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February 5, 2018

Board of Directors
East Allen Family Resource Center
d/b/a Learn Resource Center
610 Professional Park Dr.
New Haven, IN 46774

We have reviewed the report prepared by East Allen Family Resource Center d/b/a Learn Resource Center and opined upon by Katz, Sapper & Miller, LLP, Independent Public Accountants, for the period January 1, 2016 to December 31, 2016. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of East Allen Family Resource Center d/b/a Learn Resource Center as of December 31, 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



EAST ALLEN FAMILY RESOURCE CENTER, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

December 31, 2016 and 2015

EAST ALLEN FAMILY RESOURCE CENTER, INC.

CONTENTS

	Page
Independent Auditors' Report	1-2
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-10

Independent Auditors' Report

Board of Directors
East Allen Family Resource Center, Inc.

We have audited the accompanying financial statements of East Allen Family Resource Center, Inc., which comprise the statements of financial position as of December 31, 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 and guidelines 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 East Allen Family Resource Center, Inc. as of December 31, 2016 and 2015, and the results of its operations 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

Fort Wayne, Indiana
August 22, 2017

EAST ALLEN FAMILY RESOURCE CENTER, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2016 and 2015

	ASSETS	
	2016	2015
CURRENT ASSETS		
Cash	\$ 58,513	\$ 66,949
Accounts receivable	11,128	
Prepaid insurance	1,532	1,532
Total Current Assets	<u>71,173</u>	<u>68,481</u>
FURNITURE AND EQUIPMENT, net	<u>4,463</u>	<u>940</u>
TOTAL ASSETS	<u><u>\$ 75,636</u></u>	<u><u>\$ 69,421</u></u>
	LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 1,757	\$ 1,860
Payroll withholdings	5,472	4,348
Total Current Liabilities	<u>7,229</u>	<u>6,208</u>
NET ASSETS		
Unrestricted	55,907	63,213
Temporarily restricted	12,500	
Total Net Assets	<u>68,407</u>	<u>63,213</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 75,636</u></u>	<u><u>\$ 69,421</u></u>

See accompanying notes.

EAST ALLEN FAMILY RESOURCE CENTER, INC.

STATEMENTS OF ACTIVITIES
Years Ended December 31, 2016 and 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT						
Government grants	\$ 199,828		\$ 199,828	\$ 261,694		\$ 261,694
Contracted services	69,586		69,586	63,692		63,692
Program fees	81,948		81,948	70,466		70,466
Grants	1,000	\$ 18,250	19,250	14,000		14,000
Contributions	4,511		4,511	550		550
Interest income	238		238	74		74
Net assets released from prior year restrictions	5,750	(5,750)				
Total Revenue and Support	<u>362,861</u>	<u>12,500</u>	<u>375,361</u>	<u>410,476</u>		<u>410,476</u>
EXPENSES						
Program	311,748		311,748	323,985		323,985
Management and general	56,638		56,638	56,044		56,044
Fundraising	1,781		1,781	1,316		1,316
Total Expenses	<u>370,167</u>		<u>370,167</u>	<u>381,345</u>		<u>381,345</u>
CHANGE IN NET ASSETS	(7,306)	12,500	5,194	29,131		29,131
NET ASSETS						
Beginning of Year	<u>63,213</u>		<u>63,213</u>	<u>34,082</u>		<u>34,082</u>
End of Year	<u>\$ 55,907</u>	<u>\$ 12,500</u>	<u>\$ 68,407</u>	<u>\$ 63,213</u>		<u>\$ 63,213</u>

See accompanying notes.

EAST ALLEN FAMILY RESOURCE CENTER, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2016 and 2015

	2016				2015			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Salaries and wages	\$ 196,723	\$ 23,209	\$ 1,105	\$ 221,037	\$ 171,427	\$ 20,225	\$ 963	\$ 192,615
Payroll taxes	16,085	1,898	90	18,073	14,374	1,696	81	16,151
Employee benefits	35,205	4,153	198	39,556	34,222	4,037	192	38,451
Total Personnel Expense	<u>248,013</u>	<u>29,260</u>	<u>1,393</u>	<u>278,666</u>	<u>220,023</u>	<u>25,958</u>	<u>1,236</u>	<u>247,217</u>
Insurance		4,542		4,542		5,767		5,767
Occupancy		7,678		7,678		7,436		7,436
Office expense	1,991	4,649	330	6,970	2,737	6,384		9,121
Professional fees	11,500	4,980		16,480	46,900	4,950		51,850
Program expense	28,639			28,639	24,243			24,243
Repairs and maintenance		3,675		3,675	188	3,139		3,327
Supplies	10,288	1,214	58	11,560	14,298	1,687	80	16,065
Transportation	11,317			11,317	15,596			15,596
Depreciation		640		640		723		723
Total Functional Expenses	<u>\$ 311,748</u>	<u>\$ 56,638</u>	<u>\$ 1,781</u>	<u>\$ 370,167</u>	<u>\$ 323,985</u>	<u>\$ 56,044</u>	<u>\$ 1,316</u>	<u>\$ 381,345</u>

