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January 19, 2018

Board of Directors
Community Addiction
d/b/a Emberwood Center
1431 N. Delaware Street
Indianapolis, IN 46202

We have reviewed the report prepared by Community Addiction d/b/a Emberwood Center and opined upon by Alerding CPA Group, Independent Public Accountants, for the period July 1, 2014 to June 30, 2015. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Community Addiction d/b/a Emberwood Center as of June 30, 2015 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Alerding CPA Group 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.

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner



CONSOLIDATED FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

JUNE 30, 2015 AND 2014



MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

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JUNE 30, 2015 AND 2014

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Mental Health Association in Indiana, Inc.
Indianapolis, Indiana

We have audited the accompanying consolidated financial statements of Mental Health Association in Indiana, Inc., which comprise the consolidated statements of financial position as of June 30, 2015 and 2014, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mental Health Association in Indiana, Inc. as of June 30, 2015 and 2014 and the consolidated changes in net assets, functional expenses, and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Alderling CPA Group

March 31, 2016

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION JUNE 30, 2015 AND 2014

	<u>ASSETS</u>	
	<u>2015</u>	<u>2014</u>
Assets:		
Cash and cash equivalents	\$ 213,954	\$ 269,336
Investments	1,087,555	1,158,468
Program and grants receivable	477,988	348,240
Prepaid expenses and other assets	15,293	6,744
Property and equipment, net	<u>1,488,038</u>	<u>1,477,658</u>
Total assets	<u>\$ 3,282,828</u>	<u>\$ 3,260,446</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Long-term debt	\$ 485,653	\$ 500,683
Accounts payable	75,194	110,210
Accrued expenses	170,746	113,671
Deferred revenue	<u>1,000</u>	<u>8,240</u>
Total liabilities	<u>732,593</u>	<u>732,804</u>
Net Assets:		
Unrestricted net assets	2,542,235	2,509,278
Temporarily restricted net assets	<u>8,000</u>	<u>18,364</u>
Total net assets	<u>2,550,235</u>	<u>2,527,642</u>
Total liabilities and net assets	<u>\$ 3,282,828</u>	<u>\$ 3,260,446</u>

See accompanying Notes to Consolidated Financial Statements.

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Changes in Unrestricted Net Assets:		
Support and Revenues:		
Government professional services contracts and grants	\$ 1,896,487	\$ 1,731,428
Corporate and private grants	75,000	57,500
Contributions	41,152	43,372
In-kind contributions	70,000	-0-
Public services	412,299	398,189
Special events	151,793	129,267
Memberships and affiliate dues	34,524	41,385
Total support and revenues	<u>2,681,255</u>	<u>2,401,141</u>
Other Revenues:		
Interest and investment income, net	23,269	142,002
Other income	32,865	53,766
Total other revenue	<u>56,134</u>	<u>195,768</u>
Net Assets Released from Restrictions	<u>12,364</u>	<u>28,431</u>
Total unrestricted support and revenues	<u>2,749,753</u>	<u>2,625,340</u>
Expenses:		
Program services	2,333,120	2,214,850
Supporting services:		
Management and general	267,015	255,592
Fundraising	116,661	112,081
Total operating expenses	<u>2,716,796</u>	<u>2,582,523</u>
Increase in unrestricted net assets	<u>32,957</u>	<u>42,817</u>
Changes in Temporarily Restricted Net Assets:		
Contributions	2,000	2,000
Net assets released from restrictions	<u>(12,364)</u>	<u>(28,431)</u>
Decrease in temporarily restricted net assets	<u>(10,364)</u>	<u>(26,431)</u>
Total increase in net assets	22,593	16,386
Net Assets, Beginning of Year	<u>2,527,642</u>	<u>2,511,256</u>
Net Assets, End of Year	<u>\$ 2,550,235</u>	<u>\$ 2,527,642</u>

See accompanying Notes to Consolidated Financial Statements.

