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January 25, 2018

Board of Directors  
Accessibility Center for Independent Living, Inc.  
5302 E. Washington St.  
Indianapolis, IN 46219

We have reviewed the report prepared by Accessibility Center for Independent Living, Inc. and opined upon by L.M. Henderson & Company LLP, Independent Public Accountants, for the period October 1, 2015 to September 30, 2016. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Accessibility Center for Independent Living, Inc. as of September 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, L.M. Henderson & Company 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.

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

Paul D. Joyce, CPA  
State Examiner

# accessABILITY Center for Independent Living, Inc.

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## **FINANCIAL STATEMENTS**

*Year Ended September 30, 2016 with Comparative Totals for the Year Ended September 30, 2015*



L. M. HENDERSON & COMPANY LLP  
CERTIFIED PUBLIC ACCOUNTANTS / ADVISORS

# accessABILITY Center for Independent Living, Inc.

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## Independent Auditor's Report

To the Board of Directors of  
accessABILITY Center for Independent Living, Inc.  
Indianapolis, Indiana

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

We have audited the accompanying financial statements of accessABILITY Center for Independent Living, Inc. (an Indiana nonprofit organization) which comprise the statement of financial position as of September 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide 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 accessABILITY Center for Independent Living, Inc. as of September 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited the accessABILITY Center for Independent Living Inc's. 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 20, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*L.M. Henderson & Company, L.L.P.*

Certified Public Accountants  
Indianapolis, Indiana

February 6, 2017

# accessABILITY Center for Independent Living, Inc.

## Statements of Financial Position

at September 30, 2016 with Comparative Totals at September 30, 2015

	September 30, 2016	September 30, 2015
<u>ASSETS</u>		
<u>CURRENT ASSETS:</u>		
Cash and cash equivalents	\$ 108,471	\$ 60,027
Grants receivable - Note 2	93,188	124,985
Contributions and special events receivable	1,283	-
	<u>202,942</u>	<u>185,012</u>
<u>PROPERTY, PLANT, AND EQUIPMENT:</u>		
Building and improvements	414,101	414,101
Equipment and furniture	103,211	97,219
	<u>517,312</u>	<u>511,320</u>
Less: Accumulated depreciation	167,889	147,210
	<u>349,423</u>	<u>364,110</u>
Land	135,100	135,100
Total property, plant, and equipment	<u>484,523</u>	<u>499,210</u>
Total assets	<u>\$ 687,465</u>	<u>\$ 684,222</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES:</u>		
Accounts payable	\$ 7,791	\$ 27,133
Accrued payroll and related liabilities	23,018	33,890
Line of credit - Note 4	48,591	48,591
Note payable - current portion - Note 6	10,649	10,728
Capital lease obligation - current portion - Note 3	2,184	1,813
Total current liabilities	<u>92,233</u>	<u>122,155</u>
<u>LONG-TERM LIABILITIES:</u>		
Note payable - Note 6	397,921	408,649
Capital lease obligation - Note 3	4,577	6,390
	<u>402,498</u>	<u>415,039</u>
Less: Current portion	12,833	12,541
Total long-term liabilities	<u>389,665</u>	<u>402,498</u>
<u>NET ASSETS:</u>		
Unrestricted	<u>205,567</u>	<u>159,569</u>
Total net assets	<u>205,567</u>	<u>159,569</u>
Total liabilities and net assets	<u>\$ 687,465</u>	<u>\$ 684,222</u>

See Notes to Financial Statements.

