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November 3, 2016

Board of Directors
Future Choices, Inc.
309 North High Street
Muncie, IN 47305

We have reviewed the audit report prepared by Gauthier & Kimmerling, LLC, for the period October 1, 2014 to September 30, 2015. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of Future Choices, Inc., as of September 30, 2015, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

**FUTURE CHOICES, INC.
REPORT ON AUDIT OF
CONSOLIDATED FINANCIAL STATEMENTS**

SEPTEMBER 30, 2015

FUTURE CHOICES, INC.
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Independent Auditors' Report

Board of Directors
Future Choices, Inc.
Muncie, Indiana

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Future Choices, Inc., Inc. (Future Choices), which comprise the consolidated statement of financial position as of September 30, 2015, and the related consolidated statements of activities, and cash flows for the period then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 14 - 16 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 underlining 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 31, 2015 on our consideration of the Future Choices' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Future Choices' internal control over financial reporting and compliance.

Savitch & Kimmaling, LLC

December 31, 2015

FUTURE CHOICES, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2015

	Unrestricted	Temporarily Restricted	Total
ASSETS			
Cash and cash equivalents	\$ 304,297	\$ -	\$ 304,297
Cash held as fiscal agent (Note 10)	-	314,157	314,157
Security deposits	19,220	-	19,220
Reserves (Note 9)	102,979	-	102,979
Funds held in escrow (Note 9)	43,914	-	43,914
Accounts receivable, net of allowance	48,840	-	48,840
Grants receivable	101,350	-	101,350
Other assets	1,636	-	1,636
Property and equipment, net (Note 4)	1,914,012	-	1,914,012
Intangible assets (Note 8)	5,710	-	5,710
	<u>\$ 2,541,958</u>	<u>\$ 314,157</u>	<u>\$ 2,856,115</u>
Total Assets			
 LIABILITIES AND NET ASSETS			
Accounts payable	\$ 10,090	\$ -	\$ 10,090
Fiscal agent payable (Note 10)	-	314,157	314,157
Accrued wages and taxes	21,787	-	21,787
Accrued property taxes	14,281	-	14,281
Security deposits	13,220	-	13,220
Prepaid rent	3,669	-	3,669
Note payable (Note 5)	475,975	-	475,975
	<u>539,022</u>	<u>314,157</u>	<u>853,179</u>
Total Liabilities			
Unrestricted net assets	2,002,936	-	2,002,936
Temporarily restricted net assets	-	-	-
	<u>2,002,936</u>	<u>-</u>	<u>2,002,936</u>
Total Net Assets			
Total Liabilities and Net Assets	<u>\$ 2,541,958</u>	<u>\$ 314,157</u>	<u>\$ 2,856,115</u>

The accompanying notes are an integral part of the financial statements.

FUTURE CHOICES, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>REVENUES AND OTHER SUPPORT</u>			
Grants and contracts	\$ -	\$ 197,017	\$ 197,017
Net rental income	143,077	-	143,077
Service fees	29,295	-	29,295
Program fees	18,135	-	18,135
Interest income	135	-	135
Forgiveness of debt	17,500	-	17,500
Other income	12,765	-	12,765
	<u>220,907</u>	<u>197,017</u>	<u>417,924</u>
Total revenue			
Net assets released from restrictions	<u>664,170</u>	<u>(664,170)</u>	<u>-</u>
Total Revenue	<u>885,077</u>	<u>(467,153)</u>	<u>417,924</u>
<u>EXPENSES</u>			
Salaries and wages	371,072	-	371,072
Payroll tax	30,899	-	30,899
Office expense	8,225	-	8,225
Utilities	9,612	-	9,612
Telephone	8,822	-	8,822
Conferences and meetings	1,390	-	1,390
Dues and subscriptions	10,062	-	10,062
Insurance	26,078	-	26,078
Automobile expense	10,740	-	10,740
Professional fees	34,584	-	34,584
Property expense	2,305	-	2,305
Repair and maintenance	9,827	-	9,827
Rental expense	18,541	-	18,541
Supplies	10,804	-	10,804
Travel	16,843	-	16,843
Miscellaneous	6,101	-	6,101
Rental management	113,640	-	113,640
Interest expense	16,851	-	16,851
Depreciation	71,018	-	71,018
Amortization	1,003	-	1,003
Bad debt	48,280	-	48,280
	<u>826,697</u>	<u>-</u>	<u>826,697</u>
Total Expenses			
Increase (decrease) in net assets	<u>58,380</u>	<u>(467,153)</u>	<u>(408,773)</u>
Net assets - beginning of year	1,174,397	467,153	1,641,550
Addition of Daley Apartments net assets (Note 13)	<u>770,159</u>	<u>-</u>	<u>770,159</u>
Restated net assets - beginning of year	<u>1,944,556</u>	<u>467,153</u>	<u>2,411,709</u>
net assets - end of year	<u>\$ 2,002,936</u>	<u>\$ -</u>	<u>\$ 2,002,936</u>

