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July 1, 2009

Board of Directors
New Horizons Rehabilitation, Inc.
237 Six Pine Ranch Rd.
Batesville, IN 47006

We have reviewed the audit report prepared by Blue & Co., LLC, Independent Public Accountants, for the period July 1, 2006 to June 30, 2007. 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 New Horizons Rehabilitation, Inc., as of June 30, 2007, 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

NEW HORIZONS REHABILITATION, INC.

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REPORT OF INDEPENDENT AUDITORS

Board of Directors
New Horizons Rehabilitation, Inc.
Batesville, Indiana

We have audited the accompanying balance sheets of New Horizons Rehabilitation, Inc. (New Horizons) as of June 30, 2007 and 2006 and the related statements of operations and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of New Horizons' management. 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 and Guidelines for Examination of Entities Receiving Financial Assistance From Governmental Sources issued by the Indiana State Board of Accounts. Those standards require that we plan and perform the audits 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 audits provide 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 New Horizons as of June 30, 2007 and 2006 and the results of its operations, changes in net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Blue & Co., LLC

November 24, 2007

NEW HORIZONS REHABILITATION, INC.

BALANCE SHEETS JUNE 30, 2007 AND 2006

	2007	2006
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,172,319	\$ 783,609
Accounts receivable		
Grants	83,931	79,841
Industrial services	62,538	73,744
Other services	246,818	219,055
Allowance for uncollectible balances	(35,000)	(35,000)
Total accounts receivable	358,287	337,640
Prepaid expenses	5,559	57,977
Other current assets	1,052	1,052
Total current assets	1,537,217	1,180,278
Investments	269,070	122,988
Property and equipment, net	1,623,690	2,796,330
Other assets		
Funds held by Community Foundations	15,569	15,569
Total assets	<u>\$ 3,445,546</u>	<u>\$ 4,115,165</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 45,722	\$ 39,804
Accrued wages and related liabilities	94,203	99,587
Deferred revenue	2,244	-0-
Total current liabilities	142,169	139,391
Deferred revenue	106,260	-0-
Total liabilities	248,429	139,391
Net assets - unrestricted	3,197,117	3,975,774
Total liabilities and net assets	<u>\$ 3,445,546</u>	<u>\$ 4,115,165</u>

See accompanying notes to financial statements.

NEW HORIZONS REHABILITATION, INC.

STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS YEARS ENDED JUNE 30, 2007 AND 2006

	2007	2006
Unrestricted revenues and support		
Medicaid Waiver services	\$ 1,763,122	\$ 1,873,972
Residential homes	349,454	349,454
Industrial services	293,001	344,415
Title XX services	237,523	282,878
Vocational rehabilitation services	101,387	61,733
First Steps and System Point of Entry services	-0-	123,241
Child Welfare	24,058	37,416
State Use services	302,301	175,064
Early intervention	55,617	92,279
Indiana Department of Transportation	-0-	37,195
Indiana county grants	40,000	40,000
Investment income	27,097	77,219
Rental income	40,322	46,490
Contributions	31,673	127,875
Other	27,870	18,235
Total unrestricted revenues and support	3,293,425	3,687,466
Unrestricted expenses		
Program services		
Adult services	1,535,016	1,740,317
Children's services	92,238	276,489
Consumer services	272,262	264,978
Industrial services	777,943	821,679
State Use services	233,469	121,792
Total program services	2,910,928	3,225,255
Supporting services		
Administrative	123,695	99,325
Fundraising	27,356	39,430
Total supporting services	151,051	138,755
Total unrestricted expenses	3,061,979	3,364,010
Operating income	231,446	323,456
Other changes in unrestricted net assets		
Net assets released from restrictions for property	-0-	1,333,343
Transfer of property and equipment	(1,030,619)	-0-
Unrealized gain (loss) on investments	20,516	(77,262)
Change in unrestricted net assets	(778,657)	1,579,537
Changes in temporarily restricted net assets		
Net assets released from restrictions for property	-0-	(1,333,343)
Change in net assets	(778,657)	246,194
Net assets		
Beginning of year	3,975,774	3,729,580
End of year	\$ 3,197,117	\$ 3,975,774

See accompanying notes to financial statements.

