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September 6, 2018

Board of Directors
Intersect, Inc.
630 Nichol Avenue
Anderson, IN 46016

We have reviewed the report prepared by Intersect, Inc. and opined upon by Sandlin & Company, LLC, Independent Public Accountants, for the period July 1, 2015 to June 30, 2017. Per the *Report of Independent Auditors* the financial statements included in the report present fairly the financial condition of Intersect, Inc. as of June 30, 2017 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Sandlin & Company, LLC prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

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

Financial Statements and Accountants' Report

Intersect, Inc.

As of and for the Two Years
Then Ended June 30, 2017

Sandlin & Company, LLC

John R. Sandlin CPA/ABV

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Intersect, Inc.

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Sandlin & Company, LLC

Certified Public Accountants



REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Intersect, Inc.
Anderson, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of Intersect, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities and net assets (modified cash basis) as of June 30, 2017, and the related statements of support, revenues and expenses (modified cash basis), changes in net assets (modified cash basis), and functional expenses (modified cash basis) for the two 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 the modified cash basis of accounting as described in Note B-1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 of material misstatement.

An audit includes 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 principles used and the reasonableness of significant 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 reasonable basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Intersect, Inc. as of June 30, 2017, and its support, revenue and expenses for the two years then ended, in accordance with the modified cash basis of accounting described in Note B-1.

Basis of Accounting

We draw attention to Note B-1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of federal, state and local grant awards, as required by the Indiana State Board of Accounts' Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources is presented for 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.

Sandlin & Company, LLC

June 21, 2018

Intersect, Inc.
Statement of Assets, Liabilities and Net Assets
(Modified Cash Basis)
June 30, 2017

Assets

Current Assets

Cash	\$ 39,644
Grant reimbursements receivable	<u>108,828</u>
Total Current Assets	<u>148,472</u>

Total Assets \$ 148,472

Liabilities and Net Assets

Current Liabilities

Notes payable - lines of credit	\$ 50,000
Refundable advances	7,002
Payroll taxes payable	<u>468</u>
Total Current Liabilities	<u>57,470</u>

Net Assets

Unrestricted net assets	91,002
Temporarily restricted net assets	<u>-</u>
	<u>91,002</u>

Total Liabilities and Net Assets \$ 148,472

See accompanying notes to financial statements.

Intersect, Inc.
Statement of Support, Revenues and Expenses
(Modified Cash Basis)
Two Years Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Governmental grants	\$ 1,095,621	\$ -	\$ 1,095,621
Other grants and donations	<u>53,039</u>	<u>-</u>	<u>53,039</u>
Total Support and Revenue	1,148,660	-	1,148,660
Expenses			
Program	871,857	-	871,857
Fund raising	77,195	-	77,195
Management and general	<u>185,580</u>	<u>-</u>	<u>185,580</u>
Total Expenses	<u>1,134,632</u>	<u>-</u>	<u>1,134,632</u>
Change in Net Assets	<u>\$ 14,028</u>	<u>\$ -</u>	<u>\$ 14,028</u>

See accompanying notes to financial statements.

Intersect, Inc.
Statement of Changes in Net Assets
(Modified Cash Basis)
Two Years Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Net Assets at June 30, 2015 As Originally Reported	\$ 18,474	\$ -	\$ 18,474
Prior period adjustment	<u>58,500</u>	<u>-</u>	<u>58,500</u>
Net Assets at June 30, 2015 As Restated	76,974	-	76,974
Change in net assets for two years ending June 30, 2017	<u>14,028</u>	<u>-</u>	<u>14,028</u>
Net Assets at June 30, 2017	<u>\$ 91,002</u>	<u>\$ -</u>	<u>\$ 91,002</u>

See accompanying notes to financial statements.