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2015 (WITH COMPARATIVE TOTALS FOR 2014)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2015 Consolidated Totals</u>	<u>2014 Consolidated Total</u>
Labor and Benefits:					
Salaries	\$ 1,166,323	\$ 149,867	\$ 30,388	\$ 1,346,578	\$ 1,350,685
Employee benefits	164,079	21,785	3,138	189,002	140,664
Payroll taxes and expense	<u>125,123</u>	<u>12,789</u>	<u>1,334</u>	<u>139,246</u>	<u>135,384</u>
Total labor and benefits	1,455,525	184,441	34,860	1,674,826	1,626,733
Other Expenses:					
Payments to consumers	199,131	-0-	-0-	199,131	195,470
Contracted therapy services	106,258	-0-	9,000	115,258	121,825
Other contracted services	73,046	3,929	2,925	79,900	79,747
Public education	58,310	-0-	2,000	60,310	54,033
Trainings	83,345	-0-	-0-	83,345	47,603
Depreciation	72,904	3,923	-0-	76,827	81,405
Occupancy	58,354	4,159	152	62,665	54,372
Professional fees	27,662	2,266	111	30,039	32,074
Interest expense	17	31,346	-0-	31,363	31,735
Travel	37,088	226	102	37,416	17,044
IT consultants	31,048	3,416	-0-	34,464	18,135
Maintenance	25,979	2,372	1,490	29,841	26,180
Insurance	13,824	9,682	47	23,553	24,328
Telephone	6,985	12,107	181	19,273	32,012
Bank fees	19,268	3,805	454	23,527	6,308
Office expenses	13,031	1,844	198	15,073	20,064
Special events	-0-	-0-	64,041	64,041	64,221
Other	<u>51,345</u>	<u>3,499</u>	<u>1,100</u>	<u>55,944</u>	<u>49,234</u>
Total expenses	<u>\$ 2,333,120</u>	<u>\$ 267,015</u>	<u>\$ 116,661</u>	<u>\$ 2,716,796</u>	<u>\$ 2,582,523</u>

See accompanying Notes to Consolidated Financial Statements.

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2014

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Consolidated Totals</u>
Labor and Benefits:				
Salaries	\$ 1,194,692	\$ 122,868	\$ 33,125	\$ 1,350,685
Employee benefits	120,722	18,784	1,158	140,664
Payroll taxes and expense	<u>123,164</u>	<u>11,375</u>	<u>845</u>	<u>135,384</u>
Total labor and benefits	1,438,578	153,027	35,128	1,626,733
Other Expenses:				
Payments to consumers	195,470	-0-	-0-	195,470
Contracted therapy services	114,400	175	7,250	121,825
Other contracted services	53,822	25,925	-0-	79,747
Public education	54,033	-0-	-0-	54,033
Trainings	47,603	-0-	-0-	47,603
Depreciation	75,279	3,549	2,577	81,405
Occupancy	51,958	2,414	-0-	54,372
Professional fees	27,387	4,122	565	32,074
Interest expense	-0-	31,735	-0-	31,735
Travel	16,672	177	195	17,044
IT consultants	15,920	2,215	-0-	18,135
Maintenance	23,166	1,875	1,139	26,180
Insurance	1,794	22,534	-0-	24,328
Telephone	28,741	3,271	-0-	32,012
Bank fees	5,411	897	-0-	6,308
Office expenses	17,801	2,030	233	20,064
Special events	-0-	-0-	64,221	64,221
Other	<u>46,815</u>	<u>1,646</u>	<u>773</u>	<u>49,234</u>
Total expenses	<u>\$ 2,214,850</u>	<u>\$ 255,592</u>	<u>\$ 112,081</u>	<u>\$ 2,582,523</u>

See accompanying Notes to Consolidated Financial Statements.

