
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, 2017 AND 2016

GREENWALT^{CPAs}

We Deliver Peace of Mind

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

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DECEMBER 31, 2017 AND 2016

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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, 2017 and 2016, 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), Near East Side Legacy Center, LLC d/b/a Boner Fitness & Learning Center at the Chase Legacy Building (NELC), and Indy East Homes, LP (IEH) which statements of financial position reflect total assets of \$22,673,985 and \$20,821,308, respectively, at December 31, 2017 and 2016, and total revenues of \$1,297,642 and \$1,253,900, respectively, for the years then ended. Those financial 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, NELC, and IEH, is based solely on the reports of the 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 audit 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, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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, which is the responsibility of management, is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such 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 13, 2018, 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.

Greenwald CPAs, Inc.

June 13, 2018

THE JOHN H. BONER COMMUNITY CENTER, INC. D/B/A JOHN BONER
 NEIGHBORHOOD CENTERS AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2017 AND 2016

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash	\$ 2,033,382	\$ 1,514,808
Cash - restricted	838,315	947,103
Grant reimbursements receivable	558,428	870,260
United Way receivables	202,704	193,992
Related party receivables	43,700	5,420
Notes receivable, net	1,125,427	530,000
Other receivables, net	100,529	127,211
Prepaid expenses	135,758	61,773
Short term investments	-	303,712
<i>Total current assets</i>	<u>5,038,243</u>	<u>4,554,279</u>
LONG TERM INVESTMENTS	11,133,015	10,711,284
NOTES RECEIVABLE, NET OF CURRENT PORTION	10,067,283	10,472,338
PROPERTY AND EQUIPMENT, NET	<u>25,043,258</u>	<u>25,175,208</u>
<i>Total assets</i>	<u>\$ 51,281,799</u>	<u>\$ 50,913,109</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 353,579	\$ 428,130
Accrued payroll	114,540	104,182
Related party payables	1,500	1,500
Other payables and accrued expenses	531,157	355,543
Deferred revenue	38,346	33,298
Line of credit	260,000	-
Current maturities of notes and mortgages payable	<u>450,973</u>	<u>80,994</u>
<i>Total current liabilities</i>	1,750,095	1,003,647
LONG-TERM LIABILITIES		
Notes and mortgages payable, net of current portion and financing fees	<u>18,880,538</u>	<u>18,894,611</u>
<i>Total liabilities</i>	<u>20,630,633</u>	<u>19,898,258</u>
COMMITMENTS AND CONTINGENCIES (NOTES 10 and 11)		
NET ASSETS		
Unrestricted - undesignated	18,737,545	17,784,909
Minority interest in net assets of consolidated subsidiary	<u>1,483,763</u>	<u>1,653,610</u>
<i>Total unrestricted net assets</i>	20,221,308	19,438,519
Temporarily restricted	3,029,858	4,176,332
Permanently restricted	<u>7,400,000</u>	<u>7,400,000</u>
<i>Total net assets</i>	<u>30,651,166</u>	<u>31,014,851</u>
<i>Total liabilities and net assets</i>	<u>\$ 51,281,799</u>	<u>\$ 50,913,109</u>

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, 2017 AND 2016

	2017				2016			
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
REVENUE AND OTHER SUPPORT								
Direct Public Support								
Contributions	\$ 49,314	\$ -	\$ -	\$ 49,314	\$ 11,632	\$ 4,712	\$ -	\$ 16,344
Special events, net of expense of \$24,972 in 2017 and \$26,414 in 2016	36,406	-	-	36,406	35,309	-	-	35,309
<i>Total direct public support</i>	<u>85,720</u>	<u>-</u>	<u>-</u>	<u>85,720</u>	<u>46,941</u>	<u>4,712</u>	<u>-</u>	<u>51,653</u>
Indirect Public Support								
United Way								
Support funds	848,710	-	-	848,710	1,200,215	-	-	1,200,215
Donor option	11,275	-	-	11,275	11,080	-	-	11,080
Grants and awards	1,015,250	454,396	-	1,469,646	688,366	2,292,085	7,400,000	10,380,451
<i>Total indirect public support</i>	<u>1,875,235</u>	<u>454,396</u>	<u>-</u>	<u>2,329,631</u>	<u>1,899,661</u>	<u>2,292,085</u>	<u>7,400,000</u>	<u>11,591,746</u>
Fees and Grants from Government and Other Agencies	5,162,771	-	-	5,162,771	5,764,200	-	-	5,764,200
Other Revenue								
Program service fees	197,427	-	-	197,427	289,314	-	-	289,314
Rent income and other charges	1,198,581	121,809	-	1,320,390	1,159,922	404,889	-	1,564,811
Investment income	636,314	-	-	636,314	143,494	-	-	143,494
Change in investment in subsidiaries	(14,875)	-	-	(14,875)	-	-	-	-
Other revenue	587,321	-	-	587,321	250,631	-	-	250,631
In-kind	247,428	-	-	247,428	1,587,453	-	-	1,587,453
<i>Total other revenue</i>	<u>2,852,196</u>	<u>121,809</u>	<u>-</u>	<u>2,974,005</u>	<u>3,430,814</u>	<u>404,889</u>	<u>-</u>	<u>3,835,703</u>
Net Assets Released from Restriction	1,722,679	(1,722,679)	-	-	1,039,979	(1,039,979)	-	-
<i>Total revenue and other support</i>	<u>11,698,601</u>	<u>(1,146,474)</u>	<u>-</u>	<u>10,552,127</u>	<u>12,181,595</u>	<u>1,661,707</u>	<u>7,400,000</u>	<u>21,243,302</u>
EXPENSES								
Salaries and wages	2,977,942	-	-	2,977,942	2,549,379	-	-	2,549,379
Employee benefits	386,464	-	-	386,464	350,308	-	-	350,308
Payroll taxes	303,817	-	-	303,817	258,591	-	-	258,591
Specific assistance	3,066,573	-	-	3,066,573	3,744,419	-	-	3,744,419
Leasing costs	15,931	-	-	15,931	15,433	-	-	15,433
Professional fees	106,411	-	-	106,411	186,395	-	-	186,395
Professional fees - other service providers	209,332	-	-	209,332	53,218	-	-	53,218
Management fee	88,411	-	-	88,411	83,558	-	-	83,558
Supplies	210,319	-	-	210,319	195,420	-	-	195,420
Telephone	30,114	-	-	30,114	28,548	-	-	28,548
Postage and shipping	3,988	-	-	3,988	5,060	-	-	5,060
Occupancy - rental, utilities, insurance	664,078	-	-	664,078	655,776	-	-	655,776
Occupancy - repairs, maintenance	363,234	-	-	363,234	317,535	-	-	317,535
Other repairs and maintenance	154,436	-	-	154,436	141,646	-	-	141,646
Conferences and meetings	159,607	-	-	159,607	61,990	-	-	61,990
Printing and publications	8,115	-	-	8,115	7,909	-	-	7,909
Travel and transportation	23,288	-	-	23,288	16,491	-	-	16,491
Contributions, dues and awards	66,705	-	-	66,705	29,714	-	-	29,714
Activity fees and charges	34,393	-	-	34,393	24,821	-	-	24,821
Interest expense	290,359	-	-	290,359	431,679	-	-	431,679
Other expenses	347,085	-	-	347,085	217,094	-	-	217,094
In-kind	247,428	-	-	247,428	214,581	-	-	214,581
Bad debt expense	66,150	-	-	66,150	22,687	-	-	22,687
Loss on sale of property and equipment	-	-	-	-	55,393	-	-	55,393
Depreciation and amortization	1,503,553	-	-	1,503,553	1,517,435	-	-	1,517,435
<i>Total expenses</i>	<u>11,327,733</u>	<u>-</u>	<u>-</u>	<u>11,327,733</u>	<u>11,185,080</u>	<u>-</u>	<u>-</u>	<u>11,185,080</u>
CHANGE IN NET ASSETS	370,868	(1,146,474)	-	(775,606)	996,515	1,661,707	7,400,000	10,058,222
CAPITAL CONTRIBUTIONS	411,921	-	-	411,921	-	-	-	-
NET ASSETS, BEGINNING OF YEAR	19,438,519	4,176,332	7,400,000	31,014,851	18,442,004	2,514,625	-	20,956,629
NET ASSETS, END OF YEAR	<u>\$ 20,221,308</u>	<u>\$ 3,029,858</u>	<u>\$ 7,400,000</u>	<u>\$ 30,651,166</u>	<u>\$ 19,438,519</u>	<u>\$ 4,176,332</u>	<u>\$ 7,400,000</u>	<u>\$ 31,014,851</u>

See accompanying notes to financial statements.

