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August 21, 2019

Board of Directors
Southeastern Indiana Independent Living Center, Inc.
114 W. Main St.
Vevay, IN 47043

We have reviewed the audit report of Southeastern Indiana Independent Living Center, Inc. which was opined upon by Blue & Co., LLC, Independent Public Accountants, for the period October 1, 2017 to September 30, 2018. Per the *Report of Independent Auditors* the financial statements included in the report present fairly the financial condition of Southeastern Indiana Independent Living Center, Inc. as of September 30, 2018 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Blue & Co., LLC prepared the audit report 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.

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

**SOUTHEASTERN INDIANA INDEPENDENT LIVING
CENTER, INC.**

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2018 AND 2017

CPA & ADVISORS



SOUTHEASTERN INDIANA INDEPENDENT LIVING CENTER, INC.

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SEPTEMBER 30, 2018 AND 2017

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Southeastern Indiana Independent Living Center, Inc.
Vevay, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of Southeastern Indiana Independent Living Center, Inc. (the "Organization") which comprise the statements of financial position as of September 30, 2018 and 2017, and the related statements of activities 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.

Auditor's 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 audits 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 the Organization as of September 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information on page 11 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 audits 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.

Blue & Co., LLC

Seymour, Indiana

December 5, 2018

SOUTHEASTERN INDIANA INDEPENDENT LIVING CENTER, INC.

**STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2018 AND 2017**

ASSETS

	<u>2018</u>	<u>2017</u>
Cash	\$ 219,183	\$ 98,920
Accounts receivable	82,311	91,281
Prepaid expenses	539	2,694
Furniture and equipment, net	<u>15,458</u>	<u>17,470</u>
	<u>\$ 317,491</u>	<u>\$ 210,365</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ -0-	\$ 1,150
Accrued expenses	<u>12,715</u>	<u>8,647</u>
Total liabilities	12,715	9,797
Unrestricted net assets	<u>304,776</u>	<u>200,568</u>
	<u>\$ 317,491</u>	<u>\$ 210,365</u>

See accompanying notes to financial statements.

SOUTHEASTERN INDIANA INDEPENDENT LIVING CENTER, INC.

STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Support and revenues		
Contributions and grants	\$ 268,726	\$ 284,449
Program revenue	196,247	198,133
Other income	<u>226</u>	<u>99</u>
Total support and revenues	465,199	482,681
Expenses		
Program services	254,612	226,500
Management and general	<u>106,379</u>	<u>85,346</u>
Total expenses	<u>360,991</u>	<u>311,846</u>
Change in net assets	104,208	170,835
Net assets, beginning of year	<u>200,568</u>	<u>29,733</u>
Net assets, end of year	<u><u>\$ 304,776</u></u>	<u><u>\$ 200,568</u></u>

See accompanying notes to financial statements.

SOUTHEASTERN INDIANA INDEPENDENT LIVING CENTER, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Operating activities		
Change in net assets	\$ 104,208	\$ 170,835
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	4,253	2,517
Changes in operating assets and liabilities:		
Accounts receivable	8,970	(65,723)
Prepaid expenses	2,155	(2,694)
Accounts payable	(1,150)	1,065
Accrued expenses	4,068	(2,092)
Net cash flows from operating activities	<u>122,504</u>	<u>103,908</u>
Investing activities		
Purchase of furniture and equipment	<u>(2,241)</u>	<u>(14,604)</u>
Net change in cash	120,263	89,304
Cash, beginning of year	<u>98,920</u>	<u>9,616</u>
Cash, end of year	<u>\$ 219,183</u>	<u>\$ 98,920</u>

See accompanying notes to financial statements.

SOUTHEASTERN INDIANA INDEPENDENT LIVING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2018 AND 2017

1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Southeastern Indiana Independent Living Center, Inc. (the "Organization") was incorporated in February 1996 as an Indiana Not-for-Profit Corporation. The Organization offers programs, services, and activities that are designed to facilitate maximum independence for individuals with disabilities, through efforts that promote empowerment and improvement of the overall quality of life for those individuals and their families.

Management's Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported support, revenues and expenses. Actual results could vary from the estimates that were used.

Basis of Presentation

Net assets, support, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. The net assets of the Organization are classified and reported as unrestricted net assets as they are not subject to donor-imposed restrictions.

Accounts Receivable

The Organization's accounts receivable consists of amounts billed to various government agencies for services rendered. Management assesses the collectability of the receivables on a regular basis and adjusts the receivables to net realizable value accordingly. Management estimates an allowance for uncollectible accounts based on an evaluation of contractual agreements and the history of uncollectible accounts. No allowance is considered necessary as of September 30, 2018 and 2017.

Furniture and Equipment

Furniture and equipment are recorded at cost and include expenditures which substantially increase the useful lives of existing assets. Costs of ordinary maintenance and repairs are expensed as incurred. The Organization provides for depreciation of furniture and equipment using the straight-line method over estimated useful lives ranging from 3 to 10 years.

SOUTHEASTERN INDIANA INDEPENDENT LIVING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2018 AND 2017

Government Funding

The Organization relies on government funding to carry out its programs. The Indiana Division of Disability, Aging, and Rehabilitative Services (the "Division") pays a monthly rate per client for certain supervision services. The Division reserves the right to reduce funding to the Organization if its funding sources are reduced. In addition, the Organization is a qualified and certified provider of supported living services through Medicaid, based on units of service reimbursements.

Support and Revenue Recognition

Contributions, which include unconditional promises to give, are recognized as support in the period the contribution is received or the promise is made.

The Organization recognizes grant revenue in the period the related expenses are incurred.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. While the methods of allocation are considered appropriate, other methods could produce different results.

