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STATE OF INDIANA
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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513

Fax: (317) 232-4711

Web Site: www.in.gov/sboa

October 7, 2011

Board of Directors
Key Consumer Organization, Inc.
2506 Willowbrook Pkwy, Ste. 199
Indianapolis, IN 46205

We have reviewed the audit report prepared by Gauthier & Kimmerling, 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 Key Consumer Organization, 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

**KEY CONSUMER
ORGANIZATION, INC.**

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

JUNE 30, 2008

KEY CONSUMER ORGANIZATION, INC.

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Gauthier & Kimmerling, LLC
accountants & advisors

233 S. McCrea Street • Suite 1000 • Indianapolis, IN 46225 • (317) 636-3265

Independent Auditors' Report

Board of Directors
Key Consumer Organization, Inc.
Indianapolis, Indiana

We have audited the statement of financial position of Key Consumer Organization, Inc. (the Organization) as of June 30, 2008, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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, such financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Gauthier & Kimmerling, LLC

April 2, 2009

KEY CONSUMER ORGANIZATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2008

ASSETS

Cash	\$ 42,380
Deposits	1,275
Property and equipment (Net of \$10,243 accumulated depreciation) (Note 5)	<u>5,927</u>
Total Assets	<u>\$ 49,582</u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable	\$ 5,138
Accrued salaries and benefits	1,145
Capital lease (Note 3)	<u>1,317</u>
Total Liabilities	<u>7,600</u>
Unrestricted net assets	<u>41,982</u>
Total Liabilities and Net Assets	<u>\$ 49,582</u>

The accompanying notes are an integral part of the financial statements.

**KEY CONSUMER ORGANIZATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Unrestricted</u>
<u>REVENUES</u>	
Contracts	\$ 148,800
Program income	4,575
Donations	508
AMHPA	9,887
Other income	<u>3,308</u>
Total Revenue	<u>167,078</u>
 <u>EXPENSES</u>	
Program services	113,101
Management and general	<u>62,140</u>
Total Expenses	<u>175,241</u>
Increase (decrease) in net assets	(8,163)
Net assets - beginning of year	<u>50,145</u>
Net assets - end of year	<u>\$ 41,982</u>

The accompanying notes are an integral part of the financial statements.

KEY CONSUMER ORGANIZATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES

Changes in net assets	\$ (8,163)
Adjustments to reconcile change in net assets to net cash provided by (used in) operations:	
Depreciation	2,258
Decrease in grants receivable	13,620
Increase in accounts payable	3,629
Decrease in fiscal sponsorship payable	(2,711)
Decrease in accrued salaries and benefits	<u>(3,008)</u>
Net Cash Provided by (Used in) Operating Activities	<u>5,625</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Decrease in long-term lease	<u>(1,128)</u>
Net Cash Provided by (Used in) Financing Activities	<u>(1,128)</u>
Net increase (decrease) in cash	4,497
Cash - beginning of year	<u>37,883</u>
Cash - end of year	<u>\$ 42,380</u>
Interest paid during the year	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

KEY CONSUMER ORGANIZATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

1. NATURE OF THE ORGANIZATION

Key Consumer Organization, Inc. (the Organization) was incorporated as a not-for-profit corporation under the laws of the State of Indiana in 1998. The Organization was established to empower and strengthen mental health consumers who use Indiana's mental health treatment services. The mission is based on providing training, quarterly newsletters, educational workshops, and a Peer Support Program.

The Organization is supported primarily through income from grants and contracts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting – The Organization maintains its accounting records on the accrual basis.

Equipment is stated at cost. Depreciation is computed over the estimated useful lives of the equipment, generally seven years, using the straight-line method.

Federal and state income taxes – The Organization has been granted an exemption from income taxes as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code; therefore, no expense or liability for income taxes has been recognized in the accompanying financial statements.

Cash and cash equivalents – For purposes of the statements of cash flows, investments with a maturity of three months or less are considered to be cash equivalents.

Compensated absences – The Organization does not vest compensated absences and, therefore, charges them to expenses when paid to the employee.

Capital lease – In accordance with the Statement of Financial Accounting Standards (SFAS) 13, accounting for leases, the capital lease of the Organization is depreciated over the asset's economic life. The underlying asset is included in fixed assets with the remaining lease payments recorded as a liability.

In accordance with SFAS 117, Financial Statements of Not-for-Profit Organizations, unrestricted net assets include all assets over which the Organization has full discretion as to use. Temporarily restricted net assets include net assets whose use by the Organization is limited by donor-imposed restrictions that either expire by the passage of time or are fulfilled by the Organization. As the restrictions are met, the net assets are released from restrictions and included in unrestricted net assets. Permanently restricted net assets include net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Organization.

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 reported amounts. Actual amounts may differ from these estimates.

3. CAPITAL LEASE

The Organization has a capital lease for equipment with a total cost of \$4,513. Accumulated depreciation on the leased asset was \$1,560 at June 30, 2008. The lease has a term of 48 months and requires monthly lease payments totaling \$94 through August 2010.

Future minimum lease payments for the years ending June 30, are as follows:

2009	\$	1,128
2010		<u>189</u>
Total	\$	<u>1,317</u>

4. OPERATING LEASE

The Organization entered into an extension on their operating lease for office space in January 2008. Monthly payments are \$1,428. The lease runs from February 2008 through January 2011. The lease has an escalation agreement which covers operating expenses to maintain the building. The escalation payments are estimated monthly and the final amount owed is determined at the end of the calendar year. The Organization's share of the operating expenses is 3.6%. The Organization paid \$17,880 on this lease in 2008. Future minimum lease payments are as follows:

2009	\$	17,136
2010		17,136
2011		<u>9,996</u>
Total	\$	<u>44,268</u>

5. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2008 consisted of the following:

	<u>Basis</u>	<u>Accumulated Depreciation</u>	<u>Net Basis</u>
Computer equipment	\$ 5,226	\$ (3,583)	\$ 1,643
Equipment	<u>10,944</u>	<u>(6,660)</u>	<u>4,284</u>
Total	<u>\$ 16,170</u>	<u>\$ (10,243)</u>	<u>\$ 5,927</u>

Depreciation expense for the year ended June 30, 2008 totaled \$2,258.

6. SUMMARY OF FUNCTIONAL EXPENSES

Expenses categorized by function at June 20, 2008 are as follows:

	Program Services	Management and General	Total
Salaries	\$ 45,234	\$ 11,308	\$ 56,542
Payroll taxes	4,594	1,149	5,743
Employee benefits	10,350	2,587	12,937
Computer expenses	1,070	2,757	3,827
Supplies	-	2,007	2,007
Program expenses	26,695	-	26,695
Rent	3,576	14,304	17,880
Professional fees	4,064	16,255	20,319
Telephone	5,079	1,536	6,615
Travel expenses	6,382	-	6,382
Booth expenses	592	-	592
Newsletter	3,566	-	3,566
AMHPA	-	6,617	6,617
Postage	861	258	1,119
Insurance	326	579	905
Depreciation	-	2,258	2,258
Miscellaneous	712	525	1,237
	<u>\$ 113,101</u>	<u>\$ 62,140</u>	<u>\$ 175,241</u>
Total			