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, 2017 AND 2016

	Controlling Interest			Total	Minority Interest	Total
	Unrestricted	Temporarily Restricted	Permanently Restricted			
NET ASSETS, JANUARY 1, 2016	\$ 16,280,185	\$ 2,514,625	\$ -	\$ 18,794,810	\$ 2,161,819	\$ 20,956,629
CHANGE IN NET ASSETS	<u>1,504,724</u>	<u>1,661,707</u>	<u>7,400,000</u>	<u>10,566,431</u>	<u>(508,209)</u>	<u>10,058,222</u>
NET ASSETS, DECEMBER 31, 2016	17,784,909	4,176,332	7,400,000	29,361,241	1,653,610	31,014,851
CAPITAL CONTRIBUTION	-	-	-	-	411,921	411,921
CHANGE IN NET ASSETS	<u>952,636</u>	<u>(1,146,474)</u>	<u>-</u>	<u>(193,838)</u>	<u>(581,768)</u>	<u>(775,606)</u>
NET ASSETS, DECEMBER 31, 2017	<u>\$ 18,737,545</u>	<u>\$ 3,029,858</u>	<u>\$ 7,400,000</u>	<u>\$ 29,167,403</u>	<u>\$ 1,483,763</u>	<u>\$ 30,651,166</u>

CHANGE IN UNRESTRICTED CASH

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from organizations and others	\$ 11,849,693	\$ 18,260,791
Cash paid to suppliers, employees, and others	(11,159,423)	(10,695,005)
Interest paid	(187,258)	(335,266)
Investment income received	292,742	128,938
	<u>795,754</u>	<u>7,359,458</u>
<i>Net unrestricted cash provided by operating activities</i>		
CASH FLOWS FROM INVESTING ACTIVITIES		
Net deposits (to) from reserves	108,788	30,665
Proceeds from sale of investments	7,750,000	1,200,000
Proceeds from sale of property and equipment	72,952	-
Purchases of investments	(7,609,760)	(9,988,062)
Acquisition of property and equipment	(1,428,992)	(1,132,546)
Net activity on note receivable	(190,372)	(4,446,269)
	<u>(1,297,384)</u>	<u>(14,336,212)</u>
<i>Net unrestricted cash used in investing activities</i>		
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds (repayments) on line of credit	260,000	(235,000)
Net borrowings (principal payments) on notes and mortgages payable	355,906	707,494
Contribution for endowment purposes	-	7,400,000
Payment of financing fees	(7,623)	(79,475)
Capital contributions received	411,921	-
	<u>1,020,204</u>	<u>7,793,019</u>
<i>Net unrestricted cash provided by financing activities</i>		
NET CHANGE IN UNRESTRICTED CASH	518,574	816,265
UNRESTRICTED CASH, BEGINNING OF YEAR	<u>1,514,808</u>	<u>698,543</u>
UNRESTRICTED CASH, END OF YEAR	<u>\$ 2,033,382</u>	<u>\$ 1,514,808</u>
SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Donated property and equipment	\$ -	\$ 48,297
Donated investment	\$ -	\$ 1,300,000
Purchase of property and equipment in accounts payable	\$ 122,614	\$ 178,842

**RECONCILIATION OF CHANGE IN NET ASSETS TO NET
 UNRESTRICTED CASH PROVIDED BY OPERATING ACTIVITIES**

	<u>2017</u>	<u>2016</u>
CHANGE IN NET ASSETS	<u>\$ (775,606)</u>	<u>\$ 10,058,222</u>
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET UNRESTRICTED CASH PROVIDED BY OPERATING ACTIVITIES		
Loss on disposal of property and equipment	-	57,367
Depreciation and amortization	1,503,553	1,517,435
Unrealized gains on investments	(343,572)	(14,556)
Change in investment in subsidiary	14,875	-
Restricted contribution to endowment	-	(7,400,000)
Donated goods, property, equipment, and investment	-	(1,348,297)
<i>(Increase) decrease in operating assets:</i>		
Grant reimbursements receivable	311,832	85,251
United Way receivables	(8,712)	(5,880)
Related party receivables	(38,280)	4,306,748
Pledges receivable	-	-
Other receivables, net	26,682	(88,866)
Prepaid expenses	(73,985)	(435)
<i>Increase (decrease) in operating liabilities:</i>		
Accounts payable	(12,053)	190,920
Accrued payroll	10,358	28,184
Other payables and accrued expenses	175,614	1,131
Deferred revenue	5,048	(27,766)
 <i>Total adjustments</i>	 <u>1,571,360</u>	 <u>(2,698,764)</u>
 NET UNRESTRICTED CASH PROVIDED BY OPERATING ACTIVITIES	 <u><u>\$ 795,754</u></u>	 <u><u>\$ 7,359,458</u></u>

THE JOHN H. BONER COMMUNITY CENTER, INC. D/B/A JOHN BONER
NEIGHBORHOOD CENTERS AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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 on 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 and houses the Center's Senior and Adult Day Service Programs.

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.

THE JOHN H. BONER COMMUNITY CENTER, INC. D/B/A JOHN BONER
NEIGHBORHOOD CENTERS AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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.

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%.

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 no cash equivalents at December 31, 2017 and 2016. Accounts at the banks are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2017, the Center held cash in excess of FDIC limits in the amount of \$916,186.

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.

THE JOHN H. BONER COMMUNITY CENTER, INC. D/B/A JOHN BONER
 NEIGHBORHOOD CENTERS AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

OTHER RECEIVABLES, CONTINUED

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 \$29,749 and \$28,168 as of December 31, 2017 and 2016, 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:

	<u>2017</u>	<u>2016</u>
Short term investments:		
Certificates of deposit	\$ -	\$ 303,712
Long-term investments:		
Certificates of deposit	-	611,187
Equities	3,953,558	-
Corporate bonds	4,503,979	-
Cash held for future investment	1,390,353	8,800,097
HealthNet Peoples Health Center, LLC	1,265,125	1,300,000
Inspire 10 th Street, LLC	20,000	-
	<u>\$ 11,133,015</u>	<u>\$ 11,014,996</u>

The Organization's certificates of deposit and cash held for future investment are recorded at cost at December 31, 2017 and 2016.

Effective June 30, 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 December 31, 2016. This investment is recorded based on the equity method.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

As required by Accounting Standards for the Preparation of Financial Statements of Not-for-Profit Entities, the Organization is required to report information regarding the changes in and total of each of the net asset classes, based upon donor restrictions, as applicable. Net assets are to be classified as unrestricted, temporarily restricted, and permanently restricted.

UNRESTRICTED

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.

TEMPORARILY RESTRICTED

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. Donor restricted promises to give that are due in future periods and are not permanently restricted are classified as temporarily restricted net assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

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

	<u>2017</u>	<u>2016</u>
Super Bowl Legacy Project	\$ 10,620	\$ 23,188
NELC maintenance fund	713,428	713,428
Replacement reserve	402,380	387,886
Sustainability and infrastructure	1,021,752	1,997,361
Other programs	881,678	1,054,469
	<u>\$ 3,029,858</u>	<u>\$ 4,176,332</u>

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

PERMANENTLY RESTRICTED

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. Permanently restricted net assets were \$7,400,000 at December 31, 2017 and 2016. See Note 9.

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 unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

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

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.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

	<u>2017</u>	<u>2016</u>
Program services	\$ 10,287,999	\$ 10,339,092
Management and general	879,832	694,369
Fundraising	184,874	178,033
Less fundraising expense netted with revenue page 6	<u>(24,972)</u>	<u>(26,414)</u>
	<u>\$ 11,327,733</u>	<u>\$ 11,185,080</u>

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.

IN-KIND CONTRIBUTIONS

The Organization received in-kind contributions of \$247,428 and \$1,587,453 in 2017 and 2016, respectively. The majority of 2017 donations related to food and beverage for events, volunteer fitness instructors, and professional services. The majority of 2016 donations related to a gift of a 23% interest in HealthNet Peoples Health Center, LLC (see investments page 12), quarterly volunteer instructors for the YET Center, after school program donations, and technology for the Career Opportunities Center.

SUBSEQUENT EVENTS

Subsequent events have been considered through June 13, 2018, which was the date the financial statements were available to be issued. See Note 14.

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.

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.

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3. CASH - RESTRICTED

NLM, BP, Byrne, BA, and JA 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 \$783,593 and \$778,917 at December 31, 2017 and 2016, 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 \$10,620 and \$23,188 at December 31, 2017 and 2016, respectively.

NELC has cash reserved for future construction and certain other fees and expenses of \$41,069 and \$141,973 at December 31, 2017 and 2016, respectively.

The Center has cash restricted for the Assets for Independence program of \$3,033 and \$3,025 at December 31, 2017 and 2016, respectively.

4. 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:

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4. FAIR VALUE OF FINANCIAL INSTRUMENTS, CONTINUED

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

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

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 investments at December 31, 2017 was \$8,085,173.

5. NOTES RECEIVABLE

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 Investments also loaned funds to the Near Eastside Legacy Center, see Note 7. 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 is incurred at fixed rate of 1% per annum. The repayment of the note will commence in March 2018, with quarterly payments consisting of principal and interest. The note matures on February 8, 2043.

