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October 18, 2011

Board of Directors  
Montgomery County Economic  
Development, Inc.  
309 North Green St.  
Crawfordsville, IN 47933

We have reviewed the audit report prepared by Edward Opperman, CPA, Independent Public Accountant, for the period January 1, 2007 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 Montgomery County Economic Development, Inc., as of December 31, 2008 and 2007, and the results of its operations for the periods 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

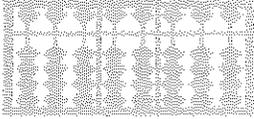
**MONTGOMERY COUNTY  
A.H.E.A.D. COALITION, INC.**

**FINANCIAL STATEMENTS**

**Years Ended December 31, 2008 and 2007**

**TABLE OF CONTENTS**

	Page
<b>INDEPENDENT AUDITOR'S REPORT</b>	1
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Notes to Financial Statements	5-10
<b>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</b>	11-12



*From Vision to Solution*

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Montgomery County A.H.E.A.D. Coalition, Inc.  
Crawfordsville, Indiana

We have audited the accompanying statements of financial position of Montgomery County A.H.E.A.D. Coalition, Inc. (a nonprofit Coalition) as of December 31, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Coalition's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 audits 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 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 Montgomery County A.H.E.A.D. Coalition, Inc. as of December 31, 2008 and 2007, 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 December 7, 2009, on our consideration of Montgomery County A.H.E.A.D. Coalition, 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.

Plainfield, Indiana  
December 7, 2009

**MONTGOMERY COUNTY A.H.E.A.D. COALITION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31

	2008		2007	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
<b>ASSETS</b>				
Cash and cash equivalents	\$ 78,908	\$ 9,870	\$ 106,178	\$ 6,237
Accounts receivable	-	-	520	-
Grants receivable	19,075	-	14,724	-
Furniture and equipment, net	10,752	-	17,986	-
Other current assets	644	-	2,214	-
<b>Total Assets</b>	<u>\$ 109,379</u>	<u>\$ 9,870</u>	<u>\$ 141,622</u>	<u>\$ 6,237</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 18,204	-	\$ 4,606	-
Accrued wages	7,817	-	7,938	-
Deferred income	46,973	-	57,780	-
<b>Total Liabilities</b>	<u>72,994</u>	<u>-</u>	<u>70,324</u>	<u>-</u>
<b>NET ASSETS</b>				
Unrestricted	36,385	-	71,298	-
Temporarily restricted	-	9,870	-	6,237
<b>Total Net Assets</b>	<u>36,385</u>	<u>9,870</u>	<u>71,298</u>	<u>6,237</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 109,379</u>	<u>\$ 9,870</u>	<u>\$ 141,622</u>	<u>\$ 6,237</u>

See accompanying notes to financial statements and independent auditor's opinion.

**MONTGOMERY COUNTY A.H.E.A.D. COALITION, INC.**  
**STATEMENTS OF ACTIVITIES**  
**For the Years ended December 31**

	2008			2007		
	Unrestricted	Temporarily Restricted	Totals	Unrestricted	Temporarily Restricted	Totals
<b>REVENUES</b>						
Public support						
Federal	\$ 119,788	-	\$ 119,788	\$ 102,404	-	\$ 102,404
State	126,620	-	126,620	83,437	-	83,437
Local	17,191	-	17,191	17,561	-	17,561
Grants	8,000	9,870	17,870	34,642	8,000	42,642
Contributions	1,711	-	1,711	4,345	-	4,345
Interest income	371	-	371	443	-	443
Other	2,137	-	2,137	1,961	-	1,961
Assets released from restrictions	6,237	(6,237)	-	14,751	(14,751)	-
<b>Total Revenues</b>	<u>282,055</u>	<u>3,633</u>	<u>285,688</u>	<u>259,544</u>	<u>(6,751)</u>	<u>252,793</u>
<b>EXPENSES</b>						
Salaries	116,955	-	116,955	105,658	-	105,658
Payroll taxes and benefits	17,365	-	17,365	15,351	-	15,351
Total personnel costs	134,320	-	134,320	121,009	-	121,009
Depreciation	4,456	-	4,456	5,467	-	5,467
Evaluation	-	-	-	16,228	-	16,228
Food and beverage	1,756	-	1,756	2,531	-	2,531
Grant and contract	35,092	-	35,092	31,207	-	31,207
Interest	313	-	313	-	-	-
Insurance	3,926	-	3,926	2,340	-	2,340
Marketing	42,405	-	42,405	19,936	-	19,936
Membership dues and subscriptions	708	-	708	524	-	524
Miscellaneous	13,126	-	13,126	792	-	792
Occupancy	15,610	-	15,610	14,720	-	14,720
Postage, mailing and printing	5,406	-	5,406	7,399	-	7,399
Professional fees	8,160	-	8,160	8,896	-	8,896
Supplies	34,354	-	34,354	31,196	-	31,196
Telephone and communications	2,891	-	2,891	3,460	-	3,460
Travel and conferences	14,445	-	14,445	15,129	-	15,129
<b>Total Expenses</b>	<u>316,968</u>	<u>-</u>	<u>316,968</u>	<u>280,834</u>	<u>-</u>	<u>280,834</u>
<b>Change in Net Assets</b>	(34,913)	3,633	(31,280)	(21,290)	(6,751)	(28,041)
<b>NET ASSETS - beginning of year</b>	<u>71,298</u>	<u>6,237</u>	<u>77,535</u>	<u>92,588</u>	<u>12,988</u>	<u>105,576</u>
<b>NET ASSETS - end of year</b>	<u>\$ 36,385</u>	<u>\$ 9,870</u>	<u>\$ 46,255</u>	<u>\$ 71,298</u>	<u>\$ 6,237</u>	<u>\$ 77,535</u>

