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August 29, 2016

Board of Directors
Intersect, Inc.
630 Nichol Avenue
Anderson, IN 46016

We have reviewed the audit report prepared by Sandlin & Company, LLC, for the period July 1, 2013 to June 30, 2015. 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 Intersect, Inc., as of June 30, 2015, 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

Report of Independent Auditors and
Financial Statements

Intersect, Inc.

As of June 30, 2015 and for the
Two Years then Ended

Sandlin & Company, LLC
1106 East 8th Street
Anderson, IN 46012

Intersect, Inc.

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Sandlin & Company, LLC

Certified Public Accountants



REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Intersect, Inc.
Anderson, Indiana

We have audited the accompanying statement of assets, liabilities and net assets (modified cash basis) of Intersect, Inc. as of June 30, 2015, and the related statements of support, revenues and expenses (modified cash basis), changes in net assets (modified cash basis), functional expenses (modified cash basis), schedule of federal, state, and local grant awards (modified cash basis) and grant activity summary (modified cash basis) for the two years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor, considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

As described in Note B, these financial statements were prepared on the modified basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Intersect, Inc. as of June 30, 2015, and its support, revenue and expenses during the two years then ended, on the basis of accounting described in Note B.

Sandlin & Company, LLC

June 1, 2016

Intersect, Inc.
Statement of Assets, Liabilities and Net Assets
(Modified Cash Basis)
June 30, 2015

Assets

Current Assets

Cash	\$ 40,229
Grant reimbursements receivable	<u>27,219</u>
Total Current Assets	<u>67,448</u>

Total Assets \$ 67,448

Liabilities and Net Assets

Current Liabilities

Refundable advances	\$ <u>48,974</u>
Total Current Liabilities	<u>48,974</u>

Net Assets

Unrestricted net assets	18,474
Temporarily restricted net assets	<u>-</u>
	<u>18,474</u>

Total Liabilities and Net Assets \$ 67,448

See accompanying notes to financial statements.

Intersect, Inc.
Statement of Support, Revenues and Expenses
(Modified Cash Basis)
Two Years Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Governmental grants	\$ 979,145	\$ -	\$ 979,145
Other grants and donations	<u>41,727</u>	<u>-</u>	<u>41,727</u>
Total Support and Revenue	1,020,872	-	1,020,872
Expenses			
Program	811,872	-	811,872
Management and general	159,343	-	159,343
Fund raising	<u>49,693</u>	<u>-</u>	<u>49,693</u>
Total Expenses	<u>1,020,908</u>	<u>-</u>	<u>1,020,908</u>
Change in Net Assets	<u>\$ (36)</u>	<u>\$ -</u>	<u>\$ (36)</u>

See accompanying notes to financial statements.

Intersect, Inc.
Statement of Changes in Net Assets
(Modified Cash Basis)
Two Years Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Net Assets at June 30, 2013	\$ 18,510	\$ -	\$ 18,510
Change in net assets for two years ending June 30, 2015	<u>(36)</u>	<u>-</u>	<u>(36)</u>
Net Assets at June 30, 2015	<u>\$ 18,474</u>	<u>\$ -</u>	<u>\$ 18,474</u>

See accompanying notes to financial statements.

Intersect, Inc.
Statement of Functional Expenses
(Modified Cash Basis)
Two Years Ended June 30, 2015

	<u>Program</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Expenses</u>
Salaries and wages	\$ 284,206	\$ 115,785	\$ 36,109	\$ 436,100
Payroll tax expense	23,305	9,494	2,961	35,760
Marketing and campaign expenses	111,639	-	-	111,639
Contracts	97,359	-	-	97,359
Conferences	84,646	-	-	84,646
Program and activity supplies	86,986	-	-	86,986
Meeting expenses	21,863	-	-	21,863
Travel	11,107	4,525	1,411	17,043
Office expense	18,396	7,495	2,337	28,228
Rent	12,513	5,098	1,590	19,201
Telephone and internet	9,634	3,925	1,224	14,783
Equipment purchases	17,574	7,160	2,233	26,967
Accounting and auditing fees	10,142	4,132	1,289	15,563
Training	18,258	-	-	18,258
Insurance	2,796	1,139	355	4,290
Volunteer appreciation	1,448	590	184	2,222
	<u>\$ 811,872</u>	<u>\$ 159,343</u>	<u>\$ 49,693</u>	<u>\$ 1,020,908</u>

See accompanying notes to financial statements.