The accompanying notes are an integral part of the financial statements.

FUTURE CHOICES, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Change in net assets	\$ (408,773)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	71,018
Amortization	1,003
Forgiveness of debt	(17,500)
(Increases) decreases in operating assets:	
Accounts receivable	(32,941)
Grants receivable	365,803
Fiscal agent cash	(16,469)
Security deposits	(1,842)
Operating reserves	(58)
Escrows	(18,222)
Other assets	7,858
Increases (decreases) in operating liabilities:	
Accounts payable	(9,840)
Accrued interest payable	38,575
Accrued property taxes	3,317
Fiscal agent payable	16,469
Accrued wages	1,348
Security deposits	(867)
Prepaid rent	1,247
Net Cash Provided by (Used in) Operating Activities	126
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Net deposits to replacement reserve	(7,985)
Withdrawals from replacement reserve	15,844
Capital expenditures	(5,880)
Net Cash Provided by (Used in) Investing Activities	1,979
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>	
Payment on debt	(8,150)
Net Cash Provided by (Used in) Financing Activities	(8,150)
Net increase (decrease) in cash	(6,045)
Cash - beginning of year	310,342
Cash - end of year	\$ 304,297
Interest paid during the year	\$ 16,851
Noncash Transactions:	
Assumption of 100% of Daley Apartments, L.P.	\$ 770,159

The accompanying notes are an integral part of the financial statements.

FUTURE CHOICES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

1. NATURE OF THE ORGANIZATION

Future Choices, Inc. (Future Choices) was organized in 1995 as a 501 C 3 not-for-profit corporation for the purpose of providing access to services and to conduct activities to ensure that people in Delaware County, Indiana with special needs and their families are empowered to make personal choices from a wide range of acceptable options, which lead to the greatest level of independence. Future Choices is funded by a network of individuals, the Muncie community, the State of Indiana and Federal government.

Through community education, statewide collaboration, partnerships and outreach, Future Choices currently provides direct services in seven counties in Indiana. These counties are: Blackford, Delaware, Grant, Howard, Madison, Tipton, and Randolph as well as extended services in Henry county.

Future Choices is the sole member of Daley Apartments, LLC, the 99.9% limited partner of Daley Apartments, L.P. (Daley Apartments). The general partner, Daley Apartments, Inc., which has the remaining .1% ownership of Daley Apartments, L.P. is a wholly-owned subsidiary of Future Choices.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared on the accrual basis and in accordance with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements include the accounts of Future Choices and Daley Apartments. Future Choices has 100% ownership of Daley Apartments, L.P. through sole ownership of the general and limited partners as of December 31, 2014. All significant intercompany balances and transactions have been eliminated.

