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AN EQUAL OPPORTUNITY EMPLOYER

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May 23, 2014

Board of Directors
The Wabash Independent Living & Learning Center, Inc.
One Dreiser Square
Terre Haute, IN 47807-0000

We have reviewed the audit report prepared by Brady, Ware & Schoenfeld, Inc., for the period October 1, 2010 to September 30, 2011. 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 Wabash Independent Living & Learning Center, Inc. as of September 30, 2011, 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.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

THE WABASH INDEPENDENT LIVING
AND LEARNING CENTER, INC.

(A Nonprofit Organization)

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2011 and 2010

THE WABASH INDEPENDENT LIVING AND LEARNING CENTER, INC.

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YEARS ENDED SEPTEMBER 30, 2011 AND 2010

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INDEPENDENT AUDITORS' REPORT

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Board of Directors
The Wabash Independent Living and Learning Center, Inc.
Terre Haute, Indiana

We have audited the accompanying consolidated statements of financial position of **The Wabash Independent Living and Learning Center, Inc.** (a nonprofit organization) as of September 30, 2011 and 2010, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the management of **The Wabash Independent Living and Learning Center, Inc.** Our responsibility is to express an opinion on these consolidated financial statements based upon 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of **The Wabash Independent Living and Learning Center, Inc.** as of September 30, 2011 and 2010, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Caroly White, CPA

Richmond, Indiana
December 21, 2011

THE WABASH INDEPENDENT LIVING AND LEARNING CENTER, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 161,885	\$ 42,317
Grants receivable	111,437	130,290
Contributions receivable	2,751	6,000
Other assets	2,616	109
Prepaid expenses	<u>3,102</u>	<u>4,269</u>
	281,791	182,985
PROPERTY AND EQUIPMENT, NET	<u>52,080</u>	<u>57,548</u>
	<u>\$ 333,871</u>	<u>\$ 240,533</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 1,235	\$ 7,285
Accrued expenses	87	1,096
Current portion of long-term liability	<u>5,820</u>	<u>5,820</u>
	7,142	14,201
LONG-TERM LIABILITY, NET OF CURRENT PORTION	<u>3,369</u>	<u>9,189</u>
	<u>10,511</u>	<u>23,390</u>
NET ASSETS		
Unrestricted	314,894	206,945
Temporarily restricted	<u>8,466</u>	<u>10,198</u>
	<u>323,360</u>	<u>217,143</u>
	<u>\$ 333,871</u>	<u>\$ 240,533</u>

THE WABASH INDEPENDENT LIVING AND LEARNING CENTER, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2011

	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE			
Governmental grants	\$ 543,745	\$ -	\$ 543,745
Contributions	1,600	7,526	9,126
Special events, net of direct costs of \$1,190	9,612	-	9,612
Other income (loss)	435	-	435
	<u>555,392</u>	<u>7,526</u>	<u>562,918</u>
NET ASSETS RELEASED FROM RESTRICTIONS			
	<u>9,258</u>	<u>(9,258)</u>	<u>-</u>
	<u>564,650</u>	<u>(1,732)</u>	<u>562,918</u>
EXPENSES			
Program services	387,104	-	387,104
Administration	31,092	-	31,092
Fundraising	400	-	400
	<u>418,596</u>	<u>-</u>	<u>418,596</u>
CHANGE IN NET ASSETS FROM CONTINUING OPERATIONS			
	146,054	(1,732)	144,322
DISCONTINUED OPERATIONS			
Decrease in net assets attributable to the operations of HelpONE	<u>(38,105)</u>	<u>-</u>	<u>(38,105)</u>
CHANGE IN NET ASSETS			
	107,949	(1,732)	106,217
NET ASSETS			
Beginning of year	<u>206,945</u>	<u>10,198</u>	<u>217,143</u>
End of year	<u>\$ 314,894</u>	<u>\$ 8,466</u>	<u>\$ 323,360</u>

