



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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February 17, 2010

Board of Directors  
Geminus Corporation  
8400 Louisiana St.  
Merrillville, IN 46410

We have reviewed the audit report prepared by Blue & 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 Geminus Corporation, 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

# GEMINUS CORPORATION

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## REPORT OF INDEPENDENT AUDITORS

Board of Directors  
Geminus Corporation  
Merrillville, Indiana

We have audited the accompanying statements of financial position of Geminus Corporation (Geminus) as of June 30, 2008 and 2007, and the related statements of activities, functional expenses, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of Geminus' 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, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and Guidelines for Examinations of Entities Receiving Financial Assistance from the Governmental Sources, issued by the Indiana State Board of Accounts. 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 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 Geminus as of June 30, 2008 and 2007, 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.

Geminus Corporation  
Merrillville, Indiana

In accordance with *Government Auditing Standards*, we have issued our report dated September 8, 2008, on our consideration of Geminus' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were performed 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 of Geminus. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Geminus. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Blue & Co., LLC*

September 8, 2008

# GEMINUS CORPORATION

## STATEMENTS OF FINANCIAL POSITION JUNE 30, 2008 AND 2007

### ASSETS

	<u>2008</u>	<u>2007</u>
<b>Current assets</b>		
Cash	\$ 1,781,026	\$ 1,094,529
Accounts receivable	2,368,040	2,632,971
Accounts receivable - affiliates	1,091,318	432,020
Prepaid expenses and other assets	320,540	337,077
Total current assets	<u>5,560,924</u>	<u>4,496,597</u>
<b>Property and equipment, net</b>	6,135,264	5,647,225
<b>Investments</b>	<u>177,236</u>	<u>385,056</u>
Total assets	<u>\$ 11,873,424</u>	<u>\$ 10,528,878</u>

### LIABILITIES AND NET ASSETS

<b>Current liabilities</b>		
Current portion of long-term debt	\$ 273,485	\$ 260,823
Accounts payable	1,112,454	902,694
Accrued salaries, benefits and related	1,333,429	782,715
Other accrued expenses	454,561	572,313
Total current liabilities	<u>3,173,929</u>	<u>2,518,545</u>
<b>Long-term liabilities</b>		
Long-term debt	<u>1,381,884</u>	<u>1,655,369</u>
Total liabilities	4,555,813	4,173,914
<b>Net assets</b>		
Unrestricted net assets	<u>7,317,611</u>	<u>6,354,964</u>
Total liabilities and net assets	<u>\$ 11,873,424</u>	<u>\$ 10,528,878</u>

See accompanying notes to financial statements

# GEMINUS CORPORATION

## STATEMENTS OF ACTIVITIES YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<b>Operating revenues</b>		
Net service revenue	\$ 24,786,150	\$ 22,623,904
In-kind revenue	1,733,580	1,834,628
Management and administrative fees	3,716,751	2,333,885
Indiana Funds Recovery Program	1,060,288	1,217,746
USDA revenue	876,996	773,325
Total operating revenue	<u>32,173,765</u>	<u>28,783,488</u>
<b>Operating expenses</b>		
Management and administrative services	3,434,021	2,736,448
CBHN network	7,860,118	6,694,084
Head Start	11,458,646	10,390,330
Prevention	2,201,750	2,076,685
Child Mental Health Initiative	3,028,093	3,247,587
CCDF Voucher program	448,990	415,722
Daily Bread	408,653	303,108
Total program services	<u>28,840,271</u>	<u>25,863,964</u>
General and administrative expenses	2,650,760	2,271,299
Total operating expenses	<u>31,491,031</u>	<u>28,135,263</u>
Operating income before other revenue	682,734	648,225
<b>Other revenue</b>		
Interest income	4,183	113,171
Rental income	53,406	73,010
Miscellaneous	222,324	324,337
Total other operating revenue	<u>279,913</u>	<u>510,518</u>
Change in unrestricted net assets	<u>\$ 962,647</u>	<u>\$ 1,158,743</u>