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Increase in net assets	\$ 22,593	\$ 16,386
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	76,827	81,405
Donated land	(70,000)	-0-
Net realized and unrealized gains on investments	(2,806)	(131,307)
Changes in operating assets and liabilities:		
Program and grants receivable	(129,748)	(77,142)
Prepaid expenses and other assets	(8,549)	(2,614)
Accounts payable	(35,016)	(36,710)
Accrued expenses	57,075	(13,803)
Deferred revenue	(7,240)	7,240
Net cash used in operating activities	<u>(96,864)</u>	<u>(156,545)</u>
Cash Flows from Investing Activities:		
Capital expenditures	(15,122)	(28,929)
Proceeds from sale (purchase) of investments, net of investment fees	<u>73,719</u>	<u>(30,120)</u>
Net cash provided by (used in) investing activities	<u>58,597</u>	<u>(59,049)</u>
Cash Flows from Financing Activities:		
Principal payments on long-term debt	<u>(17,115)</u>	<u>(17,325)</u>
Net decrease in cash and cash equivalents	(55,382)	(232,919)
Cash and Cash Equivalents, Beginning of Year	<u>269,336</u>	<u>502,255</u>
Cash and Cash Equivalents, End of Year	<u>\$ 213,954</u>	<u>\$ 269,336</u>
Supplemental Disclosure of Cash Flow Information:		
Cash payments for interest	<u>\$ 31,363</u>	<u>\$ 31,735</u>
Supplemental Disclosure of Non-Cash Investing and Financing Activity:		
Acquisition of equipment under capital lease	<u>\$ 2,085</u>	<u>\$ 20,913</u>

See accompanying Notes to Consolidated Financial Statements.

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

1. DESCRIPTION OF THE REPORTING ENTITY

The consolidated financial statements include the consolidated financial statements of Mental Health Association in Indiana, Inc. (the "MHA") d/b/a Mental Health America of Indiana (the "Association") which includes: Indiana Mental Health Memorial Foundation, Inc. (the "Foundation"), Community Addiction Services of Indiana, Inc. known as Emberwood Center ("Emberwood") and Associated Patient Services, Inc. known as Community Connections, Inc. ("Community Connections"). The Association is headquartered in Indianapolis, Indiana serving the needs of the mental health community in Indiana.

The financial statements are presented on a consolidated basis because of common control. All significant intercompany transactions and balances have been eliminated in consolidation. The consolidated financial statements do not include the accounts of any of the affiliated county chapters that are not under the direct control of the Association. Those chapters elect their own independent board of directors, conduct their own service programs and maintain their own separate financial accounts.

The programs and services provided by the Association include the following:

- The Association's Advocacy and Public Education programs work for the mental health of all citizens and for the victory over mental illness through public education, advocacy and public health reform.
- Emberwood promotes growth, respect and integrity through community-based services to address the cycle of addiction with individuals and families.
- Community Connections connects individuals to their communities by linking them to vocational and habilitation services.
- Indiana Center for Children and Families ("ICCF") provides assessment and therapeutic services for children, adolescents and families.
- ICAADA is a membership organization for addictions professionals, providing training and credentialing.
- Indiana Coalition to Reduce Underage Drinking ("ICRUD") creates healthier and safer environments by reducing the accessibility and availability of alcohol to underage persons.
- Indiana Addiction Issues Coalition, Inc. ("IAIC") advocates on behalf of people with addictive disorders by promoting recovery through advocacy, public education and service.
- Indiana Association of Infant and Toddler Mental Health, Inc. ("IAITMH") advances the conditions which provide an early start toward optimal mental health.

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

- Depression and Bipolar Support Alliance Indiana, Inc. (“DBSAI”) – educates and fosters self-help for patients and families; works to eliminate discrimination and stigma to improve access to care; and advocates for research toward the elimination of these illnesses.
- Junior Mental Health America of Indiana, Inc. (“JMHA”) serves as an educational forum for middle and high school students and provides volunteer and leadership opportunities for its members.
- Indiana Association Substance Abuse Providers, Inc. (“Indiana ASAP”) promotes the mutual interest of substance abuse prevention and treatment programs in the state of Indiana.
- Indiana Mental Health and Aging Coalition (IMHAC) enhances the mental health of older adults in Indiana through public education, training, and advocacy by improving access to mental health services and providing a forum of cooperation and collaboration for aging and mental health networks.
- The Foundation has been a conduit for individuals and organizations to fund mental health advocacy and programming for over 50 years.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the Association in the preparation of its consolidated financial statements are summarized below:

