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December 13, 2019

Board of Directors
Northern Indiana Maternal & Child Health Network, Inc.
413 W. McKinley Avenue
Mishawaka, IN 46545

We have reviewed the audit report of Northern Indiana Maternal & Child Health Network, Inc., which was opined upon by Armstrong & Reist CPAs, LLP, Independent Public Accountants, for the period February 1, 2016 to January 1, 2017. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Northern Indiana Maternal & Child Health Network, Inc., as of January 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, Armstrong & Reist CPAs, LLP, prepared the audit report in accordance with guidelines established by the State Board of Accounts.

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

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

**NORTHERN INDIANA MATERNAL AND
CHILD HEALTH NETWORK, INC.**

Mishawaka, Indiana

ANNUAL REPORT

January 31, 2017

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Northern Indiana Maternal and Child Health Network, Inc.
Mishawaka, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of Northern Indiana Maternal and Child Health Network, Inc. (a nonprofit organization), which comprise the statements of financial position as of January 31, 2017 and 2016 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 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 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 Northern Indiana Maternal and Child Health Network, Inc. as of January 31, 2017 and 2016, 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 Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedules of functional expenses on pages 9-10 are presented for purposes of additional analysis and are 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 other 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 the other 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 basic financial statements taken as a whole.



ARMSTRONG & REIST CPA's, LLP

February 8, 2018
South Bend, Indiana

NORTHERN INDIANA MATERNAL AND CHILD HEALTH NETWORK, INC
STATEMENTS OF FINANCIAL POSITION

January 31, 2017 and 2016

ASSETS			
	2017	2016	
Current Assets			
Cash	\$ 34,918	\$ 8,768	
Grant and account receivable	118,952	113,766	
Employee advance	3,718	1,789	
Prepaid expenses	<u>22,399</u>	<u>14,593</u>	
Total Current Assets	<u>179,987</u>	<u>138,916</u>	
Property and Equipment			
Exam equipment	10,076	10,076	
Office equipment	27,540	27,540	
Computer equipment and software	<u>46,550</u>	<u>46,215</u>	
	84,166	83,831	
Less accumulated depreciation	<u>72,404</u>	<u>70,484</u>	
Property and Equipment – net	<u>11,762</u>	<u>13,347</u>	
Rent and utility deposits	<u>5,170</u>	<u>5,170</u>	
Total Assets	<u>\$ 196,919</u>	<u>\$ 157,433</u>	

LIABILITIES AND NET ASSETS

Current Liabilities			
Accounts payable	\$ 22,812	\$ 18,345	
Line of credit	10,000		
Accrued payroll and payroll taxes	<u>15,877</u>	<u>20,638</u>	
Total Current Liabilities	<u>48,689</u>	<u>38,983</u>	
Net Assets – Unrestricted	<u>148,230</u>	<u>118,450</u>	
Total Liabilities and Net Assets	<u>\$ 196,919</u>	<u>\$ 157,433</u>	

See accompanying notes and auditors' report

NORTHERN INDIANA MATERNAL AND CHILD HEALTH NETWORK, INC
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ending January 31, 2017 and 2016

	2017	2016
Revenue		
Grants for Family Planning	\$ 617,231	\$ 543,928
Grant for STD Prevention	89,494	92,629
Grant for Health Care Navigator	-	47,792
Patient fees	<u>84,426</u>	<u>37,979</u>
Total Revenue	<u>791,151</u>	<u>722,328</u>
Expenses		
Program expenses	738,796	715,345
Management and general	<u>22,575</u>	<u>22,615</u>
Total Expenses	<u>761,371</u>	<u>737,960</u>
Changes in Net Assets	<u>29,780</u>	<u>(15,632)</u>
Net Assets – beginning of period	<u>118,450</u>	<u>134,082</u>
Net Assets – end of period	<u>\$ 148,230</u>	<u>\$ 118,450</u>