See accompanying notes to financial statements

# GEMINUS CORPORATION

## STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2008 (WITH COMPARATIVE JUNE 30, 2007 TOTALS)

	Management and Administrative Services	CBHN Network	Head Start	Prevention	Child Mental Health Initiative	Voucher Program	Daily Bread	Total Program Expense	General and Administrative	2008 Total	2007 Total
Salaries and wages	\$ 2,135,253	\$ 58,546	\$ 4,056,546	\$ 430,116	\$ 212,822	\$ 216,358	\$ 49,816	\$ 7,159,457	\$ 1,346,715	\$ 8,506,172	\$ 7,611,667
Employee benefits	533,990	15,154	1,283,205	122,140	48,854	55,692	12,576	2,071,611	334,542	2,406,153	2,333,225
Building and equipment maintenance	227,462	2,068	1,252,830	67,024	87,025	20,599	1,913	1,658,921	224,824	1,883,745	1,573,856
Purchased services	105,135	7,731,732	1,703,916	1,365,757	2,482,994	91,772	333,921	13,815,227	323,020	14,138,247	12,936,995
General and administrative supplies	137,945	44,520	524,032	103,217	112,839	26,088	2,987	951,628	187,007	1,138,635	1,170,674
Other operating expenses	35,987	2,334	1,894,876	20,707	10,724	15,958	912	1,981,498	23,186	2,004,684	1,283,833
Travel and development	20,018	3,224	115,045	52,780	9,704	1,357	4,995	207,123	24,063	231,186	150,102
Subtotal	3,195,790	7,857,578	10,830,450	2,161,741	2,964,962	427,824	407,120	27,845,465	2,463,357	30,308,822	27,060,352
Depreciation and amortization	238,231	2,540	628,196	40,009	63,131	21,166	1,533	994,806	187,403	1,182,209	1,074,911
Total	\$ 3,434,021	\$ 7,860,118	\$ 11,458,646	\$ 2,201,750	\$ 3,028,093	\$ 448,990	\$ 408,653	\$ 28,840,271	\$ 2,650,760	\$ 31,491,031	\$ 28,135,263

See accompanying notes to financial statements

## GEMINUS CORPORATION

### STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2007

	Management and Administrative Services	CBHN Network	Head Start	Prevention	Child Mental Health Initiative	Voucher Program	Daily Bread	Total Program Expense	General and Administrative	2007 Total
Salaries and wages	\$ 1,635,579	\$ 58,898	\$ 3,990,016	\$ 401,775	\$ 226,475	\$ 210,741	\$ 36,253	\$ 6,559,737	\$ 1,051,930	\$ 7,611,667
Employee benefits	460,473	18,108	1,291,898	129,407	60,993	64,574	8,842	2,034,295	298,930	2,333,225
Building and equipment maintenance	179,514	2,343	1,111,755	52,225	47,848	19,372	3,566	1,416,623	157,233	1,573,856
Purchased services	88,263	6,588,482	1,574,057	1,336,107	2,655,045	57,092	242,667	12,541,713	395,282	12,936,995
General and administrative supplies	134,261	16,553	513,204	94,657	198,494	27,143	3,343	987,655	183,019	1,170,674
Other operating expenses	26,407	4,685	1,213,553	(2,935)	6,520	14,667	767	1,263,664	20,169	1,283,833
Travel and development	13,154	2,560	80,999	26,918	6,253	1,192	4,113	135,189	14,913	150,102
Subtotal	2,537,651	6,691,629	9,775,482	2,038,154	3,201,628	394,781	299,551	24,938,876	2,121,476	27,060,352
Depreciation and amortization	198,797	2,455	614,848	38,531	45,959	20,941	3,557	925,088	149,823	1,074,911
Total	\$ 2,736,448	\$ 6,694,084	\$ 10,390,330	\$ 2,076,685	\$ 3,247,587	\$ 415,722	\$ 303,108	\$ 25,863,964	\$ 2,271,299	\$ 28,135,263