In October 2014, the Center entered into a loan agreement with Near East Area Renewal, Inc. (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 \$170,000 and \$530,000 as of December 31, 2017 and 2016, respectively.

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 \$500,000 at December 31, 2017.

During 2016, the Center entered three loan agreements for \$80,000, \$28,000 and \$45,200, respectively, with Englewood Community Development Corporation for the purchase of three houses 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.

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5. NOTES RECEIVABLE, CONTINUED

The final principal balance is due upon the maturity date of each note receivable. The loan agreements mature in September 2018, April 2019, and June 2018, respectively. The combined loan balance was \$109,600 and \$152,000 as of December 31, 2017 and 2016.

In December 2017, the Center entered into a loan agreement with Inspire 10th Street, LLC, Inc. (Inspire) for the purpose of acquiring, owning, constructing, rehabilitating and operating commercial, multifamily affordable rental housing projects and other real estate development projects in Indianapolis. The loan funds will be advanced on an as needed basis to Inspire up to \$400,000 at an annual interest rate of 1%. The balance was \$92,772 as of December 31, 2017. The balance is due in full December 31, 2020.

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

2018	\$	1,125,427
2019		405,284
2020		473,544
2021		384,293
2022		387,847
Thereafter		8,416,315
	\$	<u>11,192,710</u>

6. PROPERTY AND EQUIPMENT

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

	<u>2017</u>	<u>2016</u>
Buildings	\$ 28,794,420	\$ 28,919,939
Leasehold improvements	400,616	394,586
Furnishings and office equipment	4,426,878	4,367,048
Autos and trucks	<u>170,131</u>	<u>170,131</u>
	33,792,045	33,851,704
Accumulated depreciation	<u>(12,598,471)</u>	<u>(11,621,185)</u>
	21,193,574	22,230,519
Land and land improvements	2,978,566	2,543,484
Real estate held for sale	4,500	401,205
Construction in progress	<u>866,618</u>	<u>-</u>
	<u>\$ 25,043,258</u>	<u>\$ 25,175,208</u>

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7. LINE OF CREDIT

The Center had a revolving line of credit with a bank for \$800,000, which expires in October 2018. Interest payable on the line of credit is calculated monthly at LIBOR plus 2.85% (4.34% and 3.57% December 31, 2017 and 2016, respectively). The amount outstanding on the line was \$260,000 at December 31, 2017. There was no balance outstanding on the line at December 31, 2016. Borrowings under this agreement are collateralized by the Center's assets.

The line of credit has covenant requirements that had been met or were waived.

8. NOTES AND MORTGAGE PAYABLE

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

	<u>2017</u>	<u>2016</u>
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 \$4,000,000. The unpaid principal of the note bears an interest rate of 3.50%. The note matures June 30, 2020.	\$ 2,289,257	\$ 1,871,800
b. NLM has a mortgage that is payable in monthly installments of \$7,873 including principal and interest of 6.25% through May 2043. In October 2016, NLM refinanced its mortgage. The mortgage, due November 2051, requires monthly payments of \$5,808, which include principal and interest at 2.9%. The mortgage includes a prepayment premium through November 2026. The mortgage also requires monthly deposits to a reserve and replacement fund.	1,503,601	1,529,293
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.	259,153	268,312

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9. NOTES AND MORTGAGE PAYABLE, CONTINUED

d. Byrne has a mortgage loan under the provisions of Section 202 of the National Housing Act. Effective August 30, 2016, Byrne entered into an interest rate reduction modification with the holder of the note. 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. A prepayment penalty of \$32,175 was assessed as a part of this modification.	1,557,231	1,597,023
e. NELC executed a loan agreement with New Markets Investment 59, LLC in the amount of \$13,858,875. The note bears interest at the rate of .9215% per annum. The note calls for quarterly installments on an interest-only basis commencing on March 1, 2011 through March 1, 2018. As of March 1, 2018, equal quarterly principal and interest payments of \$125,062 commence with all unpaid principal being due and payable at the maturity date of February 8, 2043. The note is collateralized by a mortgage on the property as well as the assignment of leases. In addition, the Center has executed a guaranty agreement with the lender for payment in full of guaranteed obligations.	13,858,875	13,858,875
	19,468,117	19,125,303
Less: current maturities	(450,973)	(80,994)
Less: unamortized financing fees	(136,606)	(164,861)
	<u>\$ 18,880,538</u>	<u>\$ 18,879,448</u>

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8. NOTES AND MORTGAGE PAYABLE, CONTINUED

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

2018	\$ 450,973
2019	457,021
2020	2,752,450
2021	469,494
2022	475,926
Thereafter	<u>14,862,253</u>
	<u>\$ 19,468,117</u>

Pursuant to Accounting Standards update 2015-03, financing fees are now presented within the notes and mortgage payable balance. This was applied retrospectively in the presentation of the notes and mortgage payable balance at December 31, 2016. Financing fees expended in accordance with promissory notes are recorded at cost and amortized over the lives of the promissory notes.

9. ENDOWMENT

The Organization's endowment consists of permanently restricted funds 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 donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of the interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulation to the permanent endowment 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 donor restricted permanent endowments.

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

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor restricted endowment 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

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10. ENDOWMENT, CONTINUED

RETURN OBJECTIVES AND RISK PARAMETERS

The Organization has adopted investment and spending policies for assets held for endowment that attempt to provide a predictable stream of funding while seeking to maintain the purchasing power of the endowment assets. Under this policy, the endowment 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 endowment 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 endowment fund to drop below the Historic Dollar Value of the original permanent gift. Any 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.

Funds withdrawn from the 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 Center's activities; (b) investments in technology, capital, human resources or other expenditures which support the Center'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 Institutional Funds:

All decisions relative to the expenditure of institutional funds must assess the uses, benefits, purposes and duration for which the institutional 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.

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9. ENDOWMENT, CONTINUED

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

<u>2017</u>	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 7,400,000	\$ 7,400,000
Contributions	-	-	-
Investments return, net	494,552	-	494,552
Endowment net assets, end of year	<u>\$ 494,552</u>	<u>\$ 7,400,000</u>	<u>\$ 7,894,552</u>

The balance of the endowment fund was \$7,400,000 at December 31, 2016 and was recorded as permanently restricted net assets. The endowment fund was invested in cash at December 31, 2016.

10. RELATED PARTY TRANSACTIONS

At December 31, 2017 and 2016, the Center had accounts receivable due from NEAR of \$31,889 and \$5,420, respectively. NEAR is a partner agency on various Near Eastside of Indianapolis building projects. See also Note 4 for notes receivable information.

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

The Center had a \$2,400 and \$36 receivable due from organizations for which the Center owns 23% and 40% at December 31, 2017, respectively.

BMO Harris Bank is entitled to receive an asset management fee from JA, per the partnership agreement, in the amount of \$2,500 for the year 2010 and \$5,000 per year, commencing January 1, 2011. In 2014 the partnership agreement was amended where BMO Harris Bank, commencing in 2015, will receive an asset management fee of \$2,500 per year. The cumulative fee is payable out of available cash flow, as defined. Fees of \$2,500 were earned and paid in 2017 and 2016. 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, commencing for the tax year ending December 31, 2008. The noncumulative fee is payable out of available cash flow, as defined. A fee of \$1,500 was earned and accrued in 2017 and 2016, 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. At December 31, 2017, \$143,100 has been earned, capitalized into property and equipment, and paid.

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11. 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 2017 or 2016.

The Center guarantees punctual payment in full of all guaranteed obligations of NELC as defined, when the same becomes due whether at stated maturity, by acceleration, demand or otherwise. The balance on the guaranteed loan was \$13,858,875 at December 31, 2017 and 2016. Effective February 2018, the Center was assigned the mortgage deed as part of its purchase of the interest from New Markets Investment 59, LLC.

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 Guaranty 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.

12. OPERATING LEASES

The Center leased office equipment under various operating leases that expire annually. Lease expense for these items was \$4,210 and \$610 in 2017 and 2016, respectively.

The Organization leases space to several organizations under operating leases that have various expiration dates through 2019. Lease income for the years ended December 31, 2017 and 2016 was \$42,301 and \$61,697, respectively.

