



STATE OF INDIANA
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May 23, 2014

Board of Directors
The Wabash Independent Living & Learning Center, Inc.
One Dreiser Square
Terre Haute, IN 47807-0000

We have reviewed the audit report prepared by Brady, Ware & Schoenfeld, Inc., for the period October 1, 2011 to September 30, 2012. 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 Wabash Independent Living & Learning Center, Inc., as of September 30, 2012, 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.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

**THE WABASH INDEPENDENT LIVING
AND LEARNING CENTER, INC.
(A Nonprofit Organization)**

FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2012 and 2011

THE WABASH INDEPENDENT LIVING AND LEARNING CENTER, INC.

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YEARS ENDED SEPTEMBER 30, 2012 AND 2011

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BRADY WARE
& SCHOENFELD

INDEPENDENT AUDITORS' REPORT

Board of Directors
The Wabash Independent Living and Learning Center, Inc.
Terre Haute, Indiana

We have audited the accompanying statements of financial position of The Wabash Independent Living and Learning Center, Inc. (a nonprofit organization) as of September 30, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of The Wabash Independent Living and Learning Center, Inc.'s management. Our responsibility is to express an opinion on these financial statements based upon our audits.

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 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 The Wabash Independent Living and Learning Center, Inc. as of September 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Brady, Ware & Schoenfeld, Inc.

Richmond, Indiana
January 16, 2013

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THE WABASH INDEPENDENT LIVING AND LEARNING CENTER, INC.

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 147,391	\$ 161,885
Grants receivable	134,492	111,437
Contributions receivable	-	2,751
Prepaid expenses and other assets	<u>5,866</u>	<u>5,718</u>
	287,739	281,791
PROPERTY AND EQUIPMENT, NET	<u>60,289</u>	<u>52,080</u>
	<u>\$ 348,028</u>	<u>\$ 333,871</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 4,903	\$ 1,322
Current portion of long-term liability	-	5,820
Unearned grant funds	<u>12,127</u>	<u>-</u>
	17,030	7,142
LONG-TERM LIABILITY, NET OF CURRENT PORTION	<u>-</u>	<u>3,369</u>
	<u>17,030</u>	<u>10,511</u>
NET ASSETS		
Unrestricted	329,332	314,894
Temporarily restricted	<u>1,666</u>	<u>8,466</u>
	<u>330,998</u>	<u>323,360</u>
	<u>\$ 348,028</u>	<u>\$ 333,871</u>

THE WABASH INDEPENDENT LIVING AND LEARNING CENTER, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2012

	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE			
Governmental grants	\$ 525,937	\$ -	\$ 525,937
Contributions	14,451	-	14,451
Special events, net of direct costs of \$365	1,235	-	1,235
Other income (loss)	<u>(1,584)</u>	<u>-</u>	<u>(1,584)</u>
Total Public Support and Revenue	540,039	-	540,039
NET ASSETS RELEASED FROM RESTRICTIONS	<u>6,800</u>	<u>(6,800)</u>	<u>-</u>
	<u>546,839</u>	<u>(6,800)</u>	<u>540,039</u>
EXPENSES			
Program services	492,113	-	492,113
Administration	<u>40,288</u>	<u>-</u>	<u>40,288</u>
Total Expenses	<u>532,401</u>	<u>-</u>	<u>532,401</u>
CHANGE IN NET ASSETS	14,438	(6,800)	7,638
NET ASSETS			
Beginning of year	<u>314,894</u>	<u>8,466</u>	<u>323,360</u>
End of year	<u>\$ 329,332</u>	<u>\$ 1,666</u>	<u>\$ 330,998</u>

