



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B49364

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](http://www.in.gov/sboa)

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, 2015 to June 30, 2016. 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, 2016 and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the finding in the report on page 27 which outlines a significant deficiency in internal control over financial reporting and which is referred to in the Independent Auditor's Report on Internal Control Over Financial Reporting. Please see the Schedule of Findings and Questioned Costs for complete details related to the findings. Management's response and planned corrective action may be found on page 28.

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.

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



CONSOLIDATED FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION

JUNE 30, 2016 AND 2015



# MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

## TABLE OF CONTENTS

JUNE 30, 2016 AND 2015

	Page
<b>Independent Auditor's Report</b>	1 - 2
<b>Consolidated Financial Statements:</b>	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities and Changes in Net Assets	4
Consolidated Statements of Functional Expenses	5 - 6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8 - 16
<b>Supplementary Information (June 30, 2016):</b>	
Consolidating Statement of Financial Position	17
Consolidating Statement of Activities and Changes in Net Assets	18
Schedule of Federal, State and Local Government Grant Awards	19
Schedule of Expenditures of Federal Awards	20
Notes to Schedule of Expenditures of Federal Awards	21
<b>Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance With Government Auditing Standards</b>	22 - 23
<b>Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance</b>	24 - 25
<b>Schedule of Findings and Questioned Costs</b>	26 - 27
<b>Corrective Action Plan</b>	28
<b>Summary Schedule of Prior Audit Findings</b>	Omitted



4181 E. 96<sup>th</sup> Street, Suite 180  
Indianapolis, IN 46240  
Phone: 317.569.4181  
Toll Free: 888.922.4941  
www.alerdingcpagroup.com

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Mental Health Association in Indiana, Inc. (the "Association"), which comprise the consolidated statements of financial position as of June 30, 2016 and 2015, 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, 2016 and 2015 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 audit was 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.

## **Other Reporting Required by *Government Auditing Standards***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 schedule of expenditures of Federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report, dated March 30, 2017, on our consideration of the Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters for the year ended June 30, 2016. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.

*Alending CIA Group*

March 30, 2017

# MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION JUNE 30, 2016 AND 2015

	<u>ASSETS</u>	
	<u>2016</u>	<u>2015</u>
<b>Assets:</b>		
Cash and cash equivalents	\$ 129,728	\$ 213,954
Investments	1,081,589	1,087,555
Program and grants receivable	494,378	477,988
Prepaid expenses and other assets	26,263	15,293
Property and equipment, net	<u>1,451,888</u>	<u>1,488,038</u>
Total assets	<u>\$ 3,183,846</u>	<u>\$ 3,282,828</u>

### LIABILITIES AND NET ASSETS

<b>Liabilities:</b>		
Long-term debt	\$ 461,680	\$ 485,653
Accounts payable	153,845	75,194
Accrued expenses	138,836	170,746
Deferred revenue	<u>24,791</u>	<u>1,000</u>
Total liabilities	<u>779,152</u>	<u>732,593</u>
<b>Net Assets:</b>		
Unrestricted net assets	2,404,694	2,542,235
Temporarily restricted net assets	<u>-0-</u>	<u>8,000</u>
Total net assets	<u>2,404,694</u>	<u>2,550,235</u>
Total liabilities and net assets	<u>\$ 3,183,846</u>	<u>\$ 3,282,828</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, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<b>Changes in Unrestricted Net Assets:</b>		
<b>Support and Revenues:</b>		
Government professional services contracts and grants	\$ 1,958,356	\$ 1,896,487
Corporate and private grants	198,005	75,000
Contributions	47,093	41,152
In-kind contributions	-0-	70,000
Public services	348,482	412,299
Special events	141,851	151,793
Memberships and affiliate dues	<u>34,402</u>	<u>34,524</u>
Total support and revenues	<u>2,728,189</u>	<u>2,681,255</u>
<b>Other Revenues:</b>		
Interest and investment income (loss), net	(20,053)	23,269
Other income	<u>35,960</u>	<u>32,865</u>
Total other revenue	<u>15,907</u>	<u>56,134</u>
<b>Net Assets Released from Restrictions</b>	<u>8,000</u>	<u>12,364</u>
Total unrestricted support and revenues	<u>2,752,096</u>	<u>2,749,753</u>
<b>Expenses:</b>		
Program services	2,450,896	2,333,120
Supporting services:		
Management and general	304,676	267,015
Fundraising	<u>134,065</u>	<u>116,661</u>
Total operating expenses	<u>2,889,637</u>	<u>2,716,796</u>
Increase (decrease) in unrestricted net assets	<u>(137,541)</u>	<u>32,957</u>
<b>Changes in Temporarily Restricted Net Assets:</b>		
Contributions	-0-	2,000
Net assets released from restrictions	<u>(8,000)</u>	<u>(12,364)</u>
Decrease in temporarily restricted net assets	<u>(8,000)</u>	<u>(10,364)</u>
Total increase (decrease) in net assets	(145,541)	22,593
<b>Net Assets, Beginning of Year</b>	<u>2,550,235</u>	<u>2,527,642</u>
<b>Net Assets, End of Year</b>	<u>\$ 2,404,694</u>	<u>\$ 2,550,235</u>

