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January 25, 2018

Board of Directors
Amethyst House, Inc.
P.O. Box 11
Bloomington, IN 47402

We have reviewed the report prepared by Amethyst House, Inc. and opined upon by Katz, Sapper & Miller, LLP, Independent Public Accountants, for the period July 1, 2015 to June 30, 2016. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Amethyst House, Inc. 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.

In our opinion, Katz, Sapper & Miller, LLP 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, CPA
State Examiner



FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

June 30, 2016 and 2015

AMETHYST HOUSE, INC.

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Independent Auditors' Report

Board of Directors
Amethyst House, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Amethyst House, Inc., a not-for-profit organization, which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' 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 and the *Uniform Compliance Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources*, issued by the Indiana State Board of Accounts. 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 Amethyst House, Inc. at June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
March 29, 2017

AMETHYST HOUSE, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2016 and 2015

ASSETS

	2016	2015
CURRENT ASSETS		
Cash	\$ 90,796	\$ 88,446
Accounts receivable, net of allowance for doubtful accounts of \$6,000 in 2016 and 2015	22,028	10,940
Grants receivable	<u>32,953</u>	<u>74,074</u>
Total Current Assets	<u>145,777</u>	<u>173,460</u>
PROPERTY AND EQUIPMENT		
Land	15,000	15,000
Buildings and improvements	966,304	966,304
Furniture and equipment	<u>82,376</u>	<u>76,187</u>
	1,063,680	1,057,491
Less: Accumulated depreciation	<u>399,969</u>	<u>374,700</u>
Total Property and Equipment	<u>663,711</u>	<u>682,791</u>
TOTAL ASSETS	<u>\$ 809,488</u>	<u>\$ 856,251</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 15,318	\$ 51,581
Accrued expenses	37,556	33,389
Current maturities of long-term debt	<u>14,562</u>	<u>13,993</u>
Total Current Liabilities	67,436	98,963
LONG-TERM DEBT , less current maturities	<u>306,746</u>	<u>321,137</u>
Total Liabilities	<u>374,182</u>	<u>420,100</u>
NET ASSETS		
Unrestricted	393,780	413,640
Unrestricted - board designated	<u>41,526</u>	<u>22,511</u>
Total Net Assets	<u>435,306</u>	<u>436,151</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 809,488</u>	<u>\$ 856,251</u>

See accompanying notes.

AMETHYST HOUSE, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2016 and 2015

	2016	2015
REVENUE AND SUPPORT		
Federal, state, and local grants	\$ 671,597	\$ 899,111
Donations	8,814	13,898
United Way	16,904	17,961
Program fees - half-way houses	107,685	129,274
Treatment fees	57,439	83,205
Fundraising revenues	64,453	68,221
Miscellaneous income	894	1,374
Total Revenue and Support	<u>927,786</u>	<u>1,213,044</u>
EXPENSES		
Program services	815,985	1,059,344
Management and general	67,033	89,616
Fundraising	<u>45,613</u>	<u>44,156</u>
Total Expenses	<u>928,631</u>	<u>1,193,116</u>
INCREASE (DECREASE) IN NET ASSETS	(845)	19,928
NET ASSETS		
Beginning of Year	<u>436,151</u>	<u>416,223</u>
End of Year	<u><u>\$ 435,306</u></u>	<u><u>\$ 436,151</u></u>

See accompanying notes.