See accompanying notes to financial statements and independent auditor's report.

**MONTGOMERY COUNTY A.H.E.A.D. COALITION, INC.**  
**STATEMENT OF CASH FLOWS**  
**For the Years Ended December 31**

	<b>2008</b>	<b>2007</b>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ (31,280)	\$ (28,041)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Bad debt write-off	520	-
Depreciation	4,456	5,467
Loss on disposal of equipment	2,778	
Decrease (Increase) in:		
Accounts and grants receivable	(4,351)	7,950
Other current assets	1,570	255
Increase (Decrease) in:		
Accounts payable	13,598	(2,042)
Accrued wages	(121)	147
Deferred revenues	(10,807)	9,658
	(23,637)	(6,606)
Net Cash Used by Operating Activities		
<b>INVESTING ACTIVITIES</b>		
Purchase of equipment	-	(4,000)
Net Cash Used by Investing Activities	-	(4,000)
<b>NET DECREASE IN CASH</b>	(23,637)	(10,606)
<b>CASH AND CASH EQUIVALENTS - beginning of year</b>	112,415	123,021
<b>CASH AND CASH EQUIVALENTS - end of year</b>	\$ 88,778	\$ 112,415

See accompanying notes to financial statements and independent auditor's report.

**MONTGOMERY COUNTY A.H.E.A.D. COALITION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2008 and 2007

**Note 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations** – The Montgomery County A.H.E.A.D. Coalition, Inc. (AHEAD) began in 1990 as the Local Coordinating Council for the Governor's Commission for a Drug-Free Indiana. They were incorporated as an Indiana corporation on August 25, 2000. Through networking with numerous state and national prevention resources, AHEAD has established a variety of local programs that have proven effective in substance abuse prevention, intervention, and enforcement in Montgomery County, Indiana.

**Program Services** – Grant revenues are recorded as earned and the grant expenses are recognized when incurred for a grant-related obligation. Public education and advocacy services are provided based on the five identified substances of concern (tobacco, alcohol, marijuana, methamphetamine, and prescription drugs). The following program initiatives are included in the accompanying financial statements:

***Clean Air Task Force*** – The Task Force focuses on tobacco prevention and cessation.

***Prescription Drug Abuse Prevention Task Force*** – The primary focus of the Task Force is in raising awareness on the risks of abusing prescription drugs. The Task Force includes pharmacists, doctors, law enforcement officers and other interested community members.

***VOICE*** – VOICE is a youth-led movement against big tobacco companies to get them to stop targeting teens to use tobacco. Youth must be 12-18 to participate. There are several groups within the Montgomery County area. The youth plan events to get the word out to other kids on a local, state, and national level.

***Recovery support services*** – AHEAD sees recovery support as an integral part of drug prevention and provides resources and activities to support individuals and families dealing with recovery issues.

***Social marketing strategies*** – AHEAD works with a variety of community partners such as schools, businesses, faith organizations, and community groups to support drug prevention efforts. In addition, AHEAD uses a number of social marketing strategies to raise public awareness about the risks associated with drug use and how to increase protective factors to reduce the devastating impact it can have on individuals, families, and the community as a whole.