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12. OPERATING LEASES

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

2018	\$	26,715
2019		11,733
2020		4,033
	\$	<u>42,481</u>

13. 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	\$2,270	\$2,270	State or local government
School Age Child Care Grant	Indiana Family and Social Services Administration	N/A	\$29,192	\$29,192	State or local government
Housing Trust Fund Project	Marion County Housing Trust Fund	N/A	\$20,000	\$20,000	State or local government
Indiana University Health Careers Opportunity Programs	The Trustees of Indiana University	N/A	\$121,509	\$50,887	Fee for Service
ECCS - CoIN	Indiana State Department of Health	N/A	\$23,408	\$15,461	Fee for Service
Community Development Block Grant - Employment Service	City of Indianapolis	14.218	\$35,000	\$43,736	Federal grant passed through state or local government

THE JOHN H. BONER COMMUNITY CENTER, INC. D/B/A JOHN BONER
 NEIGHBORHOOD CENTERS AND SUBSIDIARIES
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13. FEDERAL, STATE, AND LOCAL GRANT AWARDS, CONTINUED

Community Development Block Grant – Public Service	City of Indianapolis	14.218	\$7,500	\$7,500	Federal grant passed through state or local government
Community Development Block Grant – DR-1 Funds	Indiana Housing and Community Development Authority	14.228	\$1,000,000	\$1,000,000	Federal grant passed through state or local government
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	\$61,476	\$61,476	Federal grant passed through state or local government
Housing Stability for School Success	The Indianapolis Housing Agency	14.856	\$254,425	\$254,425	Federal grant passed through state or local government
Veterans State Adult Day Health Care	U.S. Department of Veterans Affairs	64.026	\$219	\$219	Federal grant
21st Century Community Learning Centers	Indiana Department of Education	84.287	\$654,783	\$646,185	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	\$33,374	\$33,374	Federal grant passed through state or local government
Elder Alternatives Adult Day Care Center – Medicaid Waiver	Indiana Family and Social Services Administration	93.052	\$145,718	\$145,718	Federal grant passed through state or local government
Low-Income Home Energy Assistance Program	United Way of Central Indiana, Inc.	93.568	\$2,997,950	\$3,007,911	Federal grant passed through state or local government

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

Low-Income Home Energy Assistance Program	United Way of Central Indiana, Inc.	N/A	\$78,195	\$78,195	State or local government
Community Services Block Innovative Grant	Community Action of Greater Indianapolis, Inc.	93.569	\$40,000	\$40,000	Federal grant passed through state or local government
Assets for Independence	Indiana Housing & Community Development Authority	93.602	\$22,784	\$11,708	Federal grant passed through state or local government
Assets for Independence	US Department of Health and Human Services	93.602	\$64,167	\$64,167	Direct federal grant
AmeriCorps – AARA	Serve Indiana, Indiana Department of Workforce Development	94.006	\$76,905	\$76,905	Federal grant passed through state or local government
Public Allies	Indianapolis Neighborhood Resource Center	94.006	\$1,750	\$1,750	Federal grant passed through state or local government
Great Families 2020	United Way of Central Indiana	94.019	\$128,603	\$128,603	Federal grant passed through state or local government
LISC National	Local Initiative Support Corporation	94.019	\$176,897	\$172,962	Federal grant passed through state or local government
FEMA – Emergency Food and Shelter National Board Program	United Way Federal Emergency Management Agency	97.024	\$18,336	\$20,528	Federal grant passed through state or local government
Community Development Revolving Loan Fund Program for Credit Unions	Greater Indianapolis Progress Committee	44.002	\$11,500	\$11,500	Federal grant passed through state or local government
Total funding			\$6,020,961	\$5,939,672	

THE JOHN H. BONER COMMUNITY CENTER, INC. D/B/A JOHN BONER
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14. SUBSEQUENT EVENTS

In February 2018, P.R. Mallory, LLC, was formed in anticipation of development of properties currently owned by the City of Indianapolis at the former P.R. Mallory and Company business site on East Washington Street. At the date of this report, P.R. Mallory, LLC, does not own any property.

In April 2018, Inspire 10th Street, LLC, of which the Center owns 40%, purchased the Rivoli Theater and adjacent lot. The building is currently undergoing a \$750,000 stabilization project funded by the City of Indianapolis and the Efroymsen Family Fund.

In May 2018, Inspire 10th Street, LLC, executed a purchase agreement for the building at 3137 East 10th Street for \$135,000.

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	ELIMINATIONS	TOTAL
CURRENT ASSETS													
Cash	\$ 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)	-
Short term investments	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Total current assets</i>	<u>12,525,794</u>	<u>442,918</u>	<u>622,938</u>	<u>367</u>	<u>98,741</u>	<u>126,520</u>	<u>282,489</u>	<u>161,596</u>	<u>3,369,650</u>	<u>51,250</u>	<u>159,225</u>	<u>(12,803,245)</u>	<u>5,038,243</u>
LONG TERM 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
<i>Total assets</i>	<u>\$ 38,280,814</u>	<u>\$ 801,707</u>	<u>\$ 3,044,233</u>	<u>\$ 198,992</u>	<u>\$ 1,134,494</u>	<u>\$ 4,661,300</u>	<u>\$ 3,061,308</u>	<u>\$ 3,731,329</u>	<u>\$ 12,727,486</u>	<u>\$ 313,947</u>	<u>\$ 2,352,155</u>	<u>\$ (19,025,966)</u>	<u>\$ 51,281,799</u>
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
<i>Total current liabilities</i>	<u>4,940,150</u>	<u>62,762</u>	<u>92,987</u>	<u>20,359</u>	<u>494,822</u>	<u>1,737,297</u>	<u>721,204</u>	<u>2,476,799</u>	<u>463,382</u>	<u>16,420</u>	<u>301,593</u>	<u>(9,577,680)</u>	<u>1,750,095</u>
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
<i>Total liabilities</i>	<u>7,229,407</u>	<u>1,469,110</u>	<u>92,987</u>	<u>20,359</u>	<u>1,957,907</u>	<u>1,737,297</u>	<u>1,621,244</u>	<u>3,767,552</u>	<u>13,948,430</u>	<u>316,420</u>	<u>1,861,593</u>	<u>(13,391,673)</u>	<u>20,630,633</u>
NET ASSETS (ACCUMULATED DEFICIT)													
Unrestricted - 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	-	-	-	-	-	-	1,120,415	(36,028)	(91)	-	399,467	-	1,483,763
<i>Total unrestricted net assets (accumulated deficit)</i>	<u>21,189,139</u>	<u>(1,020,554)</u>	<u>2,814,317</u>	<u>178,633</u>	<u>(900,923)</u>	<u>2,924,003</u>	<u>1,440,064</u>	<u>(36,223)</u>	<u>(1,220,944)</u>	<u>(2,473)</u>	<u>490,562</u>	<u>(5,634,293)</u>	<u>20,221,308</u>
Temporarily restricted	2,462,268	353,151	136,929	-	77,510	-	-	-	-	-	-	-	3,029,858
Permanently restricted	7,400,000	-	-	-	-	-	-	-	-	-	-	-	7,400,000
<i>Total net assets (accumulated deficit)</i>	<u>31,051,407</u>	<u>(667,403)</u>	<u>2,951,246</u>	<u>178,633</u>	<u>(823,413)</u>	<u>2,924,003</u>	<u>1,440,064</u>	<u>(36,223)</u>	<u>(1,220,944)</u>	<u>(2,473)</u>	<u>490,562</u>	<u>(5,634,293)</u>	<u>30,651,166</u>
<i>Total liabilities and net assets (accumulated deficit)</i>	<u>\$ 38,280,814</u>	<u>\$ 801,707</u>	<u>\$ 3,044,233</u>	<u>\$ 198,992</u>	<u>\$ 1,134,494</u>	<u>\$ 4,661,300</u>	<u>\$ 3,061,308</u>	<u>\$ 3,731,329</u>	<u>\$ 12,727,486</u>	<u>\$ 313,947</u>	<u>\$ 2,352,155</u>	<u>\$ (19,025,966)</u>	<u>\$ 51,281,799</u>

