



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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October 13, 2011

Board of Directors
Indiana Latino Institute, Inc.
445 N. Pennsylvania, #800
Indianapolis, IN 46204

We have reviewed the audit report prepared by Gauthier & Kimmerling, LLC, Independent Public Accountants, for the period January 1, 2009 to December 31, 2009. 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 Indiana Latino Institute, Inc., as of December 31, 2009, 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.

The Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards contains one comment.

STATE BOARD OF ACCOUNTS

INDIANA LATINO INSTITUTE, INC.

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

DECEMBER 31, 2009

INDIANA LATINO INSTITUTE, INC.

TABLE OF CONTENTS

	<u>Page Number</u>
Independent Auditors' Report	1
Financial Statements:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 8



Gauthier & Kimmerling, LLC
accountants & advisors

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Independent Auditors' Report

To the Board of Directors
Indiana Latino Institute, Inc.
Indianapolis, Indiana

We have audited the accompanying statement of financial position of Indiana Latino Institute, Inc. as of December 31, 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Indiana Latino Institute, Inc.'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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 the 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, the financial statements referred to above present fairly, in all material respects, the financial position of Indiana Latino Institute, Inc. as of December 31, 2009, 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.

In accordance with Government Auditing Standards, we have also issued our report dated March 19, 2010, on our consideration of Indiana Latino Institute, Inc.'s 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 audit.

Gauthier & Kimmerling, LLC

March 19, 2010

INDIANA LATINO INSTITUTE, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2009

ASSETS

Cash and cash equivalents	\$ 297,165
Grants receivable	47,796
Furniture and equipment, net of accumulated depreciation of \$54,205	11,469
Other assets	<u>631</u>
Total Assets	<u>\$ 357,061</u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable	\$ 31,512
Accrued payroll and related items	<u>44,694</u>
Total Liabilities	<u>76,206</u>

Net Assets:

Unrestricted	33,919
Temporarily restricted (Note 6)	<u>246,936</u>
Total Net Assets	<u>280,855</u>
Total Liabilities and Net Assets	<u>\$ 357,061</u>

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

INDIANA LATINO INSTITUTE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

	Unrestricted	Temporarily Restricted	Total
<u>REVENUE</u>			
Grants	\$ -	\$ 1,152,960	\$ 1,152,960
Contributions	2,221	-	2,221
Program fees	32,020	-	32,020
Interest income	813	-	813
Contract income	40,000	-	40,000
Total Revenue	75,054	1,152,960	1,228,014
Net assets released from restrictions	966,511	(966,511)	-
Total Revenue and Support	1,041,565	186,449	1,228,014
<u>EXPENSES</u>			
Program	959,530	-	959,530
Administrative and general	84,061	-	84,061
Total Expenses	1,043,591	-	1,043,591
Change in net assets	(2,026)	186,449	184,423
Net assets - beginning of year	35,945	60,487	96,432
Net assets - end of year	\$ 33,919	\$ 246,936	\$ 280,855

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

INDIANA LATINO INSTITUTE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009

	Program	Administrative and General	Total
Advertising	\$ 71,054	\$ -	\$ 71,054
Depreciation	-	8,165	8,165
Fundraising	-	207	207
Contracts	268,939	-	268,939
Insurance	1,143	127	1,270
Employee health insurance	29,505	3,278	32,783
Miscellaneous	-	2,680	2,680
Office supplies	10,291	1,144	11,435
Payroll expenses	332,529	36,948	369,477
Employee fringe benefits	7,016	780	7,796
Payroll service fee	-	282	282
Payroll tax expense	26,691	2,966	29,657
SEP/IRA plan	17,605	1,956	19,561
Postage and delivery	1,513	168	1,681
Printing and reproduction	7,687	-	7,687
Professional fees	38,155	19,200	57,355
Scholarship Latinos	20,891	-	20,891
Internships	10,995	-	10,995
Program expenses	29,445	-	29,445
Incentives	325	-	325
Program services	35,379	-	35,379
Rent	19,991	2,221	22,212
Repairs and maintenance	-	2,277	2,277
Telephone	4,839	538	5,377
Travel	14,814	-	14,814
Web hosting	723	-	723
Meetings	10,000	1,124	11,124
Total Functional Expenses	\$ 959,530	\$ 84,061	\$ 1,043,591

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

INDIANA LATINO INSTITUTE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 184,423
Adjustments to reconcile change in net assets to net cash provided by (used in) operations:	
Depreciation	8,165
Changes in assets and liabilities:	
Decrease in certificates of deposit	25,719
Increase in grants receivable	(37,804)
Increase in other assets	(231)
Decrease in accounts payable	(18,040)
Increase in accrued payroll and related items	1,084
Decrease in deferred income - affiliates	<u>(50)</u>
Net Cash Provided by (Used in) Operating Activities	<u>163,266</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of equipment	<u>(6,747)</u>
Net Cash Provided by (Used in) Investing Activities	<u>(6,747)</u>
Net (decrease) increase in cash	156,519
Cash and cash equivalents - beginning of year	<u>140,646</u>
Cash and cash equivalents - end of year	<u>\$ 297,165</u>
Interest paid during the year	<u>\$ -</u>

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

INDIANA LATINO INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

1. NATURE OF THE ORGANIZATION

Indiana Latino Institute, Inc. (ILI) operates various programs throughout Indiana. These programs are designed to provide services related to health, welfare, and education in order to strengthen Latino families in the state, and to strengthen agencies and organizations that provide services to Latino communities.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting – ILI maintains its accounting records on the accrual basis. Grant proceeds are recorded as revenue as eligible expenditures are made and claims are submitted for reimbursement.