Basis of Presentation

Net assets, support, revenue and expenses are classified based on the existence or absence of donor-imposed restrictions. Unrestricted assets are net assets not subject to donor-imposed restrictions and are, therefore, available to support the general operations of the Association. Temporarily restricted net assets are net assets subject to donor-imposed restrictions related to specific projects or the passage of time or the occurrence of certain events.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (“U.S GAAP”) requires management to make estimates and assumptions that affect the reported amounts in the financial statements and notes to the financial statements. Actual results could differ from those estimates. Significant estimates made in preparation of the Association’s consolidated financial statements including collectability of program receivables, useful lives of property and equipment, and the classification of functional expenses.

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

Cash and Cash Equivalents

Cash and cash equivalents represent amounts held in checking and money market accounts. All liquid investments with original maturity dates of three months or less are classified as cash equivalents.

Revenue Recognition and Program Receivables

Support and program revenues are reported as increases in unrestricted or temporarily restricted net assets based upon donor-imposed restrictions, if any. Contributions are recognized when the donor makes an unconditional promise to give to the Association either in writing or verbally. Revenues are reported as temporarily restricted revenues if the donor stipulates specific limitation as to the use of the gift, pledge or contributions, including passage of time or other terms limiting its uses. When a donor restriction expires, temporarily restricted net assets are released and transferred to unrestricted net assets.

Program receivables are reported at the amount invoiced, net of an allowance for doubtful accounts. The Association, on a periodic basis, evaluates its accounts receivable and establishes an allowance for doubtful accounts based on past write-offs, collections, and current credit conditions. There was no allowance for doubtful accounts as of June 30, 2015 and 2014.

Property, Equipment and Depreciation

Purchased property and equipment are recorded at cost. Items donated are recorded at fair market value on the date of donation. Costs of improvements are capitalized and costs of repairs and maintenance are expensed as incurred. Depreciation is recorded over the estimated useful lives of the assets utilizing the straight-line method. The lives of these assets range from 3 to 30 years.

Functional Expenses

Expenses are functionally classified as Program Services, Management and General, and Fundraising. Classifications are based on actual direct expenditures, cost allocations determined by estimates of time spent by Association personnel, and percentages as determined by Management.

Income Taxes

The Association is exempt from Federal and state income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding state law. Accordingly, no provision has been made for Federal or state income taxes.

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

Management of the Association evaluates all significant tax positions to ensure compliance with the exempt purpose of the association as required by U.S. GAAP, including consideration of any unrelated business income tax. As of June 30, 2015, Management does not believe the Association has taken any tax positions that are not in compliance with the exempt purpose of the association. The Association's Federal and state tax returns remain open and subject to examination beginning with the calendar tax year ended June 30, 2012.

Reclassification

Certain amounts from the 2014 statement of activities and changes in net assets and functional expenses have been reclassified herein to conform to the 2015 presentation.

Subsequent Events

Subsequent events have been evaluated through March 31, 2016, which is the date the consolidated financial statements were available for issuance.

3. INVESTMENTS

Investments are reported at fair value and, at June 30, 2015 and 2014, include the following:

	<u>2015</u>		<u>2014</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 10,234	\$ 10,234	\$ 50,002	\$ 50,002
Corporate bonds	28,385	28,368	37,082	37,094
Government bonds	112,982	113,445	111,419	112,230
Equities securities	396,958	478,341	428,002	547,047
Equity mutual funds	226,086	239,343	54,156	66,101
Mutual and index funds	<u>221,187</u>	<u>217,824</u>	<u>339,001</u>	<u>345,994</u>
	<u>\$ 995,832</u>	<u>\$ 1,087,555</u>	<u>\$ 1,019,662</u>	<u>\$ 1,158,468</u>