# accessABILITY Center for Independent Living, Inc.

## Statements of Activities and Change in Net Assets

Year Ended September 30, 2016 with Comparative Totals for the Year Ended September 30, 2015

	Year Ended	
	September 30, 2016	September 30, 2015
<b>REVENUE:</b>		
Grants and contracts	\$ 666,328	\$ 644,147
Donations	5,462	6,623
Special events	3,930	-
Other revenue	894	240
Total revenue	<u>676,614</u>	<u>651,010</u>
<b>EXPENSES:</b>		
Program services	409,900	406,286
Management and general	189,185	187,517
Fundraising	31,531	31,253
Total expenses	<u>630,616</u>	<u>625,056</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<u>\$ 45,998</u>	<u>\$ 25,954</u>
<b>UNRESTRICTED NET ASSETS:</b>		
Net assets, beginning of year	\$ 159,569	\$ 133,615
Change in unrestricted net assets	<u>45,998</u>	<u>25,954</u>
Net assets, end of year	<u>\$ 205,567</u>	<u>\$ 159,569</u>

See Notes to Financial Statements.

# accessABILITY Center for Independent Living, Inc.

## Statements of Cash Flows

Year Ended September 30, 2016 with Comparative Totals for the Year Ended September 30, 2015

	Year Ended	
	September 30, 2016	September 30, 2015
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Change in unrestricted net assets	\$ 45,998	\$ 25,954
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	20,679	22,476
Changes in assets and liabilities:		
(Increase) decrease in grants receivable	31,797	(40,445)
Increase in accounts receivable	(1,283)	-
Decrease in prepaid expense	-	20
Increase (decrease) in accounts payable	(19,342)	15,599
Increase (decrease) in accrued payroll expenses	(10,872)	4,315
Total adjustments	20,979	1,965
Net cash provided by operating activities	66,977	27,919
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Capital expenditures	(5,992)	(3,304)
Net cash used in investing activities	(5,992)	(3,304)
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES:</u></b>		
Principal payments on long-term note payable	(10,728)	(8,465)
Principal payments on capital lease obligation	(1,813)	(1,506)
Net cash used in financing activities	(12,541)	(9,971)
<b><u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u></b>	48,444	14,644
<b><u>CASH AND CASH EQUIVALENTS:</u></b>		
Beginning of year	60,027	45,383
End of year	\$ 108,471	\$ 60,027
<b><u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</u></b>		
Cash paid during the year for interest	\$ 36,960	\$ 35,077

See Notes to Financial Statements.

## accessABILITY Center for Independent Living, Inc.

### Statements of Functional Expenses

Year Ended September 30, 2016 with Comparative Totals for the Year Ended September 30, 2015

	Year Ended				
	Program	Administrative and General	Fundraising	September 30, 2016	September 30, 2015
Accommodations	\$ 6,520	\$ 3,009	\$ 502	\$ 10,031	\$ 12,042
Administrative expenses	602	278	46	926	-
Advertising and promotion	4,436	2,047	341	6,824	992
Contracted services	33,270	15,356	2,559	51,185	40,656
Depreciation	13,441	6,204	1,034	20,679	22,476
Fringe benefits	807	373	62	1,242	23,910
Insurance	5,807	2,680	447	8,934	8,913
Interest	24,024	11,088	1,848	36,960	35,077
Supplies, printing, and postage	5,875	2,712	452	9,039	7,719
Payroll taxes	22,746	10,498	1,750	34,994	36,111
Professional expenses	6,500	3,000	500	10,000	12,100
Small equipment maintenance and rental	1,990	918	153	3,061	2,846
Repairs and maintenance	3,045	1,406	234	4,685	3,648
Salaries and wages	258,817	119,454	19,909	398,180	386,507
Miscellaneous	1,159	533	89	1,781	-
Travel	12,893	5,951	992	19,836	19,616
Utilities and telephone	7,968	3,678	613	12,259	12,443
<b>Total expenses</b>	<b>\$ 409,900</b>	<b>\$ 189,185</b>	<b>\$ 31,531</b>	<b>\$ 630,616</b>	<b>\$ 625,056</b>

See Notes to Financial Statements.