See accompanying notes to financial statements

# GEMINUS CORPORATION

## STATEMENTS OF CHANGES IN NET ASSETS YEARS ENDED JUNE 30, 2008 AND 2007

	General Net Assets	Board Designated Replacement and Expansion Net Assets	Total
<b>Balance at June 30, 2006</b>	\$ 4,719,395	\$ 476,826	\$ 5,196,221
Change in unrestricted net assets	1,086,225	72,518	1,158,743
Transfer to provide for purchase of equipment	443,563	(443,563)	-0-
Transfers to provide for future property and equipment replacements	(497,289)	497,289	-0-
Change in net assets	1,032,499	126,244	1,158,743
<b>Balance at June 30, 2007</b>	5,751,894	603,070	6,354,964
Change in unrestricted net assets	970,298	(7,651)	962,647
Transfer to provide for purchase of equipment	1,303,766	(1,303,766)	-0-
Transfers to provide for future property and equipment replacements	(596,653)	596,653	-0-
Change in net assets	1,677,411	(714,764)	962,647
<b>Balance at June 30, 2008</b>	\$ 7,429,305	\$ (111,694)	\$ 7,317,611

See accompanying notes to financial statements

# GEMINUS CORPORATION

## STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
<b>Operating activities</b>		
Change in net assets	\$ 962,647	\$ 1,158,743
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	1,182,209	1,074,911
Gain on sale of property and equipment	(120,813)	(75,907)
Changes in operating assets and liabilities		
Accounts receivable	264,931	(796,618)
Accounts receivable - affiliates	(659,298)	(319,555)
Prepaid expenses and other assets	16,537	(32,881)
Accounts payable	4,760	(75,327)
Accrued salaries, employee benefits and related withholdings	550,714	(31,612)
Other accrued expenses	(117,752)	18,412
Accounts payable - affiliates	-0-	(23,747)
Net cash flows from operating activities	2,083,935	896,419
<b>Investing activities</b>		
Purchase of property and equipment	(1,468,377)	(1,257,489)
Proceeds from sale of property and equipment	123,942	110,362
Net change in investments	207,820	(67,977)
Net cash flows from investing activities	(1,136,615)	(1,215,104)
<b>Financing activities</b>		
Principal payments on long-term debt	(260,823)	(286,175)
Net change in cash	686,497	(604,860)
<b>Cash, beginning of year</b>	1,094,529	1,699,389
<b>Cash, end of year</b>	\$ 1,781,026	\$ 1,094,529
<b>Supplemental disclosure of cash flow information</b>		
Property additions included in accounts payable	\$ 205,000	\$ -0-
Cash paid during the year for interest	\$ 85,377	\$ 80,966

See accompanying notes to financial statements

# GEMINUS CORPORATION

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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### 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business: Geminus Corporation (Geminus) was incorporated in 1993 as an Indiana not-for-profit corporation. Geminus' mission is two-fold.

- Geminus Corporation serves as a vehicle for the development of collaborative relationships in social service program development in the areas of child welfare, early childhood development, and behavioral health services. Total revenue from the Head Start grant, including capital support, amounted to approximately \$9.8 million and \$9.5 million for the fiscal years ended June 30, 2008 and 2007, respectively. The Head Start grant represents approximately 40% and 42% of Geminus' net service revenue for the fiscal years 2008 and 2007, respectively. Additionally, approximately 33% and 30% of Geminus' fiscal 2008 and 2007 revenue is derived from managed care provider contracts with the Indiana Division of Mental Health and Addiction for seriously emotionally disturbed children services, seriously mentally ill services and substance abuse services with care subcontracted to six mental health centers in Lake, Porter, Starke, LaPorte, and Elkhart counties.
- Geminus Corporation also serves as a cost-effective provider of management and administrative services to its affiliates (Note 3). Management and administrative fee revenue relates to support services which include management information systems, client billing, accounting, financial and purchasing systems, marketing, and human resources.

#### 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.

#### Income Taxes

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

# GEMINUS CORPORATION

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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### Concentration of Credit Risk

As of June 30, 2008 and 2007, Geminus had deposits in excess of insurable limits at financial institutions. Geminus has not experienced any losses in such accounts. Geminus believes it is not exposed to any significant credit risk on cash and cash equivalents.

### Accounts Receivable

Accounts receivable consist of amounts due from various programs such as Head Start, Prevention and the Division of Mental Health. The receivables are stated at net realizable value.

