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April 2, 2018

Board of Directors  
Social Health Association of Indiana, Inc.  
615 N. Alabama St  
Indianapolis, IN 46204

We have reviewed the report prepared by Social Health Association of Indiana, Inc. and opined upon by Mid-America Audit & Tax, Inc., Independent Public Accountants, for the period October 1, 2014 to September 30, 2015. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Social Health Association of Indiana, Inc. as of September 30, 2015 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Mid-America Audit & Tax, Inc. 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

**SOCIAL HEALTH ASSOCIATION OF INDIANA, INC.**

**Financial Statements**

**For the Nine Months Ended September 30, 2015  
and the Year ended December 31, 2014**

**SOCIAL HEALTH ASSOCIATION OF INDIANA, INC.**

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# Mid-America Audit & Tax, Inc.

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## **Independent Auditors' Report**

Board of Directors  
Social Health Association of Indiana, Inc.  
Indianapolis, Indiana

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

We have audited the accompanying financial statements of Social Health Association of Indiana, Inc. (an Indiana nonprofit organization) which comprise the statement of financial position as of September 30, 2015 and December 31, 2014, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the nine months ended September 30, 2015 and the year ended December 31, 2014 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 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 circumstance, 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 Social Health Association of Indiana, Inc., as of September 30, 2015 and December 31, 2014, and the changes in its net assets and its cash flows for the nine months ended September 30, 2015 and year ended December 31, 2014 in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

As described in Note 1 to the financial statements, the Association changed their fiscal year end from December 31st to September 30th effective October 1, 2015.

*Mid-America Audit & Tax, Inc.*

Indianapolis, IN  
March 4, 2016

**SOCIAL HEALTH ASSOCIATION OF INDIANA, INC.**

Statements of Financial Position  
As of  
September 30, 2015 and December 31, 2014

	<u>9/30/2015</u>	<u>12/31/2014</u>
Current Assets:		
Cash and cash equivalents	\$ 68,815	\$ 132,970
Accounts receivable	5,191	16,461
Grants receivable	99,040	101,775
Prepaid	<u>1,150</u>	<u>3,207</u>
Total Current Assets	<u>174,196</u>	<u>254,413</u>
Property and Equipment, at Cost:		
Property and equipment	74,669	41,696
Less accumulated depreciation	<u>( 35,687)</u>	<u>( 25,923)</u>
Total Property and Equipment, Net	<u>38,982</u>	<u>15,773</u>
Software, at Cost:		
Software	3,758	-
Less accumulated amortization	<u>( 869)</u>	<u>-</u>
Total Software, Net	<u>2,889</u>	<u>-</u>
Total Assets	<u>\$ 216,067</u>	<u>\$ 270,186</u>
Current Liabilities:		
Accounts payable	\$ -	\$ 9,675
Accrued payroll and taxes	33,461	29,376
Unearned income	-	4,750
Current portion of lease payable	<u>1,751</u>	<u>1,621</u>
Total Current Liabilities	<u>35,212</u>	<u>45,422</u>
Lease payable	<u>4,583</u>	<u>6,054</u>
Net Assets:		
Unrestricted	176,272	218,710
Temporarily restricted	-	-
Permanently restricted	<u>-</u>	<u>-</u>
Total Net Assets	<u>176,272</u>	<u>218,710</u>
Total Liabilities and Net Assets	<u>\$ 216,067</u>	<u>\$ 270,186</u>

See accompanying notes to financial statements.

**SOCIAL HEALTH ASSOCIATION OF INDIANA, INC.**

Statement of Activities and Changes in Net Assets

For the Nine Months Ended September 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support, Revenues, and Reclassifications:				
United Way of Central Indiana	\$ 81,321	\$ -	\$ -	\$ 81,321
Grants	-	604,107	-	604,107
Events and gifts	42,438	-	-	42,438
Program service fees	25,635	-	-	25,635
Investment income	283	-	-	283
In kind contribution	-	89,420	-	89,420
Other	5,827	-	-	5,827
Net assets released from restrictions				
Satisfaction of purpose restrictions	<u>693,527</u>	<u>( 693,527)</u>	<u>-</u>	<u>-</u>
 Total Public Support, Revenues, and Reclassifications	 <u>849,031</u>	 <u>-</u>	 <u>-</u>	 <u>849,031</u>
 Expenses:				
Program services	707,408	-	-	707,408
Management and general	135,750	-	-	135,750
Fundraising	<u>48,311</u>	<u>-</u>	<u>-</u>	<u>48,311</u>
 Total Expenses	 <u>891,469</u>	 <u>-</u>	 <u>-</u>	 <u>891,469</u>
 Change in Net Assets	 ( 42,438)	 -	 -	 ( 42,438)
 Net Assets, Beginning of Year	 <u>218,710</u>	 <u>-</u>	 <u>-</u>	 <u>218,710</u>
 Net Assets, End of Year	 <u>\$ 176,272</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 176,272</u>