	<u>SOCIAL SERVICES</u>	<u>NEW LIFE MANOR APARTMENTS</u>	<u>BONER PROPERTIES, LLC</u>	<u>JHBCC PROPERTIES, LLC</u>	<u>BYRNE COURT APARTMENTS</u>	<u>BROOKSIDE COMMERCIAL, LLC</u>	<u>BROOKSIDE APARTMENTS, LP</u>	<u>JEFFERSON APARTMENTS, LP</u>	<u>NEAR EAST SIDE LEGACY CENTER, LLC</u>	<u>ELIMINATIONS</u>	<u>TOTAL</u>
CURRENT ASSETS											
Cash	\$ 1,102,793	\$ 119,313	\$ 58,984	\$ 18,879	\$ 48,644	\$ 6,034	\$ 21,339	\$ 12,842	\$ 125,980	\$ -	\$ 1,514,808
Cash - restricted	26,213	396,592	109,467	-	49,003	-	95,594	128,261	141,973	-	947,103
Grant reimbursements receivable	870,260	-	-	-	-	-	-	-	-	-	870,260
United Way receivables	193,992	-	-	-	-	-	-	-	-	-	193,992
Related party receivables	3,593,318	-	143,593	-	85	66,421	144,609	-	2,003,113	(5,945,719)	5,420
Mortgage and notes receivable, current	530,000	-	-	-	-	-	-	-	-	-	530,000
Other receivables, net	9,805	3,174	61,786	-	9,938	3,035	22,589	16,884	-	-	127,211
Prepaid expenses	-	7,585	17,640	2,736	16,602	9,359	2,235	5,616	-	-	61,773
Lease inducement fees, net	-	-	-	-	-	-	-	-	843,750	(843,750)	-
Investment in subsidiaries	3,549,555	-	-	-	-	-	-	-	-	(3,549,555)	-
Investments	303,712	-	-	-	-	-	-	-	-	-	303,712
<i>Total current assets</i>	<u>10,179,648</u>	<u>526,664</u>	<u>391,470</u>	<u>21,615</u>	<u>124,272</u>	<u>84,849</u>	<u>286,366</u>	<u>163,603</u>	<u>3,114,816</u>	<u>(10,339,024)</u>	<u>4,554,279</u>
INVESTMENTS	10,711,284	-	-	-	-	-	-	-	-	-	10,711,284
NOTES RECEIVABLE, NET OF CURRENT PORTION	14,769,607	-	-	-	-	-	-	-	-	(4,297,269)	10,472,338
PROPERTY AND EQUIPMENT, NET	897,901	369,208	3,788,779	599,830	1,086,452	4,481,115	2,867,493	3,676,505	9,816,653	(2,408,728)	25,175,208
<i>Total assets</i>	<u>\$ 36,558,440</u>	<u>\$ 895,872</u>	<u>\$ 4,180,249</u>	<u>\$ 621,445</u>	<u>\$ 1,210,724</u>	<u>\$ 4,565,964</u>	<u>\$ 3,153,859</u>	<u>\$ 3,840,108</u>	<u>\$ 12,931,469</u>	<u>\$ (17,045,021)</u>	<u>\$ 50,913,109</u>
CURRENT LIABILITIES											
Accounts payable	\$ 331,300	\$ 21,946	\$ 23,960	\$ -	\$ 23,459	\$ 20,554	\$ 5,484	\$ 1,427	\$ -	\$ -	\$ 428,130
Accrued payroll	104,182	-	-	-	-	-	-	-	-	-	104,182
Related party payables	882,376	68,998	157,229	521,736	361,474	1,315,534	284,180	738,144	6,617	(4,334,788)	1,500
Other payables and accrued expenses	2,100,009	13,588	45,768	-	17,620	5	345,743	1,412,964	64,574	(3,644,728)	355,543
Deferred revenue	876,614	365	-	-	-	-	9	60	-	(843,750)	33,298
Current maturities of notes and mortgages payable	-	25,692	433,238	-	39,792	-	15,510	-	-	(433,238)	80,994
<i>Total current liabilities</i>	<u>4,294,481</u>	<u>130,589</u>	<u>660,195</u>	<u>521,736</u>	<u>442,345</u>	<u>1,336,093</u>	<u>650,926</u>	<u>2,152,595</u>	<u>71,191</u>	<u>(9,256,504)</u>	<u>1,003,647</u>
LONG-TERM LIABILITIES											
Notes and mortgages payable, net of current portion and financing fees of \$164,861	1,871,800	1,423,649	-	-	1,502,031	-	926,496	1,290,753	13,858,875	(1,978,993)	18,894,611
<i>Total liabilities</i>	<u>6,166,281</u>	<u>1,554,238</u>	<u>660,195</u>	<u>521,736</u>	<u>1,944,376</u>	<u>1,336,093</u>	<u>1,577,422</u>	<u>3,443,348</u>	<u>13,930,066</u>	<u>(11,235,497)</u>	<u>19,898,258</u>
NET ASSETS (ACCUMULATED DEFICIT)											
Unrestricted - Controlling interest	19,469,346	(1,054,958)	3,369,158	99,709	(839,683)	3,229,871	319,663	(152)	(998,521)	(5,809,524)	17,784,909
Minority interest in net assets	-	-	-	-	-	-	1,256,774	396,912	(76)	-	1,653,610
<i>Total unrestricted net assets (accumulated deficit)</i>	<u>19,469,346</u>	<u>(1,054,958)</u>	<u>3,369,158</u>	<u>99,709</u>	<u>(839,683)</u>	<u>3,229,871</u>	<u>1,576,437</u>	<u>396,760</u>	<u>(998,597)</u>	<u>(5,809,524)</u>	<u>19,438,519</u>
Temporarily restricted	3,522,813	396,592	150,896	-	106,031	-	-	-	-	-	4,176,332
Permanently restricted	7,400,000	-	-	-	-	-	-	-	-	-	7,400,000
<i>Total net assets (accumulated deficit)</i>	<u>30,392,159</u>	<u>(658,366)</u>	<u>3,520,054</u>	<u>99,709</u>	<u>(733,652)</u>	<u>3,229,871</u>	<u>1,576,437</u>	<u>396,760</u>	<u>(998,597)</u>	<u>(5,809,524)</u>	<u>31,014,851</u>
<i>Total liabilities and net assets (accumulated deficit)</i>	<u>\$ 36,558,440</u>	<u>\$ 895,872</u>	<u>\$ 4,180,249</u>	<u>\$ 621,445</u>	<u>\$ 1,210,724</u>	<u>\$ 4,565,964</u>	<u>\$ 3,153,859</u>	<u>\$ 3,840,108</u>	<u>\$ 12,931,469</u>	<u>\$ (17,045,021)</u>	<u>\$ 50,913,109</u>

	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	INDEYEST HOMES	ELIMINATIONS	TOTAL	
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	UNRESTRICTED	TEMPORARILY RESTRICTED	UNRESTRICTED	TEMPORARILY RESTRICTED	UNRESTRICTED	UNRESTRICTED	TEMPORARILY RESTRICTED	UNRESTRICTED	UNRESTRICTED	UNRESTRICTED	UNRESTRICTED	UNRESTRICTED	UNRESTRICTED	UNRESTRICTED	UNRESTRICTED	
REVENUE AND OTHER SUPPORT																			
Direct Public Support																			
Contributions	\$ 49,314	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,314
Special events, net of \$24,972 expense	36,406	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	36,406
<i>Total direct public support</i>	<u>85,720</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,720</u>
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
<i>Total indirect public support</i>	<u>1,875,235</u>	<u>454,396</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,353</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(84,353)</u>	<u>2,329,631</u>
Fees and Grants from Government and Other Agencies	5,910,792	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(748,021)	5,162,771
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 revenue	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	
<i>Total other revenue</i>	<u>1,614,502</u>	<u>-</u>	<u>-</u>	<u>339,157</u>	<u>45,909</u>	<u>238,002</u>	<u>2,313</u>	<u>234,399</u>	<u>297,836</u>	<u>73,587</u>	<u>204,892</u>	<u>185,061</u>	<u>97,822</u>	<u>564,378</u>	<u>-</u>	<u>65,315</u>	<u>(989,168)</u>	<u>2,974,005</u>	
Net Assets Released from Restrictions	1,514,941	(1,514,941)	-	89,350	(89,350)	16,280	(16,280)	-	102,108	(102,108)	-	-	-	-	-	-	-	-	-
<i>Total revenue and other support</i>	<u>11,001,190</u>	<u>(1,060,545)</u>	<u>-</u>	<u>428,507</u>	<u>(43,441)</u>	<u>254,282</u>	<u>(13,967)</u>	<u>234,399</u>	<u>399,944</u>	<u>(28,521)</u>	<u>289,245</u>	<u>185,061</u>	<u>97,822</u>	<u>564,378</u>	<u>-</u>	<u>65,315</u>	<u>(1,821,542)</u>	<u>10,552,127</u>	
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	3,084,494	-	-	-	-	-	-	-	17,868	-	-	-	-	-	-	-	(35,789)	3,066,573	
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, 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 expense	87,265	-	-	49,823	-	11,546	-	-	44,241	-	-	49,254	281,854	127,710	-	1,176	(362,510)	290,359	
Other expenses	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 expense (recoveries)	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	
<i>Total expenses</i>	<u>9,281,397</u>	<u>-</u>	<u>-</u>	<u>394,103</u>	<u>-</u>	<u>809,123</u>	<u>-</u>	<u>155,475</u>	<u>461,184</u>	<u>-</u>	<u>595,113</u>	<u>321,434</u>	<u>530,805</u>	<u>718,410</u>	<u>2,473</u>	<u>109,708</u>	<u>(2,051,492)</u>	<u>11,327,733</u>	
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 (ACCUMULATED DEFICIT), END OF YEAR	<u>\$ 21,189,139</u>	<u>\$ 2,462,268</u>	<u>\$ 7,400,000</u>	<u>\$ (1,020,554)</u>	<u>\$ 353,151</u>	<u>\$ 2,814,317</u>	<u>\$ 136,929</u>	<u>\$ 178,633</u>	<u>\$ (900,923)</u>	<u>\$ 77,510</u>	<u>\$ 2,924,003</u>	<u>\$ 1,440,064</u>	<u>\$ (36,223)</u>	<u>\$ (1,220,944)</u>	<u>\$ (2,473)</u>	<u>\$ 490,562</u>	<u>\$ (5,634,293)</u>	<u>\$ 30,651,166</u>	

