



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, 2016 to December 31, 2016. 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, 2016, 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, 2016

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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, 2016 and 2015, 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, 2016 and 2015 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
September 6, 2017

DUNEBROOK, INC.

STATEMENTS OF ACTIVITIES

For the year ended December 31, 2016

| <u>PUBLIC SUPPORT AND REVENUE</u> | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-----------------------------------|------------------|
| Public support: | | | | |
| Contributions - cash | \$ 17,207 | | \$ 1,050 | \$ 18,257 |
| Special events | 94,338 | | | 94,338 |
| Allocated by The United Way | 33,383 | | | 33,383 |
| In-kind services and materials (Note 1) | <u>214,886</u> | <u> </u> | | <u>214,886</u> |
| Total public support | <u>359,814</u> | <u> </u> | <u>1,050</u> | <u>360,864</u> |
| Grants from governmental agencies: | | | | |
| Healthy Families Indiana | 226,902 | | | 226,902 |
| Maternal Infant Early Childhood Home Visiting Grant | 383,567 | | | 383,567 |
| OFC | 33,680 | | | 33,680 |
| Department of Child Services - Indiana | 1,374,335 | | | 1,374,335 |
| Indiana Criminal Justice Institute Grant | 44,616 | | | 44,616 |
| Michigan City Enrichment Grant | 20,000 | | | 20,000 |
| LaPorte Community Development Block Grant | <u>9,270</u> | <u> </u> | | <u>9,270</u> |
| Total grants from governmental agencies | <u>2,092,370</u> | <u> </u> | | <u>2,092,370</u> |

- Continued -

DUNEBROOK, INC.

STATEMENTS OF ACTIVITIES (CONTINUED)
For the year ended December 31, 2016

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|---|---------------------|-------------------------------|-------------------------------|--------------------|
| Other operating revenue: | | | | |
| Income released from restrictions | | \$(27,514) | | (27,514) |
| Private grants | 172,320 | 15,606 | 6,647 | 194,573 |
| Program service fees | 9,310 | | | 9,310 |
| Investment income | 140 | | | 140 |
| Endowment transfer | 12,659 | | (12,659) | |
| Unrealized gain on investments (Note 3) | | | 17,067 | 17,067 |
| Loss on disposal of assets | (47) | | | (47) |
| Total other revenue | <u>194,382</u> | <u>(11,908)</u> | <u>11,055</u> | <u>193,529</u> |
| Total support and revenue | <u>2,646,566</u> | <u>(11,908)</u> | <u>12,105</u> | <u>2,646,763</u> |
| <u>EXPENSES</u> | | | | |
| Program services | 2,458,635 | | | 2,458,635 |
| Management and general | 181,110 | | 3,464 | 184,574 |
| Fund-raising | 100,860 | | | 100,860 |
| Total expenses | <u>2,740,605</u> | | <u>3,464</u> | <u>2,744,069</u> |
| CHANGE IN NET ASSETS | (94,039) | (11,908) | 8,641 | (97,306) |
| NET ASSETS AT BEGINNING OF YEAR | <u>1,739,018</u> | <u>27,514</u> | <u>238,570</u> | <u>2,005,102</u> |
| NET ASSETS AT END OF YEAR | <u>\$1,644,979</u> | <u>\$ 15,606</u> | <u>\$247,211</u> | <u>\$1,907,796</u> |

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

DUNEBROOK, INC.

STATEMENTS OF ACTIVITIES

For the year ended December 31, 2015

| <u>PUBLIC SUPPORT AND REVENUE</u> | <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 | | (12,652) | |
| Unrealized loss on investments (Note 3) | | | (21,936) | (21,936) |
| Loss on disposal of assets | (1,605) | | | (1,605) |
| 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 | | 3,822 | 173,883 |
| Fund-raising | 97,452 | | | 97,452 |
| Total expenses | <u>2,766,427</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 FINANCIAL POSITION