See accompanying notes to financial statements.

**SOCIAL HEALTH ASSOCIATION OF INDIANA, INC.**

Statement of Activities and Changes in Net Assets

For the Year Ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support, Revenues, and Reclassifications:				
United Way of Central Indiana	\$ 113,794	\$ -	\$ -	\$ 113,794
Grants	10,455	635,595	-	646,050
Events and gifts	37,027	-	-	37,027
Program service fees	52,582	-	-	52,582
Investment income	399	-	-	399
In kind contribution	-	115,616	-	115,616
Other	612	-	-	612
Net assets released from restrictions				
Satisfaction of purpose restrictions	<u>751,211</u>	<u>(751,211)</u>	<u>-</u>	<u>-</u>
Total Public Support, Revenues, and Reclassifications	<u>966,080</u>	<u>-</u>	<u>-</u>	<u>966,080</u>
Expenses:				
Program services	777,535	-	-	777,535
Management and general	112,012	-	-	112,012
Fundraising	<u>54,575</u>	<u>-</u>	<u>-</u>	<u>54,575</u>
Total Expenses	<u>944,122</u>	<u>-</u>	<u>-</u>	<u>944,122</u>
Change in Net Assets	21,958	-	-	21,958
Net Assets, Beginning of Year	<u>196,752</u>	<u>-</u>	<u>-</u>	<u>196,752</u>
Net Assets, End of Year	<u>\$ 218,710</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 218,710</u>

See accompanying notes to financial statements.

**SOCIAL HEALTH ASSOCIATION OF INDIANA, INC.**

Statements of Cash Flows

For the Nine Months Ended September 30, 2015  
and the Year Ended December 31, 2014

	<u>9 months ending 9/30/2015</u>	<u>12 months ending 12/31/2014</u>
Cash Flows from Operating Activities:		
Change in net assets	\$( 42,438)	\$ 21,958
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	10,633	4,173
Loss on disposal of asset	-	416
(Increase) decrease in operating assets:		
Accounts receivable	11,270	( 8,434)
Grants receivable	2,735	( 48,222)
Prepaid expenses	2,057	( 3,207)
Increase (decrease) in operating liabilities:		
Accounts payable	( 9,675)	7,082
Accrued payroll and taxes	4,085	( 15,379)
Unearned income	<u>( 4,750)</u>	<u>4,750</u>
Net Cash Provided By (Used in) Operating Activities	<u>( 26,083)</u>	<u>( 36,863)</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	<u>( 36,731)</u>	<u>( 19,463)</u>
Net Cash Provided By (Used in) Investing Activities	<u>( 36,731)</u>	<u>( 19,463)</u>
Cash Flows from Financing Activities:		
Proceeds from capital lease	-	8,845
Payments on capital lease	<u>( 1,341)</u>	<u>( 1,170)</u>
Net Cash Provided By (Used in) Financing Activities	<u>( 1,341)</u>	<u>7,675</u>
Net Increase (Decrease) in Cash and Cash Equivalents	( 64,155)	( 48,651)
Cash and Cash Equivalents, Beginning of Year	<u>132,970</u>	<u>181,621</u>
Cash and Cash Equivalents, End of Year	<u>\$ 68,815</u>	<u>\$ 132,970</u>

See accompanying notes to financial statements.