Intersect , Inc.
Statement of Functional Expenses
(Modified Cash Basis)
Two Years ended June 30, 2017

	Program Services	Fund Raising	Management and General	Total Expenses
Salaries and wages	\$ 240,362	\$ 56,826	\$ 136,601	\$ 433,789
Payroll tax expense	20,042	4,739	11,395	36,176
Insurance	2,415	571	1,373	4,359
Interest expense	265	63	151	479
Travel	13,092	3,096	7,444	23,632
Conferences	65,034	-	-	65,034
Training	27,158	-	-	27,158
Marketing and campaign expenses	114,026	-	-	114,026
Contracts	207,272	-	-	207,272
Program and activity supplies	100,365	-	-	100,365
Meeting expenses	28,245	-	-	28,245
Office expense	17,119	4,048	9,734	30,901
Rent	10,637	2,515	6,048	19,200
Accounting and auditing fees	10,095	2,387	5,740	18,222
Volunteer appreciation	3,254	-	-	3,254
Telephone and internet	5,186	1,226	2,949	9,361
Equipment purchases	5,419	1,281	3,081	9,781
Other	1,871	443	1,064	3,378
	<u>\$ 871,857</u>	<u>\$ 77,195</u>	<u>\$ 185,580</u>	<u>\$ 1,134,632</u>

See accompanying notes to financial statements.

Intersect, Inc.
Notes to Financial Statements
June 30, 2017

NOTE A - NATURE OF ACTIVITIES

Intersect, Inc. was incorporated on December 7, 2004 and began operating as an independent not-for-profit corporation on July 1, 2005. The primary purpose of Intersect, Inc. is to foster a reduction in the use of tobacco, alcohol, and other drug use in Madison County, Indiana. To accomplish its purposes Intersect, Inc. provides various educational programs, uses media advertising, and maintains contacts with community and state leaders.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B-1 Modified Cash Basis of Accounting

The financial statements are prepared on the modified cash basis of accounting. Revenue and expenses are recorded on the basis of cash receipts and disbursements; consequently revenue and the related assets are recognized when received rather than when earned and expenses are recognized when paid rather than when the obligations are incurred. The modifications from the cash basis of accounting include recognition of assets and liabilities resulting from advances received and expenditures made from government grants accounted for as exchange transactions, and the recognition of liabilities arising from the receipt of borrowed cash and payroll taxes not deposited with governmental agencies.

B-2 Donated Materials, Equipment and Services

When material in amount, donated materials and equipment are recorded as contributions at their estimated values at the date of receipt. Donated services have not been reflected in the financial statements since no documentation is available to measure the value of such services.

B-3 Contributions

All unconditional promises to give (contributions) 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 specific purposes are reported as temporarily restricted support.

Intersect, Inc.
Notes to Financial Statements
June 30, 2017

B-4 Grant Revenue Recognition

Intersect, Inc. has been awarded the following governmental grants:

Name of Program	Grantor Name	CFDA Number
Drug Free Communities Grant	Substance Abuse Mental Health Service Admin (SAMHSA)	93.276
Tobacco Prevention and Cessation	Indiana State Department of Health	n/a
State Implementation	Indiana Department of Mental Health & Addiction/FSSA	93.959
Partnerships for Success	Indiana Department of Mental Health & Addiction/FSSA	93.243
Strategic Prevention Framework	Indiana Department of Mental Health & Addiction/FSSA	93.959

These grants are considered to be exchange transactions. Accordingly, revenue is recognized when earned and expenses are recognized as incurred.

Grants awarded to Intersect, Inc. by other organizations are accounted for as unrestricted revenues to support Intersect, Inc.'s mission and to provide matching amounts for governmental grants.

B-5 Expense Allocations

Costs incurred have been summarized on a functional basis in the statement of functional expenses. Certain costs have been allocated between programs and supporting activities.

B-6 Advertising Costs

Advertising costs are expensed as incurred.

B-7 Property and Equipment

Property and equipment expenditures are not capitalized.

Intersect, Inc.
Notes to Financial Statements
June 30, 2017

B-8 Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

B-9 Income Taxes

Intersect, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. 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.

NOTE C – NOTES PAYABLE

Intersect, Inc. has two lines of credit arrangements with a local bank. Both loans have a variable interest rate based on the prime rate published in the Wall Street Journal. Details on the lines of credit are as follows:

Loan No.	Maximum Credit	Balance owed June 30, 2017	Interest Rate at June 30, 2017	Collateral
***9065	\$20,000	\$20,000	5.75%	Unsecured
***9616	\$30,000	\$30,000	5.25%	All business assets
Totals	\$50,000	\$50,000		

NOTE D - CONCENTRATIONS OF CREDIT RISK

Intersect, Inc. maintains its cash balances in one financial institution in Anderson, Indiana. The Federal Deposit Insurance Corporation insures these balances up to \$250,000. During the year, Intersect, Inc. may have cash balances in this financial institution in excess of this limit. At June 30, 2017, the balances did not exceed insurable amounts.

