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STATE OF INDIANA

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June 12, 2018

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

We have reviewed the report prepared by Future Choices, Inc. and opined upon by Barnes, Dennig & Co., Ltd., Independent Public Accountants, for the period October 1, 2016 to September 30, 2017. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Future Choices, Inc. as of September 30, 2017 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Barnes, Dennig & Co., Ltd. prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

The 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. and Subsidiary

Consolidated Financial Statements
Years Ended September 30, 2017 and 2016, and
Independent Auditors' Report

FUTURE CHOICES, INC AND SUBSIDIARY
September 30, 2017 and 2016

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Independent Auditors' Report

Board of Directors
Future Choices, Inc. and Subsidiary
Muncie, Indiana

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Future Choices, Inc. and Subsidiary, (Future Choices), which comprise the consolidated statements of financial position as of September 30, 2017 and 2016, and the related consolidated statements of activities, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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.

Independent Auditors' Report
(Continued)

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Future Choices as of September 30, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 14 - 15 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 audits 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 January 12, 2018 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 Future Choices' internal control over financial reporting and compliance.

Barnes Dennig & Co., Ltd

January 12, 2018
Indianapolis, Indiana

FUTURE CHOICES, INC AND SUBSIDIARY

Consolidated Statements of Financial Position
Years Ended September 30, 2017 and 2016

	2017	2016
Assets		
Cash	$ 297,906	$ 322,475
Cash held as fiscal agent	334,220	308,374
Security deposits	19,932	16,476
Reserves	124,295	113,638
Funds held in escrow	27,346	45,381
Accounts receivable	4,463	14,129
Grants receivable	131,624	83,767
Property and equipment, net	1,761,155	1,825,046
Other assets	5,753	6,020
Total assets	$ 2,706,694	$ 2,735,306
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 22,173	$ 28,903
Fiscal agent payable	334,220	308,374
Accrued wages and taxes	6,987	8,978
Accrued property taxes	15,086	14,824
Security deposits	13,854	14,529
Prepaid rent	3,188	7,453
Long-term debt	414,597	445,671
Total liabilities	810,105	828,732
Net assets	1,896,589	1,906,574
Total liabilities and net assets	$ 2,706,694	$ 2,735,306

See accompanying notes to financial statements.

FUTURE CHOICES, INC AND SUBSIDIARY

Consolidated Statements of Activities
Years Ended September 30, 2017 and 2016

	2017	2016
Revenues and other support		
Grants and contracts	$ 518,718	$ 534,448
Net rental income	192,487	188,665
Service fees	26,648	30,000
Gain on disposal of asset	-	1,786
Forgiveness of debt	17,500	17,500
Other income	36,121	37,814
Total revenue	791,474	810,213
Expenses		
Independent living	491,983	574,133
Rental housing	254,811	268,650
General & administrative	54,665	63,793
Total expenses	801,459	906,575
Change in net assets	(9,985)	(96,362)
Unrestricted net assets - beginning of year	1,906,574	2,002,936
Unrestricted net assets - end of year	$ 1,896,589	$ 1,906,574

See accompanying notes to financial statements.

FUTURE CHOICES, INC AND SUBSIDIARY

Consolidated Statement of Functional Expenses
Year Ended September 30, 2017

	Independent Living	Rental Housing	General & Administrative	Total
Expenses				
Salaries and wages	$ 309,172	$ -	$ 34,352	$ 343,524
Payroll tax	23,205	-	2,578	25,783
Office expense	10,788	-	1,199	11,987
Utilities	7,513	-	835	8,348
Telephone	9,309	-	1,034	10,343
Conferences and meetings	3,037	-	337	3,374
Dues and subscriptions	8,771	-	975	9,746
Insurance	26,554	-	2,950	29,504
Automobile expense	6,361	-	707	7,068
Professional fees	29,426	-	3,270	32,695
Property expense	1,394	-	155	1,549
Repair and maintenance	6,108	-	679	6,787
Rental expense	15,183	-	1,687	16,870
Supplies	12,299	-	1,367	13,666
Travel	7,326	-	814	8,140
Miscellaneous	7,889	-	877	8,766
Rental management	-	156,740	-	156,740
Interest expense	-	18,968	-	18,968
Depreciation	7,648	73,638	850	82,136
Amortization	-	1,343	-	1,343
Bad debt	-	4,122	-	4,122
Total expenses	$ 491,983	$ 254,811	$ 54,665	$ 801,459

See accompanying notes to financial statements.

