



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B34548

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June 18, 2009

Board of Directors
Addiction Resource Network of Indiana, Inc.
1125 Brookside Ave., Ste. I
Indianapolis, IN 46202

We have reviewed the audit report prepared by Alerding & Co., LLC, Independent Public Accountants, for the period July 1, 2007 to June 30, 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 Addiction Resource Network of Indiana, Inc., as of June 30, 2008, 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

ADDICTION RESOURCE NETWORK OF INDIANA, INC.

TABLE OF CONTENTS

JUNE 30, 2008

	Page
Independent Auditors' Report	1
Financial Statements:	
Statement of Financial Position	2
Statement of Activities and Changes in Net Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5-7

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Addiction Resource Network of Indiana, Inc.
Indianapolis, Indiana

We have audited the accompanying statement of financial position of ADDICTION RESOURCE NETWORK OF INDIANA, INC. (the "Network") as of June 30, 2008, and the related statements of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of ADDICTION RESOURCE NETWORK OF INDIANA, INC.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. Generally Accepted Auditing Standards. 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 ADDICTION RESOURCE NETWORK OF INDIANA, INC. as of June 30, 2008, and the changes in its net assets and cash flows for the year then ended, in conformity with U.S. Generally Accepted Accounting Principles.

Alerding & Co.

November 4, 2008

ADDICTION RESOURCE NETWORK OF INDIANA, INC.

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2008

ASSETS

Current Assets:

Cash and cash equivalents	\$ 8,302
Prepaid expenses and other assets	<u>2,487</u>
Total assets	<u>\$ 10,789</u>

NET ASSETS

Net assets (unrestricted)	<u>\$ 10,789</u>
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ADDICTION RESOURCE NETWORK OF INDIANA, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS YEAR ENDED JUNE 30, 2008

Revenue, Gains & Other Support:

Contract Revenue - Chronic Addictions	\$ 457,902
Gambling	8,816
Interest income	589
Total revenue, gains, and other support	<u>467,307</u>

Expenses:

Program Expenses:

Chronic Addictions	275,858
Gambling	13,224
Total program expenses	<u>289,082</u>

General and Administrative Expenses:

Administrative	167,546
Professional fees	33,489
Dues and subscriptions	1,750
Depreciation	821
Insurance	2,916
Miscellaneous	1,094
Total general and administrative expenses	<u>207,616</u>
Total expenses	<u>496,698</u>

Decrease in net assets (29,391)

Net Assets, Beginning of Year 40,180

Net Assets, End of Year \$ 10,789

ADDICTION RESOURCE NETWORK OF INDIANA, INC.

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2008

Cash Flows From Operating Activities:	
Decrease in net assets	\$ (29,391)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:	
Depreciation and amortization	821
Changes in operating assets and liabilities:	
Receivable from member organization	63,326
Grants receivable	4,408
Prepaid expenses and other assets	656
Accounts payable	(4,961)
Amounts due to member organizations	<u>(63,326)</u>
Net cash used in operating activities	<u>(28,467)</u>
Net decrease in cash and cash equivalents	(28,467)
Cash and Cash Equivalents, Beginning of Year	<u>36,769</u>
Cash and Cash Equivalents, End of Year	<u>\$ 8,302</u>

ADDICTION RESOURCE NETWORK OF INDIANA, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008

1. SIGNIFICANT ACCOUNTING POLICIES

Description of the Entity

ADDICTION RESOURCE NETWORK OF INDIANA, INC. (the "Network") is a not-for-profit organization whose mission and principal activities are to provide managed care services for the Indiana Family and Social Services Administration – Division of Mental Health (FSSA/DMH). The Network's activities are conducted principally in the State of Indiana.

Effective October 1, 2006, the Network entered into a management services agreement with InteCare, Inc. as its management organization. The Network subsequently terminated its ARNI HAP Provider Agreement and entered into an agreement where InteCare will administer the HAP program with respect to the Network and Member Organizations have the option to elect membership into the InteCare Provider Network. Funds are distributed by the State to the InteCare Provider Network, and then funds are distributed to the Member Organizations. In accordance with the agreement, InteCare provides management services to ARNI in order to administer the HAP program.

Member Organizations

As of June 30, 2008, the Network's Member Organizations include the following:

- Community Addiction Services of Indiana, Inc.
- Family Services Association of Central Indiana, Inc.
- Reid Hospital and Health Services, Inc.
- Recovery Associates, Inc.

Member Organizations must be: (1) organized as an Indiana not-for-profit corporation; (2) engaged in the business of providing to persons residing in the State of Indiana services related to the diagnosis, care, and treatment of dependence upon or addiction to alcohol, drugs, or other behavioral addiction or providing services to persons who are at risk of being harmed by the use of alcohol, drugs, or other behavioral addictions; and (3) certified or accredited by the Indiana Family and Social Services Administration – Division of Mental Health of the State of Indiana.

The President or their designee of each Member Organization is a member of the Network's Board of Directors. Program services are provided by all members listed above. The Member Organizations are autonomous organizations that provide for the diagnosis, care, and treatment of dependence upon or addiction to alcohol, drugs, or other behavioral addictions, or providing services to persons who are at risk of being harmed by the use of alcohol, drugs, or other behavioral addictions. Therefore, expenses for program services constitute related party transactions.

The Network and Member Organizations are related parties that are not financially interrelated. Prior to the termination of the HAP Provider Agreement, the Member Organizations authorized the Network to solicit funds on their behalf. The Network acted as a pass-through entity through which state and Federal grants were obtained and subsequently disbursed to subrecipients, which were the Member Organizations. For the year ended June 30, 2008, subrecipient's expenses related to distributions to Member Organizations from the Network totaled \$289,082.

ADDICTION RESOURCE NETWORK OF INDIANA, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008

The significant accounting policies followed by the Network in the preparation of its financial statements are summarized below:

Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. In year 2008, there were no donor imposed restrictions and, accordingly, all net assets have been recorded as unrestricted.

Functional Expenses

Functional expenses for Program Expenses and General and Administrative Expenses are included in the accompanying Statements of Activities and Changes in Net Assets for the year ended June 30, 2008. The Network incurs no substantial Fundraising Expenses in the normal course of its operations.

Estimates

The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles 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.

Cash and Cash Equivalents

Cash and cash equivalents represent cash invested in checking and money market accounts. All liquid investments with original maturity dates of three months or less are classified as cash equivalents.

Property and Equipment and Depreciation

Property and equipment purchased and expenditures which substantially increase the useful lives of existing assets are recorded at cost. Cost of repairs and maintenance are expensed as incurred. Property and equipment are depreciated over the estimated useful lives, which range from 3 to 10 years, using the straight-line method of depreciation. As of June 30, 2008, the capitalized cost and accumulated depreciation were \$27,680 resulting in a zero net book value.

Government Grants

Support funded by government grants is recognized as the Network performs the contracted services or incurs expenses eligible for reimbursement under the grant agreement. Grant activities are subject to audit and acceptance by the granting agency and, as a result of such an audit, adjustments could be required.

Income Taxes

The Network is organized as a not-for-profit corporation and, accordingly, is exempt from Federal and state income taxes under section 501(c)(3) of the Internal Revenue Code.

ADDICTION RESOURCE NETWORK OF INDIANA, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

2. CONCENTRATIONS

The Network obtains 100% of its revenue from state and Federal grants and conducts 100% of its business activities as a managed care provider within the State of Indiana.