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November 14, 2011

Board of Directors
Center for Community Justice, Inc.
121 S. 3rd St.
Elkhart, IN 46516

We have reviewed the audit report prepared by Burnham & Beyler, LLP, Independent Public Accountants, for the period July 1, 2008 to June 30, 2009. 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 Center for Community Justice, Inc., as of June 30, 2009, 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



**CENTER FOR
COMMUNITY
JUSTICE, INC.**

Financial Statements
June 30, 2009



CENTER FOR COMMUNITY JUSTICE, INC.

Elkhart, Indiana

FINANCIAL STATEMENTS

June 30, 2009

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
CENTER FOR COMMUNITY JUSTICE, INC.
Elkhart, Indiana

We have audited the accompanying statement of financial position of CENTER FOR COMMUNITY JUSTICE, INC. (a nonprofit organization) as of June 30, 2009, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. The prior year summarized comparative information has been derived from the Organization's 2008 financial statements, which were audited by other auditors, and in their report dated November 10, 2008, they expressed an unqualified opinion on those financial statements.

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 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 CENTER FOR COMMUNITY JUSTICE, INC. as of June 30, 2009, 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.

Burnham & Beyler, LLP
BURNHAM & BEYLER, LLP
Certified Public Accountants

August 28, 2009



CENTER FOR COMMUNITY JUSTICE, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 305,124	\$ 260,149
Investments	19,303	21,410
Prepaid Expenses	15,391	15,506
Grants Receivable	63,335	135,040
Other Receivables	<u>79,773</u>	<u>123,170</u>
Total Current Assets	<u>482,926</u>	<u>555,275</u>
 <u>PROPERTY & EQUIPMENT</u>		
Land	31,000	31,000
Buildings and Improvements	224,960	224,960
Vehicles	11,902	11,902
Office Furniture and Equipment	<u>102,199</u>	<u>93,112</u>
Total	370,061	360,974
Accumulated Depreciation	<u>(214,298)</u>	<u>(192,419)</u>
Net Property & Equipment	<u>155,763</u>	<u>168,555</u>
 Total Assets	 <u>\$ 638,689</u>	 <u>\$ 723,830</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Current Portion of Long Term Debt		\$ 5,758
Accounts Payable	\$ 21,230	25,021
Funds Held for Others	157,267	180,373
Salaries, Wages and Other Related Payables	<u>13,851</u>	<u>9,171</u>
Total Current Liabilities	<u>192,348</u>	<u>220,323</u>
 <u>NET ASSETS</u>		
Unrestricted	386,856	425,473
Temporarily Restricted	<u>59,485</u>	<u>78,034</u>
Total Net Assets	<u>446,341</u>	<u>503,507</u>
 Total Liabilities and Net Assets	 <u>\$ 638,689</u>	 <u>\$ 723,830</u>

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

(See Independent Auditors' Report)



CENTER FOR COMMUNITY JUSTICE, INC.

STATEMENTS OF ACTIVITIES

For the Year Ended June 30, 2009

(With Summarized Totals For the Year Ended June 30, 2008)

	----- 2009 -----		--- 2008 ---	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Combined Total</u>	<u>Summarized Total</u>
<u>SUPPORT AND REVENUE</u>				
Program Fees	\$ 581,056		\$ 581,056	\$ 648,997
Elkhart Parks Department	16,691		16,691	20,205
Investment (Loss)/Income	(366)		(366)	7,384
Local Contributions	11,070		11,070	8,240
Elkhart County		\$ 548,141	548,141	109,088
Indiana Criminal Justice Institute		2,800	2,800	30,000
United Way		4,128	4,128	26,980
City of Elkhart		12,500	12,500	11,667
Other Local Government		5,000	5,000	5,000
Subtotal	<u>608,451</u>	<u>572,569</u>	<u>1,181,020</u>	<u>867,561</u>
Net Assets Released From Restrictions	<u>591,118</u>	<u>(591,118)</u>		
Total Support and Revenue	<u>1,199,569</u>	<u>(18,549)</u>	<u>1,181,020</u>	<u>867,561</u>
<u>EXPENSES</u>				
Program Services	1,113,686		1,113,686	1,320,393
Management and General	103,850		103,850	127,317
Fund Raising	<u>20,650</u>		<u>20,650</u>	<u>20,260</u>
Total Expenses	<u>1,238,186</u>		<u>1,238,186</u>	<u>1,467,970</u>
Change in Net Assets	(38,617)	(18,549)	(57,166)	(600,409)
Net Assets - Beginning of Year	<u>425,473</u>	<u>78,034</u>	<u>503,507</u>	<u>1,103,916</u>
Net Assets - End of Year	<u>\$ 386,856</u>	<u>\$ 59,485</u>	<u>\$ 446,341</u>	<u>\$ 503,507</u>

The accompanying notes are an integral part of these financial statements.
(See Independent Auditors' Report)



CENTER FOR COMMUNITY JUSTICE, INC.

