



OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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October 18, 2017

Board of Directors
Dunebrook, Inc.
7451 W. Johnson Road
Michigan City, IN 46360

We have reviewed the audit report prepared by Applegate & Company, PC, for the period January 1, 2015 to December 31, 2015. 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 Dunebrook, Inc., as of December 31, 2015, 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

DUNEBROOK, INC.
Michigan City, Indiana

ANNUAL REPORT
December 31, 2015

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APPLEGATE & COMPANY, PC

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

Board of Directors
Dunebrook, Inc.
Michigan City, Indiana

We have audited the accompanying financial statements of Dunebrook, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility


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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dunebrook, Inc. as of December 31, 2015 and 2014 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.


APPLEGATE & COMPANY
Certified Public Accountants

Michigan City, Indiana
July 27, 2016

DUNEBROOK, INC.

STATEMENTS OF ACTIVITIES
For the year ended December 31, 2015

PUBLIC SUPPORT AND REVENUE

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support:				
Contributions - cash	\$ 25,963		\$ 275	\$ 26,238
Special events	100,274			100,274
Allocated by The United Way	45,070			45,070
In-kind services and materials (Note 1)	<u>249,222</u>			<u>249,222</u>
Total public support	<u>420,529</u>		<u>275</u>	<u>420,804</u>
Grants from governmental agencies:				
Healthy Families Indiana	279,770			279,770
Maternal Infant Early Childhood Home Visiting Grant	400,930			400,930
OFC	33,950			33,950
Department of Child Services - Indiana	1,375,977			1,375,977
Indiana Criminal Justice Institute Grant	41,098			41,098
Michigan City Enrichment Grant	20,000			20,000
Michigan City Community Development Block Grant	11,950			11,950
LaPorte Community Development Block Grant	<u>6,063</u>			<u>6,063</u>
Total grants from governmental agencies	<u>2,169,738</u>			<u>2,169,738</u>

- Continued -

DUNEBROOK, INC.

STATEMENTS OF ACTIVITIES (CONTINUED)
For the year ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Other operating revenue:				
Income released from restrictions		\$ (15,165)		(15,165)
Private grants	158,410	27,514	7,392	193,316
Program service fees	600			600
Investment income	116			116
Endowment transfer	12,652			
Unrealized loss on investments (Note 3)			(12,652)	
Loss on disposal of assets	(1,605)		(21,936)	(21,936)
Total other revenue	<u>170,173</u>	<u>12,349</u>	<u>(27,196)</u>	<u>155,326</u>
Total support and revenue	<u>2,760,440</u>	<u>12,349</u>	<u>(26,921)</u>	<u>2,745,868</u>
 <u>EXPENSES</u>				
Program services	2,498,914			2,498,914
Management and general	170,061			173,883
Fund-raising	97,452		3,822	97,452
Total expenses	<u>2,766,427</u>	<u> </u>	<u>3,822</u>	<u>2,770,249</u>
 CHANGE IN NET ASSETS	(5,987)	12,349	(30,743)	(24,381)
 NET ASSETS AT BEGINNING OF YEAR	<u>1,745,005</u>	<u>15,165</u>	<u>269,313</u>	<u>2,029,483</u>
 NET ASSETS AT END OF YEAR	<u>\$1,739,018</u>	<u>\$ 27,514</u>	<u>\$238,570</u>	<u>\$2,005,102</u>

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

DUNEBROOK, INC.

STATEMENTS OF ACTIVITIES

For the year ended December 31, 2014

PUBLIC SUPPORT AND REVENUE

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support:				
Contributions - cash	\$ 32,633		\$ 2,875	\$ 35,508
Special events	78,498			78,498
Allocated by The United Way	63,943			63,943
In-kind services and materials (Note 1)	<u>233,938</u>			<u>233,938</u>
Total public support	<u>409,012</u>		<u>2,875</u>	<u>411,887</u>
Grants from governmental agencies:				
Healthy Families Indiana	325,678			325,678
Maternal Infant Early Childhood Home Visiting Grant	422,952			422,952
OFC	8,348			8,348
Department of Child Services - Indiana	1,171,689			1,171,689
Indiana Criminal Justice Institute Grant	41,854			41,854
Michigan City Enrichment Grant	20,000			20,000
Michigan City Community Development Block Grant	19,800			19,800
LaPorte Community Development Block Grant	<u>4,873</u>			<u>4,873</u>
Total grants from governmental agencies	<u>2,015,194</u>			<u>2,015,194</u>

- Continued -

DUNEBROOK, INC.