Net assets are classified according to donor-imposed restrictions. Unrestricted net assets include all assets over which Future Choices has full discretion as to use. Temporarily restricted net assets include net assets whose use is restricted by donor-imposed stipulations either as to use or timing. As the restrictions are met, the net assets are released from restrictions and included in unrestricted net assets. Permanently restricted net assets include net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of management. Future Choices does not have any permanently restricted net assets as of September 30, 2015.

Future Choices received funding from the State of Indiana and the federal government to carry out certain program activities.

(Continued)

2. SIGNIFICANT ACCOUNTING POLICIES - Continued

For purposes of the statements of cash flows, investments with an original maturity of three months or less are considered to be cash equivalents.

Future Choices follows the practice of capitalizing all expenditures in excess of \$1,000 for property and equipment at cost. The fair value of donated fixed assets is similarly capitalized. Depreciation is provided using the straight-line method over estimated useful lives of 5-40 years. The following is a summary of the lives for each class of asset:

Buildings/leasehold improvements	5 - 40 years
Equipment	3 - 7 years
Vehicles	5 - 7 years

When property is sold, retired or otherwise disposed of, the related cost and accumulated depreciation are eliminated from the accounts and any resulting gain or loss is credited or charged to income. Expenditures for maintenance and repairs are expensed when incurred.

Long-lived assets and certain identifiable intangibles held and used by Future Choices are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Future Choices is exempt from income taxation under Internal Revenue Code Section 501(c)(3); therefore, no expense or liability has been recognized for income taxes in the accompanying financial statements. Management believes that Future Choices has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Management believes it is no longer subject to income tax examination for years prior to 2012.

No provision for income taxes has been made in these financial statements for Daley Apartments since taxable income or losses pass through to, and are reported by, the individual partners. Management believes that Daley Apartments has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Daley Apartments believes it is no longer subject to income tax examination for years prior to 2012.

The grants receivable represent grants Future Choices has been awarded for the year ended and were awaiting reimbursement of services provided. A substantial majority of receivables are due from government sources. The amount deemed uncollectible is zero; therefore, no bad debt allowance is considered necessary.

Future Choices reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulation restriction ends, or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. If a restriction is fulfilled in the same time period in which the contribution is received, Future Choices reports the support as unrestricted.

(Continued)

2. SIGNIFICANT ACCOUNTING POLICIES - Continued

Rental income is recognized as rental payments become due. Rental payments received in advance are deferred until earned. All leases between Daley Apartments and the tenants of the property are operating leases.

Common costs of Future Choices are allocated to benefitting programs using various allocation methods, depending on the type of joint cost being allocated. Common costs are those costs incurred for the common benefit of all agency programs, but which cannot be readily identified with a final cost objective. Costs that are attributable to a specific program are applied directly to that specific program.

Permanent financing costs are amortized over the term of the mortgage using the straight-line method. Accounting principles generally accepted in the United States of America require the effective yield method to be used to amortize financing costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method. Syndication costs are capitalized and not amortized.

The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements and the reported amounts of revenues, expenses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

3. CASH AND CASH EQUIVALENTS

Future Choices maintains its cash in bank deposit accounts that, at times, exceed federally insured limits. As of September 30, 2015, excesses of approximately \$396,000 exceed federally insured limits. Future Choices has not experienced any losses in its accounts and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

4. FIXED ASSETS

Fixed assets for Future Choices, Inc. consist of the following at September 30, 2015:

	Basis	Accumulated Depreciation	Net Book Value
Land	\$ 2,703	\$ -	\$ 2,703
Buildings & Improvements	90,400	25,922	64,478
Leasehold Improvements	7,476	7,476	-
Furniture & fixtures	69,076	58,479	10,597
Vehicles	29,621	14,021	15,600
Total	<u>\$ 199,276</u>	<u>\$ 105,898</u>	<u>\$ 93,378</u>

(Continued)

4. FIXED ASSETS - Continued

Fixed assets for Daley Apartments consist of the following at September 30, 2015:

	Basis	Accumulated Depreciation	Net Book Value
Land	\$ 50,000	\$ -	\$ 50,000
Buildings & Improvements	2,945,517	1,174,883	1,770,634
Leasehold Improvements	50,000	50,000	-
Furniture & fixtures	52,019	52,019	-
Total	<u>\$ 3,097,536</u>	<u>\$ 1,276,902</u>	<u>\$ 1,820,634</u>

Total depreciation expense for Future Choices, Inc. and Daley Apartments for the year ended September 30, 2015 was \$13,290 and \$57,728, respectively.