See accompanying notes.

EAST ALLEN FAMILY RESOURCE CENTER, INC.

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2016 and 2015

	2016	2015
OPERATING ACTIVITIES		
Change in net assets	\$ 5,194	\$ 29,131
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	640	723
(Increase) decrease in certain current assets:		
Accounts receivable	(11,128)	5,125
Prepaid insurance		(1,532)
Increase (decrease) in certain current liabilities:		
Accounts payable and accrued expenses	(103)	(3,046)
Payroll withholdings	1,124	570
Net Cash Provided (Used) by Operating Activities	<u>(4,273)</u>	<u>30,971</u>
INVESTING ACTIVITIES		
Purchase of furniture and equipment	<u>(4,163)</u>	
Net Cash Used by Investing Activities	<u>(4,163)</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	(8,436)	30,971
CASH		
Beginning of Year	<u>66,949</u>	<u>35,978</u>
End of Year	<u>\$ 58,513</u>	<u>\$ 66,949</u>

See accompanying notes.

EAST ALLEN FAMILY RESOURCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS December 31, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General: East Allen Family Resource Center, Inc. (the Center) is an Indiana non-for-profit corporation which was formed in 1980. The Center's mission is to be a quality resource for children, families and the community promoting personal, social and educational development for a lifetime. The Center's major programs focus on engaging kids in meaningful activities to provide them with opportunities to learn social skills and become problem solvers and wise decision makers. The Center receives its support from government grants, foundation grants and program fees for services provided through local schools and to the community.

Basis of Presentation: The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and classify the Center's activities and net assets based on the existence or absence of donor-imposed restrictions. Accordingly, the Center's net assets and changes therein are classified and reported as follows:

- **Unrestricted Net Assets** represent unrestricted resources available to support the Center's operations.
- **Temporarily Restricted Net Assets** represent gifts that are subject to donor-imposed purpose or time restrictions that can be fulfilled either by actions of the Center pursuant to those restrictions, with the passage of time, or both. Upon satisfaction of such restrictions, net assets are released from temporarily restricted net assets and recognized as unrestricted net assets. The Center had no temporarily restricted net assets at December 31, 2015.
- **Permanently Restricted Net Assets** represent gifts with donor-imposed restrictions that the original gift amounts be maintained in perpetuity as an endowment. The Center had no permanently restricted net assets at December 31, 2016 and 2015.

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

Cash consists of cash on hand and in demand deposit accounts. The Center maintains its cash in bank deposit accounts which, at times, may exceed the federally insured limits. The Center has not experienced any losses from its bank accounts.

Accounts Receivable represent claims due for services provided. Accounts receivable are reviewed regularly for collectability and an allowance for doubtful accounts receivable is recorded, if necessary, based on management's judgement and analysis of the creditworthiness of the creditors, historical experience, economic conditions, and other relevant factors. Management believes the accounts receivable at December 31, 2016 to be fully collectible and, therefore, no allowance for uncollectible accounts has been made.

Furniture and Equipment: Expenditures for furniture and equipment are stated at cost for purchased assets, or at fair value at the date of donation for donated assets, less accumulated depreciation. Depreciation of furniture and equipment is provided on a straight-line basis over the estimated useful lives of 5-10 years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Grants are recognized as revenue and support when they are received or unconditionally pledged. The Center reports such gifts as restricted revenue and support if they are subject to time or donor-imposed restrictions. Conditional contributions are not recorded as revenue and support until the conditions are met. Government contracts are classified as exchange transactions, which are reciprocal transfers between two entities in which goods and services of equal value are exchanged, and are not recognized until services are performed or allowable expenditures are incurred as specified in the contracts. Government contracts and certain other grants are subject to audit by the government or granting agency, and as a result of such audit, adjustments to revenue and support could be required.