THE WABASH INDEPENDENT LIVING AND LEARNING CENTER, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2011

	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE			
Governmental grants	\$ 543,745	\$ -	\$ 543,745
Contributions	1,600	7,526	9,126
Special events, net of direct costs of \$1,190	9,612	-	9,612
Other Income (loss)	435	-	435
	<u>555,392</u>	<u>7,526</u>	<u>562,918</u>
Total Public Support and Revenue			
	555,392	7,526	562,918
NET ASSETS RELEASED FROM RESTRICTIONS			
	<u>9,268</u>	<u>(9,258)</u>	<u>-</u>
	<u>564,650</u>	<u>(1,732)</u>	<u>562,918</u>
EXPENSES			
Program services	387,104	-	387,104
Administration	31,092	-	31,092
Fundraising	400	-	400
	<u>418,596</u>	<u>-</u>	<u>418,596</u>
Total Expenses			
	418,596	-	418,596
CHANGE IN NET ASSETS FROM CONTINUING OPERATIONS			
	146,054	(1,732)	144,322
DISCONTINUED OPERATIONS			
Decrease in net assets attributable to the operations of HelpONE	<u>(38,105)</u>	<u>-</u>	<u>(38,105)</u>
CHANGE IN NET ASSETS	107,949	(1,732)	106,217
NET ASSETS			
Beginning of year	<u>206,945</u>	<u>10,198</u>	<u>217,143</u>
End of year	<u>\$ 314,894</u>	<u>\$ 8,466</u>	<u>\$ 323,360</u>

THE WABASH INDEPENDENT LIVING AND LEARNING CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2012

	Program Services	Administration	Total
Salaries and wages	\$ 335,881	\$ 15,584	\$ 351,465
Payroll taxes	31,268	1,451	32,719
Benefits	<u>1,913</u>	<u>15</u>	<u>1,928</u>
Total salaries, wages and related expenses	369,062	17,050	386,112
Office rent expense	18,729	4,682	23,411
Utilities and telephone	5,358	1,340	6,698
Professional expenses	25,648	8,730	34,378
Insurance	3,964	991	4,955
Advertising and promotion	3,151	-	3,151
Vehicle expenses	3,193	-	3,193
Small equipment and maintenance	4,799	1,200	5,999
Supplies, printing and postage	8,605	2,151	10,756
Program expenses	31,917	-	31,917
Travel	2,906	727	3,633
Miscellaneous	4,822	927	5,749
Depreciation	<u>9,959</u>	<u>2,490</u>	<u>12,449</u>
	<u>\$ 492,113</u>	<u>\$ 40,288</u>	<u>\$ 532,401</u>

See notes to financial statements.

THE WABASH INDEPENDENT LIVING AND LEARNING CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2011

	Program Services	Administration	Fundraising	Total
Salaries and wages	\$ 252,977	\$ 13,200	\$ -	\$ 266,177
Payroll taxes	26,061	1,360	-	27,421
Benefits	315	79	-	394
Total salaries, wages and related expenses	279,353	14,639	-	293,992
Office rent expense	15,394	3,848	-	19,242
Utilities and telephone	6,324	1,581	-	7,905
Professional expenses	21,854	3,718	-	25,572
Insurance	3,880	970	-	4,850
Advertising and promotion	8,427	-	-	8,427
Vehicle expenses	2,669	-	-	2,669
Small equipment and maintenance	4,594	1,148	-	5,742
Supplies, printing and postage	5,276	1,319	-	6,595
Program expenses	25,682	-	-	25,682
Travel	2,734	684	-	3,418
Miscellaneous	2,442	462	400	3,304
Depreciation	8,475	2,119	-	10,594
Penalties	-	604	-	604
	<u>\$ 387,104</u>	<u>\$ 31,092</u>	<u>\$ 400</u>	<u>\$ 418,596</u>

See notes to financial statements.

THE WABASH INDEPENDENT LIVING AND LEARNING CENTER, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 7,638	\$ 106,217
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation, including amounts classified in discontinued operations	12,449	10,748
Loss on disposals of property and equipment	<u>1,760</u>	<u>-</u>
	21,847	116,965
Changes in operating assets and liabilities:		
Grants receivable	(23,055)	18,854
Contributions receivable	2,751	3,249
Prepaid expenses and other assets	(138)	(1,341)
Accounts payable and accrued expenses	3,581	(7,059)
Unearned grant funds	<u>12,127</u>	<u>-</u>
Net Cash Provided by Operating Activities	17,113	130,668
INVESTING ACTIVITIES		
Purchases of property and equipment	(22,418)	(5,280)
FINANCING ACTIVITIES		
Payments on long-term liability	<u>(9,189)</u>	<u>(5,820)</u>
NET INCREASE (DECREASE) IN CASH	(14,494)	119,568
CASH		
Beginning of year	<u>161,885</u>	<u>42,317</u>
End of year	<u>\$ 147,391</u>	<u>\$ 161,885</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Equipment additions included in accounts payable	<u>\$ 2,240</u>	<u>\$ -</u>

See notes to financial statements.