THE WABASH INDEPENDENT LIVING AND LEARNING CENTER, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2010

	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE			
Governmental grants	\$ 548,070	\$ -	\$ 548,070
Contributions	2,060	6,000	8,060
Other income (loss)	(361)	-	(361)
Total Public Support and Revenue	549,769	6,000	555,769
NET ASSETS RELEASED FROM RESTRICTIONS			
	180	(180)	-
	<u>549,949</u>	<u>5,820</u>	<u>555,769</u>
EXPENSES			
Program services	351,629	-	351,629
Administration	60,352	-	60,352
Fundraising	48	-	48
Total Expenses	<u>412,029</u>	<u>-</u>	<u>412,029</u>
CHANGE IN NET ASSETS FROM CONTINUING OPERATIONS			
	137,920	5,820	143,740
DISCONTINUED OPERATIONS			
Decrease in net assets attributable to the operations of HelpONE	(21,580)	-	(21,580)
CHANGE IN NET ASSETS			
	116,340	5,820	122,160
NET ASSETS			
Beginning of year	90,605	4,378	94,983
End of year	<u>\$ 206,945</u>	<u>\$ 10,198</u>	<u>\$ 217,143</u>

THE WABASH INDEPENDENT LIVING AND LEARNING CENTER, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2011

	Program Services	Administration	Fundraising	Total
Salaries and wages	\$ 252,977	\$ 13,200	\$ -	\$ 266,177
Payroll taxes	26,061	1,360	-	27,421
Benefits	<u>315</u>	<u>79</u>	-	<u>394</u>
Total salaries, wages and related expenses	279,353	14,639	-	293,992
Office rent expense	15,394	3,848	-	19,242
Utilities and telephone	6,324	1,581	-	7,905
Professional expenses	21,854	3,718	-	25,572
Insurance	3,880	970	-	4,850
Advertising and promotion	8,427	-	-	8,427
Vehicle expenses	2,669	-	-	2,669
Small equipment and maintenance	4,594	1,148	-	5,742
Supplies, printing and postage	5,276	1,319	-	6,595
Program expenses	25,682	-	-	25,682
Travel	2,734	684	-	3,418
Miscellaneous	2,442	462	400	3,304
Depreciation	8,475	2,119	-	10,594
Penalties	<u>-</u>	<u>604</u>	-	<u>604</u>
	<u>\$ 387,104</u>	<u>\$ 31,092</u>	<u>\$ 400</u>	<u>\$ 418,596</u>

THE WABASH INDEPENDENT LIVING AND LEARNING CENTER, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2010

	Program Services	Administration	Fundraising	Total
Salaries and wages	\$ 232,766	\$ 20,612	\$ -	\$ 253,378
Payroll taxes	18,395	1,629	-	20,025
Benefits	<u>1,883</u>	<u>471</u>	-	<u>2,354</u>
Total salaries, wages and related expenses	253,045	22,712	-	275,757
Office rent expense	16,386	4,097	-	20,483
Utilities and telephone	6,923	1,731	-	8,654
Professional expenses	27,071	22,145	-	49,216
Insurance	1,035	259	-	1,294
Advertising and promotion	4,675	-	-	4,675
Interest and service charges	1,007	252	-	1,259
Vehicle expenses	2,358	590	-	2,948
Small equipment and maintenance	3,017	754	-	3,771
Supplies, printing and postage	3,716	929	-	4,645
Program expenses	13,032	-	-	13,032
Travel	2,571	643	-	3,214
Miscellaneous	4,214	557	48	4,819
Depreciation	12,579	3,145	-	15,724
Penalties	<u>-</u>	<u>2,538</u>	<u>-</u>	<u>2,538</u>
	<u>\$ 351,629</u>	<u>\$ 60,352</u>	<u>\$ 48</u>	<u>\$ 412,029</u>

THE WABASH INDEPENDENT LIVING AND LEARNING CENTER, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED SEPTEMBER 30, 2011 AND 2010