December 31, 2016 and 2015

| | <u>ASSETS</u> | <u>2016</u> | <u>2015</u> |
|--|---------------|--------------------|--------------------|
| <u>CURRENT ASSETS</u> | | | |
| Cash and cash equivalents | | \$ 300,462 | \$ 381,067 |
| Accounts receivable | | | |
| Unity Foundation | | 12,659 | 12,652 |
| Duneland Health | | | 5,337 |
| Grants from governmental agencies | | 368,921 | 299,852 |
| Other | | 6,906 | 6,340 |
| Prepaid family incentives | | 6,869 | 16,962 |
| Prepaid expenses | | 8,510 | 5,634 |
| Total current assets | | <u>704,327</u> | <u>727,844</u> |
| <u>PROPERTY AND EQUIPMENT</u> (Note 1) | | | |
| Land and land improvements | | 91,955 | 91,955 |
| Building | | 1,504,775 | 1,504,775 |
| Furniture and fixtures | | <u>450,572</u> | <u>420,612</u> |
| Total cost | | 2,047,302 | 2,017,342 |
| Accumulated depreciation | | <u>908,695</u> | <u>824,725</u> |
| Total property and equipment | | <u>1,138,607</u> | <u>1,192,617</u> |
| <u>OTHER ASSETS</u> | | | |
| Endowment fund (Note 3) | | <u>247,211</u> | <u>238,570</u> |
| Total assets | | <u>\$2,090,145</u> | <u>\$2,159,031</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | | |
| <u>CURRENT LIABILITIES</u> | | | |
| Accounts payable | | \$ 172,972 | \$ 145,091 |
| Payroll withholdings payable | | 6,794 | 6,408 |
| Retirement plan payable (Note 5) | | <u>2,583</u> | <u>2,430</u> |
| Total current liabilities | | <u>182,349</u> | <u>153,929</u> |
| <u>NET ASSETS</u> | | | |
| Unrestricted | | 1,644,979 | 1,739,018 |
| Temporarily restricted (Note 4) | | 15,606 | 27,514 |
| Permanently restricted (Note 4) | | <u>247,211</u> | <u>238,570</u> |
| Total net assets | | <u>1,907,796</u> | <u>2,005,102</u> |
| Total liabilities and net assets | | <u>\$2,090,145</u> | <u>\$2,159,031</u> |

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

DUNEBROOK, INC.

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2016 and 2015

| | <u>2016</u> | <u>2015</u> |
|---|------------------|------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | |
| Change in net assets | \$(97,306) | \$(24,381) |
| Adjustments to reconcile change in net assets to net cash from operating activities: | | |
| Net change to endowment | (8,641) | 30,743 |
| Depreciation and amortization | 84,041 | 81,405 |
| In-kind donation of office equipment | | (11,420) |
| Loss on disposition of fixed assets | 47 | 1,605 |
| (Increase)/decrease in assets: | | |
| Accounts receivable | (64,305) | 148,874 |
| Prepaid family incentives | 10,093 | 4,364 |
| Prepaid expenses | (2,876) | (458) |
| Increase/(decrease) in liabilities: | | |
| Accounts payable | 27,881 | 28,784 |
| Other current liabilities | <u>539</u> | <u>(2,357)</u> |
| Net cash provided/(applied to) operating activities | <u>(50,527)</u> | <u>257,159</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | |
| Cash payments for property and equipment | <u>(30,078)</u> | <u>(38,199)</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (80,605) | 218,960 |
| CASH AT BEGINNING OF YEAR | <u>381,067</u> | <u>162,107</u> |
| CASH AT END OF YEAR | <u>\$300,462</u> | <u>\$381,067</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, 2016

| | <u>Program Services</u> | <u>Management & General</u> | <u>Fund- raising</u> | <u>Total Expenses</u> |
|--|-----------------------------|-------------------------------------|--------------------------|---------------------------|
| Salaries | \$1,194,461 | \$123,098 | \$ 39,904 | \$1,357,463 |
| Payroll taxes | 91,369 | 9,416 | 3,052 | 103,837 |
| Health insurance | 203,684 | 13,067 | 11,161 | 227,912 |
| Retirement plan | 18,440 | 2,462 | 798 | 21,700 |
| Professional fees | 6,890 | 17,932 | | 24,822 |
| Direct assistance | 13,444 | | | 13,444 |
| Contract services | 295,047 | | | 295,047 |
| In-kind services and materials (Note 1) | 214,886 | | | 214,886 |
| House supplies | 6,963 | 142 | | 7,105 |
| Office supplies | 22,858 | 1,443 | 393 | 24,694 |
| Telephone | 20,875 | 1,170 | 755 | 22,800 |
| Postage | 10,403 | 139 | 351 | 10,893 |
| Utilities | 24,765 | | | 24,765 |
| Insurance | 33,411 | | | 33,411 |
| Repairs and maintenance | 20,242 | | | 20,242 |
| Special programs | 34,428 | | | 34,428 |
| Printing and copier | 7,784 | 83 | 744 | 8,611 |
| Advertising | 143 | | | 143 |
| Travel | 104,284 | 2,096 | 325 | 106,705 |
| Conferences and training | 11,670 | 169 | 128 | 11,967 |
| Special events | 1,424 | | 42,439 | 43,863 |
| Membership dues | 4,758 | 440 | | 5,198 |
| Incentive expense | 5,206 | 148 | 86 | 5,440 |
| Miscellaneous | 6,763 | 901 | 724 | 8,388 |
| Rent expense (Note 8) | <u>28,800</u> | | | <u>28,800</u> |
| Total expenses before depreciation | 2,382,998 | 172,706 | 100,860 | 2,656,564 |
| Depreciation of building and equipment | <u>75,637</u> | <u>8,404</u> | | <u>84,041</u> |
| Total expenses | <u>\$2,458,635</u> | <u>\$181,110</u> | <u>\$100,860</u> | <u>\$2,740,605</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> </u> | <u> </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> </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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

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, 2016 and 2015

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 reported

- Continued -

DUNEBROOK, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2016 and 2015, Dunebrook, Inc. received 1,266 and 1,624 volunteer hours valued at approximately \$20,826 and \$23,692, 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, 2016 and 2015 and that the direct charge-off method does not differ materially from generally accepted accounting principles.