Intersect, Inc.
Notes to Financial Statements
June 30, 2017

NOTE E – SUMMARY OF GRANTS AND CONTRACTS

Drug Free Community

The purpose of the grant is to support the efforts of community coalitions to prevent and reduce substance abuse among youth and, over time, adults.

Tobacco Prevention and Cessation

The purpose of the grant is to operate a Tobacco Prevention & Cessation Program as described in Indiana Law (IC 4-12-4). Activities funded by the grant included agency salaries, brochures, advertising, and other expenses related to operating a tobacco prevention and cessation program.

State Implementation

The purpose of the grant is to implement data-driven, evidence based plans to address the risk factors that contribute to the burden of substance abuse and mental health issues.

Partnerships for Success

The purpose of the grant is to implement data-based practices and environmental strategies to increase prevention. This includes dissemination of information which focuses on the prevention and reduction of non-medical use of prescription drugs.

The purpose of this grant is to utilize the Strategic Prevention Framework (SPF) to implement evidence based substance abuse programs in Madison County, Indiana. The SPF process requires that the grantee assess community needs, build capacity for prevention work, select evidence based programs, practices, and policies within their selected community for implementation, and evaluate program efforts within a culturally competent framework with continual efforts towards sustaining efforts upon the grant cycle.

NOTE F – LEASE

As of the balance sheet date, the organization leased the premises used in its operation under a lease agreement with a term of one year, beginning on February 1, 2017 and terminating on January 31, 2018. Intersect, Inc. had previously entered into lease agreements with the current landlord with terms not exceeding one year during the two years ending June 30, 2017. The terms of the lease allow Intersect, Inc. to renew the lease annually by giving 60

Intersect, Inc.
Notes to Financial Statements
June 30, 2017

days notice prior to the lease expiration date. The total rentals paid during the two years ending June 30, 2017 were \$19,200.

NOTE G - CONCENTRATIONS

The revenue from governmental grants was \$1,095,621 and amounted to 95.3 percent of Intersect, Inc's support during the two years ended June 30, 2017.

NOTE H – PRIOR PERIOD ADJUSTMENT

A prior period adjustment has been made to increase net assets as of June 30, 2015. The adjustment is necessary to reflect reimbursable costs as of June 30, 2015 not included in the financial statements for the two years ended June 30, 2015.

NOTE I – RELATED PARTY TRANSACTIONS

Board member and current Board Chair Janet Burrows was compensated for facilitation services performed for Intersect, Inc.'s Strengthening Families program. The total compensation paid during the two years ending June 30, 2017 was \$26,753. No amounts were owed at June 30, 2017.

NOTE J – DATE OF MANAGEMENT'S REVIEW

Subsequent events have been evaluated through June 21, 2018 which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

Intersect, Inc.
Schedule of Federal, State, and Local Grant Awards
Two Years Ended June 30, 2017

<u>Name of the Program</u>	<u>Grantor Name</u>	<u>CFDA Number</u>	<u>Amounts Received During the Audit Period</u>	<u>Amounts Disbursed During the Audit Period</u>	<u>Source and Type of Funding</u>
Drug Free Communities Grant	Substance Abuse Mental Health Service Admin (SAMHSA)	93.276	\$ 234,496	\$ 235,985	Federal grant direct
Tobacco Prevention and Cessation State Implementation	Indiana State Department of Health Indiana Department of Mental Health & Addiction/FSSA	N/A 93.959	177,468 182,000	187,487 129,998	State and local Federal grant passed through State of Indiana
Partnerships for Success	Indiana Department of Mental Health & Addiction/FSSA	93.243	235,055	285,338	Federal grant passed through State of Indiana
Strategic Prevention Framework	Indiana Department of Mental Health & Addiction/FSSA	93.959	201,500	256,500	Federal grant passed through State of Indiana
			<u>\$ 1,030,519</u>	<u>\$ 1,095,308</u>	