FUTURE CHOICES, INC AND SUBSIDIARY

Consolidated Statement of Functional Expenses
Year Ended September 30, 2016

	Independent Living	Rental Housing	General & Administrative	Total
Expenses				
Salaries and wages	$ 309,404	$ -	$ 34,378	$ 343,782
Payroll tax	24,848	-	2,761	27,609
Office expense	7,976	-	886	8,862
Utilities	8,502	-	945	9,447
Telephone	7,560	-	840	8,400
Conferences and meetings	1,518	-	169	1,687
Dues and subscriptions	6,266	-	696	6,962
Insurance	32,993	-	3,666	36,659
Automobile expense	13,090	-	1,454	14,544
Professional fees	33,413	-	3,713	37,126
Property expense	2,783	-	309	3,092
Repair and maintenance	10,477	-	1,164	11,641
Rental expense	17,954	-	1,995	19,949
Supplies	12,221	-	1,358	13,579
Travel	15,725	-	1,747	17,472
Miscellaneous	17,748	-	1,972	19,720
Rental management	-	164,309	-	164,309
Interest expense	-	21,275	-	21,275
Depreciation	11,718	73,638	1,302	86,658
Amortization	-	1,343	-	1,343
Bad debt	39,937	8,085	4,437	52,459
Total expenses	$ 574,133	$ 268,650	$ 63,793	$ 906,575

See accompanying notes to financial statements.

FUTURE CHOICES, INC AND SUBSIDIARY

Consolidated Statements of Cash Flows
Years Ended September 30, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities		
Change in net assets	$ (9,985)	$ (96,362)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	82,136	86,658
Amortization	1,343	1,343
Bad debt expense	4,122	52,459
Gain on disposal of assets	-	(1,786)
Forgiveness of debt	(17,500)	(17,500)
Changes in:		
Accounts receivable	5,544	(17,748)
Grants receivable	(47,857)	17,583
Fiscal agent cash	(25,846)	5,783
Security deposits	(3,456)	2,744
Operating reserves	-	(8)
Escrows	18,035	(1,467)
Other assets	(1,076)	(17)
Accounts payable	(6,730)	18,813
Accrued property taxes	262	543
Fiscal agent payable	25,846	(5,783)
Accrued wages	(1,991)	(12,809)
Security deposits	(675)	1,309
Prepaid rent	(4,265)	3,784
Net cash provided by (used in) operating activities	17,907	37,539
Cash Flows from Investing Activities		
Deposits to replacement reserve	(10,657)	(10,651)
Proceeds from disposal of assets	-	6,586
Purchases of fixed assets	(18,245)	(2,492)
Net cash provided by (used in) investing activities	(28,902)	(6,557)
Cash Flows from Financing Activities		
Payments on debt	(13,574)	(12,804)
Change in cash	(24,569)	18,178
Cash - beginning of year	322,475	304,297
Cash - end of year	$ 297,906	$ 322,475
Interest paid during the year	$ 19,783	$ 20,738

See accompanying notes to financial statements.

FUTURE CHOICES, INC AND SUBSIDIARY

Notes to Consolidated Financial Statements

NOTE 1 NATURE OF THE ORGANIZATION

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

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 also a wholly-owned subsidiary of Future Choices.

NOTE 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. 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 or temporarily restricted net assets as of September 30, 2017 and 2016.

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

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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. Receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

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.

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.

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.

Certain prior year amounts have been reclassified to correspond to current year presentation. Such reclassifications have no effect on the change in net assets for either year.

NOTE 3 CASH

Future Choices maintains its cash in bank deposit accounts that, at times, exceed federally insured limits. As of September 30, 2017 and 2016, Future Choices had cash balances exceeding 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.

