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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

August 27, 2020

Board of Directors
Amethyst House, Inc.
P.O. Box 11
Bloomington, IN 47402

We have reviewed the audit report of Amethyst House, Inc., which was opined upon by Katz, Sapper & Miller, LLP, Independent Public Accountants, for the period July 1, 2017 to June 30, 2018. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Amethyst House, Inc. as of June 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, Katz, Sapper & Miller, LLP prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

The audit 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



FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

June 30, 2018 and 2017

AMETHYST HOUSE, INC.

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Independent Auditors' Report

Board of Directors
Amethyst House, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Amethyst House, Inc., a not-for-profit organization, which comprise the statements of financial position as of June 30, 2018 and 2017, 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 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 Amethyst House, Inc. as of June 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.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
April 17, 2019

AMETHYST HOUSE, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2018 and 2017

ASSETS

	2018	2017
CURRENT ASSETS		
Cash	\$ 153,691	\$ 157,300
Accounts receivable, net of allowance for doubtful accounts of \$2,000 in 2018 and 2017	37,851	4,712
Grants receivable	37,060	50,405
Total Current Assets	<u>228,602</u>	<u>212,417</u>
PROPERTY AND EQUIPMENT		
Land	15,000	15,000
Buildings and improvements	966,272	961,511
Furniture and equipment	33,375	54,543
	<u>1,014,647</u>	<u>1,031,054</u>
Less: Accumulated depreciation	400,455	397,188
Total Property and Equipment	<u>614,192</u>	<u>633,866</u>
TOTAL ASSETS	<u><u>\$ 842,794</u></u>	<u><u>\$ 846,283</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 14,951	\$ 10,764
Accrued expenses	38,813	32,857
Current maturities of long-term debt	109,540	15,182
Total Current Liabilities	<u>163,304</u>	<u>58,803</u>
LONG-TERM DEBT , less current maturities	<u>182,511</u>	<u>291,210</u>
Total Liabilities	<u>345,815</u>	<u>350,013</u>
NET ASSETS		
Unrestricted	446,934	446,225
Unrestricted - board designated	50,045	50,045
Total Net Assets	<u>496,979</u>	<u>496,270</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 842,794</u></u>	<u><u>\$ 846,283</u></u>

See accompanying notes.

AMETHYST HOUSE, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2018 and 2017

	2018	2017
REVENUE AND SUPPORT		
Federal, state, and local grants	\$ 820,761	\$ 828,043
Donations	11,788	9,687
United Way	16,639	14,938
Program fees - half-way houses	91,329	64,758
Treatment fees	22,414	33,938
Fundraising revenues	52,809	64,963
Miscellaneous income	2,459	3,712
Loss on disposal of property and equipment		(3,861)
Total Revenue and Support	<u>1,018,199</u>	<u>1,016,178</u>
EXPENSES		
Program services	875,006	831,475
Management and general	100,759	78,749
Fundraising	41,725	44,990
Total Expenses	<u>1,017,490</u>	<u>955,214</u>
INCREASE IN NET ASSETS	709	60,964
NET ASSETS		
Beginning of Year	<u>496,270</u>	<u>435,306</u>
End of Year	<u>\$ 496,979</u>	<u>\$ 496,270</u>

See accompanying notes.

AMETHYST HOUSE, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2018 and 2017

	Program Services		Management and General		Fundraising		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Salaries	\$ 486,868	\$ 459,983	\$ 32,101	\$ 30,329	\$ 16,051	\$ 15,164	\$ 535,020	\$ 505,476
Payroll taxes	38,508	38,231	2,539	2,521	1,269	1,260	42,316	42,012
Health insurance	54,134	30,496	3,569	2,011	1,785	1,005	59,488	33,512
Insurance	23,348	27,082	4,206	3,799			27,554	30,881
Dues and subscription	6,899	5,520	1,636	321	2,400	2,828	10,935	8,669
Telephone	5,694	9,597	2,146	1,449	1,288	869	9,128	11,915
Occupancy	17,400	17,175	10,875	10,734	6,525	6,441	34,800	34,350
Marketing and advertising	322	2,823	4,371	2,529	1,050		5,743	5,352
Conferences and training	6,301	3,193	2,330	1,070			8,631	4,263
Professional services	16,015	12,650	7,888	6,367			23,903	19,017
Repairs and maintenance	43,392	38,371	1,589	1,170	953	745	45,934	40,286
Program costs and supplies	52,696	59,934	12,871	7,418	44	44	65,611	67,396
Office supplies and postage	8,426	10,088	5,898	2,960		263	14,324	13,311
Depreciation	20,106	20,787	3,016	3,118	2,011	2,079	25,133	25,984
Interest	7,929	7,309	1,927	1,827			9,856	9,136
Subcontract	56,571	56,511					56,571	56,511
Fundraising					7,423	13,659	7,423	13,659
Equipment rental	3,537	5,611	927				4,464	5,611
Utilities	26,860	26,114	1,543	1,055	926	633	29,329	27,802
Miscellaneous			1,327	71			1,327	71
TOTAL EXPENSES	\$ 875,006	\$ 831,475	\$ 100,759	\$ 78,749	\$ 41,725	\$ 44,990	\$ 1,017,490	\$ 955,214

