



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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September 5, 2023

Board of Directors  
Covering Kids & Families of Indiana, Inc.  
1100 W. 42<sup>nd</sup> St., Suite 317  
Indianapolis, IN 46208

We have reviewed the audit report of Covering Kids & Families of Indiana, Inc., which was opined upon by Blue & Co., LLC, Independent Public Accountants, for the period January 1, 2022 to December 31, 2022. Per the *Report of Independent Auditors* the financial statements included in the report present fairly the financial condition of Covering Kids & Families of Indiana, Inc. as of December 31, 2022 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Blue & Co., LLC prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

The audit report is filed with this letter in our office as a matter of public record.

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA  
Deputy State Examiner



**FINANCIAL STATEMENTS**

**DECEMBER 31, 2022 AND 2021**

*CPAs / ADVISORS*



# COVERING KIDS & FAMILIES OF INDIANA, INC.

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## REPORT OF INDEPENDENT AUDITORS

Board of Directors  
Covering Kids & Families of Indiana, Inc.  
Indianapolis, Indiana

### Opinion

We have audited the accompanying financial statements of Covering Kids & Families of Indiana, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, and its changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Prior Period Financial Statements

The financial statements as of December 31, 2021 were audited by Alerding CPA Group, who merged with Blue & Co., LLC as of December 1, 2022, and whose report dated May 11, 2022, expressed an unmodified opinion on those statements.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## REPORT OF INDEPENDENT AUDITORS - CONTINUED

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Blue & Co., LLC*

Carmel, Indiana  
August 10, 2023

# COVERING KIDS & FAMILIES OF INDIANA, INC.

## STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2022 AND 2021

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### ASSETS

	<u>2022</u>	<u>2021</u>
<b>Current assets</b>		
Cash	\$ 444,980	\$ 409,354
Accounts receivable	718,267	680,993
Prepaid expenses	<u>17,295</u>	<u>18,801</u>
Total current assets	1,180,542	1,109,148
<b>Property and equipment, net</b>	<u>12,560</u>	<u>18,358</u>
Total assets	<u>\$ 1,193,102</u>	<u>\$ 1,127,506</u>

### LIABILITIES AND NET ASSETS

<b>Current liabilities</b>		
Accounts payable	\$ 394,697	\$ 405,019
Accrued expenses	<u>109,370</u>	<u>105,216</u>
Total current liabilities	504,067	510,235
<b>Net assets</b>		
Without donor restrictions	<u>689,035</u>	<u>617,271</u>
Total liabilities and net assets	<u>\$ 1,193,102</u>	<u>\$ 1,127,506</u>

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See accompanying notes to financial statements.

## COVERING KIDS & FAMILIES OF INDIANA, INC.

### STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS YEARS ENDED DECEMBER 31, 2022 AND 2021

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	2022	2021
<b>Revenue and support</b>		
Grants and contracts - exchange	\$ 3,531,935	\$ 3,235,479
Support		
Grants and contracts - contributions	33,836	25,641
Contributions	8,491	3,364
Paycheck Protection Program ("PPP") grant	-0-	136,889
Conferences and meetings	45,563	16,050
Interest and other income	<u>7,393</u>	<u>1,294</u>
Total revenue and support	3,627,218	3,418,717
<b>Expenses</b>		
Programs	3,247,575	3,072,660
Management and general	306,360	335,896
Fundraising	<u>1,519</u>	<u>19,954</u>
Total expenses	<u>3,555,454</u>	<u>3,428,510</u>
Change in net assets	71,764	(9,793)
<b>Net assets, beginning of year</b>	<u>617,271</u>	<u>627,064</u>
<b>Net assets, end of year</b>	<u>\$ 689,035</u>	<u>\$ 617,271</u>

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See accompanying notes to financial statements.