5. LONG-TERM DEBT

Long-term debt consists of the following as of September 30, 2015:

	Future Choices, Inc.	Daley Apartments	Total
HOME Loan (1) - City of Muncie	\$ 53,125	\$ -	\$ 53,125
HOME Loan (2) - City of Muncie	20,000	-	20,000
Old National Bank Mortgage	-	402,850	402,850
Total	<u>\$ 73,125</u>	<u>\$ 402,850</u>	<u>\$ 475,975</u>

Future Choices obtained a HOME loan from the City of Muncie, Indiana in the amount of \$250,000. The term of the HOME loan is twenty years which began on December 10, 1999, the date of the final disbursement of loan proceeds. As per the HOME loan agreement, these funds need not be paid back provided there is no default of any of the provisions of the agreement. As allowable by the agreement, the note is forgiven at the rate of 5% on each anniversary date of the final disbursement of loan proceeds and shall be forgiven in its entirety on the 20th anniversary date of such disbursements.

Future Choices obtained a HOME loan from the City of Muncie, Indiana in the amount of \$50,000. The term of the HOME loan is ten years which began during the year ended September 30, 2010. As per the HOME loan agreement, these funds need not be paid back provided there is no default of any of the provisions of the agreement. As allowable by the agreement, the note is forgiven at the rate of 10% on each anniversary date (September 30) and shall be forgiven in its entirety on the 10th anniversary date.

(Continued)

5. LONG-TERM DEBT - Continued

Future Choices renewed a \$300,000 line of credit with Old National Bank on July 31, 2015. The interest rate on the line of credit is the prime rate as published by the Wall Street Journal plus .25% with the interest rate not to be less than 3.25% per annum. The agreement is secured by all assets of Future Choices and proceeds from the disposition of any such property. At September 30, 2015 there was no amount outstanding.

The mortgage note payable to Old National Bank in the original amount of \$411,000 is collateralized by a mortgage on Daley Apartments real property and an assignment of leases. The note bears interest at the rate of 5.25% per annum. The note is payable in monthly installments of \$2,787, including interest, commencing February 1, 2015. The note matures January 1, 2020.

The future maturities on the mortgage only are as follows:

Year ending September 30,

2016	\$	12,595
2017		13,273
2018		13,987
2019		14,739
2020		348,256
Thereafter		-
	\$	<u>402,850</u>

6. RELATED PARTY TRANSACTIONS

Future Choices is entitled to an incentive management fee of 70% of net cash flow, as defined in the partnership agreement, from Daley Apartments. The management fee, when combined with the base property management fee, is not to exceed 10% of gross rental income. No amounts were earned as of September 30, 2015.

Future Choices and Daley Apartments entered into an agreement to provide social services consulting for a fee \$7,000 per year. No income or expenses were recognized in 2015.

7. CONCENTRATIONS

Daley Apartments' operations are concentrated in the multifamily real estate market. In addition, Daley Apartments operates in a heavily regulated environment. The operations are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies and are subject to change. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, if any, to comply with a change.

