THE JOHN H. BONER COMMUNITY CENTER, INC.
D/B/A JOHN BONER NEIGHBORHOOD CENTERS
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

Together with Independent Auditors' Report

DECEMBER 31, 2018 AND 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of The John H. Boner Community Center, Inc.,
d/b/a John Boner Neighborhood Centers and Subsidiaries:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The John H. Boner Community Center, Inc. d/b/a John Boner Neighborhood Centers and Subsidiaries (collectively, the Organization), which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, and the related consolidated statements of activities, changes in net assets, and cash flows for the years then ended, and related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of New Life Manor Apartments, LLC (NLM), Brookside Apartments, LP (BA), Jefferson Apartments, LP (JA), and IndyEast Homes, LP (IEH) which statements reflect total assets of $12,626,048 and $9,946,499 at December 31, 2018 and 2017, respectively, and total revenues of $896,796 and $733,264, respectively, for the years then ended. Additionally, we did not audit the Near East Side Legacy Center, LLC d/b/a Boner Fitness & Learning Center at Chase Legacy Building (NELC) as of and for the year ended December 31, 2017. NELC had total assets of $12,727,486 at December 31, 2017 and total revenues of $564,378 for the year then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for NLM, BA, JA, and IEH, is based solely on the reports of the other auditors. In addition, The NELC 2017 statements were audited by other auditors, whose report has been furnished to us, and in our opinion, insofar as it relates to the amounts included for NELC for 2017, is based solely on the report of other auditors. 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary 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 consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

The supplementary information shown in Exhibits I through III is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepared the consolidated financial statements. The information has not been subjected to the auditing procedures applied in the audits of the consolidated financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2019, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Greenwalt CPAs, Inc.

June 11, 2019

THE JOHN H. BONER COMMUNITY CENTER, INC. D/B/A JOHN BONER NEIGHBORHOOD CENTERS AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 AND 2017

ASSETS

	2018	2017
CURRENT ASSETS		
Cash and cash equivalents	$ 5,324,371	$ 2,033,382
Cash - restricted	701,936	838,315
Grant reimbursements receivable	764,931	558,428
United Way receivables	169,974	202,704
Related party receivables, net	109,012	43,700
Notes receivable, current	800,107	1,125,427
Other receivables, net	204,519	100,529
Prepaid expenses	145,813	135,758
Total current assets	8,220,663	5,038,243
LONG TERM INVESTMENTS	10,079,208	11,133,015
NOTES RECEIVABLE, NET OF CURRENT PORTION	405,651	10,067,283
PROPERTY AND EQUIPMENT, NET	26,851,101	25,043,258
Total assets	$ 45,556,623	$ 51,281,799

LIABILITIES AND NET ASSETS

	2018	2017
CURRENT LIABILITIES		
Accounts payable	$ 665,374	$ 353,579
Accrued payroll	127,159	114,540
Related party payables	1,500	1,500
Other payables and accrued expenses	523,230	531,157
Deferred revenue	32,726	38,346
Line of credit	500,000	260,000
Current maturities of notes and mortgages payable	1,859,331	450,973
Total current liabilities	3,709,320	1,750,095
LONG-TERM LIABILITIES		
Notes and mortgages payable, net of current portion and financing fees	5,586,049	18,880,538
Total liabilities	9,295,369	20,630,633
COMMITMENTS AND CONTINGENCIES (NOTES 12 AND 13)		
NET ASSETS		
Without donor restrictions - Controlling interest	21,593,305	18,737,545
Minority interest in net assets without donor restrictions	1,038,454	1,483,763
Total net assets without donor restrictions	22,631,759	20,221,308
With donor restrictions - time or purpose	6,229,495	3,029,858
With donor restrictions - in perpetuity	7,400,000	7,400,000
Total net assets	36,261,254	30,651,166
Total liabilities and net assets	$ 45,556,623	$ 51,281,799

THE JOHN H. BONER COMMUNITY CENTER, INC. D/B/A JOHN BONER
NEIGHBORHOOD CENTERS AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018				2017			
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS - TIME OR PURPOSE	WITH DONOR RESTRICTIONS - IN PERPETUITY	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS - TIME OR PURPOSE	WITH DONOR RESTRICTIONS - IN PERPETUITY	TOTAL
REVENUE AND OTHER SUPPORT								
Direct Public Support								
Contributions	$ 35,212	$ -	$ -	$ 35,212	$ 49,314	$ -	$ -	$ 49,314
Special events, net of expense of $25,231 in 2018 and $24,972 in 2017	33,932	-	-	33,932	36,406	-	-	36,406
Total direct public support	69,144	-	-	69,144	85,720	-	-	85,720
Indirect Public Support								
United Way								
Support funds	430,644	-	-	430,644	848,710	-	-	848,710
Donor option	22,961	-	-	22,961	11,275	-	-	11,275
Grants and awards	589,048	4,505,211	-	5,094,259	1,015,250	454,396	-	1,469,646
Total indirect public support	1,042,653	4,505,211	-	5,547,864	1,875,235	454,396	-	2,329,631
Fees and Grants from Government and Other Agencies	3,249,440	-	-	3,249,440	2,658,768	-	-	2,658,768
			-					
Other Revenue			-					
Program service fees	194,109	-	-	194,109	197,427	-	-	197,427
Rent income and other charges	1,538,192	119,362	-	1,657,554	1,198,581	121,809	-	1,320,390
Investment income	(194,171)	-	-	(194,171)	636,314	-	-	636,314
Change in investment in subsidiaries	(35,484)	-	-	(35,484)	(14,875)	-	-	(14,875)
Other revenue	357,585	-	-	357,585	587,321	-	-	587,321
In-kind	3,726,915	-	-	3,726,915	247,428	-	-	247,428
Total other revenue	5,587,146	119,362	-	5,706,508	2,852,196	121,809	-	2,974,005
Net Assets Released from Restriction	1,424,936	(1,424,936)	-	-	1,722,679	(1,722,679)		-
Total revenue and other support	11,373,319	3,199,637	-	14,572,956	9,194,598	(1,146,474)	-	8,048,124
EXPENSES								
Salaries and wages	3,312,680	-	-	3,312,680	2,977,942	-	-	2,977,942
Employee benefits	444,503	-	-	444,503	386,464	-	-	386,464
Payroll taxes	333,994	-	-	333,994	303,817	-	-	303,817
Specific assistance	653,381	-	-	653,381	562,570	-	-	562,570
Leasing costs	28,490	-	-	28,490	15,931	-	-	15,931
Professional fees	184,165	-	-	184,165	106,411	-	-	106,411
Professional fees - other service providers	514,170	-	-	514,170	209,332	-	-	209,332
Management fee	-	-	-	-	88,411	-	-	88,411
Supplies	350,929	-	-	350,929	210,319	-	-	210,319
Telephone	35,071	-	-	35,071	30,114	-	-	30,114
Postage and shipping	4,792	-	-	4,792	3,988	-	-	3,988
Occupancy - rental, utilities, insurance	566,043	-	-	566,043	664,078	-	-	664,078
Occupancy - repairs, maintenance	327,435	-	-	327,435	363,234	-	-	363,234
Other repairs and maintenance	203,866	-	-	203,866	154,436	-	-	154,436
Conferences and meetings	129,725	-	-	129,725	159,607	-	-	159,607
Printing and publications	3,857	-	-	3,857	8,115	-	-	8,115
Travel and transportation	19,572	-	-	19,572	23,288	-	-	23,288
Contributions, dues and awards	15,475	-	-	15,475	66,705	-	-	66,705
Activity fees and charges	28,670	-	-	28,670	34,393	-	-	34,393
Interest	242,487	-	-	242,487	290,359	-	-	290,359
Other	178,413	-	-	178,413	347,085	-	-	347,085
In-kind	188,360	-	-	188,360	247,428	-	-	247,428
Bad debt	39,605	-	-	39,605	66,150	-	-	66,150
Depreciation and amortization	1,505,011	-	-	1,505,011	1,503,553	-	-	1,503,553
Total expenses	9,310,694	-	-	9,310,694	8,823,730	-	-	8,823,730
CHANGE IN NET ASSETS	2,062,625	3,199,637	-	5,262,262	370,868	(1,146,474)	-	(775,606)
CAPITAL CONTRIBUTIONS	347,826	-	-	347,826	411,921	-	-	411,921
NET ASSETS, BEGINNING OF YEAR	20,221,308	3,029,858	7,400,000	30,651,166	19,438,519	4,176,332	7,400,000	31,014,851
NET ASSETS, END OF YEAR	$ 22,631,759	$ 6,229,495	$ 7,400,000	$ 36,261,254	$ 20,221,308	$ 3,029,858	$ 7,400,000	$ 30,651,166

THE JOHN H. BONER COMMUNITY CENTER, INC. D/B/A JOHN BONER NEIGHBORHOOD CENTERS AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	Controlling Interest					
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS - TIME OR PURPOSE	WITH DONOR RESTRICTIONS - IN PERPETUITY	TOTAL	MINORITY INTEREST	TOTAL
NET ASSETS, JANUARY 1, 2017	$ 17,784,909	$ 4,176,332	$ 7,400,000	$ 29,361,241	$ 1,653,610	$ 31,014,851
CHANGE IN NET ASSETS	952,636	(1,146,474)	-	(193,838)	(169,847)	(363,685)
NET ASSETS, DECEMBER 31, 2017	18,737,545	3,029,858	7,400,000	29,167,403	1,483,763	30,651,166
CAPITAL CONTRIBUTION	-	-	-	-	347,826	347,826
CHANGE IN NET ASSETS	2,855,760	3,199,637	-	6,055,397	(793,135)	5,262,262
NET ASSETS, DECEMBER 31, 2018	$ 21,593,305	$ 6,229,495	$ 7,400,000	$ 35,222,800	$ 1,038,454	$ 36,261,254

See accompanying notes to financial statements.

INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from organizations and others	$ 12,944,146	$ 9,345,690
Cash paid to suppliers, employees, and others	(5,355,099)	(8,655,420)
Interest paid	(207,734)	(187,258)
Investment income received	315,628	292,742
Net cash, cash equivalents, and restricted cash provided by operating activities	7,696,941	795,754
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	774,156	7,750,000
Purchases of investments	(232,774)	(7,609,760)
Proceeds from sale of property and equipment	52,139	72,952
Acquisition of property and equipment	(791,392)	(1,428,992)
Net activity on note receivable	9,986,952	(190,372)
Net cash, cash equivalents, and restricted cash provided by (used in) investing activities	9,789,081	(1,406,172)
CASH FLOWS FROM FINANCING ACTIVITES		
Net proceeds (repayments) on line of credit	240,000	260,000
Net borrowings (principal payments) on notes and mortgages payable	(14,899,952)	355,906
Payment of financing fees	(19,286)	(7,623)
Capital contributions received	347,826	411,921
Net cash, cash equivalents, and restricted cash provided by (used in) financing activities	(14,331,412)	1,020,204
NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	3,154,610	409,786
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, BEGINNING OF YEAR	2,871,697	2,461,911
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, END OF YEAR	$ 6,026,307	$ 2,871,697

SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Purchase of property and equipment with loan proceeds	$ 2,222,596	$ -
Purchase of property and equipment in accounts payable	$ 461,454	$ 122,614

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH, CASH EQUIVALENTS, AND RESTRICTED CASH PROVIDED BY OPERATING ACTIVITIES

	2018	2017
CHANGE IN NET ASSETS	$ 5,262,262	$ (775,606)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH, CASH EQUIVALENTS, AND RESTRICTED CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation and amortization	1,505,011	1,503,553
Unrealized gains on investments	474,993	(343,572)
Change in investment in subsidiary	35,484	14,875
(Increase) decrease in operating assets:		
Grant reimbursements receivable	(206,503)	311,832
United Way receivables	32,730	(8,712)
Related party receivables, net	(65,312)	(38,280)
Other receivables, net	(103,990)	26,682
Prepaid expenses	(10,055)	(73,985)
Increase (decrease) in operating liabilities:		
Accounts payable	773,249	(12,053)
Accrued payroll	12,619	10,358
Other payables and accrued expenses	(7,927)	175,614
Deferred revenue	(5,620)	5,048
Total adjustments	2,434,679	1,571,360
NET UNRESTRICTED CASH, CASH EQUIVALENTS, AND RESTRICTED CASH PROVIDED BY OPERATING ACTIVITIES	$ 7,696,941	$ 795,754

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF ORGANIZATION

The John H. Boner Community Center, Inc. d/b/a John Boner Neighborhood Centers (the Center) serves the near Eastside of Indianapolis, Indiana. The Center serves a wide variety of neighborhood residents including school-age children, at-risk youth, adults, those in need of housing, seniors, and those who are vulnerable and with special needs.