STATEMENTS OF ACTIVITIES (CONTINUED)

For the year ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Other operating revenue:				
Income released from restrictions		\$ (21,334)		(21,334)
Private grants	160,299	15,165	6,134	181,598
Investment income	102			102
Endowment transfer	12,484		(12,484)	
Unrealized loss on investments (Note 3)			(585)	(585)
Loss on disposal of assets	(876)			(876)
Total other revenue	<u>172,009</u>	<u>(6,169)</u>	<u>(6,935)</u>	<u>158,905</u>
Total support and revenue	<u>2,596,215</u>	<u>(6,169)</u>	<u>(4,060)</u>	<u>2,585,986</u>
<u>EXPENSES</u>				
Program services	2,347,249			2,347,249
Management and general	168,611		3,806	172,417
Fund-raising	92,196			92,196
Total expenses	<u>2,608,056</u>		<u>3,806</u>	<u>2,611,862</u>
CHANGE IN NET ASSETS	(11,841)	(6,169)	(7,866)	(25,876)
NET ASSETS AT BEGINNING OF YEAR	<u>1,756,846</u>	<u>21,334</u>	<u>277,179</u>	<u>2,055,359</u>
NET ASSETS AT END OF YEAR	<u>\$1,745,005</u>	<u>\$ 15,165</u>	<u>\$269,313</u>	<u>\$2,029,483</u>

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

DUNEBROOK, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2015 and 2014

<u>ASSETS</u>	<u>2015</u>	<u>2014</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 381,067	\$ 162,107
Accounts receivable		
Unity Foundation	12,652	12,484
Duneland Health	5,337	5,454
Grants from governmental agencies	299,852	455,117
Other	6,340	
Prepaid family incentives	16,962	21,326
Prepaid expenses	5,634	5,176
Total current assets	<u>727,844</u>	<u>661,664</u>
<u>PROPERTY AND EQUIPMENT (Note 1)</u>		
Land and land improvements	91,955	91,955
Building	1,504,775	1,504,775
Furniture and fixtures	<u>420,612</u>	<u>411,545</u>
Total cost	2,017,342	2,008,275
Accumulated depreciation	<u>824,725</u>	<u>782,267</u>
Total property and equipment	<u>1,192,617</u>	<u>1,226,008</u>
<u>OTHER ASSETS</u>		
Endowment fund (Note 3)	<u>238,570</u>	<u>269,313</u>
Total assets	<u>\$2,159,031</u>	<u>\$2,156,985</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 145,091	\$ 116,307
Payroll withholdings payable	6,408	7,245
Retirement plan payable (Note 5)	<u>2,430</u>	<u>3,950</u>
Total current liabilities	<u>153,929</u>	<u>127,502</u>
<u>NET ASSETS</u>		
Unrestricted	1,739,018	1,745,005
Temporarily restricted (Note 4)	27,514	15,165
Permanently restricted (Note 4)	<u>238,570</u>	<u>269,313</u>
Total net assets	<u>2,005,102</u>	<u>2,029,483</u>
Total liabilities and net assets	<u>\$2,159,031</u>	<u>\$2,156,985</u>

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

DUNEBROOK, INC.

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$(24,381)	\$(25,876)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Net change to endowment	30,743	7,866
Depreciation and amortization	81,405	77,807
In-kind donation of office equipment	(11,420)	
Loss on disposition of fixed assets	1,605	876
(Increase)/decrease in assets:		
Accounts receivable	148,874	(66,972)
Prepaid family incentives	4,364	(8,717)
Prepaid expenses	(458)	(223)
Increase/(decrease) in liabilities:		
Accounts payable	28,784	10,174
Other current liabilities	(2,357)	2,543
Net cash provided/(applied to) operating activities	<u>257,159</u>	<u>(2,522)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Cash payments for property and equipment	<u>(38,199)</u>	<u>(24,756)</u>
<u>NET CHANGE IN CASH AND CASH EQUIVALENTS</u>	218,960	(27,278)
<u>CASH AT BEGINNING OF YEAR</u>	<u>162,107</u>	<u>189,385</u>
<u>CASH AT END OF YEAR</u>	<u>\$381,067</u>	<u>\$162,107</u>
Cash paid for interest	<u>\$ -0-</u>	<u>\$ -0-</u>

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

DUNEBROOK, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended December 31, 2015