NEW HORIZONS REHABILITATION, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2007 AND 2006

	2007	2006
Operating activities		
Change in net assets	\$ (778,657)	\$ 246,194
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	154,118	143,724
Bad debts	4,760	1,292
Loss on disposal of property and equipment	177	7,005
Transfer of property and equipment	1,030,619	-0-
Realized and unrealized (gain) loss on investments	(20,516)	9,600
Non cash contributions	-0-	(37,695)
Changes in operating assets and liabilities		
Accounts receivable	(25,407)	9,759
Prepaid expenses	52,418	(26,806)
Other current assets	-0-	17,654
Accounts payable	5,918	3,327
Accrued wages and related liabilities	(5,384)	(104,020)
Deferred revenue	108,504	-0-
Net cash flows from operating activities	526,550	270,034
Investing activities		
Purchase of property and equipment	(12,274)	(143,348)
Proceeds from disposal of property and equipment	-0-	199
Net change in investments	(125,566)	(5,000)
Net change in other assets	-0-	1,086
Net cash flows from financing activities	(137,840)	(147,063)
Net change in cash and cash equivalents	388,710	122,971
Cash and cash equivalents		
Beginning of year	783,609	660,638
End of year	\$ 1,172,319	\$ 783,609

See accompanying notes to financial statements.

NEW HORIZONS REHABILITATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

1. SIGNIFICANT ACCOUNTING POLICIES

Organization

New Horizons Rehabilitation, Inc. (New Horizons) began its operations in 1968. New Horizons was founded and organized, and is operated exclusively for the betterment of handicapped individuals through charitable and educational means. Since its inception, New Horizons has grown and currently provides its consumers with a variety of program services and serves seven southeastern Indiana counties. New Horizons is accredited by the Commission on Accreditation of Rehabilitation Facilities (CARF).

Use of Estimates

The preparation of 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 financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

New Horizons considers highly liquid investments available for operating purposes with an original maturity of three months or less to be cash and cash equivalents. New Horizons maintains its cash in bank deposits accounts which, at times may exceed federally insured limits. New Horizons has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments and Investment Income

Investments are stated at fair market value. Fair market values for investments are based on quoted market prices. Investment income is accrued as earned.

NEW HORIZONS REHABILITATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

Service Revenues and Accounts Receivable

Service revenues and accounts receivable are recorded at the net realizable amounts based on established charges when the service is rendered. New Horizons has agreements with third-party payers that provide for payments to New Horizons at amounts different from its established rates. Payment arrangements include prospectively determined rates, discounted charges and per diem payments. The allowances offset against accounts receivable represents management's estimate of the expected losses to be realized, and is based on historical experience, current economic conditions, and other relevant factors.

Property and Equipment

Property and equipment are stated at cost or, if donated, at fair market value on the date of acquisition. Additions and improvements are capitalized; expenditures for routine maintenance are charged to operations. Depreciation is provided over the estimated useful lives of the various classes of assets on the straight-line method. The estimated useful lives are as follows:

<u>Description</u>	<u>Range of Useful Lives</u>
Buildings and improvements	5-50 years
Furniture and equipment	5-16 years
Vehicles	5-12 years

Gifts of long-lived assets such as land, buildings and equipment are reported as unrestricted support unless explicit donor stipulations specify how the assets are to be used. The gifts of cash and other assets that must be used to acquire long-lived assets are reported as temporarily restricted support. Absent explicit donor stipulations about how long-lived assets must be maintained, expirations of donor restrictions are reported when the donated acquired long-lived assets are placed in service.

Program Revenues

New Horizons receives substantially all of its grant and contract revenue from Federal and State agencies. New Horizons recognizes contract revenue, up to the contract ceiling, from its contracts to the extent of services provided or expenses incurred. Revenue recognition depends upon the provisions within the contract. Revenue from program services is recorded as revenue in the period earned. The receipt of future revenues is subject to among other factors, Federal and State policies affecting the industry, economic conditions that may include an inability to control expenses in periods of inflation, increased competition, market pressures on premium rates and other conditions which are impossible to predict.