	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	ELIMINATIONS	TOTAL
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	UNRESTRICTED	TEMPORARILY RESTRICTED	UNRESTRICTED	TEMPORARILY RESTRICTED	UNRESTRICTED	UNRESTRICTED	TEMPORARILY RESTRICTED	UNRESTRICTED	UNRESTRICTED	UNRESTRICTED	UNRESTRICTED		
REVENUE AND OTHER SUPPORT																
Direct Public Support																
Contributions	\$ 11,632	\$ 4,712	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 134,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (134,000)	\$ 16,344
Special events, net of \$26,414 expense	35,309	-	-	-	-	-	-	-	-	-	-	-	-	-	-	35,309
<i>Total direct public support</i>	<u>46,941</u>	<u>4,712</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>134,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(134,000)</u>	<u>51,653</u>
Indirect Public Support																
United Way																
Support funds	1,188,515	-	-	-	-	11,700	-	-	-	-	-	-	-	-	-	1,200,215
Donor option	11,080	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,080
Grants and awards	711,190	2,292,085	7,400,000	-	-	-	-	-	-	-	-	-	-	-	(22,824)	10,380,451
<i>Total indirect public support</i>	<u>1,910,785</u>	<u>2,292,085</u>	<u>7,400,000</u>	<u>-</u>	<u>-</u>	<u>11,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,824)</u>	<u>11,591,746</u>
Fees and Grants from Government and Other Agencies	<u>6,420,684</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(656,484)</u>	<u>5,764,200</u>
Other Revenue																
Program service fees	289,314	-	-	-	-	-	-	-	-	-	-	-	-	-	-	289,314
Rent income and other charges	520	-	-	48,043	329,297	541,191	1,086	-	290,909	74,506	202,657	184,745	87,157	564,225	(759,525)	1,564,811
Investment income	464,257	-	-	327	-	174	-	-	81	-	-	-	132	196	(321,673)	143,494
Change in investment in subsidiaries	(336,876)	-	-	-	-	-	-	-	-	-	-	-	-	-	336,876	-
Other revenue	182,623	-	-	1,207	-	95,120	-	-	406	-	952	36,062	2,509	-	(68,248)	250,631
In-kind	1,586,906	-	-	-	-	47	-	-	-	-	500	-	-	-	-	1,587,453
<i>Total other revenue</i>	<u>2,186,744</u>	<u>-</u>	<u>-</u>	<u>49,577</u>	<u>329,297</u>	<u>636,532</u>	<u>1,086</u>	<u>-</u>	<u>291,396</u>	<u>74,506</u>	<u>204,109</u>	<u>220,807</u>	<u>89,798</u>	<u>564,421</u>	<u>(812,570)</u>	<u>3,835,703</u>
Net Assets Released from Restrictions	<u>676,632</u>	<u>(676,632)</u>	<u>-</u>	<u>283,432</u>	<u>(283,432)</u>	<u>17,322</u>	<u>(17,322)</u>	<u>-</u>	<u>62,593</u>	<u>(62,593)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total revenue and other support</i>	<u>11,241,786</u>	<u>1,620,165</u>	<u>7,400,000</u>	<u>333,009</u>	<u>45,865</u>	<u>665,554</u>	<u>(16,236)</u>	<u>-</u>	<u>487,989</u>	<u>11,913</u>	<u>204,109</u>	<u>220,807</u>	<u>89,798</u>	<u>564,421</u>	<u>(1,625,878)</u>	<u>21,243,302</u>
EXPENSES																
Salaries and wages	2,550,110	-	-	80,173	-	114,864	-	-	70,522	-	44,459	29,720	17,355	-	(357,824)	2,549,379
Employee benefits	362,721	-	-	12,990	-	21,349	-	47	13,184	-	7,499	-	-	-	(67,482)	350,308
Payroll taxes	248,974	-	-	9,302	-	11,021	-	79	8,049	-	4,913	8,011	6,453	-	(38,211)	258,591
Specific assistance	3,760,812	-	-	-	-	-	-	-	16,135	-	-	-	-	-	(32,528)	3,744,419
Leasing costs	14,294	-	-	-	-	-	-	-	-	-	-	-	1,139	-	-	15,433
Professional fees	141,114	-	-	11,045	-	1,971	-	-	6,860	-	15,614	8,063	5,928	-	(4,200)	186,395
Professional fees - other service providers	126,411	-	-	25,519	-	40,535	-	-	13,180	-	7,623	12,611	2,500	10,824	(185,985)	53,218
Management fee	-	-	-	27,736	-	38,458	-	-	26,735	-	-	-	5,229	83,558	(98,158)	83,558
Supplies	122,178	-	-	61,030	-	374	-	-	1,079	-	7,026	3,713	274	-	(254)	195,420
Telephone	21,807	-	-	-	-	1,975	-	-	2,730	-	670	598	768	-	-	28,548
Postage and shipping	5,023	-	-	-	-	33	-	-	-	-	4	-	-	-	-	5,060
Occupancy - rental, utilities, and insurance	815,875	-	-	50,072	-	190,084	-	28,596	69,458	-	93,325	56,652	38,561	-	(686,847)	655,776
Occupancy - repairs, maintenance	1,299	-	-	11,403	-	235,327	-	-	24,161	-	-	31,550	13,795	-	-	317,535
Other repairs and maintenance	44,741	-	-	-	-	30,470	-	-	31,889	-	34,546	-	-	-	-	141,646
Conferences and meetings	56,332	-	-	325	-	2,779	-	-	2,345	-	209	-	-	-	-	61,990
Printing and publications	7,909	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,909
Travel and transportation	16,192	-	-	-	-	2,179	-	-	1,200	-	277	844	566	-	(4,767)	16,491
Contributions, dues, and awards	184,157	-	-	-	-	44	-	-	297	-	49	-	2,505	-	(157,338)	29,714
Activity fees and charges	8,428	-	-	16,393	-	-	-	-	-	-	-	-	-	-	-	24,821
Interest expense	66,777	-	-	152,152	-	12,991	-	-	87,879	-	-	50,026	255,817	127,710	(321,673)	431,679
Other expenses	47,914	-	-	7,082	-	67,474	-	32,001	7,033	-	2,807	36,399	16,337	47	-	217,094
In-kind	214,034	-	-	-	-	47	-	-	-	-	500	-	-	-	-	214,581
Bad debt expense	(9,909)	-	-	10,481	-	15,001	-	-	5,410	-	316	-	1,388	-	-	22,687
Loss on disposal of property and equipment	-	-	-	-	-	55,393	-	-	-	-	-	-	-	-	-	55,393
Depreciation and amortization	177,670	-	-	85,008	-	151,908	-	-	110,837	-	321,148	99,180	112,868	490,066	(31,250)	1,517,435
<i>Total expenses</i>	<u>8,984,863</u>	<u>-</u>	<u>-</u>	<u>560,711</u>	<u>-</u>	<u>994,277</u>	<u>-</u>	<u>60,723</u>	<u>498,983</u>	<u>-</u>	<u>540,985</u>	<u>337,367</u>	<u>481,483</u>	<u>712,205</u>	<u>(1,986,517)</u>	<u>11,185,080</u>
CHANGE IN NET ASSETS, BEFORE CAPITAL DISTRIBUTION	2,256,923	1,620,165	7,400,000	(227,702)	45,865	(328,723)	(16,236)	(60,723)	(10,994)	11,913	(336,876)	(116,560)	(391,685)	(147,784)	360,639	10,058,222
CAPITAL DISTRIBUTIONS	-	-	-	-	-	-	-	-	-	-	-	-	-	(61,627)	61,627	-
NET ASSETS (ACCUMULATED DEFICIT), BEGINNING OF YEAR	<u>17,212,423</u>	<u>1,902,648</u>	<u>-</u>	<u>(827,256)</u>	<u>350,727</u>	<u>3,697,881</u>	<u>167,132</u>	<u>160,432</u>	<u>(828,689)</u>	<u>94,118</u>	<u>3,566,747</u>	<u>1,692,997</u>	<u>788,445</u>	<u>(789,186)</u>	<u>(6,231,790)</u>	<u>20,956,629</u>
NET ASSETS (ACCUMULATED DEFICIT), END OF YEAR	<u>\$ 19,469,346</u>	<u>\$ 3,522,813</u>	<u>\$ 7,400,000</u>	<u>\$ (1,054,958)</u>	<u>\$ 396,592</u>	<u>\$ 3,369,158</u>	<u>\$ 150,896</u>	<u>\$ 99,709</u>	<u>\$ (839,683)</u>	<u>\$ 106,031</u>	<u>\$ 3,229,871</u>	<u>\$ 1,576,437</u>	<u>\$ 396,760</u>	<u>\$ (998,597)</u>	<u>\$ (5,809,524)</u>	<u>\$ 31,014,851</u>