AMETHYST HOUSE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2016 and 2015

	Program Services		Management and General		Fundraising		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Salaries	\$ 456,992	\$ 457,459	\$ 24,837	\$ 24,862	\$ 14,901	\$ 14,917	\$ 496,730	\$ 497,238
Payroll taxes	40,071	44,332	2,178	2,409	1,306	1,446	43,555	48,187
Health insurance	29,181	34,589	1,586	1,880	952	1,128	31,719	37,597
Insurance	17,189	19,973	5,646	4,698			22,835	24,671
Dues and subscription	8,791	5,266	1,092	341	2,699	2,500	12,582	8,107
Telephone	11,977	9,796	608	1,109	364	666	12,949	11,571
Occupancy	11,250	11,810	7,031	7,031	4,219	4,219	22,500	23,060
Marketing and advertising	2,078	3,066	798	891	235	490	3,111	4,447
Conferences and training	2,732	3,265	563	1,323	59		3,354	4,588
Professional services	14,869	14,863	7,297	24,090			22,166	38,953
Repairs and maintenance	47,149	42,605	906	1,537	544	922	48,599	45,064
Program costs and supplies	54,062	63,829	5,780	10,096	496		60,338	73,925
Office supplies and postage	6,425	10,547	2,646	2,619	171	875	9,242	14,041
Depreciation	20,215	20,234	3,032	3,035	2,022	2,023	25,269	25,292
Interest	8,187	9,197	2,047	2,299			10,234	11,496
Subcontract	56,364	275,750					56,364	275,750
Fundraising		0			17,053	14,133	17,053	14,133
Equipment rental	6,121	6,606					6,121	6,606
Utilities	22,332	26,157	986	1,396	592	837	23,910	28,390
TOTAL EXPENSES	\$ 815,985	\$ 1,059,344	\$ 67,033	\$ 89,616	\$ 45,613	\$ 44,156	\$ 928,631	\$ 1,193,116

See accompanying notes.

AMETHYST HOUSE, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2016 and 2015

	2016	2015
OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (845)	\$ 19,928
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	25,269	25,292
(Increase) decrease in certain current assets:		
Accounts and grants receivable	30,033	(2,113)
Increase (decrease) in certain current liabilities:		
Accounts payable	(36,263)	22,101
Accrued expenses	4,167	660
Net Cash Provided by Operating Activities	<u>22,361</u>	<u>65,868</u>
INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(6,189)</u>	<u>(11,000)</u>
Net Cash Used by Investing Activities	<u>(6,189)</u>	<u>(11,000)</u>
FINANCING ACTIVITIES		
Principal payments on long-term debt	<u>(13,822)</u>	<u>(13,298)</u>
Net Cash Used by Financing Activities	<u>(13,822)</u>	<u>(13,298)</u>
NET INCREASE IN CASH	2,350	41,570
CASH		
Beginning of Year	<u>88,446</u>	<u>46,876</u>
End of Year	<u>\$ 90,796</u>	<u>\$ 88,446</u>
SUPPLEMENTAL DISCLOSURES		
Interest paid	\$ 10,234	\$ 11,496

See accompanying notes.

AMETHYST HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS June 30, 2016 and 2015

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Amethyst House, Inc. (the Organization) is an Indiana not-for-profit organization that provides outpatient treatment services for chronically addicted persons in Monroe County, Indiana and in Vanderburgh County, Indiana, as well as half-way house programs in Monroe County, Indiana. The Organization is supported by the State Hoosier Assurance Program, client fees, other grants, and donations.

Government funding provided to the Organization primarily comes from the State of Indiana Family and Social Services Administration Division of Mental Health, some of which is federal funding from the U.S. Department of Health and Human Services which passed through the State agency. A portion of the funding also comes from the U.S. Department of Housing and Urban Development, as well as other governmental sources.

Basis of Accounting: The Organization prepares its financial statements using the accrual basis of accounting. Accrual accounting requires the recognition of revenues when they are earned and measurable in the accounting period when services are provided, and the recognition of expenses in the period in which they occur.

Estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Assets By Class: Temporarily or permanently restricted net assets are created by donor-imposed restrictions on their use. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions whose restrictions lapse, expire, or are otherwise met in the same reporting period as the contribution was received are recorded as unrestricted support. All other net assets, including board-designated or appropriated amounts are reported as part of the unrestricted class. The Organization did not have any temporarily or permanently restricted net assets as of June 30, 2016 and 2015.

Functional Expenses: Expenses have been allocated directly or indirectly between program, management and general, and fundraising services as listed in the statements of functional expenses. Expenses that can be identified with a specific program or supporting service are allocated based on an analysis of personnel time utilized for the related activities.

