



STATE OF INDIANA
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November 30, 2009

Board of Directors
Indiana Resource Center for Children with
Special Needs, Inc. d/b/a IN*Source
1703 S. Ironwood Dr.
South Bend, IN 46613

We have reviewed the audit report prepared by Cullar & Associates, PC, Independent Public Accountants, for the period August 1, 2006 to July 31, 2007. 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 the Indiana Resource Center for Children with Special Needs, Inc. d/b/a IN*Source, as of July 31, 2007, 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.

STATE BOARD OF ACCOUNTS

FINANCIAL REPORT

**INDIANA RESOURCE CENTER FOR FAMILIES WITH SPECIAL NEEDS, INC.
D/B/A IN*SOURCE**

July 31, 2007 and 2006



CULLAR & ASSOCIATES, PC

CERTIFIED PUBLIC ACCOUNTANTS

CONTENTS

| | <u>Page</u> |
|-----------------------------------------|-------------|
| INDEPENDENT AUDITOR'S REPORT..... | 1 |
| FINANCIAL STATEMENTS | |
| Statements of financial position | 2 |
| Statements of activities..... | 3 |
| Statements of functional expenses | 4-5 |
| Statements of cash flows..... | 6 |
| Notes to financial statements..... | 7-10 |



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
INDIANA RESOURCE CENTER FOR FAMILIES WITH SPECIAL NEEDS, INC.
South Bend, Indiana

We have audited the accompanying statements of financial position of INDIANA RESOURCE CENTER FOR FAMILIES WITH SPECIAL NEEDS, INC. (the "Organization") as of July 31, 2007 and 2006, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of INDIANA RESOURCE CENTER FOR FAMILIES WITH SPECIAL NEEDS, INC. as of July 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As explained in Note 2 to the financial statements, the Organization retroactively changed its overall method of accounting from a statutory basis to U.S. generally accepted accounting principles as of August 1, 2006.

Cullar & Associates, P.C.

February 1, 2008

INDIANA RESOURCE CENTER FOR FAMILIES WITH SPECIAL NEEDS, INC.
STATEMENTS OF FINANCIAL POSITION
 July 31, 2007 and 2006

| | <u>2007</u> | <u>2006</u> |
|------------------------------------------|-------------------|-------------------|
| Assets: | | |
| Cash and cash equivalents | \$ 65,262 | \$ 88,768 |
| Cash held for others | 37,957 | 29,748 |
| Grants receivable | 28,803 | 28,338 |
| Other receivables | 1,000 | 657 |
| Deposits and prepaid expenses | <u>4,470</u> | <u>3,070</u> |
| <i>Total assets</i> | <u>\$ 137,492</u> | <u>\$ 150,581</u> |
| Liabilities and Net Assets: | | |
| Liabilities: | | |
| Accounts payable and accrued liabilities | \$ 36,910 | \$ 42,409 |
| Refundable grant advances | 17,965 | 39,913 |
| Agency liability | <u>37,957</u> | <u>29,748</u> |
| <i>Total liabilities</i> | <u>92,832</u> | <u>112,070</u> |
| Net Assets: | | |
| Unrestricted | 40,252 | 33,571 |
| Temporarily restricted | <u>4,408</u> | <u>4,940</u> |
| <i>Total net assets</i> | <u>44,660</u> | <u>38,511</u> |
| <i>Total liabilities and net assets</i> | <u>\$ 137,492</u> | <u>\$ 150,581</u> |