THE WABASH INDEPENDENT LIVING AND LEARNING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Wabash Independent Living and Learning Center, Inc. (the "Organization") was incorporated as a not-for-profit organization in July 2000 under the laws of the State of Indiana. The Organization's mission is to empower persons with disabilities. The Organization promotes a philosophy of independent/interdependent living for individuals with disabilities, including a philosophy of consumer control, peer support, self-help, self-determination, equal access, and individual and system advocacy. The Organization provides services in Clay, Parke, Putnam, Vermillion, Owen, and Vigo counties in west central Indiana. The Organization's revenue and support are mainly derived from governmental grants.

Basis of Accounting - The Organization's financial statements have been prepared on the accrual basis of accounting, and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation - The Organization's financial presentation follows the recommendations of accounting standards. Under those standards, 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.

Unrestricted Net Assets - Unrestricted net assets include unrestricted resources, including donations, gifts, and bequests available for the use of the Organization's programs over which the Board of Directors has discretionary control.

Temporarily Restricted Net Assets - Temporarily restricted net assets include contributions and grants for which donor imposed restrictions have not been met. These restrictions will be satisfied by actions of the Organization.

Permanently Restricted Net Assets - Permanently restricted net assets are resources whose use is permanently restricted by donors. The Organization does not have any permanently restricted net assets.

Principles of Consolidation - The accompanying financial statements for the year ended September 30, 2011, include the accounts of No Place Like Home Care, LLC, doing business as HelpONE, a wholly owned subsidiary. All intercompany balances have been eliminated in consolidation. As disclosed in Note H, the operations of the entity were discontinued in the year ended September 30, 2011.

Financial 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, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Contributions - The Organization accounts for contributions in accordance with accounting standards. In these standards, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted contributions.

THE WABASH INDEPENDENT LIVING AND LEARNING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as increases in restricted net assets. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Donations with specified time stipulations are recorded as increases in temporarily restricted net assets. The Organization reclassifies these temporarily restricted net assets to unrestricted net assets each year for the amount based on donor specified time or usage stipulations.

Concentration of Credit Risk - Financial instruments that are exposed to concentrations of credit risk consist primarily of grants receivable. Grants receivable are from government agencies and are carried at estimated net realizable values.

Concentration of Grants - Approximately 97% and 96% of the Organization's public support and revenue are provided from grants from the Indiana Family and Social Services Administration (FSSA), Division of Disability and Rehabilitative Services, for the years ended September 30, 2012 and 2011, respectively.

Property and Equipment - Equipment is recorded at cost when purchased or at fair value when received as a donation. The Organization capitalizes purchased or donated property and equipment when the cost or fair value is \$500 or more and its estimated useful life exceeds one year. Depreciation is computed using the straight-line method over the useful lives of the assets. Routine repairs and maintenance are expensed as incurred.

Unearned Grant Funds - Revenue associated with the Independent Living grant from FSSA is recognized when related expenses are incurred. Amounts received in advance of incurring related expenses are considered unearned grant funds and are reflected as such in the liability section of the statements of financial position.

Advertising and Promotion Expense - Advertising and promotion costs are expensed as incurred. Advertising and promotion expense, including amounts classified as discontinued operations, was \$3,151 and \$8,865 for the years ended September 30, 2012 and 2011, respectively.

Income Taxes - The Organization is a nonprofit organization and is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes is presented in these financial statements. The Organization is not considered to be a private foundation.