Intersect, Inc.
Schedule of Federal, State, and Local Grant Awards
(Modified Cash Basis)
Two Years Ended June 30, 2015

Grant	Award Balance at June 30, 2013	Award	Amounts Received	Award Balance at June 30, 2015
Drug Free Community	\$ 58,430	\$ 250,000	\$ 271,789	\$ 36,641
Tobacco Prevention and Cessation Implementation of Community Substance Abuse Prevention	-	182,000	162,363	19,637
Partnerships for Success	40,000	260,000	255,000	45,000
	<u>38,584</u>	<u>356,250</u>	<u>291,084</u>	<u>103,750</u>
	<u>\$ 137,014</u>	<u>\$ 1,048,250</u>	<u>\$ 980,236</u>	<u>\$ 205,028</u>

See accompanying notes to financial statements.

Intersect, Inc.
Grant Activity Summary
(Modified Cash Basis)
Two Years Ending June 30, 2015

	<u>Drug Free Community</u>	<u>Tobacco Prevention Cessation</u>	<u>Implementation of Community Substance Abuse Prevention</u>	<u>Partnerships For Success</u>	<u>Total</u>
Refundable advances (grant reimbursements receivable), beginning of period	\$ (3,896)	\$ 7,809	\$ (1,913)	\$ 22,662	\$ 24,662
Grant receipts	271,789	162,363	255,000	291,084	980,236
Refunds	-	(7,883)	-	-	(7,883)
Grant expenditures	<u>(271,597)</u>	<u>(173,288)</u>	<u>(265,587)</u>	<u>(264,788)</u>	<u>(975,260)</u>
Refundable advances (grant reimbursements receivable), end of period	<u>\$ (3,704)</u>	<u>\$ (10,999)</u>	<u>\$ (12,500)</u>	<u>\$ 48,958</u>	<u>\$ 21,755</u>

See accompanying notes to financial statements.

Intersect, Inc.
Notes to Financial Statements
June 30, 2015

NOTE A - NATURE OF ACTIVITIES

Intersect, Inc. (the “Organization”) was incorporated on December 7, 2004 and began operating as an independent not-for-profit corporation on July 1, 2005. The primary purpose of the Organization is to foster a reduction in the use of tobacco, alcohol, and other drug use in Madison County, Indiana. To accomplish its purposes the Organization provides various educational programs, uses media advertising, and maintains contacts with community and state leaders.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B-1 Modified Cash Basis of Accounting

The financial statements are prepared on the modified cash basis of accounting. Revenue and expenses are recorded on the basis of cash receipts and disbursements; consequently revenue and the related assets are recognized when received rather than when earned and expenses are recognized when paid rather than when the obligations are incurred. The modifications from the cash basis of accounting include recognition of assets and liabilities resulting from advances received and expenditures made from government grants accounted for as exchange transactions, and the recognition of liabilities arising from the receipt of borrowed cash and payroll taxes not deposited with governmental agencies.

B-2 Donated Materials, Equipment and Services

When material in amount, donated materials and equipment are recorded as contributions at their estimated values at the date of receipt. Donated services have not been reflected in the financial statements since no documentation is available to measure the value of such services.

B-3 Contributions

All unconditional promises to give (contributions) are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support.

Intersect, Inc.
Notes to Financial Statements
June 30, 2015

B-4 Grant Revenue Recognition

The Organization has been awarded Drug Free Community, Indiana Tobacco and Cessation, Implementation of Community Substance Abuse Prevention, and Partnerships for Success grants. These grants are considered to be exchange transactions. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. Grant activity for grants considered exchange transactions is summarized in the grant activity summary (Page 7) for the two years ended June 30, 2015.