**SOCIAL HEALTH ASSOCIATION OF INDIANA, INC.**

Statement of Functional Expenses

For the Nine Months Ended September 30, 2015

	Program Services - Health Education and Information Program	Support Services - Management and General	Fundraising	Total
Expenses:				
Salaries - cash	\$ 462,609	\$ 5,963	\$ 22,092	\$ 490,664
- noncash	67,715	-	-	67,715
Payroll taxes	4,721	37,312	-	42,033
Transportation	31,560	-	55	31,615
Grant writing	-	21,000	8,100	29,100
Marketing and public relations	25,082	84	1,108	26,274
Employee benefits	2,142	22,070	-	24,212
Educational supplies	23,561	-	-	23,561
Office expenses	20,813	2,107	249	23,169
- noncash	1,873	-	-	1,873
Occupancy	12,630	5,565	-	18,195
- noncash	19,832	-	-	19,832
Strategic planning	-	18,186	-	18,186
Training and conferences	17,525	25	-	17,550
Fundraising	-	-	15,050	15,050
Professional fees	9,190	1,552	758	11,500
Depreciation	-	9,764	-	9,764
Insurance	-	7,403	-	7,403
Meetings	6,603	-	265	6,868
Service charges	598	2,256	2	2,856
Printing and copying	483	995	632	2,110
Amortization	-	869	-	869
Interest expense	-	546	-	546
Postage	413	-	-	413
Board expenses	58	53	-	111
	<u>58</u>	<u>53</u>	<u>-</u>	<u>111</u>
Total Expenses	<u>\$ 707,408</u>	<u>\$ 135,750</u>	<u>\$ 48,311</u>	<u>\$ 891,469</u>

See accompanying notes to financial statements.

**SOCIAL HEALTH ASSOCIATION OF INDIANA, INC.**

Statement of Functional Expenses

For the Year Ended December 31, 2014

	Program Services - Health Education and Information Program	Support Services - Management and General	Fundraising	Total
Expenses:				
Salaries - cash	\$ 478,411	\$ 39,641	\$ 9,931	\$ 527,983
- noncash	68,560	-	-	68,560
Payroll taxes	22,146	22,234	-	44,380
Employee benefits	20,409	22,358	-	42,767
Occupancy	10,075	11,359	-	21,434
- noncash	28,536	-	-	28,536
Office expenses	29,294	83	210	29,587
- noncash	8,605	28	-	8,633
Grant writing	-	-	30,800	30,800
Transportation	27,720	332	-	28,052
Marketing and public relations	26,348	482	678	27,508
Educational supplies	15,242	-	-	15,242
Printing and copying	16,525	( 2,049)	-	14,476
Training and conferences	12,754	343	-	13,097
Fundraising	-	-	11,461	11,461
Professional fees	4,707	2,724	-	7,431
Insurance	1,500	4,858	-	6,358
Service charges and fee	3,390	2,786	11	6,187
Meetings	2,173	1,292	1,466	4,931
Depreciation	-	4,173	-	4,173
Board expenses	1,000	538	-	1,538
Interest	-	657	-	657
Postage	140	173	18	331
	<u>777,535</u>	<u>112,012</u>	<u>54,575</u>	<u>944,122</u>
Total Expenses	\$ <u>777,535</u>	\$ <u>112,012</u>	\$ <u>54,575</u>	\$ <u>944,122</u>

See accompanying notes to financial statements.

## **SOCIAL HEALTH ASSOCIATION OF INDIANA, INC.**

### Notes to Financial Statements

For the Nine Months Ended September 30, 2015  
and the Year Ended December 31, 2014

#### **NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### Organization and Activity

Social Health Association of Indiana, Inc. (the "Association") was incorporated and commenced operations as a non-profit organization in 1943 under the laws of the State of Indiana to provide health education programs in schools and in communities across Indiana. The Association's school programs involve human growth and development, bullying and violence prevention, teen pregnancy prevention and HIV/STD prevention. Additionally, the Association serves adults and parents through parent education programs.

##### Change in Fiscal Year End.

On June 11, 2015, the Board of Directors approved a change in the Association's fiscal year end from December 31 to September 30, effective October 1, 2015. This change was to align the Association's financial statements with the grant years of their larger federal grants. As a result of the change, financial statements report the activities, change in net assets and related footnote disclosures for a nine month period ending September 30, 2015.

##### Basis of Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in the codification ASC 958 Not-For-Profit Financial Statement Reporting. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets – unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The financial statements reflect unrestricted, temporarily restricted, and permanently restricted net assets and activities for the specified periods. Net assets of the two restricted classes are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are reported as part of the unrestricted class.

## NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Basis of Presentation (Continued)

In accordance with FASB ASC 958-605, Not-for-Profit Revenue Recognition, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of donor restrictions. All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specified purposes are reported as temporarily restricted or permanently restricted support and increase those net asset classes. When restrictions expire, temporarily restricted net assets become unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

### Description of Major Programs

Human Growth and Development programs include information for youth in grades 3-6 on hygiene, puberty, reproduction, fetal development, heredity, and sexually transmitted diseases (STDs).

Teen Pregnancy and Disease Prevention programs include information for youth in grades 7 and 8 on puberty, pregnancy myths/facts, and STD transmission including HIV. The program also discusses goal setting, healthy relationship behaviors, attitudes and beliefs about sex, abstinence, social media messages, skills for responding to peer pressure, setting limitations/boundaries and negotiation skills.

Healthy Relationships (CARE™ Communicating with And Respecting Each other) programs help teens learn how to effectively communicate in romantic relationships, addresses teen dating violence prevention and focuses on how to develop healthy dating relationships. The program teaches essential interpersonal communication skills. All class discussions are offered in a safe, nonjudgmental, co-ed environment where students are respected and can ask questions.

Bullying and Violence Prevention (Step Up for Kindness!™) programs include information for youth in grades K-8 on kindness, empathy, compassion, the signs of bullying, the different types of bullying, diffusing bullying situations, becoming empowered bystanders, and identifying trusted adults to report bullying incidents.

### United Way of Central Indiana

A significant source of revenue is the allocation from the United Way of Central Indiana (UWCI). The Association holds an annual funding agreement with UWCI. The term of the current agreement begins July 1, 2015 and remains in effect through June 30, 2016.

## NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Grant Revenue

Significant support is funded by grants received from numerous public and private organizations. If a reimbursable grant is received, grant revenue is recognized as earned as the eligible expenses are incurred and contracted services performed. All other grants are recognized as revenue when grant is accepted. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

### Contributed Services and Materials

The Association receives in-kind contributions of personnel, use of equipment and office space from various donors for its school programs. It is the policy of the Association to record in-kind contributions at estimated fair market value and recognize revenue in the accounting period when they are received. Contributions of donated services that 1) create or enhance nonfinancial assets or that require specialized skills, 2) are provided by individuals possessing those skills, and 3) would typically need to be purchased if not provided by donation, are recorded at their fair market values in the period received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment. There were contributed services and materials of \$89,420 for the nine months ended September 30, 2015 and \$115,616 for the year ended December 31, 2014.

### Income Taxes

The Association is a non-profit corporation exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3). The Association is also exempt from most state taxes under the Indiana Non-profit Corporation Act of 1991. However, any unrelated business income may be subject to taxation. Currently, the Association has no obligation for any unrelated business income tax.

### Federal/State Grants

In October 2012, the Indiana Family Health Council received notice of award from the Federal Government on a proposal to deliver teen pregnancy prevention services in Indianapolis Public Schools ("IPS"). Social Health Association was involved in the writing of this grant and listed as a sub-awardee to deliver the services. The Association has received \$270,000 per year for 3 years to implement an 8 session evidence-based curriculum to IPS middle school health students in and also deliver a 4 session program on sexual health education to 4<sup>th</sup>, 5<sup>th</sup>, and 6<sup>th</sup> grade students in IPS.

**NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Federal/State Grants (Continued)**

Also in October 2012, the Association received notice of award from the Indiana State Department of Health in the amount of \$200,000 to deliver abstinence education to prevent teen pregnancy. This grant focused on placing an adolescent health coordinator in specific school districts to deliver the services and coordinate efforts around health for the school district. This grant is a one year grant, which has been renewed annually. The grant was renewed in October 2015 for the term October 1, 2015 to September 30, 2016.

In October 2014, the Association entered into an agreement with Health Care Education and Training, Inc. (“HCET”) for federal funding through the Department of Health and Human Services. The Association is receiving \$130,000 over 2 years to implement the Making a Difference Program as part of HCET’s Strong and Responsible Teens Project.

**Property and Equipment**

Purchases of property and equipment are recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value at date of gift. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Association reclassifies temporarily restricted net assets to unrestricted net assets at that time.