Uncertainty in Tax Positions - The Organization has adopted accounting rules that prescribe when to recognize, and how to measure, the financial statement effects of income tax positions taken, or expected to be taken, on its income tax returns. These rules require management to evaluate the likelihood that, upon examination by relevant taxing jurisdictions, those income tax positions would be sustained. Based on that evaluation, the Organization only recognizes the maximum benefit of each income tax position that is more than 50% likely of being sustained. To the extent that all or a portion of the benefits of an income tax position are not recognized, a liability would be recognized for the unrecognized benefits, along with any interest and penalties that would result from disallowance of the position. Should any such penalties and interest be incurred, they would be recognized as operating expenses.

Based on its review, management does not believe the Organization has taken any material uncertain tax positions, including any position that would place the Organization's exempt status in jeopardy as of September 30, 2012 and 2011. The federal tax returns of the Organization for 2008, 2009, and 2010 are subject to examination by taxing authority, generally for three years after the due date.

THE WABASH INDEPENDENT LIVING AND LEARNING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Subsequent Events - In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 16, 2013, the date the financial statements were available to be issued.

NOTE B - PROPERTY AND EQUIPMENT

	<u>2012</u>	<u>2011</u>
Office equipment and furniture	\$ 92,143	\$ 78,285
Vehicle and related equipment	<u>10,005</u>	<u>10,005</u>
Total cost	102,148	88,290
Less accumulated depreciation	<u>41,859</u>	<u>36,210</u>
	<u>\$ 60,289</u>	<u>\$ 52,080</u>

NOTE C - LINE OF CREDIT

The Organization had a \$25,000 unsecured line of credit available with a bank which expired in January 2012. The line of credit had provisions for the right of set-off in which the lender had the right to set-off any amount due and payable against any deposit accounts held by the Organization. Interest was payable monthly at 1.00% above the national prime rate (3.25% at September 30, 2011). There were no outstanding borrowings as of September 30, 2011. The line of credit was not renewed after its maturity in January 2012.

NOTE D - LONG-TERM LIABILITY

	<u>2012</u>	<u>2011</u>
Settlement agreement payable, State of Indiana, \$485 due monthly beginning in June 2010, paid off in December 2011. See Note G.	\$ -	\$ 9,189
Less current portion	<u>-</u>	<u>5,820</u>
	<u>\$ -</u>	<u>\$ 3,369</u>

NOTE E - TEMPORARILY RESTRICTED NET ASSETS

	<u>2012</u>	<u>2011</u>
Assisted living devices	\$ 1,666	\$ 2,641
Wheelchair ramps	-	3,074
"Kids on the Block" program	<u>-</u>	<u>2,751</u>
	<u>\$ 1,666</u>	<u>\$ 8,466</u>

THE WABASH INDEPENDENT LIVING AND LEARNING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE F - OPERATING LEASES

During the fiscal year ended September 30, 2012, the Organization entered into new operating lease agreements for its building and copier with original five year terms. The building lease agreement has an option for a one year renewal. The Organization is responsible for paying telephone and Internet expenses as well as interior maintenance of the building. The rent expense for the building and copier leases was \$26,841 and \$22,300 for the years ended September 30, 2012 and 2011, respectively.

Future minimum lease payments over the next five years are as follows:

2013	\$	26,640
2014		26,640
2015		26,640
2016		26,640
2017		11,100

NOTE G - COMPLIANCE WITH GRANTOR RESTRICTIONS

Financial awards from governmental entities are periodically subject to special audit by those entities. Such audits may result in claims against the Organization for disallowed costs or noncompliance with contract or grant restrictions. During the year ended September 30, 2009, the Organization was audited by FSSA. As a result of the audit, a settlement agreement was reached whereby the Organization had to pay a total of \$17,434 to the State of Indiana. See Note D.

No additional provisions for potential claims that may result from another FSSA examination has been reflected in the accompanying statements of financial position, as such amounts cannot be reasonably determined.

NOTE H - DISCONTINUED OPERATIONS

In May 2011, the Organization decided to discontinue operations of its wholly owned subsidiary, No Place Like Home Care, LLC, doing business as HelpONE due to inability of this program to provide a sufficient revenue stream. The decrease in net assets attributable to the operations of HelpONE is presented as results of discontinued operations in the accompanying statement of activities for the fiscal year ended September 30, 2011.

