 90,961	\$ 36	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	25,754	-	-
Accrued Liabilities	-	-	-	-	3,925	2,834	-	-
Unearned Revenues	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	62	28,988	25,050	94,886	28,624	-	-
FUND BALANCES:								
Restricted	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	-	-	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 62	\$ 28,988	\$ 25,050	\$ 94,886	\$ 28,624	\$ -	\$ -

Inter-Tribal Council of Michigan, Inc.

**Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2016**

	NSIP 3/17	C/GIVER 3/17	ELDERLY 3/17	TCCS 7/16	TCCS 7/17	CACFP 9/16	THV 9/16	WIA/DIS 6/16
ASSETS:								
Due from Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 171,001	\$ -
Due from Governmental Units	1,722	5,197	13,890	-	4,815	24,156	1,239	-
TOTAL ASSETS	\$ 1,722	\$ 5,197	\$ 13,890	\$ -	\$ 4,815	\$ 24,156	\$ 172,240	\$ -
LIABILITIES:								
Accounts Payable	\$ 1,722	\$ 2,670	\$ 8,617	\$ -	\$ 1,234	\$ 527	\$ 158,346	\$ -
Due to Other Funds	-	2,527	3,669	-	2,999	23,629	-	-
Accrued Liabilities	-	-	1,604	-	582	-	13,894	-
Unearned Revenues	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	1,722	5,197	13,890	-	4,815	24,156	172,240	-
FUND BALANCES:								
Restricted	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	-	-	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,722	\$ 5,197	\$ 13,890	\$ -	\$ 4,815	\$ 24,156	\$ 172,240	\$ -

Inter-Tribal Council of Michigan, Inc.

**Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2016**

	WIA/SYP 6/16	WIA/SYP 6/17	W/ADULT 6/16	W/ADULT 6/17	4 X 4 9/16	CHV 9/16	TOBACCO 9/16	CO/CAN 9/16
ASSETS:								
Due from Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from Governmental Units	-	11,312	-	18,760	31,695	65,892	3,658	44,745
TOTAL ASSETS	\$ -	\$ 11,312	\$ -	\$ 18,760	\$ 31,695	\$ 65,892	\$ 3,658	\$ 44,745
LIABILITIES:								
Accounts Payable	\$ -	\$ 11,038	\$ -	\$ 18,213	\$ 24,469	\$ 26,752	\$ 36	\$ 14,809
Due to Other Funds	-	274	-	547	6,385	37,724	3,622	26,312
Accrued Liabilities	-	-	-	-	841	1,416	-	3,624
Unearned Revenues	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	\$ -	\$ 11,312	\$ -	\$ 18,760	\$ 31,695	\$ 65,892	\$ 3,658	\$ 44,745
FUND BALANCES:								
Restricted	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 11,312	\$ -	\$ 18,760	\$ 31,695	\$ 65,892	\$ 3,658	\$ 44,745

Inter-Tribal Council of Michigan, Inc.

**Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2016**

	BCCCP 9/16	CAN/ANA 9/16	INFANT 9/16	MCC 9/16	HIG 9/16	MCW 8/16	MH 9/16	MHA 9/16
ASSETS:								
Due from Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from Governmental Units	19,654	15,887	7,978	5,196	18,047	7,068	67,386	10,103
TOTAL ASSETS	\$ 19,654	\$ 15,887	\$ 7,978	\$ 5,196	\$ 18,047	\$ 7,068	\$ 67,386	\$ 10,103
LIABILITIES:								
Accounts Payable	\$ 11,259	\$ -	\$ 1,283	\$ -	\$ 1,300	\$ -	\$ 51,906	\$ 7,275
Due to Other Funds	8,395	5,533	6,695	4,172	15,146	7,068	15,480	2,828
Accrued Liabilities	-	10,354	-	1,024	1,601	-	-	-
Unearned Revenues	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	19,654	15,887	7,978	5,196	18,047	7,068	67,386	10,103
FUND BALANCES:								
Restricted	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	-	-	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 19,654	\$ 15,887	\$ 7,978	\$ 5,196	\$ 18,047	\$ 7,068	\$ 67,386	\$ 10,103

Inter-Tribal Council of Michigan, Inc.

**Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2016**

	EARLY 9/16	CCF 9/16	AIR 3/17	GAP 9/16	DYE 9/16	USTCA 9/16	SDWA 3/17	TOTALS
ASSETS:								
Due from Other Funds	\$ -	\$ -	\$ -	\$ 4,794	\$ 776	\$ 1,776	\$ -	\$ 688,437
Due from Governmental Units	9,009	4,009	5,462	-	-	-	473	579,975
TOTAL ASSETS	\$ 9,009	\$ 4,009	\$ 5,462	\$ 4,794	\$ 776	\$ 1,776	\$ 473	\$ 1,268,412
LIABILITIES:								
Accounts Payable	\$ -	\$ -	\$ 387	\$ -	\$ -	\$ -	\$ -	\$ 710,986
Due to Other Funds	9,009	4,009	2,278	-	-	-	473	244,206
Accrued Liabilities	-	-	2,797	4,794	776	1,776	-	70,073
Unearned Revenues	-	-	-	-	-	-	-	243,147
TOTAL LIABILITIES	9,009	4,009	5,462	4,794	776	1,776	473	1,268,412
FUND BALANCES:								
Restricted	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	-	-	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,009	\$ 4,009	\$ 5,462	\$ 4,794	\$ 776	\$ 1,776	\$ 473	\$ 1,268,412

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, 2016**

	BMIC-E 12/16	BMIC-E 12/15	BMIC-CC 4/17	BMIC-C 7/16	SCIT 9/16	GTBB 9/16	STIC 9/16	PHA 9/16
REVENUES:								
Federal Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-	-	-	-	-
Local Contributions	-	-	-	-	-	-	-	-
Other Revenues	5,094	24,736	2,856	30,905	19,413	32,000	50,400	5,000
TOTAL REVENUES	5,094	24,736	2,856	30,905	19,413	32,000	50,400	5,000
EXPENDITURES:								
Health And Welfare	5,094	24,736	2,856	30,905	19,413	32,000	50,400	5,000
Education	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	5,094	24,736	2,856	30,905	19,413	32,000	50,400	5,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-	-	-	-	-
FUND BALANCES, OCTOBER 1	-	-	-	-	-	-	-	-
FUND BALANCES, SEPTEMBER 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Inter-Tribal Council of Michigan, Inc.

**Other Supplementary Information
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance - Nonmajor Governmental Funds
For the Year Ended September 30, 2016**

	GLITEC 9/16	BIA 12/15	BIA 12/17	BIA-CC 12/16	KELLOGG 4/17	DISPAR 3/17	DISPAR 3/16	NNTCP 9/16
REVENUES:								
Federal Grants	\$ -	\$ 7,867	\$ 34,841	\$ 52,126	\$ -	\$ 545,126	\$ 747,873	\$ 622,536
State Grants	-	-	-	-	-	-	-	-
Local Contributions	-	-	-	-	-	-	-	-
Other Revenues	10,000	-	-	-	301,896	-	-	-
TOTAL REVENUES	10,000	7,867	34,841	52,126	301,896	545,126	747,873	622,536
EXPENDITURES:								
Health And Welfare	10,000	7,867	34,841	52,126	301,896	-	-	-
Education	-	-	-	-	-	545,126	747,873	622,536
TOTAL EXPENDITURES	10,000	7,867	34,841	52,126	301,896	545,126	747,873	622,536
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-	-	-	-	-
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, 2016**

