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B49346

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

January 18, 2018

Board of Directors
Healthy Communities of LaPorte County, Inc.
115 E 4Th Street
Michigan City, IN 46360

We have reviewed the report prepared by Healthy Communities of LaPorte County, Inc. and opined upon by Applegate & Company, PC, Independent Public Accountants, for the period January 1, 2015 to December 31, 2015. Per the *Independent Auditors Report* the financial statements included in the report present fairly the financial condition of Healthy Communities of LaPorte County, 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.

In our opinion, Applegate & Company, PC prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

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

HEALTHY COMMUNITIES
OF LAPORTE COUNTY, INC.
Michigan City, Indiana

ANNUAL REPORT
December 31, 2015

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APPLEGATE & COMPANY, PC

1421 South Woodland Avenue
Michigan City, Indiana 46360
(219) 871-7880
FAX (219) 879-0135
E-mail: admin@applecpa.com

CERTIFIED PUBLIC ACCOUNTANTS

Paul E. Applegate, CPA
John E. Applegate, PA
1920-1993
Blake E. Applegate, CPA
Megan M. Applegate, CPA
Ronald J. Delco, CPA
Charles C. Fox, CPA
Jason M. Nichols, CPA
Brenda K. Novak, CPA

REPORT OF INDEPENDENT AUDITORS

Board of Directors
Healthy Communities of
LaPorte County, Inc.
Michigan City, Indiana

We have audited the accompanying financial statements of Healthy Communities of LaPorte County, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities 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 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 audit 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 judgement, 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 a 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 Healthy Communities of LaPorte County, 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 29, 2016

HEALTHY COMMUNITIES OF LAPORTE COUNTY, INC.

STATEMENTS OF ACTIVITIES

For the years ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>UNRESTRICTED NET ASSETS</u>		
Tobacco settlement grant	\$ 73,390	\$ 97,102
CKF Funding	96,880	103,225
CHIPRA grant	47,214	49,348
Investment income/(loss)	(1,206)	3,498
Other contributions	<u>10,206</u>	<u>49,779</u>
Total support	226,484	302,952
PROGRAM EXPENSES	<u>241,008</u>	<u>293,546</u>
INCREASE/(DECREASE) IN UNRESTRICTED NET ASSETS	<u>(14,524)</u>	<u>9,406</u>
<u>TEMPORARILY RESTRICTED NET ASSETS</u>		
Grants released from restrictions	<u> </u>	<u>(46,739)</u>
DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u> </u>	<u>(46,739)</u>
CHANGE IN NET ASSETS	(14,524)	(37,333)
NET ASSETS AT BEGINNING OF YEAR	<u>194,673</u>	<u>232,006</u>
NET ASSETS AT END OF YEAR	<u>\$180,149</u>	<u>\$194,673</u>

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

HEALTHY COMMUNITIES OF LAPORTE COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 22,087	\$ 26,577
Investments (Note 7)	112,345	113,552
Accounts receivable	47,895	56,071
Prepaid expenses	973	955
Total current assets	<u>183,300</u>	<u>197,155</u>
<u>PROPERTY AND EQUIPMENT</u>		
Office furniture and equipment	9,369	9,369
Accumulated depreciation	<u>(7,848)</u>	<u>(6,019)</u>
Total property and equipment	<u>1,521</u>	<u>3,350</u>
Total assets	<u>\$184,821</u>	<u>\$200,505</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 1,727	\$ 682
Accrued payroll	894	1,545
Payroll liabilities	<u>2,051</u>	<u>3,605</u>
Total liabilities	<u>4,672</u>	<u>5,832</u>
<u>NET ASSETS</u>		
Unrestricted	<u>180,149</u>	<u>194,673</u>
Total net assets	<u>180,149</u>	<u>194,673</u>
Total liabilities and net assets	<u>\$184,821</u>	<u>\$200,505</u>

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

HEALTHY COMMUNITIES OF LAPORTE COUNTY, 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	\$ (14,524)	\$ (37,333)
Adjustments to reconcile change in net assets to net cash applied by operating activities		
Depreciation	1,829	1,829
Net (gain)/loss on investments	1,206	(3,498)
(Increase)/decrease in accounts receivable	8,176	(30,182)
Increase in other current assets	(18)	(92)
Increase/(decrease) in accounts payable	1,045	(257)
Increase/(decrease) in other current liabilities	<u>(2,204)</u>	<u>4,540</u>
Cash applied to operating activities	<u>(4,490)</u>	<u>(64,993)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Sale of investments	<u> </u>	<u>58,800</u>
Cash provided by investing activities	<u> </u>	<u>58,800</u>
NET DECREASE IN CASH	(4,490)	(6,193)
CASH AT BEGINNING OF YEAR	<u>26,577</u>	<u>32,770</u>
CASH AT END OF YEAR	<u>\$ 22,087</u>	<u>\$ 26,577</u>

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

HEALTHY COMMUNITIES OF LAPORTE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015 and 2014

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ORGANIZATION - Healthy Communities of LaPorte County, Inc. is a tax-exempt, not-for-profit organization under Internal Revenue Code Section 501(c) (3).