Income Taxes

The Organization is a not-for-profit corporation under Section 501(c)(3) of the United States Internal Revenue Code and is exempt from federal taxes on related income pursuant to Section 501(a) of the Code.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Organization, and has concluded that as of September 30, 2018 and 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

As such, the Organization is generally exempt from income taxes. However, the Organization is required to file Federal Form 990 – Return of Organization Exempt from Income Tax which is an informational return only.

SOUTHEASTERN INDIANA INDEPENDENT LIVING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2018 AND 2017

Going Concern Evaluation

Management evaluates whether there are conditions or events that raise substantial doubt about the Organization's ability to continue as a going concern for a period of one year from the date the financial statements are available to be issued.

Subsequent Events

The Organization has evaluated events or transactions occurring subsequent to the Statement of Financial Position date for recognition and disclosure in the accompanying financial statements through the date the financial statements are available to be issued, which is December 5, 2018.

2. ACCOUNTS RECEIVABLE

Accounts receivable at September 30, 2018 and 2017 consist of:

	<u>2018</u>	<u>2017</u>
Family and Social Services Administration	\$ 58,109	\$ 48,109
LifeTime Resources, Inc.	14,209	9,034
Indiana Medicaid	4,528	32,556
Other	<u>5,465</u>	<u>1,582</u>
	<u>\$ 82,311</u>	<u>\$ 91,281</u>

3. FURNITURE AND EQUIPMENT

A summary of furniture and equipment as of September 30, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Furniture	\$ 8,030	\$ 7,881
Equipment	<u>14,338</u>	<u>12,244</u>
	22,368	20,125
Less accumulated depreciation	<u>(6,910)</u>	<u>(2,655)</u>
	<u>\$ 15,458</u>	<u>\$ 17,470</u>

SOUTHEASTERN INDIANA INDEPENDENT LIVING CENTER, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017**

4. OPERATING LEASES

The Organization leases its office facilities in Vevay, Indiana. The office is leased on a month-to-month basis at \$1,200 per month. Total lease expense for the years ended September 30, 2018 and 2017 was \$14,400.

5. CONCENTRATIONS

The Organization is substantially funded by Medicaid reimbursement and contracts awarded directly and indirectly by the federal government and the State of Indiana. The agreements contain provisions that permit the arrangements to be terminated or the funds provided to be reduced if the unit of government does not appropriate adequate funds to maintain its current funding levels. The Organization provides care to clients under reimbursement agreements with Medicaid. These agreements provide for payment for covered services at prospectively determined rates that may at times vary slightly from established rates.

6. STATE, COUNTY AND LOCAL FUNDING

In compliance with the Indiana State Board of Account's Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources, state, local, and county funding must be disclosed for the current year. During 2018, the Organization received the following:

<u>Grantor</u>	
State	
Indiana Medicaid	\$ 74,149
Family and Social Services Administration, Division of Disability and Rehabilitative Services	<u>268,651</u>
Total	<u>\$ 342,800</u>

SOUTHEASTERN INDIANA INDEPENDENT LIVING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2018 AND 2017

7. RECENTLY ISSUED ACCOUNTING STANDARDS

On August 18, 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)* that amends how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. This new standard, which the Organization is not required to adopt until its year ending September 30, 2019, requires improved presentation and disclosures to help not-for-profits provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. This ASU completes the first phase of a two-phase project to amend not-for-profit financial reporting requirements.

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of this new guidance is that "an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services". On August 12, 2015, the FASB further amended this guidance and issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606)*, which deferred the effective date for all entities by one year. These new standards, which the Organization is not required to adopt until its year ending September 30, 2020, deal with the timing of reporting revenues from contracts with customers, and disclosures related thereto.

On June 21, 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. The amendments clarify how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. Additionally, the amendments in this ASU require that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. Finally, ASU 2018-08 amends the "simultaneous release accounting policy" to allow a not-for-profit entity to recognize a restricted contribution directly in unrestricted net assets/net assets without donor restrictions if the restriction is met in the same period that revenue is recognized. The Organization will be required to adopt this new standard in the year ending September 30, 2020.

The Organization is presently evaluating the effects that these ASUs will have on its future financial statements, including related disclosures.

SUPPLEMENTARY INFORMATION

SOUTHEASTERN INDIANA INDEPENDENT LIVING CENTER, INC.

**SCHEDULES OF FUNCTIONAL EXPENSES
YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

	2018			2017		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Payroll expense	\$ 202,882	\$ 86,950	\$ 289,832	\$ 173,923	\$ 74,539	\$ 248,462
Business expense	200	50	250	235	59	294
Advertising	988	-0-	988	1,021	-0-	1,021
Professional fees	-0-	8,950	8,950	-0-	-0-	-0-
Books, subscriptions, and references	3,416	-0-	3,416	2,578	-0-	2,578
Staff development	386	96	482	294	74	368
Contract services	-0-	-0-	-0-	1,050	263	1,313
Depreciation	2,127	2,126	4,253	1,259	1,258	2,517
Memberships and dues	2,868	-0-	2,868	2,557	-0-	2,557
Facilities and equipment	17,990	4,497	22,487	15,170	3,793	18,963
Insurance	1,208	518	1,726	2,841	1,217	4,058
Postage and mailing service	1,201	134	1,335	1,475	164	1,639
Special events	139	60	199	641	274	915
Supplies	4,623	1,156	5,779	7,908	1,977	9,885
Telephone	3,809	423	4,232	4,548	505	5,053
Travel	10,405	1,156	11,561	10,473	1,164	11,637
Conferences, conventions, and meetings	2,370	263	2,633	527	59	586
Total	\$ 254,612	\$ 106,379	\$ 360,991	\$ 226,500	\$ 85,346	\$ 311,846

See Report of Independent Auditors on pages 1 and 2.