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June 30, 2009

Board of Directors  
Weed & Seed Alliance  
227 W. Jefferson Blvd., Ste. 1200S  
South Bend, IN 46601

We have reviewed the audit report prepared by Christine A. Lauber, CPA, Independent Public Accountant, for the period October 1, 2007 to September 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 Weed & Seed Alliance, as of September 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



**FINANCIAL STATEMENTS**

**September 30, 2008 and 2007**

# **SOUTH BEND WEED & SEED ALLIANCE, INC.**

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CHRISTINE A. LAUBER

Certified Public Accountant & Consultant

### Independent Auditor's Report

To the Board of Directors  
South Bend Weed & Seed Alliance, Inc.  
South Bend, Indiana

I have audited the accompanying statements of financial position – statutory basis of South Bend Weed & Seed Alliance, Inc. as of September 30, 2008 and 2007 and the related statements of activities – statutory basis, cash flows – statutory basis and functional expenses – statutory basis for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 1, these financial statements were prepared in conformity with the accounting practices permitted by Office of Management and Budget Circular A-122, *Cost Principles for Nonprofit Organizations*, which is a comprehensive basis of accounting other than accounting principles, generally accepted in the United States of America.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of South Bend Weed & Seed Alliance, Inc. as of September 30, 2008 and 2007, and changes in its net assets and cash flows for the years then ended, on the basis of accounting described in Note 1.

December 16, 2008

**SOUTH BEND WEED AND SEED ALLIANCE, INC.**

**Statements of Financial Position - Statutory Basis**

September 30, 2008 and 2007

See Accountant's Report

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 19,737	\$ 309
Grants receivable	<u>1,535</u>	<u>28,880</u>
<b>TOTAL CURRENT ASSETS</b>	<u>21,272</u>	<u>29,189</u>
	<u><u>\$ 21,272</u></u>	<u><u>\$ 29,189</u></u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 2,107	\$ 16,569
Accrued expenses	<u>9,005</u>	<u>389</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>11,112</u>	<u>16,958</u>
<b>Net assets</b>		
Unrestricted	3,736	12,231
Temporarily restricted	<u>6,424</u>	<u>-</u>
	<u>10,160</u>	<u>12,231</u>
	<u><u>\$ 21,272</u></u>	<u><u>\$ 29,189</u></u>

**SOUTH BEND WEED AND SEED ALLIANCE, INC.**  
**Statements of Activities and Changes in Net Assets - Statutory Basis**  
 For the Years Ended September 30, 2008 and 2007  
 See Accountant's Report

	2008		2007			
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>REVENUE</b>						
U.S. Department of Justice Weed & Seed grants	\$ 157,765	\$ -	\$ 157,765	\$ 206,208	\$ -	\$ 206,208
Donated administrative services	13,059	-	13,059	34,831	-	34,831
Contributions	1,984	6,424	8,408	2,800	-	2,800
Interest income	12	-	12	23	-	23
	<u>172,820</u>	<u>6,424</u>	<u>179,244</u>	<u>243,862</u>	<u>-</u>	<u>243,862</u>
<b>EXPENSES</b>						
Law enforcement	43,976	-	43,976	57,331	-	57,331
Community policing	24,236	-	24,236	28,689	-	28,689
Prevention, intervention, and treatment	46,625	-	46,625	80,692	-	80,692
Management and general	66,478	-	66,478	96,975	-	96,975
Total expenses	<u>181,315</u>	<u>-</u>	<u>181,315</u>	<u>263,687</u>	<u>-</u>	<u>263,687</u>
<b>CHANGE IN NET ASSETS</b>	<u>(8,495)</u>	<u>6,424</u>	<u>(2,071)</u>	<u>(19,825)</u>	<u>-</u>	<u>(19,825)</u>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>12,231</u>	<u>-</u>	<u>12,231</u>	<u>32,056</u>	<u>-</u>	<u>32,056</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 3,736</u>	<u>\$ 6,424</u>	<u>\$ 10,160</u>	<u>\$ 12,231</u>	<u>\$ -</u>	<u>\$ 12,231</u>

**SOUTH BEND WEED AND SEED ALLIANCE, INC.**

**Statements of Cash Flows - Statutory Basis**

For the Years Ended September 30, 2008 and 2007

See Accountant's Report

	<u>2008</u>	<u>2007</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (2,071)	\$ (19,825)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
(Increase) decrease in grants receivable	27,345	11,394
Increase (decrease) in accounts payable	(14,462)	(3,272)
Increase (decrease) in deferred revenue	-	(1,112)
	<u>12,883</u>	<u>7,010</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>10,812</u>	<u>(12,815)</u>
<b>CASH AND EQUIVALENTS, BEGINNING OF YEAR</b>	<u>309</u>	<u>13,124</u>
<b>CASH AND EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 11,121</u></u>	<u><u>\$ 309</u></u>

