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November 7, 2019

Board of Directors  
Alliance for Community Inclusion, Inc.  
d/b/a Fifth Freedom Network  
4606-C E. State Boulevard, Suite 102  
Fort Wayne, IN 46815

We have reviewed the audit report of Alliance for Community Inclusion, Inc. d/b/a Fifth Freedom Network which was opined upon by Katz, Sapper & Miller, LLP, Independent Public Accountants, for the period January 1, 2017 to December 31, 2017. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Alliance for Community Inclusion, Inc. d/b/a Fifth Freedom Network as of December 31, 2017 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 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



**ALLIANCE FOR COMMUNITY INCLUSION, INC.  
d/b/a FIFTH FREEDOM NETWORK**

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT

December 31, 2017 and 2016

**ALLIANCE FOR COMMUNITY INCLUSION, INC.  
d/b/a FIFTH FREEDOM NETWORK**

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## *Independent Auditors' Report*

Board of Directors  
Alliance for Community Inclusion, Inc.  
d/b/a Fifth Freedom Network

We have audited the accompanying financial statements of Alliance for Community Inclusion, Inc. d/b/a Fifth Freedom Network, which comprise the statements of financial position as of December 31, 2017 and 2016, 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 Alliance for Community Inclusion, Inc. d/b/a Fifth Freedom Network as of December 31, 2017 and 2016, 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  
June 25, 2018

**ALLIANCE FOR COMMUNITY INCLUSION, INC.  
d/b/a FIFTH FREEDOM NETWORK**

**STATEMENTS OF FINANCIAL POSITION  
December 31, 2017 and 2016**

**ASSETS**

	<b>2017</b>	<b>2016</b>
<b>CURRENT ASSETS</b>		
Cash	\$ 17,956	\$ 4,728
Grants receivable - GPC claims	49,902	59,701
Grants receivable - other		1,016
Prepaid expenses and deposits	<u>2,544</u>	<u>3,902</u>
Total Current Assets	<u>70,402</u>	<u>69,347</u>
<b>FURNITURE AND EQUIPMENT, net</b>	4,158	3,886
<b>SOFTWARE AND WEBSITE COSTS, net</b>	9,105	13,097
<b>OTHER ASSETS</b>	<u>1,200</u>	<u>1,200</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 84,865</u></u>	<u><u>\$ 87,530</u></u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 551	\$ 2,149
Accrued wages, taxes and withholdings	6,658	5,671
Refundable advances	13,000	
Amounts held for others	21,789	
Line of credit borrowings	<u>5,000</u>	<u>22,000</u>
Total Current Liabilities	<u>46,998</u>	<u>29,820</u>
<b>NET ASSETS</b>		
Unrestricted	37,867	56,840
Temporarily restricted		870
Total Net Assets	<u>37,867</u>	<u>57,710</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 84,865</u></u>	<u><u>\$ 87,530</u></u>

*See accompanying notes.*

**ALLIANCE FOR COMMUNITY INCLUSION, INC.  
d/b/a FIFTH FREEDOM NETWORK**

**STATEMENTS OF ACTIVITIES  
Years Ended December 31, 2017 and 2016**

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>REVENUE, GAINS AND OTHER SUPPORT</b>						
Grants - G.P.C.	\$ 214,383		\$ 214,383	\$ 192,400		\$ 192,400
Grants and contributions - other	1,137		1,137	3,759		3,759
Contracted services	2,838		2,838	8,503		8,503
Special events	2,285		2,285	17,951		17,951
In-kind contributions	1,950		1,950	2,625		2,625
Other income	152		152			
Loss on disposal of furniture and equipment				(91)		(91)
Net assets released from prior year restrictions	870	\$ (870)		14,115	\$ (14,115)	
Total Revenue, Gains and Other Support	<u>223,615</u>	<u>(870)</u>	<u>222,745</u>	<u>239,262</u>	<u>(14,115)</u>	<u>225,147</u>
<b>EXPENSES</b>						
Program	179,185		179,185	180,453		180,453
Management and general	44,914		44,914	47,441		47,441
Fundraising	18,489		18,489	18,174		18,174
Total Expenses	<u>242,588</u>		<u>242,588</u>	<u>246,068</u>		<u>246,068</u>
<b>CHANGE IN NET ASSETS</b>	(18,973)	(870)	(19,843)	(6,806)	(14,115)	(20,921)
<b>NET ASSETS</b>						
Beginning of Year	<u>56,840</u>	<u>870</u>	<u>57,710</u>	<u>63,646</u>	<u>14,985</u>	<u>78,631</u>
End of Year	<u>\$ 37,867</u>	<u>\$ -</u>	<u>\$ 37,867</u>	<u>\$ 56,840</u>	<u>\$ 870</u>	<u>\$ 57,710</u>

See accompanying notes.

