



**STATE OF INDIANA**  
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April 2, 2019

Board of Directors  
The Gilead House, Inc.  
406 E. Sycamore St.  
Kokomo, IN 46901

We have reviewed the audit report of The Gilead House, Inc. and opined upon by BCR CPA Group, Independent Public Accountants, for the period January 1, 2018 to December 31, 2018. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of The Gilead House, Inc. as of December 31, 2018 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, BCR CPA Group prepared the audit in accordance with 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

**The Gilead House, Inc  
Financial Statements  
December 31, 2018**

The Gilead House, Inc  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
The Gilead House, Inc.

We have audited the accompanying financial statements of The Gilead House, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, statement of 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 The Gilead House, Inc. as of December 31, 2018, and the changes in its net assets, functional expense and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*BCR CPA Group*

BCR CPA Group

Kokomo, Indiana  
February 23, 2019

The Gilead House, Inc.  
Statement of Financial Position  
December 31, 2018

Assets

Current Assets:		
Cash and Cash Equivalents	\$	34,191.93
Grants Receivable		23,669.54
Prepaid Insurance		6,189.61
Total Current Assets		<u>64,051.08</u>
Fixed Assets:		
Buildings	\$	273,548.00
Furnishings and Equipment		18,569.54
Less: Accumulated Depreciation		<u>(43,523.58)</u>
Total Fixed Assets		248,593.96
Other Assets:		
Land		<u>62,700.00</u>
Total Other Assets		<u>62,700.00</u>
Total Assets	\$	<u><u>375,345.04</u></u>

Liabilities and Net Assets

Current Liabilities:		
Accounts Payable	\$	8,956.44
Accrued Wages		3,455.09
Payroll Taxes Payable		2,587.39
Note Payable Star Bank (Line of Credit)		<u>21,815.58</u>
Total Current Liabilities and Total Liabilities		36,814.50
Net Assets:		
Net Assets without Donor Restrictions	338,530.54	
Net Assets with Donor Restrictions	<u>-</u>	
Total Net Assets		<u>338,530.54</u>
Total Liabilities and Net Assets	\$	<u><u>375,345.04</u></u>

The accompanying notes are an integral part of these financial statements.

The Gilead House, Inc.  
Statement of Activities  
For Year Ended December 31, 2018

Unrestricted Revenues and Support:	
Program Services	\$ 352,321.24
Governmental Grant Income	38,500.00
Other Grant Income	2,000.00
Contributions	77,187.08
Special Events	6,089.00
Other Revenue	1,366.87
Total Unrestricted Revenues and Support	<u>477,464.19</u>
Expenses:	
Program Services	
Transition Housing	303,355.13
All other Programs	53,533.24
Support Services:	
Management and General	36,128.71
Fund Raising	4,920.36
Total Expenses	<u>397,937.44</u>
Change in Net Assets without Donor restrictions	79,526.75
Net Assets without Donor Restrictions, Beginning of Year	<u>259,003.79</u>
Net Assets without Donor Restrictions, End of Year	<u>\$ 338,530.54</u>

The accompanying notes are an integral part of these financial statements.

The Gilead House, Inc.  
Statement of Functional Expenses  
For Year Ended December 31, 2018

	Program Services			Supporting Services		Total
	Transitional Housing	Aiming for Success	Total Programs	Management and General	Fund Raising	
Functional Expenses:						
Salaries	\$ 173,747.45	\$ 30,661.31	\$ 204,408.76	\$ 23,057.25	\$ 3,106.49	\$ 230,572.50
Payroll Taxes	13,917.32	2,456.00	16,373.32	1,845.66	237.65	18,456.63
Bank Charges	209.01	36.88	245.89	27.32	-	273.21
Special Events	-	-	-	-	576.22	576.22
Contract Labor	30,578.10	5,396.14	35,974.24	-	1,000.00	36,974.24
Gifts and Donations	-	-	-	100.00	-	100.00
Education/Training	242.59	42.81	285.40	31.71	-	317.11
Supplies	21,785.25	3,844.45	25,629.70	2,847.74	-	28,477.44
Insurance	4,090.13	721.79	4,811.92	534.66	-	5,346.58
Licenses and Dues	1,645.90	290.45	1,936.35	215.15	-	2,151.50
Office Expense	3,659.11	645.73	4,304.84	478.32	-	4,783.16
Postage	606.54	107.04	713.58	79.29	-	792.87
Maintenance	8,982.97	1,585.23	10,568.20	1,174.25	-	11,742.45
Telephone	4,283.43	755.90	5,039.33	559.93	-	5,599.26
Occupancy	21,038.21	3,712.62	24,750.83	2,750.09	-	27,500.92
Professional Fees	7,802.24	1,376.86	9,179.10	1,019.90	-	10,199.00
Program Services	-	-	-	-	-	-
Interest Expense	1,860.95	328.40	2,189.35	243.26	-	2,432.61
Depreciation	8,515.66	1,502.76	10,018.42	1,113.16	-	11,131.58
Miscellaneous	390.27	68.87	459.14	51.02	-	510.16
Total Expenses	<u>\$ 303,355.13</u>	<u>\$ 53,533.24</u>	<u>\$ 356,888.37</u>	<u>\$ 36,128.71</u>	<u>\$ 4,920.36</u>	<u>\$ 397,937.44</u>

The accompanying notes are an integral part of these financial statements.