NOTE 4 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, 2017 and 2016.

Future Choices and Daley Apartments entered into an agreement to provide social services consulting for a fee of $7,000 per year. Both income and expense were recognized in 2017 and 2016. The $7,000 revenue and expense is eliminated in consolidation.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at September 30, 2017:

	Basis	Accumulated Depreciation	Net Book Value
Future Choices, Inc.:			
Land	$ 2,703	$ -	$ 2,703
Buildings & Improvements	99,900	32,691	67,209
Leasehold Improvements	7,476	7,476	-
Furniture & fixtures	76,531	65,928	10,603
Vehicles	20,622	17,122	3,500
	207,232	123,217	84,015
Daley Apartments, L.P.:			
Land	50,000	-	50,000
Buildings & Improvements	2,945,517	1,322,159	1,623,358
Leasehold Improvements	53,782	50,000	3,782
Furniture & fixtures	52,019	52,019	-
	3,101,318	1,424,178	1,677,140
Total	$ 3,308,550	$ 1,547,395	$ 1,761,155

NOTE 5 PROPERTY AND EQUIPMENT (Continued)

Property and equipment consisted of the following at September 30, 2016:

	Basis	Accumulated Depreciation	Net Book Value
Future Choices, Inc.:			
Land	$ 2,703	$ -	$ 2,703
Buildings & Improvements	90,400	29,307	61,093
Leasehold Improvements	7,476	7,476	-
Furniture & fixtures	71,568	62,915	8,653
Vehicles	20,622	15,021	5,601
	192,769	114,719	78,050
Daley Apartments, L.P.:			
Land	50,000	-	50,000
Buildings & Improvements	2,945,517	1,248,521	1,696,996
Leasehold Improvements	50,000	50,000	-
Furniture & fixtures	52,019	52,019	-
	3,097,536	1,350,540	1,746,996
Total	$ 3,290,305	$ 1,465,259	$ 1,825,046

NOTE 6 LONG-TERM DEBT

Long-term debt consists of the following as of September 30, 2017:

	Future Choices, Inc.	Daley Apartments	Total
HOME Loan (1) - City of Muncie	$ 28,125	$ -	$ 28,125
HOME Loan (2) - City of Muncie	10,000	-	10,000
Old National Bank Mortgage	-	376,472	376,472
Total	$ 38,125	$ 376,472	$ 414,597

Long-term debt consists of the following as of September 30, 2016:

	Future Choices, Inc.	Daley Apartments	Total
HOME Loan (1) - City of Muncie	$ 40,625	$ -	$ 40,625
HOME Loan (2) - City of Muncie	15,000	-	15,000
Old National Bank Mortgage	-	390,046	390,046
Total	$ 55,625	$ 390,046	$ 445,671

NOTE 6 LONG-TERM DEBT (Continued)

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 also 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.

Future Choices renewed a $300,000 line of credit with Old National Bank on January 31, 2017. 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 line of credit matures on January 31, 2018. The agreement is secured by all assets of Future Choices and proceeds from the disposition of any such property. At September 30, 2017 and 2016 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,	
2018	$ 13,273
2019	13,987
2020	14,739
2021	334,473
2022	-
Thereafter	-
	$ 376,472

NOTE 7 CONCENTRATIONS

Accounting principles generally accepted in the United States of America require disclosure of current vulnerabilities due to certain concentrations. Approximately 90% and 86% of Future Choices' funding was received from the COIL & OIB state grants in 2017 and 2016, respectively. 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.

NOTE 8 RESERVES AND ESCROW ACCOUNTS

The status of the reserves for Daley Apartments as of September 30, 2017, is as follows:

	Operating Reserve	Replacement Reserve	Total
Balance - October 1, 2015	$ 21,858	$ 81,121	$ 102,979
Deposits	8	10,651	10,659
Withdrawals	-	-	-
Balance - September 30, 2016	21,866	91,772	113,638
Deposits	-	10,657	10,657
Withdrawals	-	-	-
Balance - September 30, 2017	$ 21,866	$ 102,429	$ 124,295

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

The partnership agreement required Daley Apartments 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.