NEW HORIZONS REHABILITATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

Contributions

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

New Horizons recognizes all contributions as income in the period received. All 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 or permanently restricted net assets. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Materials, property and equipment and other assets received as donations are recorded and reflected in the accompanying financial statements at their estimated fair market values on the date received. In addition, the value of donated volunteer services is not reflected in the accompanying financial statements since there is no objective basis available by which to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of their time to various fund-raising events and contacts with individuals receiving services at New Horizons.

Functional Allocation of Expenses

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

Advertising

New Horizons expenses advertising costs as incurred. Advertising costs for 2007 and 2006 were \$3,288 and \$1,398.

Deferred Revenue

Deferred revenue will be recognized when earned on the straight-line method over a period of 49 years.

NEW HORIZONS REHABILITATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

Financial Statement Presentation

The financial statements have been prepared in accordance with Statement of Financial Accounting Standard (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. SFAS No. 117 requires, among other things, that the financial statements report the changes in, and totals of each net asset class based on the existence of donor restrictions, as applicable. Net assets are classified as unrestricted, temporarily restricted, or permanently restricted and are detailed as follows:

- Unrestricted net assets represent the part of the net assets of New Horizons that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations.
- Temporarily restricted net assets represent the part of the net assets of New Horizons resulting from contributions and other inflows of assets whose use by New Horizons is limited by donor-imposed stipulations that either expire by the passage of time or by actions of New Horizons. There were no temporarily restricted net assets as of June 30, 2007 and 2006.
- Permanently restricted net assets represent net assets subject to donor-imposed stipulations that the net assets be maintained permanently by New Horizons. Generally donors of these assets permit New Horizons to use all or part of the income earned on any related investments for general or specific purposes. There were no permanently restricted net assets as of June 30, 2007 and 2006.

Adult Training Programs

New Horizons' Adult Training Programs include Supported Employment and Job Follow along, Supported Living, Pre-Vocational Services, Sheltered Employment, Home and Community Habilitation, Facility Habilitation to include Senior Day, TES, a program of Therapeutic Exploration of the Senses for individuals with severe disabilities, and an Alternative Program for individuals with sensory and other disabilities. Transportation is an agency program supportive of the services provided.

The Facility based programs are provided to individuals 18 years and older with developmental disabilities. Community services under the Medicaid Waiver are provided to individuals of all ages, with service needs defined by the Plan of Care. The goal of all services and supports is to empower the individual to live and work in the community and to work with them to discover, pursue and achieve their fullest potential in partnership with their family and community.

NEW HORIZONS REHABILITATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

Children's Services Programs

New Horizons participates in the statewide First Steps Early Intervention program; providing developmental therapy to children from birth to age three that are determined to be at risk of a developmental delay or have a diagnosed physical or mental condition.

First Steps is a part of the Regional System Point of Entry; an intake service for both First Steps and Children with Special Health Care Needs. This program was discontinued during 2007.

Consumer Support Program

The consumer support program provides transportation services to all Agency consumers.

Industrial and State Use Programs

The industrial services program provides training opportunities and job skill developmental opportunities through the facility based sheltered employment program. The State Use program provides community employment opportunity through public and private partnerships.

Income Taxes

New Horizons is a not-for-profit corporation, as described under Code Section 501(c)(3) of the Internal Revenue Code. As such, New Horizons is exempt from federal and state income taxes and federal excise tax on investment income. However, New Horizons is subject to income taxes on unrelated business activities.

Operating Indicator

The statements of operations and changes in net assets include an operating indicator. Changes in unrestricted net assets that are excluded from the operating indicator include unrealized gain and loss on investments other than trading securities and contributions and transfers of long-lived assets.

Reclassification

Certain amounts in the 2006 financial statements have been reclassified herein to conform to the current year presentation.