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

Interest and investment income include the following for the years ended June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Interest and dividend income	\$ 33,934	\$ 30,340
Net realized gains	49,890	96,722
Net unrealized gains (losses)	<u>(47,084)</u>	<u>34,585</u>
	36,740	161,647
Investment fees	<u>(13,471)</u>	<u>(19,645)</u>
	<u>\$ 23,269</u>	<u>\$ 142,002</u>

4. FAIR VALUE MEASUREMENTS

U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP also establishes a fair value hierarchy, which requires the Association to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following three levels are defined by U.S. GAAP as a means of measuring fair value:

Level 1

Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2

Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3

Unobservable inputs reflecting the entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

Assets measured at fair value at June 30, 2015 include the following:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 213,954	\$ -0-	\$ -0-	\$ 213,954
Investments				
Money market funds	10,234	-0-	-0-	10,234
Corporate bonds	-0-	28,368	-0-	28,368
Government bonds	-0-	113,445	-0-	113,445
Equities securities	478,341	-0-	-0-	478,341
Equity mutual funds	239,343	-0-	-0-	239,343
Mutual and index funds	<u>217,824</u>	<u>-0-</u>	<u>-0-</u>	<u>217,824</u>
	<u>\$ 1,159,696</u>	<u>\$ 141,813</u>	<u>\$ -0-</u>	<u>\$ 1,301,509</u>

Assets measured at fair value at June 30, 2014 include the following:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 269,336	\$ -0-	\$ -0-	\$ 269,336
Investments				
Money market funds	50,002	-0-	-0-	50,002
Corporate bonds	-0-	37,094	-0-	37,094
Government bonds	-0-	112,230	-0-	112,230
Equities securities	547,047	-0-	-0-	547,047
Equity mutual funds	66,101	-0-	-0-	66,101
Mutual and index funds	<u>345,994</u>	<u>-0-</u>	<u>-0-</u>	<u>345,994</u>
	<u>\$ 1,278,480</u>	<u>\$ 149,324</u>	<u>\$ -0-</u>	<u>\$ 1,427,804</u>

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

5. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2015 and 2014 include the following:

	<u>2015</u>	<u>2014</u>
Land and land improvements	\$ 294,697	\$ 224,697
Building and building improvements	1,682,200	1,673,445
Furniture and equipment	<u>397,685</u>	<u>409,220</u>
	2,374,582	2,307,362
Less accumulated depreciation	<u>886,544</u>	<u>829,704</u>
	<u>\$ 1,488,038</u>	<u>\$ 1,477,658</u>

6. LINE OF CREDIT

The Organization has a \$235,000 line of credit with a bank which is open until May 2016 at which time it is subject to renewal. Borrowings under this facility bear interest at the bank's prime rate plus 1% (4.25% at June 30, 2015). The line of credit is secured by substantially all assets of the Organization. There were no borrowings on the line of credit for the year ended June 30, 2015.

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

7. LONG-TERM DEBT

Long-term debt at June 30, 2015 and 2014 includes the following:

	<u>2015</u>	<u>2014</u>
Note payable to bank; 6.75%, payable in monthly installments of \$1,533 including interest through May 2021.	\$ 177,792	\$ 183,969
Note payable to bank; 5.2%, payable in monthly installments of \$1,447 including interest through April 2030.	178,324	-0-
Note payable to bank; 5.2%, payable in monthly installments of \$900 including interest interest through April 2030.	110,959	-0-
Note payable to bank; refinanced during 2015.	-0-	182,762
Note payable to bank; refinanced during 2015.	-0-	113,852
Other	<u>18,578</u>	<u>20,100</u>
	<u>\$ 485,653</u>	<u>\$ 500,683</u>

The notes payable to bank are secured by substantially all assets of the Association, including mortgages on real estate, and contain prepayment penalties.