See accompanying Notes to Consolidated Financial Statements.

## MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

### CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2016 (WITH COMPARATIVE TOTALS FOR 2015)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2016 Consolidated Totals</u>	<u>2015 Consolidated Total</u>
<b>Labor and Benefits:</b>					
Salaries	\$ 1,286,330	\$ 176,087	\$ 34,464	\$ 1,496,881	\$ 1,346,578
Employee benefits	174,364	29,398	3,052	206,814	189,002
Payroll taxes and expense	<u>122,667</u>	<u>14,531</u>	<u>2,087</u>	<u>139,285</u>	<u>139,246</u>
Total labor and benefits	1,583,361	220,016	39,603	1,842,980	1,674,826
<b>Other Expenses:</b>					
Payments to consumers	66,728	-0-	-0-	66,728	199,131
Contracted therapy services	82,923	-0-	-0-	82,923	115,258
Other contracted services	115,738	2,874	14,784	133,396	79,900
Public education	114,428	-0-	-0-	114,428	60,310
Trainings	178,022	1,941	299	180,262	83,345
Depreciation	75,990	4,060	-0-	80,050	76,827
Occupancy	49,842	3,316	247	53,405	62,665
Professional fees	27,818	4,493	500	32,811	30,039
Interest expense	185	28,772	-0-	28,957	31,363
Travel	23,169	219	161	23,549	37,416
IT consultants	26,083	2,198	-0-	28,281	34,464
Maintenance	27,941	2,420	-0-	30,361	29,841
Insurance	9,211	11,803	53	21,067	23,553
Telephone	3,609	14,536	268	18,413	19,273
Bank fees	5,695	3,104	227	9,026	23,527
Office expenses	34,996	1,796	4	36,796	15,073
Special events	2,686	-0-	76,866	79,552	64,041
Other	<u>22,471</u>	<u>3,128</u>	<u>1,053</u>	<u>26,652</u>	<u>55,944</u>
Total expenses	<u>\$ 2,450,896</u>	<u>\$ 304,676</u>	<u>\$ 134,065</u>	<u>\$ 2,889,637</u>	<u>\$ 2,716,796</u>

See accompanying Notes to Consolidated Financial Statements.

## MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

### CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2015

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

See accompanying Notes to Consolidated Financial Statements.

## MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

### CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<b>Cash Flows from Operating Activities:</b>		
Increase (decrease) in net assets	\$ (145,541)	\$ 22,593
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	80,050	76,827
Donated land	-0-	(70,000)
Net realized and unrealized (gains) losses on investments	43,559	(2,806)
Changes in operating assets and liabilities:		
Program and grants receivable	(16,390)	(129,748)
Prepaid expenses and other assets	(10,970)	(8,549)
Accounts payable	78,651	(35,016)
Accrued expenses	(31,910)	57,075
Deferred revenue	23,791	(7,240)
Net cash provided by (used in) operating activities	<u>21,240</u>	<u>(96,864)</u>
<b>Cash Flows from Investing Activities:</b>		
Capital expenditures	(43,900)	(15,122)
Proceeds from sale (purchase) of investments, net of investment fees	<u>(37,593)</u>	<u>73,719</u>
Net cash provided by (used in) investing activities	<u>(81,493)</u>	<u>58,597</u>
<b>Cash Flows from Financing Activities:</b>		
Principal payments on long-term debt	<u>(23,973)</u>	<u>(17,115)</u>
Net decrease in cash and cash equivalents	(84,226)	(55,382)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>213,954</u>	<u>269,336</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 129,728</u>	<u>\$ 213,954</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash payments for interest	<u>\$ 28,957</u>	<u>\$ 31,363</u>
<b>Supplemental Disclosure of Non-Cash Investing and Financing Activity:</b>		
Acquisition of equipment	<u>\$ -0-</u>	<u>\$ 2,085</u>

See accompanying Notes to Consolidated Financial Statements.

# MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

### 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. This program was dissolved during 2016.
- 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. d/b/a Infancy Onward, 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, 2016 AND 2015

- 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 include 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, 2016 AND 2015

### 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

Public services revenue is recognized at the time the service is provided. 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, 2016 and 2015.

### 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, 2016 AND 2015

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, 2016, 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, 2013.

#### Subsequent Events

Subsequent events have been evaluated through March 30, 2017, which is the date the consolidated financial statements were available for issuance.

### 3. INVESTMENTS

Investments are reported at fair value and, at June 30, 2016 and 2015, include the following:

	2016		2015	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 5,572	\$ 5,572	\$ 10,234	\$ 10,234
Corporate bonds	37,184	37,377	28,385	28,368
Government bonds	116,905	119,709	112,982	113,445
Equities securities	395,562	443,834	396,958	478,341
Equity mutual funds	301,215	279,026	226,086	239,343
Mutual and index funds	200,333	196,071	221,187	217,824
	<u>\$ 1,056,771</u>	<u>\$ 1,081,589</u>	<u>\$ 995,832</u>	<u>\$ 1,087,555</u>

Interest and investment income include the following for the years ended June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Interest and dividend income	\$ 39,022	\$ 33,934
Net realized gains	27,831	49,890
Net unrealized gains (losses)	(66,905)	(47,084)
	(52)	36,740
Investment fees	(20,001)	(13,471)
	<u>\$ (20,053)</u>	<u>\$ 23,269</u>

# MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

### 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.

Assets measured at fair value at June 30, 2016 include the following:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 129,728	\$ -0-	\$ -0-	\$ 129,728
Investments				
Money market funds	5,572	-0-	-0-	5,572
Corporate bonds	-0-	37,377	-0-	37,377
Government bonds	-0-	119,709	-0-	119,709
Equities securities	443,834	-0-	-0-	443,834
Equity mutual funds	279,026	-0-	-0-	279,026
Mutual and index funds	196,071	-0-	-0-	196,071
	<u>\$ 1,054,231</u>	<u>\$ 157,086</u>	<u>\$ -0-</u>	<u>\$ 1,211,317</u>

# MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

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>

### 5. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2016 and 2015 include the following:

	<u>2016</u>	<u>2015</u>
Land and land improvements	\$ 294,697	\$ 294,697
Building and building improvements	1,721,450	1,682,200
Furniture and equipment	<u>378,037</u>	<u>397,685</u>
	2,394,184	2,374,582
Less accumulated depreciation	<u>942,296</u>	<u>886,544</u>
	<u>\$ 1,451,888</u>	<u>\$ 1,488,038</u>

### 6. LINE OF CREDIT

The Organization has \$235,000 of available borrowings under a line of credit with a bank which is subject to renewal in May 2017. Borrowings under this facility bear interest at the bank's prime rate plus 1% (4.50% at June 30, 2016). The line of credit is secured by substantially all assets of the Organization. There were no borrowings on the line of credit for the years ended June 30, 2016 and 2015.

# MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

### 7. LONG-TERM DEBT

Long-term debt at June 30, 2016 and 2015 includes the following:

	<u>2016</u>	<u>2015</u>
Note payable to bank; 6.75%, payable in monthly installments of \$1,533 including interest through May 2021.	\$ 171,184	\$ 177,792
Note payable to bank; 5.2%, payable in monthly installments of \$1,447 including interest through April 2030.	170,196	178,324
Note payable to bank; 5.2%, payable in monthly installments of \$900 including interest interest through April 2030.	105,902	110,959
Other	<u>14,398</u>	<u>18,578</u>
	<u>\$ 461,680</u>	<u>\$ 485,653</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, 2016 are as follows:

Years Ending <u>June 30,</u>	
2017	\$ 25,702
2018	27,541
2019	27,981
2020	24,938
2021	157,022
Thereafter	<u>198,496</u>
	<u>\$ 461,680</u>

# MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

### 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, 2016 and 2015, the Association has accrued \$6,413 and \$5,217, respectively, towards funding the employer elective profit sharing contribution. Pension expense for the years ended June 30, 2016 and 2015 was \$10,976 and \$9,597, 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, 2016 and 2015 was \$17,967 and \$17,383, respectively.

Future minimum lease payments at June 30, 2016 required under the operating lease is as follows:

Years Ending June 30,	
2017	\$ 12,660
2018	12,660
2019	11,605
	<u>\$ 36,925</u>

### 10. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Scholarship fund	\$ -0-	\$ 5,000
Autism counseling	-0-	2,000
Special projects	<u>-0-</u>	<u>1,000</u>
Total temporarily restricted net assets	<u>\$ -0-</u>	<u>\$ 8,000</u>

# MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

### 11. NET ASSETS RELEASED FROM RESTRICTION

Net assets released from restrictions, due to the satisfaction of donor-imposed restrictions, totaled \$8,000 and \$12,364 for the years ended June 30, 2016 and 2015, 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, 2016 and for the year ended, 96% of program and grants receivable were from four (4) grantors and 74% of the Association's support and revenue were from two (2) grantors.

At June 30, 2015 and for the year ended, 94% of program and grants receivable were from three (3) grantors and 69% 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, 2016

	<u>ASSETS</u>					
	<u>MHAI</u>	<u>Foundation</u>	<u>Emberwood</u>	<u>Community Connections</u>	<u>Eliminations</u>	<u>Consolidated Totals</u>
<b>Current Assets:</b>						
Cash and cash equivalents	\$ 114,880	\$ 14,848	\$ -0-	\$ -0-	\$ -0-	\$ 129,728
Investments	676,933	404,656	-0-	-0-	-0-	1,081,589
Program and grants receivable	470,814	90	23,474	-0-	-0-	494,378
Intercompany	648,705	-0-	146,734	-0-	(795,439)	-0-
Prepaid expenses and other assets	19,375	-0-	6,888	-0-	-0-	26,263
Property and equipment, net	<u>1,451,888</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,451,888</u>
Total assets	<u>\$ 3,382,595</u>	<u>\$ 419,594</u>	<u>\$ 177,096</u>	<u>\$ -0-</u>	<u>\$ (795,439)</u>	<u>\$ 3,183,846</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>						
<b>Liabilities:</b>						
Long-term debt	\$ 461,680	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 461,680
Accounts payable	140,109	-0-	13,736	-0-	-0-	153,845
Intercompany	645,172	150,267	-0-	-0-	(795,439)	-0-
Accrued expenses	104,741	-0-	34,095	-0-	-0-	138,836
Deferred revenue	<u>24,791</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>24,791</u>
Total liabilities	<u>1,376,493</u>	<u>150,267</u>	<u>47,831</u>	<u>-0-</u>	<u>(795,439)</u>	<u>779,152</u>
Unrestricted Net Assets	<u>2,006,102</u>	<u>269,327</u>	<u>129,265</u>	<u>-0-</u>	<u>-0-</u>	<u>2,404,694</u>
Total liabilities and net assets	<u>\$ 3,382,595</u>	<u>\$ 419,594</u>	<u>\$ 177,096</u>	<u>\$ -0-</u>	<u>\$ (795,439)</u>	<u>\$ 3,183,846</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, 2016