INCREASE (DECREASE) IN UNRESTRICTED 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	INDEYEST HOMES	ELIMINATIONS	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES													
Cash received from organizations and others	\$ 7,173,282	\$ 380,931	\$ 268,835	\$ 234,399	\$ 361,548	\$ 375,979	\$ 190,207	\$ 83,008	\$ 184,000	\$ (37,303)	\$ -	\$ 2,634,807	\$ 11,849,693
Cash paid to suppliers, employees, and others	(8,226,027)	(357,039)	(863,424)	(654,116)	(243,923)	-	(132,882)	265,758	(150,584)	-	(144,719)	(652,467)	(11,159,423)
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
<i>Net unrestricted cash provided by (used in) operating activities</i>	<u>(486,297)</u>	<u>(24,972)</u>	<u>(606,134)</u>	<u>(419,717)</u>	<u>73,562</u>	<u>375,979</u>	<u>42,857</u>	<u>67,160</u>	<u>(25,826)</u>	<u>(37,303)</u>	<u>(145,895)</u>	<u>1,982,340</u>	<u>795,754</u>
CASH FLOWS FROM INVESTING ACTIVITIES													
Net deposits (to) from reserves	12,560	43,441	6,187	-	1,987	-	(4,679)	(6,517)	100,904	-	(45,095)	-	108,788
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)
<i>Net unrestricted cash provided by (used in) investing activities</i>	<u>209,808</u>	<u>2,419</u>	<u>1,194,373</u>	<u>401,205</u>	<u>(49,396)</u>	<u>(374,813)</u>	<u>(14,680)</u>	<u>(76,193)</u>	<u>100,904</u>	<u>(262,697)</u>	<u>(450,163)</u>	<u>(1,978,151)</u>	<u>(1,297,384)</u>
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
<i>Net unrestricted cash provided by (used in) financing activities</i>	<u>677,457</u>	<u>(16,546)</u>	<u>(433,238)</u>	<u>-</u>	<u>(37,618)</u>	<u>-</u>	<u>(32,302)</u>	<u>-</u>	<u>(68,315)</u>	<u>300,000</u>	<u>634,955</u>	<u>(4,189)</u>	<u>1,020,204</u>
NET INCREASE (DECREASE) IN CASH	400,968	(39,099)	155,001	(18,512)	(13,452)	1,166	(4,125)	(9,033)	6,763	-	38,897	-	518,574
UNRESTRICTED CASH, BEGINNING OF YEAR	1,102,793	119,313	58,984	18,879	48,644	6,034	21,339	12,842	125,980	-	-	-	1,514,808
UNRESTRICTED CASH, END OF YEAR	\$ 1,503,761	\$ 80,214	\$ 213,985	\$ 367	\$ 35,192	\$ 7,200	\$ 17,214	\$ 3,809	\$ 132,743	\$ -	\$ 38,897	\$ -	\$ 2,033,382
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 UNRESTRICTED 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	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 UNRESTRICTED CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES													
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
<i>(Increase) decrease in operating assets:</i>													
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)
Pledges receivable	-	-	-	-	-	-	-	-	-	-	-	-	-
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)
<i>Increase (decrease) in operating liabilities:</i>													
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
<i>Total adjustments</i>	<u>(1,145,545)</u>	<u>(15,935)</u>	<u>(37,326)</u>	<u>(498,641)</u>	<u>163,323</u>	<u>681,847</u>	<u>179,230</u>	<u>500,143</u>	<u>128,206</u>	<u>(34,830)</u>	<u>(101,502)</u>	<u>1,752,390</u>	<u>1,571,360</u>
NET UNRESTRICTED CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (486,297)</u>	<u>\$ (24,972)</u>	<u>\$ (606,134)</u>	<u>\$ (419,717)</u>	<u>\$ 73,562</u>	<u>\$ 375,979</u>	<u>\$ 42,857</u>	<u>\$ 67,160</u>	<u>\$ (25,826)</u>	<u>\$ (37,303)</u>	<u>\$ (145,895)</u>	<u>\$ 1,982,340</u>	<u>\$ 795,754</u>

INCREASE (DECREASE) IN UNRESTRICTED 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	ELIMINATIONS	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES											
Cash received from organizations and others	\$ 14,076,625	\$ 373,344	\$ 592,065	\$ -	\$ 491,500	\$ 497,998	\$ 204,118	\$ 72,961	\$ 182,200	\$ 1,769,980	\$ 18,260,791
Cash paid to suppliers, employees, and others	(7,717,428)	(250,972)	(683,388)	(65,844)	(234,841)	-	(180,652)	264,117	(143,705)	(1,682,292)	(10,695,005)
Interest paid	(66,777)	(152,152)	(12,991)	-	(87,879)	-	(15,240)	(255,817)	(66,083)	321,673	(335,266)
Investment income received	449,701	327	174	-	81	-	-	132	196	(321,673)	128,938
<i>Net unrestricted cash provided by (used in) operating activities</i>	<u>6,742,121</u>	<u>(29,453)</u>	<u>(104,140)</u>	<u>(65,844)</u>	<u>168,861</u>	<u>497,998</u>	<u>8,226</u>	<u>81,393</u>	<u>(27,392)</u>	<u>87,688</u>	<u>7,359,458</u>
CASH FLOWS FROM INVESTING ACTIVITIES											
Net deposits (to) from reserves	2,479	(45,123)	(164)	-	(7,394)	-	(7,922)	(12,073)	100,862	-	30,665
Proceeds from sale of investments	1,200,000	-	-	-	-	-	-	-	-	-	1,200,000
Purchases of investments	(9,988,062)	-	-	-	-	-	-	-	-	-	(9,988,062)
Acquisition of property and equipment	(298,990)	(76,301)	(26,195)	-	(138,349)	(499,687)	(13,970)	(79,054)	-	-	(1,132,546)
Net activity on mortgage and notes receivable	(4,446,269)	-	-	-	-	-	-	-	-	-	(4,446,269)
<i>Net unrestricted cash provided by (used in) investing activities</i>	<u>(13,530,842)</u>	<u>(121,424)</u>	<u>(26,359)</u>	<u>-</u>	<u>(145,743)</u>	<u>(499,687)</u>	<u>(21,892)</u>	<u>(91,127)</u>	<u>100,862</u>	<u>-</u>	<u>(14,336,212)</u>
CASH FLOWS FROM FINANCING ACTIVITIES											
Net proceeds on line of credit	(235,000)	-	-	-	-	-	-	-	-	-	(235,000)
Borrowings (principal payments) on notes and mortgages payable	385,345	340,674	124,400	-	(26,949)	-	18,176	15,163	-	(149,315)	707,494
Contribution for endowment purposes	7,400,000	-	-	-	-	-	-	-	-	-	7,400,000
Payment of financing fees	(3,041)	(74,327)	-	-	(2,107)	-	-	-	-	-	(79,475)
Distributions paid	-	-	-	-	-	-	-	-	(61,627)	61,627	-
<i>Net unrestricted cash provided by (used in) financing activities</i>	<u>7,547,304</u>	<u>266,347</u>	<u>124,400</u>	<u>-</u>	<u>(29,056)</u>	<u>-</u>	<u>18,176</u>	<u>15,163</u>	<u>(61,627)</u>	<u>(87,688)</u>	<u>7,793,019</u>
NET INCREASE (DECREASE) IN CASH	758,583	115,470	(6,099)	(65,844)	(5,938)	(1,689)	4,510	5,429	11,843	-	816,265
UNRESTRICTED CASH, BEGINNING OF YEAR	<u>344,210</u>	<u>3,843</u>	<u>65,083</u>	<u>84,723</u>	<u>54,582</u>	<u>7,723</u>	<u>16,829</u>	<u>7,413</u>	<u>114,137</u>	<u>-</u>	<u>698,543</u>
UNRESTRICTED CASH, END OF YEAR	<u>\$ 1,102,793</u>	<u>\$ 119,313</u>	<u>\$ 58,984</u>	<u>\$ 18,879</u>	<u>\$ 48,644</u>	<u>\$ 6,034</u>	<u>\$ 21,339</u>	<u>\$ 12,842</u>	<u>\$ 125,980</u>	<u>\$ -</u>	<u>\$ 1,514,808</u>
SUMMARY OF NON-CASH INVESTING AND FINANCING ACTIVITIES											
Donated property and equipment	\$ 48,297	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,297
Purchase of property and equipment in accounts payable	116,184	-	-	-	-	-	-	62,658	-	-	178,842
Donated investment	1,300,000	-	-	-	-	-	-	-	-	-	1,300,000