Near Eastside Holding Corporation (Near Eastside Holding) was formed as a for-profit subsidiary of the Center in 2006 to participate in the low income housing tax credit program as required by the Internal Revenue Code. Near Eastside Holding is a wholly-owned subsidiary of the Center and is a general partner in Brookside Apartments, LP, Jefferson Apartments, LP and Indy East Homes, LP as noted below.

New Life Manor Apartments, LLC (NLM) was added as a division of the Center in April 1980 to operate housing units. The Project refinanced its mortgage loan in May 2008 and October 2016 under Section 207 pursuant to Section 223(f) of the National Housing Act for the Elderly and Handicapped, the Project's major program. The 48 unit project offers affordable housing for the low income elderly and/or handicapped.

Boner Properties, LLC (BP) was formed to acquire housing units in order to provide affordable housing for low-income families and individuals who are homeless or at-risk of homelessness. The Center is the sole member of this LLC.

JHBCC Properties, LLC (JHBCC) was formed to acquire property adjacent to the Center that will provide for the Center's expansion in future years. The Center is the sole member of the LLC.

Parish Place, Inc. d/b/a Byrne Court Apartments (Byrne) was formed to acquire, own and operate a 50 unit apartment community. Byrne offers affordable housing under the provisions of Section 202 Direct Loan Program of the National Housing Act for the Elderly and Handicapped. The Center became the sole member of the corporation in September of 2004. As the Corporation's sole member, the Center appoints the board of directors.

Brookside Commercial, LLC (Brookside Commercial) was formed in January of 2005 to take ownership of the Center's expansion through a new market tax credit arrangement. In 2013, the Center obtained 100% ownership of Brookside Commercial.

Brookside Apartments, LP (BA) was formed in 2006 to purchase the Brookside Apartment's building. Near Eastside Holding is the .01% general partner in the partnership. BA provides 24 affordable apartments.

Jefferson Apartments, LP (JA) was formed in August of 2008. The Center was the 99.99% limited partner in the partnership with Near Eastside Holding as the .01% general partner in the partnership as of December 31, 2008. During 2009, the Center transferred its limited partner interest in Jefferson Apartments to an outside investor. Near Eastside Holding remains a general partner. JA provides 20 affordable apartment units that serve as an incubator for individuals and families aspiring to become homeowners.

1. Summary of Significant Accounting Policies, Continued

Description of Organization, Continued

Near East Side Legacy Center, LLC d/b/a Boner Fitness & Learning Center at the Chase Legacy Building (NELC) was formed in October 2010 to take ownership of the Center's expansion through a new market tax credit arrangement. The Center owns 99.99% of NELC, with Near Eastside Holding owning the remaining .01%. NELC, which is located on the campus of Arsenal Technical High School, provides fitness programs, youth development and education and other activities related to recreation, health, nutrition, and wellness.

Inspire 10th Street, LLC was formed in May 2017 for the purpose of acquiring, owning, constructing, rehabilitating and operating commercial, multifamily affordable rental housing projects and other real estate development projects in Indianapolis. Inspire is owned by the Center (40%), Near East Area Renewal, Inc. (NEAR) (30%) and Englewood Community Development Corporation (ECDC) (30%). The Center serves as the managing member.

Moving Forward 2.0, LLC (MF 2.0) was formed in August 2017 to develop a thirty (30) unit, multi-family apartment building near the Thomas Gregg Neighborhood School. The Center is the sole member of the LLC.

IndyEast Homes, LP (IEH) was formed in March 2017 to develop and own a thirty-six (36)-unit scattered site, open occupancy units on certain real estate located in Indianapolis, Marion County, Indiana. Cinnaire Fund for Housing Limited Partnership 32 is the investor limited partner owning 99.99% of IEH, with Near Eastside Holding owning the remaining .01%.

PR Mallory, Inc (PRM) was formed in February 2018 to develop properties currently owned by the City of Indianapolis at the former P.R. Mallory and Company business site on East Washington Street. PRM is jointly owned by the Center (49%) and Englewood Community Development Corp. (51% and managing member), acting as the developers of the project.

Basis of Accounting and Use of Estimates

The accompanying consolidated financial statements were prepared on the accrual basis of accounting. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of support, revenues, and expenses during the reporting period. Actual results could differ from those estimates.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Center, Near Eastside Holding, NLM, BP, JHBCC, Byrne, Brookside Commercial, BA, JA, NELC, MF 2.0, and IEH (collectively referred to as the Organization) which are considered related organizations. All material intercompany accounts and transactions between the consolidated organizations have been eliminated.

Cash and Cash Equivalents

The Organization considers all liquid investments, except restricted cash, with original maturities of three months or less to be cash equivalents. There were cash equivalents of $4,153,877 at December 31, 2018.

1. Summary of Significant Accounting Policies, Continued

Cash and Cash Equivalents, Continued

There were no cash equivalents at December 31, 2017. Accounts at the banks are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At December 31, 2018 and 2017, the Center held cash in excess of FDIC limits by approximately $4.7 million and $1.7 million, respectively.

Other Receivables

Other receivables include uncollateralized tenant obligations due under normal terms requiring rental payment on the 1st day of each month. Unpaid amounts remain in receivables while a tenant remains a building resident. Other receivables are stated at the billed amount for monthly tenant payments due and must be kept current as a condition of residency. NLM, BP, Byrne, BA, JA, and IEH receive subsidy amounts from the U.S. Department of Housing and Urban Development (HUD) that represent the difference between the HUD determined contract rent and the amount calculated for tenant payments.

HUD subsidies are normally received on the 1st day of the month for the current month. Unpaid HUD subsidies represent amounts claimed by the project on a monthly voucher, but unpaid by HUD.
Payments are allocated against specific rental amounts due as identified by tenants or, if unspecified, are applied to the earliest unpaid invoices.

Receivables are stated at the amount management expects to collect from outstanding balances. Management had estimated an allowance for doubtful accounts related to other receivables of $6,985 and $35,099 as of December 31, 2018 and 2017, respectively.

Investments

Consistent with Accounting Standards for Investments Held by Not-for-Profits, investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of financial position. All investments with an original maturity date of one year or less but greater than three months, have been considered short term investments. Investments consisted of the following at December 31:

	2018	2017
Long-term investments:		
Equities	$ 3,744,206	$ 3,953,558
Corporate bonds	4,496,048	4,503,979
Cash held for future investment	591,261	1,390,353
HealthNet Peoples Health Center, LLC	1,229,642	1,265,125
Inspire 10th Street, LLC	18,051	20,000
	$ 10,079,208	$ 11,133,015

1. Summary of Significant Accounting Policies, Continued

Investments, Continued

The Organization's cash held for future investment are recorded at cost at December 31, 2018 and 2017.

In 2016, the Organization received a contribution of a 23% interest in HealthNet Peoples Health Center, LLC, an Indiana limited liability company. The value of the Center's investment, based on the assigned interest, was $1,300,000 at contribution date. This investment is adjusted annually based on the Organization's share of income or loss and recorded based on the equity method. Investments in Inspire 10th Street, LLC and PR Mallory, LLC are also recorded based on the equity method and will be adjusted annually based on the Organization's share of income or loss.

Property and Equipment

Expenditures for property and equipment and items which substantially increase the useful lives of existing assets and a cost, if purchased, or fair value, if donated, over $5,000 or more are capitalized. Expenditures for normal maintenance and repairs are expensed as incurred.

The Organization provides for depreciation on the straight-line method at rates designed to depreciate the cost of assets over the estimated useful lives of the depreciable assets of 3 to 40 years.

Net Assets

The Organization maintains the following classifications of net assets:

Net Assets Without Donor Restrictions

These include general assets and liabilities of the Organization which may be used at the discretion of management and Board of Directors to support the Organization's purposes and operations. At December 31, 2018, the Board has designated net assets of $340,000 to cover general operating expenses. There were no Board designated net assets at December 31, 2017.

Net Assets With Donor Restrictions

These include assets of the Organization related to gifts and grants with explicit donor-imposed restrictions that have not been met as to specified purpose, or to later periods of time or after specified dates. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets are reclassified from net assets with donor restrictions through net assets released from restrictions.

1. Summary of Significant Accounting Policies, Continued

Net Assets, Continued

Net assets were restricted for the following purposes at December 31:

	2018	2017
Super Bowl Legacy Project	$ -	$ 10,620
NELC maintenance fund	713,428	713,428
Replacement reserve	393,244	402,380
Sustainability and infrastructure	332,083	1,021,752
Arts and culture initiatives	4,319,216	-
Other programs	471,514	881,678
	$ 6,229,485	$ 3,029,858

Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. These are resources whose use by the Organization is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. Net assets restricted in perpetuity were $7,400,000 at December 31, 2018 and 2017. See Note 10.

Contributions and Pledges

Contributions are recognized when the donor makes an unconditional promise to give to the Organization and are recorded at their fair values as revenues and assets in the period the promise was received. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions through net assets released from restrictions in the statements of activities.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

The Organization reports gifts of land, buildings, and equipment as support without donor restrictions 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 support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Government Grants

Support funded by grants is recognized as the Organization performs the contracted services under grant agreements. Grant revenue is recognized as earned as the expenses are incurred. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

IN-KIND CONTRIBUTIONS

The Organization received in-kind contributions of $188,201 and $247,428 in 2018 and 2017, respectively. The majority of these donations related to food and beverage for events, volunteer fitness instructors, and professional services. In 2018, the Organization also reported a cancellation of indebtedness of $3,538,555 related to the unwind of new market tax credit loans with NELC. See also Notes 5,6, and 9.

EXPENSE ALLOCATION

Salaries and related expenses are charged to program services, management and general, and fundraising based upon estimated time spent by personnel on the related areas. Direct expenses are charged to the categories to which the expenses relate. Occupancy expenses are allocated based upon actual utilization of space.

The Organization had the following expense allocation for the years ended December 31:

	2018			
	Program services	Management and General	Fundraising	Total
Personnel cost	$ 3,265,816	$ 745,698	$ 79,663	$ 4,091,177
Specific assistance	653,381	-	-	653,381
Professional services	623,496	103,329	-	726,825
Occupancy	1,399,284	88,258	594	1,488,136
Depreciation and amortization	1,313,341	191,670	-	1,505,011
Other operational	638,307	160,307	47,550	846,164
	$ 7,893,625	$ 1,289,262	$ 127,807	$ 9,310,694

	2017			
	Program services	Management and General	Fundraising	Total
Personnel cost	$ 3,330,747	$ 286,121	$ 51,355	$ 3,668,223
Specific assistance	562,570	-	-	562,570
Professional services	357,835	62,250	-	420,085
Occupancy	1,164,634	261,485	50	1,426,169
Depreciation and amortization	1,238,669	264,884	-	1,503,553
Other operational	1,129,541	5,092	108,497	1,243,130
	$ 7,783,996	$ 879,832	$ 159,902	$ 8,823,730

SUBSEQUENT EVENTS

Subsequent events have been considered through June 11, 2019, which was the date the financial statements were available to be issued. See Note 16.

1. Summary of Significant Accounting Policies, Continued

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities.* The update addressed the complexity and understandability of net asset classification by reducing the three categories of unrestricted, temporarily restricted, and permanently restricted to two, net assets with and without donor restrictions. In addition, the update requires a new disclosure regarding liquidity and the availability of resources, the presentation of expenses by natural classifications and function and the netting of investment expenses with revenue. The Organization has adjusted the presentation of these statements accordingly. With the exception of Note 3, the update has been applied retrospectively to all periods presented and had no impact on net assets at December 31, 2017.

2. Tax Status

The Center and Byrne are not-for-profit corporations, exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. Accordingly, no provision is made for federal or state income taxes or income tax effects. The Center and Byrne are not considered private foundations as defined in Section 509(a) of the Internal Revenue Code.

NLM, BP, Brookside Commercial, MF 2.0, and JHBCC are single-member LLCs of the Center and as such are treated as disregarded entities for income tax purposes.

BA, JA, and IEH are partnerships. In lieu of corporation income taxes, the partners report their proportionate share of the partnerships' income

NELC is an LLC. In lieu of corporation incomes taxes, the LLC members report their proportionate share of the LLC's income.

3. Available Resources and Liquidity

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization invests cash in excess of daily requirements in short-term investments. A significant portion of the Organization's restricted funding is related to development, housing, and the real estate activities of the Organization. In those cases, liquidity is managed utilizing various sources of capital to meet the financial needs of restricted activities. This includes utilization of short-term predevelopment and construction loans provided by third parties and could include utilization of the Organization's self-managed IndyEast Economic Loan fund valued at $1,000,000. To help manage unanticipated liquidity needs, the Organization has a committed line of credit in the amount of $800,000 which it can draw upon.