## COVERING KIDS & FAMILIES OF INDIANA, INC.

### STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2022 (WITH COMPARATIVE TOTALS FOR 2021)

	2022				2021 Total
	Programs	Management and General	Fundraising	Total	
Salaries	\$ 701,764	\$ 215,584	\$ 928	\$ 918,276	\$ 900,058
Payroll taxes and benefits	193,152	59,337	255	252,744	266,327
Total salaries, taxes and benefits	894,916	274,921	1,183	1,171,020	1,166,385
Subgrants	1,936,516	-0-	-0-	1,936,516	1,834,407
Health programs outreach and marketing	274,735	-0-	-0-	274,735	198,253
Office expenses	10,618	3,730	-0-	14,348	18,127
Printing and postage	2,246	789	-0-	3,035	9,119
Occupancy	25,252	8,872	-0-	34,124	27,600
Telephone and internet	4,548	1,598	-0-	6,146	7,129
Website	9,456	3,322	-0-	12,778	13,724
Travel	8,900	3,127	-0-	12,027	5,530
Meetings	52,251	-0-	-0-	52,251	2,743
Professional fees	16,543	5,813	-0-	22,356	77,605
Insurance	2,436	856	-0-	3,292	4,183
Advocacy	355	-0-	-0-	355	690
Strategic plan	-0-	-0-	-0-	-0-	46,332
Depreciation expense	5,798	-0-	-0-	5,798	7,727
Other	3,005	3,332	336	6,673	8,956
Total expenses	<u>\$ 3,247,575</u>	<u>\$ 306,360</u>	<u>\$ 1,519</u>	<u>\$ 3,555,454</u>	<u>\$ 3,428,510</u>

*See accompanying notes to financial statements.*

## COVERING KIDS & FAMILIES OF INDIANA, INC.

### STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2021

	Programs	Management and General	Fundraising	Total
Salaries	\$ 672,674	\$ 215,175	\$ 12,209	\$ 900,058
Payroll taxes and benefits	199,044	63,670	3,613	266,327
Total salaries, taxes and benefits	871,718	278,845	15,822	1,166,385
Subgrants	1,834,407	-0-	-0-	1,834,407
Health programs outreach and marketing	198,253	-0-	-0-	198,253
Office expenses	13,414	4,713	-0-	18,127
Printing and postage	6,748	2,371	-0-	9,119
Occupancy	20,424	7,176	-0-	27,600
Telephone and internet	5,275	1,854	-0-	7,129
Website	10,156	3,568	-0-	13,724
Travel	4,092	1,438	-0-	5,530
Meetings	2,743	-0-	-0-	2,743
Professional fees	57,428	20,177	-0-	77,605
Insurance	3,095	1,088	-0-	4,183
Advocacy	690	-0-	-0-	690
Strategic plan	34,286	12,046	-0-	46,332
Depreciation expense	7,373	354	-0-	7,727
Other	2,558	2,266	4,132	8,956
Total expenses	<u>\$ 3,072,660</u>	<u>\$ 335,896</u>	<u>\$ 19,954</u>	<u>\$ 3,428,510</u>

*See accompanying notes to financial statements.*

## COVERING KIDS & FAMILIES OF INDIANA, INC.

### STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2022 AND 2021

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	<u>2022</u>	<u>2021</u>
<b>Operating activities</b>		
Change in net assets	\$ 71,764	\$ (9,793)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	5,798	7,727
Changes in operating assets and liabilities:		
Accounts receivable	(37,274)	(117,053)
Prepaid expenses	1,506	3,188
Accounts payable	(10,322)	87,086
Accrued expenses	<u>4,154</u>	<u>(12,724)</u>
Net cash flows from operating activities	<u>35,626</u>	<u>(41,569)</u>
Net increase (decrease) in cash	35,626	(41,569)
<b>Cash, beginning of year</b>	<u>409,354</u>	<u>450,923</u>
<b>Cash, end of year</b>	<u><u>\$ 444,980</u></u>	<u><u>\$ 409,354</u></u>

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*See accompanying notes to financial statements.*

# COVERING KIDS & FAMILIES OF INDIANA, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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### 1. NATURE OF ACTIVITIES

Covering Kids & Families of Indiana, Inc. (the "Organization") is a not-for-profit corporation organized to help all Hoosiers apply for and understand and retain healthcare coverage programs. Its operations are supported primarily by grants and contracts with government agencies.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Presentation

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. The Organization uses the following accounts to distinguish among restrictions:

Net assets without donor restrictions - Net assets without donor restrictions include all contributions received, without donor restrictions, and revenues and expenses for the general operations of the Organization. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purpose specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and other that re entered into in the course of its operations.