### Cash Equivalents

Cash equivalents are carried at cost, which approximates market value. Geminus considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

### Property and Equipment

**Buildings, Leasehold Improvements, Equipment, and Depreciation:** Buildings, leasehold improvements and equipment are capitalized and recorded at cost; repairs and maintenance are charged to operations as incurred. When equipment and leasehold improvements are disposed of, the cost and accumulated depreciation or amortization are removed from the accounts and any resulting gains or losses are reflected in income. Depreciation is provided for financial reporting purposes using the straight-line method over estimated useful lives.

### Public Support

Geminus receives Federal and state grants for providing services in specific program areas. Receipt of these funds is subject to the fulfillment of certain obligations by Geminus as prescribed by these programs and funds may be subject to repayment upon a determination of noncompliance made by a funding agency.

Geminus derives a significant portion of its revenue from Federal and state funding programs. The receipt of future funding by Geminus is subject to, among other factors, Federal and state policies and economic conditions that may include an inability to control expenses in periods of inflation, increased competition and other conditions which are difficult to predict.

# GEMINUS CORPORATION

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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### Financial Statement Presentation

Under SFAS No. 117 Financial Statements of Not-for-profit organization, Geminus 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) based upon the existence or absence of donor-imposed restrictions.

### Contributions

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 support that increases those net asset classes. 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. Geminus has not received any contributions with donor-imposed restrictions that would result in temporarily or permanently restricted net assets.

### Investments

Under SFAS No. 124, Accounting for Certain Investments held by Not-for-profit organizations, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

### In-Kind Revenue

In-kind revenue represents donated property, equipment, classroom space and donated services which are recognized at fair market value at the time of donation.

### Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. There is no effect on the change in unrestricted net assets as a result of these reclassifications.

# GEMINUS CORPORATION

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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### 2. INVESTMENTS

Investments are stated at fair value and summarized as follows:

	<u>2008</u>	<u>2007</u>
Taxable bonds	\$ 1,347	\$ 1,516
Mutual funds	136,524	274,097
Equities	39,365	109,443
	<u>\$ 177,236</u>	<u>\$ 385,056</u>

Unrealized losses on investments were \$27,090 in 2008 and unrealized gains on investments were \$34,503 for 2007.

### 3. RELATED PARTY TRANSACTIONS

During fiscal years 2008 and 2007, two mental health centers; Southlake Community Mental Health Center (Southlake), and Tri-City Comprehensive Community Mental Health Center (Tri-City) each own one-half interest in Geminus.

Amounts due (to) from Geminus' affiliates for management and administrative services and the managed care contract are as follows:

	<u>2008</u>	<u>2007</u>
Tri-City Comprehensive Community Mental Health Center (Tri-City)	\$ 541,193	\$ 171,658
Southlake Community Mental Health Center (Southlake)	550,125	260,362
	<u>\$ 1,091,318</u>	<u>\$ 432,020</u>

During the year ended June 30, 2008, management and administrative fee revenue amounted to \$1,873,349 and \$1,239,530, from Southlake and Tri-City, respectively. During the year ended June 30, 2007, management and administrative fee revenue amounted to \$1,181,147 and \$828,382 from Southlake and Tri-City, respectively.

# GEMINUS CORPORATION

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

During the years ended June 30, 2008 and 2007, approximately \$412,175 and \$432,600 of Prevention program related fees were paid to Tri-City. These amounts are expensed as purchased services in these financial statements.

During the year ended June 30, 2008, approximately \$2,258,995 and \$2,026,359 were paid to Southlake and Tri-City, respectively, as part of the substance abuse, seriously emotionally disturbed children and seriously mentally ill managed care programs. During the year ended June 30, 2007, approximately \$1,644,714 and \$2,004,652 were paid to Southlake and Tri-City, respectively, as part of the substance abuse, seriously emotionally disturbed children and seriously mentally ill managed care programs.