NEW HORIZONS REHABILITATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

2. INVESTMENTS

Investments, at fair value, consist of the following as of June 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Mutual funds - equity	<u>\$ 269,070</u>	<u>\$ 122,988</u>

Investment income and unrealized gain (loss) on investments are comprised of the following for 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Interest and dividends	\$ 27,097	\$ 9,557
Realized gain on investments	-0-	67,662
Investment income	<u>\$ 27,097</u>	<u>\$ 77,219</u>
Unrealized gain (loss) on investments	<u>\$ 20,516</u>	<u>\$ (77,262)</u>

3. PROPERTY AND EQUIPMENT

A summary of New Horizon's property and equipment as of June 30, 2007 and 2006 follows:

	<u>2007</u>	<u>2006</u>
Land	\$ 70,500	\$ 330,500
Land improvements	196,807	196,807
Building and improvements	2,101,441	3,021,359
Equipment	327,070	363,867
Transportation equipment	561,060	552,775
	<u>3,256,878</u>	<u>4,465,308</u>
Less accumulated depreciation	1,633,188	1,668,978
	<u>\$ 1,623,690</u>	<u>\$ 2,796,330</u>

NEW HORIZONS REHABILITATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

4. LINE OF CREDIT

As of June 30, 2007 and 2006, New Horizons had an available line of credit of \$150,000 with a local financial institution. Interest is payable monthly at the prime rate. The line of credit expires on March 26, 2008. New Horizons had no borrowings on the line of credit as of June 30, 2007 and 2006.

5. LEASE COMMITMENTS

New Horizons leases vehicles, equipment and storage space under various operating leases through 2011. Future minimum lease payments under these operating leases for the years succeeding June 30, 2007 are as follows:

Year Ending June 30,	
2008	\$ 28,644
2009	18,024
2010	18,024
2011	12,016
	<u>\$ 76,708</u>

Total rent expense for 2007 and 2006 was \$30,350 and \$38,284, respectively.

6. RENTAL INCOME AND DEFERRED REVENUE

New Horizons leases apartments to consumers under operating leases with terms of one to five years through 2011. Total rental income for apartment operating leases was \$31,134 and \$30,896 for 2007 and 2006, respectively. Future minimum rental income under the apartment leases is as follows:

Year Ending June 30,	
2008	\$ 43,536
2009	40,036
2010	19,602
2011	5,400
	<u>\$ 108,574</u>

NEW HORIZONS REHABILITATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

During 2007, New Horizons entered into an agreement to lease a small parcel of land for a cellular tower location. New Horizons opted to receive a lump sum payment of approximately \$110,000 rather than monthly rental payments over the term of the lease which is 49 years. Therefore, deferred revenue has been recorded of \$108,504 and -0- as of June 30, 2007 and 2006, respectively. Deferred revenue related to this lease will be recognized as revenue as follows:

Year Ending June 30,	
2008	\$ 2,244
2009	2,244
2010	2,244
2011	2,244
2012	2,244
Thereafter	97,284
	<u>\$ 108,504</u>

7. RETIREMENT PLAN

The retirement plan is a group tax sheltered annuity. New Horizons makes contributions to the plan for all eligible employees. All full-time permanent staff employees are covered by the plan after a length of employment requirement is met. New Horizons' contributions for eligible employees is an amount equal to 2% of their annual salary for 1 to 7 years of employment, 3% of annual salary for 7 to 15 years of employment, 5% of annual salary for 15 to 25 years of employment and 10% of annual salary for 25 years of employment or more. Employees are not vested in this plan until they complete 5 years of employment. Retirement plan expense was \$36,427 and \$23,185 for 2007 and 2006, respectively.

8. FUNDS HELD BY COMMUNITY FOUNDATIONS

New Horizons transferred funds to the Dearborn and Ripley County Community Foundations (Foundations) to establish the New Horizons Rehabilitation, Inc. Operating Endowment Funds. The Foundations also receive contributions directly from others subject to variance power. Accordingly, New Horizons has not recognized these contributions from others in its financial statements. Income earned on the fund is paid annually as determined by the Foundations. The cumulative amount of the retained beneficial interest included in the balance sheet is \$15,569 and \$15,569 as of June 30, 2007 and 2006, respectively.