**ALLIANCE FOR COMMUNITY INCLUSION, INC.  
d/b/a FIFTH FREEDOM NETWORK**

**STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended December 31, 2017**

	<b>Programs</b>				<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
	<b>ACT</b>	<b>Communication</b>	<b>Coalition</b>	<b>Total</b>			
<b>EXPENSES</b>							
Consumable supplies			\$ 1,421	\$ 1,421	\$ 375	\$ 12	\$ 1,808
Depreciation and amortization	\$ 483	\$ 293	6,901	7,677	344	115	8,136
Enrichment fund expense			16,072	16,072			16,072
Equipment expense	48	48	891	987	276	791	2,054
Insurance	440	441	441	1,322	2,149	157	3,628
Interest					1,139		1,139
Marketing			7,381	7,381			7,381
Occupancy		2,400	4,812	7,212	2,420		9,632
Personnel - wages and taxes	66,720	13,773	45,883	126,376	27,368	16,877	170,621
Professional fees			3,170	3,170	9,340		12,510
Staff training / conferences			100	100			100
Telephone	1,133	1,149	1,868	4,150	1,403	537	6,090
Travel			2,128	2,128			2,128
Website maintenance	1,135	48	6	1,189	100		1,289
<b>TOTAL EXPENSES</b>	<b>\$ 69,959</b>	<b>\$ 18,152</b>	<b>\$ 91,074</b>	<b>\$ 179,185</b>	<b>\$ 44,914</b>	<b>\$ 18,489</b>	<b>\$ 242,588</b>

See accompanying notes.

**ALLIANCE FOR COMMUNITY INCLUSION, INC.  
d/b/a FIFTH FREEDOM NETWORK**

**STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended December 31, 2016**

EXPENSES	Programs			Total	Management and General	Fundraising	Total
	ACT	Communication	Coalition				
Consumable supplies			\$ 2,694	\$ 2,694	\$ 688	\$ 47	\$ 3,429
Depreciation and amortization	\$ 2,699	\$ 1,471	1,947	6,117	2,697	180	8,994
Enrichment fund expense			13,593	13,593			13,593
Equipment expense		133	501	634	110		744
Insurance	374	374	428	1,176	2,143	165	3,484
Interest			6	6	696		702
Marketing			10,440	10,440			10,440
Occupancy		2,400	4,800	7,200	2,420		9,620
Personnel - wages and taxes	63,275	13,355	30,643	107,273	27,126	16,851	151,250
Professional fees			12,000	12,000	10,305		22,305
Staff training / conferences		325	1,670	1,995		25	2,020
Telephone	903	1,083	1,541	3,527	1,128	520	5,175
Travel			12,364	12,364	103		12,467
Website maintenance	977		457	1,434	25	386	1,845
<b>TOTAL EXPENSES</b>	<b>\$ 68,228</b>	<b>\$ 19,141</b>	<b>\$ 93,084</b>	<b>\$ 180,453</b>	<b>\$ 47,441</b>	<b>\$ 18,174</b>	<b>\$ 246,068</b>

See accompanying notes.

**ALLIANCE FOR COMMUNITY INCLUSION, INC.  
d/b/a FIFTH FREEDOM NETWORK**

**STATEMENTS OF CASH FLOWS  
Years Ended December 31, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ (19,843)	\$ (20,921)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	8,136	8,994
Loss on disposal of furniture and equipment		91
(Increase) decrease in certain assets:		
Grants receivable	10,815	(16,765)
Prepaid expenses and deposits	1,358	10,495
Increase (decrease) in certain liabilities:		
Accounts payable	(1,598)	(174)
Accrued wages, taxes and withholdings	987	(4,601)
Refundable advances	13,000	
Amounts held for others	21,789	
Net Cash Provided (Used) by Operating Activities	<u>34,644</u>	<u>(22,881)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of furniture and equipment	(1,416)	(460)
Purchase of software and website costs	(3,000)	(5,000)
Net Cash Used by Investing Activities	<u>(4,416)</u>	<u>(5,460)</u>
<b>FINANCING ACTIVITIES</b>		
Net borrowings (payments) on line of credit	<u>(17,000)</u>	<u>22,000</u>
Net Cash Provided (Used) by Financing Activities	<u>(17,000)</u>	<u>22,000</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	13,228	(6,341)
<b>CASH</b>		
Beginning of Year	<u>4,728</u>	<u>11,069</u>
End of Year	<u>\$ 17,956</u>	<u>\$ 4,728</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Cash paid for interest	\$ 1,139	\$ 702