### 4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2008	2007
Land and building	\$ 5,503,988	\$ 4,595,291
Moveable equipment	3,191,588	2,774,316
Leasehold improvements	1,683,181	1,662,282
Head Start equipment	5,925,152	5,794,195
Software	225,000	225,000
	<u>16,528,909</u>	<u>15,051,084</u>
Depreciation and amortization	10,393,645	9,403,859
	<u>\$ 6,135,264</u>	<u>\$ 5,647,225</u>

### 5. LONG TERM DEBT

In 2004, Geminus Corporation entered into an agreement to become an obligor on a tax exempt bond issue, known as Indiana Health Facility Financing Authority Health Care Facility Revenue Bonds Series 2004. These bonds bear an interest rate of 4.75% and mature on April 1, 2014 and are secured by real property. Principal and interest are paid monthly. The balance as of June 30, 2008 and 2007 was \$1,655,369 and \$1,916,192, respectively. Geminus Corporation is subject to certain restrictions and covenants as defined in the bond documents. As of June 30, 2008 and 2007, Geminus is in compliance with these restrictions and covenants.

# GEMINUS CORPORATION

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

Geminus incurred interest expense of \$85,377 and \$80,966 for the years ended June 30, 2008 and 2007, respectively.

Current maturities of long-term debt are as follows:

Year Ending June 30,	
2009	\$ 273,485
2010	286,762
2011	300,684
2012	315,281
2013	330,588
Thereafter	148,569
	<u>\$ 1,655,369</u>

### 6. NET SERVICE REVENUE

Net service revenue is as follows:

	2008	2007
CBHN Network	\$ 8,104,607	\$ 6,895,898
Head Start	9,828,009	9,546,006
Prevention	2,285,159	2,172,627
Child and Mental Health Initiative	4,472,169	3,853,153
CCDF Voucher	609,246	599,940
	<u>25,299,190</u>	<u>23,067,624</u>
Service fee adjustments	513,040	443,720
Net service revenue	<u>\$ 24,786,150</u>	<u>\$ 22,623,904</u>

# GEMINUS CORPORATION

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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### 7. PENSION PLAN

Substantially all full-time employees of Geminus Corporation who have one year of service and are age 21 or older are covered under a noncontributory defined-contribution pension plan. For each eligible employee, Geminus contributes 7% of the employee's total compensation, as defined, plus 5.7% of such compensation in excess of the Social Security Taxable Wage Base. Effective January 1, 2007, the plan was amended and restated into a 401(k) plan. The new plan covers substantially all full-time employees of Geminus. The amount of employer matching contributions is determined each year by Geminus up to a maximum of one percent of an eligible employee's annual compensation. Pension expense charged to operations amounted to \$468,956 and \$417,180 for the years ended June 30, 2008 and 2007, respectively.

### 8. LEASES

Geminus leases classroom and kitchen space at various locations for Head Start programs through 2012. Future minimum rental under these noncancellable operating leases as of June 30, 2008 is as follows:

Year Ending June 30,	
2009	\$ 58,272
2010	33,654
2011	31,416
2012	31,416
	<u>\$ 154,758</u>

Total rent expense amounted to \$387,427 and \$322,669 for the years ended June 30, 2008 and 2007, respectively.

Geminus also leases space in its main office building. The lease income was \$53,406 and \$73,010 for the year ended June 30, 2008 and 2007, respectively.

### 9. REPLACEMENT AND EXPANSION

During the years ended June 30, 2008 and 2007, the Board of Directors designated funds in the amount of \$596,653 and \$497,289 for future property and equipment replacements. During the years ended June 30, 2008 and 2007, \$1,303,766 and \$443,563, respectively, were transferred from the amounts designated for purchase of equipment.

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# GEMINUS CORPORATION

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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### 10. CONTINGENT LIABILITY

Geminus Corporation entered into a self-insurance plan with Mennonite Mutual Aid (MMA) whereby MMA provides certain administrative services and SAFECO provides specific and aggregate stop loss coverage. Geminus pays a reduced monthly premium. However, they are responsible for the funding of all claims up to \$50,000 per individual per policy year and up to \$1,481,390 per year on the group as a whole. A liability of \$236,324 and \$268,701 has been recorded by Geminus as of June 30, 2008 and 2007, respectively, to estimate payment of claims pending on that date. Group insurance expense for the fiscal years ended June 30, 2008 and 2007 totaled \$745,313 and \$972,082, respectively.

### 11. INDIANA FUNDS RECOVERY PROGRAM

In January 1999, Geminus began participating in a program with the State of Indiana whereby administrative actions performed by Geminus that support the proper and efficient operation of the Indiana State Medicaid plan are reimbursed by the Federal Government, subject to Geminus providing matching funds.