	MHAJ	Foundation	Emberwood	Community Connections	Eliminations	Consolidated Totals
<b>Changes in Unrestricted Net Assets:</b>						
<b>Support and Revenues:</b>						
Government professional services contracts and grants	\$ 1,327,677	\$ -0-	\$ 622,283	\$ 8,396	\$ -0-	\$ 1,958,356
Corporate and private grants	185,021	-0-	12,984	-0-	-0-	198,005
Contributions	46,933	40	120	-0-	-0-	47,093
Public services	322,275	-0-	26,307	-0-	(100)	348,482
Special events	141,851	-0-	-0-	-0-	-0-	141,851
Memberships and affiliate dues	34,527	-0-	-0-	-0-	(125)	34,402
Total support and revenues	<u>2,058,284</u>	<u>40</u>	<u>661,694</u>	<u>8,396</u>	<u>(225)</u>	<u>2,728,189</u>
<b>Other Revenues:</b>						
Interest and investment income (loss), net	(24,759)	4,706	-0-	-0-	-0-	(20,053)
Other income	172,394	-0-	369	-0-	(136,803)	35,960
Total other revenue	<u>147,635</u>	<u>4,706</u>	<u>369</u>	<u>-0-</u>	<u>(136,803)</u>	<u>15,907</u>
<b>Net Assets Released from Restrictions</b>	<u>8,000</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>8,000</u>
Total unrestricted support and revenues	<u>2,213,919</u>	<u>4,746</u>	<u>662,063</u>	<u>8,396</u>	<u>(137,028)</u>	<u>2,752,096</u>
<b>Expenses:</b>						
Program services	1,927,876	1,220	639,632	19,196	(137,028)	2,450,896
Supporting services:						
Management and general	304,676	-0-	-0-	-0-	-0-	304,676
Fundraising	134,065	-0-	-0-	-0-	-0-	134,065
Total operating expenses	<u>2,366,617</u>	<u>1,220</u>	<u>639,632</u>	<u>19,196</u>	<u>(137,028)</u>	<u>2,889,637</u>
Increase (decrease) in unrestricted net assets	<u>(152,698)</u>	<u>3,526</u>	<u>22,431</u>	<u>(10,800)</u>	<u>-0-</u>	<u>(137,541)</u>
<b>Changes in Temporarily Restricted Net Assets:</b>						
Net assets released from restrictions	(8,000)	-0-	-0-	-0-	-0-	(8,000)
Decrease in temporarily restricted net assets	(8,000)	-0-	-0-	-0-	-0-	(8,000)
Total increase (decrease) in net assets	<u>(160,698)</u>	<u>3,526</u>	<u>22,431</u>	<u>(10,800)</u>	<u>-0-</u>	<u>(145,541)</u>
<b>Net Assets, Beginning of Year</b>	<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>
<b>Interfund Transfers</b>	<u>204,865</u>	<u>-0-</u>	<u>-0-</u>	<u>(204,865)</u>	<u>-0-</u>	<u>-0-</u>
<b>Net Assets, End of Year</b>	<u>\$ 2,006,102</u>	<u>\$ 269,327</u>	<u>\$ 129,265</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 2,404,694</u>