	<u>Program Services</u>	<u>Management & General</u>	<u>Fund- raising</u>	<u>Total Expenses</u>
Salaries	\$1,210,854	\$117,476	\$39,536	\$1,367,866
Payroll taxes	93,203	9,043	3,043	105,289
Health insurance	188,670	11,954	10,616	211,240
Retirement plan	23,201	2,350	791	26,342
Professional fees	6,915	15,605		22,520
Direct assistance	15,586			15,586
Contract services	274,325			274,325
In-kind services and materials (Note 1)	237,802			237,802
House supplies	7,984	357		8,341
Office supplies	20,404	617	147	21,168
Telephone	21,617	920	600	23,137
Postage	9,700	79	100	9,879
Utilities	26,756			26,756
Insurance	39,409			39,409
Repairs and maintenance	9,959			9,959
Special programs	57,233			57,233
Printing and copier	7,228	544		7,772
Advertising	543		250	793
Travel	101,407	1,655	989	104,051
Conferences and training	19,470	(65)	3,034	22,439
Special events	6,416		36,980	43,396
Membership dues	4,681	830	250	5,761
Incentive expense	5,958	23		5,981
Miscellaneous	5,128	533	1,116	6,777
Rent expense (Note 8)	<u>31,200</u>			<u>31,200</u>
Total expenses before depreciation	2,425,649	161,921	97,452	2,685,022
Depreciation of building and equipment	<u>73,265</u>	<u>8,140</u>		<u>81,405</u>
Total expenses	<u>\$2,498,914</u>	<u>\$170,061</u>	<u>\$97,452</u>	<u>\$2,766,427</u>

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

DUNEBROOK, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended December 31, 2014

	<u>Program Services</u>	<u>Management & General</u>	<u>Fund- raising</u>	<u>Total Expenses</u>
Salaries	\$1,232,865	\$109,112	\$39,387	\$1,381,364
Payroll taxes	98,529	8,720	3,148	110,397
Health insurance	161,391	12,175	10,636	184,202
Retirement plan	21,563	2,182	788	24,533
Professional fees	6,935	14,462		21,397
Direct assistance	12,284			12,284
Contract services	146,592			146,592
In-kind services and materials (Note 1)	233,938			233,938
House supplies	6,442	280		6,722
Office supplies	22,919	326	31	23,276
Telephone	21,912	900	563	23,375
Postage	8,573	89	414	9,076
Utilities	23,003			23,003
Insurance	32,070			32,070
Repairs and maintenance	16,025			16,025
Special programs	40,475			40,475
Printing and copier	8,490	3,205	1,589	13,284
Advertising	1,042	127	50	1,219
Travel	101,316	2,412	748	104,476
Conferences and training	27,117	791	2,093	30,001
Special events	2,859		31,840	34,699
Membership dues	3,707	1,108	250	5,065
Incentive expense	7,620	451	40	8,111
Miscellaneous	5,956	4,490	619	11,065
Rent expense (Note 8)	<u>33,600</u>			<u>33,600</u>
Total expenses before depreciation	2,277,223	160,830	92,196	2,530,249
Depreciation of building and equipment	<u>70,026</u>	<u>7,781</u>		<u>77,807</u>
Total expenses	<u>\$2,347,249</u>	<u>\$168,611</u>	<u>\$92,196</u>	<u>\$2,608,056</u>

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

DUNEBROOK, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITY - Dunebrook, Inc., is a voluntary, not-for-profit organization whose purpose is to advocate for children and to provide positive family support and education.

The Organization was created in 1989 to be a center where intervention and prevention would work together toward the best interests of the children in LaPorte County. Dunebrook was envisioned as a child-centered, safe place devoted to nurturing families and protecting children. The vision and mission of Dunebrook have grown beyond the borders of LaPorte County. Nurturing families, helping parents, and advocating for children have become Dunebrook's greatest strengths.

The staff at Dunebrook works collaboratively with many agencies to provide parenting education and support to thousands of families in LaPorte, Newton, Jasper, Pulaski, Starke and Porter Counties in Indiana. Many of the programs are offered in a home visitation model and/or at various sites including Dunebrook. Information and education are offered on-line through dunebrook.org. A substantial amount of the Organization's support is received from governmental agencies.

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DUNEBROOK, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL STATEMENT PRESENTATION - The financial statements are presented on the accrual basis of accounting. The Organization uses Accounting Standards Codification, "Financial Statements of Not-for-Profit Organizations." 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. Also, the Organization uses Accounting Standards Codification, "Accounting for Contributions Received and Contributions Made." Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions. Such contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the purpose restriction. Restricted support is reported as unrestricted, if the restrictions are met in the same reporting period when received.

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the

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DUNEBROOK, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

IN-KIND SERVICES - The Organization recognizes contribution revenues and corresponding expenses for services and materials donated. The financial statements reflect only those donated services requiring specific expertise which Dunebrook, Inc. would otherwise need to purchase. In addition, many individuals volunteer their time and perform a variety of tasks that assist Dunebrook, Inc. For the years ended December 31, 2015 and 2014, Dunebrook, Inc. received 1,624 and 1,886 volunteer hours valued at approximately \$23,692 and \$24,806, respectively.

ACCOUNTS RECEIVABLE - Accounts receivable are recorded at net realizable value. Management determines the value based on known troubled accounts, historical experience and other available existing information. The Organization makes direct write-offs when specific accounts are determined to be uncollectible. It is the opinion of management that a further provision for doubtful accounts is not necessary at December 31, 2015 and 2014 and that the direct charge-off method does not differ materially from generally accepted accounting principles.

