



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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 12, 2011

Board of Directors
Sickle Cell Disease
Association of NWI, Inc.
4801 W. 5th Ave.
Gary, IN 46406

We have reviewed the audit report prepared by Whittaker & Company, PLLC, Independent Public Accountants, for the period January 1, 2008 to December 31, 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 Sickle Cell Disease Association of NWI, Inc., as of December 31, 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

Sickle Cell Disease Association of NWI, INC

**Financial Statements for the years ended
December 31, 2008 and 2007 and
Independent Auditors' Report**

SICKLE CELL DISEASE ASSOCIATION OF NWI, INC.

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Gary Office
487 Broadway
Suite 207
Gary, IN 46402
P: (219) 880-0850
F: (219) 880-0858



Chicago Office
150 N. Michigan Avenue
Suite 2800
Chicago, IL 60601
P: (312) 863-8658
F: (312) 624-7701

INDEPENDENT AUDITORS' REPORT

Board of Directors
Sickle Cell Disease Association of NWI, Inc.

We have audited the accompanying statement of financial position of Sickle Cell Disease Association of NWI, Inc. (the "Organization"), as of December 31, 2008 and 2007, and the related statements of support and revenues, expenses, and changes in net assets and cash flows for the years then ended. These 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 audits 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 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 the Sickle Cell Disease Association of NWI, Inc. as of December 31, 2008 and 2007, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of functional expenses on pages 4 and 5 are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Whittaker & Company PLLC
October 30, 2009

SICKLE CELL DISEASE ASSOCIATION OF NWI, INC.
BEACH STRONG CHAPTER
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2008 AND 2007

	2008	2007
ASSETS		
Current assets		
Cash and cash equivalents	\$ 81,997	\$ 77,346
Accounts receivable	15,823	13,652
Total current assets	97,820	90,998
Property and equipment		
Land	12,000	12,000
Office building	61,801	61,801
Vehicles, Furniture, and Equipment	69,168	63,318
	142,969	137,119
Accumulated depreciation	68,283	61,490
	74,686	75,629
Total assets	172,506	166,627
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	7,353	3,283
Total current liabilities	7,353	3,283
Long-term liabilities		
Line of Credit	37,958	43,971
Total long-term liabilities	37,958	43,971
Total liabilities	45,311	47,254
Net assets		
Unrestricted	127,195	119,373
Total net assets	127,195	119,373
Total liabilities and net assets	\$ 172,506	\$ 166,627

See accompanying notes to financial statements

**SICKLE CELL DISEASE ASSOCIATION OF NWI, INC.
 BEACH STRONG CHAPTER
 STATEMENTS OF SUPPORT AND REVENUES, EXPENSES
 AND CHANGES IN NET ASSETS
 DECEMBER 31, 2008 AND 2007**

	2008	2007
Support and revenues		
State Board of Health	190,391	143,652
Lake Area United Way	20,000	20,000
Miscellaneous	5,668	4,000
Special events	71,062	61,781
Total support and revenues	287,121	229,433
Expenses		
Program services	237,404	218,780
Supporting services	41,895	37,588
Total program and supporting services	279,299	256,368
Change in net assets	7,822	(26,935)
Net assets at beginning of year	119,373	146,308
Net assets at end of year	127,195	119,373

See accompanying notes to financial statements

**SICKLE CELL DISEASE ASSOCIATION OF NORTHWEST INDIANA
BEATCHRE STRONG CHAPTER
STATEMENT OF FUNCTIONAL EXPENSES
DECEMBER 31, 2008**