	CSBG 9/16	LIHEAP 9/16	TPREP 9/16	TQI 9/16	REACH 9/16	EDA 3/17	EDA 3/16	WSU 6/16
REVENUES:								
Federal Grants	\$ 107,460	\$ 83,653	\$ 204,265	\$ 100,000	\$ 994,621	\$ 56,281	\$ 66,239	\$ -
State Grants	-	-	-	-	-	-	-	-
Local Contributions	-	-	-	-	-	-	-	-
Other Revenues	-	-	-	-	-	-	-	7,500
TOTAL REVENUES	107,460	83,653	204,265	100,000	994,621	56,281	66,239	7,500
EXPENDITURES:								
Health And Welfare	107,460	83,653	204,265	100,000	994,621	56,281	66,239	7,500
Education	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	107,460	83,653	204,265	100,000	994,621	56,281	66,239	7,500
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-	-	-	-	-
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, 2016**

	NSIP 3/17	CARE/G 3/17	ELDERLY 3/17	TCCS 7/16	TCCS 7/17	CACFP 9/16	THV 9/16	WLA/DIS 6/16
REVENUES:								
Federal Grants	\$ 2,948	\$ 17,837	\$ 91,225	\$ 199,999	\$ 16,044	\$ 252,601	\$ 1,043,739	\$ 1,434
State Grants	-	-	-	-	-	-	-	-
Local Contributions	-	-	-	-	-	-	-	-
Other Revenues	-	-	-	-	-	-	-	-
TOTAL REVENUES	2,948	17,837	91,225	199,999	16,044	252,601	1,043,739	1,434
EXPENDITURES:								
Health And Welfare	2,948	17,837	91,225	199,999	16,044	252,601	1,043,739	1,434
Education	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	2,948	17,837	91,225	199,999	16,044	252,601	1,043,739	1,434
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-	-	-	-	-
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, 2016**

	WIA/SYP 6/16	WIA/SYP 6/17	W/ADULT 6/16	W/ADULT 6/17	4 X 4 9/16	CHV 9/16	TOBACCO 9/16	CO/CAN 9/16
REVENUES:								
Federal Grants	\$ 4,433	\$ 25,003	\$ 77,112	\$ 24,787	\$ -	\$ -	\$ 20,000	\$ 85,000
State Grants	-	-	-	-	75,000	200,000	-	-
Local Contributions	-	-	-	-	18,750	-	-	-
Other Revenues	-	-	-	-	-	-	-	-
TOTAL REVENUES	4,433	25,003	77,112	24,787	93,750	200,000	20,000	85,000
EXPENDITURES:								
Health And Welfare	4,433	25,003	77,112	24,787	93,750	200,000	20,000	85,000
Education	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	4,433	25,003	77,112	24,787	93,750	200,000	20,000	85,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-	-	-	-	-
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, 2016**

	BCCCP 9/16	CAN/ANA 9/16	INFANT 9/16	MCC 9/16	HIG 9/16	MCW 8/16	MH 9/16	MHA 9/16
REVENUES:								
Federal Grants	\$ 50,000	\$ 27,144	\$ -	\$ 40,000	\$ -	\$ 103,502	\$ 7,800	\$ 14,056
State Grants	-	-	22,500	-	28,559	-	312,754	-
Local Contributions	-	-	-	-	15,699	-	-	-
Other Revenues	-	-	-	-	-	-	-	-
TOTAL REVENUES	50,000	27,144	22,500	40,000	44,258	103,502	320,554	14,056
EXPENDITURES:								
Health And Welfare	50,000	27,144	22,500	40,000	44,258	103,502	320,554	14,056
Education	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	50,000	27,144	22,500	40,000	44,258	103,502	320,554	14,056
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-	-	-	-	-
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, 2016**