*See accompanying notes.*

**ALLIANCE FOR COMMUNITY INCLUSION, INC.  
d/b/a FIFTH FREEDOM NETWORK**

**NOTES TO FINANCIAL STATEMENTS  
December 31, 2017 and 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General:** Alliance for Community Inclusion, Inc. d/b/a Fifth Freedom Network (the Organization) is an Indiana not-for-profit corporation which was formed in 2004. The Organization's mission was founded as a grassroots, cross-disability, and consumer organization dedicated to removing the physical and social barriers that often hold people with disabilities hostage to poverty, isolation and underachievement. Coalition members come together to learn about government processes, disability rights, and state and national legislative change initiatives. Increasing voter participation among people with disabilities and working with other groups to remove institutional barriers to disability employment, or working to improve home and community based services are typical of the issues targeted for change. The change is enacted through non-partisan political action, community events and projects, and public issues forums. The Organization receives the majority of its support from a grant through the State of Indiana, foundation grants and contributions from donors.

**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 the Organization's activities and net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization's net assets and changes therein are classified and reported as follows:

- **Unrestricted Net Assets** represent unrestricted resources available to support the Organization'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 Organization 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.
- **Permanently Restricted Net Assets** represent gifts with donor-imposed restrictions that the original gift amounts be maintained in perpetuity as an endowment. The Organization had no permanently restricted net assets as of December 31, 2017 and 2016.

**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 or in demand deposit accounts. The Organization maintains its cash in bank deposit accounts which, at times, may exceed the federally insured limits. The Organization has not experienced any losses from its bank accounts.

**Grants Receivable** represent claims due from the State of Indiana Governor's Planning Council for People with Disabilities (GPC) and other partnering organizations. Grants are classified as conditional promises to the event that conditions have been met but reimbursement from the grantor has not been received.

**Furniture and Equipment and Software and Website Costs:** Expenditures for furniture and equipment and software and website costs are stated at cost for purchased assets, or at fair value at the date of donation for donated assets, less accumulated depreciation. Depreciation or amortization is provided on a straight-line basis over the estimated useful lives of assets as follows:

Furniture and equipment	5 - 10 years
Software and website costs	3 - 5 years

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Organization's long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by comparison of the carrying amount to future net undiscounted cash flows expected to be generated by the related asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount exceeds the fair market value of the assets. No adjustments to the carrying amount of long-lived assets were required during 2017 and 2016.

**Refundable Advances** represent amounts advanced to the Organization, as fiscal agent for Partners In Policymaking Program (PiP) through the Indiana Governor's Council for People with Disabilities (GPC). Amounts are used for payment of claims submitted and approved by the GPC plus an administrative fee paid to the Organization based on the dollar amount of payments processed. Upon performance of the services by the Organization, revenue is recognized in the statement of activities.

**Amounts Held for Others** represents funds collected by the Organization, as the fiscal agent, on behalf of the Northeast Indiana Disability Advocacy Coalition (NEIDAC). The NEIDAC holds bi-annual conferences to discuss and provide education on disability programs, issues and other topics. Funds collected in advance are held and shown as a liability on the statement of position until used for the conference or until the Organization is no longer the fiscal agent.

**Contributions and Grants** are recognized as support and revenues when they are received or unconditionally pledged. The Organization reports such gifts as restricted support and revenues if they are subject to time or donor-imposed restrictions. Conditional contributions are not recorded as support and revenues 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. The Organization receives a substantial amount of donated time from community-based volunteers. The value of these services, as determined by the State of Indiana Governor's Planning Council for People with Disabilities was \$422,035 and \$387,075 for the years ended December 31, 2017 and 2016, respectively. These services did not meet the requirements for revenue recognition and have not been recorded in the financial statements of the Organization.