Net assets with donor restrictions - Net assets with donor restrictions include contributions that have donor-imposed restrictions that limit the use of the donated assets. When a donor's restriction is met, restricted net assets are reclassified to net assets without donor restrictions through the release of restrictions in the statements of activities and changes in net assets. There were no donor restricted net assets at December 31, 2022 and 2021.

#### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts in the financial statements and notes to the financial statements. Actual results could differ from those estimates. The primary estimates utilized in the preparation of the financial statements include the collectability of accounts receivable, depreciable lives of property and equipment, and the reporting of functional expenses among functional categories.

#### Accounts Receivable

The Organization carries its accounts receivable at the amount invoiced less an allowance for doubtful accounts, if considered necessary. Management estimates an allowance of uncollectible accounts receivable based on current economic conditions, historical trends, and past experiences with clients. There was no allowance for doubtful accounts as of December 31, 2022 and 2021.

# COVERING KIDS & FAMILIES OF INDIANA, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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### Support and Revenue Recognition

Grants and contracts revenue from exchange transactions are from cost-reimbursement grants are recognized as the Organization performs the contracted services or incurs expenses eligible for reimbursement under the grant agreement. Grant and contract activities are subject to audit and acceptance by the granting agency and, as a result of such an audit, adjustments could be required.

The Organization records unconditional promises to give at the date the promise is received. The gifts are reported as support with donor restrictions or support without donor restrictions depending upon the presence of donor stipulations that limit the use of the donated assets. There were no contributions received with donor restrictions during 2022 and 2021.

All other revenue is recognized when earned and is reported as an increase in net assets without donor restrictions.

### Paycheck Protection Program

During 2021, the Organization received a low interest loan in the amount of \$135,867 under the Paycheck Protection Program ("PPP") administered by the U.S. Small Business Administration's ("SBA"). Under terms of the PPP, the loan was fully forgivable if the Organization met the forgiveness conditions. During 2021, the Organization was legally released by its creditor and notified by the SBA the loan has been forgiven. The total loan forgiveness of \$135,867 and accrued interest of \$1,022 was recognized as PPP grant income within the statement of activities and changes in net assets for the year ended December 31, 2021.

### Functional Allocation of Expenses

The costs of providing the programs and services of the Organization have been summarized on a functional basis. Direct identifiable expenses are charged to program and supporting services. Expense related to more than one function are charges to programs and supporting services based on time and usage by personnel and programs. Expense allocated included salary, payroll taxes and benefits, rent and office overhead. In certain instances, grant budgets specify the expenditures allowed and, as the expense was incurred, it was charged to the grant. Although the method used was appropriate, other methods could produce different results.

### Property and Equipment

The Organization's policy is to capitalize all significant purchases of property and equipment at cost, including expenditures that substantially increase the useful lives of existing assets. Cost of ordinary maintenance are expensed as incurred.

# COVERING KIDS & FAMILIES OF INDIANA, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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Property and equipment are depreciated over their estimated useful lives using the straight-line method. Leasehold improvements are amortized over the shorter of lease term or estimated useful life. The Organization's estimates for the useful lives of its capitalized assets are as follows:

<u>Description</u>	<u>Useful Lives</u>
Leasehold improvements	3 years
Website	5 years

### Advertising

Advertising costs are expensed as incurred and relate to promoting the Organization's programs through its local coalitions. Advertising expense was \$57,885 and \$30,451 for the years ended December 31, 2022 and 2021, respectively

### Income Taxes

The Organization is organized as a not-for-profit corporation under Section 501(c)(3) of the United States Internal Revenue Code and similar state law.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2022 and 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements.

The Organization is generally exempt from income taxes. However, the Organization is required to file Federal Form 990 – Return of Organization Exempt from Income Tax and a corresponding state return, which are for informational purposes only. The Organization has filed its Federal and state income tax returns for periods through December 31, 2021, and is subject to routine audits by taxing jurisdictions. These income tax returns are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return was filed or its due date (including approved extensions).