The financial statements as of and for the years ended June 30, 2008 and 2007, reflected revenues from this funding source of \$1,060,288 and \$1,217,746, respectively. Amounts are paid by the State retroactively. Related accounts receivable amounted to \$420,319 and \$933,564 as of June 30, 2008 and 2007, respectively.

# GEMINUS CORPORATION

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2008

Federal Grantor / Pass Through Grantor / Program Title	CFDA Number	Grant ID #	Grant Expenditures
<b>Major Program</b>			
U.S. Department of Health and Human Services			
Head Start Grant	93.600	05CH7080/10	\$ 9,828,009
<b>Non-major Programs</b>			
U.S. Department of Health and Human Services			
Pass Through the Indiana Division of Mental Health and Addiction (DMHA)			
Substance Abuse Prevention and Treatment Block Grant and Other Prevention Services	93.959	45-08-34-1279	5,292,440
Child Care and Development Fund (CCDF) Voucher Program	93.596	45-08-34-1279	609,246
Social Services Block Grant	93.667	45-08-34-1279	491,888
Strategic Prevention Framework State Incentive Grant	93.243	45-08-34-1279	77,963
Drug Free Communities Support Program	93.276	45-08-34-1279	102,796
Mental Illness Block Grant - Children	93.958	45-08-34-1279	392,784
U.S. Department of Agriculture			
USDA Food Grant	10.558	(08) 1450460	876,996
Total non-major programs			<u>7,844,113</u>
Total federal expenditures			<u>\$ 17,672,122</u>

Note - The accompanying schedule of expenditures of federal awards for the year ended June 30, 2008 includes the federal grant activity of Geminus and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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.

See Report of Independent Auditors on pages 1 and 2.

# GEMINUS CORPORATION

## SCHEDULE OF EXPENDITURES OF STATE AND LOCAL AWARDS YEAR ENDED JUNE 30, 2008

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<u>Grantor</u>	<u>Expenditures</u>
State	
Indiana Division of Mental Health and Addiction	<u>\$ 3,915,610</u>

Note - The accompanying schedule of expenditures of state and local awards for the year ended June 30, 2008 includes the state and local award activity of Geminus and is presented on the accrual basis of accounting. The basic financial statement 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.



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REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE AND OTHER MATTERS  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

Board of Directors  
Geminus Corporation  
Merrillville, Indiana

We have audited the financial statements of Geminus Corporation (Geminus) as of and for the year ended June 30, 2008, and have issued our report thereon dated September 8, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources issued by the Indiana State Board of Accounts.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Geminus' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Geminus' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Geminus' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Geminus' internal control over financial reporting.

Geminus Corporation  
Merrillville, Indiana

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

We noted certain matters that we reported to management of Geminus in a separate letter dated September 8, 2008.

This report is intended solely for the information of the board of directors, management, the cognizant audit agencies, the Indiana Division of Mental Health and Addiction and other federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Blue & Co., LLC*

September 8, 2008



Geminus Corporation  
Merrillville, Indiana

Internal Control Over Compliance

The management of Geminus is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Geminus' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Geminus' internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, the cognizant audit agencies, the Indiana Division of Mental Health and Addiction and other federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Blue & Co., LLC*

September 8, 2008

# GEMINUS CORPORATION

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2008

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### Summary of Audit Results

#### *Financial Statements*

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?                     yes             no

Significant deficiency(ies) identified that are  
not considered to be material weakness(es)?                     yes             none noted

Noncompliance material to financial statements noted?                     yes             no

#### *Federal Awards*

Internal controls over major programs:

Material weakness(es) identified?                     yes             no

Significant deficiency(ies) identified that are  
not considered to be material weakness(es)?                     yes             none noted

Type of auditor's report issued on compliance for  
major programs: Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with section 510(a) of Circular  
A-133?                     yes             no

Identification of major program:

CFDA Number  
93.600

Name of Federal Program or Cluster  
Head Start and Early Head Start Program

Dollar threshold used to distinguish between  
type A and B programs: \$530,164

Auditee qualified as low-risk auditee?                     yes             no