	EARLY 9/16	CCF 9/16	AIR 3/17	GAP 9/16	DYE 9/16	USTCA 9/16	SDWA 3/17	TOTALS
REVENUES:								
Federal Grants	\$ 23,087	\$ -	\$ 128,611	\$ 149,739	\$ 8,000	\$ 106,650	\$ 15,229	\$ 6,158,868
State Grants	-	10,630	-	-	-	-	-	649,443
Local Contributions	-	-	-	-	-	-	-	34,449
Other Revenues	-	-	-	-	-	-	-	489,800
TOTAL REVENUES	23,087	10,630	128,611	149,739	8,000	106,650	15,229	7,332,560
EXPENDITURES:								
Health And Welfare	23,087	10,630	128,611	149,739	8,000	106,650	15,229	5,417,025
Education	-	-	-	-	-	-	-	1,915,535
TOTAL EXPENDITURES	23,087	10,630	128,611	149,739	8,000	106,650	15,229	7,332,560
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-	-	-	-	-
FUND BALANCES, OCTOBER 1	-	-	-	-	-	-	-	-
FUND BALANCES, SEPTEMBER 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Inter-Tribal Council of Michigan, Inc.

**Combining Statement of Net Position
Internal Service Funds
September 30, 2016**

	IDC	Fringe Pool	Building	Totals
ASSETS:				
Cash and Equivalents	\$ -	\$ -	\$ 59,829	\$ 59,829
Due From Other Funds	-	860,535	255,074	1,115,609
Accounts Receivable	-	5,147	2,138	7,285
Capital Assets (Net)	-	-	690,847	690,847
Total Assets	\$ -	\$ 865,682	\$ 1,007,888	\$ 1,873,570
LIABILITIES:				
Accounts Payable	\$ 1,616	\$ 485	\$ 254	\$ 2,355
Accrued Liabilities	24,252	3,055	-	27,307
Due To Other Funds	12,726	-	-	12,726
Note Payable - Due within one year	-	-	17,745	17,745
Note Payable - Due in more than one year	-	-	812,695	812,695
Total Liabilities	38,594	3,540	830,694	872,828
NET POSITION:				
Net Investment in Capital Assets	-	-	(139,593)	(139,593)
Unrestricted	(38,594)	862,142	316,787	1,140,335
Total Net Position	\$ (38,594)	\$ 862,142	\$ 177,194	\$ 1,000,742

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, 2016**

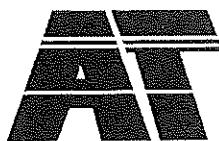
	IDC	Fringe Pool	Building	Totals
OPERATING REVENUES:				
Charges for Services	\$ 735,457	\$ 2,174,812	\$ 170,313	\$ 3,080,582
TOTAL REVENUES	<u>735,457</u>	<u>2,174,812</u>	<u>170,313</u>	<u>3,080,582</u>
OPERATING EXPENSES:				
Personnel Services	626,537	2,025,603	-	2,652,140
Utilities	-	-	15,803	15,803
Repairs and Maintenance	-	-	10,897	10,897
Other Supplies and Expenses	108,844	-	55,766	164,610
Depreciation Expense	-	-	28,247	28,247
TOTAL OPERATING EXPENSES	<u>735,381</u>	<u>2,025,603</u>	<u>110,713</u>	<u>2,871,697</u>
OPERATING INCOME (LOSS)	<u>76</u>	<u>149,209</u>	<u>59,600</u>	<u>208,885</u>
NON-OPERATING REVENUE (EXPENSES):				
Interest Expense	-	-	(39,884)	(39,884)
Interest Income	-	-	39	39
TOTAL NON-OPERATING REVENUE (EXPENSES)	<u>-</u>	<u>-</u>	<u>(39,845)</u>	<u>(39,845)</u>
CHANGES IN NET POSITION	76	149,209	19,755	169,040
NET POSITION-BEGINNING	<u>(38,670)</u>	<u>712,933</u>	<u>157,439</u>	<u>831,702</u>
NET POSITION-ENDING	<u>\$ (38,594)</u>	<u>\$ 862,142</u>	<u>\$ 177,194</u>	<u>\$ 1,000,742</u>

Inter-Tribal Council of Michigan, Inc.

