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October 13, 2011

Board of Directors
Indiana Latino Institute, Inc.
445 N. Pennsylvania, #800
Indianapolis, IN 46204

We have reviewed the audit report prepared by Gauthier & Kimmerling, LLC, Independent Public Accountants, for the period January 1, 2008 to December 31, 2008. 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 Latino Institute, Inc., as of December 31, 2008, 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

INDIANA LATINO INSTITUTE, INC.

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

DECEMBER 31, 2008

INDIANA LATINO INSTITUTE, INC.

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Gauthier & Kimmerling, LLC
accountants & advisors

233 S. McCreia Street • Suite 1000 • Indianapolis, IN 46225 • (317) 636-3265

Independent Auditors' Report

To the Board of Directors
Indiana Latino Institute, Inc.
Indianapolis, Indiana

We have audited the accompanying statement of financial position of Indiana Latino Institute, Inc. as of December 31, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Indiana Latino Institute, Inc.'s management. Our responsibility is to express an opinion on these 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 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 Latino Institute, Inc. as of December 31, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 19, 2009, on our consideration of Indiana Latino Institute, Inc.'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

June 19, 2009

**INDIANA LATINO INSTITUTE, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2008**

ASSETS

Cash and cash equivalents	\$ 140,646
Grants receivable	9,992
Furniture and equipment, net of accumulated depreciation of \$53,387	12,887
Other assets	400
Certificates of deposit	<u>25,719</u>
 Total Assets	 <u>\$ 189,644</u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable	\$ 49,552
Accrued payroll and related items	43,610
Deferred income - affiliates	<u>50</u>
 Total Liabilities	 <u>93,212</u>

Net Assets:

Unrestricted	35,945
Temporarily restricted (Note 6)	<u>60,487</u>
 Total Net Assets	 <u>96,432</u>
 Total Liabilities and Net Assets	 <u>\$ 189,644</u>

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

**INDIANA LATINO INSTITUTE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>REVENUE</u>			
Grants	\$ -	\$ 703,679	\$ 703,679
Contributions	5,139	-	5,139
Program fees	6,429	-	6,429
Fundraising	1,575	-	1,575
Interest income	409	-	409
In-kind contribution	3,535	-	3,535
Contract income	<u>40,000</u>	<u>-</u>	<u>40,000</u>
Total Revenue	57,087	703,679	760,766
Net assets released from restrictions	<u>832,568</u>	<u>(832,568)</u>	<u>-</u>
Total Revenue and Support	<u>889,655</u>	<u>(128,889)</u>	<u>760,766</u>
<u>EXPENSES</u>			
Program	813,060	-	813,060
Administrative and general	<u>81,910</u>	<u>-</u>	<u>81,910</u>
Total Expenses	<u>894,970</u>	<u>-</u>	<u>894,970</u>
Change in net assets	(5,315)	(128,889)	(134,204)
Net assets - beginning of year	<u>41,260</u>	<u>189,376</u>	<u>230,636</u>
Net assets - end of year	<u>\$ 35,945</u>	<u>\$ 60,487</u>	<u>\$ 96,432</u>

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

**INDIANA LATINO INSTITUTE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Program	Administrative and General	Total
Advertising	\$ 81,714	\$ -	\$ 81,714
Depreciation	-	8,955	8,955
Contracts	160,464	-	160,464
Insurance	2,317	258	2,575
Employee health insurance	24,637	2,737	27,374
Miscellaneous	-	2,293	2,293
Office supplies	7,786	674	8,460
Payroll expenses	290,632	32,292	322,924
Employee fringe benefits	6,633	734	7,367
Payroll service fee	-	277	277
Payroll tax expense	24,421	2,713	27,134
SEP/IRA plan	18,598	188	18,786
Postage and delivery	2,231	248	2,479
Printing and reproduction	9,029	-	9,029
Professional fees	38,137	17,737	55,874
Scholarship Latinos	25,889	-	25,889
Program expenses	16,803	-	16,803
Incentives	7,283	-	7,283
Program services	35,000	-	35,000
Rent	20,293	904	21,197
Repairs	-	550	550
Telephone	5,262	224	5,486
Staff development	5,472	2,677	8,149
Travel	21,965	-	21,965
Web hosting	4,265	-	4,265
Fundraising	-	2,525	2,525
Meetings	4,229	5,924	10,153
Total Functional Expenses	<u>\$ 813,060</u>	<u>\$ 81,910</u>	<u>\$ 894,970</u>

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

**INDIANA LATINO INSTITUTE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (134,204)
Adjustments to reconcile change in net assets to net cash provided by (used in) operations:	
Depreciation	8,955
Changes in assets and liabilities:	
Increase in certificate of deposits	(15,333)
Decrease in accounts receivable	22,581
Decrease in accounts payable	37,058
Decrease in accrued payroll and related items	33,139
Increase in grants receivable	<u>(9,992)</u>
Net Cash Provided by (Used in) Operating Activities	<u>(57,796)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of equipment	<u>(11,553)</u>
Net Cash Provided by (Used in) Investing Activities	<u>(11,553)</u>
Net (decrease) increase in cash	(69,349)
Cash and cash equivalents - beginning of year	<u>209,995</u>
Cash and cash equivalents - end of year	<u>\$ 140,646</u>
Interest paid during the year	<u>\$ -</u>

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

INDIANA LATINO INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

1. NATURE OF THE ORGANIZATION

Indiana Latino Institute, Inc. (ILI) operates various programs throughout Indiana. These programs are designed to provide services related to health, welfare, and education in order to strengthen Latino families in the state, and to strengthen agencies and organizations that provide services to Latino communities.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting – ILI maintains its accounting records on the accrual basis. Grant proceeds are recorded as revenue as eligible expenditures are made and claims are submitted for reimbursement.