See accompanying notes.

AMETHYST HOUSE, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2018 and 2017

	2018	2017
OPERATING ACTIVITIES		
Increase in net assets	\$ 709	\$ 60,964
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	25,133	25,984
Loss on disposal of property and equipment		3,861
Increase in certain current assets:		
Accounts and grants receivable	(19,794)	(136)
Increase (decrease) in certain current liabilities:		
Accounts payable	4,187	(4,554)
Accrued expenses	5,956	(4,699)
Net Cash Provided by Operating Activities	<u>16,191</u>	<u>81,420</u>
INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(5,459)</u>	<u> </u>
Net Cash Used by Investing Activities	<u>(5,459)</u>	<u>-</u>
FINANCING ACTIVITIES		
Principal payments on long-term debt	<u>(14,341)</u>	<u>(14,916)</u>
Net Cash Used by Financing Activities	<u>(14,341)</u>	<u>(14,916)</u>
NET INCREASE (DECREASE) IN CASH	(3,609)	66,504
CASH		
Beginning of Year	<u>157,300</u>	<u>90,796</u>
End of Year	<u>\$ 153,691</u>	<u>\$ 157,300</u>
SUPPLEMENTAL DISCLOSURES		
Interest paid	\$ 9,856	\$ 9,136

See accompanying notes.

AMETHYST HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS June 30, 2018 and 2017

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Amethyst House, Inc. (the Organization) is an Indiana not-for-profit organization that provides outpatient treatment services for chronically addicted persons in Monroe County, Indiana and in Vanderburgh County, Indiana, as well as half-way house programs in Monroe County, Indiana. The Organization is supported by the State Hoosier Assurance Program, client fees, other grants, and donations.

Government funding provided to the Organization primarily comes from the State of Indiana Family and Social Services Administration Division of Mental Health, some of which is federal funding from the U.S. Department of Health and Human Services which passed through the State agency. A portion of the funding also comes from the U.S. Department of Housing and Urban Development, as well as other governmental sources.

Basis of Accounting: The Organization prepares its financial statements using the accrual basis of accounting. Accrual accounting requires the recognition of revenues when they are earned and measurable in the accounting period when services are provided, and the recognition of expenses in the period in which they occur.

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 certain 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.

Net Assets By Class: Temporarily or permanently restricted net assets are created by donor-imposed restrictions on their use. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions whose restrictions lapse, expire, or are otherwise met in the same reporting period as the contribution was received are recorded as unrestricted support. All other net assets, including board-designated or appropriated amounts are reported as part of the unrestricted class. The Organization did not have any temporarily or permanently restricted net assets as of June 30, 2018 and 2017.

Functional Expenses: Expenses have been allocated directly or indirectly between program, management and general, and fundraising services as listed in the statements of functional expenses. Expenses that can be identified with a specific program or supporting service are allocated based on an analysis of personnel time utilized for the related activities.

Cash: Cash is maintained in bank deposit accounts which, at times, may exceed federally insured limits. There have been no losses in such accounts.

Accounts Receivable and Credit Policies: Accounts receivable represent uncollateralized obligations due to the Organization from clients for treatment services and residency in the halfway and three-quarter way houses. The balances are due and payable within 30 days of the billing date. Accounts receivable are stated at the amount billed to the client, less an allowance for uncollectible accounts.