At December 31, 2015 and 2014, approximately 94% and 96%, respectively, of the accounts receivable balances were due from State and local government agencies.

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DUNEBROOK, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

LAND, BUILDING AND EQUIPMENT - Land, building and equipment are recorded at cost. Donated assets are capitalized at the fair market value on the date of donation. Depreciation of building and equipment is calculated using both accelerated and straight-line methods over the estimated useful lives. For the years ended December 31, 2015 and 2014, depreciation totaled \$81,405 and \$77,807, respectively.

INCOME TAXES - Dunebrook, Inc. is exempt from tax on income under section 501(c)(3) of the Internal Revenue Code. Therefore, these statements do not include any provision for income taxes.

The Financial Accounting Standards Board (FASB) issued Accounting Standards Codification "Accounting for Uncertainty in Income Taxes," that clarifies the accounting and recognition for income tax positions taken or expected to be taken in the Organization's income tax returns. The Organization has adopted the Standard. The Organization evaluates all significant tax positions as required by generally accepted accounting principles in the United States. As of December 31, 2015, the Organization does not believe that it has taken any tax positions that would require the recording of any tax liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next twelve months.

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DUNEBROOK, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Organization's income tax returns are subject to examination by the appropriate taxing jurisdictions and the open tax years are 2013-2015.

NOTE 2 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Organization has a number of financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments at December 31, 2015 and 2014 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position. The estimated fair value amounts have been determined by the Organization using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts the Organization could realize in a current market exchange.

NOTE 3 - ENDOWMENT AND CHALLENGE FUNDS

The endowment fund is restricted in perpetuity to continue the purpose of the Organization and is managed by a third party trustee. Income generated by the assets held in the endowment fund is to be used for operations and is distributed to the Organization annually. Gains realized on the investments are recorded on the Organization's books,

- Continued -

DUNEBROOK, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015 and 2014

NOTE 3 - ENDOWMENT AND CHALLENGE FUNDS (Continued)

but are retained in the trust to be distributed to the Organization at the trustee's discretion. The endowment fund has been recorded at market values of \$238,570 and \$269,313 as of December 31, 2015 and 2014, respectively. The unrealized losses of \$21,936 and \$585 for the years ended December 31, 2015 and 2014, respectively, are reflected as changes in net assets on the statements of activities.

NOTE 4 - RESTRICTED NET ASSETS

The permanently restricted net assets of the Organization are funds held at the Unity Foundation of LaPorte County.

	<u>2015</u>	<u>2014</u>
Permanently restricted net assets are restricted as follows:		
Endowment fund	<u>\$238,570</u>	<u>\$269,313</u>

At December 31, 2015 and 2014, the temporarily restricted net assets of \$27,514 and \$15,165, respectively, represent cash collected for grants, service fees, and public support received and designated for future projects.

NOTE 5 - SIMPLE RETIREMENT PLAN

Dunebrook, Inc. established a discretionary contributory Simple retirement plan for qualifying employees. Dunebrook, Inc. contributes an amount equal to 2% of each participating employee's compensation. The expense for the years ended December 31, 2015 and 2014 was \$26,342 and \$24,533, respectively.

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DUNEBROOK, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2015 and 2014

NOTE 6 - CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances in local financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2015, the Organization's uninsured cash balances totaled \$127,764. These balances fluctuate during the year and can exceed this \$250,000 limit at other times of the year.

NOTE 7 - RELATED PARTY TRANSACTIONS

The Organization leases the Valparaiso location from a Board Member. The rent and utilities paid to this board member totaled \$32,226 in 2015. The lease agreement was approved by the board.

NOTE 8 - COMMITMENTS

On October 1, 2014, the Organization entered into a three-year lease for its Valparaiso location. Rent expense for the years ended December 31, 2015 and 2014 amounted to \$31,200 and \$33,600, respectively. Future minimum rents under this lease are as follows:

Year ended December 31,	2016	\$28,800
	2017	<u>21,600</u>
	Total	<u>\$50,400</u>

NOTE 9 - LINE OF CREDIT

At December 31, 2015, the Organization had a \$300,000 line of credit with a local bank. The amount of indebtedness at December 31, 2015 was \$-0-. The loan is secured by real and personal property owned by the

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DUNEBROOK, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015 and 2014

NOTE 9 - LINE OF CREDIT (Continued)

Organization. The loan interest rate is prime plus 1.75% and the loan matures on October 3, 2017.

NOTE 10 - SUBSEQUENT EVENT

No subsequent events were noted as of July 27, 2016, which is the date the financial statements were available to be issued.