Daley Apartments has established an escrow account to be used to pay property taxes and property insurance. The balance in the account at September 30, 2017 and 2016 is $27,346 and $45,381, respectively.

NOTE 9 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. As these monies do not belong to Future Choices; Future Choices has recorded a current asset and an off-setting liability. At September 30, 2017 and 2016, the balance totaled $334,220 and $308,374, respectively.

NOTE 10 SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 12, 2018, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

In November 2017, a tornado struck Daley Apartments destroying 12 of the 37 apartment units. The estimated cost of the damage was approximately $599,000 of which Daley received $453,000 for an insurance claim in December 2017 with an additional $110,000 to be paid as repairs to the building are made. Future Choices is responsible for the $35,000 deductible. In addition, insurance is to be received to cover lost rents during the repair process.

SUPPLEMENTAL INFORMATION

FUTURE CHOICES, INC AND SUBSIDIARY

Consolidating Statement of Financial Position
Year Ended September 30, 2017

	Future Choices	Daley Apartments	Eliminations	Total
Assets				
Cash	$ 243,030	$ 54,876	$ -	$ 297,906
Cash held as fiscal agent	334,220	-	-	334,220
Security deposits	-	19,932	-	19,932
Reserves	-	124,295	-	124,295
Funds held in escrow	-	27,346	-	27,346
Accounts receivable, net	2,859	1,604	-	4,463
Grants receivable	131,624	-	-	131,624
Accounts receivable - related party	12,900	-	(12,900)	-
Investment in partnership	41,604	-	(41,604)	-
Property and equipment, net	84,015	1,677,140	-	1,761,155
Other assets	-	5,753	-	5,753
Total assets	$ 850,252	$ 1,910,946	$ (54,504)	$ 2,706,694
Liabilities and Net Assets				
Liabilities				
Accounts payable	$ 11,547	$ 10,626	$ -	$ 22,173
Fiscal agent payable	334,220	-	-	334,220
Accrued interest payable	-	398,970	(398,970)	-
Accrued wages and taxes	6,987	-	-	6,987
Accrued property taxes	-	15,086	-	15,086
Security deposits	-	13,854	-	13,854
Prepaid rent	-	3,188	-	3,188
Note payable	38,125	638,322	(261,850)	414,597
Total liabilities	390,879	1,080,046	(660,820)	810,105
Net assets	459,373	830,900	606,316	1,896,589
Total liabilities and net assets	$ 850,252	$ 1,910,946	$ (54,504)	$ 2,706,694

FUTURE CHOICES, INC AND SUBSIDIARY

Consolidating Statement of Activities
Year Ended September 30, 2017

	Future Choices	Daley Apartments	Eliminations	Total
Revenues and other support				
Grants and contracts	$ 518,718	$ -	$ -	$ 518,718
Net rental income	-	192,487	-	192,487
Service fees	26,648	-	-	26,648
Forgiveness of debt	17,500	-	-	17,500
Other income	33,275	9,846	(7,000)	36,121
Total revenue	596,141	202,333	(7,000)	791,474
Expenses				
Program	491,983	-	-	491,983
Housing	-	293,623	(38,812)	254,811
General & administrative	54,665	-	-	54,665
Total expenses	546,648	293,623	(38,812)	801,459
Change in net assets	49,493	(91,290)	31,812	(9,985)
Unrestricted net assets - beginning of year	409,880	922,190	574,504	1,906,574
Unrestricted net assets - end of year	$ 459,373	$ 830,900	$ 606,316	$1,896,589

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Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Future Choices, Inc. and Subsidiary
Muncie, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Future Choices, Inc. and Subsidiary (Future Choices), which comprise the statement of financial position as of September 30, 2017 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated January 12, 2018.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting 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 audits 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.

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* (Continued)

Compliance and Other Matters

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

Purpose of this Report

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

Barnes Dennig & Co., Ltd

January 12, 2018
Indianapolis, Indiana