**MONTGOMERY COUNTY A.H.E.A.D. COALITION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2008 and 2007

**Note 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Summary of Significant Accounting Policies**

***Estimates*** - The presentation of financial statements are in conformity with generally accepted accounting principles, which 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 and expenses during the reporting period. Actual results could differ from those estimates.

***Financial Statement Presentation*** - AHEAD is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets as required by the Not-For-Profit Entities Topic of the FASB Accounting Standards Codification. As of December 31, 2008 and 2007, the Agency has no permanently restricted net assets.

***Cash and Cash Equivalents*** - For purposes of the statement of cash flows, AHEAD considers investments available for current use with an initial maturity date of three months or less to be cash equivalents.

***Allowance For Doubtful Accounts*** – The allowance for uncollectible accounts is determined by management based upon historical losses, specific circumstances and general economic conditions. At December 31, 2008 and 2007, management estimated that no allowance was needed.

***Compensated Absences*** – Employees of AHEAD are entitled to paid vacation days which are earned at various rates depending on the years of service. Any earned and unused vacation time at the end of the year is vested and can be carried over to future periods not to exceed 25 hours. As of December 31, 2008 and 2007, accrued vacation time was \$2,632 and \$-0-, respectively, and is included with accrued wages in the statement of financial position.

Employees of AHEAD are also entitled to earn sick leave at the rate of 4 hours per month for full-time employees and part-time employees accrue sick leave in proportion to their employment percentage. Sick leave is not vested; however, it can be carried over to future periods up to six days and is lost upon resignation or termination of employment. At December 31, 2008 and 2007, AHEAD is contingently liable for unused sick leave in the amount of \$3,374 and \$-0-, respectively.

# MONTGOMERY COUNTY A.H.E.A.D. COALITION, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2008 and 2007

### Note 1 – NATURE OF OPERATIONS AND SIGNIFICANT CONTRACTUAL AND ACCOUNTING POLICIES (continued)

**Contributions** – Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and nature of any donor restrictions as required by the Not-For-Profit Entities Topic of the FASB Accounting Standards Codification. Gifts and contributions are recorded at fair value. AHEAD does not have any contributions that were permanently restricted as of December 31, 2008 and 2007.

**Federal Income Tax** – AHEAD is exempt from Income Tax under Internal Revenue Code Section 501 (c) (3). However a Form 990, Return of Organization Exempt from Income Tax, is required to be filed each year.

**Furniture and Equipment** – Purchases of furniture and equipment in excess of \$500 are recorded at cost. Gifts or contributions of property and equipment are recorded at the asset's fair market value at the time received and depreciated on a straight-line basis over the estimated useful lives of the assets which range from 5 to 10 years. When items are disposed of, the cost and accumulated depreciation are eliminated from the records of account, and a gain or loss is reported in the change in net assets. Repair and maintenance charges that do not increase the useful lives of the assets are charged to the change in net assets as incurred.

**Statement of Cash Flows** – The indirect method is used to report cash flows from operating activities.

**Functional Expenses** – Expenses are charged to program, administrative, or fundraising based on a combination of specific identification, allocation by management and as allowed by specific grant agreements.

### Note 2 – CASH IN EXCESS OF FDIC LIMIT

AHEAD maintains bank accounts which periodically exceed the FDIC guarantee limit during the year. At December 31, 2008 and 2007, AHEAD had bank accounts which were in excess of the FDIC limit by approximately \$-0- and \$17,650, respectively.

**MONTGOMERY COUNTY A.H.E.A.D. COALITION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2008 and 2007

**Note 3 – GRANTS RECEIVABLE**

As of December 31 the grants receivable consisted of the following:

	<b>2008</b>	<b>2007</b>
Tobacco Free Living	\$ 19,075	\$ -
SAMHSA Drug Free Community	-	14,724
	\$ 19,075	\$ 14,724

**Note 4 – DEFERRED REVENUES**

As of December 31 the deferred revenues consisted of the following:

	<b>2008</b>	<b>2007</b>
SAMHSA Drug Free Community	\$ 5,072	\$ -
VOICE	41,901	44,244
Tobacco Free Living	-	13,536
	\$ 46,973	\$ 57,780

**Note 5 – IN-KIND DONATIONS AND VOLUNTEER SERVICES**

In addition to revenues and expenses reflected in the accompanying financial statements, the Agency has significant in-kind services rendered by volunteers to assist in raising community awareness around drug prevention issues. These services include public speaking, project management, and advocacy. In addition, AHEAD also receives in-kind donations of media resources in the form of newspaper articles and radio public service announcements. These are key supports to AHEAD in order to more effectively reach a large segment of the community.