See accompanying notes and auditors' report

NORTHERN INDIANA MATERNAL AND CHILD HEALTH NETWORK, INC
STATEMENTS OF CASH FLOWS

For the Years Ending January 31, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities:		
Changes in Net Assets	\$ 29,780	\$ (15,632)
Adjustments to reconcile Changes in Net Assets to net cash provided by operating activities		
Depreciation	6,000	11,601
(Increase) decrease in:		
Grant and account receivable	(5,186)	(30,378)
Prepaid expense	(7,806)	(3,592)
Increase (decrease) in:		
Accounts payable	4,467	(11,864)
Accrued payroll and payroll taxes	<u>(4,761)</u>	<u>2,513</u>
Total adjustments	<u>(7,286)</u>	<u>(31,720)</u>
Cash flows from operating activities	<u>22,494</u>	<u>(47,352)</u>
 Cash Flows from Investing Activities:		
Advances to employees – net	(1,929)	(1,789)
Purchase of property and equipment	<u>(4,415)</u>	<u>(2,285)</u>
Cash flows from investing activities	<u>(6,344)</u>	<u>(4,074)</u>
 Cash Flows from Financing Activities:		
Borrowing from Line of Credit	<u>10,000</u>	<u>-</u>
Cash flows from financing activities	<u>10,000</u>	<u>-</u>
 Net increase (decrease) in cash	26,150	(51,426)
 Cash, beginning of year	<u>8,768</u>	<u>60,194</u>
 Cash, end of year	<u>\$ 34,918</u>	<u>\$ 8,768</u>

See accompanying notes and auditors' report

NORTHERN INDIANA MATERNAL AND CHILD HEALTH NETWORK, INC.
NOTES TO THE FINANCIAL STATEMENTS

JANUARY 31, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Activities and Presentation

Northern Indiana Maternal and Child Health Network, Inc. is a not-for-profit corporation organized under the laws of the State of Indiana. The corporation does business as and operates the community agency known as the Olive Street Health Center and Warsaw Health Center. The clinics are located in St. Joseph County and Kosciusko County of Indiana.

The Organization receives the majority of its operating funds from government grants. It also accepts private financial support from individuals, businesses and other non-profits and it charges for its services based on financial need. The Organization provides preventative educational services as well as health services for family planning, pregnancy diagnosis and counseling, adolescent services and counseling, FDA approved contraceptives including natural family planning and basic medical services for the diagnosis and treatment of infertility for family planning services. The services are primarily provided to persons from low-income families. Services are provided all who request services without regard to client's ability to pay. Family Planning Services account for 89% and 81% of revenue for fiscal years ending January 31, 2017 and 2016, respectively.

The Organization receives funding from government grants to provide a Sexually Transmitted Disease Prevention Program (STDs). The program started in January 2010 and covers the Northern Indiana Counties. The STD Program accounts for 11% and 13% of revenue for fiscal years ending January 31, 2017 and 2016, respectively.

Method of Accounting

The Organization uses the accrual method of accounting.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets.

Cash and Cash Equivalents

The Organization considers time deposits, certificate of deposit, and all highly liquid debt instruments with original maturity of three months or less to be cash equivalents.

See accompanying auditors' report.

NORTHERN INDIANA MATERNAL AND CHILD HEALTH NETWORK, INC.
NOTES TO THE FINANCIAL STATEMENTS

JANUARY 31, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and Accounts Receivable

Grants and accounts receivable consist of amounts due under a government cost-reimbursement grants and clients and are carried at their estimated collectible amounts. Grant receivables as of January 31, 2017 and 2016 is \$96,804 and \$107,333, respectively. Accounts receivable as of January 31, 2017 and 2016 is \$22,148 and \$6,433, respectively. The Organization does not charge interest on past due accounts. Receivables are periodically evaluated for collectability based on past results and trends for each major payer source of revenue for the purpose of estimating the appropriate amounts of the allowance for doubtful accounts and provision for bad debts. All amounts are due within one year, and no allowance for doubtful accounts has been provided. Management has evaluated the accounts and believes they are all collectable.

Property, Equipment and Depreciation

It is the Organization's policy to capitalize property and equipment over \$500; lesser amounts are expensed. Purchased property and equipment are stated at historical cost or an appraisal estimate of historical cost. Donations of property and equipment are recorded at their fair value on the date received. 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 contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets have been purchased. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Depreciation is provided using the straight-line method over the estimated useful life of the assets. Depreciation expense is \$6,000 and \$11,601 for fiscal years ended January 31, 2017 and 2016, respectively.

Income Taxes

The Organization, as a not-for-profit, is exempt from income taxes as a charitable organization under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Organization evaluates all significant tax positions as required by generally accepted accounting principles in the United States. As of January 31, 2017, the Organization does not believe that it has taken any tax positions that would require the recording of any additional tax liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease in the next twelve months. The Company's income tax returns are subject to examination by the appropriate taxing jurisdictions. As of January 31, 2017, the Organization's federal and state tax returns generally remain open for the last 3 years.

Contributions and grants

The Organization reports contributions and grants of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statements of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

See accompanying auditors' report.

NORTHERN INDIANA MATERNAL AND CHILD HEALTH NETWORK, INC.
NOTES TO THE FINANCIAL STATEMENTS

JANUARY 31, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed services are recognized if the services create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donations. Contributed services are recorded at their estimated fair value. No contributed services were recognized as revenue for either year ended January 31, 2017 and 2016.