The Organization does not charge late fees or interest due to the nature of its clientele and treatment services. However, those with overdue balances receive warnings, and when balances reach \$200 for outpatient session fees and \$800 for residency fees, services are subject to stoppage. A client with a balance due must pay the balance or make arrangements acceptable to management prior to treatment resuming.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Organization establishes an allowance for uncollectible accounts receivable based on historical collection experience, economic conditions and management's evaluation of collectability of outstanding balances. Management periodically reviews the status of delinquent accounts and writes off uncollectible accounts after reasonable collection efforts have been exhausted.

Grants Receivable: The Organization receives its grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. Since the financial statements are prepared on the accrual basis, all earned portions of the grants not yet received as of June 30, 2018 and 2017, have been recorded as receivables.

Property and Equipment: Property and equipment are recorded at cost. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets, which range up to 40 years for buildings and improvements and from 3 to 10 years for furniture and equipment. The Organization's policy is to capitalize and depreciate asset acquisitions of \$500 and greater.

The Organization's property and equipment 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. To date, no adjustments to the carrying amount of property and equipment have been required.

Federal, State, and Local Grants: Support funded by grants is recognized as the Organization performs the contracted services under grant agreements. Grant revenue is recognized as earned as the services are performed or eligible expenses are incurred. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

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 Organization 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: The Organization expenses all advertising costs as they are incurred.

Income Taxes: The Organization is exempt from taxes under the provisions of 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 June 30, 2018 and 2017.

The Organization files U.S. federal and state of Indiana information tax returns. The Organization is no longer subject to U.S. federal and state income tax examinations by tax authorities for fiscal years before 2015.

Reclassifications: Certain amounts in the 2017 financial statements have been reclassified to conform to the presentation of the 2018 financial statements.

Subsequent Events: The Organization has evaluated the financial statements for subsequent events occurring through April 17, 2019, the date the financial statements were available to be issued. See Note 3.

NOTE 2 - LEASE COMMITMENTS

The Organization leases office space and equipment under long-term noncancellable operating leases expiring through December 2023. Future minimum rental payments as of June 30, 2018, are as follows:

Payable In Year Ending June 30,	Rental Payments
2019	\$ 39,351
2020	40,370
2021	40,970
2022	22,051
2023	2,214
Thereafter	<u>569</u>
	<u>\$145,525</u>

As provided in the office lease agreement, the Organization is assessed monthly operating expense fees. The monthly charges are based upon the Organization's square footage in the building. Total rent expense was \$39,264 and \$39,961 for the years ended June 30, 2018 and 2017, respectively.

NOTE 3 - DEBT AND CREDIT ARRANGEMENTS

Long-term debt consisted of the following at June 30, 2018 and 2017:

	2018	2017
Mortgage payable to United Commerce in monthly installments of \$165, including interest computed at prime plus 1%, adjusted every three years, (4.25% at June 30, 2018), through September 12, 2023. Secured by real estate.	\$ 9,331	\$ 10,809
Mortgage payable to United Commerce in monthly installments of \$835, including interest computed at prime, adjusted every three years, (3.25% at June 30, 2018), through October 11, 2026. Secured by real estate.	73,121	80,363
Term note payable to United Commerce in monthly installments of \$1,005, including interest computed at prime plus 1%, adjusted every three years, (5.25% at June 30, 2018), through September 1, 2031. Secured by real estate.	116,099	121,720
Noninterest-bearing note payable to City of Bloomington due in April 2019. The note is forgivable at maturity in the event the Organization does not default on provisions of the loan agreement.	<u>93,500</u>	<u>93,500</u>
	292,051	306,392
Less: Current maturities	<u>109,540</u>	<u>15,182</u>
Total Long-term Debt	<u>\$182,511</u>	<u>\$291,210</u>

NOTE 3 - DEBT AND CREDIT ARRANGEMENTS (CONTINUED)

At June 30, 2018, the aggregate maturities in each of the next five years for the above long-term obligations are as follows:

Payable In Year Ending June 30,	Principal
2019	\$109,540
2020	16,651
2021	17,289
2022	17,957
2023	18,522

The Organization entered into a line of credit agreement that provides for short-term borrowings up to a maximum amount of \$100,000. Interest on the line of credit borrowings is payable monthly and is computed at 6%. The line of credit, which was renewed after June 30, 2018 through October 1, 2019, is secured by real estate. No borrowings were outstanding on the line of credit at June 30, 2018 and 2017.