Combining Statement of Cash Flows Internal Service Funds For the Year Ended September 30, 2016

	IDC	Fringe Pool	Building	Totals
Cash Flows from Operating Activities:				
Receipts from customers or users	\$ 735,457	\$ 2,169,665	\$ 168,204	\$ 3,073,326
Payments to suppliers or users	(112,583)	-	(82,742)	(195,325)
Payments to employees	(619,922)	(2,022,426)	-	(2,642,348)
Other receipts (payments)	(2,952)	(147,239)	(28,652)	(178,843)
Net Cash Provided (Used) by Operating Activities	<u>-</u>	<u>-</u>	<u>56,810</u>	<u>56,810</u>
Cash flows from Capital and Related Financing Activities:				
Principal Payments on Long Term Debt	-	-	(16,923)	(16,923)
Interest Payments on Long Term Debt	-	-	(39,884)	(39,884)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>(56,807)</u>	<u>(56,807)</u>
Cash flows from Investing Activities:				
Interest Income	-	-	39	39
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>-</u>	<u>39</u>	<u>39</u>
Net Increase (Decrease) in Cash and Equivalents	-	-	42	42
Cash and Equivalents, Beginning of Period	<u>-</u>	<u>-</u>	<u>59,787</u>	<u>59,787</u>
Cash and Equivalents, End of Period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,829</u>	<u>\$ 59,829</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 76	\$ 149,209	\$ 59,600	\$ 208,885
Non-Cash and Other Non-operating Expenses:				
Depreciation	-	-	28,247	28,247
(Increase) Decrease in Current Assets:				
Accounts Receivable (Net)	-	(5,147)	(2,109)	(7,256)
Due From Other Funds	-	(147,239)	(28,652)	(175,891)
Increase (Decrease) in Current Liabilities:				
Due To Other Funds	(2,952)	-	-	(2,952)
Accounts Payable	(3,739)	485	(276)	(3,530)
Accrued Liabilities	6,615	2,692	-	9,307
Net Cash Provided (Used) by Operating Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,810</u>	<u>\$ 56,810</u>

Reports on Compliance



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

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OFFICES IN
MICHIGAN & WISCONSIN

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Inter-Tribal Council of Michigan, Inc., as of and for the year ended September 30, 2016, 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 25, 2017.

Internal Control Over Financial Reporting

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

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

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

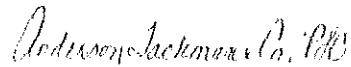
Board of Directors
Inter-Tribal Council of Michigan, Inc.

Compliance and Other Matters

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

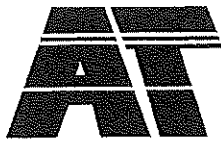
Purpose of this Report

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



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

January 25, 2017



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

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**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, 2016. The Inter-Tribal Council of Michigan, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Opinion on Each Major Federal Program

In our opinion, the Inter-Tribal Council of Michigan, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2016.

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 25, 2017

Inter-Tribal Council of Michigan, Inc.

Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2016

Federal Grantor/Pass Through Grantor/Program Title	Contract Number	CFDA Number	Federal Expenditures	Expenditures to Subrecipients
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES:				
<i>Direct Awards (Public Health Services):</i>				
TQI - 009/29/2015 to 09/28/2016	5U38OT000240-03	93.098	\$ 100,000	\$ 72,343
TCCS - 08/15/2015 to 07/31/2016	STTMP151121-01-00	93.296	199,999	86,849
TCCS - 08/01/2016 to 07/31/2016	STTMP151121-02-00	93.296	16,044	1,235
NNTCP - 09/30/2015 to 09/29/2016	5U58DP004979-03-00	93.283	622,536	276,927
REACH - 09/30/2015 to 09/29/2016	5NU58DP005946-02-00	93.738	994,621	745,840
Healthy Start - Disparities - 04/01/2016 to 03/31/2017	5H49MC00131-16-00	93.926	545,126	417,372
Healthy Start - Disparities - 06/01/2015 to 03/31/2016	6H49MC00131-15-01	93.926	747,873	501,012
Subtotal - PHS			3,226,199	2,101,578
<i>Direct Awards (Substance Abuse and Mental Health Services):</i>				
Access to Recovery - 09/30/2015 to 09/29/2016	1H79T1025514-01	93.243	2,644,114	-
<i>Direct Awards (Administration for Children & Families):</i>				
TPREP - 09/30/2015 to 09/29/2016	90AT0007-05-00	93.092	204,265	128,000
THV - 09/30/2015 to 09/29/2016	90TH0025-04-02	93.508	1,043,739	629,005
LIHEAP - 10/01/2015 to 09/30/2016	G-16JBMILIEA	93.568	83,653	-
CSBG - 10/01/2015 to 09/30/2016	G-16PCMICOSR	93.569	107,460	76,134
Early Head Start - 11/01/2014 to 10/31/2015	90C19821/02-02	93.600	138,111	12,000
Early Head Start - 11/01/2015 to 10/31/2016	90C19821/03-03	93.600	1,928,781	354,354
Head Start -11/01/2014 to 10/31/2015	90C19821/02-02	93.600	416,497	90,167
Head Start -11/01/2015 to 10/31/2016	90C19821/03-03	93.600	2,537,857	407,953
Subtotal - ACF			6,460,363	1,697,613
<i>Direct Awards (Administration on Aging):</i>				
Elderly Outreach - 04/01/2015 to 03/31/2017	1402MIT6NS	93.047	91,225	46,262
NSIP - 04/01/2015 to 03/31/2017	1402MINSIT	93.053	2,948	2,948
Title VI - Caregiver -04/01/2015 to 03/31/2017	1402MIT6CG	93.054	17,837	17,837
Subtotal - AOA			112,010	67,047
<i>Pass-through from Michigan Department of Community Health:</i>				
Co/Cancer - 10/01/2015 to 09/30/2016	20160835-00	93.283	85,000	43,102
Tobacco - 10/01/2015 to 09/30/2016	20160840-00	93.305	10,000	-
Tobacco - 10/01/2015 to 09/30/2016	20160840-00	93.283	10,000	-
Analysis of Cancer -10/01/2015 to 09/30/2016	20160833-00	93.283	27,144	-
Breast & Cervical Cancer - 10/01/2015 to 09/30/2016	20160834-00	93.283	50,000	-
MCC -11/01/2015 to 09/30/2016	20160836-00	93.000	40,000	4,500
Mental Health - 10/01/2015 to 09/30/2016	20160838-00	93.958	7,800	7,800
Mental Health & Aging -10/01/2015 to 09/30/2016	20160841-00	93.958	14,056	12,600
Subtotal -MDCH			244,000	68,002
<i>Pass-through from the Medical College of Wisconsin, Inc:</i>				
Environmental Health	1R21ES025788-01	93.113	103,502	71,714
Total U.S. Department of Health & Human Services			12,790,188	4,005,954
U.S. DEPARTMENT OF AGRICULTURE:				
<i>Pass-through from Michigan Department of Education:</i>				
Child and Adult Care Food Program - 09/30/2016	170000006	10.558	252,601	-
U.S. ENVIRONMENTAL PROTECTION AGENCY:				
<i>Direct Awards:</i>				
DYE - 06/01/2016 to 09/30/2016	DI-00E01991-0	66.473	8,000	-
AIR - 04/01/2015 to 03/31/2017	TX-97522905	66.038	128,611	-
SDWA-10/01/2014 to 03/31/2017	DI-OOE01410	66.473	15,229	-
USTCA -10/01/2014 to 09/30/2016	DI-96589405	66.473	106,650	-
GAP - 10/01/2014 to 09/30/2016	GA-99519611	66.926	149,739	-
Total U.S. Environmental Protection Agency			408,229	-

See notes to schedule of expenditures of federal awards.