STATEMENTS OF CASH FLOWS

For the Year Ended June 30, 2009

(With Comparative Totals for the Year Ended June 30, 2008)

	<u>2009</u>	<u>2008</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in Net Assets	\$ (57,166)	\$ (600,409)
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities:		
Depreciation	24,894	22,963
Unrealized and Realized (Gains)/Losses on Investments (Increase)/Decrease in Operating Assets	2,107	350
Prepaid Expenses	115	(6,700)
Grants Receivable	71,705	432,061
Other Receivables	43,397	103,488
Increase/(Decrease) in Operating Liabilities		
Accounts Payable	(3,791)	8,271
Funds Held for Others	(23,106)	
Salaries, Wages and Other Related Payables	4,680	(1,380)
Net Cash Provided/(Used) by Operating Activities	<u>62,835</u>	<u>(41,356)</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of Property and Equipment	<u>(12,102)</u>	<u>(9,919)</u>
Net Cash Used by Investing Activities	<u>(12,102)</u>	<u>(9,919)</u>
 <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Payments on Long-Term Borrowings	<u>(5,758)</u>	<u>(9,206)</u>
Net Cash Used by Financing Activities	<u>(5,758)</u>	<u>(9,206)</u>
 <u>NET CHANGE IN CASH & CASH EQUIVALENTS</u>	44,975	(60,481)
 <u>CASH & CASH EQUIVALENTS - Beginning of Year</u>	<u>260,149</u>	<u>320,630</u>
 <u>CASH & CASH EQUIVALENTS - End of Year</u>	<u>\$ 305,124</u>	<u>\$ 260,149</u>
 <u>SUPPLEMENTAL DISCLOSURES</u>		
Cash Paid During the Year for Interest	<u>\$ 150</u>	<u>\$ 816</u>

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

(See Independent Auditors' Report)



CENTER FOR COMMUNITY JUSTICE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2009

(With Summarized Totals for the Year Ended June 30, 2008)

	----- 2009 -----			-- 2008 --	
	<u>Program</u>	<u>Management</u>	<u>Fund</u>	<u>Total</u>	<u>Total</u>
	<u>Services</u>	<u>and General</u>	<u>Raising</u>		
<u>Direct Program Costs</u>					
Home Incarceration Program	\$ 259,614			\$ 259,614	\$ 205,135
Preventive Services	754			754	663
Community Transition Program	<u>11,726</u>			<u>11,726</u>	<u>12,163</u>
Total Direct Program Costs	272,094			272,094	217,961
Remission of Program Fees					264,442
<u>Salaries & Related Expenses</u>					
Salaries	520,853	\$ 74,260	\$ 15,581	610,694	625,021
Payroll Taxes	37,949	5,410	1,135	44,494	45,728
Retirement Plan	23,019	3,713	779	27,511	28,004
Insurance	107,745	9,181	1,620	118,546	127,002
Unemployment Reimbursement	1,087			1,087	
Staff Development	1,664	142	25	1,831	7,015
Temporary Help	<u>4,017</u>			<u>4,017</u>	<u>2,211</u>
Total Salaries & Related Exp	696,334	92,706	19,140	808,180	834,981
<u>Occupancy</u>					
Rent	4,740			4,740	4,365
Telephone & Utilities	13,965	1,190	210	15,365	16,727
Repairs & Maintenance	<u>4,627</u>	<u>394</u>	<u>70</u>	<u>5,091</u>	<u>3,272</u>
Total Occupancy	23,332	1,584	280	25,196	24,364
<u>General & Administrative</u>					
Travel & Meals	20,746	1,768	312	22,826	17,844
Office Supplies & Postage	12,481	1,064	188	13,733	14,384
Dues & Subscriptions	769	66	12	847	604
Fund Raising	184	16	3	203	123
Professional Fees	29,384	2,114		31,498	25,073
Printing	3,848	328	58	4,234	6,627
Insurance	24,685	1,855	302	26,842	28,178
Advertising	1,577			1,577	3,503
Processing Charges	3,920	329		4,249	3,828
Miscellaneous	<u>1,570</u>	<u>80</u>	<u>13</u>	<u>1,663</u>	<u>2,279</u>
Total General & Administrative	99,164	7,620	888	107,672	102,443
Depreciation	22,626	1,928	340	24,894	22,963
Interest	<u>136</u>	<u>12</u>	<u>2</u>	<u>150</u>	<u>816</u>
Total Functional Expenses	<u>\$ 1,113,686</u>	<u>\$ 103,850</u>	<u>\$ 20,650</u>	<u>\$ 1,238,186</u>	<u>\$ 1,467,970</u>

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

(See Independent Auditors' Report)



CENTER FOR COMMUNITY JUSTICE, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization – Center for Community Justice, Inc. (Center) was organized in 1984 under the Indiana General Not-For-Profit Corporation Act for the purpose of promoting and operating effective community-based services for victims, offenders and the community. The Center is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Method of Accounting – The Center operations are accounted for on the accrual basis.