PROGRAM SERVICES

	<u>Counseling</u>	<u>Newborns</u>	<u>Chronic Disease</u>	<u>Public Education & Awareness</u>	<u>Program Total</u>	<u>Management and General</u>	<u>Total Agency</u>
Salaries	44,612	16,995	28,679	15,933	106,219	18,745	124,964
Benefits	11,774	4,485	7,569	4,205	28,033	4,946	32,979
Payroll Tax	3,771	1,437	2,424	1,347	8,979	1,584	10,563
Personal Property tax	80	30	51	29	190	33	223
Telephones & Utilities	6,435	2,452	4,137	2,298	15,322	2,704	18,026
Professional Fees	3,225	1,229	2,073	1,152	7,679	1,355	9,034
Office Supplies	3,736	1,423	2,402	1,334	8,896	1,570	10,466
Repair & Maintenance	5,141	1,958	3,305	1,836	12,240	2,161	14,401
Insurance-General	2,058	784	1,323	735	4,900	865	5,765
Interest Expense	1,293	493	831	462	3,079	543	3,622
Medical Supplies	758	289	487	271	1,804	318	2,122
Postage	31	12	20	11	73	13	86
Travel and Transportation	180	69	116	64	429	76	505
Dues	364	139	234	130	867	154	1,021
Equipment Rental	305	116	196	109	725	128	853
Contract Services	9,222	3,513	5,928	3,293	21,956	3,875	25,831
Printing	324	123	208	116	771	136	907
Conference & Seminars	162	62	104	58	386	68	454
Miscellaneous	3,753	1,430	2,412	1,340	8,935	1,576	10,511
Depreciation	2,487	947	1,599	888	5,921	1,045	6,966
Total Expenses	<u>99,711</u>	<u>37,986</u>	<u>64,098</u>	<u>35,611</u>	<u>237,404</u>	<u>41,895</u>	<u>279,299</u>

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

SICKLE CELL DISEASE ASSOCIATION OF NORTHWEST INDIANA
 BEATCHE STRONG CHAPTER
 STATEMENT OF FUNCTIONAL EXPENSES
 DECEMBER 31, 2007

PROGRAM SERVICES

	Counseling	Newborns	Chronic Disease	Public Education & Awareness	Program Total	Management and General	Total Agency
Salaries	41,112	15,662	26,429	14,683	97,886	16,819	114,705
Benefits	10,850	4,133	6,975	3,875	25,833	4,438	30,271
Payroll Tax	3,476	1,324	2,234	1,241	8,275	1,421	9,696
Personal Property tax	74	28	47	26	175	30	205
Telephones & Utilities	5,930	2,259	3,812	2,118	14,120	2,426	16,546
Professional Fees	2,972	1,132	1,911	1,062	7,077	1,216	8,293
Office Supplies	3,443	1,312	2,213	1,230	8,198	1,408	9,606
Repair & Maintenance	4,738	1,805	3,046	1,692	11,280	1,938	13,218
Insurance-General	1,897	723	1,219	677	4,516	776	5,292
Interest Expense	1,192	454	766	426	2,838	487	3,325
Medical Supplies	698	266	449	249	1,662	285	1,947
Postage	28	11	18	10	67	12	79
Travel and Transportation	166	63	107	59	395	68	463
Dues	336	128	216	120	799	138	937
Equipment Rental	281	107	180	100	668	115	783
Contract Services	8,498	3,237	5,463	3,035	20,233	3,476	23,709
Printing	299	114	192	107	711	122	833
Conference & Seminars	150	57	96	53	356	61	417
Miscellaneous	3,459	1,318	2,223	1,235	8,235	1,414	9,649
Depreciation	2,292	873	1,473	818	5,456	938	6,394
Total Expenses	91,891	35,006	59,069	32,816	218,780	37,588	256,368