Annual maturities of long-term debt at June 30, 2015 are as follows:

Years Ending <u>June 30,</u>	
2016	\$ 23,972
2017	25,702
2018	27,541
2019	27,980
2020	24,937
Thereafter	<u>355,521</u>
	<u>\$ 485,653</u>

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

8. 401(K) PROFIT SHARING PLAN

The Association has a 401(k) Profit Sharing Plan which covers substantially all employees who meet certain eligibility requirements and provides for a tax deferred profit sharing contribution by the Association and an employee elective contribution. With respect to the employee contribution, a participant's contributions may not exceed the maximum amount allowed as determined by the Internal Revenue Code. As of June 30, 2015 and 2014, the Association has accrued \$5,217 and \$4,928, respectively, towards funding the employer elective profit sharing contribution. Plan expense for the years ended June 30, 2015 and 2014 was \$9,597 and \$8,516, respectively.

9. OPERATING LEASE

The Association leases office equipment under the terms of an operating lease ending in May 2019. The lease requires monthly payments of \$1,055, excluding maintenance charges. All other lease agreements are informal and/or cancelable. Total lease expense charged to operations for the years ended June 30, 2015 and 2014 was \$17,383 and \$18,811, respectively.

Future minimum lease payments at June 30, 2015 required under the operating lease is as follows:

Years Ending <u>June 30,</u>	
2016	\$ 12,660
2017	12,660
2018	12,660
2019	<u>11,605</u>
	<u>\$ 49,585</u>

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

10. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
JMHA programming	\$ -0-	\$ 10,364
Scholarship fund	5,000	5,000
Autism counseling	2,000	2,000
Special projects	<u>1,000</u>	<u>1,000</u>
Total temporarily restricted net assets	<u>\$ 8,000</u>	<u>\$ 18,364</u>

11. NET ASSETS RELEASED FROM RESTRICTION

Net assets released from restrictions, due to the satisfaction of donor-imposed restrictions, totaled \$12,364 and \$28,431 for the years ended June 30, 2015 and 2014, respectively. The assets were used for program expenses and operations as stipulated by the donors.

12. CONCENTRATION OF CREDIT RISK

Cash and Cash Equivalents

The Association maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Program and Grants Receivable and Revenue:

At June 30, 2015 and for the year ended, 88% of program and grants receivable were from three (3) grantors and 70% of the Association's support and revenue were from two (2) grantors.

At June 30, 2014 and for the year ended, 58% of program and grants receivable were from three (3) grantors and 66% of the Association's support and revenue were from two (2) grantors.

SUPPLEMENTARY INFORMATION

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION JUNE 30, 2015

	<u>ASSETS</u>					
	<u>MHAI</u>	<u>Foundation</u>	<u>Emberwood</u>	<u>Community Connections</u>	<u>Eliminations</u>	<u>Consolidated Totals</u>
Current Assets:						
Cash and cash equivalents	\$ 192,777	\$ 21,177	\$ -0-	\$ -0-	\$ -0-	\$ 213,954
Investments	693,934	393,621	-0-	-0-	-0-	1,087,555
Program and grants receivable	410,801	-0-	32,500	34,687	-0-	477,988
Intercompany	251,341	-0-	114,326	188,033	(553,700)	-0-
Prepaid expenses and other assets	4,307	-0-	10,731	5,718	(5,463)	15,293
Property and equipment, net	<u>1,488,038</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,488,038</u>
Total assets	<u>\$ 3,041,198</u>	<u>\$ 414,798</u>	<u>\$ 157,557</u>	<u>\$ 228,438</u>	<u>\$ (559,163)</u>	<u>\$ 3,282,828</u>
<u>LIABILITIES AND NET ASSETS</u>						
Liabilities:						
Long-term debt	\$ 485,653	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 485,653
Accounts payable	56,536	-0-	15,402	3,256	-0-	75,194
Intercompany	404,703	148,997	-0-	-0-	(553,700)	-0-
Accrued expenses	125,908	-0-	35,321	9,517	-0-	170,746
Deferred revenue	6,463	-0-	-0-	-0-	(5,463)	1,000
Total liabilities	<u>1,079,263</u>	<u>148,997</u>	<u>50,723</u>	<u>12,773</u>	<u>(559,163)</u>	<u>732,593</u>
Net Assets:						
Unrestricted net assets	1,953,935	265,801	106,834	215,665	-0-	2,542,235
Temporarily restricted net assets	<u>8,000</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>8,000</u>
Total net assets	<u>1,961,935</u>	<u>265,801</u>	<u>106,834</u>	<u>215,665</u>	<u>-0-</u>	<u>2,550,235</u>
Total liabilities and net assets	<u>\$ 3,041,198</u>	<u>\$ 414,798</u>	<u>\$ 157,557</u>	<u>\$ 228,438</u>	<u>\$ (559,163)</u>	<u>\$ 3,282,828</u>