Net Assets – The Center reports information regarding its financial position and activities in three classes of net assets: unrestricted, temporarily restricted and permanently restricted, according to donor or grantor imposed restrictions.

The Center's net assets are categorized as follows:

- **Unrestricted Net Assets** – Represents assets in excess of liabilities presently available for use by the Center at the discretion of the Board of Directors that are neither permanently restricted nor temporarily restricted by donor imposed stipulations.
- **Temporarily Restricted Net Assets** – Represents assets received by grant or donation whose use is limited by grantor or donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Center pursuant to those stipulations.
- **Permanently Restricted Net Assets** – Represents assets received by grant or donation whose use by the Center is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Center. As of June 30, 2009 and 2008, the Center has not received any permanently restricted contributions.

The Center records all restricted grants and contributions as restricted support and reclassifies such support to unrestricted support when restrictions expire by passage of time or are fulfilled by actions of the Center.

Net Assets Released From Restriction – Net assets are released from restriction by incurring expenses satisfying the restricted purpose or by occurrence of other events. Net assets released from restriction consist primarily of expenses incurred for grant programs and other restricted purposes, as well as the receipt of grant monies during the fiscal year which were previously recorded on the accrual basis.

(Continued)



CENTER FOR COMMUNITY JUSTICE, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications – Certain prior year amounts have been reclassified to conform to the current year presentation. There was no impact on the net assets of the Center.

Management Estimates – Management must make estimates and assumptions in preparing financial statements that affect the amounts reported therein and the disclosures provided. These estimates and assumptions may change in the future and future results could differ. Significant estimates include the allocation of expenses described below.

Revenue Recognition – Revenue from all sources is recorded in the period earned.

Contributions – The Center records contributions received and unconditional promises to give as unrestricted, temporarily restricted or permanently restricted support depending on the existence of donor restrictions and the nature of restrictions, if they exist. Contributions received are considered to be available for unrestricted use unless specifically restricted by the donor.

Cash and Cash Equivalents - Cash is held at a local bank of which \$250,000 is FDIC insured. As required by grant agreements, the Center maintains a separate bank account for user fees collected and for the community transition program funds collected.

Investments – Investments consist of a certificate of deposit with an original maturity of seven months and funds held by the Elkhart County Community Foundation as an endowment on behalf of the Center.

Grants Receivable – The Center receives some grants for reimbursement of expenses incurred. A receivable for the reimbursement of allowable program expenditures due from grantors has been recorded at June 30, 2009 and 2008. In addition, grants awarded that are unconditional non-reciprocal promises to transfer assets over a specified period have been recorded as revenue and grants receivable according to the date on the grant document. No allowance for uncollectible grants has been recorded since management believes all amounts are collectible.

Other Receivables – The other receivables balance is made up of receivables related to the Home Incarceration Program (HIP), the Victim Offender Reconciliation Program (VORP), the Community Transition Program (CTP), and other miscellaneous contracts. The Center periodically reviews receivables for collectibility. Management believes all receivables are collectible therefore no allowance is deemed necessary.

(Continued)



CENTER FOR COMMUNITY JUSTICE, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment and Depreciation – Land, building and improvements, and furniture and equipment acquired by purchase are recorded at cost at the date of the purchase. Land, building, and improvements acquired by donation are recorded at fair value at the date of the gift. Major additions and improvements greater than \$1,000 are capitalized, while maintenance and repairs are expensed as incurred. The Center computes depreciation using the straight-line method over the expected life of each asset.

Functional Expenses – Functional expenses of the Center are allocated among program services, management and general, and fundraising. The allocation is based upon either specific identifiable costs or an analysis of personnel time for the related activities.

Advertising Costs – The Organization expenses all advertising costs as incurred.

NOTE 2 – LINE OF CREDIT

The Center has a 1.0% over prime rate \$50,000 line of credit agreement with a bank at June 30, 2009 and 2008. There were no activities or outstanding balances on this line at June 30, 2009 or 2008. The Center provided its receivables, equipment and general assets as collateral.