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

SICKLE CELL DISEASE ASSOCIATION OF NWI, INC.
BEACH STRONG CHAPTER
STATEMENT OF CASH FLOWS
DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities		
Change in net assets	\$ 7,822	\$ (21,155)
Adjustments to reconcile change in net assets to net cash from operating activities		
Grants receivable	(2,171)	20,581
Depreciation	6,793	6,421
Accounts payable and accrued expenses	4,070	3,045
Net cash from operating activities	<u>16,514</u>	<u>8,892</u>
 Cash flows from investing activities		
Purchase of equipment	<u>(5,850)</u>	<u>(4,100)</u>
Net cash from investing activities	<u>(5,850)</u>	<u>(4,100)</u>
 Cash flows from financing activities		
Payment on line of credit	<u>(6,013)</u>	<u>(6,029)</u>
Net cash provided by financing activities	<u>(6,013)</u>	<u>(6,029)</u>
 Net change in cash and cash equivalents	4,651	(1,237)
 Cash and cash equivalents at beginning of year	<u>\$ 77,346</u>	<u>\$ 78,583</u>
 Cash and cash equivalents at end of year	<u>\$ 81,997</u>	<u>\$ 77,346</u>
 Cash used for interest expense	<u>\$ 2,297</u>	<u>\$ 1,693</u>

See accompanying notes to financial statements

**SICKLE CELL DISEASE ASSOCIATION OF NORTHWEST INDIANA
BEATCHRE STRONG CHAPTER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007**

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Purpose of Organization: Sickie Cell Disease Association of Northwest Indiana (the “Organization”) is a not-for-profit corporation established under the laws of the State of Indiana, and operates as such. The Organization was organized in 1971 to create an awareness of the impact of sickle cell anemia on the health, economic, social and educational development of individuals with sickle cell and to provide continuing education to the general public about the detection, early treatment and eventual cure of the disease.

Management’s Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

Basis of Presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements for Not-for-Profit Organizations*. Under SFAS No. 117, the Organization 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 and Cash Equivalents: For purposes of the statement of cash flows, all highly liquid financial instruments with a maturity of three months or less are considered to be cash and cash equivalents

Accounts Receivable: Grants which have been awarded but not yet received are recorded as Accounts Receivable. At December 31, 2008 the Indiana State Department of Health was delinquent with one installment in the amount of \$15,823. In February 2009, the Indiana State Department of Health made the outstanding receivable payment to the Organization.

At December 31, 2007, the Indiana State Department of Health was delinquent with one installment of \$13,652 which was received early in 2008.

Property and Equipment: Vehicles, furniture, and equipment are stated at cost and depreciation is provided on a straight-line basis over five to seven years. The building is depreciated on a straight-line basis over thirty-nine years. Building improvements are stated at cost and depreciation is provided on a straight-line basis over ten years. Land and building are stated at fair value established at the date contributed.

SICKLE CELL DISEASE ASSOCIATION OF NORTHWEST INDIANA
BEATCHRE STRONG CHAPTER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (continued): The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with Statement of Financial Accounting Standards FASB No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. Recoverability of assets held and used is measured by a comparison of the carrying amount of an asset to undiscounted expected cash flows. Future events could cause the Organization to conclude that impairment indicators exist and that long-lived assets may be impaired.

Net Assets: Assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets: Net assets that are not subject to donor-imposed stipulations or are donor advised with the Organization retaining variance power.

Temporarily restricted net assets: Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets: Net assets subject to donor-imposed stipulations that neither expire by the passage of time nor are otherwise removed by actions of the Organization.

Net Assets Released From Restrictions: Net assets are released from restrictions by incurring expenses satisfying the restricted purpose specified by donors or by occurrence of other events specified by agreements.

Revenue Recognition: Contributions are recognized as revenue when they are received. Gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets are reported as unrestricted support if the funds are received and expended within a year. When donors' intentions are the gifts of cash and other assets are to remain in perpetuity and the Organization is granted variance power, the gifts are reported as unrestricted board designated endowment funds. When donor restrictions expire (when a stipulated time restriction ends or program restriction is accomplished), temporarily restricted net assets are released to unrestricted net assets and the releases are reported in the statement of activities as net assets released from restrictions. Grant revenue is recorded in the year the grant is received. Miscellaneous fees and special event revenues are considered earned when the related programs or events are held.

**SICKLE CELL DISEASE ASSOCIATION OF NORTHWEST INDIANA
BEATCHRE STRONG CHAPTER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007**

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services: The value of donated services is not reflected in the financial statements, as no objective basis is available to measure the value of these services. However, a number of volunteers have donated their time and have incurred non-reimbursed expenses for the Organization's program services.