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

INDIANA RESOURCE CENTER FOR FAMILIES WITH SPECIAL NEEDS, INC.
STATEMENTS OF ACTIVITIES
 Years Ended July 31, 2007 and 2006

| | 2007 | | | 2006 | | |
|------------------------------------------------------|------------------|------------------------|------------------|------------------|------------------------|------------------|
| | Unrestricted | Temporarily Restricted | Total | Unrestricted | Temporarily Restricted | Total |
| Revenues and Gains: | | | | | | |
| Grants: | | | | | | |
| Parent Training and Information Center | \$ - | \$ 316,760 | \$ 316,760 | \$ - | \$ 341,498 | \$ 341,498 |
| Indiana Unified Training System | - | 110,349 | 110,349 | - | 96,608 | 96,608 |
| Regional Resource Initiative | 28,068 | - | 28,068 | 28,068 | - | 28,068 |
| Family Support | - | - | - | 5,010 | - | 5,010 |
| Contributions | 6,428 | 2,500 | 8,928 | 1,185 | - | 1,185 |
| Special events | 11,341 | - | 11,341 | 11,366 | - | 11,366 |
| Conference and workshop fees | 2,745 | - | 2,745 | 5,100 | - | 5,100 |
| Interest income | 2,002 | - | 2,002 | 1,103 | - | 1,103 |
| Other | 1,987 | - | 1,987 | 1,241 | - | 1,241 |
| Net assets released from restrictions | 430,141 | (430,141) | - | 443,806 | (443,806) | - |
| <i>Total revenues and gains</i> | <u>482,712</u> | <u>(532)</u> | <u>482,180</u> | <u>496,879</u> | <u>(5,700)</u> | <u>491,179</u> |
| Expenses and Losses: | | | | | | |
| Parent Training | 310,128 | - | 310,128 | 335,825 | - | 335,825 |
| Unified Training Systems | 108,110 | - | 108,110 | 95,296 | - | 95,296 |
| Regional Initiative | 28,401 | - | 28,401 | 26,387 | - | 26,387 |
| Family Support | - | - | - | 4,903 | - | 4,903 |
| Management and general | 27,585 | - | 27,585 | 30,644 | - | 30,644 |
| Fundraising | 1,807 | - | 1,807 | 3,301 | - | 3,301 |
| <i>Total expenses and losses</i> | <u>476,031</u> | <u>-</u> | <u>476,031</u> | <u>496,356</u> | <u>-</u> | <u>496,356</u> |
| Change in net assets (as restated for 2006) | 6,681 | (532) | 6,149 | 523 | (5,700) | (5,177) |
| Net assets, beginning of year (as restated for 2006) | 33,571 | 4,940 | 38,511 | 33,048 | 10,640 | 43,688 |
| <i>Net assets, end of year</i> | <u>\$ 40,252</u> | <u>\$ 4,408</u> | <u>\$ 44,660</u> | <u>\$ 33,571</u> | <u>\$ 4,940</u> | <u>\$ 38,511</u> |

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

INDIANA RESOURCE CENTER FOR FAMILIES WITH SPECIAL NEEDS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
 Year Ended July 31, 2007

| | Parent Training | Unified Training Systems | Regional Initiative | Management and General | Fund-raising | Total Expenses |
|--------------------------|-------------------|--------------------------|---------------------|------------------------|-----------------|-------------------|
| Personnel | \$ 255,268 | \$ 11,047 | \$ 23,850 | \$ 17,341 | \$ - | \$ 307,506 |
| Stipends | 3,169 | 92,999 | - | - | - | 96,168 |
| Travel | 10,972 | 303 | 1,163 | 1,143 | - | 13,581 |
| Occupancy | 9,782 | 1,140 | 1,132 | 949 | - | 13,003 |
| Telephone | 5,254 | 391 | 378 | 12 | - | 6,035 |
| Equipment | 1,681 | 196 | 196 | - | - | 2,073 |
| Printing | 5,954 | 688 | 688 | - | - | 7,330 |
| Office supplies | 7,817 | 838 | 582 | 339 | - | 9,576 |
| Postage | 4,438 | 502 | 312 | 309 | - | 5,561 |
| Literature | 216 | 1 | 1 | - | - | 218 |
| Professional fees | - | - | - | 5,797 | - | 5,797 |
| Conferences and training | 5,577 | 5 | 5 | - | - | 5,587 |
| Contracted services | - | - | 94 | - | - | 94 |
| Other | - | - | - | 1,695 | 1,807 | 3,502 |
| <i>Total expenses</i> | <u>\$ 310,128</u> | <u>\$ 108,110</u> | <u>\$ 28,401</u> | <u>\$ 27,585</u> | <u>\$ 1,807</u> | <u>\$ 476,031</u> |