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

# MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

## SCHEDULE OF FEDERAL, STATE AND LOCAL GOVERNMENT GRANT AWARDS YEAR ENDED JUNE 30, 2016

Grantor or Pass-Through Grantor Program Name	Indiana State Board of Accounts Classification	CFDA No.	MHAI		Emberwood		Community Connections	
			Received	Disbursed	Received	Disbursed	Received	Disbursed
<b><u>State of Indiana, Family and Social Services Administration, Division of Mental Health and Addiction</u></b>								
Substance Abuse Prevention and Treatment	Federal Grant Passed through State	93.959			\$ 544,418	\$ 544,418		
Substance Abuse Prevention and Treatment	State and Local	N/A			58,361	58,361		
Coalition to Reduce Underaged Drinking and Collegiate Action Network	Federal Grant Passed through State	93.959	\$ 207,527	\$ 207,527				
Youth Move and Children's Mental Health Awareness	State and Local	N/A	134,800	134,800				
Suicide Prevention	State and Local	N/A	109,600	109,600				
Indiana Addictions Issues Coalition	State and Local	N/A	77,414	77,414				
Infant and Toddler Mental Health Endorsement Program	State and Local	N/A	60,000	60,000				
Project Launch	Federal Grant Passed through State	93.243	44,702	44,702				
Depression & Bipolar Support Alliance Indiana	Federal Grant Passed through State	93.958	39,999	39,999				
Mental Health Ombudsman	Federal Grant Passed through State	93.958	34,999	34,999				
Mental Health Recovery Funds Program	Federal Grant Passed through State	N/A			11,485	11,485		
Adolescent Treatment Enhancement & Dissemination	Federal Grant Passed through State	93.243			7,529	7,529		
Partners in Success	Federal Grant Passed through State	93.243	3,350	3,350				
Recovery Works	State and Local	N/A			290	290		
Problem Gambling Treatment and Outreach	State and Local	N/A			200	200		
<b><u>State of Indiana, Indiana Criminal Justice Institute</u></b>								
Victims of Crime Act	Federal Grant Passed through State	16.575	276,340	276,340				
Sexual Assault Services	Federal Grant Passed through State	16.017	38,843	38,843				
<b><u>United States of America, Department of Health and Human Services, Substance Abuse and Mental Health Services Administration</u></b>								
Project Peers	Direct Federal Grant	93.243	113,607	113,607				
Working Together Works 2	Direct Federal Grant	93.243	61,217	61,217				
Working Together Works	Direct Federal Grant	93.243	52,602	52,602				
<b><u>State of Indiana, Department of Correction</u></b>								
Peer Addiction Coaching Training	State and Local	N/A	33,403	33,403				
<b><u>State of Indiana, Governor's Council for People with Disabilities</u></b>								
Administration of Consumer Investment Fund	Federal Grant Passed through State	N/A	30,000	30,000				
Consumer Investment Fund Grant	Federal Grant Passed through State	N/A	5,000	5,000				
<b><u>State of Indiana, Family and Social Services Administration, Bureau of Developmental Disabilities Services</u></b>								
Medicaid Waiver for Supported Employment	Fee for Service	N/A					\$ 4,575	\$ 4,575
Vocational Rehabilitation	Fee for Service	N/A					2,075	2,075
Supported Employment Block Grant	Fee for Service	N/A					1,746	1,746
<b><u>State of Indiana, Department of Child Services</u></b>								
Community Based Services	Fee for Service	N/A	4,274	4,274				
<b>Total Government professional services contracts and grants</b>			<b>\$ 1,327,677</b>	<b>\$ 1,327,677</b>	<b>\$ 622,283</b>	<b>\$ 622,283</b>	<b>\$ 8,396</b>	<b>\$ 8,396</b>