	2011	2010
OPERATING ACTIVITIES		
Change in net assets	\$ 106,217	\$ 122,160
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation, including amounts classified in discontinued operations	10,748	15,877
Loss on sales of property and equipment	-	2,688
	<u>116,965</u>	<u>140,725</u>
Changes in operating assets and liabilities:		
Grants receivable	18,854	(20,871)
Contributions receivable	3,249	(6,000)
Other assets	(2,508)	(109)
Prepaid expenses	1,167	(2,350)
Accounts payable	(6,050)	(49,261)
Accrued expenses	(1,009)	(5,193)
	<u>130,668</u>	<u>56,941</u>
Net Cash Provided by Operating Activities		
INVESTING ACTIVITIES		
Purchases of property and equipment	(5,280)	-
Proceeds from sales of property and equipment	-	23,159
	<u>(5,280)</u>	<u>23,159</u>
Net Cash Provided (Used) by Investing Activities		
FINANCING ACTIVITIES		
Net payments on line of credit	-	(25,000)
Payments on long-term liability	(5,820)	(20,286)
	<u>(5,820)</u>	<u>(45,286)</u>
Net Cash Used by Financing Activities		
NET INCREASE IN CASH	119,568	34,814
CASH		
Beginning of year	<u>42,317</u>	<u>7,503</u>
End of year	<u>\$ 161,885</u>	<u>\$ 42,317</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest and service charges	<u>\$ -</u>	<u>\$ 1,259</u>

THE WABASH INDEPENDENT LIVING AND LEARNING CENTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Wabash Independent Living and Learning Center, Inc. (the "Organization") was incorporated as a not-for-profit organization in July 2000 under the laws of the State of Indiana. The Organization's mission is to empower persons with disabilities. The Organization promotes a philosophy of independent/interdependent living for individuals with disabilities, including a philosophy of consumer control, peer support, self-help, self-determination, equal access, and individual and system advocacy. The Organization provides services in Clay, Parke, Putnam, Vermillion, Owen, and Vigo counties in west central Indiana. The Organization's revenue and support are mainly derived from governmental grants.

Basis of Accounting - The Organization's consolidated financial statements have been prepared on the accrual basis of accounting, and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation - The Organization's financial presentation follows the recommendations of accounting standards. Under those standards, the Organization 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.

Unrestricted Net Assets - Unrestricted net assets include unrestricted resources, including donations, gifts, and bequests available for the use of the Organization's programs over which the Board of Directors has discretionary control.

Temporarily Restricted Net Assets - Temporarily restricted net assets include contributions and grants for which donor imposed restrictions have not been met. These restrictions will be satisfied by actions of the Organization.

Permanently Restricted Net Assets - Permanently restricted net assets are resources whose use is permanently restricted by donors. The Organization does not have any permanently restricted net assets.

Principles of Consolidation - The accompanying consolidated financial statements include the accounts of The Wabash Independent Living and Learning Center, Inc. and its wholly owned subsidiary, No Place Like Home Care, LLC, doing business as HelpONE. All intercompany balances have been eliminated in consolidation.

Financial Estimates - The preparation of consolidated financial statements in conformity with accounting principles generally 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 consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Contributions - The Organization accounts for contributions in accordance with accounting standards. In these standards, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

THE WABASH INDEPENDENT LIVING AND LEARNING CENTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted contributions.

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as increases in restricted net assets. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Donations with specified time stipulations are recorded as increases in temporarily restricted net assets. The Organization reclassifies these temporarily restricted net assets to unrestricted net assets each year for the amount based on donor specified time or usage stipulations.

Concentration of Credit Risk - Financial instruments that are exposed to concentrations of credit risk consist primarily of grants receivable. Grants receivable are with government agencies and are carried at estimated net realizable values.

Concentration of Grants - Approximately 96% and 99% of the Organization's public support and revenue are provided from grants from the Indiana Family and Social Services Administration, Division of Disability and Rehabilitative Services, for the years ended September 30, 2011 and 2010, respectively.

Property and Equipment - Equipment is recorded at cost when purchased or at fair value when received as a donation. The Organization capitalizes purchased or donated property and equipment when the cost or fair value is \$500 or more and its estimated useful life exceeds one year. Depreciation is computed using the straight-line method over the useful lives of the assets. Routine repairs and maintenance are expensed as incurred.

Advertising and Promotion Expense - Advertising and promotion costs are expensed as incurred. Advertising and promotion expense, including amounts classified as discontinued operations, was \$8,865 and \$8,721 for the years ended September 30, 2011 and 2010, respectively.

Income Taxes - The Organization is a nonprofit organization and is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes is presented in these financial statements. The Organization is not considered to be a private foundation.