NEW HORIZONS REHABILITATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

9. CONCENTRATION OF CREDIT RISK

Major customers/grantors are those that individually account for more than 10% of New Horizons' total support and revenue. For the year ended June 30, 2007 and 2006, three major customer/grantor contracts accounted for 80% and 77%, respectively, of the total support and revenue.

New Horizons grants credit without collateral to its clients. Approximately 43% and 39% of New Horizons' receivables are from Medicaid as of June 30, 2007 and 2006, respectively. Industrial services represent approximately 16% and 20% of receivables as of June 30, 2007 and 2006, respectively.

10. TRANSFER OF PROPERTY

In 1999, New Horizons entered into a sub-recipient agreement with the City of Rising Sun, Indiana to utilize Community Development Block Grant funds through the United States Department of Housing and Urban Development along with matching funds from both the City of Rising Sun and New Horizons to construct a facility to provide designated services to community. This agreement was amended in 2004.

Under the 2004 amendment, New Horizons had a contingent mortgage with the City of Rising Sun to maintain the facility and provide designated services to the community for a 5 year period. Non compliance with the conditions of the agreement within the specified period could result in the recognition of a liability or a transfer of the property to the City of Rising Sun.

As of June 30, 2007, New Horizons was not in compliance with the conditions of the agreement. Based on negotiations with the City of Rising Sun, New Horizons transferred the property to the City. The net book value of the transferred property as of June 30, 2007 was \$1,030,619 as reflected in the statement of operations and changes in assets.

11. COMMITMENTS AND CONTINGENCIES

Certain grants and contracts require the fulfillment of certain conditions as set forth in the instrument. Failure to fulfill the conditions could result in the return of the funds to grantors. Although that is a possibility, New Horizons deems the contingency remote, since by accepting the funds and their terms, it has accommodated the objectives of the organization to the provisions of the grant or contract.

NEW HORIZONS REHABILITATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

New Horizons is involved in various legal proceedings and litigation arising in the ordinary course of business. Although the eventual outcome of these matters is not presently determinable, in the opinion of New Horizons' management, the resolution of such proceedings and litigation will not have a material adverse effect on the financial position of New Horizons.

12. SUBSEQUENT EVENT

Subsequent to June 30, 2007, New Horizons entered into an agreement with the City of Rising Sun to transfer property for non compliance that existed as of June 30, 2007 with the conditions of a sub-recipient agreement.

SUPPLEMENTARY INFORMATION

NEW HORIZONS REHABILITATION, INC.

**SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2007**

	Program Services						Supporting Services			Total Expenses
	Adult Services	Children's Services	Consumer Services	Industrial Services	State Use Services	Total Program Services	Administrative Services	Fundraising		
Personnel										
Wages - staff	\$ 1,103,540	\$ 67,659	\$ 97,627	\$ 320,496	\$ 160,387	\$ 1,749,709	\$ 28,011	\$ 14,048	\$ 1,791,768	
Wages - consumer	-0-	-0-	-0-	148,028	-0-	148,028	-0-	-0-	148,028	
Benefits	165,212	5,306	19,037	45,573	25,676	260,804	12,976	368	274,148	
Payroll taxes	107,300	5,604	8,609	62,887	13,133	197,533	320	1,764	199,617	
Total personnel	1,376,052	78,569	125,273	576,984	199,196	2,356,074	41,307	16,180	2,413,561	
Professional fees	17,644	650	1,804	12,492	2,000	34,590	2,282	405	37,277	
Program supplies	34,069	220	4,112	5,099	2,817	46,317	439	1,141	47,897	
Contract supplies	-0-	-0-	-0-	4,733	-0-	4,733	-0-	-0-	4,733	
Telephone	6,660	530	712	2,295	1,467	11,664	2,021	30	13,715	
Postage and shipping	1,092	50	31	637	83	1,893	(31)	595	2,457	
Occupancy	13,204	220	10,015	59,648	27,717	110,804	19,842	4,589	135,235	
Rental and maintenance	3,900	37	36	11,899	-0-	15,872	492	283	16,647	
Printing and subscriptions	2,854	69	167	285	8	3,383	149	530	4,062	
Vehicle expenses	42,427	3,182	84,560	46,270	-0-	176,439	569	-0-	177,008	
Conferences and memberships	16,581	7,680	332	2,495	181	27,269	13,230	3,546	44,045	
Bad debt	751	761	1,506	1,017	-0-	4,035	725	-0-	4,760	
Other	860	9	32	852	-0-	1,753	4,654	57	6,464	
Depreciation	18,922	261	43,682	53,237	-0-	116,102	38,016	-0-	154,118	
Total expenses	\$ 1,535,016	\$ 92,238	\$ 272,262	\$ 777,943	\$ 233,469	\$ 2,910,928	\$ 123,695	\$ 27,356	\$ 3,061,979	