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

**MENTAL HEALTH ASSOCIATION IN INDIANA, INC.**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2016

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Federal Expenditures
<b>Department of Health and Human Services:</b>		
<b>State of Indiana, Family and Social Services Administration</b>		
<b>Division of Mental Health and Addiction:</b>		
Block Grants for Prevention and Treatment of Substance Abuse	93.959	\$ 751,945
Substance Abuse and Mental Health Services	93.243	55,581
Block grants for Community Mental Health Services	93.958	74,998
<b>Direct Federal Award:</b>		
Substance Abuse and Mental Health Services	93.243	227,426
<b>Department of Justice:</b>		
<b>State of Indiana, Indiana Criminal Justice Institute:</b>		
Crime Victim Assistance	16.575	276,340
Sexual Assault Services Formula Program	16.017	<u>38,843</u>
Total Expenditures of Federal Awards		<u>\$ 1,425,133</u>

# MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2016

### **Note 1: Basis of Presentation**

This schedule includes the Federal awards activity of the Association and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic consolidated financial statements.



4181 E. 96<sup>th</sup> Street, Suite 180  
Indianapolis, IN 46240  
Phone: 317.569.4181  
Toll Free: 888.922.4941  
www.alerdingcpagroup.com

## **MENTAL HEALTH ASSOCIATION IN INDIANA, INC.**

### **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of the Mental Health Association in Indiana, Inc. (the "Association"), which comprise the consolidated statement of financial position as of June 30, 2016, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 30, 2017.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion of the effectiveness of the Association's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency (Finding 2016-01).

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Association's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2016-01.

### **The Association's Response to Findings**

The Association's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Association's response was not subject to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Atending CPA Group*

Indianapolis, Indiana  
March 30, 2017



4181 E. 96<sup>th</sup> Street, Suite 180  
Indianapolis, IN 46240  
Phone: 317.569.4181  
Toll Free: 888.922.4941  
www.alerdingcpagroup.com

## **MENTAL HEALTH ASSOCIATION IN INDIANA, INC.**

### **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

#### **Report on Compliance for Each Major Federal Program**

We have audited the Mental Health Association in Indiana, Inc.'s (the "Association") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Association's major Federal programs for the year ended June 30, 2016. The Association's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Association's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the Association's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the Association complied, in all material respects, with the types of requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2016.

### **Report on Internal Control Over Compliance**

Management of the Association is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Association's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of control deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Atending CIA Group*

Indianapolis, Indiana  
March 30, 2017

**MENTAL HEALTH ASSOCIATION IN INDIANA, INC.**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2016

**Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified?  Yes  None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  Yes  No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.595	Block Grants on Prevention and Treatment of Substance Abuse

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?  Yes  No

## MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) JUNE 30, 2016

Findings Required to be Reported by Government Auditing Standards:

**2016-01 – Failure to Properly Identify CFDA Numbers and Federal Audit Requirements**

Criteria: The Organization must identify grants subject to Single Audit requirements and the related CFDA numbers prior to the engagement of independent auditors.

Condition: The Organization was unable to identify which grants were subject to Single Audit requirements and was unable to identify the applicable CFDA numbers.

Effect: Grant requirements were not known prior to the engagement of independent auditors.

Cause: The grants were awarded by a pass-through entity, and prior conversations had led the Organization to believe they were not subject to Single Audit requirements.

Recommendation: All grants should be reviewed to determine whether they qualify for Single Audit requirements, and the grants subject to Single Audit requirements should be summarized prior to the engagement of independent auditors on an annual basis.

Views of Responsible Officials and Planned Corrective Actions: The Organization agrees with this finding and will adhere to the related corrective action plan on page 28 of this document.

Findings Required to be Reported by 2 CFR 200.516(a):

None

# **MENTAL HEALTH ASSOCIATION IN INDIANA, INC.**

CORRECTIVE ACTION PLAN  
JUNE 30, 2016

*Findings Required to be Reported by Government Auditing Standards:*

**2016-01 – Failure to Properly Identify CFDA Numbers and Federal Audit Requirements**

Name of Contact Person: Stephen McCaffrey, President and CEO

Corrective Action: All grants will be reviewed to determine whether they qualify for Single Audit requirements, and the grants subject to Single Audit requirements will be summarized prior to the engagement of independent auditors on an annual basis.

Proposed Completion Date: The Organization has implemented the above procedures.