The Association’s policy dictates that expenditures relating to property, equipment and vehicles exceeding \$500 (not including labor) are depreciated as fixed assets, including repairs which increase the value or extend the useful life of the asset.

Property and equipment are depreciated using the modified accelerated cost recovery system over the estimated useful life of the assets. The difference between the modified accelerated cost recovery system and straight line depreciation which is required by generally accepted accounting principles is deemed to be insignificant.

**NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Property and Equipment (Continued)**

The class lives for the more significant items within each property classification are as follows:

Property and equipment	5 – 7 years
Furniture and fixtures	5 – 7 years
Software	3 years

Depreciation expense related to property and equipment was \$9,764 for the nine months ended September 30, 2015 and \$4,173 for the year ended December 31, 2014. Amortization expense related to software was \$869 for the nine months ended September 30, 2015.

**Allowance for Doubtful Accounts**

Management has deemed no allowance for doubtful accounts is necessary for either program fee or grant receivables as of September 30, 2015 and December 31, 2014.

**Functional Expenses**

Functional expenses have been allocated between Program Services, Support Services, and Fundraising based on the actual time spent by personnel on the related activities.

**Estimates**

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 the 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 additions and deductions during the reporting period. Actual results could differ from those estimates.

**NOTE 2 - STATEMENTS OF CASH FLOWS**

**Cash Equivalents**

For purposes of the statements of cash flows, the Association considers all highly liquid debt instruments purchased with an original maturity of three months or less and all certificates of deposit to be cash equivalents.

### **NOTE 3 – MARKETING AND PUBLIC RELATIONS**

The Association uses marketing and public relations activities to promote its programs and mission among the audiences it serves and the community. The production costs of marketing are expensed as incurred. During the nine months ended September 30, 2015, marketing and public relations costs totaled \$25,044. During the year ended December 31, 2014, marketing and public relations costs totaled \$27,508. A portion of this expense was funded by a specially earmarked grant.

### **NOTE 4 – CONCENTRATION OF CREDIT RISK**

The Association is supported by contributions from the public. In the current year, a significant amount of revenue and support was provided by a few major contributors. It is always considered reasonably possible that benefactors, grantors or contributors might be lost in the near term.

The Association's financial institutions insure aggregate funds on deposit up to \$250,000 per depositor in accordance with FDIC Guidelines. Consequently, there were no funds on deposit in excess of insured amounts at September 30, 2015 and December 31, 2014.

During the nine months ended September 2015, a grant from a governmental agency accounted for 26% of the total revenue of the Association. During the year ended December 31, 2014, this grant accounted for 23% of the total revenue of the Association. This agency accounted for approximately 55% and 50% of grants receivable as of September 30, 2015 and December 31, 2014, respectively. A second grant for a non-profit organization accounted for 18% and 29% of the total revenue of the Association during these same time periods. The organization accounted for approximately 16% and 36% of grants receivable as of September 30, 2015 and December 31, 2014, respectively.

### **NOTE 5 – LINE OF CREDIT**

On September 22, 2015, the Association entered into a banking line of credit arrangement for working capital. The arrangement provides for short-term borrowings of amounts not to exceed \$100,000. Borrowings under the line of credit arrangement are secured by all business assets. The interest rate on this borrowing is the Lender's Prime Rate (3.25% at September 30, 2015). The loan will continue until September 20, 2016. The Association did not access the line of credit as of September 30, 2015.

## **NOTE 6 – GRANT COMMITMENTS**

The Association receives some of its grant support from organizations with a specified term of the grant contract. Since the financial statements of the Association are prepared on the accrual basis, all earned portions of the grants not yet received as of September 30, 2015 have been recorded as receivables.

Following are the grant commitments that extend beyond September 30, 2015:

<u>Grant</u>	<u>Term</u>	<u>Grant Amount</u>	<u>Earned as of September 30, 2015</u>	<u>Funding Available</u>
United Way of Central Indiana	07/15-06/16	\$ 102,247	\$ 25,560	\$ 76,687
Strong and Responsible Teens Project				
Health Care Education and Training Inc.	10/14-09/16	\$ 130,000	\$ 65,000	\$ 65,000
Violence and Bullying Program				
Children's Bureau	07/15-06/16	\$ 20,000	\$ 9,586	\$ 10,414
Bully Free Indy Initiative				
Impact 100 Greater Indianapolis	08/14-06/16	\$100,000	\$ 82,000	\$ 18,000

## **NOTE 7 – LEASES**

On January 1, 2003, the Association entered into a lease agreement for office space, rent free, but subject to the following conditions and covenants. The Association will deposit \$13,635 per year, subject to change annually, as its proportionate contribution to the payment for all capital expenditures and expenses relating to the operation, upkeep, maintenance, replacement and/or repair of the building. Effective January 1, 2014 the deposit was \$17,730 per year. The lease is continuing on a month by month basis.