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

INDIANA RESOURCE CENTER FOR FAMILIES WITH SPECIAL NEEDS, INC.
STATEMENT OF FUNCTIONAL EXPENSES

Year Ended July 31, 2006

| | Parent Training | Unified Training Systems | Regional Initiative | Family Support | Management and General | Fund- raising | Total Expenses |
|--------------------------|--------------------|--------------------------------|------------------------|-------------------|---------------------------|------------------|-------------------|
| Personnel | \$ 280,065 | \$ 17,471 | \$ 22,140 | \$ 2,855 | \$ 15,450 | \$ - | \$ 337,981 |
| Stipends | 7,673 | 73,668 | 1,150 | - | - | - | 82,491 |
| Travel | 10,336 | 395 | 200 | 1,038 | 3,628 | - | 15,597 |
| Occupancy | 10,255 | 1,110 | 1,063 | - | 978 | - | 13,406 |
| Telephone | 5,588 | 444 | 412 | - | (27) | - | 6,417 |
| Equipment | 2,790 | 312 | 299 | - | - | - | 3,401 |
| Printing | 4,828 | 241 | 231 | - | - | - | 5,300 |
| Office supplies | 6,670 | 1,114 | 515 | 6 | 494 | - | 8,799 |
| Postage | 4,513 | 541 | 234 | 4 | 1,070 | 581 | 6,943 |
| Literature | 739 | - | - | - | - | - | 739 |
| Professional fees | - | - | - | - | 5,835 | - | 5,835 |
| Conferences and training | 2,368 | - | - | - | - | - | 2,368 |
| Contracted services | - | - | 143 | 1,000 | - | - | 1,143 |
| Other | - | - | - | - | 3,216 | 2,720 | 5,936 |
| <i>Total expenses</i> | <u>\$ 335,825</u> | <u>\$ 95,296</u> | <u>\$ 26,387</u> | <u>\$ 4,903</u> | <u>\$ 30,644</u> | <u>\$ 3,301</u> | <u>\$ 496,356</u> |

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

INDIANA RESOURCE CENTER FOR FAMILIES WITH SPECIAL NEEDS, INC.
STATEMENTS OF CASH FLOWS
Years Ended July 31, 2007 and 2006

| Change in Cash and Cash Equivalents: | <u>2007</u> | <u>2006</u> |
|------------------------------------------------------------|------------------|------------------|
| Cash Flows from Operating Activities: | | |
| Cash received from grantors, donors, and others | \$ 457,765 | \$ 532,633 |
| Cash paid to employees, suppliers, and others | (483,273) | (499,647) |
| Interest income received | <u>2,002</u> | <u>1,103</u> |
| <i>Net cash provided by (used in) operating activities</i> | <u>(23,506)</u> | <u>34,089</u> |
| | | |
| Net change in cash and cash equivalents | (23,506) | 34,089 |
| Cash and cash equivalents, beginning of year | <u>88,768</u> | <u>54,679</u> |
| <i>Cash and cash equivalents, end of year</i> | <u>\$ 65,262</u> | <u>\$ 88,768</u> |