The Organization receives significant funding with donor restrictions to be used in accordance with the associated purpose restrictions. The Organization has an endowment fund with a value of $7,419,559 as of December 31, 2018 with perpetual restrictions on the corpus. Although the Organization does not intend to spend from the principal of the endowment fund, earnings from the endowment fund could be made available for general and/or designated expenditures as part of its annual budget approval and appropriation process. However, should the baseline value of the endowment be equal to or less than $7.4 million, the maximum allocable basis shall be 2% of the endowment.

3. Available Resources and Liquidity, Continued

The table below presents financial assets available for general expenditures within one year at December 31, 2018

Financial assets at year-end:		
Cash	$	5,324,371
Cash - restricted		701,936
Grant reimbursements receivable		764,931
United Way receivables		169,974
Related party receivables		109,012
Notes receivable, net		1,205,708
Other receivables, net		204,519
Investments		10,079,208
Total financial assets available:		18,559,659
Financial assets not available:		
Investments in subsidiaries		(1,247,693)
Long-term notes receivable		(401,901)
Board designated net assets		(340,000)
Net assets with donor imposed restrictions – time and purpose		(6,229,495)
Net assets with donor imposed restrictions – in perpetuity		(7,400,000)
Total financial assets not available for us		(15,619,089)
Financial assets available to meet general expenditures within one year	$	2,940,570

4. Cash - Restricted

NLM, BP, Byrne, BA, JA and IEH maintain cash balances that are to be used for future capital projects and improvements. NLM, Byrne, BA, and JA are required to set aside amounts for the replacement of property and other expenditures. For NLM and Byrne, HUD restricted deposits are held in separate accounts and generally are not available for operating purposes. Accordingly, these amounts have been recorded as restricted on the statement of financial position. Cash restricted for replacement reserve was $698,901 and $783,593 at December 31, 2018 and 2017, respectively.

The Center maintains a cash balance that is to be used for the Super Bowl Legacy project. The restricted deposits are held in a separate account and are not available for general operating purposes. This amount has been recorded as restricted cash on the statement of financial position. Cash restricted for the Super Bowl Legacy project was $0 and $10,620 at December 31, 2018 and 2017, respectively.

NELC has cash reserved for future construction and certain other fees and expenses of $0 and $41,069 at December 31, 2018 and 2017, respectively.

The Center has cash restricted for the Assets for Independence program of $3,035 and $3,033 at December 31, 2018 and 2017, respectively.

5. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Center has adopted Accounting for Fair Value Measurements, which defines fair value as the price that would be received for an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date. These standards also establish a three-level fair value hierarchy for disclosure that prioritizes valuations based on whether the significant inputs used to estimate fair value are observable, giving highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and lowest priority to valuations primarily based on unobservable inputs (level 3 measurements).

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. Assets measured at fair value on a recurring basis at December 31, are as follows:

	2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities	$ 3,744,206	$ 3,744,206	$ -	$ -
Corporate bonds	4,496,048	4,496,048	-	-
Total investments	$ 8,240,254	$ 8,240,254		

	2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities	$ 3,953,558	$ 3,953,558	$ -	$ -
Corporate bonds	4,503,979	4,503,979	-	-
Total investments	$ 8,457,537	$ 8,457,537		

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

5. Fair Value of Financial Instruments, Continued

Investments are recorded at fair value in the consolidated statements of financial position. Unrealized gains and losses represent the change in fair value of investments during the period and are recorded in the statement of activities. The cost of corporate bonds and equities and was $8,390,090 and $8,085,173 at December 31, 2018 and 2017, respectively.

6. Notes Receivable

a. During February of 2011, the Center entered into a $10,320,338 loan agreement with Chase NMTC Indianapolis YET Investment Fund, LLC (YET Investment Fund). The YET Investment Fund borrowed the funds for the purpose of acquiring a 99.9% interest in New Markets Investment 59, LLC (New Markets Investment) and to make certain capital contributions within New Markets Investment. New Markets Investment also loaned funds to the Near Eastside Legacy Center, see Note 9. In the event of default, the YET Investment Fund would assign all rights, titles, and interests owned by the YET Investment Fund to the Center. Interest on the outstanding balance was incurred at fixed rate of 1% per annum.

   During February 2018, the new markets tax credit transaction was exited and the YET Investment Fund assigned all rights, titles, and interest to the Center. The note receivable balance of $13,858,893 is eliminated upon consolidation.

b. In October 2014, the Center entered into a loan agreement with NEAR for the revitalization of the Near Eastside of Indianapolis. The loan funds will be advanced on an as needed basis to NEAR up to $1,750,000 at an annual interest rate of 3.75%, compounded monthly with accrued interest payable in quarterly installments. The balance was $0 and $170,000 as of December 31, 2018 and 2017, respectively.

c. In August 2017, the Center entered into a loan agreement with NEAR for the revitalization of homes on the Near Eastside of Indianapolis. The loan funds will be advanced as needed to NEAR up to $900,000, at an annual interest rate of 3.75%, compounded monthly. The balance of the loan is $0 and $500,000 at December 31, 2018 and 2017, respectively.

d. In April 2018, the Center entered into a loan agreement with NEAR for the revitalization of homes on the Near Eastside of Indianapolis. The loan funds will be advanced as needed to NEAR up to $800,000, at annual interest rate of 3.75%, compounded monthly. The loan maturity date is September 30, 2019. The balance of the loan is $300,000 at December 31, 2018.

e. During 2016, the Center entered three loan agreements for $80,000, $28,000 and $45,200, respectively, with ECDC for the purchase of three houses and a commercial building in furtherance of community development initiatives. These loans accrue interest at an annual interest rate of 3.75%, compounded monthly. Interest payments are due in quarterly installments for the $80,000 and $45,200 loans, respectively, and due in monthly installments for the $28,000 loan. The entire loan principal and interest of the $45,200 loan was paid in 2018.

   The final principal balance is due upon the maturity date of each note receivable. The loan agreements for the two remaining loans mature in June 2019 or when the house is sold, whichever comes first. Two houses remain unsold at December 31, 2018. The loan agreements for the $80,000 and $28,000 respectively, were extended with a maturity date in June 2019. The combined loan balance was $68,000 and $109,600 as of December 31, 2018 and 2017.

6. NOTES RECEIVABLE, CONTINUED

f. In March 2018, the Center entered into a loan agreement with ECDC for $170,000 for the renovation of three houses in furtherance of community development of three houses in the Near Eastside of Indianapolis. The loan accrues interest at an annual interest rate of 3.75%, compounded monthly. The loan agreement was extended and matures at June 30, 2019. The loan balance was $70,000 at December 31, 2018.

g. In December 2017, the Center entered into a loan agreement with Inspire. The loan funds, including interest, advanced on an as needed basis to Inspire up to $400,000 at an annual interest rate of 1%. The balance was $400,000 and $92,772 as of December 31, 2018 and 2017 respectively. The balance is due in full December 31, 2020.

h. In April 2018, the Center entered into a loan agreement with Blue-Monzingo, LP to renovate multi-family housing on the Near Eastside of Indianapolis. The loan of $262,107 will accrue interest at an annual rate of 3.75%, compounded monthly. The loan balance of $262,107 at December 31, 2018 was paid in full in April 2019.

i. During 2018, the Center loaned PRM $100,000 at an annual interest rate of 5.00%. The note expires August 31, 2019.

Future minimum receipts of the notes receivable are as follows for the years ending December 31:

2019	$ 800,107
2020	400,000
	$ 1,200,107

7. PROPERTY AND EQUIPMENT

The Organization's property and equipment consists of the following at December 31:

	2018	2017
Buildings	$ 31,298,452	$ 28,794,420
Leasehold improvements	228,005	400,616
Furnishings and office equipment	4,658,453	4,426,878
Autos and trucks	124,563	170,131
	36,309,473	33,792,045
Accumulated depreciation	(14,036,509)	(12,598,471)
	22,272,964	21,193,574
Land and land improvements	3,160,221	2,978,566
Real estate held for sale	4,500	4,500
Construction in progress	1,413,416	866,618
	$ 26,851,101	$ 25,043,258

7. Property and Equipment, Continued

At December 31, 2018 and 2017, interest of $37,024 and $106,076, respectively, was capitalized as a part of property and equipment when constructed using loan proceeds.

8. Line of Credit

The Center has a revolving line of credit with a bank for $800,000, which expires in October 2019. Interest payable on the line of credit is calculated monthly at LIBOR plus 2.65% (5.11% and 4.34% December 31, 2018 and 2017, respectively). The amount outstanding on the line was $500,000 and $260,000 at December 31, 2018 and December 31, 2017, respectively. Borrowings under this agreement are collateralized by the Center's assets.

9. Notes and Mortgage Payable

Notes and mortgages payable consist of the following at December 31:

	2018	2017
a. The Center has a promissory note with State Farm Mutual Insurance Company to support housing redevelopment in the neighborhood. The Center may borrow up to a maximum of $3,500,000. The unpaid principal of the note bears an interest rate of 3.50%. The note matures June 30, 2020. The maximum principal amount available to borrow from will be reduced to $3,000,000 on July 1, 2019 and $2,500,000 on January 1, 2020, respectively.	$ 2,289,257	$ 2,289,257
b. NLM has a mortgage that is payable in monthly installments of $5,808 including principal and interest of 2.9% through November 2051. The mortgage includes a prepayment premium through November 2026. The mortgage also requires monthly deposits to a reserve and replacement fund.	1,477,154	1,503,601
c. Brookside Apartments obtained a mortgage from IFF in the amount of $315,000. The mortgage is payable in monthly installments of $1,946 including principal and interest of 5.375% through September 2024. The loan is secured by a mortgage on certain real estate.	249,489	259,153
d. Byrne has a mortgage loan under the provisions of Section 202 of the National Housing Act. The mortgage is payable in monthly installments of $7,368 including principal and interest of 3.08%, through September 2026. The mortgage also requires monthly deposits to a reserve and replacement fund.	1,516,196	1,557,231

9. Notes and Mortgage Payable, Continued

	2018	2017
e. NELC executed a loan agreement with New Markets Investment 59, LLC in the amount of $13,858,875. The note bore interest at the rate of .9215% per annum. The note called for quarterly installments on an interest-only basis commencing on March 1, 2011 through March 1, 2018. As of February 2018, the note was assigned to the Center and is eliminated for consolidation purposes in 2018	-	13,858,875
f. IEH obtained a loan in the maximum amount of $330,000 which bears interest at 5.5% per annum and will be due in November 2034.	273,002	-
g. IEH also obtained a construction loan with a financial institution in the maximum amount of $3,900,000. The interest rate is 6.0%. All principal and related accrued interest is due in July 2019.	1,779,594	-
	$ 7,584,692	$ 19,468,117
Less: current maturities	(1,859,331)	(450,973)
Less: unamortized financing fees	(139,312)	(136,606)
	$ 5,586,049	$ 18,880,538

Aggregate maturities of notes payable are as follows for the years ending December 31:

2019	$ 1,859,331
2020	2,371,678
2021	85,201
2022	88,079
2023	91,061
Thereafter	3,089,342
	$ 7,584,692

Financing fees expended in accordance with promissory notes are recorded at cost and amortized over the lives of the promissory notes.

10. NET ASSETS WITH DONOR RESTRICTIONS – PERPETUAL ENDOWMENT FUNDS

The Organization's endowment consists of funds held in perpetuity established to support a variety of charitable purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

APPLICATION OF UPMIFA

Management has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the perpetual endowment funds absent explicit donor stipulations to the contrary. As a result of the interpretation, the Organization classifies as net assets held in perpetuity (a) the original value of gifts donated to the perpetual endowment funds, (b) the original value of subsequent gifts to the perpetual endowment funds, and (c) accumulation to the perpetual made in accordance with the direction of the applicable donor gift instrument at the time the accumulations are added to the fund. At the present time, the Organization has one perpetual endowment fund.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate perpetual endowment funds:

1) The duration and preservation of the perpetual endowment fund
2) The purposes of the Organization and the perpetual 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 Organization
7) The investment policies of the Organization

RETURN OBJECTIVES AND RISK PARAMETERS

The Organization has adopted investment and spending policies for assets held for the perpetual endowment fund that attempt to provide a predictable stream of funding while seeking to maintain the purchasing power of the perpetual endowment fund assets. Under this policy, the perpetual endowment fund would seek to achieve a total return (income and appreciation) of 7.25% over a full market cycle (8-10 years). The Organization will evaluate its investments by comparing actual investment performance to various applicable benchmarks. The Organization expects its perpetual endowment fund investments to meet or exceed these benchmarks over time. Actual returns in any given year may vary from these benchmarks.

SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY

The Organization's spending policy provides for up to 5% of the fund value to be available for spending annually. However, the Organization will not allow the perpetual endowment fund to drop below the Historic Dollar Value of the original permanent gift. Any perpetual endowment fund deficiencies will be made whole before any further spending can occur in accordance with the Organization's spending policy. To the extent that there are gains above the original value of the fund dollar amount and timing of any distribution of funds will be at the discretion of the Board of Directors and management.

10. Net Assets With Donor Restrictions – Perpetual Endowment Funds, Continued

Funds withdrawn from the perpetual endowment fund shall be for purposes set forth by the Board of Directors and shall consider the following factors: (a) opportunities to use funds to leverage other funding, private or public, in support of the Organization's activities; (b) investments in technology, capital, human resources or other expenditures which support the Organization's activities; (c) to support sufficient management capacity, personnel and infrastructure needed for the effective operations and long term growth of the Center; (d) covering short-term deficits in direct service programs, as long as funds expended are serving as a temporary source of funding and an acceptable plan is in place to bridge to other resources or funding source; and '(e) investments in community development efforts and partners organizations that support long term goals of the Center and the neighborhood.

Expenditures of Funds:

All decisions relative to the expenditure of institutional funds must assess the uses, benefits, purposes and duration for which the fund was established, and if relevant, consider the factors:

1) The duration and preservation of the institutional fund;
2) Purposes of John Boner Neighborhood Centers and the fund;
3) General economic conditions;
4) Possible effect of inflation or deflation;
5) Expected total return from income and appreciation of investments;
6) Other organizational resources;
7) All applicable investment policies; and
8) Where appropriate, alternatives to spending from the institutional fund and the possible effects of those alternatives

For each decision to appropriate institutional funds for expenditure, an appropriate contemporaneous record should be kept and maintained describing the nature and extent of the consideration that the appropriate body gave to each of the stipulated factors.

The change in endowment net assets is as follows for the years ended December 31:

2018	Without Donor Restrictions	With Donor Restrictions – Held in Perpetuity	Total
Perpetual Endowment net assets, beginning of year	$ 494,552	$ 7,400,000	$ 7,894,552
Contributions	-	-	-
Investments losses, net	(474,993)	-	(474,993)
Endowment net assets, end of year	$ 19,559	$ 7,400,000	$ 7,419,559

10. Net Assets With Donor Restrictions – Perpetual Endowment Funds, Continued

2017	Without Donor Restrictions	With Donor Restrictions – Held in Perpetuity	Total
Perpetual Endowment net assets, beginning of year	$ -	$ 7,400,000	$ 7,400,000
Contributions	-	-	-
Investments losses, net	494,552	-	494,552
Endowment net assets, end of year	$ 494,552	$ 7,400,000	$ 7,894,552

11. Related Party Transactions

At December 31, 2018 and 2017, the Center had accounts receivable due from NEAR of $8,535 and $31,889, respectively. NEAR is a partner agency on various Near Eastside of Indianapolis building projects. See also Note 6 for notes receivable information.

During fiscal year 2018, the CEO of the Center was a board member of the Near Eastside Innovation School Corporation. The Center had $93,707 and $9,375 receivable from this organization at December 31, 2018 and 2017, respectively.

At December 31, 2018, the Center had a $2,400, $2,455, and $1,915 receivable due from organizations of which the Center owns 23%, 40%, and 49%, respectively.

BMO Harris Bank is entitled to receive an asset management fee from JA, per the partnership agreement, in the amount of $2,500 per year. The cumulative fee is payable out of available cash flow, as defined in the partnership agreement. Fees of $2,500 were earned and paid in the years ended 2018 and 2017. A Center board member is an employee of BMO Harris Bank.

Great Lakes Capital Fund for Housing Nonprofit Housing Corporation, a limited partner of BA, is entitled to receive an annual investor services fee from BA in the amount of $1,500 per year. The noncumulative fee is payable out of available cash flow, as defined in the partnership agreement. A fee of $1,500 was earned and accrued in the years ended 2018 and 2017, respectively, and is included in accounts payable – related parties.

IEH entered into a construction contract with TWG Construction, LLC (the "Contractor"), the owner of which is on the Board of Directors of the Center. The original amount of the contract is for $3,948,188, which increased by change orders of $48,341 to $3,996,529. At December 31, 2018 and 2017, $2,987,143 and $143,100 has been earned, capitalized into property and equipment, and $2,572,576 and $143,100 were paid, respectively.

12. CONTINGENCIES

Near Eastside Holding has executed a guaranty agreement for BA and JA under which they guarantee to advance funds to the extent needed to make operating deficit contributions. In addition, they guarantee to advance funds to the extent needed to make all payments to the operating and replacement reserves, to return limited partner contributions due to tax credit shortfalls, to purchase the limited partner's interest in the Partnerships, and to make a capital contribution sufficient to satisfy any remaining unpaid portion of the development fee in the event the entire development fee has not been paid within 15 years of completion of the project. No funds were advanced in 2018 or 2017.

Near Eastside Holding, as the general partner of IEH, agrees that if at any time prior to the expiration of fifteen years from and after the date IEH achieves Underwritten Operation Operating Deficits are not fully paid from the Partnership Operating Reserve, Near Eastside Holding shall loan to IEH the funds required to pay such Operating Deficits, provided, however, that such obligation to fund Operating Deficits not exceed, in the aggregate, the sum of $128,000, provided that the Operating Reserve was fully funded from the Investor Limited Partners' Fourth Capital Contribution. Any operating deficits occurring between the date of Underwritten Operations and final funding of the Operating Reserve which have not been paid from the Operating Reserve will be funded by the Near Eastside Holding and will be reimbursed upon final funding of the Operating Reserve. Any payment made pursuant to the Operating Deficit Guarantee will be considered operating deficit loans and will bear interest at the Prime Rate. The Operating Deficit Guaranty will be released 5 years from the date IEH achieves Underwritten Operations and 92% Qualified Occupancy, as defined in the Amended and Restated Partnership Agreement.

In accordance with the Partnership Agreement, Near Eastside Holding as the General Partner and the Center, collectively the guarantors, shall be responsible for achieving completion of construction of IEH properties on a timely basis substantially in accordance with plans and specifications in accordance with all applicable terms, conditions, and provisions of the loan agreements on or before the construction completion date. The Guarantors are obligated to fund all excess development costs, as defined, and the Partnership shall have no obligation to repay any excess development costs. The Guarantors are also required to fund all operating deficits under the completion guaranty until Underwritten Operations, as defined in the Partnership Agreement, is achieved.

IEH has also qualified for an been allocated low income housing tax credits pursuant to IRC Section 42, which regulates the use of the property as to occupant eligibility and unit gross rent, among other requirements. The property must meet the provision of these regulations during each of the 15 consecutive years in order to continue to qualify to receive the tax credits. In addition, IEH has executed a Land Use Restriction Agreement which requires the utilization of the property pursuant to IRC Section 42 for a minimum of 30 years (unless IEH is able to elect out after 15 years), even if IEH disposes of the property. Failure to comply with occupant eligibility and/or unit gross rent, or to correct noncompliance within a specified time period, could result in monetary penalties.

In addition, IEH's failure to maintain compliance with occupant eligibility and/or unit gross rent, or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus interest.

13. Operating Leases

The Center leased office equipment under various operating leases that expire annually. Lease expense for these items was $4,240 and $4,210 in 2018 and 2017, respectively.

The Organization leases space to several organizations under operating leases that have various expiration dates through 2020. Lease income for the years ended December 31, 2018 and 2017 was $35,656 and $42,301, respectively.

The future minimum rental income to be received under the above operating leases is as follows for the years ending December 31:

2019	$ 54,993
2020	13,410
	$ 68,403

14. Federal, State, and Local Grant Awards

In accordance with guidelines established by the Indiana State Board of Accounts, this federal, state, and local grant information was included to aid in the verification of Indiana financial assistance on the Entity Annual Report (E-1).

Program Name	Grantor Name	CFDA	Revenue	Expense	Funding Type
Youth Employment Services	Indianapolis Private Industry council d/b/a EmployIndy	N/A	$7,400	$7,400	State or local government
School Age Child Care Grant	Indiana Family and Social Services Administration	N/A	$44,926	$44,926	State or local government
Housing Trust Fund Project	Marion County Housing Trust Fund	N/A	$9,043	$9,043	State or local government
Indiana University Health Careers Opportunity Programs	The Trustees of Indiana University	N/A	$12,549	$10,773	Fee for Service
ECCS – CoIN	Indiana State Department of Health	N/A	$9,745	$6,513	Fee for Service
Community Development Block Grant – Entitlement Grant	City of Indianapolis	14.218	$15,000	$15,000	Federal grant passed through state or local government

14. FEDERAL, STATE, AND LOCAL GRANT AWARDS, CONTINUED

Section 4 Capacity Building for Community Development and Affordable Housing	Local Initiative Support Corporation	14.252	$15,000	$15,000	Federal grant passed through state or local government
Shelter Plus Care - Continuum of Care Fund	City of Indianapolis	14.267	$18,334	$18,334	Federal grant passed through state or local government
Housing Stability for School Success	The Indianapolis Housing Agency	14.856	$543,990	$543,990	Federal grant passed through state or local government
Reentry Employment Opportunities	Local Initiative Support Corporation	17.270	$220,773	$220,773	Federal grant passed through state or local government
Volunteer Income Tax Assistance Grant Program	Greater Indianapolis Progress Committee	21.009	$15,093	$15,093	Federal grant passed through state or local government
21st Century Community Learning Centers	Indiana Department of Education	84.287	$565,292	$565,292	Federal grant passed through state or local government
21st Century Community Learning Centers	Central Indiana Council on Aging	93.043	$3,733	$3,733	Federal grant passed through state or local government
Aging Cluster-Special Programs for the Aging Title III; Part C – Nutrition Services	Central Indiana Council on Aging	93.045	$29,960	$29,960	Federal grant passed through state or local government
Elder Alternatives Adult Day Care Center – Medicaid Waiver	Indiana Family and Social Services Administration	93.052	$85,035	$85,035	Federal grant passed through state or local government
Maternal Health Federal Consolidated Program	Indiana State Department of Health	93.110	$323,736	$323,736	Federal grant passed through state or local government

14. FEDERAL, STATE, AND LOCAL GRANT AWARDS, CONTINUED

Low-Income Home Energy Assistance Program	United Way of Central Indiana, Inc.	93.568	$485,873	$485,873	Federal grant passed through state or local government
Assets for Independence	Indiana Housing & Community Development Authority	93.602	$3,750	$3,750	Federal grant passed through state or local government
Assets for Independence	US Department of Health and Human Services	93.602	$12,198	$12,198	Direct federal grant
AmeriCorps – AARA	Serve Indiana, Indiana Department of Workforce Development	94.006	$92,462	$92,462	Federal grant passed through state or local government
Great Families 2020	United Way of Central Indiana	94.019	$310,150	$310,150	Federal grant passed through state or local government
LISC National	Local Initiative Support Corporation	94.019	$166,639	$166,639	Federal grant passed through state or local government
FEMA – Emergency Food and Shelter National Board Program	United Way Federal Emergency Management Agency	97.024	$17,108	$21,228	Federal grant passed through state or local government
Total funding			$3,007,789	$3,006,901	

15. CHANGE IN ACCOUNTING POLICY

Pursuant to CFR 200, the Center can no longer report benefit payments as income and expense related to the Low-Income Home Energy Assistance Program in 2018 because the Center is not concluding upon eligibility. The 2017 consolidated financial statements were adjusted to be consistent with the 2018 presentation. The change in the accounting treatment had no impact on the change in consolidated net assets at December 31, 2017; however, consolidated revenue and expense were both reduced by $2,504,003.

16. Subsequent Events

In January 2019, the Center received a $1,000,000 grant from The Mind Trust, Inc. for capacity building for the PR Mallory project. The Center subsequently loaned the entire amount of the funds to PR Mallory, LLC. Interest on the loan is 5% per annum, compounded annually, with a maturity date of December 31, 2019.

In May 2019, Brookside Commercial, LLC executed a purchase agreement to buy the building at 1025 Jefferson Avenue for the total sum necessary to satisfy a KeyBank loan owed by the seller which has been warranted to not be greater than $50,000.

In May 2019, the Center entered into a financing agreement with Ford Motor Credit Company for the purchase of a vehicle. The amount financed was $42,961 at an annual percentage rate of 9.94% and payable in 60 installments.