The rental expense for this lease included in the statement of activities was \$13,283 and \$17,730 for the nine months ended September 30, 2015 and the year ended December 31, 2014, respectively.

## **NOTE 8 - EMPLOYEE BENEFITS**

The Association has a defined contribution plan. Contributions to the plan are made for all employees with at least one year of service and 21 years of age. Employees having employment with a non-profit educational institution within the three-year period immediately prior to employment with the Association will be credited with a year of service for purposes of eligibility, provided the employee worked at least 1,000 hours for any year to be credited. Contributions are based on a fixed percentage of each employee's total compensation. Employee benefit expense under this plan was approximately \$16,047 for the nine months ended September 30, 2015 and \$29,052 for the year ended December 31, 2014.

## **NOTE 9 - NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions by satisfying the restricted purposes or by occurrence of other events specified by donors.

Purpose restrictions accomplished:

	Nine Months Ended <u>9/30/2015</u>	Year Ended <u>12/31/2014</u>
Making a Difference Program	\$ 298,004	\$ 326,168
Family Life Curriculum	217,139	251,868
Bullying Prevention Initiative	99,720	109,926
Healthy Choices Initiative	49,586	22,000
Technology Expense	21,578	19,749
Parent Engagement	5,000	21,500
Other	<u>2,500</u>	<u>-</u>
Total Net Assets Released from Restrictions	<u>\$ 693,527</u>	<u>\$ 751,211</u>

There were no temporarily restricted assets as of September 30, 2015 and December 31, 2014.

## **NOTE 10 – CAPITAL LEASE**

In January 2014, the Association entered into an agreement to lease a copier, classified as a capital lease. The economic substance of the lease was that the Association was financing the acquisition of these assets through the lease and could purchase the equipment for \$1 at the end of the lease. Accordingly, the copier was recorded as an asset and the financing as debt in the Association's financial statements.

The lease is included in equipment as of September 30, 2015 as follows:

Property and equipment	\$ 8,845
Less accumulated depreciation	<u>( 3,892)</u>
	<u>\$ 4,953</u>

**NOTE 10 – CAPITAL LEASE (Continued)**

Depreciation of the asset held under the capital lease is included in depreciation expense.

The following is a schedule by year of future minimum payments required under the lease together with their present value as of September 30, 2015:

Years ended September 30, 2016	\$	2,264
2017		2,264
2018		2,264
Thereafter		<u>566</u>
Total minimum lease payments		7,358
Less amount representing interest		<u>( 1,024)</u>
Present value of minimum lease payments	\$	<u>6,334</u>

**NOTE 11 – INCOME TAXES**

The Association has adopted the provisions of FASB ASC 740-10 (FASB Interpretation No. 48), Accounting for Income Taxes, effective January 1, 2009. The Association does not believe it has any unrecognized tax benefits or tax liabilities (tax positions) for either Federal or State taxing authorities that require disclosure. The Association continually monitors and evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings, as determined relative to the Association's operations. Penalties and interest assessed by income taxing authorities are included in operating expenses. The Association's management believes it is no longer subject to income tax examinations prior to 2012.

**NOTE 12 – SUBSEQUENT EVENT**

On October 4, 2015, the Association was notified that Indiana Family Health Council, Inc. ("IFHC") will no longer be receiving their grant from the U.S. Department of Health and Human Services. IFHC manages the "Personal Responsibility Education Program (PREP)" of which Social Health Association was a sub grantee for the "Indianapolis Teen Education for Pregnancy Prevention (ITEPP)" project. The sub-grant amounted to 26% of the Association's revenue for the nine months ended September 30, 2015. Management believes that it can reallocate resources and that this loss will not adversely affect their continuing operations.

The Association has evaluated subsequent events through March 4, 2016, the date which the financial statements were available to be issued.