See Independent Auditor's Report on pages 1-2.

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS JUNE 30, 2015

	<u>MHAI</u>	<u>Foundation</u>	<u>Emberwood</u>	<u>Community Connection</u>	<u>Eliminations</u>	<u>Consolidated Totals</u>
Changes in Unrestricted Net Assets:						
Support and Revenues:						
Government professional services contracts and grants	\$ 1,088,001	\$ -0-	\$ 656,762	\$ 151,724	\$ -0-	\$ 1,896,487
Corporate and private grants	75,000	-0-	-0-	-0-	-0-	75,000
Contributions	40,654	450	48	-0-	-0-	41,152
In-kind contributions	70,000	-0-	-0-	-0-	-0-	70,000
Public services	311,155	-0-	39,756	62,638	(1,250)	412,299
Special events	151,793	-0-	-0-	-0-	-0-	151,793
Memberships and affiliate dues	35,049	-0-	-0-	-0-	(525)	34,524
Total support and revenues	<u>1,771,652</u>	<u>450</u>	<u>696,566</u>	<u>214,362</u>	<u>(1,775)</u>	<u>2,681,255</u>
Other Revenues:						
Interest and investment income, net	25,776	(2,507)	-0-	-0-	-0-	23,269
Other income	286,741	5	584	1	(254,466)	32,865
Total other revenue	<u>312,517</u>	<u>(2,502)</u>	<u>584</u>	<u>1</u>	<u>(254,466)</u>	<u>56,134</u>
Net Assets Released from Restrictions	<u>12,364</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>12,364</u>
Total unrestricted support and revenues	<u>2,096,533</u>	<u>(2,052)</u>	<u>697,150</u>	<u>214,363</u>	<u>(256,241)</u>	<u>2,749,753</u>
Expenses:						
Program services	1,667,756	3,917	658,029	259,659	(256,241)	2,333,120
Supporting services:						
Management and general	267,015	-0-	-0-	-0-	-0-	267,015
Fundraising	116,661	-0-	-0-	-0-	-0-	116,661
Total operating expenses	<u>2,051,432</u>	<u>3,917</u>	<u>658,029</u>	<u>259,659</u>	<u>(256,241)</u>	<u>2,716,796</u>
Increase (decrease) in unrestricted net assets	<u>45,101</u>	<u>(5,969)</u>	<u>39,121</u>	<u>(45,296)</u>	<u>-0-</u>	<u>32,957</u>
Changes in Temporarily Restricted Net Assets:						
Contributions	2,000	-0-	-0-	-0-	-0-	2,000
Net assets released from restrictions	(12,364)	-0-	-0-	-0-	-0-	(12,364)
Decrease in temporarily restricted net assets	<u>(10,364)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(10,364)</u>
Total increase (decrease) in net assets	<u>34,737</u>	<u>(5,969)</u>	<u>39,121</u>	<u>(45,296)</u>	<u>-0-</u>	<u>22,593</u>
Net Assets, Beginning of Year	<u>1,927,198</u>	<u>271,770</u>	<u>67,713</u>	<u>260,961</u>	<u>-0-</u>	<u>2,527,642</u>
Net Assets, End of Year	<u>\$ 1,961,935</u>	<u>\$ 265,801</u>	<u>\$ 106,834</u>	<u>\$ 215,665</u>	<u>\$ -0-</u>	<u>\$ 2,550,235</u>

See Independent Auditor's Report on pages 1-2.