**Reconciliation of Change in Net Assets to Net Cash
Provided By (Used In) Operating Activities:**

| | | |
|------------------------------------------------------------|--------------------|------------------|
| Change in net assets | \$ 6,149 | \$ (5,177) |
| Add (deduct) items not requiring (providing) cash: | | |
| (Increase) in cash held for others | (8,209) | (29,748) |
| (Increase) decrease in grants receivable | (465) | 11,620 |
| (Increase) in other receivables | (343) | (657) |
| (Increase) in deposits and prepaid expenses | (1,400) | (1,146) |
| (Decrease) in accounts payable and accrued liabilities | (5,499) | (1,488) |
| Increase in agency liability | 8,209 | 29,748 |
| Increase (decrease) in refundable grant advances | <u>(21,948)</u> | <u>30,937</u> |
| <i>Net cash provided by (used in) operating activities</i> | <u>\$ (23,506)</u> | <u>\$ 34,089</u> |

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

INDIANA RESOURCE CENTER FOR FAMILIES WITH SPECIAL NEEDS, INC.
NOTES TO FINANCIAL STATEMENTS
July 31, 2007 and 2006

NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization:

INDIANA RESOURCE CENTER FOR FAMILIES WITH SPECIAL NEEDS, INC., doing business as IN*SOURCE, (the "Organization") is an Indiana nonprofit corporation that administers programs designed to gather and disseminate information on education services for the handicapped, to cooperate with public and private agencies in increasing educational opportunities for the handicapped, and to counsel parents of handicapped persons so as to enable their children to reach their fullest potential as persons and citizens.

The Organization's operations are supported primarily by grants from governmental agencies.

Significant Accounting Policies:

As discussed in Note 2, in 2007 the Organization changed its overall method of accounting.

Use of estimates:

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

The costs of providing the programs and supporting services have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's estimates and cost studies.

Net asset classes:

The Organization reports its activities and financial position by the following classes of net assets:

Unrestricted net assets are those currently available for use by the Organization.

Temporarily restricted net assets are those received with donor stipulations that limit the use of the donated assets. When stipulated time restrictions expire or purpose restrictions are accomplished, these net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Inclusion of funds:

The Organization acts as the project director for the Collaborative Parent Involvement Project (the "Project") under a cooperative agency agreement with Indiana University. Under the agreement, the University acts as the administrative and fiscal agent for the

INDIANA RESOURCE CENTER FOR FAMILIES WITH SPECIAL NEEDS, INC.
NOTES TO FINANCIAL STATEMENTS
July 31, 2007 and 2006

Project. Since the University handles the funds for the program and is subject to audit by the Indiana State Board of Accounts, the accompanying financial statements do not include the results of activities or the resulting balances from the Project.

The Organization also acts as fiscal agent for National Coalition of Parent Center. The amount of cash held under that agreement is reported in the accompanying statements of financial position as both an asset and a liability. No revenue or expenses are reported for activity in this agency account in the accompanying statements of activities.

Cash and cash equivalents:

The Organization considers time deposits, certificates of deposit, and all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Property and equipment:

Property and equipment is recorded at cost, if purchased, or at fair value at the date of donation, if donated. Depreciation is computed by the straight-line method over the estimated useful life of the assets, generally from three to five years.

Gifts and grants:

The Organization reports gifts and grants 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 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.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contributions revenue. Conditional promises to give are not included as revenue until the conditions are substantially met. Gifts and grants received with conditions that have not been substantially met are reflected as refundable grant advances in the accompanying statements of financial position.

Income taxes:

The Organization is exempt from income tax under Internal Revenue Code Section 501(c)(3) and a similar section of the Indiana Code. Consequently, the accompanying financial statements do not include any provision for income taxes. The Internal Revenue Service classifies the Organization as other than a private foundation under Internal Revenue Code Section 170(b)(1)(A)(vi).

INDIANA RESOURCE CENTER FOR FAMILIES WITH SPECIAL NEEDS, INC.
NOTES TO FINANCIAL STATEMENTS
July 31, 2007 and 2006

NOTE 2. CHANGE IN METHOD OF ACCOUNTING AND RECLASSIFICATIONS

In 2007, the Organization changed its overall method of accounting from a statutory basis to U.S. generally accounting principles. Management believes the new method more accurately reflects the Organization's financial position and changes in net assets.