In May 2019, Inspire 10th Street LLC executed a contract for purchase of real estate with Eastside Revitalization III, LLC to purchase an empty lot in support of the 10 East Arts + Design District. As part of this purchase, Inspire 10th Street will pay Eastside Revitalization III, LLC $10,000 dollars and assume a loan in the amount of $50,000 payable to LISC. This loan has a 0% interest rate. This lot will be held for future development of affordable housing.

Supplementary Information

	SOCIAL SERVICES	NEW LIFE MANOR APARTMENTS	BONER PROPERTIES, LLC	JHBCC PROPERTIES, LLC	BYRNE COURT APARTMENTS	BROOKSIDE COMMERCIAL, LLC	BROOKSIDE APARTMENTS, LP	JEFFERSON APARTMENTS, LP	NEAR EAST SIDE LEGACY CENTER, LLC	MOVING FORWARD 2.0	INDYEAST HOMES, LP	ELIMINATIONS	TOTAL
CURRENT ASSETS													
Cash and cash equivalents	$ 5,176,623	$ 17,935	$ 47,585	$ -	$ 44,389	$ 1,679	$ 644	$ 1,993	$ 24,197	$ 8,200	$ 1,126	$ -	$ 5,324,371
Cash - restricted	24,035	278,007	103,563	-	35,765	-	96,180	136,095	-	-	28,291	-	701,936
Grant reimbursements receivable	764,931	-	-	-	-	-	-	-	-	-	-	-	764,931
United Way receivables	169,974	-	-	-	-	-	-	-	-	-	-	-	169,974
Related party receivables, net	4,989,719	-	498,461	-	35	34,421	37,926	-	2,947,859	-	66,469	(8,465,878)	109,012
Notes receivable, current	1,703,857	-	-	-	-	-	-	-	-	-	-	(903,750)	800,107
Other receivables, net	9,210	56,717	45,899	-	2,829	-	5,518	21,059	-	-	63,287	-	204,519
Prepaid expenses	33,168	7,633	7,340	-	16,722	12,560	2,461	5,430	3,647	51,252	5,600	-	145,813
Lease inducement fees, net	-	-	-	-	-	-	-	-	781,250	-	-	(781,250)	-
Investment in subsidiaries	2,935,758	-	-	-	-	-	-	-	-	-	-	(2,935,758)	-
Total current assets	15,807,275	360,292	702,848	-	99,740	48,660	142,729	164,577	3,756,953	59,452	164,773	(13,086,636)	8,220,663
LONG TERM INVESTMENTS	10,079,208	-	-	-	-	-	-	-	-	-	-	-	10,079,208
NOTES RECEIVABLE, NET OF CURRENT PORTION	19,085,444	-	-	-	-	-	-	-	-			(18,679,793)	405,651
PROPERTY AND EQUIPMENT, NET	564,144	533,346	2,301,818	242,690	945,411	4,217,881	2,684,058	3,466,631	8,899,019	329,995	5,109,642	(2,443,534)	26,851,101
Total assets	$ 45,536,071	$ 893,638	$ 3,004,666	$ 242,690	$ 1,045,151	$ 4,266,541	$ 2,826,787	$ 3,631,208	$ 12,655,972	$ 389,447	$ 5,274,415	$ (34,209,963)	$ 45,556,623
CURRENT LIABILITIES													
Accounts payable	$ 140,431	$ 17,945	$ 24,264	$ -	$ 10,188	$ 13,390	$ 6,201	$ 3,934	$ 7,711	$ -	$ 441,310	$ -	$ 665,374
Accrued payroll	127,159	-	-	-	-	-	-	-	-	-	-	-	127,159
Related party payables	1,708,784	11,919	-	66,146	470,783	1,728,259	274,073	825,944	120,138	43,310	19,123	(5,266,979)	1,500
Other payables and accrued expenses	2,573,551	14,605	11,986	-	15,783	-	408,547	2,006,298	20	75	227,604	(4,735,239)	523,230
Deferred revenue	808,607	1,487	-	-	-	-	2,350	422	-	-	1,110	(781,250)	32,726
Line of credit	500,000	-	-	-	-	-	-	-	-	-	-	-	500,000
Current maturities of notes and mortgages payable	-	27,224	-	-	42,317	-	10,196	-	-	-	2,679,594	(900,000)	1,859,331
Total current liabilities	5,858,532	73,180	36,250	66,146	539,071	1,741,649	701,367	2,836,598	127,869	43,385	3,368,741	(11,683,468)	3,709,320
LONG-TERM LIABILITIES													
Notes and mortgages payable, net of current portion and financing fees of $139,312	2,289,257	1,524,209	-	-	1,422,895	-	891,701	1,290,753	13,858,875	365,651	1,194,227	(17,251,519)	5,586,049
Total liabilities	8,147,789	1,597,389	36,250	66,146	1,961,966	1,741,649	1,593,068	4,127,351	13,986,744	409,036	4,562,968	(28,934,987)	9,295,369
NET ASSETS (ACCUMULATED DEFICIT)													
Without donor restrictions - Controlling interest	24,156,741	(919,769)	2,858,588	176,544	(988,923)	2,524,892	319,628	(241)	(1,330,772)	(19,589)	91,182	(5,274,976)	21,593,305
Minority interest in net assets without donor restrictions	-	-	-	-	-	-	914,091	(495,902)	-	-	620,265	-	1,038,454
Total net assets (accumulated deficit) without donor restrictions	24,156,741	(919,769)	2,858,588	176,544	(988,923)	2,524,892	1,233,719	(496,143)	(1,330,772)	(19,589)	711,447	(5,274,976)	22,631,759
With donor restrictions - time and purpose	5,831,541	216,018	109,828	-	72,108	-	-	-	-	-	-	-	6,229,495
With donor restrictions - in perpetuity	7,400,000	-	-	-	-	-	-	-	-	-	-	-	7,400,000
Total net assets (accumulated deficit)	37,388,282	(703,751)	2,968,416	176,544	(916,815)	2,524,892	1,233,719	(496,143)	(1,330,772)	(19,589)	711,447	(5,274,976)	36,261,254
Total liabilities and net assets (accumulated deficit)	$ 45,536,071	$ 893,638	$ 3,004,666	$ 242,690	$ 1,045,151	$ 4,266,541	$ 2,826,787	$ 3,631,208	$ 12,655,972	$ 389,447	$ 5,274,415	$ (34,209,963)	$ 45,556,623

See independent auditors' report on supplementary information.

	SOCIAL SERVICES	NEW LIFE MANOR APARTMENTS	BONER PROPERTIES, LLC	JHBCC PROPERTIES, LLC	BYRNE COURT APARTMENTS	BROOKSIDE COMMERCIAL, LLC	BROOKSIDE APARTMENTS, LP	JEFFERSON APARTMENTS, LP	NEAR EAST SIDE LEGACY CENTER, LLC	MOVING FORWARD 2.0	INDYEAST HOMES, LP	ELIMINATIONS	TOTAL
CURRENT ASSETS													
Cash and cash equivalents	$ 1,503,761	$ 80,214	$ 213,985	$ 367	$ 35,192	$ 7,200	$ 17,214	$ 3,809	$ 132,743	$ -	$ 38,897	$ -	$ 2,033,382
Cash - restricted	13,653	353,151	103,280	-	47,016	-	100,273	134,778	41,069	-	45,095	-	838,315
Grant reimbursements receivable	558,428	-	-	-	-	-	-	-	-	-	-	-	558,428
United Way receivables	202,704	-	-	-	-	-	-	-	-	-	-	-	202,704
Related party receivables, net	5,647,632	-	241,114	-	-	106,920	151,982	-	2,383,338	-	68,677	(8,555,963)	43,700
Notes receivable, current	1,225,427	-	-	-	-	-	-	-	-	-	-	(100,000)	1,125,427
Other receivables, net	2,994	2,497	58,178	-	2,442	3,035	10,508	18,778	-	-	2,097	-	100,529
Prepaid expenses	36,413	7,056	6,381	-	14,091	9,365	2,512	4,231	-	51,250	4,459	-	135,758
Lease inducement fees, net	-	-	-	-	-	-	-	-	812,500	-	-	(812,500)	-
Investment in subsidiaries	3,334,782	-	-	-	-	-	-	-	-	-	-	(3,334,782)	-
Total current assets	12,525,794	442,918	622,938	367	98,741	126,520	282,489	161,596	3,369,650	51,250	159,225	(12,803,245)	5,038,243
INVESTMENTS	11,133,015	-	-	-			-					-	11,133,015
NOTES RECEIVABLE, NET OF CURRENT PORTION	13,881,276	-	-	-	-	-	-	-	-			(3,813,993)	10,067,283
PROPERTY AND EQUIPMENT, NET	740,729	358,789	2,421,295	198,625	1,035,753	4,534,780	2,778,819	3,569,733	9,357,836	262,697	2,192,930	(2,408,728)	25,043,258
Total assets	$ 38,280,814	$ 801,707	$ 3,044,233	$ 198,992	$ 1,134,494	$ 4,661,300	$ 3,061,308	$ 3,731,329	$ 12,727,486	$ 313,947	$ 2,352,155	$ (19,025,966)	$ 51,281,799
CURRENT LIABILITIES													
Accounts payable	$ 80,172	$ 5,246	$ 55,000	$ -	$ 9,640	$ 52,228	$ 7,265	$ 4,651	$ -	$ 2,902	$ 136,475	$ -	$ 353,579
Accrued payroll	114,540	-	-	-	-	-	-	-	-	-	-	-	114,540
Related party payables	1,009,194	15,478	-	20,359	429,648	1,685,064	326,110	777,859	6,617	13,518	33,737	(4,316,084)	1,500
Other payables and accrued expenses	2,629,494	14,431	37,987	-	14,499	5	377,355	1,693,890	82,938	-	29,654	(4,349,096)	531,157
Deferred revenue	846,750	1,160	-	-	-	-	810	399	-	-	1,727	(812,500)	38,346
Line of credit	260,000	-	-	-	-	-	-	-	-	-	-	-	260,000
Current maturities of notes and mortgages payable	-	26,447	-	-	41,035	-	9,664	-	373,827	-	100,000	(100,000)	450,973
Total current liabilities	4,940,150	62,762	92,987	20,359	494,822	1,737,297	721,204	2,476,799	463,382	16,420	301,593	(9,577,680)	1,750,095
LONG-TERM LIABILITIES													
Notes and mortgages payable, net of current portion and financing fees of $136,606	2,289,257	1,406,348	-	-	1,463,085	-	900,040	1,290,753	13,485,048	300,000	1,560,000	(3,813,993)	18,880,538
Total liabilities	7,229,407	1,469,110	92,987	20,359	1,957,907	1,737,297	1,621,244	3,767,552	13,948,430	316,420	1,861,593	(13,391,673)	20,630,633
NET ASSETS (ACCUMULATED DEFICIT)													
Without donor restrictions - Controlling interest	21,189,139	(1,020,554)	2,814,317	178,633	(900,923)	2,924,003	319,649	(195)	(1,220,853)	(2,473)	91,095	(5,634,293)	18,737,545
Minority interest in net assets without donor restrictions	-	-	-	-	-	-	1,120,415	(36,028)	(91)	-	399,467	-	1,483,763
Total net assets (accumulated deficit) without donor restrictions	21,189,139	(1,020,554)	2,814,317	178,633	(900,923)	2,924,003	1,440,064	(36,223)	(1,220,944)	(2,473)	490,562	(5,634,293)	20,221,308
With donor restrictions - time and purpose	2,462,268	353,151	136,929	-	77,510	-	-	-	-	-	-	-	3,029,858
With donor restrictions - in perpetuity	7,400,000	-	-	-	-	-	-	-	-	-	-	-	7,400,000
Total net assets (accumulated deficit)	31,051,407	(667,403)	2,951,246	178,633	(823,413)	2,924,003	1,440,064	(36,223)	(1,220,944)	(2,473)	490,562	(5,634,293)	30,651,166
Total liabilities and net assets (accumulated deficit)	$ 38,280,814	$ 801,707	$ 3,044,233	$ 198,992	$ 1,134,494	$ 4,661,300	$ 3,061,308	$ 3,731,329	$ 12,727,486	$ 313,947	$ 2,352,155	$ (19,025,966)	$ 51,281,799

See independent auditors' report on supplementary information.