**Special Event Revenue,** including related sponsorship revenue and other contributions, is recognized upon occurrence of the event. Revenue and support received for events occurring subsequent to the statement of financial position date is reflected as deferred revenue.

**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 the Organization's staff, or other estimates made by the Organization'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 Organization.

**Advertising Costs** are expensed as incurred. Advertising expenses amounted to \$7,381 in 2017 and \$10,440 in 2016.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Income Taxes:** The Organization 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 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. There was no unrelated business income for the years ended December 31, 2017 and 2016.

The Organization files U.S. federal and Indiana information tax returns. The Organization is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2014.

**Subsequent Events:** Management has evaluated the financial statements for subsequent events occurring through June 25, 2018, the date the financial statements were available to be issued.

## NOTE 2 - CONCENTRATION OF REVENUE SOURCES

Approximately 98% and 89% of the Organization's revenue and support and 100% and 98% of outstanding receivables was derived from the State of Indiana Governor's Planning Council for People with Disabilities/Partner's grants as of and for the years ended December 31, 2017 and 2016, respectively. A significant reduction in the level of this support, if it were to occur, would have a material effect on the operations of the Organization.

## NOTE 3 - FURNITURE AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2017 and 2016:

	2017	2016
Furniture and equipment	\$ 35,913	\$ 34,710
Less: Accumulated depreciation	<u>(31,755)</u>	<u>(30,824)</u>
Total Furniture and Equipment, net	<u>\$ 4,158</u>	<u>\$ 3,886</u>

## NOTE 4 - SOFTWARE AND WEBSITE COSTS

Software and website costs consisted of the following as of December 31, 2017 and 2016:

	2017	2016
Software and website costs	\$ 22,450	\$ 19,450
Less: Accumulated amortization	<u>(13,345)</u>	<u>(6,353)</u>
Total Software and Website Costs, net	<u>\$ 9,105</u>	<u>\$ 13,097</u>

## NOTE 5 - LINE OF CREDIT

The Organization has an agreement with Lake City Bank for a revolving line of credit in the amount of \$35,000. The line of credit bears interest at the bank's prime rate plus 1.75% with a floor of 5.75% (6.25% as of December 31, 2017), and is secured by grants receivable, contract rights, inventory, equipment and general intangibles. The line of credit is used to borrow funds to cover cash shortfalls when the Organization experiences delays in the receipt of reimbursements from funding sources throughout the year. Upon receipt of reimbursements, the Organization immediately pays off any outstanding balance on the line of credit. The outstanding balance was \$5,000 and \$22,000 as of December 31, 2017 and 2016, respectively. The line of credit expires on April 30, 2021.

**NOTE 6 - OPERATING LEASES**

The Organization has an agreement to lease office space. The agreement is on a month-to-month basis with monthly payments of \$800. Rent expense was \$9,632 in 2017 and \$9,620 in 2016.

**NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS**

Net assets were released from restriction for the following purposes for the years ended December 31, 2017 and 2016:

	<b>2017</b>	<b>2016</b>
BMV Project	<u>\$870</u>	<u>\$14,115</u>
	<u>\$870</u>	<u>\$14,115</u>

Net assets were restricted for the following purpose as of December 31, 2017 and 2016:

	<b>2017</b>	<b>2016</b>
BMV Project	<u>\$</u>	<u>\$870</u>
	<u>\$</u>	<u>\$870</u>

**NOTE 8 - RELATED PARTY TRANSACTIONS**

The Organization utilizes the services of a related party as a consultant on specific projects throughout the year. All related party transactions are reviewed and approved by the Board of Directors. For the years ended December 31, 2017 and 2016, the Organization paid \$12,000, for consulting services provided by the related party.

**NOTE 9 - STATE AND LOCAL GOVERNMENT GRANTS**

The following is a summary of the Organization’s state and local government grant expenditures for the years ended December 31, 2017 and 2016:

	<b>2017</b>	<b>2016</b>
Funder 1:		
Grant 2015-2016/Indiana Governor’s Council for People with Disabilities		\$192,400
Grant 2016-2017/Indiana Governor’s Council for People with Disabilities	\$ 58,803	
Grant 2017-2019/Indiana Governor’s Council for People with Disabilities	155,580	
Funder 2:		
Grant Year 2016/Indiana Governor’s Council for People with Disabilities - Partner Project	<u>2,838</u>	<u>8,503</u>
Total	<u>\$217,221</u>	<u>\$200,903</u>