NOTE 2 – OPERATING LEASE

The Organization leases its office space under an operating leases. As of January 31, 2013, the South Bend facility was under a month by month contract. A lease was subsequently signed on April 1, 2013 for \$2,778 per month with the lease expiring January 31, 2017. The Warsaw facility renewed the second extension of the lease, which expired February 28, 2016, currently on a month to month basis. Rent expense for the fiscal years ended January 31, 2017 and 2016 is \$50,736 and \$50,736, respectively.

NOTE 3 – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The grant allows reimbursement for management and general expenses. The Schedule of Functional Expenses shows the allocation of management and general expenses to the program.

NOTE 4 – CONCENTRATIONS

The Organization's activities are concentrated in Northern Indiana. In addition, for the years ending January 31, 2017 and 2016 revenues from the Title X grant represented 28% and 49% of revenue, respectively, and represent 64% and 77% of grant and accounts receivable at January 31, 2017 and 2016, respectively. Revenues from TANF grant represented 41% and 29% for the years ending January 31, 2017 and 2016, respectively, and represent 0% and 0% of grant and accounts receivable at January 31, 2017 and 2016, respectively.

NOTE 5 - DATE OF MANAGEMENT REVIEW

The date to which events occurring after January 31, 2017 the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is February 8, 2018, which is the date on which the financial statements were available to be issued.

NOTE 6 – LINE OF CREDIT

The Organization entered into a line of credit agreement on April 17, 2014. As of January 31, 2017 the line of credit has a credit limit of \$25,000 with interest at the prime rate with a floor of 4.5%, and secured by the assets of the Organization. The balance as of January 31, 2017 is \$10,000 and as of January 31, 2016 \$-0-. Interest expense paid during 2017 was \$137 and \$319 for 2016.

See accompanying auditors' report.

NORTHERN INDIANA MATERNAL AND CHILD HEALTH NETWORK, INC
SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ending January 31, 2017

Expenses	Family Planning	STD Prevention	Management and General	Total
Salaries and payroll taxes	\$ 377,208	\$ 66,789	\$ 21,569	\$ 465,566
Medical director	10,680	1,320		12,000
Lab supplies	95,184			95,184
Lab tests	1,584			1,584
IT and software maintenance	1,676	165		1,841
Compliance and education	5,513			5,513
Depreciation	6,000			6,000
Rent	48,744	1,992		50,736
Utilities, telephone, biohazard removal	31,340	6,985		38,325
Insurance	19,938	24		19,962
Security	1,168	82		1,250
Marketing and advertising	3,620			3,620
Office supplies, postage, printing	20,397	1,984		22,381
Equipment rental	2,925	348		3,273
Professional fees	4,806	594		5,400
Travel	19,539	3,338		22,877
Miscellaneous	<u>4,293</u>	<u>560</u>	<u>1,006</u>	<u>5,859</u>
 Total Expenses	 <u>\$ 654,615</u>	 <u>\$ 84,181</u>	 <u>\$ 22,575</u>	 <u>\$ 761,371</u>

See auditors' report

NORTHERN INDIANA MATERNAL AND CHILD HEALTH NETWORK, INC
SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ending January 31, 2016

Expenses	Family Planning	Health Navigator	STD Prevention	Management and General	Total
Salaries and payroll taxes	\$ 347,975	\$ 37,866	\$ 80,488	\$ 21,549	\$ 487,878
Medical director	10,680		1,320		12,000
Lab supplies	56,784				56,784
Literature and education materials		1,673			1,673
Lab tests	2,624				2,624
IT and software maintenance	2,061		89		2,150
Compliance and education	1,360				1,360
Depreciation	11,601				11,601
Rent	46,744	2,000	1,992		50,736
Utilities, telephone, biohazard removal	24,374	1,298	6,111		31,783
Insurance	15,419		292		15,711
Security	1,466		136		1,602
Marketing and advertising	1,134	873			2,007
Office supplies, postage, printing	23,424	305	937		24,666
Equipment rental	2,875		336		3,211
Professional fees	6,586		814		7,400
Travel	16,617	2,610	1,488		20,715
Miscellaneous	<u>2,539</u>	<u>164</u>	<u>290</u>	<u>1,066</u>	<u>4,059</u>
Total Expenses	<u>\$ 574,263</u>	<u>\$ 46,789</u>	<u>\$ 94,293</u>	<u>\$ 22,615</u>	<u>\$ 737,960</u>

See auditors' report