8. INTANGIBLE ASSETS

The intangible assets and the related amortization are as follows at September 30, 2015:

	<u>Basis</u>	<u>Accumulated Amortization</u>
Permanent financing costs	<u>\$ 6,713</u>	<u>\$ 1,003</u>

Estimated annual amortization expense for the each of the next five years is as follows:

Year ending September 30,	
2016	\$ 1,343
2017	1,344
2018	1,343
2019	1,344
2020	336

9. RESERVES AND ESCROW ACCOUNTS

The status of the reserves for Daley Apartments as of September 30, 2015, is as follows:

	<u>Operating Reserve</u>	<u>Replacement Reserve</u>	<u>Total</u>
Balance - January 1, 2015	\$ 21,800	\$ 88,980	\$ 110,780
Deposits	58	7,985	8,043
Withdrawals	<u>-</u>	<u>(15,844)</u>	<u>(15,844)</u>
Balance - September 30, 2015	<u>\$ 21,858</u>	<u>\$ 81,121</u>	<u>\$ 102,979</u>

The partnership agreement required the Partnership to establish an operating reserve in the amount of \$80,000 from the final capital contribution of the limited partner.

The partnership agreement required the Partnership to fund the replacement reserve at an annual rate equal to \$200 per unit until 2004. The rate was adjusted on January 1, 2005, and January 1 of each fifth year thereafter, to the product of \$200 multiplied by the CPI adjustment as of the adjustment date. The general partner may withdraw funds from the replacement reserve for repairs and personal property replacement with the approval of the administrative limited partner.

The partnership has established an escrow account to be used to pay property taxes and property insurance. The balance in the account at September 30, 2015 is \$43,914.

10. REPRESENTATIVE PAYEE ACCOUNTS

Future Choices serves as the representative payee, approved by the Social Security Administration (SSA), for various consumers who require assistance with their financial responsibilities. The SSA requires Future Choices to maintain a separate bank account into which the SSA makes direct deposits for each consumer; these monies do not belong to future Choices; therefore, Future Choices has recorded a current asset and an off-setting liability. At September 30, 2015, the balance was \$314,157.

11. FAIR VALUE MEASUREMENT

In accordance with Accounting Standards Codification (ASC) 820, the Organization measures its assets and liabilities at fair value using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires that entities maximize the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. The three levels of inputs used are as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities
- Level 2 – Quoted prices for similar assets or liabilities in active markets
- Level 3 – Unobservable inputs for the asset or liability based on the best available information

There were no assets or liabilities valued on a recurring basis as of September 30, 2015.

The fair value of short-term financial instruments, including cash and cash equivalents, security deposits, reserves, accounts receivable, inventory, prepaid expenses, accounts payable, prepaid revenues, and other accrued liabilities approximate the carrying value in the accompanying financial statements due to the short maturity of such instruments.

The fair value of long-term liabilities, including notes payable, approximates the carrying value in the accompanying financial statements based on current borrowing rates.

All methods of assessing fair value result in a general approximation of value and such value may never be realized.

12. GUARANTY

Future Choices, owner of the general partner, has executed a guaranty agreement under which they guarantee to advance funds to the extent needed by the general partner to pay all development deficits, make operating deficit contributions, and to pay to the investor limited partner any amounts due as a result of a tax credit shortfall. No funds have been advanced as of September 30, 2015.

13. ADDITION OF DALEY APARTMENTS NET ASSETS

Effective December 31, 2014, the investor and administrative limited partners of Daley Apartments, L.P. were replaced by Daley Apartments, LLC, whose sole member is Future Choices. As a result, Future Choices now owns 100% of Daley Apartments, L.P. The current period adjustment of \$770,159 reflects the capital accounts assumed by Future Choices.

14. FUNCTIONAL EXPENSES

Functional expenses as of September 30, 2015 are as follows:

Program:	
Rental housing	\$ 179,214
Independent living assistance	<u>582,735</u>
Total program expenses	761,949
General and administrative	<u>64,748</u>
Total expenses	<u>\$ 826,697</u>