Uncertainty in Tax Positions - The Organization has evaluated the tax positions it has taken, or expects to take, in the course of preparing the Organization's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Generally accepted accounting principles require the benefit arising from an uncertain tax position may be recognized in the financial statements only when it is "more-likely-than-not" the position will be sustained upon examination, including resolution of any related appeals or litigation processes, based upon the technical merits and consideration of all available information. Once the recognition threshold is met, the portion of the tax benefit that is recorded represents the largest amount of tax benefit that is greater than 50 percent likely to be realized upon settlement with a taxing authority. Based on its review, management does not believe the Organization has taken any material uncertain tax positions, including any position that would place the Organization's exempt status in jeopardy as of September 30, 2011 and 2010.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for fiscal years ended prior to September 30, 2007.

THE WABASH INDEPENDENT LIVING AND LEARNING CENTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Subsequent Events - In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 31, 2011, the date the consolidated financial statements were available to be issued.

Reclassifications - Certain prior year amounts have been reclassified to conform with current year presentation.

NOTE B - PROPERTY AND EQUIPMENT

	<u>2011</u>	<u>2010</u>
Office equipment and furniture	\$ 78,285	\$ 73,006
Vehicle and related equipment	<u>10,005</u>	<u>10,005</u>
Total cost	88,290	83,011
Less accumulated depreciation	<u>36,210</u>	<u>25,463</u>
	<u>\$ 52,080</u>	<u>\$ 57,548</u>

NOTE C - LINE OF CREDIT

The Organization had a \$25,000 unsecured line of credit available with a bank which expired in December 2010. In January 2011, the line of credit was renewed through January 2012. The lines of credit have provisions for the right of set-off in which the lender has the right to set-off any amount due and payable against any deposit accounts held by the Organization. Interest is payable monthly at 1.00% above the national prime rate (3.25% at September 30, 2011 and 2010). There were no outstanding borrowings as of September 30, 2011 and 2010.

NOTE D - LONG-TERM LIABILITY

	<u>2011</u>	<u>2010</u>
Settlement agreement payable, State of Indiana, \$485 due monthly beginning in June 2010, maturing February 2013. See Note G.	\$ 9,189	\$ 15,009
Less current portion	<u>5,820</u>	<u>5,820</u>
	<u>\$ 3,369</u>	<u>\$ 9,189</u>

Payments due on the settlement agreement for the subsequent two years are as follows:

2012	\$ 5,820
2013	<u>3,369</u>
	<u>\$ 9,189</u>

THE WABASH INDEPENDENT LIVING AND LEARNING CENTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE E - TEMPORARILY RESTRICTED NET ASSETS

	<u>2011</u>	<u>2010</u>
Assisted living devices	\$ 2,641	\$ 4,198
Wheelchair ramps	3,074	6,000
"Kids on the Block" program	<u>2,751</u>	<u>-</u>
	<u>\$ 8,466</u>	<u>\$ 10,198</u>

NOTE F - OPERATING LEASES

The Organization is obligated under operating lease agreements for its building and copier which expire at various times through 2014. The Organization is responsible for paying all utilities for the facility as well as interior maintenance. Rent expense for the lease agreements was \$22,300 and \$23,881 for the years ended September 30, 2011 and 2010, respectively.

Future minimum lease payments over the next three years are as follows:

2012	\$ 13,140
2013	2,640
2014	220

NOTE G - COMPLIANCE WITH GRANTOR RESTRICTIONS

Financial awards from governmental entities are periodically subject to special audit by those entities. Such audits may result in claims against the Organization for disallowed costs or noncompliance with contract or grant restrictions. During the year ended September 30, 2009, the Organization was audited by the Indiana Family and Social Services Administration (FSSA). As a result of the audit, a settlement agreement was reached whereby the Organization must pay a total of \$17,434 to the State of Indiana. See Note D.

No additional provisions for potential claims that may result from another FSSA examination has been reflected in the accompanying consolidated statements of financial position, as such amounts cannot be reasonably determined.

NOTE H - DISCONTINUED OPERATIONS

In May 2011, the Organization decided to discontinue operations of its wholly owned subsidiary, No Place Like Home Care, LLC, doing business as HelpONE due to inability of this program to provide a sufficient revenue stream. The decrease in net assets attributable to the operations of HelpONE is presented as results of discontinued operations in the accompanying statements of activities for the fiscal years ended September 30, 2011 and 2010.