# accessABILITY Center for Independent Living, Inc.

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## Notes to Financial Statements

September 30, 2016 with Comparative Totals for the Year Ended September 30, 2015

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies followed by accessABILITY Center for Independent Living, Inc. (the Organization) are listed below:

- (a) The Organization was incorporated in 1987 to provide counseling, training, advocacy services, information, and referrals to persons with disabilities in order to assist them in functioning and living independently. Direct services are provided free of charge to people with disabilities. During 2010, the Organization changed its name from Indianapolis Resource Center for Independent Living, Inc., to better communicate its mission. The Organization has served the Greater Indianapolis Metropolitan Area in advocating on behalf of persons with disabilities, removing physical and other barriers to full access and participation in the community, and the creation of full opportunity for education, employment, and other activities of daily life. The Organization's revenue and support are mainly derived from governmental grants.
- (b) The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. There are no temporarily restricted net assets as of September 30, 2016 and September 30, 2015.

Permanently restricted net assets - Net assets subject to donor imposed stipulations that may be retained and invested permanently by the Organization. There are no permanently restricted net assets as of September 30, 2016 and September 30, 2015.

- (c) All items of assets are shown at cost.
- (d) For purposes of the statements of cash flows, all highly liquid debt instruments purchased with a maturity of three months or less are considered to be cash equivalents.
- (e) The Organization maintains cash balances with financial institutions which may exceed the Federal Deposit Insurance Corporation limit of \$250,000.
- (f) Advertising costs are expensed as incurred. Advertising and promotion expense was \$6,824 and \$992 for the years ended September 30, 2016 and September 30, 2015, respectively.

# accessABILITY Center for Independent Living, Inc.

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## **Notes to Financial Statements**

*September 30, 2016 with Comparative Totals for the Year Ended September 30, 2015*

### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- (g) Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets using a capitalization threshold of \$500. Depreciation expense was \$20, \$679 and \$22,476 for the years ended September 30, 2016 and September 30, 2015, respectively. Major additions and improvements are capitalized, and routine expenditures for repairs and maintenance are charged to expense as incurred.
- (h) Donated property and equipment are reflected in the accompanying financial statements at their estimated values at date of receipt. Assets donated with explicit restriction regarding their use and contributions of cash that must be used to acquire property and equipment are reported as increases in restricted net assets. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.
- (i) The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- (j) The allowance for uncollectible accounts is determined by management based upon the Organization's historical losses, specific circumstance, and general economic conditions. Periodically, management reviews accounts receivable and records an allowance based on current circumstances, and charges off the receivable against the allowance when reasonable attempts to collect the receivable are deemed to have failed in accordance with the Organization's collection policy. Management considers all grants and other receivables as of September 30, 2016 and September 30, 2015 to be fully collectible. Accordingly, an allowance for doubtful accounts was not necessary at September 30, 2016 and September 30, 2015.
- (k) Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.
- (l) Certain reclassifications have been made to the prior year comparative totals in order for them to be in conformity with current year presentation.
- (m) Management has evaluated subsequent events through February 6, 2017, the date the financial statements were available to be issued.

# accessABILITY Center for Independent Living, Inc.

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## Notes to Financial Statements

September 30, 2016 with Comparative Totals for the Year Ended September 30, 2015

### Note 2: GRANTS RECEIVABLE/SIGNIFICANT FUNDING SOURCES

A major funding source for the Organization is Indiana Family and Social Services Administration, Division of Disability and Rehabilitative Services (FSSA). For the years ended September 30, 2016 and September 30, 2015, the Organization received approximately 52% and 51% of its revenues from FSSA, respectively. In addition, approximately 47% and 39% of the Organization's public support and revenue was provided from grants from U.S Department of Education at September 30, 2016 and September 30, 2015, respectively. At September 30, 2016 and September 30, 2015, the grants receivable consisted of:

	September 30, 2016	September 30, 2015
Indiana Family and Social Services Administration, Division of Disability and Rehabilitative Services	\$ 93,188	\$ 124,985
Total	\$ 93,188	\$ 124,985

### Note 3: LEASE COMMITMENTS

The Organization leases equipment from unrelated parties requiring monthly payments of \$238 at 18.75% per annum. The Organization will take ownership of the equipment at the conclusion of the lease.