**RECONCILIATION OF CHANGE IN NET ASSETS TO NET UNRESTRICTED 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	ELIMINATIONS	TOTAL
CHANGE IN NET ASSETS	<u>\$ 11,277,088</u>	<u>\$ (181,837)</u>	<u>\$ (344,959)</u>	<u>\$ (60,723)</u>	<u>\$ 919</u>	<u>\$ (336,876)</u>	<u>\$ (116,560)</u>	<u>\$ (391,685)</u>	<u>\$ (147,784)</u>	<u>\$ 360,639</u>	<u>\$ 10,058,222</u>
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET UNRESTRICTED CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES											
(Gain) loss on disposal of property and equipment	-	-	55,393	-	-	1,974	-	-	-	-	57,367
Depreciation and amortization	177,670	85,008	151,908	-	110,837	321,148	99,180	112,868	490,066	(31,250)	1,517,435
Restricted contribution to endowment	(7,400,000)	-	-	-	-	-	-	-	-	-	(7,400,000)
Unrealized gains on investments	(14,556)	-	-	-	-	-	-	-	-	-	(14,556)
Donated goods, property, and equipment	(1,348,297)	-	-	-	-	-	-	-	-	-	(1,348,297)
Change in investment in subsidiary	336,876	-	-	-	-	-	-	-	-	(336,876)	-
<i>(Increase) decrease in operating assets:</i>											
Grant reimbursements receivable	85,251	-	-	-	-	-	-	-	-	-	85,251
United Way receivables	(5,880)	-	-	-	-	-	-	-	-	-	(5,880)
Related party receivables	2,896,927	-	18,723	-	-	43,169	14,987	-	(382,025)	1,714,967	4,306,748
Pledges receivable	-	-	-	-	-	-	-	-	-	-	-
Other receivables	(7,547)	6,129	(60,754)	-	(2,911)	4,835	(13,312)	(15,306)	-	-	(88,866)
Prepaid expenses	-	28	209	206	(986)	(1,827)	1,628	307	-	-	(435)
<i>Increase (decrease) in operating liabilities:</i>											
Accounts payable	147,420	14,687	(4,342)	(7,071)	15,153	13,256	(449)	12,276	(10)	-	190,920
Accrued payroll	28,184	-	-	-	-	-	-	-	-	-	28,184
Related party payables	214,835	49,497	95,006	1,744	46,390	452,314	10,107	106,927	-	(976,820)	-
Other payables and accrued expenses	393,940	(2,114)	(15,324)	-	(541)	5	31,009	256,017	12,361	(674,222)	1,131
Deferred revenue	(39,790)	(851)	-	-	-	-	(18,364)	(11)	-	31,250	(27,766)
<i>Total adjustments</i>	<u>(4,534,967)</u>	<u>152,384</u>	<u>240,819</u>	<u>(5,121)</u>	<u>167,942</u>	<u>834,874</u>	<u>124,786</u>	<u>473,078</u>	<u>120,392</u>	<u>(272,951)</u>	<u>(2,698,764)</u>
NET UNRESTRICTED CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 6,742,121</u>	<u>\$ (29,453)</u>	<u>\$ (104,140)</u>	<u>\$ (65,844)</u>	<u>\$ 168,861</u>	<u>\$ 497,998</u>	<u>\$ 8,226</u>	<u>\$ 81,393</u>	<u>\$ (27,392)</u>	<u>\$ 87,688</u>	<u>\$ 7,359,458</u>

THE JOHN H. BONER COMMUNITY CENTER, INC. D/B/A JOHN BONER NEIGHBORHOOD CENTERS AND SUBSIDIARIES
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2017

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			
<u>CDBG-Entitlement Grants Cluster</u>			
Community Development Block Grant - Employment Service	14.218	1300003163/1300003164	\$ 35,000
Community Development Block Grant - Facility Rehabilitation	14.218	1300002636	\$ 8,736
Community Development Block Grant - Summer Camp	14.218	1300003296	7,500
			<u>51,236</u>
Indiana Housing and Community Development Authority			
Community Development Block Grant Supplemental Disaster Recovery Appropriation-I Funds	14.228	DR1-RLF-2017	1,000,000
City of Indianapolis			
Shelter Plus Care - Continuum of Care Fund	14.267	1300003000	1,065
Shelter Plus Care - Continuum of Care Fund	14.267	1300003001	2,574
Shelter Plus Care - Continuum of Care Fund	14.267	1300002839	24,920
Shelter Plus Care - Continuum of Care Fund	14.267	1300003235	32,917
			<u>61,476</u>
Local Initiatives Support Corporation			
Section 4 Capacity Building for Community Development and Affordable Housing	14.252	43675-0046	<u>15,000</u>
Indianapolis Housing Authority			
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	IN017	<u>254,425</u>
Total U.S. Department of Housing and Urban Development Programs			<u>1,382,137</u>
NATIONAL CREDIT UNION ADMINISTRATION			
Greater Indianapolis Progress Committee			
Community Development Revolving Loan Fund Program for Credit Unions	44.002	17VITA0039	<u>11,500</u>
U.S. DEPARTMENT OF VETERANS AFFAIRS			
Veterans State Adult Day Health Care	64.026	N/A	<u>219</u>
U.S. DEPARTMENT OF EDUCATION			
Indiana Department of Education			
21st Century Community Learning Centers	84.287	A58818DL4566	57,681
21st Century Community Learning Centers	84.287	A58818DL4844	58,476
21st Century Community Learning Centers	84.287	A58717DL4425	157,001
21st Century Community Learning Centers	84.287	A58717DL0083	192,439
21st Century Community Learning Centers	84.287	A58717DL0083	180,588
Total U.S. Department of Education Programs			<u>646,185</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Assets for Independence	93.602	N/A	64,167
Central Indiana Council on Aging			
<u>Aging Cluster</u>			
Elder Solutions	93.045	T-III-E-2016-17-07	33,374
Indiana Family and Social Services Administration			
Elder Alternative Adult Day Care Center - Medicaid Waiver	93.052	100108120A	145,718
United Way of Central Indiana, Inc.			
Low-Income Home Energy Assistance Program	93.568	LI-017-027/LI-018-027	3,007,911
Indiana Housing & Community Development Authority			
<u>477 Cluster</u>			
Community Services Block Grant Innovative Grant	93.569	CS-017-006-MF	40,000
Indiana Housing & Community Development Authority			
Assets for Independence	93.602	IDA-013-015/IDA014-015	<u>22,784</u>
Total U.S. Department of Health and Human Services Programs			<u>3,313,954</u>

THE JOHN H. BONER COMMUNITY CENTER, INC. D/B/A JOHN BONER NEIGHBORHOOD CENTERS AND SUBSIDIARIES
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
 FOR THE YEAR ENDED DECEMBER 31, 2017

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 <i>AmeriCorps - AARA</i>	94.006	AF-6-884/AF-7-884	\$ 76,905
Indiana Neighborhood Resource Center <i>Public Allies</i>	94.006	AES6881	1,750
			<u>78,655</u>
Local Initiative Support Corporation <i>Social Innovation Fund - LISC National</i>	94.019	43675-0042/43675-0045	172,962
United Way of Central Indiana, Inc. <i>Social Innovation Fund - Great Families 2020</i>	94.019	16SIHIN001	128,603
			<u>301,565</u>
<i>Total Corporation for National and Community Service Programs</i>			<u>380,220</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
United Way Federal Emergency Management Agency <i>FEMA - Emergency Food and Shelter National Board Program</i>	97.024	272800-019	18,336
<i>Grand Total</i>			<u>\$ 5,752,551</u>

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, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of 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.



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, 2017, 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, which collectively comprise the Organization's basic consolidated financial statements, and have issued our report thereon dated June 13, 2018. Our report includes a reference to other auditors who audited the financial statements of New Life Manor, Inc., Brookside Apartments, LP, Jefferson Apartments, LP, Near East Side Legacy Center, LLC, 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.

Greenwald CPAs, Inc.

June 13, 2018



REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY 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, 2017. 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 \$1,814,960 in federal awards which is not included in the Organization's schedule of expenditures of federal awards for the year ended December 31, 2017. The Organization's basic consolidated financial statements include the operations of Parish Place, Inc. d/b/a Byrne Court Apartments (Byrne), which received \$1,865,607 in federal awards for the year ended June 30, 2017 which is not included in the Organization's schedule of expenditures of federal awards for the year ended December 31, 2017. 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, 2017.

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.

Greenwald CPAs, Inc.

June 13, 2018

THE JOHN H. BONER COMMUNITY CENTER, INC. D/B/A JOHN BONER NEIGHBORHOOD CENTERS AND SUBSIDIARIES
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2017

A. SUMMARY OF AUDIT RESULTS

Financial Statements

1. Type of auditors' report issued on whether the consolidated financial statements were prepared in accordance with GAAP: Unmodified
2. Internal control over financial reporting:
- | | | |
|------------------------------------|----------|--------------------|
| Material weakness identified? | _____yes | __X__no |
| Significant deficiency 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 identified? | _____yes | __X__no |
| Significant deficiency identified? | _____yes | __X__none reported |
5. Type of auditor's report issued on compliance for major programs: Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with with 2 CFR section 200.516(a)? _____yes __X__no

- | | | |
|--------------------------------------|---------------------|--|
| 7. Identification of major programs: | <u>CFDA Numbers</u> | <u>Name of Federal Program or Cluster</u> |
| | 94.019 | Social Innovation Fund - LISC National/Great Families 2020 |
| | 14.228 | Community Development Block Grant Supplemental Disaster Recovery Appropriation-I Funds |

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.