See report of independent auditors on page 1.

NEW HORIZONS REHABILITATION, INC.

SCHEDULE OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2006

	Program Services				Supporting Services			Total Expenses	
	Adult Services	Children's Services	Consumer Services	Industrial Services	State Use Services	Total Program Services	Administrative Services		Fundraising
Personnel									
Wages - staff	\$ 1,267,759	\$ 196,230	\$ 102,044	\$ 344,306	\$ 86,259	\$ 1,996,598	\$ 25,671	\$ 26,410	\$ 2,048,679
Wages - consumer	-	-	-	147,375	-	147,375	-	-	147,375
Benefits	187,465	24,013	18,510	48,672	8,993	287,653	1,854	557	290,064
Payroll taxes	115,369	13,686	8,035	78,916	6,441	222,447	4,472	1,328	228,247
Total personnel	1,570,593	233,929	128,589	619,269	101,693	2,654,073	31,997	28,295	2,714,365
Professional fees	20,845	4,489	2,303	10,883	-	38,520	2,331	-	40,851
Program supplies	38,124	5,099	4,054	2,855	684	50,816	(567)	151	50,400
Contract supplies	-	-	-	3,282	-	3,282	-	-	3,282
Telephone	8,852	4,323	518	1,622	974	16,289	1,540	2,520	20,349
Postage and shipping	1,404	1,498	40	199	17	3,158	81	196	3,435
Occupancy	14,464	575	12,375	60,590	18,424	106,428	21,995	4,156	132,579
Rental and maintenance	2,820	2,591	40	14,229	-	19,680	(294)	348	19,734
Printing and subscriptions	541	223	149	642	-	1,555	446	148	2,149
Vehicle expenses	41,739	2,284	75,892	50,581	-	170,496	251	34	170,781
Conferences and memberships	23,718	20,663	72	3,458	-	47,911	6,454	3,582	57,947
Bad debt	-	-	-	-	-	-	1,292	-	1,292
Other	358	70	8	95	-	531	2,591	-	3,122
Depreciation	16,859	745	40,938	53,974	-	112,516	31,208	-	143,724
Total expenses	\$ 1,740,317	\$ 276,489	\$ 264,978	\$ 821,679	\$ 121,792	\$ 3,225,255	\$ 99,325	\$ 39,430	\$ 3,364,010

See report of independent auditors on page 1.

NEW HORIZONS REHABILITATION, INC.

SCHEDULE OF STATE AND LOCAL AWARDS YEAR ENDED JUNE 30, 2007

<u>Program Title</u>	<u>Grant ID #</u>	<u>Awards</u>
Title XX 1841 - State of Indiana	69-06-3H-2608	\$ 10,732
Title XX 1801 - State of Indiana	69-06-3H-2608	132,936
Title XX 1821 - State of Indiana	69-06-3H-2608	8,355
Vocational Rehabilitation - State of Indiana	69-06-0X-2608	12,850
		<u>\$ 164,873</u>

Note - The accompanying schedule of state and local awards for the year ended June 30, 2007 includes the state and local awards activity of New Horizons and is presented on the accrual basis of accounting. The basic financial statements classifications may include other financial activity for reporting purposes. Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.