Cash: Cash is maintained in bank deposit accounts which, at times, may exceed federally insured limits. There have been no losses in such accounts.

Accounts Receivable and Credit Policies: Accounts receivable represent uncollateralized obligations due to the Organization from clients for treatment services and residency in the halfway and three-quarter way houses. The balances are due and payable within 30 days of the billing date. Accounts receivable are stated at the amount billed to the client, less an allowance for uncollectible accounts.

The Organization does not charge late fees or interest due to the nature of its clientele and treatment services. However, those with overdue balances receive warnings, and when balances reach \$200 for outpatient session fees and \$800 for residency fees, services are subject to stoppage. A client with a balance due must pay the balance or make arrangements acceptable to management prior to treatment resuming.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Organization establishes an allowance for uncollectible accounts receivable based on historical collection experience, economic conditions and management's evaluation of collectability of outstanding balances. Management periodically reviews the status of delinquent accounts and writes off uncollectible accounts after reasonable collection efforts have been exhausted.

Grants Receivable: The Organization receives its grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. Since the financial statements are prepared on the accrual basis, all earned portions of the grants not yet received as of June 30, 2016 and 2015, have been recorded as receivables.

Property and Equipment: Property and equipment are recorded at cost. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets, which range up to 40 years for buildings and improvements and from 3 to 10 years for furniture and equipment. The Organization's policy is to capitalize and depreciate asset acquisitions of \$500 and greater.

Long-lived Assets, including the Organization's property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by comparison of the carrying amount to future net undiscounted cash flows expected to be generated by the related asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount exceeds the fair market value of the assets. To date, no adjustments to the carrying amount of long-lived assets have been required.

Government Grants: Support funded by grants is recognized as the Organization performs the contracted services under grant agreements. Grant revenue is recognized as earned as the services are performed or eligible expenses are incurred. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Advertising: The Organization expenses all advertising costs as they are incurred.

Income Taxes: The Organization is exempt from taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision or liability for income taxes has been included in the financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of section 509(a) of the Internal Revenue Code. There was no unrelated business income for the years ended June 30, 2016 and 2015.

The Organization files information tax returns in the U.S. federal jurisdiction and in the state of Indiana. The Organization is no longer subject to U.S. federal and state income tax examinations by tax authorities for fiscal years before 2013.

Reclassifications: Certain amounts in the 2015 financial statements have been reclassified to conform to the presentation of the 2016 financial statements.

Subsequent Events: The Organization has evaluated the financial statements for subsequent events occurring through March 29, 2017, the date the financial statements were available to be issued. See Note 3.

NOTE 2 - LEASE COMMITMENTS

The Organization leases office space and equipment under long-term noncancellable operating leases expiring through November 2018. Future minimum rental payments as of June 30, 2016, are as follows:

Payable In Year Ending June 30,	Rental Payments
2017	\$20,850
2018	996
2019	<u>332</u>
	<u>\$22,178</u>

As provided in the office lease agreement, the Organization is assessed monthly operating expense fees. The monthly charges are based upon the Organization's square footage in the building. Total rent expense was \$28,621 and \$29,666 for the years ended June 30, 2016 and 2015, respectively.

NOTE 3 - DEBT AND CREDIT ARRANGEMENTS

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

	2016	2015
Mortgage payable to United Commerce in monthly installments of \$165, including interest computed at prime plus 1% (4.25% at June 30, 2016), through September 12, 2023. Secured by real estate.	\$ 12,285	\$ 13,699
Mortgage payable to United Commerce in monthly installments of \$835, including interest computed at prime (3.25% at June 30, 2016), through October 11, 2026. Secured by real estate.	87,600	94,601
Term note payable to United Commerce in monthly installments of \$1,005, including interest computed at 5% through September 1, 2015 and prime plus 1% thereafter, through July 1, 2031. Secured by real estate.	127,923	133,330
Noninterest-bearing note payable to City of Bloomington in September 2018. The note is forgivable at maturity in the event the Organization does not default on provisions of the loan agreement.	<u>93,500</u>	<u>93,500</u>
	321,308	335,130
Less: Current maturities	<u>14,562</u>	<u>13,993</u>
Total Long-term Debt	<u>\$306,746</u>	<u>\$321,137</u>