**SOUTH BEND WEED AND SEED ALLIANCE, INC.**  
**Statements of Functional Expenses - Statutory Basis**  
For the Years Ended September 30, 2008 and 2007

	2008				2007					
	Law Enforcement	Community Policing	Prevention, Intervention, and Treatment	Management and General	Total Expenses	Law Enforcement	Community Policing	Prevention, Intervention, and Treatment	Management and General	Total Expenses
Personnel	\$ 43,647	\$ 546	\$ -	\$ -	\$ 44,193	\$ 44,282	\$ 7,395	\$ -	\$ -	\$ 51,677
Donated administrative services	-	-	-	13,059	13,059	-	-	-	34,831	34,831
Travel	-	-	-	-	-	-	-	-	2,902	2,902
Equipment	-	-	-	-	-	-	750	-	-	750
Supplies	-	140	-	799	939	-	9,855	8,995	4,353	23,203
Consultants and contracts	(188)	13,040	46,625	48,089	107,566	12,480	-	71,697	49,654	133,831
Other	517	10,510	-	4,531	15,558	569	10,689	-	5,235	16,493
	\$ 43,976	\$ 24,236	\$ 46,625	\$ 66,478	\$ 181,315	\$ 57,331	\$ 28,689	\$ 80,692	\$ 96,975	\$ 263,687

**SOUTH BEND WEED & SEED ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 1 Nature of activities and significant accounting policies**

**Nature of activities**

South Bend Weed & Seed Alliance, Inc. is a not-for-profit corporation organized under the laws of the State of Indiana. The purpose of the Organization is a collaborative effort between the Department of Justice and the City of South Bend to reduce crime in targeted neighborhoods by providing additional law enforcement, offering community policing activities and providing safe-havens that are secure against crime and will create opportunities for residents to be productive and enhance their skills.

The Organization's operations are supported primarily by grants from the City of South Bend.

**Significant accounting policies**

**Basis of accounting**

The accompanying statements have been prepared in accordance with accounting practices permitted by Office of Management and Budget Circular A-122, *Cost Principles for Nonprofit Organizations*. The primary difference between these practices and accounting principles generally accepted in the United States of America is that property and equipment acquired with grant funds is expensed when acquired rather than capitalized and depreciated over its useful life.

**Basis of presentation**

Financial statement presentations follow the recommendations of the Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the corporation 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.

**Cash equivalents**

The Organization considers time deposits, certificates of deposit, and all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Grant Receivable**

Grant receivables consist of amounts unconditionally promised to the Organization for various programs. All amounts are expected to be collected in the next year and no allowance for doubtful accounts is considered necessary.

**SOUTH BEND WEED & SEED ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 1 Continued**

**Property and equipment**

Property and equipment acquired with grant funds is expensed in the period acquired. Property and equipment acquired with other funds is recorded at cost, if acquired or at fair market value at the date of donation, if donated. All property and equipment has been acquired with grant funds. Depreciation is computed by the straight-line method over the estimated useful life of the assets, generally three to five years

**Contributed service**

The Organization receives certain services without charge or at reduced charge from professional and technical personnel and other skilled individuals. Such services are recognized as revenue and expenses at rates consistent with market rates for similar services.

**Functional allocation of expenses**

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

**Income tax exemption**

South Bend Weed & Seed Alliance, Inc. is exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. The corporation is also exempt from Indiana income taxes under a similar section of the state's gross income tax laws.

**Restricted and unrestricted revenue and support**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

**SOUTH BEND WEED & SEED ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 2 Concentrations of risk**

The Organization maintains cash on deposit at high quality financial institutions. The Federal Deposit Insurance Corporation (FDIC) maximum of \$100,000 insures these accounts. Though the Organization has not experienced any losses on the accounts, the balances may, at times, exceed the insurance limits or be invested in other funds that are not covered by such insurance.

The Organization's contributors and activities are concentrated in South Bend, Indiana. Accordingly, contributions and other sources of support and revenue may be affected by conditions in that area. For years ended September 30, 2008 and 2007, approximately 91% and 99%, respectively, of total revenues were received from the City of South Bend, of which approximately 92% and 95% were passed-through from the U.S. Department of Justice.

**Note 3 Related party information**

The Community and Economic Development Department of the City of South Bend provides certain administrative services to the Organization for \$1 per year. The estimated fair value of those services for the years ended September 30, 2008 and 2007 was \$13,059 and \$34,831, respectively. These amounts are included as both revenue and expense in the accompanying statements of activities and changes in net assets.

**Note 4 Grant funding and future operations**

The Organization has obtained a second grant from the U.S. Department of Justice to run another five years for a second area of concentration within the City of South Bend. Funding for the first year is available up to \$175,000 from the U.S. Department of Justice. Additional funding amounts will be determined on an annual basis.