At December 31, 2016 and 2015, approximately 97% and 94%, 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, 2016 and 2015

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, 2016 and 2015, depreciation totaled \$84,041 and \$81,405, 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, 2016, 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, 2016 and 2015

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 2014-2016.

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, 2016 and 2015 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, 2016 and 2015

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 \$247,211 and \$238,570 as of December 31, 2016 and 2015, respectively. The unrealized gain of \$17,067 for the year ended December 31, 2016 and the unrealized loss of \$21,936 for the year ended December 31, 2015, 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>2016</u> | <u>2015</u> |
|--|------------------|------------------|
| Permanently restricted net assets are restricted as follows: | | |
| Endowment fund | <u>\$247,211</u> | <u>\$238,570</u> |

At December 31, 2016 and 2015, the temporarily restricted net assets of \$15,606 and \$27,514, respectively, represent cash collected for grants, service fees, and public support received and designated for future projects.

NOTE 5 - SIMPLE RETIREMENT PLAN

Dunbrook, Inc. established a discretionary contributory Simple retirement plan for qualifying employees. Dunbrook, Inc. contributes an amount equal to 2% of each participating employee's compensation. The expense for the years ended December 31, 2016 and 2015 was \$21,700 and \$26,342, respectively.

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DUNEBROOK, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2016 and 2015

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, 2016, the Organization's uninsured cash balances totaled \$46,991. 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 \$29,214 and \$32,226 in 2016 and 2015, respectively. 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, 2016 and 2015 amounted to \$28,800 and \$31,200, respectively. Future minimum rents under this lease are as follows:

| | |
|------------------------------|-----------------|
| Year ended December 31, 2017 | <u>\$21,600</u> |
|------------------------------|-----------------|

NOTE 9 - LINE OF CREDIT

At December 31, 2016, the Organization had a \$300,000 line of credit with a local bank. The amount of indebtedness at December 31, 2016 was \$-0-. The loan is secured by real and personal property owned by the Organization. The loan interest rate is prime plus 1.75% and the loan matures on October 3, 2017.

-Continued -

DUNEBROOK, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2016 and 2015

NOTE 10 - SUBSEQUENT EVENT

No subsequent events were noted as of September 6, 2017, which is the date the financial statements were available to be issued.

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Ronald J. Delco, CPA
Charles C. Fox, CPA
Jason M. Nichols, CPA
Brenda K. Novak, CPA

Independent Auditors' Report
On Supplementary Information

Board of Directors
Dunebrook, Inc.
Michigan City, Indiana

We have audited the financial statements of Dunebrook, Inc. as of and for the years ended December 31, 2016 and 2015, and have issued our report thereon dated September 6, 2017, which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole.

The schedule of financial assistance received is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.


APPLEGATE & COMPANY
Certified Public Accountants

Michigan City, Indiana
September 6, 2017

DUNEBROOK, INC.

SCHEDULE OF FINANCIAL ASSISTANCE RECEIVED

December 31, 2016

| <u>Program Title</u> | <u>Government Agency Name</u> | <u>CFDA Number</u> | <u>Amount Received</u> | <u>Amount Disbursed</u> | <u>Type of Funding</u> |
|--|--|--------------------|------------------------|-------------------------|---|
| Healthy Families (MIEC HV) | Indiana Dept of Child Services | 93.505 | \$ 346,294 | \$ 383,567 | Fee for Service/Federal Grant Passthrough State |
| Healthy Families (TANF) | Indiana Dept of Child Services | 93.558 | 184,172 | 226,902 | Fee for Service/Federal Grant Passthrough State |
| Community Development Block Grants | US Dept of Housing & Urban Development | 14.218 | 8,000 | 9,270 | Federal Grant Passthrough Local |
| VOCA | Indiana Criminal Justice Institute | 16.575 | 29,446 | 44,616 | Federal Grant Passthrough State |
| Community Partners for Child Safety | Indiana Dept of Child Services | 93.590 | 895,074 | 1,113,745 | Federal Grant Passthrough State |
| Child Advocacy Center | Indiana Dept of Child Services | 93.590 | 63,148 | 89,170 | Federal Grant Passthrough State |
| Nurturing Parenting | Indiana Dept of Child Services | 93.590 | 143,635 | 171,420 | Fee for Service/Federal Grant Passthrough State |
| Healthy Families (State) | Indiana Dept of Child Services | N/A | <u>33,680</u> | <u>33,680</u> | Fee for Service/State and Local |
| | | | 1,703,449 | 2,072,370 | |
| Other government grants | | | 20,000 | 20,000 | |
| Accounts receivable | | | 368,921 | | |
| Program disbursements from other funding | | | | <u>290,628</u> | |
| | | | <u>\$2,092,370</u> | <u>\$2,382,998</u> | |