In-kind Contributions: Contributions of services are recorded at estimated fair value when received if such services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. Contributions of food, equipment, and other goods are recorded at estimated fair value when received.

Program Fees are recognized when earned at the time the service is performed. Fees for services are billed and recognized on a weekly basis for the Center's after school and summer programs.

Contracted Services are recognized when earned at the time the service is performed and submitted for reimbursement to a third party on a monthly basis.

Functional Allocation of Expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Directly identifiable expenses are charged to the specific programs and supporting services benefited. Expenses related to more than one function are allocated among program and support services based on space occupied, time spent by Center staff, or other estimates made by the Center's management. 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 Center.

Income Taxes: The Center is exempt from federal income taxes under 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 Center 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 December 31, 2016 and 2015.

The Center files U.S. federal and Indiana information tax returns. The Center is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2013.

Subsequent Events: Management has evaluated the financial statements for subsequent events occurring through August 22, 2017, the date the financial statements were available to be issued.

NOTE 2 - FURNITURE AND EQUIPMENT

Furniture and equipment consisted of the following as of December 31, 2016 and 2015:

	2016	2015
Furniture and equipment	\$ 24,381	\$ 20,218
Less: Accumulated depreciation	<u>(19,918)</u>	<u>(19,278)</u>
Total Furniture and Equipment, net	<u>\$ 4,463</u>	<u>\$ 940</u>

NOTE 3 - RESTRICTED NET ASSETS

The net assets released from restrictions during the year ended December 31, 2016 were as follows:

Summer lunch program	\$ 750
Before and After School Summer Program	<u>5,000</u>
	<u>\$5,750</u>

Temporarily restricted net assets at December 31, 2016 were available for the following purposes:

Before and After School Summer Program	<u>\$12,500</u>
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NOTE 4 - OPERATING LEASES

The Center has an operating lease for office equipment that expires in September 2018. The lease agreement requires monthly payments of \$72. Lease expense amounted to \$864 in 2016 and 2015.

At December 31, 2016, the future minimum lease payments required by the lease were as follows:

Payable In	Lease Payments
2017	\$ 864
2018	<u>648</u>
	<u>\$1,512</u>

The Center also leases office space for \$525 per month on an annual basis. The lease renews each March unless cancelled by either the landlord or the Center.

NOTE 5 - CONCENTRATIONS OF FUNDING

The Center received approximately 65% and 75% of its revenue from the 21st Century Community Learning Center Grant for 2016 and 2015 either directly or indirectly, respectively. Any reduction in these grant funds could have a significant effect on the Center’s operations.

NOTE 6 - GOVERNMENT FUNDING

The Center received the following government funds for the years ended December 31, 2016 and 2015:

2016:

Program Name: 21st Century Community Learning Centers Program Grant
Government Agency: Indiana Department of Education
CFDA: 84.287
Amounts received: \$172,961
Amounts disbursed: \$172,961
Source: Federal Grant Passed through State or Local Government

NOTE 6 - GOVERNMENT FUNDING (CONTINUED)

2016 (continued):

Program Name: Summer Food Service Program Grant
Government Agency: Indiana Department of Education
CFDA: 10.559
Amounts received: \$15,833
Amounts disbursed: \$15,833
Source: Federal Grant Passed through State or Local Government

Program Name: Child and Adult Food Care Service Program Grant
Government Agency: Indiana Department of Education
CFDA: 10.558
Amounts received: \$11,034
Amounts disbursed: \$11,034
Source: Federal Grant Passed through State or Local Government

2015:

Program Name: 21st Century Community Learning Centers Program Grant
Government Agency: Indiana Department of Education
CFDA: 84.287
Amounts received: \$240,513
Amounts disbursed: \$240,513
Source: Federal Grant Passed through State or Local Government

Program Name: Summer Food Service Program Grant
Government Agency: Indiana Department of Education
CFDA: 10.559
Amounts received: \$9,346
Amounts disbursed: \$9,346
Source: Federal Grant Passed through State or Local Government

Program Name: Child and Adult Food Care Service Program Grant
Government Agency: Indiana Department of Education
CFDA: 10.558
Amounts received: \$11,835
Amounts disbursed: \$11,835
Source: Federal Grant Passed through State or Local Government