NOTE 3 - DEBT AND CREDIT ARRANGEMENTS (CONTINUED)

At June 30, 2016, the aggregate maturities in each of the next five years for the above long-term obligations were as follows:

Payable In Year Ending June 30,	Principal
2017	\$ 14,562
2018	15,156
2019	109,276
2020	16,423
2021	17,098

The Organization has entered into a line of credit agreement that provides for short-term borrowings up to a maximum amount of \$100,000. Interest on the line of credit borrowings is payable monthly and is computed at 6%. The line of credit, which was renewed after June 30, 2016 through September 1, 2017, is secured by real estate. No borrowings were outstanding on the line of credit at June 30, 2016 and 2015.

NOTE 4 - CONCENTRATIONS

The Organization received 72% in fiscal year 2016 and 74% in fiscal year 2015 of its total revenues and support from government grants. The Organization is dependent on federal grant funding to continue its operations. Such grants have been renewed for fiscal year 2017.

The Organization is primarily providing services within Monroe County, Indiana.

NOTE 5 - ASSETS HELD AT COMMUNITY FOUNDATION OF BLOOMINGTON AND MONROE COUNTY

The Organization established an endowment as part of the Community Foundation of Bloomington and Monroe County (Community Foundation) Matchstick program. The Matchstick program allows for donors to contribute money towards the Amethyst House Endowment, and for every two dollars raised a dollar is matched by the Community Foundation. The Organization has granted variance power to the Community Foundation. At June 30, 2016 and 2015, the funds approximated \$29,900 and \$32,200, respectively, based on information available from the Community Foundation.

SUPPLEMENTARY INFORMATION

*Independent Auditors' Report
on Supplementary Information*

Board of Directors
Amethyst House, Inc.

We have audited the financial statements of Amethyst House, Inc. as of and for the year ended June 30, 2016, and our report thereon dated March 29, 2017, which contained an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Grant Activity for Federal, State, and Local Government Awards is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
March 29, 2017

AMETHYST HOUSE, INC.

**SCHEDULE OF GRANT ACTIVITY FOR FEDERAL, STATE, AND LOCAL GOVERNMENT AWARDS
Year Ended June 30, 2016**

	Federal CFDA Number	Pass-through Entity Identifying Number	Receipts and Expenditures
FEDERAL AWARDS			
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through the Indiana Family and Social Services Administration, Division of Mental Health and Addiction: Block Grants for Prevention and Treatment of Substance Abuse	93.959	A55-3-53-13-HO-2739 A55-3-53-13-WF-2739	\$ 295,410 120,000
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Programs: Continuum of Care Program	14.267		51,749
Passed through the City of Bloomington: Community Development Block Grants/Entitlement Grants	14.218	None Assigned	8,080
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through the United Way of Monroe County: Emergency Food and Shelter National Board Program	97.024	None Assigned	<u>3,000</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>478,239</u>
NONFEDERAL AWARDS			
Monroe County Commissioners: Sophia Travis Community Services Grant CARES Grant			3,300 12,832
City of Bloomington Housing Authority: Jack Hopkins Social Services Program			19,000
Bloomington Township Trustee			500
Perry Township: Leisure Enhancement Grant			3,289
Indiana Family and Social Services Administration, Division of Mental Health and Addiction: Gambling Program Recovery Works Block Grants for Prevention and Treatment of Substance Abuse			31,459 64,533 33,030
State of Indiana - Passed through Intecare: Mental Health Funds Recovery Program			<u>25,415</u>
TOTAL EXPENDITURES OF NONFEDERAL AWARDS			<u>193,358</u>
TOTAL EXPENDITURES OF FEDERAL, STATE, AND LOCAL GOVERNMENT AWARDS			<u>\$ 671,597</u>