The Gilead House, Inc.  
Statement of Cash Flows  
For Year Ended December 31, 2018

Cash Flows from Operating Activities:		
Change in Net Assets		\$ 79,526.75
Adjustments to reconcile the change in net assets to Net Cash provided by Operating Activities:		
Depreciation/Amortization		11,131.58
(Increase) Decrease in Operating Assets:		
Accounts Receivable		(15,669.54)
Prepaid Insurance		(5,669.31)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable		679.81
Accrued Liabilities		(608.88)
Payroll Taxes Payable		<u>(6,361.06)</u>
Net Cash Provided by Operating Activities		<u>63,029.35</u>
Cash Flows from Investing Activities:		
Purchase of Equipment	(2,877.60)	
Purchase of Land Improvements	<u>-</u>	
Net Cash Used by Investing Activities		<u>(2,877.60)</u>
Cash Flows from Financing Activities:		
Principle Payments on Loans during year	(38,496.70)	
Net Cash used by Financing Activities		<u>(38,496.70)</u>
Increase (Decrease) in Cash and Cash Equivalents		21,655.05
Cash and Cash Equivalents - Beginning of Year		<u>12,536.88</u>
Cash and Cash Equivalents - End of Year		<u>\$ 34,191.93</u>

The accompanying notes are an integral part of these financial statements.

The Gilead House, Inc.  
Notes to Financial Statements  
December 31, 2018

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Gilead House, Inc. (the Organization), a not-for-profit organization, was established in 1998. The Organization is a free outreach program for chemically addicted women. The purpose of the organization is to rebuild lives by assisting and counseling women, 18 years and older, who are recovering from chemical dependency and the negative effects of addictive behaviors. The Gilead House specializes in drug and alcohol addiction recovery to those re-entering society from jail or prison.

Approximately 74% of the Organization's funding is provided from reimbursements from State of Indiana Recovery Works Grant.

Accounting Basis

The financial statements of the organization have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, the Organization considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of ninety days or less at the time of purchase.

Property and Equipment

The Organization capitalizes all expenditures in excess of \$500 for property and equipment at cost. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Routine repairs and maintenance are expensed as incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

The Gilead House, Inc.  
Notes to Financial Statements  
December 31, 2018

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

No provision has been made for income taxes in the financial statements. The Organization is exempt from Federal and State income taxes under Internal Revenue Code Section 501(c)(3). This code section enables the Organization to accept donations that qualify as charitable contributions to the donor. The Organization files forms 990 in the U.S. federal jurisdiction and the State of Indiana. The Organization is generally no longer subject to examination by the Internal Revenue Service for the years before 2015.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain indirect costs have been allocated among the programs and supporting services benefited based on an employee time study.

Revenue Recognition

Support that is restricted by the donor is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase to net assets with donor restrictions depending on the nature of the restriction.

NOTE 2—COMPENSATED ABSENCES

Compensated absences for sick pay and personal time have not been accrued since they cannot be reasonably estimated. The Organization's policy is to recognize these costs when actually paid.

NOTE 3—SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

No income taxes were paid during 2018 and the interest paid amounted to \$2,433.

NOTE 4—CONCENTRATION OF SUPPORT

Approximately 74% of the Organization's revenue is derived from a reimbursement grant from the State of Indiana Recovery Works Program (which is renewed annually). The current level of the Organization's operations and program services may be impacted or segments discontinued if the funding is not renewed.

The Gilead House, Inc.  
Notes to Financial Statements  
December 31, 2018

NOTE 5—OPERATING LEASE

The organization has an operating lease for an office copier expiring May 2021. Lease payments for 2018 were \$1,476. The minimum lease payments required under this operating lease as of December 31, 2018 are as follows:

2019	\$ 1,570
2020	1,570
2021	560

NOTE 6—AVAILABILITY OF FINANCIAL ASSETS

Gilead House's financial assets available within one year of the balances sheet date for general expenditure are as follows:

Cash and cash equivalents	\$ 34,192
Grant Receivable	23,670
	<hr/>
	\$ <u>57,862</u>

NOTE 7—LINE OF CREDIT

The Organization has a line of credit, pursuant to an agreement with Star Financial Bank which renews annually. The current balance of this line is \$21,815.58 with an interest rate of 7.5% secured by the real estate.

NOTE 8—SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through February 23, 2019, the date which the financial statements were available to be issued.