Future minimum lease payments under capital leases are as follows as of September 30, 2016:

Year Ended September 30,	Amount
2017	\$ 2,184
2018	2,393
Total future minimum lease payments	4,577
Less: Amount representing interest	907
Present value of future minimum lease payments	\$ 3,670

### Note 4: LINE OF CREDIT

The Organization has a line of credit available with Huntington Bank not to exceed \$50,000, maturing in April 2017. Any outstanding balance is due on demand at the bank's discretion. Interest is payable monthly at 5.00% above prime rate (3.50% at September 30, 2016). The line was secured by all assets of the Organization. For the years ended September 30, 2016 and September 30, 2015, the unpaid balance of the line of credit was \$48,591.

### Note 5: FUNCTIONAL EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

# accessABILITY Center for Independent Living, Inc.

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## Notes to Financial Statements

September 30, 2016 with Comparative Totals for the Year Ended September 30, 2015

### Note 6: NOTE PAYABLE

The Organization is obligated on the following note payable:

	September 30, <u>2016</u>	September 30, <u>2015</u>
Term note payable to Acme Specialties, LLP requiring monthly payments of \$3,181, at 7.00% per annum, due May 16, 2035, secured by land and office building.	\$ 397,921	\$ 408,649
Less: Current portion	<u>10,649</u>	<u>10,728</u>
Total long-term note payable	<u>\$ 387,272</u>	<u>\$ 397,921</u>

Future principal payments required on this note are as follows:

<u>Year Ended September 30,</u>	<u>Amount</u>
2017	\$ 10,649
2018	11,419
2019	12,244
2020	13,129
2021	14,078
Thereafter	<u>336,402</u>
Total	<u>\$ 397,921</u>

### Note 7: RETIREMENT PLAN

Effective July 18, 2014, the Organization adopted a 403(b) Tax Deferred Annuity Plan for current employees. No eligibility requirements exist and the Organization did not make any discretionary contributions.

### Note 8: LAWSUITS

Two legal filings were made against the Organization during the year ended September 30, 2015. One filing with the Equal Employment Opportunity Commission (EEOC) has been dismissed as of June 17, 2016; claimant subsequently filed lawsuit on September 16, 2016 and the Organization intends to defend against it. The other filing was deemed to have no probable cause as of August 23, 2016. The claimant's appeal to the finding is currently pending. The Organization believes that both filings were, and are, without merit and they are vigorously defending against them. Both filings are covered under the Organization's Directors' and Officers' Insurance. The ultimate outcomes of the filings cannot be presently determined. Accordingly, adjustments, if any, which might result from resolution of these matters have not been reflected in the financial statements.

# accessABILITY Center for Independent Living, Inc.

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## **Notes to Financial Statements**

*September 30, 2016 with Comparative Totals for the Year Ended September 30, 2015*

### **Note 9: TAX STATUS**

The Organization has been determined by the Internal Revenue Service to be tax exempt under Section 501(c)(3) of the Internal Revenue Code (the Code). As a result, contributions made to the Organization qualify as charitable deductions as described in Section 170(c) of the Code. The Organization has been classified as an organization that is not a private foundation under Section 509(a) of the Code. Any unrelated business income received by the Organization would be taxable.

Management evaluates all tax positions taken or expected to be taken on its annual information returns, including the position that the Organization continues to qualify to be treated as a Section 501(c)(3) organization for both federal and state purposes. For the years ended September 30, 2016 and September 30, 2015, management does not feel it has taken any tax positions that would not be sustained under examination. Therefore, no interest or penalties have been accrued or charged to expense as of September 30, 2016 and September 30, 2015, or the years then ended. The annual information returns for the Organization are subject to examination by taxing authorities for a period of three years from the date they are filed. As of September 30, 2016, the tax years 2015, 2014, and 2013 remain subject to examination.

### **Note 10: MARKET VALUE DECLINE IN REAL ESTATE**

Management is aware of potential decline in market value of the land and building as compared to the outstanding note payable (see Note 6). However, the Organization continues to meet monthly principal and interest obligations on the property and have no plans to sell in the immediate future.