These amounts are not reflected in the statement of activities as they do not qualify for recognition under the Not-For-Profit Entities Topic of the FASB Accounting Standards Codification.

**Note 6 – OFFICE FACILITIES AND OPERATING LEASE**

The use of AHEAD's main office facilities have been provided through a rent agreement with Richard and Patricia Bennett. There is no formal rental agreement, however, the monthly rent is \$750, which is included in occupancy expenses, and does not include utilities. The total rent expense for the years ending December 31, 2008 and 2007 was \$9,000 per year.

**MONTGOMERY COUNTY A.H.E.A.D. COALITION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2008 and 2007

**Note 6 – OFFICE FACILITIES AND OPERATING LEASE (continued)**

In October 2009, AHEAD has relocated to office space that has been provided as a gift-in-kind. There is no formal lease agreement.

**Note 7 – TEMPORARILY RESTRICTED NET ASSETS**

As of December 31, temporarily restricted net assets consisted of the following:

	<b>2008</b>	<b>2007</b>
Montgomery County Community Foundation	\$ 9,870	\$ 3,142
Montgomery United Fund For You	<u>-</u>	<u>3,095</u>
	<u>\$ 9,870</u>	<u>\$ 6,237</u>

Net assets were released from grant and donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	<b>2008</b>	<b>2007</b>
Montgomery County Community Foundation	\$ 3,142	\$ 9,900
Montgomery United Fund For You	<u>3,095</u>	<u>4,851</u>
	<u>\$ 6,237</u>	<u>\$ 14,751</u>

**Note 8 – FUNCTIONAL EXPENSES**

AHEAD provides a variety of local programs that have proven effective in substance abuse prevention, intervention, and enforcement. Expenses related to providing these services for the years ended December 31 were as follows:

	<b>2008</b>	<b>2007</b>
Program Services	\$ 297,173	\$ 268,331
General and Administrative	<u>19,795</u>	<u>12,503</u>
	<u>\$ 316,968</u>	<u>\$ 280,834</u>

**MONTGOMERY COUNTY A.H.E.A.D. COALITION, INC.**

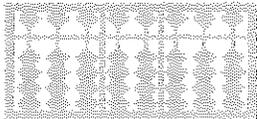
**NOTES TO FINANCIAL STATEMENTS**

December 31, 2008 and 2007

**Note 9 - EXISTENCE OF CONCENTRATION IN SUPPORT RECEIVED**

For the year ending December 31, 2008, AHEAD received approximately 44% and 42% of its support from the State of Indiana, and Federal programs, respectively. For the year ending December 31, 2007, AHEAD received approximately 33%, 39% and 12% of its support from the State of Indiana, Federal programs and a local grant, respectively. These funding sources represent 100% of the December 31, 2008 and 2007 grants receivable.

As of August 31, 2009, the VOICE grant was not renewed. As of September 30, 2009, the Drug Free Community grant was completed and was not extended. These two grants accounted for 63% of AHEAD's support in 2008. The local grant was concluded in 2007 and was not extended.



*From Vision to Solution*

**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  
Montgomery County A.H.E.A.D. Coalition, Inc.  
Crawfordsville, Indiana

We have audited the financial statements of Montgomery County A.H.E.A.D. Coalition, Inc. (a nonprofit Coalition) as of and for the year ended December 31, 2008 and have issued our report thereon dated December 7, 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 Montgomery County A.H.E.A.D. Coalition, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matters involving the internal control over financial reporting and its operation that we consider to be control deficiencies. Control deficiencies involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Indiana Montgomery County A.H.E.A.D. Coalition, Inc.'s ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. The control deficiencies are as follows:

- Inadequate segregation of duties consistent with appropriate control objectives.
- Montgomery County A.H.E.A.D. Coalition, Inc. does not have individuals who possess the qualifications and training necessary in order to apply generally accepted accounting principles in recording the entity's financial transactions and preparing its financial statements.

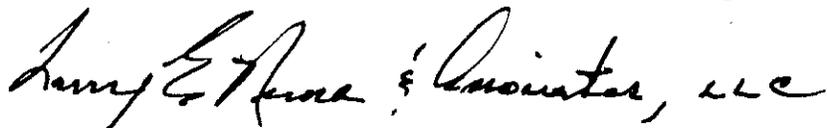
A material weakness is a control deficiency in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by

employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the control deficiency described regarding inadequate segregation of duties is a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Montgomery County A.H.E.A.D. Coalition, 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 finance committee, management, Board of Directors, 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.



Plainfield, Indiana  
December 7, 2009