NOTE 3 – RETIREMENT PLAN

The Center had a defined contribution retirement plan covering substantially all eligible employees. This plan was replaced January 1, 2009 with a SEP IRA. The Center's retirement plan contribution is based on the employees' annual compensation. Total contributions to these plans were \$27,511 and \$28,004 for the years ended June 30, 2009 and 2008, respectively. At June 30, 2009, the Center ceased making employer contributions to the SEP IRA; however, the employees are still allowed to make payroll deductions to their IRA.

NOTE 4 – LEASE COMMITMENTS

The Center leases office space in Goshen, Indiana under an operating lease. The lease is renewable annually every May 1 with an adjusted rent based on consumer price index. Rent expense, excluding real estate taxes, insurance and repair costs, was \$4,740 and \$4,365 annually for 2009 and 2008.

In addition, the Center leases electronic tracking devices and service on these devices for its Home Incarceration Program. The terms of the operating lease are month-to-month and the Center only pays for the devices in use. Rent expense for these devices was \$244,882 for 2009 and \$194,103 for 2008.

Both of these leases ceased July 31, 2009 when the Home Incarceration Program ended.

(Continued)



CENTER FOR COMMUNITY JUSTICE, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2009 and 2008

NOTE 5 – FUNDS HELD FOR OTHERS AND REMISSION OF PROGRAM FEES

Pursuant to a contractual agreement with the Board of Commissioners of Elkhart County, for and on behalf of the Community Corrections Advisory Board (CCAB), the CCAB reserves the right to request a return of user fees collected by the Center to be used to fund additional community corrective action programs in Elkhart County. At June 30, 2009 these amounts totaled \$154,993 and are included in funds held for others.

Funds held for others also include certain transactions that are considered to be agency transactions and are not included in the Statement of Activities of the Center. As of June 30, 2009 and 2008 the balances of the funds held for others also includes \$2,274 and \$4,217, respectively, for restitution payments from offenders to victims which pass through the Center in order to maintain a record for the Victim Offender Restitution Contract (VORP) program in Elkhart County.

NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS

All of the temporarily restricted net assets are restricted for the purpose of operating community-based services for victims, offenders and the community. Additionally, the net assets are restricted due to time restrictions (receipt of grant funds). At June 30, 2009, temporarily restricted net assets consist of the following:

<u>Funding Source</u>	<u>Amount</u>	<u>End of Restriction Period</u>
Elkhart County	\$ 25,000	December 31, 2009
Elkhart County – Victim Impact	5,178	December 31, 2009
IN-Comm. Justice Grant: GFIP	700	September 30, 2009
IN Dept of Corrections Grant - Adult	2,006	Purpose Restriction
IN Dept of Corrections Grant - Juvenile	<u>26,601</u>	Purpose Restriction
	<u>\$ 59,485</u>	

At June 30, 2008 temporarily restricted net assets consisted of the following:

<u>Funding Source</u>	<u>Amount</u>	<u>End of Restriction Period</u>
Elkhart County	\$ 47,500	December 31, 2008
Elkhart County – Victim Impact	7,044	December 31, 2008
United Way	13,490	December 31, 2008
IN-Comm. Justice Grant: GFIP	<u>10,000</u>	September 30, 2008
	<u>\$ 78,034</u>	

(Continued)



CENTER FOR COMMUNITY JUSTICE, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2009 and 2008

NOTE 7 - SUBSEQUENT EVENTS

The Center has been awarded a portion of the Community Corrections base funding grant. The total grant awarded is approximately \$1,004,957, of which \$176,935 will be allocated to the Center to be used for the Victim-Offender Reconciliation Program during the period July 2009 through June 2010.

Effective July 1, 2009, certain programs previously administered by Center For Community Justice, Inc. have been transferred to Elkhart County Community Corrections. These include Adult Home Incarceration, Juvenile Reparations, and Community Transition Programs. As of August 16, 2009 the Center is no longer administering the Home Incarceration Program or collecting monitoring fees. For the years ended June 30, 2009 and 2008, revenues from these programs were \$968,163 and \$552,479 respectively. The net effect of this program on net assets for the years ended June 30, 2009 and 2008 combined was an increase of \$61,588.

Center for Community Justice, Inc. has elected to be a reimbursable employer for state unemployment purposes, and in lieu of paying Indiana and Federal Unemployment taxes, agrees to reimburse the Unemployment Insurance Trust Fund in an amount equal to the benefits charged on their account. Subsequent to June 30, 2009, and as a result of Elkhart County assuming the administration of the majority of the Community Corrections Program, the Center had to lay off several employees. Management estimates that the total potential amount that the Organization may have to reimburse is approximately \$30,000.