The effects of the change were to decrease total expenses and increase the change in net assets for the year ended July 31, 2007 by \$2,977, and to increase liabilities and decrease unrestricted and total net assets at July 31, 2007 by \$11,783. The 2006 financial statements have been retroactively restated for the change, which resulted in a \$845 decrease in the change in net assets for the year ended July 31, 2006. Net assets at the beginning of 2006 have been decreased by \$13,915 for the effect of the retroactive application of the new method.

Certain assets, revenues, and expenses have been reclassified between line-items in the July 31, 2006 financial statements to conform to their presentation in the July 31, 2007 statement. Such reclassifications had no effect on total assets, revenues, expenses, or on the change in net assets for the year ended July 31, 2006.

NOTE 3. GRANTS RECEIVABLE

Grants receivable consists of amounts unconditionally promised to the Organization for various programs. All amounts are expected to be collected in the next year, and no allowance for doubtful accounts is considered necessary. At July 31, 2007, the Organization had also received approximately \$185,000 in conditional promises to give in excess of allowable costs incurred under cost-reimbursement grants. Such promises will be recognized as revenue if and when allowable costs are incurred.

At July 31, 2007 and 2006, the Organization had received \$17,965 and \$39,913, respectively, of advances on cost-reimbursement grants in excess of allowable costs incurred that are reflected as refundable grant advances in the accompanying statements of financial position. Such advances are required to be returned if the Organization does not incur allowable costs by the end of the grant periods.

NOTE 4. RESTRICTED NET ASSETS

Temporarily restricted net assets at both July 31, 2007 and 2006 are restricted for the annual conference. Net assets were released from donor restrictions for both the years ended July 31, 2007 and 2006 by incurring expenses satisfying restricted purposes.

NOTE 5. LEASE INFORMATION

The Organization leases its office facilities under an operating lease expiring in July 2007 and certain equipment under an operating lease expiring in June 2011. Minimum future rent payments under these non-cancelable operating leases as of July 31, 2007 for each of the next four years and in the aggregate are as follows:

INDIANA RESOURCE CENTER FOR FAMILIES WITH SPECIAL NEEDS, INC.
NOTES TO FINANCIAL STATEMENTS
July 31, 2007 and 2006

| | |
|--------------------------------------|-------------------|
| 2008 | \$ 41,111 |
| 2009 | 41,111 |
| 2010 | 12,911 |
| 2011 | <u>11,834</u> |
| <i>Total minimum rental payments</i> | <u>\$ 106,967</u> |

Rent expense for the office facilities was \$10,352 and \$10,326 for the years ended July 31, 2007 and 2006, respectively, net of amounts charged to the Collaborative Parent Involvement Project discussed in Note 1. There was no rent expense for the copier for either year ended July 31, 2007 or 2006 because that rent was paid by the Collaborative Parent Involvement Project.

NOTE 6. RETIREMENT PLAN

The Organization maintains a defined-contribution "SIMPLE" retirement plan that covers substantially all of its full-time employees. Retirement expense was \$16,373 and \$11,694 for the years ended July 31, 2007 and 2006, respectively.

NOTE 7. CONCENTRATIONS

Financial instruments that expose the Organization to concentrations of credit risk consist primarily of cash and cash equivalents. The Organization has cash on deposit with financial institutions which, at times, may exceed the insurance limits of the Federal Deposit Insurance Corporation and has cash invested in money market accounts that are not covered by such insurance. Cash and cash equivalents are maintained at high quality financial institutions and the Organization has not experienced any losses on such deposits.

The Organization's contributors and activities are concentrated in Indiana. Accordingly, its contributions and other sources of support and revenue may be affected by conditions in that area. In addition, approximately 94% and 95% of total revenues were received from three funding sources, with 66% and 70% received from one source, for the years ended July 31, 2007 and 2006, respectively.