15. SUBSEQUENT EVENTS

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

SUPPLEMENTAL INFORMATION

FUTURE CHOICES, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2015

	Future Choices, Inc.			Daley Apartments	Eliminations	Total
	Unrestricted	Temporarily Restricted	Total			
ASSETS						
Cash and cash equivalents	\$ 244,023	\$ -	\$ 244,023	\$ 60,274	\$ -	\$ 304,297
Cash held as fiscal agent (Note 10)	-	314,157	314,157	-	-	314,157
Security deposits	-	-	-	19,220	-	19,220
Reserves (Note 9)	-	-	-	102,979	-	102,979
Funds held in escrow (Note 9)	-	-	-	43,914	-	43,914
Accounts receivable, net of allowance	43,288	-	43,288	5,552	-	48,840
Grants receivable	101,350	-	101,350	-	-	101,350
Accounts receivable - related party (Note 6)	12,905	-	12,905	-	(12,905)	-
Other assets	-	-	-	1,636	-	1,636
Investment in partnership	41,604	-	41,604	-	(41,604)	-
Property and equipment, net (Note 4)	93,378	-	93,378	1,820,634	-	1,914,012
Intangible assets (Note 8)	-	-	-	5,710	-	5,710
Total Assets	\$ 536,548	\$ 314,157	\$ 850,705	\$ 2,059,919	\$ (54,509)	\$ 2,856,115
LIABILITIES AND NET ASSETS						
Accounts payable	\$ 6,159	\$ -	\$ 6,159	\$ 3,931	\$ -	10,090
Accounts payable - related party (Note 6)	-	-	-	1,055	(1,055)	-
Fiscal agent payable (Note 10)	-	314,157	314,157	-	-	314,157
Accrued interest payable	-	-	-	512,739	(512,739)	-
Accrued wages and taxes	21,787	-	21,787	-	-	21,787
Accrued property taxes	-	-	-	14,281	-	14,281
Security deposits	-	-	-	13,220	-	13,220
Prepaid rent	-	-	-	3,669	-	3,669
Note payable (Note 5)	73,125	-	73,125	839,700	(436,850)	475,975
Total Liabilities	101,071	314,157	415,228	1,388,595	(950,644)	853,179
Unrestricted net assets	435,477	-	435,477	671,324	896,135	2,002,936
Temporarily restricted net assets	-	-	-	-	-	-
Total Net Assets	435,477	-	435,477	671,324	896,135	2,002,936
Total Liabilities and Net Assets	\$ 536,548	\$ 314,157	\$ 850,705	\$ 2,059,919	\$ (54,509)	\$ 2,856,115

See Auditor's Report.

FUTURE CHOICES, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Unrestricted	Temporarily Restricted	Total	Daley Apartments	Eliminations	Total
<u>REVENUES AND OTHER SUPPORT</u>						
Grants and contracts	\$ -	\$ 197,017	\$ 197,017	\$ -	\$ -	\$ 197,017
Net rental income	-	-	-	143,077	-	143,077
Service fees	29,295	-	29,295	-	-	29,295
Program fees	18,135	-	18,135	-	-	18,135
Interest income	38,575	-	38,575	135	(38,575)	135
Forgiveness of debt	17,500	-	17,500	-	-	17,500
Other income	27,015	-	27,015	1,595	(15,845)	12,765
Total revenue	130,520	197,017	327,537	144,807	(54,420)	417,924
Net assets released from restrictions	664,170	(664,170)	-	-	-	-
Total Revenue	794,690	(467,153)	327,537	144,807	(54,420)	417,924
<u>EXPENSES</u>						
Salaries and wages	371,072	-	371,072	-	-	371,072
Payroll tax	30,899	-	30,899	-	-	30,899
Office expense	8,225	-	8,225	-	-	8,225
Utilities	9,612	-	9,612	-	-	9,612
Telephone	8,822	-	8,822	-	-	8,822
Conferences and meetings	1,390	-	1,390	-	-	1,390
Dues and subscriptions	10,062	-	10,062	-	-	10,062
Insurance	26,078	-	26,078	-	-	26,078
Automobile expense	10,740	-	10,740	-	-	10,740
Professional fees	34,584	-	34,584	-	-	34,584
Property expense	2,305	-	2,305	-	-	2,305
Repair and maintenance	9,827	-	9,827	-	-	9,827
Rental expense	18,541	-	18,541	-	-	18,541
Supplies	10,804	-	10,804	-	-	10,804
Travel	16,843	-	16,843	-	-	16,843
Miscellaneous	6,101	-	6,101	-	-	6,101
Rental management	-	-	-	113,640	-	113,640
Interest expense	-	-	-	55,426	(38,575)	16,851
Partnership management fee	-	-	-	15,845	(15,845)	-
Depreciation	13,290	-	13,290	57,728	-	71,018
Amortization	-	-	-	1,003	-	1,003
Bad debt	48,280	-	48,280	-	-	48,280
Total Expenses	637,475	-	637,475	243,642	(54,420)	826,697
Increase (decrease) in net assets	157,215	(467,153)	(309,938)	(98,835)	-	(408,773)
Net assets - beginning of year	278,262	467,153	745,415	-	896,135	1,641,550
Addition of Daley Apartments net assets	-	-	-	770,159	-	770,159
Restated net assets - beginning of year	278,262	467,153	745,415	770,159	896,135	2,411,709
Net assets - end of year	\$ 435,477	\$ -	\$ 435,477	\$ 671,324	\$ 896,135	\$ 2,002,936