Cash and cash equivalents – For purposes of the statement of cash flows, investments with a maturity of three months or less are considered to be cash equivalents.

Accounts and grants receivable – Receivables are charged to bad debt expense when they are determined to be uncollectible based upon periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require the allowance method to 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.

Property and equipment – Equipment is valued at cost for items purchased and at fair market value at date of gift for items donated. Depreciation was computed on the double-declining balance method over the estimated useful lives of the assets.

Individual assets purchased with funds from Indiana Tobacco Prevention and Cessation, with a remaining value of over \$500, revert back to the State of Indiana upon program termination.

Net asset classification – In accordance with Statement of Financial Accounting Standards (SFAS) 117, Financial Statements of Not-for-Profit Organizations, unrestricted net assets include all assets over which the ILI has full discretion as to use. Temporarily restricted net assets include net assets whose use by the ILI is limited by donor-imposed restrictions that either expire by the passage of time or are fulfilled by the ILI. As the restrictions are met, the net assets are released from restrictions and included in unrestricted net assets. Contributions for which the restrictions are met in the same period in which the contribution is received are recorded as unrestricted. Permanently restricted net assets, if any, 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 the ILI.

Federal and state income taxes – ILI has been granted an exemption from income taxes as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code; therefore, no expense or liability for income taxes has been recognized in the accompanying financial statements.

(Continued)

2. SIGNIFICANT ACCOUNTING POLICIES – Continued

Functional expenses – Expenses are allocated directly or indirectly to program and supporting services. Expenses that can be identified with a program or supporting service are allocated directly according to their natural classification. All remaining indirect costs are allocated using both statistical and non-statistical allocation methodologies.

Accounting estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts. Actual results may differ from these estimates.

3. CONCENTRATION OF FUNDING SOURCES

For the year ended December 31, 2008, 62% of ILI's total revenue funding was from one major funding source. Funding was received from the Indiana Tobacco Prevention and Cessation grant in the amount of \$473,236.

4. CONCENTRATION OF CREDIT RISK

ILI maintains a portion of its cash in a bank deposit account that exceeds federally insured limits. At December 31, 2008, there was no such excess. ILI has not experienced any losses in such accounts and management believes that it is not exposed to any significant credit risk on cash and cash equivalents.

5. OPERATING LEASES

ILI leases office space under a long-term lease agreement signed October 1, 2005, which expired June 30, 2007. ILI entered into a new long-term lease agreement signed in July 2007 and expires June 30, 2009. The lease calls for monthly payment of \$1,851. The following is the detail of future minimum lease payments as of December 31, 2008:

2009	\$ 11,106
2010	-
2011	-
2012	-
2013	-
Total	<u>\$ 11,106</u>

Lease expense was \$21,197 for the year ended December 31, 2008.

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2008, consisted of the following:

	Balance 2007	Revenue 2008	Released from Restriction	Balance 2008
Fit City - United Way	\$ 2,058	\$ 5,600	\$ 4,202	\$ 3,456
USA Funds	-	51,340	22,212	29,128
Health Foundation	15,663	25,000	26,964	13,699
Indiana Tobacco Prevention and Cessation (ITPC)	167,553	305,683	473,236	-
Indiana Aids Fund	1,102	17,250	17,236	1,116
ISDH - Arthritis	3,000	9,290	9,290	3,000
Central Indiana Community Foundation (CICF)	-	25,000	23,475	1,525
The Centers for Disease Control	-	170,123	170,123	-
Clowes Fund	-	10,000	9,990	10
Hispanic Higher Education Fund	-	31,668	24,089	7,579
Smoke Free Indiana	-	30,209	30,209	-
American Legacy Foundation	-	14,956	14,786	170
Hoover Family Foundation	-	7,560	6,756	804
	<u>\$ 189,376</u>	<u>\$ 703,679</u>	<u>\$ 832,568</u>	<u>\$ 60,487</u>

7. RETIREMENT PLAN

ILI has a Simplified Employee Pension IRA covering all of its eligible employees. Contributions made by ILI to the plan were based on 6% of each eligible employee's compensation. ILI's contribution was \$18,786 for the year ended December 31, 2008.



Gauthier & Kimmerling, LLC
accountants & advisors

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Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards

To the Board of Directors
Indiana Latino Institute, Inc.
Indianapolis, Indiana

We have audited the financial statements of Indiana Latino Institute, Inc. as of and for the year ended December 31, 2008, and have issued our report thereon dated June 19, 2009. 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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered Indiana Latino Institute, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Indiana Latino Institute, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Indiana Latino Institute, Inc.'s internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Board of Directors
Indiana Latino Institute, Inc.
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COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Indiana Latino Institute, Inc.'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.

This report is intended solely for the information and use of the Board of Directors, management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Gawthier & Hummel, LLC

June 19, 2009