THE JOHN H. BONER COMMUNITY CENTER, INC. D/B/A JOHN BONER NEIGHBORHOOD CENTERS AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	SOCIAL SERVICES WITHOUT DONOR RESTRICTIONS	SOCIAL SERVICES WITH DONOR RESTRICTIONS - TIME OR PURPOSE	SOCIAL SERVICES WITH DONOR RESTRICTIONS - IN PERPETUITY	NEW LIFE MANOR APARTMENTS WITHOUT DONOR RESTRICTIONS	NEW LIFE MANOR APARTMENTS WITH DONOR RESTRICTIONS - TIME OR PURPOSE	BONER PROPERTIES, LLC WITHOUT DONOR RESTRICTIONS	BONER PROPERTIES, LLC WITH DONOR TIME OR PURPOSE	JHBCC PROPERTIES, LLC WITHOUT DONOR RESTRICTIONS	BYRNE COURT APARTMENTS WITHOUT DONOR RESTRICTIONS	BYRNE COURT APARTMENTS WITH DONOR RESTRICTIONS - TIME OR PURPOSE	BROOKSIDE COMMERCIAL, LLC WITHOUT DONOR RESTRICTIONS	BROOKSIDE APARTMENTS, LP WITHOUT DONOR RESTRICTIONS	JEFFERSON APARTMENTS, LP WITHOUT DONOR RESTRICTIONS	NEAR EAST SIDE LEGACY CENTER, LLC WITHOUT DONOR RESTRICTIONS	MOVING FORWARD 2.0 WITHOUT DONOR RESTRICTIONS	INDYEAST HOMES, LP WITHOUT DONOR RESTRICTIONS	ELIMINATIONS	TOTAL
REVENUE AND OTHER SUPPORT																		
Direct Public Support																		
Contributions	$ 35,212	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 35,212
Special events, net of $25,231 expense	33,932	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33,932
Total direct public support	69,144	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	69,144
Indirect Public Support																		
United Way																		
Support funds	430,644	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	430,644
Donor option	22,961	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22,961
Grants and awards	566,388	4,505,211	-	-	-	-	-	-	-	-	22,660	-	-	-	-	-	-	5,094,259
Total indirect public support	1,019,993	4,505,211	-	-	-	-	-	-	-	-	22,660	-	-	-	-	-	-	5,547,864
Fees and Grants from Government and Other Agencies	3,980,925	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(731,485)	3,249,440
Other Revenue																		
Program service fees, net of membership discounts	194,109	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	194,109
Rent income and other charges	6,281	-	-	366,494	40,872	405,496	2,099	-	307,712	76,391	216,820	177,268	106,973	564,225	-	184,110	(797,187)	1,657,554
Investment income	318,107	-	-	1,174	-	-	-	-	233	-	-	-	-	11	-	-	(513,696)	(194,171)
Change in investment in subsidiaries	(434,608)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	399,124	(35,484)
Other revenue	280,781	-	-	4,856	-	17,441	-	-	19	-	9	11,954	3,095	71,931	-	-	(32,501)	357,585
In-kind	3,726,756	-	-	-	-	-	-	60	99	-	-	-	-	-	-	-	-	3,726,915
Total other revenue	4,091,426	-	-	372,524	40,872	422,937	2,099	60	308,063	76,391	216,829	189,222	110,068	636,167	-	184,110	(944,260)	5,706,508
Net Assets Released from Restrictions	1,135,938	(1,135,938)	-	178,005	(178,005)	29,200	(29,200)	-	81,793	(81,793)	-	-	-	-	-	-	-	-
Total revenue and other support	10,297,426	3,369,273	-	550,529	(137,133)	452,137	(27,101)	60	389,856	(5,402)	239,489	189,222	110,068	636,167	-	184,110	(1,675,745)	14,572,956
EXPENSES																		
Salaries and wages	3,319,165	-	-	77,203	-	74,548	-	-	54,081	-	83,133	33,656	19,538	-	-	63,014	(411,658)	3,312,680
Employee benefits	455,899	-	-	13,555	-	10,288	-	-	12,022	-	13,906	-	-	658	-	9,488	(71,313)	444,503
Payroll taxes	326,271	-	-	9,089	-	7,237	-	-	6,515	-	8,884	7,874	5,545	411	-	6,104	(43,936)	333,994
Specific assistance	671,363	-	-	-	-	-	-	-	17,753	-	-	-	-	-	-	-	(35,735)	653,381
Leasing costs	26,802	-	-	-	-	-	-	-	-	-	-	-	1,688	-	-	-	-	28,490
Professional fees	92,653	-	-	10,412	-	102	-	177	11,792	-	19,063	6,087	5,959	29,386	4,087	8,647	(4,200)	184,165
Professional fees - other service providers	558,488	-	-	32,080	-	19,795	-	-	11,665	-	6,453	11,690	2,500	566	-	-	(129,067)	514,170
Management fee	-	-	-	30,349	-	29,118	-	-	27,951	-	-	-	6,418	-	-	12,547	(106,383)	-
Supplies	213,367	-	-	79,465	-	639	-	-	1,300	-	12,091	3,381	32,400	175	-	8,111	-	350,929
Telephone	25,739	-	-	-	-	1,458	-	-	3,747	-	604	838	960	1,725	-	-	-	35,071
Postage and shipping	4,728	-	-	-	-	54	-	-	-	-	5	-	-	5	-	-	-	4,792
Occupancy - rental, utilities, and insurance	843,221	-	-	51,655	-	38,104	-	677	73,776	-	119,906	50,620	34,431	4,886	-	65,051	(716,284)	566,043
Occupancy - repairs, maintenance	3,400	-	-	29,650	-	55,635	-	-	50,603	-	-	97,189	2,571	88,391	-	-	(4)	327,435
Other repairs and maintenance	48,830	-	-	-	-	74,921	-	-	42,277	-	37,838	-	-	-	-	-	-	203,866
Conferences and meetings	126,667	-	-	-	-	433	-	-	2,625	-	-	-	-	-	-	-	-	129,725
Printing and publications	3,857	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,857
Travel and transportation	19,705	-	-	-	-	1,132	-	-	1,375	-	219	1,339	993	-	-	-	(5,191)	19,572
Contributions, dues, and awards	13,075	-	-	-	-	-	-	-	-	-	-	-	2,400	-	-	-	-	15,475
Activity fees and charges	10,562	-	-	18,108	-	-	-	-	-	-	-	-	-	-	-	-	-	28,670
Interest	109,307	-	-	50,305	-	-	-	-	47,281	-	-	50,303	311,346	127,710	-	25,125	(478,890)	242,487
Other	65,531	-	-	10,699	-	11,125	-	1,235	4,431	-	11,708	27,459	18,869	2,015	13,029	13,563	(1,251)	178,413
In-kind	188,201	-	-	-	-	-	-	60	99	-	-	-	-	-	-	-	-	188,360
Bad debt expense	8,029	-	-	1,423	-	7,739	-	-	6,356	-	3,642	-	9,549	-	-	2,867	-	39,605
Depreciation and amortization	194,964	-	-	35,751	-	75,538	-	-	102,207	-	321,148	105,131	114,821	490,067	-	96,634	(31,250)	1,505,011
Total expenses	7,329,824	-	-	449,744	-	407,866	-	2,149	477,856	-	638,600	395,567	569,988	745,995	17,116	311,151	(2,035,162)	9,310,694
CHANGE IN NET ASSETS, BEFORE CAPITAL DISTRIBUTIONS	2,967,602	3,369,273	-	100,785	(137,133)	44,271	(27,101)	(2,089)	(88,000)	(5,402)	(399,111)	(206,345)	(459,920)	(109,828)	(17,116)	(127,041)	359,417	5,262,262
CAPITAL (DISTRIBUTIONS) CONTRIBUTIONS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	347,926	(100)	347,826
NET ASSETS (ACCUMULATED DEFICIT), BEGINNING OF YEAR	21,189,139	2,462,268	7,400,000	(1,020,554)	353,151	2,814,317	136,929	178,633	(900,923)	77,510	2,924,003	1,440,064	(36,223)	(1,220,944)	(2,473)	490,562	(5,634,293)	30,651,166
NET ASSETS (ACCUMULATED DEFICIT), END OF YEAR	$ 24,156,741	$ 5,831,541	$ 7,400,000	$ (919,769)	$ 216,018	$ 2,858,588	$ 109,828	$ 176,544	$ (988,923)	$ 72,108	$ 2,524,892	$ 1,233,719	$ (496,143)	$ (1,330,772)	$ (19,589)	$ 711,447	$ (5,274,976)	$ 36,261,254

See independent auditors' report on supplementary information.

THE JOHN H. BONER COMMUNITY CENTER, INC. D/B/A JOHN BONER NEIGHBORHOOD CENTERS AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	SOCIAL SERVICES			NEW LIFE MANOR APARTMENTS		BONER PROPERTIES, LLC		JHBCC PROPERTIES, LLC	BYRNE COURT APARTMENTS		BROOKSIDE COMMERCIAL, LLC	BROOKSIDE APARTMENTS, LP	JEFFERSON APARTMENTS, LP	NEAR EAST SIDE LEGACY CENTER, LLC	MOVING FORWARD 2.0	INDYEAST HOMES, LP	ELIMINATIONS	TOTAL
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS - TIME OR PURPOSE	WITH DONOR RESTRICTIONS - IN PERPETUITY	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS - TIME OR PURPOSE	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS - TIME OR PURPOSE	WITHOUT DONOR RESTRICTIONS	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS - TIME OR PURPOSE	WITHOUT DONOR RESTRICTIONS	WITHOUT DONOR RESTRICTIONS	WITHOUT DONOR RESTRICTIONS	WITHOUT DONOR RESTRICTIONS	WITHOUT DONOR RESTRICTIONS	WITHOUT DONOR RESTRICTIONS		
REVENUE AND OTHER SUPPORT																		
Direct Public Support																		
Contributions	$ 49,314	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 49,314
Special events, net of $24,972 expense	36,406	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	36,406
Total direct public support	85,720	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	85,720
Indirect Public Support																		
United Way																		
Support funds	827,072	-	-	-	-	-	-	-	-	-	21,638	-	-	-	-	-	-	848,710
Donor option	11,275	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,275
Grants and awards	1,036,888	454,396	-		-	-	-	-	-	-	62,715	-	-	-	-	-	(84,353)	1,469,646
Total indirect public support	1,875,235	454,396	-	-	-	-	-	-	-	-	84,353	-	-	-	-	-	(84,353)	2,329,631
Fees and Grants from Government and Other Agencies	3,406,789	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(748,021)	2,658,768
Other Revenue																		
Program service fees	197,427	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	197,427
Rent income and other charges	1,047	-	-	333,393	45,909	237,003	2,313	-	297,317	73,587	204,787	169,181	95,484	564,225	-	65,315	(769,171)	1,320,390
Investment income	997,285	-	-	959	-	1	-	-	178	-	-	-	248	153	-	-	(362,510)	636,314
Change in investment in subsidiaries	(374,631)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	359,756	(14,875)
Other	422,912	-	-	4,805	-	998	-	234,399	341	-	105	15,880	2,090	-	-	-	(94,209)	587,321
In-kind	370,462	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(123,034)	247,428
Total other revenue	1,614,502	-	-	339,157	45,909	238,002	2,313	234,399	297,836	73,587	204,892	185,061	97,822	564,378	-	65,315	(989,168)	2,974,005
Net Assets Released from Restrictions	1,514,941	(1,514,941)	-	89,350	(89,350)	16,280	(16,280)	-	102,108	(102,108)	-	-	-	-	-	-	-	-
Total revenue and other support	8,497,187	(1,060,545)	-	428,507	(43,441)	254,282	(13,967)	234,399	399,944	(28,521)	289,245	185,061	97,822	564,378	-	65,315	(1,821,542)	8,048,124
EXPENSES																		
Salaries and wages	2,989,125	-	-	67,910	-	102,417	-	-	57,955	-	70,471	26,977	17,181	-	-	12,780	(366,874)	2,977,942
Employee benefits	396,777	-	-	10,331	-	18,750	-	27	12,184	-	9,405	-	-	-	-	3,906	(64,916)	386,464
Payroll taxes	296,239	-	-	8,336	-	9,932	-	19	7,238	-	6,966	7,136	4,696	-	-	1,903	(38,648)	303,817
Specific assistance	580,491	-	-	-	-	-	-	-	17,868	-	-	-	-	-	-	-	(35,789)	562,570
Leasing costs	14,066	-	-	-	-	-	-	-	-	-	-	-	1,147	-	-	718	-	15,931
Professional fees	60,898	-	-	10,766	-	202	-	-	4,417	-	15,447	5,890	5,991	-	-	7,000	(4,200)	106,411
Professional fees - other service providers	206,785	-	-	26,484	-	32,524	-	-	12,571	-	6,506	11,525	2,500	17,061	-	-	(106,624)	209,332
Management fee	-	-	-	28,258	-	17,277	-	-	26,642	-	-	-	5,729	83,558	-	4,853	(77,906)	88,411
Supplies	144,844	-	-	48,747	-	1,596	-	-	1,094	-	7,712	4,260	263	-	-	1,803	-	210,319
Telephone	22,428	-	-	-	-	1,966	-	-	3,095	-	537	698	822	-	-	568	-	30,114
Postage and shipping	3,926	-	-	-	-	49	-	-	-	-	13	-	-	-	-	-	-	3,988
Occupancy - rental, utilities, and insurance	830,976	-	-	53,583	-	152,646	-	32,314	81,863	-	112,281	54,073	38,703	-	-	24,384	(716,745)	664,078
Occupancy - repairs and maintenance	1,021	-	-	15,319	-	220,129	-	-	38,978	-	-	31,745	26,063	-	-	29,979	-	363,234
Other repairs and maintenance	63,994	-	-	-	-	27,395	-	-	26,978	-	36,069	-	-	-	-	-	-	154,436
Conferences and meetings	155,996	-	-	56	-	2,268	-	-	1,134	-	126	-	-	-	-	27	-	159,607
Printing and publications	8,115	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,115
Travel and transportation	20,345	-	-	-	-	1,092	-	-	906	-	231	2,114	1,475	-	-	215	(3,090)	23,288
Contributions, dues, and awards	147,504	-	-	-	-	123,262	-	-	654	-	21	-	2,651	-	-	-	(207,387)	66,705
Activity fees and charges	16,471	-	-	17,922	-	-	-	-	-	-	-	-	-	-	-	-	-	34,393
Interest	87,265	-	-	49,823	-	11,546	-	-	44,241	-	-	49,254	281,854	127,710	-	1,176	(362,510)	290,359
Other	226,992	-	-	6,749	-	29,208	-	123,115	4,091	-	8,180	28,724	14,929	14	2,473	2,610	(100,000)	347,085
In-kind	247,428	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	247,428
Bad debt	30,335	-	-	4,648	-	600	-	-	17,193	-	-	363	13,011	-	-	-	-	66,150
Loss on disposal of property and equipment	-	-	-	-	-	(64,447)	-	-	-	-	-	-	-	-	-	-	64,447	-
Depreciation and amortization	225,373	-	-	45,171	-	120,711	-	-	102,082	-	321,148	98,675	113,790	490,067	-	17,786	(31,250)	1,503,553
Total expenses	6,777,394	-	-	394,103	-	809,123	-	155,475	461,184	-	595,113	321,434	530,805	718,410	2,473	109,708	(2,051,492)	8,823,730
CHANGE IN NET ASSETS, BEFORE CAPITAL DISTRIBUTION	1,719,793	(1,060,545)	-	34,404	(43,441)	(554,841)	(13,967)	78,924	(61,240)	(28,521)	(305,868)	(136,373)	(432,983)	(154,032)	(2,473)	(44,393)	229,950	(775,606)
CAPITAL (DISTRIBUTIONS) CONTRIBUTIONS	-	-	-	-	-	-	-	-	-	-	-	-	-	(68,315)	-	534,955	(54,719)	411,921
NET ASSETS (ACCUMULATED DEFICIT), BEGINNING OF YEAR	19,469,346	3,522,813	7,400,000	(1,054,958)	396,592	3,369,158	150,896	99,709	(839,683)	106,031	3,229,871	1,576,437	396,760	(998,597)	-	-	(5,809,524)	31,014,851
NET ASSETS (ACCUMULTED DEFICIT), END OF YEAR	$ 21,189,139	$ 2,462,268	$ 7,400,000	$ (1,020,554)	$ 353,151	$ 2,814,317	$ 136,929	$ 178,633	$ (900,923)	$ 77,510	$ 2,924,003	$ 1,440,064	$ (36,223)	$ (1,220,944)	$ (2,473)	$ 490,562	$ (5,634,293)	$ 30,651,166

INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

	SOCIAL SERVICES	NEW LIFE MANOR APARTMENTS	BONER PROPERTIES, LLC	JHBCC PROPERTIES, LLC	BYRNE COURT APARTMENTS	BROOKSIDE COMMERCIAL, LLC	BROOKSIDE APARTMENTS, LP	JEFFERSON APARTMENTS, LP	NEAR, EAST SIDE LEGACY CENTER, LLC	MOVING FORWARD 2.0	INDYEAST HOMES, LP	ELIMINATIONS	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES													
Cash and cash equivalents received from organizations and others	$ 10,496,225	$ 356,906	$ 172,229	$ 43,698	$ 377,478	$ (1,272)	$ 309,808	$ 322,566	$ 71,635	$ 9,847	$ 883,603	$ (98,577)	$ 12,944,146
Cash and cash equivalents paid to suppliers, employees, and others	(2,579,027)	(353,528)	(382,285)	-	(281,676)	-	(296,744)	-	(93,551)	-	-	(1,368,288)	(5,355,099)
Interest paid	(109,307)	(50,305)	-	-	(47,281)	-	(15,550)	(311,346)	(127,710)	-	(25,125)	478,890	(207,734)
Investment income received	793,100	1,174	-	-	233	-	-	-	11	-	-	(478,890)	315,628
Net cash, cash equivalents, and restricted cash provided by (used in) operating activities	8,600,991	(45,753)	(210,056)	43,698	48,754	(1,272)	(2,486)	11,220	(149,615)	9,847	858,478	(1,466,865)	7,696,941
CASH FLOWS FROM INVESTING ACTIVITIES													
Proceeds from sale of investments	774,156	-	-	-	-	-	-	-	-	-	-	-	774,156
Purchases of investments	(232,774)	-	-	-	-	-	-	-	-	-	-	-	(232,774)
Proceeds from sale of property and equipment	-	-	43,939	-	-	-	-	-	-	8,200	-	-	52,139
Acquisition of property and equipment	(6,214)	(210,308)	-	(44,065)	(11,865)	(4,249)	(10,370)	(11,719)	-	(75,498)	(451,910)	34,806	(791,392)
Net activity on notes receivable	(5,682,598)	-	-	-	-	-	-	-	-	-	-	15,669,550	9,986,952
Net cash, cash equivalents, and restricted cash provided by (used in) investing activities	(5,147,430)	(210,308)	43,939	(44,065)	(11,865)	(4,249)	(10,370)	(11,719)	-	(67,298)	(451,910)	15,704,356	9,789,081
CASH FLOWS FROM FINANCING ACTIVITIES													
Net activity on line of credit	240,000	-	-	-	-	-	-	-	-	-	-	-	240,000
Borrowings (principal payments) on notes and mortgages payable	-	118,638	-	-	(38,908)	-	(7,807)	-	-	65,651	(800,000)	(14,237,526)	(14,899,952)
Payment of financing fees	(10,317)	-	-	-	(35)	-	-	-	-	-	(9,069)	135	(19,286)
Capital contributions received (capital distributions paid)	-	-	-	-	-	-	-	-	-	-	347,926	(100)	347,826
Net cash, cash equivalents, and restricted cash provided by (used in) financing activities	229,683	118,638	-	-	(38,943)	-	(7,807)	-	-	65,651	(461,143)	(14,237,491)	(14,331,412)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	3,683,244	(137,423)	(166,117)	(367)	(2,054)	(5,521)	(20,663)	(499)	(149,615)	8,200	(54,575)	-	3,154,610
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, BEGINNING OF YEAR	1,517,414	433,365	317,265	367	82,208	7,200	117,487	138,587	173,812	-	83,992	-	2,871,697
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, END OF YEAR	$ 5,200,658	$ 295,942	$ 151,148	$ -	$ 80,154	$ 1,679	$ 96,824	$ 138,088	$ 24,197	$ 8,200	$ 29,417	$ -	$ 6,026,307
SUMMARY OF NON-CASH INVESTING AND FINANCING ACTIVITIES													
Purchase of property and equipment with loan proceeds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,222,596	$ -	$ 2,222,596
Purchase of property and equipment in accounts payable	-	-	-	-	-	-	-	-	-	-	461,454	-	461,454

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH, CASH EQUIVALENTS, AND RESTRICTED CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES

	SOCIAL SERVICES	NEW LIFE MANOR APARTMENTS	BONER PROPERTIES, LLC	JHBCC PROPERTIES, LLC	BYRNE COURT, APARTMENTS	BROOKSIDE COMMERCIAL, LLC	BROOKSIDE APARTMENTS, LP	JEFFERSON APARTMENTS, LP	NEAR EAST SIDE LEGACY CENTER, LLC	MOVING FORWARD 2.0	INDYEAST HOMES, LP	ELIMINATIONS	TOTAL
CHANGE IN NET ASSETS	$ 6,336,875	$ (36,348)	$ 17,170	$ (2,089)	$ (93,402)	$ (399,111)	$ (206,345)	$ (459,920)	$ (109,828)	$ (17,116)	$ (127,041)	$ 359,417	$ 5,262,262
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH, CASH EQUIVALENTS, AND RESTRICTED CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES													
Depreciation and amortization	194,964	35,751	75,538	-	102,207	321,148	105,131	114,821	490,067	-	96,634	(31,250)	1,505,011
Unrealized/Realized loss on investments	474,993	-	-	-	-	-	-	-	-	-	-	-	474,993
Change in investment in subsidiary	434,608	-	-	-	-	-	-	-	-	-	-	(399,124)	35,484
(Increase) decrease in operating assets:													
Grant reimbursements receivable	(206,503)	-	-	-	-	-	-	-	-	-	-	-	(206,503)
United Way receivables	32,730	-	-	-	-	-	-	-	-	-	-	-	32,730
Related party receivables	657,913	-	(257,347)	-	-	72,499	114,056	-	(564,521)	-	2,208	(90,120)	(65,312)
Pledges receivable	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receivables, net	(6,216)	(54,220)	12,279	-	(387)	3,035	4,990	(2,281)	-	-	(61,190)	-	(103,990)
Prepaid expenses	3,245	(577)	(959)	-	(2,631)	(3,195)	51	(1,199)	(3,647)	(2)	(1,141)	-	(10,055)
Increase (decrease) in operating liabilities:													
Accounts payable	60,259	12,699	(30,736)	-	548	(38,838)	(1,064)	(717)	7,711	(2,902)	766,289	-	773,249
Accrued payroll	12,619	-	-	-	-	-	-	-	-	-	-	-	12,619
Related party payables	699,590	(3,559)	-	45,787	41,135	43,195	(52,037)	48,085	113,521	29,792	(14,614)	(950,895)	-
Other payables and accrued expenses	(55,943)	174	(26,001)	-	1,284	(5)	31,192	312,408	(82,918)	75	197,950	(386,143)	(7,927)
Deferred revenue	(38,143)	327	-	-	-	-	1,540	23	-	-	(617)	31,250	(5,620)
Total adjustments	2,264,116	(9,405)	(227,226)	45,787	142,156	397,839	203,859	471,140	(39,787)	26,963	985,519	(1,826,282)	2,434,679
NET UNRESTRICTED CASH, CASH EQUIVALENTS, AND RESTRICTED CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 8,600,991	$ (45,753)	$ (210,056)	$ 43,698	$ 48,754	$ (1,272)	$ (2,486)	$ 11,220	$ (149,615)	$ 9,847	$ 858,478	$ (1,466,865)	$ 7,696,941

INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

	SOCIAL SERVICES	NEW LIFE MANOR APARTMENTS	BONER PROPERTIES, LLC	JHBCC PROPERTIES, LLC	BYRNE COURT APARTMENTS	BROOKSIDE COMMERCIAL, LLC	BROOKSIDE APARTMENTS, LP	JEFFERSON APARTMENTS, LP	NEAR EAST SIDE LEGACY CENTER, LLC	MOVING FORWARD 2.0	INDYEAST HOMES, LP	ELIMINATIONS	TOTAL
CASH FLOWS FROM OPERATING ACTIVITEIS													
Cash received from organizations and others	$ 4,669,279	$ 380,931	$ 268,835	$ 234,399	$ 361,548	$ 375,979	$ 190,207	$ 83,008	$ 184,000	$ (37,303)	$ -	$ 2,634,807	$ 9,345,690
Cash paid to suppliers, employees, and others	(5,722,024)	(357,039)	(863,424)	(654,116)	(243,923)	-	(132,882)	265,758	(150,584)	-	(144,719)	(652,467)	(8,655,420)
Interest paid	(87,265)	(49,823)	(11,546)	-	(44,241)	-	(14,468)	(281,854)	(59,395)	-	(1,176)	362,510	(187,258)
Investment income received	653,713	959	1	-	178	-	-	248	153	-	-	(362,510)	292,742
Net cash, cash equivalents, and restricted cash provided by (used in) operating activities	(486,297)	(24,972)	(606,134)	(419,717)	73,562	375,979	42,857	67,160	(25,826)	(37,303)	(145,895)	1,982,340	795,754
CASH FLOWS FROM INVESTING ACTIVITES													
Proceeds from sale of investments	7,750,000	-	-	-	-	-	-	-	-	-	-	-	7,750,000
Purchases of investments	(7,574,885)	-	-	-	-	-	-	-	-	-	-	(34,875)	(7,609,760)
Proceeds from sale of property and equipment	-	-	1,231,747	401,205	-	-	-	-	-	-	-	(1,560,000)	72,952
Acquisition of property and equipment	(170,771)	(41,022)	(43,561)	-	(51,383)	(374,813)	(10,001)	(69,676)	-	(262,697)	(405,068)	-	(1,428,992)
Net activity on notes receivable	192,904	-	-	-	-	-	-	-	-	-	-	(383,276)	(190,372)
Net cash, cash equivalents, and restricted cash provided by (used in) investing activities	197,248	(41,022)	1,188,186	401,205	(51,383)	(374,813)	(10,001)	(69,676)	-	(262,697)	(405,068)	(1,978,151)	(1,406,172)
CASH FLOWS FROM FINANCING ACTIVITIES													
Net activity on line of credit	260,000	-	-	-	-	-	-	-	-	-	-	-	260,000
Borrowings (principal payments) on notes and mortgages payable	417,457	(16,546)	(433,238)	-	(37,703)	-	(32,302)	-	-	300,000	100,000	58,238	355,906
Payment of financing fees	-	-	-	-	85	-	-	-	-	-	-	(7,708)	(7,623)
Capital contributions received (capital distributions paid)	-	-	-	-	-	-	-	-	(68,315)	-	534,955	(54,719)	411,921
Net cash, cash equivalents, and restricted cash provided by (used in) financing activities	677,457	(16,546)	(433,238)	-	(37,618)	-	(32,302)	-	(68,315)	300,000	634,955	(4,189)	1,020,204
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	388,408	(82,540)	148,814	(18,512)	(15,439)	1,166	554	(2,516)	(94,141)	-	83,992	-	409,786
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, BEGINNING OF YEAR	1,129,006	515,905	168,451	18,879	97,647	6,034	116,933	141,103	267,953	-	-	-	2,461,911
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, END OF YEAR	$ 1,517,414	$ 433,365	$ 317,265	$ 367	$ 82,208	$ 7,200	$ 117,487	$ 138,587	$ 173,812	$ -	$ 83,992	$ -	$ 2,871,697
SUMMARY OF NON-CASH INVESTING AND FINANCING ACTIVITIES													
Donated property and equipment and investment	$ 123,034	$ -	$ (123,034)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 123,034	$ (123,034)	$ -
Purchase of property and equipment with loan proceeds	-	-	-	-	-	-	-	-	-	-	1,560,000	(1,560,000)	-
Purchase of property and equipment in accounts payable	-	-	-	-	-	-	-	-	-	-	122,614	-	122,614

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH, CASH EQUIVALENTS, AND RESTRICTED CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES

	SOCIAL SERVICES	NEW LIFE MANOR APARTMENTS	BONER PROPERTIES, LLC	JHBCC PROPERTIES, LLC	BYRNE COURT APARTMENTS	BROOKSIDE COMMERCIAL, LLC	BROOKSIDE APARTMENTS, LP	JEFFERSON APARTMENTS, LP	NEAR EAST SIDE LEGACY CENTER, LLC	MOVING FORWARD 2.0	INDYEAST HOMES, LP	ELIMINATIONS	TOTAL
CHANGE IN NET ASSETS	$ 659,248	$ (9,037)	$ (568,808)	$ 78,924	$ (89,761)	$ (305,868)	$ (136,373)	$ (432,983)	$ (154,032)	$ (2,473)	$ (44,393)	$ 229,950	$ (775,606)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH, CASH EQUIVALENTS, AND RESTRICTED CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES													
(Gain) loss on disposal of property and equipment	-	-	(64,447)	-	-	-	-	-	-	-	-	64,447	-
Depreciation and amortization	225,373	45,171	120,711	-	102,082	321,148	98,675	113,790	490,067	-	17,786	(31,250)	1,503,553
Donated goods, property, equipment, and investment	(123,034)	-	123,034	-	-	-	-	-	-	-	(123,034)	123,034	-
Unrealized gains on investments	(343,572)	-	-	-	-	-	-	-	-	-	-	-	(343,572)
Change in investment in subsidiary	374,631	-	-	-	-	-	-	-	-	-	-	(359,756)	14,875
(Increase) decrease in operating assets:													
Grant reimbursements receivable	311,832	-	-	-	-	-	-	-	-	-	-	-	311,832
United Way receivables	(8,712)	-	-	-	-	-	-	-	-	-	-	-	(8,712)
Related party receivables	(2,054,314)	-	(97,521)	-	-	(40,499)	(7,373)	-	(380,225)		(68,677)	2,610,329	(38,280)
Other receivables, net	6,811	677	3,608	-	7,496	-	12,081	(1,894)	-	-	(2,097)	-	26,682
Prepaid expenses	(36,413)	529	11,259	2,736	2,511	(6)	(277)	1,385	-	(51,250)	(4,459)	-	(73,985)
Increase (decrease) in operating liabilities:													
Accounts payable	(134,944)	(10,430)	31,040	-	(13,819)	31,674	1,781	65,882	-	2,902	13,861	-	(12,053)
Accrued payroll	10,358	-	-	-	-	-	-	-	-	-	-	-	10,358
Related party payables	126,818	(53,520)	(157,229)	(501,377)	68,174	369,530	41,930	39,715	-	13,518	33,737	18,704	-
Other payables and accrued expenses	529,485	843	(7,781)	-	(3,121)	-	31,612	280,926	18,364	-	29,654	(704,368)	175,614
Deferred revenue	(29,864)	795	-	-	-	-	801	339	-	-	1,727	31,250	5,048
Total adjustments	(1,145,545)	(15,935)	(37,326)	(498,641)	163,323	681,847	179,230	500,143	128,206	(34,830)	(101,502)	1,752,390	1,571,360
NET UNRESTRICTED CASH, CASH EQUIVALENTS, AND RESTRICTED CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ (486,297)	$ (24,972)	$ (606,134)	$ (419,717)	$ 73,562	$ 375,979	$ 42,857	$ 67,160	$ (25,826)	$ (37,303)	$ (145,895)	$ 1,982,340	$ 795,754

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	AGENCY PASS-THROUGH NUMBER	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
City of Indianapolis - Department of Metropolitan Development			
CDBG-Entitlement Grants Cluster			
Community Development Block Grants/Entitlement Grants - Children & Youth Summer Camp	14.218	1300003828	$ 15,000
Local Initiatives Support Corporation			
Section 4 Capacity Building for Community Development and Affordable Housing	14.252	43675-0050	15,000
City of Indianapolis			
Shelter Plus Care - Continuum of Care Fund	14.267	1300003235	18,334
Indianapolis Housing Authority			
Section 8 Project-Based Cluster			
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	IN017	543,990
Total U.S. Department of Housing and Urban Development Programs			592,324
U.S. DEPARTMENT OF LABOR			
Local Initiative Support Corporation			
Reentry Employment Opportunities	17.270	43675-0048	107,749
	17.270	43675-0052	113,025
Total U.S. Department of Labor Programs			220,774
DEPARTMENT OF THE TREASURY - INTERNAL REVENUE SERVICE			
United Way of Central Indiana			
Volunteer Income Tax Assistance (VITA) Matching Grant Program	21.009	17VITA0039	11,500
	21.009	19VITA0151	3,593
Total Department of Treasury - Internal Revenue Service Programs			15,093
U.S. DEPARTMENT OF EDUCATION			
Indiana Department of Education			
21st Century Community Learning Centers	84.287	A58818DL4566	151,869
21st Century Community Learning Centers	84.287	A58818DL4844	69,024
21st Century Community Learning Centers	84.287	EDS#A58-9-19DL-0013	179,322
21st Century Community Learning Centers	84.287	A58717DL0083	165,076
Total U.S. Department of Education Programs			565,291
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Central Indiana Council on Aging			
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	111-D-2018-19-02	3,732
Central Indiana Council on Aging			
Aging Cluster			
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	III-E-2018-19-06	29,960
Indiana Family and Social Services Administration			
Elder Alternative Adult Day Care Center - Medicaid Waiver	93.052	100108120A	85,035
Indiana State Department of Health			
Maternal and Child Health Federal Consolidated Programs	93.110	0026578	323,736
United Way of Central Indiana, Inc.			
Low-Income Home Energy Assistance Program	93.568	LI-018-027/LI-019-027	485,873
Indiana Housing & Community Development Authority			
Assets for Independence	93.602	IDA016-035-1/IDA014-020	15,948
Total U.S. Department of Health and Human Services Programs			944,284

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	AGENCY PASS-THROUGH NUMBER	FEDERAL EXPENDITURES
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Serve Indiana, Indiana Department of Workforce Development			
AmeriCorps - AARA	94.006	AF-6-884/AF-7-884	$ 92,462
Local Initiative Support Corporation			
Social Innovation Fund - LISC National	94.019	43675-0045/43675-0049	166,639
United Way of Central Indiana, Inc.			
Social Innovation Fund - Great Families 2020	94.019	16SIHIN001	310,150
Total Corporation for National and Community Service Programs			569,251
U.S. DEPARTMENT OF HOMELAND SECURITY			
United Way Federal Emergency Management Agency			
Emergency Food and Shelter National Board Program	97.024	27280019-019	21,228
Grand Total			$ 2,928,245

NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes federal grant activity of the Center, BP, and MF 2.0 under programs of the federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Center, BP, and MF 2.0, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Center, BP, and MF 2.0.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. INDIRECT COST RATE

The Center, BP, and MF 2.0 have elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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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*

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of The
John H. Boner Community Center, Inc.
d/b/a John Boner Neighborhood Centers and Subsidiaries:

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 of America, the consolidated financial statements of The John H. Boner Community Center, Inc. d/b/a John Boner Neighborhood Centers and Subsidiaries (collectively, the Organization), which comprise the consolidated statement of financial position as of December 31, 2018, and the related consolidated statements of activities, changes in net assets, and cash flows for the year ended, and the related notes to consolidated financial statements, and have issued our report thereon dated June 11, 2019. Our report includes a reference to other auditors who audited the financial statements of New Life Manor, Inc., Brookside Apartments, LP, Jefferson Apartments, LP, and Indy East Homes, LP, as described in our report on the Organization's consolidated financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's consolidated 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 the 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 the Organization's consolidated 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 consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, 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 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.

Greenwalt CPAs, Inc.

June 11, 2019

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GREENWALT CPAs

Report On Compliance For Each Major Federal Program And On Internal Control Over Compliance Required By The Uniform Guidance

Independent Auditors' Report

To the Board of Directors of The
John H. Boner Community Center, Inc.
d/b/a John Boner Neighborhood Centers and Subsidiaries:

Report on Compliance for Each Major Federal Program

We have audited The John H. Boner Community Center, Inc. d/b/a John Boner Neighborhood Centers and Subsidiaries' (collectively, the Organization) 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 Organization's major federal programs for the year ended December 31, 2018. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The Organization's basic consolidated financial statements include the operations of New Life Manor (NLM), which received $1,804,801 in federal awards which is not included in the Organization's schedule of expenditures of federal awards for the year ended December 31, 2018. The Organization's basic consolidated financial statements include the operations of Parish Place, Inc. d/b/a Byrne Court Apartments (Byrne), which received $1,840,819 in federal awards for the year ended June 30, 2018 which is not included in the Organization's schedule of expenditures of federal awards for the year ended December 31, 2018. Our audit, described below, did not include the operations of NLM or Byrne because the entities engaged other auditors to perform audits of compliance.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization'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 of America; 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 the Organization'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 Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

Management of the Organization 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 Organization'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 Organization'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.

Greenwalt CPAs, Inc.

June 11, 2019

A. SUMMARY OF AUDIT RESULTS

Financial Statements

1. Type of auditors' report issued on whether the consolidated financial statements were prepared in accordance with Generally Accepted Accounting Principles (GAAP): Unmodified

2. Internal control over financial reporting:
   - Material weakness(es) identified? _______yes ___X___no
   - Significant deficiency(ies) identified? _______yes ___X___none reported

3. Noncompliance material to financial statements noted? _______yes ___X___no

Federal Awards

4. Internal control over major federal programs:
   - Material weakness(es) identified? _______yes ___X___no
   - Significant deficiency(ies) identified? _______yes ___X___none reported

5. Type of auditors' report issued on compliance for major federal programs: Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _______yes ___X___no

7. Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
14.856	Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation
93.110	Maternal and Child Health Federal Consolidated Programs

8. Dollar threshold used to distinguish between type A and type B programs: $ 750,000

9. Auditee qualified as low-risk auditee? ___X___yes _______no

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None.