NOTE 4 - PROGRAM FEES REVENUE FROM MEDICAID

Program fees revenue from Medicaid are recorded at established billing rates or at net realizable amounts from residents, third-party payers and others when services are rendered.

Beginning in June 2018, the Organization is a provider of services under the Indiana Medicaid Program. Accordingly, the Organization is entitled to reimbursement under the program at rates which differ from private pay rates. Differences between standard charges and payments received from the program have been deducted from resident services revenue in the statements of activities. Revenue received from the program is subject to audit and retroactive adjustment. The Organization did not have a revenue concentration for the year ended June 30, 2018 related to Medicaid.

Laws and regulations governing the Indiana Medicaid and Medicare programs are complex and subject to interpretation. The Home believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the programs.

NOTE 5 - CONCENTRATIONS

The Organization received 81% in fiscal year 2018 and 82% in fiscal year 2017 of its total revenues and support from federal, state, and local grants. The Organization is dependent on federal, state, and local grant funding to continue its operations. Grant funding similar to the prior year has been renewed for fiscal year 2019.

NOTE 6 - ASSETS HELD AT COMMUNITY FOUNDATION OF BLOOMINGTON AND MONROE COUNTY

The Organization established an endowment as part of the Community Foundation of Bloomington and Monroe County (Community Foundation) Matchstick program. The Matchstick program allows for donors to contribute money towards the Amethyst House Endowment, and for every two dollars raised a dollar is matched by the Community Foundation. The Organization has granted variance power to the Community Foundation. At June 30, 2018 and 2017, the funds approximated \$32,900 and \$31,700, respectively, based on information available from the Community Foundation.

SUPPLEMENTARY INFORMATION

*Independent Auditors' Report
on Supplementary Information*

Board of Directors
Amethyst House, Inc.

We have audited the financial statements of Amethyst House, Inc. as of and for the year ended June 30, 2018, and our report thereon dated April 17, 2019, which contained an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of grant and contract activity for federal, state, and local government awards is presented for the purposes of additional analysis and is not a required part of the financial statements. This information is required by the *Uniform Compliance Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources*, issued by the Indiana State Board of Accounts. 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.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
April 17, 2019

AMETHYST HOUSE, INC.

**SCHEDULE OF GRANT AND CONTRACT ACTIVITY FOR FEDERAL, STATE, AND LOCAL GOVERNMENT AWARDS
Year Ended June 30, 2018**

	Type of Funding	Federal CFDA Number	Pass-through Entity Identifying Number	Receipts and Expenditures
FEDERAL CONTRACTS				
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through the Indiana Family and Social Services Administration, Division of Mental Health and Addiction:				
Block Grants for Prevention and Treatment of Substance Abuse	Fee for Service	93.959	A55-3-53-13-HO-2739	\$ 312,115
	Fee for Service	93.959	A55-3-53-13-WF-2739	119,961
Healthy Indiana Plan	Fee for Service			18,540
Passed through Intecare:				
Mental Health Funds Recovery Program	Fee for Service			29,312
Passed through Medicaid				
Medicaid for Sub-Acute	Fee for Service	93.779	None Assigned	999
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through the United Way of Monroe County:				
Emergency Food and Shelter National Board Program	Fee for Service	97.024	None Assigned	<u>7,720</u>
TOTAL EXPENDITURES OF FEDERAL CONTRACTS				<u>488,647</u>
NONFEDERAL AWARDS				
Monroe County Commissioners:				
CARES Grant	State and Local			8,854
City of Bloomington Housing Authority:				
Jack Hopkins Social Services Program	State and Local			20,350
Bloomington Township Trustee	State and Local			400
Perry Township:				
Leisure Enhancement Grant	State and Local			3,000
City of Bloomington Department of Child Services:				
Substance Abuse Treatment Program	State and Local			1,802
Sophia Travis Community Grant	State and Local			3,500
Indiana Family and Social Services Administration, Division of Mental Health and Addiction:				
Gambling Program	State and Local			3,225
Recovery Works	State and Local			256,983
Block Grants for Prevention and Treatment of Substance Abuse	State and Local			<u>34,000</u>
TOTAL EXPENDITURES OF NONFEDERAL AWARDS				<u>332,114</u>
TOTAL EXPENDITURES OF FEDERAL, STATE, AND LOCAL GOVERNMENT AWARDS				<u>\$ 820,761</u>