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

Accounts and grants receivable – Receivables are charged to bad debt expense when they are determined to be uncollectible based upon periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require the allowance method to be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Property and equipment – Equipment is valued at cost for items purchased and at fair market value at date of gift for items donated. Depreciation was computed on the double-declining balance method over the estimated useful lives of the assets.

Individual assets purchased with funds from Indiana Tobacco Prevention and Cessation, with a remaining value of over \$500, revert back to the State of Indiana upon program termination.

Net asset classification – Unrestricted net assets include all assets over which the ILI has full discretion as to use. Temporarily restricted net assets include net assets whose use by the ILI is limited by donor-imposed restrictions that either expire by the passage of time or are fulfilled by the ILI. As the restrictions are met, the net assets are released from restrictions and included in unrestricted net assets. Contributions for which the restrictions are met in the same period in which the contribution is received are recorded as unrestricted. Permanently restricted net assets, if any, include net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the ILI.

Federal and state income taxes – ILI 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.

(Continued)

2. SIGNIFICANT ACCOUNTING POLICIES – Continued

Functional expenses – Expenses are allocated directly or indirectly to program and supporting services. Expenses that can be identified with a program or supporting service are allocated directly according to their natural classification. All remaining indirect costs are allocated using both statistical and non-statistical allocation methodologies.

Accounting estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts. Actual results may differ from these estimates.

3. CONCENTRATION OF FUNDING SOURCES

For the year ended December 31, 2009, 89% of ILI's total revenue funding was from two major funding sources. Funding was received from the Indiana Tobacco Prevention and Cessation grant in the amount of \$672,903 and the Centers for Disease Control grant in the amount of \$416,171

4. CONCENTRATION OF CREDIT RISK

ILI maintains a portion of its cash in a bank deposit account that, from time to time, may exceed federally insured limits. At December 31, 2009, such excess totaled approximately \$47,000. ILI has not experienced any losses in such accounts and management believes that it is not exposed to any significant credit risk on cash and cash equivalents.

5. OPERATING LEASES

ILI leases office space under a long-term lease agreement signed July 1, 2007, which expired June 30, 2009. ILI entered into a new long-term lease agreement signed in July 2009 and expires June 30, 2011. The lease calls for monthly payment of \$1,851. The following is the detail of future minimum lease payments as of December 31, 2009:

2010	\$	22,212
2011		11,106
2012		-
2013		-
2014		-
Total	\$	<u>33,318</u>

Lease expense was \$22,212 for the year ended December 31, 2009.

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2009, consisted of the following:

	Balance 2008	Revenue 2009	Released from Restriction	Balance 2009
Fit City - United Way	\$ 3,456	\$ 10,000	\$ 9,429	\$ 4,027
USA Funds	29,128	-	29,128	-
Health Foundation	13,699	-	12,691	1,008
Indiana Tobacco Prevention and Cessation (ITPC)	-	672,903	440,983	231,920
Indiana Aids Fund	1,116	17,000	17,000	1,116
ISDH - Arthritis	3,000	-	3,000	-
Central Indiana Community Foundation (CICF)	1,525	-	1,525	-
The Centers for Disease Control	-	416,171	416,171	-
Clowes Fund	10	15,000	14,739	271
Hispanic Higher Education Fund	7,579	-	7,579	-
Key Bank	-	1,500	1,500	-
Latino Scholarship Fund - CICF	-	20,386	11,792	8,594
American Legacy Foundation	170	-	170	-
Hoover Family Foundation	804	-	804	-
	<u>\$ 60,487</u>	<u>\$ 1,152,960</u>	<u>\$ 966,511</u>	<u>\$ 246,936</u>

7. RETIREMENT PLAN

ILI has a Simplified Employee Pension IRA covering all of its eligible employees. Contributions made by ILI to the plan were based on 5% of each eligible employee's compensation. ILI's contribution was \$19,561 for the year ended December 31, 2009.

8. SUBSEQUENT EVENTS

Management has evaluated subsequent events for disclosure through March 19, 2010, the date of the auditors' report.



Gauthier & Kimmerling, LLC
accountants & advisors

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Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards

To the Board of Directors
Indiana Latino Institute, Inc.
Indianapolis, Indiana

We have audited the financial statements of Indiana Latino Institute, Inc. as of and for the year ended December 31, 2009 and have issued our report thereon dated March 19, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered Indiana Latino Institute, Inc.'s 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 the Indiana Latino Institute, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Indiana Latino Institute, Inc.'s internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

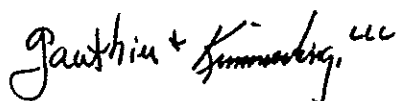
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. We have, however, identified certain deficiencies in internal control over financial reporting described below as item 2009-1 that we consider to be significant deficiencies in internal control over financial reporting. *A significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to warrant attention from those charged with governance.

2009-1 – We noted several instances where actual hours allocated to a specific grant were not used when processing payroll. In order for payroll expenses to be properly allocated to the correct grant, timesheets must be used when processing payroll.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Indiana Latino Institute, Inc.'s 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 or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Board of Directors, management, others within the entity, and 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.



March 19, 2010