Inter-Tribal Council of Michigan, Inc.

Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2016

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Contract Number</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
U.S. DEPARTMENT OF INTERIOR:				
<i>Direct Awards:</i>				
BIA Climate Change-04/01/2015 to 12/31/2016	A15AV00507	15.156	52,126	-
BIA Child Care Welfare Assist.Program - 01/01/2016 to 12/31/2017	A16AV00532	15.113	20,112	-
BIA Child Care Welfare Assist.Program - 01/01/2016 to 12/31/2017	A16AV00532	15.025	14,729	-
BIA Child Care Welfare Assist. Program - 07/01/2013 to 12/31/2015	A13AV00497	15.113	7,867	-
Total U.S. Department of Interior			94,834	-
U.S. DEPARTMENT OF LABOR:				
<i>Direct Awards:</i>				
WIA/SYP -04/01/2014 to 06/30/2018	AB-25751-14-55-A-26	17.265	4,433	1,487
WIA/SYP - 04/01/2016 to 06/30/2018	AB-29270-16-55-A-26	17.265	25,003	21,073
WIA/DIS - 07/01/2015 to 06/30/2016	MI-27407-15-60-A-26	17.281	1,434	-
WIA/Adult -04/01/2014 to 06/30/2018	AB-25751-14-55-A-26	17.265	77,112	68,788
WIA/Adult - 04/01/2016 TO 06/30/2018	AB-29270-16-55-A-26	17.265	24,787	23,568
Total U.S. Department of Labor			132,769	114,916
U.S. DEPARTMENT OF COMMERCE:				
<i>Direct Awards:</i>				
EDA - 04/01/2016 to 03/31/2017	ED16CHI3020011	11.302	56,281	-
EDA - 04/01/2015 to 03/31/2016	06-84-05972	11.302	66,239	-
Total U.S. Department of Commerce			122,520	-
U.S. DEPARTMENT OF EDUCATION:				
<i>Pass-through from Michigan Department of Community Health:</i>				
Infant & Families with Disabilities (Early On) - 10/01/2015 to 09/30/2016	161330-IACITC	84.181	23,087	-
Total Expenditures of Federal Awards			\$ 13,824,228	\$ 4,120,870

Inter-Tribal Council of Michigan, Inc.

**Notes to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2016**

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 - OVERSIGHT AGENCY:

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

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Awards

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

Identification of Major Programs

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.558	Child and Adult Care Food Program
93.508	THV
93.600	Early Head Start/Head Start
93.926	Health Start - Disparities
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

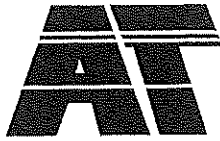
NONE.

Section III – Federal Award Findings and Questioned Costs

NONE.

Section III – Federal Award Findings and Questioned Costs

NONE.



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

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

PHILLIP J. WOLF, CPA
JON D. SWANSON, CPA

MEMBER AICPA
DIVISION FOR CPA FIRMS

MEMBER MACPA

OFFICES IN
MICHIGAN & WISCONSIN

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Inter-Tribal Council of Michigan, Inc. for the year ended September 30, 2016, and have issued our report thereon dated January 25, 2017. 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 October 3, 2016, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

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

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

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

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

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our correspondence about planning matters on October 3, 2016.

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. One new accounting policy was adopted during the year; GASB 72, and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

The financial statements disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreement with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 25, 2017.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Comments and Recommendations

Board Meetings (Prior Year)

Upon a review of Board Minutes, we noted there were no formal board meetings this past year. It is important that the director's meet in accordance with its bylaws.

Status: Corrected.

Other Matters

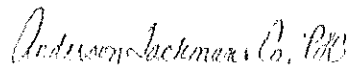
We applied certain limited procedures to the management's discussion and analysis and budgetary comparison schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquires of management regarding the methods of preparing 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 inquiries 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 25, 2017