### Subsequent Events

The Organization evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through August 10, 2023, which is the date the financial statements were available to be issued.

# COVERING KIDS & FAMILIES OF INDIANA, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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### 3. LIQUIDITY AND AVAILABILITY

The following table reflects the Organization's financial assets which are available to meet general expenditures within one year of the statements of financial position, which are without donor restrictions limiting their use at December 31:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash	\$ 444,980	\$ 409,354
Accounts receivable	<u>718,267</u>	<u>680,993</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,163,247</u>	<u>\$ 1,090,347</u>

The Organization receives support and revenue through a cost reimbursement grant which is ongoing, major and central to its annual operations to meet cash needs for general operations. For the years ended December 31, 2022 and 2021, grant and contract revenue and support were \$3,565,771 and \$3,261,120, respectively.

The Organization's liquidity objective is to maintain adequate liquid assets to fund near-term operating needs and maintain sufficient reserves to provide reasonable assurance that obligations will be paid when due.

In the event of an unanticipated liquidity need, the Organization has \$150,000 of available borrowings under a line of credit (Note 5).

### 4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31:

	<u>2022</u>	<u>2021</u>
Website	\$ 28,987	\$ 40,350
Leasehold improvements	<u>4,900</u>	<u>4,900</u>
	33,887	45,250
Accumulated depreciation	<u>(21,327)</u>	<u>(26,892)</u>
	<u>\$ 12,560</u>	<u>\$ 18,358</u>

Depreciation expense was \$5,798 and \$7,727 for the years ended December 31, 2022 and 2021, respectively.

# COVERING KIDS & FAMILIES OF INDIANA, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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### 5. LINE OF CREDIT

The Organization has \$150,000 of available borrowings under a line of credit agreement with a bank subject to renewal in November 2024. The line of credit bears interest at the bank's prime lending rate (7.50% at December 31, 2022). The agreement is secured by substantially all assets of the Organization. There were no outstanding borrowings on the line of credit as of December 31, 2022 and 2021.

### 6. LEASES

On January 1, 2022, the Organization adopted the new lease accounting standard issued by the Financial Accounting Standards Board (FASB) and codified in the Accounting Standards Codification (ASC) as Topic 842 (ASC 842). The lease standard in ASC 842 intended to improve financial reporting about leasing transactions by requiring entities to recognize on their statement of financial position the assets and liabilities for the rights and obligations created by those leases, and to provide additional disclosures regarding the leases. Leases with terms (as defined in ASC 842) of twelve months or less are not required to be reflected on an entity's balance sheet.

Short-term leases (leases with an initial term of 12 months or less or leases that are cancelable by the lessee and lessor without significant penalties) are not capitalized but are expenses on a straight-line basis over the term of the lease. The majority of the Organization's short-term leases related to its office facilities. Short-term lease expense was \$34,124 for the year ended December 31, 2022.

### 7. EMPLOYEE BENEFITS PLAN

The Organization maintains a Simple Employee Pension ("SEP") plan for all eligible employees. Full-time employees become eligible for the plan immediately upon being hired. The Organization made contributions to the plan equal to 6% of employee wages for the years ended December 31, 2022 and 2021. The Organization's contributions totaled \$55,002 and \$53,802 for the years ended December 31, 2022 and 2021, respectively.

### 8. COMMITMENTS AND CONTINGENCIES

During 2022, the Organization executed a contract with a hotel to hold its annual conference planned for June 2023. The contract includes cancellation clauses whereby the Organization is liable for liquidated damages based on the amount of minimum committed revenue and the length of time between the cancellation date and the scheduled event. In the event of cancellation, the maximum liquidated damages owed by the Organization would approximate \$54,000; however, the Organization does not intend on canceling the event.

# COVERING KIDS & FAMILIES OF INDIANA, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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### **9. CONCENTRATION OF CREDIT RISK**

The Organization maintains its cash in bank deposit accounts, which at times, may exceed Federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

As of December 31, 2022 and for the year then ended, one grantor represented 98% of accounts receivable and 97% of grant and contract revenues.

As of December 31, 2021 and for the year then ended, one grantor represented 96% of accounts receivable and 87% of grant and contract revenues.