See Auditor's Report.

FUTURE CHOICES, INC.
CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED SEPTEMBER 30, 2015

	Future Choices, Inc.	Daley Apartments	Eliminations	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Change in net assets	\$ (309,938)	\$ (98,835)	\$ -	\$ (408,773)
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation	13,290	57,728	-	71,018
Amortization	-	1,003	-	1,003
Forgiveness of debt	(17,500)	-	-	(17,500)
(Increases) decreases in operating assets:				
Accounts receivable	(32,528)	(413)	-	(32,941)
Accounts receivable - related party	(1,055)	-	1,055	-
Grants receivable	365,803	-	-	365,803
Fiscal agent cash	(16,469)	-	-	(16,469)
Security deposits	-	(1,842)	-	(1,842)
Operating reserves	-	(58)	-	(58)
Escrows	-	(18,222)	-	(18,222)
Other assets	-	7,858	-	7,858
Increases (decreases) in operating liabilities:				
Accounts payable	(9,159)	(681)	-	(9,840)
Accounts payable - related party	-	1,055	(1,055)	-
Accrued interest payable	-	38,575	-	38,575
Accrued property taxes	-	3,317	-	3,317
Fiscal agent payable	16,469	-	-	16,469
Accrued wages	1,348	-	-	1,348
Security deposits	-	(867)	-	(867)
Prepaid rent	-	1,247	-	1,247
Net Cash Provided by (Used in) Operating Activities	<u>10,261</u>	<u>(10,135)</u>	<u>-</u>	<u>126</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Net deposits to replacement reserve	-	(7,985)	-	(7,985)
Withdrawals from replacement reserve	-	15,844	-	15,844
Capital expenditure	(5,880)	-	-	(5,880)
Net Cash Provided by (Used in) Investing Activities	<u>(5,880)</u>	<u>7,859</u>	<u>-</u>	<u>1,979</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>				
Payment on debt	-	(8,150)	-	(8,150)
Net Cash Provided by (Used in) Financing Activities	<u>-</u>	<u>(8,150)</u>	<u>-</u>	<u>(8,150)</u>
Net increase (decrease) in cash	4,381	(10,426)	-	(6,045)
Cash - beginning of year	239,642	70,700	-	310,342
Cash - end of year	<u>\$ 244,023</u>	<u>\$ 60,274</u>	<u>\$ -</u>	<u>\$ 304,297</u>
Interest paid during the year	<u>\$ -</u>	<u>\$ 16,851</u>	<u>\$ -</u>	<u>\$ 16,851</u>
Noncash Transactions:				
Assumption of 100% of Daley Apartments, L.P.	<u>\$ 770,159</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 770,159</u>

See Auditor's Report.