ORGANIZATIONAL MISSION STATEMENT - The mission of Healthy Communities of LaPorte County, Inc. is to initiate and support a dynamic community-wide change process that will enable LaPorte County citizens to identify, take ownership of, and find solutions to critical issues that impact their emotional, physical and spiritual health, and hence, the overall quality of life in LaPorte County.

The following values are embraced as central to Healthy Communities of LaPorte County, Inc.'s mission: diverse participation and widespread community ownership; respect for individual rights, opportunities and contributions; honest, ethical, professional and personal integrity and conduct; inclusive partnerships and collaborative planning and implementation; a pro-active approach to the building of a unified and healthy community; and the development of "common ground" upon which to build new unified systems.

ORGANIZATIONAL VISION STATEMENT - The vision statement of Healthy Communities of LaPorte County, Inc. is to be, through a collaborative network of community organizations, a significant catalyst for community change.

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HEALTHY COMMUNITIES OF LAPORTE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015 and 2014

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

FUNDING SOURCES - For the years ended December 31, 2015 and 2014, the Organization received approximately 32% and 32% of its unrestricted support from the Indiana Tobacco Settlement Fund.

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.

- Continued -

HEALTHY COMMUNITIES OF LAPORTE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015 and 2014

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

USE OF ESTIMATES - The preparation of the 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 the disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

CASH EQUIVALENTS - All highly liquid investments with a maturity of ninety days or less when purchased are considered cash equivalents and are reflected as cash in the statement of cash flows.

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. In the opinion of management, all accounts receivable at December 31, 2015 are fully collectible.

PROPERTY AND EQUIPMENT AND DEPRECIATION - Property and equipment are recorded at cost or, if donated, at the fair market value on the date of the

- Continued -

HEALTHY COMMUNITIES OF LAPORTE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015 and 2014

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

gift. Major improvements and renewals are capitalized while ordinary maintenance and repairs are expensed. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. For the years ended December 31, 2015 and 2014, depreciation totaled \$1,829 and \$1,829, respectively.

INCOME TAXES - Healthy Communities of LaPorte County, 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. The Organization's income tax returns are subject to examination by the appropriate taxing jurisdictions and the open tax years are 2012-2015.

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HEALTHY COMMUNITIES OF LAPORTE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015 and 2014

NOTE 2 - CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances in several local financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each bank. At December 31, 2015, the Organization's uninsured cash balances totaled \$-0-.

NOTE 3 - INVESTMENTS

The Organization reports investments at market value. Unrealized gains and losses are reflected in the Statements of Activities. Investments consist of the following at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Mutual Funds	<u>\$112,345</u>	<u>\$113,552</u>

Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the values of investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts in the financial statements.

NOTE 4 - FAIR VALUE

FINANCIAL INSTRUMENTS - The following methods and assumptions were used by Healthy Communities of LaPorte County, Inc. in estimating its fair value disclosures for financial instruments:

- Continued -

HEALTHY COMMUNITIES OF LAPORTE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015 and 2014

NOTE 4 - FAIR VALUE (Continued)

1. Cash and cash equivalents: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.
2. Short-term investments: The fair values of investments are based on quoted market prices for those or similar investments.
The estimated fair values of the Healthy Communities of LaPorte County, Inc. financial instruments are as follows:

	<u>2015</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial assets:		
Cash and cash equivalents	\$ 22,087	\$ 22,087
Investments	\$112,345	\$112,345

	<u>2014</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial assets:		
Cash and cash equivalents	\$ 26,577	\$ 26,577
Investments	\$113,552	\$113,552

The following table presents the Organization's fair value hierarchy for the financial assets measured at fair value on a recurring basis:

	<u>Fair Value</u>	<u>Quoted Prices In Active Markets For Identical Assets (Level 1)</u>
Investments	\$112,345	\$112,345

NOTE 5 - SUBSEQUENT EVENTS

No subsequent events were noted as of July 29, 2016, which is the date the financial statements were available to be issued.

APPLEGATE & COMPANY, PC

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Independent Auditors' Report On Supplementary Information

Board of Directors
Healthy Communities of
LaPorte County, Inc.
Michigan City, Indiana

We have audited the financial statements of Healthy Communities of LaPorte County, Inc. as of and for the years ended December 31, 2015 and 2014, and have issued our report thereon dated July 29, 2016 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 Schedules of Program Expenses are presented for the purposes of additional analysis and are 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
July 29, 2016

HEALTHY COMMUNITIES OF LAPORTE COUNTY, INC.

SCHEDULES OF PROGRAM EXPENSES

For the years ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Administrative salaries	\$ 48,419	\$ 67,897
Payroll taxes	8,918	10,079
Tobacco grant disbursements	71,516	92,068
Salaries - literacy		7,063
Subcontractors - literacy		1,679
Salaries - covering kids and families	68,560	64,814
Website development and maintenance	1,138	426
Professional fees	13,611	14,535
Office supplies	4,028	3,597
Telephone/Internet	4,251	5,808
Postage	77	294
Rent	3,165	3,869
Depreciation	1,829	1,829
Travel and auto	5,255	4,832
Contract disbursements		5,165
Covering kids and families expense	3,483	2,303
Consulting services		483
Conferences and meetings	20	630
Health insurance	1,875	3,300
Insurance	2,255	1,956
Miscellaneous	<u>2,608</u>	<u>919</u>
Total program expenses	<u>\$241,008</u>	<u>\$293,546</u>