Tax Status: The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3). Contributions to the Organization are tax deductible for federal income tax purposes.

Concentration of Credit Risk: Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist principally of cash on deposit and investments. The Organization maintains bank accounts with financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation ("FDIC"). In October 2008, Congress temporarily increased the FDIC limit to \$250,000 from \$100,000. This increase is expected to expire December 31, 2013. Cash deposits in excess of FDIC insurance limits total \$0 at December 31, 2008.

Expense Allocation: The Association allocates program expenses to individual programs. Certain indirect general and administrative expenses are allocated to program services in proportion to direct program expenses.

NOTE 2 – PROPERTY, PLANT AND EQUIPMENT

Property and equipment are summarized as follows:

Description	<u>2008</u>	<u>2007</u>
Land	\$ 12,000	\$ 12,000
Machinery & Equipment	34,074	34,074
Buildings	61,801	61,801
Vehicles	13,446	13,446
Building improvements	19,077	13,227
Office furniture and equipment	<u>2,571</u>	<u>2,571</u>
Total at cost	142,969	137,119
Less: accumulated depreciation	<u>(68,282)</u>	<u>(61,490)</u>
 Total	 <u>\$ 74,687</u>	 <u>\$ 75,629</u>

**SICKLE CELL DISEASE ASSOCIATION OF NORTHWEST INDIANA
BEATCHRE STRONG CHAPTER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007**

NOTE 3 – LINE OF CREDIT

The Organization has a \$30,000 revolving line of credit with Chase Bank. Interest is payable at the prime rate of 8%. The line of credit is collateralized by all assets of the Association. The Association has borrowings against the line of credit of \$25,000 at December 31, 2008. As of December 31, 2008, there were no principal payments made. Interest payments during the year amounted to \$2,297.

On December 26, 2006, the Organization obtained an additional \$25,000 line of credit with Harris Bank. The interest rate is 7.50% and the line matures on December 15, 2011.

Payments for the next 3 years are as follows:

<i>December 31,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2009	\$ 5,000	\$ 1,013	\$ 6,013
2010	5,000	1,013	6,013
2011	5,000	1,013	6,013
Total	<u>\$ 15,000</u>	<u>\$ 3,039</u>	<u>\$ 18,039</u>

NOTE 4 – OPERATING LEASES

The Organization leases office and other equipment under noncancelable operating leases. Total costs for such leases were \$4,679 for the year ended December 31, 2008. The future minimum lease payments for these leases are as follows:

<i>Year Ending December 31,</i>	<i>Amount</i>
2009	<u>1,170</u>
Total	<u>\$ 1,170</u>

NOTE 5 – RELATED PARTY TRANSACTIONS

The son of the Executive Director performs janitorial services for the Organization and is paid as an independent contractor. He was paid \$5,550 in 2008.

**SICKLE CELL DISEASE ASSOCIATION OF NORTHWEST INDIANA
BEATCHRE STRONG CHAPTER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007**

NOTE 6 – SUBSEQUENT EVENTS

In July of 2009, the Indiana State Department of Health informed the organization that its grant funding was being reduced to \$81,672 commencing with fiscal year 2009/2010.

Effective March 2009, a board member resigned to become the organization's Events Coordinator. In addition, effective June 2009, the organization's bookkeeper resigned her position.

NOTE 7 – PROIR PERIOD ADJUSTMENTS

During the previous fiscal year, certain assets, liabilities and expenses were not properly recorded. As such, a prior period adjustment was made to adjust unrestricted net assets accordingly:

Net assets at December 31, 2007:	
Unrestricted net assets	\$ 125,154
Adjustments to unrestricted net assets:	
To properly state:	
• Cash	\$ <u>(5,781)</u>
Unrestricted net assets at December 31, 2007, as restated:	\$ <u>119,373</u>