Grants awarded to the Organization by other organizations are accounted for as unrestricted revenues to support the Organization's mission and to provide matching amounts for governmental grants.

B-5 Expense Allocations

Costs incurred have been summarized on a functional basis in the statement of functional expenses. Certain costs have been allocated between programs and supporting activities.

B-6 Advertising Costs

Advertising costs are expensed as incurred.

B-7 Property and Equipment

Property and equipment expenditures are not capitalized.

B-8 Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Intersect, Inc.
Notes to Financial Statements
June 30, 2015

B-9 Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

NOTE C - CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances in one financial institution in Anderson, Indiana. The Federal Deposit Insurance Corporation insures these balances up to \$250,000. During the year, the Organization may have cash balances in this financial institution in excess of this limit. At June 30, 2015, the balances did not exceed insurable amounts.

NOTE D – SUMMARY OF GRANTS AND CONTRACTS

Drug Free Community

This grant was received from the United States Department of Health and Human Services. The purpose of the grant was to support the efforts of community coalitions to prevent and reduce substance abuse among youth and, over time, adults.

Indiana Tobacco Prevention and Cessation

A grant was received from the Indiana Tobacco Prevention and Cessation Agency. The purpose of the grant was to operate a Tobacco Prevention & Cessation Program as described in Indiana Law (IC 4-12-4). Activities funded by the grant included agency salaries, brochures, advertising, and other expenses related to operating a tobacco prevention and cessation program.

Implementation of Community Substance Abuse Prevention

The grant was received from the Indiana Family and Social Services Administration, Division of Mental Health and Addiction. The purpose of the grant was to implement data-driven, evidence based plans to address the risk factors that contribute to the burden of substance abuse and mental health issues.

Intersect, Inc.
Notes to Financial Statements
June 30, 2015

Partnerships for Success

The grant was received from the Indiana Family and Social Services Administration, Division of Mental Health and Addiction. The purpose of the grant was to implement data-based practices and environmental strategies to increase prevention. This included the dissemination of information which focused on the prevention and reduction of non-medical use of prescription drugs.

NOTE E – GRANT ACTIVITY SUMMARY

Grant activity for the grants considered exchange transactions for the two years ended June 30, 2015 is shown in the Grant Activity Summary on Page 7.

The negative amounts of \$3,704 (Drug Free Community), \$10,999 (Tobacco Prevention Cessation) and \$12,500 (Implementation of Community Substance Abuse Prevention) represent an excess of expenditures over grant funds received through June 30, 2015. Additionally, the refundable advances for the Partnerships for Success grant are net of a grant reimbursement receivable of \$16. Thus, there are grant reimbursements receivable of \$27,219 at June 30, 2015. All expenditures are expected to be refundable, therefore, grant reimbursements receivable of \$27,219 are shown as current assets in the statement of financial condition.

The refundable advances of \$48,958 (Partnerships for Success) as of June 30, 2015 are net of grant reimbursements receivable of \$16, which are included with grant reimbursements receivable. Therefore, the refundable advances on the statement of assets, liabilities, and net assets are \$48,974. Refundable advances represent amounts received that will not be recognized as income until the revenue is earned as the grants are being accounted for as exchange transactions.

Status of Awards

The current status of grant funds considered to be exchange transactions for the two years ended June 30, 2015 is shown in the Schedule of Federal, State, and Local Grant Awards. The revenue recognized from the above grants was \$975,260 and amounted to 95.5% of the Organization's total revenue and support during the two years ended June 30, 2015.

NOTE F – LEASE

As of the balance sheet date, the organization leased the premises used in its operation under a lease agreement with a term of one year, beginning on February 1, 2015 and terminating on

Intersect, Inc.
Notes to Financial Statements
June 30, 2015

January 31, 2016. The organization had previously entered into lease agreements with the current landlord with terms not exceeding one year during the two years ending June 30, 2015. The total rentals paid during the two years ending June 30, 2015 were \$19,201.

NOTE G – DATE OF MANAGEMENT’S REVIEW

Subsequent events have been evaluated through June 1, 2016, which is the date the financial statements were available to be issued.